Audited results for the twelve months ended 31 December 2023

29 February 2024

Reliable energy,
limitless potential

Lagos and London, 29 February 2024: 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 audited results for the twelve months ended 31 December 2023.

Financial highlights

- Revenue $1,061.3 million up 12% from $951.8 million in 2022.
- Average realised oil price $83.39/bbl (2022: $101.67/bbl); average realised gas price $2.90/Mscf (2022: $2.82/Mscf).
- Unit production opex of $10.4/boe, (2022: $10.3/boe).
- Cash generated from operations of $520 million, down 10% on 2022, funding capex of $184 million and enhanced shareholder returns.
- Balance sheet strengthened, year-end cash at bank $450 million (2022: $404 million), excluding $128.3 million MPNU deposit.
- Net debt at year end 2023 reduced to $306 million (YE 2022: $366 million). Net Debt to EBITDA 0.7x.

Operational highlights

- Production averaged 47,758 boepd, up 8% from 2022 (44,104 boepd), and within original guidance.
- Year end 2023 independently audited 2P reserves up 9% to 478 mmboe (YE 2022: 438 mmboe), 47% liquids.
- Drilled and completed 14 wells in 2023 (of which 6 completed in 4Q 2023), in line with our revised well program.
- ANOH gas plant achieved mechanical completion on 29th December 2023. Our government partner recently announced the tunnelling operations on the Niger river crossing portion of the OB3 pipeline have begun. Seplat's first gas guidance of 3Q 2024 is unchanged.
- Carbon emissions intensity: 27.9 kg CO_2/boe (2022: 23.9 kg CO_2/boe).
- Achieved more than 8.7 million hours without Lost Time Injury (LTI) on Seplat-operated assets in 2023.

Special Dividend & Board Changes

- Board recommends a special dividend of US 3c/shr, in addition to Q4 23 declared dividend of US 3c/shr.
- Core dividend declared for 2023 of US 12c/shr, up 20% on 2022. Total dividend declared US 15c/shr.
- Mr. Udoma Udo Udoma elected as Chairman of the Board and will assume office on 1st April 2024, when he succeeds Mr. Basil Omiyi.
- Mr. Bello Rabiu elected as Senior Independent Non-Executive Director (SINED) and will succeed Dr. Charles Okeahalam effective 1st April 2024.

2024 Outlook

- 2024 production guidance of 44-52 kboepd. Guidance assumes availability of TNP from 3Q 2024, and assumes ANOH contribution in line with guidance.
- Initial 2024 capex guidance $170-200 million. Drilling capex flat on 2022 (13 wells in base plan). Seplat will fund capex on Abiala, a marginal field development tied into OML40.
- In February 2024 we received regulatory approval for the full lifecycle Field development plan (FDP) for the Sibiri oil discovery on OML40.
- We remain highly confident that President Tinubu's administration will approve our acquisition of Exxon Mobil's share capital of Mobil Producing Nigeria Unlimited (MPNU).

Roger Brown, Chief Executive Officer, said:

"Seplat Energy's 2023 results illustrate the Company's ability to deliver production growth, fortify our balance sheet and reward shareholders despite facing some unexpected challenges during the year.

Operational performance was strong, production increased 8% over 2022 and we recorded the lowest level of reconciliation losses seen in recent years, a testament to the improving security efforts on the Niger Delta. Drilling yielded positive results, and I'm pleased to report strong 2P reserves growth, up 9% on prior year estimates. Our revenue exceeded $1bn, and while costs increased, our proactive approach meant we generated more than $260m of free cash flow in the year, allowing us to continue rewarding our shareholders and further reduce net debt.

Our strong financial position, excellent operational performance and robust outlook means that we are delighted to declare a special dividend again this year, lifting the total dividend for the year to US$15 cents.

In 2024, we look forward to a number of key growth events. We are moving forward on both the Sibiri and Abiala developments on OML40. Clear progress is also being made on the important ANOH gas project, with first gas expected in 3Q 2024. Finally, we have high confidence that we will conclude the transformational acquisition of MPNU this year.

I'm delighted to welcome Mr. Udoma as Seplat Energy's new Chairman and Mr. Rabiu as SINED and wholeheartedly thank Mr. Omiyi and Mr. Okeahalam for their longstanding support and guidance. Nigeria's Oil & Gas industry is going through a generational change and as we reach our tenth year as a listed company, we fully intend to play an important role as Nigeria's leading independent company."

Summary of performance

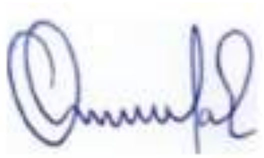
	$ million			₦ billion	
	FY 2023	FY 2022	% Change	FY 2023	FY 2022
Revenue	1,061.3	951.8	11.5%	696.9	403.9
Gross profit	532.0	464.7	14.5%	349.3	197.2
EBITDA *	447.9	416.9	7.4%	294.1	176.9
Operating profit (loss)	249.4	274.7	(9.2%)	163.7	116.6
Profit (loss) before tax	191.2	204.4	(6.4%)	125.5	86.7
Cash generated from operations	519.9	574.6	(9.5%)	340.6	243.9
Working interest production (boepd)	47,758	44,104	8.3%		
Volumes lifted (MMbbls)	11.3	8.3	36.3%		
Average realised oil price ($/bbl.)	$83.39	$101.67	(18.0%)		
Average realised gas price ($/Mscf)	$2.90	$2.82	2.8%		
LTIF	0	0			
CO2 emissions intensity from operated assets, kg/boe	27.1	23.9	13.4%		

* Adjusted for non-cash items

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.

Investor call

At 12:00 GMT / 13.00 WAT on Thursday 29 February 2023, the Executive Management team will host a conference call and webcast to present the Company's results.

The presentation can be accessed remotely via a live webcast link and pre-registering details are below. After the meeting, the webcast recording will be made available and access details of this recording are also set out below.

A copy of the presentation will be made available on the day of results on the Company's website at https://seplatenergy.com/ .

Event title:	Seplat Energy Plc: Full year results
Event date	12:00pm (London) 1:00pm (Lagos) Thursday 29 February 2023
Webcast Live Event Link	https://www.lsegissuerservices.com/spark/SeplatPetroleumDevelopmentCo/events/324685dd-279c-4b55-8629-0bf1130486fc
Conference call and pre-register Link:	https://url.za.m.mimecastprotect.com/s/e9tzCvg5D2T7jJPwC5Ynhc?domain=lseg.registrations.events

The Company requests that participants dial in 10 minutes ahead of the call. When dialing in, please follow the instructions that will be emailed to you following your registration.

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About Seplat Energy

Seplat Energy PLC (Seplat) is Nigeria's leading indigenous energy company. Listed on the Nigerian Exchange Limited (NGX: SEPLAT) and the Main Market of the London Stock Exchange (LSE: SEPL), we are pursuing a Nigeria-focused growth strategy in oil and gas, as well as developing a Power & New Energy business to lead Nigeria's energy transition.

Seplat's energy portfolio consists of seven oil and gas blocks in the prolific Niger Delta region of Nigeria, which we operate with partners including the Nigerian Government and other oil producers. We also have a revenue interest in OML 55. We operate a 465MMscfd gas processing plant at Oben, in OML4, and are building the 300MMscfd ANOH Gas Processing Plant in OML53 and a new 85MMscfd gas processing plant at Sapele in OML41, to augment our position as a leading supplier of gas to the domestic power generation market. https://www.seplatenergy.com/

Operating review

Seplat's current portfolio comprises direct interests in seven oil and gas blocks and a revenue interest in one block, all of which are located onshore land and swamp areas of the Niger Delta. This portfolio provides the Group with a robust platform of oil and gas reserves and production capacity, as well as material upside opportunities to add reserves through future development.

Upstream business performance

Reserves and Resources

The Group's audited 2P reserves, as assessed independently by Ryder Scott Company, L.P., increased by 40 MMboe from 438 MMboe at the end of 2022 to 478 MMboe at the end of 2023. The increase in 2P reserves is attributed to additional volumes from discovery of new reservoirs in OML 40, booking of volumes from the Abiala marginal field and conversion of 2C to 2P volumes in OML 53.

		2P reserves at 31/12/2023			2P reserves at 31/12/2022		
		Liquids	Gas	Total(3)	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMboe
OMLs 4, 38 & 41	45%	135	617	242	138	629	246
OPL 283	40%	9	81	23	4	61	15
OML 53	40%	51	747	180	39	653	152
OML 55	Fin. Interest	3	-	3	3	-	3
OML 40(1)	45%	24	-	24	22	-	22
Abiala	95%	4	17	6	-	-	-
Total		226	1,463	478	206	1,343	438

Eland has a 45% working interest in OML40 until the Westport loan is fully repaid in accordance with the loan agreement, reverting to 20.25%
Quantities of oil equivalent are calculated using a gas-to-oil conversion factor of 5,800 scf of gas per barrel of oil equivalent.

The Group's audited 2C resources decreased by 11% from 70 MMboe to 62 MMboe, comprising 37 MMbbls of oil & condensate and 146 Bscf of natural gas. The decrease in 2C gas resources (boe) is due to revisions from previous estimates.

		2C resources at 31/12/2023			2C resources at 31/12/2022		
		Liquids(1)	Gas	Total	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMBoe
OMLs 4, 38 & 41	45%	29	111	48	31	124	52
OPL 283	40%	1	4	2	7	24	11
OML 53	40%	4	32	10	3	11	5
OML 40	45%	3	-	3	2	0	2
Total		37	146	62	43	159	70

Consequently, the Group's working interest 2P reserves and 2C resources stood at 540 MMboe as of 31 December 2023, comprising 262 MMbbls oil & condensate and 1,609 Bscf of natural gas (277 MMBoe).

Group Production

Working interest production for the twelve months ended 31 December 2023

		FY 2023			FY 2022		
		Liquids	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	14,866	114.1	34,538	15,422	112.3	34,791
OML 40	45%	10,455	-	10,455	6,557	-	6,557
OML 53	40%	1,212	-	1,212	1,689	-	1,689
OPL 283	40%	1,554	-	1,554	1,067	-	1,067
Total		28,087	114.1	47,758	24,735	112.3	44,104

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.
Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

In 2023, total liquids production was within guidance and increased by 14.4% to 10.3 MMbbls, compared to 9.0 MMbbls in 2022. Gas production was also higher by 1.5% to 41.6 Bcf (2022: 41.0) The oil and gas mix was 59% and 41% respectively. Total production deferred in the period was 31% (2022: 37%).

2023 working interest production by quarter

		Q4 2023			Q3 2023			Q2 2023			Q1 2023		
		Liquid	Gas	Total	Liquid	Gas	Total	Liquid	Gas	Total	Liquid	Gas	Total
	Seplat %	kbopd	MMscfd	kboepd	kbopd	MMscfd	kboepd	kbopd	MMscfd	kboepd	kbopd	MMscfd	kboepd
OMLs 4, 38 & 41	45%	13.9	107.0	32.3	12.6	110.8	31.7	15.5	114.8	35.3	17.6	124.1	39.0
OML 40	45%	11.3	-	11.3	8.9	-	8.9	12.0		12.0	9.6	-	9.6
OML 53	40%	1.4	-	1.4	1.1	-	1.1	1.0		1.0	1.3	-	1.3
OPL 283	40%	1.6	-	1.6	1.2	-	1.2	1.6		1.6	1.9	-	1.9
Total		28.1	107.0	46.6	23.8	110.8	42.9	30.1	114.8	49.9	30.3	124.1	51.7

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.
Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Average daily working interest production increased by 8.3% to 47,758 bopd in 2023, compared to 44,104 bopd in 2022, and was delivered within our original guidance range. The higher production during the period was supported by new well stock, the availability of the Amukpe-Escravos Pipeline (AEP) and the improved operational performance of the Forcados Oil Terminal (FOT) compared to the prior year. Though FOT again experienced extended outage due to the need to repair the Single Point Mooring (SPM) system during 3Q 2023.

In OMLs 4, 38, & 41, working interest liquids production fell by 3.6% to 14,866 bopd (2022: 15,422 bopd). This decline in production was primarily attributed to delays in the on-stream dates of planned wells, resulting from challenges encountered during the execution of our drilling program, as described below. The alternative evacuation routes provided production reassurance as intended during the year, reducing the impact of pipeline outages by approximately 60% (measured in days).

Our operations at OML 40 contributed the most significant growth in the period. Working interest production from the asset grew by 59.5% to reach 10,455 bopd in 2023, up from 6,557 bopd in 2022. The volume increase in OML 40 is attributed to the successful execution of the 2023 wells campaign, which delivered ahead of expectations and higher production uptime, driven mainly by improved pipeline availability.

In OML 53, daily working interest production fell 28.3% to 1,212 bopd in 2023 due to challenges with the evacuation lines. Production from Ohaji was evacuated to the nearby Waltersmith Refinery. Ohaji potential remains constrained given the unavailability on the Trans Niger Pipeline (TNP), where zone 6 of the line did not operate at all during 2023. Issues with the Antan-Ebocha delivery line that is crucial for evacuation from Jisike, were resolved in August allowing the field to resume production. This resolution supported modestly higher output from OML 53 in 4Q 2023.

We are actively pursuing solutions for the third-party evacuation issues affecting our Eastern assets. The OML 53 Joint Venture (JV) has successfully concluded negotiations and finalized the JV Crude Sale and Purchase Agreement (CSPA) with the Edo Refinery. This agreement facilitates the off-take of approximately 1,000 barrels of oil per day (bopd) of JV crude from Ohaji to the Edo Refinery. Furthermore, the finalization of Facility Use Agreements is underway, with off-take operations anticipated to commence in the first quarter of 2024. In addition, efforts are underway to reduce deferment from pipeline downtime by providing storage capacity at both Jisike and Ohaji.

We remain committed to addressing current evacuation issues, with our priority in the East being the resumption of operations on the TNP, in addition to exploring alternative solutions, and working to optimise production efficiency across our operations.

Update on Sibiri Oil Discovery

In 2023, we commenced extended well testing (EWT) of Sibiri-01. In addition, the Sibiri-02 drilling operation was concluded and further well data acquisition and technical studies were conducted. This data confirmed the preliminary results that Oil-In-Place volumes were at the upper end pre-appraisal Oil-In-Place estimates.

In H2 2023 a full Field Development Plan (FDP) was submitted to the regulators, with a base case Oil-in-Place estimate of 91.1 MMbbls oil. In February 2024 we received regulatory approval for the full lifecycle Field Development Plan (FDP) for Sibiri oil discovery. The project will now move into the development phase, initially from the two pre-driled wells Sibiri-01 and Sibiri-02, tied back to Opuama.

Abiala Farm-in and development

In 2022, we announced that Elcrest (45% owned by Seplat Energy) had entered into an agreement with Naphta for a 95% equity farm-in to the Abiala marginal field, while Naphta would have a 5% carried interest. Additionally, Elcrest was designated as the Operator, Technical & Financial Partner in the Elcrest/Naphta Joint Venture.

In 2023, all definitive agreements about the Abiala Marginal Field (including the Farm-in Agreement, Joint Operating Agreement, Farmout and Technical Services Agreement, and Development Operations Agreement) were executed. Furthermore, we successfully convened the inaugural Abiala Joint Operating Committee (JOC) meeting. The drilling of the Abiala wells (Abiala 1 W/O and Abiala B) is scheduled for 2024, with the expectation of achieving first oil in Q3 2024. Abiala adds 6 MMboe to our 2P reserves.

Drilling activities

In 2023, we completed fourteen new wells across our operated and non-operated assets, meeting our revised targets for the year. Our drilling programme underwent adjustments in August 2023 due to the tragic incident involving the contracted rig, Majestic, which capsized when its rig owners were moving the rig to the new drill site. To mitigate the resulting delays, we implemented a drilling recovery plan. This initiative involved deploying three land rigs in the Western Asset region to partially compensate for the postponement of drilling activities for six swamp wells: Ovhor DKFW-01, Abiala-1 W/O, Abiala-B, Ovhor DNFT-02, Ovhor DMFU-01, and Ovhor DFFW-01, will now form part of future drilling programmes.

In OML 4, 38, & 41, we delivered four wells (Orogho-08, Okporhuru-08 WO, Sapele-07 WD, and Sapele-CEGX), which are expected to produce a combined gross rate of c.1,300 bopd and 55 MMscfd of gas. Three other wells; Okporhuru-HUHA-04, Sapele N EXP, and Ovhor 21ST were spudded towards the end of the year and will be completed in Q1 2024.

In OML 40, our drilling program delivered five new wells (including Gbetiokun-04 WO, Gbetiokun-09, Gbetiokun-10, Sibiri-02 and Opuama-17). Four wells in the initial program have been deferred to 2024 as drilling was suspended till Q2-2024 to contract a new swamp rig.

In OML 53, we delivered three new wells, Ohaji-07, Ohaji-08, Ohaji-09. When on stream, the Ohaji wells are expected to produce at a combined gross rate of c. 5,000 bopd. Also, the ANOH upstream unit operated by Shell drilled and completed two new wells (ASSN-05, and ASSN-06) to further support feedstock for the ANOH gas plant.

Midstream Gas business performance

Seplat Energy continues to play a critical role in expanding the domestic gas market to fuel the Nigerian economy's growth. During the period, the Company delivered 41.6 Bcf of gas to the domestic market. The average working interest gas production volumes grew by 1.6% to reach 114.1 MMscfd, up from 112.3 MMscfd in 2022. This increase is attributed to enhanced well performance and the availability of condensate evacuation routes.

During the year, we entered into a new Gas Sales Agreement (GSA) with a bulk gas supplier for a volume of 50 MMscfd. The new customer met all the necessary conditions precedent, and gas supply under this agreement commenced in Q4 2023. We are also actively working on securing new gas resources from third parties and exploration to keep the process trains at the gas hubs (Oben and Sapele) full in the medium to long term.

ANOH Gas Processing Plant

The ANOH gas plant achieved mechanical completion on 29th December 2023 without recording any Lost Time Incident (LTI) across 11 million hours. Current activity on the ANOH gas project involves moving all key work streams to completion ahead of first gas, planned for 3Q 2024.

All upstream wells required for first gas were completed by the operator, SPDC, in 2023, with well deliverability tests conducted in Q1 2024. Work is ongoing to connect the wells to the gas plant.

Our government partner, NGIC, is responsible for delivering the pipelines required to transport the gas from ANOH to the demand centres, including the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline.

With respect to the OB3 pipeline, grouting of the unconsolidated formation along the tunnelling pathway on the River Niger has been completed, and our government partners announced that tunnelling operations are ongoing. Our partners recently reaffirmed their guidance for completion of construction of the OB3 pipeline in 1Q 2024.

Regarding the Spur Line project, the operations in Imo State are witnessing improved progress following the engagement of additional contractors to expedite the completion of the remaining pipeline sections. NGIC is advising an expected completion date of the end of Q1 2024.

The project has achieved several notable milestones in recent months, providing greater assurance that the project is on track to achieve first gas as estimated by Seplat in Q3 2024.

Upon commencement of operations, ANOH will provide two income streams to Seplat.

First, the sales of wet gas from Upstream to AGPC. The ANOH gas plant has a design capacity of 300 mmscf/d. Seplat will report our net share (40% working interest) of wet gas production as working interest production. We note that gas sales will benefit from lower opex than our current gas operations by virtue of not having to bear the burden of midstream processing costs.

Second, as a 50% owner in the AGPC incorporated joint venture, Seplat will receive dividends from the AGPC's profits. As previously reported, we anticipate c.6-month ramp up to plateau production after first gas, during which period AGPC will establish plant stability and offtake performance. Incorporating these elements, we estimate that AGPC should provide a dividend stream net to Seplat of c.$30m per annum. The dividends are expected to begin approximately 12-18 months after first gas. We expect that a $10/bbl change in the oil price would change the expected dividend by c.$5m, while a 1% change in production deferment changes the expected dividend by c.$1m; both figures are net to Seplat.

Sapele Gas Plant

Project execution work continues on the new Sapele Gas Plant, with progress at 81%. Upon completion, the processing capacity will be 90 MMscfd. The upgraded facility will produce gas that meets export specifications, and the LPG processing module will enhance the economics of the plant and eliminate routine gas flaring.

In 2023, we completed the procurement of equipment and delivery to site for the plant construction, significantly progressed engineering and other milestones to support expected completion of the plant in 2024. This represents a material component of our program to ending our routine flaring at Sapele.

New Energy Business

In line with our strategy to deliver energy transition, we have assessed various midstream gas, power, and renewable investment opportunities that are focused on increasing energy supply and reliability, lowering costs, and reducing carbon intensity of Nigeria's electricity consumption.

In view of this, we have high-graded a gas-to-power development project, which has the potential to reach Final Investment Decision (FID) in 2024, subject to Board approval.

In addition, following the completion of internal due diligence, Seplat is reviewing two other potential acquisition opportunities in the Compressed Natural Gas (CNG) and Renewable Power Generation markets.

Ending routine flaring

Reducing the carbon intensity of our operations is a key strategic focus. Seplat has implemented its end of routine flaring (EORF) roadmap, which includes investments across our production facilities to minimise Scope 1 & 2 greenhouse gas emissions and improve overall energy efficiency. This work is ongoing with a number of projects expected to reach completion in 2024 (Sapele AG, Oben AG, Jisike, Amukpe). However, the overall goal of eliminating routine flaring across all our assets has been extended to 2H 2025 due to delays in the delivery of the Oben LPG Flares Solution and the Ohaji South AG Compression solution projects in 2024. These delays were primarily caused by procurement setbacks related to essential equipment, subsequently impacting project timelines.

The carbon intensity recorded for the period was 27.9 kg CO2/boe, higher than the 23.9 kg CO2/boe recorded in 2022. The increase was driven by a combination of: higher production in the year, and also by the unavailability of some evacuation options resulting in increased flaring. In addition, as we continue to strive for improvements in data gathering and recording, the commissioning of the Fluenta meter at the Oben GP site resulted in a year-on-year increase in recorded flare volumes compared to the prior year's estimate.

The Sapele Flow Station contributed significantly to the higher carbon intensity recorded in 2023 vs. 2022 given a lack of evacuation availability for associated gas. However, the commissioning of the new Sapele Gas Plant, discussed above, should materially reduce absolute emissions (by ca. 40%) once gas offtake begins. Sapele and Ohaji Flow Stations' are the biggest contributors to our carbon emissions intensity, excluding these assets, our remaining portfolio of production facilities averages under 19.0 kg CO2/boe carbon intensity.

HSE Performance

The Company achieved a total of 8.7-million hours without any Lost Time Injury (LTI) on its operated assets in 2023, which reflects the Company's strong focus on safety and the dedication of its workforce to maintaining a secure work environment. Till date, the company has achieved a cumulative 10.6-million-man hours since last LTI recorded (on 13th October 2022). In addition, TRIR was 0.46 with no major injuries reported during this period. There was one Tier 2 incident which resulted in 95bbls of oil spilled. While it is not shown in our HSE statistics, we were deeply saddened by the tragic incident on the Majestic rig, which was transiting to our operations when it capsized. Seplat has undertaken a number of reviews related to the incident, and we will continue to work with our contractors and supply chain to ensure incidents of this nature do not happen in the industry again. Safety remains our top priority.

Training sessions on Incident Management (Tripod Beta methodology) were held to enhance incident investigation and prevention with 42 participants at the Lagos and Sapele locations. Also, Process Safety Management Training for

Operations, Engineering, Maintenance, Wells, and HSE Team members to prevent process-related incidents was conducted with 63 participants. We also conducted IMS 300 training for 80 participants during the year.

The company is on a path to achieve ISO 45001 and 14001 standards certifications, demonstrating its commitment to top-tier safety and environmental performance. These certifications are globally acknowledged benchmarks for occupational health and safety management systems and environmental management systems, respectively.

Proposed acquisition of MPNU

On 24 May 2023, we announced that we have extended with Mobil Development Nigeria Inc. and Mobil Exploration Nigeria Inc. (ExxonMobil) the Share Sale and Purchase Agreement (SSPA) for the acquisition of ExxonMobil's share capital of Mobil Producing Nigeria Unlimited (MPNU) to preserve the transaction pending the resolution of certain legal proceedings and receipt of applicable regulatory approvals.

The Board remains confident that the transaction will be approved and all associated legal issues will be resolved. We continue to work with all parties to achieve a successful outcome, including our financiers, who remain supportive. We have been encouraged by the continued efforts of the President Tinubu administration to drive positive change in Nigeria and a more supportive environment for businesses that want to invest and grow in the country.

We will provide further updates on the transaction as appropriate.

Intra-group transfer of OML 53 from Seplat Energy to Seplat East Onshore Company Limited

During the year, Seplat completed the internal transfer of the business activities and assets of OML 53 from the Holding Company to its wholly-owned subsidiary Seplat East Onshore Limited having obtained regulatory and partner approvals. This Intra-Group transfer will not change the current business strategy for the assets, nor will it affect how the Seplat Group commercially operates. Therefore, the operatorship of the asset remains with Seplat under the Joint Operating Agreement (“JOA”), as the transfer to an affiliate of Seplat under the terms of the JOA is permitted.

The new structure of the Seplat Group is consistent with Seplat’s efforts to simplify its structure and is designed to segregate the businesses of the Group more efficiently thereby reducing risk, cost, and complexity. This is also expected to result in a simplified management and reporting framework for the Seplat Group.

The outcome of the transfer will not, in any way, result in a loss of tax revenue to the Government or an extinguishment of liabilities. Similarly, it will not diminish shareholder value in (and returns from) Seplat as a listed company.

Shareholder actions

In 2023, Seplat Energy announced that the Immigration Documents of the Company’s Chief Executive Officer ("CEO"), Mr. Roger Brown were withdrawn by the Ministry, following baseless and false allegations of racism, unfair prejudice, discrimination, and improper immigration status made by certain individuals parading as "concerned workers and stakeholders of Seplat Energy Plc". The Company cooperated fully with the verification checks conducted by the Immigration Authorities, which resulted in the restored immigration status of Roger Brown.

Subsequently, we announced his resumption as the CEO of Seplat Energy and the return of his ability to validly enter and stay in Nigeria. This followed the Ministry of Interior ("Ministry") and the Nigeria Immigration Service ("NIS") restoration of his Working Permit, Combined Expatriate Residence Permit and Aliens Card ("CERPAC") and other Visas for the entry or stay in Nigeria ("Immigration Documents").

The Company had also previously announced the striking out by the Federal High Court sitting in Lagos, of the Petition commenced on 8th March 2023 by Moses Igbrude and others in Suit No. FHC/L/CP/402/2023. The Court ordered the Petitioners to pay NGN1 million in costs. This followed the filing of a Notice of Discontinuance by the Petitioners.

Similarly, the Federal High Court in Abuja had struck out the criminal charge brought by the Nigeria Immigration Service against the Company and some of its Officers. The Court fully discharged all named defendants. The charge had earlier been withdrawn by the Nigerian Immigration Service on the 20th April 2023 and was in relation to the immigration status of Mr. Roger Brown and the withdrawal of his immigration visa by the Ministry of Interior.

The Court of Appeal also suspended the ex parte Interim Orders granted by the Federal High Court (Abuja) in Suit No. FHC/ABJ/CS/626/2023 - Juliet Gbaka & two others v. Seplat Energy Plc & thirteen others.

The Company continues to be successful in its defense against these lawsuits and remains confident that the courts will appropriately address the outstanding frivolous litigations. Seplat, as a responsible corporate citizen, will continue to engage all its stakeholders in accordance with applicable law and established corporate governance best practices.

Outlook

Seplat Energy's production has recorded improved stability in the past year, supported by measures to diversify evacuation routes.

In 2024, we expect this to continue, our 2024 capex program aims to maintain production, and we provide initial guidance at 44 - 52 kboepd. The guidance assumes availability of TNP from end 3Q 2024. It also assumes first gas on ANOH inline with guidance, and gradual ramp up of contribution from the gas field through the end of the year.

Capital expenditure for 2024 is expected to be in the range of $170-$200 million.

The program includes drilling 13 new wells across our operated and non-operated assets, as follows:

- OMLs 4, 38 & 41: Nine wells (seven oil wells, two gas wells)
- OML 40: Four oil wells (including two wells in Abiala)

The 2024 drilling program will address normal production decline and, along with the completion of maintenance activities, support long-term production levels from the assets.

Our key focus areas and expenditure on facility and project deliverables include:

- Completion of the ANOH Gas Processing Plant commissioning and commencement of operations
- Completion of the Sapele Gas Plant
- Installation of Abiala surface production facilities
- Delivery of Oben, Amukpe, Sapele & Ohaji flares out projects

Furthermore, we aim to enhance our infrastructure by developing alternative evacuation routes, ensuring operational resilience and efficiency. Additionally, we are committed to exploring and developing new business opportunities, fostering growth and diversification within our portfolio. Finally, a significant priority for the business will be the elimination of routine gas flares, aligning with our commitment to environmental sustainability and regulatory compliance. These deliverables underscore our dedication to innovation, sustainability, and value creation across all operations.

We recognise the importance of the sustainability of our evacuation options and strive to bolster security measures along our evacuation routes to safeguard our operations. These initiatives are geared towards maximising the volume of oil sales and revenue for the company, highlighting our commitment to operational efficiency and financial sustainability.

Our ESG (Environmental, Social, and Governance) performance and 2024 targets reflect our heightened emphasis on ESG measurement and reporting. As early adopters of the IFRS Sustainability Disclosure Standards, we are proud to announce that we will commence reporting in alignment with these standards starting from our 2023 annual report.

In line with our climate strategy, which includes a commitment to achieving carbon neutrality by 2050, our immediate priority is to eliminate routine flares in 2025. To achieve this goal, we are actively working on completing our Flares Out projects to capture and monetise gas for productive use. This initiative will significantly reduce our carbon intensity and contribute to our broader sustainability objectives.

Furthermore, we are dedicated to contributing to the growth and development of our communities, and we have successfully attained the ISO 26000 endorsement, which underscores our adherence to internationally recognized sustainable and ethical business practices standards. In 2023, we made substantial progress by installing solar panels, granting 100% renewable energy access to five (5) schools and three (3) hospitals, advancing our goal of increasing energy access while enhancing our capabilities in the power and renewable energy sectors. In 2024, we plan to provide additional host community hospitals and schools with reliable renewable power. These initiatives underscore our commitment to sustainability, social responsibility, and creating long-term value for all stakeholders.

We will exercise discretion over drilling investments and selectively consider opportunities in our existing portfolio, focusing on delivering the highest cash return whilst diligently preserving a solid balance sheet.

Financial review

2023 results benefited from improved production and while the Brent oil price averaged 17% lower than in 2022 it remained supportive at $82.15/bbl, and our blended realised gas price increased 2.8% in 2022 averaging $2.90/Mscf. This backdrop supported Seplat as it delivered its capex program, further strengthened its balance sheet and returned material funds to shareholders in 2023.

Revenue

In 2023, oil prices retreated from the highs seen in 2022 but overall remained supportive of continued cash generation. The average Brent crude oil price in 2023 fell 17.0% to $82.15/bbl, from $98.95/bbl. in 2022. For Seplat, our average realised oil price reflects the market reality: it fell 18.0% to $83.39/bbl in 2023, down from $101.67/bbl in 2022. We recorded an average premium to Brent of $1.24/bbl, in 2023.

Revenue from oil and gas sales for 2023 rose 11.5% to $1,061.3 million from $952.0 million in 2022. Excluding the reported $98.9 million overlift, total oil and gas sales were $962.4 million, 4.1% higher than 2022's equivalent revenue figure of $924.8 million ($27.2 million overlift).

Crude oil revenue rose 11.7% to $937.9 million in 2023 from $839.5 million in 2022. The growth in crude oil revenue is attributable to the higher production, lower pipeline losses and overlift recorded during the period; these combined to offset the decline in realised oil prices. The total overlift for the period stood at $98.9 million (equivalent to 1.3 MMbbls) and is adjusted for in other income. Excluding the overlift, crude oil revenue was $839.0 million, 3.2% higher than equivalent crude oil revenue of $812.3 million in 2022. Total liquids lifted during the period rose 36.3% y/y to 11.3 MMbbls, compared to 8.3 MMbbls in 2022.

Gas sales revenue recorded a 9.7% y/y increase, reaching $123.4 million in 2023 (compared to $112.5 million in 2022). Gas sales represented 12% of total revenue in 2023. This growth is attributed to a modest increase in realised gas prices and a rise in sales volume. The average realised gas price rose by 2.8% to $2.90/Mscf, while gas production saw a 1.6% increase to 41.6 Bscf during the same period (compared to 41.0 Bscf in 2022). The average realised gas price improvement reflects the impact of higher gas price negotiated with off-takers.

The group's average reconciliation loss factor improved to 3.5% in 2023 (compared to 10.7% in 2022), attributed to enhanced security measures and strengthened asset integrity management during the period.

Gross profit

During the period, gross profit rose 14.4% to $532.0 million, from the $464.7 million recorded in 2022. Non-production costs primarily included $183.4 million in royalties and $149.6 million in depreciation, depletion, and amortisation (DD&A), contrasting with $180.8 million in royalties and $128.7 million in DD&A in the previous year. The difference is largely due to higher production in 2023.

Direct operating costs, which encompass expenses related to crude-handling charges (CHC), barging/trucking, operations & maintenance, amounted to $182.2 million in 2023, marking an 9.8% increase from the $165.9 million incurred in 2022. This rise in direct operating costs is attributed to the increase in produced volumes in 2023 by about 1.2 MMbbls and higher CHC from using alternative evacuation routes secured by Seplat to minimise reliance from a single evacuation route resulting in lower outages and third-party infrastructure downtime.

Considering the cost per barrel equivalent basis, production operating expenses (opex) were $10.4/boe in 2023, compared to $10.3/boe in 2022.

Operating profit

During the period under review, operating profit decreased by 9.2% to $249.4 million, from $274.7 million achieved in 2022. This decrease in operating profit can be attributed to a combination of lower oil prices, foreign exchange (FX) losses due to Naira devaluation, and higher General and Administrative (G&A) expenses.

G&A expenses amounted to $143.6 million, 4.5% higher than the $137.4 million incurred in 2022. The increase in G&A costs was mainly due to professional fees associated with the litigation costs in response to the unprecedented and intense period of minority shareholder actions through the Courts; it also includes costs related to the MPNU transaction. Excluding these exceptional items, G&A costs would have closed at c.$115.0m. Nevertheless, Seplat remains committed to minimising G&A expenses and has established cost champions to identify cost pressure points. We are implementing measures to control expenditure in those areas in 2024.

During the period, there was a significant adjustment in the exchange rate between the Nigerian Naira and the US Dollar, following CBN guidelines to unify multiple exchange rate windows to the Nigerian Autonomous Foreign Exchange Market (NAFEM). The closing rate for the year was NGN899.89/USD1, representing a notable difference from the rates in May 2023 of NGN461.28/USD1, before the new guidelines were implemented. The revaluation of the Group's financial assets arising from the exchange rate difference resulted in a net (non-cash) loss of $27.7 million, compared to FX loss of $1.1 million in 2022. Overall, there is no adverse effect on the Company and summarised in the table below are the expected future impacts of Naira devaluations:

Component	Impact NGN	Impact USD	Comments
Gas Revenue	Increase	Unchanged	Gas sales are priced in dollars but invoiced in Naira at the prevailing NAFEM rate. The same applies for crude sold to the Waltersmith refinery
G&A/Opex Costs	Unchanged	Reduce	Devaluation would lead to a reduction in Naira denominated costs when expressed in Dollars
Cash Balances	Unchanged	Reduce	Naira revenue to closely match Naira expenses with percentage of Naira balances in cash maintained at reasonable levels
Trade receivables	Unchanged	Reduce	Exchange loss on Naira receivables
Other Naira Financial Assets	Unchanged	Reduce	Exchange loss in US$ on the valuation and settlement of Naira-denominated financial assets
Naira Liabilities	Unchanged	Reduce	Exchange gains in US$ upon revaluing or settling our Naira-based liabilities

We have implemented several measures to control the impact of the Naira devaluation on financial performance including exhausting avenues to cover costs in Naira and ensuring utilisation of Naira's excess cash balances. Seplat will continue to utilise its Naira revenue (which will also increase in quantum in line with new exchange rates since gas and some oil (OML53) contract values are Dollar denominated although settled in Naira) to fund local currency transactions and constantly manage our holdings in Naira which usually doesn't exceed 20% of total cash holding. By proactively monitoring this, the Company aims to mitigate potential risks arising from currency volatility. This strategic approach will allow the Company to safeguard its financial position, optimize its operations, and maintain resilience in the face of currency uncertainties.

After adjusting for non-cash items such as impairment, fair value, and exchange losses, the adjusted EBITDA for the period was $447.9 million (2022: $416.9 million), resulting in a margin of 42.2% (2022: 43.8%).

Taxation

The income tax expense of $67.3 million includes a current tax charge of $84.1 million and a deferred tax asset of $16.8 million. The effective tax rate for the period was 35.2% (2022: 48.8%). The increase in current tax compared to the prior year was mainly caused by increased profitability and unrealized FX loss. The deferred tax movement was driven by a change in the applicable tax rate on our Elcrest assets, which impacted the deferred tax asset balance brought forward from prior years.

Effective tax rate analysis	Income tax expense			Tax rate	
Profit before tax ($'million)	Current	Deferred	Total	ETR (Effective Tax Rate)	Current Tax rate
191.2	84.1	(16.8)	67.3	35%	49%

Net result

Profit before tax fell by 6.4%, amounting to $191.2 million, compared to $204.4 million in 2022. Profit after tax grew by 18.3% to $123.9 million in 2023, from $104.7 million in 2022, because of lower taxation (tax expense fell 32.4%) during the period.

The profit attributable to equity holders of the parent company, representing shareholders, was $83.1 million in 2023, which resulted in basic earnings per share of $0.14 for the period (2022: $0.11/share).

Cash flows from operating activities

During the period, the Company generated $519.9million in cash from its operating activities, a 9.5% decrease from the $574.6 million generated in 2022 because of the effect of oil prices, FX devaluation and timing differences in the lifting dates and resultant settlement dates for crude oil sold at the end of the year.

