Seplat Energy

Reliable energy, limitless potential

Seplat Energy Plc
Annual Report and Accounts 2021

About us

We changed our name to Seplat Energy to reflect the exciting future ahead of us as a supplier of a more diverse range of energy products, not just oil and gas.

Nigeria – a nation with limitless potential

As Nigeria's energy champion, we want to drive our country's transition to sustainable and affordable energy and harness its power to transform our economy and the lives of our large and rapidly growing population.

Achieving a Just Transition will be our goal. We recognise that Nigeria will remain dependent on oil revenues until its economy diversifies and other sectors prosper. We must be good stewards of Nigeria's existing oil resources and develop the nation's abundant gas reserves to drive the coming transition to this cleaner, more efficient fuel. The transition from small-scale diesel and petrol generation to large-scale gas-to-power will improve efficiency and drive cost reductions that will accelerate economic growth and diversification, thereby improving the nation's wellbeing.

Step by step, we will ultimately lead Nigeria towards the most sustainable forms of energy, which will harness the limitless blessings of its abundant sunlight, wind and the power of its rivers, for the benefit of its people and the natural world.

Our ambition is simple but bold – we want to supply the energy that drives a growing economy, creates a stronger society and provides opportunities for all Nigerians to prosper.

Driven by our purpose

Deliver sustainable energy solutions for society.

Nigeria's large and growing population is hampered by its relatively poor access to energy, especially in rural areas beyond the reach of its gas infrastructure. The country's dependence on imported diesel creates a drain on economic resources as hard-earned currency leaves Nigeria to fund an expensive, inefficient and polluting fuel.

By providing accessible, reliable and sustainable energy, fuelled by Nigeria's abundant gas and renewable resources, we will drive Nigeria's social and economic prosperity now and in the future.

Highlights 2021

The higher oil prices of 2021 more than offset the impact of lower oil volumes, which were affected by a prolonged outage of our main Forcados export route in the third quarter.

Financial performance

Despite a challenging year for the Nigerian oil and gas industry, our robust financial performance delivered revenues up 38% and strong cash generation that fortified the balance sheet and underpinned the confidence of international investors to support our proposed and transformational acquisition of MPNU.

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Revenue

$733.2m

Cash at bank

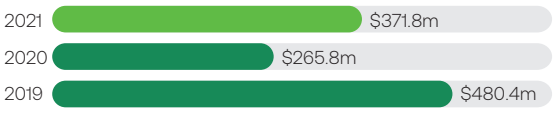
$340.5m

Production cost/boe

$9.9/boe

Adjusted EBITDA*

$371.8m



Operating cash flow

$394.3m

Net debt

$426.1m

Dividend Per Share

USc10/sh

* Adjusted for non-cash items including impairments, fair value adjustments, abandonment, and exchange loss.

Operational performance

Volumes of exported oil were lower than the previous year because of downtime on the Forcados export route in August and December and delays to the alternative Amukpe-Escravos Pipeline. However, gas production increased by nearly 7%.

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Number of wells drilled

8

Liquid production

29,091 bopd

2P Reserves

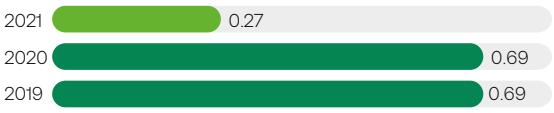
457 MMboe

Gas production

107.9 MMScfd

Total Recordable Injury Rate (TRIR)

0.27



Production uptime

75%

Lost Time Injury Frequency (LTIF)

0

A strategy for transition

Read how Seplat Petroleum became Seplat Energy and how our new strategy will prepare us to lead Nigeria's energy transition through the development of gas and, in time, renewable energies.

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Built on strong foundations

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The new strategic framework we announced in 2021 is enabled by strong corporate governance and risk management, and built upon the values of safety, integrity, partnership, ambition and agility.

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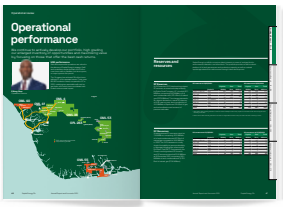
Delivering robust performance

Higher global oil prices offset the impact of a prolonged outage at Nigeria's key Forcados export route, which affected Seplat Energy's oil exports in the third quarter of 2021.



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Nigeria's leading independent energy provider

Seplat is Nigeria's leading indigenous, independent oil and gas producer, delivering a working interest production of nearly 29,091 barrels a day of liquids for export in 2021, as well as 107.9 MMscfd of processed natural gas for domestic power generation.

Proudly Nigerian

Seplat Energy's oil generated foreign currency income of $565 million for Nigeria in 2021. In this, we paid $86 million royalties and a further $44 million in taxes and levies. These contributions support Nigeria's economy, including its healthcare and educational systems and its creation of essential infrastructure.

At times, our gas powered up to 30% of Nigeria's domestic grid in 2021 and by increasing gas production we can help to reduce Nigeria's dependence on small-scale, costly and polluting generators. In addition, we spent $11 million supporting our host communities, focusing on jobs and business opportunities, security, medical and other assistance during the Covid-19 pandemic.

Gas

Seplat Energy's gas business consists of gas fields and associated infrastructure in OML 4, which supports our 465 MMscfd Oben Gas Processing Plant, and OML 53, where our independent joint venture ANOH Gas Processing Company is building a 300 MMscfd gas processing plant.

ANOH is one of Nigeria's most important strategic energy transition projects. Although the plant itself will be completed in 2022, delays to third-party infrastructure line mean gas will now begin flowing to markets in 2023.

Oil

Seplat Energy's oil portfolio contributed 61% of Group volumes in 2021 and 84% of its revenues. We have operations across seven blocks in the Niger Delta, our largest being the combined operations of OMLs 4, 38 & 41.

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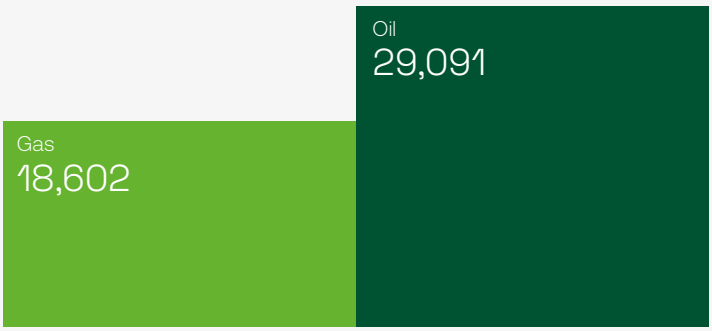
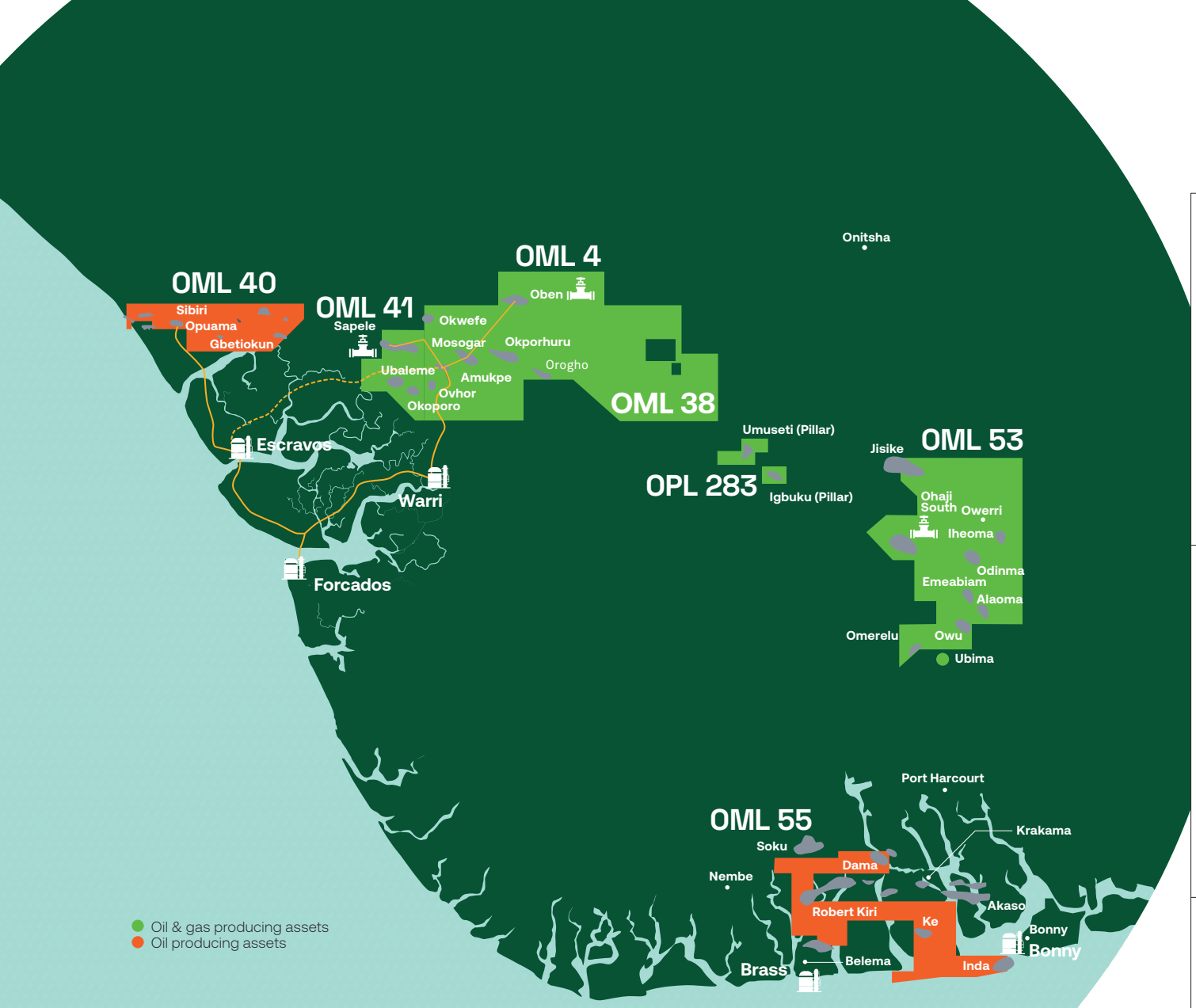
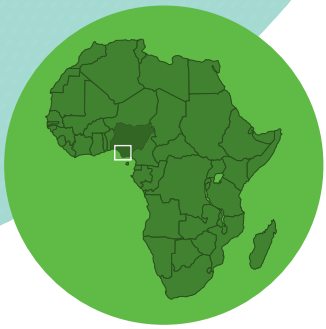
Seplat Energy — Oil and gas production 2021 (boepd)





Since our inception in 2010, we have built an energy business based upon hydrocarbon production in the Niger Delta, exporting oil that supports Nigeria's economy and delivering gas to power its homes and businesses.



Oil and gas blocks in the Niger Delta (4 operated directly)

8

Staff

500+

Boepd production in 2021 (29,091 bopd oil, 18,602 boepd gas)

47,693

Proportion of Nigeria's electricity grid powered by our gas

25%-30%

Generated in revenue share for Nigeria

$434m

Paid in dividends to shareholders since listing

$400m

Our portfolio

Seplat Energy's portfolio comprises seven oil and gas blocks in the prolific Niger Delta, which we operate with partners including the Nigerian Government and other oil producers, as well as a revenue interest in OML 55.

The blocks are connected to well-established export routes and with the commissioning of the Amukpe-Escravos Pipeline, which serves our major assets at OMLs 4, 38 & 41, we now have a more secure and reliable alternative to the Trans Forcados System, whose outages have previously impacted production.

Dr Ambrosie Bryant Chukwueloka ('A.B.C.') Orjiako
Non-Executive Chairman

Positioned for just energy transition, sustainability and transformation.

Distinguished Shareholders

I am delighted to welcome you all to the 9th Annual General Meeting (AGM) of our Company, Seplat Energy Plc. This AGM is, understandably, quite exciting as it presents us with another opportunity to interact and contribute positively to the performance of our company, as we exit the Covid-19 pandemic.

Remarkably, this is also my last statement as Chairman of Seplat Energy, after 12 years of serving on the Board. Indeed, it has been an exhilarating journey for me, made more rewarding because of your support and cooperation in achieving all the enviable milestones we have accomplished together.

The business environment post Covid-19 pandemic

The global economy has recovered, almost to pre-pandemic levels in some countries, especially, the Organisation for Economic Co-operation and Development ("OECD") economies, following the successes of the vaccination campaigns and lifting of lockdowns. However, the recovery was challenged late last year, following the increase in the number of infections, owing to the Omicron strain. The global economy grew by 5.9% in 2021 while the Nigerian economy grew by 3.4% (World Bank). This is in stark contrast to the negative growth rates of -3.6% and -1.8% respectively in 2020, obviously due to the Covid-19 pandemic.

In the World Energy sector, there was an unexpected fast-pace of recovery, leading to unprecedented demand-growth for energy, which challenged the supply side. A combination of climate change activism and climate change/Energy transition policies together with declining investments caused severe supply losses in the face of bullish demand growth. This has resulted in the rising global commodity prices we witnessed towards the end of the year. On a positive note, the Nigerian oil and gas sector received a major boost in 2021, with the passage of the Petroleum Industry Act (PIA) which is expected to drive new investments into the sector.

Products and crude oil inventory draw from OECD countries grew to their highest levels since 2015, while global oil demand reached pre-pandemic level of 99.6 MMbopd and growing. The average Brent oil price in 2021 was $70.7/bbl compared to $42/bbl in 2020.

This post-pandemic recovery was reflected in the 2021 performance of our share price with the UK line opening the year at 66p per share and rising steadily to 83p per share at the end of the year. The Nigerian line opened at NGN402 per share and closed the year at NGN650 per share.

Becoming Seplat Energy: our new strategic imperatives

The Seplat journey began in 2009 with the incorporation of Shebah and Platform and took a further step with the execution of the Sale and Purchase Agreement on 29 January 2010 with SPDC/Total/Eni, which ensured our Landmark Acquisition of OMLs 4, 38 and 41. This transaction was indeed the first of its kind, where an indigenous operator acquired assets from leading International Oil Companies ("IOCs").

Seplat has subsequently grown from strength to strength, with many landmark achievements on the journey to becoming Nigeria's leading Independent Energy provider. Notable among these achievements are:

- Refinancing of acquisition cost in 2011.
- Development of the template for acquisition strategy also in 2011.
- Funding Strategy for Seplat, including the Credit line of $550 million led by AFREXIM BANK, 2011.
- Recovery of 300 kbbls post installation of flow meter in Q1, 2011 and 2 MMbbls of crude oil from Shell following post installation of LACT Unit also in 2011.
- Raised $1.6 billion from 9 banks (both Nigerian and International Banks) for ConocoPhillips bid round in 2012.
- Pre-IPO funding and Enterprise valuation of Seplat to $1 billion 2012/2013.
- The 2013 acquisition of a 40% participating interest (non-operated) in the Umuseti/Igbuku fields (OPL 283) from Pillar Oil Limited.
- The Successful Initial Public Offering and dual listing on the Main Board of the Nigerian Stock Exchange (now Nigerian Exchange Limited ("NGX") and the Main Market of the London Stock Exchange in 2014 where we raised $535 million. Subsequent move to the Premium Board of the NGX in 2018.
- Development of appropriate pricing framework for Domestic gas in Nigeria, to drive our gas commercialization, which led to the creation of our midstream business, starting with our flagship Oben Gas Plant.
- Our gas commercialization strides, which led to the creation of our midstream business, starting with our flagship Oben Gas Plant.
- The 2015 acquisition of 40% interest in Chevron assets (OML 53) with operatorship. This acquisition provided us the opportunity to develop the ANOH project.
- The first Incorporated Joint Venture (IJV) with the NNPC in 2017 birthing the ANOH Gas Processing Company (AGPC) Limited, a midstream gas company committed to processing gas from OML 53 for distribution to the local market.
- The 2019 acquisition of AIM listed Eland Oil and Gas. Eland held participating interests in OML 40 and Ubima marginal field.
- Setting the Environment, Social and Governance ("ESG") and Sustainability Agenda.

These achievements have set Seplat on an exponential growth trajectory, well positioned to be the industry leader and to take on the challenge of providing sustainable and reliable solutions to energy poverty in Nigeria.

In 2021, we changed our name to Seplat Energy Plc, to highlight our updated strategy: *to provide sustainable energy solutions for society.* Our Vision is: *To transform lives through energy, and we have a mission to lead Nigeria's energy transition towards accessible, affordable and reliable energy that drive social and economic prosperity.*

Leading Nigeria's energy transition

Consequently, our new strategy is centred around energy transition and the mitigation of energy poverty in our society. It is about providing the right energy mix for common good, while preserving the environment. We are set to achieve this through three main pillars:

Pillar 1 - Upstream Business:

We believe that the production and supply of crude oil remains crucial for Nigeria's development, but we must focus on improving efficiency and less carbon intensive oil and gas operations that delivers revenue to stakeholders in a cleaner and cost-effective manner. We are leveraging available technology and innovation, as well as the right policy framework to deliver on these. We are seeing significant improvements in emissions reduction.

One key target for us is to end routine flares (equivalent to about 2.8MT of carbon dioxide emission) in our fields by 2024, six years ahead of the Nigerian Government's policy target, while monetising existing reserves.

Pillar 2 – Midstream Business:

We believe that gas will drive the energy transition and accelerate economic growth in Nigeria. Our midstream initiatives aim to support the accelerated development of Nigerian's huge gas resources, to provide the needed Gas-to-Power Solutions and address the deplorable grid electricity supply in Nigeria. We also aim to replace the use of diesel fired power generation with cleaner gas power generation, in the mini grid and off-grid landscape.

In addition to electricity supply, we are addressing Liquified Petroleum Gas (LPG) penetration for homes and Compressed Natural Gas (CNG) for industrial and transportation use. The replacement of firewood and Household Kerosene (HHK) with LPG will deliver cleaner low- carbon environment as well as remove the health hazards of fumes and carbon inhalation. This LPG penetration initiative is well on the way to provide cleaner and lower cost source for over 80% of energy needs at homes in Nigeria. There is ample scope for gas-to-industry, and gas-to-agriculture as we support the diversification and growth of the Nigerian economy.

Pillar 3 – Renewables Business:

We believe that renewables are the future and alongside our gas-to-power developments, renewables will be critical to providing an alternative to Nigeria's energy gap. This initiative is a combination of gas and solar to leapfrog our Scope 1 and Scope 2 Clean Energy Scheme, as well as create a structured world-class profitable Renewables business. The main objective is to tap the entire energy value chain for Gas, while jump starting available Renewable energy opportunities, in the communities and Industrial clusters.

Seplat Energy supports the goals of the Paris Agreement and is in step with society's objective to get the world to net zero carbon emissions by 2050. However, net zero does not mean zero fossil fuels. The Climate Change Mitigation Plans and energy transition narrative must recognise the severe energy poverty in Nigeria, Africa and other developing regions. Consequently, our huge gas resources must be harnessed in solving energy poverty in Nigeria, by providing greater access to affordable, and reliable energy to drive social and economic growth, as captured under the United Nations Sustainable Development Goal - 7. The energy transition initiative must, therefore, be collaborative, just and equitable.

Refreshing of the Board in 2021

In my statement last year, I reported on several Board and Management changes as we managed the transition to our new Chief Executive Officer ("CEO"), appointed a new Chief Financial Officer ("CFO") and strengthened the independence of the Board.

That process of refreshment continued with the appointment of three Independent Non-Executive Directors during the year: Dr. Emma Fitzgerald, Professor Fabian Ajogwu, SAN and Mr. Bello Rabiu. Dr Fitzgerald brings knowledge and experience in important areas such as the energy sector, renewables and sustainability; Professor Ajogwu SAN is a Corporate Governance expert and leader; and Mr. Rabiu has an unrivalled knowledge of the Exploration & Production industry in Nigeria, having had a distinguished career at the Nigerian National Petroleum Corporation.

I would also like to mention that we were glad to have attracted the calibre of Ms. Arunma Oteh, OON, who joined the board in 2020. Ms. Oteh OON who was a former Director General ("DG") of the Securities and Exchange Commission ("SEC") and former Treasurer of the world Bank is not new to the Seplat Story as she was the DG of SEC; under whose watch Seplat was granted relevant approval for our dual listing in the LSE and NGX.

I would also like to thank those Independent Non-Executive Directors that retired during the year: Mr. Damian Dodo, SAN and Lord Mark Malloch-Brown, MBE, who diligently served the Board and made significant contributions towards the growth of the Company during their seven-year tenures. The Board also received the resignation of Mr. Xavier Rolet, KBE in November 2021, and that of Mr. Austin Avuru, as a Non-Executive Director ("NED") with effect from 1st March 2022. On behalf of the Board, I would like to thank these gentlemen for their contributions to the development of Seplat during their respective tenures.

Business performance in 2021

Our operational and financial performance in 2021 reflects the challenges of our business in Nigeria. Our average working interest production was 47,693 boepd including 29,091 bopd of liquids and 107.9 MMscfd of gas (18,602 boepd). The performance of our oil business was impacted by two lengthy shut-ins at one of the third-party operated export routes that we rely upon. This underscores the need for alternative export routes to mitigate this risk.

We drilled 5 oil wells and 3 gas wells during the year; the oil wells have a combined gross potential of 17.5 kbopd and the gas wells have a combined gross rate of 130 MMscfd of gas and 5.2 kbpd of condensate. I am particularly proud of our strong safety record which saw us reach 24 million hours without any Lost Time Injury ("LTI") from our operated assets in 2021.

We introduced hydrocarbons into the Amukpe-Escravos Pipeline (AEP) and are poised to launch this alternate export route which will enable us to evacuate up to 40 kbopd gross from our OMLs 4, 38 and 41. This is an achievement worthy of note.

This performance translated into revenues of $733 million and adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") of $372 million, up 38% and 40% respectively, from 2020, as our business recovered from the worst of the Covid-19 pandemic.

Our cash position remained strong as we ended the year with $341 million in cash and a net debt of $426 million. We have certainly delivered on that vision of building a business that is now the leading Nigerian independent and a major provider of natural gas to the domestic market.

Returning value to shareholders through dividends

Our robust operational performance, despite our operational challenges meant that we were able to meet our dividend commitment and, with the Board having approved a Q4 dividend of $0.025 per share, we once again returned $0.10 per share to our shareholders for the 2021. Since we raised $535 million at our initial public offering in May 2014, we have returned over $400 million to shareholders in the form of dividends.

Support for our communities

In 2021, we continued with our social impact programmes investing $1.06 million in health programmes, $1.06 million in Education programmes, $1.99 million in economic empowerment programmes and $7.4 million in community infrastructure development projects.

We remain committed to the wellbeing of our host communities and continue to provide health and education programmes, as well as opportunities for training and employment. This includes support for dealing with the Covid-19 pandemic, as we did in 2020, although the pressure on this front has relented in recent months. As it does, we will refocus on the long-term projects we have undertaken in our host communities.

Sustainability – Seplat Energy's strategic response for the future of our business

When we relaunched our strategic vision and redefined our purpose during the SEPLAT ENERGY SUMMIT in October 2021, we went beyond just a change of name from Seplat Petroleum Development Company Plc to Seplat Energy Plc, we also unequivocally demonstrated our commitment towards sustainability. Our belief in and focus on sustainability has contributed to the achievements we have made and the strong foundation we have laid, as the leading indigenous independent energy company in Nigeria given our short history. Sustainability reporting provides a good platform to evaluate our ESG performance and ensure we are on track in making meaningful contributions towards the achievement of our business aspirations and the Sustainable Development Goals (SDGs). We are in the process of developing a robust ESG strategy which will also enable us to develop a full scale business in carbon offset and carbon credit. We are soon launching the "Tree 4 Life" Initiative, through which we would be sequestering huge amounts of CO_2 from the atmosphere.

As we work with a renewed mission to lead Nigeria's energy transition with accessible, affordable and reliable energy that drives social and economic prosperity, we remain committed to giving due priority to the issue of sustainability in all our operations. We repositioned, refocused, and rebranded the Company in 2021 with a redefined purpose, new vision, mission and core values, to reflect the essence of Seplat as an energy solutions provider. Today, Seplat Energy is better poised to take advantage of existing and emerging opportunities in Africa's largest economy. With the vast gas resources in Nigeria, a huge supply gap in the power sector, and a growing population, we see an exciting future for the Company in exploiting these opportunities to drive Nigeria's energy transition and help steer the country towards sustainable development.

In October 2021, we launched the Seplat Women's Awesome Network (SWAN) under the Seplat Gender Diversity program. SWAN has been created as part of the Company's sustainable business approach and to spearhead its contribution towards the achievement of Sustainable Development Goal 5 to achieve gender equality and empower all women and girls. At Seplat, we recognise that achieving gender equality requires intentional action and deliberate policies, and are rolling up various policies and initiatives into a Diversity and Inclusion (D&I) Framework that is benchmarked nationally and globally. The Launch of SWAN, as a resource group for women, is the first of many initiatives of the Diversity and inclusion initiative which enjoys the unreserved support of the board of directors and management of Seplat Energy.

Outlook for 2022

The year 2022, marks a major turning point for Seplat Energy. It is the year that will usher in a new Governance era, following the retirement of the founding CEO, Mr. Austin Avuru, two years ago and my retirement as the founding Chairman from the Board after this AGM. It is also the year in which Seplat Energy is set to complete the transformational corporate acquisition of the entire share capital of Mobil Producing Nigeria Unlimited ("MPNU") from Exxon Mobil Corporation, Delaware ("ExxonMobil") ("Transaction"), having been adjudged preferred bidder in a competitive process. The Transaction, which is subject to Ministerial Consent and other required regulatory approvals, encompasses the acquisition of the entire offshore shallow water business of ExxonMobil in Nigeria, which is an established, high-quality operation with a highly skilled local operating team and a track record of safe operations, producing 95 kboepd (W.I.) in 2020 (92% liquids).

Upon Completion, the acquisition will create one of the largest independent energy companies on both the Nigerian and London Stock Exchanges, and bolster Seplat Energy's ability to drive increased growth, profitability and overall stakeholder prosperity. This will be a transformational acquisition for Seplat Energy, increasing our production by 186% and 2P oil reserves by 170% (based on 2020 numbers).

The acquisition will also provide significant undeveloped gas potential of 2.9 Tscf, which could pave the way for the Company to expand domestic production and export opportunities. It will also provide Seplat Energy with dedicated and secured export routes which would further reduce the risk profile of our business.

Seplat Energy is fully committed to working with the Nigerian Government to bring these strategically important national assets fully into Nigerian ownership alongside the NNPC.

> "As we work with a renewed mission to lead Nigeria's energy transition with accessible, affordable and reliable energy that drives social and economic prosperity, we remain committed to giving due priority to the issue of sustainability in all our operations."

My decision to retire as Chairman and Director of Seplat Energy

In fulfilment of a promise we made long ago to have an Independent Non-Executive Chairman, I decided that it was essential to retire from the Board and as Chairman of Seplat Energy Plc. It is therefore a promise kept in the overall interest of the Company. I have now served as Chairman of Seplat Energy for 12 years and it has been an honour and a privilege to do so. I am proud of what we have been able to achieve, as we established ourselves as the largest indigenous independent energy company in Nigeria through operational excellence, the acquisition of eight oil and gas assets, the expansion of our domestic gas business and the dual listing on both the Nigerian and London Stock Exchanges, the first by a Nigerian company.

These achievements are down to our excellent team and our strong, collaborative relationships with our stakeholders. With the recently announced proposed acquisition, we are going to be in an even better position to drive transformational growth and profitability for all our stakeholders, meet our vision of delivering Nigeria's energy transition and become the Nigerian energy champion. I am leaving the Board of Directors with a sense of fulfilment, not only in co-founding Seplat Energy, but also steering it to an enviable position.

I sincerely thank my colleagues on the Board, both past and present, the Management and entire Staff of Seplat for the invaluable support, commitment and dedication to duty, which brought us this far. As I step down from the Board, I trust that you will continue to build on this legacy and propel Seplat to even greater heights.

I also wish to thank you, our Shareholders, for your abiding faith in our ability to manage and grow your investments. I urge you to kindly extend the same unflinching support, which you so graciously afforded me, to the incoming Chairman and the Company.

Thank you and God bless you.

A.B.C. Orjiako
Non-Executive Chairman

Our purpose: To deliver sustainable energy solutions for society

Nigeria is a nation with limitless potential. Its transition to sustainable, affordable energy will be transformational, empowering every person, business and community to thrive.

At Seplat Energy, we are making this future a reality. Our new brand identity and name solidifies this commitment and signals a transition for our business and Nigeria as a whole.

Exciting future ahead

We changed our name to Seplat Energy to reflect the exciting future ahead of us as a supplier of a more diverse range of energy products in what will soon be one of the most populous countries on Earth.

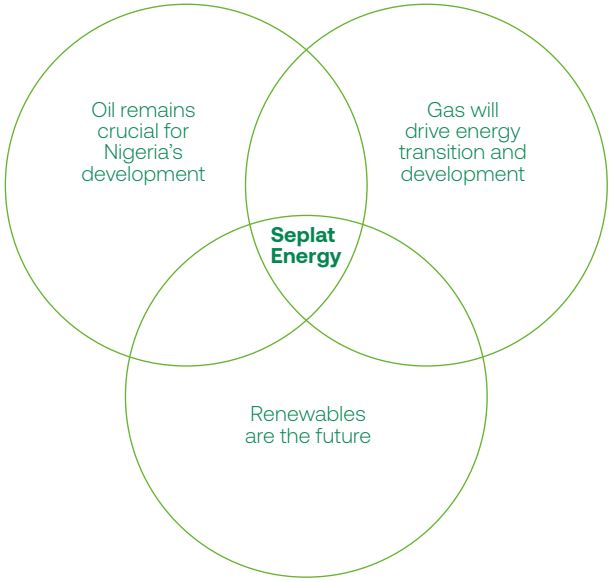
The greatest business opportunity we have is to supply the right mix of energy to support Nigeria's growth. In doing so, we must also look to reduce global CO_2 emissions, enter the renewable energy market, make a positive social impact in Nigeria and contribute to its achievement of the United Nations' Sustainable Development Goals.

The transition to gas is imperative. Too much hard-earned Nigerian money is spent importing diesel to run the inefficient and polluting generators that power Nigeria's homes and business operations. This alone is a huge opportunity, with the potential to convert more than 20GW of energy generation from imported diesel and petrol to Nigerian gas, just to satisfy existing demand. Beyond that is the need to increase energy access from less than 60% at present, so we can provide universal access to reliable and affordable energy for twice as many Nigerians in the future, and let them use it to power their entrepreneurial spirit.

Seplat Energy will be at the centre of Nigeria's energy transition

Three core beliefs will guide our strategy and business development as we lead Nigeria's energy transition:

1. Oil will remain vital to Nigeria's economy because of its contribution to government revenues, which fund the nation's day-to-day activities as well as its future development
2. Gas will provide cleaner, lower-cost energy that will in turn help to diversify and boost the economy and provide essential baseload to support future renewables
3. Renewables are the future, for Nigeria and for Seplat Energy



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Our vision:
Transform lives through energy.

Our mission:
Leading Nigeria's energy transition with accessible, affordable and reliable energy that drives social and economic prosperity.

The values that drive us:

Safety
We will prioritise safety, which is a matter of both individual and collective responsibility.

Integrity
We will behave with integrity in all our dealings.

Partnership
Our ambitions will be driven by partnerships, so we strive to collaborate and be a trusted partner.

Ambition
We will be a driving and innovative force in the delivery of energy solutions, for social and economic growth.

Agility
We strive to be an efficient organisation, proactive and adaptive to changes in our environment.

Improving access to energy is Nigeria's transition imperative

Nigeria represents a huge market opportunity for Seplat Energy, both in today's hydrocarbon-based economy, and in the lower-carbon, renewable world of the future.

Market overview

With a population of 200 million projected to double by 2050, improving access to energy is Nigeria's transition imperative. At present, only an estimated 57% of Nigerians have access to electricity, meaning there is significant potential for growth just to serve our existing population, let alone a future population that could be twice as large as today.

Fortunately, our country is blessed with abundant hydrocarbon energy resources that are close to major population centres, with well-proven geology that is being tapped by a long-established industry, supported by good infrastructure and regulatory and fiscal regimes. Furthermore, Nigeria is also blessed with plentiful sunshine, especially in the North where gas and electrical grid infrastructure is scarce, as well as great potential for wind and hydro-electric development.

But there are impediments. The national grid is undeveloped, power blackouts are frequent, and of a potential 12GW installed generating capacity, it is estimated that as little as 2-3GW actually reaches the customer. Of those with access to electricity, most are reliant on small-scale, inefficient and expensive diesel or petrol generators, resulting in the world's highest cost of energy in the world at 52 cents per kWh.

In addition, some 80% of Nigeria's total energy use is biomass for cooking, which creates significant problems of deforestation, land erosion and particulate pollution.

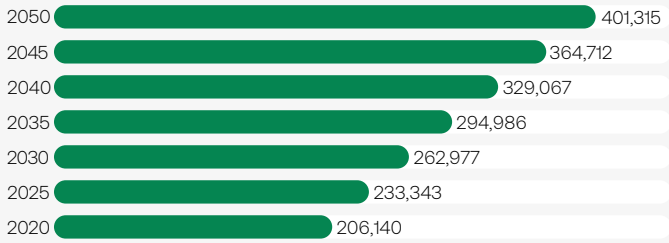
Nigeria's transition priorities represent significant opportunities for Seplat Energy: develop gas-to-power to improve energy access; develop LPG markets to alleviate use of biomass; and develop renewable energy to serve large areas of the country not currently served by the national electricity grid.

A land of opportunity...

Population

- Africa's largest population, with more than 200 million people and growing rapidly
- Currently 7th largest, will be the world's 3rd largest country in 2050 and second largest democracy
- More children are born every day in Nigeria than in the whole of Europe

Estimated growth in Nigeria's population

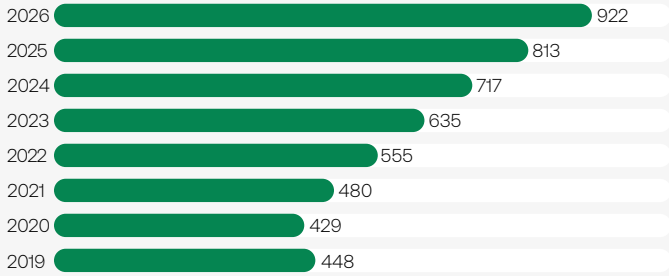


Source: UN Population Division, Probabilistic Population Projections, 2019

Economy

In its *World Economic Outlook*, published in October 2021, the International Monetary Fund predicted that Nigeria's economy would double in size between 2020 and 2026 (constant prices, US dollars).

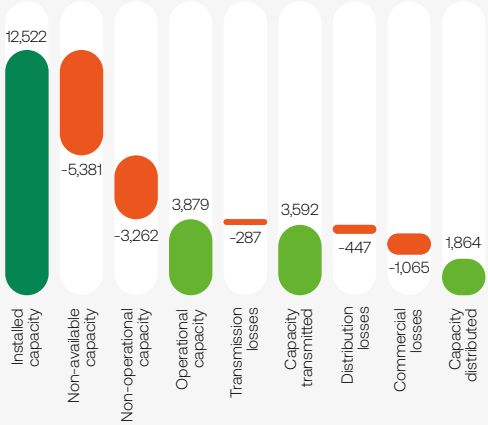
Growth in Nigeria's GDP (US$bn)



Source: IMF World Economic Outlook, October 2021

Nigeria's power infrastructure challenge

Nigeria's power system suffers an imbalance between generation and consumption. Across the value chain, from power generation to transmission and distribution to the end user, infrastructure deficit is a major challenge that has affected Nigeria's grid electricity supply. Severe bottlenecks mean that power stations are not operating optimally, distribution is inefficient and energy losses are high, even before companies attempt to bill customers and collect payments.

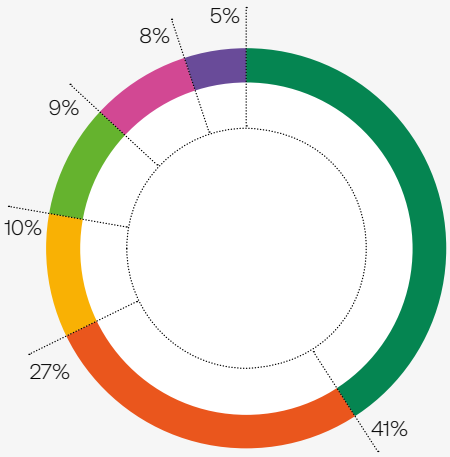


Source: Nigeria Power Baseline Report.

Nigeria's use of gas

The chart reveals the unfortunate fact that Nigeria's abundant gas resource is not being used efficiently. Although some 41% of gas is exported, generating valuable foreign currency, more gas is wastefully flared than used for power generation in Nigeria.

Exports	41%
Reinjection	27%
Flared	10%
Power generation	9%
Producer use	8%
Industry	5%



Source: Nigeria Power Baseline Report

NIGERIA'S ABUNDANT ENERGY RESOURCES

Bbl liquids

37bn

Reserves remaining without addition

40 years

Average national daily production in 2021

1.5 Mbopd

Estimated gas reserves

203 Tcf

Electricity that current gas production of 8 Bscfd could power

8GW

Direct solar irradiation

1.8-5.0kWh/m

Total potential hydro

14GW

Addressing Nigeria's demands for reliable energy

Nigeria has one of the lowest rates of electrification in the world and among the lowest per-capita consumption of electricity. Most power is provided by small-scale, inefficient and polluting diesel and petrol generators. At Seplat Energy, we are committed to displacing these generators with large-scale gas power projects and to leading the country's deployment of renewable energy technologies.

Gas contribution to volumes in 2021

39%

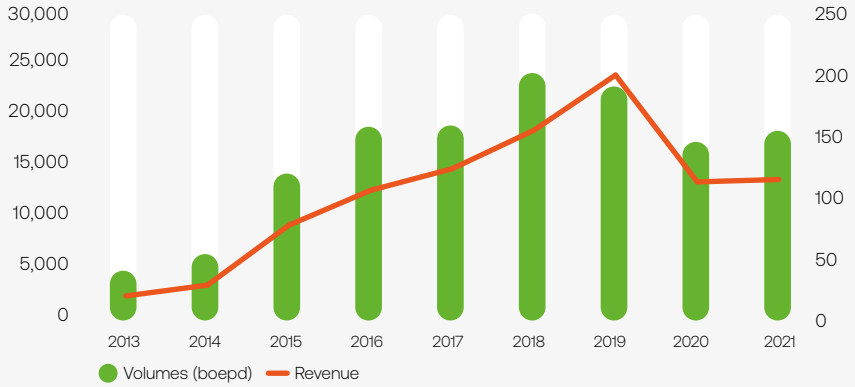
Gas contribution to revenue in 2021

16%

Gas sales volume in 2021

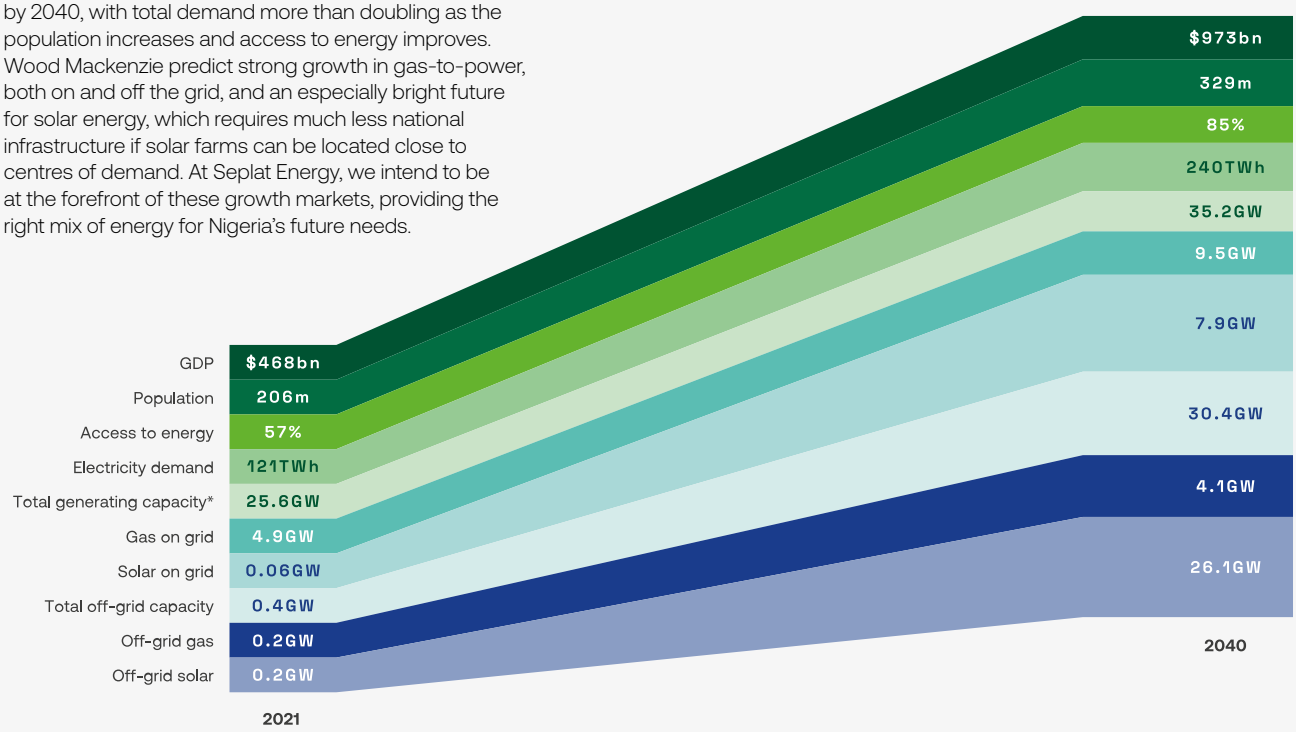
39.4 Bscf

Gas volumes and revenue



Nigeria's growth potential 2021—2040

At our Capital Markets Day in July 2021 we presented forecasts of energy growth in Nigeria, prepared by Wood Mackenzie, the energy consultants. What they predict is significant growth in all aspects of Nigeria's energy usage by 2040, with total demand more than doubling as the population increases and access to energy improves. Wood Mackenzie predict strong growth in gas-to-power, both on and off the grid, and an especially bright future for solar energy, which requires much less national infrastructure if solar farms can be located close to centres of demand. At Seplat Energy, we intend to be at the forefront of these growth markets, providing the right mix of energy for Nigeria's future needs.



The greatest business opportunity ahead of us is to supply the right mix of energy to support Nigeria's growth.

Nigeria's energy transition journey

1. Increase energy access to achieve universal coverage and drive social and economic development
2. Achieve a 'Just Transition' using Nigeria's gas resources to replace imported diesel, reducing economic burden, improving GDP and reversing FX drain
3. Increase use of renewables to exploit abundant sunlight, wind and hydro resources
4. Reduce greenhouse gas emissions to meet the 2050 Paris objectives, and reduce particulate pollution from diesel and biomass
5. Transition cooking from firewood to gas, preserving the natural environment and reducing deforestation

Impediments

- Highest cost of energy in the world over (52c/kWh) because most power is generated by inefficient, small-scale diesel and petrol generators
- Low access to energy (57%) because of lack of grid infrastructure, especially in rural areas
- Despite around 12.5GW installed capacity, only 2-3GW reaches customers
- 80% of energy use is biomass for cooking

Energy access will drive Nigeria's development

Increasing access to energy is a priority for Nigeria's economic and social growth – and for Seplat Energy. As with any infrastructure build-out, improving energy distribution will have multiplier effects on the economy that will inevitably feed back into greater demand for energy. Our aim is to support this growth by becoming a major supplier of affordable, reliable and sustainable energy to our nation's rapidly growing population.

1 Increase gas supply for energy generation, displacing diesel generators

2 Electricity supply becomes cheaper and more reliable

3 Householders and businesses save money which they use for other economically productive uses

4 GDP, business profitability and household wealth improve

5 Business and households increase energy usage

6 Demand for reliable energy increases

Q+A

Roger Thompson Brown
Chief Executive Officer

With a new name and new strategy, the future is bright for Seplat Energy, according to Chief Executive, **Roger Thompson Brown**.

How would you summarise the year for Seplat Energy?

Oil prices were significantly higher in 2021 so we had a stronger year financially, despite a shut-in at the Forcados Oil Terminal during Q3, which constrained our production and brought us in just below the volume guidance for the year. Revenues were up 38% at $733.2 million and this translated into an EBITDA of $371.8 million and operating cash flow of $394.3 million.

However, more significantly, we saw progress on several projects that are important to our future: the Amukpe-Escravos Pipeline was commissioned, meaning we are no longer dependent on the Forcados export route; the Sibiri exploration well in OML 40 was successful and encountered 229 ft of net hydrocarbon pay across eight reservoirs; and we're making good progress building the ANOH Gas Processing Plant, which will be a major revenue driver in 2023.

So 2021 was really about laying the foundation for strong growth in 2022 and beyond, and that was also demonstrated through the change of name and new strategy we announced to take us forward.

Why become Seplat Energy?

It's clear that Nigeria needs to be part of the global transition away from fossil fuels towards cleaner and renewable energies, but it needs to be a Just Transition and conducted at an appropriate pace.

Clearly, the country is heavily dependent on oil revenues and diversifying its economy away from these will take some decades.

Nigeria is also blessed with huge gas reserves and needs to deploy these as quickly as possible to replace all the diesel it's importing to generate electricity, and to provide additional power to improve access to energy and support economic and social development.

We want to lead this transition to gas and, beyond it, begin to develop a strong renewables business. So we will evolve from being a company that simply extracts oil and gas to one that can create and capture value right along the energy chain, whatever the source of that energy may be.

That's why we decided to re-brand the Company as Seplat Energy – it's a signal of our intent and how we see our future.

How does the new strategy support this evolution?

The strategy we announced last July is based around two business imperatives: Build a Sustainable Business and Deliver Energy Transition. These are clearly interdependent and we can't do one without the other.

Sustainability is the first imperative, looking after our society, our environment and our finances. This is the bedrock of continuity and progress on which we build the operational strategy of delivering transition, which in return will allow us to strengthen the sustainability of the business and share its success with our stakeholders.

Our priority is to help improve access to energy across Nigeria, because this goal drives the success of our business. Reliable and affordable energy helps other Nigerian businesses expand, this in turn creates wealth and that increasing prosperity feeds back into increased demand for energy.

It's a virtuous cycle as the energy infrastructure builds out, drives economic activity and brings Nigeria up to global levels of prosperity and energy consumption.

"Our change of name to Seplat Energy reflects our belief that the greatest opportunity ahead of us is to supply the right mix of energy for Nigeria's young and rapidly growing population and drive Nigeria's transition to cleaner, more affordable energy that is accessible to all."

We have to look after and respect our host communities, help them where appropriate and offer them, as stakeholders, a chance to share in our Company's success.

We also have to look after our environment, locally and globally, by reducing our impact and especially our carbon emissions, by improving the efficiency of our operations and by creating more power from renewable energy such as solar in the longer term.

We support the goals of the Paris Agreement and are in step with society's objective to get the world to net-zero by 2050. We are now capturing the data and doing the studies to establish a comprehensive ESG baseline that allows us to build a science-based pathway that gets us to net-zero. As part of those plans, we are working to eradicate routine flaring at our operations by 2024, six years in advance of the Government's target.

We have also launched our 'Tree for Life' tree-planting initiative across Nigeria to combat the effects of deforestation. As well as the environmental benefits the programme will also create jobs, particularly in the rural areas which are heavily impacted by poverty.

How do your operations support this sustainability drive?

We have set out a three-pillar strategy for our operations on pages 22-23. The first pillar revolves around our upstream oil and gas business. For oil, the focus is on efficient, safe, low-cost extraction of our existing reserves so we can recycle those profits into growth opportunities, into the communities where we operate and into shareholder returns.

With upstream gas, we see it as the key transition fuel and so its development is essential to Nigeria's future prosperity. Nigeria will need significant gas production to support its journey to a low-carbon future, because it has the potential to displace higher emission fuel sources such as diesel, coal and wood, which actually is Nigeria's primary source of energy. Gas will provide baseload power long into the future, even when we have renewables.

Pillar two is to expand the Midstream Gas processing business. Seplat Energy is already the second biggest domestic gas business in the country and when ANOH comes onstream we will be the biggest gas supplier in Nigeria.

Also under this Midstream pillar is our ambition to extend down the gas value chain and look at gas-to-power opportunities and move into LPG, CNG and LNG opportunities. For example, a transition to EVs in Nigeria is not a realistic prospect in the foreseeable future but replacing petrol and diesel with LPG would be achievable and deliver a meaningful reduction in GHG emissions.

We continue to invest heavily in expanding our domestic gas business in line with the government's strategy to achieve universal access to electricity, and to make that energy cheaper and cleaner by replacing diesel generation.

Soon, we will begin to develop a third pillar for the business, which will see Seplat Energy invest in renewable energy projects, predominantly solar power, at scales that are appropriate for the business and for the country's needs – utility scale and smaller off-grid arrays close to towns and other demand centres. In fact, we think a combination of gas for baseload and solar for daytime energy is the most exciting way forward for Seplat Energy.

Our energy transition priorities:

1. Achieve sustainable long-term growth by providing the optimal energy mix for Nigeria
2. Be a national energy champion and partner of choice to support Nigeria's energy transition
3. Drive social and economic development through direct and indirect efforts
4. Prepare for a lower-carbon world requiring different products and skillsets in our Company
5. Achieve significant reductions in corporate emissions

Read more
Page 24

How will this benefit Nigeria?

Self generation of power in Nigeria is widespread and expensive. It significantly increases the cost of living and doing business. The high cost of energy is a significant drag on the country's economic growth. Furthermore, it is estimated that only 57% of the population has access to electricity which creates significant social issues, holding back development, education and healthcare.

Energy access will drive Nigeria's development and improve the lives of its people and Seplat Energy aims to be at the forefront, driving that process. Nigeria has a huge gas resource of 203 Tcf and using these gas reserves to bring affordable, reliable power to the entire population will have massive economic and social positives while also driving Nigeria's journey away from more polluting fuels like diesel and coal.

Nigeria's gas will not only underpin the country's growth and future energy provision but it will also be crucial to the international gas market. The opportunity to export gas is immense and with its huge gas reserves, Nigeria can play a major role in global gas supply, earning export revenues that will help the country's growth.

"Our unwavering commitment to Nigeria's energy future and to provide energy for Nigeria's future creates a virtuous circle: a growing economy, a stronger society and new opportunities for all to prosper, together."

How do governance and corporate values drive the strategy?

Strong governance enables the strategy, along with good risk management. On a day-to-day basis, that strategy is underpinned by our values of safety, integrity, partnership, ambition and agility, which guide the way we conduct our business.

Our Board has evolved and been strengthened and this is a natural step for any company as it grows and matures from a founder-led enterprise to a more outward-looking company operating in global markets and capable of meeting global expectations.

In line with this thinking, the Chairman notified the Board that he will step down at this AGM and make way for an Independent Chair, who will, of course, be an eminent Nigerian.

Strong corporate governance will enable our future growth, by giving investors the confidence to back our ambitions, and by giving us the credibility to negotiate with international oil companies as they look to exit Nigeria, as we have done so successfully with Exxon Mobil and MPNU. In the future, this year will be seen as a key point in Seplat Energy's journey – the year we moved from being a mid-cap E&P to start the transition into a Nigerian energy champion. The strengthening of corporate governance and the increased independence of the Board is a central part of this journey.

How does the proposed corporate acquisition of MPNU support the strategy?

It delivers significant impacts across all of the pillars of our strategy to Build a Sustainable Business and Deliver Energy Transition. Firstly, it more than doubles the size of our overall reserves and nearly trebles production on a pro-forma 2020 basis, and these new upstream assets are in shallow waters offshore, with their own dedicated export routes and terminals.

So the addition of Mobil Producing Nigeria Unlimited's four blocks diversifies our portfolio and gives us greater security in our exports, which in turn delivers greater revenue assurance compared to our onshore operations, and the immediate increase in sales will help us generate significantly higher revenues and cash flows that assure our financial sustainability, our ability to invest, pay taxes and generate returns for stakeholders.

Furthermore, what MPNU also brings is a huge and as-yet undeveloped gas resource of 2.9 trillion cubic feet working interest. We will draw up a plan to tap this immense resource and seek approval from our Board to implement it. What we'll do is look at gas exports into the global LNG market, which will generate foreign currency income, and also look at how we can develop gas for the domestic gas-to-power market and other local markets as well.

Of course, we recognise that these offshore assets have been flaring gas and this is something we'll look at addressing as quickly as possible, so we'll develop plans to use and monetise this gas more effectively instead of just burning it away.

One of the most important benefits of the MPNU acquisition we propose is that we'll be joined by more than a thousand very highly trained staff, who are experts in offshore operations and trained to the very highest levels of safety. We're really looking forward to welcoming them and will work to ensure the smoothest onboarding possible, even though our plan is to run MPNU as a standalone entity.

What does the acquisition say about Seplat Energy?

It says we're ambitious in our desire to become a major energy player on the world stage, and we can achieve that just by serving Nigeria's future needs. It also demonstrates that we are a highly credible company, well governed and prudently managed in a way that gave a syndicate of international financiers the confidence to back our vision. They recognise that we have good relationships with our government partners and that we're committed to the best possible stewardship of these resources – they'll be owned by a Nigerian company and operated by Nigerians for the benefit of Nigeria.

What is the outlook for Seplat Energy?

The energy industry in Nigeria has a bright future and as Nigeria's indigenous energy leader we are going to be powering the country's energy transition and future prosperity.

We are the only Nigerian energy company listed on the Main Board in London and on the Premium Board in Lagos, we have a strong track record and access to international sources of capital, and we believe we are the best-placed Nigerian operator to replace IOCs as they exit their onshore and shallow water assets, so we'll continue to look at assets as they become available, but obviously we will be most of all focused on the task of bringing MPNU into the Seplat Energy family.

We intend to develop the onshore assets we've owned for years, develop the assets we've acquired with MPNU and create new opportunities in renewables and other energy products. This is how we'll Build a Sustainable Business and Deliver Energy Transition and if we can become the largest energy provider in a country with a population expected to exceed 400m by 2050, that will make Seplat Energy a truly global force.

Roger Thompson Brown
Chief Executive Officer

Our new strategic framework

In July we outlined a strategy through which the newly renamed Seplat Energy will lead Nigeria's energy transition. Replacing the existing five-pillar framework described on pages 26 to 27, the new strategy will be developed and implemented in 2022 based upon the imperatives to **Build a Sustainable Business** and successfully **Deliver Energy Transition**.

STRONG GOVERNANCE AND RISK MANAGEMENT

Our key priorities:

Build a Sustainable Business

1

DRIVE SOCIAL DEVELOPMENT

Make a positive impact on communities through improved access to energy, opportunities for local employment and suppliers, and initiatives that foster entrepreneurship, education, health and resilience.

Key initiatives:
- Increase community employment and content
- Foster local entrepreneurship
- Improve healthcare and education
- Improve access to energy in local communities

FOCUS ON ENVIRONMENTAL CARE & REPORTING

Minimise our impact on local and global environments, drive improvements where possible, commit to global standards and transparently report our progress.

Key initiatives:
- Achieve significant reductions in emissions
- Establish comprehensive ESG baseline to guide policies and targets for reduction
- Report Scope 1 & 2 emissions as soon as possible
- Report under TCFD framework in 2022
- Develop policies for biodiversity and water

Deliver Energy Transition

2

UPSTREAM

Develop our Upstream business by selectively expanding our asset base, optimising the gas/oil mix, increasing production, reducing costs and carbon intensity, and increasing revenue assurance by diversifying routes to market.

Key initiatives:
- Monetise reserves
- Diversify export routes
- Operational efficiency
- Cost control/Technology
- Decarbonise field operations
- End routine flares
- Asset integrity & safety
- Efficient project delivery

MIDSTREAM GAS

Development of Nigeria's gas resources to accelerate the replacement of diesel and biomass and support economic growth through the supply of reliable, low cost energy. Gas-to-power provides baseload electricity to support renewables.

Key initiatives:
- Increase utilisation of existing gas plants
- Deliver ANOH successfully
- Develop new gas markets, e.g. business parks, universities
- Develop LPG products and distribution channels
- Develop Compressed Natural Gas products for vehicles

UNDERPINNED BY: **INTEGRITY, PARTNERSHIP, AMBITION, AGILITY**

SAFETY

These imperatives will be enabled by strong governance and risk management, underpinned by our values.

MAXIMISE RETURNS FOR ALL STAKEHOLDERS

Manage our finances prudently, pay our share of taxes and royalties, service debt, invest for the future, and return dividends to shareholders.

Key initiatives:

- Remain the partner of choice for efficient and responsible stewardship of Nigeria's hydrocarbon assets
- Diversify the business against oil price volatility
- Maintain prudent cash and debt management strategy
- Drive growth through astute capital allocation
- Return cash to shareholders

NEW ENERGY

Achieve a world-class capability in renewable energies, through the development or acquisition of new skillsets that open up new and profitable markets.

Key initiatives:

- Selective entry to power generation market
- Combine gas with solar
- Explore carbon offset markets
- Ensure continued access to capital

Overall strategic results:

Increasing access to energy

Reducing emissions

Transforming the economy

Aligning KPIs and risks

Having defined the strategic framework to take Seplat Energy forwards, our next step will be to develop key performance indicators and risk metrics that will align our day-to-day activities with the overall strategic goals. This will ensure that everyone in Seplat Energy is well aware of what is required of them, how their performance will be measured, and how to understand and quantify the risks to the new strategic goals. For the purpose of this 2021 Annual Report, all KPIs and risk metrics will relate to our previous five-pillar strategy, which is described on pages 30.

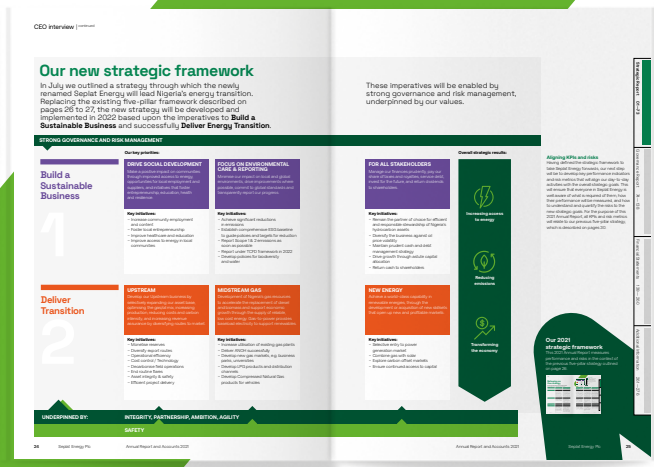
Our 2021 strategic framework

This 2021 Annual Report measures performance and risks in the context of the previous five-pillar strategy outlined on page 26.

Delivering on the strategy

Since inception we have been guided by a clear and consistent strategy that is supportive of our long-term ambition to be the leading indigenous African independent energy company.

Strategic pillars	Increase our resources	Increase production and improve its profitability
Description	We must constantly replenish our reserves to assure future supplies. However, we must also increase reserves if we are to maintain growth. We aim to drill at least one exploration well per year, focusing on prospects that offer rapid and low-cost production, using existing infrastructure if possible. Our development drilling programmes also enable us to assess the upside potential of fields, allowing us to maximise hydrocarbon recovery from reservoirs and capitalise on low-risk reserve addition opportunities. Following the successful integration of Eland, we will look to acquire new assets where appropriate.	Our value chain involves developing fields and then extracting, processing and exporting the hydrocarbons they produce. We will maximise profitability and return on investment by maintaining strict cost control, implementing the most appropriate technologies and organising ourselves and our service providers to deliver development projects on time and within budget. Once operational, we aim to safely extract the maximum volume of hydrocarbons for lowest possible cost. In the export phase, we must maximise uptime and reduce reconciliation losses, if necessary developing our own export routes, to mitigate asset concentration and reliance on third-party infrastructure.
Progress	• Project activities associated with preparation for drilling the high-impact, near-field Sibiri (formerly Amobe) exploration well in OML 40 were completed • The well was drilled in early 2022 with initial indications it encountered eight oil-bearing reserves with 353ft gross pay (229ft net)	• Focused on highest-impact, value-adding work programme prioritising gas • Production impacted by third-party infrastructure downtime • Amukpe to Escravos pipeline now commissioned and will reduce downtime and reconciliation losses from OMLs 4, 38 and 41 • Low unit production cost per boe • Discretion over level and timing of spend allows alignment with cash flow
Measuring our performance See page 30	• Reserves replacement	• Working interest production • Earnings before interest and tax (EBIT) • Opex per boe
Risk overview	Exploration activities are focused on determining the presence of hydrocarbons whilst appraisal activities are focused on better defining and assessing the commerciality of a hydrocarbon discovery. Both activities by definition carry significant geological risk, so the technical maturity of an E&A target is key to narrowing the range of risk and uncertainty. Seplat seeks to use available technologies including seismic analysis to minimise pre-drill risks and maximise chances of a successful drilling outcome.	Oil and gas production operations have a number of risks attached, above and below the ground. The Company has a skilled technical team with a detailed knowledge of the geology and reservoir dynamics to allow optimal production solutions to be implemented. Above the ground, the Company has clear systems and procedures in place to ensure the safe and secure operation of its operated oil and gas production, processing and transportation facilities. The Company does, however, rely on third-party operated export infrastructure that has been susceptible to interruptions.


CEO interview | continued

Our new strategic framework

In July we outlined a strategy through which the newly renamed Seplat Energy will lead Nigeria's energy transition. Replacing the existing five-pillar framework described on pages 26 to 27, the new strategy will be developed and implemented in 2022 based upon the imperatives to **Build a Sustainable Business** and successfully **Deliver Energy Transition**.

These imperatives will be enabled by strong governance and risk management, underpinned big our values.

STRONG GOVERNANCE AND RISK MANAGEMENT

Build a Sustainable Business

1

DRIVE SOCIAL DEVELOPMENT

Make a positive impact on communities through improved access to energy, local procurement from SMEs and suppliers, and initiatives that foster entrepreneurship, education, health and resilience.

Key initiatives:
- Increase community employment and content
- Support local entrepreneurship
- Improve healthcare and education
- Improve access to energy in local communities.

FOCUS ON ENVIRONMENTAL CARE & REPORTING

Minimise our impact on local and global environments, ensure our operations are sustainable, commit to global standards and transparently report our progress.

Key initiatives:
- Achieve significant reductions in emissions
- Develop a comprehensive ESG baseline to guide policies and targets for reduction
- Report Scope 1& 2 emissions as a minimum
- Report under TCFD framework in 2022
- Develop policies for biodiversity and water

FOR ALL STAKEHOLDERS

Manage our finances prudently, pay our suppliers, fairness and transparency, and return dividends to shareholders.

Key initiatives:
- Review the pattern of choice for efficient and responsible stewardship of Nigeria's hydrocarbon resources
- Diversify the business against oil price volatility
- Manage efficient cash and debt management strategy
- Drive growth through astute capital allocation
- Return cash to shareholders

Deliver Transition

2

UPSTREAM

Develop our Upstream business by selectively expanding our asset base through acquisitions, increasing production, reducing costs and carbon intensity, and accessing material resources by diversifying routes to market.

Key initiatives:
- Monetise resources
- Diversify export routes
- Increase production
- Cost control / Technology
- Decarbonise field operations
- Reduce flaring
- Asset integrity & safety
- Efficient project delivery

MIDSTREAM GAS

Development of Nigeria's gas resources to accelerate the replacement of diesel and petrol generators, drive economic growth through the supply of reliable, low cost energy, Gas-to-power projects, medium electricity, to support renewables.

Key initiatives:
- Increase utilisation of existing gas plants
- Deliver ANOH successfully
- Develop gas to power projects, solar panels, universities
- Develop LPG products and distribution infrastructure
- Develop Compressed Natural Gas products for vehicles

NEW ENERGY

Achieve a world-class capability in renewable energies, through the development of Nigeria's first solar farm that open up new and profitable markets.

Key initiatives:
- Selective entry to power generation market
- Develop solar farm scale
- Explore carbon offset markets
- Ensure continued access to capital

Overall strategic results

Increasing access to energy

Reducing emissions

Transforming the economy

Our 2021 strategic framework

This 2021 Annual Report measures performance and risks in the context of our new strategy, as well as our ESG initiatives on page 38.

Aligning KPIs and risks

Having defined the strategic framework to take Seplat Energy forward, our next step involves aligning our performance indicators and risk metrics that will align our day-to-day activities with the overall strategic goals. This will ensure that we focus our efforts on the well-scope of what is required of them, track their performance will be measured, and how to understand and quantify the risks to the new strategic goals. For the purpose of this report, we have kept the KPIs and risk metrics aligned to our previous five-pillar strategy, which is described on pages 30.

UNDERPINNED BY: INTEGRITY, PARTNERSHIP, AMBITION, AGILITY

SAFETY

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A strategy in transition

On pages 24 we outlined the new corporate strategy that we launched at the Capital Markets Day in July, and so this 2021 Annual Report is based upon the existing five-pillar strategy described below, with which we started the year under review.

As already mentioned, we are realigning all aspects of our operations, including the way we measure and report them, with the new strategic framework, which is based upon the imperatives to *Build a Sustainable Business* and *Deliver Energy Transition*.

Read more
Pages 24

Develop gas to drive Nigeria's energy transition

Nigeria has vast resources of natural gas and a pressing need to improve access to affordable energy and bring the country's energy consumption towards global norms, by replacing millions of inefficient diesel and petrol generators with utility-scale gas power stations. The growth of our gas business is therefore a priority that will deliver multiple benefits such as protection from oil price volatility, greater earnings visibility, higher cash generation and cleaner production. Our 465 MMscfd Oben Gas Processing Plant, one of Nigeria's largest, will soon be augmented by OML 53's new 300 MMscfd ANOH facility, which will come onstream in 2023.

- Increase utilisation of Oben Gas Plant through third-party agreements
- Upgrading the Sapele Gas Plant to 85 MMscfd, LPG processing unit module will enhance plant economics and ensure that routine gas flaring is eliminated
- Mechanical completion of the ANOH Gas Plant expected in 2022. First gas will be delivered in 2023 following completion of third-party infrastructure

- Gas reserves, production and revenues

Despite the abundance of resources in the ground, the natural gas sector in Nigeria is at a relatively nascent stage of development and requires significant ongoing investment to grow capacity. The pace at which the sector grows and scale of investment will to a large extent dictate the timing and magnitude of opportunities for producers such as Seplat.

Pursue profitable new opportunities

We see rich opportunities for growth in Nigeria including future licensing rounds, asset divestments from international oil companies, asset farm-ins and acquisition opportunities amongst independent E&P companies. Our focus is on securing blocks in the onshore and offshore areas of the Niger Delta that offer near-term production growth, cash flow and reserve replacement potential. In the longer term we may diversify our hydrocarbon portfolio by pursuing assets outside Nigeria. In addition, we will actively look for new opportunities in renewable energy to ensure we are a major player in this important and potentially very profitable growth sector for Nigerian energy companies.

- Acquired direct interests in seven blocks and further revenue interest in one block to date
- Completed the acquisition of Eland Oil and Gas that holds interests in OML 40 and Ubima marginal field in 2019
- Proposed acquisition of MPNU will add four blocks in shallow water with dedicated export infrastructure
- Well positioned to access future deal flow onshore and offshore

- Portfolio expansion
- 2P reserves and 2C resources
- Working interest production

Competition for upstream oil and gas blocks in Nigeria is intense and there are an increasing number of industry participants seeking to grow their presence in or gain access to the sector. High levels of competitive tension can drive acquisition prices higher. Oil price volatility also presents increased uncertainty when evaluating opportunities and access to capital can also constrain ability to successfully execute transactions.

Behave responsibly, and share our success

Being a responsible and accountable corporate citizen is a key priority. We recognise that minimising the effects of our activities on the environment, understanding local issues, positively contributing to our host communities, being a first-rate employer and providing our staff with a safe working environment and career development opportunities are essential enablers that allow us to achieve our goals. Supporting all of this is a strict adherence to strong corporate governance and business integrity culture throughout our organisation. We will share our success in the form of remuneration, taxes, royalties, community investment and dividends for shareholders.

- Proven community engagement model aligns Seplat with host communities
- High retention rate of skilled and motivated workforce
- Paid $130 million in taxes and royalties in 2021
- Returned over $400 million in dividends to shareholders since IPO
- Embarked on new ESG initiatives, adopting TCFD and emissions reporting in 2022
- Achieved 24 million hours without LTI on assets operated by Seplat Energy

- Lost Time Incident Frequency (LTIF)
- Corporate responsibility initiatives

Failure to adhere to the highest standards of corporate responsibility can severely impede the Company's ability to efficiently operate its current portfolio, access new business opportunities, secure capital and ultimately deliver value accretion to its shareholders.

Generating value for all of our stakeholders

Our business model leverages our core strengths, relationships and experience to create long-term value and shared prosperity for all of our stakeholders.

Inputs – resources and relationships

Unified and motivated workforce

500+

multi-discipline employees

Operational expertise

84%

of production is under Seplat's control

Strong financial management and access to capital

$715m

Cash at bank, undrawn facilities

Effective HSSE and risk management

0.00

LTIF

Good corporate governance

91%

Corporate Governance Rating System (2021 recertification)

Social investment

$11m

for community development projects in 2021

Our expertise

Acquire

The proposed acquisition of MPNU, announced in February 2022, will be transformational for Seplat Energy, more than doubling our reserves and nearly trebling our production.

Explore & appraise

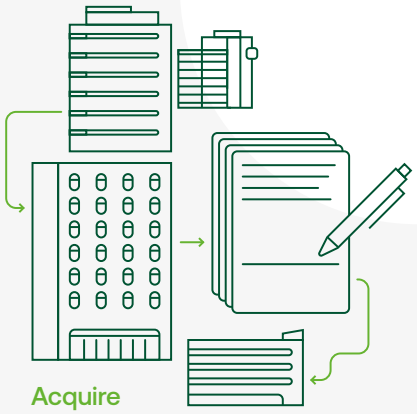
The Sibiri exploration well in OML 40 was drilled in early 2022 with early indications that it had encountered eight oil-bearing reservoirs.

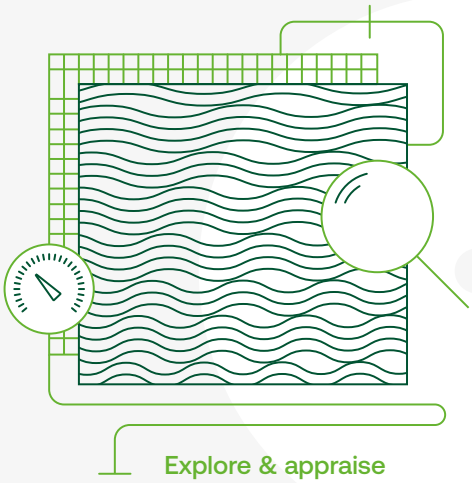
Develop

We completed eight new wells in 2021, recognising our need for continuous development of our assets to ensure future streams of oil and gas that will drive profitable cash flow.

Produce, process & sell

We aim to maximise production of oil and reduce pipeline losses wherever possible, if necessary by developing our own infrastructure. Our ANOH gas development will increase our share of the Nigerian gas market.

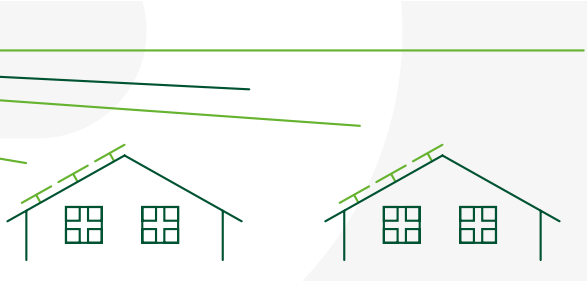




New energy

Seplat Energy will be at the centre of Nigeria's energy transition. We will focus on increasing energy access by extending our business portfolio to the renewable energy sector (Solar) in addition to gas-to-power, using gas as a transition fuel.

Through collaboration with the Rural Electrification Agency, we intend to identify untapped markets of unserved and underserved customer segments, targeting commercial and industrial customers.



Our competitive advantages

Industry expertise
We are Nigeria's leading independent oil and gas producer with a long track record of successful operations in the industry. We build on this expertise every day.

Strong relationships
We are a trusted partner to the Nigerian Government and other operators in the region. Our ANOH project is classed as strategically important for Nigeria, for whom we are a leading supplier of gas for domestic power.

Low-cost production
Our focus is on maximising output for the lowest cost and this enables us to remain profitable even at low oil prices.

Strong cash generation
Our prudent approach to investment and low cost base enable strong cash generation to repay debt, invest for the future and pay dividends. This gives us the strength to tap capital markets when needed, as evidenced by our $650m refinancing in 2021.

Outputs in 2021: What we delivered

For our shareholders
– Capital growth
– Dividends

Dividends paid to shareholders in 2021 **$73m**

For government
– Royalty and tax revenue
– Foreign and local capital investments

Payments and production entitlement to government reported in 2021 **$565m**

For Nigeria
– Infrastructure development
– Multiplier effect from improved gas-to-power supply

of Nigeria's current power generation can be underpinned by our gas production **1/3**

For our host communities
– Economic empowerment
– Healthcare and education

Youths empowered following completion of skills acquisition programme in 2021 **109**

For our employees
– Training and development
– Shares awarded

Hours of employee training in 2021 **10,434**

Reduced GHG emissions
– Scope 1 & 2 emissions reduction targets

Reduction in GHG emissions **-21%**

Measuring our progress

Key performance indicator		Definition & relevance
Net working interest production (boepd) 47,693	2021 18,602 29,091 47,693 2020 17,469 33,714 51,183 2019 22,563 23,935 46,498 2018 24,198 25,669 49,867 Gas Oil	The Company's share of oil and gas produced during the year proportionate to its working interest in each producing block. Volumes expressed are as measured at the Company's facilities, prior to any reconciliation losses. **Relevance** An indicator of production strength at the Company's current blocks and the impact of development activities at organic and inorganic projects.
2P reserves movement -8.4%	2021 238 219 457 2020 258 241 499 2019 257 252 509 2018 254 227 481 Gas Oil	The number of barrels of oil equivalent added to the 2P reserves base during the year, expressed as a percentage increase/decrease. **Relevance** An indicator of the Company's ability to capitalise on organic opportunities within its portfolio and inorganic opportunities to replenish its reserves base.
Production opex $9.9/boe	2021 9.90 2020 8.90 2019 6.20 2018 5.77	The operating costs (excluding non-cashflow expenses, and financing costs) net to the Company divided by the Company's working interest barrels of oil and equivalent produced in the period. **Relevance** An indicator of how cost efficiently the Company is able to utilise its oil and gas reserves. By controlling its operating cost base the Company is able to be more resilient in a period of depressed oil prices.
EBIT $251m	2021 251 2020 -32 2019 312 2018 310	The Company's earnings before the deduction of interest and tax expenses. **Relevance** An indicator of the Company's earnings ability. An increase in EBIT requires growth in revenue and/or strong cost control.
Lost Time Injury Frequency 0	2021 0 2020 0 2019 0 2018 0.14	The number of lost-time incidents recorded per million man-hours worked. **Relevance** An indicator of health and safety performance that is widely established within the oil and gas industry.

Seplat Energy's Key Performance Indicators are the measures that align strategy and execution with consideration to risk management and remuneration. KPIs enable us to convey both internally and externally our success in achieving business objectives.

Strategic pillars
1 — Increase our resources
2 — Increase production and improve its profitability
3 — Develop gas to drive Nigeria's energy transition
4 — Pursue profitable new opportunities
5 — Behave responsibly, and share our success

Our strategy
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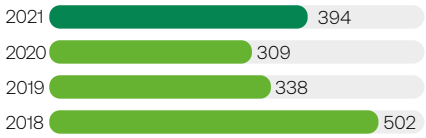
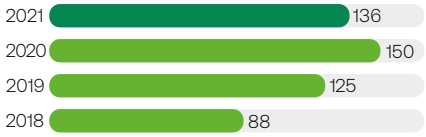
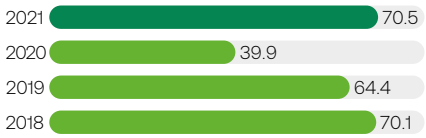
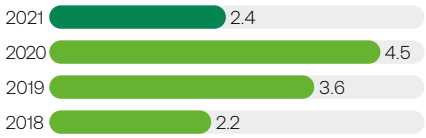
Progress & outlook	Risk management	
The Group delivered a consolidated average oil and gas production of 47.7 kboepd. The average annual production rate was impacted by the number of days third-party export infrastructure is shut-in. 2021 production performance reflects an uptime level of 75% on the TFS over the full year. Average reconciliation losses arising from use of third-party infrastructure was around 14.5%. **Outlook** Production guidance on a average working interest production is set at 50 – 60 kboepd in 2022. We expect production uptime to improve as the AEP export route becomes operational.	The Company has an in-depth understanding of the subsurface and constantly monitors individual well and reservoir performance in order to optimise the drawdown rate on each well and maximise long-term economic recovery of oil and gas from the reservoirs. It has also prioritised the establishment of alternative oil export routes to mitigate high concentration risk.	**Progress** Below expectations **Links to strategic pillars** 1/2/3/4 **Linked to remuneration?** Yes (See page 125)
Working interest 2P reserves at the end 2021 stood at 457.1 MMboe, an 8.4% decrease on 2020. The change represents an organic decrease in overall 2P reserves due to production (10.6 MMbbls oil and 39.4 Bscf gas), and reclassification and revisions of previous estimates. **Outlook** A working interest 2C resource base of 74.9 MMboe, comprising 40.9 MMbbls oil and condensate and 197.1 Bscf gas, offers good long-term reserves base with significant growth potential. We drilled the Sibiri exploration well in OML 40 early 2022 and encountered eight oil bearing reservoirs with net pay of 229 ft.	The Company high-grades its inventory of exploration and appraisal opportunities, each being subject to rigorous technical and commercial evaluation to de-risk as far as possible prior to committing capital. When evaluating new acquisitions the Company is careful to maintain price discipline and undertake rigorous analysis.	**Progress** Below expectations **Links to strategic pillars** 1/3/4 **Linked to remuneration?** Yes (See page 125)
Operational expenditure per unit of production increased by 11% year on year to $9.90 per boe as a result of lower production in 2021 impacted by prolonged periods of shut-in at the Forcados oil terminal. Higher operations and maintenance costs, and unaccrued late charges related to OML 40 in the period also affected production costs per boe. **Outlook** The Company remains focused on cost control. Whilst increases in certain cost components are expected to increase year on year there are areas where downwards pressure can be applied with the objective of achieving a stable unit cost.	The Company carefully monitors expenditures and continually analyses its underlying cost base, making comparisons to prevailing market rates in order to ensure that the Company is identifying and able to action cost savings and efficiency gains, keeping it competitively positioned on the cost curve.	**Progress** Above expectation **Links to strategic pillars** 2/3/4 **Linked to remuneration?** No
EBIT increased to $250.7m in 2021 and reflects the rise in oil price realisations year on year. G&A costs were 5% higher year on year at $80m because of increased administrative activities across the business compared to the previous year. **Outlook** Improved oil production levels, tight cost control and anticipated growth in gas production at OMLs 4, 38 and 41 will ensure robust earnings potential in the future. Development of hydrocarbon resources in OML 40 and OML 53 will also enhance our future earnings profile.	The Company has robust financial processes in place and carefully monitors revenues, cost of sales and admin costs to ensure continued strong profitability. Oil price is a major influencing factor on the Company's revenue. The Company is analysing hedging strategies to help mitigate exposure to oil price volatility.	**Progress** In line with expectations **Links to strategic pillars** 2/3/4 **Linked to remuneration?** Yes (See page 125)
Lost Time Injury Frequency (LTIF) dropped steadily from 0.33 in 2016 to zero in 2019 and this zero LTIF record was sustained in 2020 and 2021. At the end of 2021, Seplat's operated assets achieved 24 million man hours with zero fatalities and zero LTI with the last LTI incident in 2018. **Outlook** In 2022, efforts will continue to minimise the frequency of lost time incidents in all areas of operations to achieve the zero target for incidence. The Company will continue to ensure high HSE standards are met and assess opportunities to constantly improve its HSE systems and protocols.	The Company has in place extensive and well-developed HSE policies and reporting procedures with an emphasis on the early identification and mitigation of HSE risks. The Company closely monitors its HSE performance and is constantly evaluating ways to improve its performance.	**Progress** In line with expectations **Links to strategic pillars** 1/2/3/4/5 **Linked to remuneration?** Yes (See page 125)

Tracking our performance

Key performance indicator	Definition & relevance
Cash flow from operations $394m  	The Company's operating cash flow in the year before taking into account movements in working capital. **Relevance** An indicator of the cash generative potential of the Company's producing oil and gas blocks.
Capital expenditures $136m  	The total amount of capital expenditure invested during the year, excluding acquisition costs. **Relevance** An indicator of the Company's level of investment activities in production, development and exploration and appraisal activities.
Realised oil price $70.5/bbl  	The average oil price per barrel sold by the Company during the period. **Relevance** The Company's financial performance is closely linked to the oil price.
Staff turnover 2.4%  	The rate at which full time staff of Seplat choose to leave the Company voluntarily, expressed as a percentage of average full time headcount during the year. **Relevance** An indicator of the Company's ability to attract and retain personnel. The loss of people can result in skills shortage, loss of knowledge and higher recruitment costs.

In addition to its key performance indicators, Seplat Energy also tracks performance against additional metrics that further assist in measuring progress.

Strategic pillars
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2 — Increase production and improve its profitability
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5 — Behave responsibly, and share our success

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Progress & outlook	Risk management	
The Company's operating cash flow of $394.3m was driven by higher oil prices during the year. The contribution of the gas business increased during the period with improved receivables collection. **Outlook** Strong underlying wellhead oil production capacity and anticipated future growth in gas production will ensure continued robust cash flow generation. Development of the recently acquired OML 40 block together with OML 53 and OPL 283 will also significantly augment future cash flow potential.	Careful financial management and high levels of operating efficiency allow the Company to ensure positive cash generation from its operating activities.	**Progress** In line with expectations **Links to strategic pillars** 1/2/3/4 **Linked to remuneration?** Yes (See page 121)
Capital expenditures in the period were $136.4 million, comprising $64 million drilling costs in relation to the completion of four gas wells, five oil wells and associated facilities development, and engineering costs of $72.4 million. Capex was lower than the revised capex guidance of $167m due to well cost savings, engineering projects and planned wells slippage to 2022. **Outlook** Capex for 2022 is expected to be $160m. A minimum of ten wells are expected to be drilled and we will continue to invest in our gas development projects and complete ongoing capital projects. The Company will continue develop its portfolio, allocating capital to the opportunities that offer the best returns and volume growth potential whilst scaling and timing investments at appropriate levels to closely match cash flow generation.	Project investments are monitored closely against budgets to minimise the risk of over-runs. The Company benchmarks every investment opportunity to ensure capital is deployed to only the highest return projects, and adheres to a price disciplined acquisition strategy.	**Progress** Below expectations **Links to strategic pillars** 1/3/4 **Linked to remuneration?** Yes (See page 121)
Oil prices increased in 2021 as economic recoveries resulted in global demand rising faster than supply. The Brent spot price began the year at around $51/bbl reaching a high of $86/bbl in late October before declining in the final weeks of the year to close at $78/bbl. The average realised oil price achieved by the Group in 2021 was $70.5/bbl. The Company put in place dated Brent put options covering a volume of 8.0 MMbbls in 2021 at a strike price of $35-50/bbl. This hedging programme has been continued in 2022 where up-front premium put options at a strike price of $50-60/bbl were entered into, protecting a volume of 6 MMbbls in aggregate for the first three quarters of 2022. **Outlook** The Company has historically sold most of its oil under the Forcados blend, which has generally received a premium to the Brent market price. Once the Amukpe to Escravos pipeline is available, we expect to sell c. 18,000 bbl/d via the Escravos Oil Terminal at a price that will receive a premium to Brent. Oil prices are expected to remain subject to global economic activity.	The management team continues to closely monitor prevailing oil market dynamics and will consider further measures and take advantage of opportune periods to implement additional hedges to provide appropriate levels of cash flow assurance.	**Progress** Above expectations **Links to strategic pillars** 2/3/4 **Linked to remuneration?** No
The Company has continued to develop its employment policies with the aim of attracting and retaining high-calibre industry talent. Staff turnover remained low in 2021 at 2.4%. **Outlook** The industry is still expected, over the longer term, to continue to face skills shortages in key areas with competition for high performing individuals amongst competitors being intense.	The Company's policy is to provide industry competitive benefits packages and provide progressive career opportunities to retain and attract high performing employees.	**Progress** In line with expectations **Links to strategic pillars** 2/3/4 **Linked to remuneration?** Yes (See page 121)

Protecting our business

Strong and effective risk management is central to how we run our business and enables the delivery of our strategy.

Basil Omiyi
Chairman, Risk Management and HSSE Committee

Managing risk in protecting our business

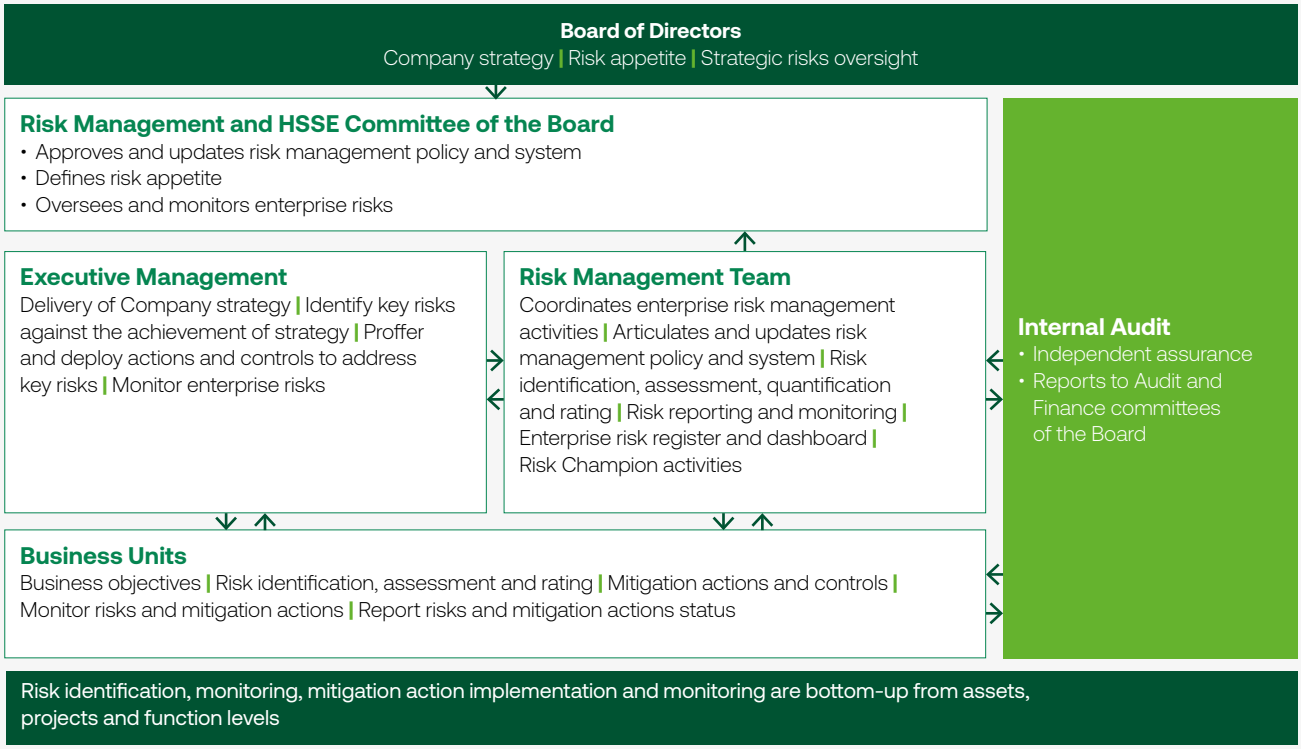
Risk management is an integral part of all the business activities of Seplat Energy. The Company's risk management policy is focused on the early identification of risks and future risks that are central to achieving its strategy, corporate objectives and annual business plans; their possible impacts on the business; and measures that can be implemented to mitigate the identified risks so that Seplat Energy can continue to operate safely and effectively. Seplat Energy recognises that risk management is a continuous journey of improvement, not a destination, and will continue to develop its risk management processes to ensure the Company is fully equipped to deal with the constantly evolving operating and business environment of the energy sector.

Our risk management system

The Company's risk management system is based on guidelines provided in ISO 31000, the international standards for risk management. The system is built on a top-down and bottom-up approach with the Board of Directors (Board) determining the appropriate risk appetite necessary to achieve the Company's corporate objectives, while the business units identify and mitigate risks at the unit and asset levels.

