Oando

...the energy to inspire

# Annual reports
# Consolidated and separate financial statements
# 31 December 2020

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| | | |
|---|---|---|
| Directors | HRM. Oba Adedotun Gbadebo, CFR | (Chairman, Non-Executive Director) |
| | Mr. Jubril Adewale Tinubu | (Group Chief Executive) |
| | Mr. Omamofe Boyo | (Deputy Group Chief Executive) |
| | Mr. Olufemi Adeyemo | (Group Chief Financial Officer; Executive Director, Resigned February 18 2022) |
| | Mr. Muntari Zubairu | (Group Chief Corporate Services & Operations Officer; Executive Director, Resigned December 23 2021) |
| | Dr. Ainojie Alex Irune | (Group Executive Director- Appointed August 9, 2019) |
| | Mr. Tanimu Yakubu | (Non-Executive Director) |
| | Mr. Ike Osakwe | (Non-Executive Director) |
| | Mr. Ademola Akinrele, SAN | (Non-Executive Director) |
| | Alhaji Bukar Goni Aji | (Non-Executive Director, Resigned December 23 2021) |

| | |
|---|---|
| Company Secretary and Chief Compliance Officer | Ayotola Jagun (Ms) |
| Registrars | First Registrars and Investor Services Limited |
| Registered Office | 17a The Wings Complex, Ozumba Mbadiwe Avenue<br>Victoria Island, Lagos |
| Auditors | BDO Professional Services<br>ADOL House<br>Chartered Accountants<br>15, CIPM Avenue Central Business District,<br>Alausa, Ikeja<br>Lagos, Nigeria. |
| Bankers | Access Bank PLC<br>Access Bank UK<br>Afrexim<br>Bank of Montreal Canada<br>BNP<br>Ecobank Nigeria Ltd<br>Ecobank Sao Tome e Principe<br>Emirates NBD<br>Fidelity Bank Plc<br>First Bank (UK)<br>First Bank of Nigeria Limited<br>First City Monument Bank Limited (FCMB)<br>Guaranty Trust Holding Company<br>Heritage Bank PLC<br>ING Bank<br>Investec Bank<br>Keystone Bank Limited<br>Mauritius Commercial Bank<br>National Bank of Fujairah (NBF)<br>Providus bank<br>Stanbic IBTC Holdings PLC<br>Standard Bank of South Africa Ltd<br>Standard Chartered Bank (Nig.) Ltd<br>Suntrust Bank Nigeria Limited<br>Union Bank of Nigeria PLC<br>United Bank for Africa PLC<br>United Bank for Africa, New York<br>Zenith Bank PLC |

The directors submit their Report together with the audited consolidated and separate financial statements for the year ended 31 December 2020, which disclose the state of affairs of the Group and Company.

## 1 Principal Activity

The principal activity of Oando PLC ("the Company") locally and internationally is to have strategic investments in energy companies in addition to supply of oil and gas products to customers. The Company was involved in the following business activities during the year reviewed:

a) Exploration and production (E & P) - Oando Energy Resources Inc., Canada, engaged in production operations and other E & P companies operating within the Gulf of Guinea; and

b) Supply and trading of petroleum products - Oando Trading Dubai, Oando Trading Bermuda and Oando PLC.

The Company's registered address is 17a The Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria.

## 2 Results

The Group's net loss for the year of N118.1 billion and Company's net loss of N45.3 billion attributable to owners of equity have been transferred to retained earnings.

| | Group | | Company | |
|---|---|---|---|---|
| | 31-Dec-20<br>N'000 | 31-Dec-19<br>N'000 | 31-Dec-20<br>N'000 | 31-Dec-19<br>N'000 |
| Revenue | 477,070,471 | 576,571,857 | 320,702,465 | 424,734,190 |
| Loss before income tax from operations | (134,282,770) | (377,414,971) | (44,507,463) | (62,090,219) |
| Income tax (expense)/credit | (6,391,693) | 170,336,677 | (801,756) | (1,061,835) |
| Loss for the year from operations and for the year | (140,674,463) | (207,078,294) | (45,309,219) | (63,152,054) |
| Loss attributable to owners of the parent | (118,149,391) | (171,821,040) | (45,309,219) | (63,152,054) |

## 3 Dividend

The directors do not propose dividend for the year ended 31 December 2020 (2019: nil).

## 4 Directors

i. The names of the present directors and those that served during the year are listed on page 3.

ii. According to the Register of Directors' shareholding, the interests of directors in the issued share capital of the Company for the purposes of section 30 part 1 of schedule 5 of the Companies and Allied Matters Act, 2020, are as follows:

| | Direct | Indirect |
|---|---|---|
| HRM. Oba A. Gbadebo, CFR | 437,500 | Nil |
| Mr. Jubril Adewale Tinubu* | Nil | 3,670,995 |
| Mr. Omamofe Boyo* | Nil | 2,354,713 |
| Mr. O. Adeyemo | 1,723,898 | Nil |
| Mr. Muntari Zubairu** | 1,000,000 | Nil |
| Dr. Ainojie Alex Irune | Nil | Nil |
| Alhaji Bukar Goni Aji ** | Nil | Nil |
| Mr. Ademola Akinrele | 96,510 | Nil |
| Mr. Ike Osakwe | 139,343 | Nil |
| Mr. Tanimu Yakubu | 5,999,947 | 5,998,700 |

*Additional shares: Ocean and Oil Investments Limited (OOIL) owns approximately 75,000,000 (0.61% of total number of shares) shares in the Company. Mr. Jubril Adewale Tinubu and Mr. Omamofe Boyo own 0.34% and 0.13% respectively in the Company through OOIL.

*Ocean and Oil Development Partners Limited (OODP) owns 7,131,736,673 shares (representing 57.37% of the total number of shares) in the Company. OODP is ultimately owned 66.67% by the Group Chief Executive and 33.33% by the Deputy Chief Executive of the Company at year end.

**Alhaji Bukar Goni Aji and Mr. Muntari Zubairu represented the interest of Alhaji Dahiru Bara'u Mangal. Alhaji Dahiru Bara'u Mangal owned 15.92% of Oando PLC during the year ended 31 December 2020.

## 5 Contracts

In accordance with section 303 of the Companies and Allied Matters Act, 2020 and Article 115 of the Company's Articles of Association, directors who had interest in contracts during the year had notified and declared their interest to the Company to the effect that they were members or held shareholding of companies which could be regarded as having an interest in the contract. Such directors' interests are noted in the respective minutes of board meetings.

## 6 Directors' Responsibilities

The directors are responsible for the preparation of annual consolidated 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 issued by the International Accounting Standards Board, Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No 6, 2011. In doing so, the directors have the responsibilities as described on page 8 of these consolidated financial statements.

## 7 Shareholdings

As of 31 December 2020, the range of shareholdings of the Company was as follows:

| Range of Shareholding | No of Shareholders Within Range | % of Holders | No of shares Within Range | % of Shareholding |
|---|---|---|---|---|
| 1 - 1,000 | 168,374 | 62.34 | 61,427,608 | 0.49 |
| 1,001 - 5,000 | 71,601 | 26.51 | 149,650,653 | 1.20 |
| 5,001 - 10,000 | 11,958 | 4.43 | 86,334,638 | 0.69 |
| 10,001 - 50,000 | 12,800 | 4.74 | 282,671,969 | 2.27 |
| 50,001 - 100,000 | 2,232 | 0.83 | 160,970,748 | 1.29 |
| 100,001 - 500,000 | 2,377 | 0.88 | 503,242,830 | 4.05 |
| 500,001 - 1,000,000 | 345 | 0.13 | 251,681,488 | 2.02 |
| 1,000,001 - 5,000,000 | 315 | 0.12 | 614,463,653 | 4.94 |
| 5,000,001 - 10,000,000 | 37 | 0.01 | 252,336,969 | 2.03 |
| 10,000,001 - 50,000,000 | 31 | 0.01 | 682,281,429 | 5.49 |
| 50,000,001 - 100,000,000 | 5 | 0.00 | 370,952,473 | 2.98 |
| 100,000,001 - 12,431,412,481 | 7 | 0.00 | 9,015,398,023 | 72.55 |
| | 270,082 | 100.00 | 12,431,412,481 | 100.00 |

## 8 Property, Plant and Equipment

Changes in the value of property, plant and equipment (PPE) were mainly due to additions, depreciation, disposals and exchange differences as shown in Note 15 to these consolidated financial statements. In the opinion of the directors, the market value of the Group's property, plant and equipment is not lower than the value shown in these consolidated financial statements.

## 9 Donations/Charitable gifts

The Company through its subsidiary, Oando Foundation, made most of the following donations during the year under review:

| | Description | Amount N |
|---|---|---|
| I | Scholarship award for 301 pupils across 22 states and the FCT | 9,692,120 |
| II | Scholarship award for beneficiary of the Ebola Education Support Fund | 100,000 |
| | | 9,792,120 |

10. Employment and Employees

*Equal Employment Opportunity*

The Company pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

*Employment of Physically Disabled Persons*

The Company maintains a policy of giving fair consideration to applications from physically disabled persons, bearing in mind their respective aptitudes and abilities. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged. The Group currently has no physically disabled persons.

*Industrial/Employees Relation*

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through management's open door policy and improved communication channels. These channels include the e-mail and intranet, the revised in-house magazine, the entrenchment of regular departmental meetings and town hall meetings.  Regular dialogue takes place at informal and formal levels.

*Training and Development*

The Company places great emphasis on the training and development of its staff and believes that its people are its greatest assets. Training courses are geared towards the development needs of staff and the improvement in their skill sets to face the increasing challenges in the industry. The Company will continue to invest in its human capital to ensure that the employees are well motivated and positioned to compete in the industry.

11. Audit Committee

In accordance with section 404(3) of the Companies and Allied Matters Act, 2020 the following shareholders and directors were members of the Audit Committee during the year ended 31 December 2020:

| | | |
|---|---|---|
| a) | Mr. Ike Osakwe | Non-Executive Director (Chairman) |
| b) | Alhaji Bukar Goni Aji | Non-Executive Director |
| c) | Mr. Tanimu Yakubu | Non-Executive Director |
| d) | Dr. Joseph O. Asaolu | Shareholder |
| e) | Mr. Segun Oguntoye | Shareholder |

Dr. Anthony Omojola, a shareholder, was elected on 30 August, 2021 to replace Mr. Jackson Edah during the 42nd Annual General Meeting of the Company and as such, Dr. Anthony Omojola is a member of the audit committee for the purpose of approval of these audited consolidated and separate financial statements. The provisions of the Companies and Allied Matters Act 2020 on the membership of the audit comittee of a public company became effective on 07 August 2020. At that time, the Company was unable to convene an annual general meeting which would have enabled the members to elect their representatives to comply with section 404(3) of the Act.

12 Resignation and Appointment of the Finance Director

As indicated in the list of directors who serve during the year under review, the Finance Director, Mr. Olufemi Adeyemo resigned from the board effective 18 February 2022. He has been replaced by Mr. Adeola Ogunsemi, who was appointed to the board of the Company effective 18 February 2022. Mr. Ogunsemi's appointment was ratified by the members of Oando PLC at the 43rd Annual General meeting which held on 10 August 2022.

Although Mr. Ogunsemi is appointed after the balance sheet date under review, he will sign these consolidated and separate financial statements in compliance with the Financial Reporting Act and the Code of Conduct for all listed companies in Nigeria.

13. Auditors

The Company's auditors, Messrs. BDO Professional Services were appointed on 10 August 2022 by voting during the 43rd Annual General Meeting and has indicated its acceptance to act in office in accordance with section 401(1) of the Companies and Allied Matters Act, 2020.

Dated this 20th Day of February 2023
By Order of the Board

…………………………………………………

Ayotola Jagun (Ms.)
Chief Compliance Officer and Company Secretary
17a The Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos
FRC/2013/NBA/00000003578

Certification Pursuant to Section 405 of CAMA 2020

We the undersigned have reviewed the audited consolidated and separate financial statements for the year ended 31 December 2020 and based on our knowledge we confirm that:

a.the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made.

b.the audited consolidated and separate 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 periods covered by the audited consolidated and separate financial statements.

c.we are responsible for establishing and maintaining internal controls and we have designed such internal controls to ensure that material information relating to the company and its subsidiaries (hereinafter referred to as the "Group") is made known to us by other officers of the companies, particularly during the period in which these audited consolidated and separate financial statements are being prepared.

d.we have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of their audited financial statements and we certify that the internal controls are effective as of that date.

e.we have disclosed all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial date to the auditors. We have also identified for the Group's auditors any material weaknesses in internal controls and disclosed whether or not, there is any fraud that involves management or other employees who have a significant role in the Group.

f.we have indicated in these consolidated and separate financial statements, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

| | |
|---|---|
| Group Chief Executive | Group Chief Financial Officer |
| Mr. Jubril Adewale Tinubu | Mr. Adeola Ogunsemi |
| FRC/2013/NBA/00000003348 | FRC/2016/ICAN/00000014639 |

i. Responsibilities in respect of the financial statements

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiaries and comply with the requirements of International Financial Reporting Standards (IFRS), Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No.6, 2011;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, 2020.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls over financial reporting.

Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern for at least twelve months from the date of this Statement.

ii. Responsibilities in respect of Corporate Governance

The Company is committed to the principles and implementation of good corporate governance. The Company recognises the valuable contribution that it makes to long term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximises long term shareholder value and takes into account the interests of all of its stakeholders.

The Company believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notes to the accounts, the business adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

The Board of Directors

The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of the executive management. The Board presents a balanced and understandable assessment of the Company's progress and prospects.

During the year under review, the Chairman, five executive directors and four non-executive directors served on the board of the Company. The non-executive directors have experience and knowledge of the industry, markets, financial and/or other business information to make valuable contributions to the Company's progress. The Group Chief Executive is a separate individual from the Chairman and he implements the management strategies and policies approved by the Board. The Board meets at least four times a year.

The Audit Committee

The Audit Committee (the "Committee") is made up of five members - three directors (all of whom are non-executive) and two shareholders in compliance with section 404(3) of the Companies and Allied Matters Act, 2020. The Committee members meet at least four times a year.

The Committee's duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Committee also keeps under review the risk and controls over financial reporting, compliance with laws and regulations and the safeguarding of assets. In addition, the Committee reviews the adequacy of the internal audit plan and implementation status of internal audit recommendations.

Systems of Internal Control

The Company has well-established internal control system for identifying, managing and monitoring risks. The Risk and Controls and Internal Audit functions have reporting responsibilities to the Audit Committee. Both functions have appropriately trained personnel and undergo training on current business and best practices.

Code of Business Ethics

Management has communicated the principles of business ethics in the Company’s Code of Business Conduct and Ethics to all employees in the discharge of their duties. This Code sets the professionalism and integrity required for business operations which covers compliance with laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices.

Director
20th February 2023
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348

Director
20th February 2023
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

We have exercised our statutory functions in compliance with Section 404 (7) of the Companies and Allied Matters Act 2020 and we the members of the Oando PLC Audit Committee have, on the documents and information made available to us;

a. ascertained whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

b. reviewed the scope and planning of audit requirements;

c. reviewed findings on management matters in conjunction with the external auditor and management responses thereon;

d. keep under review the effectiveness of the Company's system of accounting and internal control;

e. make recommendations to the board with regard to the appointment, removal and remuneration of the external auditors of the Company; and

f. authorise the internal auditor to carry out investigation into any activities of the Company which may be of interest or concern to the committee

We ascertain that the accounting and reporting policies of the Company for the year ended December 31, 2020 are in accordance with legal requirements and agreed ethical practices. We also ascertain review of audit plan, effectiveness of internal controls and system of accounting and made appropriate recommendations to the board as they relate to our functions.

Dated this 20th day of February 2023

Ike Osakwe
FRC/2017/ICAN/00000016455

Members of the Audit Committee are:

| | |
|---|---|
| Mr. Ike Osakwe | Non-Executive Director (Chairman) |
| Alhaji Bukar Goni Aji | Non-Executive Director |
| Mr. Tanimu Yakubu | Non-Executive Director |
| Dr. Joseph O. Asaolu | Shareholder |
| Mr. Segun Oguntoye | Shareholder |
| Dr. Anthony Omojola | Shareholder - Elected on August 30, 2021 |

BDO

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15 CIPM Avenue
Central Business District
Alausa, Ikeja
P.O.Box 4929, GPO, Marina
Lagos, Nigeria

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF OANDO PLC

### Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of Oando Plc (''the Company") and its subsidiaries (together ''the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2020, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated and Separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter-**

**Utilisation of Afrexim and Ecobank loans**

We draw attention to the following:

(i) Note 44 (13b and13e) which indicates that Oando Oil Limited (OOL) - an indirect subsidiary of Oando PLC obtained a loan of $425 million (₦154.9 billion) from Afrexim Bank in year 2019. OOL utilised the loan to partially settle Ansbury Investments Inc in respect of Whitmore Asset Management Limited's indebtedness to it. Ansbury, Whitmore, OODP BVI and OODP Nigeria entered into a Settlement Deed for a total sum of $550 million due from Whitmore to Ansbury. In respect of the partial settlement of Whitmore's debt, OOL recorded a receivable of $438.1 million (₦159.6 billion) from Whitmore representing $400 million disbursed to Ansbury and $38.1 million transaction costs.

(ii) In the year 2020, Afrexim Bank provided additional loan of $100 million (N41.03 billion) to Oando Oil Limited towards the final settlement of the balance of $150 million owed by Whitmore to Ansbury under a settlement deed noted in (i) above. The Group recorded a receivable of $108.6 million (N44.6 billion) from Whitmore representing $100 million disbursed to Ansbury and $8.6 million transaction costs.

(iii) Also in year 2020, Oando Servco Nigeria Limited (another indirect subsidiary of Oando PLC) obtained another loan of $50 million from Ecobank Development Company Limited, also towards Whitmore's final settlement of the amount due to Ansbury noted in (i) above. The Group recorded a receivable of $52.8 million (N21.7 billion) from Whitmore representing $50 million disbursed to Ansbury and $2.8 million transaction costs.

(iv) These payments make the Group's disbursement to Ansbury towards the settlement of Whitmore's indebtedness, a total of $550 million excluding the associated transaction costs of $49.5 million as of 31 December 2020.

(v) Management performed impairment assessment on the receivables and fully impaired the amounts of $438.1 million in the consolidated statement of profit or loss for the year ended 31 December 2019 and $161.4 million in the consolidated statement of profit or loss for the year ended 31 December 2020.

Upon full settlement of the indebtedness of Whitmore to Ansbury, Ansbury transferred its shares in OODP BVI to Whitmore thereby making Whitmore the sole owner of OODP BVI. Consequently, the Group Chief executive and the deputy Group Chief executive of Oando PLC (the owners of Whitmore) have become the ultimate owners of the 57.37% of Oando PLC.

BDO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC - CONTINUED

## Material Uncertainty Related to Going Concern

We draw attention to Note 49 of the consolidated and separate financial statements which indicates that the Company recorded total comprehensive loss for the year ended 31 December 2020 of ₦45.3 billion (2019: total comprehensive loss of ₦63.2 billion) and as at that date, its current liabilities exceeded current assets by ₦202.4 billion (2019: net current liabilities of ₦163.2 billion). The Company also reported net liabilities of ₦174.1 billion (2019: net liabilities of ₦128.8 billion). The Group recorded total comprehensive loss for the year ended 31 December 2020 of ₦132.8 billion (2019: total comprehensive loss of ₦200.6 billion) and as at that date, its current liabilities exceeded current assets by ₦578.2 billion (2019: net current liabilities of ₦432.6 billion). The Group also reported net liabilities of ₦67.7 billion (2019: net assets of ₦67 billion). The Group continues to incur losses and reversal of this trend is dependent on successful outcome of its planned actions to refinance its debts in order to manage the funding gap of ₦768.1 billion and the attainment of revenue in the Group's forecast for the year ending 31 December 2023. As stated in the Note, these conditions together with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Company's and the Group's ability to continue as a going concern and therefore may be unable to realise its assets and settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be communicated in our report. For the matters below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key Audit Matters applies only to the audit of the Consolidated Financial Statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC - CONTINUED

<table>
<tr><th>Key Audit Matter - Group</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>Risk 1: Carrying value of exploration and evaluation assets<br>We identified and assessed the value of exploration and evaluation assets as one of the significant risks of material misstatement due to error.<br><br>The carrying value of exploration and evaluation ("E&E") assets as at 31 December 2020 is ₦ 44.14 billion (2019: ₦41.64 billion). This is in respect of some projects where the Group is currently in the exploration phase. These costs are being capitalized. Management has to consider the specific recognition criteria under IFRS 6: Exploration and Evaluation for Mineral Resources for which costs can be capitalized and management judgement is required to determine which costs fall under the IFRS 6 capitalization criteria. The E&E assets have been accumulating over a number of years and the projects are not yet in the production phase. As a result there is the risk that carrying value of assets may not be recoverable and impairment may be required.</td><td>We performed the following audit procedures:<br><br>- Considered management's assessment of any indicators of impairment as outlined in IFRS 6: Exploration and Evaluation of Mineral Resources and their assertion that none are applicable, including the status and expiration dates of the various licenses. Additionally, we challenged management on the plans for the renewal of OML 90, given that the license expired in 2018.<br><br>- Challenged management on the CGUs and the key assumptions used in the impairment assessment of E&E assets; by independently verifying the forecast crude, Natural gas and NGL prices and the discount rate applied on the cash flows.<br><br>- We assessed the accuracy and relevance of management's forecasts, judgements including Competent Person Report challenging the recognition of the assets; and<br><br>- Performed substantive testing on a sample of additions to E&E assets during the year to assess if these were in line with capitalization criteria per IFRS 6.</td></tr>
<tr><td>Relevant disclosures in the Consolidated and separate 2020 Financial statements: Note 16a, Exploration and evaluation assets impairment losses.</td><td>Key observations<br>The assessment above resulted into impairment loss of ₦3.2billion in 2020 (2019: ₦12.6 billion).</td></tr>
<tr><td>Risk 2: Oil and gas revenue recognition<br><br>We identified manual adjustments to oil and gas revenue recognition as one of the most significant assessed risks of material misstatement due to fraud.<br>OML 56, OML 13 and OML 60-63 are currently the crude oil and gas producing assets while Oando PLC engages in supply and trading of crude, refined and unrefined petroleum products. These entities account for 100% of Group revenue recognized being ₦477 billion for the year ended 31 December 2020 (2019: ₦576.6 billion). IFRS 15: Revenue from Contracts with customers was applicable to the above noted entities, there is a risk around the appropriate recognition of revenue in the current year due to contract modification which could result in manual adjustments to revenue.</td><td>We performed the following audit procedures:<br>- Agreed the inputs within the calculation of revenue and contract liability to the underlying contracts for the contractual values;<br>- Performed substantive testing of inputs for the calculation to relevant third party evidence including Bill of Lading or Gas Consumption Certificates;<br>- Assessed management's application of IFRS 15 requirements and challenged them on their assessment of the contract modification; and<br>- We assessed the appropriateness of the manual journals that were recorded in revenue against the results of the substantive work performed.</td></tr>
<tr><td>Relevant disclosures in the Consolidated and separate financial statements: Note 5, Other significant accounting policies; and Note 8, Revenue from contracts with customers.</td><td>Key observations<br><br>The substantive test performed did not identify any material misstatements in the occurrence of revenue. We did not identify any inappropriate contract modification; hence no adjustment was processed.</td></tr>
</table>

| | |
|---|---|
| **Risk 3: Accuracy of the decommissioning provision**<br>We identified the accuracy of the decommissioning provision as one of the most significant assessed risks of material misstatement due to error.<br><br>The decommissioning provisions balance as at 31 December 2020 is ₦618.6 billion(2019: ₦106.3 billion) with the movement being an adjustment due to change in assumptions and revision of estimates. The change in assumptions was management judgement which caused a material change to the provision calculation. The estimate is sensitive to changes in assumptions due to the time period the assessment is over. | We performed the following audit procedures:<br><br>- Considered the expert report commissioned by management on the determination of the basis of the provision for decommissioning including challenging underlying assumptions;<br>- Assessed the competence of management's expert and the report prepared by management to inform our work in particular around industry expectations;<br>- Substantive testing of the inputs to the provision calculation, re-performance of calculations and management's judgements were carried out.<br>- Ensured appropriate correction of material misstatement identified in our reperformance of the calculations. |
| **Relevant disclosures in the Consolidated and separate financial statements:**<br>Note 36, Decommissioning provisions | **Our results:**<br><br>As a result of the work performed above there were no material misstatements in the accuracy of the decommissioning provisions in the financial statements. |
| **Risk 4: Carrying value of the upstream assets**<br><br>We identified the carrying value of upstream assets as one of the most significant assessed risks of material misstatement due to error. The balance as at 31 December 2020 is ₦896.5 billion (2019: ₦384.2 billion). We have assessed there to be a significant risk around the valuation of upstream assets within Oando Oil Limited ("OOL") as a result of the reduction of global oil prices in 2020, which indicates potential for impairment of these assets. Upstream assets value in OOL is ₦865.6 billion as at 31 December 2020 (2019: ₦364 billion). | We performed the following audit procedures:<br><br>- Considered management's impairment assessment including challenging and corroborating inputs and assumptions in the calculation;<br>- Challenged management on the assessment of the CGU's forming the impairment calculation;<br>- Assessed management's sensitivity analysis to confirm if the most judgmental areas were changed that the outcome still indicates headroom;<br>- Assessed management's forecasts in relation to production expectations and calculation for depletion amounts including challenging any assumptions;<br>- Performed substantive testing on a sample of additions to oil and gas assets during the year to confirm existence and accuracy; and<br>- Understanding of the nature and form of the transfer from receivables from a joint arrangement to oil and gas assets to confirm that it was appropriate to reclassify in the current year. |
| **Relevant disclosures in the Consolidated and separate financial statements:**<br>Note 15, Property, plant and equipment and Note 48a, Details of upstream assets | **Our results:**<br><br>Based on our audit work, we are satisfied that the assumptions made in management's impairment calculations were appropriate. |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC - CONTINUED

## Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Directors' Responsibilities, Report of the Audit Committee and Other national Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' 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 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 for the Consolidated and Separate Financial Statements**

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Company'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 and or the Company 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 processes.

**Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 the director's 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 and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and /or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC - CONTINUED

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 the Directors 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 the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about matters or when, in extremely rare circumstances, we determine that matters 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

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, 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 purpose of our audit.

ii) In our opinion, proper books of account have been kept by the Group and Company, in so far as it appears from our examination of those books.

iii) the consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agree with the books of account; and

iv) in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act 2020, so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

**Henry B. Omodigbo**
**FRC/2013/ICAN/00000003977**
**For: BDO Professional Services**
**Chartered Accountants**

**Lagos, Nigeria**
**1 March 2023**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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| | Notes | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|---|
| Revenue from contract with customers | 8c | 477,070,471 | 576,571,857 | 320,702,465 | 424,734,190 |
| Cost of sales | 10 | (436,626,716) | (504,011,590) | (322,570,279) | (423,956,921) |
| Gross profit/(loss) | | 40,443,755 | 72,560,267 | (1,867,814) | 777,269 |
| Other operating income/(expense) | 9 | 43,598,123 | (2,609,514) | 17,980,156 | 1,051,421 |
| Impairment of non-financial assets | 10c | (3,185,353) | (169,107,318) | (4,171,312) | (27,866,166) |
| (Impairment of assets)/reversal of impairment of financial assets | 10c | (62,897,661) | (147,570,626) | (6,620,210) | 6,598,463 |
| Administrative expenses | 10b | (92,297,483) | (88,153,327) | (29,121,230) | (23,243,098) |
| Operating loss | | (74,338,619) | (334,880,518) | (23,800,410) | (42,682,111) |
| Finance costs | 12a | (69,507,411) | (49,685,371) | (21,928,125) | (21,192,274) |
| Finance income | 12b | 9,250,876 | 8,972,892 | 1,221,072 | 1,784,166 |
| Net finance costs | | (60,256,535) | (40,712,479) | (20,707,053) | (19,408,108) |
| Share of profit/(loss) of associates | 19 | 312,384 | (1,821,974) | - | - |
| Loss before income tax | | (134,282,770) | (377,414,971) | (44,507,463) | (62,090,219) |
| Income tax (expense)/credit | 13a | (6,391,693) | 170,336,677 | (801,756) | (1,061,835) |
| Loss for the year | | (140,674,463) | (207,078,294) | (45,309,219) | (63,152,054) |
| **Loss attributable to:** | | | | | |
| Equity holders of the parent | | (118,149,391) | (171,821,040) | (45,309,219) | (63,152,054) |
| Non-controlling interest | | (22,525,072) | (35,257,254) | - | - |
| | | (140,674,463) | (207,078,294) | (45,309,219) | (63,152,054) |
| Loss per share attributable to ordinary equity holders of the parent during the year (expressed in Naira per share): | | | | | |
| **Basic and diluted loss per share** | | | | | |
| From loss for the year | 14 | (10) | (14) | (4) | (5) |

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

| | Notes | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|---|
| Loss for the year | | (140,674,463) | (207,078,294) | (45,309,219) | (63,152,054) |
| **Other comprehensive income:** | | | | | |
| **Items that may be reclassified to profit or loss in subsequent periods:** | | | | | |
| *Exchange differences on translation of foreign operations | | 7,626,709 | 6,462,173 | - | - |
| Share of associate's foreign currency translation reserve | 34 | 244,033 | 4,250 | - | - |
| | | 7,870,742 | 6,466,423 | - | - |
| **Reclassification to profit or loss** | | | | | |
| Reclassification of share of OWDL's foreign currency translation reserve | 34 | - | 49,095 | - | - |
| **Items that may not be reclassified to profit or loss in subsequent periods:** | | | | | |
| Remeasurement loss on defined benefit plan | 38c | 42,808 | - | - | - |
| **Other comprehensive income for the year, net of tax** | | 7,913,550 | 6,515,518 | - | - |
| **Total comprehensive loss for the year, net of tax** | | (132,760,913) | (200,562,776) | (45,309,219) | (63,152,054) |
| **Attributable to:** | | | | | |
| - Equity holders of the parent | | (113,717,043) | (164,907,053) | (45,309,219) | (63,152,054) |
| - Non-controlling interests | | (19,043,870) | (35,655,723) | - | - |
| **Total comprehensive loss for the year, net of tax** | | (132,760,913) | (200,562,776) | (45,309,219) | (63,152,054) |

*Exchange differences on translation of foreign operations relates to exchange differences arising on a monetary item that forms part of the net investment in a foreign operation and traslation of balances of foreign subsidiaries.

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

## Consolidated statement of financial position
As at 31 December 2020

| Assets | Notes | Group 2020 N'000 | Group 2019 N'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 906,995,130 | 394,228,600 |
| Intangible assets | 16 | 301,877,711 | 270,871,563 |
| Right of use asset | 17 | 14,386,973 | 16,267,406 |
| Investment properties | 18 | 3,138,000 | 2,808,000 |
| Investment in associates | 19 | 2,339,216 | 1,782,799 |
| Deferred income tax assets | 20 | - | 3,595,526 |
| Finance lease receivables | 22 | 82,329,992 | 73,510,965 |
| Prepayments | 27 | 185,280 | 164,568 |
| Restricted cash | 31 | 7,471,350 | 5,863,527 |
| | | 1,318,723,652 | 769,092,954 |
| **Current assets** | | | |
| Inventories | 24 | 5,265,155 | 24,541,679 |
| Derivative financial assets | 21 | 51,285 | 1,252,965 |
| Trade, other receivables and contract assets | 25 | 43,462,076 | 122,864,452 |
| Deposit for shares | 26 | 4,102,500 | 3,098,335 |
| Prepayments | 27 | 2,168,350 | 3,488,315 |
| Financial assets at fair value through profit or loss | 28b | 51,793 | 48,223 |
| Short term investments | 30 | 804,959 | 767,646 |
| Cash and cash equivalents | 31 | 14,566,389 | 32,808,536 |
| | | 70,472,507 | 188,870,151 |
| **Total assets** | | **1,389,196,159** | **957,963,105** |
| **Equity and Liabilities** | | | |
| **Equity attributable to equity holders of the parent** | | | |
| Share capital | 33 | 6,215,706 | 6,215,706 |
| Share premium | 33 | 176,588,527 | 176,588,527 |
| Retained loss | | (424,258,964) | (304,753,294) |
| Other reserves | 34 | 155,734,328 | 150,856,601 |
| | | (85,720,403) | 28,907,540 |
| Non controlling interest | | 18,037,209 | 38,100,179 |
| **Total equity** | | (67,683,194) | 67,007,719 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 35 | 166,132,553 | 130,635,428 |
| Deferred income tax liabilities | 20 | 3,171,132 | 12,657,924 |
| Decommissioning provisions | 36 | 618,626,627 | 106,393,420 |
| Lease liabilities | 37 | 19,960,715 | 19,617,395 |
| Retirement benefit obligations | 38 | 357,538 | 175,372 |
| | | 808,248,565 | 269,479,539 |
| **Current liabilities** | | | |
| Trade and other payables | 39 | 337,860,095 | 349,868,624 |
| Borrowings | 35 | 253,496,644 | 231,531,048 |
| Lease liabilities | 37 | 5,148,169 | 3,344,733 |
| Current income tax liabilities | 13b | 50,475,603 | 35,081,165 |
| Dividend payable | 40 | 1,650,277 | 1,650,277 |
| | | 648,630,788 | 621,475,847 |
| **Total liabilities** | | 1,456,879,353 | 890,955,386 |
| **Total equity and liabilities** | | **1,389,196,159** | **957,963,105** |

The financial statements and notes on pages 16 to 99 were approved and authorised for issue by the Board of Directors on 20th February 2023 and were signed on its behalf by:

Group Chief Executive
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348

Group Chief Financial Officer
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

| Assets | Notes | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 1,508,958 | 1,696,350 |
| Intangible assets | 16 | 435,321 | 613,534 |
| Right of use asset | 17 | 9,375,875 | 13,458,959 |
| Investment properties | 18 | 3,138,000 | 2,808,000 |
| Investment in associates | 19 | 2,716,431 | 2,716,431 |
| Finance lease receivables | 22 | 8,199,931 | 9,202,848 |
| Investment in subsidiaries | 29 | 22,467,109 | 26,638,421 |
| Prepayments | 27 | - | 164,568 |
| | | 47,841,625 | 57,299,111 |
| **Current assets** | | | |
| Inventories | 24 | - | 22,578,799 |
| Trade, other receivables and contract assets | 25 | 132,279,890 | 141,343,373 |
| Prepayments | 27 | 222,083 | 609,113 |
| Financial assets at fair value through profit or loss | 28b | 49,214 | 45,644 |
| Short term investments | 30 | 804,959 | 767,646 |
| Cash and cash equivalents (excluding bank overdrafts) | 31 | 1,072,747 | 498,707 |
| | | 134,428,893 | 165,843,282 |
| **Total assets** | | 182,270,518 | 223,142,393 |
| **Equity and Liabilities** | | | |
| **Equity attributable to equity holders** | | | |
| Share capital | 33 | 6,215,706 | 6,215,706 |
| Share premium | 33 | 176,588,527 | 176,588,527 |
| Retained earnings | | (356,895,742) | (311,586,523) |
| Other reserves | 34 | - | - |
| **Total Equity** | | (174,091,509) | (128,782,290) |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Decommissioning provisions | 36 | 235,912 | 209,646 |
| Lease liabilities | 37 | 19,274,541 | 22,668,097 |
| | | 19,510,453 | 22,877,743 |
| **Current liabilities** | | | |
| Trade and other payables | 39 | 212,866,586 | 211,754,578 |
| Borrowings | 35 | 109,201,608 | 106,199,440 |
| Current income tax liabilities | 13b | 3,025,030 | 2,223,274 |
| Lease liabilities | 37 | 10,108,073 | 7,219,371 |
| Dividend payable | 40 | 1,650,277 | 1,650,277 |
| | | 336,851,574 | 329,046,940 |
| **Total liabilities** | | 356,362,027 | 351,924,683 |
| **Total equity and liabilities** | | 182,270,518 | 223,142,393 |

The financial statements and notes on pages 16 to 99 were approved and authorised for issue by the Board of Directors on 20th February 2023 and were signed on its behalf by:

Group Chief Executive
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348

Group Chief Financial Officer
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

| Group | Share capital & Share premium[1] N'000 | Other reserves[2] N'000 | Retained earnings N'000 | Equity holders of parent N'000 | Non controlling interest N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2019 | 182,804,233 | 144,604,935 | (126,534,432) | 200,874,736 | 76,241,975 | 277,116,711 |
| Effect of adoption of IFRS 9 | - | - | (4,730,668) | (4,730,668) | - | (4,730,668) |
| Restated total equity at the beginning of the financial year | 182,804,233 | 144,604,935 | (131,265,100) | 196,144,068 | 76,241,975 | 272,386,043 |
| Loss for the year | - | - | (171,821,040) | (171,821,040) | (35,257,254) | (207,078,294) |
| Other comprehensive income/(loss) for the year | - | 6,913,987 | - | 6,913,987 | (398,469) | 6,515,518 |
| Total comprehensive income/(loss) | - | 6,913,987 | (171,821,040) | (164,907,053) | (35,655,723) | (200,562,776) |
| Non controlling interest arising in business combination | | | | | | |
| Change in ownership interests in subsidiaries that do not result in a loss of control (Note 46c) | - | (662,321) | (1,667,154) | (2,329,475) | (2,486,073) | (4,815,548) |
| Balance as at 31 December 2019 | 182,804,233 | 150,856,601 | (304,753,294) | 28,907,540 | 38,100,179 | 67,007,719 |
| Balance as at 1 January 2020 | 182,804,233 | 150,856,601 | (304,753,294) | 28,907,540 | 38,100,179 | 67,007,719 |
| Loss for the year | - | - | (118,149,391) | (118,149,391) | (22,525,072) | (140,674,463) |
| Other comprehensive income for the year | - | 4,432,348 | - | 4,432,348 | 3,481,202 | 7,913,550 |
| Total comprehensive income/(loss) for the year | - | 4,432,348 | (118,149,391) | (113,717,043) | (19,043,870) | (132,760,913) |
| Non controlling interest arising in business combination | | | | | | |
| Change in ownership interests in subsidiaries that do not result in a loss of control (Note 46c) | - | 445,379 | (1,356,279) | (910,900) | (1,019,100) | (1,930,000) |
| Balance as at 31 December 2020 | 182,804,233 | 155,734,328 | (424,258,964) | (85,720,403) | 18,037,209 | (67,683,194) |

[1] Share capital includes Ordinary Shares and share premium (Note 33)
[2] Other reserves include currency translation reserves and share based payment reserves (SBPR). See Note 34.