Net cash flow from operating activities amounted to $445.1 million in 2023, compared to $498.9 million in 2022. This figure includes higher cash tax payments of $62.1 million and a hedging premium of $5.4 million during the current period, while in the previous year, cash tax payments were $57.5 million, and the hedging premium paid was $10.3 million.

The Group continued to record improvements in the recovery of receivables from the major JV partner and, in 2023, received $273 million towards the settlement of cash calls. As a result, the major JV receivable balance now stands at $124.3 million (2022: $90.3 million); these are mainly cash calls owed within the last 60 days and are expected to be settled within Q1 2024. As of February 2024, we have received more than $55 million as part of the settlement of the 2023 outstanding amounts. We received $40.5 million from our JV partner on OML 53 and the outstanding receivables were $20.5 million. The partner has been impacted by prolonged crude evacuation challenges, where Seplat has lifted through the Waltersmith Refinery since early 2022. In view of this, we are in discussions with NUIMS management with the expectation of offsetting outstanding receivables with the overlift volumes from the Waltersmith liftings, which stood at 1.1 MMbbls at the end of the year.

Cash flows from investing activities

In 2023, the total net cash outflow from investing activities was $162.4 million, which decreased from $280.9 million (a figure which includes $140.3 million in acquisition costs, of which the deposit for investment in MPNU transaction was $128.3 million) recorded in 2022.

The capital expenditure on oil & gas assets during the period was $179.0 million, including $122 million in drilling activities and $57 million in engineering projects. Total capex (including other fixed assets) was $183.9 million.

The Company received $15.1 million from All Grace Energy regarding the divestment from Ubima Field, bringing the total sum received to $33.7 million, and leaving an outstanding balance of $21.3 million. An extension of the payment period was previously agreed, with the outstanding balance to be settled by October 2024.

Cash flows from financing activities

Net cash outflows from financing activities were $196.7 million, which increased from the $137.0 million recorded in 2022.

These outflows included dividends paid to Shareholders amounting to $98.8 million (2022: $58.8 million paid) and a charge of $1.5 million relating to Seplat Energy's Long-Term Incentive Plan. The Trustees hold the shares under a Trust for the benefit of Seplat Energy employee beneficiaries covered under the Trust. In addition, $61.6 million for interest on loans and borrowings, reflecting the cost of servicing the company's debt obligations and $8.1 million for other financing charges is associated with commitment fees on the undrawn portion of interest-bearing borrowings and liabilities. The loan repayments of $22.0 million, in two $11m tranches, during the period represent the first principal repayments of the Eland Senior RBL Facility.

Debt Repayments

The $110 million Westport RBL Facility (RBL Facility) commenced amortising on 31 March 2023. The reduction in facility commitments will be on a semi-annual basis on March and September of each year until final maturity in 2026. In 2023, Seplat paid down $22 million in principal repayments under the RBL Facility on 31 March 2023 and 30 September 2023. As at 31 December 2023, $88 million is outstanding under the RBL Facility. The subsequent reduction in commitments will be on 31 March 2024 for an amount of $19.25 million.

The $350 million Revolving Corporate Facility (RCF) will commence amortising on 30 June 2024, unless the Senior Notes are prepaid, repaid and/or redeemed in full on or before 30 June 2024. However, until the RCF has been drawn, no repayments are currently due.

As the Company continuously reviews its funding and maturity profile, it continues to monitor the market to ensure that it is well positioned for any refinancing and or buyback opportunities for the current debt facilities – including potentially the $650 million 7.75% 144A/Reg S bond maturing in 2026.

Liquidity

The balance sheet continues to remain healthy with a solid liquidity position.

Net debt reconciliation 31 December 2023	$ million*	Coupon	Maturity
Senior notes*	654.2	7.75%	April 2026
Westport RBL*	90.9	SOFR rate+8%	March 2026
Off-take facility*	10.2	SOFR rate+10.5%	April 2027
Total borrowings**	755.7		
Cash and cash equivalents (exclusive of restricted cash)	450.1		
Net debt	**305.6**		

* Including amortised interest and **accrual for the RCF (undrawn) commitment fee

Seplat Energy ended the year with gross debt of $755.7 million (with maturities in 2026 and 2027) and cash at bank of $450.1 million, leaving net debt at $305.6 million (2022: $365.9 million). The restricted cash balance of $27.0 million includes $8.1 million and $11.4 million set aside in the stamping reserve and debt service reserve accounts for the revolving credit facility.

We continue to monitor the Net Debt-to-EBITDA ratio of the company, focusing to keeping it under 2.0x (Debt covenant - 3.0x). At the end of 2023, Net Debt-to-EBITDA ratio closed at 0.68x, from 0.88x in 2022.

Dividend

The Board has approved/recommended a core dividend of US3.0 cents per share for the final quarter 2023 (subject to appropriate WHT). Following a review of Seplat's operational, liquidity and financial position post refinancing, the Board has decided to declare an additional special dividend of US3.0 cents per share (subject to appropriate WHT) to be paid to shareholders whose names appear in the Register of Members as at the close of business on 26 April 2024. This brings the total dividend declared for 2023 to US15.0 cents per share. The payment of the special dividend reflects the Board's continued confidence in the future of the business and is underpinned by a strong balance sheet.

Hedging

Seplat Energy's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. The total volume hedged in 2023 was 6.0 MMbbls at a weighted average premium of $0.90/bbl and a weighted average strike price of $51.67/bbl.

The hedging program for 2024 has commenced. 3 MMbbls hedged for 1H 2024 at a weighted average premium of $0.97/bbl and a weighted average strike price of $60/bbl. Additional barrels are expected to be hedged for 3Q and 4Q 2024 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.

Oil put options	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Volume hedged (MMbbls)	1.5	1.5	1.5	1.5	1.5	1.5
Price hedged ($/bbl.)	50	50	51.7	55	65	55

Credit ratings

Seplat maintains corporate credit ratings with Moody's Investor Services (Moody's), Standard & Poor's (S&P) Rating Services and Fitch. The current corporate ratings are as follows: (i) Moody's Caa1 (positive) (ii) S&P B- (stable) (iii) Fitch B- (stable).

Moody's downgraded Seplat in February 2023 from B3 (stable) to Caa1 (stable) as a direct consequence of a downgrade of Nigeria's sovereign ratings. This was due to Seplat's substantial exposure and strong credit linkage with the Nigerian sovereign. This was updated in December 2023 when Moody's revised their outlook for Seplat to positive, due to a revision in Nigeria's outlook, which was also upgraded from stable to positive.

Petroleum Industry Act (PIA) Implementation Status

Since submitting the conditional application to convert all our assets to the PIA regime in February 2023, our multidisciplinary team has been diligently preparing the Company for full compliance with the various aspects of the PIA and anchor regulations as they impact Seplat. Meanwhile, the regulator is finalising the guidelines for the conversion and has shared concession contracts with converting companies to enable a thorough review and understanding of the contractual terms and obligations that will be applicable under the new PIA regime. Key technical issues that need to be resolved include modalities around establishing decommissioning & abandonment fund, guidelines alignment on acreage delineation and retention areas, and process flow for Minimum Work Program (MWP) commitment on retain prospecting license areas, environmental remediation and management – these all form part of the conditions precedent to conversion. The long-stop date for the fulfilment of the conditions precedent, which was extended to September 30, 2023, has expired; we expect a new date to be communicated.

Outlook

Our financial strategy ensures we can appropriately fund our capital expenditure, meet necessary debt repayments, and return cash to our shareholders and provides the flexibility required to realise the value of our asset base. We have a Naira revenue stream that largely matches our significant Naira cost base, and we will continue to monitor our exposure over the coming months to effectively manage the impacts of any currency fluctuations as they occur. We will continue to closely monitor the performances of oil prices, our assets and evacuation routes, and their implications on cash generation to appropriately scale and phase our capital allocation, ensuring that we have a sound financial platform from which we can build and grow further.

For 2024, we highlight that our capex guidance is between $170 million and $200 million, while we plan to keep production operating cost per boe within $9.50 - $10.5/boe.

General information

Board of Directors		
Basil Omiyi	Independent Chairman	Nigerian
Roger Brown	Chief Executive Officer	British
Samson Ezugworie	Chief Operating Officer / Executive Director	Nigerian
Emeka Onwuka	Chief Financial Officer / Executive Director	Nigerian
Charles Okeahalam	Senior Independent Non-Executive Director	Nigerian
Olivier De Langavant	Non-Executive Director	French
Ernest Ebi	Non-Executive Director	Nigerian
Kazeem Raimi	Non-Executive Director	Nigerian
Nathalie Delapalme	Non-Executive Director	French
Bello Rabiu	Independent Non-Executive Director	Nigerian
Emma FitzGerald	Independent Non-Executive Director	British
Bashirat Odunewu	Independent Non-Executive Director	Nigerian
Koosum Kalyan	Independent Non-Executive Director	South African
Christopher Okeke	Independent Non-Executive Director	Nigerian
Udoma Udo Udoma	Independent Non-Executive Director	Nigerian
Company Secretary	Edith Onwuchekwa	
Registered office and business Address of Directors	16A Temple Road (Olu Holloway) Ikoyi, Lagos, Nigeria	
Registered number	RC No. 824838	
FRC number	FRC/2013/NBA/00000003660	
Auditor	PricewaterhouseCoopers Landmark Towers, 5b Water Corporation Road Victoria Island, Lagos,	
Registrar	DataMax Registrars Limited 2c Gbagada Expressway Gbagada Phase 1, Lagos Nigeria	
Solicitors	Aelex Allen & Overy LLP Ama Etuwewe SAN & Co. Anaka Ezeoke & Co Ashurt LLP Bracewell (UK) LLP Banwo & Ighodalo Dentons – ACAS Law Fidelis Oditah & Co. Gbenga Biobaku & Co. Giwa Osagie & Co Kenna Partners Mas Tax & Legal Matthew Burkaa & Co Odujinrin & Adefulu Olaniwun Ajayi LP Olayinka Olajuwon & Co.	

	Pinheiro LP Streamsowers & Kohn Templars Udo Udoma & Belo-Osagie White & Case LLP Wole Olanipekun
Bankers	Citibank, N.A. Nedbank Limited The Standard Bank of South Africa Limited Stanbic IBTC Capital Limited FirstRand Bank Limited The Mauritius Commercial Bank Ltd. J.P. Morgan Securities PLC Standard Chartered Bank Natixis Zenith Bank PLC United Bank for Africa PLC First City Monument Bank Limited

Report of the Directors

The Directors are pleased to present to the shareholders of the Company their report with the audited financial statements for the year ended 31 December 2023.

Principal activity

The Company is principally engaged in oil and gas exploration and production.

Operating results

	₦ million		$'000	
	2023	2022	2023	2022
Revenue	696,867	403,913	1,061,271	951,795
Operating profit(loss)	163,730	116,589	249,360	274,740
Profit before taxation (loss)	125,541	86,730	191,201	204,376
Profit for the year (loss)	81,331	44,433	123,872	104,706

Dividend

During the year, the Directors recommended and paid to members quarterly interim dividends of US3cents per share, declared in April, July and October in line with our normal dividend distribution timetable. In addition to this, the Board of Seplat is recommending a final dividend of US3.0 cents per share and a special dividend of US3.0cents per share. The final dividend is subject to approval of shareholders, at the AGM which will be held on 16 May 2024 in Lagos, Nigeria.

Unclaimed dividend

The total amount outstanding as at 31 December 2023 is $719,372.33 and ₦636,531,168.82. A list of shareholders and corresponding unclaimed dividends is available on the Company's website: www.seplatenergy.com

Changes in property, plant, and equipment

Movements in property, plant and equipment and significant additions thereto are shown in Note 16 to the financial statements.

Rotation of Directors

In accordance with the provisions of Section 285 of the Companies and Allied Matters Act, 2020, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election.
However, in accordance with Article 131 of the Company's Articles of Association, the Executive Directors and any Director appointed by a Founder Shareholder shall not be subject to retirement by rotation or taken into consideration in determining the number of Directors to retire each year. Apart from the Executive Directors and Directors appointed by the Founder Shareholders, all other Directors are appointed for fixed terms and are eligible for re-appointment/retirement by rotation.
The Directors who are eligible for re-appointment this year are Dr. Emma FitzGerald and Mrs. Bashirat Odunewu.

Board changes

Appointments

Ms. Koosum Kalyan joined the Board on February 28, 2023, as an Independent Non-Executive Director. Ms. Kalyan is a South African businesswoman and economist whose career began in the Electricity Commission in Melbourne Australia as an economist. She subsequently joined Shell South Africa as an economist and became a member of the Shell Global Scenario Planning Team after which she embarked on her expatriate posting to Shell International London for 9 years. The scope of her work included projects in Nigeria, Gabon, Mozambique, Tanzania; etc. Ms. Kalyan assisted governments in transforming its energy policies and in joining the Extractive Industries Transparency Initiative during her tenure at Shell and also assisted in digitising government institutions.

She has served on the Boards of several prestigious companies where she expertly contributed her wealth of knowledge to the progress of these companies and was recently appointed the Chairperson of Control Risk for Southern Africa.
Ms. Kalyan has a degree in B. Com Law and a degree in Economics from the University of Durban Westville. She has also completed the Senior Executive Management Program at London Business School and a Leadership Management Program at Shell Leadership Institute.

Mr. Christopher John Okeke joined the Board on December 1, 2023, as an Independent Non-Executive Director. Mr. Okeke is a Nigerian Corporate Commercial lawyer, diplomat, with agribusiness interests. Mr. Okeke graduated from Georgetown Law School with an LLM in 1979 and was admitted to the Nigerian Bar in 1980. He co-founded a major Nigerian commercial Law firm, Ajumogobia & Okeke, in 1984, where he served as the managing partner until his retirement in 2009. While in active legal practice, Mr. Okeke led his firm's Project Financing and Privatisation Group, representing investors and banks over many years.

Mr. Okeke has vast years of board experience, serving as nominee director for several international companies, including Philip Morris (including as chairman). He has served on several boards including - Cadbury Nigeria plc, SO & U Saatchi & Saatchi, Indorama Petrochemicals Nigeria Limited, Asset and Resource Management Limited, ARM Pension Managers (PFA) Limited as Chairman.

Mr. Okeke was Ambassador of Nigeria to Brazil, Bolivia, and Paraguay 2017-2020 and has served as the Honorary Legal Adviser to successive British High Commissioners since 1989. He has also served as Legal Advisor to the Embassies of the Federal Republic of Germany, the Royal Kingdom of the Netherlands, Austria, Australia, and Canada in Nigeria, advising on consular and commercial matters. He acted as counsel to various international and multilateral Development Agencies including the UK Department for International Development (DFID), the British Council and the International Finance Corporation (IFC).

Mr. Udoma Udo Udoma joined the Board on December 1, 2023, as an Independent Non-Executive Director. Mr. Udoma is an accomplished lawyer and seasoned board administrator. Mr. Udoma attended St. Catherine's College, Oxford, England where he obtained a B.A. (Law) degree and a B.C.L. degree in jurisprudence. He was admitted to the Nigerian Bar in 1978. He founded the Law Firm Udo-Udoma & Belo Osagie in 1983 and retired from active legal practice in early 2020. Whilst in practice, Mr. Udoma specialized in advising on Nigerian investment laws and the investment environment, particularly in the petroleum, energy, and natural resources sectors. He advised Nigerian and international companies on company law, corporate restructuring, mergers and acquisitions and the raising of financing in the capital and money markets, as well as on major construction and engineering contracts.

Mr. Udoma has served on a number of large sized company boards. He was Chairman of UAC Nigeria Plc and Union Bank Plc and served on the boards of companies such as Unilever Nigeria Plc., Linkage Assurance Plc and First Hydrocarbon Nigeria Limited. He has also held a number of public sector appointments. He was the first Chairman of the Corporate Affairs Commission (CAC) and has also served as the Chairman of the Nigerian Securities & Exchange Commission (SEC). He was the Special Adviser to the Minister of Petroleum and Natural Resources from September 1993 to March 1994 and served as Minister of Budget & National Planning from 2015 to 2019. He was elected to the Nigerian Senate in 1999 and served for two terms from 1999 to 2007. Mr. Udoma is currently the Pro-Chancellor of Akwa Ibom State University, Ikot Akpaden, Akwa Ibom State, Nigeria.

Retirements and Resignations

Professor Fabian Ajogwu (SAN) voluntarily stepped down from the Board on April 27, 2023. Professor Ajogwu joined the Board July 9, 2021, as an Independent Non-Executive Director. During his time, Professor Ajogwu diligently served the Board and contributed immensely from his wealth of knowledge and experience towards the growth of Seplat.
The appointment and removal or reappointment of Directors is governed by its Articles of Association and the Companies and Allied Matters Act, 2020. It also sets out the powers of Directors.

Corporate Governance

The Board of Directors is committed to sound corporate governance and ensures that the Company complies with the Nigerian and UK corporate governance regulations as well as international best practice. The Board is aware of the Code of Corporate Governance issued by the Securities and Exchange Commission, the Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council of Nigeria and the UK Corporate Governance Code 2018, issued by the UK Financial Reporting Council and ensures that the Company complies with them. The Board is responsible for keeping proper accounting records with reasonable accuracy. It is also responsible for safeguarding the assets of the Company through prevention and detection of fraud and other irregularities. In order to carry out its responsibilities, the Board has established six Board Committees and the Statutory Audit Committee and has delegated aspects of its responsibilities to them. All seven Committees have terms of reference that guide their members in the execution of their duties, and these terms of reference are available for review by the public. All the Committees present a report to the Board with recommendations on the matters within their purview.

Board Committees and Record of Attendance at Meetings

The Board met 9 times during the year and at least once every quarter in line with Section 12.1 of the SEC Code. Board meetings were well attended with attendance of all Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. The record of attendance of Directors at Board meetings and that of its Committees in the year under review is published herewith:

Board of Directors

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Basil Omiyi, CON	Chairman	9	9
2.	Roger Brown[1]	Chief Executive Officer	9	7
3.	Samson Ezugworie	Chief Operating Officer	9	9
4.	Emeka Onwuka	Chief Financial Officer	9	9
5.	Charles Okeahalam	Senior Independent Non-Executive Director	9	9
6.	Olivier Langavant	Non-Executive Director	9	7
7.	Ernest Ebi, MFR	Non-Executive Director	9	9

8.	Kazeem Raimi	Non-Executive Director	9	9
9.	Nathalie Delapalme	Non-Executive Director	9	8
10.	Bello Rabiu	Independent Non-Executive Director	9	9
11.	Emma FitzGerald	Independent Non-Executive Director	9	9
12.	Bashirat Odunewu	Independent Non-Executive Director	9	9
13.	Koosum Kalyan[2]	Independent Non-Executive Director	6	6
14.	Christopher Okeke[3]	Independent Non-Executive Director	-	-
15.	Udoma Udo Udoma[3]	Independent Non-Executive Director	-	-
16.	Fabian Ajogwu, SAN[4]	Independent Non-Executive Director	6	5

Meeting dates: 26 January; 13 February; 24 February; 8 March; 03 April; 26 April; 26 July; 25/27 October; and 31 October.

1. The absence of Roger Brown from the two board meetings was due to actions initiated by a group of shareholders.
2. On 28 February 2023, Ms. Koosum Kalyan joined the Board as an Independent Non-Executive Director.
3. On 1 December 2023, Mr. Christopher Okeke and Mr. Udoma Udo Udoma joined the Board as Independent Non-Executive Directors. No Board meeting was held after their appointment on 1 December, 2023.
4. Prof. Fabian Ajogwu, SAN resigned from the Board on 27 April 2023.

Board Finance & Audit Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Charles Okeahalam	Chairman	4	4
2.	Emma FitzGerald	Member	4	4
3.	Bashirat Odunewu	Member	4	4
4.	Fabian Ajogwu, SAN[1]	Member	2	2
5.	Koosum Kalyan[1]	Member	2	1
6.	Bello Rabiu[1]	Member	1	1

Meeting dates: 21 February, 19 April, 19 July, 20 October

1) Ms. Koosum Kalyan was appointed to the Board as an Independent Non-executive Director on 28 February 2023 and joined the Committee on 19 April 2023. Prof. Fabian Ajogwu,SAN resigned from the Board on 27 April 2023. Mr. Bello Rabiu joined the Board Finance & Audit Committee on 26 July 2023 and replaced Ms. Koosum Kalyan on the Committee

Nomination and Governance Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Fabian Ajogwu, SAN[1]	Chairman	3	3
2.	Bello Rabiu[1]	Chairman	2	2
3.	Charles Okeahalam	Member	6	6
4.	Bashirat Odunewu	Member/Chairman	6	6
5.	Koosum Kalyan[1]	Member	2	1

Meeting dates: 18 January, 15 February, 17 April, 18 July, 18 October, 31st October

1) Ms. Koosum Kalyan was appointed to the Board as an Independent Non-executive Director on 28 February 2023 and joined the Committee on 17 April 2023. Prof. Fabian Ajogwu, SAN resigned from the Board on 27 April 2023. Mr. Bello Rabiu joined the Nominations and Governance Committee on 26 July 2023.

Remuneration Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Emma FitzGerald	Chairman	6	6
2.	Charles Okeahalam	Member	6	4
3.	Fabian Ajogwu, SAN[1]	Member	2	2

4.	Bello Rabiu	Member	6	6
5.	Koosum Kalyan[1]	Member	3	3

Meeting dates: 15 February, 18 April, 13 July, 18 September, 12 October, 11 December

1) Ms. Koosum Kalyan was appointed to the Board as an Independent Non-executive Director on 28 February 2023 and joined the Committee on 18 September 2023. Prof. Fabian Ajogwu, SAN resigned from the Board on 27 April 2023.

Risk Management and HSSE Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Bello Rabiu	Chairman	4	4
2.	Nathalie Delapalme[1]	Member	3	3
3.	Ernest Ebi[1]	Member	3	3
4.	Bashirat Odunewu[1]	Member	3	3
5.	Samson Ezugworie	Member	4	4
6.	Olivier De Langavant[1]	Member	1	1
7.	Kazeem Raimi[1]	Member	1	1
8.	Koosum Kalyan[1]	Member	1	1

Meeting dates: 19 January, 13 April, 13 July, 12 October

1) On 26 July 2023, the Board refreshed the membership of the Committee by appointing Mr. Olivier De Langavant, Mr. Kazeem Raimi and Ms. Koosum Kalyan to replace Madame Nathalie Delapalme, Mr. Ernest Ebi and Mrs. Bashirat Odunewu as members of the Committee.

Sustainability Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Nathalie Delapalme	Chairman	4	4
2.	Bello Rabiu	Member	3	3
3.	Kazeem Raimi	Member	4	4
4.	Ernest Ebi	Member	4	4
5.	Koosum Kalyan[1]	Member	3	2

Meeting dates: 19 January, 19 April, 19 July, 19 October

1) Ms. Koosum Kalyan was appointed a Director on the Board on 28 February 2023 and a member of the Sustainability Committee.
2) Mr. Bello Rabiu left the Sustainability Committee in August 2023

Energy Transition Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Prof Fabian Ajogwu, SAN[1]	Chairman	2	2
2.	Bashirat Odunewu[2]	Chairman	2	2
3.	Bello Rabiu[2]	Member	3	3
4.	Kazeem Raimi[2]	Member	3	3
5.	Charles Okeahalam	Member	5	3
6.	Emma FitzGerald	Member	5	5
7.	Nathalie Delapalme[2]	Member	1	1
8.	Ernest Ebi[2]	Member	2	2

Meeting dates: 15 February, 13 April, 13 July, 05 September, 12 October

1) Prof. Fabian Ajogwu, SAN was the Chairman of the Committee from May 2022 until his resignation from the Board in April 2023
2) Mrs Bashirat Odunewu was appointed as Chair of the Committee in August 2023. Mr Bello Rabiu and Mr Kazeem Raimi left the Committee in August 2023 while Mme Nathalie Delapalme and Mr. Ernest Ebi joined the Committee in August 2023.

Statutory Audit Committee

S/N	Name		No. of meetings in the year	No. of times in attendance
1.	Abayomi Adeyemi[1]	Shareholder Member, (Chairman from 21 July 2023)	2	2
2.	Hauwa Umar[1]	Shareholder Member	4	4
3.	Nornah Awoh[1]	Shareholder Member	2	2
4.	Anthony Idigbe, SAN Ph.D[1]. (Osgoode)	Shareholder Member, (Chairman to 10 May 2023)	2	2
5.	Sunday Nnamdi Nwosu, KSS[1]	Shareholder Member	2	2
6.	Bashirat Odunewu[1]	Director Member	4	4
7.	Olivier De Langavant[1]	Director Member	2	1
8.	Kazeem Raimi[1]		2	2

Meeting dates: 21 February, 19 April, 21 July, 19 October

1) At the 10 May 2023 AGM, Mr. Abayomi Adeyemi, Mrs. Hauwa Umar, Mr. Nornah Awoh, Mrs. Bashirat Odunewu and Mr. Kazeem Raimi were elected as members of the Statutory Audit Committee. Consequently, Chief Anthony Idigbe, Sir. Sunny Nwosu and Mr. Olivier De Langavant were no longer members of the Statutory Audit Committee from that date. Two of the Audit Committee meetings took place before the 10 May 2023 change.

Directors' Interest in Shares

In accordance with Section 301 of the Companies and Allied Matters Act, 2020, the interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

	31-Dec-22	31-Dec-23	29-Feb-24		
	No. of Ordinary Shares	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue	No. of Ordinary Shares	As a percentage of Ordinary Shares in issue
Roger Brown	4,296,433	4,831,379	0.82%	4,831,379	0.82%
Samson Ezugworie	0	257,288	0.04%	257,288	0.04%
Bello Rabiu	20,000	20,000	0.00%	20,000	0.00%
Emeka Onwuka	0	141,779	0.02%	141,779	0.02%
Oliver De Langavant	0	0	0.00%	0	0.00%
Charles Okeahalam	699,990	700,000	0.12%	700,000	0.12%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Nathalie Delapalme	0	0	0.00%	0	0.00%
Emma Fitzgerald	0	0	0.00%	0	0.00%
Kazeem Raimi	0	0	0.00%	0	0.00%
Bashirat Odunewu	0	0	0.00%	0	0.00%
Ernest Ebi	50,000	50,000	0.01%	50,000	0.01%
Fabian Ajogwu	0	0	0.00%	0	0.00%
Koosum Kalyan	n/a	n/a	0.00%	0	0.00%
Christopher Okeke	n/a	n/a	0.00%	0	0.00%
Udoma Udo Udoma	n/a	n/a	0.00%	0	0.00%
Total	5,561,661	6,495,684	1.10%	**6,495,684**	**1.10%**

Directors' Interest in Contracts

The former Chairman and a Non-Executive Director have disclosable indirect interest in contracts with which the Company was involved at 31 December 2023 for the purpose of section 303 of the Companies and Allied Matters Act, 2020. These have been disclosed in Note 37.

Substantial Interest in Shares

At 31 December 2023, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Number of holdings	%
M&P Group	120,400,000	20.46
Petrolin Group	81,015,319	13.77

Sustainable Capital	56,110,463	9.54
Professional support	47,929,438	8.15
Allan Gray Investment Management	44,191,518	7.51

Free Float

With a free float of 28.9% as at 31 December 2023, Seplat Energy PLC is compliant with the Nigerian Exchange's free float requirements for companies listed on the Premium Board.

Share Dealing Policy

We confirm that to the best of our knowledge that there has been compliance with the Company's Share Dealing Policy during the period.

Shareholding Analysis

The distribution of shareholders at 31 December 2023 is as stated below:

Share range	Number of shareholders	% of shareholders	Number of shares held	% of shareholding
1-10,000	3,969	92.65	1,795,656	0.31
10,001-50,000	173	4.04	4,244,849	0.72
50,001-100,000	42	0.98	3,093,500	0.53
100,001-500,000	60	1.40	13,766,590	2.34
500,001-1,000,000	14	0.33	9,780,278	1.66
1,000,001-5,000,000	21	0.49	54,762,272	9.31
5,000,001-10,000,000	4	0.09	25,984,215	4.42
100,000,001-500,000,0001*	1	0.02	475,017,201	80.72
Total	4,284	100.00	588,444,561	100.00

*Includes shares held by Computer Share on the London Stock Exchange

Share Capital History

Year	Authorised increase	Cumulative	Issued increase/cancelled	Cumulative	Consideration
Jun-09	–	100,000,000	100,000,000	100,000,000	cash
Mar-13	100,000,000	200,000,000	100,000,000	200,000,000	stock split from N1.00 to 50k
Jul-13	200,000,000	400,000,000	200,000,000	400,000,000	bonus (1 for 2)
Aug-13	600,000,000	1,000,000,000	153,310,313	553,310,313	cash
Dec-14	–	1,000,000,000	–	553,310,313	No change
Dec-15	–	1,000,000,000	10,134,248	563,444,561	staff share scheme
Dec-16	–	1,000,000,000	–	563,444,561	No change
Dec-17	–	1,000,000,000	–	563,444,561	No change
Feb-18	–	1,000,000,000	25,000,000	588,444,561	staff share scheme
Dec-19	-	1,000,000,000	-	588,444,561	No change
Dec-20	-	1,000,000,000	-	588,444,561	No change
Dec-21	-	1,000,000,000	-	588,444,561	No change
Dec-22	-	1,000,000,000	(411,555,439)	588,444,561	cancellation*
Dec-23	-		-	588,444,561	No change

* By virtue of s.124, CAMA 2020 and Regulation 13, Companies Regulations 2021, CAC mandated companies with unissued shares to issue all unissued/unallotted shares not later than 31 December 2023. The consequence of non-compliance is that any unissued share capital at the relevant date will not be recognised as forming part of the share capital of the company until it is issued or reduced through the share capital reduction process. In compliance with the above directive and having obtained Shareholders' approval at the AGM held on 18th May 2022, the Company cancelled 411,555,439 unissued shares.

Donations and sponsorships

The following donations were made by the Group during the year (2022: ₦149,123,558, $351,400)

Beneficiary	NG₦	$
African Oil Week	21,956,566	33,438
Business Day Ceos Awards	3,204,601	4,880
Ceo Forum Sponsorship	3,202,864	4,878
Chartered Institute Of Personnel Management Of Nigeria	784,807	1,195
Commonwealth Enterprise And Investment Council	8,485,629	12,923
Conversations For Change Entrepreneurship Programme	10,576,333	16,107
Daniel Ogechi Akujobi Memorial Foundation	660,846	1,006
Energy Sustainability Conference	1,065,345	1,622
Hrm (King) Edmund Daukoro Book Launch	1,763,050	2,685
International Energy Week	4,619,539	7,035
Marcelle Ruth Cancer Centre	1,982,5345	3,019
National Engineering Conference	705,222	1,074
Nepl/Seplat Academic Scholarship	14,999,162	22,843
Nigeria Cup Golf Tournament	784,807	1,195
Nigeria International Energy Summit	19,698,900	30,000
Nigerian Association Of Petroleum Explorationists	4,238,191	6,455
Nigerian Gas Association	138,877,245	211,500
Nigerian Oil And Gas Opportunity Fair	640,989	976
Nuims/Seplat Academic Scholarship	15,725,619	23,949
Orodje Of Okpe Golf Tournament	4,625,912	7,045
Others	27,078,771	41,239
Oxford Institute For Energy Studies	43,850,408	66,781
Postprimary Scholarhip Awards	33,533,994	51,070
Seplat Cares	3,788,988	5,770
Seplat Energy Contribution To National Development	2,954,835	4,500
Seplat Energy Golf Championship	7,292,958	11,107
Sustainability Enterprise And Responsibility Awards	1,065,345	1,622
The Guild Of Corporate Online Publishers	780,715	1,189
The Nigerian Exchange Group	2,026,171	3,086
Un Global Compact Conference	2,216,126	3,375
Walk With Us Cancer Foundation	1,945,422	2,963
Women Leadership Lecture	1,282,008	1,952
World Energy Capital Assembly	5,642,701	8,593
Total	392,056,600	597,074

Employment and Employees

Employee involvement and training: The Company continues to observe industrial relations practices such as the Joint Consultative Committee and briefing employees on the developments in the Company during the year under review. Various incentive schemes for staff were maintained during the year while regular training courses were carried out for the employees. Educational assistance is provided to members of staff. Different cadres of staff were also assisted with payment of subscriptions to various professional bodies during the year. The Company provides appropriate HSE training to all staff, and Personal Protective Equipment ('PPE') to the appropriate staff.

Health, safety and welfare of employees: The Company continues to enforce strict health and safety rules and practices at the work environment which are reviewed and tested regularly. The Company provides free medical care for its employees and their families through designated hospitals and clinics. Fire prevention and fire-fighting equipment is installed in strategic locations within the Company's premises. The Company operates Group life insurance cover for the benefit of its employees. It also complies with the requirements of the Pension Reform Act, 2004 regarding its employees.

Employment of disabled or physically challenged persons: The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group has no disabled persons in employment.

Auditor

The auditor, PricewaterhouseCoopers (“PwC”), has indicated its willingness to continue in office in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the AGM for the re-appointment of PwC as the Company’s auditor and for authorisation to the Board of Directors to fix the auditors’ remuneration.

By Order of the Board

Edith Onwuchekwa
FRC/2013/NBA/00000003660
Company Secretary
Seplat Energy Plc
16A Temple Road, Ikoyi, Lagos, Nigeria
29 February 2024

Statement of Director’s Responsibilities

For the year ended 31 December 2023

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

1) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, 2020;
2) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
3) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its financial performance and cashflows for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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 this statement.

Signed on behalf of the Directors by:

B. Omiyi
Chairman
FRC/2016/IODN/00000014093
29 February 2024

R.T. Brown
Chief Executive Officer
FRC/2014/PRO/DIR/003/00000017939
29 February 2024

Statutory Audit Committee report

For the year ended 31 December 2023

To the members of Seplat Energy Plc:

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, CAMA 2020, we the members of the Audit Committee of Seplat Energy Plc hereby report on the financial statements of the Group for the year ended 31 December 2023 as follows:

- That the scope and plan of the audit for the year ended 31 December 2023 were adequate;
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained;
- We have reviewed the external auditors' management letter for the year and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors;
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

The external Auditors confirmed having received full co-operation from the Company's management in the course of the statutory audit and that the scope of their work was not restricted in any way.

Mr. Abayomi Adeyemi, FCA, CFA

Chairman, Statutory Audit Committee
FRC/2014/CISN/00000005607

29 February 2024

Statutory Audit Committee Members

Mr. Abayomi Adeyemi	Chairman / Shareholder Member
Mrs. Hauwa Umar	Shareholder Member
Mr. Nornah Awoh	Shareholder Member
Mrs. Bashirat Odunewu	Independent Non-Executive Director
Mr. Kazeem Raimi	Non-Executive Director

Statement of Corporate Responsibility for financial reports

For the year ended 31 December 2023

In line with the provision of S.405 of CAMA 2020, we have reviewed the audited financial statements of the Group for the year ended 31 December 2023 and based on our knowledge confirm as follows:

- The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading
- The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the period ended 31 December 2023
- The Company's internal controls has been designed to ensure that all material information included relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the Audit
- The Company's internal controls were evaluated within ninety days of the financial reporting date and are effective as of 31 December 2023.
- That we have disclosed to the Company's Auditor's and the Audit Committee the following information:
    - There are no significant deficiencies in the design or operation of the Company's internal control which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.
    - There is no fraud involving management or other employ needs which could have any significant role in the Company's internal control.
- There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

R.T. Brown
FRC/2014/PRO/DIR/003/00000017939
Chief Executive Officer
29 February 2024

E. Onwuka
FRC/2020/003/00000020861
Chief Financial Officer
29 February 2024

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Management's Annual Assessment of, and Report on, Seplat Energy Plc's Internal Control over Financial Reporting

To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of Seplat Energy Plc for the year ended 31 December 2023:

i. Seplat Energy Plc’s management is responsible for establishing and maintaining a system of internal control over financial reporting (“ICFR”) that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

ii. Seplat Energy Plc’s management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;

iii. Seplat Energy Plc’s management has assessed that the entity's ICFR as of the end of 31 December 2023 is effective. Material weaknesses identified that were fully remediated include:
   1) Generation of audit logs by external consultants which was remediated an automated audit log is now sent directly to relevant user profiles within the organization for review and other assigned action.
   2) No review of failed login attempts which was remediated through the deployment of Splunk monitoring tool
   3) Active accounts for exited Admin staff were remediated through the creation of a new administrative account as opposed to using default accounts

iv. Seplat Energy Plc’s external auditor Messrs PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.
The attestation report of Messrs PricewaterhouseCoopers that audited its financial statements will be filed as part of Seplat Energy Plc’s annual report.

Basil Omiyi	Roger Brown
Chairman	Chief Executive Officer
FRC/2016/IODN/00000014093	FRC/2014/PRO/DIR/003/000000179

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Certification of management's assessment on internal control over financial reporting

Seplat Energy Plc for the year ended 31 December 2023.

I, Roger Brown, certify that:

a) I have reviewed this management assessment on internal control over financial reporting of Seplat Energy Plc;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The entity's other certifying officer and I:
1) are responsible for establishing and maintaining internal controls;
2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors (or persons performing the equivalent functions):
1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

f) The entity's other certifying officer(s) and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Roger Brown
Chief Executive Officer
FRC/2014/PRO/DIR/003/00000017939
29 February 2024

Seplat Energy Plc
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RC: 824838

Certification of Management assessment on internal control over financial reporting

Investments and Securities Act 2007, I hereby make the following statements regarding the internal Controls of Seplat Energy Plc for the year ended 31 December 2023.