The Risk Management and HSSE Committee assists the Board in overseeing the Company's risk management framework and the risk/reward strategy as determined by the Board. The Committee ensures that the Company has adequate risk management systems in place to manage the diverse and changing risks and

Our risk management framework
ISO 31000 based, top-down and bottom-up approach



opportunities faced by the Company as it creates value for shareholders. It meets at least three times in a year to analyse and evaluate the Company's key risk profiles, proposed mitigation strategies, mitigation actions taken by management and any residual risk exposures. The meetings are attended by Executive Directors who have accountability for ensuring that risk identification is comprehensive and proposing mitigating measures that are effective in achieving the desired objectives. Reports on the Company's corporate risk register, key risk exposures in the business operations and reviews of its risk management systems are compiled and presented to the Board of Directors.

While key risks and associated risk appetites are determined at the top, the business units and functional managers are accountable for the respective risks within their areas.

The Company's enterprise risk management (ERM) system, coordinated by the Head, Enterprise Risk Management and overseen by the Board Risk Management and HSSE Committee, supports risk management across the business and functions. The Company's ERM system includes robust risk identification, assessment, reporting and monitoring mechanisms and approaches that include maintenance of both enterprise and functional/operational levels risk registers, risk dashboard, mitigation actions monitoring/tracking and risk reporting.

In a bid to continually embed risk management across the business and functions, the Company utilises specially appointed and trained Risk Champions to ensure common methodology, language and approach in the way risks are managed across the business.

The Internal Audit unit undertakes periodic audits of the various business units including the Company's corporate governance systems and risk management processes.

Key principles that underpin the Company's risk management framework and system:

- Strong focus on safety throughout the organisation.
- Close oversight by senior management in day-to-day business operations.
- 'Risk owners' throughout the business.
- Accountability of staff and/or key personnel.
- Regular and timely reporting.
- Clear line of sight on the system of internal controls.
- Monitoring and independent reviews.

> "During the year, Seplat Energy took the opportunity to review its strategy and align it with the imperatives of the energy transition agenda."

Activities in 2021

During the year, our risk landscape remained largely stable with respect to existing exposures, since our last update in 2020. The Company did well to manage the lingering impact of the Covid-19 pandemic via a strategic management vehicle called COVIMOG (the Corona Virus Monitoring Group). As such, the Company's leadership through the COVIMOG continued to sustain the Company's business and observed all recommended preventive measures advised by both the Presidential Task Force (PTF) and State Governments. Covid testing remained mandatory for everyone carrying out activities in the various areas of the Company's operations and travel advisory updates were regularly shared with staff. Provision remained in place for targeted tests of personnel in all locations as required. Follow-up treatment of positive cases continued to be managed and funded by the Company.

Also, as facilitated by the Lagos State Government, Covid-19 booster vaccines are now readily available in government health centres, and the Company plans to keep on liaising with appropriate bodies in the industry to facilitate this booster process.

During the year, Seplat took the opportunity to review its strategy to align it more with the imperatives of the energy transition agenda. Accordingly, the Company changed its name to Seplat Energy Plc to reflect its focus on being an indigenous independent energy company leading the energy transition agenda in Nigeria and Africa. The change to Seplat Energy also reflects the exciting future ahead of the Company as a supplier of a more diverse range of energy products, not just oil and gas. The greatest business opportunity for the Company is to supply the right mix of energy to support Nigeria's growth. In doing so, the Company's energy strategic focus is to develop gas resources to replace small-scale generation, reduce global CO_2 emissions, enter the renewable energy market, make a positive social impact in Nigeria and contribute to its achievement of the United Nations' Sustainable Development Goals.

Notable events during the year as part of the strategy evolution and Company's re-branding and name change include the Capital Markets Day held in London, in July 2021, as well as the Seplat Energy Summit 2021 in October 2021, with a record global hybrid of online participation and onsite presence in Abuja.

In terms of delivery of its promise to the market, the Company demonstrated once again its ability to weather tough times by delivering a substantial part of its 2021 work programme. The Company successfully drilled five oil wells and three gas wells across its portfolio, and despite a 25% operational downtime in the period deliver a consolidated average oil and gas production of 47, 693 boepd. This would not have been possible without the successful implementation of the Covid-19 protocols under the watch of the COVIMOG across the Company's operations.

In the course of 2021, the Company achieved zero fatalities and zero Lost Time Injury (LTI), with more than 24 million man-hours since the last recorded LTI incident in 2018, which is a commendable achievement.

Overall, in 2021, the Committee analysed and evaluated the various key risk exposures for the Company. In doing so, the Corporate Risk Register was reviewed, and the risk reports presented by Management. These reports detail the key risks, the potential impact of the risks and the likelihood of occurrence. Mitigating strategies were comprehensively considered, including but not limited to those related to the stability in the Niger Delta, oil price volatility, export line breaches and alternative crude oil evacuation options. Other risks considered are management of government and JV relations, liquidity, geo-political, environmental, market, contractual and litigation risks. The status and effectiveness of mitigation actions were reviewed, and any residual gaps or follow-up actions were identified. Key performance indicators as well as other risk indicators and trends were monitored. Key risks requiring risk tolerance considerations and strategic actions were presented to and debated by the Board.

The Committee reviewed the risk management systems including the risk dashboard and assessment tables. The Committee gave further consideration to the achievements made by the Risk Champions appointed with a view to unify risk management approaches and embed risk culture across the organisation.

High-profile risks and uncertainties

Highlighted below are the high-profile risks that the Company dealt with in 2021 and will continue to monitor going into 2022.

1

Infectious diseases outbreak (Covid-19)

At the start of March 2021, the Federal Government of Nigeria, through the Nigerian Primary Health Care Development Agency, took delivery of the initial order of about four million Covid-19 vaccine doses, following which a portal for all Nigerians to pre-register to receive the vaccination was opened. The deployment of vaccines triggered the beginning of hope being offered to ending the pandemic but with challenges in the supply chain, it has taken a while for it to keep everyone safe from the virus.

In view of the foregoing, Seplat Energy Leadership via the COVIMOG framework, put in place a controlled return of office-based personnel to offices in Lagos, Sapele and Owerri at the onset of Q2, 2021 which lasted all throughout the year. PCR tests were made mandatory for everyone carrying out activities in the various areas of the Company's operation and travel advisory updates shared with staff. The deployment of vaccines was also successful as a reasonable number of staff were fully vaccinated by end of Q3, 2021. In view of the foregoing, during Q3 and Q4 2021, the Company continued to maintain occupancy of the spaces/offices at 50%.

With regards to field operations, throughout the year, normal crew change happens only after the incoming crew have taken a PCR test with the resultant negative result after 48 hours when it is expected that the test result should have been issued. This requirement is complemented by compliance with other established non-pharmaceutical measures of regular hand washing, hand sanitising, frequent cleaning of commonly touched surfaces, mandatory wearing of face masks and social distancing. Application of non-pharmaceutical preventive measures is mandatory in all the Company's office environments. Additional measures put in place include:

- Visitors were not allowed in Seplat Energy offices except for critical business needs and only after clearance issued by the Human Resources team.
- Meetings and events continued to be held via electronic media. All indoor meetings were delivered by exception only and required approval from the Human Resources team. Attendance at such meetings was limited to not more than twenty persons including supporting personnel and all non-pharmaceutical preventive measures were put in place to be observed throughout the event.

2

Niger Delta stability/extended production shut-in due to third-party infrastructure downtime, and geo-political risk

Seplat Energy's core operations are located in the Niger Delta region of Nigeria and that comes with significant risks. Historically, the Niger Delta has always been a high-risk environment. Cases of militancy, crude oil theft, pipeline vandalism, environmental pollution arising from illegal bunkering activities, and other lawless activities are rife in the region. During 2021, the business recorded zero occurrence in militancy activities, similar to the previous year.

The Company, working with other industry players in the region, continues to put pressure on government to find a lasting solution to Niger Delta restiveness and the current security measures put in place by the facility operator, together with government's strategy of dialogue with stakeholders in the region, seems to be working.

With respect to extended production shut-in due to third-party interference, the third-party operated Trans Forcados export system remains Seplat's primary crude evacuation for its main assets (OMLs 4, 38 and 41) and this poses a significant risk to Seplat. The system was out of operation for more than a year between 2016 and 2017 due to sustained breaches by militants leading to extended shut-in of production. Even though there was no major breach of the line in 2021, the risk remains significant.

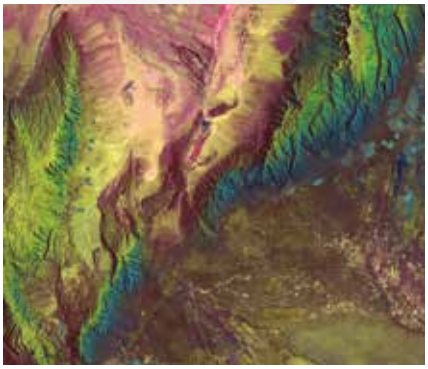
In fact, operational issues at the Forcados Terminal in August led to a significant fall in exports in August and September, as well as in December, resulting in lower-than-expected exports of our oil. The Company is mitigating the risk by seeking a second major export line, the Amukpe to Escravos Pipeline (AEP), which we expect to be operational in Q2 2022. Accordingly, the focus for the Company remains to have at its disposal, two major export systems in the West, with additional options also identified in the East, to evacuate crude from its main assets.

3

Low oil price environment

Seplat Energy's operating results are highly dependent on the prices of crude oil, natural gas, and other products derived from the energy mix. The Company's estimated proved reserve, revenue, operating cash flows and margins, liquidity and future earnings are all impacted by the volatility of crude oil, natural gas prices, as well as established prices emanating from the other products derived from the strategic energy mix.

Seplat Energy's price risk management policy is to protect the Company's crude oil cash flow from downside scenarios with hedging. During the year, the volume of protection stood at ca. 67-80% and rose alongside the acquisition of Eland. This translates into purchasing between 2-2.5 MMbbls/quarter of put protection. Overall, the Company protected about 8 million barrels of crude oil at an average strike of $40/bbl in 2021. Our long-term natural gas contracts have escalation clauses that protect the Company against serious price decline.



"Our risk landscape remained largely stable with respect to existing exposures since our last update in 2020."

4

OPEC quota restriction

The risk was fully mitigated as at Q3 2021 and has been de-listed from the Company's risk register.

5

Climate change

Seplat Energy's contribution to domestic gas/energy supply comes with some implications for climate change, as production activities are accompanied by some routine gas flaring, which the Company has made concerted efforts to manage within the requirements of regulation.

The risk considers the direct impact on the ecosystem as a result of heightened gas flaring activities, resulting in considerable weather (temperature) changes, major ecosystem collapse/damage with serious economic and social consequences, as well as biodiversity loss.

A number of mitigation actions have been put in place to manage this risk. These include focus on the delivery on projects earmarked to reduce and/or eliminate routine gas flaring as spelt out under the Company's 'Gas Flares Out Roadmap'. The projects include (i) delivery of the LPG projects at Sapele and Oben, (ii) installation of booster compressors, and (iii) the Sapele integrated gas plant project.

Other actions include focused delivery on alternative options for cleaner energy. The Company has also put in place a calculator to estimate actual greenhouse gases emissions to determine actual carbon footprint/emissions and determine measures for reduction of greenhouse gases emissions.

"The Company demonstrated resilience and commitment to delivering the 2021 work programme while proactively monitoring and managing production costs across our operations."

6

JV receivable and future cash call funding

Seplat Energy has the Nigerian Government as Joint Venture (JV) partner in significant operations of its business. Cash call funding from the government partners has historically been poor, resulting in build up of legacy cash call receivables over time. In 2021, the government JV partners continued to remain current in paying cash calls. However, the risk of cash calls sliding back to pre-2019 practice of late payments is still there. To mitigate this exposure, the Company continues to manage its JV relationships very closely and actively engages the respective government partners on timely payment of cash calls.

7

Liquidity risk

The impact of higher oil prices in 2021 offset the effect of outages on key export routes in Q3 and Q4 and this assisted Seplat's liquidity position significantly in the year.

We manage liquidity risk by ensuring that sufficient funds are available to meet commitments as they fall due, using 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. Our cash flow projections take into consideration the Company's debts and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.

Conclusion

In the course of the year 2021, the oil and gas industry recovered as oil prices rose to a peak of $86/bbl in late October 2021 and the world economy showed signs of improvement. The unprecedented headwinds posed by the Covid-19 pandemic continued to linger throughout the year, with emergence of new strains of the Coronavirus, the latest of which is the Omicron variant.

Despite the challenges and uncertainties posed by the Covid-19 pandemic, the Company demonstrated resilience and commitment to delivering the 2021 work programme while proactively monitoring and managing production costs across our operations, in order to reap the benefit of the oil price recovery and remain competitive.

On project delivery, the Company made progress in key projects such as operationalising the Amukpe-Escravos pipeline, the completion of AGPC Gas Plant and the Sapele Gas Plant upgrade. These projects are critical for the ability of Seplat Energy to evacuate its production from the core assets, demonstrate leadership in the ESG space by putting out flares and ensuring near-term growth for the Company.

Accordingly, the Company continued to give priority to laying the foundation and renewed focus towards strengthening its approach and credibility on Environment, Social and Governance (ESG) issues in response to sustainability needs, as well as the introduction of the Company's footprint and greenhouse gas (GHG) emissions quantification.

Overall, the Committee is satisfied that the Company has a robust risk management system that serves to ensure integrity of business processes, decisions and activities going into the future. The Company's HSSE Management System is also mature and reliable and has continued to deliver good HSSE performance year on year.

Basil Omiyi
Chairman, Risk Management and HSSE Committee

Mapping our risk

The mapping of our risks considered both quantitative and qualitative factors. Seplat Energy's risk mapping is underpinned by a two-factor spectrum – Likelihood and Impact, which are further plotted on the basis of Seplat Energy 5x5 methodology, to arrive at a final assessment for each risk.

Assessment
- Very high
- High
- Medium
- Low

Movement trend
- ↓ Decreasing
- ↑ Increasing
- ↔ Steady

	Topic		Trend
1.	Infectious diseases outbreak in Seplat	High	↑
2.	Niger Delta Militancy/Third party interference	Very high	↔
3.	Portfolio concentration risk	High	↔
4.	Sustaining E&A programme	Very high	↔
5.	Oil price volatility	High	↓
6.	Merger & acquisition (M&A) risk	Very high	↔
7.	Stakeholder management relationships	High	↔
8.	HSSE risks	High	↔
9.	Availability of capital	Very high	↓
10.	Liquidity	Medium	↔

	Topic		Trend
11.	Changes to fiscal and tax status	High	↔
12.	Bribery and corruption risk	Very high	↓
13.	Fraudulent activity risk	Very high	↔
14.	Field operations and project deliverability	Very high	↔
15.	Geo-Political risk	High	↔
16.	Cost control risk	High	↔
17.	Foreign exchange risk	High	↔
18.	Information security risk	High	↑
19.	New Energy and Gas Market risk	High	↔
20.	Corporate Governance & Compliance risk	High	↔

Monitoring and mitigating risks

Operational risks

Definition	Mitigation	Links	Trends
Field operations and project deliverability Failure to manage operational activities in line with planned expectations can lead to production misses, project delays and cost overruns, high production costs and earlier than expected field decommissioning.	Focus on risk management at planning phase and mitigation plans activated. Compulsory 'peer-to-peer' review for high-value projects and better project management techniques. Protracted land acquisition, preparation and rig startup have been contributory factors which have received focused attention and significant process improvements and improved communications with JV partner and approving regulators to mitigate delays. Use of smart/intelligent wells to improve recovery and improved rig performance monitoring and reporting to manage NPTs.	**KPI/Performance metric** • Net working interest production • Operating costs per boe **Strategic pillars** 1/2/3 **Assessment** Very high	Steady. We continue to redefine our project management approach for improved speed of delivery and efficiency, finalised the integration of the newly acquired Eland assets into our business, consolidate performance across board, maximise production, maintain a strong balance sheet, and strategically position the Company for future growth.
Third-party infrastructure downtime An over-reliance on third-party operated transportation infrastructure can expose the Company to extended period of production being shut-in.	Work is ongoing to secure a second export line to complement Forcados. Continue to explore export via barging as a back-up option in extreme cases. FEED completed and outcome prepared for presentation to JV Partners to pave way for Contracting Strategy concurrence for Engineering, Procurement, Installation and Commissioning (EPIC) of Amukpe LTF Upgrade. Finalising the Amukpe to Escravos pipeline (AEP) project in a bid to provide a major alternative for crude evacuation in the core assets. The AEP project is at 99.8% completion and crude deliverability test conducted. Two contingency tanks in Amukpe for partial storage during shut-in over shorter periods.	**KPI/Performance metric** • Net working interest production • Days downtime • EBIT **Strategic pillars** 2/3 **Assessment** Very high	Steady. Remarkably improved uptime of Forcados export system. However, risk trend is Steady, as there are indications that the alternative AEP evacuation line will be in place early 2022, and will provide needed back-up in the event of an outage of the TFP. Alternative line (AEP) is scheduled for Q2 2022 delivery..
HSSE risks Oil and gas activities carry significant levels of HSSE risks if not properly managed. As activity levels continue to increase there is a strong focus on preventing major environmental (including the emerging climate change-GHG emissions risk), health or safety incidents.	Deployment of an HSSE Management System in line with best practices. Monitoring and reporting of HSSE performance scorecards at management and Board levels. Our HSSE systems and process are subjected to independent review and identified improvement initiatives are deployed. Continual focus on HSSE training and initiatives on incidence prevention. Emergency Response plan set for any eventuality and comprehensive Incident Review panels to identify and channel lessons learnt to improvement activities. Focus on the delivery of projects earmarked to reduce and/or eliminate gas flaring as spelt out under the company's "Gas Flares Out Roadmap" and new energy transition plan.	**KPI/Performance metric** • HSE scorecards • LTIR • TRIR **Strategic pillars** 2/3/5 **Assessment** High	Steady. Though the risk is inherent, we will continue to deploy our HSSE risk management in line with best practices and with strong emphasis on prevention.

The implementation of our strategy can be hindered by various risks and uncertainties. The risks that the Board considers most significant are described here.

Strategic pillars

1 — **Increase our resources**
2 — **Increase production and improve its profitability**
3 — **Develop gas to drive Nigeria's energy transition**
4 — **Pursue profitable new opportunities**
5 — **Behave responsibly, and share our success**

Our strategy
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Definition	Mitigation	Links	Trends
Infectious diseases outbreak in Seplat (e.g. Covid-19) Risk of an index case manifesting in Seplat offices or field locations. This leads to an unsuccessful initial control of index case (probably resulting in communal spread of the disease in the Seplat community as a result of late detection of secondary contact cases which may have had close contacts with index case or close contacts with other external primary sources). Risk also covers supply chain disruptions emanating from the pandemic i.e. the extent to which the disease will have an impact on all key projects of the Company (including ANOH) as designed in the work programme (impacting the supply chain and major contractors scheduled to deliver in a few months).	The Company's leadership through the COVIMOG (monitoring and response team) continued to sustain the Company business and observed all recommended preventive measures advised by both the Presidential Task Force (PTF) and State Governments. Over 90% of employees were fully vaccinated via a concerted Industry (OPTS) support, while PCR tests remained mandatory for everyone carrying out activities in the various areas of the company's operation and Travel Advisory updates were shared with staff. Provision continued to remain in place for targeted tests of personnel in all locations as required. Follow up treatment of positive cases continued to be managed and funded by the Company. Also, as facilitated by the Lagos State Government, the Covid-19 booster dose vaccines are now readily available in Government Health centres, and the Company plans to keep on liaising with appropriate bodies in the industry to facilitate this process. Manage press/publicity and communication to avoid mis-communication/wrong press.	**KPI/Performance metric** • HSE scorecards • LTIR • TRIR **Strategic pillars** 2/5 **Assessment** High	Steady. Our risk landscape remained largely stable with respect to existing exposures since our last update in 2020. The Company did well to manage the lingering impact of Covid-19 (infectious disease outbreak), via a strategic management vehicle called COVIMOG.
Sustaining E&A programme Exploration and appraisal activities carry significant levels of subsurface risk. Sustained E&A drilling failure will impact the Company's ability to organically replace reserves and production.	Strict compliance with reservoir management guidelines. Building internal capacity with skilled sub-surface expertise. Drill a minimum of two exploration wells, as well as continuous M&A work to secure available opportunities at the right price.	**KPI/Performance metric** • Reserve replacement **Strategic pillars** 1/2/3 **Assessment** Very high	Steady. High grading our exploration portfolio through a thorough prospect-screening exercise. In the near term, plan is to commence exploration drilling campaign in the West.

External risks

Definition	Mitigation	Links	Trends
Niger Delta stability and security Seplat Energy's core operations are located in the Niger Delta region of Nigeria and that comes with significant risks. Historically, the Niger Delta has always been a high-risk environment with security incidents such as kidnappings, vandalism and criminal attacks on Oil and Gas installations..	The Company, working with other industry players in the region, continues to put pressure on government to find a lasting solution to Niger Delta restiveness and the current security measures put in place by the facility operator, together with the government's strategy of dialogue with stakeholders in the region, seems to be working.	**KPI/Performance metric** • LTIR • TRIR • Security incidents • Operating cash flow **Strategic pillars** 2/3/5 **Assessment** Very high	Steady. Efforts by the government and industry pressure groups, aimed at enhancing security in the region seems to be paying off as the business recorded zero occurrence in militancy activities, similar to the previous year. We will continue our monitoring and vigilance.
Stakeholder management relationships Failure to manage stakeholders can result in business disruptions and interference. The Company prioritises the effective management of relationships with all stakeholders including host communities, JV partners, government, regulatory bodies and shareholders.	Ensure consistent delivery of CSR initiatives (as well as full compliance with the terms of the GMoU) across all operational areas. Sustain local content development with priority to community contractors. Tailored CSR programmes, capacity building and infrastructure developments with the host communities. Organisational focus and clear strategy to deliver shareholder value pursued by the Board and management. Corporate governance, transparency and proactiveness in dealings with regulators and JV partners.	**KPI/Performance metric** • Net working interest production • LTIR • TRIR • Host community incidences **Strategic pillars** 2/5 **Assessment** High	Steady. We continue to enjoy good working relations with our stakeholders.
Geo-political risk Nigeria has at times in its history faced political uncertainties and threats such as terrorism aimed at de-stabilising and undermining the orderly and effective rule of central government.	Scenarios and response options plan set. Crisis management team in place for high alert political periods. Continue to partner/network with security stakeholders and share intelligence regarding security. Business continuity plans actioned in light of current geo-political situation.	**KPI/Performance metric** • Occurrences of civil unrest and terrorism **Strategic pillars** 2/3/5 **Assessment** High	Steady.

Strategic pillars

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Financial risks

Definition	Mitigation	Links	Trends
Oil price volatility Oil prices have exhibited a history of volatility and can fluctuate sharply in line with external factors.	Hedging continues to be our price risk management tool. We conduct price sensitisation on project economics and enforce cost discipline for capital projects sanctioning. Aggressive focus on cost reduction.	**KPI/Performance metric** • Realised oil price • Operating cash flow **Strategic pillars** 2 **Assessment** High	Decreasing. In the year 2021, we kept focus of our price risk management policy to protect the Company's cash flow stream from downside scenarios. We will also continue to take hedge positions and apply cost reduction strategies.
Changes to tax status and legislation If the tax regime/legislation under which the Company operates its assets were to change, profitability may be impacted.	Perform evaluation of business plan and performance metrics exclusive of tax benefits. Project economics were determined on maximum tax basis to mitigate the impact of the now expired pioneer tax status. Impact assessment of potential tax legislature monitored at the Board level.	**KPI/Performance metric** • Effective tax rate • Tax status **Strategic pillars** 2/3 **Assessment** High	Steady. PIB was passed into law as an Act (PIA) in August, 2021. Impact on Seplat is assessed as moderate.
Availability of capital The oil and gas industry is highly capital intensive. Significant amounts of capital are required to continue development activities and fund M&A. Non funding of cashcalls by JV partners impacts activities and liquidity.	Emphasis on compliance with requirements of the JV operating agreement for effective/strict JV partner concurrence. Board review and approval of financial strategy and debt portfolio management with strong banking relationships.	**KPI/Performance metric** • JV receivables • Capex • New M&A activities **Strategic pillars** 2/3/4 **Assessment** Very high	Decreasing. JV partners continue to remain current in paying cash calls.
Cost control risk Cost reduction remains central to the Company's current operating strategy. High operating cost and ineffective capital cost control negatively impacts operating cash flows and profitability.	Comprehensive budgeting process approved by the joint venture partner and the Board. Clear cost management targets. Grading of portfolio opportunities and project ranking for capital allocation. Focus on reducing drilling costs at well design phase. Cost monitoring and periodic reporting. Focus on effective contracting strategies for cost reduction.	**KPI/Performance metric** • Operating cost per boe • EBIT • Capex • Well costs **Strategic pillars** 2/3/5 **Assessment** High	Steady. Cost discipline remains a key focus of the business.

Financial risks

Definition	Mitigation	Links	Trends
Liquidity Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.	Manage liquidity risk by ensuring that sufficient funds are available to meet commitments as they fall due. 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 Company's debts and covenant compliance. Surplus cash held is transferred to the treasury department which invests in interest-bearing current accounts, time deposits and money market deposits.	**KPI/Performance metric** • Operating cash flow • Capex **Strategic pillars** 1/2/3 **Assessment** Medium	Decreasing. Improved uptime of TFP; improved JV cash call payment; oil price rally; and strategic debt refinancing have all greatly improved liquidity risk.
Foreign exchange risk 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 has options to manage its foreign exchange exposure including financial hedge instruments such as forward exchange contracts.	**KPI/Performance metric** • Operating cashflow • Capex **Strategic pillars** 2/3 **Assessment** Low	Decreasing. Historically, the Company holds the majority of its cash and cash equivalent in US dollar. Gas contracts are indexed in US dollar.

Strategic risks

Definition	Mitigation	Links	Trends
Portfolio concentration risk High dependency on a concentrated portfolio of producing blocks and limited number of wells can leave the Company more susceptible to declining long-term growth and reserves depletion.	Focus on portfolio expansion strategy from the Board level to diversify current portfolio. Integrated long-term planning on crude oil, gas and other renewables business.	**KPI/Performance metric** • Successful execution of new acquisition and farm-in opportunities. **Strategic pillars** 2/3 **Assessment** High	Steady. The Company is in transform phase..

Strategic pillars

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Strategic risks

Definition	Mitigation	Links	Trends
Merger & Acquisition (M&A) risk Growth through M&A activities is part of the Seplat's strategy to pursue a focused acquisition and farm-in. M&A deals and transactions come with significant risk including structural, commercial and integration risks. There is also the risk of non-achievement of acquisition targets due to highly competitive landscape.	New business development unit is always looking for the right opportunities for Seplat. Decision review board (DRB) process is in place to ensure deals are properly vetted and adequate due diligence done on new opportunities. The DRB ensures the commercial, structural, KYC and integration risks are fully considered and addressed with mitigation plan approved and in place prior to deal closing.	**KPI/Performance metric** • Successful execution of new acquisition and farm-in opportunities **Strategic pillars** 1/3/4 **Assessment** Very high	Steady. DRB process in place to vet opportunities and deals. Risk trend steady following ongoing integration of Eland Oil and Gas Plc, as well as ongoing strategy to acquire more strategic assets. M&A landscape remains competitive.
Bribery and corruption risk Bribery and corruption presents a risk throughout the global oil and gas industry and represents an ongoing risk to any oil and gas company.	Extensive training on anti-bribery and corruption. Embedding corporate governance principles with key focus on areas of the business which may be more susceptible to corruption such as the contracting and procurement process. Processes exist to guide dealings with public officials.	**KPI/Performance metric** • Whistle blowing reports; • Number of disciplinary cases **Strategic pillars** 5 **Assessment** Very high	Decreasing. Our geographical location continues to be susceptible to corruption. However, risk trend changed from steady to decreasing following lower cases of whistle blowing during the year.
Fraudulent activity risk Fraudulent activity presents a risk throughout the global energy industry and represents an ongoing risk to any energy company.	Extensive whistleblowing campaign. Continuous monitoring and improvement of the system of internal controls by all lines of defence with strong internal audit activity. Automation of processes where possible to reduce manual intervention.	**KPI/Performance metric** • Number of reported cases **Strategic pillars** 5 **Assessment** Very high	Steady. Risk is kept at very high and the Company continues to maintain a zero tolerance policy.
Information security risk Potential cyber attacks and information technology security breaches could result in loss or compromise of sensitive proprietary information, communication and IT business continuity disruption across operations.	We monitor and regularly upgrade the Company's information technology and security systems. The Company has a clearly defined employee user policy and control of access rights. Our information security framework and infrastructure have been externally reviewed in line with requirements of ISO 27001. IT business continuity plan is in place for quick deployment.	**KPI/Performance metric** • Information security identification and containment reports **Strategic pillars** 1/5 **Assessment** High	Steady. While cyber security continues to hold international attention, there has not been a material IT breach on our operations. However, the triggering of the work from home policy has resulted in a rising trend of the risk, giving the greater number of employees working externally.

Operational performance

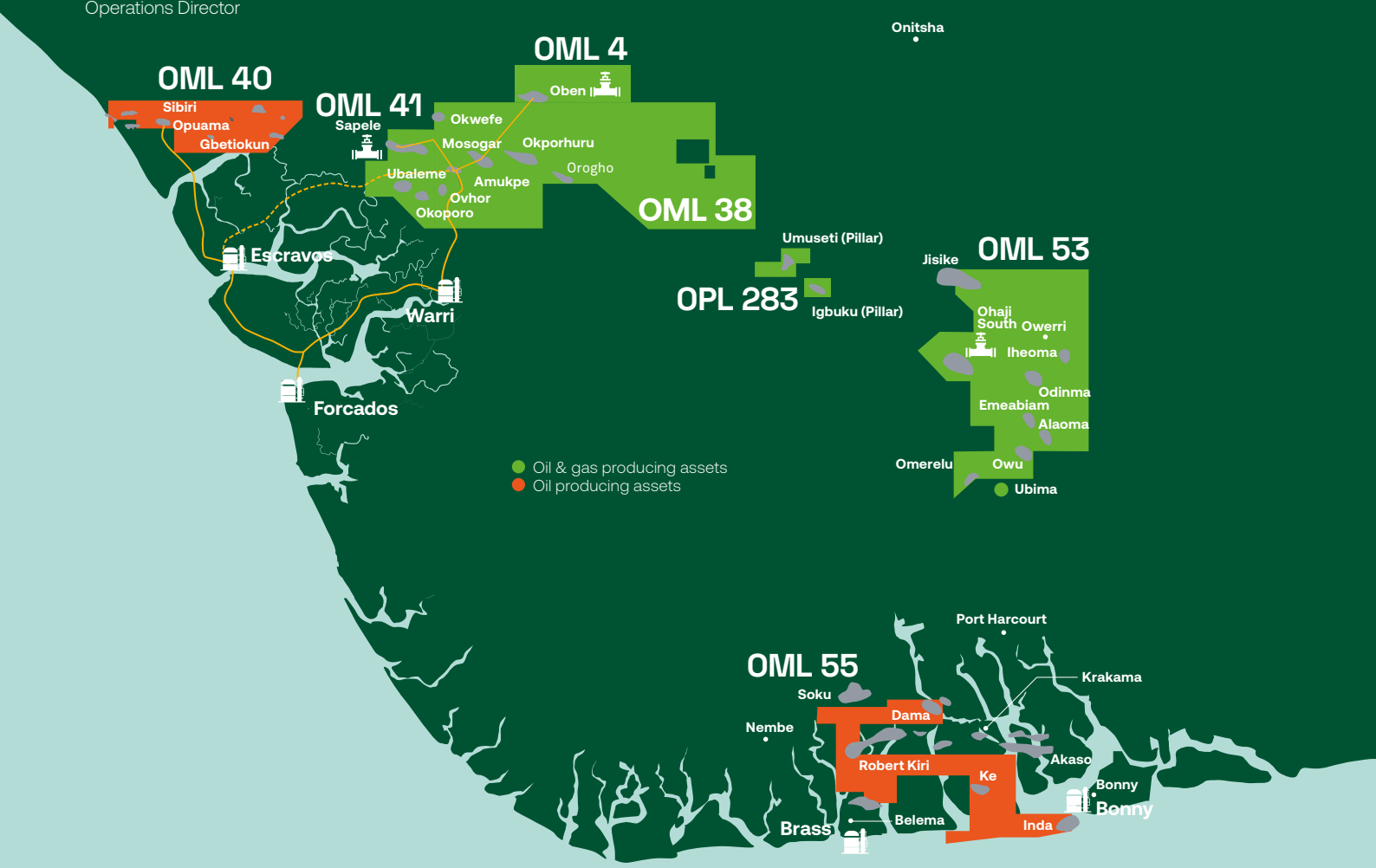
We continue to actively develop our portfolio, high grading our enlarged inventory of opportunities and maximising value by focusing on those that offer the best cash returns.

Effiong Okon
Operations Director

HSE performance

Safe and responsible operations are critical to the delivery of Seplat Energy's strategy. Staff and contractors worked a total of 8.0 million man-hours with no fatalities, lost-time injuries, or major injuries in the period.

The Company has achieved 24 million hours without LTI on its operated assets. There were 88 HSE incidents in total, compared to 107 in 2020, including two reportable spills and six gas leaks, all of which were remediated with limited environmental impact.



Reserves and resources

Seplat Energy's portfolio comprises direct interests in seven oil and gas blocks and a revenue interest in one other block. This portfolio provides us with a robust platform of oil and gas reserves and production capacity, as well as material upside opportunities to add reserves through future development.

2P Reserves

At 31 December 2021, total working interest 2P reserves, as assessed independently by Ryder Scott Company, L.P., stood at 457.1 MMboe, comprising 219.2 MMbbls of oil and condensate and 1,379.4 Bscf of natural gas (237.8 MMboe). The change represents an organic decrease in overall 2P reserves of 8.4% year on year, due to production of 10.6 MMbbls of liquids and 39.4 Bscf of gas, and reclassification and revisions of previous estimates.

2P reserves at 31/12/2021					2P reserves at 31/12/2020		
		Liquids[1]	Gas	Total	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMboe
OMLs 4, 38 & 41	45%	144	651	256	156	693	275
OPL 283	40%	5	68	17	5	66	17
OML 53	40%	39	660	153	44	742	172
OML 55	Fin. interest	4	-	4	5	0	5
OML 40	45%	25	-	25	27	0	27
Ubima	82%	2	-	2	4	0	4
Total		**219**	**1379**	**457**	**241**	**1501**	**499**

1. Eland has a 45% working interest in OML 40 until the Westport loan is fully repaid in accordance with the loan agreement, reverting to 20.25%.

2. Eland has an 82% Working Interest in the Ubima marginal field until the carry has been reached, reverting to 40%.

2C Resources

Working interest 2C resources stood at 74.9 MMboe, comprising 40.9 MMbbls of oil and condensate and 197.1 Bscf of natural gas compared to 94.8 MMboe in 2020. The 21.1% decrease is mostly due to the inability to prove producibility in Mosogar following the unsuccessful Drill Stem Test (DST). Consequently, the Group's working interest 2P reserves and 2C resources stood at 531.9 MMboe at 31 December 2021, comprising 260.1 MMbbls oil and condensate and 1,576.5 Bscf of natural gas (271.8 MMboe).

2C resources at 31/12/2021					2C resources at 31/12/2020		
		Liquids[1]	Gas	Total	Liquids	Gas	Total
	Seplat %	MMbbl	Bscf	MMboe	MMbbl	Bscf	MMboe
OMLs 4, 38 & 41	45%	28	162	56	48	167	77
OPL 283	40%	4	21	8	4	21	8
OML 53	40%	4	14	6	3	15	6
OML 40	45%	3	0	3	3	0	3
Ubima	82%	2	0	2	1	0	1
Total		**41**	**197**	**75**	**60**	**203**	**95**

Production

Our oil and gas assets are in the onshore land and swamp areas of the prolific Niger Delta in Nigeria. Principal areas of production are Edo, Delta, Imo and Rivers States with evacuation for export through the Forcados, Bonny and Brass oil terminals. Seplat Energy has significant opportunities within its reserves base to grow production and extend field life through infill drilling, well intervention programmes, and innovation through technology deployment.

Working interest production

Full-year total working interest production for 2021 averaged 47,693 boepd. Within this, liquids production was down 13.7% year on year. Delays in replacing the MT Harcourt storage vessel on OML 40 reduced exports from the asset in the first quarter of 2021. In addition, volumes were impacted by decreased production from the Western Assets owing to the disruption caused by the suspension of exports at the Forcados Oil Terminal (FOT) for significant periods in the year.

The impact of unplanned downtime in the second half of the year amounted to a deferment of working interest production of c.1.0 MMbbls of oil from OMLs 40, 4, 38 and 41. There was a 75% production uptime for the Trans Forcados System during the year.

The impact of future FOT outages will be alleviated by our use of the new Amukpe-Escravos Pipeline, the launch of which is imminent following mechanical completion and introduction of hydrocarbons, with only commercial agreements pending.

Gas volumes were up 6.9% year on year to 107.9 MMscfd.

2021 WI production					2020 WI Production		
		Liquids[1]	Gas	Total	Liquids	Gas	Total
	Seplat %	bopd	MMscfd	boepd	bopd	MMscfd	boepd
OMLs 4, 38 & 41	45%	18,243	107.9	36,844	21,249	101	38,718
OPL 283	40%	1,012	–	1,012	970	–	970
OML 53	40%	3,164	–	3,164	2,639	–	2,639
OML 40	45%	5,923	–	5,923	7,884	–	7,884
Ubima	82%	749	–	749	971	–	971
Total		**29,091**	**107.9**	**47,693**	**33,714**	**101**	**51,183**

1. Liquid production volumes as measured at the LACT unit for OMLs 4, 38 and 41, OML 40 and OPL 283 flow station. Volumes stated are subject to reconciliation and may differ from sales volumes within the period.

Drilling activities

During the period, we drilled and completed eight wells, with an additional well completed early January 2022.

In OML 4 we completed the Oben-50 and Oben-51 gas wells, which are now producing at a combined gross rate of c. 60 MMscfd of gas and 4,000 bpd of condensates. We also completed the workover of Oben-44 and 46 gas wells in the fourth quarter with combined gross production rate of 70 MMscfd and 1,200 bpd.

In OPL 283, the Umuseti-07 well was successfully completed in August and is producing ca.2,000 bopd gross.

The three-well Gbetiokun drilling campaign was completed ahead of schedule with cost savings of 25%, achieved through efficient execution, underpinned by the optimisation of drilling parameters and logistics. The wells were drilled in tandem and batch drilled. The Gbetiokun-06, 07 and 08 wells have commenced production, with gross production of approximately 12,000 bopd combined. An additional well, Gbetiokun-09, was drilled in December 2021, hooked up in January 2022 and is producing approximately 3,500 bopd gross. Given the strong production of the new Gbetiokun wells, we deployed a larger evacuation vessel, MT Hampden, in November to improve evacuation of crude.

> "We are making progress towards an ISO 55001 Certification, with full implementation of the ISO standards by 2023."

Project activities associated with preparation for drilling the high-impact, near-field Sibiri (formerly Amobe) exploration well in OML 40 were completed in 2021 and the well was drilled in Q1 2022. The well has been drilled to TD, with initial indications it has encountered eight oil-bearing reservoirs with 353 ft of gross hydrocarbon pay, net pay of 229 ft. Further data acquisition and analysis on the well is underway.

Despite persistent adverse weather, we progressed preparation of the Owu appraisal well in OML 53. However, the two wells (OHS KBAM1 and Owu appraisal) planned for OML 53 in 2021 were deferred to 2022 due to partner recommendation and rig contracting challenges.

We continue to exercise discretion over drilling investments and selectively consider opportunities in our existing portfolio with a view to capturing the highest cash return investment opportunities, whilst diligently preserving a liquidity buffer.

Focus on asset integrity

At the core of Seplat Energy's operations is a focus on asset integrity, process safety and maintenance culture, to ensure and improve the safety, reliability, and availability of our facilities. This also promotes higher revenue assurance. We are making progress towards an ISO 55001 Certification with full implementation of the ISO standards by 2023. As defined at our July 2021 Capital Markets Day (CMD), and as part of our commitment to continuous improvement, Seplat Energy's goal through various initiatives is to reduce deferment by c.120 kbbl annually, which will increase revenue assurance and profitability.

Other capital projects

As indicated in our CMD, we initiated projects targeting cost reduction that are also expected to increase production in the long term.

At OMLs 4, 38 and 41, we decommissioned the leased pumps at Amukpe and started the installation of seven NOV pumps. The pump replacements will reduce deferment of crude oil and improve produced water disposal. We undertook a delivery line re-routing project for the Sapele-Amukpe pipeline to reduce the risk of pipeline failure on the heavily encroached right of way and extended the life span of the pipeline. We completed and secured 5.1 km of the re-routed section and are reviewing tie-in options.

The optimisation of the Jisike Flow Station Debottlenecking and Gaslift Compressor Station commenced in the period to provide lift gas for secondary recovery of crude oil from existing weak wells. This includes an upgrade of the capacity of the flowstation from 10 kbpd to 15 kbpd to handle future increased production from the asset and a 6 MMscfd associated gas (AG) compressor station to optimise gas lifting of oil wells and reduce flaring.

Oil business performance

Seplat Energy's liquids (oil and condensate) operations produced 10.6 MMbbls on a working interest basis in 2021 (2020: 12.3 MMbbls). The average realised price per barrel in the period was $70.54 (2020: $39.95), following a recovery of Brent prices on the receding threat from the Covid-19 pandemic and the resultant return of global economic activity.

The lower-than-expected oil production for the year was primarily due to the curtailment of production and suspension of export operations from OMLs 4, 38, 41 and 40, after Shell Petroleum Development Company Limited (SPDC) declared a month-long force majeure at the Forcados Oil Terminal (FOT) on 13 August because of a failure of the loading buoy at the FOT. This was exacerbated by a 12-day shut-in of the flow stations due to a technical fault at the FOT in December. Previously, delays in siting a new storage vessel at OML 40 to replace the MT Harcourt, which was damaged in November 2020, resulted in significantly lower volumes in the first quarter.

In December 2020, Seplat Energy signed a Crude Purchase Agreement (CPA) with Waltersmith Petroman Oil Limited (Waltersmith) for the supply of between 2,000 and 4,000 bopd from existing working interest production from the Ohaji South Field within OML 53, for Waltersmith's 5,000 bopd modular refinery at Ibigwe, in Imo State. We commenced the supply of 2,000 bopd to the Waltersmith Refinery in October with 172 kbbls supplied during 2021 and no pipeline losses recorded.

OPEC+ quotas

During the period, Nigeria's quota stood at 1.6 million barrels per day, excluding condensates. However, the country's production has trended below allocated production, largely because of downtime on major pipelines, crude oil theft and several operational challenges leading to production capacity constraints in the assets. Seplat's OPEC quota is currently 68,554 bopd for the Western Assets and 13,007 bopd for the Eastern Assets. Seplat has lifted below the OPEC quota for the past six months due to the reasons highlighted above. Following its July meeting, OPEC+ agreed an increased oil output of 1.8 million bopd for Nigeria, which restores all the production cuts imposed when the Covid-19 pandemic started in 2020. The new quota, which excludes condensates, will take effect in 2022.

"Including the Warri Refinery, Seplat Energy now has access to three independent export routes for production from OMLs 4, 38 and 41. It is our intention to utilise all three to ensure there is adequate redundancy in evacuation routes, reducing downtime that has adversely affected revenues over a number of years, and significantly de-risking distribution to market."

Amukpe-Escravos Pipeline commissioning

Following the introduction of hydrocarbons into the pipeline in December 2021 as part of the start-up and testing process, mechanical completion has now been achieved and we are finalising crude handling and off-take agreements to enable flowing of oil into the Escravos terminal. Oil Lifting from the terminal will be undertaken by the terminal operator – Chevron, expected in Q2.

The 67km, mostly underground pipeline, provides a reliable and secure export route for liquids from Seplat Energy's major assets OMLs 4, 38 and 41, connecting them with the Chevron-operated Escravos Terminal. Until now, we have relied on the Trans Forcados System, which has experienced numerous disruptions due to maintenance and vandalism. The Amukpe-Escravos Pipeline has a capacity of 160,000 bpd, into which the Seplat Energy/NPDC joint venture is entitled to inject 40,000 bpd.

Including the Warri Refinery, Seplat Energy now has access to three independent export routes for production from OMLs 4, 38 and 41. It is our intention to utilise all three to ensure there is adequate redundancy in evacuation routes, reducing downtime that has adversely affected revenues over a number of years, and significantly de-risking the distribution of products to market.

Gas business performance

Alongside the oil business, we have also prioritised the development and commercialisation of the substantial gas reserves identified in our assets, to pursue new market opportunities. Today, Seplat Energy is a leading supplier of processed natural gas to the Nigerian domestic market, which is independent of global oil and gas market dynamics. With 100% of volumes dedicated to supplying key demand centres within the domestic market, our customers include power generation companies and the National Gas Marketing and Distribution Company, which serves the power generation, industrial and agricultural sectors. Seplat Energy is therefore strategically important to the security of Nigeria's current and future gas supply.

Seplat Energy maintained a reliable and increased gas supply to customers during the year. Working interest gas production for the period was 107.9 MMscfd at an average selling price of $2.85/Mscf (2020: 101 MMscfd, $2.87/Mscf). The gas business contributed 39% of the Group's volumes on a boepd basis.

Gas pricing

The price of gas for power generation (Domestic Supply Obligation), which accounts for about 30% of our gas volumes, was reduced from $2.50/Mscf to $2.18/Mscf in July 2021 (implemented in August 2021) following a review of the gas pricing framework by the Federal Government (FGN). As part of the process to stabilise the sector, the government has taken various measures to address challenges with domestic gas utilisation as well as pricing and fiscal policy issues limiting adoption. It is expected that the lower gas price will translate to a reduced electricity tariff for the end consumer and will improve collection for the entire value chain, as well as stimulate growth in demand.

The regulated Domestic Supply Obligation (DSO) gas-to-power price of $2.18/Mscf is expected to remain until a transition to a 'willing buyer/willing seller' regime in 2023 (latest 2025) for a fully deregulated market. We have assessed the business and economic impact of the price reduction on Seplat Energy's gas portfolio and this price review will result in a temporary reduction of the average weighted gas price to around $2.7/Mscf in 2022. With the FGN's "Decade of Gas" programme promoting gas as Nigeria's transition fuel towards net zero, we are confident of the growth of gas demand and a corresponding adjustment in the pricing regime.

Oben Gas Plant

Despite the impact on oil volumes following the force majeure at the Forcados Oil Terminal in the third quarter, disruption to gas volumes was minimal because the associated condensate volumes were stored in the Amukpe buffer tanks, ensuring continuity of gas production. However, our Associated Gas (AG) station units were put on standby due to FOT outage.

To ensure the delivery of on-specification gas to our customers, we completed the installation of heat exchanger trains 1 and 2; piping installation works on heat exchangers 3, 4 and 5 are ongoing with commissioning expected in the first quarter of 2022.

Additional third-party volumes

Seplat Energy is focused on developing third-party gas processing opportunities that can utilise the remaining processing capacity at Oben. Securing additional volumes from counterparties will secure long-term supplies of raw natural gas from which we can optimise the plant's utilisation and generate tolling revenues. We progressed discussions with targeted third-party gas producers during the year and expect to conclude terms shortly.

Sapele Gas Plant

Work continues on the new Sapele Gas Plant with project progress at 45%. Upon completion, the processing capacity will be 85 MMscfd. The upgraded facility will produce gas that meets export specifications, and the LPG processing unit module will enhance the economics of the plant, as well as ensure that gas flaring is eliminated.

ANOH Gas Processing Plant

We have made good progress on the ANOH plant but have seen some delays in shipments and releasing equipment from the ports. To date, we have achieved 84% overall project completion at the gas plant site. Our government partner, the Nigerian Gas Company, ('NGC') is delivering the pipelines that will take the gas from ANOH to Oben, namely the 23km spur line and the Obiafu-Obrikom-Oben (OB3) pipeline.

The OB3 pipeline project has seen a number of failed attempts to complete the 1.85km river crossing, which is needed to complete the pipeline. However, the latest contractor is making progress and the HDD drilling stands at 20% complete. We do not anticipate the OB3 pipeline to delay the completion of the overall ANOH project.

The Spur Line project has seen significant delays due to contracting issues and payments. We have been informed that the milling of the line pipes, which is being undertaken in China, will now commence in Q2 and therefore will not arrive in Nigeria until later this year. The latest schedule provided by NGC shows completion in Q4 2022/Q1 2023.

We had earlier communicated a first gas date by mid-year 2022, but based on our current risking, we now expect further delays of between 9-12 months to the original timeline, with the spur line expected to be the last piece of infrastructure delivered.

The upstream development, including the drilling of six production wells, will be delivered by the upstream unit operator SPDC. We expect that the two wells on which drilling commenced in 2021 will be completed this year.

Located at OML 53 (in a unitised field between Seplat JV's OML 53 and SPDC JV's OML 21), the ANOH Gas Processing Plant development will drive the next phase of growth for Seplat Energy's core Midstream Gas business. The 300 MMscfd Midstream Gas processing plant is the most advanced of the FGN's seven critical gas projects and is central to the National Gas Master Plan to develop and expand the indigenous domestic gas market for additional power and industrial projects.

The ANOH plant is being built by AGPC, which is an Incorporated Joint Venture (IJV) owned equally between Seplat Energy and the NGC, a wholly owned subsidiary of the Nigerian National Petroleum Corporation ('NNPC'). In February 2021, AGPC successfully raised $260 million in debt to fund the completion of the ANOH project. The project is now fully funded following completion of equity investments of $210 million by each partner ($420 million combined). The plant construction cost is expected to be no more than $650 million, inclusive of financing costs and taxes, which is significantly lower than the original projected cost at Final Investment Decision (FID) of $700 million.

Net zero by 2050

Seplat Energy supports the goals of the Paris Agreement and is in step with society's objective to get the world to net zero carbon emissions by 2050, if not before. Around 90% of the Company's Scope 1 and 2 emissions come from flaring of associated gas. Through investments in decarbonisation projects over the next two years, we plan to focus on maximising gas-to-grid options, which will capture and monetise gas for productive use, drive LPG production and put the Group on track to end routine flaring by 2024.

Aside from ending routine flares, we are investing in other ways to decarbonise our operations such as replacing diesel with LPG or LNG and onsite solar energy generation. Longer term, as part of Nigeria's energy transition, we will selectively target opportunities in solar energy projects, which alongside our gas-to-power developments, will be critical to providing an alternative to Nigeria's expensive and extensive diesel generated electricity.

"Through investments in decarbonisation projects over the next two years, we plan to focus on maximising gas-to-grid options, which will capture and monetise gas for productive use, drive LPG production and put the Group on track to end routine flaring by 2024."

Outlook and plans for 2022

Full-year production guidance for 2022 is set at 50,000 to 60,000 boepd on a working interest basis, comprising 30,000 to 35,000 bopd liquids and 116 to 150 MMscfd (20,000 to 25,000 boepd) gas production. This guidance does not include any contribution from MPNU and the ANOH Gas Plant.

We expect production uptime of 75% for evacuation through the TFS and 90% for evacuation via the AEP, the latter being our preferred export route from OMLs 4, 38 and 41.

Capital expenditure for 2022 is expected to be around $160 million. We expect to drill a minimum of ten wells, including the Sibiri exploration well and one appraisal well, complete ongoing projects, invest in maintenance capex to secure the existing assets and continue investments in gas. The 2022 drilling programme is designed to address production decline and along with completion of maintenance activities, will support long-term production levels from the assets. With the recovery in oil prices, rig-based and other project activity will ramp-up in 2022.

Facilities and engineering projects will focus on delivery of an upgraded integrated gas processing facility at Sapele and further upgrades to the liquid treatment facility to enable increased deliveries of dry crude. Towards our goal to end routine flaring by 2024, we will focus on Oben, Amukpe, Sapele and Jisike end of routine flaring projects, which will capture and monetise gas for productive use.

In OML 53, in addition to drilling, we plan to complete the Jisike flow station debottlenecking and gaslift compressor station and installation of the Ohaji South Lease Automatic Custody Transfer (LACT) Unit.

For the non-operated assets, in OML 40, in additional to the drilling plans, facilities and engineering work will focus on the Gbetiokun facilities upgrade to optimise the Gbetiokun barging operations, whilst we complete all front-end activities for the Gbetiokun to Adagbasa pipeline which will replace the barging of the produced crude. In OPL 283, we have planned one gas well re-entry for production testing and the Igbuku gas plant design (FEED). The delivery of the 2022 workplan will be underpinned by a strong commitment to safety, asset integrity, GHG emissions reduction and operational excellence.

Effiong Okon
Operations Director

Emeka Onwuka
Chief Financial Officer

Financial review

Seplat Energy had a stronger year financially amid higher oil prices despite produced volumes being constrained by outages at our export routes.

Revenue and other income

Revenue from oil and gas sales in 2021 was $733.2 million, a 38.2% increase from the $530.5 million achieved in 2020.

Crude oil revenue was $618.4 million (2020: $417.9 million), 48.0% higher than 2020, largely reflecting higher average realised oil prices of $70.54/bbl for the period (2020: $39.95/bbl). The total volume of crude lifted in the year was 8.8 MMbbls, lower than the 10.5 MMbbls lifted in 2020, due to the decrease in production following the suspension of exports at the FOT. In addition, the Group's 2021 produced liquid volumes were subject to reconciliation losses of 14.5%, compared to less than 10% in the corresponding period in 2020. We expect these to improve significantly when we evacuate the bulk of our crude through the Amukpe-Escravos underground pipeline.

Gas sales revenue increased by 2.0% to $114.8 million (2020: $112.5 million), due to higher gas sales volumes of 39.4 Bscf compared to 37.1 Bscf in 2020, which reflects new gas wells coming onstream during the period. The average realised gas price was slightly lower, at $2.85/Mscf (2020: $2.87/Mscf) and reflects the reduction applied to the DSO gas-to-power volumes from August 2021.

Other income of $20.1 million includes an underlift of $13.9 million (shortfalls of crude lifted below Seplat's share of production, which is priced at the date of lifting and recognised as other income) representing 152 kbbls and $5.2 million tariff income generated from the use of the Company's pipeline. In addition, there was a $5.4 million reversal of decommissioning obligation no longer required for Eland operations in the period.

Gross profit

Gross profit increased by 128.9% to $285.2 million (2020: $124.6 million). The non-production costs primarily consisting of royalties and DD&A totalled $270.9 million, compared to $228.9 million in the prior year. The higher royalties were the result of higher oil prices, and the DD&A charge for oil and gas assets increased to $141.1 million (2020: $127.5 million), because of a higher depletion rate applied following a reclassification and revision of previous 2P estimates compared to the prior year.

"Our aim has always been to maintain a healthy balance sheet, focusing on cash generation first and foremost so we can build up a large reserve for future deployment and protect ourselves against global activity downturns."

Direct operating costs, which include crude-handling fees, rig-related costs and operations and maintenance costs amounted to $172.1 million in 2021, 2.6% higher than $167.7 million in 2020. The increase was primarily because of the higher operational and maintenance costs of $107.9 million that include unaccrued late charges of $13.8 million related to the OML 40 asset operated by NPDC. On a cost-per-barrel equivalent basis, production opex was higher at $9.9/boe (2020: $8.9/boe) due to the additional costs detailed above and the average working interest production reducing in 2021 compared to 2020. However, a continuous cost reduction drive for production evacuation from the Gbetiokun and Ubima fields resulted in a 26.4% reduction in barging and trucking costs, to $11.7 million (2020: $15.9 million).

IAS impairments reversal

As previously reported, under IAS 36 the Company identified the need to revalue its assets due to the significant economic uncertainty of the Covid-19 crisis in 2020 and booked a non-cash provision of $114.4 million across non-financial assets in the period. Following a reassessment of the business models and assumptions at the end of 2021, a reversal of $74.7 million was recognised to reflect the current and expected higher oil price environment.

Operating profit

The operating profit for the year was $250.7 million, compared to an operating loss of $31.7 million in 2020 (which resulted mainly from the $160.9 million impairment charges).

During the year, the Group recognised impairment losses totalling $38.1 million, which include financial asset charges of $22.6 million for outstanding receivables and non-financial asset charges of $15.2 million for the rigs. This was offset by the $74.7 million impairment reversal described above.

Clearly focused capital allocation priorities

We are focused on low-risk strategies to generate and deploy cash to grow the business and improve stakeholder returns

Low-risk capital investment

- Invest in growing the gas business to fuel Nigeria's increasing demand
- Develop ANOH for long-term growth
- Offset expected decline in oil wells by developing low-risk wells/prospects
- Sustain and optimise production

Returns to shareholders

- 10c/share for 2021
- Since raising $535m at listing in 2014 we have returned around $400m
- Policy revised to quarterly distribution of $0.025 per share

Balance sheet strength

- Successful $650m bond offer in March 2021 to redeem existing $350m Senior notes and repay $250m drawn on $350m Revolving Credit Facility
- Refinanced Eland's $100m Reserve-Based Loan on 18 March 2021 with new five-year $100m RBL facility due March 2026
- Maintain optimal balance of cash and debt

Value-creating M & A

- Seek low-risk opportunities for growth that enhance NAV and FCF
- Opportunity to consolidate Nigerian market though acquisition of assets divested by IOCs and distressed small-scale operators

General and administrative expenses increased by 5.4% to $80.1 million (2020: $76.0 million) and reflect the increase in administrative activities across the business compared to the previous year, which was more heavily impacted by the Covid-19 pandemic and its associated reduction in activities.

An EBITDA of $371.8 million adjusts for non-cash items which include impairment, abandonment, and exchange losses, equating to a margin of 50.7% for the year (2020: $265.8 million; 50.1%).

Taxation

The income tax expense of $60.2 million reflects a higher assessable profit driven by higher accounting profit compared to the prior year, and represents an effective tax rate of 34% (2020: $5.1 million; 6%). The tax charge comprises a deferred tax charge of $22.6 million and a current tax charge of $37.6 million. The deferred tax charge is mainly driven by the unwinding of previously unutilised capital allowances.

Net result

The profit before tax was $177.3 million (2020: $80.2 million loss before tax) and profit for the year was $117.2 million (2020: $85.3 million net loss). The resultant basic earnings per share was $0.24 in 2021, compared to $0.13 basic loss per share in 2020.

Cash flows from operating activities

Cash generated from operations in 2021 was $394.3 million (2020: $329.4 million). Net cash flows from operating activities were $369.8 million (2020: $308.7 million), after accounting for tax payments of $12.9 million (2020: $10.4 million) and a hedge premium of $9.0 million ($8.4 million). Free cash flow for the period amounted to $200 million (2020: $163.9 million).

The Group received $235 million from the major JV partner towards the settlement of cash calls. The major JV receivable balance now stands at $83.9 million, down from $107.1 million at the end of 2020.

Cash flows from investing activities

Net capital expenditure of $136.4 million consisted of $37.7 million towards completing five development oil wells (Umuseti 07, GB-06, 07, 08, 09) and $26.3 million for completing two new gas wells (Oben 50, 51) and two workover wells (Oben 44, 46). Associated facilities and engineering costs amounted to $72.4 million.

We realised significant cost savings from drilling in the period because of the relatively lower cost workover operations compared to new drills carried out for two Oben gas wells in addition to the optimisation of drilling parameters and logistics applied in the execution of the Gbetiokun wells.

Payments for non-oil and gas assets amounting to $33.5 million relates to the net effect of consideration for the four Cardinal rigs at $36 million purchased in October 2021 and $3.5 million for spares classified as inventory. The rigs were funded out of already restricted funds (excluded from previous cash flow statements) held at Access Bank and the Federal High Court of Nigeria, as previously disclosed.

Seplat Energy received $4.9 million in the period through the allocation of 94.2 kbbls of crude oil from OML 55. Recovery in the period is below expectations and impacted by significant sabotage along the NCTL and TNP pipelines, with a theft factor of up to 60% recorded. The next lifting due to Seplat Energy is scheduled for March 2022 (previously December 2021 but delayed because of evacuation challenges) and we continue to work with Belema Oil to optimise production and sustain recovery of the remaining discharge amount. Out of $330 million to be paid to Seplat Energy, $129.9 million has been recovered with $200.1 million outstanding.

Cash flows from financing activities

Net cash outflows from financing activities were $100.8 million (2020: $217.4 million). Proceeds from loans and borrowings of $671.0 million reflects the debt restructuring where the Group offered senior notes of $650 million. The gross proceeds of the notes were used to redeem the existing $350 million senior notes and to repay in full drawings of the $250 million RCF. It also reflects a further $10.0 million drawn from the Westport RBL facility and $11.0 million drawn on the $50 million off-take facility to support drilling operations at Elcrest. Payments for other financing charges, which include $20.4 million transaction costs on the debt facilities and interest paid on loans, totalled $89.6 million (2020: $65 million). The dividend payment for the period totalled $73.4 million (2020: $58.3 million); net of withholding taxes it is $15.1 million higher because of timing of quarterly dividend distribution introduced in 2021.

A charge of $4.9 million relates to Seplat Energy's Long-Term Incentive Plan. The programme commenced on 1 March 2021 and shares are held by the Trustees under the Trust for the benefit of Seplat Energy employee beneficiaries covered under the Trust.

Liquidity

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

Net debt reconciliation at 31 December 2021	$ million	Coupon	Maturity
Senior notes*	648.1	7.75%	April 2026
Westport RBL*	108.8	Libor+8%	March 2026
Off-take facility*	9.7	Libor+10.5%	April 2027
Total borrowings	766.6		
Cash and cash equivalents	340.5		
Net debt	426.1		

* including amortised interest.

Seplat Energy ended the year with gross debt of $766.6 million (with maturities in 2026 and 2027) and cash at bank of $340.5 million, leaving net debt at $426.1 million. Liquidity, which includes the $350 million RCF available for drawing, a $39 million undrawn off-take facility plus the cash balance, was more than $700 million at the end of the period.

Dividend

In line with the quarterly dividend policy announced in 2021, Seplat distributed four dividend payments in 2021 and paid out $73.4 million. The Board has recommended a final dividend of US2.5 cents per share for the financial year 2021, which will bring the total dividend declared for 2021 to $0.10 per share (2020: $0.10 per share).

Subject to approval of shareholders, the recommended dividend will be paid shortly after the Annual General Meeting, which will be held in Lagos, Nigeria, on 18 May 2022.

Hedging

Seplat's hedging policy aims to guarantee appropriate levels of cash flow assurance in times of oil price weakness and volatility. For 2021, the Group had in place dated Brent put options as follows: (i) for Q1, 1.0 MMbbls at a strike price of $30/bbl and 1.0 MMbbls at a strike price of $35/bbl; (ii) for Q2, 2.0 MMbbls at a strike price of $35/bbl; (iii) for Q3, 1.0 MMbbls at a strike price of $35/bbl and 1.0 MMbbls at a strike price of $40/bbl; (iv) for Q4, 1.0 MMbbls at a strike price of $45/bbl and 1.0 MMbbls at a strike price of $50/bbl. The $11.1 million hedging costs were recognised as fair value charges in the period.

This hedging programme has been continued in 2022 with put options for 6.0 MMbbls through Q3 2022 at an average premium of $1.41/bbl as follows: (i) for Q1, 1.0 MMbbls at a strike price of $50/bbl and 1.0 MMbbls at a strike price of $55/bbl; (ii) for Q2, 2.0 MMbbls at a strike price of $55/bbl; and (iii) for Q3, 1.0 MMbbls at a strike price of $55/bbl and 1.0 MMbbls at a strike price of $60/bbl.

The Board and management team continue to 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.

Credit ratings

Seplat Energy 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 B2 (stable); (ii) S&P B (stable) and (ii) Fitch B (stable).

Elimination of related-party transactions

In our continuous efforts to promote world-class governance, all related-party transactions (RPT) were eliminated from 1 January 2022.

Petroleum Industry Act 2021

Key fiscal changes

- Companies have the option to remain under existing fiscal terms until licence expiration, or can convert to the new PIA terms within 18 months of the effective date of the Act
- Separate companies must be used to undertake business in each segment of the oil and gas value chain, i.e. upstream, midstream and downstream.
- Petroleum Mining Leases (PMLs) are awarded only for areas in respect of which field development is underway or regular commercial production is ongoing
- Petroleum Prospecting Licences (PPLs) are awarded for appraisal areas, retention areas and other outstanding areas
- Size of the concessions under the PIA are further reduced by a relinquishment regime that reduces the surface areas retained by a PPL or PML holder

Petroleum Industry Act 2021

Nigeria's Petroleum Industry Bill was signed into law on 16 August 2021, shortly after the bill received legislative approval from both the Senate and the House of Representatives. The assent by the Executive enacts the Petroleum Industry Act, 2021 (PIA 2021) as the superseding policy to provide legal, governance, regulatory and fiscal frameworks for the Nigerian petroleum industry, the development of host communities, and related matters. The PIA 2021 also repeals existing Acts and makes transitional and savings provisions to accommodate instances of licensees that may choose not to convert until their current licence expires.

We have reviewed the fiscal provisions of the Act, and a multi-disciplinary project team has been commissioned to review the impact of Seplat Energy entering the new PIA regime, versus the benefits of remaining in the current fiscal regime until the expiry of our licences. The analyses will be based on the life-cycle data of all the assets and the result of the review will inform management's decision on whether Seplat Energy converts to the PIA regime or remains in the current tax regime.

"The assent by the Executive enacts the Petroleum Industry Act, 2021 (PIA 2021) as the superseding policy to provide legal, governance, regulatory and fiscal frameworks for the Nigerian petroleum industry, the development of host communities, and related matters."

Climate change and financial disclosures

Seplat Energy Plc recognises that climate change and the decarbonisation of the global economy, within the context of the energy transition, present significant risks and opportunities to the company's strategy, operations, and financial planning, and to the delivery of long-term shareholder value. Accordingly, Seplat Energy will, in the near future:

1. Adopt climate change as a Principal Risk within the company's risk management framework; and

2. Carry out an assessment of the impact of climate change on the company's financial statements using scenario analysis as recommended by the Taskforce on Climate-related Financial Disclosures (TCFD). Seplat Energy aims to publish an inaugural TCFD-aligned report in mid-2022.

Emeka Onwuka
Chief Financial Officer

Passing of the Petroleum Industry Bill into an Act (the PIA) is a game changer for the energy industry, and Nigeria as a nation.

Community, environment and abandonment

- Petroleum Host Community Fund (3% of operating costs in the preceding year) in addition to NDDC levy of 3% of the budget for the year
- Environmental remediation fund to be established
- Decommissioning and abandonment fund to be established
- Midstream and downstream gas infrastructure fund (0.5% of revenue)

Royalties

- Production and Price based royalty applied to oil and condensate
- Production less than 10 kbopd onshore (includes marginal fields) and shallow offshore
  - 0 – 5 kbopd: 5%
  - 5 – 10 kbopd: 7.5%
- Production greater than 10 kbopd:
  - Onshore 15%
  - Shallow offshore 12.5%
- Oil Price (P) based:
  - P < $50/bbl: 0%
  - P = $100/bbl: 5%
  - P > $150/bbl: 10%
- Linear interpolation between bands
- 5% royalty applied to gas and NGLs revenues
- 2.5% royalty applied to gas utilised in country

Taxes

- Hydrocarbon Tax (HCT) is applied to oil and associated gas (AG) condensate and liquid NGLs produced from oil fields
- HCT of 30% on PMLs for onshore and shallow water areas
- HCT of 15% on PPLs for onshore and shallow water areas
- Corporate Income Tax (CIT) of 30% applies to oil and AG condensate as well as to AG, non-AG and non-AG condensate, NGLs
- Both taxes combined on oil
  - 60% for PMLs
  - 45% for PPLs

Incentives and deductions

- Production Allowances (PA) replaces Investment Tax Allowances (ITA)
- For converted leases, minimum of $2.5/bbl and 20% x Oil Price
- For new leases Onshore
  - minimum of $8/bbl and 20% x Oil Price for max production of 50 MMbbls and min $4/bbl and 20% of oil price
- For new leases shallow offshore
  - minimum of $8/bbl and 20% x Oil Price for max production of 100 MMbbls and min $4/bbl and 20% of oil price
- Certain costs no longer deductible under HCT, include gas flare fees, litigation costs, R&D, signature and production bonuses, education taxes, and licence renewal fees
- Costs deducted in the period are capped at 65% gross revenue
- Costs and taxes for upstream oil operations can be consolidated across acreages/terrains in computing HCT
- PML costs are separated from PPL costs

Engaging with our stakeholders

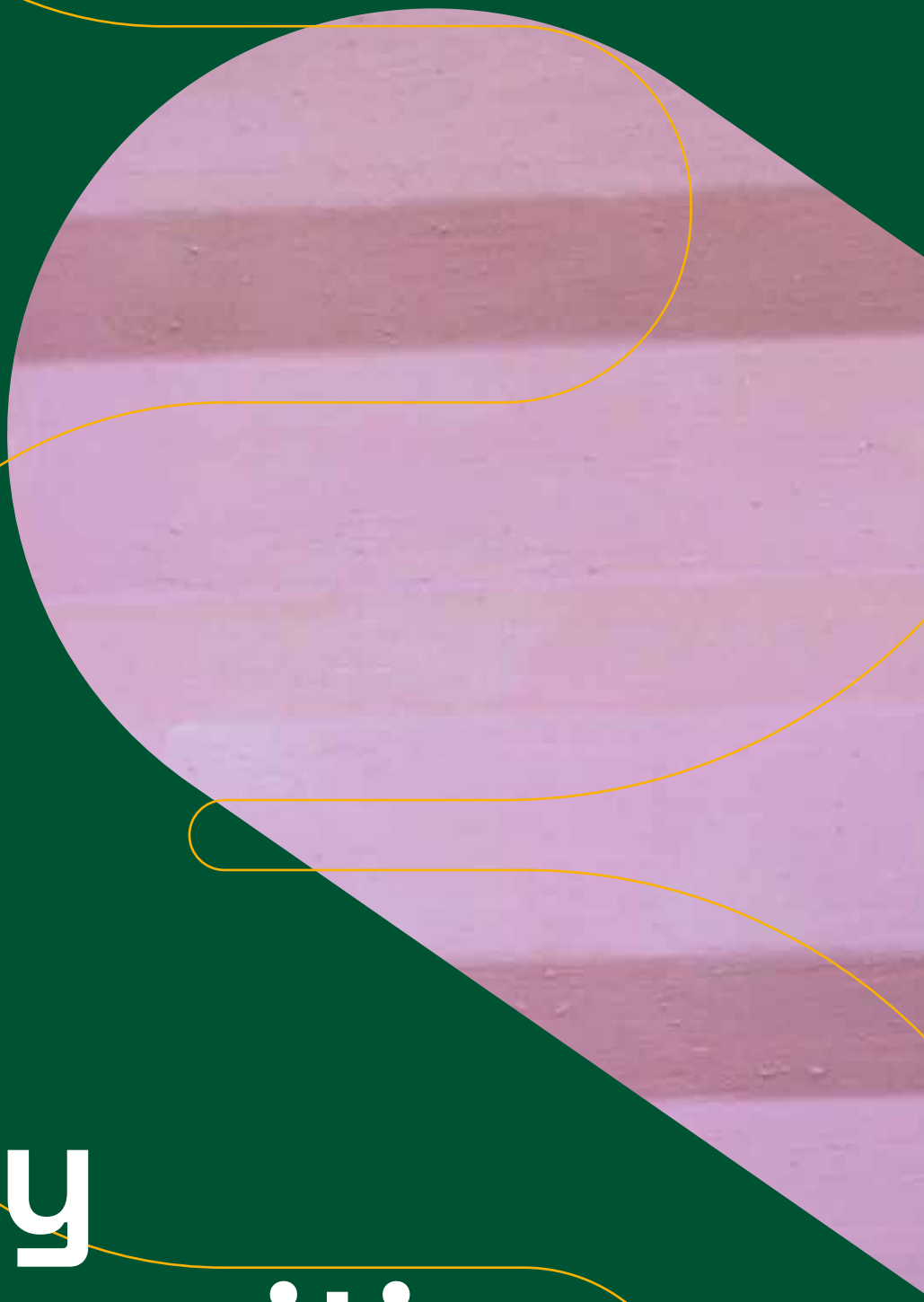
Seplat Energy's continuing success depends on many different stakeholders, including employees, suppliers and local communities. We recognise the importance of regular engagement with all our stakeholder groups and adopt the most appropriate channels for each.

Stakeholder group	Engagement method	
Workforce 89% Response rate to Employee Engagement Surveys	• We maintain a constructive and ongoing dialogue with our staff through regular employee-led forums, CEO town halls and Q&A sessions, as well as the Group intranet, social media channels, webinars and face-to-face meetings. • The CEO hosted regular virtual town hall events, which included open Q&A throughout the year, as well as small group discussions, and took feedback via an anonymous survey and the Vault app.	• We also organise frequent pulse surveys to get direct feedback and understanding of matters important to our workforce. The responses and feedback allow management to understand employee priorities and develop appropriate action plans. • We held quarterly JCC meetings. Joint Consultative Committee (JCC) is a platform used to discuss and address all staff welfare issues and also share knowledge on the Company's business performance.
Shareholders and investors 439 Number of meetings held in the year	• Throughout the year, the CEO met virtually or in person with major investors to discuss business performance, deleveraging and refinancing after the Full Year Results and Half Year Results market updates. • The Senior Independent Director met virtually with major shareholders to discuss governance issues.	• The management team and Board hosted a Capital Markets Day event in July for investors and analysts. • The CFO has hosted regular meetings with lending banks and bondholders as part of our refinancing discussion. • The Chairman hosted a virtual Annual General Meeting which was also attended by the Directors.
Nigerian Government and Partners 95% cost recovery from Partners	• In line with the JOA provisions, statutory meetings were held with Partners (SUBCOM, TECOM & OPCOM). In addition, monthly review meetings were held with Partners at the frontline levels and the CEO had Quarterly Management Review (QMR) sessions with the Partner leadership.	• Annual engagement with NUPRC (formerly DPR) to present yearly Work programme/Budget and Bi-annual operations review meetings. • Quarterly contract/performance reviews with NCDMB and submission of Project Performance Reports and other statutory reports.
Suppliers and contractors 1,000 vendors attended the Seplat Vendor Forum, 30% more than 2020	• Engagements held via virtual sessions and some onsite workshops. • There were three major Supplier engagements held in the year. • Working session to introduce the new Seplat Energy bidding platform, the e-Tender System which replaced the manual and email processing of Seplat Energy tenders. • Held a series of Community Contractor engagements for the Seplat Energy Western Asset for hands-on practical session on the Seplat Energy Bidding Process	and as a means of staying connected to the Community Supplier Base and for up-skilling in tendering. • Annual Seplat Energy Vendor forum held in November 2021 themed 'The Next Normal: Sustainability, Digital Transformation and Energy Transition'. • In addition to the above, the Company held Contract Performance Reviews (CPR) with a select group of vendors. Selection was based on contract values, relative high spend and the need to maintain strategic relationship with the vendors for value-driven performance as part of the Post-Award Contract Management.
Host communities 113 potentially disruptive incidents averted	The Base Manager and Community Relations Team held several meetings as follows: • Meetings with community youth groups • GMoU related meetings with the CDC forum and HostCom leaders to address various concerns and manage expectations. • Freedom to Operate (FTO) related discussions to enable vendors to carry out various operation activities and projects without hindrance. • Project kick-off meetings to discuss project details, ensure all parties' readiness, health and safety and community benefits are fulfilled and general	management of all stakeholders and for a hitch-free implementation phase. • Meetings to seek communities' views and inputs during project planning, as well as during the commencement of certain contracting processes. • For land acquisition including negotiation, document execution and crops and land compensation payment discussions. • Grievance & Conflict Management Meetings to address concerns and threats from communities and other local communities-based stakeholders.

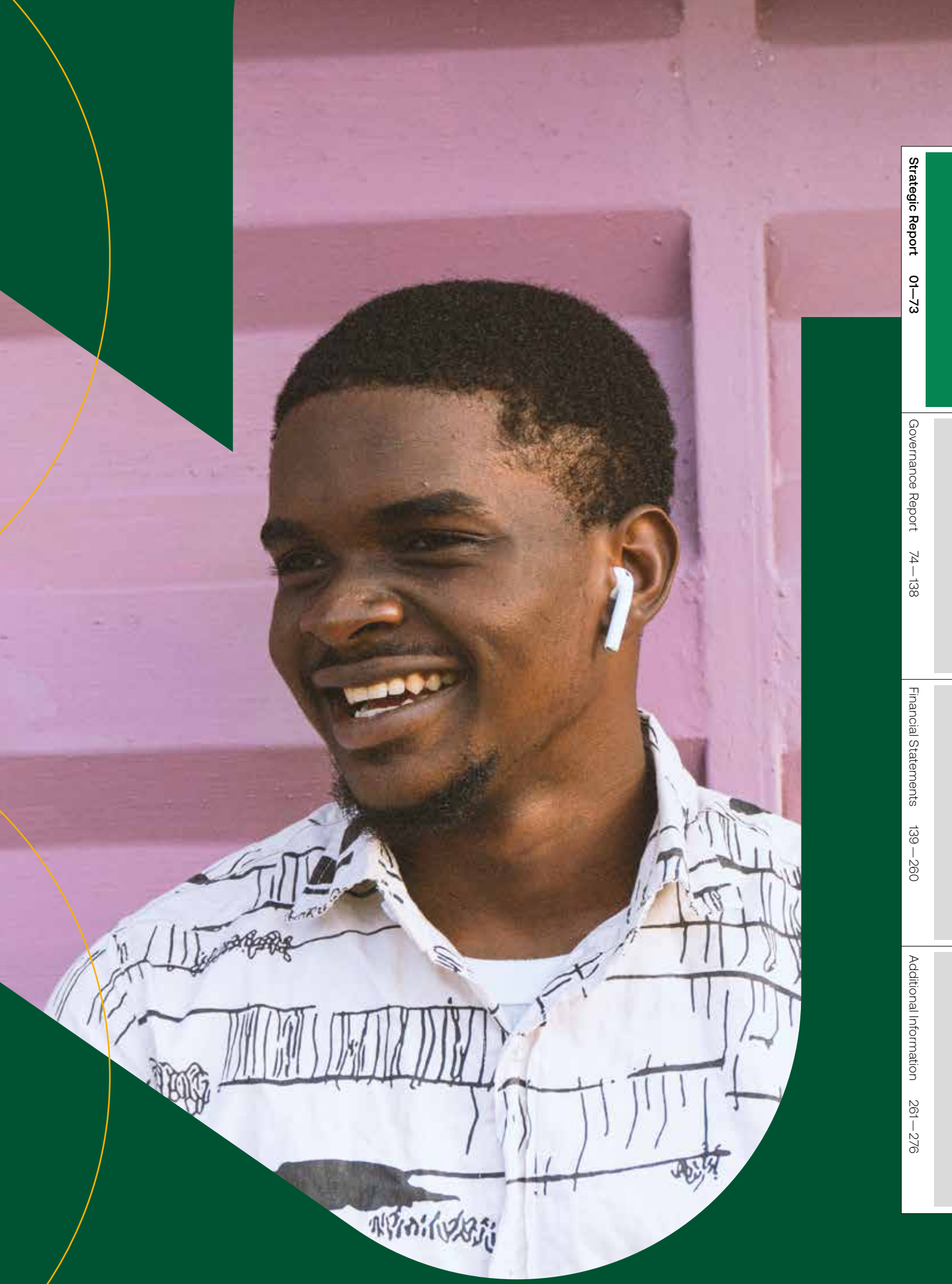
Capital Markets Day

In late July, with some respite from the pandemic, Seplat Energy hosted a Capital Markets Day at the London Stock Exchange to launch the Company's new strategy. The hybrid event was attended in person by London-based analysts and investors, and broadcast globally for stakeholders overseas. The CMD gave an opportunity for attendees to meet and question most of the senior management team, as well as numerous members of the Board.

Key messages		Our response
• Calibration and reward system • Work from home • Job security • Clarity on restructuring • Consequence management • Uniform application of policies and procedures • Female representation at top management		• We supported our colleagues to work from home the pandemic • We awarded three recognition bonuses through the year to frontline colleagues • We provided mental wellbeing webinars and assistance to all our colleagues • We launched the Seplat Women's Awesome Network (SWAN) in October aimed at promoting diversity in the business • We provided training on Performance Management in December
• Leadership transition • Seplat Energy's overall strategic direction • Financial sustainability and control • 2020 Full Year Results and 2021 quarterly operational and financial performance • Governance matters • Project delivery		• We continue a programme of regular engagement with investors, analysts, lenders and others, providing updates on our performance
• Demonstrate compliance with regulatory requirements, licence conditions & Joint Operating Agreement (JOA). • Maintenance of a harmonious relationship with Partners and regulators to ensure business objectives are met. • Drive an efficient cost recovery process. • Ensure adequate funding for Capital Projects e.g. ANOH Gas Plant, Amukpe-Escravos Pipeline and the Sapele Gas Plant.	• Both parties harmoniously agreeing on strategic social investments for the communities with the resulting Freedom to Operate (FTO). • Drive awareness of Nigerian content across the Seplat Energy operations in order to support development of local talents/capacity.	• We continue to comply with regulations to ensure business continuity. • We maintain a cordial relationship with our Partners and regulators to ensure the Company's business objectives are met. • We support the operations of the business to enable optimal value creation for critical stakeholders of the business – our investors, partners, government, communities and employees.
• Capacity building • Performance reviews • E-Tender System awareness • Upskilling the tendering process • Brand and Corporate vision • Strategic relationships • Supplier engagement and development • Compliance with regulatory/statutory requirements		• We are in a constant dialogue with our suppliers and contractors to define expectations and to ensure mutually acceptable terms and conditions for continued partnership.
• Employment opportunities. • Improvement in benefits for certain category of community employees. • Increasing contracting and procurement opportunities for community vendors. • Addressing disagreements among community representatives. • Need for a united Forum • Impact of projects on communities • Community content • Opportunities for community labour	• Purpose of land acquisition and benefits • Peaceful coexistence of communities • Respect for community constitution • Respect for GMoU • Explanation of Seplat processes and standards including industry standards, regulatory requirements, statutory obligations. • Explanation of Seplat corporate governance. • Recruitment, contracting and procurement and community development projects plan. • Conflict prevention and peace building	• We continue to carry out proactive and scheduled engagement with stakeholders, manage grievances, embark on peace building, arrange FTO and community content discussions for projects and implement sustainable community development projects.



Safety
Communities
Environment



Safety

Ensuring a healthy workforce, safe operations and environmental protection

HSE strategic principles

Our HSE Policy is implemented with consideration for guidelines stipulated in ISO 45001 and ISO 14001. This is further reinforced by the Company's HSE Management System to guarantee adherence to local regulations, industry standards, and international best practices.

Our HSE philosophy is supported at the highest levels and communicated to all employees, customers, contractors, and other stakeholders of our business.

At Seplat Energy, we are governed by the three core strategic principles of our HSE Policy:

- Healthy employees and safe workplaces
- Environmental protection and sustainability
- Mutual respect with host communities and local stakeholders

Health

- We provide comprehensive health services and access for all employees.
- We provide 24-hour clinical coverage in all our areas of operation with standby ambulances for emergencies.
- Employees and guests are encouraged to be more proactive towards a healthy lifestyle via health campaigns and provision of biometric monitoring equipment in all facilities.
- Personal fitness programmes have been introduced into daily activities of office-based personnel, while fitness gyms are provided at our field logistic bases.
- At the start of the Covid-19 pandemic, measures were immediately put in place to protect our personnel and operations from the spread of the illness:
  - Infrared thermometers, hand sanitisers and face masks were deployed at all operating locations for immediate distribution and use;
  - A multi-discipline Coronavirus Monitoring Group (COVIMOG) was set up to monitor and co-ordinate Seplat Energy's response to the pandemic to curtail spread of the virus and ensure business continuity;
  - Operations continuity: base offices leadership continued with coordination of PCR testing/isolation in manner consistent with the overall HSE strategy and ensured unhindered operational activities at field locations;
  - Engaged the services of NCDC-approved laboratories and hospitals for provision of PCR testing and clinical services for positive cases;
  - A vaccination policy for Covid-19 management.

Safe operations and prevention of major incidents

- Achieved a three-year milestone of 24 million operational work hours without LTI.
- Intensified HSE awareness campaign through implementation of core HSE programme that includes mandatory facility inspection, monthly HSE engagement across all work locations, HSE competency and capability development on critical safe work processes, implementation of drivers' permit programme (medical screening, training and assessment as part of RTA performance improvement strategy) and effectiveness review of core HSE work processes like permit-to-work (e-PTW) system and Management of Change (MOC).
- Lessons learnt from incident investigations were shared Company-wide via LFIs, HSE meetings and other personnel and contractors' engagement fora.
- We continued our focus on asset integrity and maintenance of safety-critical elements by conducting a comprehensive audit and health check on the Asset Integrity and Maintenance Management Systems.
- Increased visibility on AIPSM elements through enhanced dashboard and monthly reporting across the entire organisation.
- Implementation of improvement roadmap aimed at addressing leaks (LOPC) and deployment of technology to improve inspection and monitoring of pipelines and flowlines.

"Effective safety initiatives implemented across the organisation have ensured that Lost Time Injury Frequency ('LTIF') has remained zero since 2019, with a Total Recordable Injury Rate of 0.27 as at the end of 2021."

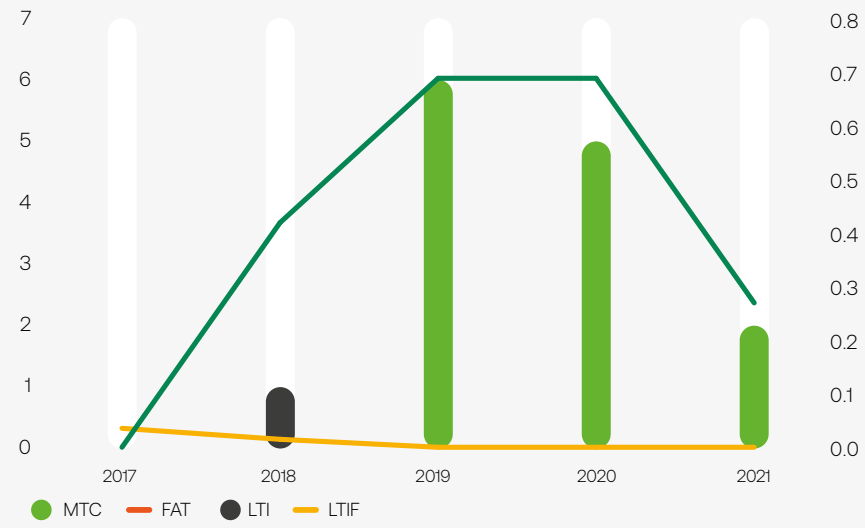
2021 performance review

In 2021, we sustained our performance in keeping people safe with zero Lost Time Injury incidents or fatalities. Effective safety initiatives implemented across the organisation have ensured that Lost Time Injury Frequency ('LTIF') has remained zero since 2019, with a Total Recordable Injury Rate of 0.27 as at the end of 2021.

The Group established appropriate processes and safeguards for its people and operations against Covid-19. By the end of December, we had conducted 14,319 Covid-19 tests, with a positivity rate of 3.3%. All positive cases treated and upon full recovery returned to work.

In the coming years we will continue to innovate ways of sustaining and improving HSE performance across Seplat Energy's operations.

5-year incidents and frequency rates



Health and Safety – 2021 performance review:

	2014	2015	2016	2017	2018	2019	2020	2021
Fatalities (employee and contractor)	0	0	0	0	0	0	0	0
Lost Time Injury Frequency ('LTIF')	0.4	0	0.33	0.31	0.14	0	0	0

Elcrest — HSE report

HSE strategic principles

At Elcrest, we are governed by the three core strategic principles of our HSE policy:

- No harm to people
- Accident-free workplaces
- No damage to the environment

Health

- In 2021 we promoted a healthy work culture, and ensuring comprehensive health services for all employees remains a priority at Elcrest.
- Clinical services were provided with round-the-clock coverage across all our areas of operation, including standby fully equipped ambulances for emergencies.
- Covid-19 prevention and control measures were intensified across all our operational sites, with mandatory testing conducted at the Koko Jetty prior to arriving at the respective field locations.

Elcrest operations and safety culture

- Safety remains at the core of Elcrest's operational values.
- Recognising the importance of operational efficiency and safety, we ensured effective planning, risk assessments and safe execution of projects in accordance with Company policies and procedures.
- Efforts aimed at improving HSE reporting in field activities included the launch of the Digital Incident Reporting System as well as a Digital Safety Observation System.
- All operational locations have competent Site HSE Officers in place to monitor, advise, train workforce, and report daily activities to Project and HSE Management.
- Continued to demonstrate strong leadership commitment through Management Facilities Visits (MFV), reviews of significant incidents at the monthly Incident Review Panel (IRP) meeting and active participation of all personnel at all HSE meetings.
- Management involvement in implementation of incident investigation and site inspection recommended actions was given a high priority.
- Lessons learnt from incident investigations were shared company wide through HSE meetings and the quarterly contractors' engagement forum.
- Refresher operations HSE trainings conducted included Permit to Work and Safe Systems of Work training for field personnel and supervisors.

