Unaudited results for the nine months ended 30 September 2022

27 October 2022

Reliable energy,
limitless potential

Lagos and London, 27 October 2022: Seplat Energy PLC ("Seplat Energy" or "the Company"), a leading Nigerian independent energy company listed on both the Nigerian Exchange and the London Stock Exchange, announces its unaudited results for the nine months ended 30 September 2022.

Financial highlights

- Revenues up 34.4% to $618.6 million (excludes underlift of $60.3 million), driven by higher realised oil prices of $108.25/bbl.
- EBITDA up 27% to $337.9 million (adjusted for non-cash items)
- Strong cash generation of $368.1 million, capex of $110.3 million
- Strong balance sheet with $304.8 million cash at bank, net debt of $452.2 million
- Production opex of $9.3/boe (normalised for credit notes of $5.5 million)
- Average realised gas pricing sustained at $2.80/Mscf despite pricing pressure on domestic gas delivery obligation
- Received $13.4 million in accordance with Ubima divestment agreement
- Q3 dividend of US2.5 cents per share, taking 9M 2022 total to US7.5 cents per share ($44.1 million paid in the period)

Operational highlights

- Strong safety record extended to 30.5 million hours without lost-time injury at Seplat Energy-operated assets
- Volumes of 43,337 boepd, impacted by oil theft and outages of key infrastructure
- Amukpe-Escravos Pipeline commenced commercial operations in August, 700 kbbls lifted in October.
- Eight wells completed, another seven wells to be drilled in Q4 (currently drilling four wells)
- Full-year guidance narrowed to 40-44 kboepd owing to Q3 pipeline and export terminal outages; capex maintained at $160 million despite additional wells

Update on proposed acquisition of Mobil Producing Nigeria Unlimited (MPNU)

- Seplat Energy reiterates that the Sales & Purchase Agreement (SPA) signed on 25 February 2022 to acquire Exxon's shallow water operations in Nigeria, MPNU, remains valid
- The Company remains confident that the proposed acquisition will be brought to a successful conclusion in accordance with the law

Q3 corporate updates

- Provisional applications to the NUPRC (Nigerian Upstream Petroleum Regulatory Commission) for the voluntary Petroleum Industry Act (PIA) conversion of operated Oil Mining Leases
- Successfully refinanced existing $350m RCF due September 2023 with a new three-year $350 RCF due April 2026
- Seplat West (OMLs 4, 38 &41) awarded ISO 55001 (Asset Management), a first for an African E&P company

Roger Brown, Chief Executive Officer, said:

"Seplat Energy has performed well despite an unusually challenging quarter for the Nigerian oil and gas industry, with key export routes being unavailable because of damage and theft. However, our main export route, the Trans Forcados Pipeline, has resumed operations and we continue to increase our use of the Amukpe-Escravos Pipeline and other alternative export routes, giving us confidence that the final quarter of the year will show some improvement in volumes."

"We remain confident that our transformational acquisition of MPNU will be approved and are working closely with all the relevant stakeholders to achieve a successful outcome for all parties. The acquisition will add significant reserves and production capacity that will strongly reinforce Seplat Energy's position as Nigeria's leading indigenous oil and gas producer."

Summary of performance

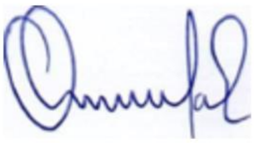
	$ million			₦ billion	
	9M 2022	9M 2021	% Change	9M 2022	9M 2021
Revenue	618.6	460.4	34.4%	258.7	182.7
Gross profit	283.4	146.5	93.5%	118.5	58.1
EBITDA *	337.9	266.4	32.2%	141.3	105.7
Operating profit (loss)	235.9	157.8	49.5%	98.6	62.6
Profit (loss) before tax	185.2	97.4	90.3%	77.5	38.6
Cash generated from operations	368.1	163.8	124.7%	154.0	64.9
Working interest production (boepd)	43,337	47,280**	-8.3%		
Volumes lifted (MMbbls)	4.9	5.5	-10.9%		
Average realised oil price ($/bbl.)	$108.25	$67.43	60.5%		
Average realised gas price ($/Mscf)	$2.80	$2.86	-2.1%		

* Adjusted for non-cash items **includes Ubima production

Responsibility for publication

This announcement has been authorised for publication on behalf of Seplat Energy by Emeka Onwuka, Chief Financial Officer, Seplat Energy PLC.

Signed:



Emeka Onwuka

Chief Financial Officer

Important notice

The information contained within this announcement is unaudited and deemed by the Company to constitute inside information as stipulated under Market Abuse Regulations. Upon the publication of this announcement via Regulatory Information Services, this inside information is now considered to be in the public domain.

Certain statements included in these results contain forward-looking information concerning Seplat Energy's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors, or markets in which Seplat Energy operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances and relate to events of which not all are within Seplat Energy's control or can be predicted by Seplat Energy. Although Seplat Energy believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. Actual results and market conditions could differ materially from those set out in the forward-looking statements. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Seplat Energy or any other entity and must not be relied upon in any way in connection with any investment decision. Seplat Energy undertakes no obligation to update any forward-looking statements, whether because of new information, future events or otherwise, except to the extent legally required.

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Notes to editors

Seplat Energy PLC is Nigeria's leading indigenous energy company. It is listed on the Nigerian Exchange Limited (NGX: SEPLAT) and the Main Market of the London Stock Exchange (LSE: SEPL).

Seplat Energy is pursuing a Nigeria-focused growth strategy through participation in asset divestments by international oil companies, farm-in opportunities, and future licensing rounds. The Company is a leading supplier of gas to the domestic power generation market. For further information please refer to the Company website, https://seplatenergy.com/

Operating review

Oil evacuation constraints in the Niger Delta

In March, Shell's Nigerian subsidiary Shell Petroleum Development Company {SPDC} declared force majeure on Bonny Light crude oil exports. The Bonny terminal is the major evacuation route for production from the Company's Jisike field in OML 53 and therefore production has been shut in from the Jisike field to date.

Heritage Energy Operational Services Limited (Operator of the Trans Forcados Pipeline- TFP) declared force Majeure on the TFP in July due to leaks and failures of the Single Buoy Mooring (SBM) facility at the Forcados Oil Terminal. The FOT is the major evacuation route for production from OMLs 4, 38, 40 & 41 and OPL 283. The repairs of this facility were eventually resolved in October 2022 and we expect a backup system to be in place to avoid a recurrence.

Nigeria's oil export volumes fell to less than one million barrels per day in August due to significant oil theft and pipeline vandalism. In September, Nigeria National Petroleum Company Ltd (NNPC) reported that Nigeria was losing up to 470,000 bopd.

Nigerian operators have experienced unprecedented levels of crude oil theft through illegal connections to pipelines across the Niger Delta. This situation has resulted in onshore production shut-ins and terminal operators declaring force majeure arising from lower deliveries.

SPDC resumed operations on the FOT via the Trans Forcados Pipeline (TFP) on October 21st and indicated that export operations would restart in November 2022 for the Trans Escravos Pipeline (TEP) route to the FOT and TNP to the Bonny terminal.

Total working interest total production for the nine months ended 30 September 2022

		9M 2022			9M 2021		
		Liquids	Gas	Total	Liquids	Gas	Total
	Seplat share	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	14,710	113	34,157	17,722	113	37,197
OML 40	45%	6,316	-	6,316	5,058	-	5,058
OML 53	40%	1,806	-	1,806	3,302	-	3,302
OPL 283	40%	1,058	-	1,058	1,004	-	1,004
Total		**23,890**	**113**	**43,337**	**27,085**	**113**	**46,561**

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station.
Gas conversion factor of 5.8 boe per scf.
Following the decision to exit from the Ubima asset in April 2022, volumes from the marginal field have not been reported (0.7kbbls/d in 2021).
Volumes stated are subject to reconciliation and will differ from sales volumes within the period.

The total volume of crude lifted in the period was 4.9 MMbbls, lower than the 5.5 MMbbls lifted in 9M 2021. In addition, the Group's 9M 2022 produced liquid volumes were subject to reconciliation losses of 13.8%.

Production volumes were down nearly 7% in the nine months to 30 September 2022, primarily because of pipeline outages in the third quarter.

Working interest production for 9M 2022 averaged 43,337 boepd, (9M 2021: 46,561 boepd, excluding Ubima), with an oil/gas mix of 55%/45%. Within this, liquids production was down 11% year-on-year, to 23,890 bopd (6.5 MMbbls) on a working interest basis (9M 2021: 27,085 bopd; 7.6 MMbbls).

Gas volumes were 112.8 MMscfd, comparable to production achieved in 2021, despite 78 days shut in of the FOT in Q3 2022.

Across the nine-month period, the average Group downtime was 37%, with third-party Infrastructure related issues accounting for 30%.

Working interest production by quarter

		Q3 2022			Q2 2022			Q1 2022		
		Liquids	Gas	Total	Liquids	Gas	Total	Liquids	Gas	Total
	Seplat share	bopd	MMscfd	boepd	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	9,445	103.1	27,223	17,119	127.9	39,166	17,655	107.4	36,180
OML 40	45%	1,586	-	1,586	10,150		10,150	7,420	-	7,420
OML 53	40%	1,150	-	1,150	1,573		1,573	2,712	-	2,712
OPL 283	40%	294	-	294	1,496		1,496	1,291	-	1,291
Total		**12,475**	**103.1**	**30,253**	**30,338**	**127.9**	**52,385**	**29,078**	**107.4**	**47,603**
Average Uptime	%			41.9%			79.2%			85.6%
Deferred production volumes due to downtime	kbbls			2,211			391			793

Liquid production volumes as measured at the LACT (Lease Automatic Custody Transfer) unit for OMLs 4, 38 and 41; OML 40 and OPL 283 flow station.
Gas conversion factor of 5.8 boe per scf.
Following the decision to exit from the Ubima asset in April 2022, volumes from the marginal field have not been reported (0.7kbbls/d in 2021).
Volumes stated are subject to reconciliation and will differ from sales volumes within the period.

Third-quarter production was severely affected by evacuation issues in all assets and this led to deferred liquid volumes of 3.4 MMbbls. Consequently, total liquids production in the third quarter averaged 12,475 bopd, down 58% from the previous quarter (Q2 2022: 30,338 bopd). For OMLs 4,38, & 41, the situation would have been more acute if we had not been successful in operationalising the Aumukpe Escravos Pipeline (AEP). A total of 1.2 MMbls or 18,600 bopd (gross) was passed via the AEP in Q3 2022. Initial technical and operational hitches were experienced on the AEP but we expect an improvement in the performance of the pipeline from the fourth quarter as we overcome these initial challenges. Third-party deferment on OML 4, 38, and 41, due to evacuation constraints from AEP, was 4.8%.

Similarly, at OML 53, with production of around 1,000 bopd (gross) from the Jisike field being shut-in since February, we continued to evacuate produced gross volumes of about 2,500 bopd from Ohaji to the Waltersmith Refinery. We have engaged with our JV partner NAPIMS (National Petroleum Investment Management Services) and the NUPRC to operationalise an alternative evacuation option of trucking for the Jisike and Ohaji South fields in OML 53.

At OML 40, the partners plan to commence pilot barging operations to evacuate the liquids from the Gbetiokun fields to the Ugo Ocha FSO (Floating Storage Offloading) to circumvent the impact of increasing FOT/TEP unavailability.

Ubima marginal field divestment

Wester Ord Oil and Gas Nigeria Ltd. (WON), a wholly owned subsidiary of the Company, agreed in Q1 2022 with the JV Partner All Grace Energy Ltd. (AGEL) to divest WON's rights in the Ubima Marginal Field for a consideration of $55 million. Under the agreement, the Company has received a total of $13.4 million.

WON has derecognised both assets and liabilities in H1 2022 (Ubima's current reserves of approximately 2 MMbbls). As a result, Ubima's production has been removed from the Group's daily average output.

Farm-in to Abiala marginal field

Following the 2020 Marginal Field Bid Round in Nigeria, Naphta Global E&P Ltd. (Naphta) was awarded 100% equity in the Abiala marginal field carved out of OML 40 by the NUPRC. The marginal field contains 2C gross oil resources of around 23 MMbbls and 2U gross resources of about 54 MMbbls.

Elcrest (45% owned by Seplat Energy) has entered into an agreement with Naphta for a 95% equity farm-in into the Abiala marginal field, while Naphta will have a 5% carried interest. Elcrest will also assume the role of Operator and Technical & Financial Partner in the Elcrest/Naphta Joint Venture. The partners executed the Heads of Agreement with a signature bonus of $12 million paid to NUPRC. The transaction represents a consolidation of the Company's strategic position on the OML 40 block. It provides an early monetisation opportunity using existing OML 40 facilities, subject to agreement with NEPL (NNPC E&P Limited formerly NPDC), which operates the OML 40 Asset.

In developing the field, Elcrest is targeting first oil by the end of Q2 2023 and plans to focus on low-cost development with early monetisation opportunities that leverage existing contractual positions to accelerate the field's development. Seplat Energy will also explore optimising its tax position to the extent possible under the new PIA.

Drilling activities

The Group's ongoing drilling programme has a minimum of ten wells planned for 2022 to replace and grow production across the assets. Eight planned wells were completed according to schedule and budget during the period.

The drilling of oil wells (Amukpe-05, Opuama-12, Opuama-13, Opuama-14, Gbetiokun-13 (Spudded late 2021), Oben-52 and Owu-02 (appraisal well)) was concluded largely below budget. Gross production from the wells is expected to be around 10,000 bopd.

As reported in the 3M 2022 results, the Sibiri exploration well has been drilled to TD, with initial indications it has encountered eight oil-bearing reservoirs with 353 ft of gross hydrocarbon pay net pay of 229 ft. Application for regulatory approval to carry out extended well testing (EWT) to confirm producibility, among other parameters critical to full-field development, is at advanced stages. The flowline construction to tie back Sibiri to Opuama is ongoing, and we expect the field to be onstream in November.

Two rig inspection vendors completed the Rig Inspection and Certification work for the rigs acquired from Cardinal Drilling. We expect that the recommended repairs will be concluded, and the rigs commissioned by the end of 2023. We are currently exploring options and in discussions with potential partners for the utilisation of these rigs.

Midstream Gas business performance

The Company prioritised production from the wells with associated gas to maximise delivery to gas off-takers and the working interest gas volumes for the period averaged 112.8 MMscfd (9M 2021: 113.0 MMscfd). The Gas business contributed 45% of the Group's volumes on a boepd basis and 13.5% of Group revenues. Gas sales volumes in the period were impacted mostly by the outage of FOT and to some extent by NGIC's (NNPC Gas Infrastructure Company, formerly NGC) pipelines network pressure affecting offtake by our customers downstream of Oben.

The Company concluded price renegotiation with customers in the period, and following the DGDO gas pricing revision in August 2021, the average gas price achieved was $2.80/Mscf. In addition, during the period, we signed short-term gas sales agreements (GSAs) with three new customers, two of which commenced offtake at a combined rate of 66 MMscfd in January and March. The third customer began off taking 10 MMscfd in July, which will ramp up to 20 MMscfd as our gas supply improves. As a result, Seplat now has a total of eight GSAs for the supply of 396 MMscfd of gas.

The Group's decision to convert to the PIA regime considered the implication for the Midstream Gas business. The unbundling of the upstream and midstream, in line with provisions in the PIA, has demonstrated the potential to increase the value of the gas business, unlock new value for the Group and increase returns for stakeholders. An implementation roadmap for the actualization of the spin-off opportunity has been developed. The process is expected to take 12 to 18 months to implement, subject to regulatory approval and stakeholder engagement.

ANOH Gas Processing Plant

Seplat Energy continues to make progress on the ANOH gas plant project, which has achieved six million hours without lost-time injury. All equipment fabricated for the project has been delivered to the project site and over 90% installed on foundations. Piping and cable interconnection is ongoing.

The government partner NGIC, is delivering the pipelines that will take the gas from ANOH to Oben, namely the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline. Drilling on the 1.85km OB3 River Niger crossing encountered some technical issues on a small section of the route. Following additional geotechnical surveys, the contractor identified the principal areas of the tunnelling path requiring grouting to improve the subsurface stability to support the tunnelling operations. NGIC expects the pipe installation operations to resume after the completion of grouting.

In addition, on the separate spur line project, the milling and coating of the outstanding line pipes, undertaken in China, has been completed and shipped to arrive in Nigeria in November. The latest schedule provided by NGIC shows the completion of both OB3 and the Spur Line in Q1 2023, which would allow the Company to achieve its timeline of delivering first gas in H1 2023.