I, Emeka Onwuka, certify that:

a) I have reviewed this Management assessment on internal control over financial reporting of Seplat Energy Plc;

b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d) The entity’s other certifying officer and I:
1) are responsible for establishing and maintaining internal controls;
2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors (or persons performing the equivalent functions):
1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity’s ability to record, process, summarize and report financial information; and
2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.

f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Emeka Onwuka
Chief Financial Officer
FRC/2020/PRO/ICAN/006/00000020861
29 February 2024

Independent auditor's report

To the Members of Seplat Energy Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Seplat Energy Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2023, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Seplat Energy Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of material accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
The impact of crude oil and gas reserves on oil and gas properties (Depletion, Depreciation, and Amortisation- DD&A) and recognition of deferred tax assets This is considered a key audit matter due to the significant judgement made by management through the use of experts, when determining the proved and probable oil and gas reserves contained in the Competent Person's Report (CPR). The oil and gas reserves are used in determining the extent of depletion of oil and gas properties, and in determining the expected future cash flows to assess the realisability of the group's deferred tax assets. (a) Depletion of all capitalised costs of proved oil and gas properties (included in DD&A) are expensed using the unit-of-production method as the proved reserves estimated in the CPR are produced. The group's upstream oil and gas properties net balance was NGN1,465 billion ($1.629 billion) as of 31 December 2023, and related depletion expense was NGN98 billion ($150 million). (b) The expected future cash flows of oil and gas properties are a fundamental input in the group's assessment of the probability that taxable profits will be available against which deductible temporary differences or unused tax losses or credits can be utilised. This assessment is required for the recognition of deferred tax assets. The group's deferred tax asset balance was NGN262 billion ($291 million) as of 31 December 2023. The accounting policies, estimates, and disclosures are set out in Notes 3.9, 4.1.ii, 14.4, and 16.1. This was considered a key audit matter in the consolidated financial statements only.	Our procedures were as follows: • We evaluated the competence, independence, and objectivity of management's experts. We understood their methods and evaluated the relevance and reasonableness of the assumptions used by them in determining the proved and probable oil and gas reserves. This includes evaluating the reasonableness of the assumptions to current and past performance of the group. • We recalculated the unit-of-production rate to determine the depletion expense included in the DD&A of the group's cash generating units. • We checked the inputs to the cash flow forecast and agreed this to the CPR which shows the estimates of reserves, future production, and income, from the independent consultant. All significant assumptions relating to revenue (future crude and gas prices, crude and gas volumes), royalty, operating expenses and levies have been assessed for reasonableness by comparing with publicly available information and benchmarking against actual performance in the current year. • We estimated the future taxable profits based on the cash flow projections and used it to assess the recoverability of the deferred tax asset recognised. • We evaluated the adequacy of the disclosures in the group's financial statements.

Other information

The directors are responsible for the other information. The other information comprises Operating review, Financial review, General information, Report of the Directors, Statement of Director's Responsibilities, Statutory Audit Committee Report, Statement of Corporate Responsibility for Financial Reports, Management's Annual Assessment of, and Report on, Seplat Energy Plc's Internal Control over Financial Reporting, Certification of management's assessment on internal control over financial reporting, Statement of Value Added, Five-Year Financial Summary and Supplementary Financial Information but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the Seplat Energy Plc 2023 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Seplat Energy Plc 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Seplat Energy Plc's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 29 February 2024.

Pedro Omontuemhen

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

29 February 2024

Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

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Independent practitioner's report

To the Members of Seplat Energy Plc

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting

Our opinion

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of Seplat Energy Plc ("the company's") are not adequate as of 31 December 2023 based on the SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

What we have performed

We have performed an assurance engagement on Seplat Energy Plc's internal control over financial reporting as of 31 December 2023, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's assessment of, and report on, Seplat Energy Plc's internal control over financial reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement.

Basis for opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matter

We also have audited, in accordance with the International Standards on Auditing, the **consolidated and separate** financial statements of Seplat Energy Plc and our report dated 29 February 2024 expressed an unqualified opinion.

Pedro Omontuemhen

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

29 February 2024

Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739

Group Accounts For the year ended 31 December 2023

29 February 2024

(Expressed in Nigerian Naira
and US Dollars)

Reliable energy,
limitless potential

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Revenue from contracts with customers	7	696,867	403,913	1,061,271	951,795
Cost of sales	8	(347,534)	(206,696)	(529,275)	(487,059)
Gross profit		**349,333**	**197,217**	**531,996**	**464,736**
Other loss	9	(80,066)	(15,302)	(121,930)	(36,054)
General and administrative expenses	10	(94,282)	(58,299)	(143,564)	(137,385)
Impairment loss on financial assets	11	(8,310)	(2,730)	(12,656)	(6,432)
Fair value loss	12	(2,946)	(4,297)	(4,486)	(10,125)
Operating profit		**163,729**	**116,589**	**249,360**	**274,740**
Finance income	13	6,277	491	9,559	1,157
Finance cost	13	(45,438)	(28,916)	(69,199)	(68,141)
Finance cost-net		**(39,161)**	**(28,425)**	**(59,640)**	**(66,984)**
Share of profit/(loss) from joint venture accounted for using the equity method	21	972	(1,434)	1,481	(3,380)
Profit before taxation		**125,540**	**86,730**	**191,201**	**204,376**
Income tax expense	14	(44,210)	(42,297)	(67,329)	(99,670)
Profit for the year		**81,330**	**44,433**	**123,872**	**104,706**
Attributable to:					
Equity holders of the parent		54,577	26,483	83,130	62,407
Non-controlling interests		26,753	17,950	40,742	42,299
		81,330	**44,433**	**123,872**	**104,706**
Earnings per share for the year					
Basic earnings per share ₦/$	35	92.75	45.00	0.14	0.11
Diluted earnings per share ₦/$	35	92.75	45.00	0.14	0.11

Notes 1 to 42 on pages 9 to 122 are an integral part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Profit for the year		**81,330**	**44,433**	**123,872**	**104,706**
Other comprehensive income:					
Items that may be reclassified to profit or loss (net of tax):					
Foreign currency translation difference		804,113	61,666	194	689
Items that will not be reclassified to profit or loss:					
Re-measurement (loss)/gain on defined benefit obligations	33	(555)	825	(845)	1,944
Deferred tax credit/(expense) on remeasurement gain	14	183	(379)	279	(892)
Other comprehensive income/(loss) for the year		803,741	**62,112**	**(372)**	**1,741**
Total comprehensive income for the year (net of tax)		**885,071**	**106,545**	**123,500**	**106,447**
Attributable to:					
Equity holders of the parent		858,318	88,595	82,758	64,148
Non-controlling interests		26,753	17,950	40,742	42,299
		885,071	**106,545**	**123,500**	**106,447**

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

Consolidated statement of financial position

As at 31 December 2023

	Notes	31 Dec 2023 ₦ million	*31 Dec 2022 ₦ million	31 Dec 2023 $'000	*31 Dec 2022 $'000
Assets					
Non-current assets					
Oil & gas properties	16	1,465,354	741,339	1,629,271	1,657,993
Other property, plant and equipment	16	25,744	12,419	28,624	27,775
Right-of-use assets	18	1,946	1,974	2,164	4,415
Intangible assets	19	106,583	55,630	118,506	124,415
Other asset	17	91,478	45,478	101,711	101,711
Equity-accounted investment	21	200,937	99,219	223,414	221,902
Prepayments	20	37,978	25,703	42,227	57,486
Deferred tax asset	14	261,529	113,475	290,784	253,785
Total non-current assets		**2,191,549**	**1,095,237**	**2,436,701**	**2,449,482**
Current assets					
Inventories	22	47,154	24,774	52,428	55,406
Trade and other receivables	23	368,898	174,127	410,165	389,431
Prepayments	20	9,477	556	10,536	1,242
Derivative financial instruments	25	-	481	-	1,075
Contract assets	24	7,240	3,313	8,049	7,408
Restricted cash	26.2	24,311	10,706	27,031	23,944
Cash and cash equivalents	26	404,825	180,786	450,109	404,336
Total current assets		**861,905**	**394,743**	**958,318**	**882,842**
Total assets		**3,053,454**	**1,489,980**	**3,395,019**	**3,332,324**
Equity and Liabilities					
Equity					
Issued share capital	27	297	297	1,864	1,864
Share premium	27	90,138	91,317	520,431	522,227
Share based payment reserve	27	12,255	5,936	34,515	24,893
Treasury shares	27	(1,612)	(2,025)	(4,286)	(4,915)
Capital contribution	28	5,932	5,932	40,000	40,000
Retained earnings		230,708	241,386	1,173,450	1,189,697
Foreign currency translation reserve	29	1,251,127	447,014	2,816	2,622
Non-controlling interest	21	23,790	(2,963)	24,237	(16,505)
Total shareholders' equity		**1,612,635**	**786,894**	**1,793,027**	**1,759,883**
Non-current liabilities					
Interest bearing loans and borrowings	30	599,434	311,149	666,487	695,881
Provision for decommissioning obligation	32	117,489	86,670	130,631	193,836
Deferred tax liabilities	14	88,381	35,032	98,267	78,349
Defined benefit plan	33	1,810	2,878	2,013	6,437
Total non-current liabilities		**807,114**	**435,729**	**897,398**	**974,503**
Current liabilities					
Interest bearing loans and borrowings	30	80,265	33,232	89,244	74,322
Lease Liabilities	31	1,207	1,800	1,342	4,025
Derivative financial instruments	25	1,444	1,435	1,606	3,210
Trade and other payables	34	480,136	205,622	533,845	459,869
Current tax liabilities	14	70,653	25,268	78,557	56,512
Total current liabilities		633,705	**267,357**	**704,594**	**597,938**
Total liabilities		**1,440,819**	**703,086**	**1,601,992**	**1,572,441**
Total shareholders' equity and liabilities		**3,053,454**	**1,489,980**	**3,395,019**	**3,332,324**

Notes 1 to 42 on pages 9 to 122 are an integral part of these financial statements.**The deferred tax assets and liabilities for the comparative period were reclassified to align with the current year presentation. See note 14.8 for details.*

The financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 29 February 2024 and were signed on its behalf by

B. Omiyi	R.T. Brown	E. Onwuka
FRC/2016/IODN/00000014093	FRC/2014/PRO/DIR/003/00000017939	FRC/2020/PRO/ICAN/006/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
29 February 2024	29 February 2024	29 February 2024

Consolidated statement of changes in equity

As at 31 December 2023

	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 2023	**297**	**91,317**	**5,936**	**(2,025)**	**5,932**	**241,386**	**447,014**	**(2,963)**	**786,894**
Profit for the year	-	-	-	-	-	54,577	-	26,753	81,330
Other comprehensive income	-	-	-	-	-	(372)	804,113	-	803,741
Total comprehensive income for the year	-	-	-	-	-	**54,205**	**804,113**	**26,753**	**885,071**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(64,883)	-	-	(64,883)
Share based payments (Note 27.2)	-	-	7,717	-	-	-	-	-	7,717
Vested shares (Note 27.2)	3	1,395	(1,398)	-	-	-	-	-	-
Issued vested shares (Note 27.2)	(3)	(1,395)	-	1,398	-	-	-	-	-
PAYE tax withheld on vested shares	-	(1,179)	-	-	-	-	-	-	(1,179)
Shares re-purchased	-	-	-	(985)	-	-	-	-	(985)
Total	-	**(1,179)**	**6,319**	**413**	-	**(64,883)**	-	-	**(59,330)**
At 31 December 2023	**297**	**90,138**	**12,255**	**(1,612)**	**5,932**	**230,708**	**1,251,127**	**23,790**	**1,612,635**
At 1 January 2022	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**
Profit for the year	-	-	-	-	-	26,483	-	17,950	44,433
Other comprehensive income	-	-	-	-	-	446	61,666	-	62,112
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**26,929**	**61,666**	**17,950**	**106,545**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(24,972)	-	-	(24,972)
Share based payments (Note 27.2)	-	-	3,474	-	-	-	-	-	3,474
Vested shares (Note 27.2)	2	2,450	(2,452)	-	-	-	-	-	(1,517)
PAYE tax withheld on vested shares	(1)	(1,516)	-	-	-	-	-	-	(1,517)
Total	**1**	**934**	**1,022**	**-**	**-**	**(24,972)**	**-**	**-**	**(23,015)**
At 31 December 2022	**297**	**91,317**	**5,936**	**(2,025)**	**5,932**	**241,386**	**447,014**	**(2,963)**	**786,894**

Notes 1 to 42 on pages 9 to 122 are an integral part of these financial statements.

Consolidated statement of changes in equity

As at 31 December 2023

	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 2023	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,189,697**	**2,622**	**(16,505)**	**1,759,883**
Profit for the year	-	-	-	-	-	83,128	-	40,742	123,870
Other comprehensive income	-	-	-	-	-	(564)	194	-	(370)
Total comprehensive income for the year	-	-	-	-	-	**82,564**	**194**	**40,742**	**123,500**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(98,811)	-	-	(98,811)
Share based payments (Note 27.4)	-	-	11,751	-	-	-	-	-	11,751
Vested shares (Note 27)	5	2,124	(2,129)	-	-	-	-	-	-
Issued vested shares (Note 27.2)	(5)	(2,124)	-	2,129	-	-	-	-	-
PAYE tax withheld on vested shares	-	(1,796)	-	-	-	-	-	-	(1,796)
Share repurchased	-	-	-	(1,500)	-	-	-	-	(1,500)
Total	-	**(1,796)**	**9,622**	**629**	-	**(98,811)**	-	-	**(90,356)**
At 31 December 2023	**1,864**	**520,431**	**34,515**	**(4,286)**	**40,000**	**1,173,450**	**2,816**	**24,237**	**1,793,027**
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 for the year	-	-	-	-	-	62,407	-	42,299	104,706
Other comprehensive income	-	-	-	-	-	1,052	689	-	1,741
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**63,459**	**689**	**42,299**	**106,447**
Transactions with owners in their capacity as owners:									
Dividend paid	-	-	-	-	-	(58,844)	-	-	(58,844)
Share based payments (Note 27.2	-	-	8,188	-	-	-	-	-	8,188
Vested shares (Note 27.2)	5	5,480	(5,485)	-	-	-	-	-	(3,394)
PAYE tax withheld on vested shares	(3)	(3,391)	-	-	-	-	-	-	-
Total	**2**	**2,089**	**2,703**	**-**	**-**	**(58,844)**	**-**	**-**	**(54,050)**
At 31 December 2022	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,189,697**	**2,622**	**(16,505)**	**1,759,883**

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Cash flows from operating activities					
Cash generated from operations	15	340,570	243,917	519,864	574,600
Tax paid	14	(40,767)	(24,415)	(62,085)	(57,532)
PAYE tax on vested shares paid		(1,179)	(1,517)	(1,796)	(3,394)
Contribution to plan assets	33	(3,000)	(2,015)	(5,529)	(4,507)
Hedge premium paid	12	(3,533)	(4,360)	(5,380)	(10,275)
Net cash inflows from operating activities		**292,091**	**211,610**	**445,074**	**498,892**
Cash flows from investing activities					
Payment for acquisition of oil and gas properties	16	(117,539)	(67,338)	(179,002)	(158,678)
Payment for acquisition of other property, plant and equipment	16	(3,238)	(1,973)	(4,931)	(4,649)
Payment for Abiala investment	19	-	(5,092)	-	(12,000)
Deposit for investment	23.6	-	(57,367)	-	(128,300)
Proceeds from the disposal of oil and gas properties***	16.3.2	9,889	7,884	15,060	18,578
Proceeds from disposal of other property plant and equipment	16.3.1	-	8	-	19
Receipts from other asset****	17	-	4,600	-	10,840
Interest received	13	6,277	491	9,559	1,157
Restricted cash	26.3	(2,027)	(3,359)	(3,087)	(7,915)
Net cash outflows from investing activities		**(106,638)**	**(122,146)**	**(162,401)**	**(280,948)**
Cash flows from financing activities					
Repayments of loans and borrowings	30	6,277	-	(22,000)	-
Shares purchased for employees*	27	(1,179)	-	(1,500)	-
Dividends paid	36	(64,883)	(24,972)	(98,811)	(58,844)
Interest paid on lease liability	31	(35)	(161)	(54)	(380)
lease payments- principal portion	31	(2,988)	(836)	(4,551)	(1,970)
Payments for other financing charges**	30	(5,343)	(5,325)	(8,137)	(12,547)
Interest paid on loans and borrowings	30	(40,455)	(26,857)	(61,610)	(63,287)
Net cash outflows from financing activities		**(108,606)**	**(58,151)**	**(196,663)**	**(137,028)**
Net increase in cash and cash equivalents		76,847	31,313	86,010	80,914
Cash and cash equivalents at beginning of the year		180,786	133,667	404,336	324,490
Effects of exchange rate changes on cash and cash equivalents		147,192	15,806	(40,237)	(1,068)
Cash and cash equivalents at end of the year	**26**	**404,825**	**180,786**	**450,109**	**404,336**

*Shares purchased for employees of $1.5 million, ₦1.2 billion represent shares purchased for the company's LTIP scheme.

**Other financing charges of $8.1 million, ₦5.3 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).

***This relates to oil and gas assets disposed in the prior year,however the cash proceeds were received during the year. The agreed disposed amount was recognised within receivables in prior year.

**** Receipt from Other asset relates to proceeds from the financial interest in OML 55.

Notes 1 to 42 on pages 9 to 122 are an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2023

1. Corporate structure and business

Seplat Energy Plc (formerly called Seplat Petroleum Development Company 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 and domiciled address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

The Company acquired, in 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.

On 7 November 2010, 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 11 December 2013, the Group incorporated a new subsidiary, Seplat East Swamp Company Limited with the principal activity of oil and gas exploration and production.

On 11 December 2013, 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 21 August 2014, the Group incorporated a new subsidiary, Seplat Energy UK Limited (formerly called Seplat Petroleum Development UK Limited). The subsidiary provides technical, liaison and administrative support services relating to oil and gas exploration activities.

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

On the 20 January 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.

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 Plc.

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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

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 5 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 26 April 2023, Seplat Gas Company Limited was changed to Seplat Midstream Company Limited. This subsidiary was incorporated to engage in oil and gas exploration and production and gas processing. The company is yet commence operations.

On 14 June 2023, the Group entered into a joint venture agreement with Pol Gas Limited which birthed Pine Gas Processing Limited. Both parties subscribed to equal proportion of ordinary shares. The Company was incorporated for processing natural gas, storage, marketing, transportation, trading, supply and distribution of natural gas and petroleum products derived from natural gas. The company is yet to commence operations.

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%	Technical, liaison and administrative support services relating to oil & gas exploration and production	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	11 December 2013	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
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
Seplat Midstream Company Limited	11 December 2013	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 31 December 2023:

- On 23 March 2023, Seplat Energy Plc announced the termination with immediate effect of the Consultancy Agreement between the Company's wholly owned subsidiary and its co-founder, Dr. A.B.C Orjiako, acting through Amaze Limited.

3. Summary of material accounting policies

3.1 Introduction to summary of material accounting policies

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

3.2 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRIC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2023

The financial statements have been prepared under the going concern and historical cost convention, except for financial instruments measured at fair value on initial recognition, derivative financial instruments, defined benefit plans – plan assets and other assets(OML 55) measured at fair value. The financial statements are presented in Nigerian Naira and United States Dollars, and all values are rounded to the nearest million (₦'million) and 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, except for the adoption of new and amended standard which are 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 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) IFRS 17 Insurance Contract

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's consolidated financial statements.

The amendment listed above did not have any impact on the amounts recognised in prior periods and the current period. The amendment are not expected to significantly affect future periods.

b) Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendment listed above did not have any impact on the amounts recognised in prior periods and the current period. The amendment are not expected to significantly affect future periods.

c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. The amendment has been applied as required in the Group's consolidated financial statements for the period ended.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12 Income Taxes. The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The Group had previously accounted for such transactions consistent with the new requirements, in which case the Group will not be affected by the amendments.

e) International Tax Reform-Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendment listed above did not have any impact on the amounts recognised in prior periods and the current period. The amendment are not expected to significantly affect future periods.

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 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:

a) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

c) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

3.5 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The consolidated financial information comprises the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date on which control is obtained by the Group and are deconsolidated from the date control ceases.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Generally, there is a presumption that most of the voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

ii. Change in the ownership interest of subsidiary

The acquisition method of accounting is used to account for business combinations by the Group.

Non- controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Intercompany transaction balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii. Disposal of subsidiary

Where the Group disposes a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

iv. Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interest in the joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. All other joint arrangements of the Group are joint operations.

v. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting (see (vi) below) after initially being recognised at cost.

vi. Equity method

Under the equity method of accounting, the Group's investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of loss in an equity accounting investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other party.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy described in Note 3.14.

vii. Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

viii. Accounting for loss of control

When the Group ceases to consolidate a subsidiary because of a joint control, it does the following:

- deconsolidates the assets (including goodwill), liabilities and non-controlling interest (including attributable other comprehensive income) of the former subsidiary from the consolidated financial position.
- any retained interest (including amounts owed by and to the former subsidiary) in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the
- initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a joint venture.
- any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings if required by other IFRSs.
- the resulting gain or loss, on loss of control, is recognised together with the profit or loss from the discontinued operation for the period before the loss of control.
- the gain or loss on disposal will comprise of the gain or loss attributable to the portion disposed of and the gain or loss on remeasurement of the portion retained. The latter is disclosed separately in the notes to the financial statements.

If the ownership interest in a joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

ix. Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

x. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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 consolidated financial statements are presented in Nigerian Naira and the US Dollars.

The Group has chosen to show both presentation currencies and this is allowable by the regulator.

i. 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.

ii. 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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

3.7 Oil and gas accounting

i. Pre-licensing costs

Pre-license costs are expensed in the period in which they are incurred.

ii. Exploration license cost

Exploration license costs are capitalised within intangible assets. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised on a straight-line basis over the life.

License costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made to establish development plans and timing. If no future activity is planned or the license has been relinquished or has expired, the carrying value of the license is written off through profit or loss. The exploration license costs are initially recognised at cost and subsequently amortised on a straight line based on the economic life. They are subsequently carried at cost less accumulated amortisation and impairment losses. The amortization rate for the intangible asset is 5% with useful life of 20 years.

iii. Acquisition of producing assets

Upon acquisition of producing assets which do not constitute a business combination, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The purchase price paid for the group of assets is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

iv. Exploration and evaluation expenditures

Geological and geophysical exploration costs are charged to profit or loss as incurred.

Exploration and evaluation expenditures incurred by the entity are accumulated separately for each area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure that is not directly related to a particular area of interest. Each area of interest is limited to a size related to a known or probable hydrocarbon resource capable of supporting an oil operation.

Costs directly associated with an exploration well, exploratory stratigraphic test well and delineation wells are temporarily suspended (capitalised) until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs, delay rentals and payments made to contractors. If hydrocarbons ('proved reserves') are not found, the exploration expenditure is written off as a dry hole and charged to profit or loss. If hydrocarbons are found, the costs continue to be capitalised.

Suspended exploration and evaluation expenditure in relation to each area of interest is carried forward as an asset provided that one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale;
- exploration and/or evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
- active and significant operations in, or in relation to, the area of interest.

Exploration and/or evaluation expenditures which fail to meet at least one of the conditions outlined above are written off. In the event that an area is subsequently abandoned or exploration activities do not lead to the discovery of proved or probable reserves, or if the Directors consider the expenditure to be of no value, any accumulated costs carried forward relating to the specified areas of interest are written off in the year in which the decision is made. While an area of interest is in the development phase, amortisation of development costs is not charged pending the commencement of production.

Exploration and evaluation costs are transferred from the exploration and/or evaluation phase to the development phase upon commitment to a commercial development.

v. Development expenditures

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure directly related to the development property. All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment is expected to be derived from the sale of production from the relevant development property.

3.8 Revenue recognition (IFRS 15)

IFRS 15 uses a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil, this occurs when the crude products are lifted by the customer (buyer) Free on Board at the Group's loading facility. Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas sales, revenue is recognised when the product passes through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time using the practical expedient of the right to invoice.

The surplus or deficit of the product sold during the period over the Group's share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. Initially, when an overlift occurs, cost of sale is debited, and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income/expenses-net.

Definition of a customer

A customer is a party that has contracted with the Group to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Group has entered into collaborative arrangements with its Joint arrangement partners to share in the production of oil. Collaborative arrangements with its Joint arrangement partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

Contract enforceability and termination clauses

It is the Group's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provide that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, (mostly within 30 days) the contract has commercial substance, and collectability has been ascertained as probable. Revenue is not recognised for contracts that do not create enforceable rights and obligations to parties in a contract. The Group also does not recognise revenue for contracts that do not meet the revenue recognition criteria. In such cases where consideration is received it recognises a contract liability and only recognises revenue when the contract is terminated.

Notes to the consolidated financial statements

For the year ended 31 December 2023

The Group may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Group has not yet transferred any promised goods or services to the customer and the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

Identification of performance obligation

At inception, the Group assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in oil and gas contract with no additional contractual promises. Additional performance obligations may arise from future contracts with the Group and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, Management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Group's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group may recognise revenue in the amount to which it has a right to invoice.

Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Group's incremental borrowing rate) on contracts that have a repayment period of more than 12 months.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Group receives advance payment for agreed volumes of crude oil or receives take or pay deficiency payment on gas sales. Take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest expense.

Consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct goods or services that the customer transfers to the Group.

Breakage

The Group enters into take or pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take or pay quantity not taken is paid for by buyer called take or pay deficiency payment. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Contract modification and contract combination

Contract modifications relate to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract. Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

Portfolio expedients

As a practical expedient, the Group may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS to individual contracts within that portfolio.

Contract assets and liabilities

The Group recognises contract assets for unbilled revenue from crude oil and gas sales. The Group recognises contract liability for consideration received for which performance obligation has not been met.

Disaggregation of revenue from contract with customers

The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the disaggregation of revenue disclosure requirement of IFRS 15.

It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in note 6.1.1.

3.9 Property, plant and equipment

Oil and gas properties and other plant and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation

Production and field facilities are depreciated on a unit-of-production basis over the estimated total proved reserves. In determining depreciation, depletion and amortisation for production and field facilities, Management applies judgment based on current information to avoid front loading or over depreciation of the reserves.The computation of the depletion rate factors the estimate for future development cost for the proved undeveloped reserves. Gas plant is depreciated on a straight-line basis over its useful lives. Assets under construction are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	10% - 20%
Gas plant	4%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Buildings	4%
Land	-
Leasehold improvements	Over the unexpired portion of the lease

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in the statement of profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.10 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of a lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, decommissioning costs (if any), and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis (2-5 years) over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Short-term leases and leases of low value

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. low value assets). Low-value assets are assets with lease amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3.11 Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The weighted average incremental borrowing rate for the Group is 7.56%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual period of a lease.

The Group has elected to exclude non-lease components in calculating lease liabilities and instead treat the related costs as an expense in the statement of profit or loss.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from; specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

3.13 Finance income and costs

Finance income

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income takes into account all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

The Group applies the IBOR reform Phase 2 amendments which allows as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

3.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non –financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Group's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal ('FVLCD') and value in use ('VIU'). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment once commercial reserves are found before they are transferred to oil and gas assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment – proved oil and gas production properties

Proven oil and gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.16 Inventories

Inventories represent the value of tubulars, casings, spares and wellheads. These are stated at the lower of cost and net realisable value. Cost is determined using the invoice value and all other directly attributable costs to bringing the inventory to the point of use determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.17 Contract asset

Contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9.

Notes to the consolidated financial statements

For the year ended 31 December 2023

3.18 Other asset

The Group's interest in the oil and gas reserves of OML 55 has been classified as other asset. On initial recognition, it is measured at the fair value of future recoverable oil and gas reserves. Subsequently, the other asset is recognised at fair value through profit or loss.

3.19 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 Senior leadership team to assesses the financial performance and position of the Group and makes strategic decisions. The Senior leadership team comprise of Chief Executive Officer; Chief Financial Officer; Chief Operating Officer; Chief Financial Officer (Designate); Director New Energy; Technical Director; Managing Director, Seplat West; Managing Director, Seplat East; Managing Director, Elcrest Exploration and Production Limited; Director Legal; Director, Corporate Services; Director, External Affairs and Social Performance, Managing Director, ANOH Gas Processing Company (AGPC) ; Director , Strategy, Planning and Business Development. See further details in Note 6.

3.20 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial Assets

It is the Group's policy to initially recognise financial asset at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at 31 December 2023 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are classified at fair value through profit or loss.

The Group's financial assets include trade receivables, NNPC Exploration and Production Limited (NEPL) receivables, NNPC Upstream Investment Management Services (NUIMS) receivables, other receivables, other asset, cash and bank balances and derivatives. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Notes to the consolidated financial statements

For the year ended 31 December 2023

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables and contract assets while the general approach is applied to NEPL receivables, NUIMS receivables, other receivables and cash and bank balances.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, which includes the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Write off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include;

- ceasing enforcement activity and;
- where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write - off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2023 was nil (2022: Nil).

The Group seeks to recover amounts it legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

e) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

In the context of IBOR reform, the Group’s assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. This requires the transition from an IBOR to an RFR to be treated as a change to a floating interest rate, as described in Note 3.13 above.

f) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument’s original effective interest rate.

g) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when there is legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the consolidated financial statements

For the year ended 31 December 2023

h) Derivatives

The Group uses derivative financial instruments such as forward exchange contracts to hedge its foreign exchange risks as well as put options to hedge against its oil price risk. However, such contracts are not accounted for as designated

hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of derivatives are recognised within operating profit in the statement of profit or loss for the period. An analysis of the fair value of derivatives is provided in Note 5, Financial risk Management.

The Group accounts for financial assets with embedded derivatives (hybrid instruments) in their entirety on the basis of its contractual cash flow features and the business model within which they are held, thereby eliminating the complexity of bifurcation for financial assets. For financial liabilities, hybrid instruments are bifurcated into hosts and embedded features.

In these cases, the Group measures the host contract at amortised cost and the embedded features is measured at fair value through profit or loss.

For the purpose of the maturity analysis, embedded derivatives included in hybrid financial instruments are not separated. The hybrid instrument, in its entirety, is included in the maturity analysis for non-derivative financial liabilities.

i) Fair value of financial instruments

The Fair value is 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. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e., the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred, or sold, or the fair value becomes observable.

3.21 Share capital

On issue of ordinary shares, any consideration received net of any directly attributable transaction costs is included in equity. Share issue costs net of tax are charged to the share premium account. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated after initial recognition.

Notes to the consolidated financial statements

For the year ended 31 December 2023

3.22 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

3.23 Earnings per share and dividends

Basic EPS

Basic earnings per share is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation attributable to the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share awards arising from the share-based payment scheme) into ordinary shares.

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.24 Post-employment benefits

Defined contribution scheme

The Group contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Group. The Group's contributions to the defined contribution scheme are charged to the statement of profit and loss account in the year to which they relate.

The employer contributes 17% while the employee contributes 3% of the qualifying employee's salary.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Group operates a defined contribution plan and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Defined benefit scheme

The Group operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post-employment benefits to employees. These benefits are unfunded.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and calculated annually by independent actuaries. The liability or asset recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period

less the fair value of plan assets (if any). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Remeasurements gains and losses, arising from changes in financial and demographic assumptions and experience adjustments, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation and the fair value of the plan assets.

The Group recognises the following changes in the net defined benefit obligation under employee benefit expenses in general and administrative expenses:

- Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost

3.25 Provisions

Provisions are recognised when

i) the Group has a present legal or constructive obligation as a result of past events;
ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and
iii) the amount can be reliably estimated.

Provisions are not recognised for future operating losses. In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology, and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3.26 Contingencies

A contingent asset or contingent liability is a possible asset or obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events. The assessment of the existence of the contingencies will involve management judgement regarding the outcome of future events.

3.27 Income taxation

i. Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

iii. Uncertainty over income tax treatments

The Group examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Group concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Group measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Group uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Group assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Group applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority’s right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.28 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

3.29 Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the

vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to the consolidated financial statements

For the year ended 31 December 2023

4. Significant accounting judgements estimates and assumptions

The preparation of the Group's consolidated historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated historical financial information:

i. OMLs 4, 38 and 41

OMLs 4, 38, 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.

ii. 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.

iii. 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 was 10% higher or lower, revenue in Naira would have increased/decreased by ₦69.6 billion (2022: ₦40.4 billion). See Note 47 for the applicable translation rates.

iv. 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 controlling power over Elcrest due to its representation on 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.

v. 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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

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.

vi. 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.

vii. 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 Senior leadership team to assesses the financial performance and position of the Group and makes strategic decisions. The Senior leadership team consist of Chief Executive Officer; Chief Financial Officer; Chief Operating Officer; Chief Financial Officer (Designate); Director New Energy; Technical Director; Managing Director, Seplat West; Managing Director, Seplat East; Managing Director, Elcrest Exploration and Production Limited; Director Legal; Director, Corporate Services; Director, External Affairs and Social Performance, Managing Director, ANOH Gas Processing Company (AGPC) ; Director , Strategy, Planning and Business Development. See further details in note 6.

Notes to the consolidated financial statements

For the year ended 31 December 2023

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key source of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following are some of the estimates and assumptions made:

i. 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.

ii. 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.

iii. 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 assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27.4.

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.

iv. 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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

v. 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.

During the year, the Group carried out an impairment assessment on OML 4,38 and 41, OML 56, OML 53, and OML 40. The Group used 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 (see note 16.1).

vi. 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.

vii. 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.

viii. 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 history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5.1.3.

ix. 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 considers 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, 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

Notes to the consolidated financial statements

For the year ended 31 December 2023

5.1.1 Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates and commodity prices.

i. Commodity price risk

The Group is exposed to the risk of fluctuations on crude oil prices. The uncertainty around the rate at which oil prices increase or decline led to the Group's decision to enter into an option contract to insure the Group's revenue against adverse oil price movements.

Crude Hedge

During the last quarter of 2023, the Group entered into an economic crude oil hedge contract with an average strike price of ₦52,892 ($60/bbl.) for 3 million barrels at an average premium price of ₦2,556 ($2.9 /bbl.) was agreed at the contract dates.

These contracts, which will commence on 1 January 2024, are expected to reduce the volatility attributable to price fluctuations of oil. The Group did not pre-pay any premium in the current year but the premium for 3 million barrels will be settled on a deferred basis. An unrealized fair value gain of ₦586 million, $894 thousand have been recognized in 2023.

The termination date is 31 March and 30 June 2024 respectively. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy of the Group.

The maturity of the crude oil hedge contracts the Group holds is shown in the table below:

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2023							
Crude oil hedges Volume (bbl.)	3,000,000	-	-	-	3,000,000	1,444	1,606
						1,444	**1,606**

	Less than 6 months	6 to 9 months	10 to 12 months	Above 12 months	Total	Fair value ₦ million	Fair value $'000
As at 31 December 2022							
Crude oil hedges Volume (bbl.)	2,000,000	1,000,000	-	-	3,000,000	1,435	3,210
						1,435	**3,210**

The following table summarises the impact of the commodity options on the Group's profit before tax due to a 10 % change in market inputs, with all other variables held constant:

Increase/decrease in market inputs	Effect on profit before tax 2023 ₦ million	Effect on other components of equity before tax 2023 ₦ million	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million
+10%	142	-	144	-
-10%	(142)	-	(144)	-

Notes to the consolidated financial statements

For the year ended 31 December 2023

Increase/decrease in market inputs	Effect on profit before tax 2023 $'000	Effect on other components of equity before tax 2023 $'000	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+10%	161	-	321	-
-10%	(161)	-	(321)	-

The Group may be exposed to business risks from fluctuations in the future prices of crude oil and gas. The following table summarises the impact on the Group's profit before tax of a 10% change in crude oil prices, with all other variables held constant:

Increase/decrease in crude oil prices	Effect on profit before tax 2023 ₦ million	Effect on other components of equity before tax 2023 ₦ million	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million
+10%	61,587	-	35,619	-
-10%	(61,587)	-	(35,619)	-

Increase/decrease in crude oil prices	Effect on profit before tax 2023 $'000	Effect on other components of equity before tax 2023 $'000	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+10%	93,791	-	83,934	-
-10%	(93,791)	-	(83,934)	-

The following table summarises the impact on the Group's profit before tax of a 10% change in gas prices, with all other variables held constant:

Increase/decrease in gas price	Effect on profit before tax 2023 ₦ million	Effect on other components of equity before tax 2023 ₦ million	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million
+10%	8,100	-	4,772	-
-10%	(8,100)	-	(4,772)	-

Increase/decrease in gas price	Effect on profit before tax 2023 $'000	Effect on other components of equity before tax 2023 $'000	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+10%	12,336	-	11,245	-
-10%	(12,336)	-	(11,245)	-

ii. Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk relates primarily to interest bearing loans and borrowings. The Group has both variable and fixed interest rate borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and short-term fixed deposit held at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. The Group's borrowings are not measured at fair value and are denominated in US dollars. The Group is exposed to cash flow interest rate risk on short-term deposits to the extent that the significant increases and reductions in market interest rates would result in a decrease in the interest earned by the Group.

The contractual re-pricing date of the interest-bearing loans and borrowings is between 3-6 months. The exposure of the Group's variable interest-bearing loans and borrowings at the end of the reporting period is shown below.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Corporate loan	**9,179**	8,176	**10,206**	3,655

The following table demonstrates the sensitivity of the Group's profit before tax to changes in SOFR rate, with all other variables held constant.