Environment

- We remain committed to environmental protection and sustainability by identifying and evaluating the impact of our activities on the environment.
- Gradual reduction in total greenhouse gas emissions (MM tonnes CO_2 equivalent) as well as gas flaring in MMscf (million standard cubic feet).
- Environmental compliance monitoring activities of operations is ongoing, and results/outcomes provide insights and actions for improving operational efficiency.
- Post-cleanup inspection of Gbetiokun 2020 spill slot concluded and cleanup certificate being awaited. Third-party ESG audit, conducted by the Petroleum and Renewable Energy Company Ltd (UK), confirmed that Elcrest made tremendous efforts and significant progress in addressing and mitigating many of the environmental, social, health and safety issues and non-compliances identified in the 2020 ESHS audit. Identified actions will be completely closed by year end.
- Standby oil spill response team and equipment provided for response to the risky impact of potential oil/chemical spill in swamp areas.
- Results of sampling and analysis from impacted communities of 2020 Gbetiokun oil spill shows that results obtained for all environmental parameters of concern were below the national regulatory limits, hence no impact.

2021 performance review

- During the year, we implemented the enhanced standards of safety across locations to reduce the likelihood of serious injuries and avoid fatalities.
- We completed 2,410,051 man-hours between 1st January – 31st December 2021 with zero LTI's and zero fatalities.
- The 2021 Total Recordable Injury Frequency Rate (TRIFR) ceiling = 1.0; The TRIR rate at 31 December 2021 = 0.27, well within our set ceiling.
- Recorded zero oil spills.

Health and Safety – 2021 performance review:

	2019	2020	2021
Fatalities (employee and contractor)	0	7	0
Lost Time Injury Frequency ('LTIF')	0	0	0

Environment – 2021 performance review:

KPI	2019	2020	2021
Flaring – million standard cubic feet (MMscf)	4,362	2,257	1,644
Volume of oil spilled through own operations (Thousand tonnes)	0.0037	0.1159	0.0
Volume of oil spilled through sabotage (Thousand tonnes)	0.000	0.000567	0.000
Groundwater contamination	Nil	Nil	Nil
Freshwater consumption (MMbbls)	N/A	N/A	N/A
Total greenhouse gas emissions (MM tonnes CO_2 equivalent)	N/A	0.13	0.10

Communities

Sustaining community relationships, building on partnerships and creating an impact on local communities

To maintain peaceful and mutually beneficial relationships with the local communities in the areas where we operate, we proactively engage with our local stakeholders, providing clear and necessary information about our presence and operations. Through cooperation and collaboration, we strive to create positive social and economic outcomes for the people.

We strive to operate in a transparent and fair manner, with utmost respect for the cultural and ethnic traditions of the people while helping them to understand the social, environmental, and economic potential impact of our operations. To clearly understand and respond appropriately to local needs, we ensure the involvement and participation in the analysis of local needs and the design and implementation of the sustainable development projects in these communities. Our social investment programme is pertinently aligned with the United Nations Sustainable Development Goals and our development projects are designed to promote better quality of life and socio-economic development of our host communities.

This edition of our social performance reporting will focus on the following:

- Local communities' stakeholders' engagement and relationship management
- Grievance mechanism/conflict resolution and peace building
- Capacity development and economic empowerment, and
- Sustainable Community infrastructure development & other initiatives

Local communities' stakeholders' engagement and relationship management activities

During the year we promoted the Seplat Energy model of community relationship management which emphasises transparency, fairness, dialogue, cooperation, and shared development with our local communities. In line with the principles of the General Memorandum of Understanding (GMoU) and community engagement procedure with our host communities, we deployed our established communication channel to interact with the oil and gas producing, pipeline, impact and access communities in the Niger Delta.

The GMoU has been effective in the proactive management of the overall relationship between the Company and the people in the territories. In the Western Assets (OMLs 4, 38 and 41), there are nine host communities while the Eastern Assets (OML 53) separate GMoU covers the Ohaji field cluster (fifteen communities) and Jisike field cluster (two autonomous communities).

Through continuous dialogue, that begins at the commencement of our projects and sustained throughout our operations, and decommissioning phase of our activities, there were no community induced deferment or operations disruption.

Our engagement activities during the year included proactive dialogue, project kick-off meetings, town hall meetings, project monitoring/inspection meetings, project decommissioning meetings, land acquisition meetings, open forum amongst others.

The following engagements were held with key stakeholders from local communities in the Western Assets (OMLs 4, 38 and 41) in 2021:

- 356 meetings.
- 102 conflict resolution and grievance management engagements.
- 25 relationship management meetings including visits to traditional rulers.
- 183 project related engagements.
- 15 engagement sessions with representatives of government agencies and other stakeholders across Delta and Edo States.
- Negotiated and signed new GMoU with Okpe Host Oil & Gas Producing Communities comprising Ugborhen, Sapele Okpe, Amukpe and Ugbukurusu.
- Negotiated and signed new GMoU with Oben Field, Orogho and Okporhuru Field Communities.

The following engagements were held with key stakeholders from local communities in the Eastern Assets (OML 53):

- 126 meetings.
- 2 town hall meetings.
- 27 conflict and grievance management and intervention meetings.
- 8 Relationship management meetings including visits to traditional rulers.

Grievance mechanism/conflict resolution and peace building

Our grievance management mechanism identifies grievances and prepares adequate responses or appropriate actions that are in line with the Company's objectives to address our local community needs. Alongside our direct grievance management and conflict resolution efforts by the community relations team, we use a reliable and independent third-party mediator to reach a resolution. The traditional rulers are particularly helpful in matters regarding intra community wrangles and land disputes while the state government's provide support in resolving boundary disputes and multiple well head ownership claims.

We held workshops on Peace Building and Conflict Resolution for community representatives and averted disruption to our operations.

- In the Western Assets we held 102 meetings to address community grievances.
- We made 25 visits to Kings/key Chiefs to resolve community related issues.
- In the Eastern Assets, 27 engagements were held with community stakeholders and other associations.

Capacity development and economic empowerment

We recognise the need to promote initiatives that create long-terms value in the local communities where we operate. Our social economic activities are aimed at boosting inclusive and sustainable economic growth in line with United Nations SDG (goal 8). To address the levels of poverty, unemployment among young people and women and militancy in the communities we implement economic development programmes that help to develop capacity though skill acquisition for small and medium enterprises and community vendors. The programme was implemented with our technical support and monitored through the phases of the initiative.

The beneficiaries are selected from a wide range of communities within our operational map and the candidates can choose trade or courses that best fit their individual skills and interests at designated training centres. At the end of the training period, the candidates are provided with tools and equipment ('the starter pack') and take off grant to enable them set up a small business. The impact is seen in their ability to be self-reliant and able to provide food, medical care, education, and improved standard of living for their families, as well train others in their community.

In 2021, 112 community youths from Oben Field commenced training, 59 youths from the Sapele fields communities were empowered with equipment and take-off capital, while 50 youths from Ovhor field community (Ugborhen) were presented with premium starter packs upon completion of skill acquisition training in various vocations. The range of trades includes Welding/Fabrication, Hair Dressing, Auto Mechanics, Catering/Event Management, Information and Communication Technology/Computer Appreciation amongst others. In additional to the number young people who were selected to participate in the various projects during the year, health, safety and environment (HSE) inductions were conducted for over 100 community youths preparatory to drilling operations.

Towards strengthening the local governance structure and the capability of the leaders of the communities in the Western Assets, we organised workshops on Small Scale Business Development, Peace Building and Conflict Resolution for over 250 community representatives and other stakeholders. We also provided support for the Security Summit of the Okpe Youth as part of a peace building initiative, where over 800 young people participated, together with government security agencies.

We organised a capacity development training for community vendors that focused on finance management, opportunities for growth including partnership with more technically qualified companies, registration and prospects in Nigerian Petroleum Exchange (NipeX).

Sustainable community development infrastructure & other initiatives

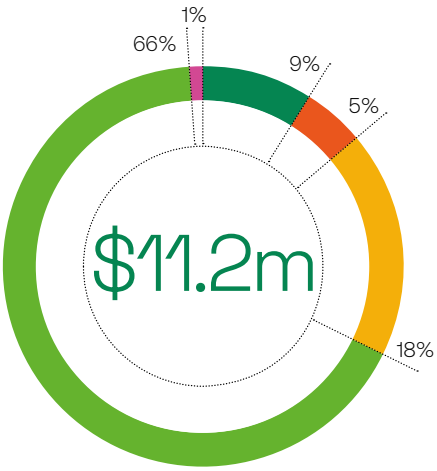
During the year, we invested in sustainable community development initiatives that align local priorities to Seplat Energy's business objectives. In line with our broader participatory partnership development model, we aim to address the broader developmental needs of the people. Our social development approach aligns with the UN SDG -6 (clean water and sanitation), 4 (quality education), 3 (good health and wellbeing) and 2 (zero hunger).

Education

Our education programme seeks to improve access to education and encourage academic achievement and excellence. Students from our communities are granted a post primary school scholarship. The scholarship is effective from the year of the award to the end of senior secondary school. During the year, 170 students drawn from the various communities within our Western Asset operations in Delta and Edo States received a post primary scholarship. Twenty-five indigent students were enrolled for the West Africa Senior School Certificate Examination (WASSCE) at Okunigho Secondary School, Jesse.

We also provide infrastructure to create positive teaching outcomes such as building and renovation of classrooms, teachers' offices and living quarters, provision of laboratory equipment and, library books and supplies. Renovation projects carried out during the year included renovation of a block of five self-contained flats at the teachers' quarters at Ikobi Secondary School, and a block of six classrooms and amenities for Ugbevwe Secondary School, Ugbevwe.

Community Development



Health and safety	9%
Education	5%
Economic empowerment	18%
Community Infrastructure development	66%
Environmental stewardship	1%

Infrastructure development

Our local infrastructure development projects are targeted at addressing the key needs of the communities in line with our participatory partnership approach and the SDGs. Working with community representatives, projects are identified and assessed using our standard project selection criteria that considers the community needs. These projects have included road construction, drainage channels, markets stalls construction, town hall buildings construction, rural electrification, transportation programmes (for ease of movement of people), portable water schemes and provision of hospital equipment.

In 2021, the portable water scheme in Okueka community was reactivated with the construction of a new borehole and installation of a solar powered submersible pump and solar power system to ensure continuous water supply to the community. Our health infrastructure projects included supply of electricity to the primary health care centre (cottage hospital). At the new layout in Iguelaba Community, we graded a 13.8km street, constructed Elume/Okegborode/Okuovo Community Road (Phase 1), 760m Umolu Road Project (Phase 1) at Ugborhen Community and Iguelaba-Oben-Ikobi-Obozogbe Nugu Road (Phase 3).

"We channel our investments to areas that align local priorities to Seplat Energy's business objectives and, in line with our broader participatory partnership development model, address the broader developmental needs of the people."

Environment

Seplat Energy is committed to environmental protection and responsible operations

We continued with our Environmental Compliance Monitoring programme to ensure environmentally safe and sound operations and compliance with all regulatory requirements. Towards the Company target to end routine flares, we developed a verifiable process for greenhouse gas emissions quantification to monitor effectiveness of the ongoing projects.

2021 performance review

During the year, Environmental Impact Assessment (EIA) studies were carried out for four fields: Amukpe, Jisike, Ogume and Owu.

The Flares Out project is still on course with Sapele gas plant project progressing, additional booster compressors and rehabilitation/repairs/integrity checks ensured increased availability of facilities for gas compression leading to 17% reduction in gas flared from 15,313 MMscf to 12,780 MMscf in 2021.

We continue to make improvement on environmental impact reduction via effective pipeline integrity and leaks management. Three (3) spills (>0.75bbl or equiv. of 1kg) in 2021 represents 57.1% reduction in number of operational oil spills compared to 7 in 2020. Replacement of aged pipelines and integrity checks are continuously conducted.

We continue to take proactive steps to protect biodiversity and groundwater in our operations and as in previous years, the effects of our operations on groundwater contamination remained zero.

Alignment with the recommendations of TCFD

Our understanding of the strategic significance to our business from climate change and the energy transition continues to evolve rapidly. Climate change is already identified on our Enterprise Risk Register as a high-profile risk but we are now in the process of integrating climate-related risk more fully into our overall risk management framework.

We carried out a first stress test of the resilience of our portfolio in January 2021 which affirmed that our business is resilient to a low-carbon energy transition, and we will carry out a second such stress test in 2022 using at least two future climate scenarios, including the IEA's Net Zero Emissions by 2050 Scenario. We will publish the results of this analysis as part of an inaugural report aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in mid-2022. This will put us ahead of new regulatory requirements in the UK which direct listed companies like ours to make TCFD-aligned disclosures from 2023.

Key steps to address climate-related risks and opportunities:

Governance

We take pride in our position as the only Nigerian energy company to be listed on both the Premium Board of the Nigerian Exchange and the Main Market of the London Stock Exchange. Our dual listing and the international make-up of our Board give us a unique perspective of the twin challenges of Nigeria's energy transition: addressing climate change and alleviating energy poverty.

In 2021 we continued to lay the groundwork for our mission to play a leading role in this energy transition. We refocused our Board committees, establishing a Sustainability Committee and an Energy Transition Committee. We created a new ESG Management Steering Committee with responsibility for driving the strategic ESG goals of our business. Our goal for 2022 is to continue to implement the 'TCFD next steps' outlined in last year's Annual Report, progress on some of which was delayed by Covid-19.

Our Board Committees for Risk Management and HSSE; Sustainability, and Energy Transition provide governance in driving our strategy to reduce the carbon intensity of our operations. This includes the steps needed to achieve our ambitious target of eliminating flaring by 2024 and improving wastewater management in our operations. Our Leadership Team, led by our CEO, take a hands-on approach in the implementation of our energy transition agenda, with the CEO taking direct responsibility for managing and developing our response to climate-related risks and opportunities.

Strategy

Climate change, and the associated energy transition offer significant strategic opportunities for Seplat, underpinned by robust demand for natural gas. LNG and LPG are likely to play an increasingly important role in Nigeria's energy mix over the next several decades in generating electricity, alleviating severe energy poverty, reducing dependence on biomass for cooking, and achieving a just energy transition. In response, we have created a New Energy Business unit to focus on growing our LNG and LPG businesses as well as to explore opportunities in renewable energy such as off-grid solar solutions.

Risk management

We recognise that as an oil and gas producer operating in the Niger Delta our business faces significant risks from climate change. In accordance with best practice, we are considering these under three broad headings: physical risk (including high vulnerability to changing weather patterns, flooding and rising sea-levels), transition risk, and litigation risk. We look forward to providing insights into the climate-specific nature of these risks and their potential impacts on our business, operations and financial planning in our TCFD report in mid-2022.

We already incorporate climate risk within our risk management framework but recognise that climate change and the energy transition have become key drivers for the global economy and for our business. That is why, in the near future, we will adopt climate risk as a Principal Risk within our Enterprise Risk Register and why climate change considerations increasingly influence our strategic thinking, risk management processes, and operations on a day-to-day basis.

Metrics & Targets

We recognise that a significant proportion of climate-related risk is tied to the climate impact of our own operations. We use a greenhouse gas emissions calculator to provide an accurate estimate of our carbon footprint and have published the figures for our Scope 1 and Scope 2 emissions below. We have an ambitious target to eliminate routine gas flaring, which represents around 90% of our operational emissions, by the end of 2024 and are allocating 16% of our total 2022 Capex guidance for decarbonization and emissions reduction projects. Remuneration for our senior executives and for all employees is, in part, tied to achieving our greenhouse gas reduction targets.

Environment – 2021 performance review:

KPI	2014	2015	2016	2017	2018	2019	2020	2021
Flaring – million standard cubic feet (MMscf)	9,465	7,719.89	7,035.29	10,342.83	9,735.62	7,473.90	15,318	12,780
Volume of oil spilled through own operations (Thousand tonnes)	0.0004	0.1089	0.002	0.002	0.0032	0.001	0.0091	0.00048
Volume of oil spilled through sabotage (Thousand tonnes)	0.0014	0.0021	0.002	Nil	0.0001	0.0001	0.0037	0.000039
Groundwater contamination	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Freshwater consumption (MMbbls)	1.18	1.5	0.28	0.24	0.19	0.19	0.19	0.196
Total greenhouse gas Emissions (MM tonnes CO_2 equivalent)								
Scope 1 & 2	N/A	N/A	N/A	N/A	N/A	N/A	2.8	2.2
Scope 3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.003

Governance Report

Governance overview

Board Focus for 2021

The Board focused on the following major topics in the 2021 Financial Year – Review and approval of Quarterly, Half-year and Annual results; Approval of the 2021 Bond issuance; Project financing and Refinancing updates; Recovery of investments; Approval of Budget and work program: Strategic response to climate change; Consideration of Company's ESG journey with focus on rating, gap analysis, goals, objectives/key initiatives, governance framework; Change management for restructuring of the Company as an asset led organization; Review of the status of the Company's reserves; Change of company's name and rebranding; Directors training & development; Consideration and review of strategic acquisitions; Review of dividend policy; Conflict of Interest reviews; Board evaluation and Board refresh/transition.

Read more
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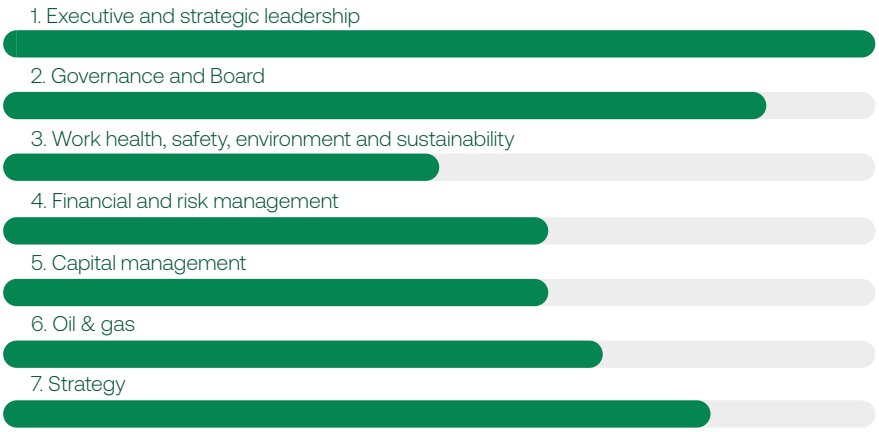
Board attendance

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	A.B.C. Orjiako	Chairman	9	9
2.	Roger Brown	Chief Executive Officer	9	9
3.	Emeka Onwuka	Chief Financial Officer	9	9
4.	Effiong Okon	Operations Director	9	9
5.	Austin Avuru (Recused from Non-Executive Director Board meetings following his declaration of conflict)	Non-Executive Director	9	N/A
6.	Olivier Langavant	Non-Executive Director	9	9
7.	Nathalie Delapalme	Non-Executive Director	9	9
8.	Charles Okeahalam	Independent Non-Executive Director	9	7
9.	Basil Omiyi	Senior Independent Non-Executive Director	9	9
10.	Lord Mark Malloch-Brown[1]	Independent Non-Executive Director	4	1
11.	Damian Dodo, SAN[1]	Independent Non-Executive Director	4	3
12.	Arunma Oteh, OON	Independent Non-Executive Director	9	9
13.	Xavier Rolet, KBE[3]	Independent Non-Executive Director	7	6
14.	Fabian Ajogwu, SAN[2]	Independent Non-Executive Director	5	5
15.	Bello Rabiu[2]	Independent Non-Executive Director	5	5
16.	Emma FitzGerald[2]	Independent Non-Executive Director	4	4

1. Mr. Damian Dodo, SAN and Lord Mark Malloch-Brown voluntarily retired from the Board in July 2021
2. Professor Fabian Ajogwu, SAN and Mr. Bello Rabiu joined the Board in July 2021 as Independent Non-Executive Directors while Dr. Emma FitzGerald also joined in August 2021 as an Independent Non-Executive Director.
3. Mr. Rolet KBE resigned in November 2021.

Board experience



1. Senior executive experience including international experience exposed to a range of political, cultural, regulatory and business environment.
2. Experience as a board member or member of a governance body.
3. Experience related to health, safety, environmental, sustainability or social responsibility.
4. Senior executive or equivalent experience in financial accounting and reporting, corporate finance, risk and internal controls.
5. Experience in capital management strategies, including capital partnerships, debt financing and capital raisings.
6. Experience in oil and gas industry with knowledge of markets, competitors, operational issues, technology and regulatory concerns.
7. Track record of developing and implementing successful business strategies including assets or business portfolio.

Board refreshment
Following a review of the Board composition in light of the Group's goals and needs, three Independent Non-Executive Directors joined the Seplat Energy Board in 2021 (four Directors resigned). Two Directors retired and 1 Director resigned (2021); one Director resigned in 2022.

Read more
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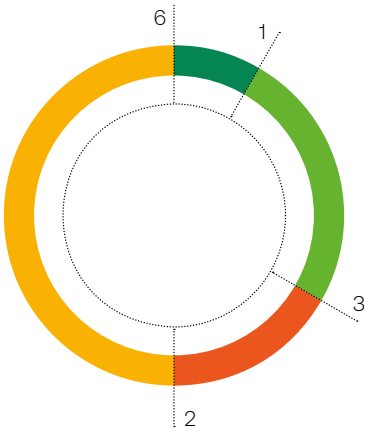
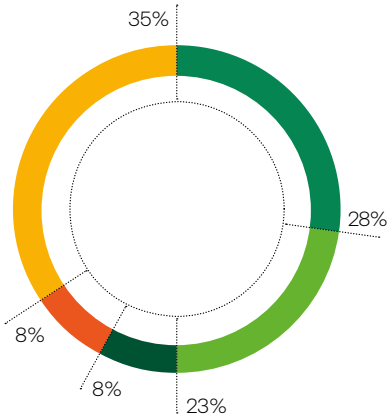
Board composition as at 1 March 2022



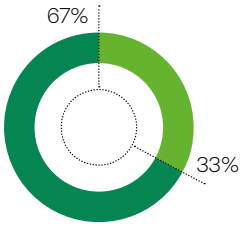
- Chairman
- Executive Directors
- Non-Executive Directors
- Independent Non-Executive Directors

Board meetings and main subjects discussed in 2022



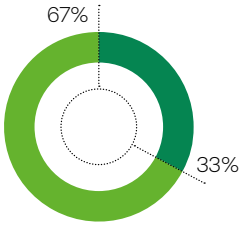
- Corporate strategy
- Finance
- Structure and capital
- Risk management and internal control
- Corporate governance and ESG

Independent Director tenure



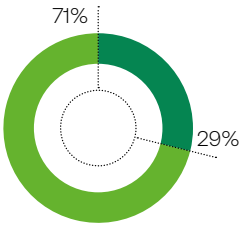
- 0-3 years
- 4-6 years

Board diversity



- Women
- Men

Senior Leadership diversity



- Women
- Men

Board Priorities for 2022
Some of the key Board priorities for 2022 would include: Implementation of strategic acquisitions; Review of the Company's financial performance; Funding for acquisitions and securing of regulatory approvals for strategic acquisitions; Continuation of Board refreshment/Board Chairman transition; Embedding of ESG initiatives – reduction of 2021 Green House Gas emissions level, Tree for Life Project; Sustainable development of communities through Corporate Social Responsibility initiatives; Development of a Board approved net-zero and renewable energy road map; Enhancing the Company's Midstream business and overseeing Management's delivery of the Company's overall operational efficiency.

An enduring legacy of effective corporate governance: It has not been by chance

Ambrosie Bryant Chukwueloka ('A.B.C.') Orjiako
Non-Executive Chairman

Dear shareholders,
It is with great pleasure that I present to you the Corporate Governance report for the financial year ending 31 December 2021. This particular overview of the Company's Corporate Governance statement is unique in the sense that it is my valedictory overview presentation of Corporate Governance as the Chairman of the Board of Seplat Energy Plc. It is therefore pertinent to highlight some of the key Corporate Governance milestones of the Company since the Initial Public Offering ('IPO') in April 2014.

At the launch of the Company's IPO in April 2014, the Board of Seplat was clear and deliberate about its commitment to abide by the highest standards of Corporate Governance in the workplace, business practices and the community. In our IPO Prospectus, we stated that, in addition to the Nigerian listing and Corporate Governance code, we would on a voluntary basis measure ourselves against the UK Code as applicable to a company outside the FTSE 350.

It is therefore gratifying to note that in the last eight (8) years of being listed on both the Nigerian and London Stock Exchanges, Seplat has achieved a number of wins in the Corporate Governance space. In April 2014, Seplat became the first company to complete a dual-listing on the London Stock Exchange and Nigerian Exchange Limited, raising US$535 million.

In 2018, Seplat successfully upscaled and migrated from the Main Board to the Premium Board of the then Nigerian Stock Exchange (now Nigerian Exchange Group (NGX)) and thereby became the first oil and gas company to be migrated to the Premium Board of the NGX. The Premium listing of Seplat was in recognition of the outstanding performance of the Board in the Corporate Governance Rating System (CGRS), Fiduciary Awareness Certification Test (FACT) and the Company's attainment of the capitalisation requirements of the Nigerian Exchange. Seplat exceeded the requirements by achieving an outstanding assessment score of 88% which was way beyond the minimum score of 70%. The Premium Board is the listing segment for the elite group of issuers that meet NGX's most stringent Corporate Governance and listing standards. Since migration to the Premium Board, Seplat has received award recognition by the NGX for "Issuer With The Highest Number of Disclosures".

Also in 2018, the Board commenced the process of refreshing its membership in line with the requirements of the Nigerian and UK Codes of Corporate Governance. Thus in February 2018, Mr. Effiong Okon was appointed to the Board as Operations Director replacing Mr. Stuart Connal who retired as Chief Operating Officer in 2017. To signal the Board's commitment to diversity and inclusion, the Board in July 2019 announced the appointment of yet another female as a Non-Executive Director, Madame Nathalie Delapalme. Madame Delapalme replaced Mr. Macaulay Agbada Ofurhie (now of blessed memory).

In continuation of the Company's succession and Board refreshing process, the Company in November 2019 announced the retirement of its pioneer Managing Director/Chief Executive Officer ('CEO'), Mr. Austin Avuru which became effective in July 2020 after ten (10) years of contributing to the development of a strong organisation, the deployment of agile systems, processes, and stakeholder relationships. Mr. Avuru was succeeded by Mr. Roger Brown. The Board is grateful to Mr. Avuru for his contributions to the Company during his tenure as CEO.

In the 2020 financial year, the Company continued to refresh the Board with the appointment of Mr. Olivier de Langavant as a Non-Executive Director replacing Mr. Michel Hochard and Mr. Emeka Onwuka as an Executive Director/Chief Financial Officer (CFO) replacing Mr. Roger Brown. In anticipation of the retirement of two (2) of its Independent Non-Executive Directors (INEDs) in January 2021, Mrs. Ifueko Omoigui Okauru (INED) and Mr. Michael Alexander (then SINED), the Board appointed both Ms. Arunma Oteh, OON and Mr. Xavier Rolet, KBE as INEDs in October 2020.

In the 2021 financial year, the entire world continued to face the challenge of responding prudently to the disruptions brought about by the Coronavirus (Covid-19) pandemic coupled with the increasing clamour by climate change advocacy groups, investors, and regulators alike, for greater focus on Environmental, Social and Governance (ESG) approaches to sustainability of business and our world. I am happy to announce that our Company remained resilient and responded well to these challenges and in line with the Company's energy transition plan, the Board received a presentation on climate change delivered by an ESG consultant, Critical Resource. The presentation focused on Developing Seplat's Strategic Response to Climate Change.

In February 2021 the Company's Incorporated Joint Venture ('IJV'), the ANOH Gas Processing Company ('AGPC'), announced that it had successfully raised US$260 million in debt to fund completion of its ANOH Gas Processing Plant ('ANOH'). The debt funding was also a testament to the Company's strategy of strengthening its position as Nigeria's leading indigenous diversified energy producer. This feat was yet another signalling of the Company's commitment to partnering with the Federal Government in driving Nigeria's transition to cleaner, less expensive power generation.

As part of the Company's strategy of transitioning into an energy company promoting renewable energy, sustainability, and new energy, the Board at the 2021 Annual General Meeting, presented for the shareholders' approval, the change of the Company's name from Seplat Petroleum Development Company Plc to Seplat Energy Plc. Further to the name change and in line with the Company's energy transition drive, the Board at a joint strategy meeting with its Senior Leadership Team held in July 2021, defined the Company's purpose: "To deliver sustainable energy solutions for society". The Company's vision was also re-defined in line with the Company's energy transition strategy: "To transform lives through energy", while the Company's mission was re-defined as: "Leading Nigeria's energy transition with accessible, affordable and reliable energy that drives social and economic prosperity".

The crowning of the Company's activity in response to the clamour for reduction in carbon footprint was the second edition of the Company's Annual Energy Summit, in the Federal Capital Territory of Abuja. The theme of the 2021 Energy Summit was: "Global Trends in Energy Transition – The Africa Perspective". The Summit, which was a hybrid of onsite presence and online participation, comprised keynotes, presentations and panel sessions on the energy transition by renowned global experts, seasoned professionals in the private and public sectors. The Special Guest of Honour for the day was the Vice President of the Federal Republic of Nigeria, Professor Yemi Osinbajo, SAN, GCON, who was ably represented by the Minister of State for Environment, Chief Sharon Ikeazor.

Other speakers at the Summit included: Minister of State for Petroleum Resources, Timipre Sylva; NNPC GMD, Mallam Mele Kyari; Director/CEO, Department of Petroleum Resources, Department of Petroleum Resources, DPR (now the Nigerian Upstream Petroleum Regulatory Commission, NUPRC), Engr. Sarki Auwalu; Managing Director, Total Energies E&P Nigeria Limited, Mike Sangster; Executive Secretary of the Nigeria Content Development and Monitoring Board, NCDMB, Engr. Simbi Wabote; and Group Managing Director/CEO, Nigeria Exchange Group, Oscar Onyema.

As a dual listed company, Seplat continues to be bound by applicable Corporate Governance laws and regulations both in Nigeria and in the United Kingdom. These laws and regulations include but are not limited to, the Companies and Allied Matters Act, 2020 ('CAMA'), the Financial Reporting Council of Nigeria ('FRCN')'s Nigerian Code of Corporate Governance, 2018 ('NCCG'), the Securities & Exchange Commission ('SEC') Code of Corporate Governance for Public Companies in Nigeria (the 'Nigerian Code'), the Nigerian Exchange Limited (NGX) Rulebook, the United Kingdom ('UK') Corporate Governance Code, 2018 (the 'UK Code'), UK Listing Rules ('LRs') and the Market Abuse Regulations, 2016 ('MAR').

> "Our journey towards building a sustainable company with focus on energy transition was not by chance."

I am indeed pleased to inform shareholders, on behalf of the Board, that the governance of our Company was conducted in accordance with the spirit and letter of not only these laws, codes, regulations, and rules, but also in line with the spirit and letter of the governance policies put in place by the Board. As is customary, the Board continues to put in place policies and governance initiatives in compliance with these laws, codes, regulations, rules, and policies. In the financial year under review, the Board, in line with the NCCG and UK Code, approved a Diversity and Inclusion Policy to further underscore the importance of creating an inclusive environment for employees and Directors alike to thrive. In compliance with the NCCG and UK Code, the Board appointed the Director Legal/Company Secretary, Mrs. Edith Onwuchekwa as the Gender Diversity Champion for the Company. As part of the Company's resolve to empower and strengthen the position of the female gender within the organisation, the Company also inaugurated a Seplat Women Awesome Network ('SWAN') under its Gender Diversity Programme.

The Board also had a series of engagements with key shareholders and institutional investors in the course of the financial year under review, where updates were provided regarding the Company's strategic objectives, energy transition and the overall governance of the Company.

As is customary, the Board also held a Corporate Governance refresher session in July 2021. The Corporate Governance refresher session was facilitated by one of the doyens of corporate governance in Nigeria, Chief Olusegun Osunkeye, CON, OFR. Chief Osunkeye was a Former Chairman, and MD/CEO, Nestle Nigeria Plc., Former Chairman, Lafarge Africa Plc. and Former Chairman, GlaxoSmithKline Consumer Nigeria Plc.

The Board also facilitated a Corporate Governance Workshop in December 2021. The Workshop focused on strengthening the governance and compliance practice of the Company, and had in attendance representatives of the Securities and Exchange Commission ('SEC'), Nigerian Exchange Group ('NGX'), the London Stock Exchange ('LSE'), the Financial Reporting Council of Nigeria ('FRCN'), and the Federal Competition and Consumer Protection Commission ('FCCPC'). The workshop was a hybrid of both physical and virtual attendance. Other activities of the Board for the financial year under review are contained in the Corporate Governance Statement and Board Committee reports.

In the year under review, the Board further refreshed its membership following the retirement of two INEDs, Lord Mark Malloch Brown and Mr. Damian Dodo, SAN in July 2021. The Board also received the resignation of Mr. Xavier Rolet, KBE (INED) in November 2021 and Mr. Avuru as Non-Executive Director ("NED") with effect from 1st March 2022. On behalf of the Board, I would like to thank these gentlemen for their contributions to the development of the Company during their respective tenures. It is with great pleasure that we welcome Mr. Rabiu Bello, Professor Fabian Ajogwu, SAN, and Dr. Emma FitzGerald to the Board.

The year 2021 also witnessed the announcement of my decision to retire as the Chairman of the Board of Seplat Energy Plc., after this 2022 AGM. Although my retirement comes a year ahead of the approved tenure, which was meant to be after the 2023 AGM, I am indeed proud of the great strides the Company has achieved in the past 12 years under the guidance of seasoned, well-versed Directors, committed management and dedicated staff. Although the Company has had to overcome challenges during this period, I am indeed gratified by the enviable milestones and exceptional successes in the area of Corporate Governance.

I sincerely wish to recognise the immense contributions of all past and present members of the Board, management and staff in building the world-class energy company we envisioned from inception. I trust that the incumbent and very distinguished colleagues of the Board, management and staff will remain steadfast to our purpose of delivering *sustainable energy solutions for society.*

Finally, I would like to specially thank our shareholders for their commitment and support in ensuring good governance of the Company through the years. As the Company continues to lead the energy transition narrative in the Federal Republic of Nigeria and beyond in the future, I am confident that we will achieve our vision which is to *Transform lives through energy.*

A.B.C. Orjiako
Chairman

Effective leadership

The Seplat Energy Board consists of highly experienced professionals and business experts with profound understanding of the dynamics of the oil and gas industry at both local and international levels.

Our Board of Directors

Our Board members have the appropriate balance of skills and diversity of experience which cuts across geology, engineering, law, business management, accounting and finance as applies to the energy industry.

Dr. Bryant (ABC) Orjiako
Non-Executive Chairman

Mr. Roger Thompson Brown
Chief Executive Officer; Executive Director

Mr. Emeka Onwuka
Chief Financial Officer; Executive Director

Mr. Effiong Okon
Executive Director Operations

Mr. Ojunekwu Augustine ('Austin') Avuru
Non-Executive Director

Madame Nathalie Delapalme
Non-Executive Director

Mr. Olivier Cleret de Langavant
Non-Executive Director

Mr. Basil Omiyi
Senior Independent Non-Executive Director

Dr. Charles Okeahalam
Independent Non-Executive Director

Ms. Arunma Oteh, OON
Independent Non-Executive Director

Professor Fabian Ajogwu, SAN
Independent Non-Executive Director

Mr. Bello Rabiu
Independent Non-Executive Director

Dr. Emma FitzGerald
Independent Non-Executive Director

Non-Executive Chairman

Dr. Bryant (A.B.C) Orjiako
Non-Executive Chairman

Biography

Dr. A.B.C. Orjiako is the Chairman and co-founder of Seplat since inception in 2009. He is a fellow of the West African College of Surgeons in Orthopaedics and Traumatology. Dr. Orjiako ventured into full-time business in 1996 after 11 years of active medical practice and has developed extensive experience in the Nigerian oil and gas sector.

Since the inception of Seplat, Dr. Orjiako has spearheaded new business development, providing leadership on strategy and stakeholder management. Seplat under his leadership, has become a highly reputable Nigerian Independent recording several milestones and firsts: successfully closing landmark acquisitions and growing exponentially under a strong and transparent corporate governance framework.

He is also a founding member of the London Stock Exchange Group's Africa Advisory Group ('LAAG'). He is a recipient of several awards for his services to humanity and entrepreneurial achievements, including a knighthood award from Pope John Paul II and Officer of the Order of the Niger (OFR) among others.

Experience

Dr. Orjiako brings a wealth of leadership experience in the Nigerian oil and gas sector having established and managed several companies in the upstream, downstream and service sectors of the industry in Nigeria. These include: Abbeycourt Trading Company Ltd, Abbeycourt Energy Services Ltd, Zebbra Energy Ltd and Shebah Exploration and Production Company Ltd. He also has other business interests in construction, real estate development, pharmaceuticals and shipping.

Date of appointment
- As Director on 14 December 2009
- As Executive Chairman on 1 February 2010
- As Non-Executive Chairman on 1 January 2014

Board meetings attended
- 9/9

Committee membership
- Not applicable

Independent
- Not applicable

Executive Directors

Mr. Roger Thompson Brown
Chief Executive Officer; Executive Director

Biography
Mr. Brown joined Seplat as Chief Financial Officer in 2013. With a background in finance, he is a qualified Chartered Accountant with the Institute of Chartered Accountants of Scotland and also a member of Association of National Accountants of Nigeria.

Mr. Brown has over 25 years' experience in the financial sector, primarily focused on emerging markets with extensive experience in structuring energy and infrastructure transactions on the African continent. Prior to joining the Company, he held the position of Managing Director of Oil and Gas EMEA for Standard Bank Group.

Following Mr. Avuru's retirement, Mr. Brown was appointed CEO and assumed the role on 1 August 2020.

Experience
Mr. Brown brings to Seplat extensive financial, accounting, M&A, debt and equity capital markets experience in the emerging markets space, and in particular the African oil and gas sector. He has advised on some of the largest and highest profile transactions that have occurred in Nigeria in recent years.

Date of appointment
- As Chief Financial Officer and Executive Director on 22 July 2013
- As Chief Executive Officer; Executive Director on 1 August 2020

Board meetings attended
- 9/9

Committee membership
- Not applicable

Independent
- Not applicable

Mr. Emeka Onwuka
Chief Financial Officer; Executive Director

Biography
Mr. Emeka Onwuka brings over 30 years of experience in the financial services sector in the Sub-Saharan Africa region. He was the former Group Managing Director & CEO of Diamond Bank Plc and former Chairman of the Board of Directors, Enterprise Bank Limited. Mr. Onwuka was a Partner at Andersen Tax Nigeria until his appointment with Seplat Energy.

Mr. Onwuka received his B.Sc. in Political Science from the University of Nigeria, Nsukka and holds an MBA from the University of Benin. He is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Fellow of the Chartered Institute of Taxation of Nigeria (FCIT) and a Fellow of the Institute of Directors Nigeria (FIoD). He has attended executive programs at the Lagos Business School, Wharton Business School and Harvard Business School.

He holds the Nigerian National Honour, Officer of the Order of the Niger (OON).

Experience
Mr. Onwuka brings extensive board experience as non-executive Director at several companies in Nigeria and West Africa including Chairman of the Board of FMDQ Securities Exchange Ltd, FMDQ Holdings Ltd, and Bharti Airtel Nigeria. He previously served on the Boards of First Atlantic Bank, Ghana and Ecobank, Nigeria.

Mr. Onwuka began his professional career with Arthur Andersen Nigeria in 1988 as a Staff Assistant and left in 1992 as a Senior Consultant, providing accounting, audit, tax, business advisory and strategic services to companies in banking, oil and gas, manufacturing and general commerce.

At Diamond Bank, he successfully manoeuvred the bank through the industry-wide consolidation and recapitalisation challenges of 2004/2005 through private placements, listing on the Nigerian Stock Exchange and the acquisition of Lion Bank Plc. He also expanded the bank into the West African sub region from Benin Republic to Senegal, Ivory Coast and Togo. He concluded a strategic partnership in 2007 with Actis and launched in 2008 a GDR offering on the London Stock Exchange (LSE).

Date of appointment
- 1 August 2020

Board meetings attended
- 9/9

Committee membership
- Not applicable

Independent
- Not applicable

Mr. Effiong (Effy) Okon
Operations Director; Executive Director

Biography
Engineer (Engr.) Effiong Okon joined Seplat in January 2018 as Operations Director/Executive Director and brings 26 years' experience in upstream and integrated oil and gas operations across Africa, Europe, USA, Middle East, and Nigeria. He is primarily a Petroleum Reservoir Engineer with extensive experience across the full value chain of Exploration, Development & Production business.

Prior to joining Seplat, Engr. Okon was most recently General Manager Deepwater Production for Shell Nigeria where he managed the largest Deepwater Royal Dutch Shell (RDS) asset. Previous appointments at Shell include Vice President Cost Leadership & Continuous Improvement for RDS Netherlands, General Manager Offshore Assets (Shallow Water and Deepwater), Deputy Vice President Technical/ Manager North Field Wells and Reservoir Business for the commissioning, start-up and early production phase of the two mega projects for Qatar Shell (Pearl GTL and Qatar Gas LNG Trains 7 & 8).

Experience
Engr. Okon brings extensive experience that covers upstream, integrated oil and gas business, Exploration & Production, Safety, Strategy, Leadership, Petroleum Engineering Front End Development Studies, Project Execution, Operational Excellence, Production, Cost Leadership, Field Development, Full Life Cycle Management of Complex Oil and Gas Assets (Upstream and Midstream), Onshore and Offshore, diverse geographies and cultures, successfully leading multi-disciplinary teams, leading strategic change and innovation, talent identification and development, managing service providers and controlling material budgets.

Engr. Okon is a member of several professional organisations, including the Society of Petroleum Engineers (SPE), Nigeria Society of Engineers (NSE), Council for the Regulation of Engineering in Nigeria (COREN), etc. Engr. Okon is Alumni of IMD Business School (Lausanne, Switzerland) and Harvard Business School (Boston Massachusetts, USA).

Date of appointment
- 23 February 2018

Board meetings attended
- 9/9

Committee membership
- Risk Management and HSSE Committee (Member)

Independent
- Not applicable

Non-Executive Directors

Mr. Ojunekwu Augustine ('Austin') Avuru
Non-Executive Director

Biography
Mr. Avuru is a co-founder of Seplat and became CEO on 1 May 2010. A geologist by background, Mr. Avuru spent 12 years at the Nigerian National Petroleum Corporation, where he held various positions including Well Site Geologist, Production Seismologist and Reservoir Engineer. In 1992, he joined Allied Energy Resources in Nigeria, a pioneer deep water operator, where he served as Exploration Manager and Technical Manager.

In 2002, Mr. Avuru established Platform Petroleum Ltd and held the role of Managing Director until 2010, when he left to take up the CEO position at Seplat. After ten years as CEO of Seplat, Mr. Avuru retired and remains on the Board as a Non-Executive Director.

Experience
Mr. Avuru has over 38 years' experience, working in the Nigerian oil and gas sector in increasingly senior technical and management roles. He has spent the last 16 years in CEO roles at Platform Petroleum and Seplat Petroleum, and has built up a strong reputation as a reference resource professional on the Nigerian oil and gas industry play.

Date of Appointment as Chief Executive Officer (CEO)
• 1 May 2010

Date of Appointment as Non-Executive Director
• 1 August 2020

Board meetings attended
• Recused following declaration of conflict

Committee membership
• Risk Management and HSSE Committee

Independent
• Not applicable

Madame Nathalie Delapalme
Non-Executive Director

Biography
Madame Delapalme is an Independent Director on the Board of Directors of Maurel et Prom and acted as an alternate to Maurel et Prom's nominee, Michel Hochard from 30 June 2014, until 18th July 2019, when she was appointed a Non-Executive Director on the Board of Seplat.

Experience
Madame Delapalme served the French Government as an Inspector General of Finances at the Ministry of Economy and Finance, an advisor for Africa and Development in the offices of various Foreign Affairs Ministers, and an advisor for the Finance and Budgetary Commission in the French Senate. She is currently the Executive Director of the Mo Ibrahim Foundation. She has been focusing and deeply involved in governance and development in Africa in various capacities for the last 30 years.

Date of appointment
• 18 July 2019

Board meetings attended
• 9/9

Committee membership
• Sustainability Committee (Chairman)
• Risk Management and HSSE Committee (Member)

Independent
• Not applicable

Mr. Olivier Cleret de Langavant
Non-Executive Director

Biography
Mr. Olivier Cleret de Langavant has been CEO of Maurel & Prom since 1 November 2019.

Before that position, he served in various capacities within the Total Group which he joined in 1981. He started as a Reservoir Engineer, holding positions in France, Congo, the United States and Colombia, before being appointed Senior Vice President, Operations in the Netherlands. Mr. de Langavant was then Deputy Managing Director of Total E&P Angola from 1998 to 2002 during which time he was heavily involved in the early development phase of the deepwater Girassol field. Following this post, he was appointed Managing Director of Total E&P Myanmar. In 2005, Mr. de Langavant returned to Angola as Managing Director of Total E&P Angola, a position he held until 2009. Upon leaving Angola in 2009, Mr. de Langavant was appointed Senior Vice President, Finance, Economics & Information Systems of Total's Exploration Production (E&P) branch.

In March 2011, Mr. de Langavant took up the position as Senior Vice President E&P Strategy, Business Development and R&D which he held until February 2015. Starting March 2015, Mr. de Langavant was appointed Senior Vice President Asia Pacific. Mr. de Langavant became a member of the Total Group Management Committee (thereafter Performance Group Committee) in January 2012. Mr. de Langavant holds an engineering degree from the National School of Mines of Paris (1978).

Date of appointment
• 28 January 2020

Board meetings attended
• 9/9

Committee membership
• Audit Committee (Member)

Independent
• Not applicable

Independent Non-Executive Directors

Mr. Basil Omiyi
Senior Independent Non-Executive Director

Biography
Mr. Omiyi's career spans 40 years at Royal Dutch Shell, during which time he occupied a number of senior roles in Nigeria and Europe, including Managing Director of Shell Petroleum Development Company of Nigeria Limited and Country Chairman of Shell Companies, Nigeria.

Mr. Omiyi also holds board positions in a range of other companies including as Chairman of a Banking and Financial Services company as well as Chairman of a Real Estate Company.

In 2011, he was awarded the National Honour of Commander of the Order of the Niger by the President of Nigeria for pioneering Nigerian leadership in the oil and gas sector.

Experience
Mr. Omiyi has extensive insight into and experience in the global oil and gas industry and in particular brings a detailed knowledge and understanding of the Nigerian oil and gas sector together with senior management expertise gained in a large-scale multinational organisation.

Date of appointment
- 1 March 2013

Board meetings attended
- 9/9

Committee membership
- Energy Transition Committee (Chairman)
- Risk Management and HSSE Committee (Chairman)
- Nominations and Governance Committee (Member)
- Remuneration Committee (Member)

Independent
- Yes

Dr. Charles Okeahalam
Independent Non-Executive Director

Biography
Dr. Okeahalam is a co-founder and Chairman of AGH Group, a private equity and diversified investment holding company with assets in several African countries. Prior to co-founding AGH Group in 2002, he was a professor of corporate finance and banking at the University of the Witwatersrand in Johannesburg. His other roles have included advising a number of African central banks and government ministries, the World Bank and the United Nations. He has held board positions in several companies including ABSA, South African Airways, Sun International and is a former non-executive chairman of Heritage Bank Limited, Nigeria and non-executive chairman of the Nigeria Mortgage Refinance Company. Charles Okeahalam is a distinguished economist and has received several awards including a Senior Fellowship of the Bank of England for his work primarily on econometric analysis of financial systems in Africa. Charles is involved in philanthropy and currently serves as the chairman of the board of directors of AMREF Health Africa.

Experience
Dr. Okeahalam brings extensive corporate finance, banking and capital markets expertise and experience to the Board.

Date of appointment
- 1 March 2013

Board meetings attended
- 7/9

Committee membership
- Finance Committee (Chairman)
- Energy Transition Committee (Member)
- Remuneration Committee (Member)
- Nominations and Governance Committee (Member)

Independent
- Yes

Ms. Arunma Oteh, OON
Independent Non-Executive Director

Biography
Ms. Oteh is a seasoned C-suite executive with experience operating at the highest levels at major multilateral agencies, global financial institutions and Government. She has been an academic scholar at the University of Oxford since January 2019 and a member of the London Stock Exchange Africa Advisory Group since January 2020. She served as Treasurer and Vice President of the World Bank from 2015 to 2018.

Ms. Oteh was the Director General of the Securities and Exchange Commission ("SEC") Nigeria from 2010 to 2015. As Director General of Nigeria's apex capital market regulator, she was responsible for the regulation of Nigeria's capital markets, including the Nigerian Exchange Limited and led the rebuilding of the capital markets after the global financial crisis. She also served on Nigeria's Economic Management team, chaired by the Nigerian President. Previous to SEC Nigeria, she worked at the Africa Development Bank for 17 years in a variety of roles including Group Vice President, Corporate Services (2006 to 2009) and Group Treasurer (2001 to 2006). Her career started in 1985 at Centre Point Investments Limited, a Nigerian investment bank. Ms. Oteh has also served on several Boards, notably, the International Organization of Securities Commissions (2010 to 2015) which regulates 95% of the world's securities markets. She obtained a first-class honours degree in Computer Science, from University of Nigeria Nsukka in 1984 and a Master's degree in Business Administration, from Harvard Business School in 1990. She has received several recognitions, notably, the Officer of the Order of the Niger (OON) National Honour for her contribution to the economic development of Nigeria and role in transforming the Nigerian capital markets. She was also named the 2014 Ai Capital Market Personality of the Year, and among New African's "100 Most Influential Africans of 2015". In 2018, she was honoured as the Ai Global Institutional Investment Personality of the Year, and in 2020, was named both the top 100 people in the UK of African heritage, by Power list and Africa top 50 women by Forbes.

Experience
Ms. Oteh brings to the Board over 36 years of experience in the financial sector which cuts across national and international financing.

Date of appointment
- 1 October 2020

Board meetings attended
- 9/9

Committee membership
- Nominations and Governance Committee (Chairman)
- Energy Transition Committee (Member)
- Finance Committee (Member)
- Audit Committee (Member)
- Sustainability Committee (Member)

Independent
- Yes

Independent Non-Executive Directors

Professor Fabian Ajogwu, SAN
Independent Non-Executive Director

Biography
Professor Fabian Ajogwu, SAN is a Senior Advocate of Nigeria with Kenna Partners, and Lagos Business School Professor of Corporate Governance. He is an Alumnus of the Said Business School of Oxford University, and the Lagos Business School. He holds a doctorate in Law from University of Aberdeen, Scotland; an MBA from the IESE Business School, Barcelona; and Law degrees from the University of Nigeria, and the University of Lagos.

Professor Ajogwu is a Fellow and Director of the Society for Corporate Governance Nigeria, a Fellow of the Nigerian Institute of Chartered Arbitrators, Fellow of the African Leadership Initiative West Africa, Henry Crown Global Leadership of the Aspen Institute, Fellow of the AIFA Reading Society, and Fellow of the Society for Art Collection. He is a member of the International Council for Commercial Arbitration, London Court of International Arbitration, the Oxford Philosophical Society, and the Royal Institute of Philosophy.

Experience
Professor Ajogwu assisted the Securities and Exchange Commission in drafting Nigeria's pioneer Code of Corporate Governance. He chaired the Nigerian Communications Commission Committee on Corporate Governance that produced the pioneer NCC Code of Corporate Governance for the telecommunication sector. He served on the Financial Reporting Council of Nigeria Committee on the 2018 National Code of Corporate Governance. He is President and Chairman of the Governing Council of the Nigerian Institute of Chartered Arbitrators. He chairs the Body of Senior Advocates of Nigeria Committee on Continuing Legal Education and is the author of *'Corporate Governance in Nigeria: Law & Society'*, and *'Petroleum Law & Sustainable Development'*.

Date of appointment
- 9 July 2021

Board meetings attended
- 5/5

Committee membership
- Finance Committee (Member)
- Nominations and Governance Committee (Member)
- Remuneration Committee (Member)
- Sustainability Committee (Member)

Independent
- Yes

Mr. Bello Rabiu
Independent Non-Executive Director

Biography
Mr. Bello Rabiu holds a Bachelor's and Master's Degrees in Mathematical Statistics from Ahmadu Bello University Zaria, Nigeria and another Master's Degree in Petroleum Engineering from The Imperial College, London, United Kingdom. He attended many career advancements courses in Nigeria and abroad including the prestigious Wharton Executive Development Program from the University of Pennsylvania in Philadelphia, USA and Leading Global Business Program from Harvard Business School, Boston, USA.

Before his new role as the Founder and Chief Executive Officer of Dankiri Farms and Commodities Limited, Mr. Rabiu retired from the services of Nigerian National Petroleum Corporation (NNPC) in July 2019 after 28 years of service. He retired from NNPC as the Chief Operating Officer/Group Executive Director, Upstream Business Unit. Prior to his appointment as COO/GED Upstream, NNPC. Mr. Rabiu held dual positions of Group General Manager, Corporate Planning & Strategy Division and Senior Technical Assistant to Group Managing Director, NNPC. He was also the General Manager, Competitive Analysis Department of the same Division from September 2010 until August 2015. He was at various times between 1991 and 2005 a planning officer and Pioneer Head, Material Management, Frontier Exploration Services at the National Petroleum Investment Management Services (NAPIMS) Division of NNPC.

Experience
Mr. Rabiu has a balanced knowledge of the Exploration & Production industry in Nigeria. He has the unusual capability which combines commercial/fiscal knowledge with operations. This was particularly valuable in the development of the recently approved upstream Joint Venture funding scheme which has restored the confidence of the International Oil Companies (IOCs) Partners and the implementation of the 7 Critical Gas Development Projects, an offshoot of Nigerian Gas Master Plan aimed at using gas for Nigeria's industrialisation, economic growth and development – where significant consideration had to be given to strategic intent, fiscal rules and commerciality of supply.

Date of appointment
- 9 July 2021

Board meetings attended
- 5/5

Committee membership
- Energy Transition Committee (Member)
- Finance Committee (Member)
- Risk Management and HSSE Committee (Member)
- Sustainability Committee (Member)

Independent
- Yes

Dr. Emma FitzGerald
Independent Non-Executive Director

Biography
Dr. FitzGerald is a seasoned executive in Energy & Water, with hands-on experience in transformation through her many years of working at Shell, ranging from building its lubricants business in China to running its Global Retail network. From 2007-2010, she was accountable for Shell's Downstream strategy and played a key role in reshaping Shell's renewables strategy including the creation of Raizen, a game changing biofuels JV with Cosan.

From 2013 to 2018 she ran gas distribution and water & waste networks for National Grid and Severn Trent where she successfully positioned them as sustainability thought leaders in their industries. Most recently Dr. FitzGerald served as CEO of Puma Energy International, a global energy company owned by Trafigura and Sonangol, which is focused on high potential developing markets in Africa, Asia and Central America. In 2020 she set up Puma's Future Energies division to play a critical role in helping customers and communities find the right energy solutions to support the energy transition.

Experience
Over the last 10 years Dr. Fitzgerald has served on various Boards in executive and non-executive capacities and currently sits on the board of UPM Kymmene, an international paper & biomaterials business focused on innovating for a future beyond fossil fuels and the board of Newmont Corporation, the world's largest gold miner and the recognised industry leader in execution of principled environmental, social and governance practices.

Date of appointment
- 1 August 2021

Board meetings attended
- 4/4

Committee membership
- Remuneration Committee (Chairman)
- Energy Transition Committee (Member)
- Finance Committee (Member)

Independent
- Yes

Thank you

As their term ended in July 2021 , Lord Mark Malloch-Brown and Mr. Damian Dinshiya Dodo, SAN retired from the Board of Directors; Mr. Xavier Rolet, KBE also resigned in November 2021. During their time at Seplat Energy, the Directors diligently served the Board and made significant changes towards the growth of the Company. We thank them for their hard work and commitment in building Seplat Energy to what it is today. and wish them the very best in their future endeavours.

Lord Mark Malloch-Brown
Independent Non-Executive Director

Biography

Lord Malloch-Brown is a former Deputy Secretary General of the United Nations as well as a previous Administrator of United Nations Development Programme. He has also served in the British Cabinet and Foreign Office. He is active both in business and in the non-profit world. He also remains deeply involved in international affairs. Lord Malloch-Brown is a former Chair of the Royal Africa Society.

Experience

Lord Malloch-Brown brings a great deal of knowledge and experience on international and external affairs, and particularly the promotion of business and commerce in African economies, including Nigeria, within a global context. He also brings extensive experience on corporate responsibility and governance systems to the Board.

Date of appointment
- 1 February 2014

Board meetings attended
- 1/4

Committee membership
- CSR Committee (Chairman) (Member)
- Finance Committee (Member)
- Nomination and Establishment Committee (Member)

Independent
- Yes

Mr. Damian Dinshiya Dodo, SAN
Independent Non-Executive Director

Biography

A renowned lawyer, Mr. Dodo, SAN has acted and continues to act for a wide range of major Nigerian corporations, governmental and regulatory bodies across a number of business sectors and has served on a number of panels and commissions in Nigeria, including the NNPC Commission of Inquiry, the Governing Board of the National Agency for the Prohibition of Trafficking in Persons (NAPTIP) and National Lottery Regulatory Commission, serving all as Chairman.

In 2001, Mr. Dodo, SAN was awarded Nigeria's highest legal practice rank of Senior Advocate of Nigeria (SAN). In 2011, he was awarded the National Honour of Officer of the Order of the Federal Republic of Nigeria by the President of Nigeria. He was also awarded a fellowship by the Nigerian Institute for Advanced Legal Studies. In 2017, Mr. Dodo, SAN was appointed a Fellow of the Nigerian Chartered Institute of Arbitrators; a Member of the Taraba State Judicial Service Commission; and a life Bencher. He is also an alumnus of the Said Business School of the University of Oxford, an alumnus of the IMD Business School, Lausanne, Switzerland; an associate of the Chartered Institute of Arbitrators in London; a Member of the Institute of Directors; a member of the Nigerian Institute of International Affairs; and a member of the National Judicial Council (NJC).

Experience

Mr. Dodo, SAN brings an extensive legal expertise and knowledge base to the Board together with a firm understanding of relevant regulatory regimes and corporate governance.

Date of appointment
- 30 June 2014

Board meetings attended
- 3/4

Committee membership
- Nomination and Establishment Committee (Chairman) (Member)
- Audit Committee (Member)
- Corporate Governance, Compliance and Culture Committee (Member)
- Remuneration Committee (Member)
- CSR Committee (Member)

Independent
- Yes

Mr. Xavier Rolet, KBE
Independent Non-Executive Director

Biography

Mr. Xavier R. Rolet, KBE is an experienced CEO, Co-Founder, and Entrepreneur. He was named one of the 100 Best CEOs in the World in the 2017 Harvard Business Review. Mr. Rolet has demonstrated a history of successful turnarounds in the global financial services industry. He is currently the Chairman, Board of Directors at Phosagro PJSC, a member of the Board of Directors of the Saudi Stock Exchange Tadawul as an appointee of the Public Investment Fund, Senior Advisor, TowerBrook Capital Partners LLC, Chairman of the Board, Shore Capital Markets, INED, Golden Falcon Special Purpose Acquisition Company and an Expert Adviser to the Shanghai Institute of Finance for the Real Economy.

He has held various senior positions in the financial services industry throughout his career: CEO of CQS, a global hedge fund; CEO of Banque Lehman Brothers in Paris; co-head of Global Equity & Derivatives Trading at Lehman Brothers New York. Mr. Rolet received his post-graduate degree in Defense Studies and Economic Intelligence from Institut des Hautes études de défense Nationale (IHEDN), an MBA in International Finance from Columbia Business School, and an MSc in Management from Kedge Business School. Mr. Rolet is an Honorary Knight. Commander of the Order of the British Empire (KBE), a Knight of the National Order of the Legion of Honour of France, an Officer of the Royal Sharifian Order of Al-Alawi, and a Member of the Order of Friendship of the Russian Federation.

Experience

Mr. Rolet brings to the Board an extensive expertise in the fields of regulation, capital markets, Technology and Environmental Conservation and business governance.

Date of appointment
- 1 October 2020

Board meetings attended
- 6/7

Committee membership
- Remuneration Committee (Member)
- Risk Management and HSSE Committee (Member)
- CSR Committee (Member)

Independent
- Yes

Corporate governance report

The Board of Directors of Seplat Energy Plc (the 'Board') regards corporate governance as fundamental to the success of the Company and continues to ensure that the principles of good governance are applied in all the Company's dealings. The Board implemented a "tone-from-the-top" approach that emphasises the need to act in accordance with the highest standards of corporate governance.

Seplat as a company with dual listing under the Nigerian Exchange ('NGX') and the London Stock Exchange ('LSE') is subject to several listing and governance provisions. Some of the key provisions that applied to Seplat for the year ended 31 December 2021 are the Companies and Allied Matters Act 2020 ('CAMA'), the Nigerian Securities and Exchange Commission Rules and Regulations on Code of Corporate Governance for Public Companies (2011) as amended ('SEC Code'), the Nigerian Code of Corporate Governance 2018 ('NCCG'), UK Listing Rules ('LRs'), the Market Abuse Regulations, 2016 ('MAR'), the UK Corporate Governance Code as updated and published by the Financial Reporting Council ('FRC') in July 2018 ('UK Code').

In line with the requirements of these laws, rules and regulations, the Board of Seplat, as the highest governing body in Seplat, is aware of its overall responsibility in providing oversight of the performance and affairs of the Company on behalf of the shareholders and all stakeholders.

The Board has the appropriate mix of knowledge, skills, and experience, including business, commercial and industry expertise; which it brought to bear in the discharge of its duties in the financial year under review. The Board equally has the appropriate mix of Executive, Non-Executive, and Independent Non-Executive Directors. The majority of the Seplat Board are Non-Executive Directors, most of whom are Independent Non-Executive Directors. The Board regards Corporate Governance as a critical factor in the achievement of the Company's objectives and has therefore put in place and adopted appropriate charters, policies, and processes for the day-to-day running of the Company.

Board processes

Scope and authority

In line with relevant codes of Corporate Governance and regulations, the Board is responsible for ensuring compliance with all applicable laws, rules, and regulations. In discharging this responsibility, the Board is supported by the Director Legal/Company Secretary. In addition, the Board is also supported by key members of the Senior Leadership Team and management as are required from time to time. To aid the Directors' effective participation and making of informed decisions at Board and Committee meetings, all Board and Board Committee papers are distributed to each Director in advance of meetings using the Diligent Board software that is designed for that purpose. Formal minutes of Board and all Committee meetings are taken by the Company Secretariat team and are reviewed and discussed by the Board prior to approval and adoption at the subsequent Board and Committee meetings. The Company Secretary also advises and gives guidance to the Board in the discharge of its obligations as stipulated in the applicable Nigerian and UK laws, codes, rules, and regulations. Members of the Board are aware of their right to obtain independent professional advice at the Company's expense, and did obtain independent professional advice in the financial year under review.

The roles and responsibilities of the Chairman and the CEO are clearly separated and are outlined in the Board Charter and in the appointment letters of the Chairman and the CEO. This role separation is monitored by the Senior Independent Non-Executive Director ('SID') and is periodically assessed during Board evaluations.

The Board has adopted a comprehensive Board Charter that sets out the matters that are exclusively reserved for its approval. The matters that require exclusive approval of the Board are also captured in the Authority Matrix of the Company to ensure strict compliance by the Senior Leadership Team and management.

Some of the key matters the Board deliberated upon for the financial year under review include, but are not limited to the following:

- Review and approval of the 2020 Full Year Financial Results;
- Review of the Company's revolving credit facility;
- Review of Eland's reserve based lending;
- Review and approval of the 2021 bond issuance;
- Consideration of the Company's Bond Performance & Refinancing Update;
- ANOH Gas Processing Company ('AGPC')'s USD$260 million project financing;
- OML 55 – recovery of Belemaoil investment;
- Review of the Revised 2021 Revised Budget & Work Programme;
- Proposal on Related Party Transactions ('RPTs');
- Presentation on Climate Change with focus on 'Developing Seplat's Strategic Response to Climate Change';
- Presentation on Gas Business Restructure;
- Presentation on Change Management for restructuring the Company to an asset led organization;
- Review of Directors' 2021 Training Plan;
- Review and deliberations on the status of Company's reserves;

- Review and approval of change of name proposals for three (3) Board Committees as follows.
  1. Gas Committee to the Energy Transition Committee
  2. Corporate Social Responsibility (CSR) Committee to the Sustainability Committee
  3. The merging of the Nominations & Establishment and Corporate Governance, Compliance & Culture Committees to become the Nominations and Governance Committee.
- Review, consideration and deliberations on Company's change of name and brand launch;
- Consideration of the 2021 Annual General Meeting documents;
- Presentation and Approval of the Q1, Q2 & Q3 2021 Financial Results;
- Review and consideration of Proposal on Dividend Policy (adoption and implementation of quarterly dividend);
- Consideration of Company's ESG journey with focus on – ESG Rating, Gap Analysis Report Recommendation, ESG Goal; 2021 ESG Objectives/Key Initiatives, ESG Accountable Governance Framework;
- Updates on proposed share acquisition of Mobil Producing Nigeria Unlimited ('MPNU');
- Consideration and deliberation on the impact of the Access Bank dispute and the decision to settle the matter and acquire the Cardinal rigs;
- Review of the 2022 Budget and Work Programme;
- Deliberation on the decision of the Board Chairman to retire from the Board post 2022 AGM; and
- Consideration and deliberation on the final report of the Committee of Independent Non-Executive Directors/Review Panel on Directors' conflict of interest.

To facilitate an efficient and effective discharge of its responsibilities, the Board restructured its previous seven (7) Board Committees to six (6) Board Committees by merging the Corporate Governance, Compliance and Culture Board Committee with the Nominations and Establishment Board Committee to become the Nominations and Governance Committee. The Board has delegated specific aspects of its responsibilities to these Committees. These Board Committees are:

1. The Finance Committee (established in line with the UK Code's requirement for an Audit Committee).
2. The Remuneration Committee.
3. The Nominations and Governance Committee.
4. The Risk Management and HSSE Committee.
5. The Sustainability Committee (formerly known as the Corporate Social Responsibility Committee).
6. The Energy Transition Committee (formerly known as the Gas Committee).

In addition to these Board Committees, the Company established a statutory Audit Committee at its 30 June 2014 Annual General Meeting ('AGM'). The establishment of the Audit Committee is in line with Sections 404(2) of CAMA 2020. In line with the provisions of Section 404(3) of CAMA, the Audit Committee currently consists of three (3) shareholder representatives and two (2) Non-Executive Directors who are elected at every AGM to sit on the Audit Committee.

All seven (7) Committees (including the Audit Committee) have their respective terms of reference that guide their members in the discharge of their assigned duties, and these terms of reference are available for review by the public. All the Committees present a report to the Board, highlighting matters deliberated upon as well as each Committee's proposals/recommendations on matters within the remit of their respective terms of reference. The details of these seven (7) Committees are contained in the individual Committee reports in this Corporate Governance section.

Board review and evaluation

In line with the NCCG and the UK Code, which prescribes the establishment of a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chairman, individual Directors, the process should be externally facilitated by an independent external consultant at least once in three (3) years. The Board, in the year under review, engaged the services of an independent external consultant, Korn Ferry, to carry out an evaluation of the Board for the financial year 2021. The independent consultant also carried out an assessment of the Corporate Governance practices within the Company.

In carrying out the evaluation, the following seven (7) key corporate governance areas were considered:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship (Social, Ethics & Environment); and
7. Transparency and Disclosure.

Other core element aspects considered by Korn Ferry in its Board Effectiveness review using the four (4) 'P's were:

- **Purpose: what the Board focuses on** (i.e. Company's Purpose, Board Role, Strategy and Risk Alignment, Sustainability/ESG/Human Capital Management oversight, Corporate Governance Review;
- **People: who sits at the table** (i.e. Board Leadership Roles and Succession, Board Succession Planning, Individual Director Contribution and Peer Review;
- **Process & Structure: how work gets done** (i.e. In person and virtual meetings, Agendas and Charters, Committee Structure, Information Flow, Meeting materials); and
- **Partnership: culture and relationship** (i.e. Board Leadership Coaching, Board Relationship with Management, Board Inclusion, and Stakeholder Relations).

Board meetings

One of the principal ways in which the Board performs its oversight function and monitoring of the Company's performance is through Board meetings. In accordance with regulatory requirements, the Board meets at least once every quarter. However, additional meetings are scheduled as matters which require the attention of the Board prior to the convening of next quarterly Board meeting arise.

The Board held nine (9) meetings during the 2021 financial year. The dates of the meetings and attendance of each Director at the meetings are as stated below. During the year under review, the Independent Non-Executive Directors held exclusive meetings, without the Executive Directors. In addition, the Chairman and the Senior Independent Non-Executive Director each held different meetings with the Non-Executive Directors, with the absence of the Executive Directors. In compliance with the Nigerian Code and the UK Code, it is the policy and practice of Seplat that no Director is involved in any deliberation pertaining to his/her remuneration.

Dates of 2021 Board meetings are as follows:

1. 24 February 2021;
2. 19 March 2021;
3. 7 April 2021;
4. 28 April 2021;
5. 27 July 2021;
6. 27 September 2021;
7. 27 October 2021;
8. 17 November 2021; and
9. 22 December 2021.

Board policies and insurance cover

In addition to the Board Charter earlier discussed, the Board has in place a Code of Business Conduct policy and other Corporate Governance policies covering anti-bribery and corruption, anti-fraud Policy, related party transactions, conflicts of interest, share dealing, whistleblowing, diversity and inclusion, community relations, risk management, electronic information, and communication systems, details of which are discussed later in this Corporate Governance section.

The Board has also adopted the Market Abuse Regulations ('MAR') which replaced the Model Code for Directors' dealings. The MAR govern the disclosure and control of inside information and the reporting of transactions by Persons Discharging Managerial Responsibilities.

The Board is responsible for taking appropriate steps to ensure observance of the Article provisions of MAR by the Directors. The Company is therefore committed to observing the MAR provisions as part of its commitment to good Corporate Governance practices.

S/N	Name	Designation	No. of meetings in the year	No. of times in attendance
1.	A.B.C. Orjiako	Chairman	9	9
2.	Roger Brown	Chief Executive Officer	9	9
3.	Emeka Onwuka	Chief Financial Officer	9	9
4.	Effiong Okon	Operations Director	9	9
5.	Austin Avuru[3]	Non-Executive Director	9	0
6.	Olivier de Langavant	Non-Executive Director	9	9
7.	Nathalie Delapalme	Non-Executive Director	9	9
8.	Charles Okeahalam	Independent Non-Executive Director	9	9
9.	Basil Omiyi	Senior Independent Non-Executive Director	9	9
10.	Mark Malloch-Brown[1]	Independent Non-Executive Director	4	1
11.	Damian Dodo, SAN[1]	Independent Non-Executive Director	4	3
12.	Arunma Oteh, OON	Independent Non-Executive Director	9	9
13.	Xavier Rolet, KBE[1]	Independent Non-Executive Director	7	6
14.	Fabian Ajogwu, SAN[2]	Independent Non-Executive Director	5	5
15.	Bello Rabiu[2]	Independent Non-Executive Director	5	5
16.	Emma FitzGerald[2]	Independent Non-Executive Director	4	4

1. Damian Dodo, SAN and Lord Mark Malloch-Brown voluntarily retired from the Board in July 2021 while Xavier Rolet, KBE voluntarily resigned in November 2021.
2. Fabian Ajogwu, SAN and Bello Rabiu joined the Board in July 2021 as Independent Non-Executive Directors while Emma FitzGerald also joined in August 2021 as an Independent Non-Executive Director.
3. Recused from Board meetings following his declaration of conflict

The Company has arranged appropriate insurance cover for legal action against its Directors. This insurance covers losses and actions arising from matters involving a Director's failure to act in good faith and in the Company's best interest, failure to exercise his/her powers for a proper purpose, failure to use his/her skill reasonably, failure to comply with the law, etc. The Company regularly reviews this insurance coverage to ensure adequate protection of its Directors.

Appointment, development, and evaluation of Directors

The Board has adopted a Board Succession Policy to guide the appointment of its Directors in accordance with corporate laws, corporate governance codes, regulations, and international best practice. The Board Succession Policy requires the Nominations and Governance Committee ('NomGovCo') to submit to the Board on a yearly basis a succession plan identifying key and critical positions, definitive designation of successors for such positions, articulation of specific development plans for identified successors which is tied to the Company's overall performance management and career communication. NomGovCo has overall responsibility for the Board appointment, induction, training, and evaluation processes, as well as changes to the Company Secretary and other senior management staff, all of which are subject to approval by the Board.

The fundamental principles of the appointment process include evaluation of the balance of skills, knowledge and experience on the Board, leadership needs of the Company and ability of the candidate to fulfil his/her duties and obligations as a Director. New Directors are required to attend an induction programme on the Company's business, legal duties, and responsibilities as well as other information that would assist them in effectively discharging their duties.

The Company believes in and provides continuous training and development opportunities for its Directors to equip them with required skills to effectively discharge their duties.

Retirement of the Founding Board Chairman (Chairman)

On 17 November 2021, the Company's Founding Chairman, Dr. A.B.C. Orjiako, decided to step down as Chairman of the Board, after twelve (12) years of meritorious service. The retirement would take effect after the 2022 Annual General Meeting (AGM). As Chairman of the Group, Dr. Orjiako has led the transformation of Seplat into a globally respected energy company. Notable achievements include instilling best practice corporate governance, and significant growth through several successful acquisitions. He was also the driving force behind Seplat Energy becoming the first and only Nigerian energy company to dual list on the Nigerian Exchange and the Main Market of the London Stock Exchange in 2014.

The Board is deeply grateful to Dr. Orjiako for his immense contribution as a co-founder and Chairman of the Board of Seplat Energy since inception and will miss the depth of his oil and gas expertise which he has garnered over the decades, the wealth of his global perspective in addressing industry issues, his uncanny foresight in designing strategies to address budding issues of climate change and reduction of footprint in carbon emissions, his unparalleled versatility in human relations and stakeholder management, and inspirational leadership.

Rotation of Directors

In accordance with the provisions of Section 285 of CAMA 2020, one third of the Directors of the Company are required to 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, apart from the Executive Directors and Founding Directors, all other Directors are appointed for a fixed term and are eligible for re-appointment upon expiration of their term.

In the last twelve (12) months, the Board has been through a few changes with a view to strengthening its capabilities in terms of injecting fresh perspective and promoting diversity. The following two (2) Independent Non-Executive Directors, who have stayed longest in office, retired during the last AGM and were duly re-elected: (1) Lord Mark Malloch-Brown; and (2) Mr. Damian Dodo, SAN.

In the year under review, the Board presented for the approval of the shareholders, the appointment of Mr. Emeka Onwuka as an Executive Director of the Company. The Board also presented the following two (2) persons to the shareholders for approval the appointment as Independent Non-Executive Directors: (1) Ms. Arunma Oteh, OON; and (2) Mr. Xavier R. Rolet, KBE.

The Board also appointed the following Directors as representatives on the Audit Committee: (a) Ms. Arunma Oteh, OON; and (b) Mr. Olivier Cleret de Langavant. These two (2) Directors served alongside the three (3) shareholders' representatives who were elected at the last AGM: Chief Anthony Idigbe, SAN, Mrs. Hauwa Umar and Sir Sunday Nwosu.

Appointment of three (3) Independent Non-Executive Director (INEDs)

The Board is equally pleased to formally introduce Professor Fabian Ajogwu, SAN and Mr. Bello Rabiu, as newly appointed Independent Non-Executive Directors of the Company, with effect from July, 2021 and Dr. Emma FitzGerald also a newly appointed Independent Non-Executive Director with effect from August, 2021.

Professor Fabian Ajogwu, SAN is a Senior Advocate of Nigeria and Lagos Business School Professor of Corporate Governance. He holds a doctorate in Law from the University of Aberdeen, Scotland; an MBA from the IESE Business School, University of Navarra, Barcelona; and Law degrees from the University of Nigeria, and the University of Lagos.

Professor Ajogwu assisted the Securities and Exchange Commission in drafting Nigeria's pioneer Code of Corporate Governance from 2001 to 2003; chaired the Nigerian Communications Commission Committee on Corporate Governance between 2013 and 2014 that produced the pioneer NCC Code of Corporate Governance for the Telecommunications sector; served on the Financial Reporting Council of Nigeria Committee on the 2018 Nigerian Code of Corporate Governance; and chairs the Body of Senior Advocates of Nigeria Committee on Continuing Legal Education.

Mr. Bello Rabiu holds Bachelor's and Master's Degrees in Mathematical Statistics from Ahmadu Bello University Zaria, Nigeria and another Master's Degree in Petroleum Engineering from Imperial College, London, United Kingdom. He has attended many career advancements courses in Nigeria and abroad including the prestigious Wharton Executive Development Program from the University of Pennsylvania in Philadelphia, USA and the Leading Global Business Program from Harvard Business School, Boston, USA. Prior to his new role at Dankiri Farms, Mr. Rabiu retired as the Chief Operating Officer/Group Executive Director, Upstream Business Unit from Nigerian National Petroleum Corporation (NNPC) in July 2019 after 28 years of service.

Mr. Rabiu has a balanced knowledge of the Exploration & Production industry in Nigeria and has the unusual capability which combines commercial/fiscal knowledge with operations. This was particularly valuable in the development of the recently approved upstream joint venture funding scheme which has restored the confidence of the International Oil Companies (IOCs) partners and the implementation of the 7 Critical Gas Development Projects, an offshoot of the Nigerian Gas Master Plan aimed at using gas for Nigeria's industrialisation, economic growth and development – where significant consideration had to be given to strategic intent, fiscal rules and commerciality of supply.

Dr. Emma FitzGerald is a seasoned executive in Energy & Water, with hands-on experience in transformation through her many years of working at Shell, ranging from building its lubricants business in China to running its Global Retail network. Over the last 10 years, she has served on various boards in executive and non-executive capacities and currently sits on the board of UPM Kymmene, an international paper & biomaterials business focused on innovating for a future beyond fossil fuels.

Her experience spans from being accountable for Shell's Downstream strategy and playing a key role in reshaping Shell's renewables strategy including the creation of Raizen, a game changing biofuels JV with Cosan; to gas distribution and water & waste networks for National Grid and Severn Trent where she successfully positioned them as sustainability thought leaders in their industries; and as the CEO of Puma Energy International, a global energy company owned by Trafigura and Sonangol, which is focused on high potential developing markets in Africa, Asia, and Central America; she set up Puma's Future Energies division to play a critical role in helping customers and communities find the right energy solutions to support the energy transition.

The Seplat Board is indeed privileged to have Fabian, Rabiu and Emma on board and looks forward to their contributions towards the continued success of the Board and Company.

Retirement of two (2) Independent Non-Executive Directors

The Board, during the financial year under review, announced the retirement of Mr. Damian Dodo, SAN, and Lord Mark Malloch-Brown, both Independent Non-Executive Directors ('INED'), effective 9 July 2021. Mr. Dodo, SAN was appointed to the Board in March 2014 while Lord Malloch-Brown was appointed in February 2014. In the past seven (7) years, Mr. Dodo, SAN and Lord Malloch-Brown have served the Board meritoriously, deploying their multi-faceted experiences towards the growth of the Company. Seplat remains grateful for their immense contributions to the Board and the Company and wish them the very best in all of their future endeavours.

Resignation of an Independent Non-Executive Director

The Board, during the financial year under review, announced the resignation of Mr. Xavier Rolet, KBE, effective 11 November 2021, for personal reasons.

The appointment and removal or reappointment of Directors is governed by the Company's Articles of Association and the Companies and Allied Matters Act, 2020. The Articles also sets out the powers of Directors.

Accountability

Details of the Directors' responsibility for preparing the Company's financial statements and accounts, and a statement that they consider the financial statements and accounts, taken as a whole, to be fair, balanced, and understandable and to contain the information necessary for shareholders to assess the Company's position and performance, business model and strategy, are given on page 136 of this report. Seplat's business model and strategy for delivering the objectives of the Company and the assumptions underlying the Directors' assessment of the business as a going concern are given on pages 26 and 28 of this report, respectively.

The Board, during the financial year under review, carried out an assessment of the Company's risk management and internal controls systems, including financial, operational and compliance controls, and reviewed their effectiveness, details of which are given on pages 34 to 38 of this report.

In compliance with CAMA and the NCCG, the Company has established a statutory Audit Committee (mentioned earlier), and in compliance with the UK Code's requirement for an Audit Committee, the Board has established a Finance Committee comprising four Independent Non-Executive Directors. Details of the Finance and Audit Committees' membership and activities are given in their respective reports, on pages 100 and 131. The Board has also established the Risk Management and HSSE Committee, which is responsible for reviewing on behalf of the Board, operational risk, health and safety, and environmental matters. Details of the Committee's membership and activities are given in its report on page 109.

Change of Company name; Company rebrand

As part of the Company's strategy of transitioning into an energy company promoting renewable energy, sustainability, and new energy, the Board at the 2021 Annual General Meeting presented for the shareholders' approval, the change of the Company's name from Seplat Petroleum Development Company Plc to Seplat Energy Plc.

Following the shareholders' approval of the Company's name change and in line with the Company's energy transition drive, the Board, at a joint strategy meeting with its Senior Leadership Team held in July 2021, framed the Company's purpose, which is: "To deliver sustainable energy solutions for society". The Company's vision was also re-defined in line with the Company's energy transition strategy: "To transform lives through energy", while the Company's mission was re-defined as "Leading Nigeria's energy transition with accessible, affordable and reliable energy that drives social and economic prosperity".

Reconstitution/renaming of Board Committees.

In line with the recommended practices under the Nigerian Code of Corporate Governance, and to facilitate greater efficiency, the Board restructured and merged the former Corporate Governance, Compliance and Culture Board Committee with the former Nominations and Establishment Committee to form a new Board Committee known as the Nominations and Governance ('NomGov') Committee. In line with the restructuring, the terms of reference of the new NomGov Committee were updated and approved by the Board. The NomGov Committee, which comprises only Independent Non-Executive Directors, has the responsibility of considering the size, composition and balance of the Board and its Committees, and assisting the Board in promoting, modelling, institutionalizing, and maintaining sound ethical culture and good corporate citizenship. The Committee, which was chaired by Ms. Arunma Oteh, OON for the financial year under review, advises the Board on the appointment and replacement of Directors and on modalities of strengthening the Company's corporate governance, compliance, and cultural ethos, to achieve the Company's continued survival and prosperity. Details of the Committee's membership and activities are given from page 98.

In addition, the Gas Committee was renamed "Energy Transition Committee" to align the Committee's mission and objectives with the new strategic directions for the Company. Details of the Committee's membership and activities are given in page 106. To reflect the Company's commitment to sustainability as a key component of its strategy and brand, the Corporate Social Responsibility ("CSR") Committee was rebranded as "Sustainability Committee". Accordingly, the Terms of Reference for the Sustainability Committee was updated and approved by the Board. Details of the Committee's membership and activities are given in page 112.

Remuneration

In compliance with the Nigerian Code of Corporate Governance and UK Code, the Board has established a Remuneration Committee solely comprising Independent Non-Executive Directors and chaired by Dr. Emma FitzGerald for the financial year under review. Details of the Committee's membership and activities are given in its report on page 98. Details of how Seplat's remuneration policy links remuneration to the achievement of the Company's strategy and the level of remuneration paid to each of the Directors during the financial year are outlined on pages 124 and 125.

Seplat stated at the time of the IPO that remuneration for certain Non-Executive Directors may include performance-related elements and certain Executive Directors' service contracts may include an initial fixed term of more than one year. In compliance with both the Nigerian Code and the UK Code, no Executive Director is a member of the Remuneration Committee, and no Director is involved in any deliberation of his/her remuneration. The Company's remuneration policy and practices are outlined on page 120 of this report.

Engaging with our stakeholders

The Board recognises the need to nurture successful relationships with our stakeholders to secure the Company's long-term goals. Through regular engagement, the Board is able to understand the views of all stakeholders and considers them in its decision making process.

Protection of shareholder rights

The Board ensures that the statutory and general rights of shareholders are always protected. It further ensures that all shareholders are treated equally. On 25 March 2014, the Company entered into a Relationship Agreement with its founding shareholders (who are represented on the Board) to regulate their degree of control over the Company so that the rights of minority shareholders and the independence of the Board are protected. All other shareholders are given equal access to information and no shareholder is given preferential treatment.

Communication with shareholders

Seplat values effective communication with its shareholders. As a matter of practice and based on regulatory requirements, the Company reports formally to shareholders four (4) times a year with the announcement of quarterly and full-year results as well as providing disclosure on material changes to the business as and when required. However, with the SEC requirement for public companies to elect whether to file their fourth (4th) quarter Financial Results, the Company chose the option of filing its Annual Audited Financial Statements within the regulatory stipulated period. The full-year Annual Report and Accounts are issued to shareholders and are published on the Company's website. Results presentations are also made available on the Company's website together with replays of webcasts.

Due to the Covid-19 pandemic that continued to ravage the entire world in 2021, Seplat obtained approval from the Nigeria Corporate Affairs Commission and held its eight (8th) Annual General Meeting (AGM) on 20 May 2021 in Lagos, Nigeria by proxy only. This was in accordance with the new Guidelines on Holding of AGMs of Public Companies taking advantage of Section 254 of the Companies and Allied Matters Act (CAMA) 2020 using proxies. The 2021 AGM was attended by 11 shareholders in person while other shareholders were represented by proxies. The business transacted at the meeting was based on CAMA requirements and as such, diverged in some respects from that common to UK companies. The Company's AGM affords shareholders the opportunity to discuss matters regarding the Company's business with the Chairman, the Committee Chairmen, and individual Directors. The AGM also provides the opportunity for shareholder representatives to be elected to sit on the Audit Committee, as required by CAMA.

The notice of the 2022 AGM has been sent to shareholders with this Annual Report and Accounts and it is intended that the best practice for AGMs as detailed in the Nigerian Code and the UK Code will be followed.

The Board maintains a dialogue with investors outside the AGM to foster mutual understanding of objectives and to gain a balanced view of key issues and concerns of shareholders. The primary contact is through the Executive Directors and the Company Secretary. The Non-Executive Directors, the Chairman and the Senior Independent Non-Executive Director are available to attend meetings if requested specifically by shareholders.

Engagement with existing and potential shareholders regarding business strategy and performance is coordinated by the Investor Relations function. The Head of Investor Relations reports directly to the Chief Financial Officer. Matters regarding the general administration of shareholdings are coordinated by the Company Secretary.

The Company conducts an active investor relations programme with institutional investors and analysts. This includes participation at conferences, both within and outside Nigeria, where a few one-on-one meetings and group presentations are made, including the organisation of investor roadshows in key financial centres. The Company held its Capital Market Day in London for investors and analysts on 29 July 2021.

Regular analysis of Seplat's shareholder register and major movements, together with market feedback, trading analysis and peer performance, are communicated to the Board via the Chief Financial Officer and the Head of Investor Relations.

The Board welcomes enquiries from shareholders and encourages attendance at the Company's AGM and participation in its results presentations and webcasts. The Board further encourages shareholders to subscribe to receiving news alerts via the subscription service on the Company's website.

Host community engagement

Sustainable community development remains a priority and we have continued to work collaboratively with our local partners to foster positive social and economic development. Members of senior management met with leaders of the host communities and visited community events and projects in areas of operations. Additionally, Directors met with ministers and state governors in the states where the Company operates, as well as other key government officials during the financial year under review.

The Company continued its regular and effective stakeholder engagement with the host communities, and also carried out various CSR programmes within these communities. These CSR programmes included the provision of scholarships that were beneficial to students, financial empowerment for the youths of the communities through skill acquisition and training as well as empowerment of teachers within these communities. The Company, to show its commitment to sustainability, made provisions for cleaner energy sources such as solar to supply electricity in these communities.

Employee engagement

The Company has over the years established a Joint Consultative Council ('JCC') which comprises senior management and representatives of Seplat employees drawn from across the various business units of the Company. The JCC, which is headed by the Director Corporate Services, meets at least once every quarter to update employee representatives on key management decisions regarding the Company and to address issues which are of concern to employees. Deliberations, suggestions, and recommendations made during such meetings are cascaded to all employees and where required, recommendations which require approval are cascaded to the Senior Leadership Team headed by the CEO and to the Board, where necessary.

The Company also facilitated (4) four town hall interactive sessions, where the CEO updated all employees of happenings and developments within the organisation (including the Company's quarterly performance).

Disclosure of information

As a company listed on both the Premium Board of the NGX and on the Main Market of the LSE, Seplat strives to comply with the highest standards of disclosure. As a matter of practice, the Company simultaneously releases announcements through the relevant regulatory channels in both Nigeria and the UK. It also ensures that all announcements are available on the Company's website together with copies of its latest results, financial reports, and other relevant information. The Company has put in place relevant controls and processes for the management of inside information. The Executive Directors are ultimately responsible for the approval of Company announcements and ensuring that such documents comply with relevant legal and regulatory requirements.

Corporate governance framework and other governance initiatives

The Board places a high premium on corporate governance as a veritable tool for compliance risk management, ensuring the Company's sustainability, achievement of the Company's strategic objectives and enhancement of shareholders' value. Consequently, the Board in fulfilment of its primary responsibility has put in place a corporate governance framework with a 'tone from the top' approach to governance compliance. The Board regularly subjects itself to evaluations to determine its level of corporate governance compliance and takes remedial action to resolve any areas of potential or perceived non-compliance.