The two gas wells planned for the year – ASSN-03 and 04 – which will provide feedstock for the ANOH gas plant, were completed in the quarter by the upstream operator, SPDC, and the wells are shut in until the plant is ready for commissioning next year. Drilling of the third ANOH well is expected to commence before year-end. A rig is currently on the move to the well location. The three wells will provide sufficient gas to run the plant at full capacity.

New Energy

At our Capital Markets Day in 2021, we revealed our intention to invest in opportunities in the new energy sector that will capture more value across the entire value chain, including renewable energy generation, on a medium to large scale. The evaluation studies have progressed well in developing a 10-year unconstrained and constrained investment opportunities portfolio in the Midstream Gas and New Energy businesses. The Final Investment Decision for some options will be subject to technical and business evaluation assessments, Environment, Social Impact Assessment, and project licensing.

The key investment opportunities being considered include selective entry to off-grid power generation using gas-fired plants integrated with solar. Natural gas will be the mainstay of Seplat's energy transition program, to ensure the sustainability and bankability of the renewables program. We are also pursuing carbon offset possibilities on a wide range of GHG (greenhouse gas) reduction activities in various global carbon markets. The identified opportunities have considered advancement in technology, availability of resources within Nigeria and feasibility of execution.

HSE performance

Safe and responsible operations are critical to the delivery of Seplat Energy's strategy. The Company has now achieved more than 30.5 million person-hours without LTI (lost time injury) on its operated assets.

Staff and contractors worked 6.2 million hours without fatalities or LTI during the period. According to the Company's governing processes, the team managed one major injury incident in the period. In addition, improvements have been implemented, and learnings shared to enable continuous improvement and necessary mitigating actions. There were 43 HSE incidents total, including eight reportable oil spills (following flow line leaks at Ovhor and the Amukpe-Rapele trunkline) and four gas leaks, all remediated with limited environmental impact. The estimated CO2 emissions intensity for our operated assets (equity share) was 75,697 tCO2/boe. The Company expects to maintain or reduce its 2022 baseline GHG emissions by at least 20%.

Seplat West (OML 4, 38 & 41) was awarded the ISO 55001 Asset Management Systems certification in the quarter, reflecting our long-term commitment to operate more sustainably and improve efficiency in all our asset management processes. We believe Seplat West is the first African oil and gas operator to achieve such certification

Shareholder engagement

At the Company's 2022 Annual General Meeting held in May, resolutions 5(b)(i) and 5(b)(ii), concerning the re-election of Directors, were passed with the necessary majorities (79.51% and 79.18%, respectively), however Resolution 5(b)(i) received 20.49% of votes against and Resolution 5(b)(ii) received 20.82% of votes against the resolution. Therefore, the Board is required by Provision 1.D.4 of the 2018 UK Code of Corporate Governance, which Seplat Energy has voluntarily adopted, to provide an update on the views received from shareholders.

In response, the Chairman proactively undertook a series of meetings with leading shareholders to assure them of the Company's ongoing commitment to achieving high standards of corporate governance, noting that recent developments included the transition to an independent chairman and the addition of new Board members, including an independent director, ensuring that half of the Board is independent.

Update on the proposed acquisition of MPNU

On 8 August 2022, the Company announced that it had received a letter from the Honourable Minister of State for Petroleum Resources that His Excellency President Muhammadu Buhari had approved that Ministerial Consent be granted for the acquisition of Mobil Producing Nigeria Unlimited ("MPNU"). Accordingly, the approval was given by His Excellency President Muhammadu Buhari in his capacity as the Honourable Minister of Petroleum Resources, granting Ministerial Consent according to the powers of the Minister under Paragraphs 14-16 of the First Schedule of the Petroleum Act, 1969.

On 10 August 2022, the Company noted speculation in local media about a withdrawal of the Ministerial Approval of the Company's proposed acquisition. However, to date, Seplat Energy has received no official notification of such a reversal. The Company will continue to work with all parties to achieve a successful outcome for the proposed acquisition and will provide updates as appropriate.

Outlook

Our expectation for capital expenditure remains at around $160 million for 2022. We expect to complete seven additional oil wells (Oben-53, OHS ITAR-1, OHS ITAR-2, Ethiope-1, Ovhor-1, Opuama-15, and Opuama16) in the fourth quarter, and the exit rate for 2022 including the completed wells is expected to be around 60,000 bopd gross.

Given the year-to-date production performance and current estimates for the fourth quarter of 2022, we consider it prudent to revise our full-year production guidance downwards to 40,000 - 44,000 boepd on a working interest basis. Recovery of production in the fourth quarter is expected to benefit from the resumption of operations of the FOT and TNP, activation of other evacuation options, and the newly drilled wells coming onstream.

Financial review

Revenue

Total revenue from oil and gas sales in 9M 2022 was $618.6 million, a 34.4% increase from the $460.4 million achieved in 9M 2021. When adjusted for an underlift of $60.3 million representing 714 kbbls (shortfalls of crude lifted below Seplat Energy's share of production, which is priced at the date of lifting and recognised as other income), total revenues were $678.9 million.

Crude oil revenue was 44.8% higher at $534.9 million (9M 2021: $369.5 million), reflecting a higher average realised oil prices of $108.25/bbl for the nine-month period (9M 2021: $67.43/bbl.). The increase is primarily attributable to the impact of the conflict in Ukraine on global energy prices and a post-pandemic recovery in global oil demand.

Gas sales revenue decreased by 7.9% to $83.7 million because the average realised gas price was lower at $2.80/Mscf (9M 2021: $90.9 million / $2.86 Mscf), reflecting the reduction applied to the DGDO (Domestic Gas Delivery Obligation) gas-to-power volumes from August 2021. We have begun to see the year-on-year effect smoothen out in Q3-2022.

Gross profit

Gross profit increased by 93.5% to $283.4 million (9M 2021: $146.5 million) and benefitted from higher realised oil prices. Non-production costs consisted primarily of $132.2 million in royalties and DD&A of $88.4 million, compared to $92.1 million in royalties and $91.5 million DD&A in the prior year. The higher royalties were the result of higher oil prices.

Direct operating costs, which include crude-handling charges (CHC), barging/trucking, operations, and maintenance costs, amounted to $104.9 million in 9M 2022, 16.5% lower than $125.6 million incurred in 9M 2021. This decrease was because of lower production and a $5.3 million (net) credit note arising from the 2020 & 2021 reconciliation of CHC invoices that offset fees incurred in the period. The operational and maintenance costs for the period were also lower at $68.02 million (9M 2021: $79.1 million). The higher barging and trucking costs in the period reflect the use of additional vessels for the increased production volumes from the Gbetiokun field.

On a cost-per-barrel equivalent basis, the normalised production opex (excluding the above credit note) was $9.3/boe, 4.0% lower than $9.7/boe incurred in 9M 2021 when the Company carried out extensive asset integrity works.

Operating profit

The operating profit for the period was $235.9 million, an increase of 49.5% on the $157.8 million achieved in 9M 2021.

The Group recognised an impairment charge of $14.9 million in the period; this amount includes a non-financial asset charge of $8.5 million, reflecting a provision for long-outstanding line pipes and a $6.4 million provision for the ageing of some government receivables. We expect these to reverse once recoveries are secured.

General and administrative expenses of $79.4 million were 47.4% higher than the 9M 2021 costs of $53.9 million. The increase was driven by higher travel and training costs following the relaxation of travel restrictions and increases in other staff-related benefits.

An EBITDA of $337.9 million, which adjusts for non-cash items, includes impairment, fair value, and exchange losses, equates to a margin of 54.6% for the period (9M 2021: $266.4 million; 57.9%)

Taxation

The income tax expense of $111.4 million includes a current tax charge (cash tax) of $31.1 million and a deferred tax charge of $80.2 million. The deferred tax charge is driven by the unwinding of previously unutilised capital allowances and movements in underlift/overlift in the current year. The effective tax rate for the period was 60% (9M 2021: 64%).

Effective tax rate analysis	Income tax expense			**Tax rate**	
Profit before tax ($'million)	Current	Deferred	Total	**ETR (Effective Tax Rate)**	**Current Tax rate**
185.2	31.1	80.2	111.4	60.0%	17.0%

Net result

The profit before tax was 90.1% higher at $185.2 million (9M 2021: $97.4 million). As a result, the profit for the period was $73.9 million (9M 2021: $35.0 million), with resultant basic earnings per share of $0.13 in 9M 2022, compared to $0.11 per share in 9M 2021.

Cash flows from operating activities

Cash generated from operations in 9M 2022 was $368.1 million (9M 2021: $163.8 million). Net cash flows from operating activities were $317.4 million (9M 2021: $144.5 million) after accounting for tax payments of $43.1 million (9M 2021: $12.7 million) and a hedging premium paid of $7.6 million (9M 2021: $6.5 million).

The Group continued to record improvements in the recovery of receivables from the major JV partner and, in 9M 2022, received $162 million towards the settlement of cash calls. As a result, the major JV receivable balance now stands at $45.4 million, down from $83.9 million at the end of 2021.

Cash flows from investing activities

Net capital expenditure of $110.3 million included $67.0 million invested in drilling and $44.3 million in engineering projects.

Deposits for investments of $140.3 million include the $128.3 million deposit for the proposed acquisition of Mobil Producing Nigeria Unlimited (refundable) and the $12.0 million farm-in fee for the Abiala marginal field carved out of OML 40.

The Group received total proceeds of $10.8 million under the revised OML 55 commercial arrangement with BelemaOil to monetise 298.4 kbbls of crude oil. In 2022, sabotage along the Nembe Creek Trunk Line and the Trans Niger Pipeline affected recovery, with theft factors ranging from 30% to 90%.

Cash flows from financing activities

The Company paid $44.1 million dividends to shareholders in the period. Other financing charges of $7.1 million reflect the commitment fee on the $350 million Revolving Credit Facility and $59.2 million reflects interest paid on loans and borrowings.

Liquidity

The balance sheet remains strong, with good liquidity.

Net debt reconciliation 31 March 2022	$ million	$ million drawn	Coupon	Maturity
Senior notes*	653.7	650.0	7.75%	April 2026
Westport RBL*	95.2	110.0	Libor+8%	March 2026
Off-take facility*	8.1	11.0	Libor+10.5%	April 2027
Total borrowings	757.0	771.0		
Cash and cash equivalents (exclusive of restricted cash)	304.8	304.8		
Net debt	**452.2**			

* Including amortised interest

Seplat Energy ended the nine months with gross debt of $757.0 million (with maturities in 2026 and 2027) and cash at bank of $304.8 million, leaving net debt at $452.2 million. The restricted cash balance of $17.7 million includes $8.0 million and $6.2 million set aside in the stamping reserve and debt service reserve accounts for the revolving credit facility; in addition to $0.8 million and $1 million for rent deposit and unclaimed dividend, respectively.

Refinancing of the $350 million revolving credit facility (RCF)

On 30 September 2022, Seplat Energy Plc refinanced its existing $350 million revolving credit facility due in December 2023 with a new three-year $350 million revolving credit facility due in June 2025. The RCF includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The RCF is scheduled to reduce from July 2024, with such date automatically extended to July 2025 once the existing $650million bond is refinanced. The RCF carries an initial interest of 6% over the base rate (SOFR plus applicable credit adjustment spread), with the margin reducing to 5% after production flowing through the Amukpe-to-Escravos pipeline is stabilised at an average working interest production of at least 15,000 bopd over a 45 consecutive day period. The pricing is in line with the current RCF pricing, although it reflects a change in the base rate from LIBOR to SOFR plus the applicable credit adjustment spread.

Dividend

The Board has approved a Q3 2022 dividend of US2.5 cents per share (subject to appropriate WHT) to be paid to shareholders whose names appear in the Register of Members at the close of business on 4 November 2022. This takes dividend payments to US7.5 cents per share for the nine-month period, in line with the Company's dividend policy

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. Total volumes hedged in 2022 was 7.5 MMbbls, and the current program consists of dated Brent put options of 3.0 MMbbls at an average premium of $1.195/bbl. as follows:

Oil put options	Q4 2022	Q1 2023
Volume hedged (MMbbls)	1.5	1.5
Price hedged ($/bbl.)	65	50

Additional barrels are expected to be hedged for 2023 in the coming months in line with the approach to target hedging two quarters in advance. The Board and management team closely monitor prevailing oil market dynamics and will consider further measures to provide appropriate levels of cash flow assurance in times of oil price weakness and volatility.

PIA (Petroleum Industry Act) 2021

The PIA was signed into law on 16 August 2021. According to the draft conversion regulation, applications for voluntary conversions shall be made at least four months before the conversion date of February 2023.

Following the Group's review of the provisions of the PIA and its impact across all assets, Seplat West Limited (OMLs 4,38 & 41) and Seplat East Onshore Limited (OML 53) together with their respective joint venture partners, made provisional applications to the NUPRC (the Commission) for the voluntary conversion of their operated Oil Mining Leases according to section 92 and 93 of the PIA.

The improved PIA fiscal terms (versus existing PPT (Petroleum Profit Tax) provisions), specifically lower oil and gas royalty rates, and the removal of oil tax on plant condensates resulted in an overall favourable position for Seplat Energy operations.

Further engagements with the regulators will continue ahead of the effective conversion date of February 2023. A multi-disciplinary team is preparing the Group for compliance with the various aspects of the PIA. However, we recognise that the relevant regulations governing the conversion and renewal of licenses are yet to be published by the Commission and reserve the right to withdraw or amend its application following its official release.

Share dealing policy

We confirm that, to the best of our knowledge, there has been compliance with the Company's share dealing policy during the period.

Free float

The Company's free float on 27 October 2022 was 36%.

Interim Consolidated Financial Statements (Unaudited)

For the nine months
ended 30 September 2022

(Expressed in Nigerian Naira)

Reliable energy,
limitless potential

Interim condensed consolidated statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2022

	Notes	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	7	258,716	182,677	39,513	62,233
Cost of sales	8	(140,173)	(124,550)	(35,077)	(38,786)
Gross profit		**118,543**	**58,127**	**4,436**	**23,447**
Other income	9	22,279	32,546	6,693	6,888
General and administrative expenses	10	(33,207)	(21,379)	(13,927)	(7,166)
Impairment loss on financial assets	11.1	(2,667)	(2,728)	(15)	(2,441)
Impairment loss on non-financial assets	11.2	(3,552)	-	(20)	-
Fair value loss	12	(2,752)	(3,954)	(543)	(816)
Operating profit/(loss)		**98,644**	**62,612**	**(3,376)**	**19,912**
Finance income	13	202	9	93	5
Finance cost	13	(21,420)	(24,228)	(6,527)	(5,709)
Finance cost-net		(21,218)	(24,219)	(6,434)	(5,704)
Share of profit/(loss) from joint venture accounted for using the equity method		48	236	(9)	195
Profit/(loss) before taxation		**77,474**	**38,629**	**(9,819)**	**14,403**
Income tax (expense) /credit	14	(43,616)	(24,733)	8,232	(14,625)
Profit/(loss) for the period		**33,858**	**13,896**	**(1,587)**	**(222)**
Attributable to:					
Equity holders of the parent		34,634	26,326	650	8,107
Non-controlling interests		(776)	(12,430)	(2,237)	(8,329)
		33,858	**13,896**	**(1,587)**	**(222)**
Earnings per share attributable to the equity shareholders:					
Basic earnings per share ₦	26	**59.30**	**45.16**	**1.11**	**13.91**
Diluted earnings per share ₦	26	**59.02**	**44.74**	**1.11**	**13.78**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	9 months ended 30 Sept 2022 Unaudited ₦ million	9 months ended 30 Sept 2021 Unaudited ₦ million	3 Months ended 30 Sept 2022 Unaudited ₦ million	3 Months ended 30 Sept 2021 Unaudited ₦ million
Profit/(loss) for the period		**33,858**	**13,896**	**(1,587)**	**(222)**
Attributable to:					
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		29,637	50,735	24,724	601
Total comprehensive income for the period (net of tax)		**63,495**	**64,631**	**23,137**	**379**

Attributable to:				
Equity holders of the parent	64,271	77,061	25,374	8,708
Non-controlling interests	(776)	(12,430)	(2,237)	(8,329)
	63,495	**64,631**	**23,137**	**379**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of financial position