Increase/decrease in interest rate	Effect on profit before tax 2023 ₦ million	Effect on other components of equity before tax 2023 ₦ million	Effect on profit before tax 2023 $'000	Effect on other components of equity before tax 2023 $'000
+2%	184	-	204	-
-2%	(184)	-	(204)	-

Increase/decrease in interest rate	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+2%	73	-	164	-
-2%	(73)	-	(164)	-

Notes to the consolidated financial statements

For the year ended 31 December 2023

5.1.2 Foreign exchange risk

The Group has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Group is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Group holds most of its cash and bank balances in US dollar. However, the Group maintains deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables. The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for Naira exposures at the reporting date:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and bank balances	47,539	154,907	52,857	346,447
Trade and other receivables	85,746	692	95,338	1,547
Contract assets	7,239	3,313	8,049	7,408
Restricted cash	1,155	1,111	1,310	2,484
	141,679	**160,023**	**157,554**	**357,886**
Financial liabilities				
Trade and other payables	(85,604)	(182,961)	(95,180)	(409,189)
Net exposure to foreign exchange risk	**56,075**	**(22,938)**	**62,374**	**(51,303)**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for Pound exposures at the reporting date:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and bank balances	1,564	1,342	1,739	3,001
Trade and other receivables	13	4,157	14	9,297
	1,577	**5,499**	**1,753**	**12,298**
Financial liabilities				
Trade and other payables	-	-	-	-
Net exposure to foreign exchange risk	**1,577**	**5,499**	**1,753**	**12,298**

Sensitivity to foreign exchange risk is based on the Group's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Notes to the consolidated financial statements

For the year ended 31 December 2023

Increase/decrease in foreign exchange risk	Effect on profit before tax 2023	Effect on other components of equity before tax 2023	Effect on profit before tax 2023	Effect on other components of equity before tax 2023
	₦ million	₦ million	$'000	$'000
+10%	(5,100)	-	(5,670)	-
-10%	6,233	-	6,930	-

Increase/decrease in foreign exchange risk	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
+10%	2,186	-	4,890	-
-10%	(2,672)	-	(5,796)	-

If the Pounds strengthens or weakens by the following thresholds, the impact is as shown in the table below:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2023 ₦ million	Effect on other components of equity before tax 2023 ₦ million	Effect on profit before tax 2023 $'000	Effect on other components of equity before tax 2023 $'000
+10%	(143)	-	(159)	-
-10%	175	-	195	-

Increase/decrease in foreign exchange risk	Effect on profit before tax 2022 ₦ million	Effect on other components of equity before tax 2022 ₦ million	Effect on profit before tax 2022 $'000	Effect on other components of equity before tax 2022 $'000
+10%	(500)	-	(1,118)	-
-10%	611	-	1,366	-

Notes to the consolidated financial statements

For the year ended 31 December 2023

5.1.3 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., NUIMS receivables, NEPL 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 expired 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 NEPL and NUIMS.

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 bank 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) Impairment of financial assets

The Group financial assets that are subject to IFRS 9's expected credit loss model are listed below. Contract assets are also subject to the expected credit loss model, even though they are not financial assets, as they have substantially the same credit risk characteristics as trade receivables. The impairment of receivables is disclosed in the table below.

- JV partners receivables
- Trade receivables
- Contract assets
- Other receivables
- Cash and bank balances

Reconciliation of impairment on financial assets

	Notes	₦'million	$'000
As at 1 January 2023		**33,638**	**81,464**
Increase in provision NEPL receivables	23.2	1,228	1,870
Decrease in provision for NUIMS receivables	23.3	229	349
Increase in provision for trade receivables	23.1	2,140	3,259
Increase in receivables from joint venture (ANOH)	23.5	3,768	5,738
Increase in provision of other receivables	23.4	868	1,322
Increase in contract asset	24	77	118
Impairment charge from the profit or loss		**8,330**	**12,656**
Exchange difference		-	-
As at 31 December 2023		**41,969**	**94,120**

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Notes	₦'million	$'000
As at 1 January 2022		**30,908**	**75,032**
Decrease in provision for NEPL receivables	23.2	(3,700)	(8,720)
Decrease in provision for NUIMS receivables	23.3	(325)	(766)
Increase in provision for trade receivables	23.1	1,383	3,259
Increase in provision for cash and bank balances: short term fixed deposits	26	-	-
Increase in receivables from joint venture (ANOH)	23.5	126	296
Increase in provision of other receivables	23.4	5,076	11,961
Increase in contract asset	24	170	402
Impairment charge from the profit or loss		**2,730**	**6,432**
Exchange difference		-	-
As at 31 December 2022		**33,638**	**81,464**

The parameters used to determine impairment for NEPL receivables, NUIMS receivables, other receivables and short-term fixed deposits are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the lifetime PD for stage 2 as the maximum contractual period over which the Group is exposed to credit risk arising from the receivables is less than 12 months.

	Nigerian National Petroleum Corporation Exploration Limited (NEPL) receivables	NNPC Upstream Investment Management Services (NUIMS) receivables	Other receivables	Short term fixed deposits
Probability of Default (PD)	The 12-month sovereign cumulative PD for base case, downturn and upturn respectively is 5.1%, 5.59%, and 4.76%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The 12-month sovereign cumulative PD for base case, downturn and upturn 5.1%, 5.59%, and 4.76%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 5.1%, 5.59%, and 4.76%, respectively for stage 1 and stage 2. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using Management's estimate of expected cash recoveries. The Management's estimates is based on historical pattern of recoveries.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation and Brent oil price were used.	The historical inflation and Brent oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.

Probability weightings	23%, 38%, and 39%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	23%, 38%, and 39%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	23%, 38%, and 39%, of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	23%, 38%, and 39%, of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other macro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e., receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

i. NEPL receivables

NEPL receivables represent the outstanding cash calls due to Seplat from its Joint venture partner, Nigerian National Petroleum Corporation Exploration Limited. The Group applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for NEPL receivables.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The ECL was calculated based on actual credit loss experience from 2014, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

Notes to the consolidated financial statements

For the year ended 31 December 2023

There was no write-off during the year (2022: Nil). (See details in Note 23.2).

31 December 2023	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	116,421	-	116,421
Loss allowance	-	(4,367)	-	(4,367)
Net Exposure at Default (EAD)	**-**	**112,054**	**-**	**112,054**

31 December 2022	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	41,853	-	41,853
Loss allowance	-	(1,467)	-	(1,467)
Net Exposure at Default (EAD)	**-**	**40,386**	**-**	**40,386**

31 December 2023	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	129,444	-	129,444
Loss allowance	-	(4,856)	-	(4,856)
Net Exposure at Default (EAD)	**-**	**124,588**	**-**	**124,588**

31 December 2022	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	93,602	-	93,602
Loss allowance	-	(3,280)	-	(3,280)
Net Exposure at Default (EAD)	**-**	**90,322**	**-**	**90,322**

ii. NUIMS receivables

NUIMS receivables represent the outstanding cash calls due to Seplat from its Joint Operating Agreement (JOA) partner, NNPC Upstream Investment Management Services. The Group applies the general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for NUIMS receivables.

The ECL was calculated based on actual credit loss experience from 2016, which is the date the Group initially became a party to the contract. The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The tables below show the expected credit losses for the year ended 31 December 2023 and 31 December 2022.

31 December 2023	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	19,099	-	19,099
Loss allowance	-	(684)	-	(684)
Net Exposure at Default (EAD)	**-**	**18,415**	**-**	**18,415**

31 December 2023	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	21,236	-	21,236
Loss allowance	-	(761)	-	(761)
Net Exposure at Default (EAD)	**-**	**20,475**	**-**	**20,475**

31 December 2022	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	-	15,791	-	15,791
Loss allowance	-	(380)	-	(380)
Net Exposure at Default (EAD)	**-**	**15,411**	**-**	**15,411**

31 December 2022	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	-	35,316	-	35,316
Loss allowance	-	(849)	-	(849)
Net Exposure at Default (EAD)	**-**	**34,467**	**-**	**34,467**

iii. Trade receivables (Geregu Power, Sapele Power, Nigerian Gas Marketing Company, Pan ocean, Oghareki and Summit)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The impairment of trade receivables (Gerugu Power, Sapele Power, NGMC, Pan Ocean, Oghareki and Summit) was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2023 and 31 December 2022 are as follows:

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

31 December 2023	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	4,573	286	248	256	256	213	5,832
Expected loss rate	4%	4%	4%	83%	83%	93%	
Lifetime ECL (Note 23.1)	(168)	(11)	(10)	(212)	(212)	(198)	(811)
Total	**4,405**	**275**	**238**	**44**	**44**	**15**	**5,021**

31 December 2022	Current ₦'million	1-30 days ₦'million	31-60 days ₦'million	61-90 days ₦'million	91- 120 days ₦'million	Above 120 days ₦'million	Total ₦'million
Gross carrying amount	112	1,030	176	488	488	23,430	25,724
Expected loss rate	12%	12%	13%	29%	29%	87%	
Lifetime ECL (Note 23.1)	(14)	(128)	(23)	(143)	(143)	(9,980)	(10,430)
Total	**98**	**903**	**153**	**345**	**345**	**13,450**	**15,294**

31 December 2023	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	6,980	437	378	390	390	325	8,900
Expected loss rate	4%	4%	4%	42%	42%	93%	
Lifetime ECL (Note 23.1)	(257)	(16)	(15)	(162)	(162)	(303)	(915)
Total	**6,723**	**421**	**363**	**228**	**228**	**22**	**7,985**

31 December 2022	Current $'000	1-30 days $'000	31-60 days $'000	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	250	2,307	395	1,092	1,092	52,400	57,536
Expected loss rate	12%	12%	13%	29%	29%	87%	
Lifetime ECL (Note 23.1)	(31)	(286)	(51)	(319)	(319)	(22,318)	(23,325)
Total	**219**	**2,021**	**344**	**773**	**773**	**30,081**	**34,211**

iv. Trade receivables

The impairment of trade receivables was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected credit loss as at 31 December 2023 was $170.9 thousand, ₦150.7 million.

Notes to the consolidated financial statements

For the year ended 31 December 2023

v. Contract assets

The expected credit losses on contract assets was estimated by applying the provision matrix. The expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2023 and 2022 is shown below:

	Current	1-30 days	31-60 days	61-90 days	91- 120 days	Above 120 days	Total
31 December 2023	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Gross carrying amount	7,496	-	-	-	-	-	7,496
Expected loss rate	3.42%	3.94%	3.94%	4.29%	4.29%	88.61%	-
Lifetime ECL (Note 24)	(256)	-	-	-	-	-	(256)
Total	**7,240**	**-**	**-**	**-**	**-**	**-**	**7,240**

	Current	1-30 days	31-60 days	61-90 days	91- 120 days	Above 120 days	Total
31 December 2022	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Gross carrying amount	3,493	-	-	-	-	-	3,493
Expected loss rate	0.05%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24)	(180)	-	-	-	-	-	(180)
Total	**3,313**	**-**	**-**	**-**	**-**	**-**	**3,313**

	Current	1-30 days	31-60 days	61-90 days	91- 120 days	Above 120 days	Total
31 December 2023	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	8,334	-	-	-	-	-	8,334
Expected loss rate	3.42%	3.94%	3.94%	4.29%	4.29%	88.61%	
Lifetime ECL (Note 24)	(285)	-	-	-	-	-	(285)
Total	**8,049**	**-**	**-**	**-**	**-**	**-**	**8,049**

	Current	1-30 days	31-60 days	61-90 days	91- 120 days	Above 120 days	Total
31 December 2022	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount	7,811	-	-	-	-	-	7,811
Expected loss rate	0.05%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24)	(403)	-	-	-	-	-	(403)
Total	**7,408**	**-**	**-**	**-**	**-**	**-**	**7,408**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

vi. Other receivables

Other receivables are amounts outside the usual operating activities of the Group. Included in other receivables is a receivable amount on an investment that is no longer being pursued. The Group applied the general approach in estimating the expected credit loss.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2023	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	-	-	74,727	74,727
Loss allowance	-	-	(48,564)	(48,564)
Net Exposure at Default (EAD)	-	-	**26,163**	**26,163**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	-	-	47,364	47,364
Loss allowance	-	-	(25,612)	(25,612)
Net Exposure at Default (EAD)	**-**	**-**	**21,752**	**21,752**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2023	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	-	-	83,086	83,086
Loss allowance	-	-	(53,996)	(53,996)
Net Exposure at Default (EAD)	**-**	**-**	**29,090**	**29,090**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	-	-	105,924	105,924
Loss allowance	-	-	(57,280)	(57,280)
Net Exposure at Default (EAD)	**-**	**-**	**48,644**	**48,644**

vii. Cash and cash equivalent

Short-term fixed deposits

The Group applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and cash equivalents. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators.

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2023	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	90,693	-	-	90,693
Loss allowance	(221)	-	-	(221)
Net Exposure at Default (EAD)	**90,472**	**-**	**-**	**90,472**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	22,906	-	-	22,906
Loss allowance	(110)	-	-	(110)
Net Exposure at Default (EAD)	**22,796**	**-**	**-**	**22,796**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2023	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	101,636	-	-	101,636
Loss allowance	(246)	-	-	(246)
Net Exposure at Default (EAD)	**101,390**	**-**	**-**	**101,390**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	51,229	-	-	51,229
Loss allowance	(246)	-	-	(246)
Net Exposure at Default (EAD)	**50,983**	**-**	**-**	**50,983**

Other cash, bank balances and restricted cash

The group assessed the other cash, bank and restricted cash balances to determine their expected credit losses. Based on the assessment performed, the expected credit loss figures were insignificant and not recognised due to materiality as at 31 December 2023 (2022: nil). The assets are assessed to be in stage 1.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Credit quality of cash and bank balances (including restricted cash)

The credit quality of the Group's cash and bank balances are assessed on the basis of external credit ratings (Fitch national long-term ratings) as shown below cash and bank balances are all in Stage 1 based on the ECL assessment:

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
BBB-	28,674	13,543	31,882	30,289
A	944	415	1,050	926
A+	302,533	121,513	336,375	271,774
AA-	33,295	24,513	37,019	54,824
AAA	63,911	31,618	71,060	70,713
	429,353	**191,602**	**477,386**	**428,526**
Allowance for impairment recognised during the year (Note 26)	(217)	(110)	(246)	(246)
Net cash and cash bank balances	**429,136**	**191,492**	**477,140**	**428,280**

c) Maximum exposure to credit risk – financial instruments subject to impairment

The Group estimated the expected credit loss on NEPL receivables, NUIMS receivables and short-term fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Group's maximum exposure to credit risks on these assets.

All financial assets impaired using the General model (NEPL, NUIMS and short-term fixed deposits) are graded under the standard monitoring credit grade (rated B- under Standard and Poor's unmodified ratings) and are classified under Stage 1, except for the other receivables which are graded under the investment grade (rated AA under Standard and Poor's unmodified ratings) and classified in Stage 2 and Stage 3.

d) Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or Stage 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

The following tables explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Notes to the consolidated financial statements

For the year ended 31 December 2023

NEPL receivables

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2023	-	1,467	-	-	1,467
Movements in profit due to increase in receivables	1,228	-	-	-	1,228
Exchange difference	(1,228)	2,900	-	-	1,672
Loss allowance as at 31 December 2023	**-**	**4,367**	**-**	**-**	**4,367**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2023	-	3,280	-	-	3,280
Movements with profit or loss impact	1,870	-	-	-	1,870
Loss allowances as at 31 December 2023	**1,870**	**3,280**	**-**	**-**	**5,150**

NUIMS receivables

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2023	-	380	-	-	380
Movements in profit due to increase in receivables	-	229	-	-	229
Exchange difference	-	75	-	-	75
Loss allowance as at 31 December 2023	**-**	**684**	**-**	**-**	**684**

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2023	-	849	-	-	849
Movements with profit or loss impact	-	349	-	-	349
Loss allowance as at 31 December 2023	**-**	**1,198**	**-**	**-**	**1,198**

Other receivables

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2023	-	-	18,668	-	18,668
Movements with profit or loss impact	-	-	889	-	889
Exchange difference	-	-	29,896	-	29,896
Loss allowance as at 31 December 2023	**-**	**-**	**48,564**	**-**	**48,564**

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2023	-	-	57,280	-	57,280
Movements with profit or loss impact	-	-	1,354	-	1,354
Loss allowance as at 31 December 2023	**-**	**-**	**58,634**	**-**	**58,634**

Short-term fixed deposit

	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Loss allowance as at 1 January 2023	110				110
Exchange difference	111	-	-	-	111
Loss allowance as at 31 December 2023	**221**	**-**	**-**	**-**	**221**

Stage 1	Stage 2	Stage 3		
12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total

	$'000	$'000	$'000	$'000	$'000
Loss allowance as at 1 January 2023	246	-	-	-	246
Loss allowance as at 31 December 2023	**246**	**-**	**-**	**-**	**246**

e) 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. Expected cashflows recoverable

The table below demonstrates the sensitivity of the Group's profit before tax to a 20% change in the expected cashflows from financial assets, with all other variables held constant:

	Effect on profit before tax 2023	Effect on other components of equity before tax 2023	Effect on profit before tax 2023	Effect on other components of equity before tax 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cashflows				
+20%	(7,990)	-	(9,064)	-
-20%	7,990	-	9,064	-

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cash flows				
+20%	(4,053)	-	(9,064)	-
-20%	4,053	-	9,064	-

Notes to the consolidated financial statements

For the year ended 31 December 2023

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 2023	Effect on other components of equity before tax 2023	Effect on profit before tax 2023	Effect on other components of equity before tax 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(104)	-	(158)	-
-10%	104	-	158	-

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(383)	-	(902)	-
-10%	(383)	-	(902)	-

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 2023	Effect on other components of equity before tax 2023	Effect on profit before tax 2023	Effect on other components of equity before tax 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(109)	-	(166)	-
-10%	109	-	166	-

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(361)	-	(852)	-
-10%	361	-	852	-

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 2023	Effect on other components of equity before tax 2023	Effect on profit before tax 2023	Effect on other components of equity before tax 2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(37)	-	(57)	-
-10%	37	-	57	-

	Effect on profit before tax 2022	Effect on other components of equity before tax 2022	Effect on profit before tax 2022	Effect on other components of equity before tax 2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(107)	-	(252)	-
-10%	107	-	252	-

5.1.4 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.

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**45,838**	**45,306,**	**607,259**		**698,403**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	15,426	13,782	3,688	-	32,897
The Stanbic IBTC Bank Plc	8.00% + SOFR	15,749	14,068	3,764	-	33,581
The Standard Bank of South Africa Limited	8.00% + SOFR	8,999	8,039	2,150	-	19,189
First City Monument Bank Limited	8.00% + SOFR	4,018	3,589	960	-	8,566
Shell Western Supply and Trading Limited	10.5% + SOFR	1,595	1,590	1,590	10,685	15,460
Total variable interest borrowings		**572,968**	**86,374**	**619,411**	**10,685**	**1,289,438**
Other non – derivatives						
Trade and other payables**		480,136	-	-	-	480,136
Lease liability		1,207	-	-	-	1,207
		481,343	**-**	**-**	**-**	**481,343**
Total		**521,130**	**87,129**	**58,088**	**618,321**	**1,290,669**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2022						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**11,575**	**22,837**	**22,900**	**324,921**	**382,233**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	5,446	7,523	6,777	1,823	21,569
The Stanbic IBTC Bank Plc	8.00% + SOFR	5,560	7,679	6,918	1,860	22,017
The Standard Bank of South Africa Limited	8.00% + SOFR	3,177	4,389	3,953	1,063	12,582
First City Monument Bank Limited	8.00% + SOFR	1,418	1,959	1,765	475	5,617

Shell Western Supply and Trading Limited	10.5% + SOFR	1,206	1,134	1,058	4,082	7,481
Total variable interest borrowings		**16,808**	**22,684**	**20,471**	**9,303**	**69,266**
Other non – derivatives						
Trade and other payables**		205,622	-	-	-	205,622
Lease liability		1,800	(30)	30	-	1,800
		207,422	**(30)**	**30**	**-**	**207,422**
Total		**235,805**	**45,490**	**43,401**	**334,224**	**658,920**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2023						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	7.75%	**50,375**	**50,375**	**675,188**		**775,938**
Variable interest rate borrowings						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	17,153	15,323	4,099	-	36,575
The Stanbic IBTC Bank Plc	8.00% + SOFR	17,511	15,642	4,185	-	37,338
The Standard Bank of South Africa Limited	8.00% + SOFR	10,006	8,938	2,391	-	21,335
First City Monument Bank Limited	8.00% + SOFR	4,467	3,990	1,067	-	9,524
Shell Western Supply and Trading Limited	10.5% + SOFR	1,773	1,768	1,768	11,881	17,190
Total variable interest borrowings		**50,910**	**45,661**	**13,510**	**11,881**	**121,962**
Other non – derivatives						
Trade and other payables**		533,845	-	-	-	533,845
Lease liability		1,342	-	-	-	1,342
		535,187	**-**	**-**	**-**	535,187
Total		**636,472**	**96,036**	**688,698**	**11,881,**	**1,433,087**

Notes to the consolidated financial statements

For the year ended 31 December 2023

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 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						
The Mauritius Commercial Bank Ltd	8.00% + SOFR	12,181	16,825	15,156	4,076	48,238
The Stanbic IBTC Bank Plc	8.00% + SOFR	12,434	17,176	15,472	4,161	49,243
The Standard Bank of South Africa Limited	8.00% + SOFR	7,105	9,815	8,841	2,378	28,139
First City Monument Bank Limited	8.00% + SOFR	3,172	4,382	3,947	1,062	12,563
Shell Western Supply and Trading Limited	10.5% + SOFR	2,695	2,536	2,368	9,130	16,729
Total variable interest borrowings		**37,587**	**50,734**	**45,784**	**20,807**	**154,912**
Other non – derivatives						
Trade and other payables**		459,869	-	-	-	459,869
Lease liability		4,025	(67)	67	-	4,025
		463,894	**(67)**	**67**	**-**	**463,894**
Total		**527,368**	**101,742**	**97,066**	**747,489**	**1,473,665**

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

*Derivative liability of $1.6 million, ₦1.4 billion (2022: $3.2 million, ₦1.4 billion) are expected to be settled within the next 12months. Hence, it would be classified under less than one year for the purpose of liquidity and maturity analysis.

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

5.1.5 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	
	2023	2022	2023	2022
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables*	249,938	102,085	249,938	102,085
Contract assets	7,240	3,313	7,240	3,313
Cash and cash equivalents	404,825	180,786	404,825	180,786
	622,003	**286,184**	**662,003**	**286,184**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	679,367	344,381	688,438	331,384
Trade and other payables**	349,997	178,128	349,997	178,128
	1,029,364	**522,509**	**1,038,435**	**509,512**
Financial liabilities at fair value				
Derivative financial instruments (Note 25)	(1,444)	(1,435)	(1,444)	(1,435)
	(1,444)	**(1,435)**	**(1,444)**	**(1,435)**

	Carrying amount		Fair value	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables*	277,898	228,312	277,898	228,312
Contract assets	8,049	7,408	8,049	7,408
Cash and cash equivalents	450,109	404,336	450,109	404,336
	736,056	**640,056**	**736,056**	**640,056**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	755,362	770,203	765,447	741,137
Trade and other payables**	389,149	398,380	389,149	398,380
	1,144,511	**1,168,583**	**1,154,596**	**1,139,517**
Financial liabilities at fair value				
Derivative financial instruments (Note 25)	(1,606)	(3,210)	(1,606)	(3,210)

	(1,606)	**(3,210)**	**(1,606)**	**(3,210)**

*Trade and other receivables exclude Geregu Power, Sapele Power and NGMC VAT receivables, cash advances and advance payments. In determining the fair value of the interest-bearing loans and borrowings, non-performance risks of the Group as at year-end were assessed to be insignificant.

**Trade and other payables (excluding non-financial liabilities such as provisions, taxes, pension and other non-contractual payables), trade and other receivables (excluding prepayments), 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.

5.1.6 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 year.

- 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 liability

31 Dec 2023	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	-	1,444	-	-	1,606	-

31 Dec 2022	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	-	1,435	-	-	3,210	-

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.

Notes to the consolidated financial statements

For the year ended 31 December 2023

31 Dec 2023	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest bearing loans and borrowings	-	657,973	-	-	731,575	-

31 Dec 2022	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Interest bearing loans and borrowings	-	331,384	-	-	741,137	-

The fair value of the Group's interest-bearing loans and borrowings is determined by using discounted cash flow models that use market interest rates as at the end of the period. The interest-bearing loans and borrowings 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, including level 3 fair values. 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.

5.1.7 Capital management

Risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio, net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Interest bearing loans and borrowings	679,699	344,381	755,731	770,203
Lease liabilities	1,207	1,800	1,342	4,025
Less: cash and cash equivalents	(404,825)	(180,786)	(450,109)	(404,336)
Net debt	**276,081**	**165,395**	**306,964**	**369,892**
Total equity	1,612,635	786,894	1,793,027	1,759,883
Total capital	**1,888,716**	**952,289**	**2,099,991**	**2,129,775**
Net debt (net debt/total capital) ratio	15%	17%	15%	17%

During the year, the Group's strategy which was unchanged from 2022, was to maintain a net debt gearing ratio of 15% to 40%. Capital includes share capital, share premiums, capital contribution and all other equity reserves.

Notes to the consolidated financial statements

For the year ended 31 December 2023

As the Group continuously reviews its funding and maturity profile, it continues to monitor the market in ensuring that its well positioned for any refinancing and or buy back opportunities for the current debt facilities.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Total net financial indebtedness to annualised EBITDA is not to be greater than 3:1;
- The sources of funds exceed the relevant expenditures in each semi-annual period within the 18 months shown in the Group's liquidity plan.
- The minimum production levels stipulated for each 6-month period must be achieved.
- The Cash Adjusted Debt Service Cover Ratio should equal to or greater than 1.20 to 1 for each Calculation Period through to the applicable Termination Date.

The Group has complied with these covenants throughout the 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 year ended 31 December 2023, revenue from the gas segment of the business constituted 12% (2022: 12%) 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 disclosure

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Oil	75,925	31,204	115,628	73,524
Gas	5,413	13,229	8,244	31,182
Total profit for the year	**81,338**	**44,433**	**123,872**	**104,706**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

Oil	2023 ₦'million	2022 ₦'million	2023 $'000	2022 $'000
Revenue from contract with customers				
Crude oil sales (Note 7)	615,866	356,192	937,913	839,344
Operating profit before depreciation, amortisation and impairment	265,994	145,014	405,089	341,719
Depreciation, amortization and impairment	(107,272)	(54,610)	(163,368)	(128,684)
Operating profit	**158,722**	**90,404**	**241,722**	**213,035**
Finance income (Note 13)	6,277	491	9,559	1,157
Finance costs (Note 13)	(45,438)	(28,916)	(69,199)	(68,141)
Profit before taxation	119,560	61,979	182,082	146,051
Income tax expense (Note 14)	(43,636)	(30,775)	(66,453)	(72,527)
Profit for the year	**75,925**	**31,204**	**115,628**	**73,524**

Gas	2023 ₦'million	2022 ₦'million	2023 $'000	2022 $'000
Revenue from contract with customers				
Gas sales (Note 7)	81,001	47,721	123,358	112,451
Operating profit before depreciation, amortisation and impairment	9,661	27,269	14,714	64,258
Depreciation, amortisation and impairment	(4,646)	(1,084)	(7,075)	(2,553)
Operating profit	**5,016**	**26,185**	**7,638**	**61,705**
Share of profit from joint venture accounted for using equity accounting	972	(1,434)	1,481	(3,380)
Profit/(loss) before taxation	5,988	24,751	9,119	58,325
Income tax (expense)/credit (Note 14)	(574)	(11,522)	(876)	(27,143)
Profit for the year	**5,413**	**13,229**	**8,244**	**31,182**

During the reporting period, impairment losses recognised in the oil segment relate to trade receivables and other receivables (Pillar, Pan Ocean, Oghareki, Summit, NEPL and NUIMS). Impairment losses recognised in the gas segment relates to Geregu Power, Sapele Power and NGMC. See Note 11 for further details. In addition, the Gas segment suffered foreign exchange losses arising from devaluation and therefore 2023 operating profit has been impacted by volatility in Naira exchange to the USD.

Notes to the consolidated financial statements

For the year ended 31 December 2023

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.

	2023	2023	2023	2023	2023	2023
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	217,017	-	217,017	330,499	-	330,499
Nigeria	53,612	81,001	134,613	81,647	123,358	205,005
Italy	2,932	-	2,932	4,465	-	4,465
Switzerland	191,178	-	190,178	291,148	-	291,148
Barbados	22,201		22,201	33,811	-	33,811
England	128,926	-	128,926	196,343	-	196,343
Revenue from contract with customers	**615,866**	**81,001**	**696,867**	**937,913**	**123,358**	**1,061,271**
Timing of revenue recognition						
At a point in time	615,866	-	615,866	937,913	-	937,913
Over time	-	80,001	80,001	-	123,358	123,358
Revenue from contract with customers	**615,866**	**80,001**	**696,867**	**937,913**	**123,358**	**1,061,271**

	2022	2022	2022	2022	2022	2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	$'000	$'000	$'000
Geographical markets						
The Bahamas	69,128	-	69,128	162,897	-	162,897
Nigeria	45,067	47,721	92,788	106,197	112,451	218,648
Italy	791	-	791	1,863	-	1,863
Switzerland	229,119	-	229,119	539,903	-	539,903
Barbados	12,087	-	12,087	28,484	-	28,484
Revenue from contract with customers	**356,192**	**47,721**	**403,913**	**839,344**	**112,451**	**951,795**
Timing of revenue recognition						
At a point in time	356,192	-	356,192	839,344	-	839,344
Over time	-	47,721	47,721	-	112,451	112,451
Revenue from contract	**356,192**	**47,721**	**403,913**	**839,344**	**112,451**	**951,795**

with customers

The Group’s transactions with its major customer, Mercuria, constitutes more than 30% ($291.1 million, ₦191.2 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 ($123 million, ₦81 billion) accounted for most of the revenue from gas segment.

6.1.2 Impairment (losses)/reversal on financial assets by reportable segments

	2023	2023	2023	2022	2022	2022
	Oil	Gas	Total	Oil	Gas	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Impairment (losses)/reversal recognised during the year	(5,341)	(2,969)	(8,310)	(2,727)	(3)	(2,730)
	(5,341)	**(2,969)**	**(8,310)**	**(2,727)**	**(3)**	**(2,730)**

	2023	2023	2023	2022	2022	2022
	Oil	Gas	Total	Oil	Gas	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment (losses)/reversal recognised during the year	(8,134)	(4,522)	(12,656)	(6,425)	(7)	(6,432)
	(8,134)	**(4,522)**	**(12,656)**	**(6,425)**	**(7)**	**(6,432)**

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	Oil	Gas	Total
Total segment assets	₦'million	₦'million	₦'million	$'000	$'000	$'000
31 December 2023	2,458,176	595,278	3,053,454	2,733,153	661,866	3,395,019
31 December 2022	1,188,170	301,810	1,489,980	2,862,263	674,994	3,537,257

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	Oil	Gas	Total
Total segment liabilities	₦'million	₦'million	₦'million	$'000	$'000	$'000
31 December 2023	1,069,025	371,794	1,440,819	1,188,609	413,383	1,601,992
31 December 2022	563,307	139,779	703,086	1,464,761	312,613	1,777,374

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

7. Revenue from contracts with customers

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Crude oil sales	615,866	356,192	937,913	839,344
Gas sales	81,001	47,721	123,358	112,451
	696,867	**403,913**	**1,061,271**	**951,795**

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

8. Cost of sales

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Royalties	120,408	76,712	183,372	180,765
*Depletion, depreciation and amortisation	98,224	54,610	149,587	128,684
Crude handling fees	43,807	20,984	66,714	49,447
Nigeria Export Supervision Scheme (NESS) fee	705	419	1,074	987
Barging and Trucking	14,793	5,203	22,529	12,262
Niger Delta Development Commission Levy	8,578	4,561	13,064	10,748
Operational & maintenance expenses	61,019	44,207	92,935	104,166
	347,534	**206,696**	**529,275**	**487,059**

*The increase in depletion, depreciation and amortisation is due to higher production in 2023 and a change in estimated future development cost arising from the change in the estimate of the proved undeveloped reserves.

Operational & maintenance expenses relates mainly 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 $11.6 million, ₦ 7.6 billion (2022: $5.2 million, ₦2.2 billion). There are no write down of inventories on Solewant line pipes during the reporting period (2022: $8.5 million, ₦3.6 billion).

Barging and Trucking costs relates to costs on the OML 40 Gbetiokun field and OML 17 Ubima field respectively.

9. Other (loss)/income

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Overlift	(64,944)	(11,547)	(98,904)	(27,209)
Loss on foreign exchange	(18,040)	(454)	(27,470)	(1,068)
Loss on disposal of oil and gas asset – Note 16.3.2	-	(5,548)	-	(13,073)
Loss on disposal of property, plant and equipment – (Note 16.3.1)	-	(8)	-	(18)
Tariffs	2,547	1,638	3,879	3,861
Others	371	617	565	1,453
	(80,066)	**(15,302)**	**(121,930)**	**(36,054)**

(Overlifts)/Underlifts are (surplus)/shortfalls of crude lifted (above)/below the share of production. It may exist when the crude oil lifted by the Group during the period is (more)/less than its ownership share of production. The (surplus)/shortfall is initially measured at the market price of oil at the date of lifting and recognised as other (loss)/income. At each reporting period, the (surplus)/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 (loss)/income.

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 in 2022.

Tariffs which is a form of crude handling fee, relate to income generated from the use of the Group's pipeline by others.

Others represents other income, joint venture billing interest and joint venture billing finance fees.

10. General and administrative expenses

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Depreciation (Note 16.2)	2,679	1,735	4,081	4,092
Depreciation of right-of-use assets (Note 18)	2,705	2,297	4,119	5,413
Auditor's remuneration	630	424	959	999
Professional and consulting fees	30,023	14,305	45,721	33,708
Directors' emoluments (executive)	2,076	875	3,162	2,062
Directors' emoluments (non-executive)	2,493	2,677	3,797	6,308
Donations	392	162	597	381
Employee benefits (Note 10.1)	38,206	23,192	58,183	54,654
Flights and other travel costs	5,142	4,256	7,820	10,031
Other general expenses*	9,936	8,376	15,125	19,737
	94,282	**58,299**	**143,564**	**137,385**

Directors' emoluments have been split between executive and non-executive directors.

*Other general expenses include guest house rent of $0.31 million, ₦204 million (2022: $1.1 million, ₦449 million) of which the entity had adopted IFRS 16 recognition exemption for short-term leases. Also contained in other general expenses is security expenses of $1.1 million, ₦722 million (2022: $1.05 million, ₦ 443 million), dues and subscription of $0.73 million, ₦479 million (2022: $0.79, ₦337 million), IT expenses of $0.41 million, ₦269 million (2022: $1.68 million, ₦713 million), Contract labour expenses of $5.5 million, ₦3.6 billion (2022: $9.7 million, ₦ 4.1 billion) among others.

Professional and consulting fees increase in 2023 was mainly due to professional fees associated with the litigation costs in response to the unprecedented and intense period of minority shareholder actions through the Courts and some costs associated with the MPNU transaction.

Employee benefits is higher than prior year due to increases in share-based payment associated with employee Long Term Incentive Scheme. Executive director's emoluments include accruals on bonus in current period but were not included in prior period. Overall costs on executive remain flat when compared with prior period. Non-executive director's cost are lower than prior period due to the inclusion of the consultancy contracts in 2022 cost.

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

10.1 Employee benefits - Salaries and employee related costs include the following:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Short term employee benefits:				
Basic salary	19,325	12,317	29,431	29,025
Housing allowances	2,045	1,440	3,113	3,394
Other allowances	5,540	3,074	8,437	7,433
Post-employment benefits:				
Defined contribution expenses	2,200	1,329	3,351	3,132
Defined benefit expenses (Note 33.2)	1,379	1,556	2,100	3,482
Other employee benefits:				
Share based payment expenses (Note 27.4)	7,717	3,475	11,751	8,188
	38,206	**23,192**	**58,183**	**54,654**

Other allowances relate to staff bonus, car allowances and relocation expenses.

10.2 Below are details of non-audit services provided by the auditors:

Entity	Service	PwC office	Fees ($)	Year
Seplat Energy Plc	Remuneration committee advice	PwC UK	363,825	2023
Seplat Energy Plc	Tax return advisory	PwC UK	32,562	2023

10.3 Below are details of assurance service providers to the Group during the year:

S/N	Name of Signer	Name of firm	Service rendered
1	Tosin Famurewa* Philip .N. Jankowski*	Ryder Scott Company	Reserve valuation
2	Chidiebere Orji (FRC/2021/004/00000022718)	Logic Professional Service (FRC/2020/00000013617)	Actuarial valuation service
3	Reuben Temerigha (FRC/2023/PRO/DIR/003/866111)	Westend Diamond Nigeria Limited	Drilling rigs valuation

*The signers and firms do not have FRCN numbers.

11. Impairment loss

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Impairment losses on financial assets-net (Note 11.1)	8,310	2,730	12,656	6,432
	8,310	**2,730**	**12,656**	**6,432**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

11.1 Impairment losses/(reversal) on financial assets-net

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Impairment losses/(reversal) on:				
NUIMS receivables	229	(325)	349	(766)
NEPL receivables	1,228	(3,700)	1,870	(8,720)
Trade receivables (Geregu Power, Sapele Power and NGMC)	2,140	1,383	3,259	3,259
Receivables from joint venture (ANOH)	3,768	126	5,738	296
Contract asset	56	170	86	402
Other trade receivables	889	5,076	1,354	11,961
Total impairment loss allowance	**8,310**	**2,730**	**12,656**	**6,432**

12. Fair value gain/(loss)

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Hedge premium expenses	(3,533)	(4,360)	(5,380)	(10,275)
Fair value gain	587	63	894	150
	(2,946)	**(4,297)**	**(4,486)**	**(10,125)**

Fair value loss on derivatives represents changes in the fair value of hedging receivables charged to profit or loss.

13. Finance income/(cost)

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Finance income				
Interest income	**6,277**	**491**	**9,559**	**1,157**
Finance cost				
Interest on debt factoring	(391)	-	(595)	-
*Interest on bank loans (Note 30)	(40,067)	(27,761)	(61,019)	(65,418)
Interest on lease liabilities (Note 31)	(35)	(161)	(54)	(380)
Unwinding of discount on provision for decommissioning (Note 32)	(4,945)	(994)	(7,531)	(2,343)
	(45,438)	**(28,916)**	**(69,199)**	**(68,141)**
Finance (cost) – net	**(39,161)**	**(28,425)**	**(59,640)**	**(66,984)**

Finance income represents interest on short-term fixed deposits.

*The interest on bank loan includes other financial charges (commitment fee) of ₦5.1 billion, $7.7 million

Notes to the consolidated financial statements

For the year ended 31 December 2023

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings denominated in dollars during the year, in this case 7.56% (2022: 7.52%). The amount capitalised during the year is ₦10.7 billion, $16.3 million (2022: ₦5.9 billion, $14 million).