To foster an effective day-to-day implementation of our well-established corporate governance framework, the Company has put in place the following dedicated business units/directorates comprising: Company Secretariat, Governance Compliance, Legal, Internal Audit, Enterprise Risk Management, Business Integrity, Health, Safety & Environment and Sustainability. The Company collaborates with the Company's regulators (NGX, SEC, FRCN, CAC, LSE and FCA) when necessary to ensure the Company maintains its robust corporate governance framework and an effective compliance programme. The Company frequently attends engagement sessions with its regulators.

Environment, Social and Governance (ESG)

Increasing stakeholder expectations regarding Environment, Social and Governance (ESG) and intensifying pressure from capital markets for the industry to generate higher total returns to shareholders amplified the focus on sustainability of the Company, including the need for reduction in carbon footprint and re-evaluation of the Company's overall strategy development. Consequently, the Board through the Sustainability Board Committee mandated senior management to ensure the Company's reduction in carbon footprint whilst closely monitoring its progress by receiving quarterly updates on the implementation of the Company's strategy in reducing the Company's carbon footprints. The Board also monitors closely the Company's journey to gas flare-out and receives periodic update on the implementation of the Company's strategy for gas flare-out.

The Board deliberated extensively on ESG issues including consideration of a climate change presentation delivered by an ESG consultant, Critical Resource. The presentation specifically focused on Developing Seplat's Strategic Response to Climate Change.

Seplat Teachers' Empowerment Programme (STEP)

In line with the United Nations Sustainability Development Goal 4 for inclusive and equitable quality education, the Company introduced STEP (Seplat Teachers' Empowerment Programme), a customised training programme for secondary school teachers. STEP is a three-month intensive training programme that equips teachers with tools to teach STEAM (Science, Technology, Engineering, Arts & Mathematics). The STEP Programme which is an initiative between Seplat and its joint venture (JV) partner, the Nigerian Petroleum Development Company (NPDC) seeks to promote teachers' creative thinking skills, enabling higher student engagement, to improve the standard of education in Delta and Edo states which are host states to the Company's assets and operations.

The second edition of STEP was held in the financial year under review, involving 200 teachers and six (6) chief inspectors of education (CIEs) from both Delta and Edo states. Training programme included modern learning techniques, critical thinking skills, problem-solving skills, and lesson notes for three months.

Seplat Energy Summit

The Company held the second edition of its Energy Summit with the theme: 'Global Trends in Energy Transition – The Africa Perspective'. The Summit, which was a hybrid of onsite presence and online participation, comprised keynotes, presentations and panel sessions on the energy transition by renowned global experts, seasoned professionals in the private and public sectors. The Special Guest of Honour for the day was the Vice President of the Federal Republic of Nigeria, Professor Yemi Osinbajo SAN, GCON, who was ably represented by the Minister of State for Environment, Chief Sharon Ikeazor. The Minister of State for Petroleum Resources, Chief. Timipre Sylva also delivered a keynote address.

The first segment of the Energy Summit ('Presentation') was anchored by Ms. Lerato Mbele (Presenter, BBC World News Television). Presenters at the first segment were Dr. Daniel Yergin, Pulitzer Prize winning author and Energy Commentator; and Ms. Damilola Ogunbiyi, CEO of Sustainable Energy for All (SEforALL), Special Representative of the UN Secretary-General for Sustainable Energy for All and Co-Chair of UN-Energy.

The second segment of the Energy Summit ('Executive Dialogue') was anchored by Prince Nduka Obaigbena (Chairman, Thisday Group). Participants during the Executive Dialogue were the CEO of Seplat Energy Plc, Mr. Roger Brown, and one of the Independent Non-Executive Directors of Seplat Energy Plc, Mr. Rabiu Bello.

The third segment of the Energy Summit ('Panel Discussion') was anchored by one of the Independent Non Executive Directors of Seplat Energy Plc, Ms. Arunma Oteh, OON. Panellists included NNPC GMD, Mallam Mele Kyari; Group Managing Director/CEO, Nigeria Exchange Group, Mr. Oscar Onyema; Engr. Sarki Auwalu, Director/CEO Department of Petroleum Resources (DPR), now known as Nigerian Upstream Petroleum Regulatory Commission (NUPRC); Engr. Simbi Wabote, Executive Secretary, Nigerian Content Development Monitoring Board (NCDMB); Mr. Mike Sangster, Managing Director, Total Energies E&P Nigeria Limited; and Mr. Miguel Azevedo, Head of Investment Banking for Middle East and Africa (exc. SA) Citigroup.

Others present were ministers from other Federal Ministries, Host Community Chiefs and representatives, representatives from industry and listing regulators, joint venture partners, Seplat Board of Directors, consultants and advisers.

Health & Safety; Covid-19 monitoring

The Board and management continued to prioritise the health and safety of employees, by ensuring the continued implementation of various strategies to combat the Covid-19 pandemic such as the adoption of 28-day field rotations with frequent health checks, part-time remote working and rapid antigen testing for non-field location staff in the Lagos, Abuja, and London offices. The Covid-19 monitoring group (COVIMOG) continued to review areas of risks and exposure. A Business Continuity Plan and phased return to the office were put in place and implemented to mitigate identified risks due to the Covid-19 pandemic. Some of the measures put in place included:

- Mandatory 7-days self-quarantine of all Seplat personnel returning from overseas trips and the presentation of a Covid-19 negative test result;
- Mandatory Antigen (Ag)-based Rapid Diagnostic Tests (RDTs) for all employees before admission into Seplat offices and facilities on rotation bases;
- Continued mandatory temperature screening and hand-sanitising at all entry points into our facilities and offices;
- Adherence to Covid-19 protocols such as social distancing, hand sanitising and temperature checking at crowded events like training, workshops, seminars, and meetings whether internal or external.

Corporate Governance recertification and conflict declarations

As part of our continuous corporate governance awareness campaign in 2021, the Company carried out its annual corporate governance online recertification exercise for all employees including contract staff. The Company also conducted its annual Conflict of Interest/Affirmation of Independence declarations for Directors and all employees. The Board in addition, reviewed a reported incident of conflict of interest by a Director, set up a Review Panel to consider the conflict and mitigations to ensure that the Company's overall interests are well protected.

Board Corporate Governance training

In July 2021, the Board held a Corporate Governance refresher session as part of its continuing corporate governance knowledge development. The Corporate Governance refresher session was facilitated by one of the doyens of corporate governance in Nigeria, Chief Olusegun Osunkeye, CON, OFR. Chief Osunkeye was a Former Chairman, and MD/CEO, Nestle Nigeria Plc., Former Chairman, Lafarge Africa Plc. and Former Chairman, GlaxoSmithKline Consumer Nigeria Plc.

Topics covered during the Board Corporate Governance session included – Board and Management Roles; The Effective Board and Effective Directors; Seplat Energy Plc is a V.I.P. Company; Succession Planning for Business Sustainability; and Leadership, Corporate Culture and Board Dynamics.

Integrity Week/Code of Business Conduct Workshop

In line with the culture of paying close attention to ethical issues, the Board was represented by the Chairman and the CEO at the Integrity Week/Code of Business Conduct Workshop facilitated by the Business Integrity and Legal/Company Secretariat departments. The Board addressed employees on the need to desist from all forms of unethical behaviour (including fraudulent activities) and to always speak up on observed non-compliance with law, governance policies and unethical behaviours. Thereafter all employees made their annual commitment to abide by the tenets of the Code of Business Conduct by signing their Personal Commitment Form.

Employees were also reminded that they may elect to make a report anonymously by making use of the Seplat/KPMG Ethics Line which includes dedicated whistleblowing hotlines – 0800 444 1234 (Toll Free) or KPMG's MTN toll free number: 0703-000-0026. Employees could also report their concerns by sending an email to speakup@seplatenergy.com or kpmgethicsline@ng.kpmg.com. The facilitators also demonstrated to employees that all reported cases in times past were treated with the utmost confidentiality. To further encourage anonymity, the Company recently introduced the Vault App, which grants employees real-time access to the Senior Leadership Team, particularly the CEO, to air their views, make valuable suggestions and come up with innovative ideas that would move the Company forward.

Bullying and Harassment training

The Company also held Bullying and Harassment awareness sessions with individual business units and directorates to underscore the importance of maintaining a friendly workplace environment for all employees.

Diversity & Inclusion: Launch of the Seplat Women Awesome Network ('SWAN')

In line with the Company's Diversity and Inclusion policy, the Board approved the appointment of Mrs. Edith Onwuchekwa (Director Legal/ Company Secretary) as the Gender Diversity Champion, to promote diversity and inclusion in the workplace. The Company also launched its Women Network tagged the Seplat Awesome Women Network now rechristened Seplat Women Awesome Network ('SWAN') under its Gender Diversity Programme. The launch of SWAN is part of the Company's resolve to empower and strengthen the position of the female gender within the organisation. The Vice President of Federal Republic of Nigeria, Professor Yemi Osinbajo, was the Special Guest of Honour and he delivered the keynote address at the formal launch of SWAN.

Regulatory engagements; Governance/Compliance Workshop

The Board, during the year, had engagements with its industry regulators to discuss and explain the steps taken by the Company to ensure compliance with the relevant provisions of applicable laws, codes, regulations, and sectorial guidelines.

The Company also held a Corporate Governance Workshop (a hybrid meeting) which had in attendance Directors of Seplat Energy Plc and representatives of the Securities and Exchange Commission; Nigerian Exchange Limited; London Stock Exchange; Financial Reporting Council of Nigeria; Federal Competition and Consumer Protection Commission; and one of its UK external counsels, White and Case. The objective of the Workshop was to create a platform for collective engagement with regulators to discuss, amongst others, the regulatory requirements as a dual listed company, managing the challenges that come with multiplicity of regulatory regimes as a dual listed company, analysing the practicality of cross border releases for certain transactions, challenges faced from cross border mergers and acquisition transactions and overall modalities for ensuring that Seplat remains on the cutting edge in efficient and effective compliance with corporate governance and multiplicity of regulatory regimes.

Corporate Governance Rating System ('CGRS') recertification

The Company participated in the Corporate Governance Rating System ('CGRS') recertification exercise in the 2021 financial year. The CGRS is a joint initiative between Nigerian Exchange Limited and the Convention on Business Integrity ('CBI') developed to rate the corporate governance and integrity practices of all companies listed on the Exchange. The Board is pleased to inform shareholders that following the recertification exercise for 2021, Seplat obtained a score of 91.21% after the aggregation of scores across the three (3) stages of the CGRS, which is above the 70% certification pass mark. The three (3) segment of the assessment process included:

- An independently verified, self-assessment by the Company;
- A certification of Directors' awareness of their fiduciary duties; and
- A corporate integrity assessment where perceptions of actual Company behaviour are sought from internal and external stakeholders.

The Company's 91.21% score in its CGRS recertification is yet another testament to the Board's commitment to upholding the highest standards of corporate governance practice in the running of the Company. It would be recalled that in the year 2017, Seplat similarly exceeded the CGRS certification requirements with an outstanding assessment score of 88% which was way beyond the minimum score of 70%.

As of the date of this Annual Report and Accounts, the Board has adopted the following corporate governance policies and practices; most of which can be found on the Corporate Governance page in the Investor Relations section of Seplat's website: https://seplatenergy.com/investor-centre/corporate-governance/corporate-governance policies/

As at the end of the 2021 financial year, the Board had put in place and adopted the following corporate governance policies/practices:

1) Board Charter.

2) Code of Business Conduct Policy.

3) Code of Business Conduct.

4) Board Succession Policy

5) Board Representation Policy for IJVs & Other Arrangements

6) Anti-Bribery and Corruption Policy.

7) Anti-Fraud Policy.

8) Gifts and Hospitality Policy.

9) Bullying & Harassment Policy.

10) Community Relations Policy.

11) Investors' Complaint Management Policy.

12) Conflict of Interest Policy for Directors & Employees.

13) Corporate Communications Policy.

14) Electronic Information & Communication Systems Policy.

15) Inside Information Policy.

16) Political and Charitable Contributions Policy.

17) Related Party Transactions Policy and Guidelines.

18) Risk Management Policy.

19) Share Dealing Policy.

20) Whistleblowing Policy.

21) Market Sounding Policy.

22) Diversity & Inclusion Policy.

1) Board Charter

The Board has adopted a Board Charter which has been updated to align its provisions with the requirements of the NCCG 2018, SEC Code of Corporate Governance, UK Code of Corporate Governance 2018 as well as other applicable listing rules and international best practice. The Board Charter sets out the responsibilities of the Board; the establishment of the Board Committees with clear delegated responsibilities; the matters reserved for the exclusive approval of the Board; and the conduct of Board proceedings. The Board Charter stipulates the following: the separate and distinct duties of the Board Chairman and the CEO, appendage of Sample Appointment Letter of the Board of Directors, inclusion of the role of the Non-Executive Directors ('NEDs') and the Independent Non-Executive Directors ('INEDs'), the role of the Company Secretary; the respective terms of reference for all the Board Committees and Matters Reserved for the Board.

2) Code of Business Conduct Policy

The Code of Business Conduct Policy establishes that the Company shall have a Code of Business Conduct that states the general business principles and commitments of the Company to its stakeholders, and sets out the values that guide the Company's conduct, legitimate and strategic expectations of its employees in their everyday decision making and with stakeholders. The Policy also requires the Code to explain and give guidance on the behavioural, attitudinal, and emulative roles of the Directors, senior management, and employees. The Policy provides guidance to questions or concerns, steps to take and additional resources and support on other topics and policies. The Policy also provides for the role of the Board, senior managers, managers, and employees. It also requires suppliers, contractors, consultants, business partners and third parties to apply the standards equivalent to that of the Company towards their employees, subcontractors, and suppliers.

3) Code of Business Conduct

The Board has adopted a Code of Business Conduct ('CoBC'), which outlines the ethical framework under which Seplat conducts business – with the highest standards of ethics, accountability, and transparency. The CoBC has been designed in an easy-to-read format and is an implied contract between the Company and its employees, contract staff and business partners to conduct business with the highest ethical standards. The Board has reviewed and restructured the CoBC to provide for the following: (i) the Code (which summarises the principles and values by which the Company conducts its business); (ii) the Charge (which requires Directors, employees and contractors to embrace the enshrined ethical values of the Code); (iii) Personal Commitment Statement (which models a top-down commitment to professional business and ethical standards from Directors, to employees and contractors and which everyone is expected to subscribe to by appending their signatures); (iv) the Code of Business Conduct Policy (which states the principles and values that the Code should embody, including guidance notes) (v) the Code's Practice Guide; and (vi) Frequently Asked Questions ('FAQs'), which state examples of dilemmas that could arise in the course of carrying out work for and on behalf of Seplat. The reviews carried out are all in line with the NCCG, UK principles and recommended practices.

4) Board Succession Policy

The Board has adopted a Board Succession Policy which sets out the parameters for developing and implementing a succession planning programme for Directors of Seplat and ensures that a framework is in place for an effective and orderly succession of Directors that will result in the collective knowledge, skills and experience in place for the Board to effectively govern Seplat. The Policy stipulates criteria for selection of succession candidate as well as competencies that such candidate must possess. The Policy provides Guidelines for Implementing the Succession Planning Programme as well as Procedure for Executing a Board Succession Plan. The Policy requires the Nominations and Governance (NomGov) Committee to submit to the Board on a yearly basis a succession plan identifying key and critical positions, definitive designation of successors for such positions, articulation of specific development plans for identified successors which is tied to the Company's overall performance management and career communication.

5) Board Representation Policy for Incorporated Joint Ventures (IJVs) & Other Arrangements

The Board has adopted a Board Representation Policy which stipulates principles and defines the parameters within which the Seplat IJV Directors will execute their duties and represent Seplat on the IJV boards. The Policy states the qualities, competencies, and skills which a candidate nominated to such IJV boards must possess as well as the roles and responsibilities of such IJV representative (including responsibilities prior to, during and after IJV board meetings).

6) Anti-Bribery and Corruption Policy

The Board has adopted an Anti-Bribery and Corruption Policy which is updated from time to time. The Policy demonstrates Seplat's zero tolerance and commitment to the eradication of bribery and corruption. It prohibits payment or receipt of facilitation payments, misappropriation, kickbacks and blackmail/extortion. It also sets the parameters under which Directors and employees may give or receive gifts and hospitality, deal with public officials, and make political and charitable donations. The Policy includes reporting, documentation, and whistleblowing provisions as well as provisions regarding the Company's zero tolerance and disciplinary action for any violation.

7) Anti-Fraud Policy

The Board has adopted an Anti-Fraud Policy which provides Seplat stakeholders with relevant guidance on how to recognise and deal with fraud, the responsibilities of employees, Directors and third parties in upholding Seplat's position regarding fraud and misconduct, mechanisms for prevention, detection and response to possible fraud and misconduct in Seplat's operations; and how to foster a culture of integrity and transparency, thereby enhancing an anti-fraud culture within Seplat. The Policy covers transactions conducted by Seplat, with Seplat or on behalf of Seplat and states the responsibilities of each stakeholder. The Policy states potential indicators of fraud, protection of whistleblowers, fraud risk management strategy, reporting of fraud to law enforcement agencies and applicable consequent management following investigation findings.

8) Gifts and Hospitality Policy

The Board has adopted a Gifts and Hospitality Policy which establishes acceptable exchange of items of value, and conditions under which gifts, hospitality and associated expenses may be made, received, offered, incurred, or reimbursed in compliance with Seplat's related policies and international best practices. The Policy, which serves as part of the implementation strategy for the Anti-Bribery and Corruption Policy and other related corporate governance policies, applies to all Seplat employees, Directors, business partners and other stakeholders. The Policy also sets out guidelines on accepting or offering gifts/hospitality as well as acceptable gifts to host communities.

9) Bullying and Harassment Policy

The Board has adopted a Bullying and Harassment Policy which sets parameters within which the Company will deal with all forms of bullying and harassment within the workplace, reinforces the Company's commitment to diversity and inclusion and mutual respect, creates a platform for rewarding conduct that aligns with Company's value for diversity and outlines a zero tolerance approach to addressing all acts of bullying and harassment. The Policy applies to all employees as well as third parties dealing with Seplat staff. The Policy stipulates examples of behaviour that could amount to bullying and harassment, implications of bullying and harassment, procedures for making complaints and disciplinary action.

10) Community Relations Policy
The Board has adopted a Community Relations Policy which demonstrates Seplat's value for the communities in which it operates, and the Company's commitment to developing the communities through capacity building, business opportunities, employment, academic scholarships, charitable donations, awareness creation, etc. The details of Seplat's CSR activities are contained in the CSR section of this report.

11) Investors' Complaint Management Policy
The Company established a Complaint Management Policy pursuant to the Rules of the Nigerian SEC released on 16 February 2015 and the subsequent directive of the NGX to all listed companies in Nigeria. The Policy outlines the procedures established by Seplat to address complaints and other communications received by its shareholders and the public in relation to specific matters. The Policy is available on the 'Corporate governance policies' page of the Company's website.

12) Conflict of Interest Policy for Directors and Employees
The Board has adopted a Conflict of Interest Policy for Directors and Employees. This Policy applies to Seplat Directors, shareholder representatives on our statutory Audit Committee and employees. The Policy clearly sets out the legally imposed duties of the Board, its members, and employees, along with some ethical requirements adopted by the Company. Particular attention is given to conflicts involving Independent Directors to ensure compliance with both the letter and spirit of corporate governance regulations on such Directors. The Policy outlines a clear disclosure, review, and documentation process for all conflicts of interest involving a Director, beginning with a yearly declaration to the Company, for the consideration by a dedicated conflict of interest review panel. During the year under review, all members of the Board and employees participated in the annual declaration of conflict of interest or affirmation of independence as applicable. This Policy has been further reviewed to include special requirements on Independent Directors as provided in the SEC code of corporate governance, NCCG and UK Code of 2018.

13) Corporate Communications Policy
The Board has adopted a Corporate Communications Policy which establishes guidelines for communication with current and potential stakeholders, guarantees accurate and effective communication of the Company's perspective on all issues, and ensures compliance with all relevant regulatory requirements and best practice standards and guidelines governing corporate communication. The Policy sets out modalities for both internal and external communications, the Company's Authorised Media Spokespersons, preparation and release of regulatory announcements and social media/internet communication.

14) Electronic Information & Communications Systems Policy
The Board has adopted an Electronic Information & Communications Systems Policy which demonstrates Seplat's commitment to responsible, secure, and efficient use of communication systems, such as the internet, electronic mail, social media, intellectual property, etc.

15) Inside Information Policy
The Board has adopted an Inside Information Policy. The Policy clearly defines what constitutes 'inside information' and sets a clear process for the confidential preservation of such information. It also prohibits Seplat Directors, employees, contract staff, business partners and their connected persons from using inside information to deal in Seplat shares or securities or those of another public company. This Policy has been reviewed to bring it in line with the Market Abuse Regulation (MAR).

16) Political and Charitable Contributions Policy
The Board has adopted a Political and Charitable Contributions Policy. The Policy prohibits Directors, employees, contract staff and business partners from making political donations or engaging in other political activities on behalf of Seplat. It also sets the standard and processes for making charitable donations to lawfully constituted charitable organisations, in line with the Corporate Social Responsibility ('CSR') initiatives of the Company.

17) Related Party Transactions Policy and Guidelines
The Company has adopted a Related Party Transaction Policy which sets out the policy statement, stringent disclosure requirements as well as the review and decision-making process for such transactions. The Policy also sets out the special requirements on Interested Person Transactions as well as transfer pricing guidelines. The Related Party Transactions Policy and Guidelines is a live document that is revised from time to time to reflect changes in both Nigerian and UK laws and regulations. The Policy was reviewed and updated by the Board in the financial year under review.

Directors' interest in contracts
For the purpose of section 303 of the Companies and Allied Matters Act, 2020, the Chairman has disclosable interest in relation to additional duties carried out on behalf of the Company as assigned to him by the Board.

18) Risk Management Policy
The Board has adopted a Risk Management Policy which is updated from time to time. The Risk Management Policy demonstrates Seplat's commitment to the enterprise risk management and reporting system that ensures efficient identification of operational, financial, health, safety and environmental risks, and risk eradication and management. This Policy was reviewed and updated in the financial year under review.

19) Share Dealing Policy
The Board has adopted a Share Dealing Policy which is updated from time to time. The Policy demonstrates Seplat's commitment to trading securities in compliance with the requirements of the NGX Amended Listing Rules ('ALR'), the Nigerian Code, the UK Listing Rules and Market Abuse Regulations ('MAR'). The Share Dealing Policy reflects the Company's dual participation in the Nigerian Exchange and London Stock Exchange and highlights the Company's respective obligations under both Nigerian and UK listing regulations. The Share Dealing Policy sets the parameters under which Directors and employees of Seplat and its subsidiaries, and their connected persons, must deal with the Company's shares, securities and inside information. This Policy has been further reviewed by the Board in line with MAR provisions which took effect from 3 July 2016.

20) Whistleblowing Policy
The Board has adopted a Whistleblowing Policy which is updated from time to time. In addition to this Policy, whistleblowing provisions are entrenched in all Seplat corporate governance policies. The Company has a dedicated whistleblowing hotline for employees and other stakeholders to confidentially report unlawful and unethical conduct involving the Company, its Directors, or employees. The Company's whistleblowing system comprises an internal and an external channel, which are operated concurrently. The internal whistleblowing channel is managed by the Company's Business Integrity Unit, reporting directly to the CEO, while the external whistleblowing channel is managed by KPMG. The Business Integrity Unit and KPMG ensure that all reports are kept confidential, appropriately investigated and resolved.

21) Market Sounding Policy

The Board has adopted a Market Sounding Policy which sets out guidelines that ensures that the Company and the Disclosing Market Participant ('DMP') acting on the Company's behalf, comply with the provisions of MAR when conducting market soundings. The Policy stipulates procedures to be followed before conducting market soundings, procedure to be followed during market sounding process and specific information to be provided and requested where a market sounding involves or would not involve the disclosure of inside information.

22) Diversity & Inclusion Policy

The Board adopted a Diversity & Inclusion Policy on 27 October 2021. This Policy, which applies to all Directors, employees and business partners of the Company, prohibits the Company from engaging in any form of discrimination based on gender, race, religion or disability. The Policy also makes it mandatory for the Company to ensure there is gender equality at all times and that gender gaps are promptly closed. The Policy further mandates the Human Resources team to ensure diversity during recruitments without sacrificing the criteria of aptitude and ability.

Declaration of Compliance

In compliance with Section 14.4(b) of the NGX ALR, following specific enquiry, all Directors acted in compliance with the NGX ALR and Seplat's Share Dealing Policy in respect of their securities transactions during the financial year ending 31 December 2021.

Directors' declarations

None of the Directors have:

- ever been convicted of an offence resulting from dishonesty, fraud, or embezzlement;
- ever been declared bankrupt or sequestrated in any jurisdiction;
- at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations, or creditors' voluntary liquidations;
- ever been barred from entry into a profession or occupation; or
- ever been convicted in any jurisdiction of any criminal offence or an offence under any Nigerian or UK legislation.

Signed by:

A.B.C. Orjiako
Board Chairman

Edith Onwuchekwa
Director, Legal/Company Secretary

Statement of Compliance with Nigerian Exchange Limited on Listing on the Premium Board

In Compliance with Section 12.4 of the Rules of the Nigerian Exchange Limited on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance for Public Companies in Nigeria, the Financial Reporting Council of Nigeria's Nigerian Code of Corporate Governance, 2018 and the UK Corporate Governance Code govern the operations of Seplat Energy Plc.

We hereby confirm that to the best of our knowledge, Seplat is in compliance with the Codes.

Signed by:

A.B.C. Orjiako
Board Chairman

Edith Onwuchekwa
Director, Legal/Company Secretary

Remuneration Committee report

Emma FitzGerald[3]
Chairman of the Remuneration Committee

5

Remuneration Committee meetings in 2021

2021 Members	16 Feb	20 Apr	17 Jun	23 July	20 Oct	
Xavier Rolet KBE[1], Chairman to 31 October 2021	●	●	●	●	●	5/5
Charles Okeahalam[1], Member	●	–	●	●	●	4/5
Basil Omiyi[2], Member	●	●	●	●	●	5/5
Damian Dodo SAN[3], Member	●	●	●	–	–	3/3
Fabian Ajogwu, SAN[4], Member	–	–	–	●	●	2/2
Emma FitzGerald[5], Member and Chairman from 1 December 2021	–	–	–	–	–	0/0

1. Independent Non-Executive Director.
2. Senior Independent Non-Executive Director.
3. Damian Dodo, SAN retired from the Board on 9 July, 2021. He attended the three Committee meetings held prior to his retirement.
4. Fabian Ajogwu, SAN was appointed to the Board as an Independent Non-Executive Director on 9 July, 2021. Following the retirement of Damian Dodo, SAN on 9 July, 2021, he was appointed a member of the Remuneration Committee and attended two Committee meetings held following his appointment.
5. Emma FitzGerald was appointed to the Board as an Independent Non-Executive Director on 1 August, 2021. Following the resignation of Xavier Rolet KBE on 11 November 2021, she was appointed as a member and Chairman of the Remuneration Committee from 1 December 2021 following which no further Committee meeting was held in 2021.

The Remuneration Committee is a standing committee of the Board and is comprised wholly of Independent Non-Executive Directors in compliance with the Nigerian Code and the UK Code. Xavier Rolet KBE was Chairman of the Remuneration Committee from 1 February 2021 to 31 October 2021 and on his resignation from the Board on 11 November 2021 was succeeded by Emma FitzGerald. You will see below details of the terms of reference for the Remuneration Committee and a summary of the activities carried out during the year.

The Remuneration Committee is established to ensure that remuneration arrangements for Seplat's Chairman, Executive Directors and senior management support the strategic aims of the business and enable the recruitment, motivation and retention of relevant skilled personnel while satisfying the expectations of shareholders. Details of the Company's remuneration policy are outlined on pages 115 to 130 of the 2021 Annual Report and Accounts. In the interest of transparency, no Director by reason of being a member of the Committee is involved in any decisions relating to his/her own remuneration.

All members of the Remuneration Committee are Independent Non-Executive Directors in order to preserve the transparency and integrity of remuneration processes. The Remuneration Committee meets at least four times a year, and, when required, the meetings are attended by appropriate senior management of the Company (such as the Chief Executive Officer and General Manager of Human Resources), and external advisers upon invitation.

When proposing remuneration to the Board, the Committee ensures that:

- the remuneration for Executive Directors is appropriately balanced between fixed and variable pay elements, which may include annual bonus and equity-based awards;
- Executive Directors do not receive any sitting allowances or fees that may be payable to Non-Executive Directors;
- the remuneration of Non-Executive Directors is determined by the Chairman and the Executive Directors; and
- no Director or manager is involved in any decisions as to his/her own remuneration.

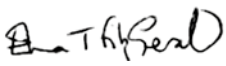
In accordance with its terms of reference, the Remuneration Committee assists the Board in:

- Determining the framework for the remuneration of the Chairman, Chief Executive Officer, Executive Directors and members of senior management, including without limitation, the schemes of performance-based incentives (including share incentive plans), awards, and pension arrangements and benefits for the Executive Directors and senior management.
- Ensuring that contractual terms and payments in respect of dismissal, loss of office or termination (whether for misconduct or otherwise) are fair and not excessive to the individual.
- Providing appropriate input on Directors' remuneration for the Company's Annual Report and Accounts.
- Preparing necessary remuneration procedures and policies in compliance with the Nigerian Code, UK Code and other applicable laws and regulations, and in consideration of remuneration trends in the oil and gas industry in the area where Seplat operates.
- Reviewing remuneration and related matters to ensure that they are consistent with corporate governance best practice.
- Reviewing up-to-date information about remuneration in other companies in the oil and gas sector with the aid of qualified consultants.
- Considering wider workforce pay and policies and overseeing any major changes in employee benefit structures throughout Seplat.
- Designing the policy for authorising claims for expenses from Executive and Non-Executive Directors.
- Regularly reviewing the ongoing appropriateness and relevance of the Company's remuneration policy.

Highlights of business carried out by the Remuneration Committee during the year include:

- Review of the bonus outturn against the corporate and individual performance targets ('scorecards') for the 2020 financial year.
- Review of the Total Shareholder Return ('TSR') performance of the Company relative to the constituents of its comparator group and the reserves growth underpin to determine the performance outcome for the 2018 LTIP Awards.
- Review of the remuneration policy in line with corporate governance best practice including malus and clawback provisions, changes to the Company's business strategy, the need to attract, retain and motivate executives and investor sentiment and presentation of the remuneration policy for approval at the 2021 Annual General Meeting. This resulted in a number of changes to the remuneration policy, as set out in our 2020 Annual Report, including changes to the LTIP performance measures.
- Setting the 2021 annual bonus performance targets ('scorecards') for the CEO, CFO, Board executives and senior management. These targets are cascaded throughout the Company to ensure alignment.
- Review of the Chairman's Consultancy Service Agreement fees.
- Review of key executive remuneration trends for the 2021 AGM season as well as the trends from major industry peers, i.e. UK listed Exploration and Production ('E&P') companies.
- Review of remuneration and pay benchmark exercise for executive management and the wider workforce and proposed salary increases for FY 22.
- Considered and presented for Board approval, the introduction of cost of living adjustment ('COLA') for all employees across all grade levels annually to cater for inflation. Adjustment of pay for inflation, which is common practice in the industry, is subject to the ability of the Company to pay in any given year.
- Consideration of Nigerian Pay and Governance Update which considered changes in statutory laws and requirements.
- Review of the Remuneration Committee effectiveness in line with best practices, compliance with the 2018 UK Corporate Governance Code, the 2018 Nigerian Code of Corporate Governance and the shareholder approved remuneration policy.

The Committee will continue to be mindful of the concerns of shareholders and other stakeholders and welcomes shareholder feedback on any issue related to executive remuneration. In the first instance, please contact our General Manager, Corporate Services.



Emma FitzGerald
Chairman of the Remuneration Committee

Finance Committee report

Dr. Charles Okeahalam[1]
Chairman of the Finance Committee

4

Finance Committee meetings in 2021

2021 Members	17 Feb	21 Apr	22 July	22 Oct	
Dr. Charles Okeahalam[1], Chairman	●	●	●	●	4/4
Lord Mark Malloch-Brown[1,2], Member	●	●	–	–	2/2
Ms. Arunma Oteh,OON[1], Member	●	●	●	●	4/4
Mr. Bello Rabiu, Member[1,2]	–	–	●	●	2/2
Professor Fabian Ajogwu[1,2], SAN, Member	–	–	●	●	2/2
Dr. Emma FitzGerald[1,3], Member	–	–	–	●	1/1

1. Independent Non-Executive Director.
2. Lord Mark Malloch-Brown retired from the Board in July 2021. Mr. Bello Rabiu and Professor Fabian Ajogwu, SAN were appointed to the Board as Independent Non-Executive Directors in July 2021. Following their appointment, they attended the two (2) Finance Committee meetings that held after their appointment.
3. Dr. Emma Fitzgerald was appointed to the Board as an Independent Non-Executive Director on 1 August, 2021. Following her appointment, she attended one (1) Finance Committee meeting held after her appointment.

Dr. Charles Okeahalam and Ms. Arunma Oteh have recent and relevant financial experience, as highlighted in the profile of Directors on page 83.

In the financial year ended 31 December 2021, the Committee held four meetings, dates and attendance records for which can be seen in the table above.

I am pleased to make this report to Seplat shareholders on the activities of the Finance Committee, which I trust you will find to be of interest.

The Finance Committee was constituted in 2013 in compliance with the UK Code's requirement for an audit committee and consists wholly of Independent Non-Executive Directors as listed above. You will see below the details of the terms of reference for the Finance Committee. During the year, the Committee focused on strategies to bolster the Company's financial performance amidst volatile oil prices and an extremely challenging operating and financial environment. We remained steadfast in our resolve to explore and execute viable solutions to each operational and financial challenge. The details of our activities are contained below.

I shall be available at the AGM of the Company to be held on 18 May 2022 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

The Finance Committee consists of five members, all of whom are Independent Non-Executive Directors. The Committee meets at least four times a year, and its meetings are attended by appropriate senior management of the Company, including the Chief Financial Officer, the Head of Internal Audit, the Head of Business Integrity and the Head of Internal Controls.

The Finance Committee assists the Board in:

- monitoring the integrity of financial statements and any formal announcements relating to its financial performance, and reviewing any significant financial reporting judgements contained in them;
- reviewing the Company's financial controls and financial risk management systems;
- overseeing financial strategy, policy and treasury matters;
- reviewing and approving major capital expenditures;
- making recommendations to the Board for presentation to the shareholders for approval at the AGM in relation to the appointment, re-appointment and removal of the external auditor; and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- monitoring and reviewing the effectiveness of the Company's internal audit function and its activities;
- providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- overseeing and evaluating the effectiveness of (and compliance with) the Company's corporate governance policies (including without limitation: conflicts of interest, related-party transactions and whistleblowing).

The Committee's activities during 2021

The Committee met four times in 2021. In compliance with the Committee's terms of reference, it considered the following:

Financial statements: the Committee reviewed the report from the external auditors and management on the interim and annual financial statements and the accompanying public releases. In doing so, it considered the following:

- the oil and gas reserve estimates;
- revenue recognition;
- fraud and management override;
- impact of new accounting standards and regulations
- impact of the fair value adjustments on oil hedges;
- amount provisioned on OML 25 and OML 55
- impairments on the oil and gas assets;
- contingent liability;
- areas that required significant estimation, judgement or uncertainty;
- compliance with financial reporting and governance standards;
- the basis for the going concern assessment;
- related party transactions;
- Company's compliance with OPEC quotas and deferments across all assets;
- NPDC and NAPIMS receivables.

Strengthening the Company's statement of financial position: the Committee worked closely with management to explore the immediate and long-term strategies for improving the Company's statement of financial position.

Bond refinancing: the Committee reviewed and recommended the Seplat bond refinancing of US$650 million. A portion of the proceeds of the US$650 million was used to repay the outstanding amount in the Revolving Credit Facility ('RCF') of US$250 million. The US$350 million RCF remains available for drawing if required. The Company's position of established financial strength ensures the Company is now positioned to fund growth opportunities.

Cash flow analyses: the Committee worked closely with management and ensured a disciplined approach to capital allocation was achieved following substantial leverage of the statement of financial position. The minimum cash position was established and reviewed as adequate during the period.

Alternative export routes: the Committee reviewed management updates on the alternative evacuation opportunities with a focus on ensuring the Amukpe-Escravos Pipeline comes onstream. The Trans-Forcados pipeline uptime in the period was similar to prior year at about 75%.

Cost management: the Committee reviewed the continuous efforts by management to efficiently manage costs. General and administrative costs were slightly higher than prior year and reflected the gradual return to normalcy following the onset of Covid restrictions imposed in 2020.

Oil hedging: the Committee reviewed the implementation of the existing oil hedging strategy and ensured that appropriate levels of revenue protection were considered at the same time as ensuring that the risk and costs of hedging were manageable.

Budgets: the Committee reviewed the annual budget in detail to ensure the assumptions were consistent with the business environment and appropriate growth targets. Oil price sensitivities, alternative export routes, cost reductions, impact of major acquisitions and impact of Naira devaluation were considered as a part of the process.

Deferred tax: the Committee reviewed the appropriateness of deferred tax charges in the year.

Internal and external audit: the Committee reviewed and made recommendations on the internal and external audit plans and the underlying activities and monitored the extent and timing of remediation by management.

Internal controls and risk management: the Committee reviewed the business risks including the management and mitigation of financial risks and the timeline for remediation.

The Committee reviewed the effectiveness of the Corporate Business Integrity Unit, the whistleblowing policy, as well as reports made through the whistleblowing system and efforts to resolve them.

Interim and final dividend: the Committee considered the impact of declaring an interim and final dividend and recommended the adoption of a quarterly dividend payment of 2.5 cents. Interim dividend payable post Q1, Q2, Q3 and final dividend payable post AGM.

The Committee carefully monitored the Company's liquidity position and ensured management's compliance with the business plans.

The significant issues considered by the Committee in relation to the financial statements were:

- Related party transactions: the Committee undertook a thorough review of the proposal to wind down all related party transactions to zero dollars in the year under review.
- Impairment: the Committee reviewed the impairment tests performed by management which was also an area of focus for the external auditor. In assessing the impact of impairment, oil price assumptions were compared with a few external reference points and compared to ensure that the management estimates were appropriate.

Eland financing:

Eland RBL and subordinated financing: the Committee reviewed and recommended the refinancing of the Eland RBL with US$100 million commitments plus an accordion of up to US$75 million, and an additional US$50 million as subordinated facility. Subsequently, the Eland RBL was refinanced with US$100 million commitments from existing lenders and US$10 million of the accordion was accessed via a commitment from First City Monument Bank. Currently, the full US$110 million of commitments is drawn and US$65 million of the accordion remains unfunded.

The Committee reviewed and supported the restructuring of the Westport Shareholder Loan to Elcrest (subsidiary of Eland) to enable them to fund the well programme and increase production to ultimately support repayment of the loan.

AGPC financing: the Committee reviewed the US$260 million AGPC financing comprised of a $190 million dollar facility and a Naira component of US$70 million. The facility also includes a US$60 million unfunded accordion which AGPC can seek commitments for and access post completion to fund an equity rebalancing payment.

Internal audit

In 2021, the Finance Committee on behalf of the Board reviewed the audit plan and received quarterly reports on the internal audit activities. EY supported the Internal Audit team under a manpower call-off contract to provide resources as required in delivering the Internal Audit plan.

The Head of Internal Audit reports directly to the Board through the Chairman of the Finance Committee with an administrative reporting line to the CEO. The Internal Audit function, therefore, has direct access to the Finance Committee and its main responsibilities include:

- evaluating the adequacy, reliability, and effectiveness of governance, risk management, and internal controls systems;
- evaluating the reliability and integrity of information and the means used to identify, measure, classify and report on such information;
- evaluating the means of safeguarding assets and verifying the existence of such assets, as appropriate;
- evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation; and
- performing consulting and advisory services on new initiatives and matters related to governance, risk management and internal controls as appropriate for the Company.

The internal audit strategy in 2021 provided greater focus on operational areas of capital spend to provide assurance about the effectiveness of operational controls, project management efficiency, and delivery and achievement of strategic objectives underpinning the capital deployment. Internal Audit focused on risks in the selection of areas to audit, detailed testing of contracts and procurement processes and controls, regulatory compliance and reporting of corporate governance, review of information technology general controls and processes. In light of the ongoing global pandemic, Internal Audit also considered the following key enterprise risks in carrying out its activities during the year: Covid-19 pandemic and its attendant impacts including the new way of work, the organisation's ESG commitments and the impacts of the new Petroleum Industry Act enacted by the Federal Government of Nigeria.

The results of the internal audit findings were considered by the Committee at the majority of the meetings and the remedial plans were discussed with management. As a quarterly activity, Internal Audit also conducted checkpoint remediation reviews to ensure that management was effectively closing out identified control gaps from prior audit findings.

The Committee reviewed and updated the Internal Audit Charter. Ahead of external assessment, Internal Audit conducted its own quality assessment review with the overall opinion that the Internal Audit function "generally conforms" with the Institute of Internal Auditors International Standards for the professional practice of Internal Auditing and Code of Ethics. Internal Audit continued to work through the approved implementation roadmap following the external assessment of its function and activities which occurred in the previous three years. An external assessment of the Internal Audit function commenced in the year under review and was set to be completed in Q1 2022.

External audit

The objectiveness and independence of the external auditor are taken seriously by the Company and this is reviewed each year prior to commencement of the audit process. The Committee has a policy of ensuring that the external auditors' independence is maintained by minimising the provision of non-audit services and this is monitored closely throughout the year.

The statutory audit fees earned by the external auditor for the audit services can be found in Note 10 to the financial statements.

Prior to commencement of the audit, the Finance Committee meets with the external auditor to review the audit plan and reports. This is to ensure that the Committee has a thorough understanding of the higher risk areas designed to ensure that there are no material misstatements in the financial statements.

The Committee has reviewed the external auditors' performance and independence taking into account input from management as well as interaction with the external auditor without management present. In making its assessment, the Committee focused on the robustness of the audit, the extent of investigation into the business and the quality and objectiveness of the audit team. Based on this information, the Committee concluded that the audit process is operating effectively and has thus recommended to the Board that the current auditor, PwC Nigeria, be reappointed as external auditor at the 2022 AGM. PwC was first appointed on 28 May, 2020. The Company complies with the Nigerian corporate governance regulations, while observing those in the UK by strategically adopting the most stringent conditions under both sets of regulations. This results in the audit partner being rotated every five years and the audit firm being put out to tender at least every ten years.

Dr. Charles Okeahalam
Chairman of the Finance Committee

Nominations and Governance Committee report

Ms Arunma Oteh, OON

5

Nominations and Governance Committee meetings in 2021

2021 Members	18 Feb	22 Apr	23 July	20 Oct	1 Dec	
Mr. Damian Dodo, SAN[1], Chairman*	●	●	–	–	–	2/2
Lord Mark Malloch-Brown[1], Member*	●	●	–	–	–	2/2
Mr. Basil Omiyi[2], Member	●	●	●	●	●	5/5
Ms. Arunma Oteh, OON[1], Member/Chairman***	●	●	●	●	●	5/5
Dr. Charles Okealaham[1], Member**	–	●	●	●	–	3/4
Professor Fabian Ajogwu, SAN[1], Member**	–	–	●	●	●	3/3

1. Independent Non-Executive Director ('INED').
2. Senior Independent Non-Executive Director.

* Mr. Damian Dodo, SAN and Lord Mark Malloch-Brown retired from the Board in July 2021.

** Dr. Charles Okeahalam joined the Committee in April 2021, while Professor Fabian Ajogwu, SAN joined the Board and Committee in July 2021.

*** Following the retirement of Mr. Dodo, SAN from the Board in July 2021, Ms. Oteh was appointed the Committee Chairman.

In the financial year ended 31 December 2021, the Committee held five meetings. The dates and attendance records for all the meetings are reflected in the table above.

As part of the Board's effort at streamlining the Board Committees for greater efficiency, the Committee in April 2021 was merged with the Corporate Governance, Compliance and Culture Committee to form the Nominations and Governance Committee. The re-constitution of the Committee as the Nominations and Governance Committee is also in line with the provisions of the Nigerian Code of Corporate Governance ('NCCG') which recommends assigning the responsibilities for nomination of members and oversight of governance matters to a stand-alone committee. The terms of reference of the Committee were updated to reflect the essence, roles and responsibilities of the Committee.

During the course of the year, the Committee went through significant changes with the refreshing of its members. Two members of the Committee, Mr. Damian Dodo, SAN and Lord Mark Malloch-Brown retired from the Board in July 2021, and were replaced with the appointment of Professor Fabian Ajogwu, SAN (a Corporate Governance expert), Mr. Bello Rabiu (with extensive technical expertise in the energy sector) in July 2021 while Dr. Emma FitzGerald was appointed an Independent Non-Executive Director in August 2021. Dr. FitzGerald brings to the skill-set mix of the Board, her vast experience in hydrocarbon chain and mergers & acquisition, financial literacy and strategy.

Following the retirement of Mr. Dodo, SAN from the Board, Ms. Oteh, OON was appointed the Committee Chairman while Prof Ajogwu, SAN and Dr. Okeahalam joined the Committee as its members.

In the first quarter, the Committee welcomed Mr. Charles Ghandi as the new Director Corporate Services, who joined the Company in January 2021.

In the discharge of its responsibility for the year, the Committee received detailed updates on the Change Management Program ('CMP') for the strengthening of organizational structure including the embedding of the Company's newly introduced Asset-Led Management structure. The structure of the CMP, which commenced in Q4 2020 with a target date of Q1 2022, focused on: (i) ensuring effective interface between Seplat's assets and the rest of the organisation; (ii) identifying the areas of misalignment/inefficiency, defining and correcting such; (iii) reviewing existing KPIs and amending as appropriate to ensure effective measurement and incentivisation of employees; (iv) reviewing the culture of the business to ensure it stays healthy, fair and progressive. The embedding process was led by the CEO and his Team under the guidance of an external consultant (Execution Edge).

The Committee reviewed and recommended for the Board's approval, the Diversity & Inclusion Policy. The Board, as part of its drive to actualise the United Nations (UN) Sustainable Development Goal No.5 (SDG5) and other initiatives, appointed Mrs. Edith Onwuchekwa (Director Legal/Company Secretary) as the Company's Gender Diversity Champion in April 2021. The Board also appointed Mr. Omiyi (Senior INED) as its Gender Diversity Champion at the Board level.

In line with its oversight role and responsibilities under the NCCG provisions, the Committee held several executive sessions. Matters discussed included succession plan, ways to continue to ensure that Seplat is an employer of choice for any employee, ways to urgently address critical issues within the organisation were discussed. The Committee also reviewed the Company's Board Succession Plan and the accompanying operational guidelines for its implementation. The Board approved the Committee's recommendation for the engagement of Korn Ferry, a global organisational consulting firm, to carry out the 2021 Board Performance Evaluation.

Other activities of the Committee for the financial year ending 31 December 2021 are outlined below. I shall be available at the Annual General Meeting ("AGM") of the Company to be held on 18 May 2022 in Lagos, Nigeria for further clarifications and to speak with shareholders. If you are not able to meet me at this year's AGM, I can be contacted through the Company Secretary.

Ms. Arunma Oteh, OON
Chairman of the Nominations and Governance Committee

All four members of the Nominations and Governance Committee are Independent Non-Executive Directors. The Committee meets at least four times a year. When required, the meetings of the Committee are attended by other members of the Board such as the Board Chairman, the Chief Executive Officer, members of the Senior Management Team (such as the Director Legal/Company Secretary and Director Corporate Services). External advisers also attend some of these meetings only upon invitation by the Committee Chairman.

The Committee in performing its duties as enshrined in its terms of reference gives due consideration to all applicable laws and regulations, including but not limited to the provisions of the Nigerian Code of Corporate Governance ('NCCG'), the Securities and Exchange Commission's Code of Corporate Governance, the Nigerian Exchange Rules, the Listing Rules of the UK Listing Authority, the Disclosure Rules and Transparency Rules issued by the Financial Conduct Authority, the UK Corporate Governance Code ('UK Code'), and any other applicable rules, as appropriate. The Committee, in collaboration with the Sustainability Committee, also ensures that Seplat complies with all of the requirements under the Nigerian and UK Codes of Corporate Governance including environment, social and governance reporting. The Committee assists the Board in fulfilling its responsibilities with respect to the following:

- nomination of Board and/or Board Committee members and oversight of governance matters of Seplat;
- Board and/or Board Committee composition, evaluating the performance of Directors and making recommendations on the addition or replacement of Executive and Non-Executive Directors and the Chairman of the Board;
- oversight of Seplat management's implementation of its human capital development policies and procedures and Seplat management's recommendations for the recruitment, promotion, training, development, succession planning or disciplinary measures affecting the Chief Executive Officer, Executive Directors, General Managers and above for Seplat and any of its subsidiaries;
- overseeing the implementation of Seplat's Code of Business Conduct, reporting any lapses and recommending appropriate review to the Board from time to time;
- promoting, modelling, institutionalising, and maintaining sound ethical culture and good corporate citizenship (Sections 24.1 & 24.2 of the NCCG).
- advising the Board on modalities of strengthening the Company's corporate governance and compliance ethos, so as to achieve Seplat's continued survival and prosperity (Section 11.2.1 of the NCCG).
- achieving the corporate strategy of the Company.

Other responsibilities in the area of corporate governance are as follows:

- Review compliance with all applicable laws, corporate governance codes, listing rules, and regulations (the 'legislations') and its implementation by the Company;
- Review developments in corporate governance generally and advise the Board periodically with respect to significant developments in the law and practice of corporate governance and recommend the approach to be taken by the Company in relation to such corporate governance standards;
- At the request of the Board, review and approve material corporate governance information of the Company to be made public or made available to public entities;
- Periodically review all Board-related policies and recommend to the Board such changes as it considers appropriate. The Committee shall also monitor adherence to the Code of Business Conduct, ensuring that breaches are appropriately dealt with;
- Review and approve items that should be published in the Company's Annual Report relating to the activities of the Committee;
- Assess whether the Board has access to all the information it requires from management;
- Assess, from time to time, whether additional information, including third-party evaluations, is desirable;
- Meet from time to time without management representatives to consider ethical, governance and compliance issues or, at the request of the Board, to consider other issues referred to it by the Board;
- Consider any other matter properly referred to the Committee by the Board, a Director, or the management of the Company, for review or recommendation to the Board;
- Meet separately with senior management, employees or independent advisors, as deemed necessary by the Committee;
- Review or make recommendations to the Board in respect of the adoption, administration or amendment of the Company's policies including the Code of Business Conduct or conflict of interest policies;
- At the request of the Board and/or the respective Board Committees, provide guidance on the Company's arrangements for its employees to raise concerns in confidence about possible improprieties in matters other than financial reporting;
- Advise the Board and the respective Board Committees on the Company's procedures for detecting and responding to fraud, including bribery, as well as arrangements in place for regulatory and statutory compliance;
- Periodically review the effectiveness of the Company's governance and compliance practices and any relevant governance and compliance issues, such as ethics, culture, integrity, transparency, including opportunities for improving the governance and compliance framework, compliance with all applicable legislations and make recommendations to the Board as appropriate with respect to any changes to the Company's governance and compliance practices; and
- Coordinate with the Sustainability Committee in providing in the corporate governance section of the Company's Annual Report, highlights of the Company's activities, standards and compliance in relation to matters of general environmental, social and governance (ESG) initiatives (Section 28.2(l) of NCCG).

Highlights of the business carried out by the Nominations and Governance Committee during the year include:

- reviewed the Board Succession Plan with the retirement of two INEDs, Lord Mark Malloch-Brown and Mr. Damian Dodo, SAN after the AGM in May 2021 and the appointment of Professor Fabian Ajogwu, SAN, and Mr. Bello Rabiu in July 2021 while Dr. Emma FitzGerald joined in August 2021 following the nomination process led by the Committee and approved by the Board;
- Dr. Okehalam then joined the Committee in April 2021 while Professor Ajogwu, SAN joined in July 2021.
- the appointment of the new Director Corporate Services, Mr. Charles Gbandi who joined the Company in January 2021 was approved on recommendation by the Board;
- the Director Legal/Company Secretary was appointed the gender diversity champion for the Company while Mr. Omiyi was appointed the Gender Diversity Champion at the Board level;
- reviewed the Management Succession Plan;
- had full oversight of the implementation of an asset-led organizational structure in support of the Company's long-term strategic vision to be the leading indigenous African independent energy company;
- quarterly review of the Company's HR Dashboard which highlighted the following key updates: (i) new hires and departures including resignations; (ii) total number of males & females; (iii) maintenance of a healthy workforce; (iv) staff turnover compared to the global average annual rate; (v) ongoing initiatives put in place for the welfare of third-party contract staff; (vi) overhaul/re-evaluation of the Company's Contract Management Strategy; and (vii) gradual return of employees to the office post Covid-19, etc.;
- revised the terms of reference for the newly constituted Nominations and Governance Committee;
- reviewed the Diversity & Inclusion Policy;
- developed new terms of reference for the Company's Board Evaluation process going forward;
- Held Executive Sessions with the Board Chairman and the CEO in attendance in line with its oversight role and responsibilities under the NCCG provisions;
- reviewed the Draft Succession Plan presented by management and accompanied by the operational guidelines as the framework for its implementation;
- received updates on ways to continue to enhance the environment to make Seplat the employer of choice; and
- engagement of Korn Ferry, a global organisational consulting firm, to conduct the 2021 Board performance evaluation process;
- other activities from HR includes: appointment of Ms. Wendy Llewellyn as the Diversity and Inclusion Manager, (Female employee) to help reinforce and drive diversity initiatives in the company; the appointment of Female General Manager in Sub surface; the provision of creche facility in the Lagos Head office to care for nursing mothers; provision of gender friendly facilities in the field.

Diversity at Seplat

Seplat's Board and employees are one of its greatest assets and key stakeholders. The Company is therefore committed to promoting a diverse and inclusive workplace that will maximise value to the business and ensure the sustainable success of the Company. It is therefore the policy and practice of the Company to attract, recruit and retain diverse and talented members of the Board, management and workforce. The Company during the year under review adopted a Diversity and Inclusion ('D & I') Policy aimed at setting the parameters within which Seplat will promote diversity and inclusion within the organisation.

This Policy applies to all Directors, employees, and business partners, including their respective recruitment, engagement, remuneration, evaluation, and promotion. This Policy also applies in all countries and locations in which Seplat operates, except in jurisdictions where the Company has adopted a specific policy on Diversity & Inclusion.
On 18 October 2021, Seplat launched the 'Seplat Women Awesome Network' ('SWAN') under the Seplat Gender Diversity programme. This was created as part of the Company's sustainable business approach and to spearhead its contribution towards the achievement of UN Sustainable Development Goal 5 to achieve gender equality and empower all women and girls. SWAN is a gender equality vehicle to help Seplat and its stakeholders to design, implement and develop programmes to mainstream gender in the Company and the energy sector value chain. With the actualisation of SWAN's vision, Seplat will be recognised as an employer of choice for engaging, retaining, and developing top female talent into various leadership positions across the Seplat value chain.

The current Board consists of nationals from a variety of cultures within Nigeria and internationally, who have diverse expertise in the local and international oil and gas industry and different business sectors. The Nominations and Governance Committee's consideration of candidates for directorship includes a review of diversity matters. Diversity among Directors provides a strong mix of views and experiences to leverage the Board's decision-making processes and leadership activities. There are currently three female Directors on the Board: (a) Ms Nathalie Delapalme; (b) Ms. Arunma Oteh, OON; and (c) Dr. Emma FitzGerald.

The Board also promotes diversity throughout the business. Seplat's senior management team consists of men and women from different cultures in Nigeria and internationally, who have varying skills and experience in the different sub-sectors of the oil and gas industry. The Board is committed to continuous investment in diversity among its Directors and employees; and is proud of the increasing number of women within the senior management team. Overall, females make up 25% of the population within the Company while policies have been put in place that will grow this number over time at all levels in the organization. This will be driven at graduate and mid-career recruitment campaigns.

Energy Transition (formerly Gas) Committee Report

Mr. Basil Omiyi

4

Energy Transition Committee meetings in 2021

2021 Members	16 Feb	20 Apr	15 July	20 Oct	
Basil Omiyi[1], Chairman	●	●	●	●	4/4
Charles Okeahalam, Member	●	●	–	–	2/4
Arunma Oteh, Member	●	●	●	●	4/4
Bello Rabiu[2], Member	–	–	●	●	2/2
Emma Fitzgerald[3], Member	–	–	–	●	1/1

1. Senior Independent Non-Executive Director.
2. Appointed Independent Non-Executive Director and became a Member of the Energy Transition (formerly Gas) Committee in July 2021.
3. Appointed Independent Non-Executive Director August 2021 and became a Member of the Energy Transition (formerly Gas) Committee in October 2021.

The Committee held four (4) meetings in the financial year ended 31 December 2021. The dates, attendance, and new membership records are as shown in the table and Notes 1 – 3 above.

I am pleased to present to you the Energy Transition Committee report for the 2021 financial year. The Committee was initially constituted by the Board in 2018 and known as the 'Gas Committee' with the goal of fine-tuning Seplat's gas strategy and bringing greater focus to the management of the Company's gas business risks. The name of the Committee was changed to the 'Energy Transition Committee' in July 2021. The change was to align the Committee's mission and objectives with the new strategic direction for the Company approved by the Board, and the corporate name change to 'Seplat Energy Plc' as approved by the shareholders at the 2021 AGM. The change of name will enable the Committee to incorporate the gas business under the 'New Energy' portfolio. Accordingly, the Committee, in addition to helping the Company successfully navigate the dynamic landscape of the gas market and to position the gas business as a robust stand-alone midstream business, will also assist the Board in the oversight and deployment of the Company's Energy Transition Agenda and the conceptual energy transition roadmap. I shall be available at the AGM of the Company to be held on 18 May 2022 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Mr. Basil Omiyi
Chairman of the Energy Transition Committee

The Energy Transition Committee, in the financial year under review, was comprised of five (5) Independent Non-Executive Directors who have strong leadership experience in the Nigerian and international gas industry as well as in-depth knowledge of finance. Mr. Bello Rabiu and Dr. Emma Fitzgerald joined the Committee in July and October 2021. Details of the terms of reference for the Energy Transition Committee and a summary of the activities carried out during the financial year are shown below.

In accordance with its terms of reference, the Energy Transition Committee is established to assist the Board in:

1. providing guidance on the gas business growth plan which includes:
   (i) decoupling of the midstream gas business from the upstream oil and gas business; and
   (ii) expansion of the gas value chain into LPG/CNG/LNG as well as moving further down the value chain into gas-to-power opportunities;
2. periodic review of a long-term strategic Gas Expansion Master Plan for Seplat that is consistent with the vision of the Company, and a framework for implementing the plan;
3. the oversight of the Company's successful transition from the Upstream Gas into the Midstream value chain;
4. reviewing issues as they arise in major ongoing midstream investment in the Assa – North Ohaji – South ('ANOH') project especially given its non-operated status;
5. reviewing the Seplat Energy Plc investment portfolio and opportunities in cleaner energy;
6. overseeing the formulation and implementation of the New Energy business model to amongst others:
   a. define and develop the New Energy business model and solutions to the Company's decarbonisation challenge and consolidate all initiatives aimed at reducing Seplat's emissions footprint into a Greenhouse Gas ('GHG') Energy Management Plan ('GHG – EMP');
   b. implement the Seplat Energy Transition Agenda including the GHG – EMP to achieve net-zero emissions;
   c. expand the gas business beyond the core E&P into different gas-related business lines integrated with the New Energy business model;
   d. drive decarbonisation initiatives and assess the potential for investments in renewable and other forms of New Energy; and
   e. supervise the implementation of the energy transition roadmap by maturing the strategic choices approved by the Board to actualise the short -, mid -, and long-term energy opportunities;
7. receiving and considering reports relating to the Midstream and Energy Transition initiatives, including gas prospects, commercial activities and legislative updates; and
8. overseeing other activities related to the Midstream Gas processing and expansion business of Seplat as the Board may approve from time to time.

Gas business

Highlights of the gas business carried out by the Energy Transition Committee during the year include:

I. *Gas sales volume:* In the course of the financial year, the Committee paid close attention to gas sales volume, particularly as the country and the global economy continue to deal with the impact of the Covid-19 pandemic. However, the Company was able to meet its gas sales volume in the year under review whilst continuing to monitor the impact of the reduction in domestic gas price which took effect on the 1 August 2021 and putting measures in place to mitigate the likely reduction in gas demand from some of its key customers.

II. *Collection of outstanding debt:* The Committee also monitored the collection of outstanding debts from the Company's customers. The Company made impressive strides in the collection of payments, whilst still working assiduously with relevant partners and customers to recover the accrued overdue receivables from the Domestic Supply Obligation ('DSO'). The improved collections kept the Company's total overdue receivables within the threshold range whilst continued engagements with Nigerian Bulk Electricity Trading Plc, ('NBET') and other stakeholders have continued to facilitate improved collection in the gas-to-power value chain. The Company intends to sustain the improvement we have seen recently to support further growth in the gas business.

III. *Gas-to-grid power issue:* The power sector is the major customer for gas in Nigeria. The Company therefore will remain exposed to the power sector. There are several challenges in the gas-to-power value chain including inadequate liquidity and dilapidated facilities. The Power Sector Reform Program being implemented by the government if successful will alleviate these challenges. In the year under review, the Committee monitored developments in the gas-to-grid power space; particularly as it relates to the following:

- *The new electricity tariff:* The implementation of the new electricity tariff and the slowly increasing penetration of pre-paid meters through the National Mass Metering Programme brought a noticeable improvement in the quantum of DSO payments. Efforts are ongoing to obtain clarifications from the relevant stakeholders and industry players concerning the recommended 13% reduction in electricity tariff to match the DSO gas price reduction from US$2.50 to US$2.18 under the Multi Year Tariff Order ('MYTO') II) regime earlier scheduled to take effect in November.
- *Review of domestic gas pricing:* The Committee continues to monitor developments related to the directives from the Federal Government on reduction of gas price for DSO which is now being widely complied with by most gas producers. The Company is well-positioned to accommodate the needed adjustments required to implement the new directives and to ensure cost-reflective pricing for gas.

IV. *Petroleum Industry Act (PIA).* The enactment of PIA indicates areas of promise for the gas business despite areas of potential concern for implementation concerning gas pricing. The Committee is currently evaluating the overall impact of the PIA on the gas business.

V. *Sapele Integrated Gas Plant Project.* The Committee continued to monitor progress on the project. The Company's ambition to grow the gas processing capacity to 1Bcf/d by 2030 remains on track.

VI. *Diversification of customer base and markets:* The Committee continued to pay attention to the drive for diversification of customer base and achievement of a good balance between the power and other sectors, particularly the off-grid opportunities that would ensure delivery of gas to various enterprise and industrial parks. The Committee also considered updates regarding opportunities for delivery of gas to the regional gas market.

VII. *Sapele & Oben Liquefied Petroleum Gas ('LPG') Projects:* The Committee considered ongoing initiatives being designed to position the Company for entry into the LPG space via Sapele & Oben as well as ANOH given the increasing demand vis-a-vis scarcity of the product. Expectations are that LPG sales will commence in 2023 when the ANOH project comes on stream with the Sapele plant expected to follow when completed..

VIII. *Transition to renewable energy:* in line with the Company's new strategic direction, the Committee has maintained oversight of the emerging framework for the Company's energy transition agenda and initiatives. The initiatives are expected to lay out the scope of opportunities and projects to be implemented by the Company to harness opportunities in the areas of electricity markets, domestic gas market expansion (i.e. LPG and Compressed Natural Gas 'CNG') and carbon credits/offset monetisation. Significant progress has also been made towards developing an implementable roadmap for flares reduction and solarisation of the Company's projects.

ANOH Project

Key highlights of deliberations and activities relating to the ANOH Project ('Project') carried out by the Energy Transition Committee during the year include:

- *Funding:* ANOH Gas Processing Company Limited ('AGPC') achieved financial close on the debt facility on 9 August 2021, having satisfied the required Conditions Precedent and also successfully made an initial drawdown of US$6 million and NGN 10 billion to keep the project fully funded and ensure continuity.
- *Resourcing:* Induction and training for technical Graduate Trainees ('GTs') commenced in February 2021. The non-technical GTs were deployed to the various departments after their training whilst the technical GTs were also deployed to the Oben Gas Plant for hands-on training/field attachment on a rotational basis and were subsequently deployed to the Project Site with effect from January 2022 to participate in the installation and commissioning work.
- *Stakeholder management/community relations:* The Committee also monitored the stakeholder management and community relations activities concerning the Project. The ANOH Global Memorandum of Understanding (GMoU) was successfully negotiated and signed with the host and impacted communities with representatives of all relevant stakeholders, partners, and the local governments in attendance. The GMoU funding regime is expected to migrate to the Host Community Fund structure under the Petroleum Industry Act by August 2022 under which the GMOU funding will be higher.
- *Gas evacuation pipelines.* The Committee continues to pay close attention to the progress of the Dry Gas Export Pipelines, i.e. the Obiafu-Obrikom-Oben (OB3) and spur line particularly on the River Niger crossing. Timely completion of the spur line remains the greatest risk to the achievement of the ANOH gas project schedule. Efforts are ongoing between the AGPC Project team, Nigerian Gas Company Limited ('NGC') and the contractor to firm up a realistic completion schedule vis-a-vis the impact on the first gas date. The Company is lending its expertise to NGC to improve progress.
- *Contracts and commercial:* The Committee also considered progress made with the respective contract packages required for the Project completion. Progress continues apace as all fabricated equipment by the two major OEMs (Baker Hughes & GPS) arrived in the country and was deployed to the Project site in preparation for installation and commissioning. The Company also recorded good progress on the contract packages being fabricated in-country and the engineering (detailed engineering and civil) packages at the site. Progress on commercial agreements was also recorded as follows:
  - LPG Sales & Purchase Agreement – bid exercise successfully closed and preferred bidders approved by the AGPC Board;
  - Gas Sale Agreements – discussions were progressed with ten (10) identified potential off-takers representing a mix of existing and upcoming projects;
  - Other arrangements as to potential de-risking mitigation opportunities against the spur line readiness.
- *Project risks.* The Committee also considered the risks associated with the Project with a focus on gas evacuation risk (i.e. OB3 and spur pipeline) and the likely impact on the first gas date, Project schedule risk and mitigation plans for the identified risks.

Risk Management and HSSE Committee report

Mr. Basil Omiyi

4

Risk Management and HSSE Committee meetings in 2021

2021 Members	21 Jan	20 Apr	15 July	20 Oct	
Mr. Basil Omiyi[1], Chairman	●	●	●	●	4/4
Ifueko M. Omoigui Okauru[3], Member*	●	–	–	–	1/1
Effiong Okon[1], Member	●	●	●	●	4/4
Xavier R. Rolet[3], Member*	●	●	●	●	4/4
Madame Nathalie Delapalme[2], Member*	–	–	●	●	2/2
Bello Rabiu[3], Member*	–	–	●	●	2/2

1. Executive Director.
2. Non-Executive Director.
3. Independent Non-Executive Director.

* Ifueko M. Omoigui Okauru retired from the Board effective January 2021, following which Madame Nathalie Delapalme joined the Committee in July 2021 while Bello Rabiu was appointed to the Board and the Committee as an Independent Non-Executive Director in July 2021.

In the financial year ended 31 December 2021, the Committee held four meetings. The dates and attendance records for all the meetings can be seen in the table above.

The Board assigned its oversight responsibilities for risk management to the Risk Management and HSSE Committee. In line with the Securities & Exchange Commission ('SEC') Code of Corporate Governance, the Nigerian Code of Corporate Governance 2018 and the UK Corporate Governance Code 2018, the role of this Committee is to assist the Board in overseeing and conducting a robust assessment of the Company's risk management processes and key business risks, including the risk appetite, risk profile and risk-reward strategies for the Company and other risk parameters determined by the Board. It also reviews the adequacy and effectiveness of risk management and controls, has the oversight of the Company's process for identification of significant risks across its business operations and the adequacy of prevention, detection and reporting mechanisms. The Committee also carries out a periodic review of changes in the domestic and global economic and business environment, including trends and other factors which are relevant to the Company's risk profile.

During 2021, a key strategic focus for the Committee was to ensure the continuity of Seplat Energy's operational excellence in the face of an unprecedented and ever-changing Covid-19 pandemic. The Company continued to deploy the Covid-19 response initiatives which it deployed in 2020 and introduced the following measures: (a) remote working for staff coupled with phased manning levels for office and field based staff on a rotational basis; (b) coordinated vaccinations for all staff on a voluntary basis; (c) mandatory testing of staff and visitors and a confirmed negative result before accessing the Company's offices and facilities; (d) provision of robust medical support for staff in the event of a confirmed positive result from PCR testing; (e) periodic review of the Company's Covid-19 Standard Operating Procedures to align with scenario planning conducted around potential exposures; and (f) review of the Company's Business Continuity Plan and Crisis Management Plan to ensure continued efficiency.

The Committee is pleased to report a strong HSE performance for Seplat Energy and its subsidiaries. In 2021, significant improvements were made to the HSE management system around the OML 40 operations, following the tragic incident at the Benin River Valve Station and an accident on the MT Harcourt (a third-party crude storage vessel), both of which occurred in 2020. The remedial actions arising from an independent incident investigation were substantially completed and during the year, OML 40 operations recorded one year without LTI.

The activities of the Risk Management and HSSE Committee are summarised below with highlights on certain key activities carried out in 2021.

I shall be available at the AGM of the Company to be held on 18 May 2022 in Lagos, Nigeria to discuss with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Mr. Basil Omiyi
Chairman, Risk Management and HSSE Committee
(Independent Non-Executive Director).

During the year, the Committee said farewell to Mrs. Ifueko M. Omoigui Okauru with commendations for her longstanding commitment to the activities of the Committee. The Committee also welcomed two new members – Madame Nathalie Delapalme (who has been a Non-Executive Director since July 2019) and Mr. Bello Rabiu (who was appointed as an Independent Non-Executive Director in July 2021).

The Risk Management and HSSE Committee meets at least four times a year, as indicated in the table above. The meetings of the Committee are attended by appropriate members of senior management, such as the Chief Executive Officer, Technical Director, Director Legal/Company Secretary, General Manager HSE, Head of Enterprise Risk Management, General Manager Internal Audit and Director of External Affairs & Sustainability. Specialists with appropriate technical expertise are invited to attend and present to meetings of the Committee, as and when required by the Committee.

The terms of reference of the Risk Management and HSSE Committee are to assist the Board to:

- review and recommend for approval of the Board, the risk management policies and framework, as well as assist the Board in its oversight of the risk management strategy;
- review the adequacy and effectiveness of risk management and controls in the Company;
- receive reports from, review with, and provide feedback to, senior management on the categories of risk that Seplat Energy faces, including credit, market and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management's views on the acceptable and appropriate levels of those risk exposures;
- evaluate the adequacy of the Risk Management function; and review the adequacy and frequency of risk reporting to the Board;
- review the Company's credit, market, liquidity and operational risk management frameworks, including significant policies, processes and systems that senior management uses to manage risk exposures, as well as risk measurement methodologies and approaches to stress testing;
- exercise oversight over the processes for the identification and assessment of significant and emerging risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- review the Company's level of compliance with applicable laws and regulatory requirements including those that may impact Seplat Energy's risk profile; and the procedures and controls for any new businesses acquired or developed by Seplat Energy;
- periodically review relevant changes in the economic and business environment, including emerging trends, management procedures, controls for risk associated with new business and other factors relevant to the Company's risk profile and those trends which may threaten its business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate;
- receive information from the Chief Executive Officer, Operations Director, Technical Director, General Manager of Assets, Head of Enterprise Risk Management, Director, Legal/Company Secretary, others from senior management, the Company's independent auditors, regulators and outside experts as appropriate regarding matters related to risk management;
- in consultation with the Audit Committee, review and discuss with senior management, at least annually: (a) the key guidelines and policies governing Seplat Energy's significant processes for risk assessment and risk management; and (b) the Company's major financial risk exposures and the steps senior management have taken to monitor and control such exposures;
- review the Company's policies and procedures for detecting fraud and prevention of bribery including review of the Company's whistleblowing policy and procedures;
- evaluate the effectiveness of Seplat Energy's policies and systems for identifying and managing environmental, health and safety risks within its operations;
- assess the policies and systems within Seplat Energy for ensuring compliance with environmental, health and safety regulatory requirements; and perform other activities related to these terms of reference and as requested by the Board; and
- review and recommend for approval of the Board, at least annually, the Company's information technology (IT) data governance framework to ensure that IT data risks are adequately mitigated, and relevant assets are managed effectively. The framework may include: (a) development of IT strategy and policy; (b) proactive monitoring and management of cyber threats and attacks as well as adverse social media incidents; (c) management of risks relating to third-party and outsourced IT service providers; (d) assessment of value delivered to the Company through investments in IT; and (e) periodic independent assurance on the effectiveness of the Company's IT arrangements.

In the financial year ended 31 December 2021, the Risk Management and HSSE Committee held four meetings, the dates of which are listed above in this report.

Highlights of the business carried out by the Committee during the year are as follows:

- quarterly review of the principal and emerging risks for the Company; re-classifications of principal risks; associated risk mitigations put in place; the Enterprise Risk Register; update on Management Dashboard in respect of both Western and Eastern Assets; and review and recommendation to the Board on the updated Risk Management and Internal Controls Policy following an independent audit of the Enterprise Risk Management function. The updated Policy was approved by the Board in July 2021 and is being implemented across the organisation;

- review of the 2021 Operations Plan and quarterly review of the Company's performance against the plan; review of the OPEC Quota against the Company's production, historical production trends, performance on new oil/gas wells, ongoing capital projects (with a focus on the commissioning of the Amukpe-Escravos Pipeline, which was achieved in February 2022); update on outages from major evacuation pipelines and viable options for mitigating against these outages through an alternative evacuation from the Western and Eastern regions of the Company's operations; update on asset integrity and process safety management, gas business, non-operated ventures, crude oil theft/losses, technology risks, roadmap for ending routine flares, deep dive into reported contamination at the Sapele-Okpe water well, encroachment challenges at the Oben-Amukpe right of way and buffer zone, Western Asset lifecycle oil development, Government receivables, Business Continuity Plan and Crisis Management Plan, and monitoring/responding to security threats within the Company's operational areas;
- quarterly review of the Covid-19 management system for operations continuity; prevention and management of Covid-19 spread in Seplat Energy's operations and locations, including updates on testing rates and positivity rates;
- review, and recommendation to the Board, of the Guiding Principles for the Company's relationship with its host communities as well as a policy for increasing the participation of host communities in its business. The Guiding Principles were approved by the Board while the policy is scheduled for presentation to the Board for its consideration and approval. Both documents are being implemented across the organisation towards strengthening community relations and development;
- review of the 2021 Corporate HSE Business Plan and the outcome of an independent audit of the regulatory compliance status of the HSE function (which was determined to be satisfactory); quarterly update on HSE performance across the Company with highlights on LTI-free man-hours achieved for the period, incident review panel sessions, campaign to embed mandatory safety rules amongst personnel; etc. During the year, HSE activities focused on optimal Covid-19 management and strengthening the management system around road traffic accidents in alignment with the United Nations Global Road Safety Campaign and in collaboration with the Federal Road Safety Corp in Nigeria. The Committee is pleased to report that as at the end of 2021 Seplat Energy achieved 24 million man-hours without LTI;
- quarterly review of the remedial actions arising from the independent investigation conducted in respect of the OML 40 (MT Harcourt) explosion and oil spill incident. In addition, the Committee conducted quarterly reviews of the HSE programme for OML 40 operations as deployed by the incorporated joint venture and operator, Elcrest Exploration and Production Company Limited ('Elcrest'). 7 July 2021 marked the one-year anniversary of the explosion incident at the Benin River Valve Station ('BRVS') located in OML 40. To instil the learnings from this unfortunate incident, Elcrest has declared 7 July as 'Safety Day' for its entire organisation and commemorated 'Safety Day' by conducting a company-wide remembrance and learning session on the BRVS and MT Harcourt incidents. There continues to be improvement in the HSE management system of Elcrest. The Committee is pleased to report that Elcrest achieved 1 million man-hours without LTI by June 2021 and further achieved one year without LTI by October 2021;
- review and subsequent recommendation to the Board of the ESG Board Statement, containing a high-level summary of the Board's position on ESG and the key commitments of the Company, which were aligned with the United Nations Sustainable Development Goals. This review was conducted in response to the emergence of 'ESG risk' on the Company's Enterprise Risk Register; and
- quarterly review of the Legal Risk Dashboard and Litigation Matrix which highlights the movements in contingent liability, key legal risks, and high-profile litigation within the Company.

Sustainability Committee report

Madame Nathalie Delapalme

4

Sustainability Committee meetings in 2021

2021 Members	18 Feb	22 Apr	22 July	22 Oct	
Lord Mark Malloch-Brown[1], Chairman	●	●	–	–	2/2
Mr. Xavier Rolet, KBE[1], Member	●	●	●	●	4/4
Madame Nathalie Delapalme, Member/ Chairman[2]	●	●	●	●	4/4
Mr. Damian Dodo, SAN[1], Member	●	●	–	–	2/2
Professor Fabian Ajogwu, SAN[3], Member	–	–	●	●	2/2
Mr. Bello Rabiu[3], Member	–	–	●	●	2/2
Ms. Arunma Oteh, OON[3], Member	–	–	●	●	2/2
Dr Emma FitzGerald[4], Member	–	–	–	●	1/1

1. Lord Mark Malloch Brown and Mr. Damian Dodo, SAN retired from the Board in July 2021 while Mr. Xavier Rolet, KBE resigned from the Board in November 2021.
2. Following the retirement of Lord Malloch-Brown from the Board, Madame Nathalie Delapalme was appointed the Committee Chairman in July 2021.
3. Professor Fabian Ajogwu, SAN and Mr. Bello Rabiu were appointed to the Board on 9th July 2021 and joined the Committee in the same month while Ms. Arunma Oteh, OON joined the Committee in July 2021.
4. Dr. Emma FitzGerald was appointed to the Board on 1st August 2021 and joined the Committee in the same month. However, she resigned from the Committee upon appointment as Chairman of the Remuneration Committee in November 2021.

In the financial year ended 31 December 2021, the Committee held four (4) meetings. The dates and attendance records for all the meetings can be seen in the table above.

The Sustainability Committee, formerly known as the Corporate Social Responsibility ("CSR") Committee, was constituted in 2014 and rebranded as the Sustainability Committee in 2021 to reflect the Company's commitment to sustainability as a key component of its strategy and brand. The Committee has oversight of Seplat's ESG goals, the development and implementation of the Company's Community Relations Policy and CSR initiatives as well as the review of issues which impact community relations especially with the host oil and gas producing communities. The Committee in the past year placed a strategic focus on ESG and sustainability. Following the recent change of name of the Company from Seplat Petroleum Development Company Plc to Seplat Energy Plc, the Committee focused on the implementation of sustainable practices within the Company such as efficient monitoring of relevant metrics, effective gas flare out progress, renewable energies development, carbon capture programs etc. The Committee also invested its efforts in driving a culture of sustainability within the Company and enhancing the importance to address the access to affordable energy challenge as key for an African energy company.

The Company in the past year ensured alignment of its CSR and Community Relations strategies with the 17 Global Sustainable Development Goals. As a company committed to creating value for its stakeholders, it has implemented various CSR programmes that helped thousands of host communities people achieve better living standards, access quality education, healthier lives, access to energy and social and economic opportunities while driving positive business outcomes.

The Committee also provides advisories to the Board on broader societal related matters which may impact Seplat's reputation, brand management and successful business operations.

You will see below details of the activities carried out during the year. Further details of the Company's sustainability activities during 2021 are also contained on pages 66 to 69.

I shall be available at the AGM of the Company to be held on 18 May 2022 in Lagos, Nigeria to engage with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Madame Nathalie Delapalme
Chairman of the Sustainability Committee (Non-Executive Director).

The Sustainability Committee comprises of four (4) Non-Executive Directors, three (3) of whom are Independent. The Committee meets at least three times a year, and when required, the meetings are attended by the Chairman, Chief Executive Officer as well as appropriate senior management of the Company (such as the Operations Director; Director Legal/Company Secretary and the Director External Affairs & Sustainability). External advisers also attend but only upon invitation by the Committee Chairman.

Following the change of name for the Committee, its terms of reference was reviewed while giving due consideration to all applicable laws and regulations, including but not limited to the provisions of the Nigerian Code of Corporate Governance, the Securities and Exchange Code of Corporate Governance, the Nigerian Exchange Rules, the Listing Rules of the UK Listing Authority, the Disclosure Rules and Transparency Rules issued by the Financial Conduct Authority, the UK Corporate Governance Code, the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board to improve and increase reporting of climate-related financial information and any other applicable rules, as appropriate. Highlights of the roles and responsibilities of the Committee to the Board includes:

- develop and monitor the implementation of policies/strategies that promote good and sustainable relationships between the Company and its stakeholders including communities, investors, employees, customers, etc.
- ensure the Company is socially responsible by monitoring compliance with good labour practices, protection of human rights, diversity and inclusion, gender equality and youth empowerment.
- conduct periodic review of the Company's system of operations and its impact on the environment to ensure there is minimum, to the extent possible, adverse impact on the environment and that its operations are in line with global best practices.
- ensure that there is recognition by all within the Group of the impact of its activities upon all stakeholders including shareholders, customers, suppliers, employees and the wider community and environment and that those activities are regulated such that, they are consistent with sustainable business and development, conducted in a socially responsible manner and have a positive impact on communities.
- review periodically the policies and practices that relate to the relations between the Company and its employees to ensure that such policies and practices promote business sustainability.
- review and oversee other related matters and topics in relation to sustainability as may be assigned to it by the Board from time to time.
- review the draft Annual Sustainability Report prepared by management for submission to the Board for its approval and publication in the Annual Reports and Accounts and subsequent filing with the Nigerian Exchange Limited on or before 30th March each year.
- review the results of any independent audits of the group's performance in regard to community relations matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate make recommendations to the Board concerning the same.
- assess the impact of Seplat's operations on stakeholders particularly the communities in which Seplat operates.
- evaluate and oversee on an ongoing basis, the quality and integrity of any reporting to shareholders and external stakeholders concerning community relations issues.
- oversee and monitor implementation of the Global Memorandum of Understanding (GMoU) between SEPLAT and its host communities towards ensuring that equity and fairness is promoted in the distribution of CSR related initiatives amongst the various communities and that the programmes/activities impact the lives of all host community indigenes positively, with a specific focus on access to energy.
- ensure that other communities who are impacted by Seplat's operations though not necessarily designated "host communities" are given due regard in allocation of CSR initiatives as may be necessary.
- assess the performance of SEPLAT with regard to the impact of its CSR decisions and actions upon employees, communities and other third parties. It shall also assess the impact of such decisions and actions on the brand and reputation of the group.
- oversee the development of strategy and implementation of Seplat's Community Relations Policy, CSR programmes, Corporate Branding efforts and policies on all key areas of CSR including standards of business conduct, ethics, charitable activities, community initiatives while ensuring that Seplat maintains a co-operative relationship with relevant environmental, health and safety agencies (public and private) as well as with community representatives.
- oversee and ensure compliance with the CSR Policies and review performance against agreed targets.
- agree a programme of specific CSR activities and enhanced ESG related initiatives and focus for each financial year, supported by appropriate targets and key performance indicators.
- ensure that the Company's Code of Business Conduct provides greater coverage on ESG challenges: (a) Environmental – waste & pollution, resource depletion, greenhouse gas emission, etc.; (b) Social – local communities, health & safety, employee relations & diversity etc.; and (c) Governance – corruption & bribery, donations, etc. and oversee its implementation across the Company.
- develop policies/strategies that relate to ESG in the Company and ensure compliance with these policies/strategies, in order to ensure its operations remain efficient, socially responsible, and environmentally compliant.
- develop a comprehensive ESG policy/strategy and monitor its total compliance by all parties with respect to protecting and ensuring the sanctity of the environment.
- propose innovative and pro-active approaches to tackling ESG challenges including developing carbon offset initiatives, etc.
- have full responsibility for advising the Board on all ESG matters in relation to the activities and operations of Seplat and ensure that the Company reports on the basis of best practice including impact reporting.

Highlights of business carried out by the Sustainability Committee during the year include:

- Successfully carried out a company-wide awareness session on Sustainability and ESG and deployed the ESG Data Collation and Monitoring Tool for ESG reporting within the Company as well as the procurement of an ESG software to drive ESG data disclosure, reporting and verification.
- Engaged an ESG Consultant, JS Global to review the Company's ESG strategy to ensure its robustness, coherence and clear articulation and also inaugurated an ESG Steering Committee within the Company to support the delivery of the Company's ESG agenda.
- Completed internal trainings on the guidelines of ISO 26000 Social Responsibility management system standard implementation in Seplat, in order to better assess the Company's commitment to sustainability and overall performance.
- Effectively monitored and ensured a decrease in the release of greenhouse gas emissions due to the Company's operations.
- Ensured effective GMOU implementation and Partnership management through sustainable community development – infrastructure development projects, relationship management and support towards the seamless operations of the Company.
- Successfully completed major infrastructural developments and projects such as road constructions, provision of solar power, provision of clean water sources, within the communities.
- Maintained the Company's social license to operate within the communities through series of effective stakeholder engagements and successfully empowered members of the Communities through relevant skill acquisition and training.
- Continuously engaged with strategic stakeholders to resolve community issues and crisis, capacity development and economic empowerment through skills acquisition training programme, take off grants, starter packs, etc.
- Successfully deployed the Seplat Teachers Empowerment Programme (STEP) with over 140 teachers in participation and the implementation of the maiden edition of Seplat Education Round Table discussions.
- Commenced the National Undergraduate Scholarship scheme with 64,000 applications from the Western Assets and 21,000 from the Eastern Assets while 2,000 students qualified to take the test.
- Successfully deployed the online test for the Seplat JV Pearls Quiz Modified Programme with 574 school in participation and 1,764 students that took the online test.
- Successfully commenced the Tree for Life Project, which entails tree planting within our operating communities to preserve and build a sustainable environment.
- Successfully submitted the 2020 Sustainability Report to the Nigerian Exchange Limited in compliance with its Directive to all listed companies to submit and publish their sustainability reports before March of every year.

Remuneration Committee Chairman's Annual Statement

Emma FitzGerald

Dear Shareholder,

As the recently appointed Chair of the Remuneration Committee (the 'Committee'), I am delighted to present our 2021 Remuneration Report, on behalf of the Board. Following the 2021 AGM, the Committee were encouraged to see that the Remuneration Report, including our new remuneration policy, was positively received by our shareholders, with 100% of votes in favour.

I would like to thank all of our shareholders for their overwhelming support on remuneration matters. I would also like to thank my predecessor as Remuneration Committee Chair, Mr. Xavier Rolet KBE, for his leadership and for steering the Committee with a strong set of policies and practices upon which our decisions are able to be made.

The Remuneration Report covers how we implemented our new remuneration policy for the year ended 31 December 2021 in light of the company's performance and how we intend to implement it in 2022. An advisory resolution to approve this statement and the Annual Report on Remuneration will be put to shareholders at the 2022 AGM.

Corporate performance highlights and responding to COVID-19

The direct impact of Covid-19 has been less severe in Nigeria than in many other countries. The health and safety of our employees, contractors, communities, partners, and other stakeholders remain top priority. We have implemented preventative measures across all Seplat Energy sites, designed to protect our stakeholders whilst ensuring we can continue to provide the energy and fuels that Nigeria needs. The measures have been very successful to date, with no major incidents recorded.

We will continue to monitor the rapidly changing dynamics and the impact of Covid-19 to comply with all State and Federal Government directives to help protect the health and safety of our employees across all Seplat Energy locations. Employees are encouraged to take advantage of the vaccination schedule as was organised by the OPTS medical subcommittee in collaboration with the Lagos State Government.

Total working-interest oil production volume for the period was 10.6 MMbbls (2020: 12.3 MMbbls) with the total volume of crude lifted in the period being 8.8 MMbbls. The lower volume resulted from the disruption caused by the suspension of exports at the Forcados terminal. Gas sales revenue increased by 2% to $115million (2020: $113 million), due to higher gas sales volumes of 39.4 Bscf, which is reflective of the new gas wells brought onstream during the period and the full operations of the Oben gas plant, which underwent a turnaround maintenance in Q1 2020.

Total revenue for the period, was $733 million, up 38% from the $530 million achieved in 2020. Crude oil revenue was $618 million, which represented a 48% increase compared to 2020, reflecting higher oil prices of $70.54/bbl for the period, despite lower production.