As at 30 September 2022

	Notes	30 Sept 2022 Unaudited ₦ million	31 December 2021 Audited ₦ million
Assets			
Non-current assets			
Oil & gas properties	15	688,130	660,745
Other property, plant and equipment		11,152	11,228
Right-of-use assets		2,590	3,050
Intangible assets	16	56,989	54,045
Other assets		43,847	46,363
Investment accounted for using equity accounting	17	97,166	92,795
Prepayments		29,873	27,512
Deferred tax asset	14.2	153,821	128,539
Total non-current assets		**1,083,568**	**1,024,277**
Current assets			
Inventories		26,203	30,878
Trade and other receivables	18	196,808	105,274
Prepayments		851	711
Contract assets	19	1,970	1,679
Restricted cash	21.1	7,620	6,603
Cash and cash equivalents	21	131,402	133,667
Total current assets		**364,854**	**278,812**
Total assets		**1,448,422**	**1,303,089**
Equity and Liabilities			
Equity			
Issued share capital	22.1	296	296
Share premium		90,383	90,383
Share based payment reserve	22.2	6,377	4,914
Treasury shares		(2,025)	(2,025)
Capital contribution		5,932	5,932
Retained earnings		255,605	239,429
Foreign currency translation reserve		414,985	385,348
Non-controlling interest		(21,689)	(20,913)
Total shareholders' equity		**749,864**	**703,364**
Non-current liabilities			
Interest bearing loans and borrowings	23.1	294,288	290,803
Lease Liabilities		983	198
Provision for decommissioning obligation		67,116	63,709
Deferred tax liabilities	14.3	98,605	42,732
Defined benefit plan		5,686	4,181
Total non-current liabilities		**466,678**	**401,623**
Current liabilities			
Interest bearing loans and borrowings	23.1	32,039	24,988
Lease Liabilities		1,191	1,273
Derivative financial instruments	20	566	1,543
Trade and other payables	24	183,193	151,204
Current tax liabilities		14,891	19,094
Total current liabilities		**231,880**	**198,102**
Total liabilities		**698,558**	**599,725**
Total shareholders' equity and liabilities		**1,448,422**	**1,303,089**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the third quarter ended 30 September 2022 were authorised for issue in accordance with a resolution of the Directors on 27 October 2022 and were signed on its behalf by:

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
27 October 2022	27 October 2022	27 October 2022

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 2022

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2021	**293**	**86,917**	**7,174**	**-**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**
Profit/(Loss) for the period	-	-	-	-	-	26,326	-	(12,430)	13,896
Other comprehensive income	-	-	-	-	-	-	50,735	-	50,735
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**26,326**	**50,735**	**(12,430)**	**64,631**
Transactions with owners in their capacity as owners:									
Unclaimed dividend	-	-	-	-	-	204	-	-	**204**
Dividend paid	-	-	-	-	-	(23,175)	-	-	**(23,175)**
Share based payments	-	-	2,192	-	-	-	-	-	**2,192**
Vested shares	3	3,370	(5,016)	-	-	-	-	-	**(1,643)**
Share re-purchased	-	-	-	-	-	-	-	-	-
Total	**3**	**3,370**	**(2,824)**	**-**	**-**	**(22,971)**	**-**	**-**	**(22,422)**
At 30 September 2021 (unaudited)	**296**	**90,287**	**4,350**	**-**	**5,932**	**215,145**	**382,024**	**(23,488)**	**674,546**
At 1 January 2022	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
Profit/(loss)or the period	-	-	-	-	-	34,634	-	(776)	33,858
Other comprehensive income	-	-	-	-	-	-	29,637	-	29,637
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**34,634**	**29,637**	**(776)**	**63,495**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(18,458)	-	-	(18,458)
Share based payments	-	-	1,463	-	-	-	-	-	1,463
Total	**-**	**-**	**1,463**	**-**	**-**	**(18,458)**	**-**	**-**	**(16,995)**
At 30 September 2022 (unaudited)	**296**	**90,383**	**6,377**	**(2,025)**	**5,932**	**255,605**	**414,985**	**(21,689)**	**749,864**

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2022

	Notes	Nine months ended 30-Sept-22 ₦ million Unaudited	Nine months ended 30-Sept-21 ₦ million Unaudited
Cash generated from operations	25	153,960	64,978
Hedge premium paid		(3,158)	(2,582)
Income tax paid		(18,039)	(5,058)
Net cash inflows from operating activities		**132,763**	**57,338**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(46,114)	(33,088)
Deposit for investment*		(60,482)	-
Proceed from disposal of oil and gas properties		3,306	-
Payment for acquisition of other property, plant and equipment		(672)	(240)
Proceeds from disposal of other property, plant and equipment		8	-
Receipts from other assets		4,534	1,943
Interest received		202	9
Net cash outflows used in investing activities		**(99,218)**	**(31,376)**
Cash flows from financing activities			
Repayments of loans and borrowings		-	(238,089)
Proceeds from loans and borrowings		-	266,263
Dividend paid		(18,458)	(23,175)
Interest paid on lease liability		(99)	(211)
Lease payment		(126)	(144)
Payments for other financing charges**		(2,952)	(8,132)
Interest paid on loans and borrowings		(24,754)	(24,527)
Net cash outflows used in financing activities		**(46,389)**	**(28,015)**
Net decrease in cash and cash equivalents		(12,844)	(2,053)
Cash and cash equivalents at beginning of the year		133,667	85,554
Effects of exchange rate changes on cash and cash equivalents		10,579	6,899
Cash and cash equivalents at end of the period		**131,402**	**90,400**

* Deposit for investment includes considerations for Mobil Producing Nigeria Unlimited - MPNU (₦55.3 billion) & Abiala farm-in (₦5.2 billion).

**Other financing charges of ₦3 billion relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

The above interim condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

1. Corporate Structure and business

Seplat Energy Plc (hereinafter referred to as 'Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 27 March 2013, the Group incorporated a subsidiary, MSP Energy Limited. The Company was incorporated for oil and gas exploration and production.

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Petroleum Development UK Limited. The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for ₦79.6 billion.

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Energy Plc.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activity of the Company is the processing of gas from OML 53 using the ANOH gas processing plant.

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholder's agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019, Seplat Energy Plc acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45 percent interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.v) The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ("transferred assets") to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company's strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under Companies and Allied Matters Act 2020.

On 7 February 2022, the Group incorporated a subsidiary, Seplat Energy Offshore Limited. The Company was incorporated for oil and gas exploration and production.

On 7 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat Energy UK Limited	21 August 2014	United Kingdom	100%	Corporate, technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Elandale Nigeria Limited	17 January 2019	Nigeria	40%	Receive, store, handle, transport, deliver $ discharge petroleum and petroleum products	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect
Seplat Energy Offshore Limited	7 February 2022	Nigeria	100%	Oil and Gas exploration and production	Direct

MSP Energy Limited	27 March 2013	Nigeria	100%	Oil and Gas exploration and production	Direct
Turnkey Drilling Services Limited	5 July 2022	Nigeria	100%	Drilling services	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 September 2022:

- During the period, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- The Group made a deposit of ₦55.3 million to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The completion of the transaction is subject to ministerial consent and other required regulatory approvals.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- The Group signed a contract with Solewant Nigeria Limited in 2013 for the provision of coating services on line pipes. Solewant proceeded to subcontract the service to Adamac Pipes and Coating Services. Over the course of the contract between Solewant and Adamac, financial discords arose. The line pipes are currently being held by Adamac pending ongoing litigations. Due to these pending litigations and rising concerns over recoverability of the pipes, Seplat made a ₦1.6 billion (30%) impairment on the Line pipes in 2020 and have decided to impair the balance of ₦3.6 billion in the current reporting period.
- On 7 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services.
- On 1 August 2022, the Group announced the commercial launch of Amukpe-Escravos pipeline. The pipeline will offer a more secured and reliable export route for liquids from Seplat Energy's major assets OML 4, 38 and 41.
- On 30 September 2022, the Group refinanced its existing $350 million revolving credit facility due in December 2023 with a new 3-year $350 million revolving credit facility (RCF) due in June 2025. The RCF is scheduled to reduce from July 2024, with an automatic extension till July 2025 once the refinancing of the existing US$650 million bond due in April 2026 is implemented.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The interim financial statements are for the Group consisting of Seplat Energy Plc and its subsidiaries.

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the third quarter ended 30 September 2022 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Group during the interim reporting period.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments and defined benefit plans – plan assets measured at fair value. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest million (₦'million), except when otherwise indicated.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

The accounting policies adopted are consistent with those of the previous financial year end corresponding interim reporting period, except for the adoption of new and amended standard which is set out below.

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

b) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

c) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

d) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

e) IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2022.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2021.

3.6 Functional and presentation currency

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate (‘the functional currency’), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The interim condensed consolidated financial statements are presented in Nigerian Naira.

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

b) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting date.
- income and expenses for statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4. Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the third quarter are consistent with those disclosed in the 2021 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

a) OMLs 4, 38 and 41

OMLs 4 and 38 and 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each cannot independently generate cash flows. They currently operate as a single block sharing resources for generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced when the Group has an unconditional right to receive payment.

b) Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

c) Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million (Seplat's 45% share of $100 million), which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

d) Foreign currency translation reserve

The Group has used the CBN rate to translate its Dollar currency to its Naira presentation currency. Management has determined that this rate is available for immediate delivery. If the rate used was 10% higher or lower, revenue in Naira would have increased/decreased by ₦25.9 billion, (2021: ₦18.3 billion).

e) Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has power over Elcrest through due representation of Eland in the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

f) Revenue recognition

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e., over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

a) The difference, if any, between the amount of promised consideration and cash selling price and;

b) The combined effect of both the following:

- The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
- The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgmental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/ (expenses) - net.

Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the Vice President (Finance), the Director (New Energy) and the financial reporting manager. See further details in note 6.

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2021 annual financial statements.

The following are some of the estimates and assumptions made.

a) Defined benefit plans

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

b) Oil and gas reserves

Proved oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure for estimating decommissioning liabilities and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

c) Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

d) Provision for decommissioning obligations

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current constructions, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

e) Property, plant and equipment

The Group assesses its property, plant and equipment, including exploration and evaluation assets, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

If there are low oil prices or natural gas prices during an extended period, the Group may need to recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas.

The Group uses the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group uses a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset's performance) and other relevant assumptions based on the year end Competent Persons Report (CPR). The pre-tax future cash flows are adjusted for risks specific to the forecast and discounted using a pre-tax discount rate which reflects both current market assessment of the time value of money and risks specific to the asset.

Management considers whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise.

f) Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

g) Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

h) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

i) Intangible assets

The contract based intangible assets (licence) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset.

The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk – interest rate	Interest bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, contract assets, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances as well as credit exposures to customers (i.e. Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e. NAPIMS receivables, NPDC receivables and other receivables).

a) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 &41) which expires in December 2022. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in September 2023. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and Nigerian National Petroleum Corporation (NNPC).

In addition, the Group is exposed to credit risk in relation to the sale of gas to its customers.

The credit risk on cash and cash balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets..

b) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	N'million	N'million
Increase/decrease in loss given default		
+10%	(66)	-
-10%	66	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in loss given default		
+10%	(717)	-
-10%	717	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	N'million	N'million
Increase/decrease in probability of default		
+10%	(69)	-
-10%	69	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in probability of default		
+10%	(679)	-
-10%	679	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(368)	-
-10%	368	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	N'million	N'million
Increase/decrease in forward looking macroeconomic indicators		
+10%	(19)	-
-10%	19	-

5.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts and time deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
30 Sept 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**11,160**	**22,017**	**22,078**	**313,265**	**368,521**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + SOFR	4,825	6,933	6,372	1,735	19,865
Stanbic IBTC Bank Plc	8.00% + SOFR	4,926	7,077	6,504	1,770	20,277
Standard Bank of South Africa Limited	8.00% + SOFR	2,815	4,044	3,717	1,012	11,588
First City Monument Bank Limited	8.00% + SOFR	1,257	1,805	1,659	452	5,173
Shell Western Supply and Trading Limited	10.5% + SOFR	1,037	980	921	3,824	6,762
Total variable interest borrowings		**14,860**	**20,839**	**19,173**	**8,793**	**63,665**
Other non – derivatives						
Trade and other payables**		183,193	-	-	-	**183,193**
Lease liability		1,191	954	29	-	**2,174**
		184,384	**954**	**29**	**-**	**185,367**
Total		**210,404**	**43,810**	**41,280**	**322,058**	**617,552**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2021						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**20,751**	**20,751**	**20,751**	**298,881**	**361,134**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	1,298	4,390	6,456	7,650	19,794
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	1,324	4,481	6,590	7,810	20,205
Standard Bank of South Africa Limited	8.00% + USD LIBOR	757	2,561	3,766	4,463	11,547
First City Monument Bank Limited	8.00% + USD LIBOR	338	1,143	1,681	1,992	5,154
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	486	924	876	4,422	6,708
Total variable interest borrowings		**4,203**	**13,499**	**19,369**	**26,337**	**63,408**
Other non – derivatives						
Trade and other payables**		151,204	-	-	-	151,204
Lease liability		1,950	66	28	-	2,044
		153,154	66	28	-	153,248
Total		**178,108**	**34,316**	**40,148**	**325,218**	**577,790**

**Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

5.1.3 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	As at 30 Sept 2022	As at 31 Dec 2021	As at 30 Sept 2022	As at 31 Dec 2021
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables*	157,601	78,869	157,601	78,869
Contract assets	1,970	1,679	1,970	1,679
Cash and bank balances	131,402	133,667	131,402	133,667
	290,973	**214,215**	**290,973**	**214,215**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	326,327	315,791	319,497	307,447
Trade and other payables**	165,938	136,619	165,938	136,619
	492,265	**452,410**	**485,435**	**444,067**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	566	1,543	566	1,543
	566	**1,543**	**566**	**1,543**

* Trade and other receivables exclude Geregu power, Sapele power, NGMC VAT receivables, cash advances and advance payments.

** Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding non-financial assets), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature.

5.1.4 Fair Value Hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the reporting period.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Recurring fair value measurements

Financial liabilities

	Level 1	Level 2	Level 3
30 Sept 2022	₦ million	₦ million	₦ million
Financial liabilities:			
Derivative financial instruments	**-**	**566**	**-**
	-	**566**	**-**

	Level 1	Level 2	Level 3
31 Dec 2021	₦ million	₦ million	₦ million
Financial liabilities:			
Derivative financial instruments	-	1,543	-
	-	**1,543**	**-**

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purposes. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

6. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the period ended 30 September 2022, revenue from the gas segment of the business constituted 14% of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the chief operating decision maker. As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

Amounts relating to the gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e., cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports.

6.1 Segment profit/(loss) disclosure

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
	₦'million	₦'million	₦'million	₦'million
Oil	21,754	(8,876)	(1,325)	(9,892)
Gas	12,104	22,772	(262)	9,670
Total profit/(loss) for the period	**33,858**	**13,896**	**(1,587)**	**(222)**

The Group reclassified an impairment charge of ₦2.4 billion from the gas segment to the oil segment in order to align the depreciation and impairment charge in the nine months ended 30 September 2021 with the 31 December 2021 annual report.