14. Taxation

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

Income tax expense

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Current tax:				
Current tax expense on profit for the year	45,949	24,481	69,977	57,689
Education tax	8,968	4,022	13,658	9,478
NASENI Levy	321	221	489	518
Police Levy	4	3	6	8
Total current tax	**55,242**	**28,727**	**84,130**	**67,693**
Deferred tax:				
Deferred tax expense in profit or loss (Note 14.3)	(11,032)	13,570	(16,801)	31,977
Total tax expense in statement of profit or loss	44,210	42,297	67,329	99,670
Deferred tax recognised in other comprehensive income (Note 14.3)	(183)	379	(279)	892
Total tax charge for the period	**44,027**	**42,676**	**67,050**	**100,562**
Effective tax rate	**35%**	**49%**	**35%**	**49%**

14.1 Reconciliation of effective tax rate

The 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 annual tax rate used for the year ended 31 December 2023 is 85% for crude oil activities and 30% for gas activities. As at 31 December 2022, the applicable tax rate was 85% and 30% respectively.

The effective tax rate for the period was 35% (2022: 49%).

A reconciliation between income tax expense and accounting profit before income tax multiplied by the applicable statutory tax rate is as follows:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Profit before taxation	125,540	86,730	191,201	204,376
Tax rates of 85% and 30%	91,418	73,721	139,222	173,720

Notes to the consolidated financial statements

For the year ended 31 December 2023

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Income not subject to tax	(57,423)	(25,349)	(87,450)	(59,733)
Expenses not deductible for tax purposes	922	(76,309)	1,404	(179,817)
Impact of unutilised tax losses	-	65,989	-	155,496
Education tax	8,968	4,022	13,658	9,478
NASENI levy	321	220	489	518
Police levy	4	3	6	8
Total tax charge in statement of profit or loss	**44,210**	**42,297**	**67,329**	**99,670**

14.2 Current tax liabilities

The movement in the current tax liabilities is as follows:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
As at 1 January	25,268	19,094	56,512	46,351
Tax charge	55,242	28,727	84,130	67,693
Tax paid	(40,767)	(24,415)	(62,085)	(57,532)
Exchange difference	30,910	1,862	-	-
As at 31 December	**70,653**	**25,268**	**78,557**	**56,512**

14.3 Deferred tax

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

	Balance as at 31 Dec 2022	(Charged)/credited to profit or loss	Impact of net off	Charged to other comprehensive income	Exchange difference	Balance as at 31 Dec 2023
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Deferred tax assets (Note 14.4)	113,475	24,295	-	-	123,759	261,529
Deferred tax liabilities (Note 14.5)	(35,032)	(13,262)	-	183	(40,270)	(88,381)
	78,443	**11,033**	**-**	**183**	**83,489**	**173,148**

	Balance as at 31 Dec 2022	(Charged)/credited to profit or loss	Impact of net off	Charged to other comprehensive income	Balance as at 31 Dec 2023
	$'000	$'000		$'000	$'000
Deferred tax assets (Note 14.4)	253,785	36,999	-	-	290,784
Deferred tax liabilities (Note 14.5)	(78,349)	(20,197)	-	279	(98,267)
	175,436	**16,802**	**-**	**279**	**192,517**

14.4 Deferred tax assets

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.

	Balance at 1 January 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Exchange difference	Balance at 31 December 2023
	₦ million	₦ million	₦ million	N million	₦ million
Tax losses	9,942	(14,600)	-	4,658	-
Other cumulative timing differences:					
Accelerated capital deduction	96,125	35,236	-	110,253	241,614
Other temporary differences:					
Provision for abandonment	7,872	7,652	-	10,791	26,315
Provision for gratuity	-	562	-	208	771
Provision for defined benefit	-	843	-	313	1,155
Unrealised foreign exchange loss	(2,176)	12,266	-	2,336	12,424
Underlift	(4,615)	4,294	-	320	-
Overlift	2,079	49,111	-	20,259	71,450
Impairment provision on trade and other receivables	19,087	(24,386)	-	10,290	4,991
Property, Plant and Equipment	(12,444)	(34,783)	-	(25,447)	(72,674)
Leases	(2,394)	(14,383)	-	(7,738)	(24,515)
	113,475	**24,295**	**-**	**126,245**	**261,529**

	Balance at 1 January 2023	(Charged)/ credited to profit or loss	Charged to other comprehensive income	Balance at 31 December 2023
	$'000	$'000	$'000	$'000
Tax losses	22,235	(22,235)	-	-
Other cumulative timing differences:				
Accelerated capital deduction	214,980	53,661	-	268,641
Other temporary differences:				
Provision for abandonment	17,606	11,653	-	29,258

Provision for gratuity	-	857	-	858
Provision for defined benefit	-	1,284	-	1,284
Unrealised foreign exchange loss	(4,867)	18,681	-	13,813
Underlift	(10,321)	10,320		
Overlift	4,650	74,792	-	79,441
Impairment provision on trade and other receivables	42,687	(37,138)	-	5,549
Leases	(5,354)	(21,904)	-	(27,258)
Property, plant & equipment	(27,831)	(52,972)	-	(80,803)
	253,785	**36,999**	**-**	**290,784**

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

14.5 Deferred tax liabilities

Deferred tax liabilities are recognised for amounts of income taxes payable in future periods in respect of taxable temporary differences.

	Balance as at 1 January 2023	Charged /(credited) to profit or loss	Charged to other comprehensive income	Exchange difference	Balance at 31 December 2023
	₦ million	₦ million	₦ million	₦ million	₦ million
Other cumulative timing differences:					
Property, plant & equipment	(101,357)	(67,249)	-	(127,382)	(295,988)
Provision for abandonment	4,760	(4,197)	-	3,263	3,826
Provision for defined benefit	2,711	(353)	-	2,612	4,971
Share based payment plan	11,157	5,532	-	13,331	30,020
Overlift	21,290	(2,669)	-	20,548	39,169
Expected credit loss	18,303	48,777	-	36,546	103,626
Unrealised foreign exchange loss	13,641	9,284	-	17,232	40,331
Defined benefits	(5,538)	(1,660)	-	(6,216)	(13,414)
Hedging Gain	-	(730)	-	(270)	(999)
Deferred tax liabilities on defined benefit remeasurement	-	-	(183)	434	251
	(35,032)	**(13,262)**	**(183)**	**(39,784)**	**(88,381)**

	Balance at 1 January 2023	Charged/(credited) to profit or loss	Charged to other comprehensive income	Balance at 31 December 2023
	$'000	$'000	$'000	$'000
Other cumulative timing differences:				
Provision for abandonment	10,645	(6,391)	-	4,254
Provision for defined benefit	6,064	(537)	-	5,527
Share based payment plan	24,953	8,425	-	33,378
Unrealised foreign exchange loss	30,852	13,990	-	44,843
Overlift	47,615	(4,065)	-	43,550
Expected credit loss	40,934	74,284	-	115,218

Property, plant and equipment	(226,684)	(102,414)	-	(329,098)
Defined benefits	(12,385)	(2,528)	-	(14,914)
Hedging gain	-	(1,111)	-	(1,111)
Deferred tax liabilities on defined benefit remeasurement	-	-	279	279
Unrealised forex	(343)	150	-	(193)
	(78,349)	**(20,197)**	**279**	**(98,267)**

14.6 Unrecognised deferred tax assets

There were no temporary differences associated with investments in the Group's subsidiaries for which a deferred tax asset would have been recognised in the periods presented.

14.7 Unrecognised deferred tax liabilities

There were no temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability would have been recognised in the periods presented.

14.8 Reclassification of deferred taxes.

The Group reclassified its prior year deferred tax closing balance by netting off deferred tax assets and deferred tax liabilities within each of the entities comprising the Group. In line with IAS 12, the entities hold a legally enforceable right to offset current tax assets against current tax liabilities. There is no impact on the income statement, statement of changes in equity, opening balance of equity and the statement of cashflow.

Balance Sheet - extract	31 December 2022 ₦'million Signed FS	Reclass ₦'million	31 December 2022 ₦'million
Deferred tax asset	205,107	91,632	113,475
Deferred tax liabilities	(126,664)	(91,632)	(35,032)

Balance Sheet - extract	31 December 2022 $'000	Reclass $'000	31 December 2022 $'000
Deferred tax asset	458,718	(204,933)	253,785
Deferred tax liabilities	(283,282)	204,933	(78,349)

15. Computation of cash generated from operations

	Notes	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Profit before tax		**125,540**	**86,730**	**191,201**	**204,376**
Adjusted for:					
Depletion, depreciation, and amortization	16.4	107,186	56,345	163,235	132,776
Depreciation of right-of-use asset	18	2,705	2,297	4,119	5,413
Impairment losses on financial assets	11.1	8,310	2,730	12,656	6,432
Loss on disposal of oil and gas asset	16.3	-	5,548	-	13,073
Loss on disposal of other property,		-	8	-	18

plant & equipment	16.3				
Interest income	13	(6,277)	(491)	(9,559)	(1,157)
Interest expense on bank loans	30	40,067	27,761	61,019	65,418
Interest on debt factoring	13	(391)	-	595	-
Interest on lease liabilities	31	35	161	54	380
Unwinding of discount on provision for decommissioning	32	4,945	994	7,531	2,343
Unrealised fair value (gain)/loss on derivatives financial instrument	12	(587)	(63)	(894)	(150)
*Realised fair value loss on derivatives	12	3,772	4,360	5,745	10,275
Unrealised foreign exchange (gain)/loss	9	18,038	454	27,470	1,068
Share based payment expenses	27.4	7,716	3,474	11,751	8,188
Defined benefit expenses	33.2	1,379	700	2,100	1,650
Share of loss/(profit) in joint venture	21.3	(972)	1,434	(1,481)	3,380
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(32,127)	(293)	(48,928)	(691)
Inventories		1,955	8,297	2,978	19,551
Prepayments		3,917	4,153	5,965	9,786
Contract assets		(498)	(1,585)	(759)	(3,734)
Trade and other payables		55,857	40,903	85,066	94,581
Net cash from operating activities		**340,570**	**243,917**	**519,864**	**574,600**

* Realised fair value loss on derivatives relates to premium accrued of $0.4 million, N240 million (see note 25) and hedge premium expenses of $5.4 million, N3.5 billion (see note 12) for the period.

Notes to the consolidated financial statements

For the year ended 31 December 2023

16. Property, plant and equipment

16.1 Oil and gas properties

Cost	Production and field facilities ₦ million	Assets under construction ₦ million	Exploration and Evaluation assets ₦ million	Total ₦ million
At 1 January 2023	**994,075**	**177,013**	**27,029**	**1,198,117**
Additions	25,867	91,671	-	117,539
*Transfer	42,280	(42,280)	-	-
Changes in decommissioning obligation (Note 32)	(46,448)	-	-	(46,448)
Interest capitalized (Note 30.1)	-	10,675	-	10,675
Reclassification	(4,355)	4,355	-	-
Reclassification from intangible assets	-	17,431	-	17,431
Exchange differences	1,011,898	209,305	27,339	1,248,542
At 31 December 2023	**2,023,318**	**468,170**	**54,368**	**2,545,856**
Depreciation				
At 1 January 2023	456,778	-	-	456,778
Charge for the year	98,224	-	-	98,224
Reclassification from intangible assets (Note 19)	-	19,833	-	19,833
Exchange differences	498,336	7,331	-	505,667
At 31 December 2023	**1,053,338**	**27,164**	**-**	**1,080,502**
NBV				
At 31 December 2023	**969,980**	**441,006**	**54,368**	**1,465,354**
Cost				
At 1 January 2022	**855,944**	**121,337**	**24,901**	**1,002,182**
Additions	28,386	38,952	-	67,338
*Transfer	11,127	(11,127)	-	-
Changes in decommissioning obligation (Note 32)	15,631	-	-	15,631
Interest capitalized (Note 30.1)	-	5,943	-	5,943
Reclassification	29,993	9,232	-	39,225
Disposals	(23,457)	-	-	(23,457)
Exchange differences	76,451	12,675	2,128	91,254
At 31 December 2022	**994,075**	**177,013**	**27,029**	**1,198,117**
Depreciation				
At 1 January 2022	**341,437**	**-**	**-**	**341,437**
Charge for the year	50,421	-	-	50,421
Reclassification	34,136	-	-	34,136

Disposals	(2,778)	-	-	(2,778)
Exchange differences	33,562	-	-	33,562
At 31 December 2022	**456,778**	**-**	**-**	**456,778**
NBV				
At 31 December 2022	**537,297**	**177,013**	**27,029**	**741,339**

	Production and field facilities	Assets under construction	Exploration and Evaluation assets	Total
Cost	$'000	$'000	$'000	$'000
At 1 January 2023	**2,223,236**	**395,886**	**60,450**	**2,679,572**
Additions	39,393	139,609	-	179,002
*Transfer	64,389	(64,389)	-	-
Changes in decommissioning obligation (Note 32)	(70,736)	-	-	(70,736)
Interest capitalized (Note 30.1)	-	16,256	-	16,256
Reclassifications	(6,632)	6,632	-	-
Reclassification from intangible assets (Note 19)	-	26,546	-	25,546
At 31 December 2023	**2,249,650**	**520,540**	**60,450**	**2,830,640**
Depreciation				
At 1 January 2023	1,021,579	-	-	1,021,579
Charge for the year	149,587	-	-	149,587
Reclassification from intangible assets	-	30,203	-	30,203
At 31 December 2023	**1,171,166**	**30,203**	**-**	**1,201,369**
NBV				
At 31 December 2023	**1,078,484**	**490,337**	**60,450**	**1,629,271**

Cost				
At 1 January 2022	**2,077,889**	**294,558**	**60,450**	**2,432,897**
Additions	66,890	91,788	-	158,678
*Transfer	26,220	(26,220)	-	-
Changes in decommissioning obligation (Note 32)	36,834	-	-	36,834
Interest capitalized (Note 30.1)	-	14,005	-	14,005
Reclassification	70,677	21,755	-	92,432
Disposals	(55,274)	-	-	(55,274)
At 31 December 2022	**2,223,236**	**395,886**	**60,450**	**2,679,572**

Depreciation

At 1 January 2022	**828,872**	**-**	**-**	**828,872**
Charge for the year	118,813	-	-	118,813
Impairment loss	-	-	-	-
Reclassification	80,440	-	-	80,440
Disposals	(6,546)	-	-	(6,546)
At 31 December 2022	**1,021,579**	**-**	**-**	**1,021,579**
NBV				
At 31 December 2022	**1,201,657**	**395,886**	**60,450**	**1,657,993**

Assets under construction represent costs capitalised in connection with the development of the Group's oil fields and other property, plant and equipment not yet ready for their intended use. Some of which are qualifying assets that take a substantial period to get ready for its intended use. A capitalisation rate of 7.56% (2022: 7.52%) has been determined and applied to the Group's general borrowing to determine the borrowing cost capitalised as part of the qualifying assets.

* Transfers within the Oil and Gas assets relates to completed projects, previously under development moved to production and field facilities.

Borrowing costs capitalised during the year amounted to ₦10.7 billion, $16.3 million (2022: ₦5.9 billion, $14.3 million). There was no oil and gas property pledged as security during the reporting period.

Impairment testing

There was no impairment loss recorded for OML 4, 38, 41: OML 53, OML 40 and OML 56 during the year ended. (2022: nil).

16.2 Other property, plant and equipment

Cost	Plant & machinery ₦ million	Motor vehicles ₦ million	Office furniture & IT equipment ₦ million	Leasehold improvements ₦ million	Land ₦ million	Building ₦ million	Total ₦ million
At 1 January 2023	17,294	4,324	10,567	2,771	30	1,740	36,726
Additions	412	800	1,740	286	-	-	3,238
Disposals	-	(491)	-	-	-	-	(491)
Exchange differences	17,645	4,487	11,331	2,907	30	1,759	38,159
At 31 December 2023	**35,351**	**9,120**	**23,638**	**5,964**	**60**	**3,499**	**77,632**
Depreciation							
At 1 January 2023	9,062	3,189	9,524	2,288	-	242	24,305
Charge for the year	81	941	1,266	287	-	104	2,679
Disposals	-	(491)	-	-	-	-	(491)
Exchange differences	9,197	3,393	10,102	2,420	-	283	25,394
At 31 December 2023	**18,340**	**7,032**	**20,892**	**4,995**	**-**	**629**	**51,888**
NBV							
At 31 December 2023	**17,011**	**2,088**	**2,746**	**969**	**60**	**2,870**	**25,744**
Cost							
At 1 January 2022	**15,531**	**3,831**	**9,038**	**2,355**	**28**	**1,603**	**32,386**
Additions	413	634	723	203	-	-	1,973
Disposals	-	(477)	(6)	-	-	-	(483)

Exchange differences	1,350	336	812	213	2	137	2,850
At 31 December 2022	**17,294**	**4,324**	**10,567**	**2,771**	**30**	**1,740**	**36,726**
Depreciation							
At 1 January 2022	**8,293**	**2,616**	**8,180**	**1,912**	**-**	**157**	**21,158**
Charge for the year	57	794	617	201	-	66	1,735
Disposals	-	(462)	(4)	-	-	-	(466)
Exchange differences	712	242	732	175	-	19	1,880
At 31 December 2022	**9,062**	**3,189**	**9,524**	**2,288**	**-**	**242**	**24,307**
NBV							
At 31 December 2022	**8,232**	**1,135**	**1,043**	**483**	**30**	**1,498**	**12,419**

	Plant & machinery	Motor vehicles	Office furniture & IT equipment	Leasehold improvements	Land	Building	Total
Cost	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2023	**38,678**	**9,669**	**23,632**	**6,196**	**68**	**3,890**	**82,133**
Additions	628	1,217	2,650	436	-	-	4,931
Disposals	-	(747)	-	-	-	-	(747)
At 31 December 2023	**39,306**	**10,139**	**26,282**	**6,632**	**68**	**3,890**	**86,317**
Depreciation							
At 1 January 2023	**20,268**	**7,133**	**21,301**	**5,116**	**-**	**541**	**54,359**
Charge for the year	125	1,432	1,928	438	-	158	4,081
Disposal	-	(747)	-	-	-	-	(747)
At 31 December 2023	**20,393**	**7,818**	**23,229**	**5,554**	**-**	**699**	**57,693**
NBV							
At 31 December 2023	**18,913**	**2,321**	**3,053**	**1,078**	**68**	**3,191**	**28,624**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

Cost	Plant & machinery $'000	Motor vehicles $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land	Building $'000	Total $'000
At 1 January 2022	**37,704**	**9,299**	**21,941**	**5,717**	**68**	**3,891**	**78,620**
Additions	974	1,493	1,704	478	-	-	4,649
Disposals	-	(1,123)	(13)	-	-	-	(1,136)
At 31 December 2022	**38,678**	**9,669**	**23,632**	**6,196**	**68**	**3,891**	**82,133**
Depreciation							
At 1 January 2022	**20,132**	**6,351**	**19,858**	**4,642**	**-**	**382**	**51,365**
Charge for the year	136	1,871	1,453	473	-	159	4,092
Disposal	-	(1,089)	(10)	-	-	-	(1,099)
At 31 December 2022	**20,268**	**7,133**	**21,301**	**5,116**	**-**	**541**	**54,358**
NBV							
At 31 December 2022	**18,410**	**2,536**	**2,331**	**1,080**	**68**	**3,350**	**27,775**

During the year, the Group performed a valuation on the drilling rigs acquired in 2021.

The recoverable amount as at 31 December 2023 has been determined based on the fair value less cost to dispose using the services of Westend Diamond Nigeria Limited, an independent valuer.

The fair value was determined using the current asset value of the rigs. This was based on inspection of the components, recent sales of similar assets and price adjustment for damaged components based on industry knowledge and the Valuer's experience in rig acceptance services and testing rig condition surveys.

The recoverable amount was higher than the carrying value. Hence, there was no impairment loss recorded in profit or loss. It is categorised under level 2 of the fair value hierarchy.

Gas plant as stated under Note 3.9 is recognised under oil and gas properties.

16.3 Loss on disposal

16.3.1 Loss on disposal of other property, plant and equipment

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Proceeds from disposal of assets	-	8	-	19
Less net book value of disposed assets	-	(16)	-	(37)
		(8)	**-**	**(18)**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

16.3.2 Loss on disposal of oil and gas assets

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Proceeds from disposal of assets	-	7,884	-	18,578
Less net book value of disposed assets	-	(13,432)	-	(31,651)
	-	**(5,548)**	**-**	**(13,073)**

16.4 Depletion, depreciation and amortisation

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Oil and gas properties (Note 16.1)	98,224	50,421	149,587	118,813
Amortisation of intangible asset (Note 19)	6,282	4,189	9,567	9,872
Charged to cost of sales	**104,506**	**54,610**	**159,154**	**128,684**
Other property, plant and equipment charged to general and administrative expense (Note 16.2)	2,679	1,735	4,081	4,092
Right of use assets (Note 18)	2,705	2,297	4,119	5,413
Total depletion, depreciation, and amortization	**109,890**	**58,642**	**167,354**	**138,189**

During the period, Seplat Energy Plc ("Seplat") elected to switch from depreciating its production and field assets over the estimated proved developed reserves to depreciating over the total proved reserves (1P). This is based on management's assessment of its consumption of reserves. Management considers the use of total proved reserves in determining the applicable depletion rate as a fair reflection of the pattern in which future economic benefits are consumed.

This constitutes a change in accounting estimates as the entity has not changed its accounting policy of depreciating on a unit-of-production basis but has only changed its estimation technique and in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this is accounted for on a prospective basis. See Note 3.9.

As required when using 1P in the UOP computation, the entity factored in the future development costs (FDC) required to develop the proved undeveloped reserves.

17. Other assets

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Fair value at the beginning of the year	45,478	46,363	101,711	112,551
Receipts from crude oil lifted	-	(4,600)	-	(10,840)
Exchange differences	46,000	3,715	-	-
Fair value at the end of the year	**91,478**	**45,478**	**101,711**	**101,711**

Other assets represent the Group's rights to receive the discharge sum of $190 million, ₦170.88 million (2022: $190 million, ₦85 billion), from the crude oil reserves of OML 55. The asset is measured at fair value through profit or loss (FVTPL) and receipts from crude oil lifted reduce the value of the asset. At each reporting date, the fair value of the discharge sum is determined using the income approach in line with IFRS 13: Fair Value Measurement (discounted cash flow). This asset is categorised within Level 3 of the fair value hierarchy amounting to $142.4 million (2022: $142.4 million).

Notes to the consolidated financial statements

For the year ended 31 December 2023

A further increase/(decrease) in the discount rate of 15% used in the model would result in the following:

Percentage	Fair value $'000	Impact on profit or loss $'000
+2%	119,530	(5,719)
-2%	131,482	6,232

18. Right of use assets

	2023	2022	2023	2022
Cost	₦ million	₦ million	$'000	$'000
As at 1 January	8,166	7,082	20,941	18,517
Additions during the year (Note 31)	1,227	1,084	1,868	2,424
Exchange difference	11,120	-	-	-
As at 31 December	**20,514**	**8,166**	**22,809**	**20,941**
Depreciation				
As at 1 January	6,192	4,032	16,526	11,113
Charge for the year	2,705	2,297	4,119	5,413
Exchange difference	9,670	(137)	-	-
As at 31 December	**18,568**	**6,192**	**20,645**	**16,526**
NBV				
As at 31 December	**1,946**	**1,974**	**2,164**	**4,415**

In 2023, the Group entered into a lease extension agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2024 and ending on 31 December 2028. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property. The payment relating to the new office building in Lagos has been recognised under prepayment and will be reclassified to Right of Use assets upon commencement of the lease.

There is no restriction on any of the leased assets.

The addition during the year relates to the Abuja office leases.

19. Intangible assets

	License	Total	License	Total
Cost	₦ million	₦ million	$'000	$'000
At 1 January 2023	70,588	70,588	157,868	157,868
Reclassification to Oil and Gas Property	(17,431)	(17,431)	(26,546)	(26,546)
Exchange difference	64,953	64,953	-	-
At 31 December 2023	**118,110**	**118,110**	**131,322**	**131,322**
Amortisation				
At 1 January 2023	14,958	14,958	33,453	33,453

Reclassification to Oil and Gas Property	(19,833)	(19,833)	(30,204)	(30,204)
Amortisation charge	6,282	6,282	9,567	9,567
Exchange difference	10,120	10,120	-	-
At 31 December 2023	**11,527**	**11,527**	**12,816**	**12,816**
NBV				
At 31 December 2023	**106,583**	**106,583**	**118,506**	**118,506**
Cost				
At 1 January 2022	**60,435**	**60,435**	**146,713**	**146,713**
Additions	5,092	5,093	12,000	12,000
Reclassification	(359)	(359)	(845)	(845)
Exchange difference	5,420	5,420	-	-
At 31 December 2022	**70,588**	**70,588**	**157,868**	**157,868**
Amortisation				
At 1 January 2022	**6,390**	**6,390**	**15,513**	**15,513**
Reclassification	3,424	3,424	8,068	8,068
Amortisation	4,189	4,189	9,872	9,872
Exchange difference	955	955	-	-
At 31 December 2022	**14,958**	**14,958**	**33,453**	**33,453**
NBV				
At 31 December 2022	**55,630**	**55,630**	**124,415**	**124,415**

License relates to costs incurred in connection with the renewal of a right for exploration of an oil mining lease field. The remaining amortisation period on the licences is 15 years.

20. Prepayments

	2023	2022	2023	2022
Non-current	₦ million	₦ million	$'000	$'000
Advances to suppliers	37,978	25,703	42,227	57,486
	37,978	**25,703**	**42,227**	**57,486**
Current				
Rent	4,797	184	5,334	412
Other prepayments	4,679	372	5,202	830
	9,476	**556**	**10,536**	**1,242**
Total prepayment	**47,454**	**26,259**	**52,763**	**58,728**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

20.1 Rent

Rent relates to short-term leases of residential buildings, car parks and office buildings with contractual lease term of less than or equal to 12 months. At the end of the reporting period, rental expense $0.31 million, ₦279 million (2022: $1.1 million, ₦449 million) was recognised within general and administrative expenses for these leases. The Group's payment for short-term lease commitments at the end of the reporting period are ₦4.7 billion, $5.3 million (2022: ₦184 million, $412 thousand).

20.2 Advances to suppliers

Advances to suppliers relate to a milestone payment made to finance the construction of the Amukpe Escravos Pipeline Project and other related facilities. Recoveries would be made after the completion of the pipeline. At the end of the reporting period, the total prepaid amount is ₦37.2 billion, $42.2 million, (2022: ₦25.7 billion, $57.5 million).

20.3 Other prepayments

Included in other prepayments are prepaid service charge expenses for office buildings, health insurance, software license maintenance, motor insurance premium and crude oil handling fees. These prepaid expenses are short term in nature.

21. Interest in other entities

21.1 Material subsidiaries

The Group's principal subsidiaries as at 31 December 2023 are set in Note 1. Unless otherwise stated, their share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business. The Group exercised significant judgement in consolidating Elcrest. Please see Note 4.1 for details. Also, there were no significant restrictions on any of the entities.

21.2 Non-controlling interest (NCI)

Summarised financial information in respect of Elcrest Exploration and Production Nigeria Limited which has a material non-controlling interest is set out below.

The information disclosed reflects amounts presented in the financial statements of the subsidiary amended to reflect fair value adjustments made by the Group, and modifications for differences in accounting policy during the business combination.

21.2.1 Statement of financial position

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Current assets	207,373	65,158	222,142	145,722
Current liabilities	(679,436)	(320,653)	(751,040)	(735,104)
Current net liabilities	**(472,063)**	**(255,495)**	**(528,898)**	**(589,382)**
Non-current asset	564,185	271,432	627,298	607,062
Non-current liabilities	(48,867)	(21,324)	(54,333)	(47,689)
Non-current net assets	**515,318**	**250,108**	**572,965**	**559,373**
Net assets/(liabilities)	43,255	(5387)	44,067	(30,009)
Accumulated NCI at 55%	**23,790**	**(2,963)**	**24,237**	**(16,505)**

21.2.2 Statement of profit or loss and other comprehensive income

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Revenue	217,016	69,128	330,499	162,897
Cost of sales	(132,217)	(65,680)	(201,357)	(154,772)
Operating expenses	(42,577)	(471)	(64,840)	(1,109)
Finance income/(cost)	(1,247)	(2,289)	(1,899)	(2,378)
Profit before Tax	**40,975**	**688**	**62,403**	**1,622**
Tax credit	7,667	31,949	11,674	75,286
Profit for the year	**48,642**	**32,637**	**74,077**	**76,908**
Total comprehensive income	**48,642**	**19,216**	**74,077**	**76,908**

21.2.3 Statement of cash flows

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Operating activities	316,760	283,728	482,403	668,587
Investing activities	(3,556)	(31,105)	(3,954)	(69,565)
Financing activities	(460,589)	(250,780)	(512,113)	(560,867)

21.3 Equity-accounted investment

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Investment in joint venture (note 21.3.1)	200,909	99,219	223,383	221,902
*Investment in joint venture (Pine Gas)	28	-	31	-
	200,937	**99,219**	**223,414**	**221,902**

* The amount recognised as investment in Pine Gas relates to incorporation cost and other legal fees.

21.3.1 Interest in joint ventures

The revised shareholders agreement between the Group and Nigerian Gas Processing and Transportation Company (NGPTC) requires both parties to have equal shareholding in ANOH. With the change in the ownership structure, the Group has reassessed its retained interest in ANOH and determined that it has joint control. The Group's interest in ANOH is accounted for in the consolidated financial statements using the equity method because the Group interest in ANOH (Joint venture) is assessed to be a joint venture.

During the year, the Group entered into a joint venture agreement with Pol Gas Limited which birthed Pine Gas Processing Limited. The Company was incorporated for processing natural gas, storage, marketing, transportation, trading, supply

Notes to the consolidated financial statements

For the year ended 31 December 2023

and distribution of natural gas and petroleum products derived from natural gas. Both parties subscribed to equal proportion of ordinary shares. The company is yet to commence operations as at the reporting date.

Set below is the information on the material joint venture of the Group, ANOH. The Company has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Company is a private entity hence no quoted price is available.

As at the reporting period, the Group had no capital commitment neither had it incurred any contingent liabilities jointly with its joint venture partner.

Name of entity	Country of incorporation and place of business	Percentage of ownership interest		Carrying amount			
		As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 30 Dec 2022
		%	%	₦'million	₦'million	$'000	$'000
ANOH Gas Processing Company Limited	Nigeria	50	50	200,909	99,219	223,383	221,902
Pine Gas Processing Limited	Nigeria	50	-	28	-	31	-

21.3.1.1 Summarised statement of financial position of ANOH

	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
	₦'million	₦'million	$'000	$'000
Current assets:				
Cash and bank balances	40,443	4,260	44,967	9,528
Other current assets	193	6,240	215	13,955
Total current assets	40,636	10,500	45,182	23,483
Non-current assets	618,996	263,935	688,240	590,286
Total assets	**659,632**	**274,435**	**733,422**	**613,769**
Current liabilities:				
Other current liabilities	(7,554)	(3,951)	(8,399)	(8,837)
Non-current liabilities				
Financial liabilities (excluding trade payables)	(250,260)	(72,046)	(278,257)	(161,128)
Total liabilities	**(257,814)**	**(75,997)**	**(286,656)**	**(169,965)**
Net assets	**401,818**	**198,438**	**446,766**	**443,804**

Reconciliation to carrying amounts:

Opening net assets	198,438	176,280	443,804	427,936
Profit/(loss) for the period	1,945	(2,869)	2,962	(6,760)
Additional contribution	-	10,118	-	22,628
Exchange difference	193,459	14,909	-	-
Closing net assets	**401,818**	**198,438**	**446,766**	**443,804**

Group's share (%)	50%	50%	50%	50%
Group's share of net asset	200,909	99,219	223,383	221,902
Remeasurement of retained interest	-	-	-	-
Carrying amount	**200,909**	**99,219**	**223,383**	**221,902**

21.3.1.2 Summarised statement of profit or loss and other comprehensive income of ANOH

	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
General and administrative expenses	(753)	(3,193)	(1,147)	(7,525)
Depreciation and amortization	(842)	(315)	(1,283)	(743)
Other income	2,399	2	3,654	5
Finance income	1,190	640	1,813	1,509
Profit/(loss) before taxation	1,994	(2,866)	3,037	(6,754)
Taxation	(49)	(2)	(75)	(6)
Profit/(loss) for the period	1,945	(2,868)	2,962	(6,760)
Group's share (%)	50%	50%	50%	50%
Group's share of profit/(loss) for the period	972	(1,434)	1,481	(3,380)

21.3.1.3 Investment in joint venture

	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	₦'million	₦'million	$'000	$'000
Opening balance	99,219	92,795	221,902	225,270
Movement during the year	-	5	-	12
Exchange difference	100,718	7,853	-	-
Share of profit/(loss) from joint venture accounted for using the equity method	972	(1,434)	1,481	(3,380)
	200,909	**99,219**	**223,383**	**221,902**

Notes to the consolidated financial statements

For the year ended 31 December 2023

22. Inventories

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Tubulars, casings and wellheads	47,154	24,774	52,428	55,406

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. There is no Inventory charged to profit or loss and included in cost of sales during the year (2022: ₦3.5 billion, $7.9 million). There is no inventory write down during the year on Solewant line pipes (2022: $8.5 million, ₦3.6 billion).

23. Trade and other receivables

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Trade receivables (Note 23.1)	92,741	19,480	103,117	43,571
NEPL receivables (Note 23.2)	112,054	40,386	124,588	90,322
NUIMS receivables (Note 23.3)	18,415	15,411	20,475	34,467
Underlift	-	7,018	-	15,696
Other receivables (Note 23.4)	24,163	21,752	29,090	48,644
Advances to suppliers-others	3,568	7,657	3,967	17,123
Receivables from ANOH (Note 23.5)	565	5,056	628	11,308
Advances for new business (Note 23.6)	115,392	57,367	128,300	128,300
	368,898	**174,127**	**410,165**	**389,431**

23.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $13 million, ₦11.7 billion (2022: $19.5 million, ₦8.7 billion), ₦5.7 billion), Sapele Power $6.1 million, ₦5.5 billion (2022: $6.1 million, ₦2.7 billion), MSN Energy $3.6 million, ₦3.3 billion (2022: $3.8 million, ₦1.7 billion) and Nigerian Gas Marketing Company $1.4 million, ₦1.2 billion (2022: $0.4 million, ₦0.2 billion) totalling $24.1 million, ₦21.7 billion (Dec 2022: $29.8 million, ₦10.3 billion) with respect to the sale of gas.

Also included in trade receivables are receivables due from Pillar of $6.4 million, ₦5.9 billion (Dec 2022: nil), Mercuria of $4.6 million, ₦4.2 billion (Dec 2022: nil), Shell Western of $70.3 million, ₦63.2 billion (Dec 2022: nil) and Waltersmith of $12.2 million, ₦11 billion (Dec 2022: $12.8 million, ₦5.7 billion) for sale of crude and $2.2 million, ₦1.9 billion (Dec 2022: $26 million, ₦11.4 billion) for others.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Reconciliation of trade receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	30,462	34,698	68,131	84,230
Additions during the year	913,583	368,983	1,015,777	825,226
Receipts for the year	(619,033)	(357,032)	(942,737)	(841,325)
Exchange difference	(217,141)	(16,187)	(21,232)	-
Gross carrying amount	107,871	30,462	119,939	68,131
Less: impairment allowance	(15,130)	(10,982)	(16,822)	(24,560)
Balance as at 31 December	**92,741**	**19,480**	**103,117**	**43,571**

Reconciliation of impairment allowance on trade receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	10,982	8,775	24,560	21,301
Increase in loss allowance during the period	2,140	1,383	3,259	3,259
Foreign exchange revaluation impact	(7,221)	-	(10,997)	-
Exchange difference	9,229	824	-	-
Loss allowance as at 31 December	**15,130**	**10,982**	**16,822**	**24,560**

23.2 NEPL receivables

The outstanding cash calls due to Seplat from its JOA partner, NEPL is ₦112.1 billion (Dec 2022: ₦40.4 billion) $124.6 million (Dec 2022: $90.3 million).

Reconciliation of NEPL receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	41,853	39,514	93,602	95,924
Additions during the year	309,094	115,181	343,670	257,600
Receipts for the year	(207,716)	(110,303)	(316,334)	(259,922)
Exchange difference	(26,811)	(2,539)	8,506	-
Gross carrying amount	116,421	41,853	129,444	93,602
Less: impairment allowance	(4,367)	(1,467)	(4,856)	(3,280)
Balance as at 31 December	**112,054**	**40,386**	**124,588**	**90,322**

Notes to the consolidated financial statements

For the year ended 31 December 2023

Reconciliation of impairment allowance on NEPL receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	1,467	4,943	3,280	12,000
(Decrease)/Increase in loss allowance during the period	1,228	(3,700)	1,870	(8,720)
Foreign exchange revaluation impact	-	-	(294)	-
Exchange difference	1,672	224	-	-
Loss allowance as at 31 December	**4,367**	**1,467**	**4,856**	**3,280**

23.3 NUIMS receivables

Reconciliation of NUIMS receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	15,791	10,819	35,316	26,265
Additions during the year	34,604	29,249	38,475	65,416
Receipts for the year	(26,574)	(23,920)	(40,470)	(56,365)
Exchange difference	(4,722)	(357)	(12,085)	-
Gross carrying amount	19,099	15,791	21,236	35,316
Less: impairment allowance	(684)	(380)	(761)	(849)
Balance as at 31 December	**18,415**	**15,411**	**20,475**	**34,467**

Reconciliation of impairment allowance on NUIMS receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	380	665	849	1,615
(Decrease)/increase in loss allowance during the period	229	(325)	348	(766)
Foreign exchange revaluation impact	(286)	-	(436)	-
Exchange difference	361	40	-	-
Loss allowance as at 31 December	**684**	**380**	**761**	**849**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

23.4 Other receivables

Reconciliation of other receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	47,364	21,632	105,924	52,513
Additions during the year	11,617	43,326	12,916	96,897
Receipts for the year	(16,986)	(18,454)	(25,868)	(43,486)
Exchange difference	32,732	861	(9,886)	-
Gross carrying amount	74,727	47,364	83,086	105,924
Less: impairment allowance	(48,564)	(25,612)	(53,996)	(57,280)
Balance as at 31 December	**26,163**	**21,752**	**29,090**	**48,644**

Other receivables include sundry receivables, WHT receivables, staff receivables, NGC VAT receivables, and Oghareki CHC receivables. WHT receivables of $0.9 million, ₦0.8 billion (2022: $1.6 million, ₦0.7 billion) and NGC VAT receivables of $2.8 million, ₦2.5 billion (2022: $2.6 million, ₦1.2 billion) were not assessed for impairment as these are non-financial assets.