The key areas of 2021 performance and 2020 comparative performance are set out below:

	2021	2020
Profit (loss) before tax (US$ million)	177	(80)
Oil production volume (MMbbls)	10.6	12.3
Gas production (average daily rate, MMscfd)	107.9	101
2P Reserves (Mmboe)	457	499
Lost time incident frequency rate ('LTIF rate')	nil	Nil

The resilience of our business has allowed us to respond to the economic uncertainty without having to access any government Covid-19 related support funds and schemes. We are fortunate to be in a position to provide stability and security of pay for our workforce through this difficult period and are pleased to say that we have continued to pay all colleagues in full. We have not had to furlough any of our colleagues or make any redundancies as a result of Covid-19. The Company continues to increase base salaries for our employees, whilst maintaining a balanced approach in setting pay for our Board Directors in 2022.

Remuneration outcomes for the 2021 financial year

Our remuneration policy is closely aligned to our strategy, the market, and shareholder interests. The Committee calibrated the 2021 corporate scorecard around targets linked to production, operational efficiency technical growth projects, financial, health and safety and environmental, social and governance ("ESG"). The 2019 LTIP award measured our success in maintaining operational and technical excellence and delivering long-term relative shareholder value.

1. Assess performance against targets
2. Review outcomes with management and other committees to ensure holistic reflection of performance
3. Consider outcomes in the context of the wider workforce and environment
4. Use judgement to reflect whether discretion is required, considering the market and shareholder interests

In line with this approach, the performance levels set out below resulted in higher 2021 pay outcomes compared to 2020. The main remuneration outcomes are set out below:

The Committee reviewed the Company's performance against the bonus scorecard and established that the Company overall had performed between on-target and maximum. The 2021 annual bonus outcomes were 72% of maximum for the CEO, CFO and Operations Director. The bonus levels represent an increase from 2020 reflecting improved corporate performance throughout the scorecard. The determination of the corporate scorecard is cascaded through the organisation, affecting not only the Executive Directors, but also the bonuses of senior and middle management. The Committee is cognisant of the impact on the wider workforce when determining outcomes using the process laid out above.

The Committee considered the level of scorecard achievement reflective of the Company's underlying performance and therefore no discretion was exercised in relation to the annual bonus outcome.

The 2019 LTIP awards, for which the performance period ended on 31 December 2021, will vest in May 2022. I am pleased to announce that the Company placed between the median and upper quartile of the TSR comparator group, leading to a vesting outcome of 75% for the TSR element. The Remuneration Committee assessed the historic bonus outturns over the three financial years in line with the underpin and determined that the level of vesting from the relative TSR element should be scaled back by 7.8%. Therefore, the overall 2019 LTIP vesting level was 69%. Awards granted to executive directors are subject to a two-year post vesting holding period, whereas for all other participants 60% of these awards will be released immediately, with the remaining 40% being released in equal instalments after a one and two-year holding period.

The Committee felt that this achievement, combined with the downward adjustment resulting from the application of the underpin, warranted the 69% vesting and therefore no discretion was exercised in relation to the LTIP.

Main Remuneration Committee actions and decisions in 2021

We set out below the key Remuneration Committee actions and decisions in 2021:

- Review of the Remuneration Policy in line with corporate governance best practice including malus and clawback provisions, changes to the Company's business strategy, the need to attract, retain and motivate executives and investor sentiment and presentation of the remuneration policy for approval at the 2021 Annual General Meeting. This resulted in a number of changes to the remuneration Policy, as set out in our 2020 Annual report, including changes to the LTIP performance measures.
- Setting the 2021 Annual Bonus Performance targets ("scorecards") for the CEO; CFO; Operations Director and senior management. These targets are cascaded throughout the company to ensure alignment.
- Review of the Chairman's Consultancy Service Agreement fees.
- Review of key executive remuneration trends for the 2021 AGM season as well as the trends from major industry peers.
- Review of remuneration and pay benchmark exercise for executive management and the wider workforce and proposed salary increases for 2022.
- Considered and presented for Board approval, the introduction of cost-of-living adjustment ("COLA") for all employees across all Grade Levels annually to cater for inflation.
- Review of the bonus outturn against the corporate performance targets ("scorecards") for the 2021 financial year.
- Review the Total Shareholder Return ("TSR") performance of the Company relative to the constituents of its comparator group and the Operational and Technical scorecard underpin to determine the performance outcome for the 2019 LTIP Awards.
- Consideration of Nigerian Pay and Governance Update which considered changes in statutory laws and requirements.
- Review of the Remuneration Committee effectiveness in line with the best practices, compliance with the 2018 UK Corporate Governance Code, the 2018 Nigerian Code of Corporate Governance and the shareholder approved remuneration policy.

Non-Executive Director changes

During 2021, there were a number of non-executives who retired or resigned during the year and full details of remuneration for departing non-executives are disclosed later in this report. Details of remuneration arrangements for non-executive directors leaving Seplat during 2022 will be set out in the 2022 Directors' remuneration report.

Remuneration Policy review

During 2020 and early 2021, the Remuneration Committee conducted a full review of the current Remuneration Policy, which was subsequently approved at our 2021 AGM with 100% support. The new policy was operated as intended during 2021, except that the grant of the LTIP awards to the Executive Directors for the 2021 financial year was delayed because of the Company having been subject to dealing restrictions until the recent announcement of the agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The awards were granted on 10 March 2022.

Operation of the remuneration policy in 2022

- The Committee determined that the Executive Directors, excluding the CEO, and Non-Executive Directors should receive a 2% salary or fee increase which is aligned with the UK wider workforce salary increase.
- On promotion to CEO in August 2020, Roger Brown's salary was set below the targeted policy level while he became established in the role. Given the CEO's strong performance over the past 17 months, the Committee awarded the CEO an 8% salary increase in line with the Nigerian wider workforce to recognise this and begin to move his salary closer to the Company's targeted market positioning.
- The annual bonus will be operated in line with the remuneration policy. Awards at a maximum opportunity of 150% of salary for the CEO and 100% for the CFO and the Operations Director. The performance conditions will reflect the six pillars and safety element underpinning the company's updated strategy.
- LTIP awards will be granted in 2022 which vest over three years subject to relative and absolute TSR performance and a broad underpin, operated as a qualitative review of Seplat's operations. This will ensure a close alignment of payouts for participants with the long-term interests of shareholders. A summary of the award levels, performance targets and weightings are set out in this report.
- Overall total remuneration opportunity will be kept under review, alongside remuneration arrangements for the wider workforce.

Wider workforce

The robust performance of the Company would not have been possible without developing all our people which includes significant formal training, full support, and incentives to perform to the best of their abilities. We recognise that it is also critical for our employees to feel valued as well as to be paid fairly.

The Company operates an extensive range of mechanisms and instruments for workforce engagement which cover all employee populations, including a Joint Consulting Committee, a workshop on remuneration philosophy, the HR quarterly dashboard, visiting employees, Seplat's voice survey and the whistleblowing policy. Please see page 92 for details of actions undertaken in 2021. In addition, we also ran a virtual town hall session where colleagues had the opportunity to raise questions and discuss business issues, providing feedback on subjects including remuneration.

We are committed to providing an inclusive workplace, encouraging, and welcoming diversity with a zero tolerance of harassment and discrimination. Although we don't publish gender pay data, as we have far fewer than 250 employees in the UK, our internal audits have shown that there is no difference between the pay of men and women doing the same job. Our colleague engagement levels show that people enjoy working at Seplat, but high retention, particularly in more senior roles, means the pace of change is slower than we would like. As a result of this, we have initiatives to support the development of all women at Seplat and ensure their development into senior roles, particularly in the technical area.

I am also pleased that we have continued to invest in our reward offering for the wider workforce through an average Nigerian workforce salary increase of 8% with targeted above market increases for selected roles and with all employees sharing from the improved bonus pool for 2021. The Committee is proud that seventy three (73) of our colleagues received 2021 LTIP awards, which represents around 15% of our workforce.

Engagement with shareholders

The Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. If any shareholders wish to discuss the company's remuneration arrangements, the Remuneration Committee Chair would be delighted to meet with you.

The Board and investor relations team manage and develop Seplat's external relationships with current and prospective investors. The Company regularly monitors shareholder reaction and commentary regarding its remuneration practices. The main shareholder engagement activities take place at our Annual General Meetings where we address any questions and provide clarifications on issues raised by shareholders.

The Board and senior management team of the Company are also available to discuss any issues with shareholders before the Annual General Meeting. Details of the shareholder voting outcomes in respect of the remuneration policy and Remuneration Report are presented on page 130. Additionally, the Board maintains a dialogue with investors outside the AGM so as to foster mutual understanding of objectives and to gain a balanced view of key issues and concerns of shareholders.

Summary

I hope that you find the information in this report helpful, and I look forward to your support at the Company's AGM. I am always happy to hear from the Company's shareholders and you can contact me via the GM Corporate Services, Charles Gbandi, if you have any questions on this report or more generally in relation to the Company's remuneration.

Finally, I want to recognise that the Company's performance would not be possible without the resilience and flexibility shown by our employees during these unprecedented times. To all colleagues – thank you for your hard work and commitment to making Seplat Energy the robust business it remains today.

Notes

This report has been prepared taking into account the principles of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, the provisions of the UK Corporate Governance Code (the 'Code') and the Listing Rules.

As Seplat is a Nigerian registered company, this report has also been prepared taking into account the disclosure requirements under Nigerian law, and specifically the Companies and Allied Matters Act ('CAMA'). These rules, consistent with the UK regulations, require the remuneration of all Directors, other than the Chief Executive Officer, to be approved by shareholders at the AGM.

The report consists of three sections:

- the Annual Statement by the Remuneration Committee Chair (pages 115 to 117);
- the At a Glance section (pages 118 to 123);
- the Annual Report on Remuneration which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2021 financial year (pages 124 to 130).

At a glance

Introduction

In this section, we highlight the performance and remuneration outcomes for the 2021 financial year, how the remuneration policy will be implemented in 2022 and the wider employee context.

2021 single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2021 financial year.

Executive Directors	Period	Salary[1] US$'000	Taxable benefits US$'000	Pension US$'000	Other US$'000	Total fixed pay US$'000	Bonus US$'000	LTIP[2] US$'000	Total variable pay	Total US$'000
Roger Brown (CEO)	2021	850	192	145	0	1,187	918	636	1,554	2,741
	2020	733	446	117	96	1,392	278	939	1,217	2,609
Emeka Onwuka (CFO)	2021	705	68	120	0	893	508	0	508	1,401
	2020	294	116	50	0	460	90	0	90	550
Effiong Okon (Operations Director)	2021	719	81	122	0	922	518	697	1,215	2,137
	2020	719	137	122	39	1,017	209	963	1,172	2,189

1. Salaries for Executive Directors are set in USD – 2021 salaries were $850,000 for the CEO inclusive of residency allowance, $705,000 for the CFO and $719,000 for the Operations Director inclusive of housing and 13th month allowances. For the CEO's service as CFO during 2020, the average 2020 USD: GBP exchange rate of $1.284 has been used where applicable.
2. The value of the 2019 LTIP awards vesting in May 2022 is shown in 2021 as the performance period ended on 31 December 2021. The estimated value of these awards uses a 2021 Q4 average share price of $1.14; the actual value will be updated in the 2022 Directors' Remuneration Report when the awards vest on 2 May 2022. The value of the 2018 LTIP awards that vested in May 2021 is shown in 2020. The value has been restated based on the actual share price on 2 May 2021 ($1.17) and includes dividend equivalents.
3. The CFO joined the company 3 August 2020.

Further detail regarding the disclosures in the table above is presented in the Annual Report on Remuneration on page 120.

Variable pay outcomes for 2021

We set out below a summary of the 2021 annual bonus performance outcomes, together with details of the determination of the 2019 LTIP vesting level (where the performance ended on 31 December 2021). Further detail is set out in the Annual Report on Remuneration on page 121.

2021 annual bonus performance assessment

The Committee calibrated the Executive Director's bonus scorecard around targets linked to production, operational efficiency technical growth projects, financial, health and safety and environmental, social and governance ("ESG"). The Committee reviewed the Company's performance against the bonus scorecard and established that the Company overall had performed between on-target and maximum such that all executive directors achieved 72% of maximum. The bonus levels represent an increase from 2020 reflecting improved corporate performance throughout the scorecard.

2019 LTIP awards vesting

The 2019 LTIP awards vest on 2 May 2022. However, the performance period for these awards ended on 31 December 2021 and an estimate of their value is included in the single figure table above.

The Company placed between the median and upper quartile of the TSR comparator group, leading to a vesting outcome of 74.9% for the TSR element. The Remuneration Committee assessed the historic bonus outturns over the three financial years in line with the underpin and determined that the level of vesting from the relative TSR element should be scaled back by 7.8%. Therefore, the overall 2019 LTIP vesting level was 69%.

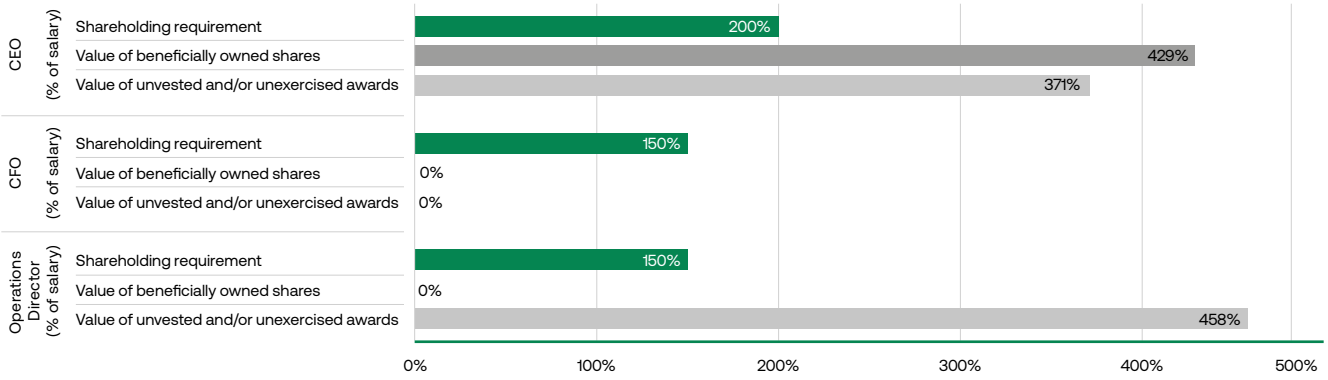
TSR performance vs comparator group				Operational and technical scorecard underpin	
Seplat TSR growth	Median TSR growth (25% vesting)	Upper quartile TSR growth (100% vesting)	Vesting under TSR condition	Vesting reduction due to the operational and technical performance	Overall LTIP vesting
-10.1%	-33.0%	1.4%	74.9%	7.8%	69%

Summary of application of discretion

In summary, the Committee is satisfied that the formulaic outcomes described above are a fair reflection of the performance of management over the respective performance periods, and in the context of the wider business performance. Therefore, no discretion has been applied to the variable pay outcomes.

Executive Director shareholdings

We set out below how our executive's shareholdings compare to the requirements of our policy using the 31 December 2021 share price of $1.13. In addition, we provide the pre-tax value of the Executive Directors' unvested or unexercised equity awards.



Remuneration alignment to performance

The following analysis compares the CEO's pay against his remuneration opportunity and Company performance.

Actual pay versus opportunity

The chart below illustrates how the 2021 total single figure of remuneration for the CEO compares to minimum, on-target and maximum opportunity in accordance with the remuneration policy that applied in 2021. 2021 remuneration is broadly at the on-target opportunity due to the annual bonus paying out between on-target and maximum, whereas the value of the 2019 LTIP was below on-target as a result of the fall in share price since the grant date, despite vesting at 69%. In addition, at the time of the 2019 LTIP award, the CEO was in the role of CFO, and hence his award level was lower than the remuneration policy that applied in 2021 for the CEO role.

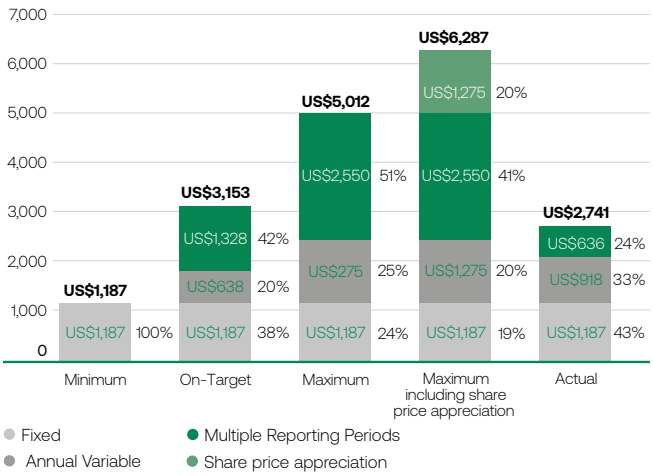
Actual CEO pay versus total shareholder return ('TSR')

The Company feels it is critical that CEO pay reflects the returns delivered to shareholders, where TSR is the core performance measure chosen to reflect shareholder experience.

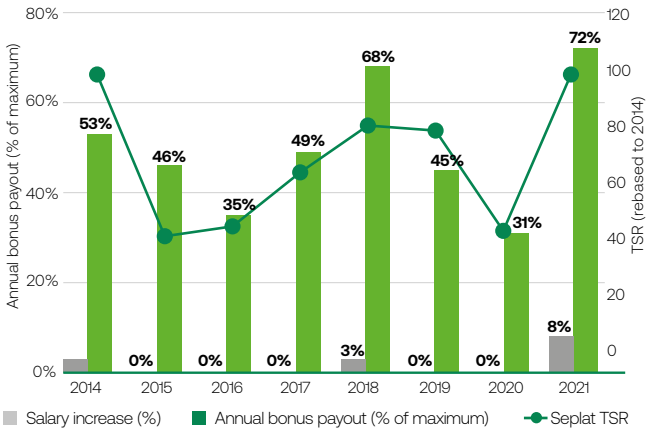
On promotion to CEO in August 2020, Roger Brown's salary was set below the targeted policy level while he became established in the role. Given the CEO's strong performance over the past 17 months, the Committee awarded him an 8% salary increase in line with the Nigerian wider workforce to recognise this and begin to move his salary closer to the Company's targeted market positioning.

Annual bonus resulted in 72% of maximum payout, reflecting improved corporate performance and industry conditions throughout 2021. Seplat remains one of the sector's stocks of choice by continuing to perform between the median and upper quartile TSR. This is illustrated in the chart below.

CEO (US$'000)



CEO pay vs. TSR performance



The Committee considered disclosing CEO pay ratios and the Company's gender pay gap in 2021. However, given the Company's main operations are based in Nigeria whilst the UK workforce consists of significantly fewer than 250 employees, the results would not be representative of our business, statistically significant and provide little or no insight to investors. We will reassess this disclosure in future years.

Implementation of remuneration policy for 2022

Our Directors' remuneration policy applies for three years starting from 20 May 2021, when it was approved by shareholders with 100% of votes in favour, and can be found in full in the 2020 Annual Report and Accounts on our website (https://www.seplatenergy.com/investors/results-centre).

Our principles of remuneration

The remuneration policy aims to align the interests of the Executive Directors, senior managers, and employees to the long-term interests of shareholders and aims to support a high-performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance. The guiding principles behind the setting and implementation of our remuneration policy are as follows:

Principle	Explanation
Balanced	There should be an appropriate balance between fixed and performance-related elements of the remuneration package.
Competitive	Remuneration packages should be competitive, taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry.
Equitable	There should be an appropriate level of gearing in the package to ensure that Executive Directors receive an appropriate proportion of the value created for shareholders whilst taking into account pay and conditions throughout the remainder of the Group, where the Company operates and where it is listed.
Risk-weighted	Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the overall remuneration policy should not encourage inappropriate operational risk.
Aligned	There should be suitable provision of equity awards over the longer term, focusing the Executive Directors on delivering the business strategy, allowing them to build a meaningful holding in the Company to further align their interests with those of shareholders.

We set out below a summary of our proposed Directors' remuneration policy and its implementation for 2022. The Committee does not expect implementation to deviate from its policy.

Element	2022 operation
Base salary	The executive director base salaries from 1 January 2022 will be: • CEO[1,2]: US$918,000 (8% increase) • CFO[2]: US$719,143 (2% increase) • Operations Director[2]: $733,319 (2% increase) 1. On promotion to CEO in August 2020, Roger Brown's salary was set below the targeted policy level while he became established in the role. Given his strong performance, the Committee awarded the CEO an 8% salary increase in line with the Nigerian wider workforce to recognise this and begin to move his salary closer to the Company's targeted market positioning. 2. The CEO's base salary includes a residency allowance, whereas the CFO's and Operations Director's base salaries include Housing and 13th month allowance, in line with local market practice.
Benefits	No change from 2021 on the basis that benefits are dependent on the working location and are either in the form of a cash allowance or the actual benefit itself.
Pensions	Pensions contributions align with the wider Nigerian workforce as follows: • CEO: 17% • CFO: 17% • Operations Director: 17%
Annual Bonus	No change to the maximum opportunity as % of base salary, as follows: • CEO: 150% • CFO: 100% • Operations Director: 100% 25% of the Executive Directors' bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment. The performance conditions will reflect the six pillars and safety element underpinning the company's updated strategy. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in the best interests of shareholders. The performance measures, achievement against targets and the value of awards made will be published at the end of the performance period, so shareholders can assess the basis for any pay-outs under the annual bonus.

Element	2022 operation
Long Term Incentive Plan	No change to the LTIP opportunity as % of base salary, as follows: • CEO: 300% (250% of salary subject to relative TSR) • CFO: 240% (200% of salary subject to relative TSR) • Operations Director: 240% (200% of salary subject to relative TSR) All awards will vest subject to performance measures (and the Executive Director's continued employment) at the date of vesting after three years and are then subject to a two-year holding period. Malus and clawback will continue to apply to LTIP awards. The percentage of the 2022 LTIP awards that will be subject to Relative TSR performance against a bespoke group of E&P companies is shown in brackets above e.g., 250% of salary for the CEO. 25% of this element of the award will vest for median performance rising on a straight-line basis to 100% vesting for upper quartile. The level of vesting achieved under the relative TSR element may be increased by a further 20% if the Company's Absolute TSR increases by 100% or more and this TSR increase is at least 10% above the oil price increase over the performance period. The maximum opportunity for the CEO is therefore 250% x (1 + 20%) = 300% of salary, as set out above. The primary TSR measures will be moderated by a broad underpin, operated as a qualitative review of Seplat's operations by the Remuneration Committee at the end of the vesting period, with the application of downwards discretion, where appropriate. In addition, to ensure that remuneration outcomes are not unreasonable the Remuneration Committee will review any share price windfall gains at the end of the vesting period, and make any discretionary adjustments, as required, in line with market best practice.
Non-Executive Director fees	Non-Executive Directors are paid a base fee and additional fees for chairmanship/membership of Committees and Senior Independent Directorship. In special circumstances additional Director fees can be paid for Board commissioned specific longer-term activities led by the Director. The Chairman and the non-Executive Directors received a 2% increase for 2022, in line with the Executive Directors, excluding the CEO, and the UK wider workforce. Fees are shown on a gross basis i.e., before withholding tax is withheld. • Chairman: US$1,121 until 2022 AGM, new chair fee will be disclosed after the announcement of new chairman • Board: US$165 • Senior Independent Director: US$234 • Committee Chairmanship: US47 • Finance Committee Chairmanship1 : US$62 • Committee membership: US$31 • Finance Committee membership1 : US$39 1. Only applicable to those Directors who have additional responsibilities. 2. For all Non-Executive Directors except the current Chairman actual amount paid in 2022 will depend on the USD: GBP exchange rate in the year. The amounts are shown based on the 2021 average exchange rate, other than the current Chairman, who is paid at an agreed exchange rate.
Shareholding requirement	Executive Directors are given five years from the date of the policy implementation or date of appointment, if later, to satisfy the following shareholding requirement: • CEO: 200% of base salary • Other Executive Directors: 150% of base salary The Committee determined that the shareholding requirement would continue to apply for one year post cessation of employment for the Executive Directors and at 50% of the requirement between one- and two-years post-cessation.

It is the Committee's intention that commitments made in line with its current remuneration policy and policies prior to Admission will be honoured.

Our remuneration policy continues to support our updated business strategy

In line with our remuneration principles, the Committee will manage incentive plans for the Executive Directors such that they are closely linked to the business success and execution of our strategy that was updated during 2021, as outlined below:

Safety

Build a sustainable business:

- Drive social development
- Focus on environmental care
- Maximise returns

Deliver Energy Transition:

- Upstream
- Midstream gas
- New Energy

Annual Bonus

Seplat has a newly established business strategy, with six key strategic priorities, under the two categories, 'build a sustainable business' and 'Deliver Energy Transition', plus a key focus on safety. These priorities are reflected in the structure of the corporate scorecard, and corporate objectives set within these strategic priorities.

Each year the number of corporate scorecard objectives against each priority and their weighting may vary.

This scorecard is devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress.

LTIP

The consistent execution of the targets set under the annual bonus should deliver shareholder value, demonstrating that Seplat is a high performing oil & gas company – a shareholder stock of choice, within our sector and region.

To align with this, we grant Executive Director equity awards with the fortunes of the shareholders through a relative TSR measure – based on performance against comparable oil & gas companies – seeking to attain regular upper quartile results. If we achieve median positioning or above over a three-year cycle, management are well rewarded in that year; if we fall below the median position, management share the financial disappointment.

Outcomes are further aligned to the Shareholder experience through the implementation of an Absolute TSR performance measure.

This strategic three to five-year reward structure is further underpinned by the need to sustain good quality operations.

In addition to supporting strategy, the policy also aligns with the six factors under provision 40 of the UK Corporate Governance Code, as set out below:

Factor	Description	How the remuneration policy is aligned
Clarity	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Our Directors' remuneration policy is based on the remuneration principles (see page 120). The policy is cascaded throughout the organisation as shown below. The Company promotes meaningful engagement with its key stakeholders, including shareholders (via Annual Report/AGM/investor events where the remuneration structure and main pay-related decisions made in the year are communicated) and workforce (via annual engagement).
Simplicity	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The remuneration structure is based on a simple principle of maximising the long-term shareholder value. Key metrics are chosen to fulfil this objective by encouraging strong operational and financial performance. We are constantly seeking feedback on the remuneration structure and are reviewing ways in which it could be simplified.
Risk	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The Remuneration Committee constantly monitors potential risks arising from the operation of the remuneration arrangements. We closely monitor compensation arrangements provided to joiners and leavers, including senior management, to ensure that any payments are appropriate and aligned with the remuneration policy. The Committee also has discretion to override formulaic outcomes to ensure that any payments are reflective of the underlying performance. Post-vesting holding period and post-cessation shareholding requirement apply to Executive Directors.
Predictability	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The Remuneration Committee actively manages expectations of its key stakeholders in relation to the remuneration outcomes. The Company provides an illustration of the potential levels of remuneration receivable by the Executive Directors under a number of performance scenarios in this report. The Committee has discretion to override formulaic outcomes of the incentives to ensure alignment with the underlying performance.
Proportionality	The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Committee annually reviews the continued appropriateness of the remuneration policy to ensure that the structure and performance metrics remain aligned to the strategic objectives and long-term value creation. The Committee has discretion to override formulaic outcomes of the incentives to ensure alignment with the underlying performance.
Alignment to culture	Incentive schemes should drive behaviours consistent with company purpose, values, and strategy.	The Board reviewed culture in 2019 and the Committee is comfortable that incentive schemes operate in line with the key values of the organisation. Alignment of our incentives structure to strategy is illustrated in this report.

The Wider Workforce

Employee value proposition

1. Competitive tool rewards

Our policy is to provide industry competitive benefits and various incentive schemes to retain and attract high performing employees, carrying out market benchmarking annually to ensure this.

2. Employee engagement

Seplat holds annual meetings of the Employee Forum and conducts an annual online survey to gather employee views on a range of matters.

3. Workforce policies

Seplat operates a number of policies which apply to both our Directors and employees including diversity, conflict of interests and share dealing. Detailed description is provided on pages 96.

4. Talent development

We support our employee development with individually tailored training programmes. We provide educational assistance and subscriptions to various professional bodies.

Reward structure cascade

The table below illustrates the cascade of our reward structure from Executive Directors to the wider employee population. As shown below, senior management and key employees participate in the LTIP and annual bonus schemes. Additionally, pension contribution levels are consistent for all employee levels.

		Employee level – % of salary			
Number of participants	Element of pay	CEO	Board	Senior management (grades 1-4)	Other key employees
Executive Directors, senior management, other key employees	**LTIP**	300%	240%	60-180%	30-42%
Executive Directors	**Annual bonus – Deferred shares**	37.5%	25%	n/a	n/a
All employees	**Annual bonus – Cash**	112.5%	75%	40-75%	Up to 30%
All employees	**Pension**	17%	17%	17% in Nigeria	17% in Nigeria
All employees	**Benefits**	All employees			
All employees	**Salary**				

Employee engagement

The Remuneration Committee oversees compensation of the Chairman, Executive Directors, and senior management, having regard to remuneration trends across the Company. The Remuneration Committee and management are committed to fair pay practices across the organisation. The Company operates an extensive range of mechanisms and instruments for workforce engagement which cover all employee populations, including a Joint Consulting Committee.

In addition, when setting the remuneration policy and making decisions on remuneration, the Committee references a number of factors including the general workforce pay structure, workforce policies, talent development needs and wider stakeholder impact.

Gender pay gap and CEO pay ratio

The Committee considered disclosing the CEO pay ratio and the Company's gender pay gap for 2021. However, given the Company's main operations are based in Nigeria whilst the UK workforce consists of significantly fewer than 250 employees, the results would not be representative of our business, statistically significant and provide little or no insight to investors. We will reassess whether to include this disclosure in future years.

Annual report on remuneration

Single total figure of remuneration

Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2021 financial year, on a receivable basis in accordance with the policy as approved by shareholders. Comparative figures for the 2020 financial year have also been provided.

Executive Directors	Period	Salary[1] US$'000	Taxable benefits[2] US$'000	Pension[5] US$'000	Other US$'000	Total fixed pay US$'000	Bonus[3] US$'000	LTIP[4] US$'000	Total variable pay US$'000	Total US$'000
Roger Brown[7] (CEO)	2021	850	192	145	0	1,187	918	636	1,554	2,741
	2020	733	446	117	96	1,392	278	939	1,217	2,609
Emeka Onwuka[6] (CFO)	2021	705	68	120	0	893	508	0	508	1,401
	2020	294	116	50	0	460	90	0	90	550
Effiong Okon (Operations Director)	2021	719	81	122	0	922	518	697	1,215	2,137
	2020	719	137	122	39	1,017	209	963	1,172	2,189

1. Salaries for Executive Directors are set in USD – 2021 salaries were $850,000 for the CEO inclusive of residency allowance, $705,000 for the CFO and $719,000 for the Operations Director inclusive of housing and 13th month allowances. For the CEO's service as CFO during 2020, the average 2020 USD: GBP exchange rate of 1.284 has been used where applicable.
2. The taxable benefits for each Executive Director comprise those which are quantifiable.
3. Bonus relates to the year it was earned and includes the deferred proportion of the award.
4. The value of the 2019 LTIP awards vesting in May 2022 is shown in 2021 as the performance period ended on 31 December 2021. The estimated value of these awards uses a 2021 Q4 average share price of $1.14; the actual value will be updated in the 2022 Directors' Remuneration Report when the awards vest on 2 May 2022. The value of the 2018 LTIP awards that vested on 2 May 2021 is shown in 2020. The value has been restated based on the actual share price on 2 May 2021 ($1.17) and includes dividend equivalents paid to date.
5. Pension contributions are provided as a cash supplement/contribution.
6. The CFO joined the company on 3 August 2020 as an executive director.
7. Mr. Roger Brown was appointed as the CEO effective 1 August 2020.

Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director that served during 2021 on a paid basis in accordance with the policy as approved by shareholders.

Name Role	2021 Fees[1,2] (US$'000)	2020 fees[1,2] (US$'000)	
A.B.C. Orjiako	1,099	1,099	Non-Executive Chairman and Nomination and Establishment Committee member
Michael Alexander[7]	47	522	Senior Independent Director, Remuneration Committee Chairman, Finance, Gas and Nomination and Establishment Committee, Corporate Governance, Compliance & Culture member
Basil Omiyi	525	294	Risk and HSSE&CSR Committee Chairman, Remuneration, Nomination and Establishment Committee member and Energy transition Chairman
Ifueko M. Omoigui Okauru[7]	26	287	Corporate Governance, Compliance & Culture Committee Chairman Finance, CSR and Risk Management Committee member
Charles Okeahalam	308	330	Finance Committee Chairman, Remuneration and Gas Committee member, Nomination and Establishment committee member and Energy transition committee Member
Lord Mark Malloch-Brown[7]	120	223	CSR Committee Chairman and Finance Committee member
Damian Dodo[7]	150	280	CSR and Nomination and Establishment Committee Chairman, Remuneration, Corporate Governance, Compliance & Culture member
Nathalie Delapalme	232	203	CSR Committee member and Susco Chairman
Olivier De Langavant[4]	163	140	
Austin Avuru[5]	193	75	Risk and HSSE Committee
Arunma Oteh, OON	278	59	Nomination committee Chairman , finance, Energy transition committee and Sustainability committee member
Xavier Rolet[7]	246	59	Remuneration Committee Chairman, Risk and HSSE&CSR committee member
Professor Fabian Ajogwu, SAN[6]	119	0	Remuneration Committee member, Nomination and Establishment committee member, Finance committee and Sustainability Committee
Bello Rabiu[6]	142	0	Risk and HSSE&CSR committee member, Energy transition, Finance and Sustainability Committee
Dr. Emma FitzGerald[6]	107	0	Remuneration Committee Chairman, Energy Transition Committee and Finance Committee

1. Fees shown are those receivable in GBP, converted at the average exchange rate for the relevant year. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD: GBP exchange rate.
2. The above capture the gross pay in line with the director's letter of appointment i.e., before withholding tax is withheld.
3. Olivier de Langavant joined the Board as a Non-Executive Director of the Company with effect from 28 January 2020.
4. Austin Avuru joined the Board as a Non-Executive Director of the Company with effect from 1 August 2020.
5. Xavier Rolet and Arunma Oteh joined the Board as a Non-Executive Director of the Company with effect from 1 October 2020.
6. During 2021, Professor Fabian Aiogwu Bello Rabiu and Dr. Emma FitzGerald joined the Board as a Non-Executive Directors of the Company with effect from 09 July 2021, 09 July 2021 and 01 August 2021 respectively.
7. During 2021, Michael Alexander, Ifueko M. Omoigui Okauru, Lord Mark Malloch-Brown, Damian Dodo and Xavier Rolet exited from the Board.

Additional information regarding single figure table

The Committee considers that the performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the cyclical nature of the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Annual bonus

Seplat promotes a culture of high performance and uses a scorecard to assess the annual bonus outcome. The bonus scorecard is reviewed annually to ensure strong alignment with Company strategic priorities, prevailing market practice and the operating environment. The Committee calibrated the Executive Director's bonus scorecard around targets linked to production, operational efficiency technical growth projects, financial, health and safety and environmental, social and governance ("ESG").

Achievement of corporate performance conditions

The achievement against the targets described above is set out in the table below, illustrating that overall, the annual bonus reward level for Executive Directors was between on-target (50% maximum) and maximum:

			Performance achieved against targets				
Performance measure	Total weighting	Specific	Below threshold (30% of maximum)	Threshold to Target (30% – 50% of maximum)	Target to Maximum (50%-100% of maximum)	Maximum	Resulting level of award
Production	20%	Oil production volume		✓			7.4% (out of 20%)
		Gas production volume		✓			
Operational efficiency technical growth projects	25%	OPEX				✓	20% (out of 25%)
		CAPEX				✓	
		Gas projects	✓				
Financial	30%	EBITDA		✓			20% (out of 30%)
		G&A costs			✓		
		Financing				✓	
Health and safety and environmental, social and governance ("ESG")	25%	LTIF rate				✓	24.9% (out of 25%)
		Environment				✓	
		Social				✓	
		Governance					

In respect of the 2021 financial year, the bonus awards payable to Executive Directors were approved by the Committee having reviewed the Company's underlying performance, such that it was comfortable not to exercise discretion in relation to the formulaic outcomes set out below. The resulting bonus figures are included in the single figure table.

Annual bonus pay-out

The table below sets out the annual bonus earned for the year:

CEO		CFO		Operations Director	
Achieved (% of max)	Bonus earned (US$'000)	Achieved (% of max)	Bonus earned (US$'000)	Achieved (% of max)	Bonus earned (US$'000)
72% out of 100%	$918	72% out of 100%	$508	72% out of 100%	$518

In line with policy, 25% of the Executive Directors' bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment.

Long-term incentives vesting in 2021

The 2019 LTIP awards were made to the CEO and Operations Director on 2 May 2019. The awards vest on 2 May 2022; however, the performance period for these awards ended on 31 December 2021. The performance conditions for these awards are relative TSR measured against a bespoke group of E&P companies, underpinned by operational and technical bonus scorecard targets.

The Company placed between the median and upper quartile of the TSR comparator group, leading to a vesting outcome of 74.9% for the TSR element. The Remuneration Committee assessed the historic bonus outturns over the three financial years in line with the underpin and determined that the level of vesting from the relative TSR element should be scaled back by 7.8%. Therefore, the overall 2019 LTIP vesting level was 69%.

TSR performance vs comparator group				Operational and technical scorecard underpin	
Seplat TSR growth	Median TSR growth (25% vesting)	Upper quartile TSR growth (100% vesting)	Vesting under TSR condition	Vesting reduction due to the operational and technical performance	Overall LTIP vesting
-10.1%	-33.0%	1.4%	74.9%	7.8%	69%

The Committee felt that this achievement, combined with the downward adjustment resulting from the application of the underpin, warranted the 69% vesting and therefore no discretion was exercised in relation to the 2019 LTIP.

The following table presents the number of 2019 LTIP awards that will vest in May 2022, based on the assessment of the performance conditions and the resulting value of awards on vesting for each Executive Director.

Role	Number of 2019 LTIP awards granted	Number of 2019 LTIP awards vesting in May 2022	Value of vested awards ($)[1]	Value attributable to share price Growth
CEO	812,084	560,337	636,492	nil
Operations Director	889,749	613,926	697,364	nil

1. Based on Q4 2021 average share price of $1.14 and excludes dividend equivalents.

The Committee was comfortable that the vesting value and value attributable to share price growth was commensurate with the underlying performance and as such, did not exercise any discretion to change the outcomes of the 2019 LTIP

We also present details on the number of 2018 LTIP awards that vested on 2 May 2021 based on the assessment of the performance conditions and the resulting value of awards on vesting for each Executive Director. This has been restated from last year to reflect the actual share price at vesting and dividend equivalents payable to date. Please note that the formal release of the first 60% of vested awards was delayed because of the Company having been subject to dealing restrictions until the recent announcement of the agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited. 20% of vested awards are released on the fourth and fifth anniversaries of the grant date respectively.

Role	Number of 2018 LTIP awards Granted	Number of 2018 LTIP awards vested in May 2021	Value of vested awards[1]	Value attributable to share price Growth
CEO	760,046	659,263	939,449	Nil
Operations Director	779,061	675,757	962,954	Nil

1. Based on closing share price of $1.17 on 2 May 2021 and includes dividend equivalents paid on shares vested to date.

Summary of application of discretion

In summary, the Committee is satisfied that the formulaic outcomes described above are a fair reflection of the performance of management in the year in the context of the wider business performance. Therefore, no discretion has been applied to the variable pay outcomes.

2021 Long-term incentives

The table below sets out the details of the long-term incentive awards in respect of the 2021 financial year. The grant of these awards was delayed for Executive Directors because of the Company having been subject to dealing restrictions until the recent announcement of the agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The awards were granted on 10 March 2022. Vesting will be determined according to the achievement of performance conditions that will be tested at the end of the three-year performance period on 31 December 2023.

	Relative TSR measure					Absolute TSR measure	
Role	Type of award	Basis on which award made	Face value of award (US$)	Face value of award subject to Relative TSR measure	Percentage of Relative TSR vesting at threshold performance (median performance)	Maximum percentage of face value of Relative TSR element that could vest (upper quartile performance)	TSR growth of 100% or above plus at least 10% outperformance of oil price
CEO	Nil-cost options	Annual	2,550,000	2,125,000	25%	100%	Relative TSR vesting increased by 20%
Operations Director	Conditional shares	Annual	1,725,456	1,437,880			
CFO	Conditional shares	Annual	1,692,100	1,410,083			

In line with the Company's operation of policy, the share price used to calculate the number of shares awarded was the five-day average share price prior to the grant date for non-restricted LTIP participants in November 2021.

There is straight-line vesting between the threshold and maximum in relation to the Relative TSR measure, whereas the Absolute TSR measure uplift to award only vests if the target is met.

The comparator group used for assessing relative TSR for the 2021 awards consists of the following companies:

- Africa Oil
- Cairn Energy
- Centrica
- Diversified Oil & Gas
- DNO
- Energean Oil & Gas
- Enquest
- Frontera Energy
- Genel Energy
- Gran Tierra Energy
- Gulf Keystone Petroleum
- Harbour Energy
- Indus Gas
- Jadestone
- Kosmos Energy
- Pantheon Resources
- Parex Resources
- Phoenix Global Resources
- Serica Energy
- Total Gabon
- Tullow Oil

Deferred Annual Bonus shares awards

The table below sets out the details of the 2020 Deferred Annual Bonus share awards that were intended to be granted in the 2021 financial year. The grant of these awards was delayed because of the Company having been subject to dealing restrictions until the recent announcement of the agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited. The awards were granted on 10 March 2022.

No further performance conditions will apply, other than continued employment and the normal Vesting date of the Award will be 31 December 2022 (two years following the end of the performance year in respect of which the Award is made).

Role	Type of award	Basis on which award made	Deferred Bonus Shares	Face value of award (US$'000)	Performance conditions
CEO	Nil-cost options	Annual	83,182	74,032	Continued employment
Operations Director	Conditional shares	Annual	62,522	55,645	
CFO	Conditional shares	Annual	26,864	23,909	

The share price used to calculate the face value of awards was 31 December 2020 of US$0.89.

Payments to past Directors

There were no payments to past directors during 2021.

Payments for loss of office

During 2021, there were several Non-Executive Directors who retired during the year and any payments were made in line with their letters of appointment. As such, Michael Alexander, Ifueko M. Omoigui Okauru, Lord Mark Malloch-Brown and Damian Dodo received payments equivalent to 6 months of their Non-Executive Director base fee.

Full details of exit payments, if any, made to Directors who left during 2022 will be set out in the Directors' remuneration report for 2022.

Fees retained for external non-executive directorships

Executive Directors may hold positions in other companies as Non-Executive Directors and retain the fees.

Statement of Directors' shareholdings

The table below sets out the number of shares of the Company in which current Directors had a beneficial interest and details of long-term incentive interests as at 31 December 2021.

	Shareholding						
Director	Shares required to be held % of salary	Beneficially owned[1]	Share plan Interests subject to performance conditions[4]	Share plan Interests not subject to performance conditions[5]	Vested but unexercised share plan interests[2]	Shareholding requirement met[3]	Total interests held as at 31/12/2021
Roger Brown	200%	3,224,702	1,819,940	48,850	919,346	Yes	6,012,838
Emeka Onwuka	150%	0	0	0	0	No	0
Effiong Okon	150%	0	2,013,166	48,713	849,927	No	2,911,806

1. Beneficial interests include shares held directly or indirectly by connected persons.
2. Shares held by Stanbic IBTC Trustee Limited/Seplat LTIP which vested but are unexercised.
3. Shareholding requirement has to be met by 21 May 2026 (5 years post current policy approval). The total of beneficially owned shares, interests not subject to performance conditions and vested but unexercised interests are included in the calculation and the share price of $1.13 on 31 December 2021 was used.
4. 2019 and 2020 LTIP awards, noting that 2021 LTIP awards were granted on 10 March 2022.
5. 2019 Deferred Bonus shares, noting that 2020 Deferred bonus shares were granted on 10 March 2022.

Details of the current Non-Executive Directors' interests in shares as at 31 December 2021 are set out below:

Director	Shares held as at 31/12/2021[1]
A.B.C. Orjiako	37,818,522
Austin Avuru	48,248,176
Basil Omiyi	495,238
Charles Okeahalam	495,238
Nathalie Delapalme	0
Olivier De Langavant	0
Arunma Oteh	0
Emma FitzGerald	0
Fabian Ajogwu, SAN	0
Bello Rabiu	20,000

1. Beneficial interests include shares held directly or indirectly by connected persons.

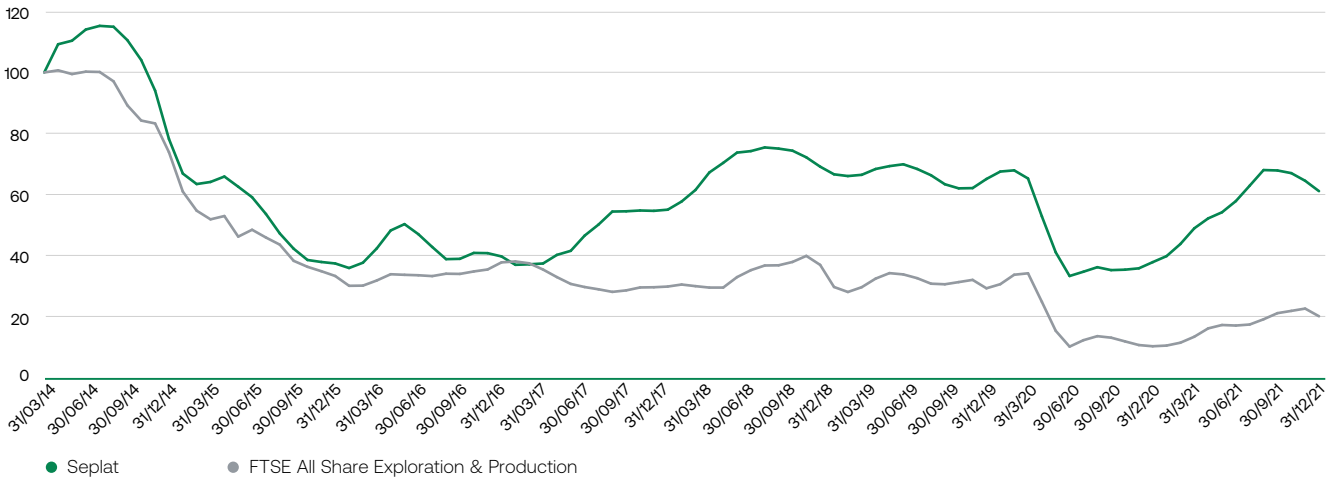
Between 31 December 2021 and 28 February 2022, there were no changes to Directors' shareholdings.

Comparison of overall performance and pay

The graph below shows the value of US$100 invested in the Company's shares since listing compared to the median of the FTSE All Share Exploration & Production companies. The graph shows the Total Shareholder Return generated by both the movement in share value and the reinvestment over the same period of dividend income.

The Committee considers that the FTSE All Share Exploration & Production companies are an appropriate comparator group as it contains a number of the UK companies that are constituents of Seplat's TSR comparator group. This graph has been calculated in accordance with the Regulations. It should be noted that the Company began trading conditionally on the London Stock Exchange on 9 April 2014 and therefore only has a listed share price for the period of 9 April 2014 to 31 December 2021.

TSR (rebased to 100 at 9 April 2014)[1]



Source: Datastream

1. In line with the methodology used for LTIP performance assessment, TSR was calculated using a three-month average.

CEO historical remuneration

The table below sets out the total remuneration delivered to the CEO between 2014 and 2021 valued using the methodology applied to the single total figure of remuneration. The Committee does not believe that the remuneration payable in its earlier years as a private company bears any comparative value to that paid in its later years, and therefore the Remuneration Committee has chosen to disclose remuneration only from 2014:

	Roger Brown		Austin Avuru	Austin Avuru					
CEO	2021	2020[3]	2020[3]	2019	2018	2017	2016	2015	2014
Total single figure (US$'000)[1]	2,741	836	2,717	3,95	5,158	4,987	3,143	3,004	2,866
Annual bonus payment level achieved (% of maximum opportunity)	72%	30.6%	30.6%	45%	68%	49%	35%	46%	53%
LTIP vesting level achieved (% of maximum opportunity)	69%	86.7%	86.7%	81%	75%	100%	97%	N/A[2]	N/A[2]

1. Includes vesting in relation to the one-off Global Offer Bonus award in 2014 and 2015.
2. No LTIP awards vested in 2014 and 2015 – vesting of the first LTIP awards (awarded in 2014) occurred in 2017 (however the performance period for these awards ended on 31 December 2016 so it is included in the 2016 column). There were no equity-based arrangements operating prior to listing.
3. Mr. Austin Avuru retired as CEO on 31 July 2020. Mr. Roger Brown was appointed to the Board as his successor on 1 August 2020, transitioning from his role as CFO. The Single Figure details above for Roger Brown include amounts paid in relation to his role as CEO only.

Change in the Directors' remuneration compared with employees

The table below shows the percentage change in the current Executive Director and Non-Executive Director total remuneration from 2020 to 2021 and 2019 to 2020, alongside the change for the average of employees within the Company.

	2020 to 2021			2019 to 2020		
	Salary/fees	Taxable benefits	Short-term variable pay	Salary/fees	Taxable benefits	Short-term variable pay
Roger Brown (CEO)	16%	(57%)	230%	14%	263%	(9)%
Emeka Onwuka (CFO)	140%	(41%)%	446%	n/a	n/a	n/a
Effiong Okon (Operations Director)	0%	(41%)	147%	0%	(21%)	(34)%
A.B.C. Orjiako	0%	n/a	n/a	0%	n/a	n/a
Austin Avuru4	0%	n/a	n/a	0%	n/a	n/a
Basil Omiyi	0%	n/a	n/a	0%	n/a	n/a
Charles Okeahalam	0%	n/a	n/a	0%	n/a	n/a
Nathalie Delapalme	0%	n/a	n/a	0%	n/a	n/a
Oliver de Langavant	0%	n/a	n/a	0%	n/a	n/a
Arunma Oteh, OON	0%	n/a	n/a	0%	n/a	n/a
Average of Employees[2]	23.1%	(7.8)%	77.1%	8.2%	34%	(2%)%

1. The Directors year-on-year change has been expressed in a currency in which their pay has been set i.e. USD for the Executive Directors based on the single figure of remuneration, USD for the Chairman and GBP£ for the other Non-executives where the increase is based on an annualised fee where individuals have joined the Company mid-year.
2. Average employee pay year-on-year change is expressed in Naira as a significant majority of employees are paid in Naira. The numbers are provided for all employees of Seplat. The large change in average value of benefits provided to all employees is due to an increase in the eligibility of individuals for certain benefits at lower grades.
3. Non-Executives leaving and joining in the year have been excluded on the basis that their percentage increases are not representative.
4. Only in respect of service as a Non-Executive Director.

Relative importance of the spend on pay

The table below sets out the overall spend on pay for all employees compared with the dividends distributed to shareholders:

Significant contributions	2021 ($m)	2020 ($m)	% change
Overall spend on pay[1]	60.0	68.0	(11.8%)
Distributions to shareholders (dividends)[2]	73.0	58.8	24.2%

1. Calculated by converting 2020 and 2021 figures (from Naira) at the relevant year's average NGN: USD exchange rate and excludes LTIP.
2. For 2020 this includes an interim dividend paid in December 2020 and a final dividend paid in May 2021. For 2021 this includes quarterly dividends with the Q4 dividend due to be paid in May 2022.

Statement of implementation of policy in following year – Please see at a glance section

Service agreements and letters of appointment

The Committee's policy for setting notice periods is that a 12-month period will apply for Executive Directors unless the Committee determines otherwise.

The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment, which are kept at Seplat's registered office along with Executive Director service contracts.

As required by Nigerian law, the Company follows the provisions set out in its Memorandum and Articles of Association and annually places one-third of its Independent Non-Executive Directors for re-election.

Executive Directors	Date of service contract	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
Roger Brown	20 May 2013	Rolling	12 months	12 months	Payment in lieu of notice equal to 12 months' salary and benefits, including any payments accrued at the date of termination.
Emeka Onwuka	3 August 2020	Rolling	12 months	12 months	
Effiong Okon	1 February 2018	Rolling	12 months	12 months	

Non-Executive Directors	Date of letter of appointment	Nature of contract	Notice period from Company	Notice period from Director	Compensation provisions for early termination
A.B.C. Orjiako	1 June 2017	Fixed term to 31 May 2020	12 months	12 months	None.
Basil Omiyi[1]	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Charles Okeahalam	1 June 2017	Fixed term to 2020 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Nathalie Delapalme	18 July 2019	Fixed term to 2022 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Olivier De Langavant	28 January 2020	Fixed Term	12 months	12 months	None.
Arunma Oteh	1 October 2020	Fixed Term to Next AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Emma FitzGerald	1 August 2021	Fixed Term to three years to 2025 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Bello Rablu	6 July 2021	Fixed Term to three years to 2025 AGM	6 months	6 months	6 months' fees if not re-elected or retired.
Fabian Ajogwu, SAN	6 July 2021	Fixed Term to three years to 2025 AGM	6 months	6 months	6 months' fees if not re-elected or retired.

Composition and terms of reference of the Remuneration Committee

The members of Seplat's Remuneration Committee are as follows:

- Dr Emma FitzGerald (Chair)
- Basil Omiyi
- Charles Okeahalam
- Prof Fabian Ajogwu, SAN

Xavier Rolet stepped down as the Chair of the Remuneration Committee from November 2021, with Dr Emma FitzGerald succeeding Xavier in the role from that date. In addition, on the basis that Damian Dodo retired from the Board during the year, he was replaced on the committee by Prof Fabian Ajogwu, SAN. The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the Executive Directors, the Chairman and other members of the senior management team. The terms of reference for the Committee are available on the Company's website, www.seplatenergy.com, and from the Company Secretary at the registered office.

The Committee receives assistance from the GM Corporate Services, who attends meetings by invitation. The Executive Directors attend by invitation on occasions, except when issues relating to their own remuneration are being discussed. The Committee met five times during the financial year.

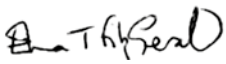
Advisers to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP ('PwC') as independent remuneration adviser. Other services received by the Company from PwC during the financial year included those in relation to Audit services. During the financial year, PwC UK supported the Committee on aspects of the remuneration policy for Executive Directors, Chairman and members of the Executive Team. The Committee is satisfied that advice received from PwC UK during the year was objective and independent.

PwC UK is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees.

Shareholder voting at general meeting

At the AGM held on 20 May 2021, the Company received a vote of 100% in favour of its remuneration policy and the remuneration report which were part of the same resolution.



Dr Emma FitzGerald[1]
Chair of the Remuneration Committee

1. Independent Non-Executive Director

Statutory Committee report

Chief Anthony Idigbe, SAN Ph.D (Osgoode)

4

Audit Committee meetings in 2021

2021 Members	17 Feb	21 Apr	22 July	22 Oct	
Chief Anthony Idigbe, SAN Ph.D (Osgoode), Chairman and Shareholder member	●	●	●	●	4/4
Dr. Faruk Umar[1], Shareholder member	●	●	–	–	2/2
Sir Sunday N. Nwosu, KSS Shareholder member	●	●	●	●	4/4
Mrs. Hauwa Umar[1], Shareholder member	–	–	●	●	2/2
Mr. Damian Dodo, SAN[2,3], Director member	●	●	–	–	2/2
Mr. Olivier De Langavant, Director member	●	●	●	●	4/4
Ms. Arunma Oteh, OON[2,3], Director member	–	–	●	●	2/2

1. At the 20 May 2021 AGM, Mrs. Hauwa Umar was elected as a Shareholder member on the Audit Committee in place of Dr. Faruk Umar. Two of the Audit Committee meetings took place before the 20 May 2021 change.
2. Ms. Arunma Oteh, OON was elected at the 20 May 2021 AGM as a Director member on the Audit Committee in place of Mr. Damian Dodo, SAN. Two of the Audit Committee meetings took place before the 20 May 2021 change.
3. Independent Non-Executive Director.

In the financial year ended 31 December 2021, the Committee held four meetings, dates and attendance records for which can be seen in the table above.

In compliance with Section 404(7) of the Companies and Allied Matters Act 2020 ('CAMA'), we the members of the Audit Committee have reviewed the financial statements of the Company for the year ended 31 December 2021 and reports thereon, and confirm as follows:

- the accounting and reporting policies of the Company are in compliance with legal requirements and agreed ethical practices;
- the scope and planning of audit requirement were, in our opinion, compliant with legal requirements and best practice;
- we have reviewed the findings on management matters, in conjunction with the external auditor, and we are satisfied with the response of management in dealing with such matters;
- the Company's systems of accounting and internal controls are in compliance with legal requirements and best practice; and
- we have, in response to these matters, made the required recommendations to the auditors of the Company.

In addition to the foregoing, we the members of the Audit Committee conducted the following business during the year:

- review of the implementation of the Company's corporate governance framework;
- review of the 2021 external audit plan and the 2022 internal audit plan, including an assessment of the external auditors' independence; and
- review of the proposed 2022 budget and work programme.

Chief Anthony Idigbe, SAN, Ph.D (Osgoode)
Chairman of the Audit Committee
FRC/2015/NBA/00000010414

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 2021.

Principal activity

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

Operating results

	₦ million		$'000	
	2021	2020	2021	2020
Revenue	293,631	190,922	733,188	530,647
Operating profit (loss)	100,401	(11,418)	250,688	(31,716)
Profit before taxation (loss)	71,028	(28,872)	177,345	(80,209)
Profit for the year (loss)	46,931	(30,712)	117,176	(85,322)

Dividend

During the year, the Directors recommended and paid to members a quarterly interim dividend of US2.5 cents 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 US2.5 cents per share, which is subject to approval of shareholders, at the AGM which will be held on 18 May 2022 in Lagos, Nigeria.

Unclaimed dividend

The total amount outstanding at 31 December 2021 is $1,735,566.90 and ₦610,770,164.20.

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, apart from the Executive Directors and Founding Directors, all other Directors are appointed for a fixed term. Upon expiration of the terms, they become eligible for re-appointment.

The Directors who are eligible for re-appointment this year are Mr. Basil Omiyi and Dr. Charles Okeahalam.

Board changes

Mr. Damian Dodo, SAN, and Lord Mark Malloch-Brown, both Independent Non-Executive Directors ('INED'), retired from the Board of the Company in July 2021. Mr. Dodo, SAN was appointed to the Board in March 2014 while Lord Malloch-Brown was appointed in February 2014. Mr. Xavier Rolet, who was appointed to the Board of Seplat Energy in October 2020, resigned in November 2021. During their time at Seplat Energy, the Directors diligently served the Board and made significant contributions towards the growth of the Company. The Board thanks them for their commitment in building Seplat to what it is today and wish them the best in their future endeavours.

In November, the co-founder and pioneer Chairman, Dr. A.B.C. Orjiako decided to step down as Chairman and from the Board of Directors of Seplat Energy Plc at the next Annual General Meeting (AGM) in May 2022. As Chairman of the Group since 2009, Dr. Orjiako has led the transformation of Seplat into a globally respected energy company. Notable achievements include instilling best practice corporate governance, and significant growth through several successful acquisitions. He was also the driving force behind Seplat Energy becoming the first and only Nigerian corporate to dual list on the Nigerian Exchange and the Main Board of the London Stock Exchange in 2014. The Board thanks its chair for his strategic vision, drive and limitless energy to create and chair the Board of Nigeria's leading Indigenous Independent Energy Company.

The Board of Seplat Energy is pleased to welcome, Professor Fabian Ajogwu, SAN, Mr. Bello Rabiu and Dr. Emma FitzGerald. These prominent intellectuals bring vast knowledge in important areas such as the energy sector, corporate and business governance, industry regulation, and capital markets. Seplat Energy looks forward to the immense contribution they will make towards its continuing global success.

Professor Fabian Ajogwu, SAN and Mr. Bello Rabiu were appointed as Independent Non-Executive Directors of the Company, joining the Seplat Board effective 9 July 2021. Professor Fabian Ajogwu, SAN is a Senior Advocate of Nigeria and Lagos Business School Professor of Corporate Governance. He is an Alumnus of the Said Business School of Oxford University, and an Alumnus of the Lagos Business School. Professor Ajogwu holds a doctorate in Law from University of Aberdeen, Scotland; an MBA from the IESE Business School, University of Navarra, Barcelona; and Law degrees from the University of Nigeria, and the University of Lagos.

Professor Ajogwu is a Fellow and Director of the Society for Corporate Governance Nigeria, a Fellow of the Nigerian Institute of Chartered Arbitrators, Fellow of the African Leadership Initiative West Africa, Henry Crown Global Leadership of the Aspen Institute (2009 Class set), Fellow of the AIFA Reading Society, Fellow of the Society for Art Collection, a member of the Oxford Philosophical Society, and a member of the Royal Institute of Philosophy, London. Professor Ajogwu assisted the Securities and Exchange Commission in drafting Nigeria's pioneer Code of Corporate Governance from 2001 to 2003. He chaired the Nigerian Communications Commission Committee on Corporate Governance between 2013 and 2014 that produced the pioneer NCC Code of Corporate Governance for the Telecommunication sector. He served on the Financial Reporting Council of Nigeria Committee on the 2018 National Code of Corporate Governance. He chairs the Body of Senior Advocates of Nigeria Committee on Continuing Legal Education.

Mr. Bello Rabiu holds a Bachelor's and Master's Degrees in Mathematical Statistics from Ahmadu Bello University Zaria, Nigeria and another Master's Degree in Petroleum Engineering from Imperial College, London, United Kingdom. He attended many career advancements courses in Nigeria and abroad including the prestigious Wharton Executive Development Program from the University of Pennsylvania in Philadelphia, USA and Leading Global Business Program from Harvard Business School, Boston, USA. Prior to his new role at Dankiri Farms, Mr. Rabiu retired from the services of Nigerian National

Petroleum Corporation (NNPC) in July 2019 after 28 years of service. He retired from NNPC as the Chief Operating Officer/Group Executive Director, Upstream Business Unit. Prior to his appointment as COO/GED Upstream, NNPC. Mr. Rabiu held dual positions of Group General Manager, Corporate Planning & Strategy Division and Senior Technical Assistant to Group Managing Director, NNPC. He was also the General Manager, Competitive Analysis Department of the same Division from September 2010 until August 2015. He was at various times between 1991 and 2005 a planning officer and Pioneer Head, Material Management, Frontier Exploration Services at the National Petroleum Investment Management Services (NAPIMS) Division of NNPC.

Mr. Rabiu has a balanced knowledge of the Exploration & Production industry in Nigeria. He has the unusual capability which combines commercial/fiscal knowledge with operations. This was particularly valuable in the development of the recently approved upstream Joint Venture funding scheme which has restored the confidence of the International Oil Companies (IOCs) Partners and the implementation of the 7 Critical Gas Development Projects, an offshoot of Nigerian Gas Master Plan aimed at using gas for Nigeria's industrialisation, economic growth and development – where significant consideration had to be given to strategic intent, fiscal rules and commerciality of supply.

Dr. Emma FitzGerald was appointed as an Independent Non-Executive Director of the Company, joining the Seplat Board with effect from 1 August 2021. Dr. FitzGerald brings vast knowledge in important areas such as the energy sector, renewables and sustainability, with hands-on experience in transformation through her many years of working at Shell, ranging from building its lubricants business in China to running its Global Retail network. From 2007-2010, she was accountable for Shell's Downstream strategy and played a key role in reshaping Shell's renewables strategy including the creation of Raizen, a biofuels JV with Cosan. From 2013 to 2018 she ran gas distribution and water & waste networks for National Grid and Severn Trent where she successfully positioned them as sustainability thought leaders in their industries.

Most recently Dr. FitzGerald served as CEO of Puma Energy International, a global energy company owned by Trafigura and Sonangol, which is focused on high potential developing markets in Africa, Asia and Central America. In 2020 she set up Puma's Future Energies division to play a critical role in helping customers and communities find the right energy solutions to support the energy transition. Over the last 10 years, she has served on various Boards in executive and non-executive capacities and currently sits on the board of UPM Kymmene, an international paper & biomaterials business focused on innovating for a future beyond fossil fuels.

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 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 safe guarding 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.

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-20	31-Dec-21		28-Feb-22	
	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
A.B.C. Orjiako[1]	37,818,522	37,818,522	6.43%	37,818,522	6.43%
Austin Avuru[2]	60,098,823	48,248,176	8.20%	48,248,176	8.20%
Roger Brown	2,840,585	3,224,702	0.55%	3,224,702	0.55%
Effiong Okon	0	0	0.00%	0	0.00%
Bello Rabiu	n/a	20,000	0.00%	20,000	0.00%
Emeka Onwuka	0	0	0.00%	0	0.00%
Oliver de Langavant	0	0	0.00%	0	0.00%
Charles Okeahalam	495,238	495,238	0.08%	495,238	0.08%
Basil Omiyi	495,238	495,238	0.08%	495,238	0.08%
Nathalie Delapalme	0	0	0.00%	0	0.00%
Arunma Oteh, OON	0	0	0.00%	0	0.00%
Emma Fitzgerald	0	0	0.00%	0	0.00%
Fabian Ajogwu, SAN	0	0	0.00%	0	0.00%
Total	**101,748,406**	**90,301,876**	**15.34%**	**90,301,876**	**15.34%**

1. 24,318,522 ordinary shares are held directly by A.B.C. Orjiako and Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family; 900,000 ordinary shares are held by Pursley Resources Limited, a company owned by A.B.C.'s wife; and 12,600,000 ordinary shares are held directly by A.B.C. Orjiako's siblings.
2. During the period 410,128 LTIP awards for Austin Avuru were released to him and transferred to Professional Support Limited. The Company received a notification on 26 March 2021 of a transfer of 19,760,794 ordinary shares held by Platform Petroleum Limited to various beneficiaries who are shareholders of Platform Petroleum Limited and they are therefore no longer considered to be connected persons. Amongst these beneficiaries, Professional Support Limited (an entity wholly controlled by Mr. Avuru), received a total of 7,422,770 ordinary shares. Following these transfers, Platform Petroleum now holds 318,738 shares (0.05%), and Professional Support holds 47,929,438 shares (8.15%). Consequently, Mr. Avuru now holds nil direct interest and an indirect interest of 48,248,176 ordinary shares (8.20%) of N0.50k in the Company.

Directors' interest in contracts

The Chairman and a Non-Executive Director have disclosable indirect interest in contracts with which the Company was involved at 31 December 2021 for the purpose of section 303 of the Companies and Allied Matters Act, 2020. These have been disclosed in Note 38.

Substantial interest in shares

At 31 December 2021, the following shareholders held more than 5.0% of the issued share capital of the Company:

Shareholder	Number of holdings	%
MPI	120,400,000	20.46
Petrolin	81,015,319	13.77
Allan Gray	42,477,722	7.23
Professional Support	47,929,438	8.15
Sustainable Capital	33,822,817	6.95

Free Float

The Company's free float at 31 December 2021 was 30%.

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.

Acquisition of Own Shares

During the year, 3,541,772 shares, representing 0.60% of the issued share capital, was purchased for a countervalue of $4.9 million for Seplat Energy's Long-Term Incentive Plan. The programme commenced from 1 March 2021 and the shares are held by Trustees for the benefit of the Group's employee beneficiaries covered under the trust.

Shareholding analysis

The shareholding pattern at 31 December 2021 is as stated below:

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholding
1-10,000	2,926	90.73	1,720,974	0.29
10,001-50,000	154	4.78	3,902,700	0.66
50,001-100,000	49	1.52	3,538,476	0.60
100,001-500,000	55	1.71	11,409,658	1.94
500,001-1,000,000	13	0.40	9,092,704	1.55
1,000,001-5,000,000	22	0.68	51,734,363	8.79
5,000,001-10,000,000	3	0.09	19,492,622	3.31
10,000,001-50,000,000	2	0.06	29,613,354	5.03
100,000,001-500,000,0001	1	0.03	457,939,710	77.82
Total	3,225	100.00	588,444,561	100.00

1. Includes shares held by Computer Share on the London Stock Exchange

Share Capital History

Year	Authorised increase	Cumulative	Issued increase	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

Donations

The following donations were made by the Group during the year (2020: N158,169,832.15, $439,470.51):

Beneficiary	₦	$
2021 Nigerian Investors Award	1,800,000.00	4,736.85
Covid 19 Support in Imo State	140,088,000.00	368,652.63
Nigeria Atomic Energy Commission	450,000.00	1,097.21
Orodje Golf Classic	2,250,000.00	5,457.22
Others	3,240,479.73	5,280.94
Seplat Cares Initiative	1,485,000.00	3,907.89
Pillar Oil Initiatives	17,955,825.60	43,728.38
Total	**167,269,305.33**	**432,861.12**

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 HSSE 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.

Brexit

It is the view of the Board that, given the Group's single country focus on Nigeria, Seplat's business, assets and operations will not be materially affected by Brexit. Seplat also derives most of its income from crude oil, a globally traded commodity which is priced in US dollars. Furthermore, Seplat's gas revenues are derived solely from sales to the domestic market in Nigeria and therefore are unaffected by international factors.

Acquisition of Cardinal Drilling rigs and conclusion of legal proceedings with Access Bank

On 3 December 2020, Seplat Energy reported that the ongoing debt recovery action by Access Bank against Cardinal Drilling Services Ltd ('Cardinal Drilling'), a related party of Seplat Energy, had led to the closure of its headquarters in Lagos (RNS 5019H). At that time, Seplat Energy stated there was no basis to have made it a party to the litigation as it was neither a shareholder in Cardinal Drilling nor had any outstanding loan obligations or guarantees to Access Bank. It did not at any time make any commitments or guarantees in respect of Cardinal Drilling's loan obligations to Access Bank.

That position remains unchanged. Access Bank commenced action against Seplat Energy in November 2020 through an ex parte injunction at the Federal High Court because it has certain shareholders in common with Cardinal Drilling. As a result, on 2 December 2020, access to Seplat Energy's corporate headquarters in Lagos and some of Seplat Energy's bank accounts were disrupted in connection with an injunctive order in relation to the court case by Access Bank in respect of the indebtedness of Cardinal Drilling, in which Access Bank was seeking to recover $85 million plus costs.

Although the Lagos Division of the Court of Appeal suspended the injunctive order on 22 January 2021, restoring access to its office and bank accounts, Access Bank appealed to the Supreme Court, where the matter awaits a hearing date.

In a worst-case scenario, were the Supreme Court to rule in favour of Access Bank, Seplat Energy will have no further recourse until the substantive case is heard in the Federal High Court. During this time, Seplat Energy could face significant disruption to its day-to-day operations including closure of its headquarters and bank accounts until the underlying case is resolved.

To avoid significant disruption to its business and to bring a period of uncertainty to an end, Seplat Energy has agreed to acquire four drilling rigs from the receiver/manager appointed by Access Bank over the assets of Cardinal Drilling Services Limited. The acquisition of these rigs, when deployed, should help to optimise drilling costs for Seplat Energy.

Consequently, the parties have agreed to end all legal actions regarding the outstanding loan owed by Cardinal Drilling to Access Bank, which could have persisted as an ongoing distraction for Seplat Energy, with the potential to disrupt its financial and commercial operations.

While we reiterate that the underlying action was without merit and against the principles of corporate veil, an unfavourable outcome in Nigeria's court system may result in a significantly higher settlement when the underlying case was heard.

The negotiated $36 million consideration for the rigs will be funded out of already restricted funds (excluded from previous cash flow statements) held at Access Bank and the Federal High Court of Nigeria, as disclosed in previous quarterly results.

Seplat Energy remains committed to the highest standards of Corporate Governance. In March we announced that the Board had decided to adopt Nigeria's strict definition of 'Related Parties' and eliminate all Related-Party Transactions ('RPT') as defined by the end of 2021.

We have taken legal advice to ensure that no other related-party matters pose any legal threat to the Company's financial or commercial operations.

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
28 February 2022

Statement of Directors' Responsibilities

For the year ended 31 December 2021

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 judgements and estimates that are consistently applied.

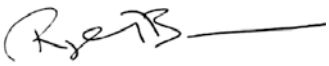
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies 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 gives a true and fair view of the state of the financial affairs of the Group and of its financial performance and cash flows 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:

A.B.C Orjiako
Chairman
FRC/2014/IODN/00000003161
28 February 2022



R.T. Brown
Chief Executive Officer
FRC/2014/ANAN/00000017939
28 February 2022

Audit Committee report

For the year ended 31 December 2021

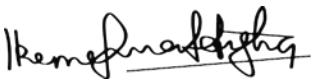
To the members of Seplat Energy Plc:

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act, 2020, members of the Audit Committee of Seplat Energy Plc hereby report on the financial statements of the Group for the year ended 31 December 2021 as follows:

- The scope and plan of the audit for the year ended 31 December 2021 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 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.

Signed on behalf of the Directors by:



Chief Anthony Idigbe, SAN
Chairman, Audit Committee
FRC/2015/NBA/00000010414
28 February 2022

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Statement of Corporate Responsibility for financial reports

For the year ended 31 December 2021

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 2021 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 2021.
- The Company's internal controls have 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 2021.
- 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 employees, 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
Chief Executive Officer
FRC/2014/ANAN/00000017939
28 February 2022

E. Onwuka
Chief Financial Officer
FRC/2020/003/00000020861
28 February 2022

Financial Statements

Report on the audit of the consolidated financial statements and separate financial statements

Our opinion

In our opinion, the consolidated financial statements and the separate financial statements give a true and fair view of the consolidated financial position and separate financial position of Seplat Energy Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated financial performance and separate financial performance and their consolidated cash flows 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 Act.

What we have audited

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

- the consolidated statement of profit or loss and other comprehensive income and separate statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the consolidated statement of financial position and separate statement of financial position as at 31 December 2021;
- the consolidated statement of changes in equity and separate statement of changes in equity for the year then ended;
- the consolidated statement of cash flows and separate statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements and separate financial statements, which include a summary of significant 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 financial statements and audit of the 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 financial statements and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

The impact of crude oil and gas reserves on oil and gas properties (Impairments and Depletion, Depreciation and Amortisation – DD&A).

This is considered a key audit matter due to the significant judgement made by management through the use of experts, when developing the expected future cash flows of oil and gas properties and the proved and probable oil and gas reserves involving the use of significant assumptions.

(a) Oil and gas properties are grouped for recoverability assessment purposes into Cash Generating Units (CGUs). Management assesses its CGUs for indicators of impairment that suggest the carrying amount may exceed its recoverable amount. Impairment is deemed to exist when the carrying amount exceeds the recoverable amount. This involves the calculation of discounted cash flows of proved and probable oil and gas reserves based on significant assumptions including future development and production costs, forecasted oil and gas prices, volume of reserves, reserves life and discount rate.

(b) 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 developed reserves are produced.

The group's upstream oil and gas properties net balance was NGN661 billion ($1.604 billion) as of December 31, 2021, and related depletion expense was NGN56 billion ($139 million). Impairment reversal of NGN29 billion ($75 million) was recognised for the year ended December 31, 2021.

The accounting policies, estimates and disclosures are set out in Notes 3.9, 4, 11.2, 16 and 19.

This was considered a key audit matter in the consolidated financial statements only.

How our audit addressed the key audit matter

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.
- We tested how management determined the recoverable amount of the group's CGUs which included the following:
  - involving our specialist in evaluating the appropriateness of the models used by management in determining the recoverable amount of the CGU.
  - testing the data used in determining the recoverable amount of the CGU.
  - evaluating the reasonableness of significant assumptions with regard to future development and production costs, forecasted oil and gas prices, volume of reserves, reserves life and discount rate used in developing the discounted cash flows.
- We ascertained that the net book value of the CGU after the impairment reversal does not exceed the carrying amount that would have been determined if the original impairment had not occurred.
- We recalculated the unit-of-production rate to determine the depletion expense included in the DD&A of the group's CGUs.
- We evaluated the adequacy of the disclosures in the group 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 Directors' Responsibilities, Audit Committee's Report, Statement of Corporate Responsibility for Financial Reports, Statement of Value Added, Five-Year Financial Summary and Supplementary Financial Information but does not include the consolidated financial statements 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 2021 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements 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 financial statements 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 financial statements 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 2021 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 financial statements and separate financial statements

The directors are responsible for the preparation of the consolidated financial statements 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 financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements 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 financial statements and audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements 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 financial statements 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 financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements 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 financial statements 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 financial statements 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.

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 branches not visited by us;

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

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739
28 February 2022

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from contracts with customers	7	293,631	190,922	733,188	530,467
Cost of sales	8	(179,414)	(146,088)	(447,999)	(405,892)
Gross profit		**114,217**	**44,834**	**285,189**	**124,575**
Other income	9	8,056	30,184	20,118	83,864
General and administrative expenses	10	(32,074)	(27,372)	(80,090)	(76,047)
Impairment loss on financial assets	11.1	(9,035)	(10,778)	(22,561)	(29,947)
Impairment loss on non-financial assets	11.2	(6,216)	(41,175)	(15,521)	(114,402)
Impairment reversal on non-financial assets	11.2	29,900	–	74,659	–
Fair value loss	12	(4,447)	(7,111)	(11,106)	(19,759)
Operating profit/(loss)		**100,401**	**(11,418)**	**250,688**	**(31,716)**
Finance income	13	126	601	314	1,671
Finance cost	13	(30,516)	(18,656)	(76,197)	(51,834)
Finance cost-net		**(30,390)**	**(18,055)**	**(75,883)**	**(50,163)**
Share of profit from joint venture accounted for using the equity method	21	1,017	601	2,540	1,670
Profit/(loss) before taxation		**71,028**	**(28,872)**	**177,345**	**(80,209)**
Income tax expense	14	(24,097)	(1,840)	(60,169)	(5,113)
Profit/(loss) for the year		**46,931**	**(30,712)**	**117,176**	**(85,322)**
Attributable to:					
Equity holders of the parent		56,786	(26,906)	141,784	(74,747)
Non-controlling interests		(9,855)	(3,806)	(24,608)	(10,575)
		46,931	**(30,712)**	**117,176**	**(85,322)**
Earnings/(loss) per share for the year					
Basic earnings/(loss) per share ₦/$	36	97.63	(46.42)	0.24	(0.13)
Diluted earnings/(loss) per share ₦/$	36	97.16	(45.72)	0.24	(0.13)

Notes 1 to 47 on pages 149 to 227 are an integral part of these financial statements.

For the year ended 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Profit/(loss) for the year		**46,931**	**(30,712)**	**117,176**	**(85,322)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		54,059	128,379	941	(1,399)
Items that will not be reclassified to profit or loss:					
Re-measurement gain on defined benefit obligations		157	29	391	81
Deferred tax credit on remeasurement gain		(133)	(25)	(333)	(69)
Other comprehensive income/(loss) for the year (net of tax)		54,083	128,383	999	(1,387)
Total comprehensive income/(loss) for the year		**101,014**	**97,671**	**118,175**	**(86,709)**
Attributable to:					
Equity holders of the parent		110,869	101,477	142,783	(76,134)
Non-controlling interests		(9,855)	(3,806)	(24,608)	(10,575)
		101,014	**97,671**	**118,175**	**(86,709)**

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

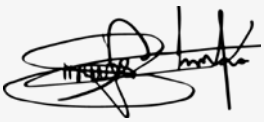
Consolidated statement of financial position

As at 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Assets					
Non-current assets					
Oil & gas properties	16	660,745	609,475	1,604,025	1,603,888
Other property, plant and equipment	16	11,228	5,330	27,255	14,027
Right-of-use assets	18	3,050	3,965	7,404	10,435
Intangible assets	19	54,045	22,301	131,200	58,687
Other asset	17	46,363	44,630	112,551	117,448
Investment accounted for using equity accounting	21	92,795	84,642	225,270	222,741
Prepayments	20	27,512	23,463	66,788	61,744
Deferred tax asset	14	428,986	289,877	1,041,406	762,833
Total non-current assets		**1,324,724**	**1,083,683**	**3,215,899**	**2,851,803**
Current assets					
Inventories	22	30,878	28,337	74,957	74,570
Trade and other receivables	23	105,274	96,774	255,557	254,671
Prepayments	20	711	1,385	1,726	3,644
Contract assets	24	1,679	2,343	4,076	6,167
Cash and cash equivalents	26	133,667	85,554	324,490	225,137
Restricted cash	26.2	6,603	12,761	16,029	33,581
Total current assets		**278,812**	**227,154**	**676,835**	**597,770**
Total assets		**1,603,536**	**1,310,837**	**3,892,734**	**3,449,573**
Equity and Liabilities					
Equity					
Issued share capital	27	296	293	1,862	1,855
Share premium	27	90,383	86,917	520,138	511,723
Share based payment reserve	27	4,914	7,174	22,190	27,592
Treasury shares	27	(2,025)	–	(4,915)	
Capital contribution	28	5,932	5,932	40,000	40,000
Retained earnings		239,429	211,790	1,185,082	1,116,079
Foreign currency translation reserve	29	385,348	331,289	1,933	992
Non-controlling interest	21	(20,913)	(11,058)	(58,804)	(34,196)
Total shareholders' equity		**703,364**	**632,337**	**1,707,486**	**1,664,045**
Non-current liabilities					
Interest bearing loans and borrowings	30	290,803	229,880	705,953	604,947
Lease Liabilities	31	198	1,591	481	4,187
Provision for decommissioning obligation	32	63,709	61,795	154,659	162,619
Deferred tax liabilities	14	343,179	202,020	833,101	531,632
Defined benefit plan	33	4,181	4,063	10,149	10,691
Total non-current liabilities		**702,070**	**499,349**	**1,704,343**	**1,314,076**
Current liabilities					
Interest bearing loans and borrowings	30	24,988	35,518	60,661	93,468
Lease Liabilities	31	1,273	679	3,090	1,787
Derivative financial instruments	25	1,543	626	3,745	1,648
Trade and other payables	34	151,204	130,468	367,058	343,340
Contract liabilities	35	–	3,599	–	9,470
Current tax liabilities	14	19,094	8,261	46,351	21,739
Total current liabilities		**198,102**	**179,151**	**480,905**	**471,452**
Total liabilities		**900,172**	**678,500**	**2,185,248**	**1,785,528**
Total shareholders' equity and liabilities		**1,603,536**	**1,310,837**	**3,892,734**	**3,449,573**

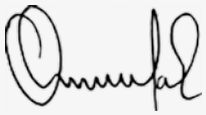
Notes 1 to 47 on pages 149 to 227 are an integral part of these financial statements.

The financial statements of Seplat Energy Plc and its subsidiaries (The Group) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 28 February 2022 and were signed on its behalf by



A.B.C. Orjiako
FRC/2013/IODN/00000003161
Chairman
28 February 2022

R.T. Brown
FRC/2014/ANAN/00000017939
Chief Executive Officer
28 February 2022



E. Onwuka
FRC/2020/003/00000020861
Chief Financial Officer
28 February 2022

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Issued share capital ₦ million	Share premium ₦ million	Share based payment reserve ₦ million	Treasury shares ₦ million	Capital contribution ₦ million	Retained earnings ₦ million	Foreign currency translation reserve ₦ million	Non-controlling interest ₦ million	Total equity ₦ million
At 1 January 2020	289	84,045	8,194	–	5,932	259,690	202,910	(7,252)	553,808
Loss for the year		–	–	–	–	(26,906)	–	(3,806)	(30,712)
Other comprehensive income	–	–	–	–	–	4	128,379	–	128,383
Total comprehensive (loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**(26,902)**	**128,379**	**(3,806)**	**97,671**
Transactions with owners in their capacity as owners:									
Dividends paid	–	–	–	–	–	(20,998)	–	–	(20,998)
Share based payments (Note 27)	–	–	1,856	–	–	–	–	–	1,856
Vested shares (Note 27)	4	2,872	(2,876)	–	–	–	–	–	–
Total	4	2,872	(1,020)	–	–	(20,998)	–	–	(19,142)
At 31 December 2020	**293**	**86,917**	**7,174**	**–**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**
At 1 January 2021	**293**	**86,917**	**7,174**	**–**	**5,932**	**211,790**	**331,289**	**(11,058)**	**632,337**
Profit/(loss) for the year	–	–	–	–	–	56,786	–	(9,855)	46,931
Other comprehensive income	–	–	–	–	–	24	54,059	–	54,083
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**–**	**–**	**56,810**	**54,059**	**(9,855)**	**101,014**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	–	–	–	–	–	206	–	–	206
Dividend paid	–	–	–	–		(29,377)	–	–	(29,377)
Share based payments (Note 27)	–	–	1,209	–	–	–	–	–	1,209
Vested shares (Note 27)	3	3,466	(3,469)	–	–	–	–	–	–
Shares re-purchased (Note 27)	–	–	–	(2,025)					(2,025)
Total	3	3,466	(2,260)	(2,025)	–	(29,171)	–	–	(29,987)
At 31 December 2021	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**239,429**	**385,348**	**(20,913)**	**703,364**

Notes 1 to 47 on pages 149 to 227 are an integral part of these financial statements.

	Issued share capital $'000	Share premium $'000	Share based payment reserve $'000	Treasury shares $'000	Capital contribution $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Non-controlling interest $'000	Total equity $'000
At 1 January 2020	1,845	503,742	30,426	–	40,000	1,249,156	2,391	(23,621)	1,803,939
Loss for the year	–	–	–	–	–	(74,747)	–	(10,575)	(85,322)
Other comprehensive income/(loss)	–	–	–	–	–	12	(1,399)	–	(1,387)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(74,735)**	**(1,399)**	**(10,575)**	**(86,709)**
Transactions with owners in their capacity as owners:									
Dividends paid	–	–	–	–	–	(58,342)	–	–	(58,342)
Share based payments (Note 27)	–	–	5,157	–	–	–	–	–	5,157
Vested shares (Note 27)	10	7,981	(7,991)	–	–	–	–	–	–
Total	10	7,981	(2,834)	–	–	(58,342)	–	–	(53,185)
At 31 December 2020	**1,855**	**511,723**	**27,592**	**–**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**
At 1 January 2021	**1,855**	**511,723**	**27,592**	**–**	**40,000**	**1,116,079**	**992**	**(34,196)**	**1,664,045**
Profit/(loss) for the year	–	–	–	–	–	141,784	–	(24,608)	117,176
Other comprehensive income	–	–	–	–	–	58	941	–	999
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**–**	**–**	**141,842**	**941**	**(24,608)**	**118,175**
Transactions with owners in their capacity as owners:									
Unclaimed dividend forfeited	–	–	–	–	–	515	–	–	515
Dividend paid	–	–	–	–	–	(73,354)	–	–	(73,354)
Share based payments (Note 27)	–	–	3,020	–	–	–	–	–	3,020
Vested shares (Note 27)	7	8,415	(8,422)	–	–	–	–	–	–
Shares re-purchased (Note 27)	–	–	–	(4,915)	–	–	–	–	(4,915)
Total	7	8,415	(5,402)	(4,915)	–	(72,839)	–	–	(74,734)
At 31 December 2021	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,185,082**	**1,933**	**(58,804)**	**1,707,486**

Notes 1 to 47 on pages 149 to 227 are an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Cash flows from operating activities					
Cash generated from operations	15	157,930	118,558	394,339	329,414
Tax paid	14	(5,203)	(2,337)	(12,993)	(10,431)
Defined benefits paid	33	–	(77)	–	(213)
Contribution to plan assets	33	(1,000)	(601)	(2,497)	(1,670)
Hedge premium paid	12	(3,608)	(3,016)	(9,010)	(8,380)
Net cash inflows from operating activities		**148,119**	**112,527**	**369,839**	**308,720**
Cash flows from investing activities					
Payment for acquisition of oil and gas properties	16	(54,618)	(52,090)	(136,381)	(144,729)
Payment for acquisition of other property, plant and equipment	16	(13,415)	(1,872)	(33,498)	(5,202)
Payment for investment in joint venture	21	–	(21,595)	–	(60,000)
Proceeds from disposal of other property plant and equipment	16	–	1	–	3
Rent prepaid		(272)	–	(679)	–
Receipts from other asset	17	1,961	1,705	4,897	4,737
Interest received	13	126	601	314	1,671
Net cash outflows from investing activities		**(66,218)**	**(73,250)**	**(165,347)**	**(203,520)**
Cash flows from financing activities					
Repayments of loans and borrowings	30	(240,291)	(35,991)	(600,000)	(100,000)
Proceeds from loans and borrowings	30	268,725	3,599	671,000	10,000
Shares purchased for employees*	27	(2,025)	–	(4,915)	–
Dividends paid	37	(29,377)	(20,998)	(73,354)	(58,342)
Interest paid on lease liability	31	(212)	(106)	(530)	(295)
lease payments – principal portion	31	(1,135)	(1,752)	(3,363)	(4,039)
Payments for other financing charges**	30	(8,154)	–	(20,360)	–
Interest paid on loans and borrowings	30	(27,728)	(23,310)	(69,236)	(64,767)
Net cash outflows from financing activities		**(40,197)**	**(78,558)**	**(100,758)**	**(217,443)**
Net increase/(decrease) in cash and cash equivalents		41,704	(39,281)	103,734	(112,243)
Cash and cash equivalents at beginning of the year		85,554	100,184	225,137	326,330
Effects of exchange rate changes on cash and cash equivalents		6,409	24,651	(4,381)	11,050
Cash and cash equivalents at end of the year	26	**133,667**	**85,554**	**324,490**	**225,137**

Included in the restricted cash balance is $8 million, ₦3.3 billion and $6.2 million, ₦2.5 billion set aside in the stamping reserve account and debt service reserve account respectively for the revolving credit facility. Also included in the restricted cash balance is $0.9 million, ₦0.4 billion and $0.9 million, ₦0.4 billion for rent deposit and unclaimed dividend respectively.