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

| Company | Share Capital & Share premium N'000 | Other reserves [1] N'000 | Retained earnings N'000 | Equity holders of parent/ Total equity N'000 |
|---|---|---|---|---|
| Balance as at 1 January 2019 | 182,804,233 | - | (243,703,801) | (60,899,568) |
| Effect of adoption of IFRS 9 | - | - | (4,730,668) | (4,730,668) |
| Restated total equity at the beginning of the financial year | 182,804,233 | - | (248,434,469) | (65,630,236) |
| Loss for the year | - | - | (63,152,054) | (63,152,054) |
| Total comprehensive loss | - | - | (63,152,054) | (63,152,054) |
| Balance as at 31 December 2019 | 182,804,233 | - | (311,586,523) | (128,782,290) |
| Balance as at 1 January 2020 | 182,804,233 | - | (311,586,523) | (128,782,290) |
| Loss for the year | - | - | (45,309,219) | (45,309,219) |
| Total comprehensive loss for the year | - | - | (45,309,219) | (45,309,219) |
| Balance as at 31 December 2019 | 182,804,233 | - | (356,895,742) | (174,091,509) |

[1] Other reserves comprise financial assets at fair value through profit or loss. See Note 34.

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

| | Notes | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|---|
| *Cash flows from operating activities* | | | | | |
| Cash generated from operations | 41 | (19,426,550) | (97,439,499) | 1,502,715 | 1,609,788 |
| Interest paid | | (17,995,707) | (24,298,886) | (156,469) | (6,955,889) |
| Income tax paid | 13b | (2,256,892) | (1,436,642) | - | (381) |
| Net cash (used in)/generated from operating activities | | (39,679,149) | (123,175,027) | 1,346,246 | (5,346,482) |
| *Cash flows from investing activities* | | | | | |
| Purchases of property plant and equipment | 15 | (34,062,431) | (27,871,027) | (153,788) | (310,110) |
| Proceeds from disposal of investment in associate | 18, 22d | 2,666,625 | 288,578 | - | - |
| Deposit for shares | 26 | (2,666,625) | (4,869,758) | - | - |
| Payment with regards to investment property | 18 | - | (6,650) | - | (6,650) |
| Acquisition of software | 16 | (44,890) | (669,310) | (44,890) | (669,310) |
| Purchase of intangible exploration assets | 16 | (663,989) | (1,189,475) | - | - |
| Proceeds from sale of property, plant and equipment | | 88 | - | - | - |
| Proceeds from early hedge settlement | 21 | 23,765,106 | 5,422,940 | - | - |
| Recoveries on non-current receivables | | - | 8,189,842 | - | - |
| Finance lease received | 22iii | 9,410,851 | 8,157,159 | 5,367,509 | 4,303,157 |
| Interest received | | 27 | 79,985 | - | 79,892 |
| Net cash (used in)/generated from investing activities | | (1,595,238) | (12,467,716) | 5,168,831 | 3,396,979 |
| *Cash flows from financing activities* | | | | | |
| Proceeds from long term borrowings | 41b | 52,605,000 | 129,160,737 | - | - |
| Repayment of long term borrowings | 41b | (28,820,063) | (803,167) | - | - |
| Proceeds from other short term borrowings | 41b | 22,930,780 | 39,186,536 | 2,738,666 | - |
| Repayment of other short term borrowings | 41b | (23,458,593) | (17,492,181) | (1,435,473) | (2,843,790) |
| Lease payments | 37 | (4,117,249) | (4,765,827) | (7,282,539) | (7,618,855) |
| Proceeds from loan note from Helios with respect to the sale of the gas & power entities | 23d | - | 12,335,222 | - | 12,335,222 |
| Investment in money market funds | | - | (767,646) | - | (767,646) |
| Restricted cash | | (872,047) | 953,074 | - | - |
| Net cash generated from/(used in) financing activities | | 18,267,828 | 157,806,748 | (5,979,346) | 1,104,931 |
| Net change in cash and cash equivalents | | (23,006,559) | 22,164,005 | 535,731 | (844,572) |
| Cash and cash equivalents at the beginning of the year | | 32,808,536 | 10,620,544 | 498,707 | 1,341,437 |
| Exchange gain on cash and cash equivalents | | 4,764,412 | 23,987 | 38,309 | 1,842 |
| Cash and cash equivalents at end of the year | | 14,566,389 | 32,808,536 | 1,072,747 | 498,707 |
| *Cash and cash equivalent at year end is analysed as follows:* | | | | | |
| Cash and bank balance | 31 | 14,566,389 | 32,808,536 | 1,072,747 | 498,707 |

[1] Purchases of property, plant and equipment exclude capitalised interest (2019: nil)

The statement of significant accounting policies and notes on pages 23 to 96 form an integral part of these consolidated and separate financial statements.

## 1. General information

Oando PLC (formerly Unipetrol Nigeria PLC.) was registered by a special resolution as a result of the acquisition of the shareholding of Esso Africa Incorporated (principal shareholder of Esso Standard Nigeria Limited) by the Federal Government of Nigeria. It was partially privatised in 1991 and fully privatised in the year 2000 following the disposal of the 40% shareholding of Federal Government of Nigeria to Ocean and Oil Investments Limited and the Nigerian public. In December 2002, the Company merged with Agip Nigeria PLC. following its acquisition of 60% of Agip Petrol's stake in Agip Nigeria PLC. The Company formally changed its name from Unipetrol Nigeria PLC. to Oando PLC in December 2003.

Oando PLC (the "Company") is listed on the Nigerian Stock Exchange and the Johannesburg Stock Exchange. In 2016, the Company embarked on a reorganisation and disposed some subsidiaries in the Energy, Downstream and Gas & Power segments. The Company disposed Oando Energy Services and Akute Power Ltd effective 31 March 2016 and also target companies in the Downstream division effective 30 June 2016. It also divested its interest in the Gas and Power segment in December 2016 with the exception of Alausa Power Ltd which was disposed off on 31 March 2017. The Company retains its significant ownership in Oando Trading Bermuda (OTB), Oando Trading Dubai (OTD) and its upstream businesses (See Note 8 for segment result), hereinafter referred to as the Group.

On October 13, 2011, Exile Resources Inc. ("Exile") and the Oando Exploration and Production Division ("OEPD") of Oando PLC ("Oando") announced that they had entered into a definitive master agreement dated September 27, 2011 providing for the previously announced proposed acquisition by Exile of certain shareholding interests in Oando subsidiaries via a Reverse Take Over ("RTO") in respect of Oil Mining Leases ("OMLs") and Oil Prospecting Licenses ("OPLs") (the "Upstream Assets") of Oando (the "Acquisition") first announced on August 2, 2011. The Acquisition was completed on July 24, 2012 (Completion date"), giving birth to Oando Energy Resources Inc. ("OER"); a company which was listed on the Toronto Stock Exchange between the Completion date and May 2016. Immediately prior to completion of the Acquisition, Oando PLC and the Oando Exploration and Production Division first entered into a reorganization transaction (the "Oando Reorganization") with the purpose of facilitating the transfer of the OEPD interests to OER (formerly Exile).

OER effectively became the Group's main vehicle for all oil exploration and production activities.

In 2016, OER previously quoted on Toronto Stock Exchange (TSX), notified the (TSX) of its intention to voluntarily delist from the TSX. The intention to delist from the TSX was approved at a Board meeting held on the 18th day of December, 2015. The shares of OER were delisted from the TSX at the close of business on Monday, May 16th 2016. Upon delisting, the requirement to file annual reports and quarterly reports to the Exchange will no longer be required. The Company believes the objectives of the listing in the TSX was not achieved and the Company judges that the continued listing on the TSX was not economically justified.

To effect the delisting, a restructuring of the OER Group was done and a special purpose vehicle, Oando E&P Holdings Limited ("OEPH") was set up to acquire all of the issued and outstanding shares of OER. As a result of the restructuring, shares held by the previous owners of OER (Oando PLC (93.49%), the institutional investors in OER (5.08%) and certain Key Management Personnel (1.43%) were required to be transferred to OEPH, in exchange for an equivalent number of shares in OEPH. The share for share exchange between entities in the Oando Group is considered as a business combination under common control not within the scope of IFRS 3.

OEPH purchased the remaining shares in OER from the remaining shareholders who did not partake in the share exchange arrangement for a cash consideration. The shareholders of the 5,733,277 shares were paid a cash consideration of US$1.20 per share in accordance with the plan of arrangement. As a result of the above, OEPH Holdings now owns 100% of the shares in OER.

Pursuant of the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender"/"SS") and Oando PLC (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US$32m (WAIL: US$27m, SS: US$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017. The financial guarantee required Oando PLC to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to the Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS and Oando PLC now owns 78.18% (2016: 77.74%) shares in OEPH Holdings (see Note 46c). The Borrower and Lenders are not related parties to the Guarantor.

On May 19, 2018, Oando PLC (through its subsidiary Calabar Power) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2018: 78.18%) shares in OEPH. Calabar Power (through Oando PLC) paid $8.3 million (N3 billion) in 2018 and $13.5 million (N4.9 billion) in 2019 to WAIL. On May 31, 2019, Goldeneye transferred 5,236,626 shares to Calabar Power amounting to $13,349,083.59, thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 79.93%. Amounts paid up to 31 December 2019 have been reflected as deposit for shares in these consolidated financial statements. Subsequently, the company (through Oando PLC) paid the outstanding indebtedness to WAIL as follows: 2020: $1.5 million, 2021: $10 million while Goldeneye paid $4.12 million in 2022 out of the indebtedness to Oando PLC of $9.59 million. The final payment of $4.12 million extinguished the debt to WAIL as guaranteed by Oando PLC. Upon the final payment and on April 12, 2022, the outstanding shares of 12,218,788 were transferred to Calabar Power.

On November 2, 2020, M1 Petroleum Limited (an NCI in OEPH) transferred 2,935,774 shares in OEPH (amounting to $5 million) to Calabar Power thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 80.3%

## 2. Basis of preparation

The consolidated financial statements of Oando PLC. have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The annual consolidated financial statements are presented in Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for the revaluation of land and buildings, investment properties, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 6.

## 3. Changes in accounting policies and disclosures

(a) *New standards, amendments and interpretations 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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments were applied for the first time in 2020, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group was not affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Application of the reliefs is mandatory. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material have no impact on the Group's consolidated financial statements.

The Conceptual Framework for Financial Reporting
The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. These amendments may apply to the Group in future.

Covid-19-Related Rent Concessions – Amendment to IFRS 16
In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. These amendments have no impact on the consolidated financial statements of the Group.

(b) *New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2020*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant effect on the consolidated financial statements of the Group, except the following set out below:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
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 interest rate (RFR). The amendments are mandatory, with earlier application permitted. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods. These amendments are effective for annual periods beginning on or after 1 January 2021. The Group will assess the potential effect of the amendments on its consolidated financial statements on the transition date.

- Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments add 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018). Effective for annual periods beginning on or after 1 January 2022. The Group will assess the potential effect of the amendments on its consolidated financial statements on the transition date.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment effective for annual periods beginning on or after 1 January 2022 prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendment is not expected to have a significant impact on the Group's consolidated financial statement.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
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 (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group will assess the potential effect of the amendments on its consolidated financial statements on the transition date. It is effective for annual periods beginning on or after 1 January 2022.

- Annual Improvements Process (AIP) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter - Effective 1 January 2022

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statement.

- AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39. 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. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statement.

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements 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 amendment is not expected to have a significant impact on the Group's consolidated financial statement. It is effective for annual periods beginning on or after 1 January 2023.

(c) *New and amended standards and interpretations that do not relate to the Group*

- AIP IAS 41 Agriculture - Taxation in fair value measurements - Effective 1 January 2022
- IFRS 17 Insurance Contracts - Effective 1 January 2023
-Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The IASB has deferred the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting.

4. Basis of Consolidation

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has power or control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the entity's return. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In the separate financial statement, investment in subsidiaries is measured at cost less accumulated impairments. Investment in subsidiary is impaired when its recoverable amount is lower than its carrying value and when there are indicators of impairments.

The Group considers all facts and circumstances, including the size of the Group's voting rights relative to the size and dispersion of other vote holders in the determination of control.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, amounts, balances and income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from transactions that are recognised in assets are also eliminated. Accounting policies and amounts of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

*(ii) Changes in ownership interests in subsidiaries without change of control*

The Group treats transactions with non-controlling interests that do not result in loss of control as equity transactions. For purchases from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified as cash flows from financing activities.

*(iii) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is 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.

(iv) Investment in associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the change in the associate's net assets after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but 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.

The Group’s share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other long term receivables, loans or unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of profit or loss.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

In the separate financial statements of the Company, investment in associates are measured at cost less impairment. Investment in associate is impaired when its recoverable amount is lower than its carrying value.

(v) Joint arrangements

The group applies IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

For the arrangements determined to be joint operations, the Group recognises in relation to its interest the following:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Transactions with other parties in the joint operations

When the Group enters into a transaction in a joint operation, such as a sale or contribution of assets, the Group recognises gains and losses resulting from such a transaction only to the extent of its interests in the joint operation.

When such transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are recognised fully by the Group.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a sale of assets, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

### (vi) Functional currency and translation of foreign currencies

Functional and presentation currency
These consolidated financial statements are presented in Naira, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The Company's functional and presentation currency is Naira.

### (vii) Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. All other foreign exchange gains and losses are presented in the statement of profit or loss within administrative expenses and other operating income respectively. Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets measured at fair value through profit or loss are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in other comprehensive income.

### (viii) Consolidation of Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) 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 items presented, are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates where it is impracticable to translate using spot rate. Where the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expense are translated at a rate on the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (ix) Common Control Business Combinations

Business combinations involving entities ultimately controlled by the Oando Group are accounted for using the pooling of interest method (also known as merger accounting).

A business combination is a "common control combination" if:

i. The combining entities are ultimately controlled by the same party both before and after the combination and
ii. Common control is not transitory.

Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:

i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value
ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).

iii. No goodwill is recorded in the consolidated financial statement. The difference between the acquirer's cost of investment and the acquiree's equity is taken directly to equity.
iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
v. Any expenses of the combination are written off immediately in the statement of comprehensive income.
vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and
vii. Adjustments are made to achieve uniform accounting policies

(ix) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## 5. Other significant accounting policies

### (a) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Leadership Council (GLC).

### (b) Revenue

Revenue from Contracts with Customers

The Group has adopted IFRS 15 as issued in May 2014 which has resulted in changes in the accounting policy of the Group. IFRS 15 replaces IAS 18 which covers revenue arising from the sale of goods and the rendering of services, IAS 11 which covers construction contracts, and related interpretations.

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of Group's activities and is stated net of value-added tax, rebates and discounts and after eliminating sales within the group. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future benefits will flow to the entity and when specific criteria have been met for each of its activities.

A valid contract is recognised as revenue after:

• The contract is approved by the parties.
• Rights and obligations are recognised.
• Collectability is probable.
• The contract has commercial substance.
• The payment terms and consideration are identifiable.

IFRS 15 introduces 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.

a) Revenue recognition
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 a 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 and natural gas liquid, this occurs when the products are lifted by the customer (buyer). Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas, revenue is recognised as the product is being passed through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time. The surplus or deficit of the product sold during the period over the Group's ownership 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. If the over-lifter meets the definition of a customer, revenue is recognised and a corresponding receivable.

Conversely, 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 or cost of sales.

Definition of a customer

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

▪ Identification of performance obligation

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

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

▪ Contract enforceability and termination clauses

The Group may enter into contracts that do not create enforceable rights and obligation to parties in the contract. Such instances may include where the counterparty has not met all conditions necessary to kick start the contract or where a non-contractual promise exists between both parties to the agreement. In these instances, the agreement is not yet a valid contract and therefore no revenue can be recognised.

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 provides 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.

The Group may enter into contracts that do not meet the revenue recognition criteria. In such cases, the consideration received will only be recognised as revenue if either of the following has occurred;

- the Group has no remaining obligations to transfer goods/services to the customer and all or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable
- the contract has been terminated and the consideration received from the customer is non-refundable.

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.

b) Transaction price

Transaction price is the amount that an entity within the Group allocates 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 receivables 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 revenue.

Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. Examples include barging costs incurred, demurrage and freight costs. These do not represent a distinct service transferred and is therefore recognised as a direct deduction from revenue.

c) Contract modification and contract combination

Contract modifications relates to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract.

Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group enters into new contracts with its customers only on the expiry of the old contract. In the new contracts, prices and scope may be based on terms in the old contract. In gas contracts, prices change over the course of time. Even though gas prices change over time, the changes are based on agreed terms in the initial contract i.e. price change due to consumer price index. The change in price is therefore not a contract modifications. Any other change expected to arise from the modification of a contract is implemented in the new contracts.

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.

d) 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 15 to individual contracts within that portfolio.

e) Contract assets and liabilities

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

f) Disaggregation of revenue from contract with customers

The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the revenue disaggregation disclosure requirement of IFRS 15 as it depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

## (c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant & equipment are credited to other comprehensive income and shown as a component of other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss. Revaluation surplus is recovered through disposal or use of property, plant and equipment. In the event of a disposal, the whole of the revaluation surplus is transferred to retained earnings from other reserves. Otherwise, each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the assets original cost is transferred from "other reserves" to "retained earnings".

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives as follows:

| | | |
|---|---|---|
| Leasehold improvements | 20 – 50 years | (2 – 5%) |
| Plant and machinery | 8 – 20 years | (5 – 121/2 %) |
| Fixtures, fittings, computer & equipment, motor vehicles | 3 – 5 years | (20 – 331/3 %) |
| Upstream assets | Unit-of-production (UOP) | |

Where the cost of a part of an item of property, plant and equipment is significant when compared to the total cost, that part is depreciated separately based on the pattern which reflects how economic benefits are consumed. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised within "operating profit/(loss)" in the statement of profit or loss .

Property, plant and equipment under construction is not depreciated until they are available for use.

## (d) Intangible assets

### *(a) Goodwill*

Goodwill arises from the acquisition of subsidiaries and is initially measured at cost, being the excess of the aggregate of the consideration transferred, amount recognized for non-controlling interest and any interest previously held over the net identifiable assets acquired, liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGU's) for the purpose of impairment testing. The allocation is made to those CGU's expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Each unit or group of units to which goodwill is allocated represents the lower level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(b) Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight line method to allocate the cost over their estimated useful lives of three to five years. The amortisation period and residual values are reviewed at each reporting date. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(c) Concession contracts

The Group, through its subsidiaries have concession arrangements to fund, design and construct gas pipelines on behalf of the Nigerian Gas Company (NGC). The arrangement requires the Group as the operator to construct gas pipelines on behalf of NGC (the grantor) and recover the cost incurred from a proportion of the sale of gas to customers. The arrangement is within the scope of IFRIC 12.

Under the terms of IFRIC 12, a concession operator has a twofold activity:

- a construction activity in respect of its obligations to design, build and finance a new asset that it makes available to the grantor: revenue is recognised over time in accordance with IFRS 15;

- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

The intangible asset model: The operator has a right to receive payments from users in consideration for the financing and construction of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator to the extent of use of the infrastructure by users, but with no guarantees as to the amounts that will be paid to the operator .

Under this model, the right to receive payments (or other remuneration) is recognised in the concession operator's statement of financial position under "Concession intangible assets". This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the entry into service of the asset.

Amortisation of the intangible assets is calculated using the straight line method to write down their cost amounts to their residual values over their estimated useful life of 20 years.

(e) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. 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 groups of assets in which case, it is included within the recoverable amount of those group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, 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. In determining fair value less costs of disposal, 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.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(f) Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to 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 assets at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group classifies its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income (OCI).

Financial assets classified at amortised cost
The Group's financial asset are measured at amortised cost only if they meet both of the following conditions:

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at fair value through other comprehensive income (debt instruments)
A financial asset shall be measured at fair value through other comprehensive income only if it meets both of the following conditions:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at fair value through other comprehensive income (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets classified at fair value through profit or loss
A financial asset that does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income should be measured at fair value through profit or loss. Also, the Group, at initial recognition, designate a financial asset as measured at fair value through profit or loss if so doing eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Derivatives, including separated embedded derivatives, are also classified as financial assets measured at fair value through profit or loss unless they are designated as effective hedging instruments. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

All the Group's financial assets as at 31 December 2020 satisfy the conditions for classification at amortised cost, fair value through profit or loss and as fair value through other comprehensive income under IFRS 9.
The Group's financial assets include trade receivables, finance lease receivables, other receivables, non-current receivables and cash and cash equivalents.

- Financial liabilities

Financial liabilities of the Group are classified and subsequently recognised 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, lease liabilities 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 while the three-stage approach is applied to finance lease receivables, other receivables, non-current receivables and cash & cash equivalents.
The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which 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. 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 assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. These three components are multiplied together and adjusted using macro-economic indicators. This effectively calculates 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 on the entities, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.
Financial assets that have been identified to be more than 30 days past due but less than 360 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 30 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) Derecognition

▪ Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

▪ Financial liabilities
The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged, 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.

(g) Accounting for leases
Accounting for leases under IFRS 16

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
– the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
– the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019

The Group's leases include leases of land, buildings (offices and residential apartments) and aircraft. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 15 years. On renewal of a lease, the terms may be renegotiated. The leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate the lease and non-lease components. The non-lease components will be accounted for as an expense in profit or loss in the related period.

*Leases in which the Group is a lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

*Lease liabilities*

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

*Right of use assets*

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

*Short-term leases and leases of low-value assets*

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than $5,000 when new, e.g. small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

*Extension and termination options*
Extension and termination options are included in most of the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and the lessors and some of the termination options held are exercisable only by the Group

*Leases in which the Group is a Lessor*
Sub-leases
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the short term lease exemption, then it classifies the sub-lease as an operating lease.

The Group classifies a sub-lease as finance leases if the sublease is for the a significant part or whole of the term of the head lease. The head lease liability is measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate. The measurement of the right-of-use asset depends on the classification of the sub-lease. The Group has defined significant to mean that the sub-lease term represents, at the minimum, 70% of the remaining term of the head lease.

If the sub-lease is classified as a finance lease, the Group does not recognise a right of use asset but recognises a lease receivable (net investment in a lease) to the extent that it is subject to the sub-lease. If the sub-lease is classified as an operating lease, the Group continues to recognise the right-of-use asset.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(i) Share capital

Ordinary shares are classified as equity. Share issue costs net of tax are charged to the share premium account.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(k) Employee benefits

(i) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate. The assets of the scheme are funded by contributions from both the Group and employees and are managed by pension fund custodians in line with the National Pension Commission (PenCom) Pension Reform Act (PRA).

Defined benefit scheme

The Group operated a defined benefit gratuity scheme in Nigeria, where members of staff who had spent 3 years or more in employment are entitled to benefit payments upon retirement. This defined benefit plan was curtailed in 2012 and 2013 for management and non-management staff respectively.

The liability recognized in respect of the discontinued defined benefit plan at the time of curtailment was based on the final settlement amounts communicated to each employee. The settlement amounts bore an interest rate equivalent to 90 days deposit rate from the time of curtailment up until when they were paid to an external funds manager in 2017. Prior to the obligation being funded, the interest costs accruing to the employees are recorded in the statement of profit or loss and included as part of the liability in the statement of financial position.

After the settlement was paid to the fund manager in 2017, the Group no longer has any obligation on the statement of financial position.

(ii) Employee share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options/ awards) of the Group. The fair value of the employee services received in exchange for the grant of the option/awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any market performance conditions (for example, an entity's share prices); excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and including impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to share-based payment reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.
Share-based compensation are settled in Oando PLC's shares, in the separate or individual financial statements of the subsidiary receiving the employee services, the share based payments are treated as capital contribution as the subsidiary entity has no obligation to settle the share-based payment transaction.

The entity subsequently re-measures such an equity-settled share-based payment transaction only for changes in non-market vesting conditions.

In the separate financial statements of Oando PLC, the transaction is recognised as an equity-settled share-based payment transaction and additional investments in the subsidiary.

(iii) Other share based payment transactions

Where the Group obtains goods or services in compensation for its shares or the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the Group settles the transaction in cash (or other assets) or by issuing equity instruments, such transactions are accounted as share based payments in the Group's financial statements.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss.

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate which reflects current market assessments of the time value of money and the specific risk. The increase in the provision due to the passage of time is recognised as interest expense.

Decommissioning liabilities

A provision is recognised for the decommissioning liabilities for underground tanks described in Note 6iv. Based on management estimation of the future cash flows required for the decommissioning of those assets, a provision is recognised and the corresponding amount added to the cost of the asset under property, plant and equipment for assets measured using the cost model. For assets measured using the revaluation model, subsequent changes in the liability are recognised in revaluation reserves through OCI to the extent of any credit balances existing in the revaluation surplus reserve in respect of that asset. The present values are determined using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Subsequent depreciation charges of the asset are accounted for in accordance with the Group's depreciation policy and the accretion of discount (i.e. the increase during the period in the discounted amount of provision arising from the passage of time) included in finance costs.

Estimated site restoration and abandonment costs are based on current requirements, technology and price levels and are stated at fair value, and the associated asset retirement costs are capitalized as part of the carrying amount of the related tangible fixed assets. The obligation is reflected under provisions in the statement of financial position.

(m) Current income and deferred tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. Education tax is provided at 2% of assessable profits of companies operating within Nigeria. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in OCI or equity respectively. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, if the deferred tax arises from the 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, it is not accounted for. Current income deferred tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## (n) Dividend

Dividend payable to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which they are declared (i.e. approved by the shareholders).

## (o) Upstream activities

*Exploration and evaluation assets*

Exploration and evaluation ("E&E") assets represent expenditures incurred on exploration properties for which technical feasibility and commercial viability have not been determined. E&E costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired, these costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting oil and gas resources. OER will expense items that are not directly attributable to the exploration and evaluation asset pool. Costs that are incurred prior to obtaining the legal right to explore, develop or extract resources are expensed in the statement of profit or loss as incurred. Costs that are capitalized are recorded using the cost model with which they will be carried at cost less accumulated impairment. Costs that are capitalized are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Once technical feasibility and commercial viability of extracting the oil or gas is demonstrable, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within property, plant and equipment ("PP&E") referred to as oil and gas development assets and oil and gas producing assets. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Pre-license cost are expensed in the profit or loss in the period in which they occur .

Farm-out arrangements for E&E assets for which OER is the farmor are accounted for by recognizing only the cash payments received and do not recognize any consideration in respect of the value of the work to be performed by the farmee. The carrying value of the remaining interest is the previous cost of the full interest reduced by the amount of cash consideration received for entering the agreement. The effect will be that there is no gain recognized on the disposal unless the cash consideration received exceeds the carrying value of the entire asset held.

*Oil and gas assets*

When technical feasibility and commercial viability is determinable, costs attributable to those reserves are reclassified from E&E assets to a separate category within property, plant and equipment ("PP&E") referred to as oil and gas properties under oil and gas development assets and oil and gas producing assets. Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the statement of profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive loss as incurred.

Oil and gas assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Oil and gas assets are incorporated into Cash Generating Units "CGU's" for impairment testing.

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Refer to Note "5L" and Note 36 for information on the provision for estimated site restoration, abandonment costs and decommissioning costs.

(p) Impairment

The Group assesses its assets for indicators of impairments annually. All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows.

Estimates of future cash flows used in the evaluation for impairment of assets relating to hydrocarbon production are made using risk assessments on field and reservoir performance and include expectations about proved reserves and unproved volumes, which are then risk-weighted utilising the results from projections of geological, production, recovery and economic factors.

Exploration and evaluation assets are tested for impairment by reference to group of cash-generating units (CGU). Such CGU groupings are not larger than an operating segment. A CGU comprises of a concession with the wells within the field and its related assets as this is the lowest level at which outputs are generated for which independent cash flows can be segregated. Management makes investment decisions/allocates resources and monitors performance on a field/concession basis. Impairment testing for E&E assets is carried out on a field by field basis, which is consistent with the Group's operating segments as defined by IFRS 8.

Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Impairment charges and reversals are reported separately in the statement of profit or loss. As of the reporting date, an impairment charge of N3.2 billion (2019: N169.1 billion) was recognised in intangible assets. See Note 16.

(q) Non-current assets (or disposal groups) held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at lower of carrying amount and fair value less costs to sell.

(r) Production underlift and overlift

The Group receives lifting schedules for oil production generated by the Group's working interest in certain oil and gas properties. These lifting schedules identify the order and frequency with which each partner can lift. The amount of oil lifted by each partner at the reporting date may not be equal to its working interest in the field. Some partners will have taken more than their share (overlifted) and others will have taken less than their share (underlifted). The initial measurement of the overlift liability and underlift asset is at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Overlift balances are subsequently measured at fair value, while underlift balances are carried at lower of carrying amount and current fair value. The change arising from this remeasurement is included in the profit or loss as other income or cost of sales.

(s) Fair value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as available for sale financial assets, investment properties and significant liabilities. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Board, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Board and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(t) Offshore processing arrangements

An offshore processing arrangement involves the lifting of crude oil from an owner (usually government/third party) in agreed specifications and quantities for a swap for agreed yields and specifications of refined petroleum products. Under such arrangements, the owner of the crude oil may not attach monetary value to the crude oil delivered to the Group or the refined products received from the Group. Rather, the owner defines the yields and specification of refined products expected from the Group. Sometimes, the owner may request the Group to deliver specific refined products, increase quantity of certain products contrary to previously agreed quantity ratios, or make cash payments in lieu of delivery of products not required ("retained products"). It is also possible that the owner may request the Group to pre-deliver refined products against future lifting of crude oil. Parties to offshore processing arrangements are often guided by terms and conditions codified in an Agreement/Contract. Such terms may include risk and title to crude oil and refined products, free on board or cost, insurance and freight deliveries by counterparties, obligations of counterparties, costs and basis of reimbursements, etc. Depending on the terms of an offshore processing arrangement, the Group may act as a principal or an agent.

The Group acting in the capacity of a principal under IFRS 15

The Group acts as a principal in an offshore processing arrangement when it controls the promised good or service before transferring that good or service to the customer. When it is unclear whether the Group controls the promised good or service after consideration of the definition of control, then the following indicators are considered to determine if the Group has control:

• it has the primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
• it has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return); and
• the entity has discretion in establishing the price for the specified good or service. Establishing the price that the customer pays for the specified good or service may indicate that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits.

The gross amount of the crude oil received by the Group under an offshore processing arrangement represents consideration for the obligation to the counterparty. Control passes to the counter party upon delivery of refined products. At this point, the Group determines the value of crude oil received using the market price on the date of receipt and records the value as revenue. In addition, the Group records processing fees received/receivable from the counterparty as part of revenue. The Group determines the value of refined products at cost and includes the value in cost of sales in the statement of profit or loss. All direct costs relating to an offshore processing arrangement that are not reimbursable are included in cost of sales, where applicable, in the statement of profit or loss. Such costs may include processing, freight, demurrage, insurance, directly attributable fees and charges, etc. All expenses, which are not directly related to an offshore processing arrangement is included as part of administrative expenses.

Where the Group lifted crude oil but delivered petroleum products subsequent to the accounting period, it does not record the value of the crude oil received as part of revenue. Rather, the Group records the value of crude oil received as deferred revenue under current liabilities.

Where the Group pre-delivered products in expectation of lifting of crude oil in future, it does not record the value in the statement of profit or loss in order to comply with the matching concept. Rather, it will deplete cash (where actual payment was done) or increase trade payables and receivables. The Group transfers the amount recognised from trade receivables to cost of sales and recognise the value of crude oil lifted as turnover, when crude oil is eventually lifted in respect of the pre-delivery.

The Group discloses letters of credit and amounts outstanding at the reporting date under contingent liabilities in the notes to the financial statements.