Reconciliation of impairment allowance on other receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	25,612	18,668	57,280	45,319
Increase in loss allowance during the period	868	5,076	1,322	11,961
Foreign exchange revaluation impact	(3,025)	-	(4,606)	-
Exchange difference	25,109	1,868	-	-
Loss allowance as at 31 December	**48,564**	**25,612**	**53,996**	**57,280**

23.5 Receivables from Joint Venture (ANOH)

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	5,188	5,259	11,604	12,766
Additions during the year	1,242	610	1,381	1,364
Receipts for the year	(917)	(1,072)	(1,396)	(2,526)
Exchange difference	479	391	(4,927)	-
Gross carrying amount	5,992	5,188	6,662	11,604
Less: impairment allowance	(5,427)	(132)	(6,034)	(296)
Balance as at 31 December	**565**	**5,056**	**628**	**11,308**

ANOH receivable of $31.98 million due from ANOH has been fully provided for and currently has a nil effect on trade and other receivable.

Notes to the consolidated financial statements

For the year ended 31 December 2023

Reconciliation of impairment allowance on receivables from joint venture (ANOH)

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	132	-	296	-
Increase in loss allowance during the period	3,768	126	5,738	296
Exchange difference	1,527	7	-	-
Loss allowance as at 31 December	**5,427**	**132**	**6,034**	**296**

23.6 Advances for New Business

Advances for new business include deposit for investment of $128.3 million, ₦115.4 billion towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware.

24. Contract assets

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Revenue on gas sales (Note 24.1)	7,496	3,493	8,334	7,811
Impairment loss on contract asset	(256)	(180)	(285)	(403)
	7,240	**3,313**	**8,049**	**7,408**

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, Azura, NGMC, Transcorp Power, MSN Energy and Asherxino Limited for the delivery of gas supplies which these customers have 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 crystalises. The right to the unbilled receivables is recognised as a contract asset. At the point where the gas receipt certificates are obtained from the customers (Geregu Power, Sapele Power, Azura and NGMC) upon volumes reconciliations with offtakers authorising the quantities, this will be reclassified from contract assets to trade receivables.

24.1 Reconciliation of contract assets

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

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	3,493	1,679	7,811	4,076
Addition during the year	104,819	38,216	159,631	90,054
Amount billed during the year	(104,476)	(36,631)	(159,108)	(86,319)
Exchange difference	3,660	229	-	-
Impairment	(256)	(180)	(285)	(403)
Balance as at 31 December	**7,240**	**3,313**	**8,049**	**7,408**

Notes to the consolidated financial statements

For the year ended 31 December 2023

25. 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.

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Opening balance	(954)	(941)	(2,135)	(2,285)
Realised fair value (Note 12)	1,402	1,425	2,135	3,360
Premium accrued	(240)	-	(365)	-
Unrealised fair value (Note 12)	(815)	(1,362)	(1,241)	(3210)
Exchange difference	(838)	(76)	-	-
	(1,444)	**(954)**	**(1,606)**	**(2,135)**

In 2023, the Group entered into economic crude oil hedge contracts with an average strike price of ₦52,892, $60/bbl (2022: ₦22,357, $50/bbl) for 3 million barrels (2022: 3 million barrels) at a cost of ₦2.6 billion, $2.9 million (2022: ₦1.7 billion, $3.8 million).

26. Cash and cash equivalents

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

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Cash on hand	-	30	-	66
Short-term fixed deposits	91,411	22,906	101,636	51,229
Cash at bank	313,635	157,960	348,719	353,287
Gross cash and cash equivalent	**405,046**	**180,896**	**450,355**	**404,582**
Loss allowance	(221)	(110)	(246)	(246)
Net cash and cash equivalents	**404,825**	**180,786**	**450,109**	**404,336**
Restricted cash	24,311	10,706	27,031	23,944
Cash and cash equivalents balance	**429,136**	**191,492**	**477,140**	**428,280**

Notes to the consolidated financial statements

For the year ended 31 December 2023

26.1 Reconciliation of impairment allowance on cash and cash equivalents

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	110	101	246	246
Exchange difference	111	9	-	-
Loss allowance as at 31 December	**221**	**110**	**246**	**246**

26.2 Restricted cash

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Restricted cash	24,311	10,706	27,031	23,944
	24,311	**10,706**	**27,031**	**23,944**

26.3 Movement in restricted cash

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Decrease/(Increase) in restricted cash	2,027	(3,359)	3,087	(7,915)
Exchange Difference	11,578	(744)	-	-
	13,605	**(4,103)**	**3,087**	**(7,915)**

Included in the restricted cash balance is $8 million, ₦7.2 billion and $17.5 million, ₦15.8 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 $0.6 million, ₦0.6 billion for unclaimed dividend.

A garnishee order of $0.8 million, ₦0.8 billion is included in the restricted cash balance as at the end of the reporting period.

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

Notes to the consolidated financial statements

For the year ended 31 December 2023

27. Share capital

27.1 Authorised and issued share capital

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Authorised ordinary share capital				
588,444,561 issued shares denominated in Naira of 50 kobo per share	297	297	1,864	1,864
Issued and fully paid				
588,444,561 (2022: 588,444,561) issued shares denominated in Naira of 50 kobo per share	297	297	1,864	1,864

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

27.2 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 2023	**588,444,561**	**297**	**91,317**	**5,936**	**(2,025)**	**95,525**
Additions to share based during the period	-	-	-	12,245	-	12,245
Vested shares during the year	4,709,289	3	1,395	(1,398)	-	-
Forfeited shares	-	-	-	(1,906)	-	(1,906)
PAYE tax withheld on vested shares	-	-	(1,179)	-	-	(1,179)
Impact of forfeiture rate assumption	-	-	-	(2,622)	-	(2,622)
Issued vested shares	(4,709,289)	(3)	(1,395)	-	1,398	-
Share repurchased	-	-	-	-	(985)	(985)
Closing balance as at 31 December 2023	**588,444,561**	**297**	**90,138**	**12,255**	**(1,612)**	**101,078**

	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 2023	**588,444,561**	**1,864**	**522,227**	**24,893**	**(4,915)**	**544,069**
Additions to share based during the period	-	-	-	18,649	-	18,649
Vested shares during the year	4,709,289	5	2,124	(2,129)	-	-
Forfeited shares	-	-	-	(2,903)	-	(2,903)
PAYE tax withheld on vested shares	-	-	(1,796)	-	-	(1,796)
Impact of forfeiture rate assumption	-	-	-	(3,994)	-	(3,994)
Issued vested shares	(4,709,289)	(5)	(2,124)	-	2,129	-
Share repurchased	-	-	-	-	(1,500)	(1,500)
Closing balance as at 31 December 2023	**588,444,561**	**1,864**	**520,431**	**34,515**	**(4,286)**	**552,524**

27.3 Share Premium

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Share premium	90,138	91,317	520,431	522,227

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a Company issue shares at premium (i.e., above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 4,709,289 shares vested with a fair value of $2.13 million. The excess of $2.12 million above the nominal value of ordinary shares have been recognised in share premium.

27.4 Employee share-based payment scheme

As at 31 December 2023, the Group had 56,047,932 shares which are yet to fully vest. These shares have been assigned to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes is two additional schemes (2023 LTIP scheme and 2022 Deferred bonus scheme) awarded during the reporting period. During the reporting period, 12,312,845 shares had vested out of which 7,603,556 shares were forfeited in relation to participants who could not meet the vesting conditions during the period. The average forfeiture rate due to failure to meet non-market vesting condition is 13.21% while the average due to staff exit is 14.35%. The impact of applying the forfeiture rate of 27.56% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $3,994,475. The number of shares that eventually vested during the year after the forfeiture and conditions above is 4,709,289 (Dec 2022: 4,719,809 shares were vested).

i. Description of the awards valued

The Group has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2020 deferred bonus awards and 2020 Long-term Incentive plan ('LTIP') awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017,2018 and 2020 conditional on the Nigerian Stock Exchange ('NSE') approving the share delivery mechanism proposed by the Group. A number of these awards have fully vested.

Seplat Deferred Bonus Award

25% of each Executive Director's 2022 bonus (paid in 2023) has been deferred into shares and would be released in 2024 subject to continued employment over the vesting period. 2021 deferred bonus was approved by the Board and vested in 2023. No performance criteria are attached to this award. As a result, the fair value of these awards is determined as agreed on recognition.

Long Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after 3 years) based on the following conditions.

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- the Group outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

Notes to the consolidated financial statements

For the year ended 31 December 2023

ii. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Expense arising from equity-settled share-based payment transactions	7,717	3,474	11,751	8,188

There were no cancellations to the awards in 2023. The share awards granted to Executive Directors and confirmed employees which are yet to vest are summarised below:

Scheme	Deemed grant date	Start of Service Period	End of service period	Vesting status	Number of awards
2021 Long term incentive Plan	2-Nov-21	2-Nov-21	2-Nov-24	Partially	12,995,688
2021 Long term incentive Plan - Executives	10-Mar-22	10-Mar-22	2-Nov-24	Partially	5,133,469
2022 Long term incentive Plan	30-May-22	30-May-22	30-May-25	Partially	13,811,252
2022 Deferred Bonus	16-May-23	16-May-23	31-Dec-24	Partially	318,490
COO Sign on Bonus	4-Aug-22	4-Aug-22	1-Jul-24	Partially	514,575
2023 Long term incentive Plan	16-May-23	16-May-23	16-May-26	Partially	23,274,458
					56,047,932

iii. Determination of share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares granted as at 31 December 2023, however these shares were repurchased from the existing shareholders.

Share award scheme (all awards)	2023 Number	2023 WAEP ₦	2022 Number	2022 WAEP ₦
Outstanding at 1 January	20,015,736	442	2,800,942	442
Granted during the year	17,831,904	827	25,036,212	442
Exercised during the year	(4,709,289)	840	(4,719,809)	-
Forfeited during the year	(7,603,556)	568	(3,101,609)	-
Outstanding at 31 December	**25,534,795**	**669**	**20,015,736**	**442**

Share award scheme (all awards)	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	20,015,736	1.10	2,800,942	1.10
Granted during the year	17,831,904	1.28	25,036,212	1.10
Exercised during the year	(4,709,289)	1.30	(4,719,809)	
Forfeited during the year	(7,603,556)	0.88	(3,101,609)	
Outstanding at 31 December	**25,534,795**	**1.14**	**20,015,736**	1.1

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

The following table illustrates the number and weighted average exercise prices ('WAEP') of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred Bonus Scheme	2023 Number	2023 WAEP ₦	2022 Number	2022 WAEP ₦
Outstanding at 1 January	306,996	541	-	-
Granted during the year	634,962	782	479,564	541
Exercised during the year	(439,908)	711	(172,568)	-
Outstanding at 31 December	**502,050**	**678**	**306,996**	**541**

Deferred Bonus Scheme	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	306,996	1.27	-	-
Granted during the year	634,962	1.21	479,564	1.27
Exercised during the year	(439,908)	1.1	(172,568)	-
Outstanding at 31 December	**502,050**	**1.19**	**306,996**	**1.27**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long term incentive Plan (LTIP)	2023 Number	2023 WAEP ₦	2022 Number	2022 WAEP ₦
Outstanding at 1 January	19,708,740	492	2,800,942	492
Granted during the year	17,196,942	581	24,556,648	-
Exercised during the year	(4,269,381)	568	(4,547,241)	-
Forfeited during the year	(7,603,556)	568	(3,101,740)	-
Outstanding at 31 December	**25,032,745**	**553**	**19,708,740**	**492**

Long term incentive Plan (LTIP)	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	19,708,740	1.10	2,800,942	1.10
Granted during the year	17,196,942	0.9	24,556,648	-
Exercised during the year	(4,269,381)	0.88	(4,547,241)	-
Forfeited during the year	(7,603,556)	0.88	(3,101,740)	-
Outstanding at 31 December	**25,032,745**	**0.94**	**19,708,740**	**1.10**

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2023 range from 0.8 to 2.4 years (2022: 0.8 to 2.3 years).
The weighted average fair value of awards granted during the year range from ₦332 to ₦1,286 (2022: ₦170 to ₦581), \$0.37 to \$1.43 (2022: \$0.38 to \$1.30).

The Long term incentive plan is independently determined using the Monte Carlo valuation method which takes into account, the term of the award, the share price at grant date and expected price volatility of the underlying share, the

Notes to the consolidated financial statements

For the year ended 31 December 2023

expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

iv. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2023:

	2021 LTIP	2021 LTIP-Execs	2022 LTIP	2023 LTIP
Weighted average fair values at the measurement date				
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	51.68%	59.29%	59.86%	42.08%
Risk–free interest rate (%)	0.31%	2.17%	2.53%	4.16%
Expected life of share options	3.00	2.64%	3.00	3.00
Share price at grant date ($)	0.66	1.12	1.18	1
Share price at grant date (₦)	264.32	415.84	415.07	460.7
Model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

27.5 Treasury shares

This relates to shares purchased from the market to fund the 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.

28. Capital contribution

This represents M&P additional cash contribution to the Group. In accordance with the Shareholders' Agreement, the amount was used by the Group for working capital as was required at the commencement of operations.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Capital contribution	5,932	5,932	40,000	40,000

29. Foreign currency translation reserve

Cumulative foreign exchange differences arising from translation of the Group's results and financial position into the presentation currency and from the translation of foreign subsidiary is recognised in foreign currency translation reserve.

Notes to the consolidated financial statements

For the year ended 31 December 2023

30. Interest bearing loans and borrowings

30.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation on interest bearing loans and borrowings for 2023:

	Borrowings due within 1 year	Borrowings due above 1 year	Total	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million	$'000	$'000	$'000
Balance as at 1 January 2023	33,232	311,149	344,381	74,322	695,881	770,203
Interest accrued	35,015	-	35,015	53,325	-	53,325
Interest capitalized	10,675	-	10,675	16,256	-	16,256
Other financing charges (commitment fees)	5,052	-	5,052	7,694	-	7,694
Principal repayment	(14,446)	-	(14,446)	(22,000)	-	(22,000)
Interest repayment	(40,455)	-	(40,455)	(61,610)	-	(61,610)
Other financing charges	(5,343)	-	(5,343)	(8,137)	-	(8,137)
Transfers	19,301	(19,301)	-	29,394	(29,394)	-
Exchange differences	37,234	307,586	344,820	-	-	-
Carrying amount as at 31 December 2023	**80,265**	**599,434**	**679,699**	**89,244**	**666,487**	**755,731**

Interest bearing loans and borrowings is made up of ₦679 billion, $755.3 million, relating to EIR interest bearing loans and ₦325.6 million, $0.4 million relating to accrued commitment fees on the undrawn $350 million Revolving Credit Facility (RCF).

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

	Borrowings due within 1 year	Borrowings due above 1 year	Total	Borrowings due within 1 year	Borrowings due above 1 year	Total
	₦ million	₦ million	₦ million	$'000	$'000	$'000
Balance as at 1 January 2022	**24,988**	**290,803**	**315,791**	**60,661**	**705,953**	**766,614**
Interest accrued	27,761	-	27,761	65,418	-	65,418
Interest capitalized (Note 16.1)	5,943	-	5,943	14,005	-	14,005
Interest repayment	(26,857)	-	(26,857)	(63,287)	-	(63,287)
Other financing charges	(5,325)	-	(5,325)	(12,547)	-	(12,547)
Transfers	4,274	(4,274)	-	10,072	(10,072)	-
Exchange differences	2,448	24,620	27,068	-	-	-
Carrying amount as at 31 December 2022	**33,232**	**311,149**	**344,381**	**74,322**	**695,881**	**770,203**

Other financing charges include term loan arrangement and commitment fees, annual bank charges, technical bank fee, agency fee and analytical services in connection with annual service charge. These costs do not form an integral part of the effective interest rate. As a result, they are not included in the measurement of the interest-bearing loan.

Notes to the consolidated financial statements

For the year ended 31 December 2023

30.2 Amortised cost of borrowings

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Senior loan notes	588,351	298,133	654,164	666,768
Revolving loan facilities	9,197	3,655	10,206	8,176
Reserve based lending (RBL) facility	81,838	42,593	90,992	95,259
	679,367	**344,381**	**755,362**	**770,203**

$650 million Senior notes – April 2021

In March 2021, the Group 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 the Group in March 2021 and guaranteed by certain of its subsidiaries.

The gross proceeds of the Notes were used to redeem the existing $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 $654.16 million, ₦ 576.67 billion although the principal is $650 million.

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

The Group through its subsidiary Westport on 28 November 2018 entered into a five-year loan agreement with interest payable semi-annually. The RBL facility has an initial contractual interest rate of 8% + USD LIBOR as at half year (8.30%) and a final settlement date of April 2026.

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 current borrowing base is more than $100 million, with the available commitments at $100 million. The commitments were scheduled to reduce to $87.5 million on 31 March 2021. The first reduction in the commitments occurred on 31st December 2019 in line with the commitment reduction schedule contained within the Facility Agreement. This resulted in the available commitments reducing from $125.0 million to $122.5million, with a further reduction to $100.0 million as at December 2020.

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 USD SOFR plus 8%, as long as more than 50% of the available facility is drawn. This has been amended over time.

On 4th February 2020 Westport drew down a further $10 million increasing the debt utilised under the RBL from $90 million to $100 million.

The interest rate of the facility is variable. The interest accrued at the reporting period is $13.2 million, ₦8.7 billion using an effective interest rate of 13.35%. The interest paid was determined using SOFR rate + 8 % on the last business day of the reporting period.

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

On 17th March 2021, Westport signed an amendment and restatement agreement regarding the RBL. 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 utilized under the RBL from $100 million to $110 million. The amortized cost for this as at the reporting period is $91 million, ₦80.2 billion (Dec 2022: $95.3 million, ₦42.6 billion), although the principal is $110 million.

$50 million Reserved based lending (RBL) facility – July 2021

In July 2021, the Group raised a $50 million offtake line to the Reserved Based Lending Facility. The Facility has a 6-year tenor, maturing in 2027. As of the period under review, $11 million has been drawn on this facility. The amortised cost for this as at the reporting period is $10.2 million, ₦9 billion although the principal 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.

30.3 Outstanding principal exposures

The table below provides an overview of related exposure by currency and nature of financial instruments as at December 2023.

	2023 USD SOFR	2022 USD SOFR	2023 USD SOFR	2022 USD SOFR
31 December 2023	₦ million	₦ million	$'000	$'000
Non-derivative financial liabilities				
Interest bearing loans -Fixed	584,605	290,635	650,000	650,000
Interest bearing loans -Variable	89,040	54,012	99,000	121,000
	673,645	**344,737**	**749,000**	**771,000**

Notes to the consolidated financial statements

For the year ended 31 December 2023

The table below shows the analysis of the principal outstanding showing the lenders of the facility as at the year-end:

31 December 2023	Interest	Current ₦ million	Non-Current ₦ million	Total ₦ million	Current $'000	Non-Current $'000	Total $'000
Fixed interest rate							
Fixed interest rate borrowings							
Senior notes	7.75%	-	584,605	584,605	-	650,000	650,000
Variable interest rate borrowings							
The Mauritius Commercial Bank Ltd	8.00% + SOFR	-	27,629	27,629	-	30,720	30,720
The Stanbic IBTC Bank Plc	8.00% + SOFR	-	28,205	28,205	-	31,360	31,360
The Standard Bank of South Africa Limited	8.00% + SOFR	-	16,117	16,117	-	17,920	17,920
First City Monument Bank Limited	8.00% + SOFR	-	7,195	7,195	-	8,000	8,000
Shell Western Supply and Trading Limited	10.5% + SOFR	-	9,893	9,893	-	11,000	11,000
Total interest borrowings		**-**	**673,645**	**673,645**	**-**	**749,000**	**749,000**

31 December 2022	Interest	Current ₦ million	Non-Current ₦ million	Total ₦ million	Current $'000	Non-Current $'000	Total $'000
Fixed interest rate							
Fixed interest rate borrowings							
Senior notes	7.75%	-	290,635	290,635	-	650,000	650,000
Variable interest rate borrowings							
The Mauritius Commercial Bank Ltd	8.00% + SOFR	-	17,170	17,170	-	38,400	38,400
The Stanbic IBTC Bank Plc	8.00% + SOFR	-	17,527	17,527	-	39,200	39,200
The Standard Bank of South Africa Limited	8.00% + SOFR	-	10,016	10,016	-	22,400	22,400
First City Monument Bank Limited	8.00% + SOFR	-	4,471	4,471	-	10,000	10,000
Shell Western Supply and Trading Limited	10.5% + SOFR	-	4,918	4,918	-	11,000	11,000
Total interest borrowings		**-**	**344,737**	**344,737**	**-**	**771,000**	**771,000**

Notes to the consolidated financial statements

For the year ended 31 December 2023

31. Lease liabilities

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
As at 1 January	1,800	1,471	4,025	3,571
Additions during the year (Note 18)	1,227	1,084	1,868	2,424
Payments during the year	(3,023)	(997)	(4,605)	(2,350)
Interest on lease liabilities	35	161	54	380
Exchange difference	1,168	81	-	-
As at 31 December	**1,207**	**1,800**	**1,342**	**4,025**

In 2023, the Group entered into a lease extension agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2024 and ending on 31 December 2028. However, the Group has an option of either extending the lease period on terms to be mutually agreed by parties to the lease on the expiration of the current term or purchase the property (see Note 18 for more detail).

The Group's lease liability as at 31 December 2023 is split into current and non-current portions as follows:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Current	1,207	1,800	1,342	4,025
	1.207	**1,800**	**1,342**	**4,025**

The following amount are recognised in profit or loss:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Depreciation expense of right-of-use assets	2,705	2,297	4,119	5,413
Interest expense on lease liabilities	35	161	54	380
	2,740	**2,458**	**4,173**	**5,793**

The following are the impact of the lease on cash flow:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Depreciation expense of right-of-use assets	2,705	2,297	4,119	5,413
Interest expense on lease liabilities	35	161	54	380
Net cash flows from operating activities	**2,740**	**2,458**	**4,173**	**5,793**
Lease payments	(3,023)	(997)	(4,605)	(2,350)
Net cash flows impact from leases	**(3,023)**	**(997)**	**(4,605)**	**(2,350)**

Notes to the consolidated financial statements

For the year ended 31 December 2023

The Group's lease payments for drilling rigs are classified as variable lease payments. The variability arises because the lease payments are linked to the use of the underlying assets. These variable lease payments are therefore excluded from the measurement of the lease liabilities. At the end of the reporting period, there was no rental expense recognised within cost of sales for these leases. The expected future cash outflows arising from variable lease payments is estimated at ₦13.4 billion, $20.4 million, (2022: ₦1 billion, $2.4 million,).

The following tables summarise the impact that exercising the purchase option would have had on the profit before tax and net assets of the Group:

	Effect on profit before tax		Effect on profit before tax	
	2023	2023	2022	2022
	₦ million	$'000	₦ million	$'000
Depreciation	1,281	2,230	1,952	2,086
Interest payment	(1,673)	(2,911)	(2,547)	(2,723)
	(391)	**(681)**	**(596)**	**(637)**

	Effect on net assets		Effect on net assets	
	2023	2023	2022	2022
	₦ million	$'000	₦ million	$'000
Depreciation	17,572	32,130	29,781	30,268
Interest payment	(18,386)	(33,619)	(31,162)	(31,671)
	(814)	**(1,489)**	**(1,380)**	**(1,403)**

32. Provision for decommissioning obligations

	₦ million	$'000
At 1 January 2023	86,671	193,836
Unwinding of discount due to passage of time	4,945	7,531
Change in estimate	(46,448)	(70,736)
Exchange difference	72,322	-
At 31 December 2023	**117,489**	**130,631**

Notes to the consolidated financial statements

For the year ended 31 December 2023

	₦ million	$'000
At 1 January 2022	**63,709**	**154,659**
Unwinding of discount due to passage of time	994	2,343
Change in estimate	15,631	36,834
Exchange difference	6,336	-
At 31 December 2022	**86,670**	**193,836**

The Group makes full provision for the future cost of decommissioning oil production facilities on a discounted basis at the commencement of production. This relates to the removal of assets as well as their associated restoration costs. This obligation is recorded in the period in which the liability meets the definition of a "probable future sacrifice of economic benefits arising from a present obligation", and in which it can be reasonably measured.

The provision represents the present value of estimated future expenditure to be incurred as highlighted in the table below which is the current expectation as to when the producing facilities are expected to cease operations. The estimate for 2023 were computed by Management using the estimated future expenditure for all the OMLs based on current assumptions of the economic environment which management believes to be a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for necessary decommissioning works required that will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates.

	Current estimated life span of reserves	
	2023	2022
Seplat West Limited:		
OML 4	2041	2027 – 2037
OML 38	2030-2045	2027 – 2034
OML 41	2038-2041	2037
Newton Energy Limited (OPL 283)	2034-2047	2037 - 2044
Seplat East Onshore Ltd (OML 53)	2030-2053	2028 – 2054
Elcrest (OML 40)	2033	2031

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

33. Employee benefit obligation

33.1 Defined contribution plan

The Group contributes to a funded defined contribution retirement benefit scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an approved Pension Fund Administrator ('PFA') – a separate entity. The assets of the scheme are managed by various Pension Fund Administrators patronised by employees of the Group. The Group's contributions are charged to the profit and loss account in the year to which they relate.

33.2 Defined benefit plan

i. Investment management strategy and policy

The Group operates a partly funded defined benefit pension plan in Nigeria under the regulation of National Pension Commission. The plan provides benefits to all the employees (excluding Directors holding salaried employment in the Group) who have been employed by the Group for a continuous period of six month and whose employment have been confirmed. The employee's entitlement to the accrued benefits occurs on retirement from the Group. The level of benefits provided on severance depends on members' length of service and salary at retirement age.

The overall investment philosophy of the defined benefit plan fund is to ensure safety, optimum returns and liquidity in line with the regulation and guidelines of the Pension Reform Act 2014 or guidelines that may be issued from time to time by National Pension Commission.

Plan assets are held in trust. Responsibility for supervision of the plan assets (including investment decisions and contributions schedules) lies jointly with the trustees and the pension fund managers. The trustees are made up of members of the Group's senior management appointed by the Chief Executive Officer. The Group does not have an investment strategy of matching match plan assets with the defined obligations as they fall due, however, the Group has an obligation to settle shortfalls in the plan asset upon annual actuarial valuations.

The provision for the defined benefit plan is based on an independent actuarial valuation performed by Logic Professional Services ("LPS") using the projected unit credit method. The provision is adjusted for inflation, interest rate risks, changes in salary and changes in the life expectancy for the beneficiaries.

The amount payable as at 31 December 2023 was ₦1.8 billion, $2 million (2022: ₦2.9 billion, $6.4 million).

The group does not have any funding arrangement or policy that impacts future contributions to the plan assets.

The following tables summarise the components of net defined benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position for the respective plans:

ii. Liability recognised in the financial position

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Defined benefit obligation	9,110	7,011	10,129	15,680
Fair value of plan assets	(7,299)	(4,133)	(8,116)	(9,243)
	1,810	**2,878**	**2,013**	**6,437**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

iii. Amount recognised in profit or loss

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Current service cost	1,022	964	1,557	2,158
Interest cost on defined benefit obligation	1,020	864	1,553	1,932
Plan amendment	-	26	-	58
	2,042	**1,854**	**3,110**	**4,148**
Return on plan assets	(663)	(298)	(1,010)	(666)
	1,379	**1,556**	**2,100**	**3,482**

The Group recognises a part of its defined benefit expenses in profit or loss and recharges the other part to its joint operations partners, this is recognised as a receivable from the partners. Below is the breakdown:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Charged to profit or loss	621	660	945	1,556
Charged to receivables	758	896	1,155	1,926
Balance as at 31 December	**1,379**	**1,556**	**2,100**	**3,482**

iv. Re-measurement (gains)/losses in other comprehensive income

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Remeasurement gains due to changes in Financial and demographic assumptions	109	(299)	166	(705)
Remeasurement (gains)/losses due to experience Adjustment	477	(629)	726	(1,483)
Remeasurement gain on plan assets	(31)	104	(47)	244
	555	**(825)**	**845**	**(1,944)**
Deferred tax expense on remeasurement losses	(183)	379	(279)	892
Balance as at 31 December	**372**	**(446)**	**566**	**(1,052)**

Notes to the consolidated financial statements

For the year ended 31 December 2023

Below is the breakdown of remeasurement losses recognised in other comprehensive income:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Credited to other comprehensive income	555	(825)	845	(1,944)
Remeasurement losses due to changes in financial and demographic assumptions	**555**	**(825)**	**845**	**(1,944)**

v. Deferred tax (expense)/credit on re- measurement (gains)/losses

The Group recognises deferred tax (credit on a part of the remeasurement (gain)/ losses in other comprehensive income/(loss). Below is the breakdown:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Charged to other comprehensive income	(183)	379	(279)	892
Deferred tax on remeasurement losses	**(183)**	**379**	**(279)**	**892**

vi. Changes in the present value of the defined benefit obligation are as follows:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Defined benefit obligation as at 1 January	7,011	6,442	15,680	15,638
Current service cost	1,022	965	1,557	1,571
Interest cost on benefit obligation	1,020	864	1,553	1,345
Remeasurement loss/(gain) due to changes in financial and demographic assumptions	108	(299)	164	(669)
Remeasurement loss/(gain) due to experience adjustments	477	(629)	726	(1,407)
Benefits from the fund	(528)	(357)	(804)	(798)
Exchange differences	-	25	(8,747)	-
Defined benefit obligation at 31 December	**9,110**	**7,011**	**10,129**	**15,680**

Notes to the consolidated financial statements

For the year ended 31 December 2023

vii. The changes in the fair value of plan assets is as follows:

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Balance as at 1 January	(4,133)	(2,261)	(9,243)	(5,489)
Employer contribution	(3,000)	(2,015)	(5,529)	(4,507)
Return on plan assets	(663)	(298)	(1,010)	(666)
Benefits paid from fund	528	357	804	992
Remeasurement gain/(loss) on plan assets	(31)	104	(47)	427
Exchange differences	-	(20)	6,910	-
Balance as at 31 December	**(7,299)**	**(4,133)**	**(8,116)**	**(9,243)**

The net liability disclosed above relates to funded plans as follows:

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Present value of funded obligations	9,110	7,011	10,129	15,680
Fair value of plan assets	(7,299)	(4,133)	(8,116)	(9,243)
Deficit of funded plans	**1,810**	**2,878**	**2,013**	**6,437**

The fair value of the plan asset of the Group at the end of the reporting period was determined using the market values of the comprising assets as shown below:

	2023			2023		
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity Instrument	325	-	325	362	-	362
FGN Bonds	3,450	-	3,450	3,836	-	3,836
Treasury Bills Fair Value	269	-	269	299	-	299
Corporate Bonds	82	-	82	91	-	91
Money Market Instruments	2,897	-	2,897	3,221	-	3,221
Real Estate	-	145	145	-	161	161
Cash at bank	-	143	143	-	159	159
Payables	-	(15)	(15)	-	(16)	(16)
Receivables	-	2	2	-	3	3
Total plan asset as at 31 December	**7,023**	**276**	**7,299**	**7,809**	**307**	**8,116**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

	2022			2022		
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity Instrument	97	-	97	217	-	217
Treasury bills and money market	1,519	-	1,519	3,397	-	3,397
Infrastructure Fund	72	-	72	161	-	161
Bonds	356	-	356	796	-	796
Cash at bank	-	2,095	2,095	-	4,685	4,685
Payables	-	(6)	(6)	-	(13)	(13)
Receivables	-	-	-	-	-	-
Total plan asset as at 31 December	**2,044**	**2,089**	**4,133**	**4,571**	**4,672**	**9,243**

viii. The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	2023 %	2022 %
Discount rate	17	15
Average future pay increase	15	13
Average future rate of inflation	14	13

a) Mortality in service

	Number of deaths in year out of 10,000 lives	
Sample age	2023	2022
25	7	1
30	7	29
35	9	60
40	14	99
45	26	90

Withdrawal from service

	Rates	
Age band	2023	2022
Less than or equal to 30	1.0%	1.0%
31 – 39	1.5%	1.5%
40 – 44	1.5%	1.5%
45 – 55	1.0%	1.0%
56 – 60	0.0%	0.0%

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	Base	Discount Rate 1% increase ₦ million	Discount Rate 1% decrease ₦ million	Salary increases 1% increase ₦ million	Salary increases 1% decrease ₦ million	Mortality 1% increase ₦ million	Mortality 1% decrease ₦ million
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2023	**9,110**	**(8,350)**	**9,976**	**10,028**	**(8,295)**	**9,116**	**(9,104)**
31 December 2022	7,011	(6,395)	7,719	7,759	(6,351)	7,016	(7,006)

Assumptions	Base	Discount Rate 1% increase $'000	Discount Rate 1% decrease $'000	Salary increases 1% increase $'000	Salary increases 1% decrease $'000	Mortality 1% increase $'000	Mortality 1% decrease $'000
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2023	**10,129**	**(12,716)**	**15,193**	**15,272**	**(12,633)**	**13,883**	**(13,865)**
31 December 2022	15,680	(15,069)	18,189	18,284	(14,966)	16,533	(16,509)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The methods and assumptions used in preparing the sensitivity analysis did not change compared to prior period.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

The expected maturity analysis of the undiscounted defined benefit plan obligation is as follows:

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Within the next 12 months (next annual reporting period)	383	421	426	942
Between 2 and 5 years	4,149	3,202	4,613	7,161
Between 6 and 10 years	18,967	11,423	21,089	25,547
Beyond 10 years	298,862	178,775	332,293	399,828
	322,361	**193,821**	**358,421**	**433,478**

The weighted average liability duration for the Plan is 11.52 years (2022: 12.17 years). The longest weighted duration for Nigerian Government bond as at 31 December 2023 was about 6.57 years (2022: 6.65 years) with a gross redemption yield of about 16% (2022: 15%).

Notes to the consolidated financial statements

For the year ended 31 December 2023

a) Risk exposure

Through its defined benefit pension plans, the Group is exposed to several risks. The most significant of which are detailed below:

b) Liquidity risk

The plan liabilities are not fully funded and as a result, there is a risk that the Group may not have the required cash flow to fund future defined benefit obligations as they fall due.

c) Inflation risk

This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.

d) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

e) Asset volatility

The Group holds a significant proportion of its plan assets in fixed income securities and money market instruments, with limited exposure to equities.

Details of the Actuary is shown below:

Name of signer	Name of firm	FRC number	Services rendered
Chidiebere Orji	Logic Professional Services	FRC/2021/004/00000022718	Actuary valuation services

34. Trade and other payables

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Trade payable	109,046	48,582	121,244	108,654
Accruals and other payables	176,416	96,112	196,150	214,953
NDDC levy	6,897	2,685	7,669	6,004
Royalties payable	57,638	30,749	64,086	68,769
Overlift payable	130,139	27,494	144,696	61,489
	480,136	**205,622**	**533,845**	**459,869**

Included in accruals and other payables are field accruals of $80 million, ₦72 billion (2022: $$106.1 million, ₦38 billion) and other vendor payables of $46.2 million, ₦41.6 billion (Dec 2022: $38.1 million, ₦26.5 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 year is recognised in overlift payable.

Notes to the consolidated financial statements

For the year ended 31 December 2023

35. Earnings/(Loss) per share EPS/(LPS)

Basic

Basic EPS/(LPS) is calculated on the Group's profit after taxation attributable to the parent entity, which is based on the weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted

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

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Profit attributable to Equity holders of the parent	54,578	26,483	83,130	62,407
Profit/(loss) attributable to Non-controlling interests	26,753	17,950	40,742	42,299
Profit for the year	**81,331**	**44,433**	**123,872**	**104,706**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	588,446	588,446	588,446
Outstanding share-based payments (shares)	1	1	1	1
Weighted average number of ordinary shares adjusted for the effect of dilution	**588,447**	**588,447**	**588,447**	**588,447**
Basic earnings per share for the period	₦	₦	$	$
Basic earnings per share	92.75	45.00	0.14	0.11
Diluted earnings per share	92.75	45.00	0.14	0.11
Profit used in determining basic/diluted earnings per share	**54,578**	**26,483**	**83,130**	**62,407**

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.

36. Dividends paid and proposed

As at 31 December 2023, the final proposed dividend for the Group is ₦26.45, $0.03 (2022: ₦11.18, $0.025) per share and the proposed Special Dividend is ₦26.45, $0.03 per share (2022: ₦22.36, $0.05)

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2023: ₦101.32 ($0.165) per share 588,444,561 shares in issue (2022: ₦42.60 ($0.10) per share 588,444,561 shares in issue)	64,883	24,972	98,811	58,844

Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2023: ₦26.45 ($0.03) (2022: ₦11.18 ($0.025)) per share	15,562	6,553	17,653	14,655
Special proposed dividend for the year 2023: ₦26.45 ($0.03) (2022: ₦22.36 ($0.05)) per share	15,562	13,106	17,653	29,270

During the year, ₦6.8 billion, $14.7 million of dividend was paid at ₦11.55, $0.025 per share as final dividend for 2022, while ₦13.6 billion, $29.4 million of dividend was paid at ₦23.11, $0.05 per share as special dividend for 2022. As at 31 March 2023, ₦8.2 billion, $ 17.7 million was paid at ₦13.95, $0.03 per share for 2023 Q1; As at 30 June 2023, ₦ 13.4 billion, $ 17.7 million was paid at ₦22.80, $0.03 per share for 2023 Q2; As at 30 September 2023, ₦ 17.5 billion, $ 17.7 million was paid at ₦29.90, $0.03 per share for 2023 Q3. Final Naira dividend payments will be based on the Naira/Dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2023 Annual General Meeting. The tax effect of dividend paid during the year was $9.2 million (₦6 billion).

37. 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 former Chairman of Seplat is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Group during the period amounted to nil (2022: $916.5 thousand, ₦409.8 million). Payables amounted to nil in the current period.