*Shares purchased for employees of $4.9 million, ₦2.0 billion represent shares purchased in the open market for employees of the Group.

**Other financing charges consist of $16.4 million transaction costs, $2.2 million refinancing cost and $1.8 million commitment fees incurred on the $650 million senior notes, $110 million Reserve Based Lending Facility, and the $350 million Revolving Credit Facility respectively.

Notes 1 to 47 on pages 149 to 227 are an integral part of these financial statements.

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 address is: 16a Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria.

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

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

On 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.

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

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

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

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

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

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

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

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

Wester Ord Oil & Gas (Nigeria) Limited, which 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.

1. Corporate structure and business continued

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.

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	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 Gas Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production and gas processing	Direct
Seplat East Onshore Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat East Swamp Company Limited	12 December 2014	Nigeria	99.9%	Oil & gas exploration and production	Direct
Seplat West Limited	16 January 2018	Nigeria	99.9%	Oil & gas exploration and production	Direct
Eland Oil & Gas Limited	28 August 2009	United Kingdom	100%	Holding company	Direct
Eland Oil & Gas (Nigeria) Limited	11 August 2010	Nigeria	100%	Oil and gas exploration and production	Indirect
Elcrest Exploration and Production Nigeria Limited	6 January 2011	Nigeria	45%	Oil and gas exploration and production	Indirect
Westport Oil Limited	8 August 2011	Jersey	100%	Financing	Indirect
Tarland Oil Holdings Limited	16 July 2014	Jersey	100%	Holding company	Indirect
Brineland Petroleum Limited	18 February 2013	Nigeria	49%	Dormant	Indirect
Wester Ord Oil & Gas (Nigeria) Limited	18 July 2014	Nigeria	100%	Oil and gas exploration	Indirect
Elandale Nigeria Limited	17 January 2019	Nigeria	40%	Receive, store, handle, transport, deliver & discharge petroleum and petroleum products	Indirect
Wester Ord Oil and Gas Limited	16 July 2014	Jersey	100%	Holding company	Indirect
Destination Natural Resources Limited	–	Dubai	70%	Dormant	Indirect

2. Significant changes in the current reporting period

The following significant changes occurred during the reporting period ended 31 December 2021:

- During the year, 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 revolving credit facility remains available for drawings if required.
- 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 24 May 2021, the Group drew down a further $10 million increasing the debt utilised under the Reserves based lending (RBL) from $100 million to $110 million.
- In July 2021, the Group raised a $50 million off-take line to the Reserves Based Lending Facility. The facility has a 6-year tenor, maturing in 2027. $11 million has been drawn on this facility.
- During the year, the Group acquired four drilling rigs belonging to Cardinal Drilling Services Limited as part of the settlement of the court case initiated by Access Bank Plc. The consideration of $36 million was funded out of the previously restricted funds held at Access Bank Plc and the Federal High Court of Nigeria.
- During the year, the Group recognised an impairment loss of $15.2 million (N6.2 billion) for the rigs and OML 17 CGU asset. A reversal of $74.7 million (N29.9 billion) was also recognised on its OML 40 CGU asset. The reversal of impairment is primarily as a result of re-assessment of future cash flows from the Group's oil and gas properties due to a rise in oil prices.

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 consolidated financial statements. These accounting policies have been applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of Seplat and its subsidiaries.

3.2 Basis of preparation

The consolidated financial statements of the Group for the year ended 31 December 2021 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 on the historical cost convention, except derivative financial instruments, 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.

The financial statements have been prepared on a going concern basis. 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.

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 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

The amendments also permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

In addition, IFRS 9 was amended to provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The practical expedient is applied if:

- The change in contractual cash flow is a direct consequence of the IBOR reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis.

The practical expedient enables the Group to account for the change in the contractual cash flows resulting from the IBOR reform, by updating the effective interest rate i.e., the Group would recalculate the rate which exactly discounts the revised contractual cash flows to the present value of the existing loan at the date of modification. Therefore, there will be no gain or loss on modification recognised in the Group's profit or loss.

Publication of USD LIBOR settings are expected to cease after 30 June 2023. The Group is currently discussing with its lenders to replace the London Inter-Bank Offering Rate (USD LIBOR) with Secured Overnight Financing Rate (SOFR) for its reserved based lending facility.

b) Amendments to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the consolidated financial statements of the Group.

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:

i. IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) 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.

3. Summary of significant accounting policies continued

3.4 Standards issued but not yet effective continued

i. IFRS 17 Insurance Contracts continued

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

ii. Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

- 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 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.

iii. Reference to the Conceptual Framework- Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

iv. Property, Plant and Equipment: Proceeds before Intended Use-Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

v. Onerous Contracts- Costs of Fulfilling a Contract-Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment would have no impact on the Group.

vi. IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

vii. Definition of Accounting Estimates- Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

viii. Definition of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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

On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, an amendment to IAS 12 that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in this amendment is an exemption from the initial recognition exemption provided in paragraph 15(b) and 24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

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 2021. 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.

Generally, there is a presumption that a majority of 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 unrealised 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.

3. Summary of significant accounting policies continued

3.5 Basis of consolidation continued

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 recognised 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 non-controlling 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 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.

3.7 Oil and gas accounting

i. Pre-licensing costs

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

ii. Exploration licence costs

Exploration licence costs are capitalised within intangible assets. Licence 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.

Licence 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 licence has been relinquished or has expired, the carrying value of the licence is written off through profit or loss. The exploration licence 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.

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.

3. Summary of significant accounting policies continued

3.7 Oil and gas accounting continued

iv. Exploration and evaluation expenditures continued continued

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 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 is 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, 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.

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 contracts 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 the buyer, called a 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.

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 the 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 a performance obligation has not been met.

Disaggregation of revenue from contracts 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.

3. Summary of significant accounting policies continued

3.9 Property, plant and equipment continued

Depreciation

Production and field facilities are depreciated on a unit-of-production basis over the estimated proved developed 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 profit or loss.

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 over the shorter of their 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 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 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 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 profit or loss in the period in which they are incurred.

3.13 Finance income and costs

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.

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 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.

3.18 Segment reporting

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

The Board of directors has appointed a steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as the chief operating decision maker, consists of the Chief Financial Officer, the Vice President (Finance), the Director (New Energy) and the Financial Reporting Manager. See further details in Note 6.

3.19 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.

3. Summary of significant accounting policies continued

3.19 Financial instruments continued

a) Classification and measurement continued

Financial Assets continued

All the Group's financial assets as at 31 December 2021 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, NPDC receivables, NNPC receivables, other receivables, 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.

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 NPDC receivables, NNPC 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, 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 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 2021 was nil (2020: Nil).

The Group 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 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.

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 is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, 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) 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 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. Summary of significant accounting policies continued

3.20 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.

3.21 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.

3.22 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 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 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.

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

3.23 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.

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.

3.24 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.

3.25 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.

3. Summary of significant accounting policies continued

3.25 Income taxation continued

iii. Uncertainty over income tax treatments continued

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.

3.26 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.

3.27 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.

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. Lease liabilities

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

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

iv. 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 ₦29 billion (2020: ₦19 billion). See Note 48 for the applicable translation rates.

v. 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.

vi. Revenue recognition

Performance obligations

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

For gas contracts, the performance obligation is satisfied through the delivery of a series of distinct goods. Revenue is recognised over time in this situation as gas customers simultaneously receives and consumes 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.

4. Significant accounting judgements, estimates and assumptions continued

4.1 Judgements continued

vi. Revenue recognition continued

Transactions with Joint Operating Arrangement ('JOA') partners

The treatment of underlift and overlift transactions is judgemental 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.

vii. Exploration and evaluation assets

The accounting for exploration and evaluation ('E&E') assets requires 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.

viii. Segment reporting

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

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

4.2 Estimates and assumptions

The key assumptions concerning the future and the other key 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 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 28.4.

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.

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 OMLs 4, 38 and 41, OML 56, OML 53, OML 40 and OML 17. 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 past 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.

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.	Ageing analysis Credit ratings	Diversification of bank deposits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

5. Financial risk management continued

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 2021, the Group entered an economic crude oil hedge contracts with an average strike price of ₦ 22,141 ($54/bbl.) for 3 million barrels at an average premium price of ₦583.91 ($1.42/bbl.) was agreed at the contract dates.

These contracts, which will commence on 1 January 2022, 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 unrealised fair value loss of ₦840 million, $2.1 million has been recognised in 2021. The termination dates are 31 March and 30 September 2022 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 2021							
Crude oil hedges volume (bbl.)	2,000,000	1,000,000	–	–	3,000,000	1,543	3,745
						1,543	**3,745**

	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 2020							
Crude oil hedges volume (bbl.)	2,000,000	3,000,000	–	–	5,000,000	626	1,648
						626	**1,648**

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+10%	154	–	63	–
-10%	(154)	–	(63)	–

Increase/decrease in market inputs	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+10%	375	–	165	–
-10%	(375)	–	(165)	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+10%	24,765	–	15,042	–
-10%	(24,765)	–	(15,042)	–

Increase/decrease in crude oil prices	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+10%	61,838	–	41,794	–
-10%	(61,838)	–	(41,794)	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+10%	4,598	–	4,050	–
-10%	(4,598)	–	(4,050)	–

Increase/decrease in gas price	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+10%	11,481	–	11,253	–
-10%	(11,481)	–	(11,253)	–

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 deposits 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.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Corporate loan	**48,828**	**131,107**	**118,535**	**345,019**

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

Increase/decrease in interest rate	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+1%	49	–	131	–
-1%	(49)	–	(131)	–

Increase/decrease in interest rate	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+1%	119	–	345	–
-1%	(119)	–	(345)	–

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 and, 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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Financial assets				
Cash and bank balances	114,773	85,223	278,622	224,270
Trade and other receivables	580	443	1,408	1,167
Contract assets	1,669	2,343	4,050	6,167
	117,032	**88,009**	**284,080**	**231,604**
Financial liabilities				
Trade and other payables	(102,823)	(90,663)	(249,612)	(238,587)
Net exposure to foreign exchange risk	**14,209**	**(2,654)**	**34,468**	**(6,983)**

5. Financial risk management continued

5.1.2 Foreign exchange risk continued

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

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Financial assets				
Cash and bank balances	900	396	2,186	1,041
Trade and other receivables	35,863	29,799	87,062	78,419
	36,763	**30,195**	**89,248**	**79,460**
Financial liabilities				
Trade and other payables	–	–	–	–
Net exposure to foreign exchange risk	**36,763**	**30,195**	**89,248**	**79,460**

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:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+5%	(677)	–	(20,983)	–
-5%	748	–	23,192	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	(1,641)	–	(55,218)	–
-5%	1,814	–	61,030	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million
+5%	(1,751)	–	(1,438)	–
-5%	1,935	–	1,589	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	(4,250)	–	(3,784)	–
-5%	4,697	–	4,182	–

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. NNPC receivables, NPDC receivables and other receivables).

a) Risk management

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

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

The credit risk on cash and 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 has six types of financial assets that are subject to IFRS 9's expected credit loss model. 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.

- Nigerian Petroleum Development Company (NPDC) receivables
- Nigerian National Petroleum Corporation (NNPC) receivables
- Trade receivables
- Contract assets
- Other receivables
- Cash and bank balances

Reconciliation of impairment on financial assets

	Notes	₦'million	$'000
As at 1 January 2021		**17,689**	**52,471**
Increase in provision for Nigerian Petroleum Development Company (NPDC) receivables	23.2	1,848	4,614
Increase in provision for Nigerian National Petroleum Corporation (NNPC) receivables	23.3	108	270
Increase in provision for trade receivables	23.1	7,079	17,676
Increase in provision for cash and bank balances: short term fixed deposits	26	–	–
Increase in provision of other receivables	23.4	–	–
Increase in contract asset	24	–	1
Impairment charge to the profit or loss		**9,035**	**22,561**
Exchange difference		4,184	–
As at 31 December 2021		**30,908**	**75,032**

	Notes	₦'million	$'000
As at 1 January 2020		**6,911**	**22,524**
Increase in provision for Nigerian Petroleum Development Company (NPDC) receivables	23.2	171	476
Increase in provision for Nigerian National Petroleum Corporation (NNPC) receivables	23.3	456	1,268
Increase in provision for trade receivables	23.1	542	1,507
Decrease in provision for cash and bank balances: short term fixed deposits	26	60	167
Increase in provision for other receivables	23.4	9,548	26,529
Exchange difference		1	–
Impairment charge to the profit or loss		**10,778**	**29,947**
As at 31 December 2020		**17,689**	**52,471**

5. Financial risk management continued

5.1.3 Credit risk continued

b) Impairment of financial assets continued

The parameters used to determine impairment for NPDC receivables, NNPC 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 Petroleum Development Company (NPDC) receivables	Nigerian National Petroleum Corporation (NNPC) receivables	Other receivables	Short-term fixed deposits
Probability of Default (PD)	The 12 month sovereign cumulative PD for base case, downturn and upturn respectively were 4.47%, 4.33%, 4.61%, 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 respectively is 4.47%,4.33% and 4.61%, 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 11.77%, 12.75% and 10.88% 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 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	38%, 28%, and 35% were used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	38%, 28%, and 35% were used as the weights for the base, upturn and downturn ECL modelling scenarios respectively.	89%, 2% and 9% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	78%, 12% and 10% 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. Nigerian Petroleum Development Company (NPDC) receivables

NPDC receivables represent the outstanding cash calls due to Seplat from its joint venture partner, Nigerian Petroleum Development Company. 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 NPDC 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.

There was no write-off during the year (2020: Nil). (See details in Note 23.2).

31 December 2021

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	39,514	–	39,514
Loss allowance	–	(4,943)	–	(4,943)
Net Exposure at Default (EAD)	**–**	**34,571**	**–**	**34,571**

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	41,300	–	–	41,300
Loss allowance	(619)	–	–	(619)
Net Exposure at Default (EAD)	**40,681**	**–**	**–**	**40,681**

31 December 2021

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	95,924	–	95,924
Loss allowance	–	(12,000)	–	(12,000)
Net Exposure at Default (EAD)	**–**	**83,924**	**–**	**83,924**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	114,439	–	–	114,439
Loss allowance	(7,386)	–	–	(7,386)
Net Exposure at Default (EAD)	**107,053**	**–**	**–**	**107,053**

ii. Nigerian National Petroleum Corporation (NNPC) receivables

NNPC receivables represent the outstanding cash calls due to Seplat from its Joint Operating Arrangement (JOA) partner, Nigerian National Petroleum Corporation . 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 NNPC 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 2021 and 31 December 2020.

31 December 2021

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	8,269	2,550	10,819
Loss allowance	–	(80)	(585)	(665)
Net Exposure at Default (EAD)	**–**	**8,189**	**1,965**	**10,154**

31 December 2021

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	20,075	6,190	26,265
Loss allowance	–	(195)	(1,420)	(1,615)
Net Exposure at Default (EAD)	**–**	**19,880**	**4,770**	**24,650**

5. Financial risk management continued

5.1.3 Credit risk continued

ii. Nigerian National Petroleum Corporation (NNPC) receivables continued

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	11,832	–	–	11,832
Loss allowance	(479)	–	–	(479)
Net Exposure at Default (EAD)	**11,353**	**–**	**–**	**11,353**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	31,221	–	–	31,221
Loss allowance	(1,345)	–	–	(1,345)
Net Exposure at Default (EAD)	**29,876**	**–**	**–**	**29,876**

iii. Trade receivables (Gerugu 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 2021 and 31 December 2020 are as follows:

31 December 2021

	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	–	20,206	386	2,775	2,264	8,665	34,296
Expected loss rate	2%	2%	39%	39%	70%	70%	
Lifetime ECL (Note 23.1)	–	(326)	(167)	(1,069)	(1,578)	(5,244)	(8,384)
Total	**–**	**19,880**	**219**	**1,706**	**686**	**3,421**	**25,912**

31 December 2020

	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	1,844	–	1,005	1,377	1,556	6,900	12,682
Expected loss rate	0.14%	0.14%	0.14%	0.15%	4.43%	6.27%	–
Lifetime ECL (Note 23.1)	(2)	–	(1)	(2)	(66)	(452)	(523)
Total	**1,842**	**–**	**1,004**	**1,375**	**1,490**	**6,448**	**12,159**

31 December 2021

	Current $'000	1-30 days $'000	31-60 days $'000n	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	–	49,052	936	6,737	5,496	21,035	83,256
Expected loss rate	2%	2%	39%	39%	70%	70%	
Lifetime ECL (Note 23.1)	–	(792)	(405)	(2,595)	(3,831)	(12,729)	(20,352)
Total	**–**	**48,260**	**531**	**4,142**	**1,665**	**8,306**	**62,904**

31 December 2020

	Current $'000	1-30 days $'000	31-60 days $'000n	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	4,859	–	2,649	3,629	4,099	18,137	33,373
Expected loss rate	0.14%	0.14%	0.14%	0.15%	4.43%	6.27%	
Lifetime ECL (Note 23.1)	(6)	–	(4)	(5)	(173)	(1,191)	(1,379)
Total	**4,853**	**–**	**2,645**	**3,624**	**3,926**	**16,946**	**31,994**

iv. Trade receivables (Mercuria)

The impairment of trade receivables (Mercuria) 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 2021 was nil.

v. Trade receivables (Pillar)

The impairment of trade receivables (Pillar) 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 2021 and 31 December 2020 are as follows:

31 December 2021

	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		–	11	–	–	391	402
Expected loss rate	3%	4%	4%	17%	100%	100%	
Lifetime ECL (Note 23.1)	–	–	–	–	–	(391)	(391)
Total	**–**	**–**	**11**	**–**	**–**	**–**	**11**

31 December 2020

	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	89	–	–	–	–	346	435
Expected loss rate	1.22%	1.22%	2.16%	15.03%	52.65%	100%	
Lifetime ECL (Note 23.1)	(1)	–	–	–	–	(346)	(347)
Total	**88**	**–**	**–**	**–**	**–**	**–**	**88**

31 December 2021

	Current $'000	1-30 days $'000	31-60 days $'000n	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	–	–	26	–	–	948	974
Expected loss rate	3%	4%	4%	17%	100%	100%	
Lifetime ECL (Note 23.1)	–	–	(1)	–	–	(948)	(949)
Total	**–**	**–**	**25**	**–**	**–**	**–**	**25**

31 December 2020

	Current $'000	1-30 days $'000	31-60 days $'000n	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	234	–	–	–	–	913	1,147
Expected loss rate	1.22%	1.22%	2.16%	15.03%	52.65%	100%	
Lifetime ECL (Note 23.1)	(2)	–	–	–	–	(913)	(915)
Total	**232**	**–**	**–**	**–**	**–**	**–**	**232**

vi. 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 during a particular period. The expected loss rates as at 31 December 2021 is shown below (2020: nil).

31 December 2021

	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	1,679	–	–	–	–	–	1,679
Expected loss rate	0.03%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24.1)	–	–	–	–	–	–	–
Total	**1,679**	**–**	**–**	**–**	**–**	**–**	**1,679**

31 December 2021

	Current $'000	1-30 days $'000	31-60 days $'000n	61-90 days $'000	91- 120 days $'000	Above 120 days $'000	Total $'000
Gross carrying amount	4,077	–	–	–	–	–	4,077
Expected loss rate	0.03%	0.05%	0.1%	0.2%	0.2%	5.29%	
Lifetime ECL (Note 24.1)	(1)	–	–	–	–	–	(1)
Total	**4,076**	**–**	**–**	**–**	**–**	**–**	**4,076**

5. Financial risk management continued

5.1.3 Credit risk continued

vii. 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.

31 December 2021

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	–	23,473	23,473
Loss allowance	–	–	(15,303)	(15,303)
Exchange difference	–	–	(3,365)	(3,365)
Net Exposure at Default (EAD)	**–**	**–**	**4,805**	**4,805**

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	–	–	16,348	16,348
Loss allowance	–	–	(15,303)	(15,303)
Net Exposure at Default (EAD)	**–**	**–**	**1,045**	**1,045**

31 December 2021

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	–	53,208	53,208
Loss allowance	–	–	(45,319)	(45,319)
Net Exposure at Default (EAD)	**–**	**–**	**7,889**	**7,889**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	–	–	48,070	48,070
Loss allowance	–	–	(45,319)	(45,319)
Net Exposure at Default (EAD)	**–**	**–**	**2,751**	**2,751**

viii. 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.

31 December 2021

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	29,182	–	–	29,182
Loss allowance	(101)	–	–	(101)
Net Exposure at Default (EAD)	**29,081**	**–**	**–**	**29,081**

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	8,061	–	–	8,061
Loss allowance	(93)	–	–	(93)
Net Exposure at Default (EAD)	**7,968**	**–**	**–**	**7,968**

31 December 2021

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	70,842	–	–	70,842
Loss allowance	(246)	–	–	(246)
Net Exposure at Default (EAD)	**70,596**	**–**	**–**	**70,596**

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	21,212	–	–	21,212
Loss allowance	(246)	–	–	(246)
Net Exposure at Default (EAD)	**20,966**	**–**	**–**	**20,966**

Other cash and bank balances

The Group assessed the other cash and bank balances to determine their expected credit losses. Based on this assessment, it identified the expected credit loss to be nil as at 31 December 2021 (2020: nil). The assets are assessed to be in stage 1.

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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Non-rated	–	4,841	–	12,740
BBB-	24,903	672	60,455	1,764
A	134		326	
A+	94,973	80,832	230,557	212,717
AA-	10,274	9,004	24,941	23,694
AA+	–	–	–	–
AAA-	10,087		24,486	
AAA		3,059		8,049
	140,371	98,408	340,765	258,964
Allowance for impairment recognised during the year (Note 26)	(101)	(93)	(246)	(246)
Net cash and cash bank balances	**140,270**	98,315	**340,519**	**258,718**

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

The Group estimated the expected credit loss on NPDC receivables, NNPC 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 (NPDC, NNPC 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 dominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

5. Financial risk management continued

5.1.3 Credit risk continued

d) Roll forward movement in loss allowance continued

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

Nigerian Petroleum Development Company (NPDC) receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2021	–	806	–	–	806
Movements with profit or loss impact	–	1,848	–	–	1,848
New financial assets originated or purchased	–	–	–	–	–
Total net profit or loss charge during the period	–	1,848	–	–	1,848
Exchange difference	–	2,289	–	–	2,889
Loss allowance as at 31 December 2021	**–**	**4,943**	**–**	**–**	**4,943**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2021	–	7,386	–	–	7,386
Movements with profit or loss impact	–	4,614	–	–	4,614
New financial assets originated or purchased	–	–	–	–	–
Total net profit or loss charge during the period	–	4,614	–	–	4,614
Loss allowance as at 31 December 2021	**–**	**12,000**	**–**	**–**	**12,000**

National National Petroleum Corporation (NNPC) receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2021	–	479	–	–	479
Movements with profit or loss impact	–	(461)	569	–	108
New financial assets originated or purchased	–	–	–	–	–
Total net profit or loss charge during the period	–	(461)	569	–	108
Exchange difference	–	62	16	–	78
Loss allowance as at 31 December 2021	**–**	**80**	**585**	**–**	**665**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2021		1,345	–	–	1,345
Movements with profit or loss impact		(1,150)	1,420	–	270
New financial assets originated or purchased		–	–	–	–
Total net profit or loss charge during the period		(1,150)	1,420	–	270
Loss allowance as at 31 December 2021		**195**	**1,420**	**–**	**1,615**

Other receivables

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2021	–	–	15,303	–	15,303
Movements with profit or loss impact					
Changes in PDs/LGDs/EADs	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
Total net profit or loss charge during the period	–	–	–	–	–
Other movements with no profit or loss impact					
Exchange difference	–	–	3,365	–	3,365
Loss allowance as at 31 December 2021	**–**	**–**	**18,668**	**–**	**18,668**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2021	–	–	45,319	–	45,319
Movements with profit or loss impact					
Changes in PDs/LGDs/EADs	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–
Total net profit or loss charge during the period	–	–	–	–	–
Loss allowance as at 31 December 2021	**–**	**–**	**45,319**	**–**	**45,319**

Short-term fixed deposit

	Stage 1 12-month ECL ₦ million	Stage 2 Lifetime ECL ₦ million	Stage 3 Lifetime ECL ₦ million	Purchased credit-impaired ₦ million	Total ₦ million
Loss allowance as at 1 January 2021	93	–	–	–	93
Movements with profit or loss impact					
New financial assets originated or purchased	–	–	–	–	–
Total net profit or loss charge during the period	–	–	–	–	–
Other movements with no profit or loss impact					
Exchange difference	8	–	–	–	8
Loss allowance as at 31 December 2021	**101**	**–**	**–**	**–**	**101**

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Purchased credit-impaired $'000	Total $'000
Loss allowance as at 1 January 2021	246	–	–	–	246
Movements with profit or loss impact					
New financial assets originated or purchased	–	–	–	–	–
Total net profit or loss charge during the period	–	–	–	–	–
Loss allowance as at 31 December 2021	**246**	**–**	**–**	**–**	**246**

5. Financial risk management continued

5.1.3 Credit risk continued

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 cash flows from financial assets, with all other variables held constant:

	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
Increase/decrease in estimated cash flows				
+20%	148	–	371	–
-20%	(148)	–	(371)	–

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in estimated cash flows				
+20%	41	–	108	–
-20%	(41)	–	(108)	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
Increase/decrease in Loss Given Default				
+10%	(717)	–	(1,800)	–
-10%	717	–	1,800	–

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in Loss Given Default				
+10%	(285)	–	(749)	–
-10%	285	–	749	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
Increase/decrease in probability of default				
+10%	(679)	–	(1,704)	–
-10%	679	–	1,704	–

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in probability of default				
+10%	(188)	–	(496)	–
-10%	188	–	496	–

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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(19)	–	(48)	–
-10%	19	–	48	–

	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(230)	–	(605)	–
-10%	230	–	605	–

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.

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

5. Financial risk management continued

5.1.4 Liquidity risk continued

	Effective interest rate %	Less than 1 year ₦ million	1 – 2 year ₦ million	2 – 3 years ₦ million	3 – 5 years ₦ million	Total ₦ million
31 December 2020						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	–	–	133,000	–	133,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6% + USD LIBOR	724	10,133	–	–	10,857
Nedbank Limited London	6% + USD LIBOR	724	10,133	–	–	10,857
Stanbic IBTC Bank Plc	6% + USD LIBOR	362	5,067	–	–	5,429
The Standard Bank of South Africa Limited	6% + USD LIBOR	362	5,067	–	–	5,429
RMB International (Mauritius) Limited	6% + USD LIBOR	724	10,133	–	–	10,857
The Mauritius Commercial Bank Ltd	6% + USD LIBOR	724	10,133	–	–	10,857
JPMorgan Chase Bank, N.A., London Branch	6% + USD LIBOR	543	7,600	–	–	8,143
Standard Chartered Bank	6% + USD LIBOR	543	7,600	–	–	8,143
Natixis	6% + USD LIBOR	543	7,600	–	–	8,143
Société Générale, London Branch	6% + USD LIBOR	271	3,800	–	–	4,071
Zenith Bank Plc	6% + USD LIBOR	271	3,800	–	–	4,071
United Bank for Africa Plc	6% + USD LIBOR	271	3,800	–	–	4,071
First City Monument Bank Limited	6% + USD LIBOR	271	3,800	–	–	4,071
First Bank of Nigeria	8% + USD LIBOR	1,140	2,993	428	–	4,561
The Mauritius Commercial Bank Ltd	8% + USD LIBOR	3,268	8,579	1,226	–	13,073
Stanbic IBTC Bank Plc/The Standard Bank of South Africa Limited	8% + USD LIBOR	5,092	13,367	1,910	–	20,369
Total variable interest borrowings		**15,833**	**113,605**	**3,564**	**–**	**133,002**
Other non – derivatives						
Trade and other payables**		130,468	–	–	–	130,468
Lease liability		933	895	731	25	2,584
		131,401	**895**	**731**	**25**	**133,052**
Total		**147,234**	**114,500**	**137,295**	**25**	**399,054**

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

5. Financial risk management continued

5.1.4 Liquidity risk continued

	Effective interest rate %	Less than 1 year $'000	1 – 2 year $'000	2 – 3 years $'000	3 – 5 years $'000	Total $'000
31 December 2020						
Non – derivatives						
Fixed interest rate borrowings						
Senior notes	9.25%	–	–	350,000	–	350,000
Variable interest rate borrowings						
Citibank, N.A., London Branch	6.0% +USD LIBOR	1,905	26,667	–	–	28,572
Nedbank Limited London	6.0% +USD LIBOR	1,905	26,667	–	–	28,572
Stanbic IBTC Bank Plc	6.0% +USD LIBOR	952	13,333	–	–	14,285
The Standard Bank of South Africa Limited	6.0% +USD LIBOR	952	13,333	–	–	14,285
RMB International (Mauritius) Limited	6.0% +USD LIBOR	1,905	26,667	–	–	28,572
The Mauritius Commercial Bank Ltd	6.0% +USD LIBOR	1,905	26,667	–	–	28,572
JPMorgan Chase Bank, N.A., London Branch	6.0% +USD LIBOR	1,429	20,000	–	–	21,429
Standard Chartered Bank	6.0% +USD LIBOR	1,429	20,000	–	–	21,429
Natixis	6.0% +USD LIBOR	1,429	20,000	–	–	21,429
Société Générale, London Branch	6.0% +USD LIBOR	714	10,000	–	–	10,714
Zenith Bank Plc	6.0% +USD LIBOR	714	10,000	–	–	10,714
United Bank for Africa Plc	6.0% +USD LIBOR	714	10,000	–	–	10,714
First City Monument Bank Limited	6.0% +USD LIBOR	713	10,000	–	–	10,713
FBNQuest	8.0% +USD LIBOR	3,000	7,875	1,125	–	12,000
The Mauritius Commercial Bank LTD	8.0% +USD LIBOR	8,600	22,575	3,225	–	34,400
Stanbic IBTC Bank Plc/The Standard Bank of South Africa Limited	8.0% +USD LIBOR	13,400	35,175	5,025	–	53,600
Total variable interest borrowings		**41,666**	**298,959**	**9,375**	**–**	**350,000**
Other non – derivatives						
Trade and other payables**		343,341	–	–	–	343,341
Lease liability		2,455	2,354	1,924	67	6,800
		345,796	**2,354**	**1,924**	**67**	**350,141**
Total		**387,462**	**301,313**	**361,299**	**67**	**1,050,141**

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

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	
	2021 ₦ million	2020 ₦ million	2021 ₦ million	2020 ₦ million
Financial assets at amortised cost				
Trade and other receivables*	78,869	58,398	78,869	58,398
Contract assets	1,679	2,343	1,679	2,343
Cash and cash equivalents	133,667	85,554	133,667	85,554
	214,215	**146,295**	**214,215**	**146,295**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	315,791	265,398	307,447	277,170
Trade and other payables	136,619	93,537	136,619	93,537
	452,410	**358,935**	**444,066**	**370,707**
Financial liabilities at fair value	–		–	
Derivative financial instruments (Note 25)	1,543	626	1,543	626
	1,543	**626**	**1,543**	**626**

	Carrying amount		Fair value	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets at amortised cost				
Trade and other receivables*	191,463	153,680	191,463	153,680
Contract assets	4,076	6,167	4,076	6,167
Cash and cash equivalents	324,490	225,137	324,490	225,137
	520,029	**384,984**	**520,029**	**384,984**
Financial liabilities at amortised cost				
Interest bearing loans and borrowings	766,614	698,415	746,358	729,395
Trade and other payables	331,655	246,150	331,655	246,150
	1,098,269	**944,565**	**1,078,013**	**975,545**
Financial liabilities at fair value				
Derivative financial instruments (Note 25)	3,745	1,648	3,745	1,648
	3,745	**1,648**	**3,745**	**1,648**

*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 2021	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	–	1,543	–	–	3,735	–

31 Dec 2020	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities:						
Derivative financial instruments	–	626	–	–	1,648	–

5. Financial risk management continued

5.1.6 Fair value hierarchy continued

Recurring fair value measurements continued

Financial liability continued

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.

Financial liabilities

31 Dec 2021	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	–	307,447	–	–	746,358	–
	–	**307,447**	**–**	**–**	**746,358**	**–**

31 Dec 2020	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	–	277,170	–	–	729,395	–
	–	**277,170**	**–**	**–**	**729,395**	**–**

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.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Interest bearing loans and borrowings	315,791	265,398	766,614	698,415
Lease liabilities	1,471	2,270	3,571	5,974
Less: cash and cash equivalents	(133,667)	(85,554)	(324,490)	(225,137)
Net debt	183,595	182,114	445,695	479,252
Total equity	703,364	632,337	1,707,486	1,664,045
Total capital	886,959	814,451	2,153,181	2,143,297
Net debt (net debt/total capital) ratio	21%	22%	21%	22%

During the year, the Group's strategy which was unchanged from 2021, was to maintain a net debt gearing ratio of 20% to 40%. Capital includes share capital, share premiums, capital contribution and all other equity reserves.

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 covenant

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 be 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 2021, revenue from the gas segment of the business constituted 16% (2020: 21%) 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 Director, New Energy (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

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Oil	26,251	(56,471)	65,539	(156,893)
Gas	20,680	25,759	51,637	71,571
Total profit/(loss) for the year	**46,931**	**(30,712)**	**117,176**	**(85,322)**

Oil

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Revenue from contracts with customers				
Crude oil sales (Note 7)	247,651	150,422	618,377	417,941
Operating profit before depreciation, amortisation and impairment	146,036	64,977	364,637	159,979
Depreciation, amortisation and impairment	(68,388)	(104,622)	(170,762)	(270,124)
Operating profit/loss)	77,648	(39,645)	193,875	(110,145)
Finance income (Note 13)	126	601	314	1,671
Finance costs (Note 13)	(30,516)	(18,656)	(76,197)	(51,834)
Profit/(loss) before taxation	**47,258**	**(57,700)**	**117,992**	**(160,308)**
Income tax (expense)/credit (Note 14)	(21,007)	1,229	(52,453)	3,415
Profit/(loss) for the year	**26,251**	**(56,471)**	**65,539**	**(156,893)**

Gas

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Revenue from contracts with customer				
Gas sales	45,980	40,500	114,811	112,526
Operating profit before depreciation, amortisation and impairment	23,776	32,024	59,368	88,977
Depreciation and amortisation	(1,023)	(3,797)	(2,555)	(10,548)
Operating profit	22,753	28,227	56,813	78,429
Share of profit from joint venture accounted for using equity accounting	1,017	601	2,540	1,670
Profit before taxation	23,770	28,828	59,353	80,099
Taxation	(3,090)	(3,069)	(7,716)	(8,528)
Profit for the year	**20,680**	**25,759**	**51,637**	**71,571**

During the reporting period, impairment losses recognised in the gas segment relates to Geregu Power, Sapele Power and NGMC. Impairment losses recognised in the oil segment relate to receivables from trade receivables (Pillar, Pan Ocean, Oghareki and Summit) NPDC, NNPC and other receivables. See Note 11 for further details.

6. Segment reporting continued

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.

	2021 Oil ₦'million	2021 Gas ₦'million	2021 Total ₦'million	2021 Oil $'000	2021 Gas $'000	2021 Total $'000
Geographical markets						
Bahamas	53,788	–	53,788	134,307	–	134,307
Nigeria	–	45,980	45,980	–	114,811	114,811
Switzerland	157,128	–	157,128	392,345	–	392,345
United Kingdom	36,735	–	36,735	91,725	–	91,725
Revenue from contracts with customers	**247,651**	**45,980**	**293,631**	**618,377**	**114,811**	**733,188**
Timing of revenue recognition						
At a point in time	247,651	–	247,651	618,377	–	618,377
Over time	–	45,980	45,980	–	114,811	114,811
Revenue from contracts with customers	**247,651**	**45,980**	**293,631**	**618,377**	**114,811**	**733,188**

	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million	2020 Oil $'000	2020 Gas $'000	2020 Total $'000
Geographical markets						
Nigeria	53,587	40,500	94,087	148,890	112,526	261,416
Switzerland	96,835	–	96,835	269,051	–	269,051
Revenue from contracts with customers	**150,422**	**40,500**	**190,922**	**417,941**	**112,526**	**530,467**
Timing of revenue recognition						
At a point in time	150,422	–	150,422	417,941	–	417,941
Over time	–	40,500	40,500	–	112,526	112,526
Revenue from contracts with customers	**150,422**	**40,500**	**190,922**	**417,941**	**112,526**	**530,467**

The Group's transactions with its major customer, Mercuria, constitutes more than 54% ($392 million, ₦157.1 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 ($114.8 million, ₦46 billion) accounted for the total revenue from the gas segment.

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

	2021 Oil ₦'million	2021 Gas ₦'million	2021 Total ₦'million	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million
Impairment losses recognised during the year	5,960	3,075	9,035	10,761	97	10,858
Reversal of previous impairment losses	–	–	–	(80)	–	(80)
	5,960	**3,075**	**9,035**	**10,681**	**97**	**10,778**

	2021 Oil $'000	2021 Gas $'000	2021 Total $'000	2020 Oil $'000	2020 Gas $'000	2020 Total $'000
Impairment losses recognised during the year	14,883	7,678	22,561	29,899	269	30,168
Reversal of previous impairment losses	–	–	–	(221)	–	(221)
	14,883	**7,678**	**22,561**	**29,678**	**269**	**29,947**

6.1.3 Impairment/(reversal of) losses on non-financial assets by reportable segments

	2021 Oil ₦'million	2021 Gas ₦'million	2021 Total ₦'million	2020 Oil ₦'million	2020 Gas ₦'million	2020 Total ₦'million
Impairment (reversal)/losses recognised during the year	(23,684)	–	(23,684)	41,175	–	41,175
	(23,684)	**–**	**(23,684)**	**41,175**	**–**	**41,175**

	2021 Oil $'000	2021 Gas $'000	2021 Total $'000	2020 Oil $'000	2020 Gas $'000	2020 Total $'000
Impairment (reversal)/losses recognised during the year	(59,138)	–	(59,138)	114,402	–	114,402
	(59,138)	**–**	**(59,138)**	**114,402**	**–**	**114,402**

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.

Total segment assets	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2021	1,393,987	209,549	1,603,536	3,384,033	508,701	3,892,734
31 December 2020	1,101,463	209,374	1,310,837	2,898,588	550,985	3,449,573

6.3 Segment liabilities

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

Total segment liabilities	Oil ₦'million	Gas ₦'million	Total ₦'million	Oil $'000	Gas $'000	Total $'000
31 December 2021	690,623	209,549	900,172	1,676,547	508,701	2,185,248
31 December 2020	654,095	24,405	678,500	1,721,305	64,223	1,785,528

7. Revenue from contracts with customers

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Crude oil sales	247,651	150,422	618,377	417,941
Gas sales	45,980	40,500	114,811	112,526
	293,631	**190,922**	**733,188**	**530,467**

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

8. Cost of sales

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Royalties	51,997	36,483	129,836	101,366
Depletion, depreciation and amortisation (Note 16.4)	56,503	45,876	141,086	127,464
Crude handling fees	21,009	20,198	52,457	56,119
Nigeria Export Supervision Scheme (NESS) fee	250	130	624	361
Barging and Trucking	4,702	5,753	11,741	15,986
Niger Delta Development Commission Levy	1,741	3,224	4,346	8,957
Operational & maintenance expenses	43,212	34,424	107,909	95,639
	179,414	**146,088**	**447,999**	**405,892**

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 $14.1 million, ₦ 5.6 billion (2020: $6.2 million, ₦2.2 billion).

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

9. Other income

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Underlift	5,587	17,996	13,950	50,001
Loss on foreign exchange	(1,755)	(680)	(4,381)	(1,890)
Gains on disposal of property, plant & equipment	–	1	–	3
Crude hedging income	–	9,487	–	26,358
Provision no longer required	2,147	2,597	5,362	7,217
Tariffs	2,077	783	5,187	2,175
	8,056	**30,184**	**20,118**	**83,864**

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

Loss on foreign exchange is principally as a result of translation of Naira denominated monetary assets and liabilities.

Crude hedging income is nil due to the rise in oil price when compared to the prior year, resulting in no payment from the bank.

Provision no longer required relates to the reversal of decommissioning obligation no longer required for Eland operations. In the comparative year, it relates to contingent liability initially recognised on acquisition of Eland. The liability is an outcome of the European Union state aid – UK Controlled Foreign Companies (CFC) case required companies in tax efficient jurisdictions to assess the profit allocable to UK significant people functions (SPFs).

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

10. General and administrative expenses

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Depreciation (Note 16.2)	2,003	1,936	5,000	5,376
Depreciation of right-of-use assets (Note 18)	1,870	1,254	4,670	3,483
Auditor's remuneration	392	366	980	1,017
Professional and consulting fees	4,915	4,111	12,274	11,421
Directors' emoluments (executive)	897	1,642	2,240	4,561
Directors' emoluments (non-executive)	1,844	1,284	4,604	3,567
Donations	173	158	433	439
Employee benefits (Note 10.1)	17,268	15,179	43,116	42,172
Loss on disposal of property, plant & equipment	89	–	222	–
Flights and other travel costs	1,992	1,257	4,977	3,495
Rentals	631	185	1,574	516
	32,074	**27,372**	**80,090**	**76,047**

Directors' emoluments have been split between executive and non-executive directors. Included in the non-executive directors' emoluments are amount paid to four new non-executive directors. Professional and consulting increase is as a result of strategy related consultancy services and legal fees.

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

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Short term employee benefits:				
Basic salary	10,262	8,458	25,623	23,498
Housing allowances	1,763	1,356	4,403	3,768
Other allowances	2,652	2,374	6,621	6,596
Post-employment benefits:				
Defined contribution expenses	943	726	2,354	2,018
Defined benefit expenses (Note 34.2)	439	409	1,095	1,135
Other employee benefits:				
Share based payment expenses (Note 28.2)	1,209	1,856	3,020	5,157
	17,268	**15,179**	**43,116**	**42,172**

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 UK Limited	UK share plan reporting (Management Team Advisory)	PwC UK	13,800	2021
Seplat Energy Plc	Project Condor (Capital market advice)	PwC Nigeria	200,000	2021
Seplat Energy Plc	Tax compliance	PwC UK	5,000	2021
Seplat Energy Plc	Remuneration committee advice	PwC UK	414,000	2021
Seplat Energy UK Limited	VAT compliance	PwC UK	11,040	2021

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	Gen Wingrave*	RPS Group (UK)	Decommissioning cost valuation
2	Tosin Famurewa* Stephen .T. Philips*	Ryder Scott Petroleum Consultants	Reserve valuation
3	Ganiu Shefiu (FRC/2017/NAS/0000001754)	Logic Professional Service	Actuarial valuation service
4	Reuben Temerigha*	Westend Diamond Nigeria Limited	Actuarial valuation service
5	Benson Uwheru (FRC/2013/CIBN/00000001554)	EY Nigeria	Valuation of new shares awarded

11. Impairment loss

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Impairment losses on financial assets-net (Note 11.1)	9,035	10,778	22,561	29,947
Impairment loss on non-financial assets (Note 11.2)	6,216	41,175	15,521	114,402
Reversal of impairment on non-financial asset (Note 11.2)	(29,900)	–	(74,659)	–
	(14,649)	**51,953**	**(36,577)**	**144,349**

11.1 Impairment losses on financial assets-net

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Impairment losses on:				
NNPC receivables	108	456	270	1,268
NPDC receivables	1,848	171	4,614	476
Other receivables	–	9,548	–	26,529
Trade receivables (Geregu Power, Sapele Power and NGMC)	7,006	97	17,493	269
Short term deposits	–	60	–	167
Contract asset	–	–	1	–
Other trade receivables	73	525	183	1,459
	9,035	**10,857**	**22,561**	**30,168**
Reversal of impairment losses on:			–	
Mercuria	–	(80)	–	(221)
	–	(80)	–	(221)
Exchange difference	–	1	–	–
Total impairment loss allowance	**9,035**	**10,778**	**22,561**	**29,947**

11.2 Impairment (reversal)/loss on non-financial assets:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Impairment loss on non-financial assets (Plant & Machinery)	6,027	41,175	15,049	114,402
Impairment loss on non-financial assets (OML 17)	189	–	472	–
Reversal of impairment on non-financial asset	(29,900)	–	(74,659)	–
	(23,684)	**41,175**	**(59,138)**	**114,402**

During the year, the Group recognised impairment loss of $15.2 million (N6.2 billion) for its plant and machinery (see Note 16.2) and OML 17 CGU assets (see Note 18). A reversal of $74.7 million (N29.9 billion) was also recognised on its OML 40 CGU asset. The reversal of impairment is primarily as a result of re-assessment of future cash flows from the Group's oil and gas properties due to a rise in oil prices (see Note 16 and 18).

12. Fair value loss

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Realised fair value losses on crude oil hedges	(3,608)	(3,016)	(9,010)	(8,380)
Unrealised fair value loss	(839)	(953)	(2,096)	(2,649)
Fair value loss on other assets	–	(3,142)	–	(8,730)
	(4,447)	**(7,111)**	**(11,106)**	**(19,759)**

Fair value loss on derivatives represents changes in the fair value of hedging receivables charged to profit or loss. Fair value loss on other assets relates to changes in fair value of financial interest in OML 55 (See Note 17).

13. Finance income/(cost)

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Finance income				
Interest income	**126**	**601**	**314**	**1,671**
Finance cost				
Interest on bank loans (Note 30)	(29,765)	(17,504)	(74,322)	(48,634)
Interest on lease liabilities (Note 31)	(212)	(106)	(530)	(295)
Unwinding of discount on provision for decommissioning (Note 32)	(539)	(1,046)	(1,345)	(2,905)
	(30,516)	(18,656)	(76,197)	(51,834)
Finance (cost) – net	**(30,390)**	**(18,055)**	**(75,883)**	**(50,163)**

Finance income represents interest on short-term fixed deposits.

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 7.72% (2020: 8.93%). The amount capitalised during the year is ₦5 billion ($12.5 million), (2020: ₦5.8 billion, $15.4 million).

14. Taxation

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

Income tax expense

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Current tax:				
Current tax expense on profit for the year	12,317	4,170	30,755	11,586
Education tax	2,603	749	6,500	2,082
NASENI Levy	139		346	
Police Levy	2		5	
Total current tax	15,061	4,919	37,606	13,668
Deferred tax:				
Deferred tax expense in profit or loss (Note 14.6)	9,036	(3,079)	22,563	(8,555)
Total tax expense in statement of profit or loss	24,097	1,840	60,169	5,113
Deferred tax recognised in other comprehensive income (Note 14.6)	133	25	333	69
Total tax charge for the period	**24,230**	**1,865**	**60,502**	**5,182**
Effective tax rate	**34%**	**(6%)**	**34%**	**(6%)**

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 2021 is 85% for crude oil activities and 30% for gas activities. As at 31 December 2020, the applicable tax rate was 85%, 65.75% for crude oil activities and 30% for gas activities.

The effective tax rate for the period was 34% (2020: 6%).

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

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Profit/(loss) before taxation	71,028	(28,872)	177,345	(80,209)
Tax rate of 85%, 65.75% and 30%	60,374	7,882	150,743	21,899
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Income not subject to tax	(14,649)	(32,594)	(36,579)	(90,560)
Expenses not deductible for tax purposes	100,349	42,804	250,570	118,929
Impact of unutilised tax losses	(124,721)	(3,079)	(311,416)	(8,555)
Impact of tax incentive	–	(13,922)	–	(38,682)
Education tax	2,603	749	6,500	2,082
NASENI levy	139	–	346	–
Police levy	2	–	5	–
Total tax charge in statement of profit or loss	**24,097**	**1,840**	**60,169**	**5,113**

14.2 Current tax liabilities

The movement in the current tax liabilities is as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
As at 1 January	8,261	5,679	21,739	18,502
Tax charge	15,061	4,919	37,606	13,668
Tax paid	(5,203)	(2,337)	(12,994)	(10,431)
Exchange difference	975	–	–	–
As at 31 December	**19,094**	**8,261**	**46,351**	**21,739**

14.3 Deferred tax

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

Deferred tax assets	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Deferred tax asset to be recovered within 12 months	40,280	9,437	97,785	33,151
Deferred tax asset to be recovered after more than 12 months	388,706	280,440	943,621	729,682
	428,986	**289,877**	**1,041,406**	**762,833**

Deferred tax liabilities	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Deferred tax liability to be recovered within 12 months	(121,995)	(2,282)	(296,156)	(7,456)
Deferred tax liability to be recovered after more than 12 months	(221,184)	(199,738)	(536,945)	(524,176)
	(343,179)	**(202,020)**	**(833,101)**	**(531,632)**
	85,807	**87,857**	**208,305**	**231,201**

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 2021 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Exchange difference ₦ million	Balance at 31 December 2021 ₦ million
Tax losses	927	11,302	–	457	12,686
Other cumulative timing differences:					
Unutilised capital allowance	168,996	141,210	–	53,637	363,843
Provision for decommissioning obligation	1,120	(1,307)	–	187	–
Provision for defined benefit	3,780	(1,149)	(133)	1,056	3,554
Share based payment plan	6,393	(805)	–	2,041	7,629
Unrealised foreign exchange loss on trade and other receivables	18,139	(13,535)	–	2,452	7,056
Overlift/(underlift)	(978)	1,578	–	2,077	2,677
Acquired in business combination	27,686	(36,116)	–	8,430	–
Impairment provision on trade and other receivables	10,415	17,447	–	2,685	30,547
Leases	–	967		27	994
Previously unrecognised deferred tax asset	6,050	(7,895)		1,845	
Effect of exchange differences	47,349	–		(47,349)	
	289,877	**111,697**	**(133)**	**27,545**	**428,986**

	Balance at 1 January 2020 ₦ million	(Charged)/ credited to profit or loss ₦ million	Credited to other comprehensive income ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	–	927	–	927
Other cumulative timing differences:				
Unutilised capital allowance	124,433	44,563	–	168,996
Provision for decommissioning obligation	296	824	–	1,120
Provision for defined benefit	2,725	1,080	(25)	3,780
Share-based payment plan	5,670	723	–	6,393
Unrealised foreign exchange loss/(gain) on trade and other receivables	1,046	17,093	–	18,139
Overlift/(underlift)	10,866	(11,844)	–	(978)
Acquired in business combination	27,686	–	–	27,686
Impairment provision on trade and other receivables	3,399	7,016	–	10,415
Previously unrecognised deferred tax asset	6,050	–	–	6,050
	182,171	60,382	(25)	242,528
Effect of exchange differences	181	47,168		47,349
	182,352	**107,550**	**(25)**	**289,877**

14. Taxation continued

14.4 Deferred tax assets continued

	Balance at 1 January 2021 $'000	(Charged)/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Balance at 31 December 2021 $'000
Tax losses	2,576	28,221	–	30,797
Other cumulative timing differences:				
Unutilised capital allowance	530,663	352,601	–	883,264
Provision for decommissioning obligation	3,264	(3,264)	–	–
Provision for defined benefit	11,830	(2,870)	(333)	8,627
Share based payment plan	20,529	(2,010)	–	18,519
Unrealised Foreign exchange loss	50,924	(33,796)	–	17,128
Overlift/(underlift)	2,562	3,940	–	6,502
Acquired in business combination	90,182	(90,182)	–	–
Impairment provision on trade and other receivables	30,589	43,566	–	74,155
Leases	–	2,414	–	2,414
Previously unrecognised deferred tax asset	19,714	(19,714)	–	–
	762,833	**278,906**	**(333)**	**1,041,406**

	Balance at 1 January 2020 $'000	(Charged)/ credited to profit or loss $'000	Credited to other comprehensive income $'000	Balance at 31 December 2020 $'000
Tax losses	–	2,576	–	2,576
Other cumulative timing differences:				
Unutilised capital allowance	406,848	123,815	–	530,663
Provision for decommissioning obligation	974	2,290	–	3,264
Provision for defined benefit	8,897	3,002	(69)	11,830
Share-based payment plan	18,519	2,010	–	20,529
Unrealised Foreign exchange loss/(gain)	3,433	47,491	–	50,924
Overlift/(underlift)	35,469	(32,907)	–	2,562
Acquired in business combination	90,182	–	–	90,182
Impairment provision on trade and other receivables	11,096	19,493	–	30,589
Previously unrecognised deferred tax asset	19,714	–	–	19,714
	595,132	**167,770**	**(69)**	**762,833**

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 at 1 January 2021 ₦ million	Charged /(credited) to profit or loss ₦ million	Exchange difference ₦ million	Balance at 31 December 2021 ₦ million
Tax losses	1,131	(1,460)	329	–
Other cumulative timing differences:				
Property, plant & equipment	167,879	122,891	50,057	340,827
Derivative financial instruments	2,282	(2,986)	704	–
Leases	–	2,288	64	2,352
Effect of exchange difference	30,728		(30,728)	
	202,020	**120,733**	**20,426**	**343,179**

	Balance at 1 January 2020 ₦ million	Charged /(credited) to profit or loss ₦ million	Balance at 31 December 2020 ₦ million
Tax losses	1,131	–	1,131
Other cumulative timing differences:			
Fixed assets	110,582	57,297	167,879
Derivative financial instruments	2,282	–	2,282
	113,995	57,297	171,292
Effect of exchange differences	(10)	30,738	30,728
	113,985	**88,035**	**202,020**

	Balance at 1 January 2021 $'000	Charged /(credited) to profit or loss $'000	Balance at 31 December 2021 $'000
Tax losses	3,645	(3,645)	–
Other cumulative timing differences:			
Property, plant and equipment	520,531	306,859	827,930
Leases	–	5,711	5,711
Derivative financial instruments	7,456	(7,456)	–
	531,632	**301,468**	**833,101**

	Balance at 1 January 2020 $'000	Charged /(credited) to profit or loss $'000	Balance at 31 December 2020 $'000
Tax losses	3,645	–	3,645
Other cumulative timing differences:			
Fixed assets	361,334	159,197	520,531
Derivative financial instruments	7,456	–	7,456
	372,435	**159,197**	**531,632**

14.6 Deferred tax recognised in profit or loss

	As at 31 Dec 2021 ₦'million	As at 31 Dec 2020 ₦'million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 $'000
Credited/(Charged) to profit or loss:				
Unutilised capital allowance	(141,210)	44,563	(352,601)	123,815
Provision for defined benefit	1,149	1,080	2,870	3,002
Share based payment plan	805	723	2,010	2,010
Overlift/(underlift)	(1,578)	(11,844)	(3,940)	(32,907)
Impairment provision on trade and other receivables	(17,447)	7,016	(43,566)	19,493
Unrecognised deferred tax asset	7,895	–	19,714	–
Tax losses	(12,762)	927	(31,866)	2,576
Provision for decommissioning obligation	1,307	824	3,264	2,290
Unrealised foreign exchange loss/(gain)	13,535	17,093	33,796	47,491
Property plant and equipment	122,891	(57,297)	306,859	(159,197)
Leases	1,321	–	3,297	–
Derivatives	(2,986)	–	(7,456)	–
Acquired in a business combination	36,116	–	90,182	–
Exchange difference		(6)	–	(18)
Total (charged) to profit or loss	**9,036**	**3,079**	**22,563**	**8,555**
Charged to other comprehensive income				
Deferred tax credit/(expense) on remeasurement	(133)	(25)	(333)	(69)
	(133)	**(25)**	**(333)**	**(69)**

14.7 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.

14.8 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.

15. Computation of cash generated from operations

	Notes	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Profit/(loss) before tax		71,028	(28,872)	177,345	(80,209)
Adjusted for:					
Depletion, depreciation and amortisation	16.4	58,506	47,811	146,086	132,840
Depreciation of right-of-use asset	18	1,870	1,254	4,670	3,483
Impairment losses on financial assets	11.1	9,035	10,778	22,561	29,947
Impairment losses on non-financial assets	11.2	6,216	41,175	15,521	114,402
Reversal of impairment loss on non-financial assets	11.2	(29,900)	–	(74,659)	–
Loss/(gain) on disposal of other property, plant & equipment	16.3	89	(1)	222	(3)
Interest income	13	(126)	(601)	(314)	(1,671)
Interest expense on bank loans	30	29,765	17,504	74,322	48,634
Interest on lease liabilities	31	212	106	530	295
Unwinding of discount on provision for decommissioning	32	539	1,046	1,345	2,905
Fair value on other assets	12	–	3,142	–	8,730
Unrealised fair value loss on derivatives financial instrument	12	839	953	2,096	2,649
Realised fair value loss on derivatives	12	3,608	–	9,010	–
Unrealised foreign exchange loss/(gain)	9	1,755	(680)	4,381	(1,890)
Share based payment expenses	27.2	1,209	1,856	3,020	5,157
Defined benefit expenses		439	409	1,095	1,135
Share of profit in joint venture	21.3	(1,017)	(601)	(2,540)	(1,670)
Provision no longer required	9	–	(2,597)	–	(7,217)
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(8,302)	72,754	(20,729)	202,144
Inventories		(155)	3,577	(387)	9,938
Prepayments		(1,252)	1,404	(3,126)	3,901
Contract assets		837	5,432	2,090	15,092
Trade and other payables		9,499	(45,156)	23,718	(125,464)
Contract liabilities		(3,793)	(2,459)	(9,470)	(6,831)
Restricted Cash		7,029	(9,676)	17,552	(26,883)
Net cash from operating activities		**157,930**	**118,558**	**394,339**	**329,414**

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 2021	741,974	107,129	22,367	871,470
Additions	25,028	28,955	635	54,618
Transfer	28,888	(28,888)	–	–
Changes in decommissioning (Note 32)	(3,727)	–	–	(3,727)
Interest capitalised (Note 30.1)	–	4,995	–	4,995
Exchange differences	63,781	9,146	1,899	74,826
At 31 December 2021	**855,944**	**121,337**	**24,901**	**1,002,182**
Depreciation				
At 1 January 2021	261,995	–	–	261,995
Charge for the year	55,832	–	–	55,832
Exchange differences	23,610	–	–	23,610
At 31 December 2021	**341,437**	**–**	**–**	**341,437**
NBV				
At 31 December 2021	**514,507**	**121,337**	**24,901**	**660,745**

Cost				
At 1 January 2020	595,817	37,469	18,072	651,358
Additions	–	52,089	–	52,089
Changes in decommissioning (Note 32)	4,244	–	–	4,244
Interest capitalised	–	5,753	–	5,753
Exchange differences	141,913	11,818	4,295	158,026
At 31 December 2020	**741,974**	**107,129**	**22,367**	**871,470**
Depreciation				
At 1 January 2020	172,986	–	–	172,986
Charge for the year	45,344	–	–	45,344
Exchange difference	43,665	–	–	43,665
At 31 December 2020	**261,995**	**–**	**–**	**261,995**
NBV				
At 31 December 2020	**479,979**	**107,129**	**22,367**	**609,475**

16. Property, plant and equipment continued

16.1 Oil and gas properties continued

Cost	Production and field facilities $'000	Assets under construction $'000	Exploration and evaluation assets $'000	Total $'000
At 1 January 2021	1,952,564	281,919	58,865	2,293,348
Additions	62,497	72,299	1,585	136,381
Transfer	72,133	(72,133)	–	–
Changes in decommissioning (Note 32)	(9,305)	–	–	(9,305)
Interest capitalised (Note 30.1)	–	12,473	–	12,473
At 31 December 2021	**2,077,889**	**294,558**	**60,450**	**2,432,897**
Depreciation				
At 1 January 2021	689,460	–	–	689,460
Charge for the year	139,412	–	–	139,412
At 31 December 2021	**828,872**	**–**	**–**	**828,872**
NBV				
At 31 December 2021	**1,249,017**	**294,558**	**60,450**	**1,604,025**
Cost				
At 1 January 2020	1,940,771	122,050	58,865	2,121,686
Additions	–	144,729	–	144,729
Changes in decommissioning (Note 32)	11,793	–	–	11,793
Interest capitalised (Note 30.1)	–	15,140	–	15,140
At 31 December 2020	**1,952,564**	**281,919**	**58,865**	**2,293,348**
Depreciation				
At 1 January 2020	563,473	–	–	563,473
Charge for the year	125,987	–	–	125,987
At 31 December 2020	**689,460**	**–**	**–**	**689,460**
NBV				
At 31 December 2020	**1,263,104**	**281,919**	**58,865**	**1,603,888**

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 7.72% (2020: 8.93%) has been determined and applied to the Group's general borrowing to determine the borrowing cost capitalised as part of the qualifying assets. Borrowing costs capitalised during the year amounted to ₦5 billion, 2020: ₦5.8 billion (2021: $12.5 million, 2020: $15.1 million). There was no oil and gas property pledged as security during the reporting period.

Impairment testing

During the year ended 31 December 2021, the Group performed an impairment test. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

OMLs 4, 38 and 41 CGU

The recoverable amount of $1,186.2 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the rise in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2021. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($1,186.2 million) was higher than the carrying amount ($843.2 million), no impairment loss was recorded. There is a significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $1,093.8 million which would still not result in an impairment loss.

OML 53 CGU

The recoverable amount of $501.9 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the rise in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2021. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($501.9 million) was higher than the carrying amount ($345.7 million), no impairment loss was recorded. There is significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $450.9 million which would still not result in an impairment loss.

OML 56 CGU

The recoverable amount of $102.1 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the rise in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2021. The cash flow was estimated using three scenarios (base case, worst case and upturn).

The pre-tax discount rate applied was 15%. As the recoverable amount ($102.1 million) was higher than the carrying amount ($79.9 million), no impairment loss was recorded. There is a significant headroom between the recoverable amount and carrying amount. A rise in the discount rate to 17.5% would result in a recoverable amount of $93.6 million which would still not result in an impairment loss.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Management approach to valuing the assumptions used in the value in use calculations was based on experience, recent sales and external data sources. The most sensitive assumptions are shown below:

Discount rates

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

Oil price

Oil prices used were indexed to the Brent crude forward curve. The prices when compared to external market prices are deemed to be reasonable.

Years	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Oil price ($)	74.2	68.8	67.3	69.4	70.8	72.3	73.7	75.2	76.7	78.3

Years	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Oil price ($)	79.9	81.5	83.2	84.8	86.6	88.3	90.1	91.9	93.8	95.7

Years	2042	2043	2044	2045	2046 till the estimated life span of the reserves
Oil price ($)	97.6	99.6	101.6	103.6	105.7

A further rise/(decline) in oil price would result in the following:

CGU	Percentage	Recoverable amount $'million	Impairment loss $'million
OMLs 4, 38 and 41	+10%	1,728.1	Nil
	-10%	644.3	198.9
OML 53	+10%	551.0	Nil
	-10%	452.9	Nil
OML 56	+10%	127.8	Nil
	-10%	76.3	3.6

Projection period

The cash flows projection was based on management estimation of the performance of the well. This was independently verified. The projected period were 24 years for OMLs 4, 38, and 41, 37 years for OML 53 and 26 years for OML 56.

Growth rate

No growth rate was used to extrapolate cash flows. The production volume was determined based on the estimated performance of the well.

16. Property, plant and equipment continued

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 2021	1,950	5,150	8,413	2,142	25	1,478	18,888
Additions	13,045	135	204	32	–	–	13,416
Disposals	–	(1,838)	–	–	–	–	(1,838)
Exchange differences	536	384	691	181	3	125	1,920
At 31 December 2021	**15,531**	**3,831**	**9,038**	**2,355**	**28**	**1,603**	**32,386**
Depreciation and impairment							
At 1 January 2021	1,861	3,414	6,605	1,592	–	86	13,558
Charge for the year	74	694	991	181	–	63	2,003
Impairment loss	6,199	–	–	–	–	–	6,199
Disposals	–	(1,749)	–	–	–	–	(1,749)
Exchange differences	159	257	584	139	–	8	1,147
At 31 December 2021	**8,293**	**2,616**	**8,180**	**1,912**	**–**	**157**	**21,158**
NBV							
At 31 December 2021	**7,238**	**1,215**	**858**	**443**	**28**	**1,446**	**11,228**

Cost	Plant & machinery ₦ million	Motor vehicles ₦ million	Office furniture & IT equipment ₦ million	Leasehold improvements ₦ million	Land ₦ million	Building ₦ million	Total ₦ million
At 1 January 2020	1,526	3,375	6,293	1,291	21	1,194	13,700
Additions	57	965	335	515	–	–	1,872
Disposals	–	(44)	–	–	–	–	(44)
Exchange differences	367	854	1,515	336	4	284	3,360
At 31 December 2020	**1,950**	**5,150**	**8,143**	**2,142**	**25**	**1,478**	**18,888**
Depreciation							
At 1 January 2020	1,396	2,239	4,778	907	–	20	9,340
Charge for the year	126	653	656	444	–	57	1,936
Disposals	–	(44)	–	–	–	–	(44)
Exchange differences	339	566	1,171	241	–	9	2,326
At 31 December 2020	**1,861**	**3,414**	**6,605**	**1,592**	**–**	**86**	**13,558**
NBV							
At 31 December 2020	**89**	**1,736**	**1,538**	**550**	**25**	**1,392**	**5,330**

Cost	Plant & machinery $'000	Motor vehicles $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land $'000	Building $'000	Total $'000
At 1 January 2021	5,131	13,552	21,431	5,638	68	3,891	49,711
Additions	32,573	336	510	79	–	–	33,498
Disposals	–	(4,589)	–	–	–	–	(4,589)
At 31 December 2021	**37,704**	**9,299**	**21,941**	**5,717**	**68**	**3,891**	**78,620**
Depreciation and impairment							
At 1 January 2021	4,899	8,986	17,384	4,190	–	224	35,683
Charge for the year	184	1,732	2,474	452	–	158	5,000
Impairment loss	15,049	–	–	–	–	–	15,049
Disposal	–	(4,367)	–	–	–	–	(4,367)
At 31 December 2021	**20,132**	**6,351**	**19,858**	**4,642**	**–**	**382**	**51,365**
NBV							
At 31 December 2021	**17,572**	**2,948**	**2,083**	**1,075**	**68**	**3,509**	**27,255**

Cost	Plant & machinery $'000	Motor vehicles $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land $'000	Building $'000	Total $'000
At 1 January 2020	4,972	10,992	20,499	4,208	68	3,891	44,630
Additions	159	2,682	932	1,430	–	–	5,203
Disposals	–	(122)	–	–		–	(122)
At 31 December 2020	**5,131**	**13,552**	**21,431**	**5,638**	**68**	**3,891**	**49,711**
Depreciation							
At 1 January 2020	4,549	7,294	15,565	2,955	–	66	30,429
Charge for the year	350	1,814	1,819	1,235	–	158	5,376
Disposal	–	(122)	–	–			(122)
At 31 December 2020	**4,899**	**8,986**	**17,384**	**4,190**	**–**	**224**	**35,683**
NBV							
At 31 December 2020	**232**	**4,566**	**4,047**	**1,448**	**68**	**3,667**	**14,027**

During the year, the Group performed an impairment test for the newly acquired drilling rigs.

The recoverable amount of $17.5 million as at 31 December 2021 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 ($17.5 million) was lower than the carrying value ($32.5 million) resulting in an impairment loss of $15 million recorded in profit or loss.

It is categorised under level 2 of the fair value hierarchy.

16.3 (Loss)/gain on disposal of other property, plant and equipment

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Proceeds from disposal of assets	–	1	–	3
Less net book value of disposed assets	89	–	222	–
	(89)	**1**	**(222)**	**3**

16.4 Depletion, depreciation and amortisation

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Oil and gas properties (Note 16.1)	55,832	45,344	139,412	125,987
Amortisation of intangible asset (Note 19)	671	532	1,674	1,477
Charged to cost of sales	**56,503**	**45,876**	**141,086**	**127,464**
Other property, plant and equipment charged to general and administrative expense (Note 16.2)	2,003	1,936	5,000	5,376
Right of use assets (Note 18)	1,870	1,254	4,670	3,483
Total depletion, depreciation and amortisation	**60,376**	**49,066**	**150,756**	**136,323**

17. Other asset

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Fair value at the beginning of the year	44,630	40,190	117,448	130,915
Receipts from crude oil lifted	(1,961)	(1,705)	(4,897)	(4,737)
Fair value loss	–	(3,142)	–	(8,730)
Exchange differences	3,694	9,287	–	–
Fair value at the end of the year	**46,363**	**44,630**	**112,551**	**117,448**

Other assets represents the Group's rights to receive the discharge sum of ₦ 61 billion, 2020: ₦63 billion ($199 million, 2020: $204 million) 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.

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

Percentage	Fair value $'000	Impact on profit or loss $'000
+2%	106,061	(6,490)
-2%	118,718	6,167

18. Right of use asset

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
As at 1 January	3,965	4,026	10,435	13,115
Additions during the year	656	1,193	1,639	803
Less: depreciation for the period	(1,870)	(1,254)	(4,670)	(3,483)
Exchange difference	299	–	–	–
As at 31 December	**3,050**	**3,965**	**7,404**	**10,435**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2020 and ending on 31 December 2023. 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 purchasing the property.

19. Intangible assets

Cost	Licence ₦ million	Total ₦ million	Licence $'000	Total $'000
At 1 January 2021	55,751	55,751	146,713	146,713
Exchange difference	4,684	4,684	–	–
At 31 December 2021	**60,435**	**60,435**	**146,713**	**146,713**
Amortisation and impairment				
At 1 January 2021	33,450	33,450	88,026	88,026
-Impairment loss	189	189	472	472
-Impairment reversal	(29,900)	(29,900)	(74,659)	(74,659)
Amortisation	671	671	1,674	1,674
Exchange difference	1,980	1,980	–	–
At 31 December 2021	**6,390**	**6,390**	**15,513**	**15,513**
NBV				
At 31 December 2021	**54,045**	**54,045**	**131,200**	**131,200**

Cost				
At 1 January 2020	45,041	45,041	146,713	146,713
Exchange difference	10,710	10,710	–	–
At 31 December 2020	**55,751**	**55,751**	**146,713**	**146,713**
At 1 January 2020	517	517	1,685	1,685
-Impairment	30,544	30,544	84,864	84,864
-Amortisation	561	561	1,477	1,477
Exchange difference	1,828	1,828	–	–
At 31 December 2020	**33,450**	**33,450**	**88,026**	**88,026**
NBV				
At 31 December 2020	**22,301**	**22,301**	**58,687**	**58,687**

Licence relates to costs paid in connection with the renewal of a right for exploration of an oil mining lease field.

During the year ended 31 December 2021, the Group performed an impairment test. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

As at 31 December 2021, the market capitalisation of the Group was above the book value of its intangible assets, indicating a potential impairment reversal. In addition, there has been a slight increase in oil price and development activities around the world, as well as the subtle adjustment to current economic activities compared to the prior year which has led to an increase in the value of oil and gas assets.

OML 40 CGU

The recoverable amount of $497.6 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the rise in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for the oil and gas industry as at December 2021.

The pre-tax discount rate applied was 15% resulting in a reversal of previously recognised impairment loss (excluding goodwill) of $74.5 million recorded in profit or loss. The carrying value of the CGU was $344.6 million. A rise in the discount rate to 17.5% would result in a recoverable amount of $469.6 million and no impairment loss.

OML 17 CGU

The recoverable amount of $53.8 million as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets extracted from the Competent Person's Report covering the economic limit of the assets. The projected cash flows have been updated to reflect the rise in global oil price and production forecasts derived from proved plus probable reserves and associated future development costs extracted from the Competent Person's Report for oil and gas industry as at December 2021.

The pre-tax discount rate applied was 15% resulting in an impairment loss of $0.5 million recorded in profit or loss. The carrying value of the CGU was $54.3 million. A rise in the discount rate to 17.5% would result in a further impairment loss of $5 million.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Management approach to valuing the assumptions used in the value in use calculations were based on both experience, recent sales and external data sources. The most sensitive assumptions are shown below:

Discount rates

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

Oil price

Oil prices used were indexed to the Brent crude forward curve. The prices when compared to external market prices are deemed to be reasonable.

Years	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Oil price ($)	74.2	68.8	67.3	69.4	70.8	72.3	73.7	75.2	76.7	78.3

Years	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Oil price ($)	79.9	81.5	83.2	84.8	86.6	88.3	90.1	91.9	93.8	95.7

Years	2042	2043	2044	2045	2046 till the estimated life span of the reserves
Oil price ($)	97.6	99.6	101.6	103.6	105.7

A further rise/(decline) in oil price would result in the following:

CGU	Percentage	Recoverable amount $'million	Impairment loss $'million
OML 40	+10%	605.0	Nil
	-10%	390.3	Nil
OML 17	+10%	66.6	Nil
	-10%	41.1	13.2

Projection period

The cash flow projections were based on management estimation of the performance of the well. This was independently verified. The projected period was 15 years for OML 40 and OML 17.

Growth rate

No growth rate was used to extrapolate cash flows. The production volume was determined based on the estimated performance of the well.

20. Prepayments

Non-current	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Advances to suppliers	27,512	23,463	66,788	61,744
	27,512	**23,463**	**66,788**	**61,744**
Current				
Rent	84	364	204	957
Other prepayments	627	1,021	1,522	2,687
	711	1,385	1,726	3,644
	28,223	**24,848**	**68,514**	**65,388**

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 of ₦631 million, $1.6 million (2020: ₦185 million, $0.51 million) was recognised within general and administrative expenses for these leases. The Group's future cash outflows from short-term lease commitments at the end of the reporting period are ₦184 million, $449 thousand (2020: ₦416 million, $1.1 million).

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 ₦27.5 billion, $66.8 million, (2020: ₦23.4 billion, $61.7 million).

20.3 Other prepayments

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

21. Interest in other entities

21.1 Material subsidiaries

The Group's principal subsidiaries as at 31 December 2021 are set out 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 2021 ₦'million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000
Current assets	11,600	28,161	28,845	66,643
Current liabilities	(289,360)	(717,060)	(252,364)	(664,116)
Current net liabilities	**(277,760)**	**(688,899)**	**(223,519)**	**(597,473)**
Non-current assets	246,878	599,320	208,264	548,325
Non-current liabilities	(7,142)	(17,338)	(4,850)	(13,026)
Non-current net assets	**239,736**	**581,982**	**203,414**	**535,299**
Net liabilities	(38,024)	(106,917)	(20,105)	(62,174)
Accumulated NCI at 55%	**(20,913)**	**(58,804)**	**(11,058)**	**(34,196)**

21.2.2 Statement of profit or loss and other comprehensive income

	As at 31 Dec 2021 ₦'million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000
Revenue	53,788	134,307	32,756	93,625
Cost of sales	(52,828)	(131,911)	(46,430)	(132,706)
Operating expenses	(6,450)	(16,105)	(2,727)	(7,795)
Finance cost	(12,428)	(31,032)	(8,634)	(24,678)
Loss before tax	**(17,918)**	**(44,741)**	**(20,103)**	**(57,458)**
Tax credit	–	–	13,376	38,232
Profit for the year	**(17,918)**	**(44,741)**	**(6,727)**	**(19,226)**
Total comprehensive income	**(17,918)**	**(44,741)**	**(6,727)**	**(19,226)**

21.2.3 Statement of cash flows

	As at 31 Dec 2021 ₦'million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000
Operating activities	26,267	65,589	11,350	32,441
Investing activities	(25,834)	(64,507)	(11,164)	(31,908)
Financing activities	**4,152**	**10,367**	**56**	**161**

21.3 Investment accounted for using equity accounting method

	As at 31 Dec 2021 ₦ million	As at 31 Dec 2020 ₦ million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 $'000
Investment in joint venture (note 21.3.1)	92,795	84,639	225,270	222,730
Investment in associate (note 21.3.2)	–	3	–	11
	92,795	**84,642**	**225,270**	**222,741**

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 an 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.

Set out 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.

		Percentage of ownership interest				Carrying amount	
Name of entity	Country of incorporation and place of business	As at 31 Dec 2021 %	As at 31 Dec 2020 %	As at 31 Dec 2021 ₦'million	As at 31 Dec 2020 ₦'million	As at 31 Dec 2021 $'000	As at 30 Dec 2020 $'000
ANOH Gas Processing Company Limited	Nigeria	50	50	92,795	84,639	225,270	222,730

21.3.1.1 Summarised statement of financial position of ANOH

	As at 31 Dec 2021 ₦'million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 ₦'million	As at 31 Dec 2020 $'000
Current assets:				
Cash and bank balances	15,980	38,793	32,025	84,275
Other current assets	48,662	118,131	28,380	74,685
Total current assets	64,642	156,924	60,405	158,960
Non-current assets	221,976	538,869	121,565	319,907
Total assets	**286,618**	**695,793**	**181,970**	**478,867**
Current liabilities:				
Financial liabilities (excluding trade payables)	(37,492)	(91,017)	(3,119)	(8,209)
Other current liabilities	(72,846)	(176,840)	(18,227)	(47,802)
Total liabilities	(110,338)	(267,857)	(21,346)	(56,011)
Net assets	**176,280**	**427,936**	**160,624**	**422,856**
Reconciliation to carrying amounts:				
Opening net assets	160,624	422,856	91,951	299,516
Profit for the period	2,035	5,080	601	3,340
Additional contribution	–	–	45,600	120,000
Dividends paid		–	–	–
Exchange difference	13,621	–	22,472	–
Closing net assets	**176,280**	**427,936**	**160,624**	**422,856**
Group's share (%)	50%	50%	50%	50%
Group's share of net asset	88,140	213,968	69,076	211,428
Exchange difference	–	–	11,268	–
Remeasurement of retained interest	4,655	11,302	4,295	11,302
Carrying amount	**92,795**	**225,270**	**84,639**	**222,730**

21. Interest in other entities continued

21.3 Investment accounted for using equity accounting method continued

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

	31 Dec 2021 ₦'million	31 Dec 2021 $'000	31 Dec 2020 ₦'million	31 Dec 2020 $'000
General and administrative expenses	(56)	(141)	(186)	(516)
Depreciation and amortisation	(193)	(483)	–	–
Other income	916	2,287	–	–
Finance income	911	2,275	1,388	3,856
Finance cost	(28)	(70)	–	–
Profit before taxation	1,550	3,868	1,202	3,340
Taxation	485	1,212	–	–
Profit for the period	2,035	5,080	1,202	3,340
Group's share (%)	50%	50%	50%	50%
Group's share of profit for the period	1,017	2,540	601	1,670
Dividends received from joint venture	–	–	–	–

21.3.1.3 Investment in joint venture

	31 Dec 2021 ₦'million	31 Dec 2021 $'000	31 Dec 2020 ₦'million	31 Dec 2020 $'000
Opening balance	84,639	222,730	49,445	161,060
Additional investment	–	–	21,595	60,000
Exchange difference	7,139	–	12,998	–
Share of profit from joint venture accounted for using the equity method	1,017	2,540	601	1,670
	92,795	**225,270**	**84,639**	**222,730**

21.3.1.4 Reconciliation of additional investment in joint venture

	31 Dec 2021 ₦'million	31 Dec 2021 $'000	31 Dec 2020 ₦'million	31 Dec 2020 $'000
Cash paid in the current period	–	–	21,595	60,000
	–	**–**	**21,595**	**60,000**

21.3.2 Investment in associate

	As at 31 Dec 2021 ₦ million	As at 31 Dec 2020 ₦ million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 $'000
Investment in Elandale	**–**	**3**	**–**	**11**

Elandale Nigeria Limited is an associate acquired on the business combination. Elandale was incorporated in Nigeria on 17 January 2019. Elandale is an unquoted investment and valued based on fixed asset investment. The Group indirectly owns 40% ownership interest and voting rights in Elandale. The investment was written-off during the year because Elandale is not trading, does not have sufficient funds to repay the investment and has no discardable future income stream. The associate is deemed to be immaterial, as a result, financial information is not provided.

22. Inventories

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Tubulars, casings and wellheads	**30,878**	**28,337**	**74,957**	**74,570**

Inventory represents the value of tubulars, casings and wellheads. The inventory is carried at the lower of cost and net realisable value. Inventory charged to profit or loss and included in cost of sales during the year is ₦1.7 billion, $4.1 million (2020: ₦3.6 billion, $9.4 million). There was no write down or reversal of previously recognised write down of inventory for the year ended 31 December 2021 (2020: nil).

23. Trade and other receivables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Trade receivables (Note 23.1)	25,923	20,662	62,929	54,375
Nigerian Petroleum Development Company (NPDC) receivables (Note 23.2)	34,571	40,681	83,924	107,053
Nigerian National Petroleum Corporation (NNPC) receivables (Note 23.3)	10,154	11,353	24,650	29,876
Underlift	20,657	7,827	50,147	20,600
Advances to suppliers	5,746	10,280	13,947	27,053
Receivables from ANOH	5,259	4,926	12,766	12,963
Other receivables (Note 23.4)	2,964	1,045	7,194	2,751
	105,274	**96,774**	**255,557**	**254,671**

23.1 Trade receivables

Included in trade receivables is an amount due from Geregu Power of $17.1 million, ₦7.1 billion (2020: $22.9 million, ₦8.6 billion), Sapele Power $5.9 million, ₦2.4 billion (2020: $7million, ₦2.7 billion) and Nigerian Gas Marketing Company $7.3 million, ₦3 billion (2020: $3.4 million, ₦1.3 billion) totalling $30.3 million, ₦12.5 billion (Dec 2020: $33.3 million, ₦13.6 billion) with respect to the sale of gas. Also included in trade receivables is $7.4 million, ₦3.04 billion (Dec 2020: $0, ₦0) and $28.1 million, ₦11.6 billion (Dec 2020: $19 million, ₦7 billion) due from Mercuria and Shell Western respectively for sale of crude.

Reconciliation of trade receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Balance as at 1 January	20,662	37,465	54,375	122,033
Additions during the year	234,149	66,343	584,666	184,330
Receipts for the year	(223,645)	(82,631)	(558,436)	(250,481)
Exchange difference	1,836	29	–	–
Gross carrying amount	33,002	21,206	80,605	55,882
Less: impairment allowance	(7,079)	(544)	(17,676)	(1,507)
Balance as at 31 December	**25,923**	**20,662**	**62,929**	**54,375**

Reconciliation of impairment allowance trade receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Loss allowance as at 1 January	1,195	651	3,625	2,118
Increase in loss allowance during the period	7,079	544	17,676	1,507
Exchange difference	501	–	–	–
Loss allowance as at 31 December	**8,775**	**1,195**	**21,301**	**3,625**

23.2 NPDC receivables

The outstanding cash call due to Seplat from its JOA partner, NPDC, is ₦34.6 billion (Dec 2020: ₦41 billion), $83.9 million (Dec 2020: 107 million).

Reconciliation of NPDC receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Balance as at 1 January	40,681	68,264	107,053	222,357
Additions during the year	86,732	81,861	216,567	227,446
Receipts for the year	(94,147)	(109,282)	(235,082)	(342,274)
Exchange difference	3,153	9	–	–
Gross carrying amount	39,419	40,852	88,538	107,529
Less: impairment allowance	(1,848)	(171)	(4,614)	(476)
Balance as at 31 December	**34,571**	**40,681**	**83,924**	**107,053**

Reconciliation of impairment allowance NPDC receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Loss allowance as at 1 January	619	448	7,386	6,910
Increase in loss allowance during the period	1,848	171	4,614	476
Exchange difference	2,476	–	–	–
Loss allowance as at 31 December	**4,943**	**619**	**12,000**	**7,386**

23.3 NNPC receivables

Reconciliation of NNPC receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Balance as at 1 January	11,353	354	29,876	1,152
Additions during the year	10,793	19,347	26,950	54,866
Receipts for the year	(12,778)	(8,318)	(31,906)	(24,874)
Exchange difference	894	426	–	–
Gross carrying amount	10,262	11,809	24,920	31,144
Less: impairment allowance	(108)	(456)	(270)	(1,268)
Balance as at 31 December	**10,154**	**11,353**	**24,650**	**29,876**

23. Trade and other receivables continued

23.3 NNPC receivables continued

Reconciliation of impairment allowance NNPC receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Loss allowance as at 1 January	479	23	1,345	77
Increase in loss allowance during the period	108	456	270	1,268
Exchange difference	78	–	–	–
Loss allowance as at 31 December	**665**	**479**	**1,615**	**1,345**

23.4 Other receivables

Other receivables consist of WHT receivable, VAT receivables and other sundry receivables.

Reconciliation of other receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Balance as at 1 January	1,045	26,948	2,751	87,781
Additions during the year	21,708	12,494	54,205	34,715
Receipts for the year	(19,929)	(29,382)	(49,762)	(93,216)
Exchange difference	140	533	–	–
Gross carrying amount	2,964	10,593	7,194	29,280
Less: impairment allowance	–	(9,548)	–	(26,529)
Balance as at 31 December	**2,964**	**1,045**	**7,194**	**2,751**

Reconciliation of impairment allowance on other receivables

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Loss allowance as at 1 January	15,303	5,755	45,319	18,790
Increase in loss allowance during the period	–	9,548	–	26,529
Exchange difference	3,365	–	–	–
Loss allowance as at 31 December	**18,668**	**15,303**	**45,319**	**45,319**

24. Contract assets

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Revenue on gas sales (Note 24.1)	**1,679**	**2,343**	**4,076**	**6,167**

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

The terms of payments relating to the contract are 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 receivable crystallises. The right to the unbilled receivables is recognised as a contract asset. At the point where the final billing certificate is obtained from Geregu Power, Sapele Power and NGMC authorising the quantities, this will be reclassified from contract assets to trade receivables.

24.1 Reconciliation of contract assets

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

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Balance as at 1 January	2,343	6,527	6,167	21,259
Addition during the year	44,849	29,200	111,987	91,115
Receipts for the year	(45,662)	(32,895)	(114,017)	(106,161)
Price adjustments	(24)	(13)	(60)	(46)
Exchange difference	173	(476)	–	–
Impairment	–	–	(1)	–
Balance as at 31 December	**1,679**	**2,343**	**4,076**	**6,167**

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.

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Foreign currency options-crude oil options	1,543	626	3,745	1,648
	1,543	**626**	**3,745**	**1,648**

In 2021, the Group entered an economic crude oil hedge contracts with an average strike price of ₦22,141, $54/bbl (2020: ₦12,903, $34/bbl) for 3 million barrels (2020: 5 million barrels) at a cost of ₦1.8 billion, $4.3 million (2020: ₦2.9 billion, $7.65 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.

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Cash on hand	5,916	2,620	14,361	6,896
Short-term fixed deposits	29,040	160	70,498	422
Cash at bank	98,812	82,867	239,877	218,065
Gross cash and cash equivalent	133,768	85,647	324,736	225,383
Loss allowance	(101)	(93)	(246)	(246)
Net cash and cash equivalents	**133,667**	**85,554**	**324,490**	**225,137**

26.1 Reconciliation of impairment allowance on cash and cash equivalents

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Loss allowance as at 1 January	93	23	246	79
Increase/(decrease) in loss allowance during the period	–	60	–	167
Exchange difference	8	10	–	–
Loss allowance as at 31 December	**101**	**93**	**246**	**246**

26.2 Restricted cash

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Restricted cash	6,603	12,761	16,029	33,581
	6,603	**12,761**	**16,029**	**33,581**

Included in the restricted cash balance is $8 million, ₦3.3 billion and $6.2 million, ₦2.5 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 $0.9 million, ₦0.4 billion and $0.9 million, ₦0.4 billion for rent deposit and unclaimed dividend respectively.

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

27. Share capital

27.1 Authorised and issued share capital

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Authorised ordinary share capital				
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
584,035,845 (2020: 581,840,856) issued shares denominated in Naira of 50 kobo per share	296	293	**1,862**	1,855

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. Share capital continued

27.2 Movement in share capital and other reserves

	Number of shares	Issued share capital ₦'million	Share premium ₦'million	Share based payment reserve ₦'million	Treasury shares ₦'million	Total ₦'million
Opening balance as at 1 January 2021	581,840,856	293	86,917	7,174	–	94,384
Share based payments	–	–	–	1,209	–	1,209
Vested shares	5,736,761	3	3,466	(3,469)	–	–
Shares re-purchased	(3,541,772)	–	–	–	(2,025)	(2,025)
Closing balance as at 31 December 2021	**584,035,845**	**296**	**90,383**	**4,914**	**(2,025)**	**93,568**

	Number of shares	Issued share capital $'000	Share premium $'000	Share based payment reserve $'000	Treasury shares $'000	Total $'000
Opening balance as at 1 January 2021	581,840,856	1,855	511,723	27,592	–	541,170
Share based payments	–	–	–	3,020	–	3,020
Vested shares	5,736,761	7	8,415	(8,422)	–	–
Shares re-purchased	(3,541,772)	–	–	–	(4,915)	(4,915)
Closing balance as at 31 December 2021	**584,035,845**	**1,862**	**520,138**	**22,190**	**(4,915)**	**539,275**

Shares purchased for employees charge of $4.9 million relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced on 1 March 2021 and the shares are held by the Trustees under the Trust for the benefit of the Group's employee beneficiaries covered under the Trust.