The Group acting in the capacity of an agent under IFRS 15

The Group acts as an agent in an offshore processing arrangement where the gross inflows of economic benefits include amounts collected on behalf of a third party. Such amounts do not result in increases in equity for the Group. Thus, the amounts collected on behalf of the counterparty are not revenue. Instead, revenue is the amount of commission earned for acting as an agent. Costs incurred by the Group are done on behalf of the counterparty and they are fully reimbursable.

(u) Investment properties

Investment properties are measured initially at cost, including transaction costs or fair values. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The Group has elected to state investment properties at fair value in accordance with IAS 40.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements 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 at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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. In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

### 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 financial statements:

(a) Joint arrangements (Note 47b)

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 4i.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from: the legal form of the separate vehicle; the terms of the contractual arrangement; and other facts and circumstances, considered on a case by case basis. This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

(b) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- For leases of land and/or buildings, if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

(c) Capitalisation of borrowing costs

Management exercises sound judgement when determining which assets are qualifying assets, taking into account, among other factors, the nature of the assets. An asset that normally takes more than one year to prepare for use is usually considered as a qualifying asset.

(d) Exploration costs

Exploration costs are capitalised pending the results of evaluation and appraisal to determine the presence of commercially producible quantities of reserves. Following a positive determination, continued capitalisation is subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessment of reserves and the economic and operating viability of the project. In making decisions about whether to continue to capitalise exploration costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in any period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the statement of profit or loss.

(e) Offshore processing arrangements

Judgement is required in order to determine whether the Group or any of its affiliates acts as a principal or an agent in an offshore processing arrangement. In doing so, the Group considers the nature of arrangements, terms and conditions agreed to by the Group and counterparties and other relevant information. A different conclusion about the role of the Group in an offshore processing arrangement may materially impact the accounting for offshore processing arrangements.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and 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, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i Fair value estimation

Financial instruments

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances. See Note 7 on details of fair value estimation methods applied by the Group.

The carrying value less (impairment) provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Employee share based payments

The fair value of employee share options is determined using valuation techniques such as the binomial lattice/black scholes model . The valuation inputs such as the volatility, dividend yield is based on the market indices of Oando PLC's shares.

Property, plant and equipment

Land and building are carried at revalued amounts. Formal revaluations are performed every three years by independent experts for these asset classes. Appropriate indices, as determined by independent experts, are applied in the intervening periods to ensure that the assets are carried at fair value at the reporting date. Judgement is applied in the selection of such indices. Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach.

The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The useful life of each asset group has been determined by independent experts based on the build quality, maintenance history, operational regime and other internationally recognised benchmarks relative to the assets.

ii Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 5e. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See Note 16 for detailed assumptions and methods used for impairment calculation.

If the estimated pre-tax discount rate applied to the discounted cash flows of the Exploration & Production segment had been higher by 1.07% (i.e. 13.2% instead of 12.13%), the Group would have recognised an impairment against goodwill of N1.4 billion. The goodwill for the Trading segment has been fully impaired (Note 16b).

iii Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iv Provision for environmental restoration

The Group records a liability for the fair value of legal obligations associated with the decommissioning of oil and gas and any other relevant assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the decommissioning cost, which is depleted on a unit-of-production basis over the life of the reserves for oil and gas assets. The liability is adjusted each reporting period to reflect the passage of time using the risk free rate, with the interest charged to earnings, and for revisions, to the estimated future cash flows. The changes in the estimate for decommissioning obligation are recorded both under the related asset and liability. When the estimate results in a reduction, the changes deducted from the carrying amount of the asset shall not exceed the carrying amount of the asset. Actual costs incurred upon settlement of the obligations are charged against the liability.

v Estimation of oil and gas reserves

Oil and gas reserves are key elements in Oando's investment decision-making process that is focused on generating value. They are also an important factor in testing for impairment. Changes in proved oil and gas reserves will affect the standardised measure of discounted cash flows and unit-of-production depreciation charges to the statement of profit or loss.

Proved oil and gas reserves are the estimated quantities of crude oil that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning and restoration provisions) that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

vi Impairment of assets

For oil and gas properties with no proved reserves, the capitalisation of exploration costs and the basis for carrying those costs on the statement of financial position are explained above. For other properties, the carrying amounts of major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Impairments can also occur when decisions are taken to dispose off assets.

Impairments, except those relating to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed. Estimates of future cash flows are based on current year end prices, management estimates of future production volumes, market supply and demand and product margins. Expected future production volumes, which include both proved reserves as well as volumes that are expected to constitute proved reserves in the future, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows, used as a measure of value in use.

Estimates of future cash flows are risk-weighted to reflect expected cash flows and are consistent with those used in the Group's business plans. A discount rate based on the Group's weighted average cost of capital (WACC) is used in impairment testing. Expected cash flows are then risk-adjusted to reflect specific local circumstances or risks surrounding the cash flows. Oando reviews the discount rate to be applied on an annual basis. The discount rate applied in 2020 was 12.13% (2019: 12.13%). Asset impairments or their reversal will impact income.

vii Useful lives and residual value of property, plant and equipment

The residual values, depreciation methods and estimated useful lives of property, plant and equipment are reviewed at least on an annual basis. The review is based on the current market situation.

The residual value of the various classes of assets were estimated as follows:

Land and building - 10%
Plant and machinery - 10%
Motor vehicles – 10%
Furniture and fittings - 10%
Computer and IT equipment - 10%

These estimates have been consistent with the amounts realised from previous disposals for the various asset categories.

viii Investment properties

In 2017, the Company had an investment property (a land (5,168.14 sqms) in Abuja, Nigeria and in 2019, the Company perfected the title of another land of 10,864.11 sqm located in Oniru, Lagos, Nigeria as the sublease lease agreement for the Oniru Land was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on February 01, 2019.

The fair value of the properties were determined during the year using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - represented by Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

ix 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 7.

## 7 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors. The Group's liquidity, credit, foreign currency, interest rate and price risks are continuously monitored. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk. The Group uses derivative financial instruments to manage certain risk exposures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade and other receivables and payables, non current receivables, financial assets measured at fair value through profit or loss and derivative financial instruments.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from various product sourcing activities as well as other currency exposures, mainly US Dollars. Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign currency denominated loans, purchases and sales transactions etc. The Group manages their foreign exchange risk by revising cost estimates of orders based on exchange rate fluctuations, forward contracts and cross currency swaps transacted with commercial banks. The Group also apply internal hedging strategies with subsidiaries with USD functional currency.

| Group | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Pre-tax impact on total equity | | Pre-tax impact on total equity | |
| Instrument | Sensitivity Range | Increase in variable | Decrease in variable | Increase in variable | Decrease in variable |
| | | N'000 | N'000 | N'000 | N'000 |
| US Dollar denominated bank balances and receivables | +/- 12% | 52,186,219 | (52,186,219) | 16,556,313 | (16,556,313) |
| US Dollar denominated trade payables and borrowing balances | +/- 12% | (106,302,415) | 106,302,415 | (59,177,854) | 59,177,854 |

| Company | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Pre-tax impact on total equity | | Pre-tax impact on total equity | |
| Instrument | Sensitivity Range | Increase in variable | Decrease in variable | Increase in variable | Decrease in variable |
| | | N'000 | N'000 | N'000 | N'000 |
| US Dollar denominated bank balances and receivables | +/- 12% | 2,991,464 | (2,991,464) | 1,138,457 | (1,138,457) |
| US Dollar denominated trade payables and borrowing balances | +/- 12% | (4,148,871) | 4,148,871 | (6,449,323) | 6,449,323 |

(ii) Price risk

*Equity price risk*

The Group is exposed to equity security price risk because of its investments in the marketable securities classified as financial assets measured at fair value through profit or loss. The shares held by the Group are traded on the Nigerian Stock Exchange (NSE). A 10% change in the market price of the instrument would result in N4.9 million gain/loss (2019: N4.6 million), to be recognised in equity.

*Commodity price risk*

Fluctuations in the international prices of crude oil would have corresponding effects on the results of operations of the Group. In order to mitigate against the risk of fluctuation in international crude oil prices, the Group hedges its exposure to fluctuations in the price of the commodity by entering into hedges for minimum volumes and prices in US$ per barrel of oil.

The table below provides a summary of the impact of changes in crude oil prices and interest rates on income before tax, with all other variables held constant for the year ended December 31, 2020 and December 31, 2019.

| | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Income/(loss) before tax | | Income/(loss) before tax | |
| Instrument | Sensitivity Range | Increase in variable | Decrease in variable | Increase in variable | Decrease in variable |
| | | N'000 | N'000 | N'000 | N'000 |
| Financial commodity contracts | +/- $10 per barrel change in Brent crude oil price | (2,552) | 6,757 | (653,001) | 2,223,245 |

(iii) Interest rate risk
The Group had a short term, highly liquid bank deposits of N872.8 million at a fixed interest rate of 4.86%% as at 31 December 2020 (2019:N768 million at a fixed interest rate of 10.89%). No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group does not have any investments in quoted corporate bonds that are of fixed rate and carried at fair value through profit or loss. Therefore the Group is not exposed to fair value interest rate risk arising from corporate bonds.

The Group has borrowings at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

Management enters into derivative contracts as an economic hedge against interest and foreign currency exposures. As at the reporting date, the Group does not have any outstanding derivatives with respect to interest and foreign currency hedge.

| Group | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Income/(loss) before tax | | Income/(loss) before tax | |
| Instrument | Sensitivity Range | Increase in variable | Decrease in variable | Increase in variable | Decrease in variable |
| | | N'000 | N'000 | N'000 | N'000 |
| Variable rate borrowings | +/- 100 basis points | (3,151,596) | 3,151,596 | (2,591,842) | 2,591,842 |

| Company | | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | Income/(loss) before tax | | Income/(loss) before tax | |
| Instrument | Sensitivity Range | Increase in variable | Decrease in variable | Increase in variable | Decrease in variable |
| | | N'000 | N'000 | N'000 | N'000 |
| Variable rate borrowings | +/- 100 basis points | (69,078) | 69,078 | (63,199) | 63,199 |

## Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, finance lease receivables, non-current receivables and deposits with banks as well as trade and other receivables. The Group has policies in place to ensure that credit limits are set for commercial customers taking into consideration the customers' financial position, past trading relationship, credit history and other factors.

Credit risk is monitored by the credit risk department of the Group's Financial Control Unit. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparties are assigned a risk rating and risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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.

### Impairment of financial assets

The Group has five types of financial assets that are subject to the expected credit loss model. These financial assets have been assessed using the simplified approach and general approach. See classification below:

Simplified approach:
- trade receivables and contract assets from sales of goods and provision of services

General approach:
- other receivables; comprises of inter-company receivables and inter-company loan receivables
- non-current receivables
- restricted cash, short term fixed deposits and bank balances
- finance lease receivable

### Simplified approach
### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the payment profiles of sales over a period of at least 2 years and the corresponding historical credit losses experienced within this period for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group has identified the gross domestic product (GDP) growth rate, oil prices, unemployment rate, interest rate, inflation rate and the exchange rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 25. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions.

Trade receivables are written off 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. Impairment losses on trade receivables are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

GROUP

| 31 December 2020 | Current | 1 and 30 days past due | 31 and 60 days past due | 61 and 90 days past due | 91 and 360 days past due | 360 days past due | Total |
|---|---|---|---|---|---|---|---|
| Expected credit loss | 123,703 | 59,702 | 87,072 | 102,081 | 455,803 | 2,140,421 | 2,968,782 |
| Oando Energy Resources (OER) | 116,422 | 59,584 | 87,065 | 98,355 | 455,803 | 428,112 | 1,245,341 |
| Oando Trading DMCC Dubai (OTD) | 6,050 | - | - | - | - | 1,692,523 | 1,698,573 |
| Oando Logistics Services (OLS) | 184 | 118 | 7 | 3,726 | - | 19,786 | 23,821 |
| Company | 1,047 | - | - | - | - | - | 1,047 |
| | | | | | | | |
| Gross carrying amount – trade receivables | 28,373,373 | 1,315,669 | 1,255,455 | 1,400,172 | 5,124,809 | 2,140,421 | 39,609,898 |
| Oando Energy Resources (OER)* | 4,895,732 | 1,305,170 | 1,255,211 | 1,324,063 | 5,124,809 | 428,112 | 14,333,096 |
| Oando Trading DMCC Dubai (OTD) | 20,165,971 | - | - | - | - | 1,692,523 | 21,858,493 |
| Oando Logistics Services (OLS) | 138,735 | 10,499 | 244 | 76,109 | - | 19,786 | 245,373 |
| Company | 3,172,935 | - | - | - | - | - | 3,172,935 |

The breakdown of the above table is shown below;

| Oando Energy Resources (OER) | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Oil & Gas | Power & Utilities | Total | Oil & Gas | Power & Utilities | Oil & Gas | Power & Utilities | |
| Current | 2,360,918 | 2,534,814 | 4,895,732 | 0.030% | 4.57% | 701 | 115,721 | 116,422 |
| 1 and 30 days past due | - | 1,305,170 | 1,305,170 | 0.030% | 4.57% | - | 59,584 | 59,584 |
| 31 and 60 days past due | - | 1,255,211 | 1,255,211 | 0.030% | 6.94% | - | 87,065 | 87,065 |
| 61 and 90 days past due | - | 1,324,063 | 1,324,063 | 0.030% | 7.43% | - | 98,355 | 98,355 |
| 91 and 360 days past due | 158,397 | 4,966,412 | 5,124,809 | 0.030% | 9.18% | 48 | 455,755 | 455,803 |
| 360 days past due | 46,792 | 381,320 | 428,112 | 100.00% | 100.00% | 46,792 | 381,320 | 428,112 |
| Total | 2,566,106 | 11,766,990 | 14,333,096 | | | 47,541.00 | 1,197,799.91 | 1,245,341 |

| Oando Trading DMCC Dubai (OTD) | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Oil & Gas | Power & Utilities | Total | Oil & Gas | Power & Utilities | Oil & Gas | Power & Utilities | |
| Current | 20,165,971 | - | 20,165,971 | 0.03% | - | 6,050 | - | 6,050 |
| 1 and 30 days past due | - | - | - | 99.97% | - | - | - | - |
| 31 and 60 days past due | - | - | - | 99.97% | - | - | - | - |
| 61 and 90 days past due | - | - | - | 99.97% | - | - | - | - |
| 91 and 360 days past due | - | - | - | 99.97% | - | - | - | - |
| 360 days past due | 1,692,523 | - | 1,692,523 | 100.00% | - | 1,692,523 | - | 1,692,523 |
| Total | 21,858,493 | - | 21,858,493 | | | 1,698,573 | - | 1,698,573 |

| Oando Logistics Services (OLS) | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Individuals | Oil & Gas | Total | Individuals | Oil & Gas | Individuals | Oil & Gas | |
| Current | 576 | 138,159 | 138,735 | 4.36% | 0.11% | 25 | 159 | 184 |
| 1 and 30 days past due | - | 10,499 | 10,499 | 20.92% | 1.12% | - | 118 | 118 |
| 31 and 60 days past due | - | 244 | 244 | 37.94% | 2.82% | - | 7 | 7 |
| 61 and 90 days past due | - | 76,109 | 76,109 | 53.08% | 4.90% | - | 3,726 | 3,726 |
| 91 and 360 days past due | - | - | - | 57.65% | 24.40% | - | - | - |
| 360 days past due | 4,774 | 15,012 | 19,786 | 100.00% | 100.00% | 4,774 | 15,012 | 19,786 |
| Total | 5,350 | 240,023 | 245,373 | | | 4,799 | 19,022 | 23,821 |

| COMPANY | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Individuals | Oil & Gas | Total | Individuals | Oil & Gas | Individuals | Oil & Gas | |
| Current - Third parties | - | 3,172,935 | 3,172,935 | 0.00% | 0.03% | - | 1,047 | 1,047 |
| Current - Related party* | - | 14,323,570 | 14,323,570 | 0.00% | 0.03% | - | 4,294 | 4,294 |
| Total | - | 17,496,505 | 17,496,505 | | | - | 5,341 | 5,341 |

* The impairment of trade receivables from the related party is eliminated on consolidation.

31 December 2019

| GROUP | Current | 1 and 30 days past due | 31 and 60 days past due | 61 and 90 days past due | 91 and 360 days past due | 360 days past due | Total |
|---|---|---|---|---|---|---|---|
| Expected credit loss | 35,603 | 18,538 | 33,440 | 48,519 | 141,817 | 1,846,586 | 2,124,503 |
| Oando Energy Resources (OER) | 34,640 | 17,576 | 32,626 | 47,995 | 138,433 | 482,676 | 753,946 |
| Oando Trading DMCC Dubai (OTD) | - | - | 19 | 27 | - | 1,352,213 | 1,352,259 |
| Oando Logistics Services (OLS) | 108 | 962 | 795 | 497 | 3,384 | 11,697 | 17,443 |
| Company | 855 | - | - | - | - | - | 855 |
| Gross carrying amount – trade receivables | 10,182,983 | 1,879,093 | 1,224,616 | 1,293,728 | 2,842,152 | 1,846,586 | 19,269,158 |
| Oando Energy Resources (OER) | 7,276,301 | 1,849,456 | 1,152,748 | 1,203,923 | 2,823,515 | 482,676 | 14,788,619 |
| Oando Trading DMCC Dubai (OTD) | - | - | 62,598 | 89,007 | - | 1,352,213 | 1,503,818 |
| Oando Logistics Services (OLS) | 81,500 | 29,637 | 9,270 | 798 | 18,637 | 11,697 | 151,539 |
| Company | 2,825,182 | - | - | - | - | - | 2,825,182 |

The breakdown of the above table is shown below;

| Oando Energy Resources (OER) | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Oil & Gas | Power & Utilities | Total | Oil & Gas | Power & Utilities | Oil & Gas | Power & Utilities | |
| Current | 5,112,464 | 2,163,837 | 7,276,301 | 0.03% | 1.53% | 1,517 | 33,123 | **34,640** |
| 1 and 30 days past due | 706,674 | 1,142,782 | 1,849,456 | 0.03% | 1.52% | 212 | 17,364 | **17,576** |
| 31 and 60 days past due | - | 1,152,748 | 1,152,748 | 0.03% | 2.83% | - | 32,626 | **32,626** |
| 61 and 90 days past due | 41,491 | 1,162,432 | 1,203,923 | 0.03% | 4.13% | 12 | 47,983 | **47,995** |
| 91 and 360 days past due | 250,597 | 2,572,918 | 2,823,515 | 0.03% | 5.38% | 75 | 138,358 | **138,433** |
| 360 days past due | - | 482,676 | 482,676 | 100.00% | 100.00% | - | 482,676 | **482,676** |
| Total | 6,111,226 | 8,677,393 | 14,788,619 | | | 1,816 | 752,130 | 753,946 |

| Trading DMCC Dubai | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Oil & Gas | Power & Utilities | Total | Oil & Gas | Power & Utilities | Oil & Gas | Power & Utilities | |
| Current | - | - | - | 0.03% | - | - | - | **-** |
| 1 and 30 days past due | - | - | - | 0.03% | - | - | - | **-** |
| 31 and 60 days past due | 62,598 | - | 62,598 | 0.03% | - | 19 | - | **19** |
| 61 and 90 days past due | 89,007 | - | 89,007 | 0.03% | - | 27 | - | **27** |
| 91 and 360 days past due | - | - | - | 0.03% | - | - | - | **-** |
| 360 days past due | 1,352,213 | - | 1,352,213 | 100.00% | - | 1,352,213 | - | **1,352,213** |
| Total | 1,503,818 | - | 1,503,818 | | | 1,352,259 | - | 1,352,259 |

| Oando Logistics Services (OLS) | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Individuals | Oil & Gas | Total | Individuals | Oil & Gas | Individuals | Oil & Gas | |
| Current | 440 | 81,060 | 81,500 | 4.30% | 0.11% | 19 | 89 | 108 |
| 1 and 30 days past due | - | 29,637 | 29,637 | 35.10% | 3.25% | - | 962 | 962 |
| 31 and 60 days past due | - | 9,270 | 9,270 | 62.34% | 8.58% | - | 795 | 795 |
| 61 and 90 days past due | 798 | - | 798 | 62.34% | 11.71% | 497 | - | 497 |
| 91 and 360 days past due | 665 | 17,972 | 18,637 | 80.61% | 15.84% | 536 | 2,848 | 3,384 |
| 360 days past due | 2,975 | 8,722 | 11,697 | 100.00% | 100.00% | 2,975 | 8,722 | 11,697 |
| Total | 4,878 | 146,661 | 151,539 | | | 4,027 | 13,416 | 17,443 |

| COMPANY | Gross carrying amount – trade receivables (A) | | | Loss rate (B) | | Expected credit loss (A*B) | | Total expected credit loss |
|---|---|---|---|---|---|---|---|---|
| | Individuals | Oil & Gas | Total | Individuals | Oil & Gas | Individuals | Oil & Gas | |
| Current - Third parties | - | 2,825,182 | 2,825,182 | 0.00% | 0.03% | - | 855 | 855 |
| Current - Related party* | - | 13,650,952 | 13,650,952.00 | 0.00% | 0.03% | - | 4,367 | 4,367 |
| Total | - | 16,476,134 | 16,476,134 | | | - | 5,222 | 5,222 |

* The impairment of trade receivables from the related party is eliminated on consolidation.

| Set out below is the movement in the allowance for expected credit losses of trade receivables: | Group | | Company | |
|---|---|---|---|---|
| | 2020 N'000 | 2019 N'000 | 2020 N'000 | 2019 N'000 |
| Balance as at 1 January - under IAS 39 | 2,124,503 | 2,354,857 | 5,222 | 4,422 |
| Adjustment upon application of IFRS 9 | - | - | - | - |
| Opening loss allowance as at 1 January 2018 – As restated | 2,124,503 | 2,354,857 | 5,222 | 4,422 |
| Increase in trade receivables loss allowance recognised in profit or loss during the year | 542,572 | 1,307,967 | 119 | 800 |
| Receivables written off during the year as uncollectible | - | (1,551,289) | - | (2,525,176) |
| Exchange difference | 301,705 | 12,968 | - | - |
| At 31 December | 2,968,781 | 2,124,503 | 5,341 | 5,222 |

### General approach - Expected credit loss measurement

The Group applied the IFRS 9 general approach to measuring expected credit losses which uses a three-stage approach in recognising the expected loss allowance for finance lease receivables, other receivables, non-current receivables, restricted cash, short-term fixed deposits and bank balances.

Expected credit loss (ECL) recognised for the period is a probability of weighted estimate of credit losses under different scenarios 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).

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). For those credit exposures that have already defaulted, a loss allowance equal to the exposure is recognised.

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

### Basis of inputs to the ECL model

#### Probability of default (PD)

The credit rating of the countries of the counterparties was used to reflect the assessment of the probability of default on these receivables. This was derived from Standard & Poor's (S&P) 2020 annual global rating scale to arrive at a PD for the respective countries. The PD for Stage 3 receivables was 100% as these amounts were deemed to be in default using the days past due criteria. The PD was adjusted for macro economics factors.

#### Loss given default (LGD)

The LGD is the average recovery rate for Moody's Senior Unsecured Corporate Bonds.

### Exposure at default (EAD)

This is the amount that best represents the maximum exposure to credit risk at the end of the reporting period without taking account of any collateral.

### Macroeconomic indicators

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation rate, unemployment rate and crude oil price were identified as the key economic variables impacting the credit risk on these receivables. Forecasts of these economic variables (the “base economic scenario”) provide the best estimate view of the economy in the last thirty (30) years. In addition to the base economic scenario, two additional scenarios (upturn and downturn) were derived as the scenario weightings. The probability weight attached to each of the scenarios was determined using the GDP growth rates. The historical GDP growth rates were evaluated at 95% confidence interval. Based on this confidence interval, 79.17% (2019:79.37%) of historical GDP growth rate observation falls within the acceptable bounds, 12.50% (2019:10.32%) of the observation relates to upturn while 8.33% (2019:10.32%) of the observation relate to periods of recession/downturn.

### Staging

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Stage 1 includes receivables that are less than 30 days past due (performing).
Stage 2 includes receivables that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amount are more than 30 days past due but less than 360 days past due) and other qualitative indicators such as the operational performance of the counterparty, 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 receivables are receivables that have been assessed as being in default (i.e. receivables that are more than 360 days past due) or there is a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

### Definition of default and credit impaired financial assets

The Group considers a financial asset in default when contractual payments are 30 days past due except for receivables from Nigeria Bulk Electricity Trading PLC which is 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group (if any). A financial asset is written off 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.

### Group

### Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Performing | 3,689,208 | - | - | 3,689,208 | 77,397,471 |
| Non - performing | | | | | |
| Individually impaired | - | - | 277,806,428 | 277,806,428 | 177,501,486 |
| | 3,689,208 | - | 277,806,428 | 281,495,637 | 254,898,957 |

The closing loss allowances for other receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | 53,117 | - | 177,501,486 | 177,554,603 |
| Impairment of assets | 742,765 | - | 58,974,299 | 59,717,064 |
| Exchange difference | 33,587 | - | 41,330,644 | 41,364,231 |
| At 31 December 2020 | 829,470 | - | 277,806,428 | 278,635,898 |

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 | 78,899 | - | 20,869,092 | 20,947,991 |
| Assets written off | - | - | (2,525,176) | (2,525,176) |
| (Reversal of impairment)/impairment of assets | (25,782) | - | 157,876,859 | 157,851,077 |
| Exchange difference | - | - | 1,280,711 | 1,280,711 |
| At 31 December 2019 | 53,117 | - | 177,501,486 | 177,554,603 |

### Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| Group | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Performing | - | - | - | - | 7,628,512 |
| Non - performing | | | | | |
| Individually impaired | - | - | 39,117,247 | 39,117,247 | 35,791,961 |
| | - | - | 39,117,247 | 39,117,247 | 43,420,473 |

The closing loss allowances for non-current receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | - | - | 35,791,961 | 35,791,961 |
| Changes to contractual cash flows due to changes in exchange rates | - | - | 2,162,234 | 2,162,234 |
| Exchange difference | - | - | 1,163,052 | 1,163,052 |
| At 31 December 2020 | - | - | 39,117,247 | 39,117,247 |

| Group | 2019 | | | |
|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Performing | 7,628,512 | - | - | 7,628,512 |
| Non - performing | | | | |
| Individually impaired | - | - | 35,791,961 | 35,791,961 |
| | 7,628,512 | - | 35,791,961 | 43,420,473 |

The closing loss allowances for non-current receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 under IFRS 9 | 310,731 | - | 47,566,989 | 47,877,720 |
| Changes to contractual cash flows due to changes in exchange rates | 53,822 | - | 37,077 | 90,899 |
| Reversal of impairment of assets | (364,553) | - | (11,789,198) | (12,153,751) |
| Exchange difference | - | - | (22,907) | (22,907) |
| At 31 December 2019 | - | - | 35,791,961 | 35,791,961 |

Finance lease receivables

The table below shows the credit quality of finance lease receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| Group | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Performing | 83,482,296 | - | - | 83,482,296 | 74,084,541 |
| Non - performing | | | | | |
| Individually impaired | - | - | - | - | - |
| | 83,482,296 | - | - | 83,482,296 | 74,084,541 |

The closing loss allowances for finance lease receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | 573,576 | - | - | 573,576 |
| Impairment of assets | 475,791 | - | - | 475,791 |
| Exchange difference | 102,936 | - | - | 102,936 |
| At 31 December 2020 | 1,152,303 | - | - | 1,152,303 |

| Group | 2019 | | | |
|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Performing | 74,084,541 | - | - | 74,084,541 |
| Non - performing | | | | |
| Individually impaired | - | - | - | - |
| | 74,084,541 | - | - | 74,084,541 |

The closing loss allowances for finance lease receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 under IFRS 9 | 95,684 | - | - | 95,684 |
| Impairment of assets | 474,434 | - | - | 474,434 |
| Exchange difference | 3,458 | - | - | 3,458 |
| At 31 December 2019 | 573,576 | - | - | 573,576 |

Company

Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Performing | 111,822,636 | - | - | 111,822,636 | 121,312,281 |
| Non - performing | | | | | |
| Individually impaired | - | - | 66,617,279 | 66,617,279 | 63,223,710 |
| | 111,822,636 | - | 66,617,279 | 178,439,915 | 184,535,991 |

The closing loss allowances for other receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | 177,643 | - | 63,223,710 | 63,401,353 |
| Impairment of assets | 594,090 | - | 3,393,569 | 3,987,659 |
| At 31 December 2020 | 771,733 | - | 66,617,279 | 67,389,012 |

| | 2019 | | | |
|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Performing | 121,312,281 | - | - | 121,312,281 |
| Non - performing | | | | |
| Individually impaired | - | - | 63,223,710 | 63,223,710 |
| | 121,312,281 | - | 63,223,710 | 184,535,991 |

The closing loss allowances for other receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 under IFRS 9 | 203,369 | - | 66,039,333 | 66,242,702 |
| Assets written off | - | - | (2,525,176) | (2,525,176) |
| Assets derecognised or repaid | (25,726) | - | (290,447) | (316,173) |
| At 31 December 2019 | 177,643 | - | 63,223,710 | 63,401,353 |

Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| Company | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Performing | - | - | - | - | - |
| Non - performing | | | | | |
| Individually impaired | - | - | 19,393,451 | 19,393,451 | 17,231,217 |
| | - | - | 19,393,451 | 19,393,451 | 17,231,217 |

The closing loss allowances for non-current receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | - | - | 17,231,217 | 17,231,217 |
| Changes to contractual cash flows due to changes in exchange rates | - | - | 2,162,234 | 2,162,234 |
| At 31 December 2020 | - | - | 19,393,451 | 19,393,451 |

The table below shows the credit quality of non-current receivables as at 31 December 2019 which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2019 | | | |
|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Performing | - | - | - | - |
| Non - performing | | | | |
| Individually impaired | - | - | 17,231,217 | 17,231,217 |
| | - | - | 17,231,217 | 17,231,217 |

The closing loss allowances for non-current receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 under IFRS 9 | 83,575 | - | 23,607,246 | 23,690,821 |
| Reversal of impairment of assets | (83,575) | - | (6,424,576) | (6,508,151) |
| Changes to contractual cash flows due to changes in exchange rates | - | - | 107,684 | 107,684 |
| Exchange difference | - | - | (59,137) | (59,137) |
| At 31 December 2019 | - | - | 17,231,217 | 17,231,217 |

Finance lease receivables

The table below shows the credit quality of finance lease receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Total N'000 |
| Company | | | | | |
| Performing | 8,787,507 | - | - | 8,787,507 | 9,320,225 |
| Non - performing | | | | | |
| Individually impaired | - | - | - | - | - |
| | 8,787,507 | - | - | 8,787,507 | 9,320,225 |

The closing loss allowances for finance lease receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2020 | 117,377 | - | - | 117,377 |
| Impairment of assets | 470,198 | - | - | 470,198 |
| At 31 December 2020 | 587,575 | - | - | 587,575 |

The table below shows the credit quality of finance lease receivables as at 31 December 2019 which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

| | 2019 | | | |
|---|---|---|---|---|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Company | | | | |
| Performing | 9,320,225 | - | - | 9,320,225 |
| Non - performing | | | | |
| Individually impaired | - | - | - | - |
| | 9,320,225 | - | - | 9,320,225 |

| The closing loss allowances for finance lease receivables as at 31 December 2019 reconcile to the opening loss allowances as follows: | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|---|---|---|---|---|
| ECL allowance as at 1 January 2019 | - | - | - | - |
| Impairment of assets | 117,377 | - | - | 117,377 |
| At 31 December 2019 | 117,377 | - | - | 117,377 |

At 31 December 2020

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

| Group | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Simplified model N'000 | Total N'000 |
|---|---|---|---|---|---|
| Other receivables measured at amortised cost - charged to statement of profit or loss | 742,765 | - | 58,974,299 | - | 59,717,064 |
| Non-current receivables measured at amortised cost - charged in statement of profit or loss | - | - | 2,162,234 | - | 2,162,234 |
| Finance lease receivables measured at amortised cost - charged to statement of profit or loss | 475,791 | - | - | - | 475,791 |
| Trade receivables measured at amortised cost - charged to statement of profit or loss | - | - | - | 542,572 | 542,572 |
| | 1,218,556 | - | 61,136,533 | 542,572 | 62,897,661 |

| Company | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Simplified model N'000 | Total N'000 |
|---|---|---|---|---|---|
| Other receivables measured at amortised cost - (reversed in)/charged to statement of profit or loss | 594,090 | - | 3,393,569 | - | 3,987,659 |
| Non-current receivables measured at amortised cost - charged to statement of profit or loss | - | - | 2,162,234 | - | 2,162,234 |
| Finance lease receivables measured at amortised cost - charged to statement of profit or loss | 470,198 | - | - | - | 470,198 |
| Trade receivables measured at amortised cost - charged to statement of profit or loss | - | - | - | 119 | 119 |
| | 1,064,288 | - | 5,555,803 | 119 | 6,620,210 |

At 31 December 2019

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

| Group | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Simplified model N'000 | Total N'000 |
|---|---|---|---|---|---|
| Other receivables measured at amortised cost - (reversed in)/charged to statement of profit or loss | (25,782) | - | 157,876,859 | - | 157,851,077 |
| Non-current receivables measured at amortised cost - reversed in statement of profit or loss | (310,731) | - | (11,752,121) | - | (12,062,852) |
| Finance lease receivables measured at amortised cost - charged to statement of profit or loss | 474,434 | - | - | - | 474,434 |
| Trade receivables measured at amortised cost - charged to statement of profit or loss | - | - | - | 1,307,967 | 1,307,967 |
| | 137,921 | - | 146,124,738 | 1,307,967 | 147,570,626 |

| Company | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Simplified model N'000 | Total N'000 |
|---|---|---|---|---|---|
| Other receivables measured at amortised cost - reversed in statement of profit or loss | (25,726) | - | (290,447) | - | (316,173) |
| Non-current receivables measured at amortised cost - reversed in statement of profit or loss | - | - | (6,400,467) | - | (6,400,467) |
| Finance lease receivables measured at amortised cost - charged to statement of profit or loss | 117,377 | - | - | | 117,377 |
| Trade receivables measured at amortised cost - charged to statement of profit or loss | - | - | - | 800 | 800 |
| | 91,651 | - | (6,690,914) | 800 | (6,598,463) |

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors cash forecast on a periodic basis in response to liquidity requirements of the Group. This helps to ensure that the Group has sufficient cash to meeting operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

| Group | Less than 1 year N'000 | Between 1 and 2 years N'000 | Between 2 and 5 years N'000 | Over 5 years N'000 | Total N'000 |
|---|---|---|---|---|---|
| At 31 December 2020: | | | | | |
| Borrowings* | 334,139,406 | 123,183,730 | 72,152,562 | 634,790 | 530,110,488 |
| Lease liabilities** | 22,616,805 | 10,703,390 | 18,140,283 | - | 51,460,478 |
| Dividend payable | 1,650,277 | - | - | - | 1,650,277 |
| Trade and other payables*** | 326,547,872 | - | - | - | 326,547,872 |
| Total | 684,954,360 | 133,887,120 | 90,292,845 | 634,790 | 909,769,115 |
| At 31 December 2019: | | | | | |
| Borrowings* | 259,049,692 | 112,274,735 | 78,048,204 | - | 449,372,631 |
| Lease liabilities** | 5,758,962 | 9,173,329 | 14,165,174 | 3,645,076 | 32,742,541 |
| Dividend payable | 1,650,277 | - | - | - | 1,650,277 |
| Trade and other payables*** | 340,055,006 | - | - | - | 340,055,006 |
| Total | 606,513,937 | 121,448,064 | 92,213,378 | 3,645,076 | 823,820,455 |

* Included in borrowings is a total interest of N110.5 billion (2019: N87.2 billion)

** Included in lease liabilities is a total interest of N26.4 billion (2019: N9.8 billion)

*** Trade and other payables excludes statutory payables.

| Company | Less than 1 year N'000 | Between 1 and 2 years N'000 | Between 2 and 5 years N'000 | Over 5 years N'000 | Total N'000 |
|---|---|---|---|---|---|
| At 31 December 2020: | | | | | |
| Borrowings* | 124,161,118 | - | - | - | 124,161,118 |
| Lease liabilities** | 14,664,826 | 10,297,798 | 14,775,842 | - | 39,738,466 |
| Dividend payable | 1,650,277 | - | - | - | 1,650,277 |
| Trade and other payables*** | 206,498,171 | - | - | - | 206,498,171 |
| Total | 346,974,392 | 10,297,798 | 14,775,842 | - | 372,048,032 |

| At 31 December 2019: | Less than 1 year N'000 | Between 1 and 2 years N'000 | Between 2 and 5 years N'000 | Over 5 years N'000 | Total N'000 |
|---|---|---|---|---|---|
| Borrowings* | 106,867,970 | 29,152,447 | - | - | 136,020,417 |
| Lease liabilities** | 10,305,125 | 12,445,057 | 14,086,044 | 3,645,076 | 40,481,302 |
| Dividend payable | 1,650,277 | - | - | - | 1,650,277 |
| Trade and other payables*** | 205,765,590 | - | - | - | 205,765,590 |
| Total | 324,588,962 | 41,597,504 | 14,086,044 | 3,645,076 | 383,917,586 |

* Included in borrowings is a total interest of N14.9 billion (2019: N29.8 billion)

** Included in lease liabilities is a total interest of N10.4 billion (2019: N10.6 billion)

** Trade and other payables excludes statutory payables.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new capital or sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a quarterly basis to monitor and support the key objectives set out above. These ratios and targets include:

– Gearing ratio;
– Earnings before interest, tax, depreciation and amortisation (EBITDA);
– Fixed/floating debt ratio;
– Current asset ratio;
– Interest cover;

The Group's objective is to maintain these financial ratios in excess of any debt covenant restrictions and use them as a performance measurement and hurdle rate. The failure of a covenant test could render the facilities in default and repayable on demand at the option of the lender.