Amaze Limited: The former Chairman of Seplat is a director and shareholder of Amaze Ltd. The company provided consulting services to Seplat. Services provided to the Group during the period amounted to $587.4 thousand, ₦528.3 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 nil (2022: $53.7 thousand, ₦24 million).

38. Information relating to employees

38.1 Key management compensation

Key management includes executive and members of the leadership team. The compensation paid or payable to key management for employee services is shown below:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Salaries and other short-term employee benefits	3,055	1,943	4,653	4,579
Post-employment benefits	316	190	481	448
Share based payment expenses	2,557	692	3,895	1,632
	5,928	**2,825**	**9,029**	**6,659**

Notes to the consolidated financial statements

For the year ended 31 December 2023

38.2 Chairman and Directors' emoluments

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Chairman (Non-executive)	569	412	867	971
Chief Executive Officer	746	500	1,137	1,177
Executive Directors	672	508	1,024	1,196
Non-Executive Directors	1,707	1,006	2,599	2,371
Total	**3,694**	**2,426**	**5,626**	**5,715**

38.3 Highest paid Director

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Highest paid Director	746	500	1,137	1,177

Emoluments are inclusive of income taxes.

38.4 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2023	2022
	Number	Number
Zero – ₦19,896,500	-	-
₦19,896,501 – ₦115,705,800	-	-
₦115,705,801 – ₦157,947,600	-	-
Above ₦157,947,600	3	3
	3	**3**

	2023	2022
	Number	Number
Zero – $65,000	-	-
$65,001 – $378,000	-	-
$378,001 – $516,000	-	-
Above $516,000	3	3
	3	**3**

38.5 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,500 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2023 Number	2022 Number
₦1,989,650 – ₦4,897,600	-	25
₦4,897,601– ₦9,795,200	1	115
₦9,795,201 – ₦14,692,800	12	197
Above ₦14,692,800	575	259
	588	**596**

	2023 Number	2022 Number
$6,500 – $16,000	-	25
$16,001 – $32,000	1	115
$32,001 – $48,000	12	197
Above $48,000	575	259
	588	**596**

38.6 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2023 Number	2022 Number
Senior management	41	36
Managers	165	163
Senior staff	343	312
Junior staff	39	85
	588	**596**

38.7 Employee cost

Seplat's staff costs (excluding pension contribution) in respect of the above employees amounted to the following:

	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Salaries & wages	17,772	12,686	27,127	29,894
	17,772	**12,686**	**27,127**	**29,894**

Seplat Energy

Notes to the consolidated financial statements

For the year ended 31 December 2023

39. Commitments and contingencies

39.1 Contingent liabilities

The Group is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2023 is ₦198 million, $0.22million (2022: ₦559 million, $1.25 million). The contingent liability for the year 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 Group's solicitors are of the opinion that the Group will suffer no loss from these claims.

Under the OML 40 Joint Operating Agreement ('JOA'), the Group is responsible for its share of expenditures incurred on OML 40 in respect of its participating interest, on the basis that the operator's estimated expenditures are reasonably incurred based on the approved work program and budget. From time to time, management disputes such expenditures on the basis that they do not meet these criteria, and when this occurs management accrues at the period end for its best estimate of the amounts payable to the operator. Consequently, the amounts recognised as accruals as of 31 December.

2023 reflect management's best estimate of amounts that have been incurred in accordance with the JOA and that will ultimately be paid to settle its obligations in this regard.

However, management recognises there are a range of possible outcomes, which may be higher or lower than the management's estimate of accrued expenditure. It is estimated that around $5,384,235 (2022: $10,233,128) of possible expenditure currently remains under dispute.

Management considers the merits for these cost items which remains rejected to be very high, but in recognition of possible range of outcomes has included them in the contingent liability.

40. Events after the reporting period

Official foreign exchange volatility

Post reporting date, the Nigerian official foreign exchange market has become significantly volatile, with the continuous devaluation of the Naira against other currencies.

This depreciation would impact the Naira-denominated monetary assets and liabilities of the Group through revaluation of monetary items as well the Group's financial statements presented in Naira.

41. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

Notes to the consolidated financial statements

For the year ended 31 December 2023

42. Exchange rates used in translating the accounts to Naira

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

	Basis	31 December 2023	31 December 2022
		N/$	N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	656.63	424.37
Property, plant & equipment - closing balances	Closing rate	899.39	447.13
Current assets	Closing rate	899.39	447.13
Current liabilities	Closing rate	899.39	447.13
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	656.63	424.37

Statement of value added

For the year ended 31 December 2023

	2023		2022		2023		2022	
	₦ million	%	₦ million	%	$'000	%	$'000	%
Revenue from contracts with customers	696,867		403,913		1,061,271		951,795	
Other (loss)/income	(80,066)		(15,302)		(121,932)		(36,054)	
Finance income	6,277		491		9,559		1,157	
Cost of goods and other services:								
Local	(187,807)		(116,351)		(286,009)		(274,171)	
Foreign	(125,205)		(77,568)		(190,672)		(182,780)	
Valued added	**310,066**	**100%**	**195,183**	**100%**	**472,217**	**100%**	**459,947**	**100%**

Applied as follows:

	2023		2022		2023		2022	
	₦ million	%	₦ million	%	$'000	%	$'000	%
To employees: – as salaries and labour related expenses	38,206	12%	23,192	12%	58,183	12%	54,654	12%
To external providers of capital: – as interest	45,438	15%	28,916	15%	69,199	15%	68,141	15%
To Government: – as Group taxes	55,242	18%	28,727	15%	84,130	18%	67,693	15%
Retained for the Group's future: – For asset replacement, depreciation, depletion & amortization	100,903	33%	56,345	29%	153,668	33%	132,776	29%
Deferred tax (charges)/credit	(11,032)	(4%)	13,570	7%	(16,801)	(4%)	31,977	7%
Profit for the year	81,309	26%	44,433	23%	123,838	26%	104,706	23%
Valued added	**310,066**	**100%**	**195,183**	**100%**	**472,217**	**100%**	**459,947**	**100%**

The value added represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Five-year financial summary

As at 31 December 2023

	2023	2022	2021	2020	2019
	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	696,867	403,913	293,631	190,922	214,157
Profit /(loss) before tax	125,540	86,730	71,028	(28,872)	93,955
Income tax expense	(44,210)	(42,297)	(24,097)	(1,840)	(8,939)
Profit/(loss) for the year	**81,330**	**44,433**	**46,931**	**(30,712)**	**85,016**

	2023	2022	2021	2020	2019
	₦ million	₦ million	₦ million	₦ million	₦ million
Capital employed:					
Issued share capital	297	297	296	293	289
Share premium	90,138	91,317	90,383	86,917	84,045
Share based payment reserve	12,255	5,936	4,914	7,174	8,194
Treasury shares	(1,612)	(2,025)	(2,025)	-	-
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	230,708	241,386	239,429	211,790	259,690
Foreign currency translation reserve	1,251,127	447,014	385,348	331,289	202,910
Non-controlling interest	23,790	(2,963)	(20,913)	(11,058)	(7,252)
Total equity	**1,612,635**	**786,894**	**703,364**	**632,337**	**553,808**
Represented by:					
Non-current assets	2,191,549	1,095,237	1,324,724	1,083,683	717,664
Current assets	861,905	394,743	278,812	227,154	286,569
Non-current liabilities	(807,114)	(435,729)	(702,070)	(499,349)	(258,903)
Current liabilities	(633,705)	(267,357)	(198,102)	(179,151)	(191,522)
Net assets	**1,612,635**	**786,894**	**703,364**	**632,337**	**553,808**

Five-year financial summary
As at 31 December 2023

	2023	2022	2021	2020	2019
	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers	1,061,271	951,795	733,188	530,467	697,777
Profit/(loss) before tax	191,199	204,376	177,345	(80,209)	306,133
Income tax (expense)/credit	(67,329)	(99,670)	(60,169)	(5,113)	(29,125)
Profit/(loss) for the year	**123,870**	**104,706**	**117,176**	**(85,322)**	**277,008**

	2023	2022	2021	2020	2019
	$'000	$'000	$'000	$'000	$'000
Capital employed:					
Issued share capital	1,864	1,864	1,862	1,855	1,845
Share premium	520,431	522,227	520,138	511,723	503,742
Share based payment reserve	34,515	24,893	22,190	27,592	30,426
Treasury shares	(4,286)	(4,915)	(4,915)	-	-
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,173,450	1,189,697	1,185,082	1,116,079	1,249,156
Foreign currency translation reserve	2,816	2,622	1,933	992	2,391
Non-controlling interest	24,237	(16,505)	(58,804)	(34,196)	(23,621)
Total equity	**1,793,027**	**1,759,883**	**1,707,486**	**1,664,045**	**1,803,939**
Represented by:					
Non-current assets	2,436,701	2,449,482	3,215,899	2,851,803	2,337,670
Current assets	958,318	882,842	676,835	597,770	933,440
Non-current liabilities	(897,398)	(974,503)	(1,704,343)	(1,314,076)	(843,322)
Current liabilities	(704,594)	(597,938)	(480,905)	(471,452)	(623,849)
Net assets	**1,793,027**	**1,759,883**	**1,707,486**	**1,664,045**	**1,803,939**

Supplementary financial information (unaudited)

For the year ended 31 December 2023

i. Estimated quantities of proved plus probable reserves

	Oil & NGLs MMbbls	Natural Gas Bscf	Oil Equivalent MMboe
At 31 December 2022	**206.4**	**1,343.3**	**438.07**
Revisions of previous estimates	26	144	50.8
Discoveries and extensions	0.0	0.0	0.0
Acquisitions	3.5	16.9	6.4
Production	(10.3)	(41.6)	(17.4)
At 31 December 2023	**225.7**	**1,462.5**	**477.8**

Reserves are those quantities of crude oil, natural gas and natural gas liquid that, upon analysis of geological and engineering data, appear with reasonable certainty to be recoverable in the future from known reservoirs under existing economic and operating conditions.

Elcrest holds a 45% participating interest in OML40. Eland holds a 45% interest in Elcrest although has control until such point as Westport loan is fully repaid.

As additional information becomes available or conditions change, estimates are revised.

ii. Capitalised costs related to oil producing activities

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Capitalised costs:				
Proved properties	2,545,856	1,199,570	2,830,640	2,682,821
Total capitalised costs	**2,545,856**	**1,199,570**	**2,830,640**	**2,682,821**
Accumulated depreciation	(1,100,334)	(458,231)	(1,201,370)	(1,024,828)
Net capitalised costs	**1,465,354**	**741,339**	**1,629,271**	**1,657,993**

Capitalised costs include the cost of equipment and facilities for oil producing activities. Unproved properties include capitalised costs for oil leaseholds under exploration, and uncompleted exploratory well costs, including exploratory wells under evaluation. Proved properties include capitalised costs for oil leaseholds holding proved reserves, development wells and related equipment and facilities (including uncompleted development well costs) and support equipment.

iii. Concessions

The original, expired and unexpired terms of concessions granted to the Group as at 31 December 2023 are:

		Original	Term in years expired	Unexpired
Seplat West Limited	OML 4, 38 & 41	38	23	15
Newton	OML 56	16	13	3
Seplat East Onshore	OML 53	30	25	5
Seplat East Swamp	OML 55	30	25	5
Elcrest	OML 40	18.8	4	14.8

iv. Results of operations for oil producing activities

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Revenue from contracts with customers	615,866	356,192	937,913	839,344
Other income – net	(80,065)	(15,302)	(121,930)	(36,054)
Production and administrative expenses	(295,818)	(221,571)	(447,946)	(522,123)
Impairment loss	(8,313)	(2,730)	(12,660)	(6,432)
Depreciation & amortization	(112,819)	(54,610)	(171,814)	(128,684)
Profit before taxation	**118,851**	**61,979**	**183,563**	**146,051**
Taxation	(41,801)	(30,775)	(63,659)	(72,527)
Profit for the year	**77,050**	**31,204**	**119,904**	**73,524**

Company Accounts For the year ended 31 December 2023

29 February 2024

(Expressed in Nigerian Naira
and US Dollars)

Reliable energy,
limitless potential

Separate financial statements
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Other loss	7	(5,064)	(1,273)	(7,709)	(2,998)
General and administrative expenses	8	(39,498)	(18,606)	(60,152)	(43,853)
Impairment (charge)/reversal on financial assets	9	(3,602)	360	(5,485)	878
Operating loss		**(48,164)**	**(19,519)**	**(73,346)**	**(45,973)**
Finance income	10	5,350	412	8,147	971
Loss before taxation		(42,814)	(19,107)	(65,199)	(45,002)
Income tax expense	11	-	-	-	-
Loss for the year		**(42,814)**	**(19,107)**	**(65,199)**	**(45,002)**
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		695,770	58,412	-	-
Other comprehensive income for the year		695,770	58,412	-	-
Total comprehensive income/(loss) for the year		**652,956**	**39,305**	**(65,199)**	**(45,002)**
Basic loss per share ₦/ ($)	23	(72.76)	(32.47)	(0.11)	(0.08)
Diluted loss per share ₦/ ($)	23	(72.76)	(32.47)	(0.11)	(0.08)

Notes 1 to 29 on pages 7 to 51 are an integral part of these financial statements.

Separate financial statements
Separate Statement of financial position

For the year ended 31 December 2023

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Assets					
Non-current assets					
Property, plant and equipment	13	980	680	1,089	1,519
Investment in subsidiaries	15	1,761,843	871,000	1,958,924	1,947,980
Investment in Joint ventures	16	188,887	93,904	210,016	210,016
Total non-current assets		**1,951,710**	**965,584**	**2,170,029**	**2,159,515**
Current assets					
Trade and other receivables	17	1,512,473	722,340	1,681,660	1,615,501
Prepayments	14	362	97	402	218
Cash and cash equivalents	18	171,265	64,913	190,421	145,185
Restricted cash	18	8,572	4,321	9,531	9,664
Total current assets		**1,692,672**	**791,671**	**1,882,014**	**1,770,568**
Total assets		**3,644,382**	**1,757,255**	**4,052,043**	**3,930,083**
Equity and Liabilities					
Equity					
Issued share capital	19	297	297	1,864	1,864
Share premium	19	90,138	91,317	520,431	522,227
Share based payment reserve	19	12,425	6,108	34,515	24,893
Treasury shares	19	(1,612)	(2,025)	(4,286)	(4,915)
Capital contribution	20	5,932	5,932	40,000	40,000
Retained earnings		68,439	176,136	873,820	1,037,830
Foreign currency translation reserve	21	1,143,200	447,429	-	-
Total shareholders' equity		**1,318,819**	**725,194**	**1,466,344**	**1,621,899**
Current liabilities					
Trade and other payables	22	2,325,563	1,032,061	2,585,699	2,308,184
Total liabilities		**2,325,563**	**1,032,061**	**2,585,699**	**2,308,184**
Total shareholders' equity and liabilities		**3,644,382**	**1,757,255**	**4,052,043**	**3,930,083**

Notes 1 to 29 on pages 7 to 51 are an integral part of these financial statements.

The financial statements of Seplat Energy Plc for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 29 February 2024 and were signed on its behalf by:

B. Omiyi	R.T Brown	E.Onwuka
FRC/2016/IODN/00000014093	FRC/2014/ANAN/00000017939	FRC/2020/PRO/ICAN/006/00000020861
Chairman	Chief Executive Officer	Chief Financial Officer
29 February 2024	29 February 2024	29 February 2024

Separate financial statements
Statement of changes in equity

For the year ended 31 December 2023

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained earnings	Foreign currency translation reserve	Total Equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2023	297	91,317	6,108	(2,025)	5,932	176,136	447,429	725,195
Loss for the year	-	-	-	-	-	(42,814)	-	(42,814)
Other comprehensive income	-	-	-	-	-	-	695,770	695,770
Total comprehensive (loss)/income for the year	-	-	-	-	-	(42,814)	695,770	652,956
Transactions with owners in their capacity as owners:								
Dividend paid	-	-	-	-	-	(64,883)	-	(64,883)
Share based payments (Note 19)	-	-	530	-	-	-	-	530
Additional investment in subsidiaries – Share-based payment (Note 19)	-	-	7,186	-	-	-	-	7,186
Vested shares (Note 19)	3	1,395	(1,398)	-	-	-	-	-
PAYE tax withheld on vested shares	-	(1,179)	-	-	-	-	-	(1,179)
Issued vested shares	(3)	(1,395)	-	1,398	-	-	-	**-**
Shares repurchased	-	-	-	(985)				(985)
Total	**-**	**(1,179)**	**6,318**	**413**	**-**	**(64,883)**	**-**	**(59,331)**
At 31 December 2023	**297**	**90,138**	**12,426**	**(1,612)**	**5,932**	**68,439**	**1,143,199**	**1,318,819**
Balance at 1 January 2022	296	90,383	4,914	(2,025)	5,932	220,215	389,017	708,732
Loss for the year	-	-	-	-	-	(19,107)	-	(19,107)
Other comprehensive income	-	-	-	-	-	-	58,412	58,412
Total comprehensive (loss)/income for the year	-	-	-	-	-	(19,107)	58,412	39,305
Transactions with owners in their capacity as owners:								
Dividend paid	-	-	-	-	-	(24,972)	-	(24,972)
Share based payments (Note 19)	-	-	263	-	-	-	-	263
Additional investment in subsidiaries – Share-based payment (Note 19)	-	-	3,384	-	-	-	-	3,384
Vested shares (Note 19)	2	2,450	(2,452)	-	-	-	-	-
PAYE tax witheld on vested shares	(1)	(1,516)	-	-	-	-	-	(1,517)
Total	**1**	**934**	**1,195**	**-**	**-**	**(24,972)**	**-**	**(22,843)**
Balance at 1 January 2022	**297**	**91,317**	**6,109**	**(2,025)**	**5,932**	**176,136**	**447,429**	**725,194**

Notes 1 to 29 on pages 7 to 51 are an integral part of these financial statements.

Seplat Energy

Separate financial statements
Statement of changes in equity

	Issued share capital	Share premium	Share based payment reserve	Treasury shares	Capital contribution	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2023	1,864	522,227	24,893	(4,915)	40,000	1,037,830	1,621,899
Loss for the year	-	-	-	-	-	(65,199)	(65,199)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(65,199)	(65,199)
Transactions with owners in their capacity as owners:							
Dividend paid	-	-		-	-	(98,811)	(98,811)
Share based payments (Note 19)	-	-	807	-	-	-	807
Additional investment in subsidiaries – Share based payment (Note 19)	-	-	10,944	-	-	-	10,944
Vested shares (Note 19)	5	2,124	(2,129)	-	-	-	-
PAYE tax withheld on vested shares	-	(1,796)	-	-	-	-	(1,796)
Issued vested shares	(5)	(2,124)	-	2,129	-	-	-
Shares re-purchased	-	-	-	(1,500)	-	-	(1,500)
Total	**-**	**(1,796)**	**9,622**	**629**	**-**	**(98,811)**	**(90,356)**
At 31 December 2023	**1,864**	**520,431**	**34,515**	**(4,286)**	**40,000**	**873,820**	**1,466,344**
Balance at 1 January 2022	1,862	520,138	22,190	(4,915)	40,000	1,141,676	1,720,951
Loss for the year	-	-	-	-	-	(45,002)	(45,002)
Other comprehensive Income	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	-	-	-	-	(45,002)	(45,002)
Transactions with owners in their capacity as owners:							
Dividend paid	-	-	-	-	-	(58,844)	(58,844)
Share based payments (Note 19)	-	-	619	-	-	-	619
Additional investment in subsidiaries – Share based payment (Note 19)	-	-	7,569	-	-	-	7,569
Vested shares (Note 19)	5	5,480	(5,485)	-	-	-	-
PAYE tax withheld on vested shares	(3)	(3,391)	-	-	-	-	(3,394)
Total	**2**	**2,089**	**2,703**	**-**	**-**	**(58,844)**	**(54,050)**
At 31 December 2022	**1,864**	**522,227**	**24,893**	**(4,915)**	**40,000**	**1,037,830**	**1,621,899**

Notes 1 to 29 on pages 7 to 51 are an integral part of these financial statements.

Separate financial statements
Statement of cash flows

For the year ended 31 December 2023

	Notes	31 Dec 2023 ₦ million	31 Dec 2022 ₦ million	31 Dec 2023 $'000	31 Dec 2022 $'000
Cash flows from operating activities					
Cash generated from operations	12	96,532	70,073	147,014	164,935
PAYE tax on vested shares paid		(1,179)	(1,516)	(1,796)	(3,391)
Net cash inflows from operating activities		**95,353**	**68,557**	**145,218**	**161,544**
Cash flows from investing activities					
Deposit for investment	17	-	(57,367)	-	(128,300)
Payment for acquisition of other property, plant and equipment	13	(10)	(475)	(15)	(1,122)
Interest received	10	5,350	412	8,147	971
Investment in Subsidiary	15	-	(3,222)	-	(7,592)
Restricted Cash	18.2	87	(694)	133	(1,636)
Net cash inflow/(outflow) from investing activities		**5,427**	**(61,346)**	**8,265**	**(137,679)**
Cash flows from financing activities					
Shares purchased for employees*	19	(985)	-	(1,500)	-
Dividends paid	24	(64,883)	(24,972)	(98,811)	(58,844)
Net cash outflows from financing activities		**(65,868)**	**(24,972)**	**(100,311)**	**(58,844)**
Net Increase / (decrease) in cash and cash equivalents		34,912	(17,761)	53,172	(34,979)
Cash and cash equivalents at beginning of the year		64,913	77,728	145,185	183,162
Effects of exchange rate changes on cash and cash equivalents		71,440	4,946	(7,936)	(2,998)
Cash and cash equivalents at end of the year		**171,265**	**64,913**	**190,421**	**145,185**

*Included in restricted cash, is a balance of $8 million (N7.2 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). 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).

*Shares purchased for employees of $1.5 million, ₦0.99 billion (2022: nil) represent shares purchased in the open market for employees of the Company.

Notes 1 to 29 on pages 7 to 52 are an integral part of these financial statements.

Notes to the separate financial statements

For the year ended 31 December 2023

1. Corporate information and business

Seplat Energy Plc (formerly called Seplat Petroleum Development Company Plc, hereafter referred to as ‘Seplat’ or the ‘Company’) 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.

The Company’s registered and domiciled 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, Shell Petroleum Development Company, TOTAL and AGIP, a 45% participating interest in the following producing assets:

OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was ₦104 billion ($340 million) paid at the completion of the acquisition on 31 July 2010 and a contingent payment of ₦10 billion ($33 million) payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds ₦24,560 ($80) per barrel. ₦110 billion ($358.6 million) was allocated to the producing assets including ₦5.7 billion ($18.6 million) as the fair value of the contingent consideration as calculated on acquisition date. The contingent consideration of ₦10 billion ($33 million) was paid on 22 October 2012.

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.

2. Significant changes in the current accounting period

The following significant changes occurred during the reporting year ended 31 December 2023:

- On 23 March 2023, Seplat Energy Plc announced the termination with immediate effect of the Consultancy Agreement between the Company's wholly owned subsidiary and its co-founder, Dr. A.B.C Orjiako, acting through Amaze Limited.

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 financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated.

Notes to the separate financial statements

For the year ended 31 December 2023

3.2 Basis of preparation

The financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

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

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

3.3 New and amended standards adopted by the Company

The following standards and amendments became effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's consolidated financial statements.

Impact

For entities that will be adopting IFRS 9 together with IFRS 17, there will be profound changes in their IFRS financial statements. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes going forward. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to previous models.

The amendments had no impact on the Group's consolidated financial statements for the period ended.

b) Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments had no impact on the Group's consolidated financial statements for the period ended.

c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Impact

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. The amendment has been applied as required in the Group's consolidated financial statements for the period ended.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12 Income Taxes. The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments had no impact on the Group's consolidated financial statements.

e) International Tax Reform-Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements.

3.4 Standards issued but not yet effective

a) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Notes to the separate financial statements

For the year ended 31 December 2023

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

c) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

3.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), which is the US dollar. The financial statements are presented in Nigerian Naira and the US Dollars.

The Company has chosen to show both presentation currencies and this is allowable by the regulator.

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.

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.

Notes to the separate financial statements

For the year ended 31 December 2023

The results and financial position denominated in 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.

3.6 Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The company accounts for Interest in the joint venture at cost.

3.7 Investment in subsidiaries and joint venture

Investment in subsidiaries and joint venture are accounted for at cost in accordance with IAS 28.

3.8 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the entity, the expenditure is capitalised. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation commences when an asset is available for use. The depreciation rate for each class is as follows:

Plant and machinery	20%
Motor vehicles	25%-30%
Office furniture and IT equipment	10%-33.33%
Building	4%
Land	-
Intangible assets	5%
Leasehold improvements	Over the unexpired portion of the lease

Notes to the separate financial statements

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses on disposal of property, plant and equipment are determined as the difference between disposal proceeds and carrying amount of the disposed assets. These gains or losses are included in profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. These costs may arise from; specific borrowings used for the purpose of financing the construction of a qualifying asset, and those that arise from general borrowings that would have been avoided if the expenditure on the qualifying asset had not been made. The general borrowing costs attributable to an asset's construction is calculated by reference to the weighted average cost of general borrowings that are outstanding during the period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.10 Finance income and costs

Finance income

Finance income is recognised in the statement of profit or loss as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the amortised cost of the financial instrument. The determination of finance income considers all contractual terms of the financial instrument as well as any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

3.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently. Other non–financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. This should be at a level not higher than an operating segment.

If any such indication of impairment exists or when annual impairment testing for an asset group is required, the entity makes an estimate of its recoverable amount. Such indicators include changes in the Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The recoverable amount is the higher of an asset's fair value less costs of disposal ('FVLCD') and value in use ('VIU'). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the asset is tested as part of a larger cash generating unit to which it belongs. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.13 Financial instruments

IFRS 9 provides guidance on the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement are dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2023 satisfy the conditions for classification at amortised cost under IFRS 9 except for derivatives which are reclassified at fair value through profit or loss.

The Company's financial assets include intercompany receivables, other receivables, cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in finance income/cost.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company's financial liabilities include trade and other payables.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) in Nigeria and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

Notes to the separate financial statements

For the year ended 31 December 2023

d) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity and;
- where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2023 was nil, (2022: nil). The Company seeks to recover amounts it its legally owed in full but which have been partially written off due to no reasonable expectation of full recovery.

e) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when there is legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

h) Fair value of financial instruments

The fair value is 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. When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Company establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen

Notes to the separate financial statements

For the year ended 31 December 2023

valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

3.14 Share capital

On issue of ordinary shares any consideration received net of any directly attributable transaction costs is included in equity. Issued share capital has been translated at the exchange rate prevailing at the date of the transaction and is not retranslated subsequent to initial recognition.

3.15 Earnings per share and dividends

Basic EPS

Basic earnings per share is calculated on the Company's profit or loss after taxation and based on the weighted average of issued and fully paid ordinary shares at the end of the year.

Diluted EPS

Diluted EPS is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (after adjusting for outstanding share options arising from the share-based payment scheme) into ordinary shares.

Dividend

Dividends on ordinary shares are recognised as a liability in the period in which they are approved.

3.16 Post-employment benefits

Defined contribution scheme

The Company contributes to a defined contribution scheme for its employees in compliance with the provisions of the Pension Reform Act 2014. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic upon commencement of duties at the Company. The Company's contributions to the defined contribution scheme are charged to the profit and loss account in the year to which they relate.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. The Company operates a defined contribution plan, and it is accounted for based on IAS 19 Employee benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee.

3.17 Provisions

Provisions are recognised when (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of economic resources will be required to settle the obligation as a whole; and (iii) the amount can be reliably estimated. Provisions are not recognised for future operating losses.

In measuring the provision:

- risks and uncertainties are taken into account;
- the provisions are discounted (where the effects of the time value of money is considered to be material) using a pre-tax rate that is reflective of current market assessments of the time value of money and the risk specific to the liability;
- when discounting is used, the increase of the provision over time is recognised as interest expense;
- future events such as changes in law and technology, are taken into account where there is subjective audit evidence that they will occur; and
- gains from expected disposal of assets are not taken into account, even if the expected disposal is closely linked to the event giving rise to the provision.
- Decommissioning

Liabilities for decommissioning costs are recognised as a result of the constructive obligation of past practice in the oil and gas industry, when it is probable that an outflow of economic resources will be required to settle the liability and a reliable estimate can be made. The estimated costs, based on current requirements, technology and price levels, prevailing at the reporting date, are computed based on the latest assumptions as to the scope and method of abandonment.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost. The corresponding amount is capitalised as part of the oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge. Any adjustment arising from the estimated cost of the restoration and abandonment cost is capitalised, while the charge arising from the accretion of the discount applied to the expected expenditure is treated as a component of finance costs.

If the change in estimate results in an increase in the decommissioning provision and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

3.18 Income taxation

iii. Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

iv. Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

v. Uncertainty over income tax treatments

The Company examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment separately, depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Company concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

The Company measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Company uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Company assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Company applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority’s right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

Notes to the separate financial statements

For the year ended 31 December 2023

3.19 Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

vi. Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date and for fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding awards is reflected as additional share dilution in the computation of diluted earnings per share.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

vii. 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 Company measures the fair value of equity-settled transactions with employees at the grant date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.4.

The Company 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.

viii. Useful life of other property, plant and equipment

The Company 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 Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

5. Financial risk management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk (foreign exchange risk), credit risk and liquidity risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company'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, 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.
Credit risk	Intercompany receivables, cash and cash equivalents.	Aging analysis Credit ratings	Diversification of bank deposits and credit limits.
Liquidity risk	Trade and other payables	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5.1.1 Foreign exchange risk

The Company has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Company is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the US dollar.

The Company holds the majority of its bank balances equivalents in US dollar. However, the Company does maintain deposits in Naira in order to fund ongoing general and administrative activities and other expenditure incurred in this currency. Other monetary assets and liabilities which give rise to foreign exchange risk include trade and other receivables, trade and other payables.

Notes to the separate financial statements

For the year ended 31 December 2023

The following table demonstrates the carrying value of monetary assets and liabilities (denominated in Naira) exposed to foreign exchange risks at the reporting date:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and cash equivalents	153,478	48,121	170,646	107,622
Trade and other receivables	1,504	710	1,672	1,587
	154,982	**48,831**	**172,318**	**109,209**
Financial liabilities				
Trade and other payables	(599)	(12,066)	(666)	(26,986)
Net exposure to foreign exchange risk	**154,383**	**36,765**	**171,652**	**82,223**

The following table demonstrates the carrying value of monetary assets and liabilities exposed to foreign exchange risks for pound exposures at the reporting date:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Financial assets				
Cash and cash equivalents	1,175	628	1,306	1,404
Trade and other receivables	-	2,685	-	6,006
	1,175	**3,313**	**1,306**	**7,410**

Sensitivity to foreign exchange risk is based on the Company's net exposure to foreign exchange risk due to Naira and pound denominated balances. If the Naira strengthens or weakens by the following thresholds, the impact is as shown in the table below:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2023	2023	2023	2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+10%	(14,035)	-	(15,605)	-
-10%	17,154	-	19,072	-

Notes to the separate financial statements

For the year ended 31 December 2023

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+5%	(3,342)	-	(7,475)	-
-5%	4,085	-	9,136	-

If the Pound strengthens or weakens by the following thresholds, the impact is as shown in the table below:

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2023	2023	2023	2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+10%	(107)	-	(119)	-
-10%	131	-	145	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in foreign exchange risk				
+5%	(301)	-	(674)	-
-5%	368	-	823	-

5.1.2 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and intercompany receivables.

a) Risk management

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

Notes to the separate financial statements

For the year ended 31 December 2023

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Trade and other receivables (Gross)	1,512,862	722,339	1,682,096	1,615,501
Cash and cash equivalent (Gross)	179,218	69,312	199,265	155,016
Gross amount	**1,692,080**	**791,651**	**1,881,361**	**1,770,517**
Impairment (charge)/reversal of receivables	(3,602)	23	(5,485)	52
Net amount	**1,688,478**	**791,674**	**1,875,876**	**1,770,569**

For the year ended 31 December 2023

b) Impairment of financial assets

The Company has two types of financial assets that are subject to IFRS 9's expected credit loss model. The impairment of receivables is disclosed in the table below.

- Cash and cash equivalents
- Intercompany receivables

Reconciliation of impairment on financial assets;

	Notes	₦'million	$'000
As at 1 January 2023		23	52
Decrease in provision for Intercompany receivables	17.2	3,602	5,485
Exchange difference		13	-
Impairment charge to the profit or loss		**3,615**	**5,485**
As at 31 December 2023		**3,638**	**5,537**

	Notes	₦'million	$'000
As at 1 January 2022		383	930
Decrease in provision for Intercompany receivables	17.2	(395)	(930)
Increase in provision for ANOH receivables	17.4	22	52
Exchange difference		13	-
Impairment charge to the profit or loss		(360)	(878)
As at 31 December 2022		**23**	**52**

The parameters used to determine impairment for intercompany receivables are shown below. For all receivables presented in the table, the respective 12-month Probability of Default (PD) equate the Lifetime PD for stage 2 as the maximum contractual period over which the Company is exposed to credit risk arising from the receivables is less than 12 months.

Notes to the separate financial statements

For the year ended 31 December 2023

	Intercompany receivables	Short-term fixed deposits
Probability of Default (PD)	The 12-month sovereign cumulative PD for base case, downturn and upturn respectively is 5.1%, 5.59%, and 4.76%, for stage 1 and stage 2. The PD for stage 3 is 100%.	The PD for base case, downturn and upturn 5.1%, 5.59%, and 4.76% respectively for stage 1 and stage 2. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using Moody's recovery rate and mapped based on the priority rating of the receivable, for emerging economies.	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate bonds for emerging economies.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the short-term fixed deposits to credit risk.
Macroeconomic indicators	The historical inflation and Brent oil price were used.	The historical gross domestic product (GDP) growth rate in Nigeria and crude oil price were used.
Probability weightings	23%, 38%, and 39%, was used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	23%, 38% and 39% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.

The Company considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Impairment of financial assets are recognised in three stages on an individual or collective basis as shown below:

- Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).
- Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as the increase in political risk concerns or other micro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.
- Stage 3: This stage includes financial assets that have been assessed as being in default (i.e. receivables that are more than 90 days past due) or that have a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

ix. Cash and cash equivalent

Short term fixed deposits

The Company applies the IFRS 9 general model for measuring expected credit losses (ECL) which uses a three-stage approach in recognising the expected loss allowance for cash and cash equivalents. The ECL was calculated as the probability weighted estimate of the credit losses expected to occur over the contractual period of the facility after considering macroeconomic indicators. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2023.

x. Other cash and cash equivalents

The company assessed the other cash and cash equivalents to determine their expected credit losses. Based on this assessment, they identified the expected credit loss to be nil as at 31 December 2023 (2022: nil). The assets are assessed to be in stage 1.

Notes to the separate financial statements

For the year ended 31 December 2023

Credit quality of cash and cash equivalents (including restricted cash)

The credit quality of the Company's cash and cash equivalents is assessed based on external credit ratings (Fitch national long-term ratings) as shown below:

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Non-rated	127,367	-	141,614	-
BBB-	35,780	13,543	39,782	30,289
A	16,097	233	17,898	522
A+	128	40,554	142	90,704
AA-	-	11,787	-	26,362
AAA	614	3,192	683	7,139
Net cash and cash equivalents	**179,986**	**69,309**	**200,119**	**155,016**
Allowance for impairment during the year	(150)	(75)	(167)	(167)
Net cash and cash equivalents	**179,836**	**69,234**	**199,952**	**154,849**

xi. Intercompany receivables

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	1,514,359	-	-	1,514,359
Loss allowance	(4,933)	-	-	(4,933)
Net Exposure at Default (EAD)	**1,509,426**	**-**	**-**	**1,509,426**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	658,639	-	-	658,639
Loss allowance	-	-	-	-
Net Exposure at Default (EAD)	**658,639**	**-**	**-**	**658,639**

Notes to the separate financial statements

For the year ended 31 December 2023

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,683,756	-	-	1,683,756
Loss allowance	(5,485)	-	-	(5,485)
Net Exposure at Default (EAD)	**1,678,271**	**-**	**-**	**1,678,271**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,473,033	-	-	1,473,033
Loss allowance	-	-	-	-
Net Exposure at Default (EAD)	**1,473,033**	**-**	**-**	**1,473,033**

xii. Receivables from ANOH

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	830	-	-	830
Loss allowance	(47)	-	-	(47)
Net Exposure at Default (EAD)	**783**	**-**	**-**	**783**

31 December 2023	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	975	-	-	975
Loss allowance	(52)	-	-	(52)
Net Exposure at Default (EAD)	**923**	**-**	**-**	**923**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	₦'million	₦'million	₦'million	₦'million
Gross Exposure at Default (EAD)	894	-	-	894
Loss allowance	(23)	-	-	(23)
Net Exposure at Default (EAD)	**871**	**-**	**-**	**871**

31 December 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Gross Exposure at Default (EAD)	1,999	-	-	1,999
Loss allowance	(52)	-	-	(52)
Net Exposure at Default (EAD)	**1,947**	**-**	**-**	**1,947**

c) Maximum exposure to credit risk – financial instruments subject to impairment

The Company estimated the expected credit loss on Intercompany receivables and fixed deposits by applying the general model. The gross carrying amount of financial assets represents the Company's maximum exposure to credit risks on these assets.