27.3 Share Premium

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Share premium	**90,383**	**86,917**	**520,138**	**511,723**

Section 120.2 of the 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 5,736,761 shares vested with a fair value of $8.42 million. The excess of $8.41 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 2021, the Group had awarded 73,966,540 shares (2020: 60,487,999 shares) to certain employees and senior executives in line with its share-based incentive schemes. Included in the share-based incentive schemes is one additional scheme (2021 LTIP Scheme) awarded during the reporting period. During the reporting period, 7,151,098 shares had vested out of which 1,414,337 shares were forfeited in relation to participants whose employment was terminated during the vesting period. The average forfeiture rate due to failure to meet non-market vesting condition is 13.69% while the average due to staff exit is 11.70%. The impact of applying the forfeiture rate of 25.63% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $1,296,630. The number of shares that eventually vested during the year after the forfeiture and conditions above is 5,736,761 (Dec 2020: 6,519,258 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"), now known as Nigerian Exchange Limited ("NGX") 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 2019 bonus (paid in 2020) has been deferred into shares and would be released in 2022 subject to continued employment over the vesting period. 2020 deferred bonus is yet to be approved by the Board. 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.
- The Group outperforms the median TSR performance level with the LTIP exploration and production comparator group.

The LTIP awards have been approved by the Nigerian Exchange.

ii. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Expense arising from equity-settled share-based payment transactions	**1,209**	**1,856**	**3,020**	**5,157**

There were no cancellations to the awards in 2021. 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
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138
Non- Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long term incentive Plan	14 December 2015	14 December 2015	09 April 2017	Fully	2,173,259
2015 Long term incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long term incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long term incentive Plan	24 November 2017	24 November 2017	20 April 2020	Fully	7,938,589
2017 Deferred Bonus	2 May 2018	2 May 2018	31 December 2019	Fully	193,830
2018 Long term incentive Plan	2 May 2018	2 May 2018	2 May 2021	Fully	6,936,599
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Fully	341,069
2019 Long term incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Fully	214,499
2020 Long term incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,828,156
2020 Long term incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
2021 Long term incentive Plan	2 November 2021	2 November 2021	2 November 2024	Partially	12,995,688
					73,966,540

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 2021.

Share award scheme (all awards)	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	8,806,987	843	12,386,617	474
Granted during the year	1,145,053	415	4,700,028	395
Exercised during the year	(5,736,761)		(6,519,258)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**442**	**8,806,987**	**843**
Vested and exercisable at 31 December	**–**		**–**	

Share award scheme (all awards)	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	8,806,987	2.22	12,386,617	1.54
Granted during the year	1,145,053	1.04	4,700,028	1.04
Exercised during the year	(5,736,761)		(6,519,258)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**1.10**	**8,806,987**	**2.22**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

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	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	86,151	509	136,091	572
Granted during the year	128,348	415	291,129	525
Exercised during the year	(214,499)		(341,069)	–
Forfeited during the year	–		–	–
Outstanding at 31 December	**–**		**86,151**	**236**
Vested and exercisable at 31 December	**–**	**–**	**–**	**–**

27. Share capital continued

27.2 27.4 Employee share based payment scheme continued

Deferred Bonus Scheme	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	86,151	0.62	136,091	1.86
Granted during the year	128,348	1.04	291,129	1.38
Exercised during the year	(214,499)		(341,069)	–
Forfeited during the year	–		–	–
Outstanding at 31 December	**–**		**86,151**	**0.62**
Vested and exercisable at 31 December	**–**		**–**	**–**

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)	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	8,720,836	509	12,250,525	209
Granted during the year	1,016,705	415	4,408,899	390
Exercised during the year	(5,522,262)		(6,178,189)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**442**	**8,720,836**	**509**
Vested and exercisable at 31 December	**–**		**–**	**–**

Long-Term Incentive Plan (LTIP)	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	8,720,836	1.34	12,250,525	0.68
Granted during the year	1,016,705	1.04	4,408,899	1.03
Exercised during the year	(5,522,262)		(6,178,189)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**1.10**	**8,720,836**	**1.34**
Vested and exercisable at 31 December	**–**		**–**	**–**

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 2021 range from 0.2 to 2.7 years (2020: 0.3 to 2.3 years).

The weighted average fair value of awards granted during the year range from ₦415 to ₦442.32 (2020: ₦142.8 to ₦235.98), $1.04 to $1.10 (2020: $0.32 to $0.68).

The fair value at grant date is independently determined using the Monte Carlo 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.

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 2021:

	2019 LTIP	2020 LTIP	2020 LTIP	2021 LTIP
Weighted average fair values at the measurement date				
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	35%	43%	43%	51.68%
Risk–free interest rate (%)	0.76%	0.44%	0.44%	0.31%
Expected life of share options	3.00	3.00	3.00	3.00
Share price at grant date ($)	1.7	0.38	0.51	0.66
Share price at grant date (₦)	521.9	135.38	193.48	264.32
Model used	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

27.5 Treasury shares

This relates to Share buy-back programme for Group's Long-Term Incentive Plan. The programme commenced on 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.

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'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 are recognised in the foreign currency translation reserve.

30. Interest bearing loans and borrowings

30.1 Reconciliation of interest bearings loans and borrowings

Below is the reconciliation of interest bearing loans and borrowings for 2021:

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2021	35,518	229,880	265,398	93,468	604,947	698,415
Addition	268,725	–	268,725	671,000	–	671,000
Interest accrued	29,765	–	29,765	74,322	–	74,322
Interest capitalised	4,995	–	4,995	12,473	–	12,473
Principal repayment	(240,291)	–	(240,291)	(600,000)	–	(600,000)
Interest repayment	(27,728)	–	(27,728)	(69,236)	–	(69,236)
Other financing charges	(8,154)	–	(8,154)	(20,360)	–	(20,360)
Transfers	(40,451)	40,451	–	(101,006)	101,006	–
Exchange differences	2,609	20,472	23,081	–	–	–
Carrying amount as at 31 December 2021	**24,988**	**290,803**	**315,791**	**60,661**	**705,953**	**766,614**

Below is the reconciliation of interest bearing loans and borrowings for 2020:

	Borrowings due within 1 year ₦ million	Borrowings due above 1 year ₦ million	Total ₦ million	Borrowings due within 1 year $'000	Borrowings due above 1 year $'000	Total $'000
Balance as at 1 January 2020	34,486	207,863	242,349	112,333	677,075	789,408
Interest accrued	17,504	–	17,504	48,634	–	48,634
Interest capitalised	5,449		5,449	15,140		15,140
Principal repayment	(35,991)	–	(35,991)	(100,000)	–	(100,000)
Interest repayment	(23,310)	–	(23,310)	(64,767)	–	(64,767)
Proceeds from loan financing	–	3,599	3,599	–	10,000	10,000
Transfers	29,559	(29,559)	–	82,128	(82,128)	–
Exchange differences	7,821	47,977	55,798	–	–	–
Carrying amount as at 31 December 2020	**35,518**	**229,880**	**265,398**	**93,468**	**604,947**	**698,415**

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.

30.2 Amortised cost of borrowings

	2021 ₦'million	2020 ₦'million	2021 $'000	2020 $'000
Senior loan notes	266,963	134,291	648,079	353,396
Revolving loan facilities	–	93,634	–	246,406
Reserve based lending (RBL) facility	48,828	37,473	118,535	98,613
	315,791	**265,398**	**766,614**	**698,415**

$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 $648.1 million, although the principal is $650 million.

30. Interest bearing loans and borrowings continued

30.2 Amortised cost of borrowings continued

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

The Group through its subsidiary Westport on 5th December 2019 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 settlement date of 29 November 2023.

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 $122.5 million, 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 LIBOR plus 8%, as long as more than 50% of the available facility is drawn.

On 4 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 $4.6 million using an effective interest rate of 8.3%. The interest paid was determined using 6-month USD LIBOR rate + 8 % on the last business day of the reporting period.

On 17 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 utilised under the RBL from $100 million to $110 million. The amortised cost for this as at the reporting period is $108.8 million (Dec 2020: $98.6 million), although the principal is $110 million.

$50 million Reserve based lending (RBL) facility – July 2021

In July 2021, the Group raised a $50 million offtake line to the Reserve 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 $9.2 million, although the principal is $11 million.

30.3 Outstanding principal exposures

The following is the analysis of the principal outstanding showing the lenders of the facility as at the year-end:

31 December 2021	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%	–	267,755	267,755	–	650,000	650,000
Variable interest rate borrowings		–			–		
The Mauritius Commercial Bank Ltd	8.00% + USD LIBOR	–	15,818	15,818	–	38,400	38,400
The Stanbic IBTC Bank Plc	8.00% + USD LIBOR	–	16,148	16,148	–	39,200	39,200
The Standard Bank of South Africa Limited	8.00% + USD LIBOR	–	9,227	9,227	–	22,400	22,400
First City Monument Bank Limited	8.00% + USD LIBOR	–	4,119	4,119	–	10,000	10,000
Shell Western Supply and Trading Limited	10.5% + USD LIBOR	–	4,531	4,531	–	11,000	11,000
Total variable interest borrowings		**–**	**317,598**	**317,598**	**–**	**771,000**	**771,000**

31 December 2020	Interest	Current ₦ million	Non-current ₦ million	Total ₦ million	Current $'000	Non-current $'000	Total $'000
Fixed interest rate							
Senior notes:	9.25%	–	133,000	133,000	–	350,000	350,000
Variable interest rate							
Corporate loan:							
Citibank, N.A., London Branch	6% + USD LIBOR	–	10,857	10,857	–	28,572	28,572
Nedbank Limited London	6% + USD LIBOR	–	10,857	10,857	–	28,572	28,572
Stanbic IBTC Bank Plc	6% + USD LIBOR	–	5,429	5,429	–	14,285	14,285
The Standard Bank of South Africa Limited//	6% +USD LIBOR	–	5,429	5,429	–	14,285	14,285
RMB International (Mauritius) Limited	6% + USD LIBOR	–	10,857	10,857	–	28,572	28,572
The Mauritius Commercial Bank Ltd	6% + USD LIBOR	–	10,857	10,857	–	28,572	28,572
JPMorgan Chase Bank, N.A., London Branch	6% + USD LIBOR	–	8,143	8,143	–	21,429	21,429
Standard Chartered Bank	6% + USD LIBOR	–	8,143	8,143	–	21,429	21,429
Natixis	6% + USD LIBOR	–	8,143	8,143	–	21,429	21,429
Société Générale, London Branch	6% + USD LIBOR	–	4,071	4,071	–	10,714	10,714
Zenith Bank Plc	6% + USD LIBOR	–	4,071	4,071	–	10,714	10,714
United Bank for Africa Plc	6% + USD LIBOR	–	4,071	4,071	–	10,714	10,714
First City Monument Bank Limited	6% + USD LIBOR	–	4,071	4,071	–	10,713	10,713
First Bank of Nigeria	8% + USD LIBOR	–	4,561	4,561	–	12,000	12,000
The Mauritius Commercial Bank Ltd	8% + USD LIBOR	–	13,073	13,073	–	34,400	34,400
Stanbic IBTC Bank Plc/The Standard Bank of South Africa Limited	8% + USD LIBOR	–	20,369	20,369	–	53,600	53,600
		–	**266,002**	**266,002**	**–**	**700,000**	**700,000**

31. Lease liabilities

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
As at 1 January	2,270	2,829	5,974	9,210
Additions during the year	384	1,193	960	803
Payments during the year	(1,559)	(1,858)	(3,893)	(4,334)
Interest on lease liabilities	212	106	530	295
Exchange difference	164	–	–	–
As at 31 December	**1,471**	**2,270**	**3,571**	**5,974**

In 2018, the Group entered into a lease agreement for an office building in Lagos. The non-cancellable period of the lease is 5 years commencing on 1 January 2019 and ending on 31 December 2023. 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 purchasing the property.

The Group's lease liability as at 31 December 2021 is split into current and non-current portions as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Current	1,273	679	3,090	1,787
Non-current	198	1,591	481	4,187
	1,471	**2,270**	**3,571**	**5,974**

The following amounts are recognised in profit or loss:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Depreciation expense of right-of-use assets	1,870	1,254	4,670	3,483
Interest expense on lease liabilities	212	106	530	295
	2,082	**1,360**	**5,200**	**3,778**

The following shows the impact of the lease on cash flow:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Depreciation expense of right-of-use assets	1,870	1,254	4,670	3,483
Interest expense on lease liabilities	212	106	530	295
Net cash flows from operating activities	**2,082**	**1,360**	**5,200**	**3,778**
Lease payments	(1,559)	(1,858)	(3,893)	(4,334)
Net cash flows from financing activities	**(1,559)**	**(1,858)**	**(3,893)**	**(4,334)**

31. Lease liabilities continued

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 ₦1.4 billion, $3.4 million, (2020: ₦1.2 billion, $3.1 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	
	2021 ₦ million	2021 $'000	2020 ₦ million	2020 $'000
Depreciation	725	1,810	651	1,810
Interest payment	(946)	(2,363)	(844)	(2,346)
	(221)	**(553)**	**(193)**	**(536)**

	Effect on net assets		Effect on net assets	
	2021 ₦ million	2021 $'000	2020 ₦ million	2020 $'000
Depreciation	10,463	27,631	11,188	29,441
Interest payment	(10,939)	(28,912)	(11,885)	(31,275)
	(476)	**(1,281)**	**(697)**	**(1,834)**

32. Provision for decommissioning obligation

	₦ million	$'000
At 1 January 2021	61,795	162,619
Unwinding of discount due to passage of time	539	1,345
Change in estimate	(3,727)	(9,305)
Exchange difference	5,102	–
At 31 December 2021	**63,709**	**154,659**
At 1 January 2020	45,411	147,921
Unwinding of discount due to passage of time	1,046	2,905
Change in estimate	4,244	11,793
Exchange difference	11,094	–
At 31 December 2020	**61,795**	**162,619**

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. Management engaged a third party to assist with an estimate of the expenditure to be incurred. The estimates for 2021 were done by Ryder Scott 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	
	2021	2020
Seplat West Limited:		
OML 4	2027 – 2037	2027 – 2037
OML 38	2027 – 2034	2027 – 2034
OML 41	2037	2037
Newton Energy Limited (OPL 283)	2037 – 2044	2037 – 2044
Seplat East Onshore Ltd (OML 53)	2028 – 2054	2028 – 2054
Elcrest (OML 40)	2031	2031
Ubima (OML 17)	2032	2032

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 funded defined benefit pension plan in Nigeria under the regulation of the 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 five years and whose employment has 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 2021 was ₦4.2 billion ($10.2 million), (2020: ₦4 billion, $10.7 million).

The following tables summarises 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 statement of financial position

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Defined benefit obligation	6,442	5,304	15,638	13,958
Fair value of plan assets	(2,261)	(1,241)	(5,489)	(3,267)
	4,181	**4,063**	**10,149**	**10,691**

iii. Amount recognised in profit or loss

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Current service cost	838	687	2,092	1,909
Interest cost on defined benefit obligation	421	498	1,051	1,383
	1,259	1,185	3,143	3,292
Return on plan assets	(128)	(124)	(319)	(346)
	1,131	**1,061**	**2,824**	**2,946**

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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Charged to profit or loss	439	409	1,095	1,135
Charged to receivables	692	652	1,729	1,811
Balance as at 31 December	**1,131**	**1,061**	**2,824**	**2,946**

iv. Re-measurement (gains)/losses in other comprehensive income

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Remeasurement losses/(gains) due to changes in financial and demographic assumptions	(953)	36	(2,380)	101
Remeasurement (gains)/losses due to experience adjustment	503	(74)	1,255	(206)
Remeasurement gain on plan assets	103	(27)	256	(75)
	(347)	(65)	(869)	(180)
Deferred tax credit/(expense) on remeasurement losses	296	55	739	153
	(51)	**(10)**	**(130)**	**(27)**

33. Employee benefit obligation continued

33.2 Defined benefit plan continued

The Group recognises a part of the remeasurement losses in other comprehensive income and recharges the other part to its joint operations partners. Below is the breakdown:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Recharged to receivables	(157)	(36)	(391)	(99)
Charged/(credited) to other comprehensive income	(190)	(29)	(478)	(81)
Remeasurement (losses)/gain due to changes in financial and demographic assumptions	**(347)**	**(65)**	**(869)**	**(180)**

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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Charged to other comprehensive income	133	25	333	69
Charged to receivables	163	30	406	84
Deferred tax on remeasurement losses	**296**	**55**	**739**	**153**

vi. Changes in the present value of the defined benefit obligation are as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Defined benefit obligation as at 1 January	5,304	3,595	13,958	11,707
Current service cost	838	687	2,092	1,909
Interest cost on benefit obligation	421	498	1,051	1,383
Remeasurement losses due to changes in financial and demographic assumptions	(953)	36	(2,380)	101
Remeasurement gains due to experience adjustment	503	(74)	1,255	(206)
Benefits paid by the employer	–	(77)	–	(213)
Benefits from the fund	(135)	(260)	(338)	(723)
Exchange differences	464	899	–	–
Defined benefit obligation at 31 December	**6,442**	**5,304**	**15,638**	**13,958**

vii. The changes in the fair value of plan assets is as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Balance as at 1 January	(1,241)	(583)	(3,267)	(1,899)
Employer contribution	(1,000)	(601)	(2,497)	(1,670)
Return on plan assets	(128)	(124)	(319)	(346)
Benefits paid from fund	135	260	338	723
Remeasurement loss on plan assets	103	(27)	256	(75)
Exchange differences	(130)	(166)	–	–
Balance as at 31 December	**(2,261)**	**(1,241)**	**(5,489)**	**(3,267)**

The net liability disclosed above relates to funded plans as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Present value of funded obligations	6,442	5,304	15,638	13,958
Fair value of plan assets	(2,261)	(1,241)	(5,489)	(3,267)
Deficit of funded plans	**4,181**	**4,063**	**10,149**	**10,691**

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:

			2021			2021
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity Instrument	73	–	73	177	–	177
Treasury bills and money market	994	–	994	2,412	–	2,412
Bonds	440	–	440	1,068	–	1,068
Cash at bank	–	589	589	–	1,431	1,431
Payables	–	(5)	(5)	–	(12)	(12)
Receivables	–	–	–	–	9	9
Total plan asset as at 31 December	**1,507**	**584**	**2,091**	**3,657**	**1,428**	**5,085**

			2020			2020
	Quoted ₦ million	Not quoted ₦ million	Total ₦ million	Quoted $'000	Not quoted $'000	Total $'000
Equity instrument	19	–	19	50	–	50
Treasury bills and money market	637	–	637	1,679	–	1,679
Bonds	564	–	564	1,486	–	1,486
Cash at bank	–	25	25	–	66	66
Payables	–	(4)	(4)	–	(14)	(14)
Total plan asset as at 31 December	**1,220**	**21**	**1,241**	**3,215**	**52**	**3,267**

viii. The principal assumptions used in determining defined benefit obligations for the Group's plans are shown below:

	2021 %	2020 %
Discount rate	13.5	8
Average future pay increase	12	8
Average future rate of inflation	12	12

a. Mortality in service

	Number of deaths in year out of 10,000 lives	
Sample age	2021	2020
25	1	3
30	29	36
35	60	64
40	99	97
45	90	90

Withdrawal from service

	Rates	
Age band	2021	2020
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%

A quantitative sensitivity analysis for significant assumption is as shown below:

		Discount rate		Salary increases		Mortality	
Assumptions	Base	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million	1% increase ₦ million	1% decrease ₦ million
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2021	6,442	(603)	698	733	(642)	3	(4)
31 December 2020	5,304	(578)	682	702	(605)	(249)	223

		Discount rate		Salary increases		Mortality	
Assumptions	Base	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000	1% increase $'000	1% decrease $'000
Sensitivity Level: Impact on the net defined benefit obligation							
31 December 2021	16,086	(1,506)	1,743	1,830	(1,603)	7	(10)
31 December 2020	13,958	(219)	259	267	(230)	(95)	85

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 the 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.

33. Employee benefit obligation continued

33.2 Defined benefit plan continued

The expected maturity analysis of the undiscounted defined benefit plan obligation is as follows:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Within the next 12 months (next annual reporting period)	368	89	919	234
Between 2 and 5 years	2,015	1,458	5,031	3,842
Between 6 and 10 years	8,400	4,763	20,975	12,551
Beyond 10 years	143,328	55,285	357,891	145,678
	154,111	**61,595**	**384,816**	**162,305**

The weighted average liability duration for the Plan is 13.96 years (2020: 13.67 years). The longest weighted duration for Nigerian Government bonds as at 31 December 2021 was about 7.11 years (2020: 10.92 years) with a gross redemption yield of about 13.28% (2020: 7.42%).

Risk exposure
Through its defined benefit pension plans, the Group is exposed to several risks, the most significant of which are detailed below:

a) 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.

b) 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.

c) 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.

d) Asset volatility
The Group holds a significant proportion of its plan assets in equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

Details of the actuary are shown below:

Name of signer	Name of firm	FRC number	Services rendered
Ganiu Shefiu	Logic Professional Services	FRC/2017/NAS/0000001754	Actuary valuation services

34. Trade and other payables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Trade payable	49,607	51,351	120,426	135,134
Accruals and other payables	67,630	56,816	164,175	149,521
NDDC levy	5,283	4,780	12,826	12,578
Royalties payable	14,100	10,500	34,228	27,632
Overlift payable	14,584	7,021	35,403	18,475
	151,204	**130,468**	**367,058**	**343,340**

Included in accruals and other payables are field accruals of $83.5 million, ₦ 34.4 billion (2020: $109 million, ₦41 billion) and other vendor payables of $15.6 million, ₦ 6.4 billion (Dec 2020: $49 million, ₦ 19 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. They 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.

35. Contract liabilities

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
	–	**3,599**	**–**	**9,470**

35.1 Reconciliation of contract liabilities

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Opening balance	3,599	5,005	9,470	16,301
Recognised as revenue during the year	(3,599)	(1,406)	(9,470)	(6,831)
Exchange difference	–	–	–	–
	–	**3,599**	**–**	**9,470**

Contract liabilities represents take or pay volumes contracted with Azura for 2021 which are yet to be utilised. In line with contract, Azura can make a demand on the makeup gas but only after they have taken and paid for the take or pay quantity for the respective year. The contract liability is accrued for two years after which the ability to take the makeup gas expires and any outstanding balances are recognised as revenue from contracts with customers.

36. 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.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Profit/(loss) attributable to Equity holders of the parent	56,786	(26,906)	141,784	(74,747)
Loss attributable to Non-controlling interests	(9,855)	(3,806)	(24,608)	(10,575)
Profit/(loss) for the year	**46,931**	**(30,712)**	**117,176**	**(85,322)**
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	581,646	579,638	581,646	579,638
Outstanding share-based payments (shares)	2,801	8,807	2,801	8,807
Weighted average number of ordinary shares adjusted for the effect of dilution	**584,447**	**588,445**	**584,447**	**588,445**
Basic (loss)/earnings per share for the period	₦	₦	$	$
Basic earnings/(loss) per share	97.63	(46.42)	0.24	(0.13)
Diluted earnings/(loss) per share	97.16	(45.72)	0.24	(0.13)
Profit/(loss) used in determining basic/diluted earnings per share	**56,786**	**(26,906)**	**141,784**	**(74,747)**

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.

37. Dividends paid and proposed

As at 31 December 2021, the final proposed dividend for the Group is ₦10.3, $0.025 (2020: ₦19, $0.05) per share.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2021: ₦50 ($0.13) per share 584,035,845 shares in issue (2020: ₦37.32 ($0.10) per share, 581,840,856 shares in issue)	29,377	20,998	73,354	58,342
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2021: ₦10.3 ($0.025) (2020: ₦19 ($0.05) per share	6,016	11,082	14,601	29,163

During the year, ₦12 billion, $29.4 million of dividend was paid at ₦20.51, $0.05 per share as final dividend for 2020 as at 30 May 2021; ₦5.9 billion, $14 million was paid at ₦10.25, $0.025 per share for 2021 Q1 as at 30 June 2021; ₦6.2 billion, $15.03 million of dividend was paid at ₦10.27 ($0.025) per share as at 30 September 2021 and the remaining dividend ₦6.2 billion, $15 million was paid at ₦10.29 ($0.025) per share as at 30 November 2021. Final Naira dividend payments will be based on the Naira/Dollar rates on the date for determining the exchange rate. The payment subject to shareholders' approval at the 2021 Annual General Meeting. The tax effect of dividend paid during the year was $6.9 million (₦2.7 billion).

38. Related party relationships and transactions

The parent Company (Seplat Energy Plc) is owned 6.43% either directly or by entities controlled by A.B.C. Orjiako (SPDCL(BVI)) and members of his family and 8.20% 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.

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.

i. Shareholders of the parent company

Shebah Petroleum Development Company Limited SPDCL ('BVI'): The 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 $1.1 million, ₦0.45 billion (2020: $900 thousand, ₦342 million). Payables amounted to $101.8 thousand, ₦41.9 million in the current period.

ii. Entities controlled by key management personnel (Contracts>$1million in 2021)

Cardinal Drilling Services Limited (formerly Caroil Drilling Nigeria Limited): The Company is owned by common shareholders with the parent Company. The company provides drilling rigs and drilling services to Seplat. Transactions with this related party amounted to nil (2020: $5.7 million, ₦2.1 billion). Payables amounted to nil in the current period (Payables in 2020: $591 thousand, ₦225 million).

38. Related party relationships and transactions continued

iii. Entities controlled by key management personnel (Contracts<$1million in 2021)

Abbeycourt Trading Company Limited: The Chairman of Seplat is a director and shareholder. The Company provides diesel supplies to Seplat in respect of Seplat's rig operations. This amounted to $222 thousand, ₦88.9 million during the period (2020: $296 thousand, ₦106 million). Receivables amounted to $6, ₦2,649 (2020: $15,273, ₦5.8 million).

Stage leasing (Ndosumili Ventures Limited): A subsidiary of Platform Petroleum Limited. The company provides transportation services to Seplat. This amounted to $278 thousand, ₦111.3 million (2020: $714 thousand, ₦257 million). Payables amounted to $3.2 thousand, ₦1.3 million in the current period (2020: $23.6 thousand, ₦8.9 million).

39. Information relating to employees

39.1 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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Salaries and other short-term employee benefits	1,560	1,074	3,895	2,984
Post-employment benefits	179	105	447	291
Share based payment expenses	483	971	1,207	2,699
	2,222	**2,150**	**5,549**	**5,974**

39.2 Chairman and Directors' emoluments

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Chairman (Non-executive)	403	395	1,007	1,098
Chief Executive Officer	475	679	1,186	1,886
Executive Directors	727	750	1,815	2,083
Non-Executive Directors	1,346	862	3,361	2,395
Total	**2,951**	**2,686**	**7,369**	**7,462**

39.3 Highest paid Director

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Highest paid Director	**475**	**484**	**1,186**	**1,346**

Emoluments are inclusive of income taxes.

39.4 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2021 Number	2020 Number
Zero – ₦19,896,500	–	–
₦19,896,501 – ₦115,705,800	–	–
₦115,705,801 – ₦157,947,600	–	–
Above ₦157,947,600	3	4
	3	**4**

	2021 Number	2020 Number
Zero – $65,000	–	–
$65,001 – $378,000	–	–
$378,001 – $516,000	–	–
Above $516,000	3	4
	3	**4**

39.5 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦1,989,650 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2021 Number	2020 Number
₦1,989,650 – ₦4,897,600	16	9
₦4,897,601– ₦9,795,200	134	146
₦9,795,201 – ₦14,692,800	180	182
Above ₦14,692,800	202	191
	532	**528**

	2021 Number	2020 Number
$6,500 – $16,000	16	9
$16,001 – $32,000	134	146
$32,001 – $48,000	180	182
Above $48,000	202	191
	532	**528**

39.6 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2021 Number	2020 Number
Senior management	31	30
Managers	136	111
Senior staff	245	227
Junior staff	120	160
	532	**528**

39.7 Employee cost

Seplat's staff costs (excluding pension contribution) in respect of the above employees amounted to the following:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Salaries & wages	13,021	9,055	32,512	25,159
	13,021	9,055	32,512	25,159

40. Commitments and contingencies

40.1 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 2021 is ₦7.9 billion, $19.2 million (2020: ₦23.2million, $61,194). 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 2021 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 recognise 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 $10,810,495 (2020: $8,383,356) of possible expenditure currently remains under dispute.

The movement from the prior year is driven majorly by a non-JOA compliant and unbudgeted expenditure on overheads from the operator's parent company over and above the JOA stipulated 2.5% of actual capital expenditure. Management considers the merits for these cost items to remain rejected to be very high, but in recognition of a possible range of outcomes has included them in the contingent liability estimates.

41. Events after the reporting period

On 25 February 2022, the Group announced an agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited ('MPNU') from Exxon Mobil Corporation, Delaware subject to Ministerial consent and other regulatory approvals. The consideration would be $1.283 million plus $300 million contingent consideration, subject to lockbox, working capital and other adjustments.

The acquisition will be financed through a combination of existing cash resources and credit facilities of the Group, a new $550 million senior term loan facility and $275 million junior off-take facility from Nigerian and International banks.

Consolidated statement of value added

For the year ended 31 December 2021

	2021 ₦ million	%	2020 ₦ million	%	2021 $'000	%	2020s $'000	%
Revenue from contracts with customers	293,631		190,922		733,188		530,467	
Other income (net)	8,056		30,184		20,118		83,864	
Finance income	126		601		314		1,671	
Cost of goods and other services:								
Local	(74,697)		(102,472)		(186,526)		(284,712)	
Foreign	(49,798)		(68,315)		(124,350)		(189,808)	
Valued added	**177,318**	100%	50,920	100%	**442,744**	100%	141,482	100%

Applied as follows:

	2021 ₦ million	%	2020 ₦ million	%	2021 $'000	%	2020 $'000	%
To employees:								
– as salaries and labour related expenses	17,268	10%	13,324	26%	43,116	10%	37,017	26%
To external providers of capital:								
– as interest	30,516	17%	18,656	37%	76,197	17%	51,834	37%
To government:								
– as Group taxes	15,061	8%	4,919	10%	37,606	8%	13,668	10%
Retained for the Group's future:								
– For asset replacement, depreciation, depletion & amortisation	58,506	33%	47,812	94%	146,086	33%	132,840	94%
Deferred tax (charges)/credit	9,036	5%	(3,079)	(6%)	22,563	5%	(8,555)	(6%)
Profit/(loss) for the year	46,931	27%	(30,712)	(60%)	117,176	27%	(85,322)	(60%)
Valued added	**177,318**	100%	50,920	100%	**442,744**	100%	141,482	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 2021

	2021 ₦ million	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million
Revenue from contracts with customers	293,631	190,922	214,157	228,391	138,281
Profit/(loss) before tax	71,028	(28,872)	93,955	80,615	13,454
Income tax (expense)/credit	(24,097)	(1,840)	(8,939)	(35,748)	67,657
Profit/(loss) for the year	**46,931**	**(30,712)**	**85,016**	**44,867**	**81,111**

	2021 ₦ million	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million
Capital employed:					
Issued share capital	296	293	289	286	283
Share premium	90,383	86,917	84,045	82,080	82,080
Share based payment reserve	4,914	7,174	8,194	7,298	4,332
Treasury shares	(2,025)	–	–	–	–
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	239,429	211,790	259,690	192,723	166,149
Foreign currency translation reserve	385,348	331,289	202,910	203,153	200,870
Non-controlling interest	(20,913)	(11,058)	(7,252)	–	–
Total equity	**703,364**	**632,337**	**553,808**	**491,472**	**459,646**
Represented by:					
Non-current assets	1,324,724	1,083,683	717,664	502,512	539,672
Current assets	278,812	227,154	286,569	264,159	259,881
Non-current liabilities	(702,070)	(499,349)	(258,903)	(184,808)	(131,925)
Current liabilities	(198,102)	(179,151)	(191,522)	(90,391)	(207,982)
Net assets	**703,364**	**632,337**	**553,808**	**491,472**	**459,646**

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue from contracts with customers	733,188	530,467	697,777	746,140	452,179
Profit/(loss) before tax	177,345	(80,209)	306,133	263,364	43,997
Income tax (expense)/credit	(60,169)	(5,113)	(29,125)	(116,788)	221,233
Profit/(loss) for the year	**117,176**	**(85,322)**	**277,008**	**146,576**	**265,230**

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Capital employed:					
Issued share capital	1,862	1,855	1,845	1,834	1,826
Share premium	520,138	511,723	503,742	497,457	497,457
Share based payment reserve	22,190	27,592	30,426	27,499	17,809
Treasury shares	(4,915)	–	–	–	–
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,185,082	1,116,079	1,249,156	1,030,954	944,108
Foreign currency translation reserve	1,933	992	2,391	3,141	1,897
Non-controlling interest	(58,804)	(34,196)	(23,621)	–	–
Total equity	**1,707,486**	**1,664,045**	**1,803,939**	**1,600,885**	**1,503,097**
Represented by:					
Non-current assets	3,215,899	2,851,803	2,337,670	1,639,843	1,764,789
Current assets	676,835	597,770	933,440	860,455	849,841
Non-current liabilities	(1,704,343)	(1,314,076)	(843,322)	(601,976)	(431,407)
Current liabilities	(480,905)	(471,452)	(623,849)	(294,437)	(680,126)
Net assets	**1,707,486**	**1,664,045**	**1,803,939**	**1,600,885**	**1,503,097**

42. Estimated quantities of proved plus probable reserves

	Oil & NGLs MMbbls	Natural Gas Bscf	Oil Equivalent MMboe
At 31 December 2020	240.51	1,501.42	499.37
Revisions of previous estimates	(9.80)	(82.60)	(24.04)
Discoveries and extensions	–	–	–
Production	(11.47)	(39.38)	(18.25)
At 31 December 2021	219.25	1,379.44	457.07

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 OML 40. Eland holds a 45% interest in Elcrest although has control until such point as the Westport loan is fully repaid.

As additional information becomes available or conditions change, estimates are revised.

43. Capitalised costs related to oil producing activities

	2021 ₦ million	2020 ₦ million	2021 ₦ million	2020 ₦ million
Capitalised costs:				
Unproved properties	24,901	22,367	60,450	58,865
Proved properties	977,281	849,103	2,372,447	2,234,483
Total capitalised costs	1,002,182	871,470	2,432,897	2,293,348
Accumulated depreciation	(341,437)	(261,995)	(828,872)	(689,460)
Net capitalised costs	**660,745**	**609,475**	**1,604,025**	**1,603,888**

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.

44. Concessions

The original, expired and unexpired terms of concessions granted to the Group as at 31 December 2021 are:

		Original	Term in years expired	Unexpired
Seplat West Limited	OMLs 4, 38 & 41	38	21	17
Newton	OML 56	16	11	5
Seplat East Swamp	OML 53	30	23	7
Seplat Swamp	OML 55	30	23	7
Elcrest	OML 40	18.8	2	16.8
Elcrest	OML 17	20	2	18

45. Results of operations for oil producing activities

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Revenue from contracts with customers	247,651	150,422	618,377	417,941
Other income – net	8,056	30,184	20,118	83,864
Production and administrative expenses	(167,313)	(133,684)	(417,789)	(391,989)
Impairment reversals/(losses)	13,626	(51,856)	34,024	(144,080)
Depreciation & amortisation	(54,762)	(52,766)	(136,738)	(126,044)
Profit/(loss) before taxation	47,258	(57,700)	117,992	(160,308)
Taxation	(21,007)	1,229	(52,453)	3,415
Profit/(loss) for the year	**26,251**	**(56,471)**	**65,539**	**(156,893)**

46. Reclassification

Certain comparative figures have been reclassified in line with the current year's presentation.

47. 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 2021 N/$	31 December 2020 N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	400.48	359.91
Property, plant & equipment – closing balances	Closing rate	411.93	380
Current assets	Closing rate	411.93	380
Current liabilities	Closing rate	411.93	380
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	400.48	359.91

Separate financial statements

Separate financial statements
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Other loss	7	(4)	(2,383)	(10)	(6,621)
General and administrative expenses	8	(7,307)	(5,054)	(18,234)	(14,046)
Impairment losses on financial assets	9	(372)	–	(930)	–
Operating loss		(7,683)	(7,437)	(19,174)	(20,667)
Finance income	10	131	277	327	770
Loss before taxation		(7,552)	(7,160)	(18,847)	(19,897)
Income tax expense	11	–	–	–	–
Loss for the year		(7,552)	(7,160)	(18,847)	(19,897)
Other comprehensive income/(loss):					
Items that may be reclassified to profit or loss:					
Foreign currency translation difference		197,801	(5,319)	–	–
Other comprehensive income/(loss) for the year		197,801	(5,319)	–	–
Total comprehensive income/(loss) for the year		**190,249**	**(12,479)**	**(18,847)**	**(19,897)**
Basic loss per share ₦/($)	23	(12.98)	(12.35)	(0.03)	(0.03)
Diluted loss per share ₦/($)	23	(12.92)	(12.17)	(0.03)	(0.03)

Notes 1 to 29 on pages 234 to 260 are an integral part of these financial statements.

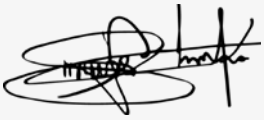
Separate statement of financial position

As at 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	274	304	664	799
Investment in subsidiaries	15	796,254	593,425	1,932,983	1,932,983
Investment in Joint ventures	16	86,512	79,806	210,016	210,016
Total non-current assets		**883,040**	**673,535**	**2,143,663**	**2,143,798**
Current assets					
Trade and other receivables	17	520,040	501	1,262,448	1,320
Prepayments	14	54	2	131	5
Cash and cash equivalents	18	75,450	61,950	183,162	163,024
Restricted cash	18.1	3,307	10,671	8,028	28,081
Total current assets		**598,851**	**73,124**	**1,453,769**	**192,430**
Total assets		**1,481,891**	**746,659**	**3,597,432**	**2,336,228**
EQUITY AND LIABILITIES					
Equity					
Issued share capital	19	296	293	1,862	1,855
Share premium	19	90,383	86,917	520,138	511,723
Share based payment reserve	19	4,914	7,174	22,190	27,592
Treasury shares	19	(2,025)	–	(4,915)	–
Capital contribution	20	5,932	5,932	40,000	40,000
Retained earnings		217,347	254,070	1,134,272	1,225,958
Foreign currency translation reserve	21	389,017	191,216	–	–
Total shareholders' equity		**705,864**	**545,602**	**1,713,547**	**1,807,128**
Current liabilities					
Trade and other payables	22	776,027	201,057	1,883,885	529,100
Total liabilities		**776,027**	**201,057**	**1,883,885**	**529,100**
Total shareholders' equity and liabilities		**1,481,891**	**746,659**	**3,597,432**	**2,336,228**

Notes 1 to 29 on pages 234 to 260 are an integral part of these financial statements.

The financial statements of Seplat Energy Plc for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 28 February 2022 and were signed on its behalf by:



A.B.C. Orjiako
FRC/2013/IODN/00000003161
Chairman
28 February 2022

R.T. Brown
FRC/2014/ANAN/00000017939
Chief Executive Officer
28 February 2022

E. Onwuka
FRC/2020/003/00000020861
Chief Financial Officer
28 February 2022

Separate financial statements
Statement of changes in equity
As at 31 December 2021

	Issued share capital ₦ million	Share premium ₦ million	Share based payment reserve ₦ million	Treasury shares ₦ million	Capital contribution ₦ million	Retained earnings ₦ million	Foreign currency translation reserve ₦ million	Total Equity ₦ million
At 1 January 2020	289	84,045	8,194	–	5,932	282,228	196,535	577,223
Loss for the year	–	–	–	–	–	(7,160)	–	(7,160)
Other comprehensive loss	–	–	–	–	–	–	(5,319)	(5,319)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(7,160)**	**(5,319)**	**(12,479)**
Transactions with owners in their capacity as owners:								
Dividends paid	–	–	–	–	–	(20,998)	–	(20,998)
Share based payments (Note 19)	–	–	1,856	–	–	–	–	1,856
Vested shares (Note 19)	4	2,872	(2,876)	–	–	–	–	–
Total	4	2,872	(1,020)	–	–	(20,998)	–	(19,142)
At 31 December 2020	**293**	**86,917**	**7,174**	**–**	**5,932**	**254,070**	**191,216**	**545,602**
At 1 January 2021	**293**	**86,917**	**7,174**	**–**	**5,932**	**254,070**	**191,216**	**545,602**
Loss for the year	–	–	–	–	–	(7,552)	–	(7,552)
Other comprehensive income	–	–	–	–	–	–	197,801	197,801
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**–**	**(7,552)**	**197,801**	**190,249**
Transactions with owners in their capacity as owners:				–				
Unclaimed dividend forfeited	–	–	–	–	–	206	–	206
Dividend paid	–	–	–	–	–	(29,377)	–	(29,377)
Share based payments (Note 19)	–	–	1,209	–	–	–	–	1,209
Vested shares (Note 19)	3	3,466	(3,469)	–	–	–	–	–
Shares re-purchased (Note 19)	–	–	–	(2,025)	–	–	–	(2,025)
Total	3	3,466	(2,260)	(2,025)	–	(29,171)	–	(29,987)
At 31 December 2021	**296**	**90,383**	**4,914**	**(2,025)**	**5,932**	**217,347**	**389,017**	**705,864**

Notes 1 to 29 on pages 234 to 260 are an integral part of these financial statements.

	Issued share capital $'000	Share premium $'000	Share based payment reserve $'000	Treasury shares $'000	Capital contribution $'000	Retained earnings $'000	Total Equity $'000
At 1 January 2020	1,845	503,742	30,426	–	40,000	1,304,197	1,880,210
Loss for the year	–	–	–	–	–	(19,897)	(19,897)
Other comprehensive loss	–	–	–	–	–	–	–
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(19,897)**	**(19,897)**
Transactions with owners in their capacity as owners:							
Dividends paid	–	–	–	–	–	(58,342)	(58,342)
Share based payments (Note 19)	–	–	5,157	–	–	–	5,157
Vested shares (Note 19)	10	7,981	(7,991)	–	–	–	–
Total	10	7,981	(2,834)	–	–	(58,342)	(53,185)
At 31 December 2020	**1,855**	**511,723**	**27,592**	**–**	**40,000**	**1,225,958**	**1,807,128**
At 1 January 2021	**1,855**	**511,723**	**27,592**	**–**	**40,000**	**1,225,958**	**1,807,128**
Loss for the year	–	–	–	–	–	(18,847)	(18,847)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(18,847)**	**(18,847)**
Transactions with owners in their capacity as owners:							
Unclaimed dividend forfeited	–	–	–	–	–	515	515
Dividend paid	–	–	–	–	–	(73,354)	(73,354)
Share based payments (Note 19)	–	–	3,020	–	–	–	3,020
Vested shares (Note 19)	7	8,415	(8,422)	–	–	–	–
Shares re-purchased (Note 19)	–	–	–	(4,915)	–	–	(4,915)
Total	7	8,415	(5,402)	(4,915)	–	(72,839)	(74,734)
At 31 December 2021	**1,862**	**520,138**	**22,190**	**(4,915)**	**40,000**	**1,134,272**	**1,713,547**

Notes 1 to 29 on pages 234 to 260 are an integral part of these financial statements.

Separate financial statements
Statement of cash flows
For the year ended 31 December 2021

	Notes	31 Dec 2021 ₦ million	31 Dec 2020 ₦ million	31 Dec 2021 $'000	31 Dec 2020 $'000
Cash flows from operating activities					
Cash generated from operations	12	40,570	99,361	98,175	276,065
Net cash inflows from operating activities		40,570	99,361	98,175	276,065
Cash flows from investing activities					
Cash transferred as additional investment in subsidiary		–	(77,583)	–	(252,713)
Payment for acquisition of other property, plant and equipment	13	(34)	(289)	(85)	(802)
Payment for investment in joint venture		–	(21,595)	–	(60,000)
Interest received	10	131	277	327	770
Net cash inflows/(outflows) from investing activities		97	(99,190)	242	(312,745)
Cash flows from financing activities					
Shares purchased for employees*	19	(2,025)	–	(4,915)	–
Increase in investment in subsidiary		–	(10)	–	(33)
Dividends paid	24	(29,377)	(20,998)	(73,354)	(58,342)
Net cash outflows from financing activities		(31,402)	(21,008)	(78,269)	(58,375)
Net increase/(decrease) in cash and cash equivalents		9,265	(20,837)	20,148	(95,055)
Cash and cash equivalents at beginning of the year		61,950	81,263	163,024	264,700
Effects of exchange rate changes on cash and cash equivalents		4,235	1,524	(10)	(6,621)
Cash and cash equivalents at end of the year		**75,450**	**61,950**	**183,162**	**163,024**

Restricted cash balance of $8 million, ₦3.3 billion was set aside in the stamping reserve account for the revolving credit facility.

*Shares purchased for employees of $4.9 million, ₦2.0 billion represent shares purchased in the open market for employees of the Company.

Notes 1 to 29 on pages 234 to 260 are an integral part of these financial statements.

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 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 2021:

- 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.
- During the year, the Company 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 Company in March 2021 and guaranteed by certain of its subsidiaries. The senior notes have been novated to Seplat West 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.

3.2 Basis of preparation

The financial statements for the year ended 31 December 2021 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 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the financial statements of the Company.

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 Company's interim financial statements are disclosed below. The Company 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:

3. Summary of significant accounting policies continued

3.4 Standards issued but not yet effective continued

a) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) 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. The core of IFRS 17 is the 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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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

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

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That the 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on its current practice.

c) Reference to the Conceptual Framework- Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

d) Property, Plant and Equipment: Proceeds before intended Use- Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment is not applicable to the Company.

f) IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

3. Summary of significant accounting policies continued

g) Definition of Accounting Estimates- Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

h) Definition of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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 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.

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 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 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

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

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.

3.8 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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 cash flow 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 2021 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.

3. Summary of significant accounting policies continued

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.

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 2021 was nil, (2020: nil, 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.

3.12 Financial instruments continued

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 is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, 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 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.

3.13 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.

3.14 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.

3.15 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.

3. Summary of significant accounting policies continued

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.

3.16 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.

3.17 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 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.

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 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.

iii. 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).

3.17 Income taxation continued

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.

3.18 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).

i. 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.

i. 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.

ii. 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.	Ageing 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, and trade and other payables.

The following table demonstrates the carrying value of monetary assets and liabilities (denominated in Naira) exposed to foreign exchange risks at the reporting date:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Financial assets				
Cash and cash equivalents	63,146	6,453	153,294	16,982
Trade and other receivables	415	10	1,009	27
	63,561	**6,463**	**154,303**	**17,009**
Financial liabilities				
Trade and other payables	(96)	(60)	(234)	(157)
Net exposure to foreign exchange risk	**63,465**	**6,403**	**154,069**	**16,852**

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

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Financial assets				
Cash and cash equivalents	270	228	656	599

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:

Increase/decrease in foreign exchange risk	Effect on profit before tax 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+5%	(3,022)	–	(7,337)	–
-5%	3,340	–	8,109	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	(305)	–	(802)	–
-5%	337	–	887	–

5.1.1 Foreign exchange risk continued

If the Pound 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 2021 ₦ million	Effect on other components of equity before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of equity before tax 2021 $'000
+5%	(13)	–	(31)	–
-5%	14	–	35	–

Increase/decrease in foreign exchange risk	Effect on profit before tax 2020 ₦ million	Effect on other components of equity before tax 2020 ₦ million	Effect on profit before tax 2020 $'000	Effect on other components of equity before tax 2020 $'000
+5%	11	–	29	–
-5%	(12)	–	(32)	–

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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Trade and other receivables (Gross)	520,423	501	1,263,378	1,320
Cash and cash equivalent (Gross)	75,450	72,621	183,162	191,105
Gross amount	**595,873**	**73,122**	**1,446,540**	**192,425**
Impairment of receivables	(383)	–	(930)	–
Net amount	**595,490**	**73,122**	**1,445,610**	**192,425**

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 of financial assets;

	Notes	₦'million	$'000
As at 1 January 2021		–	–
Increase in provision for intercompany receivables		372	930
Exchange difference		11	–
As at 31 December 2021		383	930

5. Financial risk management continued

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) equates to 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.

	Intercompany receivables	Short-term fixed deposits
Probability of Default (PD)	The 12-month PD and lifetime PD for stage 1 and stage 2 is 0.34%. The PD for stage 3 is 100%.	The PD for base case, downturn and upturn is 11.77%, 12.75% and 10.88% 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 Management's estimate of expected cash 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 short-term fixed deposits to credit risk.
Macroeconomic indicators	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	43%, 26% and 31% of historical GDP growth rate observations fall within acceptable bounds, periods of boom and periods of downturn respectively.	78%, 12% and 10% 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.

i. 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 2021.

ii. 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 2021 (2020: nil). The assets are assessed to be in stage 1.

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:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Non-rated	–	130	–	343
BBB-	24,802	211	60,210	554
A	47	–	113	–
A+	46,241	63,995	112,255	168,408
AA-	4,053	–	9,839	–
AA+	–	5,226	–	13,751
AAA-	3,614	–	8,773	–
AAA	–	3,059	–	8,049
Net cash and cash equivalents	**78,757**	**72,621**	**191,190**	**191,105**

iii. Intercompany receivables

31 December 2021

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	519,017	–	–	519,017
Loss allowance	(383)	–	–	(383)
Net Exposure at Default (EAD)	518,634	–	–	518,634

5.1.2 Credit risk continued

31 December 2020

	Stage 1 12-month ECL ₦'million	Stage 2 Lifetime ECL ₦'million	Stage 3 Lifetime ECL ₦'million	Total ₦'million
Gross Exposure at Default (EAD)	313	–	–	313
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	313	–	–	313

31 December 2021

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	1,259,963	–	–	1,259,963
Loss allowance	(930)	–	–	(930)
Net Exposure at Default (EAD)	1,259,033	–	–	1,259,033

31 December 2020

	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross Exposure at Default (EAD)	824	–	–	824
Loss allowance	–	–	–	–
Net Exposure at Default (EAD)	824	–	–	824

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.

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.

i) Expected cash flow recoverable

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

	Effect on profit before tax 2021 ₦ million	Effect on other components of profit before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of profit before tax 2021 $'000
Increase/decrease in estimated cash flows				
+20%	(77)	–	(186)	–
-20%	77	–	186	–

ii) 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 2021 ₦ million	Effect on other components of profit before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of profit before tax 2021 $'000
Increase/decrease in loss given default				
+10%	(37)	–	(89)	–
-10%	37	–	89	–

5. Financial risk management continued

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:

	Effect on profit before tax 2021 ₦ million	Effect on other components of profit before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of profit before tax 2021 $'000
Increase/decrease in probability of default				
+10%	(12)	–	(29)	–
-10%	12	–	29	–

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 2021 ₦ million	Effect on other components of profit before tax 2021 ₦ million	Effect on profit before tax 2021 $'000	Effect on other components of profit before tax 2021 $'000
Increase/decrease in forward looking macroeconomic indicators				
+10%	(28)	–	(67)	–
-10%	26	–	63	–

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.

The table below represents the trade and other payable for 2021.

	Effective interest rate %	Less than 1 year ₦ million	1 – 2 years ₦ million	2 – 3 years ₦ million	3 – 5 years ₦ million	Total ₦ million
31 December 2021						
Trade and other payables		776,027	–	–	–	776,027
Total		776,027	–	–	–	776,027

	Effective interest rate %	Less than 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 5 years $'000	Total $'000
31 December 2021						
Trade and other payables		1,883,885	–	–	–	1,883,885
Total		1,883,885	–	–	–	1,883,885

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	
	2021 ₦ million	2020 ₦ million	2021 ₦ million	2020 ₦ million
Financial assets at amortised cost				
Trade and other receivables	520,040	501	520,040	501
Cash and cash equivalents	75,450	61,950	75,450	61,950
	595,490	**62,451**	**595,490**	**62,451**
Financial liabilities at amortised cost				
Trade and other payables	776,027	201,057	776,027	201,057
	776,027	**201,057**	**776,027**	**201,057**

5.1.4 Fair value measurements continued

	Carrying amount		Fair value	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets at amortised cost				
Trade and other receivables	1,262,448	1,320	1,262,448	1,320
Cash and cash equivalents	183,162	163,024	183,162	163,024
	1,445,610	**164,344**	**1,445,610**	**164,344**
Financial liabilities at amortised cost				
Trade and other payables	1,883,885	529,100	1,883,885	529,100
	1,883,885	**529,100**	**1,883,885**	**529,100**

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.

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Trade and other payables	776,027	201,057	1,883,885	529,100
Less: cash and cash equivalents	(75,450)	(61,950)	(183,162)	(163,024)
Net debt	700,577	139,107	1,700,723	366,076
Total equity	705,864	545,602	1,713,547	1,807,128
Total capital	1,406,441	684,709	3,414,270	2,173,204
Net debt (net debt/total capital) ratio	**50%**	**20%**	**50%**	**17%**

Capital includes share capital, share premium, capital contribution and all other equity reserves.

6. Segment reporting

The Company has no operating or reportable segment.

7. Other loss

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Exchange loss	(4)	(2,383)	(10)	(6,621)
	(4)	**(2,383)**	**(10)**	**(6,621)**

8. General and administrative expenses

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Depreciation (Note 13)	88	1	220	3
Professional and consulting fees	1,733	630	4,326	1,751
Directors' emoluments (non-executive)	`1,844	1,201	4,604	3,337
Employee benefits (Note 8.1)	1,209	1,856	3,020	5,157
Flights and other travel costs	421	75	1,046	211
Other general expenses	2,012	1,291	5,018	3,587
	7,307	**5,054**	**18,234**	**14,046**

8. General and administrative expenses continued

Directors' emoluments have been split between executive and non-executive directors. Included in the non-executive directors' emoluments are amounts paid to four new non-executive directors. Other general expenses relate to costs such as office maintenance costs, telecommunication costs, logistics costs and others. Professional and consulting increase is as a result of strategy related consultancy services and legal fees.

8.1 Salaries and employee related costs include the following:

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Share-based payment expenses (Note 19.4)	1,209	1,856	3,020	5,157
	1,209	**1,856**	**3,020**	**5,157**

9. Impairment of losses on financial assets

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Impairment losses on financial assets	372	–	930	–
Total impairment loss allowance	**372**	**–**	**930**	**–**

10. Finance income

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Finance income				
Interest income	131	277	327	770
Finance income	**131**	**277**	**327**	**770**

Finance income represents interest on short-term fixed deposits.

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.

	2021 ₦ million	2020 ₦'million	2021 $'000	2020 $'000
Unutilised capital allowance	29	–	70	1
Unrealised foreign exchange	684	634	1,661	1,668
Share based payment	1,010	588	2,453	1,547
Tax losses	2,827	925	6,862	2,434
Impairment loss of intercompany receivables	115	–	279	–
Unrecognised deferred tax asset	**4,665**	**2,147**	**11,325**	**5,650**

12. Computation of cash generated from operations

	Notes	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Loss before tax		(7,552)	(7,160)	(18,847)	(19,897)
Adjusted for:					
Depreciation	8	88	1	220	3
Interest income	10	(131)	(277)	(327)	(770)
Impairment of financial asset	9	372	–	930	–
Unrealised foreign exchange loss	7	4	2,383	10	6,621
Share based payment expenses	8	1,209	1,856	3,020	5,157
Changes in working capital: (excluding the effects of exchange differences)					
Trade and other receivables		(519,705)	172,668	(1,261,543)	479,749
Prepayments		(52)	(2)	(126)	(5)
Trade and other payables		558,077	(62,412)	1,354,785	(173,410)
Restricted cash		8,260	(7,696)	20,053	(21,383)
Net cash from operating activities		**40,570**	**99,361**	**98,175**	**276,065**

13. Property, plant and equipment

Cost	Plant & machinery ₦ million	Motor vehicle ₦ million	Office furniture & IT equipment ₦ million	Leasehold improvements ₦ million	Land ₦ million	Buildings ₦ million	Total ₦ million
At 1 January 2021	16	289	–	–	–	–	305
Additions	–	34	–	–	–	–	34
Exchange difference	1	26	–	–	–	–	27
At 31 December 2021	**17**	**349**	**–**	**–**	**–**	**–**	**366**
Depreciation							
At 1 January 2021	1	–	–	–	–	–	1
Charge for the year	3	85	–	–	–	–	88
Exchange difference	1	2	–	–	–	–	3
At 31 December 2021	**5**	**87**	**–**	**–**	**–**	**–**	**92**
NBV							
At 31 December 2021	**12**	**262**	**–**	**–**	**–**	**–**	**274**
Cost							
At 1 January 2020	1,518	2,979	5,725	1,200	21	1,194	12,637
Addition	15	274	–	–	–	–	289
Transfer to Seplat West Ltd	(1,518)	(2,979)	(5,725)	(1,200)	(21)	(1,194)	(12,637)
Exchange differences	1	15	–	–	–	–	16
At 31 December 2020	**16**	**289**	**–**	**–**	**–**	**–**	**305**
Depreciation							
At 1 January 2020	1,391	2,187	4,562	895	–	20	9,055
Transfer to Seplat West Ltd	(1,391)	(2,187)	(4,562)	(895)	–	(20)	(9,055)
Charge for the year	1	–	–	–	–	–	1
Balance as at 31 December 2020	**1**	**–**	**–**	**–**	**–**	**–**	**1**
NBV							
Balance as at 31 December 2020	**15**	**289**	**–**	**–**	**–**	**–**	**304**

Cost	Plant & machinery $'000	Motor vehicle $'000	Office furniture & IT equipment $'000	Leasehold improvements $'000	Land $'000	Buildings $'000	Total $'000
At 1 January 2021	41	761	–	–	–	–	802
Additions	–	85	–	–	–	–	85
At 31 December 2021	**41**	**846**	**–**	**–**	**–**	**–**	**887**
Depreciation							
At 1 January 2021	3	–	–	–	–	–	3
Charge for the year	8	212	–	–	–	–	220
At 31 December 2021	**11**	**212**	**–**	**–**	**–**	**–**	**223**
NBV							
At 31 December 2021	**30**	**634**	**–**	**–**	**–**	**–**	**664**
Cost							
At 1 January 2020	4,945	9,704	18,647	3,908	68	3,890	41,162
Addition	41	761	–	–	–	–	802
Transfer to Seplat West Ltd	(4,945)	(9,704)	(18,647)	(3,908)	(68)	(3,890)	(41,162)
At 31 December 2020	**41**	**761**	**–**	**–**	**–**	**–**	**802**
Depreciation							
At 1 January 2020	4,532	7,124	14,858	2,916	–	66	29,496
Charge for the year	3	–	–	–	–	–	3
Transfer to Seplat West Ltd	(4,532)	(7,124)	(14,858)	(2,916)	–	(66)	(29,496)
At 31 December 2020	**3**	**–**	**–**	**–**	**–**	**–**	**3**
NBV							
At 31 December 2020	**38**	**761**	**–**	**–**	**–**	**–**	**799**

14. Prepayments

Current	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Short term prepayments	54	2	131	5
	54	**2**	**131**	**5**

14.1 Short term prepayments

Included in short term prepayment are prepaid service charge expenses for health insurance and motor insurance premiums.

15. Investment in subsidiaries

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Newton Energy Limited	391	290	950	950
Seplat Petroleum Development Company UK Limited	21	15	50	50
Seplat East Onshore Limited	13	10	32	32
Seplat East Swamp Company Limited	13	10	32	32
Seplat Gas Company Limited	13	10	32	32
Eland Oil and Gas Limited	200,891	149,719	487,683	487,683
Seplat West Limited	594,912	443,371	1,444,204	1,444,204
	796,254	**593,425**	**1,932,983**	**1,932,983**

15.1 Interest in other entities

Name of entity	Country of incorporation & place of business	As at 31 Dec 20210	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
		Percentage of ownership interest		Carrying amount			
		%	%	₦'million	₦'million	$'000	$'000
Newton Energy Limited	Nigeria	99.9	99.9	391	290	950	950
Seplat Energy UK Limited	United Kingdom	100	100	21	15	50	50
Seplat East Onshore Limited	Nigeria	99.9	99.9	13	10	32	32
Seplat East Swamp Company Limited	Nigeria	99.9	99.9	13	10	32	32
Seplat Gas Company Limited	Nigeria	99.9	99.9	13	10	32	32
Eland Oil and Gas Limited	United Kingdom	100	100	200,891	149,719	487,683	487,683
Seplat West Limited	Nigeria	99.9	99.9	594,912	443,371	1,444,204	1,444,204

15.2 Reconciliation of investment in subsidiary

	2021 ₦ million	2021 $'000
At 1 January 2021	593,425	1,932,983
Exchange difference	202,829	–
At 31 December 2021	**796,254**	**1,932,983**

	2020 ₦ million	2020 $'000
At 1 January 2020	150,054	488,779
Increase in investment	10	33
Capital contribution	443,361	1,444,171
At 31 December 2020	**593,425**	**1,932,983**

16. Investment in joint ventures

	31 December 2021 ₦ million	31 December 2020 ₦ million	31 December 2021 $'000	31 December 2020 $'000
Cost	86,512	79,806	210,016	210,016

16.1 Reconciliation of investment in joint venture

	31 December 2021 ₦ million	31 December 2020 ₦ million	31 December 2021 $'000	31 December 2020 $'000
As 1 January	79,806	46,055	210,016	150,016
Additional investment in joint venture (AGPC)	–	21,595	–	60,000
Exchange difference	6,706	12,156	–	–
At 31 December	86,512	79,806	210,016	210,016

		Percentage of ownership interest		Carrying amount			
Name of entity	Country of incorporation and place of business	As at 31 Dec 2021 %	As at 31 Dec 2020 %	As at 31 Dec 2021 ₦ million	As at 31 Dec 2020 ₦ million	As at 31 Dec 2021 $'000	As at 31 Dec 2020 $'000
ANOH Gas Processing Company Limited	Nigeria	**50**	**50**	**86,512**	**79,806**	**210,016**	**210,016**

17. Trade and other receivables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Intercompany receivables	518,634	313	1,259,033	824
Receivables from Joint Venture (Anoh)	974	178	2,365	469
Other receivables	432	10	1,050	27
	520,040	**501**	**1,262,448**	**1,320**

17.1 Reconciliation of intercompany receivables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Balance as at 1 January	313	311,903	824	1,015,971
Additions during the year	546,838	297	1,365,457	824
Receipts for the year	(42,578)	(153,135)	(106,318)	(425,478)
Transfer to Seplat West Ltd	–	(181,281)	–	(590,493)
Exchange difference	14,444	22,529	–	–
Gross carrying amount	519,017	313	1,259,963	824
Less: impairment allowance	(383)	–	(930)	–
Balance as at 31 December	**518,634**	**313**	**1,259,033**	**824**

Reconciliation of impairment allowance on intercompany receivables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Loss allowance as at 1 January	–	–	–	–
Increase in loss allowance during the period	372	–	930	–
Exchange difference	11	–	–	–
Loss allowance as at 31 December	**383**	**–**	**930**	**–**

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.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Cash on hand		–		–
Short term fixed deposits	29,041	151	70,499	397
Cash at bank	46,409	61,799	112,663	162,627
Gross cash and cash equivalent	75,450	61,950	183,162	163,024
Loss allowance	–	–	–	–
Net cash and cash equivalents	**75,450**	**61,950**	**183,162**	**163,024**

18.1 Restricted cash

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Restricted cash	3,307	10,671	8,028	28,081
	3,307	**10,671**	**8,028**	**28,081**

Included in restricted cash, is a balance of $8 million (N3.3 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).

19. Share capital

19.1 Authorised and issued share capital

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Authorised ordinary share capital				
1,000,000,000 ordinary shares denominated in Naira of 50 kobo per share	500	500	3,335	3,335
Issued and fully paid				
584,035,845 (2020: 581,840,856) issued shares denominated in Naira of 50 kobo per share	**296**	**293**	**1,862**	**1,855**

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 ₦'million	Share premium ₦'million	Share-based payment reserve ₦'million	Treasury shares ₦'million	Total ₦'million
Opening balance as at 1 January 2021	581,840,856	293	86,917	7,174	–	94,384
Share based payments	–	–	–	1,209	–	1,209
Vested shares	5,736,761	3	3,466	(3,469)	–	–
Shares re-purchased	(3,541,772)	–	–	–	(2,025)	(2,025)
Closing balance as at 31 December 2021	**584,035,845**	**296**	**90,383**	**4,914**	**(2,025)**	**93,568**

	Number of shares	Issued share capital ₦'million	Share premium ₦'million	Share-based payment reserve ₦'million	Treasury shares ₦'million	Total ₦'million
Opening balance as at 1 January 2021	581,840,856	1,855	511,723	27,592	–	541,170
Share based payments	–	–	–	3,020	–	3,020
Vested shares	5,736,761	7	8,415	(8,422)	–	–
Shares re-purchased	(3,541,772)	–	–	–	(4,915)	(4,915)
Closing balance as at 31 December 2021	**584,035,845**	**1,862**	**520,138**	**22,190**	**(4,915)**	**539,275**

Shares purchased for employees charge of $4.9 million relates to Share buy-back programme for the Company's Long-Term Incentive Plan. The programme commenced on 1 March 2021 and the shares 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

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Share premium	**90,383**	**86,917**	**520,138**	**511,723**

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 5,736,761 shares vested with a fair value of $8.42 million. The excess of $8.41 million above the nominal value of ordinary shares have been recognised in share premium.

19. Share capital continued

19.4 Employee share-based payment scheme

As at 31 December 2021, the Company had awarded 73,966,540 shares (2020: 60,487,999 shares) to certain employees and senior executives in line with its share-based incentive schemes. Included in the share-based incentive schemes is one additional scheme (2021 LTIP Scheme) awarded during the reporting period. During the reporting period, 7,151,098 shares had vested out of which 1,414,337 shares were forfeited in relation to participants whose employment was terminated during the vesting period. The average forfeiture rate due to failure to meet the non-market vesting condition is 13.69% while the average due to staff exit is 11.70%. The impact of applying the forfeiture rate of 25.63% on existing LTIP awards which are yet to vest will result in a reduction of share-based compensation expense for the year by $1,296,630. The number of shares that eventually vested during the year after the forfeiture and conditions above is 5,736,761 (Dec 2020: 6,519,258 shares were vested).

i. 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 Deferred Bonus Award

25% of each Executive Director's 2019 bonus (paid in 2020) has been deferred into shares and would be released in 2022 subject to continued employment over the vesting period. 2020 deferred bonus is yet to be approved by the Board. 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.

ii. Share based payment expenses

The expense recognised for employee services received during the year is shown in the following table:

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Expense arising from equity-settled share-based payment transactions	**1,209**	**1,856**	**3,020**	**5,157**

There were no cancellations to the awards in 2021. 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
Global Bonus Offer	4 November 2015	9 April 2014	9 April 2015	Fully	6,472,138
Non- Executive Shares	4 November 2015	9 April 2014	9 April 2015	Fully	793,650
2014 Deferred Bonus	14 December 2015	14 December 2015	21 April 2017	Fully	212,701
2014 Long term incentive Plan	14 December 2015	14 December 2015	09 April 2017	Fully	2,173,259
2015 Long term incentive Plan	31 December 2015	14 December 2015	21 April 2018	Fully	5,287,354
2015 Deferred Bonus	21 April 2016	21 April 2016	20 April 2018	Fully	247,610
2016 Long term incentive Plan	22 December 2016	22 December 2016	21 December 2019	Fully	10,294,300
2016 Deferred Bonus	24 November 2017	24 November 2017	20 April 2019	Fully	278,191
2017 Long term incentive Plan	24 November 2017	24 November 2017	20 April 2020	Fully	7,938,589
2017 Deferred Bonus	2 May 2018	2 May 2018	31 December 2019	Fully	193,830
2018 Long term incentive Plan	2 May 2018	2 May 2018	2 May 2021	Fully	6,936,599
2018 Deferred Bonus	2 May 2019	2 May 2019	31 December 2020	Fully	341,069
2019 Long term incentive Plan	2 May 2019	2 May 2019	2 May 2022	Partially	7,648,850
2019 Deferred Bonus	30 Apr 2020	30 Apr 2020	31 Dec 2021	Fully	214,499
2020 Long term incentive Plan	30 Apr 2020	30 Apr 2020	1 May 2023	Partially	10,828,156
2020 Long term incentive Plan	2 Dec 2020	2 Dec 2020	2 Dec 2023	Partially	1,110,057
2021 Long term incentive Plan	2 November 2021	2 November 2021	2 November 2024	Partially	12,995,688
					73,966,540

19. Share capital continued

iii. 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 2021.

Share award scheme (all awards)	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	8,806,987	843	12,386,617	474
Granted during the year	1,145,053	415	4,700,028	395
Exercise during the year	(5,736,761)		(6,519,258)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**442**	**8,806,987**	**843**
Vested and exercisable at 31 December				

Share award scheme (all awards)	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	8,806,987	2.22	12,386,617	1.54
Granted during the year	1,145,053	1.04	4,700,028	1.04
Exercised during the year	(5,736,761)		(6,519,258)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**1.10**	**8,806,987**	**2.22**
Vested and exercisable at 31 December			**–**	**–**

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	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	86,151	509	136,091	572
Granted during the year	128,348	415	291,129	525
Exercised during the year	(214,499)	–	(341,069)	–
Forfeited during the year	–	–	–	–
Outstanding at 31 December	**–**		**86,151**	**236**
Vested and exercisable at 31 December			**–**	**–**

Deferred Bonus Scheme	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	86,151	0.62	136,091	1.86
Granted during the year	128,348	1.04	291,129	1.38
Exercised during the year	(214,499)	–	(341,069)	–
Forfeited during the year	–	–	–	–
Outstanding at 31 December	**–**		**86,151**	**0.62**
Vested and exercisable at 31 December			**–**	

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)	2021 Number	2021 WAEP ₦	2020 Number	2020 WAEP ₦
Outstanding at 1 January	8,720,836	509	12,250,525	209
Granted during the year	1,016,705	415	4,700,028	390
Exercised during the year	(5,522,262)		(6,178,189)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**442**	**8,720,836**	**509**
Vested and exercisable at 31 December				

Long-Term Incentive Plan (LTIP)	2021 Number	2021 WAEP $	2020 Number	2020 WAEP $
Outstanding at 1 January	8,720,836	1.34	12,250,525	0.68
Granted during the year	1,016,705	1.04	4,700,028	1.03
Exercised during the year	(5,522,262)		(6,178,189)	–
Forfeited during the year	(1,414,337)		(1,760,400)	–
Outstanding at 31 December	**2,800,942**	**1.10**	**8,720,836**	**1.34**
Vested and exercisable at 31 December				

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 2021 range from 0.2 to 2.7 years (2020: 0.3 to 3 years).

The weighted average fair value of awards granted during the year range from ₦415 to ₦442.32 (2020: ₦142.8 to ₦235.98), $1.04 to $1.10 (2020: $0.32 to $0.68).

19. Share capital continued

The fair value at grant date is independently determined using the Monte Carlo Model which takes into account the exercise price, the term of the option, 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 option and the correlations and volatilities of the peer 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 2021:

	2019 LTIP	2020 Deferred Bonus	2020 LTIP	2021
Weighted average fair values at the measurement date				
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	35%	43%	43%	51.68%
Risk–free interest rate (%)	0.76%	0.44%	0.44%	0.31%
Expected life of share options	3.00	3.00	3.00	3.00
Share price at grant date ($)	1.7	0.38	0.51	0.66
Share price at grant date (₦)	521.9	135.38	193.48	264.32
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 on 1 March 2021 and the shares 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

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'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.

22. Trade and other payables

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Trade payable	–	177	–	466
Accruals and other payables	756	939	1,838	2,474
Intercompany payable	775,271	199,941	1,882,047	526,160
	776,027	**201,057**	**1,883,885**	**529,100**

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.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Loss for the year	(7,552)	(7,160)	(18,847)	(19,897)
	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue	581,646	579,638	581,646	579,638
Outstanding share-based payment (shares)	2,801	8,807	2,801	8,807
Weighted average number of ordinary shares adjusted for the effect of dilution	584,447	588,445	584,447	588,445
	₦	₦	$	$
Basic loss per share	(12.98)	(12.35)	(0.03)	(0.03)
Diluted loss per share	(12.92)	(12.17)	(0.03)	(0.03)

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 2021, the final proposed dividend for the Company is ₦10.3, $0.025, (2020: ₦19, $0.05) per share.

	2021 ₦ million	2020 ₦ million	2021 $'000	2020 $'000
Cash dividends on ordinary shares declared and paid:				
Dividend for 2021: ₦50 ($0.13) per share, 584,035,845 shares in issue (2020: ₦37.32 ($0.10) per share, 581,840,856 shares in issue)	29,377	20,998	73,354	58,342
Proposed dividend on ordinary shares:				
Final proposed dividend for the year 2021: ₦10.3 ($0.025) (2020: ₦19 ($0.05) per share	6,016	11,082	14,601	29,163

During the year, ₦12 billion, $29.4 million of dividend was paid at ₦20.51, $0.05 per share as final dividend for 2020 as at 30 May 2021; ₦5.9 billion, $14 million was paid at ₦10.25, $0.025 per share for 2021 Q1 as at 30 June 2021; ₦6.2 billion, $15.03 million of dividend was paid at ₦10.27 ($0.025) per share as at 30 September 2021; and the remaining dividend ₦6.2 billion, $15 million was paid at ₦10.29 ($0.025) per share as at 30 November 2021. 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 2021 Annual General Meeting. The tax effect of dividend paid during the year was $6.9 million (₦2.7 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 8.20% 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.

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.

1. Shareholders of the parent Company

Shebah Petroleum Development Company Limited SPDCL ('BVI'):

The Chairman of Seplat 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 $1.1 million, ₦0.45 billion (2020: $900 thousand, N342 million). Payables amounted to $101.8 thousand, ₦41.9 million in the current period.

26. Information relating to employees

26.1 Number of Directors

The number of Directors (excluding the Chairman) whose emoluments fell within the following ranges was:

	2021 Number	2020 Number
Zero – ₦19,896,500	–	–
₦19,896,501 – ₦115,705,800	–	–
₦115,705,801 – ₦157,947,600	–	–
Above ₦157,947,600	3	4
	3	**4**

	2021 Number	2020 Number
Zero – $65,000	–	–
$65,001 – $378,000	–	–
$378,001 – $516,000	–	–
Above $516,000	3	4
	3	**4**

26.2 Employees

The number of employees (other than the Directors) whose duties were wholly or mainly discharged within Nigeria, and who earned over ₦2,603,120 ($6,500), received remuneration (excluding pension contributions) in the following ranges:

	2021 Number	2020 Number
₦1,989,650 – ₦4,897,600	16	9
₦4,897,601– ₦9,795,200	118	121
₦9,795,201 – ₦14,692,800	140	156
Above ₦14,692,800	201	172
	475	**458**

	2021 Number	2020 Number
$6,500 – $16,000	16	9
$16,001 – $32,000	118	121
$32,001 – $48,000	140	156
Above $48,000	201	172
	475	**458**

26.3 Number of persons employed during the year

The average number of persons (excluding Directors) in employment during the year was as follows:

	2021 Number	2020 Number
Senior management	30	27
Managers	128	101
Senior staff	237	209
Junior staff	80	121
	475	**458**

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 2021 is ₦7.9 billion, $19.2 million (2020: ₦23.2million, $61,194). 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.

28. Events after the reporting period

On 25th February 2022, the Company announced an agreement to acquire the entire share capital of Mobil Producing Nigeria Unlimited ('MPNU') from Exxon Mobil Corporation, Delaware subject to Ministerial Consent and other regulatory approvals. The consideration would be $1.283 million plus $300 million contingent consideration, subject to lockbox, working capital and other adjustments.

The acquisition will be financed through a combination of existing cash resources and credit facilities of the Company, a new $550 million senior term loan facility and $275 million junior offtake facility from Nigerian and International banks.

Statement of value added

For the year ended 31 December 2021

	2021 ₦ million	%	2020 ₦ million	%	2021 $'000	%	2020 $'000	%
Other loss	(4)		(2,383)		(10)		(6,621)	
Finance income	131		277		327		770	
Cost of goods and other services:								
Local	(6,382)		(1,918)		(15,924)		(5,332)	
Foreign	–		(1,279)		–		(3,554)	
Valued added	**(6,225)**	**100%**	**(5,303)**	**100%**	**(15,607)**	**100%**	**(14,737)**	**100%**

Applied as follows:

	2021 ₦ million	%	2020 ₦ million	%	2021 $'000	%	2020 $'000	%
To employees: – as salaries and labour related expenses	1,209	(19%)	1,856	(35%)	3,020	(19%)	5,157	(35%)
Retained for the Company's future: – For asset replacement, depreciation, depletion & amortisation	88	(1%)	1	–	220	(1%)	3	–
Loss for the year	(7,552)	120%	(7,160)	135%	(18,847)	120%	(19,897)	135%
Valued added	**(6,255)**	**100%**	**(5,303)**	**100%**	**(15,607)**	**100%**	**(14,737)**	**100%**

The value added represents the additional wealth which the Company 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.

Supplementary financial information (unaudited)

For the year ended 31 December 2021

	2021 ₦ million	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million
Revenue from contracts with customers	–	–	200,733	217,174	127,655
(Loss)/profit before taxation	(7,552)	(7,160)	79,613	85,429	28,759
Income tax (expense)/credit	–	–	(13,484)	(35,748)	67,657
(Loss)/profit for the year	(7,552)	(7,160)	66,129	49,681	96,416

	2021 ₦ million	2020 ₦ million	2019 ₦ million	2018 ₦ million	2017 ₦ million
Capital employed:					
Issued share capital	296	293	289	286	283
Share premium	90,383	86,917	84,045	82,080	82,080
Share based payment reserve	4,914	7,174	8,194	7,298	4,332
Treasury shares	(2,025)	–	–	–	–
Capital contribution	5,932	5,932	5,932	5,932	5,932
Retained earnings	217,347	254,070	282,228	234,148	194,526
Foreign translation reserve	389,017	191,216	196,535	196,552	203,072
Total equity	**705,864**	**545,602**	**577,223**	**526,296**	**490,225**
Represented by:					
Non-current assets	883,040	673,535	518,366	328,870	359,097
Current assets	598,551	73,124	539,423	514,131	474,837
Non-current liabilities	–	–	(233,715)	(173,276)	(125,880)
Current liabilities	(776,027)	(201,057)	(246,851)	(143,429)	(217,829)
Net assets	**705,864**	**545,602**	**577,223**	**526,296**	**490,225**

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue from contracts with customers	–	–	654,037	709,493	417,428
(Loss)/profit before taxation	(18,847)	(19,897)	259,411	279,093	94,056
Income tax (expense)/credit	–	–	(43,934)	(116,788)	221,233
(Loss)/profit for the year	(18,847)	(19,897)	215,477	162,305	315,289

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Capital employed:					
Issued share capital	1,862	1,855	1,845	1,834	1,826
Share premium	520,138	511,723	503,742	497,457	497,457
Share based payment reserve	22,190	27,592	30,426	27,499	17,809
Treasury shares	(4,915)				
Capital contribution	40,000	40,000	40,000	40,000	40,000
Retained earnings	1,134,272	1,225,958	1,304,197	1,147,526	1,045,985
Total equity	**1,713,547**	**1,807,128**	**1,880,210**	**1,714,316**	**1,603,077**
Represented by:					
Non-current assets	2,143,663	2,143,798	1,688,491	1,071,233	1,174,286
Current assets	1,453,769	192,430	1,757,082	1,674,694	1,552,758
Non-current liabilities	–	–	(761,285)	(564,416)	(411,642)
Current liabilities	(1,883,885)	(529,100)	(804,078)	(467,195)	(712,325)
Net assets	**1,713,547**	**1,807,128**	**1,880,210**	**1,714,316**	**1,603,077**

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 2021 N/$	31 December 2020 N/$
Property, plant & equipment – opening balances	Historical rate	Historical	Historical
Property, plant & equipment – additions	Average rate	400.48	359.91
Property, plant & equipment – closing balances	Closing rate	411.93	380
Current assets	Closing rate	411.93	380
Current liabilities	Closing rate	411.93	380
Equity	Historical rate	Historical	Historical
Income and Expenses:	Overall Average rate	400.48	359.91

Additional information

Introduction

The following information is included to comply with the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom and it is prepared in accordance with Directive 2013/34/EU (the EU Accounting Directive (2013).

BASIS FOR PREPARATION – REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR 2021

Reporting entities

This Report includes payments to governments made by Seplat Energy Plc and its subsidiaries (Seplat). All payments to governments arise from operations within Nigeria.

Activities

Payments made by Seplat to governments arising from activities involving the exploration, prospection, discovery, development and extraction of minerals, gas processing, oil and natural gas deposits or other materials (extractive activities) are disclosed in this Report. This excludes payments related to refining, natural gas liquefaction or gas-to-liquids activities. When payments cover both extractive and processing activities and cannot be split, the payments have been disclosed in full.

Government

Government includes any national, regional or local authority of a country to which Seplat has made payment related to these regulations, and includes any department, agency or entity that is controlled by such authority.

Project

Payments are reported at project level except for payments that are not attributable to a specific project, which are reported at entity level. A project is defined as operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment to government. However, if a number of agreements are substantially interconnected, this shall be considered as a project. Indicators of integration include, but are not limited to, geographic proximity, the use of shared infrastructure and common operational management.

Payments

The information is reported under the following payment types.

Production entitlements

These represent the government's share of production in the reporting period arising from projects operated by Seplat. They comprise of crude oil and gas attributable to the Nigerian government by virtue of its participation as an equity holder in projects within its sovereign jurisdiction (Nigeria).

Production entitlements to the government are lifted independently by the relevant government agency.

Royalties

These are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken.

Licence fees, rental fees, entry fees and other considerations for licences and/or concessions

These are fees and other sums paid as consideration for acquiring a licence for gaining access to an area where extractive activities are performed. Administrative government fees that are not specifically related to the extractive sector, or to obtain access to extractive resources, are excluded. Also excluded are payments made in return for services provided by a government.

Corporate taxes

Corporate taxes are charges based on taxable profit which are payable to the government. Examples of corporate taxes in Nigeria include Petroleum Profit Tax (PPT), corporate income tax (CIT) and education tax.

Corporate income tax (CIT) is a tax imposed on profit of a company from all sources. Gas operations are liable to CIT.

Petroleum profit tax (PPT) is a tax applicable to upstream operations in the oil industry in lieu of corporate income tax. Oil operations such as oil mining, prospecting and exploration leases are liable to PPT.

Education tax is a tax applicable to both oil and gas operations based on assessable profit. Assessable profit is the profit derived after deducting all the allowable expenses.

Other types of payments that are required to be disclosed in accordance with the Regulations are the following:

- Dividends
- Signature, discovery and production bonuses
- Infrastructure improvements

However, for the year ended 31 December 2021, there were no such reportable payments made by Seplat to government that were above the materiality threshold as determined below.

Materiality

For each payment type, total payments below £84,886 (€100,000, $113,029), whether made as a single payment or as a series of related payments, to a government agency are excluded from this Report.

Reporting currency

Payments in this report have been disclosed in US Dollars. Where actual payments have been recorded in a currency other than US dollars, they have been translated using the annual average exchange rate.

Government and expense report (in USD)

	Production Entitlement	Royalties	Fees	Taxes	Total
GOVERNMENTS					
Nigerian National Petroleum Corporation	434,351,065	–	–	–	434,351,065
Department of Petroleum Resources	–	85,879,920	16,467,264	–	102,347,184
Nigeria Export Supervision Scheme	–	–	385,712	–	385,712
Niger Delta Development Commission	–	–	12,472,979	–	12,472,979
Nigerian Content Development and Monitoring Board	–	–	1,912,270	–	1,912,270
Federal Inland Revenue Service	–	–	–	13,220,034	13,220,034
Total	**434,351,065**	**85,879,920**	**31,238,225**	**13,220,034**	**564,689,244**

Project and expense report (in USD)

	Production Entitlement	Royalties	Fees	Taxes	Total
PROJECTS					
OML 4, 38 and 41	381,528,493	77,896,198	28,051,263	12,056,030	499,531,984
OML 17	–				
OML 40	–				
OML 53	52,822,572	7,525,342	3,185,350	–	63,533,264
OML 56	–	458,380	1,612	1,164,004	1,623,996
Total	**434,351,065**	**85,879,920**	**31,238,225**	**13,220,034**	**564,689,244**

Notice of 9th Annual General Meeting of Seplat Energy Plc

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting of Seplat Energy Plc (the "Company") will hold at 16A Temple Road (Olu Holloway), Ikoyi, Lagos, Nigeria on Wednesday, 18 May 2022 at 11:00am to transact the following business:

Ordinary business:

1. To receive the Audited Financial Statements of the Company for the year ended 31 December 2021, together with the Reports of the Directors, Auditors and the Statutory Audit Committee thereon.
2. To declare a final dividend recommended by the Board of Directors of the Company in respect of the financial year ended 31 December 2021.
3. To re-appoint PriceWaterhouseCoopers ("PWC") as Auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company's Annual Accounts are laid.
4. To authorise the Board of Directors of the Company to determine the Auditors' remuneration.
5. To elect/re-elect the following Directors[1]:
   a. To approve the appointment of the following Directors:
      i. Prof. Fabian Ajogwu, SAN (Independent Non-Executive Director);
      ii. Mr. Bello Rabiu (Independent Non-Executive Director);
      iii. Dr. Emma FitzGerald (Independent Non-Executive Director);
      iv. Mrs. Bashirat Odunewu (Independent Non-Executive Director).
      v. Mr. Kazeem Raimi (Non-Executive Director); and
      vi. Mr. Ernest Ebi (Non-Executive Director),
   b. To re-elect the following Directors who are eligible for retirement by rotation:
      i. Mr. Basil Omiyi (Senior Independent Non-Executive Director) (please see note 7); and
      ii. Dr. Charles Okeahalam (Independent Non-Executive Director).
6. To disclose the remuneration of managers of the Company[2].
7. To elect the shareholder representatives of the Statutory Audit Committee.

Special business:

8. To consider and, if thought fit, to transact the following Special Business, which will be proposed and passed as an Ordinary Resolution:
   a) To approve the Remuneration Section of the Directors' Remuneration Report set out in the Annual Report and Accounts for the year ended 31 December 2021[3].
9. To consider and, if thought fit, to transact the following Special Business, which will be proposed and passed as Ordinary Resolutions:
   a) That the Company be and is hereby authorised to take all steps necessary to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, as it relates to unissued shares forming part of the authorised Share Capital of the Company, including the cancellation of the unissued ordinary shares of the Company.
   b) That the Company be and is hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 9(a) above, including replacing the provision stating the authorised share capital with the issued share capital of the Company.
   c) That the Company be and is hereby authorised to enter into and execute agreements, deeds, notices or any other documents and to perform all acts and to do all such other things necessary for or incidental to giving effect to Resolution 9(a) above, including without limitation, appointing such professional parties, consultants and advisers and complying with the directives of the regulatory authorities.
   d) That the Company be and is hereby authorised to perform all acts and to do all such other things as may be necessary for or incidental to giving effect to the above resolutions, including without limitation, complying with the directives of the regulatory authorities.

That, the Board be and is hereby authorised to take all necessary steps to give effect to the above resolutions.

Copies of the Annual Report and Accounts for Seplat Energy Plc for the financial year ended 31 December 2021 will be mailed to the shareholders and will be available on the Company's website: www.seplatenergy.com. Printed versions can also be obtained by contacting DataMax Registrars in Nigeria at 2C Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada, Lagos/+ 234 1 7120012; or Computershare in the UK on +44 (0) 370 703 6101.

BY ORDER OF THE BOARD.

Mrs. Edith Onwuchekwa
FRC/2013/NBA/00000003660

Company Secretary

Dated 21st April 2022

1 The profiles of the Directors are set out on pages 80 to 85
2 The Remuneration of the managers of the Company is set out on page 124
3 The Remuneration section of the Directors' Remuneration Report is set out on page 118 to 130.

Notes:

1. PROXY:

In line with the guidelines of the Corporate Affairs Commission (CAC) on the conduct of the Annual General Meeting (AGM) of Public Companies by Proxies and taking advantage of Section 254 of the Companies and Allied Matters Act, 2020, the Company shall obtain the approval of CAC to hold the AGM with attendance by proxies. Further, in the interest of public safety and having regard to the Nigeria Centre for Disease Control (NCDC) COVID-19 Guidance for Safe Mass Gatherings in Nigeria and the restrictions on public gatherings by the Lagos State Government, only persons indicated to be selected as proxies on the Proxy Form shall attend the meeting physically while the other members may participate online through a live streaming of the AGM.

In compliance with the above guidelines, members who are entitled to attend and vote at the AGM of the Company are hereby advised to select a proxy from the following selected proxies to attend and vote in their place:

(a) Dr. A. B. C. Orjiako (Chairman, Board of Directors)

(b) Mr. Roger Brown (Chief Executive Officer)

(c) Sir Sunny Nwosu

(d) Mrs. Hauwa Umar

(e) Mr. Amatare Oki

(f) Mrs. Ngozi Osuzoka

(g) Mr. Matthew Akinlade

(h) Dr. Anthony Omoniyi Omojola

(i) Mrs. Adebisi Oluwayemisi Bakare

(j) Alhaja Ayodele Sarat Kudaisi

(k) Mr. Olalekan Agunbiade

(l) Mrs. Adenike Omoroga

(m) Mrs. Nwamaka Iloh

(n) Mr. Charles Ifediba

For the appointment to be valid for the purposes of the meeting, the Company has made arrangements at its cost for the stamping of the duly completed proxy forms which must be deposited at the office of the Registrar, DataMax Registrars Limited, 2C Gbagada Express Way, by Beko Ransom Kuti Park, Gbagada, Lagos or at the head office of the Company, marked for the attention of the "Company Secretary" or by email to proxy@seplatenergy.com, not less than 48 hours before the time fixed for the meeting. For convenience purposes, a blank proxy form is attached to the 2021 Annual Report and Accounts, both of which are available at the Company's website: www.seplatenergy.com and at the Company's head office: 16a Temple Road (Olu Holloway), Ikoyi, Lagos.