Oil

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
	₦'million	₦'million	₦'million	₦'million
Revenue from contract with customers				
Crude oil sales	223,727	146,612	28,567	51,125
Operating profit before depreciation, depletion, amortization and Impairment	121,622	75,560	2,712	26,172
Depreciation and impairment	(42,417)	(40,658)	(8,316)	(13,977)
Operating profit/(loss)	**79,205**	**34,902**	**(5,604)**	**12,195**
Finance income	202	9	93	5
Finance costs	(21,420)	(24,228)	(6,527)	(5,709)
Profit/(loss) before taxation	**57,987**	**10,683**	**(12,038)**	**6,491**
Income tax (expense)/credit	(36,233)	(19,559)	10,713	(16,383)
Profit/(loss) for the period	**21,754**	**(8,876)**	**(1,325)**	**(9,892)**

Gas

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
	₦'million	₦'million	₦'million	₦'million
Revenue from contract with customer				
Gas sales	34,989	36,065	10,946	11,108
Operating profit before depreciation, depletion, amortization and Impairment	20,240	28,470	2,498	7,959

Depreciation, amortization and impairment	(801)	(760)	(270)	(242)
Operating profit	**19,439**	**27,710**	**2,228**	**7,717**
Share of profit/(loss) from joint venture accounted for using equity accounting	48	236	(9)	195
Profit before taxation	**19,487**	**27,946**	**2,219**	**7,912**
Income tax (expense)/credit	(7,383)	(5,174)	(2,481)	1,758
Profit/(loss) for the period	**12,104**	**22,772**	**(262)**	**9,670**

6.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Geographical markets						
The Bahamas	38,194	-	38,194	26,833	-	26,833
Nigeria	31,884	34,989	66,873	-	36,065	36,065
Italy	779	-	779	4,382	-	4,382
Switzerland	146,364	-	146,364	109,662	-	109,662
Barbados	6,506	-	6,506	5,735	-	5,735
Revenue from contract with customers	**223,727**	**34,989**	**258,716**	**146,612**	**36,065**	**182,677**
Timing of revenue recognition						
At a point in time	223,727	-	223,727	146,612	-	146,612
Over time	-	34,989	34,989	-	36,065	36,065
Revenue from contract with customers	**223,727**	**34,989**	**258,716**	**146,612**	**36,065**	**182,677**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Geographical markets						
The Bahamas	14,029	-	**14,029**	19,731	-	**19,731**
Nigeria	12,108	10,946	**23,054**	-	11,108	**11,108**
Italy	4	-	**4**	674	-	**674**
Switzerland	807	-	**807**	29,007	-	**29,007**
Barbados	1,619	-	**1,619**	1,713	-	**1,713**
Revenue from contract with customers	**28,567**	**10,946**	**39,513**	**51,125**	**11,108**	**62,233**
Timing of revenue recognition						
At a point in time	28,567	-	**28,567**	51,125	-	**51,125**
Over time	-	10,946	**10,946**	-	11,108	**11,108**
Revenue from contract with customers	**28,567**	**10,946**	**39,513**	**51,125**	**11,108**	**62,233**

The Group's transactions with its major customer, Mercuria, constitutes more than 60% (₦146.4 billion) of the total revenue from the oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura (₦35 billion) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(245)	(2,422)	**(2,667)**	(2,728)	-	(2,728)
	(245)	**(2,422)**	**(2,667)**	**(2,728)**	**-**	**(2,728)**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment (loss)/gain	(2)	(13)	**(15)**	(2,461)	20	(2,441)
	(2)	**(13)**	**(15)**	**(2,461)**	**20**	**(2,441)**

6.1.3 Impairment loss on non-financial assets by reportable segments

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(3,552)	-	**(3,552)**	-	-	-
	(3,552)	**-**	**(3,552)**	**-**	**-**	**-**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment loss	(20)	-	**(20)**	-	-	-
	(20)	**-**	**(20)**	**-**	**-**	**-**

6.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

	Oil	Gas	**Total**
Total segment assets	₦'million	₦'million	₦'million
30 September 2022	**1,184,768**	**263,654**	**1,448,422**
31 December 2021	1,093,540	209,549	**1,303,089**

6.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	Oil	Gas	**Total**
Total segment liabilities	₦'million	₦'million	₦'million
30 September 2022	**575,893**	**122,665**	**698,558**
31 December 2021	475,197	124,528	**599,725**

7. Revenue from contracts with customers

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Crude oil sales	223,727	146,612	28,567	51,125
Gas sales	34,989	36,065	10,946	11,108
	258,716	**182,677**	**39,513**	**62,233**

The major off takers for crude oil are Mercuria and Shell West. The major off takers for gas are Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

8. Cost of sales

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦'million	₦'million
Royalties	55,298	36,540	10,056	11,801
Depletion, depreciation and amortisation	36,980	36,302	7,684	11,127
Crude handling fees	11,540	15,471	3,078	3,860
Nigeria Export Supervision Scheme (NESS) fee	308	177	104	55
Niger Delta Development Commission Levy	3,724	1,684	1,478	532
Barging/Trucking	3,876	2,988	1,287	1,137
Operational & maintenance expenses	28,447	31,388	11,390	10,274
	140,173	**124,550**	**35,077**	**38,786**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Also included in operational and maintenance expenses is gas flare penalty of ₦1.7 billion (2021: ₦4.6 billion).

Barging and Trucking costs relates to costs on the OML 40 Gbetiokun field.

9. Other income

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦'million	₦ million	₦'million
Underlift	25,209	29,626	7,450	6,275
Gains on foreign exchange	2,815	72	359	464
Loss on disposal of oil and gas asset	(5,467)	-	(30)	-
Tariffs	1,496	604	1,167	61
Others	(1,774)	2,244	(2,253)	88
	22,279	**32,546**	**6,693**	**6,888**

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

Gains/(loss) on foreign exchange are principally due to the translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Loss on disposal of oil and gas asset relates to the loss on the sale of Ubima field.

Others include finance fees on AGPC and the transfer of finance income to partners to Joint Venture partners.

Tariffs from handling crude on behalf of other injectors into the Group's pipeline.

10. General and administrative expenses

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦'million	₦ million	₦'million
Depreciation and amortisation	1,255	1,528	376	495
Depreciation of right-of-use assets	1,431	860	506	156
Professional and consulting fees	4,087	3,240	1,669	939
Auditor's renumeration	218	17	75	(31)
Directors' emoluments (executive)	415	266	110	24
Directors' emoluments (non-executive)	1,663	1,352	575	372
Employee benefits	12,720	10,907	4,110	3,378
Share-based benefits	1,463	2,192	953	1,305
Flights and other travel costs	4,014	1,017	1,518	528
Rentals and other general expenses	5,941	-	4,035	-
	33,207	**21,379**	**13,927**	**7,166**

Flights and other travel costs increases were driven by higher travel and training costs following the relaxation of travel restrictions.

Rent and other general expenses include ₦3 billion relating to late costs from prior years from the joint venture partners, increased diesel costs. Credits/reversals of ₦0.9 billion are included in 2021 (rent and other income expenses) and relate to recoveries sought from vendors.

11. Impairment loss

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Impairment loss on financial assets (Note 11.1)	2,667	2,728	15	2,441
Impairment loss on non-financial assets (Note 11.2)	3,552	-	20	-
	6,219	**2,728**	**35**	**2,441**

11.1 Impairment losses on financial assets

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Impairment loss on trade receivables	2,372	2,511	15	2,235
Impairment loss on other financial assets	295	217	-	206
	2,667	**2,728**	**15**	**2,441**

11.2 Impairment losses on non-financial assets

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million

Impairment loss on non-financial assets	3,552	-	20	-
	3,552	-	**20**	**-**

During the period, the Group recognized impairment loss of ₦3.6 billion for long outstanding line pipes. Seplat expects the loss to reverse once the recoveries are secured.

12. Fair value (loss)/gain

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Unrealised fair value gain/(loss) on derivatives	406	(1,372)	671	(13)
Realised fair value loss on derivatives	(3,158)	(2,582)	(1,214)	(803)
	(2,752)	**(3,954)**	**(543)**	**(816)**

Fair value gain/(loss) on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13. Finance income/(cost)

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Finance income				
Interest income	202	9	93	5
Finance cost				
Interest on bank loans	(20,587)	(23,705)	(6,242)	(5,382)
Interest on lease liabilities	(99)	(211)	(38)	(206)
Unwinding of discount on provision for decommissioning	(734)	(312)	(247)	(121)
	(21,420)	**(24,228)**	**(6,527)**	**(5,709)**
Finance cost – net	**(21,218)**	**(24,219)**	**(6,434)**	**(5,704)**

Finance income represents interest on short-term fixed deposits.

14. Taxation

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2022 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 60% (2021: 64%)

The major components of income tax expense in the interim condensed consolidated statement.

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	₦ million	₦ million	₦ million	₦ million
Current tax:				

Current tax expense on profit for the period	10,731	7,481	(1,749)	2,782
Education tax	2,110	1,419	(382)	432
NASENI Levy	179	-	11	-
Police Levy	4	-	-	-
Total current tax	**13,024**	**8,900**	**(2,119)**	**3,214**
Deferred tax:				
Deferred tax expense in profit or loss	30,592	15,833	(6,113)	11,411
Total tax expense in statement of profit or loss	**43,616**	**24,733**	**(8,232)**	**14,625**

14.1 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Balance as at 31 Dec 2021	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Deferred tax asset	128,540	18,727	6,554	153,821
Deferred tax liabilities	(42,732)	(52,277)	(3,596)	(98,605)
	85,808	**(33,550)**	**2,958**	**55,216**

In line with IAS 12, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions.

14.2 Deferred tax asset

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Tax losses	12,686	3,665	702	17,054
Other cumulative timing differences:				
Accelerated capital deduction	50,421	11,493	2,699	64,612
Other temporary differences*	19,398	1,223	940	21,561
Unrealised foreign exchange loss	7,055	(4,836)	180	2,399
Overlift	8,432	5,668	567	14,667
Impairment provision on trade and other receivables	30,547	1,514	1,467	33,528
	128,540	**18,727**	**6,554**	**153,821**

*Other temporary differences include provision for defined benefit, provision for Abandonment, share equity reserve.

During the period, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions in line with IAS 12. This led to a deferred tax reclassification of ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022.

14.3 Deferred tax liabilities

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Exchange difference	Balance as at 30 Sept 2022
	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:				
Property, plant & equipment	(35,570)	(30,153)	(2,581)	(68,304)
Leases	(1,409)	1,207	(28)	(230)
Underlift	(5,753)	(23,331)	(986)	(30,070)
	(42,732)	**(52,277)**	**(3,595)**	**(98,605)**

During the period, the Group elected to offset ₦300 billion from the deferred tax liabilities to the deferred tax assets as at 1 January 2022 in line with IAS 12. The net impact of the reclassification remains unchanged in the interim condensed consolidated statement of financial position.

15. Oil & Gas properties

During the nine months ended 30 September 2022, the Group acquired assets amounting to ₦46.1 billion (Dec 2021: ₦54.6 billion).

16. Intangible Asset

	License	Total
Cost	₦ million	₦ million
At 1 January 2022	60,435	60,435
Additions	1,378	1,378
Exchange difference	2,854	2,854
At 30 Sept 2022	**64,667**	**64,667**
Amortisation		
At 1 January 2022	6,390	6,390
Charge for the period	960	960
Exchange difference	328	328
At 30 Sept 2022	**7,678**	**7,678**
Net Book Value (NBV)		
At 30 Sept 2022	**56,989**	**56,989**
At 31 December 2021	**54,045**	**54,045**

17. Investment accounted for using equity method

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Investment in Joint venture (ANOH)	97,166	92,795
	97,166	**92,795**

18. Trade and other receivables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Trade receivables (Note 18.1)	24,408	25,923
Nigerian Petroleum Development Company (NPDC) receivables (Note 18.2)	19,580	34,571
Nigerian National Petroleum Corporation (NNPC) receivables	16,067	10,154
Underlift	33,277	20,657
Advances to suppliers	5,930	5,746
Receivables from ANOH	5,095	5,259
Other receivables (Note 18.3)	92,451	2,964
Total	**196,808**	**105,274**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power ₦8.9 billion (Dec 2021: ₦7.1 billion), Waltersmith ₦5.96 billion, Sapele Power ₦2.7 billion (Dec 2021: ₦2.4 billion) and Nigerian Gas Marketing Company (NGMC) ₦1.1 billion (Dec 2021: ₦3 billion) and MSN Energy ₦1.2 billion. Gas receivables therefore total ₦18.6 billion (Dec 2021: ₦12.5 billion) with respect to the sale of gas. Also included in trade receivables is ₦0.8 billion (Dec 2021: ₦0.4 billion), nil (Dec 2021: ₦3.04 billion) and nil (Dec 2021: ₦11.6 billion) due from Pillar, Mecuria and Shell Western respectively for the sale of crude, and ₦5.8 million receivables from crude injectors (Summit oil and other non-operated joint partners of NPDC (now NEPL)).

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is ₦19.6 billion (Dec 2021: ₦ 34.6 billion).

18.3 Other receivables

Other receivables include deposits of ₦55.2 billion towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware and a new business opportunity in Abiala for ₦5.2 billion while ₦20.3 billion relates to an amount due on the sale of the Ubima field.

18.4 Reconciliation of trade receivables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	35,568	34,698
Less: Impairment allowance	(11,160)	(8,775)
Net exposure at default	**24,408**	**25,923**

18.5 Reconciliation of NPDC receivables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	24,862	39,514
Less: Impairment allowance	(5,282)	(4,943)
Net exposure at default	**19,580**	**34,571**

18.6 Reconciliation of NNPC receivables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	16,924	10,819
Less: Impairment allowance	(857)	(665)
Net exposure at default	**16,067**	**10,154**

18.7 Reconciliation of other receivables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Gross exposure at default	111,988	21,632
Less: Impairment allowance	(19,537)	(18,668)
Net exposure at default	**92,451**	**2,964**

19. Contract assets

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Revenue on gas sales	2,005	1,679
Less: Impairment loss on contract assets	(35)	-
	1,970	**1,679**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu power, Sapele power and NGMC for the delivery of gas supplies which the three Companies has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu power, Sapele Power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

19.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	30 Sept 2022	31 Dec 2021
	₦'million	₦'million
Balance as at 1 January	1,679	2,343
Addition during the period	28,495	44,849
Receipts for the period	(28,254)	(45,662)
Price Adjustments	-	(24)
Impairment	(35)	-
Exchange difference	85	173
Closing balance as at 30 September	**1,970**	**1,679**

20. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. Derivatives are measured at fair value through profit or loss. They are presented as current liability to the extent they are expected to be settled within 12 months after the reporting period.

The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	30 Sept 2022	31 Dec 2021
	₦'million	₦'million
Foreign currency options-crude oil hedges	566	1,543
	566	**1,543**

21. Cash and Cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less.

	30 Sept 2022	31 Dec 2021
	₦'million	₦'million
Cash on hand	-	5,916
Short-term fixed deposits	8,859	29,040
Cash at bank	122,649	98,812
Gross cash and cash equivalent	**131,508**	**133,768**
Loss allowance	(106)	(101)
Net Cash and cash equivalents	**131,402**	**133,667**

21.1 Restricted cash

	30 Sept 2022	31 Dec 2021
	₦'million	₦'million
Restricted cash (Current)	7,620	6,603
	7,620	**6,603**

Included in the restricted cash balance is ₦3.5 billion and ₦2.7 billion set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

Also included in the restricted cash balance is ₦0.3 billion and ₦0.4 billion for rent deposit and unclaimed dividend respectively.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

22. Share Capital

22.1 Authorised and issued share capital

	30 Sept 2022	31 Dec 2021
	₦'million	₦'million
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500
Issued and fully paid		
584,035,845 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	296	296

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share Premium	Share based payment reserve	Treasury shares	Total
	Shares	₦'million	₦'million	₦'million	₦'million	₦'million
Opening balance as at 1 January 2022	584,035,845	296	90,383	4,914	(2,025)	93,568
Share based payments	-	-	-	1,463	-	1,463
Closing balance as at 30 Sept 2022	**584,035,845**	**296**	**90,383**	**6,377**	**(2,025)**	**95,031**

22.3 Employee share-based payment scheme

As at 30 September 2022, the Group had awarded 94,038,312 shares (Dec 2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the nine months ended 30 September 2022, no shares were vested (Dec 2021: 7,151,098 shares).

22.4 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

23. Interest bearing loans and borrowings

23.1 Reconciliation of interest- bearing loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2022:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2022	24,988	290,803	315,791
Addition	-	-	-
Interest accrued	20,587	-	20,587

Interest capitalized	3,091	-	3,091
Interest repayment	(24,754)	-	(24,754)
Other financing charges	(2,952)	-	(2,952)
Transfers	9,742	(9,742)	-
Exchange differences	1,337	13,227	14,564
Carrying amount as at 30 September 2022	**32,039**	**294,288**	**326,327**

Below is the reconciliation on interest bearing loans and borrowings for 31 December 2021:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million
Balance as at 1 January 2021	35,518	229,880	265,398
Additions	268,725	-	268,725
Interest accrued	29,765	-	29,765
Interest capitalized	4,995	-	4,995
Principal repayment	(240,291)	-	(240,291)
Interest repayment	(27,728)	-	(27,728)
Other financing charges	(8,154)	-	(8,154)
Transfers	(40,451)	40,451	-
Exchange differences	2,609	20,472	23,081
Carrying amount as at 31 December 2021	**24,988**	**290,803**	**315,791**

$650 million Senior notes – April 2021

In March 2021, Seplat Energy Plc offered 7.75% senior notes with an aggregate principal of $650 million due in April 2026. The notes, which were priced on 25 March and closed on 1 April 2021, were issued by Seplat Energy Plc in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the previously issued $350 million 9.25% senior notes due in 2023, to repay in full drawings of $250 million under the existing $350 million revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is $653.7 million, although the principal is $650 million.