Accordingly, in situations where these ratios are not met, the Group takes immediate steps to redress the potential negative impact on its financial performance. Such steps include additional equity capital through rights issue and special placement.

Total capital is calculated as equity plus net debt. The gearing ratios as at the end of December 2020 and 2019 were as follows:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Total borrowings | 419,629,197 | 362,166,476 | 109,201,608 | 106,199,440 |
| Less: cash and cash equivalents (Note 31)* | (14,566,389) | (33,576,182) | (1,072,747) | (1,266,353) |
| Restricted cash | (7,471,350) | (5,863,527) | - | - |
| Net debt | 397,591,458 | 322,726,767 | 108,128,861 | 104,933,087 |
| Total equity | (67,683,194) | 67,007,719 | (174,091,509) | (128,782,290) |
| Total capital | 329,908,264 | 389,734,486 | (65,962,648) | (23,849,203) |
| Gearing ratio | 121% | 83% | -164% | -440% |

*Certain balances of the comparative figure was reclassified from cash and cash equivalents (excluding bank overdrafts) to short term investments (Note 30).

Fair Value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2020.

| Financial instruments measured at fair value | Level 1<br>N'000 | Level 2<br>N'000 | Level 3<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 51,793 | - | - | 51,793 |
| Derivative financial assets | | | | |
| - Commodity option contracts | - | 51,285 | - | 51,285 |
| Investment properties | - | - | 3,138,000 | 3,138,000 |
| Total assets | 51,793 | 51,285 | 3,138,000 | 3,241,078 |

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019.

| Assets | Level 1<br>N'000 | Level 2<br>N'000 | Level 3<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 48,223 | - | - | 48,223 |
| Derivative financial assets | | | | |
| - Commodity option contracts | - | 1,252,965 | - | 1,252,965 |
| Convertible loan | - | - | - | - |
| Investment properties | - | - | 2,808,000 | 2,808,000 |
| Total assets | 48,223 | 1,252,965 | 2,808,000 | 4,109,188 |

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2020.

| | Level 1<br>N'000 | Level 2<br>N'000 | Level 3<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 49,214 | - | - | 49,214 |
| Investment properties | - | - | 3,138,000 | 3,138,000 |
| Total assets | 49,214 | - | 3,138,000 | 3,187,214 |

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019.

| | Level 1<br>N'000 | Level 2<br>N'000 | Level 3<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 45,644 | - | - | 45,644 |
| Investment properties | - | - | 2,808,000 | 2,808,000 |
| Total assets | 45,644 | - | 2,808,000 | 2,853,644 |

Financial instruments not measured at fair value but for which fair values are disclosed

| Group | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| *Assets* | N'000 | N'000 | N'000 | N'000 |
| 31 December 2020 | | | | |
| Finance lease receivable | - | - | 79,426,663 | 79,426,663 |
| 31 December 2019 | | | | |
| Finance lease receivable | - | - | 68,531,298 | 68,531,298 |
| *Liabilities* | | | | |
| 31 December 2020 | | | | |
| Borrowings | - | - | 425,269,667 | 425,269,667 |
| Lease liabilities | - | - | 23,407,430 | 23,407,430 |
| 31 December 2019 | | | | |
| Borrowings | - | - | 354,780,231 | 354,780,231 |
| Lease liabilities | - | - | 21,611,924 | 21,611,924 |

| Company | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| *Assets* | N'000 | N'000 | N'000 | N'000 |
| 31 December 2020 | | | | |
| Finance lease receivable | - | - | 10,012,330 | 10,012,330 |
| 31 December 2019 | | | | |
| Finance lease receivable | - | - | 8,614,430 | 8,614,430 |
| *Liabilities* | | | | |
| 31 December 2020 | | | | |
| Borrowings | - | - | 107,966,190 | 107,966,190 |
| Lease liabilities | - | - | 28,986,773 | 28,986,773 |
| 31 December 2019 | | | | |
| Borrowings | - | - | 114,972,107 | 114,972,107 |
| Lease liabilities | - | - | 27,993,763 | 27,993,763 |

The fair value of borrowings and finance lease receivables is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The own non-performance risk for borrowings as at 31 December 2020 and 2019 has been considered in the determination of the fair value and is immaterial. For receivables, the models incorporate various inputs including the credit quality of counterparties. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The individual credit worthiness of the customers have been considered in the valuation. The discount rate used for finance lease receivables and borrowing are 15% (2019: 15.0%) and 15% (2019: 15.0%) respectively.

There were no transfers between levels 1 and 2 during the year.

*(a) Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, and pricing market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of Nigerian Stock Exchange (NSE) listed instruments classified as financial assets measured at fair value through profit or loss.

*(b) Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily of interest swaps and derivatives. Their fair values are determined based on marked to market values provided by the counterparty financial institutions. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

Specific valuation techniques used to value financial instruments include:
- The fair value of commodity contracts are calculated based on observable inputs which include forward prices of crude oil.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

*(c) Financial instruments in level 3*

The level 3 instruments comprises of convertible loans with OES Integrated Services Limited ("OES") and investment properties.

The tables below presents the changes in level 3 instruments for the year ended 31 December 2020.

The fair value changes on the instruments were recognized in other operating income.

i Convertible loans - Financial assets at fair value through profit or loss

OES Integrated Services Limited ("OES") was incorporated as the Special Purpose Vehicle used to purchase the shares from Oando PLC, following which OES Energy Services Limited ("OESL") became a standalone company fully divested from the Oando Group. OES is a leading indigenous energy services company that provides oilfield services, particularly drilling rig services, to exploration & production companies operating in Nigeria.

On 22nd October 2018, a Convertible Note Purchase Agreement ("CNPA") was executed between Oando PLC and OES Integrated Services Limited ("OES") as part of the Management Buy Out transaction. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando PLC with a face value equal to the debt amount and no interest shall accrue on the Note. As at 31st December 2020, the debt amount of N12,485,094,736.70 was owed by OES to Oando PLC. See Note 28a for the details.

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January | - | 11,106,340 | - | 11,106,340 |
| Fair value on initial recognition | - | - | - | - |
| Loss recognised in statement of profit or loss | - | (11,106,340) | - | (11,106,340) |
| At 31 December | - | - | - | - |

ii Investment properties

The Company (through Unipetrol Nigeria PLC) signed a sublease agreement with Oniru Chieftaincy Family Property Company Limited, a Limited Liability Company incorporated in Nigeria in 2002 for a parcel of land approximately 10,864.112 sqm and known as Plot 13 in Block VI within the Oniru Chieftaincy Family Private Layout, Lekki Peninsula, Victoria Island, Lagos State, Nigeria for a consideration of N95 million. This agreement did not have the consent of the Attorney General and Commissioner for Justice for and on behalf of the Governor of Lagos State.

On 13 December 2006, the Commissioner for Lands on behalf of the Executive Governor of Lagos State revoked the right of occupancy of a part of the land (4,906.097 sqm) which was needed for public purpose (site/works yard for Lekki-Epe expressway expansion). However, on 11 December 2014 by a notice in the Lagos State of Nigeria official Gazette No 82 Vol. 47, the Executive Governor of Lagos State reinstated the revoked right of occupancy in the said portion of the land.

Another sublease agreement was signed on 3 November 2018 with Oniru Chieftaincy Family Property Company Limited for the same parcel of land which was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on 1 February 2019. This land has been classified as an investment property as management's intention for use is yet to be determined.

| (a) Oniru Land | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January | 1,620,000 | - | 1,620,000 | - |
| Stamp duty paid on investment property | - | 6,650 | - | 6,650 |
| Fair value gain | 330,000 | 1,613,350 | 330,000 | 1,613,350 |
| At 31 December | 1,950,000 | 1,620,000 | 1,950,000 | 1,620,000 |

The fair value gain on the investment property has been recognized in the statement of profit or loss under other operating income.

(b) Abuja Land*

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January | 1,188,000 | 1,033,000 | 1,188,000 | 1,033,000 |
| Fair value gain | - | 155,000 | - | 155,000 |
| At 31 December | 1,188,000 | 1,188,000 | 1,188,000 | 1,188,000 |

*Details of the Abuja land had been reported in the 2017 audited consolidated financial statements and management is yet to decide on the use of the land.

The fair value gain on the investment property has been recognized in the statement of profit or loss under other operating income.

The fair value of the investment properties were determined in January 2021 using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

Description of significant unobservable inputs to valuation:

Description of valuation techniques used and key inputs to valuation of investment properties:

| 2020 | Valuation technique | Significant unobservable inputs | Sensitivity Range | Sensitivity of the input to fair value | |
|---|---|---|---|---|---|
| Investment properties (Abuja and Lagos, Nigeria) | Direct Market Comparism Method | Estimated value per square metre (Abuja Land - N230,000/ Lagos Land - N180,000) | 5% | 5% decrease in estimated value per sqm would result in a decrease in the fair value by N59.4 million (Abuja) / N97.5 million (Lagos) | 5% increase in estimated value per sqm would result in an increase in the fair value by N59.4 million (Abuja) / N97.5 million (Lagos). |
| | | | 10% | 10% decrease in estimated value per sqm would result in a decrease in the fair value by N118.8 million (Abuja) / N195 million (Lagos). | 10% increase in estimated value per sqm would result in an increase in the fair value by N118.8 million (Abuja) / N195 million (Lagos). |
| | | | 15% | 15% decrease in estimated value per sqm would result in a decrease in the fair value by N178.2 million (Abuja) / N292.5 million (Lagos). | 15% increase in estimated value per sqm would result in an increase in the fair value by N178.2 million (Abuja) / N292.5 million (Lagos). |

| 2019 | Valuation technique | Significant unobservable inputs | Sensitivity Range | Sensitivity of the input to fair value | |
|---|---|---|---|---|---|
| Investment properties (Abuja and Lagos, Nigeria) | Direct Market Comparism Method | Estimated value per square metre (Abuja Land - N230,000/ Lagos Land - N150,000) | 5% | 5% decrease in estimated value per sqm would result in a decrease in the fair value by N59.4 million (Abuja) / N81 million (Lagos) | 5% increase in estimated value per sqm would result in an increase in the fair value by N59.4 million (Abuja) / N81 million (Lagos). |
| | | | 10% | 10% decrease in estimated value per sqm would result in a decrease in the fair value by N118.8 million (Abuja) / N162 million (Lagos). | 10% increase in estimated value per sqm would result in an increase in the fair value by N118.8 million (Abuja) / N162 million (Lagos). |
| | | | 15% | 15% decrease in estimated value per sqm would result in a decrease in the fair value by N178.2 million (Abuja) / N243 million (Lagos). | 15% increase in estimated value per sqm would result in an increase in the fair value by N178.2 million (Abuja) / N243 million (Lagos). |

## 8 Segment information

The Group Leadership Council (GLC) is the Group's chief operating decision-maker. Management has determined the operating segments based on the performance reports reviewed monthly by Group Leadership Council (GLC) and these reports are used to make strategic decisions. GLC considers the businesses from a divisional perspective. Each of the division's operations may transcend different geographical locations.

The GLC assesses the performance of the operating segments by reviewing actual results against set targets on revenue, operating profit and profit after tax for each division. Interest expenses suffered by the corporate division on loans raised on behalf of the other divisions and similar operating expenses are transferred to the relevant divisions. Transactions between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group was re-organised following the sale of target entities in the marketing, refining and terminals segment, gas and power segment and energy services segment. The Group discontinued the energy services segment, marketing, refining and terminals segment and gas and power segment (excluding Alausa Power Ltd) effective 31 March 2016, 30 June 2016 and 31st December 2016 respectively whereas Alausa Power Ltd was discontinued 31 March 2017. At 31 December 2020, the Group has three operating segments namely:

(i) Exploration and production (E&P) – involved in the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore and São Tomé and Príncipe "STP".
(ii) Supply and Trading – involved in trading of crude, refined and unrefined petroleum products.
(iii) Corporate and others

(a) The segment results for the period ended 31 December, 2020 are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Total gross segment revenue | 88,894,356 | 336,572,732 | 326,089,655 | 751,556,743 |
| Inter-segment revenue | - | (62,305,597) | (212,180,675) | (274,486,272) |
| Revenue from external customers | 88,894,356 | 274,267,135 | 113,908,980 | 477,070,471 |
| Operating (loss)/profit | (64,246,690) | 803,860 | (10,895,789) | (74,338,619) |
| Finance cost | (49,286,008) | (362,358) | (19,859,045) | (69,507,411) |
| Finance income | 9,213,407 | - | 37,469 | 9,250,876 |
| Net finance cost | (40,072,601) | (362,358) | (19,821,576) | (60,256,535) |
| Share of profit in associate | 312,384 | - | - | 312,384 |
| (Loss)/profit before income tax | (104,006,907) | 441,502 | (30,717,365) | (134,282,770) |
| Income tax (expense)/credit | (4,241,640) | - | (2,150,053) | (6,391,693) |
| (Loss)/profit for the year | (108,248,547) | 441,502 | (32,867,418) | (140,674,463) |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

The segment results for the period ended 31 December, 2019 are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Total gross segment revenue | 137,527,143 | 449,957,837 | 430,400,369 | 1,017,885,349 |
| Inter-segment revenue | - | (72,622,767) | (368,690,725) | (441,313,492) |
| Revenue from external customers | 137,527,143 | 377,335,070 | 61,709,644 | 576,571,857 |
| Operating (loss)/profit | (322,873,915) | 2,363,000 | (14,369,603) | (334,880,518) |
| Finance cost | (30,250,298) | (481,260) | (18,953,813) | (49,685,371) |
| Finance income | 8,507,794 | - | 465,098 | 8,972,892 |
| Net finance cost | (21,742,504) | (481,260) | (18,488,715) | (40,712,479) |
| Share of profit/(loss) in associates | 466,821 | - | (2,288,795) | (1,821,974) |
| (Loss)/profit before income tax | (344,149,598) | 1,881,740 | (35,147,113) | (377,414,971) |
| Income tax credit/(expense) | 171,295,229 | - | (958,552) | 170,336,677 |
| (Loss)/profit for the year | (172,854,369) | 1,881,740 | (36,105,665) | (207,078,294) |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

(b) Reconciliation of reporting segment information

| 2020 | Revenue | Operating loss | Finance income | Finance cost | Loss before income tax | Income tax credit |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| As reported in the segment report | 751,556,743 | (74,338,619) | 9,250,876 | (69,507,411) | (134,282,770) | (6,391,693) |
| Elimination of inter-segment transactions on consolidation | (274,486,272) | - | - | - | - | - |
| As reported in the statement of profit or loss | 477,070,471 | (74,338,619) | 9,250,876 | (69,507,411) | (134,282,770) | (6,391,693) |

| 2019 | Revenue | Operating loss | Finance income | Finance cost | Loss before income tax | Income tax credit |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| As reported in the segment report | 1,017,885,349 | (334,880,518) | 8,972,892 | (49,685,371) | (377,414,971) | 170,336,677 |
| Elimination of inter-segment transactions on consolidation | (441,313,492) | - | - | - | - | - |
| As reported in the statement of profit or loss | 576,571,857 | (334,880,518) | 8,972,892 | (49,685,371) | (377,414,971) | 170,336,677 |

Inter-segment revenue represents intercompany dividend income, sales between subsidiaries. Profit on inter-segment sales and intercompany dividend income have been eliminated on consolidation.

Other information included in the statement of profit or loss by segment are:

Year ended 31 December 2020:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Depreciation (Note 10b) | 47,464,443 | 54,937 | 1,041,114 | 48,560,494 |
| Depreciation of right of use asset (Note 17, 10b) | 4,215,242 | 72,968 | (1,663,002) | 2,625,208 |
| Amortisation of intangible assets (Note 10b) | - | - | 223,103 | 223,103 |
| Impairment losses of assets (Note 10c) | 56,551,423 | 762,055 | 8,769,536 | 66,083,014 |

*Corporate & Others include consolidation adjustments.

Year ended 31 December 2019:

| | Exploration & Production | Supply & Trading | Corporate & Others* | *Group* |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Depreciation (Note 10b) | 26,991,917 | 50,562 | 1,153,757 | 28,196,236 |
| Depreciation of right of use asset (Note 17, 10b) | 3,756,349 | 68,570 | (14,222) | 3,810,697 |
| Amortisation of intangible assets (Note 10b) | - | - | 55,776 | 55,776 |
| Impairment losses/(reversal of impairment) of assets (Note 10c) | 326,508,996 | (781,146) | (9,049,906) | 316,677,944 |

*Corporate & Others include consolidation adjustments.

The segment assets and liabilities and capital expenditure for the year ended 31 December, 2020 are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Assets | 1,356,001,530 | 20,779,018 | 12,415,611 | 1,389,196,159 |
| Investment in an associate | 2,339,216 | - | - | 2,339,216 |
| Liabilities | 1,226,234,551 | 4,258,269 | 226,386,534 | 1,456,879,354 |
| Capital Expenditure* | 34,468,002 | 7,938 | 295,370 | 34,771,310 |

*Corporate & Others include consolidation adjustments.

The segment assets and liabilities as of 31 December, 2019 and capital expenditure for the year then ended are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Assets | 871,249,850 | 49,050,310 | 37,662,945 | 957,963,105 |
| Investment in an associate | 1,782,799 | - | - | 1,782,799 |
| Liabilities | 643,783,016 | 28,855,437 | 218,316,933 | 890,955,386 |
| Capital Expenditure | 28,941,518 | 7,328 | 780,966 | 29,729,812 |

*Corporate & Others include consolidation adjustments.

*Capital expenditure comprises additions to property, plant and equipment and intangible asset, excluding goodwill.

The Group's business segments operate in three main geographical areas. The group derives revenue from the transfer of goods and services over time and at a point in time.

Segment information on a geographical basis for the year ended 31 December 2020 are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| **Segment revenue:** | N'000 | N'000 | N'000 | N'000 |
| Within Nigeria | 88,894,356 | - | 326,089,655 | 414,984,011 |
| Other countries | - | 336,572,732 | - | 336,572,732 |
| Inter-segment revenue | - | (62,305,597) | (212,180,675) | (274,486,272) |
| **Revenue from external customers** | 88,894,356 | 274,267,135 | 113,908,980 | 477,070,471 |
| **Total assets** | | | | |
| Within Nigeria | 1,353,525,261 | - | 12,415,611 | 1,365,940,872 |
| Other West African countries | - | 136,153 | - | 136,153 |
| Other countries | 2,476,269 | 20,642,865 | - | 23,119,134 |
| | 1,356,001,530 | 20,779,018 | 12,415,611 | 1,389,196,159 |
| **Capital expenditure** | | | | |
| Within Nigeria | 34,468,002 | - | 196,566 | 34,664,568 |
| Other countries | - | 7,938 | 98,804 | 106,742 |
| | 34,468,002 | 7,938 | 295,370 | 34,771,310 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

Segment information on a geographical basis for the year ended 31 December 2019 are as follows:

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| **Segment revenue:** | N'000 | N'000 | N'000 | N'000 |
| Within Nigeria | 137,527,143 | - | 430,400,369 | 567,927,512 |
| Other countries | - | 449,957,837 | - | 449,957,837 |
| Inter-segment revenue | - | (72,622,767) | (368,690,725) | (441,313,492) |
| **Revenue from external customers** | 137,527,143 | 377,335,070 | 61,709,644 | 576,571,857 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| **Total assets** | N'000 | N'000 | N'000 | N'000 |
| Within Nigeria | 773,413,744 | - | 171,277,794 | 944,691,538 |
| Other West African countries | - | 104,492 | - | 104,492 |
| Other countries | 2,457,526 | 10,709,549 | - | 13,167,075 |
| | 775,871,270 | 10,814,041 | 171,277,794 | 957,963,105 |

*Corporate & Others include consolidation adjustments.

| | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **Capital expenditure** | | | | |
| Within Nigeria | 28,941,518 | - | 747,428 | 29,688,946 |
| Other countries | - | 7,328 | 33,538 | 40,866 |
| | 28,941,518 | 7,328 | 780,966 | 29,729,812 |

Revenue are disclosed based on the country in which the customer is located. Total assets are allocated based on where the assets are located. NNPC and Vitol SA contributes more than 15% of the Group's revenue.

*Corporate & Others include consolidation adjustments.

Capital expenditure is allocated based on where the assets are located.

(c) Disaggregated revenue information

Group

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2020:

| Segments | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Sale of crude oil | 56,280,360 | 336,572,732 | 326,089,655 | 718,942,747 |
| Sale of gas | 25,457,432 | - | - | 25,457,432 |
| Sale of energy | 4,563,779 | - | - | 4,563,779 |
| Sale of natural gas liquid | 1,261,755 | - | - | 1,261,755 |
| Terminal service | 1,331,030 | - | - | 1,331,030 |
| Inter-segment revenue | - | (62,305,597) | (212,180,675) | (274,486,272) |
| **Total revenue from contracts with customers** | 88,894,356 | 274,267,135 | 113,908,980 | 477,070,471 |
| **Geographical markets** | | | | |
| Within Nigeria | 88,894,356 | - | 326,089,655 | 414,984,011 |
| Other countries | - | 336,572,732 | - | 336,572,732 |
| Inter-segment revenue | - | (62,305,597) | (212,180,675) | (274,486,272) |
| **Total revenue from contracts with customers** | 88,894,356 | 274,267,135 | 113,908,980 | 477,070,471 |
| **Timing of revenue recognition:** | | | | |
| Goods transferred at a point in time | 62,105,894 | 336,572,732 | 326,089,655 | 724,768,281 |
| Services transferred over time | 26,788,462 | - | - | 26,788,462 |
| Inter-segment revenue | - | (62,305,597) | (212,180,675) | (274,486,272) |
| | 88,894,356 | 274,267,135 | 113,908,980 | 477,070,471 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2019:

| Segments | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **Type of goods or service** | | | | - |
| Sale of crude oil | 104,023,628 | 449,957,837 | 430,400,369 | 984,381,834 |
| Sale of gas | 26,047,601 | - | - | 26,047,601 |
| Sale of energy | 4,048,876 | - | - | 4,048,876 |
| Sale of natural gas liquid | 2,240,279 | - | - | 2,240,279 |
| Terminal service | 1,166,759 | - | - | 1,166,759 |
| Inter-segment revenue | - | (72,622,767) | (368,690,725) | (441,313,492) |
| **Total revenue from contracts with customers** | 137,527,143 | 377,335,070 | 61,709,644 | 576,571,857 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

| Segments | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| Geographical markets | N'000 | N'000 | N'000 | N'000 |
| Within Nigeria | 137,527,143 | - | 430,400,369 | 567,927,512 |
| Other countries | - | 449,957,837 | - | 449,957,837 |
| Inter-segment revenue | - | (72,622,767) | (368,690,725) | (441,313,492) |
| Total revenue from contracts with customers | 137,527,143 | 377,335,070 | 61,709,644 | 576,571,857 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

| Segments | Exploration & Production | Supply & Trading | Corporate & Others* | Total |
|---|---|---|---|---|
| Timing of revenue recognition: | | | | |
| Goods transferred at a point in time | 110,312,783 | 449,957,837 | 430,400,369 | 990,670,989 |
| Services transferred over time | 27,214,360 | - | - | 27,214,360 |
| Inter-segment revenue | - | (72,622,767) | (368,690,725) | (441,313,492) |
| | 137,527,143 | 377,335,070 | 61,709,644 | 576,571,857 |

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

### Company

Set out below is the disaggregation of the Company's revenue from contracts with customers for the year:

| | 2020 N'000 | 2019 N'000 |
|---|---|---|
| Type of goods or service | | |
| Sale of crude oil | 320,702,465 | 424,734,190 |
| Terminal service | - | - |
| Total revenue from contracts with customers | 320,702,465 | 424,734,190 |
| Geographical markets | | |
| Within Nigeria | - | - |
| Other West African countries | - | - |
| Other countries | 320,702,465 | 424,734,190 |
| Total revenue from contracts with customers | 320,702,465 | 424,734,190 |

| | 2020 | 2019 |
|---|---|---|
| Timing of revenue recognition: | | |
| Goods transferred at a point in time | 320,702,465 | 424,734,190 |
| Services transferred over time | - | - |
| | 320,702,465 | 424,734,190 |

(d) Assets related to contracts with customers

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Trade receivables (Note 25) | 39,609,898 | 19,269,158 | 17,496,505 | 16,476,134 |
| Contract assets (Note 25) | - | 24,402,287 | - | - |
| Loss allowance | (2,968,781) | (2,124,503) | (5,341) | (5,222) |
| | 36,641,117 | 41,546,942 | 17,491,164 | 16,470,912 |

(e) Performance obligations

Information about the Group's performance obligations are summarised below:

### Sale of oil, gas and energy

For the sale of crude oil, the Group delivers its promised goods to customers in volumes depending on annual contract quantity and all variations provided by the contract. The Group recognizes its revenue for oil and energy at a point in time. Revenue for gas is recognised over time with an appropriate measure of progress. This measure is based on volumes delivered.

### Provision of terminal service

For provision of terminal service, the Group recognizes revenue as the service is being performed.

## 9 Other operating income/(expense)

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Realised foreign exchange gain | (113,979) | 411,060 | (17,253) | 114,651 |
| Unrealised exchange gain | 12,778,693 | 3,149,551 | 12,459,202 | 4,868,010 |
| Total foreign exchange gain (Note 10a) | 12,664,714 | 3,560,611 | 12,441,949 | 4,982,661 |
| Fair value (loss)/gain on commodity options (Note 10a) | 20,003,840 | (2,448,039) | - | - |
| Fair value loss on convertible loan (Note 10a) | - | (11,106,341) | - | (11,106,341) |
| Fair value gain on investment properties (Note 10a, 18) | 330,000 | 1,768,350 | 330,000 | 1,768,350 |
| Rental income | 2,059,919 | 1,829,941 | 2,248,700 | 1,829,941 |
| Fair value loss on quoted equity instruments (Note 28b) | 3,570 | (5,072) | 3,570 | (5,072) |
| Insurance claim received | 1,831,094 | - | - | - |
| Crude marketing services income | 2,817,349 | 2,619,435 | - | - |
| Sundry income | 3,887,637 | 1,171,601 | 2,955,937 | 3,581,882 |
| | 43,598,123 | (2,609,514) | 17,980,156 | 1,051,421 |

During the year, the Group realised a net derivative gain of N20 billion (2019 - loss of N2.4 billion) on commodity contracts see Note 21 for further details of fair value (loss)/gain on the financial commodity contract.

The Group's sundry income largely relates to income from service agreements with customers of N76 million (2019: N823 million), other associated JV income of N851 million (2019:nil), Oando Foundation's donation income of N130.3 million (2019: N662.8 billion), trading income of N945.9 million (2019:N369.7 million), loss on disposal of 25% in Glover BV of nil (2019: N3.6 billion), reversal of accruals no longer required in 2020 of N1.6 billion, reversal of payables in 2019 of N1.1 billion due to Helios no longer required after a reconciliation was carried out and reversal of loss on deemed disposal of Oando Wings Development Limited (OWDL) of N201.6 million on receipt of the 2019 audited financials of OWDL in 2019.

The Company's sundry income largely relates to income from service agreements with customers of N1.3 billion (2019: N2.2 billion), reversal of accruals no longer required in 2020 of N1.6 billion and reversal of payables of N1.1 billion due to Helios no longer required after a reconciliation was carried out in 2019 (2020: nil).

## 10 Expenses by nature of operating profit

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| The following items have been charged/(credited) in arriving at the operating profit: | | | | |
| **Cost of sales:** | | | | |
| Inventory cost and other directly attributable costs | 436,626,716 | 504,011,590 | 322,570,279 | 423,956,921 |
| **(a) Included in other operating income/(expense):** | | | | |
| Total foreign exchange gain (Note 9) | 12,664,714 | 3,560,611 | 12,441,949 | 4,982,661 |
| Profit on sale of property, plant and equipment (Note 41a) | 56 | - | - | - |
| Fair value (gain)/loss on commodity options (Note 9) | 20,003,840 | (2,448,039) | - | - |
| Fair value gain on investment properties (Note 9, 18) | 330,000 | 1,768,350 | 330,000 | 1,768,350 |
| Fair value loss on convertible loan (Note 9, 28) | - | (11,106,341) | - | (11,106,341) |
| **(b) Administrative expenses** | | | | |
| Depletion/depreciation on property plant and equipment (Note 15, 41a) | 48,560,494 | 28,196,236 | 341,180 | 319,138 |
| Depreciation on right of use asset (Note 17, 41a) | 2,625,208 | 3,810,697 | 1,698,979 | 3,088,661 |
| Amortisation of intangible assets (Note 16, 41a) | 223,103 | 55,776 | 223,103 | 55,776 |
| Realised foreign exchange loss | 178,458 | 162,034 | 157,340 | 118,268 |
| Unrealised foreign exchange loss | 10,748,166 | 7,073,273 | 24,451,204 | 2,044,458 |
| Employees benefit expense (Note 11b) | 8,623,907 | 10,039,872 | 331,296 | 548,835 |
| Auditors remuneration | 375,288 | 379,725 | 105,862 | 108,150 |
| Professional fees | 14,708,403 | 18,741,873 | 1,133,825 | 5,169,621 |
| Rent and other hiring costs | 747,241 | 1,271,786 | 258,148 | 58,961 |
| Travelling expenses | 724,129 | 2,347,493 | 11,475 | 65,821 |
| Handling charges | 2,169,000 | 536,864 | - | - |
| Financial guarantee provision | 755,746 | 1,937,008 | 755,746 | 1,937,008 |
| Dividend receivable forfeiture | - | 2,165,948 | - | 2,165,948 |
| Post OVH sale settlement | - | 6,595,303 | - | 6,595,303 |
| Business development expenses | 20,030 | 20,343 | - | 554,165 |
| Utilities and entertainment | 104,514 | 575,746 | 2,212 | 32,238 |
| Sundry | 1,733,796 | 4,243,350 | (349,139) | 380,747 |
| | 92,297,483 | 88,153,327 | 29,121,230 | 23,243,098 |

Sundry expenses mainly includes repair &maintenance, business communication expenses, licences& permits, insurance and subscriptions.

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| **(c) Impairment of assets/(reversal of impairment) of assets** | | | | |
| *Impairment of non-financial assets* | | | | |
| Impairment of intangible assets (Note 16, 41a) | 3,185,353 | 169,107,318 | - | - |
| Impairment of investment (Note 29) | - | - | 4,171,312 | 27,866,166 |
| **Total impairment of non-financial assets** | 3,185,353 | 169,107,318 | 4,171,312 | 27,866,166 |
| *Impairment of financial assets* | | | | |
| Impairment loss on finance lease (Note 22ii) | 475,791 | 474,434 | 470,198 | 117,377 |
| Impairment losses/(reversal of impairment) of non-current receivables (Note 23b) | | | | |
| - Impairment losses/(reversal of impairment) of other non- current receivables | 2,162,234 | (5,638,276) | 2,162,234 | 24,109 |
| - Reversal of impairment on Glover loan note receivables (Note 23b) | - | (6,424,576) | - | (6,424,576) |
| Impairment losses/(reversal of impairment) of trade and other receivables (Note 25c) | 60,259,636 | 159,159,044 | 3,987,778 | (315,373) |
| **Total impairment of financial assets** | 62,897,661 | 147,570,626 | 6,620,210 | (6,598,463) |
| **Total impairment of assets** | 66,083,014 | 316,677,944 | 10,791,522 | 21,267,703 |

## 11 Employee benefit expense

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| **(a) Directors' remuneration:** | | | | |
| The remuneration paid to the directors who served during the year was as follows: | | | | |
| Chairman fees | 5,556 | 5,556 | 5,556 | 5,556 |
| Other non-executive fees* | 152,595 | 150,947 | 17,778 | 24,256 |
| | 158,151 | 156,503 | 23,334 | 29,812 |
| Executive directors' salaries | 1,760,268 | 1,514,390 | 1,234,212 | 1,137,935 |
| | 1,918,420 | 1,670,893 | 1,257,546 | 1,167,747 |
| Other emoluments* | 600,066 | 685,288 | 388,210 | 471,723 |
| | 2,518,486 | 2,356,181 | 1,645,756 | 1,639,470 |

*Included in other emoluments and other non-executive fees is the board duty allowance of N507.6 million (2019: N471 million) received by the executive directors during the year.

| The directors received emoluments (excluding pension contributions) in the following ranges: | Group 2020 Number | Group 2019 Number | Company 2020 Number | Company 2019 Number |
|---|---|---|---|---|
| N1,000,000 - N50,000,000 | 2 | 6 | 2 | 6 |
| Above N50,000,000 | 9 | 9 | 8 | 7 |

Included in the above analysis is the highest paid director at N751.6 million (2019: N570 million).