Notes to the separate financial statements

For the year ended 31 December 2023

All financial assets impaired using the General model (Intercompany and Fixed deposits) are graded under the standard monitoring credit grade (rated B under Standard and Poor's unmodified ratings) and are classified under Stage 1.

d) Roll forward movement in loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslation for assets dominated in foreign currencies and other movements; and Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

e) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Company'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 Company's financial assets.

xiii. Expected cashflow recoverable

The table below demonstrates the sensitivity of the Company's profit before tax to a 20% change in the expected cashflows from financial assets, with all other variables held constant:

	Effect on profit before tax	Effect on other components of profit before tax	Effect on profit before tax	Effect on other components of profit before tax
	2023	2023	2023	2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cash flows				
+20%	(3,754)	-	(4,174)	-
-20%	3,754	-	4,174	-

	Effect on profit before tax	Effect on other components of profit before tax	Effect on profit before tax	Effect on other components of profit before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in estimated cash flows				
+20%	38	-	85	-
-20%	(38)	-	(85)	-

xiv. Significant unobservable inputs

The table below demonstrates the sensitivity of the Company's profit before tax to movements in the probability of default (PD) and 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	Effect on profit before tax	Effect on other components of equity before tax
	2023	2023	2023	2023

	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(172)	-	(262)	-
-10%	172	-	262	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in loss given default				
+10%	(56)	-	(132)	-
-10%	56	-	132	-

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

Notes to the separate financial statements

For the year ended 31 December 2023

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2023	2023	2023	2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(139)	-	(212)	-
-10%	139	-	212	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in probability of default				
+10%	(35)	-	(82)	-
-10%	35	-	82	-

The table below demonstrates the sensitivity of the Company'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	Effect on profit before tax	Effect on other components of equity before tax
	2023	2023	2023	2023
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(149)	-	(227)	-
-10%	149	-	227	-

	Effect on profit before tax	Effect on other components of equity before tax	Effect on profit before tax	Effect on other components of equity before tax
	2022	2022	2022	2022
	₦ million	₦ million	$'000	$'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(41)	-	(97)	-
-10%	41	-	97	-

5.1.3 Liquidity risk

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

The Company uses both long-term and short-term cash flow projections to monitor funding requirements for activities and to ensure there are enough cash resources to meet operational needs. Cash flow projections take into consideration the Company'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 Company'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 Company can be required to pay.

Notes to the separate financial statements

For the year ended 31 December 2023

The table below represents the trade and other payable for 2023.

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2023						
Trade and other payables		2,325,563	-	-	-	2,325,563
Total		**2,325,563**	**-**	**-**	**-**	**2,325,563**

	Effective interest rate	Less than 1 year	1 – 2 year	2 – 3 years	3 – 5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
31 December 2023						
Trade and other payables		2,585,699	-	-	-	2,585,699
Total		**2,585,699**	**-**	**-**	**-**	**2,585,699**

5.1.4 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	
	2023	2022	2023	2022
	₦ million	₦ million	₦ million	₦ million
Financial assets at amortised cost				
Trade and other receivables	1,512,474	722,340	1,512,473	722,340
Cash and cash equivalents	171,265	64,913	171,265	64,913
	1,683,738	**787,253**	**1,683,738**	**787,253**
Financial liabilities at amortised cost				
Trade and other payables	2,325,563	1,032,061	2,325,563	1,032,061
	2,3245,563	**1,032,061**	**2,3245,563**	**1,032,061**

	Carrying amount		Fair value	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Trade and other receivables	1,681,660	1,615,501	1,681,660	1,615,501
Cash and cash equivalents	190,421	145,185	190,421	145,185
	1,872,081	**1,760,686**	**1,872,081**	**1,760,686**
Financial liabilities at amortised cost				
Trade and other payables	2,585,699	2,308,184	2,585,699	2,308,184
	2,585,699	**2,308,184**	**2,585,699**	**2,308,184**

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

5.1.5 Fair Value Hierarchy

As at the reporting period, the Company had classified its financial instruments into the three levels prescribed under the accounting standards. These are all recurring fair value measurements. There were no transfers of financial instruments between fair value hierarchy levels during the year.

- 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.

The carrying amounts of the financial instruments are the same as their fair values.

5.2 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain optimal capital structure and reduce cost of capital. Consistent with others in the industry, the Company monitors capital based on the following gearing ratio, net debt divided by total capital. Net debt is calculated as trade and other payables less cash and cash equivalents.

Notes to the separate financial statements

For the year ended 31 December 2023

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Trade and other payables	2,325,563	1,032,061	2,585,699	2,308,184
Less: cash and cash equivalents	(171,265)	(64,913)	(190,421)	(145,185)
Net debt	2,154,298	967,148	2,395,278	2,162,999
Total equity	1,318,819	725,194	1,466,344	1,621,899
Total capital	3,473,117	1,692,342	3,861,622	3,784,898
Net debt (net debt/total capital) ratio	**62%**	**57%**	**62%**	**57%**

Capital includes share capital, share premium, capital contribution and all other equity reserves.

6. Segment reporting

The Company have no operating or reportable segment.

7. Other loss

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Unrealised foreign exchange loss	(5,064)	(1,273)	(7,709)	(2,998)
	(5,064)	**(1,273)**	**(7,709)**	**(2,998)**

8. General and administrative expenses

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Depreciation (Note 13)	291	112	444	266
Professional and consulting fees	26,537	11,558	40,414	27,236
Auditor's remuneration	7	-	11	-
Directors' emoluments (executive)	175	-	267	-
Directors' emoluments (non-executive)	2,493	2,054	3,797	4,842
Employee benefits (Note 8.1)	1,650	821	2,511	1,934
Flights and other travel costs	2,325	1,015	3,540	2,392
Other general expenses	6,020	3,046	9,168	7,183
	39,498	**18,606**	**60,152**	**43,853**

Seplat Energy Plc Executive Directors' emoluments for are borne by the other subsidiaries. Other general expenses relate to costs such as office maintenance costs, telecommunication costs, logistics costs and others. Professional and consulting fees increase is as a result of strategy related consultancy services and legal fees.

Notes to the separate financial statements

For the year ended 31 December 2023

8.1 Salaries and employee related costs include the following:

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Basic salary	972	377	1,481	889
Other allowances	148	181	223	426
Share-based payment expenses (Note 19.4)	530	263	807	619
	1,650	**821**	**2,511**	**1,934**

9. Impairment reversal/(losses) on financial assets

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Impairment loss(reversal) on financial assets – net (Note 9.1)	3,602	(360)	5,485	(878)
Total impairment loss allowance	**3,602**	**(360)**	**5,485**	**(878)**

9.1 Impairment reversal/(losses) on financial assets - net

	2023	2022	2023	2022
	₦ million	₦'million	$'000	$'000
Impairment reversal/(losses) on:				
Receivables from ANOH	-	22	-	52
Intercompany receivables	3,602	(395)	5,485	(930)
Exchange differences	-	13	-	-
	3,602	**(360)**	**5,485**	**(878)**

10. Finance income

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Interest income	5,350	412	8,147	971
Finance income	**5,350**	**412**	**8,147**	**971**

Finance income represents interest on short-term fixed deposits.

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

11. Taxation

Deferred tax assets have not been recognised in respect of the following items because of the uncertainty around the availability of future taxable profits against which the Company can use the benefits therefrom.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Unutilised capital allowance	1,052	523	1,170	1,170
Unrealised foreign exchange	2,892	1,438	3,216	3,215
Unrecognised deferred tax asset	**3,944**	**1,961**	**4,385**	**4,385**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for the entity's jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge for the period is nil.

12. Computation of cash generated from operations

	Notes	2023	2022	2023	2022
		₦ million	₦ million	$'000	$'000
Loss before tax		(42,814)	(19,107)	(65,199)	(45,002)
Adjusted for:					
Depreciation on property, plant and equipment	8	292	112	444	266
Interest income	10	(5,350)	(412)	(8,147)	(971)
Impairment gain/(loss) on financial assets	9	3,602	(360)	5,485	(878)
Unrealised foreign exchange loss	7	(5,062)	1,273	(7,709)	2,998
Share based payment expenses	8.1	530	263	807	619
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(47,044)	(93,234)	(71,644)	(219,700)
Prepayments		(121)	(37)	(184)	(87)
Trade and other payables		192,499	181,575	293,160	427,690
Net cash from operating activities		**96,532**	**70,073**	**147,014**	**164,935**

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

13. Property, plant and equipment

	Plant & machinery	Motor vehicle	Office Furniture & IT equipment	Leasehold improvements	Total
Cost	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2023	18	601	83	196	898
Additions	-	7	3	-	10
Reclassification	-	145	-	(145)	-
Exchange difference	19	662	85	146	912
At 31 December 2023	**37**	**1,415**	**171**	**197**	**1,820**
Depreciation					
At 1 January 2023	9	194	14	1	218
Charge for the year	5	186	97	3	291
Exchange difference	11	268	49	3	331
At 31 December 2023	**25**	**648**	**160**	**7**	**840**
NBV					
At 31 December 2023	**12**	**767**	**11**	**190**	**980**
Cost					
At 1 January 2022	17	349	-	-	366
Additions	-	211	78	186	475
Exchange difference	1	41	5	10	57
At 31 December 2022	**18**	**601**	**83**	**196**	**898**
Depreciation					
At 1 January 2022	5	87	-	-	92
Charge for the year	3	95	13	1	112
Exchange difference	1	12	1	-	14
At 31 December 2022	**9**	**194**	**14**	**1**	**218**
NBV					
At 31 December 2022	**9**	**407**	**69**	**195**	**680**

Notes to the separate financial statements

For the year ended 31 December 2023

Cost	Plant & machinery $'000	Motor vehicle $'000	Office Furniture & IT equipment $'000	Leasehold improvements $'000	Total $'000
At 1 January 2023	41	1,342	185	439	2,007
Additions	-	10	5	-	15
Reclassification	-	221	-	(221)	-
At 31 December 2023	**41**	**1,573**	**190**	**219**	**2,022**
Depreciation					
At 1 January 2023	19	437	30	3	489
Charge for the year	8	283	147	5	444
At 31 December 2023	**27**	**720**	**178**	**8**	**933**
NBV					
At 31 December 2023	**14**	**853**	**12**	**210**	**1,089**
Cost					
At 1 January 2022	41	845	-	-	886
Additions	-	498	185	439	1,122
At 31 December 2022	**41**	**1,343**	**185**	**439**	**2,008**
Depreciation					
At 1 January 2022	11	212	-	-	223
Charge for the year	8	225	30	3	266
At 31 December 2022	**19**	**437**	**30**	**3**	**489**
NBV					
At 31 December 2022	**22**	**906**	**155**	**436**	**1,519**

14. Prepayments

Current	2023 ₦ million	2022 ₦ million	2023 $'000	2022 $'000
Short term prepayments	362	97	402	218
	362	**97**	**402**	**218**

14.1 Short term prepayments

Included in short term prepayment are prepaid service charge expenses for health insurance and motor insurance premium.

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

15. Investment in subsidiaries

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Newton Energy Limited	855	425	950	950
Seplat Energy UK Limited	45	23	50	50
Seplat East Onshore Limited	1,446	470	1,608	1,052
Seplat East Swamp Company Limited	29	14	32	32
Seplat Gas Company Limited	29	14	32	32
Eland Oil and Gas Limited	438,619	218,058	487,683	487,683
Seplat West Limited	1,320,778	651,986	1,468,521	1,458,157
Turnkey Drilling Limited	21	10	23	23
Seplat Energy Offshore Limited	22	-	24	-
	1,761,843	**871,000**	**1,958,923**	**1,947,980**

15.1 Interest in subsidiaries

Name of entity	Country of incorporation & place of business	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
		Percentage of ownership interest					
		%	%	₦'million	₦'million	$'000	$'000
Newton Energy Limited	Nigeria	99.9	99.9	855	425	950	950
Seplat Energy UK Limited	United Kingdom	100	100	45	22	50	50
Seplat East Onshore Limited	Nigeria	99.9	99.9	1,446	470	1,608	1,052
Seplat East Swamp Company Limited	Nigeria	99.9	99.9	29	14	32	32
Seplat Gas Company Limited	Nigeria	99.9	99.9	29	14	32	32
Eland Oil and Gas Limited	United Kingdom	100	100	438,619	218,058	487,683	487,683
Seplat West Limited	Nigeria	99.9	99.9	1,320,778	651,986	1,468,521	1,458,157
Turnkey Drilling Limited	Nigeria	100	100	21	10	23	23
Seplat Energy Offshore Limited	Nigeria	100	-	22	-	24	-

Notes to the separate financial statements

For the year ended 31 December 2023

15.2 Reconciliation of investment in subsidiary

	2023	2023
	₦ million	$'000
At 1 January 2023	871,000	1,947,980
Additional investment in subsidiaries – East Onshore	365	556
Additional investment in subsidiary – Seplat West Limited	6,805	10,364
Additional investment in subsidiary Seplat Energy Offshore	16	24
Exchange difference	883,656	-
At 31 December 2023	**1,761,843**	**1,958,924**

	2022	2022
	₦ million	$'000
At 1 January 2022	798,795	1,940,388
Additional investment in subsidiaries – Share-based payment	3,385	7,569
Additional investment in subsidiary (Turnkey)	10	23
Exchange difference	68,810	-
At 31 December 2022	**871,000**	**1,947,980**

16. Investment in Joint ventures

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	₦ million	₦ million	$'000	$'000
Cost	188,887	93,904	210,016	210,016

16.1 Reconciliation of investment in joint venture

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	₦ million	₦ million	$'000	$'000
As 1 January	93,904	86,512	210,016	210,016
Exchange difference	94,983	7,392	-	-
At 31 December	**188,887**	**93,904**	**210,016**	**210,016**

Notes to the separate financial statements

For the year ended 31 December 2023

Name of entity	Country of incorporation and place of business	Percentage of ownership interest		Carrying amount			
		As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2023	As at 31 Dec 2022
		%	%	₦'million	₦'million	$'000	$'000
ANOH Gas Processing Company Limited	Nigeria	50	50	**185,136**	**93,904**	**210,016**	**210,016**

17. Trade and other receivables

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Advances to suppliers	423	4,995	470	11,172
Advance for New Business*	-	57,367	-	128,300
Intercompany receivables	1,509,426	658,639	1,678,271	1,473,033
Receivables from Joint Venture (ANOH)	783	871	871	1,947
Other receivables**	1,841	468	2,048	1,049
	1,512,473	**722,340**	**1,681,660**	**1,615,501**

*Advances for new business include deposits of nil (2022: $128.3 million, ₦57.2 billion) towards the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited from Exxon Mobil Corporation, Delaware. During the reporting period, the advances for new business balance was reclassified from Seplat Plc to Seplat Onshore.

**Other receivables include Withholding tax receivable of $12 thousand, ₦11 million (2022: $526 thousand, ₦235 million).

17.1 Intercompany receivables breakdown

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Seplat West Limited	1,265,018	593,318	1,406,524	1,326,948
Newton Energy Limited	15,483	12,354	17,215	27,629
Seplat Petroleum Development Company UK	-	2,685	-	6,006
Seplat East Limited	98,970	40,142	110,041	89,776
AHOH Gas Limited	16,982	8,493	18,882	18,994
Elcrest E&P Nigeria Limited	791	846	879	1,891
Seplat Energy Offshore Limited	115,392	-	128,300	-
Seplat East Swamp Company Limited	164	21	182	46
Seplat Gas Limited	4	3	5	6
Seplat Energy	9	-	10	-
Eland Oil and Gas Limited	1,546	777	1,718	1,738
Balance as at 31 December	**1,514,359**	**658,639**	**1,683,756**	**1,473,033**

Notes to the separate financial statements

For the year ended 31 December 2023

17.2 Reconciliation of intercompany receivables

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	658,639	519,017	1,473,033	1,259,963
Additions during the year	370,781	95,270	412,256	213,070
Exchange difference	484,939	44,352	(201,534)	-
Gross carrying amount	**1,514,359**	**658,639**	**1,683,756**	**1,473,033**
Less: impairment allowance	(4,933)	-	(5,485)	-
Balance as at 31 December	**1,509,426**	**658,639**	**1,678,271**	**1,473,033**

17.3 Reconciliation of impairment allowance on intercompany receivables

	2023	2022	2023	2021
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	-	383	-	930
Increase(Decrease)/ in loss allowance during the period	3,602	(395)	5,485	(930)
Exchange difference	1,331	12	-	-
Loss allowance as at 31 December	**4,933**	**-**	**5,485**	**-**

17.4 Reconciliation of receivables from joint venture (ANOH)

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Balance as at 1 January	894	974	1,999	2,365
Additions during the year	1,108	-	1,232	-
Receipts for the year	(1,255)	(164)	(1,396)	(366)
Exchange difference	83	84	(912)	-
Gross carrying amount	**830**	**894**	**923**	**1,999**
Less: impairment allowance	(47)	(23)	(52)	(52)
Balance as at 31 December	**783**	**871**	**871**	**1,947**

Notes to the separate financial statements

For the year ended 31 December 2023

17.5 Reconciliation of impairment allowance on receivables from joint venture (ANOH)

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Loss allowance as at 1 January	23	-	52	-
Increase in loss allowance during the period	-	22	-	52
Exchange difference	24	1	-	-
Loss allowance as at 31 December	**47**	**23**	**52**	**52**

18. Cash and cash equivalents

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

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Cash on hand	-	-	-	-
Short term fixed deposits	90,457	22,637	100,575	50,628
Cash at bank	80,957	42,350	90,013	94,724
Gross cash and cash equivalent	**171,414**	**64,987**	**190,588**	**145,352**
Loss allowance	(149)	(74)	(167)	(167)
Net Cash and cash equivalents	**171,265**	**64,913**	**190,421**	**145,185**

18.1 Restricted cash

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Restricted cash	8,572	4,321	9,531	9,664
	8,572	**4,321**	**9,531**	**9,664**

18.2 Movement in restricted cash

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
(Decrease)/Increase in restricted cash	(87)	694	(133)	1,636
	(87)	**694**	**(133)**	**1,636**

Restricted cash includes a balance of $9.5 million (N8.5 billion) set aside in the Stamping Reserve account for the revolving credit facility (RCF). 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).

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

Notes to the separate financial statements

For the year ended 31 December 2023

19. Share capital

19.1 Authorised and issued share capital

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Authorised ordinary share capital				
588,444,561 ordinary shares denominated in Naira of 50 kobo per share	297	297	1,864	1,864
Issued and fully paid				
588,444,561 (2022: 588,444,561) issued shares denominated in Naira of 50 kobo per share	297	297	1,864	1,864

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

19.2 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 2023	**588,444,561**	297	91,317	6,108	(2,025)	95,697
Share based payments	-	-	-	530	-	530
Additional investment in subsidiary share based payment	-	-	-	7,186	-	7,186
Vested shares during the year	4,709,289	3	1,395	(1,398)	-	-
PAYE tax withheld on vested shares	-	-	(1,179)	-	-	(1,179)
Share re-purchased	(4,709,289)	(3)	(1,395)	-	(1,398)	-
Additions to treasury shares	-	-	-	-	(985)	(985)
Closing balance as at 31 December 2023	**588,444,561**	**297**	**90,138**	**12,425**	**(1,612)**	**101,249**

Notes to the separate financial statements

For the year ended 31 December 2023

	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 2023	**588,444,561**	1,864	522,227	24,893	(4,915)	544,069
Share based payments	-	-	-	807	-	807
Additional investment in subsidiary share based payment	-	-	-	10,944	-	10,944
Vested shares during the year	4,709,289	5	2,124	(2,129)	-	-
PAYE tax withheld on vested shares	-	-	(1,796)	-	-	(1,796)
Share re-purchased	(4,709,289)	(5)	(2,124)	-	2,129	-
Additions to treasury shares	-	-	-	-	(1,500)	(1,500)
Closing balance as at 31 December 2023	**588,444,561**	**1,864**	**520,431**	**34,515**	**(6,415)**	**552,524**

Shares repurchased for employees during the year of $1.5 million, ₦1.3 billion (2022: nil) relates to share buy-back programme for Company'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 Company's employee beneficiaries covered under the Trust.

19.3 Share Premium

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Share premium	90,138	91,317	520,431	522,227

Section 120.2 of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 requires that where a Company issues shares at premium (i.e., above the par value), the value of the premium should be transferred to share premium.

During the year, an additional 4,709,289 shares vested with a fair value of $2.13 million. The excess of $2.12 million above the nominal value of ordinary shares have been recognised in share premium.

19.4 Employee share-based payment scheme

As at 31 December 2023, the Company had 56,047,932 shares which are yet to fully vest. These shares have been assigned to certain employees and senior executives in line with its share-based incentive scheme. Included in the share-based incentive schemes is two additional schemes (2023 LTIP scheme and 2022 Deferred bonus scheme) awarded during the reporting period. During the reporting period, 12,312,845 shares had vested out of which 7,603,556 shares were forfeited in relation to participants who could not meet the vesting conditions during the period. The average forfeiture rate due to failure to meet non-market vesting condition is 13.21% while the average due to staff exit is 14.35%. The impact of applying the forfeiture rate of 27.56% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $3,994,475. The number of shares that eventually vested during the year after the forfeiture and conditions above is 4,709,289 (Dec 2022: 4,719,809 shares were vested).

xv. Description of the awards valued

The Company has made a number of share-based awards under incentive plans since its IPO in 2014: IPO-related grants to Executive and Non-Executive Directors, 2018/2020 deferred bonus awards and 2020 Long-term Incentive plan ('LTIP') awards. Shares under these incentive plans were awarded at the IPO in April 2014, 2015, 2016, 2017,2018 and 2020 conditional on the Nigerian Stock Exchange ('NSE') approving the share delivery mechanism proposed by the Company. A number of these awards have fully vested.

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

Seplat Deferred Bonus Award

25% of each Executive Director's 2022 bonus (paid in 2023) has been deferred into shares and would be released in 2024 subject to continued employment over the vesting period. 2021 deferred bonus was approved by the Board and vested in 2023. No performance criteria are attached to this award. As a result, the fair value of these awards is calculated using a Black Scholes model.

Long Term Incentive Plan (LTIP) awards

Under the LTIP Plan, shares are granted to management staff of the organisation at the end of every year. The shares were granted to the employees at no cost. The shares vest (after 3 years) based on the following conditions.

- 25% vesting for median relative TSR performance rising to 100% for upper quartile performance on a straight-line basis.
- Relative TSR vesting reduced by 75% if 60% and below of operational and technical bonus metrics are achieved, with 35% reduction if 70% of operational and technical bonus metrics are achieved and no reduction for 80% or above achievement.
- If the Company outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the NSE.

xvi. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Expense arising from equity-settled share-based payment transactions	530	263	807	619

The asset arising as a result of share-based payment expenses incurred on employees of subsidiaries during the year is shown in the following table:

	2023	2022	2023	2022
	₦'million	₦'million	$'000	$'000
Additional investment in subsidiaries – Share-based payment (Note 15.2)	7,186	3,385	10,944	7,569

Notes to the separate financial statements

For the year ended 31 December 2023

There were no cancellations to the awards in 2023. The share awards granted to Executive Directors and confirmed employees are summarised below:

Scheme	Deemed grant date	Start of Service Period	End of service period	Vesting status	Number of awards
2021 Long term incentive Plan	2-Nov-21	2-Nov-21	2-Nov-24	Partially	12,995,688
2021 Long term incentive Plan - Executives	10-Mar-22	10-Mar-22	2-Nov-24	Partially	5,133,469
2022 Long term incentive Plan	30-May-22	30-May-22	30-May-25	Partially	13,811,252
2022 Deferred Bonus	16-May-23	16-May-23	31-Dec-24	Partially	318,490
COO Sign on Bonus	4-Aug-22	4-Aug-22	1-Jul-24	Partially	514,575
2023 Long term incentive Plan	16-May-23	16-May-23	16-May-26	Partially	23,274,458
					56,047,932

xvii. Determination of Share awards outstanding

Share awards used in the calculation of diluted earnings per shares are based on the outstanding shares as at 31 December 2023.

Share award scheme (all awards)	2023 Number	2023 WAEP ₦	2022 Number	2022 WAEP ₦
Outstanding at 1 January	20,015,736	442	2,800,942	442
Granted during the year	17,831,904	827	25,036,212	442
Exercise during the year	(4,709,289)	840	(4,719,809)	
Forfeited during the year	(7,603,556)	568	(3,101,609)	
Outstanding at 31 December	**25,534,795**	**669**	**20,015,736**	442

Share award scheme (all awards)	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	20,015,736	1.10	2,800,942	1.10
Granted during the year	17,831,904	1.28	25,036,212	1.10
Exercised during the year	(4,709,289)	1.30	(4,719,809)	
Forfeited during the year	(7,603,556)	0.88	(3,101,609)	
Outstanding at 31 December	25,534,795	1.14	**20,015,736**	**1.**1

Notes to the separate financial statements

For the year ended 31 December 2023

The following table illustrates the number and weighted average exercise prices ('WAEP') of and movements in deferred bonus scheme and long-term incentive plan during the year for each available scheme.

Deferred Bonus Scheme	2023 Number	2023 WAEP ₦	2022 Number	2022 WAEP $
Outstanding at 1 January	306,996	541	-	-
Granted during the year	634,962	782	479,564	541
Exercised during the year	(439,908)	711	(172,568)	
Outstanding at 31 December	**502,050**	**678**	**306,996**	**541**

Deferred Bonus Scheme	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	306,996	1.27	-	-
Granted during the year	634,962	1.21	479,564	1.27
Exercised during the year	(439,908)	1.1	(172,568)	
Outstanding at 31 December	**502,050**	**1.19**	**306,996**	**1.27**

The fair value of the modified options was determined using the same models and principles as described in the table below on the inputs to the models used for the scheme.

Long term incentive Plan (LTIP)	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	19,708,740	492	2,800,942	492
Granted during the year	17,196,942	581	24,556,648	-
Exercised during the year	(4,269,381)	568	(4,547,241)	-
Forfeited during the year	(7,603,556)	568	(3,101,740)	-
Outstanding at 31 December	**24,032,745**	**553**	**19,708,740**	**492**

Long term incentive Plan (LTIP)	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at 1 January	19,708,740	1.10	2,800,942	1.10
Granted during the year	17,196,942	0.9	24,556,648	-
Exercised during the year	(4,269,381)	0.88	(4,547,241)	-
Forfeited during the year	(7,603,556)	0.88	(3,101,740)	-
Outstanding at 31 December	**24,032,745**	**0.94**	**19,708,740**	**1.10**

The shares are granted to the employees at no cost. The weighted average remaining contractual life for the share awards outstanding as at 31 December 2023 range from 0.8 to 2.4 years (2022: 0.8 to 2.3 years).
The weighted average fair value of awards granted during the year range from ₦332 to ₦1,286 (2022: ₦170 to ₦581), $0.37 to $1.43 (2022: $0.38 to $1.30).

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

The Long-term incentive plan is independently determined using the Monte Carlo valuation method which takes into account, the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

xviii. Inputs to the models

The following table lists the inputs to the models used for the share awards outstanding in the respective plans for the year ended 31 December 2023:

	2021 LTIP	2021 LTIP-Execs	2022 LTIP	2023 LTIP
Weighted average fair values at the measurement date				
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	51.68%	59.29%	59.86%	42.08%
Risk–free interest rate (%)	0.31%	2.17%	2.53%	4.16%
Expected life of share options	3.00	2.64%	3.00	3.00
Share price at grant date ($)	0.66	1.12	1.18	1
Share price at grant date (₦)	264.32	415.84	415.07	460.7
Model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

19.5 Treasury shares

This relates to Share buy-back programme for Company'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 Company's employee beneficiaries covered under the Trust.

20. Capital contribution

In accordance with the Shareholders' Agreement, the amount was used by the Company for working capital as was required at the commencement of operations.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Capital contribution	5,932	5,932	40,000	40,000

21. Foreign currency translation reserve

Cumulative exchange difference arising from translation of the Company's results and financial position into the presentation currency and from translation of foreign subsidiary is taken to foreign currency translation reserve through other comprehensive income.

Notes to the separate financial statements

For the year ended 31 December 2023

22. Trade and other payables

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Trade payable	1,064	13,103	1,183	29,304
Accruals and other payables	2,119	246	2,352	545
Intercompany payable	2,322,380	1,018,712	2,582,164	2,278,335
	2,325,563	**1,032,061**	**2,585,699**	**2,308,184**

22.1 Intercompany payables breakdown

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Seplat West Limited	2,027,560	879,997	2,254,364	1,968,101
Seplat Petroleum Development Company UK	1,211	881	1,347	1,971
Newton Energy Limited	64,072	25,862	71,239	57,841
Seplat East Onshore Limited	172,272	84,689	191,543	189,406
Seplat East Swamp Company Limited	54,858	27,273	60,994	60,994
Turnkey Drilling Services Limited	10	10	11	23
Seplat Energy Offshore Limited	10	-	11	-
Eland Oil and Gas Limited	2,387	-	2,654	-
	2,322,380	**1,018,712**	**2,582,164**	**2,278,335**

23. Loss per share (LPS)

Basic

Basic LPS is calculated on the Company's profit after taxation attributable to the company and based on weighted average number of issued and fully paid ordinary shares at the end of the year.

Diluted

Diluted LPS is calculated by dividing the profit after taxation attributable to the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares (arising from outstanding share awards in the share-based payment scheme) into ordinary shares.

Notes to the separate financial statements

For the year ended 31 December 2023

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Loss for the year	(42,814)	(19,107)	(65,199)	(45,002)
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	588,446	588,446	588,446	588,446
Outstanding share-based payment (shares)	1	1	1	1
Weighted average number of ordinary shares adjusted for the effect of dilution	588,447	588,447	588,447	588,447
		₦		$
Basic loss per share	(72.76)	(32.47)	(0.11)	(0.08)
Diluted loss per share	(72.76)	(32.47)	(0.11)	(0.08)

The shares were weighted for the proportion of the number of months they were in issue during the reporting period.

24. Dividends paid and proposed

As at 31 December 2023, the final proposed dividend for the Company is ₦26.45, $0.03, (2022: ₦11.18, $0.025) per share.

	2023	2022	2023	2022
	₦ million	₦ million	$'000	$'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2023: ₦101.32 ($0.165) per share 588,444,561 shares in issue (2022: ₦42.60 ($0.10) per share 588,444,561 shares in issue)	64,736	24,972	98,811	58,844
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2023: ₦26.45 ($0.03) (2022: ₦11.18 ($0.025)) per share	15,562	6,553	17,653	14,655
Special proposed dividend for the year 2023: ₦26.45 ($0.03) (2022: ₦22.36 ($0.05)) per share	15,562	13,106	17,653	29,270

During the year, ₦6.8 billion, $14.7 million of dividend was paid at ₦11.55, $0.025 per share as final dividend for 2022, while ₦13.6 billion, $29.4 million of dividend was paid at ₦23.11, $0.05 per share as special dividend for 2022. As at 31 March 2023, ₦8.2 billion, $ 17.7 million was paid at ₦13.95, $0.03 per share for 2023 Q1; As at 30 June 2023, ₦ 13.4 billion, $ 17.7 million was paid at ₦22.80, $0.03 per share for 2023 Q2; As at 30 September 2023, ₦ 17.5 billion, $ 17.7 million was paid at ₦29.90, $0.03 per share for 2023 Q3. Final Naira dividend payments will be based on the Naira/Dollar rates on the date for determining the exchange rate. The payment is subject to shareholders' approval at the 2023 Annual General Meeting. The tax effect of dividend paid during the year was $9.2 million (₦6 billion).

25. Related party relationships and transactions

The Company is owned 6.43% either directly or by entities controlled by A.B.C Orjiako (SPDCL(BVI)) and members of his family and 12.19% either directly or by entities controlled by Austin Avuru (Professional Support Limited and Platform Petroleum Limited). The remaining shares in the parent Company are widely held.

Seplat Energy

Notes to the separate financial statements

For the year ended 31 December 2023

The goods and services provided by the related parties are disclosed below. The outstanding balances payable to/receivable from related parties are unsecured and are payable/receivable in cash.

25.1 Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'):

The Chairman of Seplat (ABC Orjiakor) is a director and shareholder of SPDCL (BVI). The company provided consulting services to Seplat. Services provided to the Company during the period amounted to nil (2022: $916.5 thousand, ₦409.8 million). Payables amounted to nil in the current period.

26. Information relating to employees

26.1 Number of directors

The number of Directors whose emoluments fell within the following ranges was:

	2023	2022
	Number	Number
₦19,896,501 – ₦115,705,800	-	-
₦115,705,801 – ₦157,947,600	-	-
Above ₦157,947,600	3	3
	3	**3**

	2023	2022
	Number	Number
$65,001 – $378,000	-	-
$378,001 – $516,000	-	-
Above $516,000	3	3
	3	**3**

26.2 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,500 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2023	2022
	Number	Number
₦1,989,650 – ₦4,897,600	-	25
₦4,897,601– ₦9,795,200	1	101
₦9,795,201 – ₦14,692,800	8	153
Above ₦14,692,800	423	252
	432	**531**

	2023 Number	2022 Number
$6,500 – $16,000	-	25
$16,001 – $32,000	1	101
$32,001 – $48,000	8	153
Above $48,000	423	252
	432	**531**

26.3 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2023 Number	2022 Number
Senior management	27	35
Managers	116	155
Senior staff	261	297
Junior staff	28	44
	432	**531**

27. Commitments and contingencies

27.1 Contingent liabilities

The Company is involved in a number of legal suits as defendant. The estimated value of the contingent liabilities for the year ended 31 December 2023 is nil (2022: ₦5.5 billion, $1.22 million). The contingent liability for the year 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.

Management considers the merits for these cost items to remain rejected to be very high, but in recognition of possible range of outcomes has included them in the contingent liability.

28. Events after the reporting period

Official foreign exchange volatility

Post reporting date, the Nigerian official foreign exchange market has become significantly volatile, with the continuous devaluation of the Naira against other currencies.

This depreciation would impact the Naira-denominated monetary assets and liabilities of the Company through revaluation of monetary items as well the Company's financial statements presented in Naira.

Notes to the separate financial statements

For the year ended 31 December 2023

29. Exchange rates used in translating the accounts to Naira

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

	Basis	31 December 2023	31 December 2022
		N/$	N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	656.63	424.37
Property, plant & equipment - closing balances	Closing rate	899.39	447.13
Current assets	Closing rate	899.39	447.13
Current liabilities	Closing rate	899.39	447.13
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	656.63	424.37

Statement of value added

For the year ended 31 December 2023

	2023		2022		2023		2022	
	₦ million	%	₦ million	%	$'000	%	$'000	%
Other loss	(5,064)		(1,273)		(7,709)		(2,998)	
Finance income	5,350		412		8,147		971	
Cost of goods and other services:								
Local	(22,330)		(9,212)		(34,978)		(21,834)	
Foreign	(14,886)		(6,141)		(23,319)		(14,556)	
Valued eroded	**(36,930)**	**100%**	**(16,214)**	**100%**	**(57,859)**	**100%**	**(38,417)**	**100%**

Applied as follows:

	2023		2022		2023		2022	
	₦ million	%	₦ million	%	$'000	%	$'000	%
To employees: – as salaries and labour related expenses	1,650	(4%)	821	(5%)	2,511	(4%)	1,934	(5%)
To government: – as company taxes	3,944	(11%)	1,961	(12%)	4,385	(8%)	4,385	(11%)
Retained for the Company's future: – For asset replacement, depreciation, depletion & amortization	291	(1%)	112	(1%)	444	(1%)	266	(1%)
Loss for the year	(42,814)	116%	(19,107)	118%	(65,199)	113%	(45,002)	117%
Valued eroded	**(36,930)**	**100%**	**(16,214)**	**100%**	**(57,859)**	**100%**	**(38,417)**	**100%**

The value eroded represents the wealth utilized through the use of the Company's assets by its own and its employees' efforts. This statement shows the distribution of loss to employees, providers of finance, shareholders, government and that retained for the creation of future wealth.

Supplementary financial information (unaudited)

For the year ended 31 December 2023

	2023	2022	Restated 2021	Restated 2020	2019
	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue from contracts with customers	-	-	-	-	200,733
(Loss)/profit before taxation	(42,814)	(19,107)	(6,473)	(7,160)	79,613
Income tax expense	-	-	-	-	(13,484)
(Loss)/profit for the year	**(42,814)**	**(19,107)**	**(6,473)**	**(7,160)**	**66,129**

	2023	2022	2021	2020	2019
	₦ million	₦ million	₦ million	₦ million	₦ million
Capital employed:					
Issued share capital	297	297	296	293	289
Share premium	90,138	91,317	90,383	86,917	84,045
Share based payment reserve	12,425	6,108	4,914	7,174	8,194
Treasury shares	(1,612)	(2,025)	(2,025)	-	-
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	68,439	176,136	220,215	255,859	282,228
Foreign translation reserve	1,143,200	447,429	388,690	393,687	196,535
Total equity	**1,318,819**	**725,194**	**708,405**	**749,862**	**577,223**
Represented by:					
Non-current assets	1,951,710	965,584	885,581	877,795	518,366
Current assets	1,692,672	791,671	598,851	73,124	539,423
Non-current liabilities	-	-	-	-	(233,715)
Current liabilities	(2,325,563)	(1,032,061)	(776,027)	(201,057)	(246,851)
Net assets	**1,318,819**	**725,194**	**708,405**	**749,862**	**577,223**

Supplementary financial information (unaudited)

For the year ended 31 December 2023

	2023	2022	Restated 2021	2020 Restated	2019
	$'000	$'000	$'000	$'000	$'000
Revenue from contracts with customers	-	-	-	-	654,037
(Loss)/profit before taxation	(65,199)	(45,002)	(16,151)	(19,897)	259,411
Income tax expense	-	-	-	-	(43,934)
(Loss)/profit for the year	**(65,199)**	**(45,002)**	**(16,151)**	**(19,897)**	**215,477**

	2023	2022	2021	2020	2019
	$'000	$'000	$'000	$'000	$'000
Capital employed:					
Issued share capital	1,864	1,864	1,862	1,855	1,845
Share premium	520,431	522,227	520,138	511,723	503,742
Share based payment reserve	34,515	24,893	22,190	27,592	30,426
Treasury shares	(4,286)	(4,915)	(4,915)		
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	873,820	1,037,830	1,141,677	1,230,666	1,304,197
Total equity	**1,466,344**	**1,621,899**	**1,720,952**	**1,811,836**	**1,880,210**
Represented by:					
Non-current assets	2,170,029	2,159,515	2,151,068	2,148,506	1,688,491
Current assets	1,882,014	1,770,568	1,453,769	192,430	1,757,082
Non-current liabilities	-	-	-	-	(761,285)
Current liabilities	(2,585,699)	(2,308,184)	(1,883,885)	(529,100)	(804,078)
Net assets	**1,466,344**	**1,621,899**	**1,720,952**	**1,811,836**	**1,880,210**