$110 million Senior reserve based lending (RBL) facility – March 2021

On 17th March 2021, Westport signed an amendment and restatement agreement regarding its previously existing senior secured reserved based loan (RBL) facility. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + USD LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilised under the RBL from $100 million to $110 million. The amortised cost for this as at the reporting period is $95.2 million (Dec 2021: $108.8 million), although the principal is $110 million.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The borrowing base is more than $110 million, with the available commitments at $110 million.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is SOFR plus 8%, as long as more than 50% of the available facility is drawn.

The interest rate of the facility is variable. The interest accrued at the reporting period is $7.6 million using an effective interest rate of 9.5%. The interest paid was determined using SOFR rate + 8 % on the last business day of the reporting period.

$50 million Junior reserve based lending facility – July 2021

In July 2021, the Group raised a $50 million offtake line which is subordinated to the senior RBL. The Facility has a 6-year tenor, maturing in 2027. The amortised cost for this as at the reporting period is $8.1 million (Dec 2021: $9.2 million), although the principal outstanding is $11 million.

$350 million Revolving credit facility – September 2022

The Group successfully refinanced its existing $350 million revolving credit facility due in December 2023 with a new three-year $350 million revolving credit facility due in June 2025 (the "RCF"). The RCF includes an automatic maturity extension until December 2026 once a refinancing of the existing $650million bond due in April 2026 is implemented. The RCF is scheduled to reduce from July 2024, with such date automatically extended to July 2025 once the refinancing of the existing $650 million bond is implemented. The RCF carries initial interest of 6% over the base rate (SOFR plus applicable credit adjustment spread) with the margin reducing to 5% after production flowing through the Amukpe-to-Escravos pipeline is stabilized at an average working interest production of at least 15,000 bpd over a 45 consecutive day period. The pricing is in line with the existing RCF pricing, although it reflects a change in the base rate from LIBOR to SOFR plus the applicable credit adjustment spread.

24. Trade and other payables

	30 Sept 2022	31 Dec 2021
	₦ million	₦ million
Trade payable	65,688	49,607
Accruals and other payables	73,951	67,630
NDDC levy	2,174	5,283
Royalties payable	24,125	14,100
Overlift payable	17,255	14,584
	183,193	**151,204**

Included in accruals and other payables are field-related accruals of ₦28.4 billion (Dec 2021: ₦34.4 billion), and other vendor payables of ₦20.7 billion (Dec 2021: ₦6.4 billion). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss and any amount unpaid at the end of the reporting period is recognised in overlift payable.

25. Computation of cash generated from operations

	9 months ended 30-Sept-22 ₦ million	9 months ended 30-Sept-21 ₦ million
Profit before tax	77,474	38,629
Adjusted for:		
Depletion, depreciation and amortization	38,235	37,830
Depreciation of right-of-use asset	1,431	860
Impairment losses on financial assets	2,667	2,728
Impairment losses on non-financial assets	3,552	-
Loss on disposal of oil and gas asset	5,467	-
Interest income	(202)	(9)
Interest expense on bank loans	20,587	23,705
Interest on lease liabilities	99	211
Unwinding of discount on provision for decommissioning	734	312
Unrealised fair value (gain)/loss on derivatives	(406)	2,582
Realised fair value loss on derivatives	3,158	1,372
Unrealised foreign exchange gain	(2,815)	(72)
Share based payment expenses	1,463	2,192
Share of profit in joint venture	(48)	(236)
Defined benefit expenses	1,272	1,056
Changes in working capital:		
Trade and other receivables	(26,766)	(14,133)
Prepayments	(1,153)	(1,836)
Contract assets	(241)	(767)
Trade and other payables	24,211	(22,140)
Contract liabilities	-	-
Restricted Cash	(688)	(8,014)
Inventories	5,929	708
Net cash inflow from operating activities	**153,960**	**64,978**

26. Earnings per share (EPS)

Basic

Basic EPS is calculated on the Group's profit after taxation attributable to the ordinary equity holders of the parent entity and on the basis of weighted average number of issued and fully paid ordinary shares at the end of the period.

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the reporting period plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	9 months ended 30 Sept 2022 ₦ million	9 months ended 30 Sept 2021 ₦ million	3 months ended 30 Sept 2022 ₦ million	3 months ended 30 Sept 2021 ₦ million
Profit attributable to Equity holders of the parent	34,634	26,326	650	8,107
Loss attributable to non-controlling interests	(776)	(12,430)	(2,237)	(8,329)
Profit/(loss) for the period	**33,858**	**13,896**	**(1,587)**	**(222)**

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	584,036	582,927	584,036	582,927
Outstanding share-based payments (shares)	2,801	5,518	2,801	5,518
Weighted average number of ordinary shares adjusted for the effect of dilution	**586,837**	**588,445**	**586,837**	**588,445**
Basic earnings per shares for the period	**₦**	**₦**	**₦**	**₦**
Total basic earnings per share attributable to the ordinary equity holders of the Group	59.30	45.16	1.11	13.91
Diluted earnings per shares	**₦**	**₦**	**₦**	**₦**
Total diluted earnings per share attributable to the ordinary equity holders of the Group	59.02	44.74	1.11	13.78
Profit used in determining basic/diluted earnings per share	**34,634**	**26,326**	**650**	**8,107**

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

27. Proposed dividend

The Group's directors proposed an interim dividend of 2.5 cents per share for the reporting period (2021: 2.5 cents).

28. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The Parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family. The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below.

i) Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The company provided consulting services to Seplat. Services provided to the Group during the period amounted to ₦395.1 million (2021: ₦363.7 million).

ii) Entities controlled by Directors of the company

Ubosi Eleh and Company (controlled by Director Ernest Ebi): The Company provided a leasehold property to Seplat. The amount during the period amounted to ₦23.1 million

29. Commitments and contingencies

29.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is ₦7.3 billion (Dec 2021: ₦7.9 billion). The contingent liability for the reporting period is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

30. Reclassification

Certain comparative figures in note 6 and 14 have been reclassified in line with the current period's presentation.

31. Events after the reporting period

There was no event after the reporting period which could have a material effect on the disclosures and the financial position of the Group as at 30 September 2022 and on its profit or loss and other comprehensive income for the period ended.

32. Exchange rates used in translating the accounts to Naira

The table below shows the exchange rates used in translating the accounts into Naira.

	Basis	30 Sept 2022	30 Sept 2021	31 Dec 2021
		₦/$	₦/$	₦/$
Fixed assets – opening balances	Historical rate	Historical	Historical	Historical
Fixed assets - additions	Average rate	418.23	396.82	400.48
Fixed assets - closing balances	Closing rate	431.09	410.63	411.93
Current assets	Closing rate	431.09	410.63	411.93
Current liabilities	Closing rate	431.09	410.63	411.93
Equity	Historical rate	Historical	Historical	Historical
Income and Expenses:	Overall Average rate	418.23	396.82	400.48

Interim Consolidated Financial Statements (Unaudited)

For the nine months ended 30 September 2022

(Expressed in US Dollars)

Reliable energy,
limitless potential

Interim condensed consolidated statement of profit or loss and other comprehensive income

For the nine months ended 30 September 2022

	Notes	9 months ended 30 Sept 2022 Unaudited $'000	9 months ended 30 Sept 2021 Unaudited $'000	3 Months ended 30 Sept 2022 Unaudited $'000	3 Months ended 30 Sept 2021 Unaudited $'000
Revenue from contracts with customers	7	618,603	460,357	91,572	151,586
Cost of sales	8	(335,164)	(313,862)	(82,476)	(93,997)
Gross profit		**283,439**	**146,495**	**9,096**	**57,589**
Other income	9	53,272	82,020	15,801	16,240
General and administrative expenses	10	(79,403)	(53,879)	(33,042)	(17,424)
Impairment loss on financial assets	11.1	(6,377)	(6,874)	-	(6,137)
Impairment loss on non-financial assets	11.2	(8,492)	-	-	-
Fair value loss	12	(6,580)	(9,964)	(1,271)	(1,919)
Operating profit/(loss)		**235,859**	**157,798**	**(9,416)**	**48,349**
Finance income	13	483	22	221	11
Finance cost	13	(51,217)	(61,056)	(15,410)	(13,582)
Finance cost-net		(50,734)	(61,034)	(15,189)	(13,571)
Share of profit/(loss) from joint venture accounted for using the equity method		114	595	(22)	489
Profit/(loss) before taxation		**185,239**	**97,359**	**(24,627)**	**35,267**
Income tax (expense)/credit	14	(111,362)	(62,329)	15,203	(36,414)
Profit/(loss) for the period		**73,877**	**35,030**	**(9,424)**	**(1,147)**
Attributable to:					
Equity holders of the parent		75,733	66,355	(4,055)	19,387
Non-controlling interests		(1,856)	(31,325)	(5,369)	(20,534)
		73,877	**35,030**	**(9,424)**	**(1,147)**

Earnings per share attributable to the equity shareholders:					
Basic earnings/(loss) per share ($)	26	**0.13**	0.11	**(0.01)**	0.03
Diluted earnings/(loss) per share ($)	26	**0.13**	0.11	**(0.01)**	0.03

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	9 months ended 30 Sept 2022 Unaudited $'000	9 months ended 30 Sept 2021 Unaudited $'000	3 Months ended 30 Sept 2022 Unaudited $'000	3 Months ended 30 Sept 2021 Unaudited $'000
Profit/(loss) for the period		**73,877**	**35,030**	**(9,424)**	**(1,147)**
Attributable to:					
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		**(1,251)**	-	-	-
Total comprehensive income/(loss) for the period (net of tax)		**72,626**	**35,030**	**(9,424)**	**(1,147)**

Attributable to:				
Equity holders of the parent	74,482	66,355	(4,055)	19,387
Non-controlling interests	(1,856)	(31,325)	(5,369)	(20,534)
	72,626	**35,030**	**(9,424)**	**(1,147)**

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of financial position

As at 30 September 2022

	Notes	30 Sept 2022 Unaudited $'000	31 December 2021 Audited $'000
Assets			
Non-current assets			
Oil & gas properties	15	1,596,263	1,604,025
Other property, plant and equipment		25,871	27,255
Right-of-use assets		6,008	7,404
Intangible assets	16	132,198	131,200
Other assets		101,711	112,551
Investment accounted for using equity accounting	17	225,396	225,270
Prepayments		69,297	66,788
Deferred tax asset	14.2	356,818	312,041
Total non-current assets		**2,513,562**	**2,486,534**
Current assets			
Inventories		60,781	74,957
Trade and other receivables	18	456,533	255,557
Prepayments		1,975	1,726
Contract assets	19	4,570	4,076
Restricted cash	21.1	17,674	16,029
Cash and cash equivalents	21	304,823	324,490
Total current assets		**846,356**	**676,835**
Total assets		**3,359,918**	**3,163,369**
Equity and Liabilities			
Equity			
Issued share capital	22.1	1,862	1,862
Share premium		520,138	520,138
Share based payment reserve	22.2	25,688	22,190
Treasury shares		(4,915)	(4,915)
Capital contribution		40,000	40,000
Retained earnings		1,216,682	1,185,082
Foreign currency translation reserve		682	1,933
Non-controlling interest		(60,660)	(58,804)
Total shareholders' equity		**1,739,477**	**1,707,486**
Non-current liabilities			
Interest bearing loans and borrowings	23.1	682,660	705,953
Lease Liabilities		2,280	481
Provision for decommissioning obligation		155,688	154,659
Deferred tax liabilities	14.3	228,733	103,736
Defined benefit plan		13,190	10,149
Total non-current liabilities		**1,082,551**	**974,978**
Current liabilities			
Interest bearing loans and borrowings	23.1	74,322	60,661
Lease Liabilities		2,763	3,090
Derivative financial instruments	20	1,314	3,745
Trade and other payables	24	424,948	367,058
Current tax liabilities		34,543	46,351
Total current liabilities		**537,890**	**480,905**
Total liabilities		**1,620,441**	**1,455,883**
Total shareholders' equity and liabilities		**3,359,918**	**3,163,369**

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The Group financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the third quarter ended 30 September 2022 were authorised for issue in accordance with a resolution of the Directors on 27 October 2022 and were signed on its behalf by:

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/003/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
27 October 2022	27 October 2022	27 October 2022

Interim condensed consolidated statement of changes in equity

For the nine months ended 30 September 2022

	Issued share capital	Share premium	Share based payment Reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2021	**1,855**	**511,723**	**27,592**	**-**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**
Profit/(Loss) for the period	-	-	-	-	-	66,355	-	(31,325)	35,030
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**66,355**	**-**	**(31,325)**	**35,030**
Transactions with owners in their capacity as owners:									
Unclaimed dividend	-	-	-	-	-	515	-	-	515
Dividend paid	-	-	-	-	-	(58,402)	-	-	(58,402)
Share based payments	-	-	5,524	-	-	-	-	-	5,524
Vested shares	7	8,208	(12,215)	-	-	-	-	-	(4,000)
Shares re-purchased	-	-	-	-	-	-	-	-	-
Total	**7**	**8,208**	**(6,691)**	**-**	**-**	**(57,887)**	**-**	**-**	**(56,363)**
At 30 Sept 2021 Unaudited)	**1,862**	**519,931**	**20,901**	**-**	**40,000**	**1,124,547**	**992**	**(65,521)**	**1,642,712**
At 1 January 2022	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**
Profit/(loss) for the period	-	-	-	-	-	75,733	-	(1,856)	73,877
Other comprehensive loss	-	-	-	-	-		(1,251)	-	(1,251)
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**75,733**	**(1,251)**	**(1,856)**	**72,626**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(44,133)	-	-	(44,133)
Share based payments	-	-	3,498	-	-	-	-	-	3,498
Total	**-**	**-**	**3,498**	**-**	**-**	**(44,133)**	**-**	**-**	**(40,635)**
At 30 September 2022 (Unaudited)	**1,862**	**520,138**	**25,688**	**(4,915)**	**40,000**	**1,216,682**	**682**	**(60,660)**	**1,739,477**

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the nine months ended 30 September 2022

	Notes	Nine months ended 30-Sept-22 $'000 Unaudited	Nine months ended 30-Sept-21 $'000 Unaudited
Cash generated from operations	25	368,120	163,760
Hedge premium paid		(7,550)	(6,507)
Income tax paid		(43,131)	(12,746)
Net cash inflows from operating activities		**317,439**	**144,507**
Cash flows from investing activities			
Payment for acquisition of oil and gas properties		(110,260)	(83,384)
Deposit for investment*		(140,300)	-
Proceed from disposal of oil and gas properties		7,905	-
Payment for acquisition of other property, plant and equipment		(1,606)	(606)
Proceeds from disposal of other property, plant and equipment		19	-
Receipts from other assets		10,840	4,897
Interest received		483	22
Net cash outflows used in investing activities		**(232,919)**	**(79,071)**
Cash flows from financing activities			
Repayments of loans and borrowings		-	(600,000)
Proceeds from loans and borrowings		-	671,000
Dividend paid		(44,133)	(58,402)
Interest paid on lease liability		(236)	(532)
Lease payment		(302)	(362)
Payments for other financing charges**		(7,058)	(20,494)
Interest paid on loans and borrowings		(59,189)	(61,810)
Net cash outflows used in financing activities		**(110,918)**	**(70,600)**
Net decrease in cash and cash equivalents		(26,399)	(5,164)
Cash and cash equivalents at beginning of the year		324,490	225,137
Effects of exchange rate changes on cash and cash equivalents		6,732	181
Cash and cash equivalents at end of the period		**304,823**	**220,154**

*Deposit for investment includes considerations for Mobil Producing Nigeria Unlimited - MPNU ($128.3m) & Abiala farm-in ($12m)

**Other financing charges of $7.1 million relate to commitment fees and other transaction costs incurred on interest bearing loans and borrowings ($350 million Revolving Credit Facility, $110 million Reserved Based Lending Facility and $50 million Junior Facility).

The above interim condensed consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

1. Corporate Structure and business

Seplat Energy Plc (hereinafter referred to as 'Seplat' or the 'Company'), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The Company commenced operations on 1 August 2010. The Company is principally engaged in oil and gas exploration and production and gas processing activities. The Company's registered address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in OML 4, OML 38 and OML 41 located in Nigeria.

In 2013, Newton Energy Limited ('Newton Energy'), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited ('Pillar Oil') a 40% participating interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the 'Umuseti/Igbuku Fields').

On 27 March 2013, the Group incorporated a subsidiary, MSP Energy Limited. The Company was incorporated for oil and gas exploration and production.