(b) Staff costs

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Wages, salaries and staff welfare cost | 7,691,638 | 9,222,764 | 296,242 | 497,105 |
| Gratuity (Note 38d) | 107,571 | 29,160 | - | - |
| Pension costs - defined contribution scheme | 824,698 | 787,948 | 35,054 | 51,730 |
| | 8,623,907 | 10,039,872 | 331,296 | 548,835 |

| The average number of full-time persons employed during the year was as follows: | Group 2020 Number | Group 2019 Number | Company 2020 Number | Company 2019 Number |
|---|---|---|---|---|
| Executives | 6 | 6 | 4 | 4 |
| Management staff | 77 | 76 | 4 | 13 |
| Senior staff | 65 | 63 | - | 15 |
| | 148 | 145 | 8 | 32 |

Employees other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

| | Group 2020 Number | Group 2019 Number | Company 2020 Number | Company 2019 Number |
|---|---|---|---|---|
| N8,000,001 - N20,000,000 | 49 | 50 | - | 12 |
| Above N20,000,000 | 81 | 78 | 4 | 16 |
| | 130 | 128 | 4 | 28 |

12 Net finance costs

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| (a) Finance cost: | | | | |
| On bank borrowings | (50,212,173) | (37,101,947) | (18,665,764) | (16,621,157) |
| Interest expenses on lease liabilities (Note 37) | (2,613,402) | (3,633,835) | (3,236,094) | (4,547,894) |
| Interest expense calculated using effective interest rate | (52,825,575) | (40,735,782) | (21,901,858) | (21,169,051) |
| Change in estimate | (407,647) | (124,888) | - | - |
| Unwinding of discount on provisions (Note 36, 41) | (16,274,189) | (8,824,701) | (26,267) | (23,223) |
| **Total finance cost** | (69,507,411) | (49,685,371) | (21,928,125) | (21,192,274) |
| (b) Finance income: | | | | |
| Interest income on bank deposits | 319,633 | 601,657 | 37,442 | 465,005 |
| Interest income on finance lease (Note 22iii) | 8,931,243 | 8,371,235 | 1,183,630 | 1,319,161 |
| **Total finance income** | 9,250,876 | 8,972,892 | 1,221,072 | 1,784,166 |
| **Net finance costs** | (60,256,535) | (40,712,479) | (20,707,053) | (19,408,108) |

N1.2 billion borrowing cost was capitalised in 2020 (2019: nil). Actual borrowing rate approximate effective interest rate.

13 (a) Income tax (credit)/expense

Analysis of income tax charge for the year:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Current income tax | 11,089,665 | 12,186,181 | - | - |
| Minimum tax | 801,756 | 1,061,835 | 801,756 | 1,061,835 |
| Income tax charged during the year (Note 13b) | 11,891,421 | 13,248,016 | 801,756 | 1,061,835 |
| Education tax (Note 13b) | 862,988 | 638,872 | - | - |
| *Prior year over provision of tax (Note 13b) | - | (24,607,019) | - | - |
| | 12,754,409 | (10,720,131) | 801,756 | 1,061,835 |
| Deferred income tax | | | | |
| Deferred income tax charge/(credit) for the year (Note 20) | (6,362,716) | (159,616,546) | - | - |
| Income tax expense/(credit) | 6,391,693 | (170,336,677) | 801,756 | 1,061,835 |

The tax on the Group and Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Loss before income tax | (134,282,770) | (377,414,971) | (44,507,463) | (62,090,219) |
| Tax calculated at Nigeria's domestic rates applicable to profits in respective countries - 30% (2019: 30%) | (40,284,831) | (113,224,491) | (13,352,239) | (18,627,066) |
| Minimum tax | 801,756 | 1,061,835 | 801,756 | 1,061,835 |
| Education tax | 862,988 | 638,872 | - | - |
| Tax effect of income not subject to tax | (39,595,672) | (224,605,580) | (369,406) | (4,121,221) |
| Effect of associate tax | (93,715) | 546,592 | - | - |
| Effect of tax rate differential | (54,261,414) | (19,347,157) | - | - |
| Expenses not deductible for tax purposes | 60,188,090 | 154,431,010 | 6,383,515 | 13,463,031 |
| *Prior year over provision of tax (Note 13b) | - | (24,607,019) | - | - |
| Tax losses for which no deferred tax was recognised | (2,652,471) | (22,898,594) | - | - |
| Impact of unutilised tax credits carried forward | 81,426,962 | 77,667,855 | 7,338,130 | 9,285,256 |
| Income tax expense/(credit) | 6,391,693 | (170,336,677) | 801,756 | 1,061,835 |
| Effective tax rate | -5% | 45% | -2% | -2% |

(b) Current income tax liabilities

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Movement in current income tax for the year: | | | | |
| At 1 January | 35,081,165 | 47,245,129 | 2,223,274 | 1,161,820 |
| Payment during the year | (2,256,892) | (1,436,642) | - | (381) |
| Prior year over provision of tax** (Note 13a) | - | (24,607,019) | - | - |
| **Charge for the year:** | | | | |
| Income tax charge during the year (Note 13a) | 11,891,421 | 13,248,016 | 801,756 | 1,061,835 |
| Education tax charge during the year (Note 13a) | 862,988 | 638,872 | - | - |
| Exchange difference | 4,896,921 | (7,191) | - | - |
| At 31 December | 50,475,603 | 35,081,165 | 3,025,030 | 2,223,274 |

*On June 25, 2019, OER received a notification from the Nigerian Investment Promotion Commission (NIPC) for Company Income Tax Relief for an additional period of 2 years (2017 and 2018) for Oando Oil Limited. The incentive relates to activities around manufacturing and distribution of gas and as such, OER extinguished its current income tax liabilities of N24.6 billion ($68.0 million) for 2017 and 2018. This amount has been recognized as a tax recovery in the income statement of these consolidated financial statements.

## 14 Basic and diluted loss per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year.

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Loss attributable to equity holders of the parent | (118,149,391) | (171,821,040) | (45,309,219) | (63,152,054) |
| Weighted average number of ordinary shares outstanding (thousands) : | 12,431,412 | 12,431,412 | 12,431,412 | 12,431,412 |
| **Basic/diluted loss per share (expressed in Naira per share)** | (9.50) | (13.82) | (3.64) | (5.08) |

### Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. However, there were no convertible debts at the year end.

## 15 Property, plant and equipment

| Group | Upstream Assets [1] | Land & Leasehold improvements | Plant & machineries | Fixtures, fittings, computer & equipment, motor vehicles | Total |
|---|---|---|---|---|---|
| At 1 January 2019 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **Cost or valuation** | | | | | |
| Opening balance | 499,579,207 | 868,929 | 11,696,642 | 4,872,192 | 517,016,970 |
| Decommissioning costs | 39,233,620 | - | - | - | 39,233,620 |
| Additions | 27,448,270 | - | - | 422,757 | 27,871,027 |
| Exchange difference | 700,105 | - | 16,214 | 822 | 717,141 |
| | 566,961,202 | 868,929 | 11,712,856 | 5,295,771 | 584,838,758 |
| **Accumulated depreciation** | | | | | |
| Opening balance | (155,522,019) | (94,134) | (2,999,315) | (3,381,417) | (161,996,885) |
| Depletion/depreciation charge (Note 10b, 41a) | (26,881,872) | (86,893) | (643,709) | (583,762) | (28,196,236) |
| Exchange difference | (406,369) | - | (8,548) | (2,120) | (417,037) |
| | (182,810,260) | (181,027) | (3,651,572) | (3,967,299) | (190,610,158) |
| **Net book amount at 31 December 2019** | | | | | |
| Cost or valuation | 566,961,202 | 868,929 | 11,712,856 | 5,295,771 | 584,838,758 |
| Accumulated depreciation | (182,810,260) | (181,027) | (3,651,572) | (3,967,299) | (190,610,158) |
| | 384,150,942 | 687,902 | 8,061,284 | 1,328,472 | 394,228,600 |

| Group | Upstream Assets [1] | Land & Leasehold improvements | Plant & machineries | Fixtures, fittings, computer & equipment, motor vehicles | Total |
|---|---|---|---|---|---|
| **Year ended 31 December 2020** | | | | | |
| **Cost or valuation** | | | | | |
| Opening balance | 566,961,202 | 868,929 | 11,712,856 | 5,295,771 | 584,838,758 |
| Decommissioning costs | 481,143,620 | - | - | - | 481,143,620 |
| Additions | 33,687,979 | - | - | 374,452 | 34,062,431 |
| Disposals | - | - | - | (120) | (120) |
| Exchange difference | 71,144,291 | - | 1,454,255 | 351,948 | 72,950,494 |
| | 1,152,937,092 | 868,929 | 13,167,111 | 6,022,051 | 1,172,995,183 |
| **Accumulated depreciation** | | | | | |
| Opening balance | (182,810,260) | (181,027) | (3,651,572) | (3,967,299) | (190,610,158) |
| Depletion/depreciation charge (Note 10b, 41a) | (47,552,941) | (86,994) | (684,555) | (236,004) | (48,560,494) |
| Disposal | - | - | - | 88 | 88 |
| Exchange difference | (26,032,814) | - | (488,898) | (307,777) | (26,829,489) |
| | (256,396,015) | (268,021) | (4,825,025) | (4,510,992) | (266,000,053) |
| **Net book amount at 31 December 2020** | | | | | |
| Cost or valuation | 1,152,937,092 | 868,929 | 13,167,111 | 6,022,051 | 1,172,995,183 |
| Accumulated depreciation | (256,396,015) | (268,021) | (4,825,025) | (4,510,992) | (266,000,053) |
| | 896,541,077 | 600,908 | 8,342,086 | 1,511,059 | 906,995,130 |

[1] See Note 48(a) for details of upstream assets.

| Company | Land & Leasehold improvements | Plant & machineries | Fixtures, fittings, computer & equipment, motor vehicles | Total |
|---|---|---|---|---|
| **Year ended 31 December 2019** | N'000 | N'000 | N'000 | N'000 |
| **Cost or valuation** | | | | |
| Opening balance | 868,929 | 123,641 | 2,187,751 | 3,180,321 |
| Additions | - | - | 310,110 | 310,110 |
| | 868,929 | 123,641 | 2,497,861 | 3,490,431 |
| **Year ended 31 December 2019** | | | | |
| **Accumulated depreciation** | | | | |
| Opening balance | (94,134) | (108,162) | (1,272,647) | (1,474,943) |
| Depreciation charge (Note 10b, 41a) | (86,893) | (1,563) | (230,682) | (319,138) |
| | (181,027) | (109,725) | (1,503,329) | (1,794,081) |
| **Net book amount at 31 December 2019** | | | | |
| Cost or valuation | 868,929 | 123,641 | 2,497,861 | 3,490,431 |
| Accumulated depreciation | (181,027) | (109,725) | (1,503,329) | (1,794,081) |
| | 687,902 | 13,916 | 994,532 | 1,696,350 |
| **Year ended 31 December 2020** | | | | |
| **Cost or valuation** | | | | |
| Opening balance | 868,929 | 123,641 | 2,497,861 | 3,490,431 |
| Additions | - | - | 153,788 | 153,788 |
| | 868,929 | 123,641 | 2,651,649 | 3,644,219 |

| Accumulated depreciation | Land & Leasehold improvements | Plant & machineries | Fixtures, fittings, computer & equipment, motor vehicles | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Opening balance | (181,027) | (109,725) | (1,503,329) | (1,794,081) |
| Depreciation charge (Note 10b, 41) | (86,994) | (1,218) | (252,968) | (341,180) |
| | (268,021) | (110,943) | (1,756,297) | (2,135,261) |
| **Net book amount at 31 December 2020** | | | | |
| Cost or valuation | 868,929 | 123,641 | 2,651,649 | 3,644,219 |
| Accumulated depreciation | (268,021) | (110,943) | (1,756,297) | (2,135,261) |
| | 600,908 | 12,698 | 895,352 | 1,508,958 |

## 16 Intangible assets

### Group

| At 1 January 2019 | Goodwill | Software costs | Exploration and Evaluation asset | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **Cost** | | | | |
| Opening balance | 385,894,463 | - | 91,322,555 | 477,217,018 |
| Addition | - | 669,310 | 1,189,475 | 1,858,785 |
| Exchange difference | 6,866,961 | - | 127,953 | 6,994,914 |
| | 392,761,424 | 669,310 | 92,639,983 | 486,070,717 |
| **Accumulated amortization and impairment** | | | | |
| Opening balance | (6,673,221) | - | (38,222,037) | (44,895,258) |
| Amortisation charge (Note 10b) | - | (55,776) | - | (55,776) |
| Impairment (Note 10c) | (156,475,124) | - | (12,632,194) | (169,107,318) |
| Exchange difference | (998,753) | - | (142,049) | (1,140,802) |
| | (164,147,098) | (55,776) | (50,996,280) | (215,199,154) |
| **Net book amount as at 31 December 2019** | | | | |
| Cost | 392,761,424 | 669,310 | 92,639,983 | 486,070,717 |
| Accumulated amortisation and impairment | (164,147,098) | (55,776) | (50,996,280) | (215,199,154) |
| | 228,614,326 | 613,534 | 41,643,703 | 270,871,563 |

| Year ended 31 December 2020 | Goodwill | Software costs | Exploration and Evaluation asset | Total |
|---|---|---|---|---|
| **Cost** | N'000 | N'000 | N'000 | N'000 |
| Opening balance | 392,761,424 | 669,310 | 92,639,983 | 486,070,717 |
| Addition | - | 44,890 | 663,989 | 708,879 |
| Exchange difference | 46,702,297 | - | 11,624,792 | 58,327,089 |
| | 439,463,721 | 714,200 | 104,928,764 | 545,106,685 |
| **Accumulated amortization and impairment** | | | | |
| Opening balance | (164,147,098) | (55,776) | (50,996,280) | (215,199,154) |
| Amortisation charge (Note 10b) | - | (223,103) | - | (223,103) |
| Impairment (Note 10c) | - | - | (3,185,353) | (3,185,353) |
| Exchange difference | (18,014,967) | - | (6,606,397) | (24,621,364) |
| | (182,162,065) | (278,879) | (60,788,030) | (243,228,974) |

| Net book amount as at 31 December 2020 | Goodwill | Software costs | Exploration and Evaluation asset | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Cost | 439,463,721 | 714,200 | 104,928,764 | 545,106,685 |
| Accumulated amortisation and impairment | (182,162,065) | (278,879) | (60,788,030) | (243,228,974) |
| | 257,301,656 | 435,321 | 44,140,734 | 301,877,711 |

### Company

| | Software costs |
|---|---|
| | N'000 |
| **Year ended 31 December 2019** | |
| **Cost** | - |
| Opening balance | - |
| Additions | 669,310 |
| | 669,310 |
| **Accumulated amortization** | |
| Opening balance | - |
| Amortisation charge (Note 10b) | (55,776) |
| | (55,776) |

| Net book amount at 31 December 2019 | Software costs N'000 |
|---|---|
| Cost | 669,310 |
| Accumulated amortisation | (55,776) |
| | 613,534 |
| **Year ended 31 December 2020** | |
| **Cost** | |
| Opening balance | 669,310 |
| Additions | 44,890 |
| | 714,200 |
| **Accumulated amortization** | |
| Opening balance | (55,776) |
| Amortisation charge (Note 10b) | (223,103) |
| | (278,879) |
| **Net book amount at 31 December 2020** | |
| Cost | 714,200 |
| Accumulated amortisation | (278,879) |
| | 435,321 |

i Impairment of intangible assets

(a) Exploration and evaluation asset impairment losses

The above exploration and evaluation assets represent expenditures arising from the exploration and evaluation of oil and gas interests. The costs relate to oil and gas properties primarily located in Nigeria and São Tomé and Príncipe ("STP"). The technical feasibility and commercial viability of extracting oil and gas has not yet been determined in relation to the above properties, therefore, they remain classified as exploration and evaluation assets at December 31, 2020.

Key assumptions in the determination of cash flows from reserves include crude oil, natural gas and natural gas liquids "NGL" prices, loss factors and the discount rate. Reserves as at December 31, 2020 have been evaluated by independent qualified reserves evaluators (Degolyer and MacNaughton). The table below summarizes the forecast prices used to determine cash flows from crude oil reserves and resources which is based on the futures market forward curve for Brent.

| Year | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|
| Dated Brent (US$/barrel) | 64.51 | 64.51 | 65.90 | 65.20 | 69.16 | 70.19 | 71.25 |
| NGL (US$/barrel) | 7.21 | 8.49 | 8.54 | 8.51 | 8.65 | 8.69 | 8.73 |
| Natural gas (US$/mcf) | 1.69 | 1.69 | 1.70 | 1.70 | 1.75 | 1.76 | 1.78 |
| **Year** | **2028** | **2029** | **2030** | **2031** | **2032** | **2033** | **Beyond** |
| Dated Brent (US$/barrel) | 72.32 | 73.40 | 74.50 | 75.62 | 76.75 | 77.90 | +2% |
| NGL (US$/barrel) | 8.76 | 8.80 | 8.84 | 8.88 | 8.92 | 8.96 | +1% |
| Natural gas (US$/mcf) | 1.79 | 1.81 | 1.82 | 1.84 | 1.85 | 1.87 | +1% |

Crude oil loss factors of 4.4% on an annual basis from 2020, declining to 0% over the next five years (with the exception of Ebendo where a 15% annual loss factor was applied to the remaining field life). The discount rate applied on the cash flows was 12.13%. For exploration and evaluation assets, OER used $1.84/boe as the implied value/boe on 2C unrisked contingent resources based on comparable market transactions and consideration of forward price declines.

Management determined that exploration and evaluation assets are qualifying assets and therefore eligible for capitalisation of borrowing cost. However, no borrowing cost was capitalised during the year reviewed. The assessment above led to an impairment loss of N3.2 billion in 2020 (2019: N12.6 billion ($34.9 million)).

(b) Goodwill impairment losses

A nil goodwill impairment was recorded in these consolidated financial statements (2019: N156.5 billion/$432 million). The key assumptions in an impairment test for goodwill are the cash flows projections, growth rate and the pre-tax risk adjusted discount rates. As per the Group's accounting policy, goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments

OER's goodwill arising from E&E and producing assets was impaired as the fair value less costs of disposal for E&E assets and the discounted estimated future cash flows for producing assets were lower than its carrying value. Key assumptions in the determination of cash flows from reserves include crude oil and natural gas prices, the discount rate, and per boe values.

Impairment tests for goodwill

Key assumptions
In determining the recoverable amount of a CGU, management has made key assumptions to estimate the present value of future cash flows. These key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Cash flows
The cash flows projections are from financial budgets approved by senior management covering a 5year period.

Pre-tax risk adjusted discount rates
Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territory in which the CGU operates. A relative risk adjustment has been applied to risk-free rates to reflect the risk inherent in the CGU. The cash forecast covered five years.

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments. A segment-level summary of the goodwill allocation is presented below:

| At 31 December 2019 | Nigeria N'000 | Other countries N'000 | Total N'000 |
|---|---|---|---|
| OER | 228,614,326 | - | 228,614,326 |
| | 228,614,326 | - | 228,614,326 |

| At 31 December 2020 | Nigeria N'000 | Other countries N'000 | Total N'000 |
|---|---|---|---|
| OER | 257,301,656 | - | 257,301,656 |
| | 257,301,656 | - | 257,301,656 |

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flows projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates for the CGU in future as disclosed below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.

| The key assumptions used for value-in-use calculations were as follows: | At 31 December 2020 OER | At 31 December 2019 OER |
|---|---|---|
| Growth rate | 5.8% | 5.8% |
| Discount rate | 12.1% | 12.1% |

Management determined estimated cash flows based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecast performance of the oil and gas industry in which the CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and CGU.

## 17 Right-of-use assets

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Opening balance | 20,084,475 | 30,010,435 | 16,547,620 | 25,442,538 |
| Additions | 780,366 | - | 51,469 | - |
| Modification* | (72,829) | (9,939,678) | (2,435,574) | (8,894,918) |
| Exchange difference on translation | 57,518 | 13,718 | - | - |
| Closing balance | 20,849,530 | 20,084,475 | 14,163,515 | 16,547,620 |
| *Depreciation* | | | | |
| Opening balance | 3,817,069 | - | 3,088,661 | - |
| Charge for the period (Note 10b, 41a) | 2,625,208 | 3,810,697 | 1,698,979 | 3,088,661 |
| Exchange difference on translation | 20,280 | 6,372 | - | - |
| Closing balance | 6,462,557 | 3,817,069 | 4,787,640 | 3,088,661 |
| Net book value | 14,386,973 | 16,267,406 | 9,375,875 | 13,458,959 |

*The modification above relates to a revision in consideration with regards to the office space and parking bays leased by Oando PLC from OWDL as of 1 November 2019. In 2020, there was a proportionate decrease in OLS' RoU asset and lease liability to reflect the reduction in scope of its office lease.

## 18 Investment properties

The Company (through Unipetrol Nigeria PLC) signed a sublease agreement with Oniru Chieftaincy Family Property Company Limited, a Limited Liability Company incorporated in Nigeria in 2002 for a parcel of land approximately 10,864.112 sqm and known as Plot 13 in Block VI within the Oniru Chieftaincy Family Private Layout, Lekki Peninsula, Victoria Island, Lagos State, Nigeria for a consideration of N95 million. This agreement did not have the consent of the Attorney General and Commissioner for Justice for and on behalf of the Governor of Lagos State.

On 13 December 2006, the Commissioner for Lands on behalf of the Executive Governor of Lagos State revoked the right of occupancy of a part of the land (4,906.097 sqm) which was needed for public purpose (site/works yard for Lekki-Epe expressway expansion). However, on 11 December 2014 by a notice in the Lagos State of Nigeria official Gazette No 82 Vol. 47, the Executive Governor of Lagos State reinstated the revoked right of occupancy in the said portion of the land.

Another sublease agreement was signed 3 November, 2018 with Oniru Chieftaincy Family Property Company Limited for the same parcel of land which was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on 1 February, 2019.

| Fair value of the properties: | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Land located in Abuja (5,168.14 sqm)* | 1,188,000 | 1,188,000 | 1,188,000 | 1,188,000 |
| Land located in Lagos (10,864.11 sqm) | 1,950,000 | 1,620,000 | 1,950,000 | 1,620,000 |
| | 3,138,000 | 2,808,000 | 3,138,000 | 2,808,000 |

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January | 2,808,000 | 1,033,000 | 2,808,000 | 1,033,000 |
| Stamp duty paid on investment property | - | 6,650 | - | 6,650 |
| Fair value gain (Note 9, 41a) | 330,000 | 1,768,350 | 330,000 | 1,768,350 |
| At 31 December | 3,138,000 | 2,808,000 | 3,138,000 | 2,808,000 |

*Details of the Abuja land had been reported in the 2017 audited consolidated financial statements and management is yet to decide on the use of the land.

These are classified as investment properties as management's intention for use is yet to be determined and the fair value of the properties were determined using the direct market comparison method of valuation by an independent estate valuer, Ubosi Eleh and Co - represented by Emeka D. Eleh (FRC/2015/NIESV/00000013406) in January 2021.

This carrying value represents the fair value of the properties. There was no rental income and related operating expenses from these properties during the year. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

## 19 Investment in associates accounted for using the equity method

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| The amounts recognised in the statement of financial position are as follows; | | | | |
| Investment in associates | 2,339,216 | 1,782,799 | 2,716,431 | 2,716,431 |
| The amounts recognised in the statement of profit or loss are as follows: | | | | |
| Share of profit/(loss) for the year (Note 41a) | 312,384 | (1,821,974) | - | - |

*Investment in associate*

Set out below are the associates of the Group at 31 December 2020. The associates have share capital consisting solely of Ordinary Shares, which are held directly by the Group. The countries of incorporation or registration of the associates are also their principal places of business.

| | Place of business | Country of incorporation | % of ownership interest | Nature of the relationship | Measurement method |
|---|---|---|---|---|---|
| 2020 | | | | | |
| Oando Wings Development Limited (OWDL) | Nigeria | Nigeria | 19.45% | Associate | Equity Accounting |
| Umugini Pipeline Infrastructure Limited | Nigeria | Nigeria | 11.25% | Associate | Equity Accounting |
| 2019 | | | | | |
| Oando Wings Development Limited (OWDL) | Nigeria | Nigeria | 19.45% | Associate | Equity Accounting |
| Umugini Asset Company Limited | Nigeria | Nigeria | 11.25% | Associate | Equity Accounting |

### Oando Wings Development Limited

Oando Wings Development Limited (OWDL) is a special purpose vehicle incorporated in 2011 in Nigeria to invest in real estate and to undertake, alone or jointly with other companies or persons the development of property generally for residential, commercial or any other purpose including but not limited to the development of office complexes and industrial estates. The company is a private company and therefore there is no quoted market price available for its shares. The company has an authorised share capital of ten million Ordinary Shares of N1 each.

The company was a fully owned subsidiary of Oando PLC until December 20, 2013, when it issued 3,710,000 Ordinary Shares of N1 each to RMB Westpoint. The issue of Ordinary Shares to RMB Westpoint Wings diluted Oando PLC's interest to 41% and OWDL was subsequently accounted for as "investment in associate". On May 8, 2014, Standard Bank Group International Limited (SBGI) exercised its option and an additional 3,710,000 ordinary shares of N1 each was taken up by SBGI. As a result, Oando PLC's interest was further diluted to 25.8%.

On 2nd November 2016, Oando PLC ('the Borrower') entered into a rental funding facilities agreement with RMB Westpoint, SB Wings Development Limited (together referred to as 'the Lenders') and Oando Wings Development Limited ('the Lessor') amended on 7 March 2017. The Lenders made available to the Borrower, $20,500,000 divided into Facility A $10,725,000 and Facility B $9,775,000. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of Ordinary Shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the agreement.

Following from the above, on 8 June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 23.3% from 25.8%. Oando PLC ought to have been diluted to 20.79% as of 31 December 2018, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 23.3% was accounted for in the 31 December 2018 consolidated financial statements.

On 5 December 2019, OWDL further issued 1,095,910 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 19.45%. Oando PLC ought to have been diluted to 18.78% as of 31 December 2019, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 19.45% has no effect on the 31 December 2019 consolidated financial statements as the carrying value of OWDL is nil based on recurring losses from the associate.

On 24 December 2019, Wings Mauritius Limited acquired 100% shares of RMB Westport Wings. However, registration of the shares was not completed with Corporate Affairs Commission, Nigeria as at end of 2020.

On 27 October 2020, OWDL issued 236,619 shares each to Wings Mauritius Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 18.78%.

As at 31 December 2020, the Lenders had given a loan of N8.2 billion ($20.02 million) (2019: N7.3 billion ($20.02 million) (Note 35d) to the Borrower. The borrowing has been accounted for at amortized cost and the effect reflected in the consolidated and separate statement of profit or loss.

### Glover BV

Oando PLC acquired Glover BV (30%) on 31 December 2016 by virtue of the Consideration Shares received for the sale of targeted companies in the gas & power segments of the Group. The fair value of the interest received of N2.34 billion was taken as the carrying value of the associate.

The Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. On 29 March 2019, the Group through Oando Netherlands Cooperatief 3 ("Coop 3") sold the remaining 25% interest in Glover B.V. (an associate of the Group) and the loan note receivable from Glover B.V to HIP Glover S.a.r.l ("Luxco") for a total consideration of $41.5 million. The sale and deemed disposal have been accounted for in these audited consolidated and separate financial statements (Note 23b).

### Umugini Pipeline Infrastructure Limited

Umugini Pipeline Infrastructure Limited, formerly Umugini Asset Company Limited until January 2, 2019 when Corporate Affairs Commission granted approval to effect the change of name after a special resolution was passed by the board of directors on July 24, 2018.

The principal activity of Umugini Pipeline Infrastructure Limited “UPIL” is to carry on the business of planning, design, construction, ownership and provision of crude pipeline and fiscal metering facilities for the custody, operation, maintenance, handling and transportation by pipeline of stabilized crude on behalf of the shareholders and other oil and gas producing companies to downstream crude oil terminal facilities.

The associate has share capital consisting solely of Ordinary Shares, which are held in trust by Energia Limited for the Company's indirect subsidiary, Oando Production and Development Company Limited (OPDCL) in 2012 until the shares will be transferred to the joint venture company set up by both parties.

The transfer was effected on 8 March 2019 to Ebegwati Pipeline Company Limited (a joint venture company set up to hold shares in UACL). Through the shareholder and heads of terms agreement, OPDCL is guaranteed a seat on the board of UACL and participates in all significant financial and operating decisions even though it only holds 11.25% ownership.

Oando PLC exerts significant influence over these associates as the Group has representatives on the board of the companies and is involved in management decisions taken by the entities. All the associates above have been fully accounted for in these consolidated financial statements.

*Summarised financial information of the associate*

Set out below are the summarised financial information of the associates:

2020

| Summarised statement of financial position | Umugini Pipeline Infrastructure Limited | OWDL |
|---|---|---|
| | 2020 | 2020 |
| | N'000 | N'000 |
| Total current assets | 22,780,362 | 9,145,803 |
| Total non-current assets | 35,360,268 | 79,456,877 |
| Total current liabilities | (27,701,721) | (112,662,094) |
| Total non-current liabilities | (9,645,798) | (2,847,928) |
| Net asset/equity | 20,793,111 | (26,907,342) |
| **Summarised statement of comprehensive income** | | |
| Revenue | 9,453,800 | 7,569,905 |
| Profit/(loss) after tax | 2,776,474 | (3,913,726) |
| Total comprehensive income | 2,776,474 | (3,913,726) |
| Share of profit/(loss) in associate* | 312,384 | - |
| Percentage holdings of the Group | 11.25% | 19.45% |

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies (if any) between the Group and the associate.

| Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates | Umugini Pipeline Infrastructure Limited | OWDL* | TOTAL |
|---|---|---|---|
| | 2020 | 2020 | 2020 |
| | N'000 | N'000 | N'000 |
| | 11.25% | 19.45% | |
| Share of net asset | 2,339,216 | - | 2,339,216 |
| Carrying value of the associate | 2,339,216 | - | 2,339,216 |

| | Umugini Pipeline Infrastructure Limited | OWDL | TOTAL |
|---|---|---|---|
| | 2020 | 2020 | 2020 |
| | N'000 | N'000 | N'000 |
| Carrying value: | | | |
| As at beginning of the year | 1,782,799 | - | 1,782,799 |
| Share of profit/(loss) in associate | 312,384 | - | 312,384 |
| Exchange difference | 244,033 | - | 244,033 |
| As at end of the year | **2,339,216** | - | **2,339,216** |

*The carrying value of the Group's interest in OWDL was reduced to zero in 2019 as a result of its share of accumulated losses over the years.
The associates had no capital commitments at 31 December 2020 (2019: nil).

No dividend was received from the associates in the year under review (2019: nil).

The Group does not have any significant restrictions such as borrowing or any regulatory restrictions that impede the ability of the associates to transfer funds in form of dividend or cash to the Group.

*Summarised financial information of the associate*

Set out below are the summarised financial information of the associates in 2019:

| Summarised statement of financial position | Umugini Asset Company Limited 2019 N'000 | Glover BV* 2019 N'000 | OWDL 2019 N'000 |
|---|---|---|---|
| Total current assets | 18,017,000 | - | 6,269,147 |
| Total non-current assets | 32,514,292 | - | 68,186,855 |
| Total current liabilities | (21,704,748) | - | (6,118,209) |
| Total non-current liabilities | (12,979,472) | - | (88,552,117) |
| Net asset/equity | 15,847,072 | - | (20,214,324) |
| *Summarised statement of comprehensive income* | | | |
| Revenue | 9,745,430 | - | 6,765,494 |
| Profit/(loss) after tax | 4,149,310 | - | (6,972,641) |
| Other comprehensive profit | - | - | - |
| Total comprehensive profit/(loss) | 4,149,310 | - | (6,972,641) |
| Share of profit in associate* | 466,821 | - | - |
| Percentage holdings of the Group | 11.25% | 0.0% | 19.45% |

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

| Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates | Umugini Asset Company Limited 2019 N'000 | Glover BV* 2019 N'000 | OWDL 2019 N'000 | TOTAL 2019 N'000 |
|---|---|---|---|---|
| Percentage holdings of the Group | 11.25% | 25.0% | 19.5% | |
| Share of net asset | 1,782,799 | - | - | 1,782,799 |
| Carrying value of the associate | 1,782,799 | - | - | 1,782,799 |

| | Umugini Asset Company Limited 2019 N'000 | Glover BV* 2019 N'000 | OWDL 2019 N'000 | TOTAL 2019 N'000 |
|---|---|---|---|---|
| Carrying value: | | | | |
| As at beginning of the year | 699,090 | 3,651,377 | 2,074,265 | 6,424,732 |
| Share of profit/(loss) in associate | 466,821 | 41,411 | (2,330,206) | (1,821,974) |
| Reversal of share of associate's foreign currency translation reserve | - | - | 54,363 | 54,363 |
| Adjustment of loss from deemed disposal of interest in OWDL (Note 41a) | | - | 201,578 | 201,578 |
| Derecognition of the carrying value of investment in associate following the disposal of 25% interest in Glover BV** (Note 41a) | - | (4,154,382) | - | (4,154,382) |
| Exchange difference | 4,250 | 461,594 | - | 465,844 |
| Capital contribution from shareholders | 612,638 | - | - | 612,638 |
| As at end of the year | 1,782,799 | - | - | 1,782,799 |

**A total consideration of N507.7 million of which N288.6 million is cash and N219.1 million is deferred was agreed between the parties to sell 25% interest in Glover BV (which represents N4.15 billion in the books as at the date of disposal). This resulted in a loss on disposal of N3.6 billion (Note 9).
The Group does not have any significant restrictions such as borrowing or any regulatory restrictions that impede the ability of the associates to transfer funds in form of dividend or cash to the Group.

| Company<br>Investment in associates | Oando Wings<br>N'000 |
|---|---|
| At 1 January 2019 and 31 December 2019 | 2,716,431 |
| At 1 January 2020 and 31 December 2020 | 2,716,431 |

## 20 Deferred income tax liabilities and deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

| | Group 2020 N'000 | Group 2019 N'000 |
|---|---|---|
| The analysis of deferred tax liabilities and deferred tax assets is as follows: | | |
| Deferred tax liabilities | | |
| Deferred tax liability to be recovered after more than 12months | 3,171,132 | 12,657,924 |
| Deferred tax assets | | |
| Deferred tax assets to be recovered after more than 12months | - | (3,595,526) |
| Deferred tax liabilities, net | 3,171,132 | 9,062,398 |
| The gross movement in deferred income tax account is as follows: | | |
| At start of the year | 9,062,398 | 169,568,928 |
| Effect of adoption of new accounting standards | - | - |
| Restated opening balance | 9,062,398 | 169,568,928 |
| Debit/(credit) to profit or loss (Note 13a) | (6,362,716) | (159,616,546) |
| Exchange differences | 471,450 | (889,984) |
| At end of year | 3,171,132 | 9,062,398 |

Consolidated deferred income tax assets and liabilities, deferred income tax (credit)/charge in the statement of profit or loss, in equity and other comprehensive income are attributable to the following items:

| GROUP | 1.1.2019 | (Credited)/ charged to P/L | Exchange Differences | 31.12.2019 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| 2019 | | | | |
| Deferred income tax liabilities | | | | |
| Property, plant & equipment and Exploration & evaluation assets | 192,657,920 | 10,971,613 | 316,742 | 203,946,275 |
| Provisions | - | (213,485,242) | (1,256,501) | (214,741,743) |
| Unrealized exchange differences | - | 1,336,388 | - | 1,336,388 |
| Finance Leases | 22,004,164 | 81,444 | 31,396 | 22,117,004 |
| | 214,662,084 | (201,095,797) | (908,363) | 12,657,924 |
| Deferred income tax assets | | | | |
| Provisions | (43,974,287) | 76,876,004 | 236,372 | 33,138,089 |
| Property, plant & equipment and Exploration & evaluation assets | - | (7,416,599) | (21,768) | (7,438,367) |
| Tax losses | (1,118,869) | (27,980,154) | (196,225) | (29,295,248) |
| | (45,093,156) | 41,479,251 | 18,379 | (3,595,526) |
| Net deferred income tax liabilities | 169,568,928 | (159,616,546) | (889,984) | 9,062,398 |

| | 1.1.2020 | Charged/ (credited) to P/L | Exchange Differences | 31.12.2020 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| 2020 | | | | |
| Deferred income tax liabilities | | | | |
| Property, plant & equipment and Exploration & evaluation assets | 203,946,275 | 412,624,712 | 52,432,945 | 669,003,932 |
| Provisions | (214,741,743) | (424,080,526) | (54,532,794) | (693,355,063) |
| Unrealized exchange differences | 1,336,388 | 1,293,551 | - | 2,629,939 |
| Finance Leases | 22,117,004 | - | 2,775,320 | 24,892,324 |
| | 12,657,924 | (10,162,263) | 675,471 | 3,171,132 |
| Deferred income tax assets | | | | |
| Provisions | 33,138,089 | 4,393,900 | 4,444,319 | 41,976,308 |
| Property, plant & equipment and Exploration & evaluation assets | (7,438,367) | 1,800,779 | (816,276) | (6,453,864) |
| Tax losses | (29,295,248) | (2,395,132) | (3,832,064) | (35,522,444) |
| | (3,595,526) | 3,799,547 | (204,021) | - |
| Net deferred income tax | 9,062,398 | (6,362,716) | 471,450 | 3,171,132 |

| | 2020 | 2019 |
|---|---|---|
| | N'000 | N'000 |
| Analysis of deferred tax charge for the year (Note 13) | (6,362,716) | (159,616,546) |

Deferred tax asset relating to unutilised tax losses carried forward are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 December 2020, the Group had deferred tax assets of N539.5 trillion (2019: N401.2 billion) relating to deductible temporary differences and tax losses from Oando PLC (Company) and OER which were not recognised. Management is of the view that due to the structure of the companies, sufficient taxable profit may not be generated in the nearest future to absorb the reversal of the deferred tax. Tax losses can be carried forward indefinitely. Oando PLC and OER do not have any unrecognised deferred tax liability.