2. CLOSURE OF REGISTER:

The Register of Members and Transfer Books of the Company (Nigeria & UK) will be closed on 6 May 2022 in accordance with the provisions of section 114 of the Companies and Allied Matters Act, 2020, to enable the Registrars to prepare for the Annual General Meeting.

3. PAYMENT OF DIVIDENDS:

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend will be paid on or around 25 May 2022, to shareholders whose names appear in the Company's Register of Members at the close of business on 5 May 2022.

4. E-DIVIDEND MANDATE:

Shareholders are kindly requested to advise DataMax Registrars Limited of their updated records and relevant bank accounts, by completing the e-mandate form. The e-mandate form can be downloaded from DataMax Registrars Limited's website at http://www.datamaxregistrars.com. The duly completed form(s) should be returned to DataMax Registrars Limited, at No. 2c Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada Phase 1, Lagos.

5. UNCLAIMED DIVIDEND:

Shareholders are hereby informed that a number of dividends still remain unclaimed. The list of all unclaimed dividends will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call the office of the Company's Registrar, DataMax Registrars Limited, at No. 2c Gbagada Expressway, by Beko Ransom Kuti Park, Gbagada Phase 1, Lagos or through any of these numbers: 07064000751, 07064000752, 07064000758, 0700DATAMAX. The list of unclaimed dividends can be accessed at the Registrars' office or via the Company's website: www.seplatenergy.com.

6. NOMINATION FOR THE STATUTORY AUDIT COMMITTEE:

In accordance with section 404(3) of the Companies and Allied Matters Act 2020, the Audit Committee shall consist of five (5) members comprising two (2) Non-Executive Directors and three (3) representatives of the shareholders of the Company. Any shareholder may nominate a shareholder as a member of the Audit Committee. In accordance with 404(6) of the Companies and Allied Matters Act 2020, such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the Annual General Meeting and any nomination not received prior to the meeting as stipulated is invalid. The Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018 stipulate that, members of the Audit Committee should be financially literate and at least one member must be a member of a professional accounting body in Nigeria established by the Act of the National Assembly and be knowledgeable in internal control processes. Thus, a detailed Curriculum Vitae confirming the nominee's qualification should be submitted with each nomination to the Statutory Audit Committee.

7. RE-ELECTION OF DIRECTORS AGED 70 YEARS OR MORE:

In accordance with Section 282 of CAMA, a special notice is hereby given that Mr. Basil Omiyi attained the age of 70 years in 2016 and will be proposed as an Independent Non-Executive Director for re-election at the meeting while Mr. Ebi also attained the age of 70 years in 2020 and will be presented for appointment as a Non-Executive Director on the Board of the Company.

8. ELECTRONIC ANNUAL REPORT:

In order to improve efficiency and delivery of the Annual Report, shareholders who wish to receive the Annual Report of Seplat Energy Plc in an electronic format should provide their email addresses to the Registrars for processing. In addition, Annual Reports are available online for viewing and download from the Company's website at www.seplatenergy.com.

9. RIGHT OF MEMBERS TO ASK QUESTIONS:

In line with Rule 19.12(c) of the Listing Rules of the Nigerian Exchange Limited, shareholders have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the Meeting. Questions submitted prior to the Meeting should be addressed to the Company Secretary and must reach the head office of the Company no later than seven (7) days before the date of the Meeting (being 11 May 2022) or by email at AGMQuestions@seplatenergy.com.

10. LIVE STREAMING OF THE AGM:

The Meeting will be streamed live online to enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the live streaming of the Meeting will be made available on the Company's website at www.seplatenergy.com and will be streamed live on the YouTube social media channel.

S/No	Beneficiary
1	ABUBAKAR SHEHU
2	AAYINDE RAHMON, ISIAKA
3	ABAH KINGSLEY, ADEJOH
4	ABALUNAM GABRIEL, CHIBUZOR
5	ABAYOMI OYEWUMI
6	ABBEY-KALIO JAMINAFA
7	ABDUL OLUWASOLA, HAMMED
8	ABDULAZEEZ AYOMIDE, ABDUSSALAAM
9	ABDULLAHI TAMBARI, KABIRU A.T.
10	ABEJIDE KEHINDE, DAVID
11	ABIDOYE TAOFIK, OWOLABI
12	ABILAWON VICTORIA, IYANUOLUWA
13	ABIMBOLA ATINUKE, DEBORAH
14	ABIMBOLA OLUBUNMI, EUNICE
15	ABIODUN SYLVESTER, OLUSANMI
16	ABIOLA VICTORIA, ABOSEDE
17	ABIRU HABEEB, ADEWALE (HON. JUSTICE)
18	ABODERIN OLAJUMOKE
19	ABOD-REUBENS NIG LTD
20	ABOLUDE OLANIKE, OMOYIOLA
21	ABOWABA OLASHILE, ZAKARIYAH
22	ABRAHAM KEHINDE, P
23	ABUJA INVESTMENTS COMPANY LIMITED
24	ABURIME SYLVANUS, STEPHEN
25	ADACHA SUNDAY
26	ADAMS BODE, THOMAS
27	ADAMU ISMAIL
28	ADARAMOLA EVANS, BABATUNDE
29	ADARAMOLA OLUGBENGA
30	ADEAKIN FOLAYEMI, DIDANLOLA
31	ADEBAMIRO OLUWATOYIN, OLUBUNMI
32	ADEBANJO ADENIKE, ADERONKE
33	ADEBANJO MUSIBAU, OLALEKAN
34	ADEBAYO ABOSEDE, JOSEPHINE
35	ADEBAYO ADEBOLA, ADEREMI
36	ADEBAYO ADEDAYO, OLUWASEUN
37	ADEBAYO MICHEAL, ADELEKE
38	ADEBAYO OLUWAFEMI, ABAYOMI
39	ADEBAYO RAHEEM, ADEWALE
40	ADEBAYO RAMONI, AKANO
41	ADEBISI ADENIYI, ARAUNSI
42	ADEBIYI ADEOLA, KATE
43	ADEBIYI BABAJIDE, ADESOLA
44	ADEBIYI OLUDARE, EMMANUEL
45	ADEBOLU OLUDAPO, DADA
46	ADEBOWALE AYISAT, ADEDOLAPO
47	ADEBOWALE ISLAMIAH, IDOWU
48	ADEDAPO FOLASHADE, AKINTOLA
49	ADEDEJI NOSIRU, ADIGUN
50	ADEDIRAN OKIKIADE, ISAAC
51	ADEDOYIN ADEKIITE, OLUTOYIN
52	ADEDOYIN ADEKIITE, OLUTOYIN
53	ADEDOYIN ADENIKE, FLORENCE
54	ADEDOYIN BUSOLA, ELIZABETH
55	ADEDOYIN PAUL, TIMILEHIN
56	ADEDUNMOLA ANDREW, ADEGBEMIRO
57	ADEEKO RACHAEL, OLULAYO
58	ADEFARASIN EMMANUEL, ADEMOLA
59	ADEFEHINTI OLUWAFOLAKEMI
60	ADEFUSI OLANIYI, SUNDAY
61	ADEFUYE MICHAEL, OLORUNTELE
62	ADEGBITE, AYODELE SAMSON GBADEBO
63	ADEGBITE CHRISTIANAH, ADEBUKOLA
64	ADEGBITE ISAAC, ADEREMI
65	ADEGBITE WAHEED, BABATUNDE
66	ADEGBOLA OLUWATOSIN
67	ADEGBOLA VICTORIA, OMORINSOLA
68	ADEGBULUGBE OLUFEMI, ADELEYE
69	ADEJARE ABIDEEN, ABIODUN
70	ADEKOLA ABOSEDE, ADERONKE
71	ADEKUNLE MIKAIL, ODUNAYO
72	ADELAKUN DAMILOLA, EMMANUEL
73	ADELAKUN JOSEPH, ADEGBILE
74	ADELANWA KUBURAT, AYOKA
75	ADELE-AKINTAYO ADEROJU, WASILAT
76	ADELEKE ADEBAYO, ADETUNJI
77	ADELEKE ADEBISI, SHOLA
78	ADELEKE IDRIS, OLAWUNMI
79	ADELEKE JUSTUS, ADEBANJO
80	ADELEYE ADEREMI
81	ADELUOLA OLOYEDE, RILWAN
82	ADENIJI JAMES, ADEKUNLE
83	ADENIJI LATEEF, ADEJARE
84	ADENIRAN ADEKUNLE, AMOS
85	ADENIRAN ADEKUNLE, AMOS
86	ADENIRAN BABATUNDE, VICTOR (DR)
87	ADENIYI OLATUNDE, OLADEJI
88	ADENIYI STEPHEN, ADERIBIGBE
89	ADENIYI TITILOPE, FATIMO
90	ADENOLA BAMIDELE, ABAYOMI
91	ADENOLA LANRE, SEGUN
92	ADENRELE AL-CUDUZ, ADEFOWOPE ABIODUN
93	ADENRELE SHERIFAT, ADEBOLA
94	ADENRELE SULAIMON, BABATUNDE
95	ADENUGA OLUFEMI, S. TRUST ACCOUNT
96	ADENUGA OLUSOLA, ESTHER
97	ADENUGA OLUSOLA, ESTHER
98	ADEOGUN ODUNLAMI, ABIODUN
99	ADEOLA WAHAB, OLAWUYIN
100	ADEOYE COMFORT, OYEYEMI
101	ADEOYE DANIEL,
102	ADEOYE OLUBUNMI, BABATUNDE
103	ADEOYE SOLOMON, ABIOLA
104	ADEPOJU IBITOMI, MOWANUOLA
105	ADEPOJU JAMIU, ALADE
106	ADESANYA OLUKAYODE, PATRICK
107	ADESERI TOLUWANI, OLUFEMI
108	ADESINA AKIN
109	ADESINA MORENIKE, ADETUTU
110	ADESINA OLALEKAN, OLADEPO
111	ADESINA OLUWADARE, BABATUNDE
112	ADESOGAN SAMUEL, ADEDAYO
113	ADESOLA SELIMOT, NIYIOLA
114	ADETIBA ADEREMI, AKABA
115	ADETIFA MATTHEW, OLAWALE
116	ADEUSI ILUYOMADE, STEPHEN
117	ADEWOLA OYENIKE, ABEKE
118	ADEYEGBE OLUWOLE
119	ADEYEMI ADEKUNLE
120	ADEYEMI BENJAMIN, OLAMIDE
121	ADEYEMI FUNSHO, ADEDIRAN
122	ADEYEMI KAFAYAT, TEMITOPE
123	ADEYEMI MOTUNRAYO, RAMOTA
124	ADEYEMO COMFORT, MORAWO
125	ADEYEMO TITI, LATIFAT
126	ADEYEYE ADESHINA, TOSIN
127	ADEYEYE SHAKIRAT, KIKELOMO
128	ADEYINKA AJAYI
129	ADIO ADEMOLA, ALEXANDER
130	ADISA GANIYU, DAMILARE
131	ADU AYODELE
132	ADUBA JUDE, AND SAMAILA SULEIMAN
133	ADUNMO KEHINDE, MOSES
134	AFINJU TAIWO, ANUOLUWA
135	AFOLABI OLORODE, TRUST
136	AFOLABI OLORODE TRUST(FBN TRUSTEES)
137	AFOLAYAN OLUWATOSIN, AYOTUNDE
138	AGBARA OKEZIE
139	AGBE PAUL, DADA
140	AGBEDE OLAYINKA, FOLAYEMI
141	AGBELUSI BANKOLE, JOSEPH
142	AGBOOLA FATIMAT, BINTU
143	AGUNBIADE OLUFUNMILAYO, JULIUS
144	AGWUIBE NNEKA, ROSEYMARY D
145	AGWUNCHA IFEYINWA, EVELYN
146	AHARANWA IKECHUKWU, BRIGHT
147	AHMAD SALIHIJO, BILIKISU
148	AIBONI SAM, AMAIZE
149	AIKHOMU ANITA, OTIBHOR
150	AIKHOMU EKANEM, BASSEY
151	AIKHOMU WILLIAMS, EHIZOGIE
152	AINA BABATUNDE, OLASOJI
153	AIYEBIWO OLUBUNMI, MOTUNRAYO
154	AIYEDENU EBUNOLUWA, OMOTAYO
155	AJA OKECHUKWU
156	AJADI YEKINNI, OLANREWAJU
157	AJAERO KINGSLEY, UCHECHUKWU
158	AJAGBE CHRISTIANAH, OLUFUNMILOLA
159	AJANI MUSA, ADEKOLA
160	AJANI RASHEED, OLALEKAN
161	AJANI TUNDE, OLUWOLE
162	AJAO ADEFUNSHO, ADEYI
163	AJAO AJIBADE, OLADAPO
164	AJAO JOHNNY, ADELAKUN
165	AJAYI ABAYOMI, BIMBOLA

S/No	Beneficiary
166	AJAYI ADENIYI, MUHIDEEN
167	AJAYI EDWARD, OLADELE
168	AJAYI IBUKU, OLUWASEUN
169	AJAYI LATIFAT, DAMILOLA
170	AJAYI OLATUNDE, ADEWUYI
171	AJAYI OLUSOJI
172	AJAYI OMOLARA, SHOLA
173	AJAYI RAMOTA, TOWOBOLA
174	AJIBOYE ADETAYO, OKUNOLA
175	AJIROBA TOFUNMI, BUSAYO
176	AJITENA DENIKE
177	AJOSE-ADEOGUN OLUREMI, MAJEOLAGBE
178	AJUMOBI GRACE, OMONIYI
179	AJUMOBI OLUYEMI, JOSEPH (EST OF)
180	AJUMOGOBIA AWUNEBA SOTONYE
181	AJUONU JOLLY, EZIDINMA
182	AKANBI MOSES, ADENIYI
183	AKANDE ELIZABETH, OLUWATIMILEHIN
184	AKANDE JANET, OLATUNDUN
185	AKANDE MERCY, ONUWA
186	AKANDE OLUWATOBI, SUNDAY
187	AKANJI IDOWU, TITILOPE
188	AKANMI PIUS, KAYODE
189	AKANMU MARY, TEMILADE
190	AKANMU OLUWASEYI, OYEYEMI
191	AKANNI NURUDEEN, OLALEKA
192	AKANNI PIUS, KAYODE
193	AKEJU AJIBOLA, ANDREW
194	AKENDE CLARA, TEMILADE
195	AKHIGBE OKHIRIA, TOM
196	AKHIMIEN EHIAVBI, FESTUS
197	AKINBO OLAYIWOLA, ADIO
198	AKINBODE FOLAJIMI, DERICK
199	AKINBODE TOBILOBA, DERICK
200	AKINBODE UYODHUKA, PRECIOUS
201	AKINBOLA PHILLIP, OLADIRAN
202	AKINDE NAHEEMOT, ENIOLA
203	AKINJIDE ABAYOMI
204	AKINJOBI TEMITOPE, ANUOLUWAPO
205	AKINJUGBAGBE ABIMBOLA, LAWAL
206	AKINLADE TITILOLA, OLUSOLA
207	AKINLEYE TUNDE, ADENIRAN
208	AKINLOTAN AYINDE, BABATUNDE
209	AKINLUA MODUPE, TEMITAYO
210	AKINLUYI TOLULOPE, STEPHEN
211	AKINOLA AKINMAYOWA, OLUWASEYI
212	AKINOLA KAYODE, ADEFEMI
213	AKINOLA OLUDOTUN, OLUFEMI
214	AKINOLA OLUWASEUN,
215	AKINPELU PRINCE, AKINBIYI
216	AKINRIMISI BABATUNDE, AKINWUMI
217	AKINRINWALE OLUSEGUN, AMOBI
218	AKINSANYA FOLASHADE, OMOLAYO
219	AKINSANYA LATEEF, AYINDE
220	AKINSANYA OLABISI, TOLU
221	AKINSANYA,O.ADEYEMI &, BALOGUN,O.OLUFUNMI

S/No	Beneficiary
222	AKINSOTO OLUWATAYO, OLAWALE
223	AKINSULIE ADENIKE,
224	AKINTAYO RUTH, ADUKE
225	AKINTUNDE MARY, ADEOLA
226	AKINTUNDE MOHAMMED, SABITU
227	AKINTUNDE OLUWASINA, IMOLE
228	AKINWANDE LANRE, OBALOWO
229	AKINWUNMI OMOLAJA, ADISA
230	AKINYELE AKEEM, OPE
231	AKINYEMI ABIOLA, ADEYINKA
232	AKINYEMI MONSURAT, MOPELOLA
233	AKINYERA OLUWASANMI, AKINTOYINBO
234	AKINYODE OLAYINKA, SHAKIRAT
235	AKINYODE RAFIAT
236	AKINYOMI JANET, OLA
237	AKIODE OLATUNJI
238	AKOREDE MOROUNMUBO
239	AKPORE GOODLUCK
240	AKPOTOBOR GOD, SPOWER OMONIGHO
241	AKPOVBOVBO HELEN, OGHENEYOUWE
242	AKUBUE BENEDICTH, NGANWUCHU
243	AKWIWU ADANNAYA, CHINEMEREM
244	AKWIWU NDUKWE, NNADOZIE
245	ALABI DAMILARE
246	ALAGA KOLAWOLE, MUFTAU
247	ALAGBADA AYOMIKUN, SAMUEL
248	ALAGBE ADEYINKA, (PRINCE)
249	ALAGBE OLANREWAJU, SEYI
250	ALAKWE FAUSTINUS, IZUCHUKWU
251	ALAO MUSTAPHA, OLUWATOSIN
252	ALATIRON NIGERIA LIMITED
253	ALAYAKI FAHEEM, OLADIPUPO
254	ALAYAKI FAKHTAH, OLAOLUWA
255	ALAYAKI FAROUQ, OLAWALE
256	ALAYAKI FATIMAH, OLAMIDE
257	ALAYAKI IDOWU, MOSIDAT
258	ALIM DOMINIC, IKECHI
259	ALIU GABRIEL, TOBA
260	ALIYU KAYAUKI, SGT ABBA ABUBAKAR
261	ALLI OLALEKAN, JAMIU
262	ALLI-BALOGUN AMINAT,
263	ALLISON-OGURU EDMUND, ANIENKEDIGIRI
264	ALPHA VC PREMIER PARTNERS
265	ALUKO ADETOKUNBO, AYODEJI
266	ALUKWU CHIBUIKE
267	AL-UMARU OIL AND GAS LIMITED
268	AMA OKORE, OKEREKE
269	AMADI CHARITY, CHIKWADOM
270	AMADI CHIMA, EMEKA
271	AMANFO LILIAN, UGONNA
272	AMCON/ORJIAKO AMBROISE,
273	AMEGUNU VICTOR, RAYMOND
274	AMOO AKINKUNMI, ADESINA
275	AMUDA FUNKE, IYABO

S/No	Beneficiary
276	ANIGIORO AMOS, OLADAPO
277	ANTHONY EBERE, MERCYMERIT
278	ANTHONY OKPORUA
279	ANYA EUGENE, UCHECHUKWU
280	ANYANWU CHRISTOPHER, CHIBUZOR
281	ANYIBUOFU CHRISTOPHER
282	ANYOGU ALEXANDER, AZUBUIKE
283	ARABA AZEEZ, OLUWAGBENGA
284	AREMU JOSEPHINE, MOJISOLA
285	AREMU JOSHUA, O & JOSEPHINE REV & MRS
286	AREMU OLUSEGUN, ABIDEEN
287	AREMU RASHIDAT, KEHINDE
288	ARIGBABOWO ENIOLA
289	ARIGBABOWO OLUWATOSIN
290	ARIKAWE OLUTAYO, MORADEKE
291	ARM NOM: ESTATE OF CLEMENT ISONG
292	ARM NOM: HAJIA AISHA KATAGUN
293	ARM SECURITIES LTD/TROVE TECHNOLOGIES
294	ARM SECURITIES, LTD/TROVE TECHNOLOGIES
295	ARM SECURITIES, LTD/TROVE TECHNOLOGIES
296	AROLEOWO GANIAT, ABIODUN
297	ARUM IFEANYICHUKWU, IGNATIUS
298	ARUM JOHN, YMAR .C.M
299	ASANGANSI EFFIONG, OKWONG
300	ASEDEKO HENRY, ABIODUN
301	ASEMWOTA IMAFIDON, JOSEPH
302	ASOBARA IFEYINWA, M.
303	ASUELIME KIKELOMO
304	ATAKENU ABIMBOLA, ABOSEDE
305	ATILOLUWA OLAJIDE
306	ATOBATELE TAOREED, ABIODUN
307	ATOYEBI RICHARD
308	ATRUISM VENTURES NIG. LTD
309	ATTAH EMMANUEL, OGEBE
310	ATTAH ENEYE, DANIEL
311	ATUEYI CHIBUIKEM
312	ATURAMU TOLULOPE,
313	ATUWO DAVID, HYELHIRRA
314	AUDU MATTHEW, ABU ESTATE OF
315	AUDU YUSUF, BUBA
316	AUGUSTINE ESTHER, FUNKE
317	AWE BABALOLA, BABAJIDE
318	AWEDA FELICIA, OLUWAKEMI
319	AWERE GODWIN, AJIROGHENE
320	AWOBIMPE KAYODE, CAMALDEEN K
321	AWODERO MICHAEL, OLUSEGUN
322	AWOJUYIGBE OLUMUYIWA, OLUDARE
323	AWONAIKE ESTHER, OLADUNNI
324	AWONAIKE RACHAEL, MOSEBOLATAN
325	AWONIYI OLUFEMI
326	AWOS YETUNDE, STELLA
327	AWUJOOLA ADEDEJI, SAMUEL
328	AYADIUNO CHRISTOPHER, BELUCHUKWU

S/No	Beneficiary
329	AYALOGU OBIANUJU, JENNIFER
330	AYANDA TITILAYO
331	AYANFE MIRACLE
332	AYIDA OMATSEYIN, AKENE
333	AYOADE ADESOLA, EMMANUEL
334	AYODEJI ADEWOYE
335	AYODEJI NURUDEEN
336	AYODEJI OLAWALE, T
337	AYODELE OLAJIDE, ABAYOMI
338	AYODELE OLUSHOLA, OMOTAYO
339	AYONOTE JUDE, AIGBOKHAI
340	AYO-VAUGHAN DANIEL
341	AZEEZ JIMOH, OGUNBANWO
342	AZEEZ RASAKI, KOLAWOLE
343	AZEEZ SULAIMAN, AKINADE
344	BABAFEMI AKINLADE
345	BABAJIDE WILLIAMS
346	BABALOLA ADEWALE
347	BABATUNDE ADEWUNMI, TAIBAT
348	BABATUNDE ISAAC, ADEOYE
349	BABATUNDE MOSES, SUNDAY
350	BABATUNDE SAHEED-OLADIMEJI
351	BAIYEWU OLUSEGUN(DR),
352	BAKARE ABDULAZEEZ, TOMISIN
353	BAKARE OLAYEMI, KAFILU
354	BAKARE SHERIFAT
355	BALOGUN ALAKE, LOLA
356	BALOGUN MUSA, (ALHAJI)
357	BALOGUN OLUWATOYIN, OLUWABUNMI
358	BALOGUN SALIU, ADEJUMOBI
359	BALOGUN SEKINAT, MOPELOLA
360	BALOGUN SIKIRU, BOLARINWA
361	BALOGUN TAIBAT, ADENIKE
362	BALOGUN TOLULOPE
363	BAMGBOSE ADERINOLA, ELIZABETH
364	BAMGBOSE SAMSON, KAYODE
365	BAMIDELE OBADEMOWO
366	BAMIGBOYE OLUWADARE, OLAYIWOLA
367	BANJOKO ABIMBOLA, MARTINS
368	BANJOKO ABIODUN, OLUBUSOLA
369	BANKOLE JOSEPH, OLUMAYOKUN ADEFOLARIN
370	BANKOLE MOTUNRAYO,
371	BANKOLE OLUMUYIWA, JACOB
372	BANKOLE OLUWAKEMI, EKUNDAYO
373	BARANGO KENNEDY, S.
374	BAREEK GENERAL ENTERPRISES NIG LTD
375	BATHANNA STEPHEN, JALVA
376	BATULA ADISA, BOONYAMIN ALHAJI
377	BAYOKO EBI, REGINALD
378	BELLO ADISA, SULE
379	BELLO AUGUSTINE, OLUSANYA
380	BELLO ITOPA, PAUL
381	BELLO KOKO, MOHAMMED ATP
382	BELLO MUIBAT, AINA
383	BENEDICT ALBERT, AJIBOLA

S/No	Beneficiary
384	BENSON AYODELE, BABATUNDE
385	BISAMI NIGERIA LTD – ACCOUNT 2
386	BOBADE EDWARD, OLADAPO
387	BRAIBI HORSFALL
388	BROWN ROGER
389	BUKO ADESHOLA, AKINLOLU
390	CAPITAL SHAREHOLODERS ASSOCIATION
391	CATHEDRAL CHRH OF CHRIST
392	CELLCORE LTD
393	CHIALIKA FESTUS, SUNDAY
394	CHIDERA OBIDEJE
395	CHIDIEBUBE AMAECHI
396	CHIDUME NWANNEAMAKA, JACINTA
397	CHIEKEZIE NWOSU
398	CHIKEKA VIVIAN, ADANMA
399	CHIKELU UGOADA, IFEYINWA
400	CHRIS-ASOLUKA SOMACHI, CHIDUMEBI
401	CHUKWU EUCHARIA, NWAKAEGO
402	CHUKWU JULIET, NNENNA
403	CHUKWU NWAKAEGO, CHRISTANA
404	CHUKWUEMEKA ANTHONY, AZUKA
405	CHUKWUEMEKA OKECHUKWU
406	CHUKWUKA NCHEDO, PASCHALINE
407	CHUKWUMA OFEBI
408	COKER BARNABAS
409	CONFIDENCE ANTHONY
410	CONNAL STUART
411	CORNERSTONE STAFF COOPERATIVE SOCIETY
412	CSL NOMINEE ACCOUNT 'CX'
413	CTSL-HIGO T.G
414	DAIRO SEGUN, DAYO
415	DAMILOLA ABODUNRIN
416	DAN, JUMBO TAMUNOALA M
417	DANJUMA KAMORUDEEN, AJAO
418	DARA ADEOLUWA, EMMANUEL
419	DARAMOLA BAMIDELE, OLUYEMISI
420	DARAMOLA KOLAWOLE, DANIEL
421	DARAMOLA MICHAEL, AYODEJI
422	DAWODU OMOLARA, ADIAT
423	DAYO OLAGUNJU, OLUBUNMI
424	DAYO-OLAGUNJU OLUBUNMI, ONAJITE
425	D-BEST ACHIEVERS SHAREHOLDERS ASS
426	DEKE OGENAGWE, VICTOR
427	DELANO BOLUWADURO, TOLUWALEKE
428	DELANO MOBOLURIN, OLUWABUSOLA
429	DELANO MOFETOLUWA, ERINAYO
430	DELANO OLAJUMOKE, OLABISI
431	DELANO OLUFISOYE
432	DENG ANDREW, JADEN
433	DENNI-FIBERESIMA DAMIEBI
434	DESH PETROLEUM OIL SERVICE LTD
435	DIAMOND OMAAMENE
436	DIAMOND SECURITIES, LIMITED

S/No	Beneficiary
437	DIAMOND SECURITIES, LIMITED
438	DIEKOLOLA LATEEF, KUNLE
439	DIKE EVA, CHIJIOKE
440	DIKKO AISHA, IBRAHIM
441	DOKUBO IGONIBO, WILFRED
442	DREAMBEAUTY VENTURES LIMITED
443	DUROJAIYE ADEDOYIN
444	DUROJAIYE ANTHONIA, OLAIDE
445	DUROWAIYE ADEWUNMI, AFUSAT
446	DUROWAIYE IYABO, YETUNDE
447	DURU P., NGOZI
448	EBELECHUKWU UBAKA
449	EBIEFIE ANTE, OKON
450	ECOMARK INVESTMENT LIMITED
451	EDDO MARK
452	EDE MODINAT, ADEDOYIN
453	EDEVBIE DAVID
454	EDU SIVBONE, EJIROGHENE
455	EFEKEMO MAVELYN, ARUORIWO
456	EFOSA ERHABOR
457	EFUWAPE JOSHUA, AFOLABI
458	EGBAGBE AUGUSTINE, SUNDAY
459	EGBUCHELEM NNAMDI, JACOB
460	EGWUATU JENNIFER, UZOMA
461	EHINMOWO AFOLABI, OLUSEGUN
462	EHUWA OLUWATOBI, BLESSING
463	EHUWA SUNDAY, VICTOR
464	EJALONIBU IBRAHEEM, ADEGBOYEGA
465	EJEMBI PATRICK, OKO
466	EKANEM EMA-EKOP, SAMPSON
467	EKANEM JOE, & CAROLINE
468	EKANEM SAMPSON, EKANEM
469	EKE CHIBUZOR, EMMANUEL
470	EKE CHIDIUTO, CHIDERA
471	EKE CHIKAMSO, NWAYINMA
472	EKE KELECHI, PASCHAL
473	EKE THELMA, IJEOMA
474	EKEBI KENNETH, IDO
475	EKERE CHUKWUEMEKA, IHEANACHO
476	EKONG EBONG, UDO
477	EKPE CYRIL, EZIEFULE & KARIN CHINYERE
478	EKPEKI OMOWHARE, WILLIAM
479	EKWELI EMMANUEL, CHUKWUNYEAKA
480	EKWERIKE KENNEDY, OGBONNA
481	EKWUNIFE CHIKA, MENAD
482	ELEKEDE BABATUNDE, SULAY ENIOLA
483	ELF COOP OMESURU UMEJURU AKE
484	ELLA VINCENT
485	EMMANUEL OBI
486	ENE LEO, CHINEDU
487	ENEH PEARL, NKECHI
488	ENI CHUKWUEMEKE, JOHNNIE
489	ENIAFE MUJIDAT, TEMITOPE
490	ENLIL INVESTMENT LTD
491	ERETAN OLUWOLE, RICHMOND
492	ERHIEYOVWE UGOCHI, GLORIA

S/No	Beneficiary
493	ERINFOLAMI BOSERECALEB, IJAODOLATIOLUWA
494	ERINFOLAMI SALEMSON, ADEMOLA TEMILOLUWA
495	ERINOLA MATTHEW, KOLAWOLE AKEEM
496	ERUKAKPOMREN CHRISTOPHER, OKOTETE
497	ERUVBETINE OBOR, ENAEME
498	ERUVBETINE PREM, ENAEME
499	ESIERE AKANINYENE, ETIM
500	ESSIEN PETER, SIMON
501	ESTATE OF, JONES OBAFEMI OBADIAH
502	ESTHER OMIKUNLE
503	ETIKO ASIMIU, MONINUOLA
504	ETIM EMMANUEL, EDET
505	ETIM NATHANIEL, OTO-OBONG
506	ETOMI DAMINABO, DENNIS OSAGIE
507	EVBOTA HARRIET, ADEKUNBI
508	EWHRUDJAKPOR OBIKU
509	EYETSEMITAN TOJU, PHILIP
510	EZE AMAKA, BLESSING
511	EZEANI IGNATIUS, MAJESTY
512	EZEANI UCHENNA, PAUL
513	EZECHUKWU AUGUSTINE, NNAEMEKA
514	EZEH BARRY, ONYEBUCHI
515	EZEIGBO OBINALI, G
516	EZEKWEM CHIDUBEM, IKENNA WILLIAM
517	EZENDIOKWERE BENJAMIN, J.E.
518	EZENMA CHUKWUKA, COSMAS
519	EZENWAJIAKU THEOPHILUS
520	EZENWEINYINYA CHUKWUEMEKA, NZUBECHUK
521	EZEOKE ROSEMARY, AMARACHUKWU
522	EZEOKEKE AUGUSTUS, AMECHI CHUKWUDUM
523	EZIKE RAPHAEL, EMEKA
524	EZUGWU EMILIA, CHISOM
525	EZULIKE CHIJIOKE, DENNIS
526	EZULIKE CHIKA, VICTORIA
527	FABUDAH SEGUN, RAPHAELS
528	FABYAN FLORA
529	FAGBAYIDE OLUKAYODE, OLUWOLE
530	FAJOYE OGUNYEMI
531	FAJUSIGBE SONIA, ONOVUGHAKPO
532	FALADE OLUMUYIWA, TEMITOPE
533	FALESE TEMITOPE
534	FALORE OLUWASIKEMI, AYONITEMI
535	FALUTA KEHINDE, FLORENCE
536	FALUTA ROBERT, OLABISI
537	FAMOUS AKEEM
538	FARIYIKE OLUGBENGA, BABAFEMI
539	FAROMBI OLUSHOLA, ABIOLA
540	FASASI ADEOLA, SARIYU
541	FATOLA JOSEPH, OLUFUNMILADE
542	FATOSIN OLUWAMAYOKUN, SAMUEL
543	FATUNBI RUTH, BOSEDE

S/No	Beneficiary
544	FAWOLE TAIWO, GANIYU
545	FAWUNMI ABIODUN, BAMIDELE
546	FBNQAM/MR ROTIMI ASHLEY-DEJO & MRS
547	FBNQUEST NOM/GRAHAM GRANT & COMPANY LT
548	FEESE MEMBER HEMBADOON
549	FIDELIS EJIMAMU, OKEHIE
550	FIN INSURANCE CO. LIMITED
551	FOLAMI & ASSOCIATES
552	FOLAYAN OLUWAROTIMI, CHRISTOPHER
553	FOSUG NIG LTD
554	FOWOKAN MACLEAN, AKANBI
555	FOWOWE MICHAEL, OLASUPO ABIOLA (ALLEDGED DECEASED PHC/742L/2020)
556	FRANCIS EKURUEMU
557	FRANCIS OLAMIDE, LOLA ABOSEDE
558	GANIYU WASIU, AYINDE
559	GARUBA SAIDU, KEWUYEMI
560	GBADAMOSI MOJISOLA, MULIKAT ADEOLA
561	GBADAMOSI MUDASHIRU, ATANDA
562	GBADEGESIN SUNDAY, AJIBOLA
563	GBADERO MICHAEL, KAYODE
564	GBANDI CHARLES, IKE
565	GBIRI KIKELOMO, WURAOLA
566	GLADYS ONATU
567	GODSPOWER ANUMMADU
568	GOFWEN BLESSING, RITJI
569	GOFWEN NENGAK
570	GOFWEN NENPINMWA
571	GRUENE CAPITAL LIMITED
572	G-TERA GLORIOUS INVESTMENT NIG LTD
573	GUOBADIA OSATOHANMWEN
574	GWOM PETER, KANANG
575	HAFSATU NASIRU, ABOKI
576	HAMILTON RACHAEL, OLUFUNKE
577	HAMZA RIDHWAN, BOLADALE
578	HARMONY SECURITIES LIMITED – A/C 1
579	HASSAN FEYISAYO, AISHAT
580	HASSAN OLOLADE, HAMEEDAH
581	HASSAN TITILAYO, AZEEZAT
582	HODARO GLOBAL LIMITED
583	HOST OIL&GAS PRODUCING COMMUNITIES
584	HOUNTON CHRISTIANA
585	HUSSAINI IBRAHIM
586	HUSSEINI DAUDA
587	IBE EVELYN, DOGWA
588	IBEKWE OSITA, CHIMEZIE
589	IBIRONKE OLUMUYIWA
590	IBITOYE EMMANUEL, KOLAWOLE
591	IBIYEMI EMMANUEL, TAIWO
592	IBIYEMI ESTHER, OMOYENI
593	IBIYEMI SAMUEL, OLUWOLE KOLAWOLE
594	IBRAHEEM MOSES, GBOLAHAN

S/No	Beneficiary
595	IBRAHIM DIKKO
596	IBRAHIM IBRAHIM, BUKAR
597	IBRAHIM ISSA, LEKAN
598	IBRAHIM IYANUOLUWA, DAVID
599	IBRAHIM MURITALA, IYANDA
600	IBRAHIM NANA, HAUWA
601	IDOWU BOLAJI, AFOLABI
602	IDRIS MUSA, ISA
603	IDUMA JOHN, JENNIFER
604	IFABUA AHMED, OHIORENUWAN
605	IFATUROTI OLUFELA, OLUTAYO
606	IFEANYI OKEY, FESTUS
607	IFEDIBA CHARLES, OBINNA
608	IFEOBU MMELICHUKWU
609	IGBASANMI BUKOLA, AKINRINBIDO
610	IGBINOVIA MARYANN, HUNONYEMESI
611	IGBRUDE MOSES, OKE
612	IGE GABRIEL, BABASOLA
613	IGE YUSUF, AMUDA
614	IGHODARO KUDI, YEMI
615	IGUMBOR ISIOMA
616	IGWEZE FELIX, NNAEMEKA
617	IHEANACHO STEPHEN, CHINONSO
618	IHEDURU PRISCA, ONYEBUZO
619	IHEGBU CHIDIEBERE, MACLAWRENCE
620	IHEJIENE NGOZI, AUGUSTINA
621	IHUOMA BENJAMIN, TOCHUKWU
622	IJAYEKUNLE TOBI, EMMANUEL
623	IJOMA FIDELIS.OPIA.ODILI
624	IKEAGU CHINEDUM, ONYENWEE
625	IKOKU ALVAN, ENYINNAYA
626	IKOTUN OLALEKAN, KAYODE
627	IKPE ESURU, RUTH
628	IKUENOBE ONOMEN, ANASTASIA
629	ILESANMI FRANCIS, A.O
630	ILESANMI OLUDOLAPO
631	ILUFOYE OYELOLA, ALLI
632	IMAGELINKS ROYAL PROPERTIES LTD
633	IME ASANGANSI
634	IMEH GODWIN, GBOTA
635	IMIERE EDWIN, OLATUNJI
636	IMOLEOLU OLUSOLA
637	IMORU CLEMENT, AYODELE
638	INDI THOMAS
639	INEH-DUMBI, MICHAEL, IKECHUKWU
640	INENEMO ABDULWAHAB, USMAN
641	INTEGRATED SUPREME SHAREHOLDERS
642	I-ONE E-PORTFOLIO A/C – 007
643	IOU INVESTMENT, ADVISERS LTD
644	IRAWO IDRIS, ALANI
645	IREIN BENJAMIN, OLUFEMI
646	IRO SAMUEL, CHUKWUEBUKA
647	ISAH YAHAYA, ADEIZA
648	ISAIAH EMEKA, PHILIP
649	ISAIAH PRINCE, JOSHUA
650	ISAIAH ROSELINE, NGOZI
651	ISHAKU ISRAEL, MALLAM

S/No	Beneficiary
652	ISHOLA BABATUNDE, AYINLA
653	ISIAKA MARZUQ, OLADIPUPO
654	ISIAKA YUSUFF, ORIYOMI
655	ISIJOLA AYOKA, OLUWARANTI
656	ISIJOLA SAMUEL, OLUSAYO
657	ISIOMA OKOLO
658	ISSA NIMOTA, BOLANLE
659	ITAUMA MERCY, ETEAKAMBA
660	ITSUOKOR CHARLES
661	IWU ELIZABETH, ADA
662	IWU GABRIEL, CHINEYE
663	IYAMU IYOBOSA, USIOBAIFO
664	IYANIWURA MODINAT, KOFOWOROLA
665	IYEIMO ILAMINA
666	IYIO ANTHONY
667	IYIOLA ISAAC, AKINYODE
668	IZ-UDEANI MILLICENT, OGOR
669	JAGUN OLANIKE
670	JAIYE-GBENLE AKOREDE, NASIR
671	JAIYE-GBENLE BOLUWATIFE
672	JAJA-WACHUKU CHUKWUEMEKA
673	JAMES DANIEL, ONUCHE
674	JAMES EMMANUEL, EDET
675	JEGBEFUME OKOH, RUFUS
676	JESUMUYIWA BENJAMIN, YOMI
677	JIBRO VICTOR, ABRAK
678	JIMOH AUGUSTINE, A & JIMOH IYABO O
679	JIMOH MOHAMMED, OLUWAFEMI
680	JIMOH SAMUEL, ADEMOLA
681	JIMOH-KUKU ISMAIL, OLANIRAN
682	JINADU LAMIDI, OLANIRAN
683	JINADU MUSTAPHA, ISHOLA
684	JINADU RASAK, ADISA (ALHAJI)
685	JINADU WASIU, OLABISI
686	JIWUMETO ADEBISI, AJOKE
687	JOHNSON ADEOLA
688	JOHNSON FRANCIS, IKWUE
689	JOSEPH OLUWASEGUFUNMI, ELIZABETH
690	JOSEPH OPUFOU
691	JOSHUA SEUN, OSHUNOLALE
692	JOWOSIMI ADEMOLU, MATTEW
693	JOWOSIMI OLUBUNMI, TEMITOPE
694	JUBRIL FAUSAT, OLAJUMOKE
695	JUDITH ADEWOYE
696	KADIRI ABAYOMI, SHEWU
697	KALU-ANYA CHRISTIAN
698	KAREEM OLADIMEJI, OLOLADE
699	KAREEM TAWA, JUMOKE
700	KASIM FAUZIYYAH KIKELOMO
701	KASIM JOSHUA, TIWATAYO
702	KASIM JOTHAM, TIWATOPE
703	KATSINA STATE INVESTMENT & PROPERTY DEVELOPMENT COMPANY LIMITED
704	KAYODE OLUWASEUN, MARY
705	KAZEEM ABIBOLA, MUSILI
706	KAZEEM MUSINO, IYABO
707	KEMAKOLAM CHIMEZIE

S/No	Beneficiary
708	KEYSTONE GLOBAL SYNERGY LTD
709	KIEREAMA MARY, OBIEKORTOMA
710	KOLA-AJIBADE JOSEPHINE, IFY
711	KOLADE OLUFEMI, TAIWO
712	KOLADE YETUNDE
713	KOLAWOLE IBRAHIM, INUMIDUN
714	KOLAWOLE OMOWUMI, MARY
715	KOLAWOLE YEKINNI, ALABI
716	KRAGHA CHRISTOPHER, OGHENERUME
717	KRUKRUBO AYEBADOMO, IKIOMOYE
718	KUKU ABIMBOLA, ALAMI
719	KUMOEI LIMITED
720	KUYORO DANIEL, AYODEJI
721	KWAKPOVWE VERONICA
722	LAIYENBI KARIMO, MOPELOLA O
723	LAIYENBI KASSIM, ADEWALE
724	LAMINA SIKIRU, TAIWO
725	LANA OLUSEYI, JOHN
726	LANIYAN JONATHAN, OLADEJO SUNDAY
727	LASHORE STEPHEN, IBITAYO
728	LASISI OLUWASEYI, SADIQ
729	LASISI YEKINNI, OLAGBENRO
730	LATEEF MUFUTAU, (MR.)
731	LATEEF YAHAYA, FUNSHO
732	LATINWO TOLANI
733	LATO FAITH, OGHOGHO
734	LAWAL ADEREMI, KOKUMO DUROJAIYE
735	LAWAL BOSE, ADENIKE
736	LAWAL FALILAT, OLAWUNMI
737	LAWAL GANIYAT, OMOTOLANI
738	LAWAL LATEEFU, ATANDA
739	LAWAL MORUF, OLANREWAJU
740	LAWAL MUFUTAU, ASHERU
741	LAWAL NOJEEM, OLAWALE
742	LAWAL OLATUNDE
743	LAWAL OLAYINKA, ISMAIL
744	LAWAL OLUGBENGA, OLUWASEUN
745	LAWAL RASAQ, OLANREWAJU
746	LAWAL RASHEED, OLASUNKANMI
747	LAWAL RISIKAT, JOKE
748	LAWAL TIMILEHIN, ANU-OLUWAPO
749	LAWAL WAHAB, OLATUNJI
750	LAWANSON GANIAT, OLAYEMI
751	LAYADE OLUWABUSAYOMI
752	LAYONU ABIODUN
753	LEGUNSEN TOLULOPE
754	LIASU TOYIN, RACHEAL
755	LIJADU EBUNOLUWA, DAVID
756	LOTUS CAPITAL LIMITED
757	LUFADEJU OLUGBENGA, ADERINOLA
758	LUKMON OLADAYO, BULIAMEEN
759	MACAULAY AYOKUNLE, OMOTOLA
760	MACAULAY KAREEM, ABIODUN
761	MADUEGBUNA SAMUEL, OKWUDILI
762	MADUEKE UGONNA, ALISON
763	MADUFORO GOLDEN, C.
764	MADUFORO GOLDEN, CLEMENT

S/No	Beneficiary
765	MADUKO FIDELIS, OGBOGU
766	MAINSTREET TRUST./UNITED CAP. WFW FUND-T
767	MAJARO AKINWALE, & ADEBUKUNOLA
768	MAJEKODUNMI ADEWUNMI, EDMUND
769	MAKANJUOLA OLADAYO, ABDUL YEKINI
770	MAKINDE ADEMOLA, STEPHEN KAYODE
771	MAKINDE JOEL, TAIWO
772	MAKINDE OLABISI, AINA
773	MAKINDE TOMIWA, MATTHEW
774	MARAYESA OLUWADUROTIMI, OLUWASEUN
775	MARGARET OLAGUNJU
776	MARTINS TOYIN, TOLULOPE
777	MARVEL ADODO
778	MBA OKECHUKWU, MBANEFO
779	MBAEGBU INNOCENT, CHUKWUDI
780	MBAEGBU INNOCENT, CHUKWUDI
781	MBAH ABRAHAM, CHIMA
782	MBAH C., SOMTO
783	MBC SECURITIES, NOMINEE OBUM
784	MEGGISON TITILOLA
785	MENSA JOHN, KWAME
786	MGBENU IFEANYICHUKWU, CHIKAODILI
787	MICHAEL BANJOKO
788	MICHAEL OLUSEGUN,
789	MODIBBO HUSEINA, TUKUR
790	MOHAMMED ISYAKU
791	MOMOH DOYINSOLA, ABDULQUAYUM
792	MONDAY ODJODU
793	MORADEYO DAVID, ADEMOLA
794	MORDI ANTHONIA, EKENE
795	MOROCCO-CLARKE SUSAN, AYODELE
796	MOSURO YAKUBU, TITILAYO
797	MOT OLAYIWOLA, TOBUN
798	MOTOLATOB NIG. LIMITED
799	MPAMAUGO EDITH, NWANWEREUCHE
800	MPAMAUGO SAMUEL, CHINENYE
801	MR&MRS CHRISTOPHER, & ROSALIND OYENEKAN
802	MR&MRS IKPONMWOSA, JAMES ODIASE
803	MUFUTAU OMOLOLA, BUKOLA
804	MUHAMMED ABDULLAHI, ADESHINA
805	MUHAMMED GARBA
806	MUHAMMED IBRAHIM
807	MUKAILA KAFILAT, AJOKE
808	MUKAILA-LAWAL KENECHUKWU, LAURA
809	MULTRACTS INVESTMENT LTD
810	MUNADAS MULTI CONCEPT LIMITED
811	MUNDADEN GEO, MATHEW
812	MURITALA IDAYAT, TEMITOPE
813	MUSA RABE
814	MUSA SHITTU, ABOKI

S/No	Beneficiary
815	MUSTAFA MUHAMMED, HAMISU
816	MUSTAPHA WASILAT, AYOBAMI
817	MWML NOMINEE LTD – TAO
818	MWML NOMINEES LTD-MAO ACCOUNT
819	NAJEEM SALAWA, OLUWAKEMI
820	NARDAU INVESTMENT CO. LTD
821	NASIRU LAWAN, ZAKARI
822	NGUYAN SHAKU, FEESE
823	NIMI JACK
824	NISL INVESTMENT NOMINEE
825	NISL VENTURES LIMITED
826	NJEMANZE JULIET, CHINYERENGOZI
827	NJOKU CHIMA, GODWIN & CHIMEZIE
828	NJOKU CHRISTIAN, CHINONYEREM
829	NJOKU REMIGIUS, NWACHUKWU
830	NNABUIFE OBIABUCHI, ALISIGWE
831	NNADOZIE EDMUND, CHIBUEZE
832	NNAETO ONYINYE, UZOAMAKA
833	NNAMDI JOHN, OKONKWO
834	NNAMNO C, NWOSU
835	NNEKA ELENDU
836	NOFIU MAYOWA, EMMANUEL
837	NOFIU SANNI, OLUWAROTIMI
838	NOJEEM ISMAILA, SEGUN
839	NORTH WEST PETROLEUM & GAS LTD
840	NORTHWEST PETROLEUM & GAS
841	NURUDEEN ABOLORE, MODINAT
842	NURUDEEN OLUFEMI, SHERIFF
843	NURUDEEN OLUSEGUN, OYELEYE
844	NWABUEZE KINSLEY, KENECHUKWU
845	NWABUGHOGU BRIGHT
846	NWABUIHE OLIVER, SIL
847	NWACHUKWU JESSICA, JENNIFER
848	NWACHUKWU JOHN, IFESINACHI
849	NWACHUKWU OGBONNAYA, OBI
850	NWAGBOM CONSTANTINA, ONYEKACHI
851	NWAGHODOH UGOCHUKWU, ALEX
852	NWAGURU CHRISTOPHER, OKECHUKWU
853	NWAIGBO CHILEZIEMANYA, K.
854	NWAKANMA N, KINGSLEY
855	NWANDEI CHUKWUEMEKE
856	NWANKPA EJIKE, C.
857	NWANKWO DEBSON, CHIDUBE
858	NWOGU PRECIOUS, ONYEDIKACHI
859	NWOKEDI QUEEN, ESEOGHENE
860	NWOKEH OMENUKOR-AKU
861	NWOKO EDWIN, ONUWA CHIKWEKWEM
862	NWOKOLO CHRISTOPHER, O. EZEKIEL
863	NWOSU EMMANUEL, ONYEMA
864	NWOSU HYGINUS, EMEKA JP
865	NWOSU PEACE, CHIDI
866	NWOSU SUNDAY, NNAMDI
867	NWOSU SYLVESTER, ETEKWUTE
868	NWOSU-IHEME NJIDEKA, KENECHUKWU

S/No	Beneficiary
869	NYONG OKON, ABRAHAM
870	O.R MEDIA,
871	OBA KAFILAT, MOJISOLA
872	OBADEMI JOSHUA, OLUYEMI
873	OBAFEMI ADENIYI, ESURUOSO
874	OBARINDE ISAAC, OBATOSHO
875	OBAROGHEDO GEORGE, EWEMADE
876	OBATAYO JOHN, OLUWAFEMI
877	OBAYEMI FEYISARA, JANET
878	OBAYOMI IDOWU
879	OBI EJIOFOR, ANTHONY
880	OBI JOHN, UCHECHUKWU
881	OBI OKEZIE, PRINCE
882	OBIANYOR EMEKA, TOBENNA
883	OBIDIKE ANTHONY, IKECHUKWU
884	OBIERI CHUKWUEBUKA, OBIORA
885	OBIERI CHUKWUEBUKA, OBIORA
886	OBINNA ANYANWU
887	OBISESAN AKINWALE, TAIWO
888	OBISESAN AKINWALE, TAIWO & JOY
889	OBISESAN OLUGBENGA
890	OBI-UCHENDU UGO, AUSTIN
891	OBODOZIE CONSTANCE, ONYEKA
892	OBOT AMANDA
893	OBULE EMMANUEL, EKENE
894	OCHEI DENNIS, OSADEBAY
895	OCHOGU EMMANUEL, CHIBUEZE
896	ODE COMFORT, OLUWASEYI
897	ODELEYE OLUWASESAN, JAMES
898	ODEYEMI BABATUNDE, OLISAMEKA
899	ODEYEMI JOSHUA, OLALEKAN
900	ODEYEMI VICTOR, OYEBOWALE
901	ODITA CHARLES, CHIEDU
902	ODOI-OLUDEMILADE PAUL, NII PRINCE
903	ODOZI UCHE
904	ODU CYRIL
905	ODUGBEMI REGINA, AITUAJE
906	ODUMADE PETER, AFOLABI OLAREWAJU
907	ODUME FESTUS, AZUBUIKE
908	ODUNAIYA ABIOLA, OLUBUNMI
909	ODUNAIYA OLUWATOSIN, OBATUNDE
910	ODUNGIDE IMA
911	ODUNIYI TEMITOPE, KAMORU
912	ODUNMORAYO OLALEKAN, MATTHEW
913	ODUNSI BABATUNDE
914	ODUNSI TOLULOPE, JOSHUA
915	ODUNTAN GANIYU, ADE
916	ODUNTAN OMOTAYO, MORENIKE
917	ODUNUGA SAMIAT, ADEBANKE
918	ODUSANYA OPE, ANIKE
919	ODUSOLA BABAJIDE
920	ODUSOTE OLATUNBOSUN, ANIKE
921	OFFOR KINGSLEY, ONYEMAENCHI
922	OFFOZOR MATTHEW
923	OFILI VICTOR, NNABUNDO
924	OFOHA IKENNA, KENNETH
925	OFORDILE CHIAZOR, DAVE

S/No	Beneficiary
926	OGBE DAVID
927	OGBE TASHEGBONE, KOKOGHO
928	OGBEMUDIA ALFRED, OGHOGHO
929	OGBOLU ANTHONY, NNAMDI
930	OGBONNAYA NDUKA, EKEGHE
931	OGBONNIA CHINWE, GIDEON
932	OGBUAGU CHINEDU, CHRISTIAN
933	OGBUMMAH WOGWUGWU, THEOPHILUS U.
934	OGEDEGBE SOLOMON
935	OGHENERUKEVWE AKPORE
936	OGHORO EDIRI, WILLIAM
937	OGIDI ANTHONIA, OMOLOLA
938	OGINNI JOSHUA, OLUWOLE
939	OGINNI SUNDAY, PATRICK
940	OGUIKE-OLERU FABIAN, NNAMDI
941	OGUJIUBA GRACE, IFEYINWA
942	OGUNBESAN SHOLA, JAMIU
943	OGUNBIYI ESTHER
944	OGUNBIYI YUSUF, GBENGA
945	OGUNBOR RISI, E.
946	OGUNDARE AKINNIYI, MOSES
947	OGUNDARE JUMOKE
948	OGUNDEJI MOSES, AYODELE
949	OGUNDELE ADETUTU, OLUREMI
950	OGUNEKUN ADEBOYE, LAPEKUN O
951	OGUNGBEMI MONDAY, JUWON
952	OGUNJINMI ALICE, IYABO
953	OGUNKENU OLUSOLA, (MRS)
954	OGUNKOYA JANET, YETUNDE
955	OGUNLADE ADESOJI, OLUJIMI
956	OGUNLEYE AFOLARIN, AFOLABI
957	OGUNLEYE OLABODE
958	OGUNLEYE-JOHNSON BABATUNDE
959	OGUNLOLA AGBOOLA, DAVID
960	OGUNMODEDE GABRIEL
961	OGUNNAIKE OLUBUKOLA, OMOLARA
962	OGUNNIYI TUNBOSUN, OLUFEMI
963	OGUNRINDE OLUWASEYI
964	OGUNRINDE RUTH, FOLASADE
965	OGUNSOLA ADEDAYO, OLUWASEGUN
966	OGUNTOYE OLUWATOPE, LAWRENCE
967	OGUNYEMI OLUSEGUN
968	OHADOMERE OSINACHI, EMMANUEL
969	OHAEGBULAM NESHMET, CHIKE
970	OHANEKE INNOCENT
971	OHIFUEMEH OLAYINKA, ANUOLUWAPO
972	OHUABUNWA NNAMDI, GODFREY
973	OJISUA MOYO
974	OJO ADELEKE, ISEOLUWA
975	OJO JOSHUA, AKINDELE
976	OJO OLUSEYI, AYODELE
977	OJO SAMUEL, ADEDAYO
978	OJO STEPHEN, ADETUNJI
979	OJOLOWO HAMMED, OLAYIWOLA
980	OJUKOTOLA RAHAMON, OLUWOLE
981	OJUMU ROLAND
982	OKAFOR ANWULI

S/No	Beneficiary
983	OKAFOR AUGUSTINE, AZUBUIKE
984	OKAFOR BLESSING, NKEONYERE
985	OKAFOR CHUKWUEMEKA, ADRIAN
986	OKAFOR EMMANUEL, NKWACHUKWU
987	OKAFOR EMMANUEL, NKWACHUKWU MR & MRS
988	OKAFOR RUTH, ESOHE
989	OKEKE M, JOHN
990	OKELEYE ADENIKE, ELIZABETH
991	OKELEYE DAMILOLA
992	OKELEYE ENOCH, ANJOLA-OLUWA
993	OKELEYE ISRAEL, AYODAMOPE
994	OKELEYE RACHAEL, OREOLUWA
995	OKENIYI OLAMIDE, DANIEL
996	OKENIYI OMOBOLANLE, RACHEL
997	OKENWA EBUKA, SAMUEL
998	OKETE PETER, OSUBU
999	OKOAHABA INNOCENT, BOLUM
1000	OKODO IFEANYI, CORNELIUS
1001	OKOH APARI
1002	OKOH EMMANUEL, ODE
1003	OKOH PETER, KNIGHT
1004	OKOLI NWAMAKA, EBELECHUKWU
1005	OKOLIE HUMPHREY, EZE
1006	OKOLO UMUNALI
1007	OKON EMMANUEL, E.
1008	OKONKWO GEORGE, CHUKWUNEKE
1009	OKONORHO LIZ, OGHENEKEVWE
1010	OKORIE RICHARD
1011	OKORO IBEKWE, APOLLOS
1012	OKOROAFOR CHIKE, SOPURUCHI
1013	OKOROAFOR IGNATIUS, EJILUGWU
1014	OKOYE NNENNA, CHIOMA
1015	OKOYE VICTOR
1016	OKPARA CHUKWUMAIHE
1017	OKPARA CHUKWUMAIHE, G.
1018	OKPO UNO, EDET
1019	OKUNRIBIDO OLADIPUPO, OLUFOLARANMI
1020	OKUNROBO MARY, ABIEYUWA
1021	OKWOLI PETER, IDOKO
1022	OKWUADA SAMUEL, KESSINGTON
1023	OLABISI ADEDAYO
1024	OLABIYI JOHN, OLUSOLA
1025	OLABODE FELICIA, OLURANTI
1026	OLABODE JEREMIAH
1027	OLABODE OLUSEGUN, VICTOR
1028	OLABODE SHADIAT, OLABISI
1029	OLADAPO AKINOLA, OLADOTUN
1030	OLADAPO LATIFAT, KEMI
1031	OLADAPO MODUPE, LOVE
1032	OLADAPO MONI, ABIODUN
1033	OLADAPO OLUWADARE,
1034	OLADAPO TINUOLA, DOLAPO
1035	OLADEJO BABATUNDE, & TITILOPE
1036	OLADEJO BABATUNDE, OLUSOLA
1037	OLADIJI OLAYIMIKA, OLUWAFEMI
1038	OLADIPO ADEKOLA
1039	OLADOKE SUNDAY, ISAAC

S/No	Beneficiary
1040	OLADOKUN ROTIMI
1041	OLADOSU ISLAMIYAT, ADETUTU
1042	OLADOYIN OLUMIDE, OLAMILEKAN
1043	OLAFADEHAN OLULEKE, MOFOLAJU
1044	OLAGBAJU NIMOTA, ADEPEJU
1045	OLAGUNJU GABRIEL ADEWALE
1046	OLAITAN OLUWAFEMI, S
1047	OLAIYA SAMUEL, B.
1048	OLAJIDE OLUKAYODE
1049	OLAJIGA OLUFEMI, AYODEJI
1050	OLAJOSAGBE JOHN, OLUBUNMI
1051	OLAJOSAGBE JOHN, OLUBUNMI
1052	OLALEYE ADEYEMI, ELIJAH
1053	OLALEYE OLAKUNLE, MICHAEL
1054	OLANIYAN OLUWAFIKAYO, DEBORAH
1055	OLANIYAN RAMOTA, OLUWABUNMI
1056	OLANREWAJU FILANI OLADAPO
1057	OLANREWAJU KAZEEM, ADIO
1058	OLAOLUWA IGE
1059	OLAOPA ADEOLA, ABIGAEL
1060	OLAROTIMI IBUKUN, OLANREWAJU
1061	OLASEHINDE ADENIKE, KEMI
1062	OLASEHINDE FESTUS, OLUWASEUN
1063	OLASEHINDE OLUWATOSIN, BENJAMIN
1064	OLASUPO SHITTU, KAZEEM
1065	OLATONA REBECCA, OPEYEMI
1066	OLATUNDUN RASHEED, OLABISI
1067	OLATUNJI BAMIDELE, MUSA
1068	OLATUNJI GRACE, FUNMILADE
1069	OLAWUMI JOSEPH, OLALEKAN
1070	OLAYEYE RAOLAT, TOLANI
1071	OLAYINKA OKE
1072	OLAYIWOLA MARIAM, OLAIDE
1073	OLAYIWOLA MUHAMMED, OLAJIDE
1074	OLAYIWOLA PAUL, GBEMIGA
1075	OLD SHOREHAM INVESTMENT MGT LTD
1076	OLEKA JOHNBOSCO, CHIGOZIE
1077	OLEKA SIXTUS, UCHE
1078	OLIVE COURT CHARITY FOUNDATION
1079	OLIVER LLOYD, HOFFMANN
1080	OLIYIDE TITILOLA,
1081	OLOAPUPO RAHMAT, ADEOLA
1082	OLOKPA FIDELIA
1083	OLOLOPETER LTD
1084	OLOPADE KHADIJAT, TOLULOPE
1085	OLOTU OLUSOJI, OLABODE
1086	OLOWONIYI ADE-DAVID
1087	OLOWONIYI CECILIA, AINA
1088	OLOWOOKERE ENIOLA, ABOSEDE
1089	OLOWU ABIODUN, ABODUNRIN
1090	OLOYEDE ADEBOLA, OLUWAKEMI
1091	OLOYEDE BABATUNDE, OLUYEMI
1092	OLOYEDE OLADAPO, OLUWAMAYOWA
1093	OLUBIYI ROTIMI, ALFRED
1094	OLUGBABI DOTUN, ISAAC
1095	OLUGBOSUN ARIYO, AYO
1096	OLUGBOSUN BANJI

S/No	Beneficiary
1097	OLUJIMI AJENIKE, BILIKISU
1098	OLUKAYODE &, TEMITOPE EDUN
1099	OLUKOJU AYODEJI, ABAYOMI
1100	OLUMIDE KUMUYI
1101	OLUMUYIWA BUKOLA, ABOSEDE
1102	OLUMUYIWA SAMSON, OLUSEGUN
1103	OLUSANYA OLUREMI, OLUKUNLE
1104	OLUSOLA OLUSEYI, OLABIYI
1105	OLUWADARAFUNMI EGBEYEMI,
1106	OLUWAJEMISIN FAVOUR, OLUWASEUN
1107	OLUWAKEMI RACHEL, OLUSINA
1108	OLUWANISHOLA IBIRONKE, YETUNDE
1109	OLUWANIYI JEREMIAH, OLUGBENGA
1110	OLUWAROTIMI AKINTOMIDE,
1111	OLUWASEUN OMOTOSHO
1112	OLUWASHINA ADENIHUN
1113	OLUWATEMITOPE FAMILONI
1114	OLUWOLE GABRIEL, AKANBI
1115	OMIPITAN OMOTAYO, JONAH
1116	OMOBOLANLE ADEKANYE
1117	OMOGBEHIN SOLA, ZACH
1118	OMOGIAFO OWEN, DIANA
1119	OMOLE ABRAHAM, OLAMILEKAN
1120	OMOLE DEBORAH, MORADEKE
1121	OMOLE JOSEPH, ADEDEJO
1122	OMOLE RACHAEL, FUNMILAYO
1123	OMOLOYE FOLORUNSO, ABIODUN
1124	OMONIYI KIKEYEMI, ELIZABET
1125	OMOTOLANI ADETOUN, LAIYENBI MUTIAT
1126	OMOTOSHO SULAIMON, AKINADE
1127	OMOTOYE ADEWALE,
1128	OMOYA OLANREWAJU, AYOBAMI
1129	ONABANJO OLUROTIMI, OLUGBUYI
1130	ONABULE OLATAYO
1131	ONADEKO SAMUEL, IMOLEAYO
1132	ONAKPOVHIE ONAGITE, EMMANUEL
1133	ONANUBI KEHINDE, SAMSON
1134	ONASANYA BAKIU, ADENIYI
1135	ONASANYA BENNETT, ADESINA
1136	ONASANYA OMOLOLA, ARIBIKE
1137	ONEKUTU EMMANUEL, AKAGU
1138	ONI OMOTAYO, BASIRAT
1139	ONIFADE KEHINDE, BOLANLE
1140	ONIFADE TAIWO, OLUFEMI
1141	ONIKOYI BABATUNDE, YEKEEN
1142	ONITIRI ADESUNBO, ADENIJI DAVID
1143	ONIWINDE OMOLARA, ADEBISI
1144	ONOKA NNENNA
1145	ONOKURHEFE BENSON, IRHIKEVWIE
1146	ONOKURHEFE BENSON, IRHIKEVWIE
1147	ONU BERNARD, OKECHUKWU
1148	ONUIGWE JOHNSON, CHIMA
1149	ONUKWUSI EMEKA, KERRY
1150	ONUOHA CHIDI, CHIKWENDU
1151	ONWELUZO UZOAMAKA, SOPHIA
1152	ONWUJI JOHN, CHUKWUEMEKA
1153	ONWUKA LAZARUS, NNADOZIE

S/No	Beneficiary
1154	ONWULIRI CHUKWUEMEKA, ONYEMAUCHE
1155	ONWUNYI LOTANNA,
1156	ONYEAGBA CHUKWUEMEKA, COSMAS
1157	ONYEANUNA CHINEDU, KENNETH
1158	ONYEBUAGU IJEOYIBO, JENNIFER
1159	ONYEBUCHI HYCIENTH, ONYEAHIALAM
1160	ONYEBUCHI NNAEMEKA, CALEB
1161	ONYECHI IKECHUKWU, TAGBO
1162	ONYEJI LAURA, NNEKA
1163	ONYEJI UCHE, LILIAN
1164	ONYEKWELU NNAEMEKA, CHIJINDU
1165	ONYEMAEKE CHINWENDU, MATILDA
1166	ONYENOBI IJEOMA
1167	ONYIA EMEKA, JUDE
1168	ONYIA ISRAEL, CHUKWUKA
1169	ONYIA UCHENNA, CHINYERE
1170	OPARA CLEMENT, ANAELE CHUKWUDI
1171	OPARA UZOMAKA, ADANNA
1172	OPATOLA JOSEPH, OGUNDEYI
1173	OPE SAMUEL, ADENIYI
1174	OPEGBUYI OKANLAWON, TAJUDEEN
1175	OPEOLUWA ADEKUNLE
1176	OPURUM EMMANUEL, THOMAS
1177	ORAGWU ALUBA, I. & PETER O.
1178	ORAH CHINEDU, JEROME
1179	ORASO TIMOTHY, ENOHO
1180	OREFUWA BABATUNDE, ADEMOLA
1181	OREFUWA OLUWAGBENGA, GABRIEL
1182	OREFUWA OLUWASEYIFUNMI, D
1183	OREFUWA TEMITOPE, M
1184	ORENIYI TEMITOPE, LEKE
1185	OREYE ALPHONSUS, JEGBEFUME
1186	ORINGO ADESOLA, MICHAEL
1187	ORIOWO MARGARET, MAYOWA
1188	ORISADAHUNSI EKUNDAYO, MOROUNDUPE
1189	ORISADAHUNSI OLUSEYI, OLAYENI
1190	ORISADAHUNSI TEMITOPE, ATINUKE
1191	ORIVOH VICTOR
1192	OROIBI ERIBUSAYO, ADESOLA
1193	OROLEYE NAJEEM, TAIWO
1194	ORUADE OGHENEKOME
1195	OSABUOHIEN KINGSLEY, OSARODION
1196	OSADOLOR CHARLES
1197	OSAKUNI CHIDIMMA, ANASTASIA
1198	OSAKWE CHIBUZO, NDUBISI
1199	OSAMO DARE, OLUWASEGUN
1200	OSARUMWENSE DENNIS, KEHINDE
1201	OSEGBE ETHAN, CHIMUANYA
1202	OSEGBE XAVIER
1203	OSENI RASHIDAT
1204	OSHIN ADESEGUN
1205	OSHINFADE BOLA, TAYO
1206	OSHINGBEMI OLUWAFEMI, OMOKHAFE
1207	OSIKALU LUCIA, FUNMILAYO
1208	OSILEYEOLUGBENGA AFOLABI,

S/No	Beneficiary
1209	OSINAIKE KEHINDE, SIDIKAT
1210	OSINJOLU GBENGA, ADENUGA
1211	OSOBA ADEYEMI, SOLOMON
1212	OSOTA OBAFUNMILAYO, OLABOYE
1213	OSUNRINDE MARGARET, OMOTOLA
1214	OSUOHA A, CHIMA
1215	OTENIYA THERESA, OMOPONMILE
1216	OTOROLEHI-OKEZIE VICTORIA,
1217	OTSEMOBOR ENETOMHE,
1218	OTTIH CHIMAMANDA, CLAIRE
1219	OTTUN RAYAN, AJIBOLA
1220	OTU ENANG, EYO
1221	OTUBANJO VICTOR, OLUWASEUN
1222	OTULANA KOLADE, ADETAYO
1223	OTUONYE MERCY, NKECHI
1224	OVIAWE NOSAMUDIANA, ABIGAIL
1225	OVWIGHO EFE, MULUMBA
1226	OWETE MICHAEL,
1227	OWIEADOLOR OSARIEMEN, SIMON
1228	OWIEADOLOR OSARIEMEN, SIMON
1229	OWO FAUSAT, ABIODUN
1230	OWOLABI ALONWONLE, NURUDEED ADEKUNLE
1231	OWOLABI TAWAKALITU,
1232	OWOPETU OLUFEMI,
1233	OWUMI ANTHONY, AGHOGHO
1234	OYAKHILOME MOMODU, KABIR
1235	OYEBAMIJI TOLA, EIZABETH
1236	OYEBANJI GRACE, ABIMBOLA
1237	OYEDELE ABDULAZEEZ, ADEMOLA TAIWO
1238	OYEDELE NURAT, ADENIKE EJIDE
1239	OYEDIRAN OLANIPEKUN,
1240	OYELUDE BABATUNDE., S.
1241	OYENEYE KUNLE,
1242	OYENUGA FOLASHADE, MARY
1243	OYEOKA JOY, NJIDEKA
1244	OYESOLA FIYINFOLUWA, OYEBISI
1245	OYETAYO OLADAYO,
1246	OYETIMEIN OLUWAPELUMI, MICHAEL
1247	OYEWO ESTHER, OLUYEMISI
1248	OYEWOLE ISAIAH, OLUWATOSIN
1249	OZOEMENA ESEROGHENE, TEMITOMI
1250	PASADENA ENERGY CORPORATION (FUTUREVIEW)
1251	PATRICK AKINWUNTAN, MR & MRS
1252	PATRICK CHINELO, FAVOUR
1253	PATRICK UGOCHUKWU, NNAMDI
1254	PAUL AUGUSTINE, IDEYE
1255	PAUL IKPEN, ADARUVIE
1256	PAUL SUNDAY, KINGSLEY
1257	PEPPLE LYSIAS, RHODA INYINGI
1258	PEREIRA THEODORE, SHOBOWALE
1259	PESACH CAPITALS LIMITED
1260	PETER TAIWO, RACHEAL
1261	PETEROLOLO LTD
1262	PETERS ADENIKE, MODUPE
1263	PHILIP IKECHUKWU,
1264	PHILLIPS BOLAJI, OLUFUYI
1265	POPOOLA FUNKE, ANIKE

S/No	Beneficiary
1266	POPOOLA SHERIFAT, BOLA
1267	PREYE JERRY, NYENYE
1268	PROF CHRIS EKONG FOUNDATION
1269	PUO ASSETS LIMITED
1270	PUO VENTURES CAPITAL LIMITED
1271	QADIR LATEEF, OLAMILEKAN
1272	QUADRI SULAIMON,
1273	RABIU SULE, ADEYEMO
1274	RAHEEM ADEBAYO, ADEWALE
1275	RAHMAN ADAM, TOLULOPE
1276	RAIMI RAMONI, ADEMOLA
1277	RAMON ADIJAT, KUBURA
1278	RASAQ OLALEKAN, MUMUNI
1279	RENCAP SECURITIES, NIG LTD-MM TRADING
1280	REUBEN VICTORIA, KEHINDE
1281	RIMDAP ABDUL, BIN
1282	ROBSON SAMUEL,
1283	ROSGATE NIGERIA LIMITED
1284	Rufai Abubakar, Ahmed
1285	RUFAI ADEMOLA, ELIAS
1286	RUNSEWE OLAOLUWA, OLUWOLE
1287	SAADU FALILAT, BOLANLE
1288	SADA VICTOR, OGHOGHO MR
1289	SAGOE KWEKU-MENSAH, OLAKUNLE
1290	SAKA KOLAWOLE, ADAMS
1291	SAKA NUSIRAT, OMOBOLANLE
1292	SAKARIYAHU SHUAIB, TOYIN
1293	SALABIU WASIU, ROTIMI
1294	SALAMI JUSTIINA, SOBALOJU
1295	SALAMI OLASUNKANMI, TIRIMISIYO
1296	SALAMI OYENMWEN,
1297	SALAMI RASHEEDAT, ABOSEDE
1298	SALAMI SILIFAT, ADEBOLA
1299	SALAMI SULAIMON, ABIODUN
1300	SALAMI YUSUFU, BISI
1301	SALAMI ZACHAEUS, OTITOJU
1302	SALAU MOHAMMED, ADEBANJO
1303	SALAWU ADEBOLA,
1304	SALEMSON SHAREHOLDERS ASSO OF NIGERIA
1305	SALISU SHUIBU, RAKIYA
1306	SALIU FAUSAT, REMILEKUN
1307	SAMAILA ISHAQ, ALHAJI
1308	SAMUEL ALADEGBAYE,
1309	SAMUEL DAMILOLA, ADEOTI
1310	SAMUEL OPARA,
1311	SANGUDI GENEVIEVE
1312	SANNI ABIODUN, CHRISTIANA
1313	SANNI TOYIN, FOLASHADE
1314	SANUSI ISMAIL, FOLAWIYO
1315	SANUSI ISMAIL, OLASUKANMI
1316	SANYAOLU JONATHAN, AYO
1317	SANYAOLU JONATHAN, AYOMITUNDE
1318	SARKI, UMAR ALIA FEYISAYO ASAKE
1319	SARUMI TUNDE, KABIR
1320	SAVAGE ADEBUKOLA, ARIKE
1321	SEGUN ADEWALE, OLADELE
1322	SEGUN AFOLABI,
1323	SHAREMAN LIMITED

S/No	Beneficiary
1324	SHARON INEM,
1325	SHEDRACK AYARO,
1326	SHITTA MORUFAT, ABIOLA
1327	SHITTA-BEY DHIKRULLAHI, OLAWALE
1328	SHITTA-BEY OMOWUNMI,
1329	SHITTU AHMID, ADEMOLA
1330	SHITTU BOLANLE, KAFAYAT
1331	SHITTU SULAIMON, AYINLA
1332	SHOBANDE COMFORT, OLUSHOLA
1333	SHODEINDE OLUWATOBI, EMMANUEL
1334	SHODEKE OMOLARA, DORCAS
1335	SHOFOLAHAN ANTHONIA, OLUWATOYIN
1336	SHOFOLAHAN CHARLES, OLUSEGUN
1337	SHOFOLAHAN ELIZABETH, OLUBUKONLA
1338	SHOFOLAHAN FRANCISCA, BOLATITO
1339	SHOFOLAHAN SUNDAY, O.
1340	SHOKUNBI KHADIJAT, OLASUMBO
1341	SHOMORIN OLUWAKEMI, SEUN
1342	SHOPEJU EFUNBOSEDE, AYOTUNDE
1343	SHOTUNDE BABATUNDE, SUNDAY
1344	SHYLON OLATUNBOSUN,
1345	SIFFRE DADA, BIOLA
1346	SIMAN LARAI,
1347	SIMMY ELLIS,
1348	SIMPSON ADETUNDE, OPEYEMI
1349	SIMPSON ADETUNDE, OPEYEMI
1350	SMARTT FUTURES RESOURCES LTD
1351	SMITH BUKOLA,
1352	SMITH OLUSEGUN, RILWAN
1353	SOARES AKINOLA, (EVANG)
1354	SOBANDE RAPHAEL, OLUDARE
1355	SOBODU ADESOLA, OLUWAWEMIMO
1356	SOBOWALE SESAN, OLUFUNMILADE
1357	SOEZE RITA, OGECHI
1358	SOFADE AJIBOLA, OLUWATOYIN
1359	SOFOWORA SHAMSONDEEN, AINA
1360	SOILE DUROTOLUWA, ADENIYI
1361	SOLAR OLAYEMI,
1362	SOLID-ROCK SEC. & INV. – DEPOSIT ACCOUNT
1363	SONIBARE LAWRENCE, OLUMIDE
1364	SONIBARE WAHEED, AKANNI
1365	SONUBI ABIOLA,
1366	SOWEMIMO BASIRU, SOLA
1367	SOYE BRIGGS,
1368	SOYEMI IBIJOKE, IDAYAT
1369	STERLING ASSURANCE NIGERIA LIMITED
1370	STERLING REGISTRARS LTD
1371	STEWARD ASSET MANAGEMENT LIMITD
1372	SULAIMAN ADEEYO,
1373	SURAKAT KAZEEM-IDOWU,
1374	TAHIR AHMAD, MUHAMMAD
1375	TAIRU TAIWO, KAMALIDEEN

S/No	Beneficiary
1376	TAIWO ADEMOLA, SIMEON
1377	TAIWO ATINUKE, ADUKE
1378	TAJUDEEN KABIR, BANKOLE
1379	TAJUDEEN TAIWO, JAMIU
1380	TAJUDEEN TINUBU, TEMILOLUWA
1381	TALABI TOLULOPE, OLUKAYODE
1382	TAYO MOJISOLA, OLUFUNSO
1383	TEDEYE OMAJUWA, J.
1384	TELLA DORCAS, ADENIKE
1385	TEMITAYO ARATUNDE,
1386	THOMAS AKINBAYO, OLAWALE
1387	THOMAS AKINBAYO, OLAWALE
1388	TIAMIYU MUSTAPHA, OLADELE
1389	TIJANI AJIMOTU, MONYENI
1390	TIJANI FATAI, ABIODUN
1391	TIJANI, ADIJATU-KUBURA, OLUWATOSIN
1392	TIJANI, SUKURAT, EBUDOLA
1393	TITUS UCHE,
1394	TOMAYO IRETI, BERIDA
1395	TOMORI OLANREWAJU, AKINWALE
1396	TOPMOST SECURITIES LTD.TRADED-STOCK-A/C
1397	TRUSTHOUSE INV. LTD.-TRADED-STOCK-A/C
1398	TUEDOR FRANCIS,
1399	TWO EDGE PARTNERS GLOBAL LIMITED
1400	UBA TRUSTEES/ACAP, CANARYGROWTH FUND TRAD
1401	UBA TRUSTEES/ACAP CANARYGROWTH FUND TRAD
1402	UBA TRUSTEES/AFRINVEST EQUITY FUND-TRD
1403	UBAH IRENE, NNABUOGO
1404	UBAPC/FCMB PENSION MGRS PFA FUND II – TR
1405	UBAPC/FCMB PENSION MGRS PFA FUND III – T
1406	UBIAGBA DICKSON, ISAH
1407	UBOGU FELIX, NKWAONYE & OLUFUNMILAYO ITUN
1408	UBUANE JOHN,
1409	UCHE CHINYERE, NNEDINMA
1410	UCHEMEFUNA RAPULUCHUKWU,
1411	UCHENYI KESANDU, CHUKWUBUEZE
1412	UCHENYI KESANDU, CHUKWUBUEZE E
1413	UCHENYI KESANDU, ONYIMGBA MELVYN
1414	UCHENYI UZOAMAKA, UCHECHI
1415	UDOH DAVID, UDEMEOBONG
1416	UDOH JOSEPH, ADAKOLE
1417	UGBALA CHIGOZIE, CHRISTIAN MONDALE
1418	UGORJI ONYEMA, EHIME
1419	UGWUEZUOHA MACDONALD, IZUCHUKWU
1420	UJU ADAKU, UGOCHI
1421	UKONGA FLORENTINA, ADENIKE
1422	UKPONG CHRISTIANA, LUCKY

S/No	Beneficiary
1423	UKPONG UKPONG, S.
1424	UKUSTEMUYA VERONICA, OVOKE
1425	UMAR BASHIR,
1426	UMAR HAUWA, SULE
1427	UMEH IFY,
1428	UMEOKORO IFEANYICHUKWU, JUDE
1429	UMEZE NZE, INNOCENT
1430	UMOH OTOBONG, ISAIAH
1431	UMUKORO EMMANUEL, FRANKLIN
1432	USIAPHRE PATRICK,
1433	USIAPHRE PATRICK, ONOME
1434	USMAN HAMMED, OLUWASHOLA
1435	USMAN SADIQ,
1436	UWABOR FRIDAY, FREDRICK
1437	UZOMBA CHUKWUEMEKA, IHEANACHO
1438	VETIVA NOMINEES A/C OGE PETERS
1439	VETIVA TRUSTEES LIMITED-CLIENTS CSCS
1440	VICTOR &, BRIDGET DANIA
1441	VICTOR EDEM,
1442	VICTOR EFFIOM, OROK
1443	VICTOR ESAN,
1444	VICTORIA OLAREWAJU,
1445	VINCENT CHRISTIE, OTUOSOROCHUKWU
1446	VINSTAR CONSULTING
1447	VISTA INVESTMENT PROPERTY LIMITED
1448	WALIU OLAWALE, OLAIFA
1449	WASIU ADEWALE, AZEEZ
1450	WASIU ADEWALE, AZEEZ
1451	WEWE MARY, IMADE
1452	WILLIAMS ESTHER, FOLASHADE
1453	WILLIAMS GRACE, NWAKEGO
1454	WILLIAMS RUTH, OLAMIDE
1455	WILLIAMS SERAH, QUEEN
1456	WOMEN S INV FUND/SKYE TRUSTEES LTD.-TRAD
1457	WOODGREEN GLOBAL RESOURCES LIMITED
1458	YAHAYA ISMAEL, OLAWALE
1459	YARROW ALIMOT, SHADIAT
1460	YEWANDE UTOH,
1461	YINKA ADETUBERU, DAVID
1462	YINUSA NOIMOT, OMOLOLA
1463	YINUSA RIDWAN, ADESHINA
1464	YUSSUF ZAINAB, ADESHINA
1465	YUSUF BASHIR, AHMED
1466	YUSUF IBRAHEEM, MUHAMMAD
1467	YUSUF NURUDEEN,
1468	YUSUF RIDWAN, OLALEKAN
1469	YUSUFF FEMI, LATEEF
1470	YUSUFF MUSTAPHA,
1471	ZAMBLERA MAURO,
1472	ZARMUNEN ANFISA, GOFWEN
1473	ZEDAYRE LIMITED

Board of Directors

Ambrosie Bryant Chukwueloka Orjiako	Chairman	Nigerian
Roger Brown	Chief Executive Officer	British
Emeka Onwuka	Chief Financial Officer	Nigerian
Effiong Okon	Operations Director	Nigerian
Austin Avuru	Non-Executive Director	Nigerian
Olivier Langavant	Non-Executive Director	French
Nathalie Delapalme	Non-Executive Director	French
Charles Okeahalam	Independent Non-Executive Director	Nigerian
Basil Omiyi	Senior Independent Non-Executive Director	Nigerian
Arunma Oteh, OON	Independent Non-Executive Director	Nigerian
Fabian Ajogwu, SAN	Independent Non-Executive Director	Nigerian
Bello Rabiu	Independent Non-Executive Director	Nigerian
Emma FitzGerald	Independent Non-Executive Director	British

Company Secretary
Edith Onwuchekwa

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Registered number
RC No. 824838

FRC number
FRC/2013/NBA/00000003660

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Gbagada Phase 1
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Ashurst
Slaughter & May
Latham & Watkins
Winston & Strawn
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Bracewell (UK)
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Odujinrin & Adefulu
Templars
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Aluko & Oyebode
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Mike Igbokwe & Co.
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ACAS Law
Streamsowers & Kohn

Bankers
Citibank N.A., London Branch
Nedbank Limited, London Branch
The Standard Bank of South Africa Limited
Rand Merchant Bank, a Division of FirstRand Bank Limited
The Mauritius Commercial Bank Ltd.
J.P. Morgan Securities Plc
Standard Chartered Bank
Natixis
Societe Generale, London Branch
Zenith Bank Plc
United Bank for Africa Plc
First City Monument Bank Limited

Glossary of terms

AEPS
Amukpe Escravos Pipeline System

AG
Associated Gas

AGPC
ANOH Gas Processing Company

ALR
Amended Listing Rules

ANOH
Assa North Ohaji South

BTU
British Thermal Unit

CAMA
Companies and Allied Matters Act

CBI
Convention on Business Integrity

CBN
Central Bank of Nigeria

CGRS
Corporate Governance Rating System

DD&A
Depreciation, Depletion & Amortization

DSO
Domestic Supply Obligation

E&A
Exploration and Appraisal

EBIT
Earnings Before Interest Tax

EPF
Early Production Facility

EPS
Earnings Per Share

ERGP
Economic Recovery & Growth Plan

ERM
Enterprise Risk Management

ESIA
Environmental Social Impact Assessment

FID
Final Investment Decision

FTSE
Financial Times Stock Exchange Index

GDP
Gross Domestic Product

GGFR
Global Gas Flaring Reduction

GHDI
Global Human Development Initiative

GMOU
Global Memorandum of Understanding

GMP
Gas Master Plan

GSA
Gas Supply Agreement

GTL
Gas To Liquids

GW
Giga Watt

IEFX
Investors, Exporters Foreign Exchange window

IOC
International Oil Company

IOGP
International Association of Oil & Gas Producers

IPP
Independent Power Plants

ISO
International Standards Organisation

KPI
Key Performance Indicator

KWH
KiloWatt Hour

LNG
Liquefied Natural Gas

LPS
Loss Per Share

LTF
Liquid Treatment Facility

LTIF
Lost Time Incident Frequency

LTIP
Long Term Incentive Plan

MCP
Multiple Currency Practices

MOPU
Mobile Offshore Production Unit

NAPIMS
National Petroleum Investment Management Service

NBS
National Bureau of Statistics

NED
Non Executive Director

NGC
Nigerian Gas Company

NGMC
Nigerian Gas Marketing Company

NGMP
Nigeria Gas Master Plan

NGO
Non Governmental Organisation

NGPTC
Nigerian Gas Processing and Transportation Company

NIIMP
Nigerian Integrated Infrastructure Master Plan

NNPC
Nigerian National Petroleum Company

NOGICD
Nigeria Oil and Gas Industry Content Development

NPC
National Population Commission

NPDC
Nigerian Petroleum Development Company

O&G
Oil & Gas

OB3
Obiafu-Obrikom-Oben gas pipeline

OPEC
Organisation of Petroleum Exporting Countries

PIB
Petroleum Industry Bill

PIFB
Petroleum Industry Fiscal Bill

PIGB
Petroleum Industry Governance Bill

PPP
Public Private Partnership

PSC
Production Sharing Contracts

RCF
Revolving Credit Facility

SDG
Sustainable Development Goals

SEC
Securities Exchange Commission

SID
Senior Independent Director

SPDC
Shell Petroleum Development Company

TRIR
Total Recordable Incident Rate

TSR
Total Shareholder Return

WEF
World Economic Forum

WRPC
Warri Refinery Petrochemical Company

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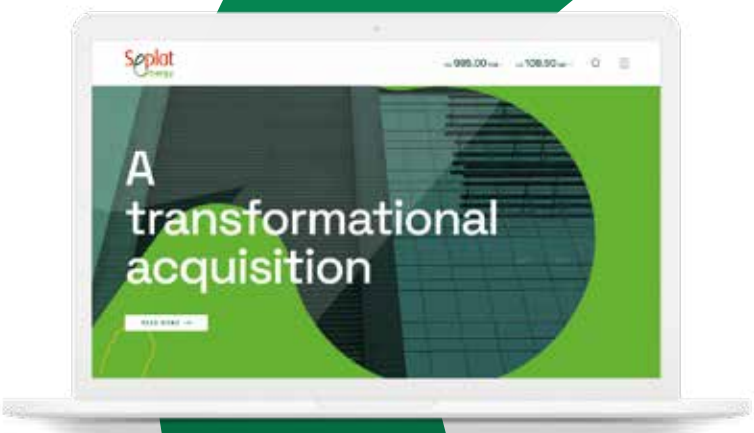

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