On 21 August 2014, the Group incorporated a new subsidiary, Seplat Petroleum Development UK Limited. The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

On 12 December 2014, Seplat Gas Company Limited ('Seplat Gas') was incorporated as a private limited liability company to engage in oil and gas exploration and production and gas processing. On 12 December 2014, the Group also incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta (Seplat East Onshore Limited), from Chevron Nigeria Ltd for $259.4 million.

On 16 January 2018, the Group incorporated a subsidiary, Seplat West Limited ('Seplat West'). Seplat West was incorporated to manage the producing assets of Seplat Energy Plc.

In 2017, the Group incorporated a new subsidiary, ANOH Gas Processing Company Limited. The principal activity of the Company is the processing of gas from OML 53 using the ANOH gas processing plant.

In order to fund the development of the ANOH gas processing plant, on 13 August 2018, the Group entered into a shareholder's agreement with Nigerian Gas Processing and Transportation Company (NGPTC). Funding is to be provided by both parties in equal proportion representing their ownership share and will be used to subscribe for the ordinary shares in ANOH. The agreement was effective on 18 April 2019, which was the date the Corporate Affairs Commission (CAC) approval was received. Given the change in ownership structure as at 31 December 2019, the Group no longer exercises control and has deconsolidated ANOH in the consolidated financial statements. However, its retained interest qualifies as a joint arrangement and has been recognised accordingly as investment in joint venture.

On 31 December 2019 Seplat Energy Plc acquired 100% of Eland Oil and Gas Plc's issued and yet to be issued ordinary shares. Eland is an independent oil and gas company that holds interest in subsidiaries and joint ventures that are into production, development and exploration in West Africa, particularly the Niger Delta region of Nigeria.

On acquisition of Eland Oil and Gas Plc (Eland), the Group acquired indirect interest in existing subsidiaries of Eland.

Eland Oil & Gas (Nigeria) Limited, is a subsidiary acquired through the purchase of Eland and is into exploration and production of oil and gas.

Westport Oil Limited, which was also acquired through purchase of Eland is a financing company.

Elcrest Exploration and Production Company Limited (Elcrest) who became an indirect subsidiary of the Group purchased a 45 percent interest in OML 40 in 2012. Elcrest is a Joint Venture between Eland Oil and Gas (Nigeria) Limited (45%) and Starcrest Nigeria Energy Limited (55%). It has been consolidated because Eland is deemed to have power over the relevant activities of Elcrest to affect variable returns from Elcrest at the date of acquisition by the Group. (See details in Note 4.1.iv) The principal activity of Elcrest is exploration and production of oil and gas.

Wester Ord Oil & Gas (Nigeria) Limited, who also became an indirect subsidiary of the Group acquired a 40% stake in a licence, Ubima, in 2014 via a joint operations agreement. The principal activity of Wester Ord Oil & Gas (Nigeria) Limited is exploration and production of oil and gas.

Other entities acquired through the purchase of Eland are Tarland Oil Holdings Limited (a holding company), Brineland Petroleum Limited (dormant company) and Destination Natural Resources Limited (dormant company).

On 1 January 2020, Seplat Energy Plc transferred its 45% participating interest in OML 4, OML 38 and OML 41 ("transferred assets") to Seplat West Limited. As a result, Seplat ceased to be a party to the Joint Operating Agreement in respect of the transferred assets and became a holding company. Seplat West Limited became a party to the Joint Operating Agreement in respect of the transferred assets and assumed its rights and obligations.

On 20 May 2021, following a special resolution by the Board in view of the Company's strategy of transitioning into an energy Company promoting renewable energy, sustainability, and new energy, the name of the Company was changed from Seplat Petroleum Development Company Plc to Seplat Energy Plc under the Companies and Allied Matters Act 2020.

On 7 February 2022, the Group incorporated a subsidiary, Seplat Energy Offshore Limited. The Company was incorporated for oil and gas exploration and production.

On 7 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services.

The Company together with its subsidiaries as shown below are collectively referred to as the Group.

Subsidiary	Date of incorporation	Country of incorporation and place of business	Percentage holding	Principal activities	Nature of holding
Newton Energy Limited	1 June 2013	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat Energy UK Limited	21 August 2014	United Kingdom	100%	Corporate, technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and Gas Exploration and Production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Elandale Nigeria Limited	17 January 2019	Nigeria	40%	Receive, store, handle, transport, deliver & discharge petroleum and petroleum products	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and Gas Exploration and Production	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding Company	Indirect
Destination Natural Resources Limited	-	Dubai	70%	Dormant	Indirect
Seplat Energy Offshore Limited	7 February 2022	Nigeria	100%	Oil and Gas exploration and production	Direct

MSP Energy Limited	27 March 2013	Nigeria	100%	Oil and Gas exploration and production	Direct
Turnkey Drilling Services Limited	5 July 2022	Nigeria	100%	Drilling services	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 30 September 2022:

- During the period, Seplat Energy Offshore Limited was incorporated on 7 February 2022. The percentage ownership of the Company is 100%.
- The Group made a deposit of $128.3 million to Exxon Mobil Corporation, Delaware as part of the consideration to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The completion of the transaction is subject to ministerial consent and other required regulatory approvals.
- On 22 April 2022, the Company announced the appointment of three new directors as Independent Non-Executive Directors of Seplat Energy Plc, resumption took effect on 18 May 2022. The three new directors are Mrs. Bashirat Odunewu, Mr. Kazeem Raimi and Mr. Ernest Ebi.
- The Group signed a contract with Solewant Nigeria Limited in 2013 for the provision of coating services on line pipes. Solewant proceeded to subcontract the service to Adamac Pipes and Coating Services. Over the course of the contract between Solewant and Adamac, financial discords arose. The line pipes are currently being held by Adamac pending ongoing litigations. Due to these pending litigations and rising concerns over recoverability of the pipes, Seplat made a $3.6 million (30%) impairment on the Line pipes in 2020 and have decided to impair the balance of $8.5 million in the current reporting period.
- On 7 July 2022, the Group incorporated a subsidiary, Turnkey Drilling Services Limited. The Company was incorporated for the purpose of drilling chemicals, material supply, directional drilling, drilling support services and exploration services.
- On 1 August 2022, the Group announced the commercial launch of Amukpe-Escravos pipeline. The pipeline will offer a more secured and reliable export route for liquids from Seplat Energy's major assets OML 4, 38 and 41.
- On 30 September 2022, the Group refinanced its existing $350 million revolving credit facility due in December 2023 with a new 3-year $350 million revolving credit facility (RCF) due in June 2025. The RCF also includes an automatic maturity extension until December 2026 once a refinancing of the existing US$650million bond due in April 2026 is implemented.

3. Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these interim condensed consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The interim financial statements are for the Group consisting of Seplat Energy Plc and its subsidiaries.

3.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the third quarter ended 30 September 2022 have been prepared in accordance with the accounting standard IAS 34 Interim financial reporting. This interim condensed consolidated financial statement does not include all the notes normally included in an annual financial statement of the Group. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Group during the interim reporting period.

The financial statements have been prepared under the going concern assumption and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments and defined benefit plans – plan assets measured at fair value. The financial statements are presented in United States Dollars, and all values are rounded to the nearest thousand ($'000) respectively, except when otherwise indicated.

Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

The accounting policies adopted are consistent with those of the previous financial year end corresponding interim reporting period, except for the adoption of new and amended standard which is set out below.

3.3 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

c) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

d) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

e) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

f) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

g) IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

3.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective date for annual periods beginning on or after 1 January 2023
- Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023

3.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2022.

This basis of consolidation is the same adopted for the last audited financial statements as at 31 December 2021.

3.6 Functional and presentation currency

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate (‘the functional currency’), which is the US dollar except the UK subsidiary which is the Great Britain Pound. The interim condensed consolidated financial statements are presented in US Dollars.

h) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported.

i) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting date.
- income and expenses for statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4. Significant accounting judgements estimates and assumptions

4.1 Judgements

Management judgements at the end of the nine months are consistent with those disclosed in the 2021 Annual financial statements. The following are some of the judgements which have the most significant effect on the amounts recognised in this interim consolidated financial statement.

j) OMLs 4, 38 and 41

OMLs 4, 38 and 41 are grouped together as a cash generating unit for the purpose of impairment testing. These three OMLs are grouped together because they each cannot independently generate cash flows. They currently operate as a single block sharing resources for generating cash flows. Crude oil and gas sold to third parties from these OMLs are invoiced when the Group has an unconditional right to receive payment.

k) Deferred tax asset

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

l) Lease liabilities

In 2018, the Group entered into a lease agreement for its new head office building. The lease contract contains an option to purchase and right of first refusal upon an option of sales during the initial non-cancellable lease term of five (5) years.

In determining the lease liability/right-of-use assets, management considered all fact and circumstances that create an economic incentive to exercise the purchase option. Potential future cash outflow of $45 million which represents the purchase price, has not been included in the lease liability because the Group is not reasonably certain that the purchase option will be exercised. This assessment will be reviewed if a significant event or a significant change in circumstances occurs which affects the initial assessment and that is within the control of the management.

m) Consolidation of Elcrest

On acquisition of 100% shares of Eland Oil and Gas Plc, the Group acquired indirect holdings in Elcrest Exploration and Production (Nigeria) Limited. Although the Group has an indirect holding of 45% in Elcrest, Elcrest has been consolidated as a subsidiary for the following basis:

- Eland Oil and Gas Plc has power over Elcrest through due representation of Eland in the board of Elcrest, and clauses contained in the Share Charge agreement and loan agreement which gives Eland the right to control 100% of the voting rights of shareholders.
- Eland Oil and Gas Plc is exposed to variable returns from the activities of Elcrest through dividends and interests.
- Eland Oil and Gas Plc has the power to affect the amount of returns from Elcrest through its right to direct the activities of Elcrest and its exposure to returns.

n) Revenue recognition

Performance obligations

The judgments applied in determining what constitutes a performance obligation will impact when control is likely to pass and therefore when revenue is recognised i.e., over time or at a point in time. The Group has determined that only one performance obligation exists in oil contracts which is the delivery of crude oil to specified ports. Revenue is therefore recognised at a point in time.

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receive and consume the benefits provided by the Group's performance. The Group has elected to apply the 'right to invoice' practical expedient in determining revenue from its gas contracts. The right to invoice is a measure of progress that allows the Group to recognise revenue based on amounts invoiced to the customer. Judgement has been applied in evaluating that the Group's right to consideration corresponds directly with the value transferred to the customer and is therefore eligible to apply this practical expedient.

Significant financing component

The Group has entered into an advance payment contract with Mercuria for future crude oil to be delivered. The Group has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

a) The difference, if any, between the amount of promised consideration and cash selling price and;

b) The combined effect of both the following:

- The expected length of time between when the Group transfers the crude to Mercuria and when payment for the crude is received and;
- The prevailing interest rate in the relevant market.

The advance period is greater than 12 months. In addition, the interest expense accrued on the advance is based on a comparable market rate. Interest expense has therefore been included as part of finance cost.

Transactions with Joint Operating arrangement (JOA) partners

The treatment of underlift and overlift transactions is judgmental and requires a consideration of all the facts and circumstances including the purpose of the arrangement and transaction. The transaction between the Group and its JOA partners involves sharing in the production of crude oil, and for which the settlement of the transaction is non-monetary. The JOA partners have been assessed to be partners not customers. Therefore, shortfalls or excesses below or above the Group's share of production are recognised in other income/ (expenses) - net.

Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets require management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbon, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of 'sufficient progress' is an area of judgement, and it is possible to have exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief financial officer, the Vice President (Finance), the Director (New Energy) and the financial reporting manager. See further details in note 6.

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed in the most recent 2021 annual financial statements.

The following are some of the estimates and assumptions made:

o) Defined benefit plans

The cost of the defined benefit retirement plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

p) Oil and gas reserves

Proved oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure for estimating decommissioning liabilities and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

q) Share-based payment reserve

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share award or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

r) Provision for decommissioning obligations

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current constructions, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

s) Property, plant and equipment

The Group assesses its property, plant and equipment, including exploration and evaluation assets, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

If there are low oil prices or natural gas prices during an extended period, the Group may need to recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, higher of fair value less cost to dispose and value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas.

The Group uses the higher of the fair value less cost to dispose and the value in use in determining the recoverable amount of the cash-generating unit. In determining the value, the Group uses a forecast of the annual net cash flows over the life of proved plus probable reserves, production rates, oil and gas prices, future costs (excluding (a) future restructurings to which the entity is not yet committed; or (b) improving or enhancing the asset's performance) and other relevant assumptions based on the year end Competent Persons Report (CPR). The pre-tax future cash flows are adjusted for risks specific to the forecast and discounted using a pre-tax discount rate which reflects both current market assessment of the time value of money and risks specific to the asset.

Management considers whether a reasonable possible change in one of the main assumptions will cause an impairment and believes otherwise.

t) Useful life of other property, plant and equipment

The Group recognises depreciation on other property, plant and equipment on a straight-line basis in order to write-off the cost of the asset over its expected useful life. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal and other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

u) Income taxes

The Group is subject to income taxes by the Nigerian tax authority, which does not require significant judgement in terms of provision for income taxes, but a certain level of judgement is required for recognition of deferred tax assets. Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

v) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

w) Intangible assets

The contract based intangible assets (license) were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line bases over their estimated useful lives which is also the economic life of the asset.

The fair value of contract based intangible assets is estimated using the multi period excess earnings method. This requires a forecast of revenue and all cost projections throughout the useful life of the intangible assets. A contributory asset charge that reflects the return on assets is also determined and applied to the revenue but subtracted from the operating cash flows to derive the pre-tax cash flow. The post-tax cashflows are then obtained by deducting out the tax using the effective tax rate.

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Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks such as market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars.	Cash flow forecasting Sensitivity analysis	Match and settle foreign denominated cash inflows with foreign denominated cash outflows.
Market risk – interest rate	Interest bearing loans and borrowings at variable rate	Sensitivity analysis	Review refinancing opportunities
Market risk – commodity prices	Future sales transactions	Sensitivity analysis	Oil price hedges
Credit risk	Cash and bank balances, contract assets, trade receivables and derivative financial instruments.	Aging analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and bank balances as well as credit exposures to customers (i.e., Mercuria, Shell western, Pillar, Azura, Geregu Power, Sapele Power and Nigerian Gas Marketing Company (NGMC) receivables), and other parties (i.e., NNPC receivables, NPDC receivables and other receivables).

x) Risk management

The Group is exposed to credit risk from its sale of crude oil to Mercuria, and Shell western. There is a 30-day payment term after Bill of Lading date in the off-take agreement with Mercuria (OMLs 4, 38 &41) which expires in December 2022. The Group also has an off-take agreement with Shell Western Supply and Trading Limited which expires in September 2023. The Group is exposed to further credit risk from outstanding cash calls from Nigerian Petroleum Development Company (NPDC) and Nigerian National Petroleum Corporation (NNPC).

In addition, the Group is exposed to credit risk in relation to the sale of gas to its customers.

The credit risk on cash and cash balances is managed through the diversification of banks in which the balances are held. The risk is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

y) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

ii. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	$'000	$'000
Increase/decrease in loss given default		
+10%	(159)	-
-10%	159	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in loss given default		
+10%	(1,800)	-
-10%	1,800	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	$'000	$'000
Increase/decrease in probability of default		
+10%	(164)	-
-10%	164	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in probability of default		
+10%	(1,704)	-
-10%	1,704	-

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

	Effect on profit before tax	Effect on other components of equity before tax
	30 Sept 2022	30 Sept 2022
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(879)	-
-10%	879	-

	Effect on profit before tax	Effect on other components of equity before tax
	31 Dec 2021	31 Dec 2021
	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators		
+10%	(48)	-
-10%	48	-

5.1.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest bearing current accounts and time deposits.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
30 Sept 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**25,887**	**51,075**	**51,215**	**726,682**	**854,859**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + SOFR	11,193	16,082	14,780	4,024	46,079
Stanbic IBTC Bank Plc	8.00% + SOFR	11,426	16,417	15,088	4,108	47,039
Standard Bank of South Africa Limited	8.00% + SOFR	6,529	9,381	8,622	2,348	26,880
First City Monument Bank Limited	8.00% + SOFR	2,915	4,188	3,849	1,048	12,000
Shell Western Supply and Trading Limited	10.5% + SOFR	2,405	2,274	2,137	8,870	15,686
Total variable interest borrowings		**34,468**	**48,342**	**44,476**	**20,398**	**147,684**
Other non – derivatives						
Trade and other payables**		424,948	-	-	-	424,948
Lease liability		2,763	2,213	67	-	5,043
		427,711	**2,213**	**67**	**-**	**429,991**
Total		**488,066**	**101,630**	**95,758**	**747,080**	**1,432,534**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2021						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**50,375**	**50,375**	**50,375**	**725,563**	**876,688**
Variable interest rate borrowings						
Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	3,150	10,656	15,672	18,572	48,050
Stanbic IBTC Bank Plc	8.00% + USD LIBOR	3,215	10,878	15,998	18,959	49,050
Standard Bank of South Africa Limited	8.00% + USD LIBOR	1,837	6,216	9,142	10,834	28,029
First City Monument Bank Limited	8.00% + USD LIBOR	820	2,775	4,081	4,836	12,512
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	1,179	2,243	2,126	10,734	16,282
Total variable interest borrowings		**10,201**	**32,768**	**47,019**	**63,935**	**153,923**
Other non – derivatives						
Trade and other payables**		367,058	-	-	-	367,058
Lease liability		4,733	160	67	-	4,960
		371,791	**160**	**67**	**-**	**372,018**
Total		**432,367**	**83,303**	**97,461**	**789,498**	**1,402,629**

** Trade and other payables (exclude non-financial liabilities such as provisions, taxes, pension and other non-contractual payables).