At 31 December 2020, there was no recognised deferred tax liability (2019: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture. The Group has determined that undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future.

The Company has unused tax losses of N232.1 billion (2019: N207.7 billion) for which no deferred tax was recognised. There is no time limit within which the tax assets could be utilised.

## 21 Derivative financial assets

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Commodity option contracts | 51,285 | 1,252,965 | - | - |
| Analysis of total derivative financial assets | | | | |
| Non current | - | - | - | - |
| Current | 51,285 | 1,252,965 | - | - |
| Total | 51,285 | 1,252,965 | - | - |

### Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent that they are expected to be settled within 12 months after the end of the reporting period. Further information about the derivatives used by the

### Commodity option contracts

The table below summarizes the details of the financial commodity contracts in place as at December 31, 2020 as a result of these arrangements:

| Position | Remaining term | Fixed ($) | Price/Unit Strike ($) | Premium | Volume (bbl/d)[2] | Fair value =N= |
|---|---|---|---|---|---|---|
| - Purchased put[1] | March 2021 | - | 25.00 | - | 8,000 | 51,285 |
| Total | | | | | 8,000 | 51,285 |

[1] Financial commodities contract.
[2] Average volume over the remaining life of the contract.

OER entered into a hedge arrangement in October 2020. Those hedges account for 8,000 bbl/day. The effect of the hedges is to fix the price of oil OER receives on the specific volumes at $25/bbl. Once dated Brent crude oil price goes below the strike price, OER receives proceeds on the floating differential. Hedge accounting in line with IFRS 9 has not been applied to this transaction.

Derivatives, including financial commodity contracts, are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value with the resulting gains or losses recognized as income or expense in the statement of profit or loss in the period. For the year ended December 31, 2020, OER recorded net fair value gain on financial commodity contracts of N17.8 billion (2019: N7.9 billion; $21.7 million loss) including premium paid of N5 billion; $12.1 million. OER also realized net gains of N2.2 billion; $5.7 million (2019: N5.4 billion; $15 million) from monthly settlements on the financial commodity contracts. This resulted in a net gain/(loss) of N20 billion (2019: N2.4 billion loss). The proceeds from hedge settlement is N25.3 billion;$61.7 million (2019: N5.4 billion;$14.98 million)

The fair value of commodity contracts is calculated based on observable inputs which include forward prices of crude oil.

## 22 Finance lease receivables

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Finance lease receivable - Non Current | 82,329,992 | 73,510,965 | 8,199,931 | 9,202,848 |

(i) OER is party to a power purchase agreement which is accounted for as a finance lease. OER, as a party to the NAOC/POCNL/NNPC JV entered into a power purchase agreement with Power Holding Company of Nigeria ("PHCN") (now Nigerian Bulk Electricity Trading "NBET") in 2001. The agreement is to develop, finance, construct, own, maintain and operate as a joint operation an upstream gas project. The gas project is located in Kwale for the production of electric power ("the Kwale-Okpai Independent Power Plant" or "Kwale IPP"). The gas plant utilizes fuel source from the natural gas reserves in jointly operated oil fields operated by Nigeria Agip Oil Company Limited (NAOC). The agreement will continue in full force and effect for 20 years from the Commercial operations date with the option of renewal of 5 years. At the end of the 25th year, NBET shall have the option to purchase the Kwale IPP at a fair price determined by an expert. NBET will pay a contracted sum to the Joint operation partners throughout the tenure for capacity and for the purchase of electricity from the plant. The transaction has been accounted for as a finance lease.

The unguaranteed residual value has been estimated as N67.6 billion ($164.7million). The lease payments grow over time but are lower than the interest income for the first five years and as such the finance lease receivables have been considered as non-current.

The net investment in finance lease receivables by the Group amounted to N82.3 billion; $200.7 million at December 31, 2020 (2019: N73.5 billion; $201.7 million) and will bear interest until their maturity dates of N83.1 billion; $202.5 million (2019: N82.3 billion; $225.7 million). The increase in net investment in finance lease is attributable to exchange difference. The fair value of the lease receivable as at 31 December 2020 is N79.4 billion; $193.6 million (2019: N68.5 billion; $188 million).

(ii) The receivables under the finance leases are as follows

| Non-current receivable | Group 2020 N'000 | Group 2019 N'000 | *Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Finance lease - gross receivables | 166,561,002 | 156,352,224 | 8,787,507 | 9,320,225 |
| Unearned finance income | (83,078,706) | (82,267,683) | - | - |
| Impairment | (1,049,367) | (570,119) | (587,575) | (117,377) |
| Exchange difference on impairment | (102,936) | (3,457) | - | - |
| | 82,329,993 | 73,510,965 | 8,199,932 | 9,202,848 |
| Current receivables | | | | |
| | - | - | - | - |

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| No later than one year: | | | | |
| Total future value | 9,646,164 | 8,361,607 | 5,418,907 | 4,797,544 |
| Unearned interest income | (9,511,757) | (8,451,670) | (680,655) | (852,617) |
| Total impairment | (1,152,291) | (573,576) | (587,575) | (117,377) |
| Present value | (1,017,884) | (663,639) | 4,150,677 | 3,827,550 |
| Between one and five years: | | | | |
| Total future value | 51,973,160 | 45,051,601 | 5,572,148 | 5,999,480 |
| Unearned interest income | (46,392,474) | (41,685,011) | (1,522,893) | (1,039,584) |
| Present value | 5,580,686 | 3,366,590 | 4,049,255 | 4,959,896 |
| Later than five years: | | | | |
| Total future value | 37,394,003 | 42,922,444 | - | 435,579 |
| Unguaranteed residual value | 67,547,663 | 60,016,572 | - | - |
| Unearned interest income | (27,174,475) | (32,131,002) | - | (20,177) |
| Present value | 77,767,191 | 70,808,014 | - | 415,402 |
| Finance lease receivable | 82,329,993 | 73,510,965 | 8,199,932 | 9,202,848 |
| Gross receivables from finance lease | | | | |
| Not later than one year | 9,646,164 | 8,361,607 | 5,418,907 | 4,797,544 |
| Later than one year and not later than five years | 51,973,160 | 45,051,601 | 5,572,148 | 5,999,480 |
| Later than five years | 104,941,666 | 102,939,016 | - | 435,579 |
| | 166,560,990 | 156,352,224 | 10,991,055 | 11,232,603 |
| Unearned future finance income on finance lease | (83,078,706) | (82,267,683) | (2,203,548) | (1,912,378) |
| Opening impairment | (573,575) | (95,684) | (117,377) | - |
| Current year impairment (Note 10c) | (475,791) | (474,434) | (470,198) | (117,377) |
| Exchange difference on impairment | (102,925) | (3,458) | - | - |
| Net investment in finance lease | 82,329,993 | 73,510,965 | 8,199,932 | 9,202,848 |
| The net investment in finance lease may be analysed as follows: | | | | |
| Not later than one year | (1,017,884) | (663,640) | 4,150,677 | 3,827,550 |
| Later than one year and not later than five years | 5,580,686 | 3,366,591 | 4,049,255 | 4,959,896 |
| Later than five years | 77,767,191 | 70,808,014 | - | 415,402 |
| | 82,329,993 | 73,510,965 | 8,199,932 | 9,202,848 |

(iii) Movement in finance lease receivables

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Opening balance | 73,510,965 | 73,612,863 | 9,202,848 | - |
| Additions | - | - | - | 13,356,502 |
| Impairment | (475,791) | (474,434) | (470,198) | (117,377) |
| Interest income (Note 12b) | 8,931,243 | 8,371,235 | 1,183,630 | 1,319,161 |
| Cash received | (9,410,851) | (8,157,160) | (5,367,509) | (4,303,157) |
| Modification** | - | - | 2,435,574 | (1,044,760) |
| Exchange difference | 9,774,427 | 158,461 | 1,215,587 | (7,521) |
| | 82,329,993 | 73,510,965 | 8,199,932 | 9,202,848 |

*The finance lease in Company relate to subleases of office spaces (which is part of a leased building) and an aircraft to Oando Servco Nigeria Limited.

**The modification above relates to a revision in consideration with regards to the office space leased by Oando Servco Nigeria Limited from Oando PLC as of 1 November 2019 while an increase in office area and reduction in parking bays occurred as of 1 February 2020.

23 a) Non-current receivables

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Underlift receivables (Note 23c) | 29,825,070 | 26,499,784 | 19,393,451 | 17,231,217 |
| Other non-current receivables (Note 23c) | 9,292,177 | 16,920,689 | - | - |
| | 39,117,247 | 43,420,473 | 19,393,451 | 17,231,217 |
| Less: Allowance for impairment of non-current receivables | (39,117,247) | (35,791,961) | (19,393,451) | (17,231,217) |
| | - | 7,628,512 | - | - |
| Less: current portion of joint operations receivables reclassified to other receivables (Note 25a) | - | (7,628,512) | - | - |
| | - | - | - | - |

b) Movement in allowance for impairment of non-current receivables for the year is as detailed below:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At start of the year | 35,791,961 | 47,877,720 | 17,231,217 | 23,690,821 |
| Reversal of impairment on Glover loan note receivables (Note 10c) | - | (6,424,576) | - | (6,424,576) |
| Impairment losses/(reversal of impairment) of non- current receivables (Note 10c, 41a) | 2,162,234 | (5,638,276) | 2,162,234 | 24,109 |
| Exchange difference | 1,163,052 | (22,907) | - | (59,137) |
| At end of year | 39,117,247 | 35,791,961 | 19,393,451 | 17,231,217 |

c) Underlift receivables

Underlift receivables represent the Group's crude oil entitlements as a result of operations on OML 125. These balances are owed by the Nigerian National Petroleum Corporation (NNPC). The NNPC is the state oil corporation through which the federal government of Nigeria regulates and participates in the Country's petroleum industry. OER is currently in a dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009 and which, in the view of OER and Nigeria Agip Exploration Limited ("NAE"), the operator of OML 125, exceeded the NNPC's entitlements due to a dispute between OER and the NNPC in relation to OER's tax obligations associated with oil production from OML 125. This dispute was referred to arbitration by NAE and the OER and, in October 2011, the arbitral tribunal issued an award which was in favour of NAE and the OER.

Later in October 2011, NNPC filed a lawsuit in the Nigerian Federal High Court challenging the award and it obtained an injunction restraining further action in the arbitration. The NNPC also filed an action requesting the court to retain an injunction pending final determination of the case before the Federal High Court. In response to the NNPC law suit, NAE and the OER filed an application to discharge the injunction. The case is still pending before the Nigerian Federal High Court. Although not a party to the arbitration proceedings described above, in October 2011, the Federal Inland Revenue Service ("FIRS") began an action in the Federal High Court challenging the jurisdiction of the arbitral tribunal to determine tax issues in the proceedings between the NNPC, NAE and the OER. In response to this, in October 2011, NAE and OER filed a jurisdictional challenge against the FIRS on the ground that the FIRS lacked the ability to demonstrate sufficient connection to the matter between NNPC and NAE/OER.

On February 28, 2014, the injunction obtained by the NNPC restraining the arbitration was set aside by the Court of Appeal. NAE and OER have subsequently communicated the value of final award expected to the arbitration panel. The award has not been granted neither has NNPC appealed the setting aside of the injunction to date.

On completion of the Oando Reorganization on July 24, 2012, OER retained the contractual rights to receive the cash flows associated with N29.8 billion (2019: N26.5 billion) of the underlift receivable and also assumed a contractual obligation to pay a portion of those cash flows (2020:N19.4 billion; 2019: N17.23 billion) to the Company. As part of the terms, OER has no obligation to pay amounts to Oando PLC unless it collects the equivalent amounts from the original receivable.

NNPC and NAE, on 25 September 2019, signed the Heads of Terms ("HOT"), which provided for the negotiated and settlement amount of $257,977,252.35, to be further adjusted on a mutually agreed effective date. However, OML 125 & 134 asserted that NAE did not adequately represent its interest in the HOT. In August 2021, OML 125 & 134 Ltd.'s direct negotiation of the receivable with NNPC resulted in an agreed and approved settlement amount (comprising principal amount plus accrued interest) of $155,000,000. NNPC has paid the agreed settlement amount to OML 125 & 134 Ltd.

The increase in the underlift receivables is as a result of exchange rate differential, which also impacted on the translated accumulated impairment amount. The Group had made full provision for the receivables due to the initial uncertainty associated with the timing of collectability and the related dispute. However, the full provision was reversed in 2021.

d) Other non-current receivable

i. In 2019, other non-current receivables of N16.9 billion comprise joint operations receivable of N7.6 billion reclassified to current receivables and N9.3 billion previously impaired. The impairment is included in the allowance for impairment above.

ii. N2.97 billion represents outstanding loan note receivable from Glover BV (as at 31 December 2018) as part of consideration for the sale of Oando Gas and Power in December 2016. Its recoverable amount had been reduced through the recognition of an impairment loss of N6.5 billion in 2018. The impairment was reversed in 2019 upon full settlement of the loan note receivable. The initial amount of N9.7 billion ($31.8 million) was the present value of the $42 million loan note as at 31 December 2016. On 24 January 2017, the Group through Oando Netherlands Cooperatief 3 ("Coop 3"), issued a Transfer Interest Notification to HIP Glover S.a.r.l ("Luxco") in accordance with SHA Side Letter dated 13 September 2016. In particular, Coop 3 offered 5,000 A Shares with a nominal value of USD 0.01 each in the capital of Glover Gas & Power B.V. ("Glover BV"), comprising 5% of the total issued share capital of Glover BV and 5% of Oando's loan notes issued by Glover BV at closing in the principal amount of $7,033,811.49. Both transfers amounted to USD 8,275,072.36 (N2.6 billion). Luxco accepted the Transfer Interest Notification on 31 January 2017 and paid N3.1billion to the Company on 8 March 2017.

Consequently, the Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017. On March 29, 2019, the Group through Oando Netherlands Cooperatief 3 ("Coop 3") sold 25% of its interest in Glover B.V. and the loan note receivable from Glover B.V to HIP Glover S.a.r.l ("Luxco") (with a carrying amount of N2.97 billion at 31 December 2018) for a total consideration of $41.5 million. The loan note principal consideration of $34,199,905.22 (N12.3 billion) and $800,094.78 (N288.6 million) representing the initial share consideration was paid to the Company on the completion date while the balance of $6,500,000 represents the deferred consideration to be paid in 12 months' time. The transfers and deemed disposals have been accounted for in these consolidated and separate financial statements (Note 19). The deferred consideration has been paid on 1 April 2020.

Classification of non-current receivables at amortised cost

The Group classifies its non-current receivables at amortised cost only if both of the following criteria are met: (i) the asset is held within a business model whose objective is to collect the contractual cash flows, and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

24 Inventories

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Crude oil | 4,389,447 | 1,074,310 | - | - |
| Materials | 869,794 | 740,748 | - | - |
| Products-in-transit | - | 22,720,940 | - | 22,578,799 |
| Consumables and engineering stock | 5,914 | 5,681 | - | - |
| | 5,265,155 | 24,541,679 | - | 22,578,799 |

The cost of inventories recognised as an expense (written down to net realisable value) and included in 'cost of sales' was nil (2019: nil).

25 a) Trade, other receivables and contract assets

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company* 2019 N'000 |
|---|---|---|---|---|
| Trade receivables from third parties | 39,609,898 | 19,269,158 | 3,172,935 | 2,825,182 |
| Trade receivables from related parties (Note 42xvii) | - | - | 14,323,570 | 13,650,952 |
| *Contract assets | - | 24,402,287 | - | - |
| Less: impairment of trade receivables | (2,968,781) | (2,124,503) | (5,341) | (5,222) |
| | 36,641,117 | 41,546,942 | 17,491,164 | 16,470,912 |
| | | | | |
| **Other receivables | 281,495,637 | 254,898,957 | 20,832,637 | 21,239,275 |
| Withholding tax receivable | 3,953,117 | 3,966,529 | 3,737,823 | 3,737,823 |
| Deposit for import | 8,103 | 6,627 | - | - |
| Amount due from related parties (Note 42xvii) | - | - | 157,607,278 | 163,296,716 |
| Less: allowance for impairment of other receivables | (278,635,898) | (177,554,603) | (67,389,012) | (63,401,353) |
| | 43,462,076 | 122,864,452 | 132,279,890 | 141,343,373 |

*Contracts assets were tested for impairment and the ECL of N7.3 million was deemed immaterial.
**This includes the N7.6 billion reclassified from non-current receivables (Note 23a)

The Group's other receivables largely relate to receivable from Whitmore Asset Management Limited of N245.3 billion (2019:N159.7 billion), Cash calls made to JV partners of N12.7 billion (2019:N66 billion), receivable from service agreements with customers (OES Integrated Services Limited, Oando Gas & Power Limited, OVH Energy BV and Gaslink Nigeria Limited) of N946.1 million (2019:N832.7 million), receivables with regards to project clearwater of N2.5 billion (2019: N2.2 billion) and nil deferred consideration from Helios (2019: N2.4 billion).

The Company's other receivables largely relate to dividend receivable of N15.6 billion (2018: N13.9 billion), nil deferred consideration from Helios (2019: N2.4 billion), receivables from Goldeneye of N3.9 billion (2018: N3.5 billion), receivable from service agreements with customers (OES Integrated Services Limited, Oando Gas & Power Limited, OVH Energy BV and Gaslink Nigeria Limited) of N946.1 million (2019: N832.7 million).

b) Classification of trade receivables at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days except for receivables from Nigeria Bulk Electricity Trading PLC which is 60 days. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 5f and 7 respectively.

The carrying amounts of trade and other receivables for 2020 and 2019 respectively approximate their fair values due to their short term nature. The fair values are within level 2 of the fair value hierarchy.

c) Movement in provision for impairment of receivables for the year is as detailed below:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| As previously stated: | | | | |
| At start of the year | 179,679,106 | 23,302,848 | 63,406,575 | 66,247,124 |
| Allowance for receivables impairment (Note 10c, 41a) | 60,259,636 | 159,159,044 | 3,987,778 | (315,373) |
| Receivables written off during the year as uncollectible | - | (4,076,465) | - | (2,525,176) |
| Exchange difference | 41,665,937 | 1,293,679 | - | - |
| At end of year | 281,604,679 | 179,679,106 | 67,394,353 | 63,406,575 |

Trade & other receivables are non-interest bearing and are normally settled within one year.

26 Deposit for shares

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Opening balance | 3,098,335 | 3,037,619 | - | - |
| Payments made during the year | 2,666,625 | 4,869,758 | - | - |
| Deposits converted to shares during the period | (1,930,000) | (4,815,548) | - | - |
| Exchange difference | 267,540 | 6,506 | - | - |
| Closing balance | 4,102,500 | 3,098,335 | - | - |

Following the guarantee disclosed in page 23, Calabar Power (through Oando PLC) paid $8.3 million (N3 billion) in 2018, $13.5 million (N4.9 billion) in 2019 and $1.5 million (N615.4 million) in 2020. Effective 31 May 2019, Goldeneye ("Transferor") and Calabar Power Limited ("Transferee") executed a Share Transfer Form for 5,236,626 Ordinary shares out of the 17,455,414 Ordinary Shares expected because of the guarantee. Amounts paid up to 31 December 2020 have been reflected as deposit for shares in these consolidated financial statements. See Note 44(3) for further events after 2020.

Following the Share Sale and Purchase Agreement disclosed in page 23, Calabar Power (through Oando PLC) paid $5 million (N3 billion) to M1 Petroleum Limited in Q4 2020. Effective 2 November 2020, M1 Petroleum Limited executed a Share Transfer Form for 2,935,774 Ordinary shares to Calabar Power out of the 17,614,649 Ordinary Shares expected.

## 27 Prepayments

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Non-current | 185,280 | 164,568 | - | 164,568 |
| Current | 2,168,350 | 3,488,315 | 222,083 | 609,113 |
| | 2,353,630 | 3,652,883 | 222,083 | 773,681 |

Prepayments represent prepaid expenses such as prepaid interest, prepaid insurance, advance payment to vendors and upfront salaries paid to staff.

## 28 Financial assets at fair value through profit or loss

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Convertible loan - Non current (a) | - | - | - | - |
| Quoted and unquoted equity instruments - Current (b) | 51,793 | 48,223 | 49,214 | 45,644 |
| Total | 51,793 | 48,223 | 49,214 | 45,644 |

### a Convertible loans- Non current

On 22 October 2018, a Convertible Note Purchase Agreement (the "Note"/"CNPA") was executed by Oando PLC and OES Integrated Services Limited ("OES"), the acquirer of OES owing to the Management Buy Out transaction in 2016. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando PLC with a face value equal to the debt amount at nil interest. As at the reporting date, the debt amount of N12,485,094,736 was owed by OES to Oando PLC.

According to the CNPA, Oando PLC has the right to convert the whole (and not part) of the outstanding principal amount of the Note to fully paid and non-assessable Ordinary Shares. The number of shares to be issued pursuant to the CNPA shall be such number of Ordinary Shares that would result in Oando PLC holding 60% of the shares on a fully diluted basis.

Based on the valuation done by an independent external valuer, PricewaterhouseCoopers Limited - represented by Kwabena Asante Poku), if Oando PLC opts to convert the Note at 31 December 2019 and on 31 December 2018, the value of Oando PLC's 60% shareholding in OES is valued at negative N1.9 billion (negative $5 million) and N11.1 billion ($30.51 million) respectively compared to the value of the debt of N12.5 billion ($34.3 million). After an internal assessment of the valuation carried out in 2019, all parameters and inputs remain the same as such, management has concluded the fair value of the CNPA remains nil.

The loss on fair valuation of N11.1 billion has been recognised in these audited consolidated and separate financial statements at 31 December 2019.

| The movement is as follows: | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At start of the year | - | 11,106,340 | - | 11,106,340 |
| Addition | - | - | - | - |
| Fair value loss (Note 10a, 41a) | - | (11,106,340) | - | (11,106,340) |
| At end of year | - | - | - | - |

### b Quoted and unquoted equity instruments - Current

This represents the Company's equity investments that are listed on the Nigerian Stock Exchange. Each investment is carried at fair value based on current bid price on the Nigerian Stock Exchange at 31 December of the reporting year. The movement is as follows:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At start of the year | 48,223 | 53,219 | 45,644 | 50,716 |
| Fair value loss (Note 9, 41a) | 3,570 | (5,072) | 3,570 | (5,072) |
| Exchange difference | - | 76 | - | - |
| At the end of year | 51,793 | 48,223 | 49,214 | 45,644 |

### Classification of financial assets at fair value through profit or loss

The Group has classified the following financial assets at fair value through profit or loss (FVPL):
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

## 29 Investment in subsidiaries

| Investment in subsidiaries (Cost) | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|
| Oando Exploration and Production Limited | 3,895,788 | 3,895,788 |
| Oando Benin | 3,997 | 3,997 |
| Oando Trading Limited Bermuda | 3,435,950 | 3,435,950 |
| OES Integrity Limited | 6,538 | 6,538 |
| Oando Terminal and Logistics Limited | 2,500 | 2,500 |
| UNITAB | 20,400 | 20,400 |
| Sierra Leone | 4,399 | 4,399 |
| Burkina Faso | 6,070 | 6,070 |
| Calabar Power | 2,500 | 2,500 |
| Oando Liberia Limited | 6,538 | 6,538 |
| OES Passion Limited | 1,752 | 1,752 |
| OES Professionalism Limited | 10,000 | 10,000 |
| Oando Resources Limited | 2,500 | 2,500 |
| Oando Trading DMCC | 3,456,337 | 3,456,337 |
| Oando Equator Holdings Limited | 1,816 | 1,816 |
| XRS 1 Limited | 18 | 18 |
| Oando E&P Holdings Limited | 50,997,513 | 50,997,513 |
| | 61,854,616 | 61,854,616 |
| Allowance for impairment | (39,387,507) | (35,216,195) |
| | 22,467,109 | 26,638,421 |

| | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|
| Movement in allowance for impairment of investments for the year is as detailed below: | | |
| At start of the year | 35,216,195 | 7,350,029 |
| Impairment of investment | 4,171,312 | 27,866,166 |
| At end of year | 39,387,507 | 35,216,195 |

30 Short term investments

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| *Short term investments | 804,959 | 767,646 | 804,959 | 767,646 |

This relates to money market investment domiciled in Asset & Resource Management Company (ARM).
The weighted average effective interest rate on short-term bank investments at the year-end was 4.86% (2019: 10.89%).
*Certain balances of the comparative figure was reclassified from cash and cash equivalents (excluding bank overdrafts) (Note 31) to short term investments.

31 Cash and bank balances

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| *Cash and cash equivalents (excluding bank overdrafts) | 14,566,389 | 32,808,536 | 1,072,747 | 498,707 |
| Restricted cash | 7,471,350 | 5,863,527 | - | - |

*Certain balances of the comparative figure was reclassified from cash and cash equivalents (excluding bank overdrafts) to short term investments (Note 30).
Management assessed that fair value of cash and cash equivalents approximates their carrying amounts.

Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flows statement purposes.

While cash and cash equivalents (including restricted cash; excluding petty cash) are also subject to the impairment requirements of IFRS 9, the identified impairment loss of N56.9 million (2019: N61.4 million) was immaterial.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities. The year-end cash and cash equivalents comprise the following:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 14,566,389 | 32,808,536 | 1,072,747 | 498,707 |

Classification of cash and cash equivalents at amortised cost

The Group holds the cash and cash equivalents with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Details of the Group's impairment policies and the calculation of the loss allowance are provided in Note 5.

32 Discontinued operations and disposal groups held for sale

Analysis of the result of assets and liabilities from the subsidiary classified as held for sale after re-measurement of assets from the disposal group is as follows:

Sale of OML 90

The Group (through Oando Akepo Limited and Exile Resources Nigeria Limited) signed a Term Sheet on 20 November, 2019 with Global Ansa Energy LLC for the sale of its 40% non-operated interests in OML 90 for a cash consideration $4.5 million.

The Group had previously signed a Sale and Purchase agreement on 10 August, 2018 with Tate Akepo Oil and Gas Limited "TATE" for the sale of its 40% non-operated interests in OML 90 for a cash consideration $5.0 million which has now been terminated in 2019. The transaction was unable to close due to Tate's inability to raise financing.

However, on 6 April 2020, the Group got a notice of revocation of the Akepo marginal Field from the Ministry of Petroleum Resources, as such, the asset is no longer classified as held for sale under IFRS 5 effective 31 December 2019.

33 Share capital and share premium

| | Number of shares (thousands) | Ordinary shares N'000 | Share premium N'000 | Total N'000 |
|---|---|---|---|---|
| At 31 December 2019 | 12,431,412 | 6,215,706 | 176,588,527 | 182,804,233 |
| At 31 December 2020 | 12,431,412 | 6,215,706 | 176,588,527 | 182,804,233 |

Authorised share capital

The total authorised number of Ordinary Shares is thirty (30) billion (2019: 30 billion) with a par value of 50 Kobo per share. All issued shares are fully paid.

## 34 Other reserves

| Group | Share based payment reserve[1] N'000 | Currency translation reserve[2] N'000 | Total N'000 |
|---|---|---|---|
| At 1 January 2019 | 2,090,499 | 142,514,436 | 144,604,935 |
| Exchange difference on translation of foreign operations | - | 6,611,846 | 6,611,846 |
| Exchange loss on net investment in foreign operations | - | 248,796 | 248,796 |
| Change in ownership interests in subsidiaries that do not result in a loss of control | - | (662,321) | (662,321) |
| Reclassification of share of OWDL's foreign currency translation reserve | - | 49,095 | 49,095 |
| Share of associate's foreign currency translation reserve | - | 4,250 | 4,250 |
| At 31 December 2019 | 2,090,499 | 148,766,102 | 150,856,601 |

Other reserves

| Group | Remeasurement loss on defined benefit plan | Share based payment reserve[1] N'000 | Currency translation reserve[2] N'000 | Total N'000 |
|---|---|---|---|---|
| At 1 January 2020 | - | 2,090,499 | 148,766,102 | 150,856,601 |
| Exchange difference on translation of foreign operations | - | - | 5,922,780 | 5,922,780 |
| Exchange gain on net investment in foreign operations | - | - | (1,777,273) | (1,777,273) |
| Remeasurement loss on defined benefit plan | 42,808 | | | 42,808 |
| Change in ownership interests in subsidiaries that do not result in a loss of control | - | - | 445,379 | 445,379 |
| Share of associate's foreign currency translation reserve | - | - | 244,033 | 244,033 |
| At 31 December 2020 | 42,808 | 2,090,499 | 153,601,021 | 155,734,328 |

Share based payment reserve(1)
The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Share based payment reserve is not available for distribution to shareholders.

Currency translation reserve(2)
The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations, as well as intercompany balances arising from net investment in foreign operations.