5.1.3 Fair value measurements

Set out below is a comparison by category of carrying amounts and fair value of all financial instruments:

	Carrying amount		Fair value	
	As at 30 Sept 2022	As at 31 Dec 2021	As at 30 Sept 2022	As at 31 Dec 2021
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	365,588	191,463	365,588	191,463
Contract assets	4,570	4,076	4,570	4,076
Cash and bank balances	304,823	324,490	304,823	324,490
	674,981	**520,029**	**674,981**	**520,029**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	756,982	766,614	741,137	746,358
Trade and other payables**	384,921	331,655	384,921	331,655
	1,141,903	**1,098,269**	**1,126,058**	**1,078,013**
Financial liabilities at fair value				
Derivative financial instruments (Note 20)	1,314	3,745	1,314	3,745
	1,314	**3,745**	**1,314**	**3,745**

*Trade and other receivables exclude Geregu power, Sapele power, NGMC VAT receivables, cash advances and advance payments.

** Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding non-financial assets), contract assets and cash and bank balances are financial instruments whose carrying amounts as per the financial statements approximate their fair values. This is mainly due to their short-term nature

5.1.4 Fair value hierarchy

As at the reporting period, the Group had classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers of financial instruments between fair value hierarchy levels during the reporting period

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Recurring fair value measurements

Financial liabilities

	Level 1	Level 2	Level 3
30 Sept 2022	$'000	$'000	$'000
Financial liabilities:			
Derivative financial instruments	-	**1,314**	-
	-	**1,314**	-

31 Dec 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:			
Derivative financial instruments	-	3,745	-
	-	**3,745**	**-**

The fair value of the Group's derivative financial instruments has been determined using a proprietary pricing model that uses marked to market valuation. The valuation represents the mid-market value and the actual close-out costs of trades involved. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models. The derivative financial instruments are in level 2.

The valuation process

The finance & planning team of the Group performs the valuations of financial and non-financial assets required for financial reporting purpose. This team reports directly to the General Manager (GM) Commercial who reports to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the GM and the valuation team at least once every quarter, in line with the Group's quarterly reporting periods.

6. Segment reporting

Business segments are based on the Group's internal organisation and management reporting structure. The Group's business segments are the two core businesses: Oil and Gas. The Oil segment deals with the exploration, development and production of crude oil while the Gas segment deals with the production and processing of gas. These two reportable segments make up the total operations of the Group.

For the period ended 30 September 2022, revenue from the gas segment of the business constituted 14% of the Group's revenue. Management is committed to continued growth of the gas segment of the business, including through increased investment to establish additional offices, create a separate gas business operational management team and procure the required infrastructure for this segment of the business. The gas business is positioned separately within the Group and reports directly to the chief operating decision maker. As the gas business segment's revenues, results and cash flows are largely independent of other business units within the Group, it is regarded as a separate segment.

The result is two reporting segments, Oil and Gas. There were no intersegment sales during the reporting periods under consideration, therefore all revenue was from external customers.

Amounts relating to the gas segment are determined using the gas cost centres, with the exception of depreciation. Depreciation relating to the gas segment is determined by applying a percentage which reflects the proportion of the Net Book Value of oil and gas properties that relates to gas investment costs (i.e., cost for the gas processing facilities).

The Group accounting policies are also applied in the segment reports

6.1 Segment profit/(loss) disclosure

	9 months ended 30 Sept 2022 $'000	9 months ended 30 Sept 2021 $'000	3 Months ended 30 Sept 2022 $'000	3 Months ended 30 Sept 2021 $'000
Oil	44,936	(22,357)	(8,635)	(24,954)
Gas	28,941	57,387	(789)	23,807
Total profit/(loss) for the period	**73,877**	**35,030**	**(9,424)**	**(1,147)**

The Group reclassified an impairment charge of $6.1 million from the gas segment to the oil segment in order to align the depreciation and impairment charge in the nine months ended 30 September 2021 with the 31 December 2021 annual report.

Oil

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Revenue from contract with customers				
Crude oil sales	534,942	369,472	65,718	124,680
Operating profit before depreciation, depletion, amortization and impairment	290,799	190,428	4,914	63,823
Depreciation and impairment	(101,420)	(102,460)	(19,430)	(34,059)
Operating profit/(loss)	**189,379**	**87,968**	**(14,516)**	**29,764**
Finance income	483	22	221	11
Finance costs	(51,217)	(61,056)	(15,410)	(13,582)
Profit/(loss) before taxation	**138,645**	**26,934**	**(29,705)**	**16,193**
Income tax (expense)/credit	(93,709)	(49,291)	21,070	(41,147)
Profit/(loss) for the period	**44,936**	**(22,357)**	**(8,635)**	**(24,954)**

Gas

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Revenue from contract with customer				
Gas sales	83,661	90,885	25,854	26,906
Operating profit before depreciation, depletion, amortization and impairment	48,395	71,745	5,738	19,171
Depreciation, amortization and impairment	(1,915)	(1,915)	(638)	(586)
Operating profit	**46,480**	**69,830**	**5,100**	**18,585**
Share of profit/(loss) from joint venture accounted for using equity accounting	114	595	(22)	489
Profit before taxation	**46,594**	**70,425**	**5,078**	**19,074**
Income tax (expense)/credit	(17,653)	(13,038)	(5,867)	4,733
Profit/(loss) for the period	**28,941**	**57,387**	**(789)**	**23,807**

6.1.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of commodities at a point in time or over time and from different geographical regions.

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
The Bahamas	91,323	-	91,323	67,620	-	67,620

Nigeria	76,235	83,661	159,896	-	90,885	90,885
Italy	1,863	-	1,863	11,044	-	11,044
Switzerland	349,963	-	349,963	276,355	-	276,355
Barbados	15,558	-	15,558	14,453	-	14,453
Revenue from contract with customers	**534,942**	**83,661**	**618,603**	**369,472**	**90,885**	**460,357**
Timing of revenue recognition						
At a point in time	534,942	-	534,942	369,472	-	369,472
Over time	-	83,661	83,661	-	90,885	90,885
Revenue from contract with customers	**534,942**	**83,661**	**618,603**	**369,472**	**90,885**	**460,357**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Geographical markets						
The Bahamas	33,222	-	33,222	49,414	-	49,414
Nigeria	28,689	25,854	54,543	-	26,906	26,906
Italy	-	-	-	1,537	-	1,537
Switzerland	-	-	-	69,585	-	69,585
Barbados	3,807	-	3,807	4,144	-	4,144
Revenue from contract with customers	**65,718**	**25,854**	**91,572**	**124,680**	**26,906**	**151,586**
Timing of revenue recognition						
At a point in time	65,718	-	65,718	124,680	-	124,680
Over time	-	25,854	25,854	-	26,906	26,906
Revenue from contract with customers	**65,718**	**25,854**	**91,572**	**124,680**	**26,906**	**151,586**

The Group's transactions with its major customer, Mercuria, constitutes more than 60% ($350 million) of the total revenue from the oil segment and the Group as a whole. Also, the Group's transactions with Geregu Power, Sapele Power, NGMC and Azura ($84 million) accounted for the total revenue from the gas segment.

6.1.2 Impairment loss on financial assets by reportable segments

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(586)	(5,791)	(6,377)	(6,874)	-	(6,874)
	(586)	**(5,791)**	**(6,377)**	**(6,874)**	**-**	**(6,874)**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment (loss)/gain	-	-	-	(6,189)	52	(6,137)
	-	**-**	**-**	**(6,189)**	**52**	**(6,137)**

6.1.3 Impairment loss on non-financial assets by reportable segments

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021	9 months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	(8,492)	-	(8,492)	-	-	-
	(8,492)	**-**	**(8,492)**	**-**	**-**	**-**

	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2022	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021	3 Months ended 30 Sept 2021
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment loss	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**

6.2 Segment assets

Segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the reporting segment and the physical location of the asset. The Group had no non-current assets domiciled outside Nigeria.

	Oil	Gas	Total
Total segment assets	$'000	$'000	$'000
30 September 2022	**2,748,319**	**611,599**	**3,359,918**
31 December 2021	2,654,668	508,701	3,163,369

6.3 Segment liabilities

Segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	Oil	Gas	Total
Total segment liabilities	$'000	$'000	$'000
30 September 2022	**1,335,896**	**284,545**	**1,620,441**
31 December 2021	1,153,580	302,303	1,455,883

7. Revenue from contracts with customers

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Crude oil sales	534,942	369,472	65,718	124,680
Gas sales	83,661	90,885	25,854	26,906
	618,603	**460,357**	**91,572**	**151,586**

The major off takers for crude oil are Mercuria and Shell West. The major off takers for gas are Geregu Power, Sapele Power, Nigerian Gas Marketing Company and Azura.

8. Cost of sales

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Royalties	132,220	92,081	23,446	28,660
Depletion, depreciation and amortisation	88,420	91,483	17,983	26,943
Crude handling fees	27,593	38,988	7,249	9,222
Nigeria Export Supervision Scheme (NESS) fee	737	447	246	135
Niger Delta Development Commission Levy	8,904	4,243	3,504	1,289
Barging/Trucking	9,268	7,531	3,042	2,784
Operational & maintenance expenses	68,022	79,089	27,006	24,964
	335,164	**313,862**	**82,476**	**93,997**

Operational & maintenance expenses mainly relates to maintenance costs, warehouse operations expenses, security expenses, community expenses, clean-up costs, fuel supplies and catering services. Also included in operational and maintenance is gas flare penalty of $4 million (2021: $11.5 million).

Barging and Trucking relates to costs for the OML 40 Gbetiokun fieldd.

9. Other income

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Underlift	60,277	74,660	17,579	14,797
Gains on foreign exchange	6,732	181	827	1,185
Loss on disposal of oil and gas asset	(13,073)	-	-	-
Tariffs	3,578	1,523	2,787	130
Others	(4,242)	5,656	(5,392)	128
	53,272	**82,020**	**15,801**	**16,240**

Underlifts are shortfalls of crude lifted below the share of production. It may exist when the crude oil lifted by the Group during the period is less than its ownership share of production. The shortfall is initially measured at the market price of oil at the date of lifting and recognised as other income. At each reporting period, the shortfall is remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss as other income.

Gains/(loss) on foreign exchange are principally due to the translation of Naira, Pounds and Euro denominated monetary assets and liabilities.

Loss on disposal of oil and gas asset relates to the loss on the sale of Ubima field.

Others include finance fees on AGPC and the transfer of finance income to Joint Venture partners .

Tariffs from handling crude on behalf of other injectors into the Group's pipeline.

10. General and administrative expenses

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Depreciation and amortization	3,002	3,851	889	1,203
Depreciation of right-of-use assets	3,421	2,167	1,196	362
Professional and consulting fees	9,771	8,166	3,959	2,268
Auditor's renumeration	521	122	176	-
Directors' emoluments (executive)	993	670	259	50
Directors' emoluments (non-executive)	3,978	3,406	1,363	893
Employee benefits	30,415	26,389	9,706	8,682
Share-based benefits	3,498	5,524	2,271	3,250
Flights and other travel costs	9,600	1,969	3,601	716
Rent and other general expenses	14,204	1,615	9,622	-
	79,403	**53,879**	**33,042**	**17,424**

Flights and other travel costs increases were driven by higher travel and training costs following the relaxation of travel restrictions. Rent and other general expenses include $7.1 million relating to late costs from prior years from the joint venture partners, increased diesel costs. Credits/reversals of $2.2 million are included in 2021 (rent and other expenses) and relate to recoveries sought from vendors.

11. Impairment loss

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Impairment loss on financial assets (Note 11.1)	6,377	6,874	-	6,137
Impairment loss on non-financial assets (Note 11.2)	8,492	-	-	-
	14,869	**6,874**	**-**	**6,137**

11.1 Impairment losses on financial assets

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Impairment loss on trade receivables	5,670	6,326	-	5,616
Impairment loss on other financial assets	707	548	-	521
	6,377	**6,874**	**-**	**6,137**

11.2 Impairment loss on non-financial assets

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Impairment loss on non-financial assets	8,492	-	-	-
	8,492	**-**	**-**	**-**

During the period, the Group recognized impairment loss of $8.5 million for long outstanding line pipes. Seplat expects the loss to reverse once the recoveries are secured.

12. Fair value (loss)/gain

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Unrealised fair value gain/(loss) on derivatives	970	(3,457)	1,606	28
Realised fair value loss on derivatives	(7,550)	(6,507)	(2,877)	(1,947)
	(6,580)	**(9,964)**	**(1,271)**	**(1,919)**

Fair value (loss)/gain on derivatives represents changes arising from the valuation of the crude oil economic hedge contracts charged to profit or loss.

13. Finance income/(cost)

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Finance income				
Interest income	483	22	221	11
Finance cost				
Interest on bank loans	(49,225)	(59,739)	(14,734)	(12,767)
Interest on lease liabilities	(236)	(532)	(90)	(519)
Unwinding of discount on provision for decommissioning	(1,756)	(785)	(586)	(296)
	(51,217)	**(61,056)**	**(15,410)**	**(13,582)**
Finance cost – net	**(50,734)**	**(61,034)**	**(15,189)**	**(13,571)**

Finance income represents interest on short-term fixed deposits.

14. Taxation

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2022 is 85% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 60% (2021: 64%).

The major components of income tax expense in the interim condensed consolidated statement.

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	$'000	$'000	$'000	$'000
Current tax:				
Current tax expense on profit for the period	25,661	18,854	(4,347)	6,807
Education tax	5,045	3,576	(946)	1,045
NASENI Levy	428	-	25	-
Police Levy	7	-	1	-
Total current tax	**31,141**	**22,430**	**(5,267)**	**7,852**
Deferred tax:				
Deferred tax expense in profit or loss	80,221	39,899	(9,936)	28,562
Total tax expense in statement of profit or loss	**111,362**	**62,329**	**(15,203)**	**36,414**

14.1 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Balance as at 31 Dec 2021	(Charged)/ credited to profit or loss	Balance as at 30 Sept 2022
	$'000	$'000	$'000
Deferred tax asset	312,041	44,777	356,818
Deferred tax liabilities	(103,736)	(124,997)	(228,733)
	208,305	**(80,220)**	**128,085**

In line with IAS 12, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions.

14.2 Deferred tax asset

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Balance as at 30 Sept 2022
	$'000	$'000	$'000
Tax losses	30,797	8,764	39,561
Other cumulative timing differences:			
Accelerated capital deduction	122,401	27,480	149,881
Other Temporary Differences*	47,090	2,924	50,014
Unrealised foreign exchange loss	17,128	(11,563)	5,565
Overlift	20,470	13,553	34,023
Impairment provision on trade and other receivables	74,155	3,619	77,774
	312,041	**44,777**	**356,818**

*Other temporary differences include provision for defined benefit, provision for Abandonment, share equity reserve.

During the period, the Group elected to offset the deferred tax assets against the deferred tax liabilities arising from similar transactions in line with IAS 12. This led to a deferred tax reclassification of $729 million from the deferred tax liabilities to the deferred tax assets as at 1 January 2022.