## 35 Borrowings

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Borrowings are made up as follows: | | | | |
| (a) Non-current - Bank loans | 166,132,553 | 130,635,428 | - | - |
| (b) Current | | | | |
| Bank loans | 253,496,644 | 231,531,048 | 109,201,608 | 106,199,440 |
| Total borrowings | 419,629,197 | 362,166,476 | 109,201,608 | 106,199,440 |

(c) Non-current borrowings are analysed as follows:

Group

| Loan type | Purpose | Tenure/ Interest rate | Loan Start Date | Security | Borrower/Lender | Available facility N'000 | 2020 Balance N'000 | 2019 Balance N'000 |
|---|---|---|---|---|---|---|---|---|
| Medium Term Loan | Restructuring of Short to Long Term Debt | 5 years/15% p.a. | 1 June 2016 | Mortgage on assets of Oando PLC and some subsidiaries | Oando PLC/MTL lenders | 108,320,834 | 92,242,114 | 92,242,114 |
| Term Loan | Medium term borrowing | 5 years/8.5% + Libor p.a | 11 October 2019 | | OOL/African Export-Import Bank | 174,151,125 | 186,356,061 | 154,734,495 |
| Term loans | General corporate purpose | 5 years/9.5% + Libor p.a | 2 January 2020 | | Oando Servco/Ecobank | 20,512,500 | 16,755,575 | - |
| Term Loan | Medium term borrowing/ Augmentation of Working capital | 5 years/ 12.5%+Libor | 29 September 2020 | | ORL/MCB | 12,307,500 | 11,139,012 | - |
| Term Loan | | 5 years/ 12.5%+Libor | 3 December 2015 | | ORL/VITOL S.A | 16,410,000 | 1,332,524 | 3,477,187 |
| Term Loan | Finance of aircraft purchase | 7 years / 5.26% p.a. | 19 November 2014 | Security Assignment, Share Charge | XRS 11/INVESTEC BANK (MAURITIUS) LIMITED | 10,413,099 | 2,148,934 | 3,102,665 |
| | | | | | | 342,115,058 | 309,974,220 | 253,556,461 |
| Less current portion | | | | | | - | (143,841,667) | (122,921,033) |
| Total non-current borrowing (See a above) | | | | | | 342,115,058 | 166,132,553 | 130,635,428 |

| Company | | | | | | Available facility | Balance | Balance |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2020 | 2019 |
| | | | | | | N'000 | N'000 | N'000 |
| Medium Term Loan | Restructuring of Short to Long Term Debt | 5 years/15% p.a. | 1 June 2016 | Mortgage on assets of Oando PLC and some subsidiaries | Oando PLC/MTL lenders | 108,320,834 | 92,242,114 | 92,242,114 |
| Less current portion | | | | | | - | (92,242,114) | (92,242,114) |
| Total non-current borrowing (See a above) | | | | | | 108,320,834 | - | - |

(d) Current borrowings are analysed as follows:

| Loan type | Purpose | Tenure/ Interest rate | Loan Start Date | Security | Borrower/Lender | Balance | Balance |
|---|---|---|---|---|---|---|---|
| Group | | | | | | 2020 | 2019 |
| | | | | | | N'000 | N'000 |
| Import finance facility | To purchase petroleum products for resale | 30-90days/1.5%-2.5% + Libor p.a | 13 December 2019 | Sales proceeds of products financed | OTD/Mauritians Commercial Bank | 804,089 | 13,579,707 |
| Other loans | | | N/A | | | 26,788 | - |
| Corporate finance facility | Acquisition of the COP assets | 6 years/9.5% + Libor p.a | 17 January 2014 | Oando Legacy assets | OER/Corporate Facility Lenders | 91,864,606 | 81,072,982 |
| Bridge Facility | Working Capital Facility | 3 years/15% | 10 May 2018 | | Oando PLC/FCMB | - | 338,206 |
| Promissory Note | Term loan | 4 years/1year libor+2% | 30 June 2017 | | Oando PLC/ConocoPhillips | 6,907,766 | 6,319,852 |
| Term loan | Term loan | 3 years/15% | N/A | | Oando PLC/ACCESS BANK | 1,836,523 | - |
| RFF Loan | OWDL rental funding facility | nil | 2 November 2016 | | Oando PLC/RMB Westport Wings and SB Wings Development Limited | 8,215,205 | 7,299,268 |
| | | | | | | 109,654,977 | 108,610,015 |
| Current portion of non-current borrowings | | | | | | 143,841,667 | 122,921,033 |
| Total current borrowing (See b above) | | | | | | 253,496,645 | 231,531,048 |

*See details of the Afrexim loan in Note 38xvi of the 2019 audited financial statement.

| Company<br>Loan type | Purpose | Tenure/ Interest rate | Loan Start Date | Security | Borrower/Lender | 2020<br>N'000 | 2019<br>N'000 |
|---|---|---|---|---|---|---|---|
| Bridge Facility | Working Capital Facility | 3 years/15% | | | Oando PLC/FCMB | - | 338,206 |
| Promissory Note | Term loan | 4 years/1year libor+2% | | | Oando PLC/ConocoPhillips | 6,907,766 | 6,319,852 |
| Term loan | Term loan | 1 year/15% | | | Oando PLC/ACCESS BANK | 1,836,523 | - |
| RFF Loan | Wings Funding | nil | | | Oando PLC/RMB Westport Wings and SB Wings Development Limited | 8,215,205 | 7,299,268 |
| | | | | | | 16,959,494 | 13,957,326 |
| Current portion of non-current borrowings | | | | | | 92,242,114 | 92,242,114 |
| Total current borrowing (See c above) | | | | | | 109,201,608 | 106,199,440 |

| Weighted average effective interest rates at the year end were: | 2020 | 2019 |
|---|---|---|
| - Bank loans | 15.0% | 15.0% |
| - Import finance facility | 3.3% | 3.9% |
| - Other loans | 9.3% | 10.9% |

Fair values are based on cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the reporting date. Set out below is a comparison of the carrying amounts and fair values of the Company's borrowings that are carried in the financial statements.

| Group | Carrying amounts | | Fair values | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | N'000 | N'000 | N'000 | N'000 |
| Bank loans | 419,629,197 | 362,166,476 | 425,269,667 | 354,780,231 |

| Company | Carrying amounts | | Fair values | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | N'000 | N'000 | N'000 | N'000 |
| Bank loans | 109,201,608 | 106,199,440 | 107,966,190 | 114,972,107 |

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Nigerian Naira | 94,078,638 | 106,395,629 | 94,078,638 | 92,580,320 |
| US Dollar | 325,523,771 | 255,770,847 | 15,122,970 | 13,619,120 |
| British Pounds | 26,788 | - | - | - |
| | 419,629,197 | 362,166,476 | 109,201,608 | 106,199,440 |

## 36 Decommissioning provisions

Decommissioning provisions relate to oil and gas assets abandonment restoration obligation, asset restoration obligation and other liabilities as follows:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Oil and gas fields provision | 618,390,715 | 106,183,774 | - | - |
| Asset restoration obligation - Building | 235,912 | 209,646 | 235,912 | 209,646 |
| | 618,626,627 | 106,393,420 | 235,912 | 209,646 |

In 2019, certain balances of the comparative figure was reclassified to other payables (Note 39).

The oil and gas fields provision represent the present value of decommissioning cost relating to oil & gas assets. These provisions have been created based on internal estimates, and the estimates are reviewed regularly to take account of material changes to the assumptions.

The Group accounted for an increase in the decommissioning obligation as a corresponding increase in the value of the decommissioning asset under property, plant and equipment. IFRIC 1 requires that any increase in the decommissioning costs for assets measured under the revaluation model be recognised as a decrease in the revaluation surplus account. The key assumption upon which the carrying amount of the decommissioning obligation is based is a discount rates ranging from 10.21% to 12.89% (2019: 10.21% to 12.89%) and an inflation rate of 10.86% (2019: 11.27%). These obligations are expected to be settled over the next two to thirty-four years.

| Movement during the year in provisions for decommissioning cost is as follows: | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January | | | | |
| - Opening balance | 106,393,420 | 56,717,572 | 209,646 | - |
| - Held for sale | - | 1,162,586 | - | - |
| Additional provisions/(reduction) on decommissioning in the year: | | | | |
| - Oil and gas field | 481,577,784 | 39,359,382 | - | - |
| - Building | - | 186,424 | - | 186,424 |
| Charged to the statement of profit or loss | | | | |
| - Unwinding of discount (Note 41a,12a) | 16,274,189 | 8,824,701 | 26,266 | 23,222 |
| Exchange differences | 14,381,234 | 142,755 | - | - |
| Balance at 31 December | 618,626,627 | 106,393,420 | 235,912 | 209,646 |

| Analysis of decommissioning provisions | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Non current | 618,626,627 | 106,393,420 | 235,912 | 209,646 |

## 37 Lease liabilities

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Opening balance | 22,962,128 | 34,037,183 | 29,887,468 | 42,910,376 |
| Additions during the period | 718,886 | - | 51,469 | - |
| Interest expense (Note 12a) | 2,613,402 | 3,633,835 | 3,236,094 | 4,547,894 |
| Payments | (4,117,249) | (4,765,827) | (7,282,539) | (7,618,855) |
| Modification* | (53,847) | (9,939,678) | - | (9,939,678) |
| Transfer to WHT liability | (39,594) | - | (39,594) | - |
| Exchange difference | 3,025,158 | (3,385) | 3,529,716 | (12,269) |
| Closing balance | 25,108,884 | 22,962,128 | 29,382,614 | 29,887,468 |
| | | | | |
| Current lease liabilities | 5,148,169 | 3,344,733 | 10,108,073 | 7,219,371 |
| Non-current lease liabilities | 19,960,715 | 19,617,395 | 19,274,541 | 22,668,097 |
| | 25,108,884 | 22,962,128 | 29,382,614 | 29,887,468 |

*The modification above relates to a revision in consideration with regards to the office space and parking bays leased by Oando PLC from OWDL as of 1 November 2019. In 2020, there was a proportionate decrease in OLS' RoU asset and lease liability to reflect the reduction in scope of its office lease.

## 38 Retirement benefit obligations*

Oando Trading DMCC (OTD) operates an unfunded employees' end of service benefits ("EOSB") for its employees in accordance with the respective laws in Dubai. The movement in EOSB for the year ended is as follows:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| (a) Statement of financial position obligations for: | | | | |
| Gratuity | 357,538 | - | - | - |
| (b) Statement of profit or loss charge (Note 11b): | | | | |
| Gratuity | 107,571 | 29,160 | - | - |
| (c) Other comprehensive income | | | | |
| Remeasurement losses recognised in the statement of other comprehensive income in the period | 42,808 | - | - | - |

| The movement in the defined benefit obligation over the year is as follows: | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| At 1 January: | | | | |
| Opening balance | 175,372 | 146,007 | - | - |
| Current service cost | 101,006 | 29,160 | - | - |
| Interest cost | 6,565 | - | - | - |
| Remeasurement loss recognised in other comprehensive income | 42,808 | - | - | - |
| Exchange differences | 31,787 | 205 | - | - |
| At 31 December | 357,538 | 175,372 | - | - |

(d) The amount recognised in the statement of profit or loss are as follows

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Current service cost | 101,006 | 29,160 | - | - |
| Interest cost | 6,565 | - | - | - |
| | 107,571 | 29,160 | - | - |

*The 2019 retirement benefit obligations have been reclassified from accrued expenses (Note 39) for comparability purposes.

### Key assumptions and quantitative sensitivity analyses

The cost of the defined benefit plan is determined using actuarial valuations carried out by AON on 31 December 2020. 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 and price inflation. 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. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the yields on long term United States (US) corporate bonds as at reporting date since the local currency in United Arab Emirates (UAE) is heavily pegged to the US Dollar, suggesting that the liability could effectively be settled by purchasing a portfolio of US bonds of high quality. The applied rate is generally intended to represent the average yield on AA-rated bonds. Future salary increase is based on expected future inflation rate in UAE. The key assumptions and their sensitivity analyses are discussed further below:

| | Group 2020 N'000 |
|---|---|
| Discount rate | 2.26% |
| Salary increase rate per annum | 3.5% |
| Employee turnover / withdrawal rates | 3% p.a. |
| Retirement Age | 60 years |

The sensitivity of EOSB, as at 31 December 2020, to changes in the weighted principal assumptions is as follows:

| | Change in assumption by | Impact in N'000 |
|---|---|---|
| Discount rate | 0.5% | (17,969) |
| Salary increase rate per annum | 0.5% | 18,873 |

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised employee defined benefit liabilities.

The following payments are expected against defined benefit plan in future years:

| | Group 2020 N'000 |
|---|---|
| Within the next 12 months (next annual reporting period) | 50,366 |
| Between 2 and 5 years | 201,351 |
| Between 5 and 10 years | 251,688 |
| Beyond 10 years | 66,378 |
| Total expected payments | 569,783 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.32 years.

### 39 Trade and other payables

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Trade payables - Products | 204,770,133 | 243,701,727 | 18,693,076 | 38,399,924 |
| Trade payables - Other vendors | 8,440,819 | 7,801,078 | - | - |
| Other payables | 55,970,232 | 58,689,486 | 16,421,046 | 22,087,122 |
| Statutory payables (WHT, VAT, PAYE and NCDF deductions) | 11,312,223 | 9,813,618 | 6,368,415 | 5,988,988 |
| Accrued expenses | 52,621,228 | 29,862,715 | 29,229,185 | 13,525,406 |
| Amount due to related parties (Note 42xviii) | - | - | 142,154,864 | 131,753,138 |
| Deferred income | 4,745,460 | - | - | - |
| | 337,860,095 | 349,868,624 | 212,866,586 | 211,754,578 |

Certain trade creditor balances of the comparative figure have been reclassified between trade payables - products, other payables and accrued expenses for comparability purposes only.

Trade & other payables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other payables for 2020 and 2019 respectively approximate their fair values.
In 2019, certain balances of the comparative figure was reclassified from decommissioning provisions (Note 36) to other payables.

The Group's other payables largely relates to royalties payable of N28.98 billion (2019:N28.7 billion), fees in respect of loan refinancing&hedge programme of N4.3 billion (2019: N2.6 billion), payable to OODP N1.7 billion (2019: N4.7 billion), interest payable on NAOC JV settlement funding agreement (SFA) of N3.3 billion (2019: N3.3 billion), payable to QPR N1.2 billion (2019:N1.1 billion), bid deposits received on the attempted sale of Alausa prior to 2017 which is yet to be fully refunded to the initial buyer of N217.4million (2019: N217.4 million) and OVH on PSF Liability and Tax Liability of N3 billion (2019: N6.6 billion).

The Company's other payables largely relates to payables to vendors N4.1 billion (2019: N3.8 billion), payable to QPR N1.2 billion (2019:N1.1 billion), payable to OODP N1.7 billion (2019:N4.7 billion), OVH on PSF Liability and Tax Liability of N3 billion (2019: N6.6 billion), bid deposits received on the attempted sale of Alausa prior to 2017 which is yet to be fully refunded to the initial buyer of N217.4million (2019: N217.4 million) and liability with regards to guarantees of N2.2 billion (2019: N1.9 billion).

Following the completion of a reconciliation exercise by Oando Oil Limited (“OOL”) and Nigerian Agip Oil Company Limited (“NAOC”) in 2017, partners in the OML 60-63 JV, OOL and NAOC arrived at a provisional sum said to be OOL’s outstanding debt to the JV and executed a Settlement and Funding Agreement (“SFA”) on 20 June 2018 for the purpose of:

(1) defraying N29.0 billion and US$24.8 million ascribed to OOL by NAOC the Operator, plus interests applicable under the SFA, by applying fifty percent (50%) of OOL’s participating interest share of gas sales revenues arising from the Nigeria LNG Gas Sale Agreement (“NLNG GSA”). These sums are subject to adjustments; and

(2) setting up a sustainable funding mechanism to support regular and timely payment of OOL’s share of 2018 cash calls. On 23 April 2019, NAOC sent a notice of termination of the SFA in exercise of its unilateral rights under the SFA. OOL refuted the grounds of the termination. Following intervention of the NAOC JV Operating Committee (“OPCOM”), parties entered two other agreements: the Arrears Settlement Agreement (ASA) and the Cash Call Funding Agreement (CCFA).

The ASA provided that, as of 15 August 2019, OOL owed:
(i) N21.3billion and US$82.9million (inclusive of interests) to the NAOC JV being the cash calls for the year of 2018 amounting to N2 billion and US$56.8 million plus interest accrued thereon of N21.1 million and USD0.60 million from 1 July 2019 to 15 August 2019 (‘OOL Arrears’). These sums were again subject to monthly reviews and various accounting adjustments to arrive at the true sums including upon the conclusion of audits to ascertain the NAOC JV records. NAOC and OOL agreed (via the ASA) that from July 2019, OOL shall fully and exclusively dedicate one hundred percent (100%) of its share of gas proceeds (net of royalties) deriving from the sale of one hundred percent of its share of gas in the NAOC JV sold to NLNG pursuant to the NLNG GSA (“NLNG Proceeds”) in a dedicated escrow account for the sole purpose of defraying the OOL arrears plus interest until fully paid. The Payments made between 2019 and 2022 towards the ASA and CCFA were N86.04b and $32.71m.

The parties further agreed that the NLNG Proceeds shall be net of royalties, but free from any liability, charges, pledges or encumbrances of any kind, including those connected with other applicable fiscal obligations, which will remain OOL’s responsibility in accordance with the JOA and relevant applicable laws and agreements. The parties also agree that the amounts paid by OOL as its share of the 2017 Okpai Phase II costs (“Okpai Phase II Performances”) amounting to USD20m shall be deducted by NAOC from the OOL Arrears, or refunded or applied as a credit towards OOL’s 2022 cash calls in whole or in part (where during the period of the Agreement, a part or a whole of the Okpai Phase II Performances has been defrayed pursuant to the agreed payment mechanism above), as soon as OOL’s interest in Okpai Phase II is assumed by or transferred in part or whole to either NAOC and/or NNPC or proportionately between NAOC and NNPC or transferred to any third party. NAOC shall advise OOL accordingly, following which OOL agrees not to share in any proceeds or benefits that may be derived from Okpai Phase II. The transfer of OOL’s interest in Okpai Phase II in future shall be the last item to be defrayed with the NLNG proceeds.

The CCFA provided for settlement of cash calls for the remaining period in September 2019(not covered by the ASA) – 2021 through OOL’s income from crude oil sale corresponding to fifty five percent (55%) of all OOL’s proceeds from the sale of its participating interest of crude oil produced from the NAOC JV OMLs at Brass Terminal (“Crude Proceeds”) starting from 12 September 2019 until 31 December 2021. The parties agreed that the Crude Proceeds shall be paid by OOL’s off-takers into a dedicated escrow account pursuant to an escrow agreement. The parties also agreed that starting from 1 January 2022 until 31 December 2022, sixty percent (60%) of the Crude Proceeds shall be used to pay OOL’s participating interest share of the year 2022 cash calls, whilst forty percent (40%) of the Crude Proceeds shall be used to offset any outstanding 2019 – 2021 cash calls. The parties further agree that upon receipt of the Consent Letter from NAOC, OOL shall irrevocably and unconditionally instruct its current and future off-takers (copying NAOC in each such instruction and acknowledged by the off-taker) to pay the Crude Proceeds from the execution date to 31 December 2023, directly into the agreed cash calls escrow account.

The irrevocable and unconditional instruction shall be rescinded: (i) when the escrow bank communicates in writing that the 2019 – 2021 cash calls have been fully paid, (ii) on 31 December 2023, or (iii) upon earlier termination of the OOL Cash Calls Funding Agreement in accordance with its terms. In the event that a balance remains unpaid after 31 December 2023, such balance will become immediately due and payable by OOL. Failure to pay the balance shall result in OOL becoming a defaulting party under the JOA. Any overpayment by OOL in any of the years 2019 – 2021, subject to review and approval of OPCOM, shall be applied as a credit against OOL’s share of the 2022 cash calls until full recovery of the overpayment. The parties also agreed that the Crude Proceeds shall be free from any liability, charges, pledges or encumbrances of any kind, including those connected with other applicable fiscal obligations, which will remain OOL’s responsibility in accordance with the JOA and relevant applicable laws and agreements. In 2020, the impact of COVID-19 and low oil prices caused lower payments under the ASA as well as the CCFA. The balance under the ASA was N3.19b and USD57.28m as at 31st December 2020 while the balance under the CCFA was N46.24b and USD80.24m as at 31st December 2020. Furthermore, no adjustments had being made to the OOL Arrears as provided under the agreement.

Prior to the execution of the ASA and CCFA, OOL had commenced and was conducting an audit of the NAOC JV operations. A conclusion of the audit process in June 2020 revealed a credit in favour of OOL for which OOL made a claim on NAOC and NAOC denied same. On the 9th of February 2021, OOL commenced arbitration proceedings against NAOC via the issuance of a notice of Arbitration “the notice” for the recovery of the sum of $240.47 million and N13.49 billion (the “Audit Credit”) and damages for NAOC’s willful misconduct, concealing and refusing to disclose JV information, keeping of inaccurate records and misrepresentation of OOL’s financial position. The Audit Credit emanates from the audit of the NAOC JV Joint Operations for 2016 and 2017 financial years conducted by an independent firm of chartered accountants on behalf of OOL pursuant to the Joint Operating Agreement “JOA” and as detailed in the independent Audit Report submitted to NAOC on 23rd December 2020. NAOC rejected the findings in the Audit Report and the Audit Credit by OOL. In addition, the notice was issued in respect of NAOC’s obstruction and frustration of the ongoing 2018 audit. OOL is seeking a claim for the Audit Credit; a declaration that NAOC is in breach of Articles 2.2.1, 2.2.3, 4.1.1 and 6.1 of the JOA and an order that NAOC should provide OOL with unfettered access to all joint venture information. Upon commencement of the Arbitration, NAOC filed an application for interim measures on 26th October 2021, seeking amongst others, the Tribunal’s direction that OOL make payment of certain sums as cash calls as of August 2021 comprised of the OOL Arrears. This Application by NAOC was dismissed by the Tribunal in February 2023. NAOC also filed a counter claim for alleged unpaid cash calls up until October 2022 in the sum of N125.9 billion and $366.9 million, and alleged consequential damages for loss of production in the sum of $837.4 million as a result of OOL’s alleged underfunding since 2020.

Prior to the commencement of the Arbitration, OOL obtained an interim order dated 11th February 2021 from the Federal High Court suspending the ASA and preventing the termination of the CCFA to enable OOL pursue its claims before the Arbitration Tribunal. This order is still extant and is now under appeal at the Court of Appeal by NAOC.

## 40 Dividend payable

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Unpaid dividend | 1,650,277 | 1,650,277 | 1,650,277 | 1,650,277 |

## 41 Supplementary cash flows information

### (a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

| | Group 2020 N'000 | Group 2019 N'000 | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|---|
| Loss before income tax | (134,282,770) | (377,414,971) | (44,507,463) | (62,090,219) |
| Adjustment for: | | | | |
| Interest income (Note 12b) | (9,250,876) | (8,972,892) | (1,221,072) | (1,784,166) |
| Interest expenses (Note 12a) | 52,825,575 | 40,735,782 | 21,901,858 | 21,169,051 |
| Depreciation (Note 10b,15) | 48,560,494 | 28,196,236 | 341,180 | 319,138 |
| Depreciation to right-of-use asset (Note 10b, 17) | 2,625,208 | 3,810,697 | 1,698,979 | 3,088,661 |
| Amortisation of intangible assets (Note 10b, 16) | 223,103 | 55,776 | 223,103 | 55,776 |
| Impairment of intangible assets (Note 10c, 16) | 3,185,353 | 169,107,318 | - | - |
| Reversal of impairment on Glover loan note receivables | - | (6,424,576) | - | (6,424,576) |
| Impairment allowance/(reversal of impairment) on non-current receivables (Note 23b) | 2,162,234 | (5,638,276) | 2,162,234 | 24,109 |
| Impairment allowance/(reversal of impairment) on current receivables (Note 25) | 60,259,636 | 159,159,044 | 3,987,778 | (315,373) |
| Impairment allowance on finance lease (Note 22ii) | 475,791 | 474,434 | 470,198 | 117,377 |
| Impairment allowance on investment (Note 29) | - | - | 4,171,312 | 27,866,166 |
| Share of (gain)/loss of associates (Note 19) | (312,384) | 1,821,974 | - | - |
| Adjustment of loss from deemed disposal of interest in OWDL (Note 19) | - | (201,578) | - | - |
| Derecognition of the carrying value of investment in associate following the disposal of 25% interest in Glover BV (Note 19) | - | 4,154,382 | - | - |
| Profit on sale of property, plant and equipment (Note 10a) | (56) | - | - | - |
| Unwinding of discount on provisions (Note 36) | 16,274,189 | 8,824,701 | 26,267 | 23,223 |
| Premium paid on hedges (Note 21) | (5,004,492) | (7,323,243) | - | - |
| Net foreign exchange loss/(gain) | 14,306,852 | 1,431,721 | 1,812,561 | (21,345) |
| Gratuity provisions (Note 11b) | 107,571 | - | - | - |
| Fair value (gain)/loss on commodity options (Note 21) | (23,952,109) | 2,465,189 | - | - |
| Fair value gain on valuation of investment properties (Note 18) | (330,000) | (1,768,350) | (330,000) | (1,768,350) |
| Fair value loss on convertible loans (Note 28a) | - | 11,106,340 | - | 11,106,340 |
| Fair value (gain)/loss on financial assets at fair value through profit or loss (Note 28b) | (3,570) | 5,072 | (3,570) | 5,072 |
| **Changes in working capital** | | | | |
| Receivables and prepayments (current) | (23,570,962) | (190,727,728) | 5,664,745 | (6,448,828) |
| Inventories | 19,504,284 | 3,854,530 | 22,578,799 | 3,936,192 |
| Short term investments | (37,313) | - | (37,313) | - |
| Payables and accrued expenses | (43,192,308) | 65,828,919 | (17,436,881) | 12,751,540 |
| | (19,426,550) | (97,439,499) | 1,502,715 | 1,609,788 |

### (b) Changes in liabilities arising from financing activities

GROUP

| 2020 | 1-Jan-20 N'000 | Cash flows - proceeds N'000 | Cash flows - payment N'000 | Foreign exchange movement N'000 | Other N'000 | 31-Dec-20 N'000 |
|---|---|---|---|---|---|---|
| Current interest bearing loans and borrowings | 231,531,048 | 22,930,780 | (23,458,593) | 17,298,739 | 5,194,670 | 253,496,644 |
| Non-current interest bearing loans and borrowings | 130,635,428 | 52,605,000 | (28,820,063) | 17,120,094 | (5,407,906) | 166,132,553 |
| Interest bearing lease liabilities (current and non-current liabilities) | 22,962,128 | - | (4,117,249) | 3,025,158 | 3,238,847 | 25,108,884 |
| Dividends payable | 1,650,277 | - | - | - | - | 1,650,277 |
| Total liabilities from financing activities | 386,778,880 | 75,535,780 | (56,395,905) | 37,443,991 | 3,025,611 | 446,388,358 |

| 2019 | 1-Jan-19 N'000 | Cash flows - proceeds N'000 | Cash flows - payment N'000 | Foreign exchange movement N'000 | Other N'000 | 31-Dec-19 N'000 |
|---|---|---|---|---|---|---|
| Current interest bearing loans and borrowings | 133,758,469 | 39,186,536 | (17,492,181) | (533,909) | 76,612,133 | 231,531,048 |
| Bank overdraft | 294,197 | | (294,197) | - | - | - |
| Non-current interest bearing loans and borrowings | 76,848,651 | 129,160,737 | (803,167) | 2,262 | (74,573,055) | 130,635,428 |
| Interest bearing lease liabilities (current and non-current liabilities) | 34,037,183 | - | (4,765,827) | (3,386) | (6,305,843) | 22,962,128 |
| Dividends payable | 1,650,277 | - | - | - | - | 1,650,277 |
| Total liabilities from financing activities | 244,938,500 | 168,347,273 | (23,355,372) | (535,033) | (4,266,765) | 386,778,880 |

COMPANY

| 2020 | 1-Jan-20 | Cash flows - proceeds | Cash flows - payment | Foreign exchange movement | Other | 31-Dec-20 |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Current interest bearing loans and borrowings | 106,199,440 | 2,738,666 | (1,435,473) | 1,698,975 | - | 109,201,608 |
| Non-current interest bearing loans and borrowings | - | - | - | - | - | - |
| Interest bearing lease liabilities (current and non-current liabilities) | 29,887,468 | - | (7,282,539) | 3,529,716 | 3,247,969 | 29,382,614 |
| Dividends payable | 1,650,277 | - | - | - | - | 1,650,277 |
| Total liabilities from financing activities | 137,737,185 | 2,738,666 | (8,718,012) | 5,228,691 | 3,247,969 | 140,234,499 |

| 2019 | 1-Jan-19 | Cash flows - proceeds | Cash flows - payment | Foreign exchange movement | Other | 31-Dec-19 |
|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Current interest bearing loans and borrowings | 39,097,837 | - | (2,843,790) | 19,487 | 69,925,906 | 106,199,440 |
| Bank overdraft | 294,197 | - | (294,197) | - | - | - |
| Non-current interest bearing loans and borrowings | 69,856,667 | - | - | - | (69,856,667) | - |
| Interest bearing lease liabilities (current and non-current liabilities) | 42,910,376 | - | (7,618,855) | (12,270) | (5,391,784) | 29,887,468 |
| Dividends payable | 1,650,277 | - | - | - | - | 1,650,277 |
| Total liabilities from financing activities | 153,809,354 | - | (10,756,842) | 7,217 | (5,322,545) | 137,737,185 |

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, provision for interest expense on lease liabilities and amortization of transaction costs.

## 42 Related party transactions

Ocean and Oil Development Partners Limited (OODP) has the shareholding of 57.37% in Oando PLC at 31 December 2020 (2019: 57.37%). The remaining 42.63% shares are widely held. OODP is ultimately owned 66.67% by the Group Chief Executive and 33.33% by the Deputy Group Chief Executive of the Company.

The following transactions existed between Oando PLC (the "Company") and related parties during the year under review:

(i) Shareholder Agreements dated July 24, 2012 between Oando PLC and Oando Netherlands Holding 2 BV (Holdco 2) in respect of Oando Akepo Limited (Oando Akepo); Oando PLC and Oando Netherlands Holding 3 BV (Holdco 3) in respect of Oando Petroleum Development Company Limited ("OPDC2") (which owns 95% of the shares of OPDC); Oando PLC and Oando OML 125 & 134 BVI in respect of Oando OML 125&134. Shareholder agreements dated April 30, 2013 between Oando PLC and Oando Netherlands Holding 4 BV (Holdco 4) and Oando Netherlands Holding 5 BV (Holdco 5) in respect of Oando Qua Ibo Limited (OQIL) and Oando reservoir and Production Services Limited (ORPSL), respectively. Shareholder agreements dated July 31, 2014 between Oando PLC and Oando OPL 214 Holding BV (Holdco 214), Oando OML 131 Holding BV (Holdco 131), Phillips Deepwater Exploration Nigeria Limited (PDENL – name subsequently changed to Oando Deepwater Exploration Limited), and Conoco Exploration and Production Nigeria Limited (CEPNL – name subsequently changed to Oando 131 Limited), respectively Oando PLC owns Class A shares and each of Holdco 2, Holdco 3, Oando OML 125&134 BVI, Holdco 4, Holdco 5, Holdco 214, and Holdco 131 (together the "Holdco Associates") owns Class B shares, in each of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL (the "Operating Associates"), respectively. Ownership of the Class A shares by Oando PLC provides it with 60% voting rights but no rights to receive dividends or distributions from the applicable Operating Associate, except on liquidation or winding up. Ownership of the Class B shares entitles the Holdco Associates (each an indirectly wholly-owned subsidiary of the Corporation) to 40% voting rights and 100% dividends and distributions, except on liquidation or winding up. Pursuant to each of these agreements, Oando PLC, on the one hand, and the respective Holdco Associates, on the other hand, agreed to exercise their respective ownership rights in accordance with the manner set forth in the shareholder agreements

Pursuant to the shareholder agreements, each of Oando PLC and the respective Holdco Associate is entitled to appoint two directors to the board of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL respectively, with the Holdco Associate being entitled to appoint the Chairman, who has a casting vote. In addition, the applicable Holdco Associate has the power to compel Oando PLC to sell its Class A shares for nominal consideration. The shareholder agreements in respect of most of the Operating Associates were filed on www.sedar.com under "Oando Energy Resources Inc.". No amounts have been paid or are due to be paid by either party to the other under the shareholder agreements. During the period, the Corporation didn't incur any amounts under this agreement (2019 - Nil).

(ii) Right of First Offer Agreement ("ROFO Agreement") dated September 27, 2011, as amended, between Oando PLC and OER. Pursuant to the ROFO Agreement, OER has the right to make an offer to Oando PLC in respect of certain assets owned by Oando PLC in accordance with the terms of the ROFO Agreement. No amounts have been paid or are due to be paid under the ROFO Agreement. On September 27, 2013, the ROFO agreement between OER and Oando PLC was amended. The amendment terminates the ROFO agreement on the first date on which Oando PLC no longer holds, directly or indirectly, at least 20% of the issued and outstanding common shares of OER. Prior to the amendment, the right of first offer in the ROFO would have terminated on September 27, 2013. OER has no amounts due to Oando PLC under this agreement (2019 - Nil). During the year, OER didn't incur any amounts under this agreement (2019 - Nil).

(iii) Referral and Non-Competition Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC is prohibited from competing with OER except in respect of the assets referred to in the ROFO Agreement until the later of July 25, 2014 and such time as Oando PLC owns less than 20% of the shares of OER. Oando PLC is also required to refer all upstream oil and gas opportunities to OER pursuant to this agreement. In addition, in the event that Oando PLC acquired any upstream assets between September 27, 2011 and July 24, 2012, Oando PLC is required to offer to sell these assets to OER at a purchase price consisting of the amount paid by Oando PLC for the assets, together with all expenses incurred by Oando PLC to the date of the acquisition by OER, plus an administrative fee of 1.75%. OER has no amounts due to Oando PLC under this agreement in respect of the COP acquisition (2019 – Nil).

(iv) Cooperation and Services Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC agreed, until the later of July 24, 2017 and such time as Oando PLC owns less than 20% of the shares of OER, to provide certain services to OER, including in respect of legal services in Nigeria, corporate secretariat and compliance services in Nigeria, corporate finance, procurement, corporate communications, internal audit and control, information technology, human capital management, environment, health, safety, security and quality and administrative services. These services are to be provided to OER on the basis of the cost to Oando PLC plus a margin of 10%. The independent directors of OER are entitled to approve all such cost allocations. At any time, OER may elect to terminate any of the services under the agreement provided such notice is effective only on December 31 or June 30 of any year and such notice has been given at least 60 days in advance. Once terminated, Oando PLC shall have no further obligation to make available the services as have been so terminated and equitable adjustments shall be made as to the cost for the remaining services, if any, that are continued to be supplied by Oando PLC to OER under the agreement. During the period, OER incurred $6.9 million under this agreement (2019 - $14.7 million).

(v) Pursuant to the completion of the Oando reorganization in July 2012, the cumulative amount advanced by Oando PLC to Equator Exploration Limited ("EEL"), subsidiary of OER of N1.1billion (US$7.2 million) as of 21 December 2012 was classified as loan payable in EEL's books and loan receivable in Oando PLC's books. The carrying amount of the loan using effective interest method was N1.3 billion at 31 December 2012. The amount increased to N2.4 billion at 31 December 2015 (2014: N2.0 billion) due to accrued interest. During 2016, the Company impaired the receivable and accrued interest of N2.7 billion. In 2020, the Company accrued an interest of N457.7 million (2019: N429 million; 2018: N429 million; 2017: N368 million) and impaired the receivable (interest inclusive) in line with IFRS 9. The impairment was reversed on consolidation. In addition, the receivables and payables in the books of the Company and EEL respectively have been eliminated on consolidation.

(vi) The Company signed an amendment to the operating lease agreement with a subsidiary, XRS II Ltd in 2015. The Company, the lessee in the agreement, agreed to lease the Bombardier XRS aircraft owned by XRS II Ltd, the lessor, for a period of earlier of eighty-four months from the execution date and date of termination of the agreement. The Agreement shall terminate in the following circumstances i) the termination of the Aircraft Facility Agreement by the Lender (Investec Bank (Mauritius) Limited) ii) mutual consent of Oando PLC and XRS II provided consent has been sought from the Lender, iii) upon notice from the Lender than an event of default has occurred and is continuing under the Aircraft Facility Agreement and iv) at any time after the end of the Availability Period (as defined in the Aircraft Facility Agreement). An addendum to this agreement was signed on the 19th of November 2021, the new lease term will be for 5 years from the execution date.

XRS II Ltd recognized income of N4.1 billion ($10.7 million) which arose from the agreement in 2020 (2019: N4 billion, $11.1 million) and received payments amounting to N3.8 billion ($9.2 million) during the year. In addition, the outstanding loan amount from XRS II to the Company was N3.8 billion (2019: N3.3 billion). The net receivables in the books of the Company at year-end was N3.1 billion ($7.5 million) (2019: N2.7 billion; $8.1 million) and this amount was fully impaired. The income, impairment and loan have been eliminated on consolidation.

(vii) Debt Assumption deed dated November 1, 2016 between Oando PLC (the Borrower) and Oando Wings Development Limited (the Lessor), Oando PLC has leased certain premises (the entire Eastern tower of the Wings Complex comprising 13,597 sqm of lettable office space at $61.50/sqm (2018: $82.71/sqm) and 345 parking bays at $150/bay (2018: $217.65/bay) located on 17a Ozumba Mbadiwe Avenue, Victoria Island, Lagos State, Nigeria) from Oando Wings Development Limited under the terms of a lease agreement dated 20 August 2012, as amended. In order to meet rental payment obligations to the landlord, Oando PLC entered into a Rental Funding Facilities Agreement (comprising of US$10.725 Facility A and US$9.775 Facilities B) with RMB Westport Wings Limited and SB Wings Development Limited (the "Lenders"). The loans under each Facility shall not bear any interest. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of ordinary shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the Agreement. Oando PLC had drawn down the full loan amount of N8.2 billion (US$20.02 million) under the Rental Funding Facilities Agreement and has not made any repayment as of the reporting date.

Following from the above, on 8 June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 23.3% from 25.8%. Oando PLC ought to have been diluted to 20.79% as of 31 December 2018, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 23.3% was accounted for in the 31 December 2018 consolidated financial statements.