14.3 Deferred tax liabilities

	Balance as at 1 Jan 2022	(Charged)/ credited to profit or loss	Balance as at 30 Sept 2022
	$'000	$'000	$'000
Other cumulative timing differences:			
Property, plant & equipment	(86,350)	(72,097)	(158,446)
Leases	(3,419)	2,885	(534)
Underlift	(13,967)	(55,786)	(69,753)
	(103,736)	**(124,998)**	**(228,733)**

During the period, the Group elected to offset $729 million from the deferred tax liabilities to the deferred tax assets as at 1 January 2022 in line with IAS 12. The net impact of the reclassification remains unchanged in the interim condensed consolidated statement of financial position.

15. Oil & Gas properties

During the nine months ended 30 September 2022, the Group acquired assets amounting to $110.3 million (Dec 2021: $136.4 million).

16. Intangible Asset

	License	Total
Cost	$'000	$'000
At 1 January 2022	146,713	146,713
Additions	3,294	3,294
At 30 Sept 2022	**150,007**	**150,007**
Amortisation		
At 1 January 2022	15,513	15,513
Charge for the period	2,296	2,296
At 30 Sept 2022	**17,809**	**17,809**
Net Book Value (NBV)		
At 30 Sept 2022	**132,198**	**132,198**
At 31 December 2021	**131,200**	**131,200**

17. Investment accounted for using equity method

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Investment in Joint venture (ANOH)	225,396	225,270
Total	**225,396**	**225,270**

18. Trade and other receivables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Trade receivables (Note 18.1)	56,620	62,929
Nigerian Petroleum Development Company (NPDC) receivables (Note 18.2)	45,422	83,924
Nigerian National Petroleum Corporation (NNPC) receivables	37,268	24,650
Underlift	77,193	50,147
Advances to suppliers	13,752	13,947
Receivables from ANOH	11,818	12,766
Other receivables (Note 18.3)	214,460	7,194
Total	**456,533**	**255,557**

18.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $20.5 million (2021: $17.1 million), Waltersmith $13.83 million, Sapele Power $6.3 million (Dec 2021: $5.9million), Nigerian Gas Marketing Company (NGMC) $2.5 million (Dec 2021: $7.3 million) and MSN Energy $2.8 million. Gas receivables therefore totaling $45.9 million (Dec 2021: $30.3 million). Also included in trade receivables is $1.9m (Dec 2021: $1.0 million), nil (Dec 2021: $7.4 million) and nil (Dec 2021: $28.1 million) due from Pillar, Mercuria and Shell Western respectively for the sale of crude, and $8.1 million receivables from crude injectors (Summit Oil and other Non-operated joint partners of NPDC (now NEPL)).

18.2 NPDC receivables

The outstanding cash calls due to Seplat from its JOA partner, NPDC is $45.4 million (Dec 2021: $83.9 million).

18.3 Other receivables

Other receivables include deposits of $128 million towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware and a new business opportunity in Abiala for $12m, while $47m relates to the amount due on sale of the Ubima field.

18.4 Reconciliation of trade receivables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	82,507	84,230
Less: Impairment allowance	(25,887)	(21,301)
Net exposure at default	**56,620**	**62,929**

18.5 Reconciliation of NPDC receivables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	57,674	95,924
Less: Impairment allowance	(12,252)	(12,000)
Net exposure at default	**45,422**	**83,924**

18.6 Reconciliation of NNPC receivables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	39,257	26,265
Less: Impairment allowance	(1,989)	(1,615)
Net exposure at default	**37,268**	**24,650**

18.7 Reconciliation of other receivables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Gross exposure at default	259,779	52,513
Less: Impairment allowance	(45,319)	(45,319)
Net exposure at default	**214,460**	**7,194**

19. Contract assets

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Revenue on gas sales	4,652	4,077
Impairment on contract assets	(82)	(1)
	4,570	**4,076**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. The Group has recognised an asset in relation to a contract with Geregu power, Sapele power and NGMC for the delivery of gas supplies which the three companies has received but which has not been invoiced as at the end of the reporting period.

The terms of payments relating to the contract is between 30- 45 days from the invoice date. However, invoices are raised after delivery between 14-21 days when the receivable amount has been established and the right to the receivables crystallizes. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu power, Sapele power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

19.1 Reconciliation of contract assets

The movement in the Group's contract assets is as detailed below:

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Balance as at 1 January	4,076	6,167
Addition during the period	68,132	111,987
Receipts for the period	(67,557)	(114,017)
Price Adjustments	-	(60)
Impairment	(81)	(1)
Closing balance as at 30 September	**4,570**	**4,076**

20. Derivative financial instruments

The Group uses its derivatives for economic hedging purposes and not as speculative investments. Derivatives are measured at fair value through profit or loss. They are presented as current liability to the extent they are expected to be settled within 12 months after the reporting period.

The fair value has been determined using a proprietary pricing model which generates results from inputs. The market inputs to the model are derived from observable sources. Other inputs are unobservable but are estimated based on the market inputs or by using other pricing models.

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Foreign currency options-crude oil hedges	1,314	3,745
	1,314	**3,745**

21. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and on hand, short-term deposits with a maturity of three months or less.

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Cash on hand	-	14,361
Short-term fixed deposits	20,550	70,498
Cash at bank	284,519	239,877
Gross cash and cash equivalent	**305,069**	**324,736**
Loss allowance	(246)	(246)
Net cash and cash equivalents	**304,823**	**324,490**

21.1 Restricted cash

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Restricted cash (Current)	17,674	16,029
	17,674	**16,029**

Included in the restricted cash balance is $8 million and $6.2 million set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. The amount is to be used for the settlement of all fees and costs payable for the purposes of stamping and registering the Security Documents at the stamp duties office and at the Corporate Affairs Commission (CAC).

Also included in the restricted cash balance is $0.8 million and $1 million for rent deposit and unclaimed dividend respectively.

These amounts are subject to legal restrictions and are therefore not available for general use by the Group.

22. Share Capital

22.1 Authorised and issued share capital

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Authorised ordinary share capital		
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	3,335	3,335
Issued and fully paid		
584,035,845 (2021: 584,035,845) issued shares denominated in Naira of 50 kobo per share	1,862	1,862

Fully paid ordinary shares carry one vote per share and the right to dividends. There were no restrictions on the Group's share capital.

22.2 Movement in share capital and other reserves

	Number of shares	Issued share capital	Share Premium	Share based payment reserve	Treasury shares	Total
	Shares	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 January 2022	584,035,845	1,862	520,138	22,190	(4,915)	539,275
Share based payments	-	-	-	3,498	-	3,498
Closing balance as at 30 Sept 2022	**584,035,845**	**1,862**	**520,138**	**25,688**	**(4,915)**	**542,773**

22.3 Employee share-based payment scheme

As at 30 September 2022, the Group had awarded 94,038,312 shares (Dec 2021: 73,966,540 shares) to certain employees and senior executives in line with its share-based incentive scheme. During the nine months ended 30 September 2022, no shares were vested (Dec 2021: 7,151,098 shares).

22.4 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

23. Interest bearing loans and borrowings

23.1 Reconciliation of interest-bearing loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 30 September 2022:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	$'000	$'000	$'000
Balance as at 1 January 2022	60,661	705,953	766,614
Addition	-	-	-

Interest accrued	49,225	-	49,225
Interest capitalized	7,390	-	7,390
Interest repayment	(59,189)	-	(59,189)
Other financing charges	(7,058)	-	(7,058)
Transfers	23,293	(23,293)	-
Carrying amount as at 30 September 2022	**74,322**	**682,660**	**756,982**

Below is the reconciliation on interest bearing loans and borrowings for 31 December 2021:

	Borrowings due within 1 year	Borrowings due above 1 year	Total
	$'000	$'000	$'000
Balance as at 1 January 2021	93,468	604,947	698,415
Additions	671,000	-	671,000
Interest accrued	74,322	-	74,322
Interest capitalized	12,473	-	12,473
Principal repayment	(600,000)	-	(600,000)
Interest repayment	(69,236)	-	(69,236)
Other financing charges	(20,360)	-	(20,360)
Transfers	(101,006)	101,006	-
Carrying amount as at 31 December 2021	**60,661**	**705,953**	**766,614**

$650 million Senior notes – April 2021

In March 2021, Seplat Energy Plc offered 7.75% senior notes with an aggregate principal of $650 million due in April 2026. The notes, which were priced on 25 March and closed on 1 April 2021, were issued by Seplat Energy Plc in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the previously issued $350 million 9.25% senior notes due in 2023, to repay in full drawings of $250 million under the existing $350 million revolving credit facility for general corporate purposes, and to pay transaction fees and expenses. The amortised cost for the senior notes as at the reporting period is $653.7 million, although the principal is $650 million.

$110 million Senior reserve based lending (RBL) facility – March 2021

On 17th March 2021, Westport signed an amendment and restatement agreement regarding its previously existing senior secured reserved based loan (RBL) facility. As part of the new agreement, the debt utilised and interest rate remain unchanged at $100 million and 8% + USD LIBOR respectively, however, the maturity date was extended by either five years after the effective date of the loan (March 2026) or by the reserves tail date (expected to be March 2025). Due to the modification of the original agreement and based on the facts and circumstances, it was determined that the loan modifications were substantial. Therefore, the existing facility was derecognised, and a new liability was recognised, and the present value of the loan commitment was moved to long term liabilities (Borrowings due above 1 year).

On 24 May 2021 Westport drew down a further $10 million increasing the debt utilised under the RBL from $100 million to $110 million. The amortised cost for this as at the reporting period is $95.2 million (Dec 2021: $108.8 million), although the principal is $110 million.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The available facility is capped at the lower of the available commitments and the borrowing base. The borrowing base is more than $110 million, with the available commitments at $110 million.

The RBL is secured against the Group's producing assets in OML 40 via the Group's shares in Elcrest, and by way of a debenture which creates a charge over certain assets of the Group, including its bank accounts.

The RBL has a maturity of five years, the repayments of principal are due on a semi-annual basis so that the outstanding balance of the RBL will not exceed the lower of (a) the borrowing base amount and (b) the total commitments. Interest rate payable under the RBL is SOFR plus 8%, as long as more than 50% of the available facility is drawn.

The interest rate of the facility is variable. The interest accrued at the reporting period is $7.6 million using an effective interest rate of 9.5%. The interest paid was determined using SOFR rate + 8 % on the last business day of the reporting period.

$50 million Junior reserve based lending facility – July 2021

In July 2021, the Group raised a $50 million offtake line which is subordinated to the senior RBL. The Facility has a 6-year tenor, maturing in 2027. The amortised cost for this as at the reporting period is $8.1 million (Dec 2021: $9.2 million), although the principal outstanding is $11 million.

$350 million Revolving credit facility – September 2022

Seplat Energy Plc successfully refinanced its existing $350million revolving credit facility due in December 2023 with a new three-year $350 million revolving credit facility due in June 2025 (the "RCF"). The RCF includes an automatic maturity extension until December 2026 once a refinancing of the existing $650 million bond due in April 2026 is implemented. The RCF is scheduled to reduce from July 2024, with such date automatically extended to July 2025 once the refinancing of the existing $650 million bond is implemented. The RCF carries initial interest of 6% over the base rate (SOFR plus applicable credit adjustment spread) with the margin reducing to 5% after production flowing through the Amukpe-to-Escravos pipeline is stabilized at an average working interest production of at least 15,000 bpd over a 45 consecutive day period. The pricing is in line with the existing RCF pricing, although it reflects a change in the base rate from LIBOR to SOFR plus the applicable credit adjustment spread.

24. Trade and other payables

	30 Sept 2022	31 Dec 2021
	$'000	$'000
Trade payable	142,563	120,426
Accruals and other payables	181,352	164,175
NDDC levy	5,043	12,826
Royalties payable	55,963	34,228
Overlift payable	40,027	35,403
	424,948	**367,058**

Included in accruals and other payables are field-related accruals of $82.8 million (Dec 2021: $83.5 million) and other vendor payables of $30.9 million (Dec 2021: $15.6 million). Royalties payable include accruals in respect of crude oil and gas production for which payment is outstanding at the end of the period.

Overlifts are excess crude lifted above the share of production. It may exist when the crude oil lifted by the Group during the period is above its ownership share of production. Overlifts are initially measured at the market price of oil at the date of lifting and recognised in profit or loss. At each reporting period, overlifts are remeasured at the current market value. The resulting change, as a result of the remeasurement, is also recognised in profit or loss and any amount unpaid at the end of the reporting period is recognised in overlift payable.

25. Computation of cash generated from operations

	9 months ended 30-Sept-22 $'000	9 months ended 30-Sept-21 $'000
Profit before tax	185,239	97,359
Adjusted for:		
Depletion, depreciation and amortization	91,422	95,334
Depreciation of right-of-use asset	3,421	2,167
Impairment losses on financial assets	6,377	6,874
Impairment losses on non-financial assets	8,492	-
Loss on disposal of oil and gas asset	13,073	-
Interest income	(483)	(22)
Interest expense on bank loans	49,225	59,739
Interest on lease liabilities	236	532
Unwinding of discount on provision for decommissioning	1,756	785
Unrealised fair value (gain)/loss on derivatives	(970)	3,457
Realised fair value loss on derivatives	7,550	6,507
Unrealised foreign exchange gain	(6,732)	(181)
Share based payment expenses	3,498	5,524
Share of profit in joint venture	(114)	(595)
Defined benefit expenses	3,041	2,661
Changes in working capital:		
Trade and other receivables	(63,998)	(35,616)
Prepayments	(2,758)	(4,627)
Contract assets	(576)	(1,932)
Trade and other payables	57,890	(55,795)
Restricted Cash	(1,645)	(20,195)
Inventories	14,176	1,784
Net cash inflow from operating activities	**368,120**	**163,760**

26. Earnings per share (EPS)

Basic

Basic EPS is calculated on the Group's profit after taxation attributable to the ordinary equity holders of the parent entity and on the basis of weighted average number of issued and fully paid ordinary shares at the end of the period.

Diluted

Diluted EPS is calculated by dividing the profit after taxation attributable to the ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the reporting period plus all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

	9 months ended 30 Sept 2022 $'000	9 months ended 30 Sept 2021 $'000	3 months ended 30 Sept 2022 $'000	3 months ended 30 Sept 2021 $'000
Profit/(loss) attributable to Equity holders of the parent	75,733	66,355	(4,055)	19,387
Loss attributable to non-controlling interests	(1,856)	(31,325)	(5,369)	(20,534)
Profit/(loss) for the period	**73,877**	**35,030**	**(9,424)**	**(1,147)**

	9 months ended 30 Sept 2022	9 months ended 30 Sept 2021	3 months ended 30 Sept 2022	3 months ended 30 Sept 2021
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	584,036	582,927	584,036	582,927
Outstanding share-based payments (shares)	2,801	5,518	2,801	5,518
Weighted average number of ordinary shares adjusted for the effect of dilution	**586,837**	**588,445**	**586,837**	**588,445**
Basic earnings per shares for the period	**$**	**$**	**$**	**$**
Total basic earnings/(loss) per share attributable to the ordinary equity holders of the Group	0.13	0.11	(0.01)	0.03
Diluted earnings per shares	**$**	**$**	**$**	**$**
Total diluted earnings/(loss) per share attributable to the ordinary equity holders of the Group	0.13	0.11	(0.01)	0.03
Profit/(loss) used in determining basic/diluted earnings per share	**75,733**	**66,355**	**(4,055)**	**19,387**

The weighted average number of issued shares was calculated as a proportion of the number of months in which they were in issue during the reporting period.

27. Proposed dividend

The Group's directors propose an interim dividend of 2.5 cents per share for the reporting period. (2021: 2.5 cents).

28. Related party relationships and transactions

The Group is controlled by Seplat Energy Plc (the parent Company). The Parent Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family. The remaining shares in the parent Company are widely held.

The goods and services provided by the related parties are disclosed below.

i) Shareholders of the parent company:

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The Company provided consulting services to Seplat. Services provided to the Group during the period amounted to $916.5 thousand (2021: $916.4 thousand).

ii) Entities controlled by Directors of the company

Ubosi Eleh and Company (controlled by a Director Ernest Ebi): The Company provided a leasehold property to Seplat. The amount during the period amounted to $53.7 thousand.

29. Commitments and contingencies

29.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities is $17 million (Dec 2021: $19.2 million). The contingent liability for the reporting period is determined based on possible occurrences, though unlikely to occur. No provision has been made for this potential liability in these financial statements. Management and the Company's solicitors are of the opinion that the Company will suffer no loss from these claims.

30. Reclassification

Certain comparative figures in note 6 and 14 have been reclassified in line with the current period's presentation.

31. Events after the reporting period

There was no event after the reporting period which could have a material effect on the disclosures and the financial position of the Group as at 30 September 2022 and on its profit or loss and other comprehensive income for the period ended.