On 5 December 2019, OWDL further issued 1,095,910 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 19.45%. Oando PLC ought to have been diluted to 18.78% as of 31 December 2019, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 19.45% has no effect on the 31 December 2019 consolidated financial statements as the carrying value of OWDL is nil based on recurring losses from the associate.

On 24 December 2019, Wings Mauritius Limited acquired 100% shares of RMB Westport Wings. However, registration of the shares was not completed with Corporate Affairs Commission, Nigeria as at end of 2020.

On 27 October 2020, OWDL issued 236,619 shares each to Wings Mauritius Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 18.78%. Kindly refer to Note 44(5) for subsequent event relating to dilution in OWDL.

(viii) The Company signed a Master Sale and Purchase Agreement ("MSPA") with Oando Trading DMCC ("OTD") dated 8 November 2018. The MSPA was renewed on 2 October 2019. The Company and CEPSA were jointly awarded a contract dated 1 October 2019 and renewed 1 October 2020 by the Nigerian National Petroleum Corporation (NNPC) for the Direct Sale and Direct Purchase of petroleum products for 2019/2020 and 2020/2021 respectively. The DSDP contract entails the Company and CEPSA lifting crude from NNPC in exchange for the equivalent value of refined petroleum products. The Company and CEPSA also entered into a Joint Operating Agreement ("JOA") to perform their obligations under the DSDP contract. Pursuant to the MSPA, OTD bought crude oil lifted by the Company under the JOA, sourced purchases and supplied the equivalent value of petroleum products to the Company for agreed consideration amounts.

Specifically, during the year, the Company sold crude oil worth N207.2 billion (2019: N340.9 billion) to OTD and purchased refined petroleum products worth N61. billion (2019: N72.5 billion). In addition to the trade contracts, Oando PLC and OTD engaged in other non-trade transactions including assistance to make payment for travel cost, payroll expenses, medical cost, etc. on behalf of each other. The non-trade transactions amounted to N46.6 million in 2020 (2019: N156.8 million) on a net-off basis. The intercompany receivables have been impaired in the respective companies as appropriate in line with the provisions of IFRS 9. The resulting sales, purchases, profits, impairments and any unrealized profit in inventory have been eliminated on consolidation.

(ix) Consultancy agreement dated 1 January 2020 (with an expiration date of 31 December 2020) and 1 January 2019 (with an expiration date of 31 December 2019) between Oando PLC and OTD: Pursuant to this agreement, OTD provided services to Oando PLC in support of the DSDP and JOA for a consideration of $0.5 million. Accordingly, the Company incurred consultancy expenses of $0.5 million (2019: $0.5 million) during the year. The revenue and expenses have been eliminated on consolidation.

(x) The Company and OER donated N225.1 million (2019: N180 million) and nil (2019: N25 million) to Oando Foundation (a member of the Group) respectively. The expense and inflow in the books of Oando PLC and OER on one hand and Oando Foundation on the other hand have been eliminated on consolidation.

(xi) Oando Servco Nigeria Limited provided payment assistance on shared services costs and vendor related costs to Oando PLC amounting to $11.5 million (2019: $15.1 million) during the year. The receivable from Oando PLC has been impaired in the book of Oando Servco Nigeria Limited and both the impairment and receivables have been eliminated on consolidation.

(xii) On 6 January 2020, OTD seconded certain employees and consultants to the Company to provide certain services from 1 January 2020 to 31 December 2020. The total cost of $1.3 million has been eliminated on consolidation.

(xiii) Consultancy services agreement between ORL and OTD

Oando Resources Limited (ORL) leveraged on OTD's relationship with Mauritius Commercial Bank (MCB) an internationally respectable bank in order to gain access to a structured loan with a drawdown principal amount of up to US$30 million or other greater amount that may be mutually agreed by ORL and OTD. To provide the loan consultancy, ORL was obligated to pay OTD a service fee of $2,000,000. ORL had capitalised the fee as a borrowing cost while OTD had recognised this as an expense.

(xiv) $30 million loan from Mauritius Commercial Bank

Oando Resources Limited (ORL) acting as the Borrower, Oando Trading DMCC acting as the Obligor, Oando Plc acting as the Guarantor and the Mauritius Commercial Bank acting as the Lender signed a $30 million borrowings agreement on 29 September 2020. The loan was disbursed in October 2020 and used for general corporate purposes.

(xv) Other related party transactions include:

i. Broll Properties Services Limited provided facilities management services consisting of structural, electrical and equipment maintenance and consumables to Oando PLC for which the Company reimbursed the company N85.7 million. In addition, the Company paid N6.9 million fees for the services rendered (2019: fees – N6.8 million, reimbursement - N85.7 million). The GCE has control over one of the joint interest owners of the company.

ii. SCIB Nigeria and Co. Ltd. ("SCIB") provided insurance brokerage services worth N1.9 billion (2019: N628 million) to various members of the Group (Oando Servco Nigeria Limited, Oando Oil Limited, Oando PLC, Oando Foundation and Oando Production and Development Company Limited). A beneficial owner of SCIB is related to the GCE.

iii. Triton Aviation Limited provided management services consisting of consumables, jet fuel, handling charges, third party charters, aircraft maintenance and crew maintenance (and charges a 5% markup on all cost incurred on behalf of XRS II) to XRS II, an indirect subsidiary of the Company and was paid fees of N20.2 million and reimbursement of N577.7 million (2019: fees – N13.95 million, reimbursement - N336.5 million) for the provision of the services. Triton Aviation Limited is owned by the GCE.

iv. Olajide Oyewole & Co. rendered professional services worth N212 million to Oando PLC, Oando Oil Limited and Oando Foundation (2019: nil). A close family member of the GCE has significant influence over the firm.

v. Crown Interactive Limited provided information technology services worth N6.8 million (2019: N64.7 million) to Oando Servco Nigeria Limited in 2019. The DGCE has significant influence over the services provider.

vi. K.O.Tinubu & Co. provided legal services worth N3 million to Oando PLC. The firm is family owned and it was founded by the GCE's close relative.

vii. Lagoon Waters Limited sold petroleum products and liquefied petroleum gas worth N10.1 million (2019: N8.3 million) to Oando PLC. Lagoon Waters Limited is controlled by a close family member of the GCE.

(xvi) *Key management personnel*

Key management includes members of the Group Leadership Council. The compensation paid or payable to key management for employee services is shown below:

| | 2020 N'000 | 2019 N'000 |
|---|---|---|
| Salaries and other short-term employee benefits* | 2,515,687 | 2,433,805 |

*Included in salaries and other short-term employee benefits of key management personnel are board duty allowance of N12.7 million (2019: N12.7 million) received by the Company Secretary and Chief Compliance Officer, N31.5 million (2019: N31.5 million) received by Group Chief Financial Officer, N31.5 million (2019: N31.5 million) received by Group Chief Corporate Services & Operations Officer, N73.8 million (2019: N55.6 million) received by Chief Operating Officer of OER, N147 million (2019: N140.1 million) received by Deputy Group Chief Executive, N189.1 million (2019: N179.8 million) received by Group Chief Executive.

Year-end balances arising from transactions with related parties

The following receivables or payables at December 31, 2020 arose from transactions with related parties:

| | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|
| (xvii) *Receivables from related parties:* | | |
| Churchill C-300 Finance Ltd | 1,085,101 | 964,119 |
| XRS II | 3,075,268 | 2,740,001 |
| Oando E&P Holdings Limited | 3,209,927 | 2,852,043 |
| Oando Equator Holdings | 5,825,619 | 5,175,901 |
| Equator Exploration ltd (BVI) | 7,472,202 | 6,206,045 |
| Calabar Power Ltd | 18,339,752 | 13,927,441 |
| Oando Exploration & Production Limited | 33,711,604 | 33,711,604 |
| XRS I | 2,150 | 1,910 |
| Oando Refinery & Terminals | 175 | 175 |
| Oando Resources Ltd. | 84,885,480 | 97,717,477 |
| | 157,607,278 | 163,296,716 |
| Trade receivables from Oando Trading DMCC | 14,323,570 | 13,650,952 |
| | 171,930,848 | 176,947,668 |

| | | Company 2020 N'000 | Company 2019 N'000 |
|---|---|---|---|
| (xviii) | *Payables to related parties:* | | |
| | OES Passion | 4,549 | 4,000 |
| | Oando Liberia | 20,906 | 18,226 |
| | OES Professionalism | 4,851 | 4,851 |
| | Burkina Faso | 6,070 | 6,070 |
| | Oando Trading DMCC | 1,464,091 | 500,100 |
| | Oando Trading Bermuda | 41,847,879 | 37,182,134 |
| | OER Servco Nigeria Ltd | 98,806,518 | 94,037,757 |
| | | 142,154,864 | 131,753,138 |

## 43 Commitments

The Group had outstanding capital expenditure contracted but not provided for under property, plant and equipment of N48.8 billion (2019: N79.2 billion) at December 31, 2020.

## 44 Events after the reporting period

### 1) Outbreak of the Novel Coronavirus

The outbreak of the Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging to predict the full extent and duration of its business and economic impact. In January 2020, oil prices fell because of the outbreak of Covid-19 and impacted demand for petroleum products. More recently, oil prices suffered a steep fall following the failure of The Organization of the Petroleum Exporting Countries (OPEC) and other producers to reach an agreement in respect of production cuts. The extent and duration of such impact remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of known COVID-19 variants, mutations, evolving new variants (such as Omicron) and the extent and effectiveness of containment actions taken. Yet, we have witnessed a rise in oil prices, while some countries are currently experiencing the third wave of COVID-19 and lockdowns. Given the ongoing economic uncertainty, management has only been able to make adjustments to cash flows and profits forecasts to the extent of COVID-19 guidelines, amendments and interpretations issued by the Securities and Exchange Commission, the Financial Reporting Council of Nigeria and the International Accounting Standards Board. The rebound of crude prices after 2020 and especially from 2021 plus the increase in vaccinated people and partial-to-complete- relaxation of COVID rules globally now prove that businesses have picked. Therefore, management does not foresee any significant negative impact on the Group's future financial results, cash flows and financial condition.

### 2) Significance of oil theft and impact on the Group's business after 2020

Nigeria's oil export volumes have continued to fall after 2020 due to the impact of oil theft on the industry. In August 2022, Nigeria National Petroleum Company Ltd (NNPC) disclosed that Nigeria's oil export was less than one million barrels per day due to significant oil theft and pipeline vandalism while in September 2022, Nigeria was losing up to 470,000 bopd. Nigerian oil companies have experienced unprecedented levels of crude oil theft through illegal connections to pipelines across the Niger Delta. This situation has resulted in onshore production shut-ins and terminal operators declaring force majeure arising from lower deliveries.

OER and by extension, other onshore producers within the Kwale cluster in the Niger delta have recorded as much as 80% reduction in crude oil production due to the disruptions. The impact will lead to the reduction in the Group's revenue without a corresponding reduction in cost

### 3) Amended and Restated Loan Agreement 5

On 16 April 2020, Goldeneye Energy Resources Limited (the "Borrower"), Oando PLC (the "Guarantor") and West Africa Investment Limited (the "Lender") signed the Fifth Amendment and restatement of the Original Loan Agreement. Under the Original Loan Agreement, the Lender granted a loan to the Borrower for the purpose of acquisition of 17,455,414 Ordinary Shares previously held in the capital of OER, now held in Oando E&P Holdings, by the Lender. The parties amended repayment as follows: US$1.5 million on 30 April 2020 and US$10 million plus any additional return on capital. Due to inability of the Borrower to honour repayments as previously agreed with the Lender, the Lender called the Guarantee. Subsequently, Calabar Power (through the Guarantor) paid the outstanding indebtedness to the Lender as follows: 2020: $1.5 million, 2021: $10 million while the Borrower paid $4.12 million in 2022 out of the indebtedness to the Guarantor of $9.59 million. The final payment of $4.12 million extinguished the debt to the Lender as guaranteed by Oando PLC. Upon the final payment and on April 12, 2022, the outstanding shares of 12,218,788 were transferred to Calabar Power.

### 4) Shares Sale and Purchase Agreement between M1 Petroleum Limited and Calabar Power Limited

M1 Petroleum Limited ("Seller") signed a Share Sale and Purchase Agreement ("SSPA") with Calabar Power Limited ("Buyer") on 29 June 2020 in respect of its entire 17,614,649 common shares (representing 2.22% of the issued share capital) of Oando E&P Holdings Limited ("Oando E&P"). In consideration of the assignment, transfer and sale of the common shares, the Buyer agrees to pay or cause to be paid to the Seller $30 million, representing a transfer price of $1.70 per sale share, net of any tax and any other fees and expenses incurred or payable under or in connection with the transaction. The Buyer agrees to pay the Seller in four instalments: (a) $5 million payable on or prior to 31 July 2020; (b) $3 million payable on or prior to 31 October 2020; (c) $7 million payable on or prior to 31 January 2021; and (d) $15 million payable on or prior to 31 July 2022. Oando PLC has paid $10 million to M1 Petroleum Limited under the Agreement as of 31 December 2021 and a further $2 million was paid in September 2022.

### 5) Dilution of Oando PLC in Oando Wings Development Limited

Oando PLC "the Seller" on 29 January 2021 entered into a Share Purchase Deed with Wings Mauritius Limited and SB Wings Development Limited "the Buyers" for the sale of its 2,579,900 units of ordinary shares held by the Seller in OWDL. Under this agreement, the transfer of the Sale Shares and assignment of the rights, title and interest of the Shareholder Loans by the Seller shall be treated by the Buyers as fully repaying all obligations due under the Rental Funding Facility. The sale was also completed on the date of the agreement.

6) Award of Oil Prospecting Licenses (OPLs) 321 and 323

On 20 October 2020, the Ministry of Petroleum Resources ("Ministry") communicated re-award of OPL 321 to Equator Exploration Nigeria Limited (64%), Owel Petroleum Services Limited (26%) and Tulip Energy Limited (10%) subject to the following terms and conditions: (1.) payment of signature bonus of $35million within ninety days of receipt of Award letter; sole risk contract requiring Equator Exploration Nigeria Limited to identify and negotiate with a technical partner with Deepwater experience as the contracting party; and preservation of Government Back-in Right.

On the same date, the Ministry also communicated re-award of OPL 323 to Equator Exploration Nigeria Limited (78.6%), Owel Petroleum Services Limited (11.4%) and NJ Exploration Limited (10%) subject to the following terms and conditions: (1.) payment of signature bonus of $145million within ninety days of receipt of Award letter; sole risk contract basis requiring Equator Exploration Nigeria Limited to identify and negotiate with a technical partner with Deepwater experience as the contracting party; and preservation of Government Back-in Right.

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and Oando have continued discussions on progressing the re-award.

7) Settlement with the Securities and Exchange Commission

Oando PLC, Mr. Jubril Adewale Tinubu, Mr. Omamofe Boyo and Mr. Olufemi Adeyemo signed a Settlement Agreement with Securities and Exchange Commission (SEC) on 15 July 2021. Under the Settlement Agreement, Oando PLC and the executives mentioned above agreed to withdraw all cases instituted against SEC in courts in Nigeria without admitting or denying any liability in respect of the regulatory infractions and violations outlined in SEC's Letter of 31 May 2019. The executives further agreed to obtain the compromise of any existing judgement obtained by Oando PLC's shareholders against SEC and payment of a penalty sum of N271.9million. Following settlement with SEC, members of Oando PLC held the 42nd Annual General Meeting on 31 August 2021.

8) N15billion Access Bank PLC Loan

The management of Access Bank PLC communicated approval of a Receivable Discounting Facility (available as a Term Loan) loan of N15 billion to Oando Servco Nigeria Limited (the "Borrower") on 18 February 2021. The Term Loan whose tenor was agreed as sixty (60) months, was for the general corporate purposes of the borrower. Other terms and conditions included: (a.) interest rate of 14% per annum, subject to prevailing marketing conditions; (b.) repayments are expected from cash generated from OML 60 – 63 operations, proceeds from current and future receivables from crude offtake agreements, loan proceeds from the facility granted by Gateway Management Limited to the Borrower and settlement amount relating to the OML 125 & 134 Underlift receivables.

9) Settlement Deed and Amendments thereof between Oando PLC and Alhaji Dahiru Mangal

In 2017, Alhaji Dahiru Bara'u Mangal ("DBM"), a beneficial owner of 1,968,512,614 Ordinary Shares (amounting to 15.83%) of Oando PLC (the "Company") held in his name and other associates, filed a petition with SEC against Oando and its management following a number of disputes involving management and control of Oando PLC. SEC commenced investigation of the Company following receipt of petitions from DBM and Ansbury Investments Inc. (an investor in Ocean and Oil Development Partners BVI and owned by Mr. Gabrielle Volpi) in the same year. Following intervention of eminent persons, DBM withdrew his petition to SEC. He was granted representation on the Board and Executive Management of the Company to have visibility over the running of the affairs of the Company. On 31 March 2021, DBM and the Company agreed to terms of settlement which have been executed in a Settlement Deed. Under the Settlement Deed, the Company agreed to unconditionally pay a settlement sum to DBM on or before 30 June 2021 ("Longstop date" or such other date as the parties shall agree but not later than 30 September 2021) as follows: (a) N3,578,536,928; and (b) $50 million (or N24 billion at the agreed exchange rate of N480=$1) at the Company's sole discretion. Upon payment of the settlement sum, DBM shall procure resignation of his nominated directors in the Company and/or its subsidiaries from the board of the Company and/or its subsidiaries and he shall confirm in writing that they do not have any claims (and waive any right to bring claims) against the Company or any of its subsidiaries or affiliates and any of their directors, officers, or agents.

The Settlement Deed further states that failure by the Company to pay the settlement sum on or before the Longstop date or any other agreed date shall occasion the termination of the Settlement Deed, refund of all sums paid by the Company pursuant to the Settlement Deed subject to OODP ensuring that the shares already transferred on the floor of the Nigerian Exchange Limited (NGX) are reversed in the manner they were transferred in favour of DBM. Oando Servco, an indirect subsidiary of the Company paid the sum of N3,578,536,928 to DBM's designated bank account in April 2021 on behalf of the Company. On 1 April 2021, the Company and DBM agreed to modify the Settlement Deed to include additional payment of $25 million to DBM by the Company for the former's assistance to facilitate settlement of a certain underlift receivable in favour of OML 125 & 134 Ltd from NNPC (hereinafter referred to as the First Addendum).

Effective 30 September 2021, the Company and DBM further agreed to terminate the First Addendum and to vary the terms of the original Settlement Deed such that the Company's obligation on the remaining two settlement sums under the Settlement Deed and First Addendum is replaced with single obligation to pay in one installment the sum of $62.5 million to DBM as full and final settlement of the dispute between the parties (the Second Addendum). On the same date, the Company and DBM also signed an Agreement to extend the Longstop date to 30 October 2021 from 30 September 2021. OML 125 & 134 Ltd paid the second tranche of the agreed settlement sum of $62.5 million to DBM in 22 October 2021 on behalf of the Company. Consequently, the directors nominated by DBM have resigned from the board of the Company.

10) Settlement of Oando OML 125 & 134 Underlift receivable by NNPC

Further to the disclosure of the Underlift receivables by OML 125 & 134 Ltd from NNPC contained in Note 22a of the audited Annual report and financial statements of the Company for the year ended 31 December 2014 and further disclosures on the matter in subsequent audited Annual report and financial statements, NNPC and NAE, on 25 September 2019, signed the Heads of Terms ("HOT"), which provided for the negotiated and settlement amount of $257,977,252.35, to be further adjusted on a mutually agreed effective date. However, OML 125 & 134 asserted that NAE did not adequately represent its interest in the HOT.

In August 2021, OML 125 & 134 Ltd.'s direct negotiation of the Underlift receivable with NNPC resulted in an agreed and approved settlement amount (comprising principal amount of $72.7 million plus accrued interest) of $155 million. Consequently, NNPC and Oando OML 125 & 134 Ltd signed a Settlement Agreement on 30 September 2021 to end the disputes that arose from the interpretation and / or performance of certain obligations set out in the PSC and the arbitral proceedings instituted with Nigerian Agip Exploration Limited (NAE), Oando OML 123 & 134 Limited and NNPC as parties. NNPC has paid the agreed settlement amount of $155 million to OML 125 & 134 Ltd in October 2021.

11) On completion of the Oando Reorganization on 24 July 2012, OER, the parent of OML 125 & 134 Ltd, retained the contractual rights to receive the cash flows associated with the $72.7 million Underlift receivables (through OML 125 & 134 Ltd) and assumed a contractual obligation to pay a portion of those cash flows amounting to $47 million to Oando PLC. As part of the terms, OER agreed to pay the amount to Oando Plc upon receipt of the equivalent amounts from NNPC. Following payment by NNPC in October 2021, OML 125 & 134 Ltd paid the $47 million out of the $62.5 million obligation of the Company to DBM (on behalf of the Oando PLC), thereby, fully satisfying the terms of the 24 July 2012 contractual obligation between OER and Oando PLC.

12) Share Sale and Purchase Agreement between OODP and Calabar Power Limited

On 31 March 2021 (the "effective date"), OODP Nigeria (the "Seller") agreed to sell, assign and deliver to the Calabar Power Limited (the "Purchaser") and the Purchaser agreed to purchase and accept from the Seller the Shares - 128,413,672 common shares of Oando E & P Holdings Limited ("OEPH") free from all encumbrances on the effective date for a consideration of $225 million. The Seller and the Purchaser further agreed that costs and taxes directly related to the sale and transfer by the Seller shall be borne by the Seller; and that the consideration will be paid in full by the Purchaser within twelve months from the effective date.

The Seller and Purchaser executed a Share Transfer Form on the effective date. A Share Certificate covering the 128,413,672 common shares dated the effective date was also issued to the Purchaser by Oando E & P Holdings Limited.

13) Agreements between OODP, Whitmore, and Oando Companies

The following agreements were executed between Oando PLC, OODP BVI, Oando Servco Nigeria Limited, Whitmore Asset Management Limited, Oando Oil Limited and Calabar Power Limited:

a.OODP BVI and Oando Servco Nigeria Limited ("Oando Servco") signed a $20 million Cooperation Agreement on 27 October 2021. The Agreement provides that Oando PLC ("Oando") and Alhaji Dahiru Bara'u Mangal ("DBM") were involved in several disputes involving the management and control of Oando which led to the execution of a Settlement Agreement in March 2021 to fully and finally settle the disputes between them ("Settlement Agreement"). As part of the dispute settlement, OODP BVI was required to purchase 1,968,512,614 shares (the "Shares") beneficially held by DBM in Oando PLC ("Shares") and it approached Oando Servco for support to purchase the Shares. The naira equivalent of $20million (amounting to N8,421,463,072) was advanced by Oando Servco to OODP for the purpose of funding the purchase of the Shares (the "Settlement Loan"). OODP in a request letter dated 6 April 2021, asked Servco to disburse the loan amount to a specified APT Securities' bank account with Access Bank for the purpose of acquiring the Shares held by Alhaji D.B. Mangal and associated companies. APT Securities was the appointed broker for the acquisition (see further details in Note 25a). Although the naira equivalent of $20 million was advanced to OODP BVI, OODP BVI now agrees that it borrowed $20 million from Oando Servco on the effective date of this agreement.

The Settlement Loan was granted to OODP BVI at 6% interest rate, with the option for OODP BVI to pay all or any portion of the accrued interest in kind. The Settlement Loan attracts ten (10) years moratorium and it shall be fully repaid by the date falling twenty (20) years from the utilization date of the last advance of the Loan.

Furthermore, OODP Ltd, through a Share Sale and Purchase Agreement sold the Shares to Leaf Investment & Realtors Limited on 22 October 2021. Following the sale, Oando PLC notified the NGX of the acquisition of Alhaji Dahiru Mangal's interest of 1,968,452,614, shares in Oando PLC by Leaf Investment & Realtors Limited in accordance with Rule 17:13 (a) of the Nigerian Exchange Limited Issuers' Rules. Consequently, Leaf Investment & Realtors Limited now holds 15.83% of Oando PLC.

b.Whitmore Asset Management Limited ("Whitmore") and Oando Oil Limited ("OOL") signed a Cooperation Agreement on 31 August 2021. Under the terms of the settlement agreement between Whitmore and Ansbury Investments Inc. ("Ansbury"), it was agreed that the sum of $550 million would be paid by Whitmore to Ansbury in full and final settlement of their dispute. Whitmore was only able to pay part of the amount due under the settlement agreement and Whitmore therefore approached OOL for support. In October 2019 and March 2020 respectively, OOL obtained loans from African Export Import Bank (the "Afrexim") (the "Afrexim Loan"). The Afrexim Loan was advanced by OOL to Whitmore to help settle Whitmore's indebtedness to Ansbury under the settlement agreement. Whitmore and OOL have now agreed the terms for the assistance and settlement of Whitmore's obligation of $550 million (the "Settlement Loan") as follows: (i) the Settlement Loan shall attract an interest rate of 6% p.a. and accrued interest shall be paid on the Loan quarterly; (ii) for any interest period, the Whitmore may elect to pay all or any portion of interest in kind; (iii) the Settlement Loan attracts ten (10) years moratorium on principal and it shall be fully repaid by the date falling twenty (20) years from the utilization date of the last advance of the Loan; and (iv) Whitmore shall bear all costs incurred by OOL in securing the Afrexim Loan.

c.Oando PLC and OOL signed an Amended and Restated Intercompany Loan Agreement on 27 October 2021 (the "effective date"). The Agreement refers to an Original Loan Agreement dated 31 August 2021, wherein OOL agreed to make two facilities (Facility A of $225 million and Facility B of $100 million) available to Oando PLC to meet its general corporate and other purposes. From the effective date, under the Amended and Restated Agreement, the parties agree to discontinue Facility A only and defined the subject of the Agreement as a Term Loan in an amount equal to or up to $100 million with the following terms and conditions: (i) interest rate for the Term Loan is the percentage rate per annum which is the aggregate of: the Margin (3%) and LIBOR. Interest on the Loan shall accrue on a day-to-day basis, calculated according to the number of actual days elapsed and a year of 360 days and shall be payable quarterly in arrears on each interest payment date falling after the expiry of the moratorium period (defined as the period from each utilization date to and including the date falling ten (10) years thereafter; (ii) any default payment shall attract additional 2% above the interest rate; (iii) Oando PLC is expected to repay the Loan on each repayment date (defined as each interest payment date falling after the expiry of the moratorium period) or before the final maturity date, which is defined as twenty (20) years from the utilization date of the final advance; (iv) Oando PLC shall be entitled to voluntarily prepay the Loan in a minimum amount of $5,000,000 and for higher amounts in multiples of $1,000,000; and (v) the Agreement provides for set-off of matured obligations between the parties.

d.On 27 October 2021 (the "effective date"), OOL, Whitmore, Calabar Power Limited ("CPL") and OODP Nigeria signed a Deed of Novation of Loan Agreement. Pursuant to the loan agreement between OOL and Whitmore for $500 million dated 27 October 2021 (item #b above), another loan agreement between OODP Nigeria and CPL for the sale and purchase of 128,413,672 common shares of OEPH (the "SPA") for a consideration of $225 million (item #22 above), resolution of board of directors of Oando PLC dated March 28, 2019, resolving that Oando PLC (either by itself or through nominees) should acquire all the shares held by the minority shareholders in OEPH, including the shares held by OODP Nigeria, OODP Nigeria and OOL agreed to novate part of the receivable of the $500 million loan, due from Whitmore, to CPL. In return, Whitmore and CPL have agreed that Whitmore shall take on CPL's obligation to repay the $225 million consideration under the SPA. Consequently, CPL agrees that on and from the novation date, it shall perform obligations towards OOL under the Loan Agreement which are identical in character to the Whitmore's obligations under the Loan Agreement such as repayment of the $225 million and all interest, fees and other amounts owing in respect of the amount to OOL. OOL consents to the novation and Whitmore shall have no liability to it and OOL no longer has any rights or recourse, in or to any obligation or liability against Whitmore in respect of interest, fees, costs and other amounts owing in respect of the novation amount accrued up to but excluding the novation date.

e.In January 2020, Oando Servco obtained a loan from Ecobank Development Corporation ("Ecobank") in the sum of $50 million and advanced the entire loan amount to Whitmore to help settle the latter's obligation under the Settlement Agreement with Ansbury (the "Settlement Loan"). Whitmore and Oando Servco signed a cooperation agreement on 27 October 2021 (the "effective date") to document the following terms and conditions: (i) the Settlement Loan shall attract an interest rate of 6% p.a. and accrued interest shall be paid on the Loan quarterly; (ii) for any interest period, the Whitmore may elect to pay all or any portion of interest in kind; and (iii) the Settlement Loan attracts ten (10) years moratorium on principal and it shall be fully repaid by the date falling twenty (20) years from the utilization date of the last advance of the Loan.

f.Oando Servco and OODP BVI signed an agreement effective 27 October 2021 to terminate a cooperation agreement dated 31 August 2021 which outlines the terms under which OODP BVI will repay Servco for the $70 million advanced by Servco to OODP BVI. With effect from the effective date, Oando Servco and OODP BVI unconditionally and irrevocably agreed that the cooperation agreement shall be terminated and shall cease to have any force and effect. In addition, consequently, each party shall be irrevocably and unconditionally released from all obligations, claims and liabilities under, or in connection with, the cooperation agreement.

g.OOL and OODP BVI signed an agreement effective 27 October 2021 to terminate a cooperation agreement dated 31 August 2021 which outlines the terms under which OODP BVI will repay Servco for the $320 million Settlement Loan advanced by OOL to OODP BVI. With effect from the effective date, OOL and OODP BVI unconditionally and irrevocably agreed that the cooperation agreement shall be terminated and shall cease to have any force and effect. In addition, consequently, each party shall be irrevocably and unconditionally released from all obligations, claims and liabilities under, or in connection with, the cooperation agreement.

14) Arbitration between Oando & NAOC

OOL had commenced and was conducting an audit of the NAOC JV operations. A conclusion of the audit process in June 2020 revealed a credit in favour of OOL for which OOL made a claim on NAOC and NAOC denied same. On the 9th of February 2021, OOL commenced arbitration proceedings against NAOC via the issuance of a notice of Arbitration "the notice" for the recovery of the sum of $240.47 million and N13.49 billion (the "Audit Credit") and damages for NAOC's willful misconduct, concealing and refusing to disclose JV information, keeping of inaccurate records and misrepresentation of OOL's financial position. The Audit Credit emanates from the audit of the NAOC JV Joint Operations for 2016 and 2017 financial years conducted by an independent firm of chartered accountants on behalf of OOL pursuant to the Joint Operating Agreement "JOA" and as detailed in the independent Audit Report submitted to NAOC on 23rd December 2020. NAOC rejected the findings in the Audit Report and the Audit Credit by OOL. In addition, the notice was issued in respect of NAOC's obstruction and frustration of the ongoing 2018 audit. OOL is seeking a claim for the Audit Credit; a declaration that NAOC is in breach of Articles 2.2.1, 2.2.3, 4.1.1 and 6.1 of the JOA and an order that NAOC should provide OOL with unfettered access to all joint venture information. Upon commencement of the Arbitration, NAOC filed an application for interim measures on 26th October 2021, seeking amongst others, the Tribunal's direction that OOL make payment of certain sums as cash calls as of August 2021 comprised of the OOL Arrears. This Application by NAOC was dismissed by the Tribunal in February 2023.

NAOC also filed a counter claim for alleged unpaid cash calls up until October 2022 in the sum of N125.9 billion and $366.9 million, and alleged consequential damages for loss of production in the sum of $837.4 million as a result of OOL's alleged underfunding since 2020. Prior to the commencement of the Arbitration, OOL obtained an interim order dated 11th February 2021 from the Federal High Court suspending the ASA and preventing the termination of the CCFA to enable OOL pursue its claims before the Arbitration Tribunal. This order is still extant and is now under appeal at the Court of Appeal by NAOC.

15) Share Sale and Purchase Agreement between Bitumen Resources Limited and Dr. Lawrence Ajayi & Mrs. Benita Funmilayo Ajayi

Oando PLC through its wholly owned subsidiary, Bitumen Resources Limited (The Buyer), entered into a Share Sale and Purchase Agreement on 21st June 2021 with Dr Lawrence Ajayi and Mrs. Benita Funmilayo Ajayi (The Sellers) for the acquisition of 55% equity stake in Lakel Afrik Petroleum Limited (LAPL). The Buyer received 13,750,000 ordinary shares of LAPL from the Seller for a total consideration of US$1 million. The Buyer paid an initial consideration of US$500,000 on 21 June 2021 and a deferred consideration of US$500,000 payable upon completion by the Buyer of a detailed bankable feasibility study on the licenses reflecting the presence of measured bitumen resources of a minimum of one billion barrels through a resource-compliant valuation. On 4th November 2022, the Buyer further acquired the remaining equity stake of 45% in LAPL from the Seller. The Buyer agrees to pay or cause to be paid to the Seller and the Seller accepted the sum of $20,000 as the consideration. After concluding the transaction, LAPL became a wholly owned subsidiary of BRL. LAPL owns Bitumen Exploration Licence EL 28420 and Bitumen Mining Lease ML 30585.

16) $20 million facility from Afrexim

On 5 August 2021, OOL upsized the outstanding amount on the initial senior secured facility Tranche A by $20 million to $332.8 million. The upsized $20 million was used to purchase hedges for OOL in accordance with the facility agreement. The $20 million, which will expire on 31 December 2024, was borrowed on the terms of the initial senior secured facility Tranche A.

17) Ganic Food Limited – Convertible promissory notes

In July 2022, Calabar Power Limited a subsidiary of Oando PLC issued convertible promissory notes amounting to N500 million in three tranches to Ganic Foods Limited, channeled through a special purpose vehicle (SPV) "Ganic Nutrition Limited" wholly owned by Ganic Foods Limited. The contractual interest rate is 21% with interest and principal repayable at maturity. The notes are expected to mature on different dates after 180 days of issue. Ganic Foods Limited may prepay the whole or any part of the principal amount and interest under the arrangement at any time if it gives the Noteholder not less than 10 Business Days' prior written notice. Otherwise, the notes will convert to the SPV shares after maturity. Additional N400 million convertible loan payments were made to Ganic Foods Limited in the last quarter of 2022.

18) Additional borrowings in 2022

- Olatunde International Limited - Promissory note

On 27th May 2022, Oando Plc the ("Issuer") signed a promissory note agreement to Olatunde International Limited the (''Holder") with a repayment date of 23rd November 2022, on the date upon which this note becomes due and payable pursuant to the terms hereof, the principal amount of N2,500,000,000.00 (Two Billion, Five Hundred Million Naira), together with a fee of N600,000,000. The fund is required to provide certain performance guarantees including a requirement to make a partial prepayment to the supplier of gasoline.

- Shearwater financing arrangement

XRS 11 Limited sold its main asset - 2009 Bombardier Global Express Aircraft to Shearwater Aero Capital Leasing OXRS, LLC a company incorporated in Delaware, USA. On the 24th day of June 2022, this same asset was leased by Shearwater Aero Capital – 'Lessor' (the new owner) to the former owner (XRS II Limited)- 'Lessee'. The Aircraft was valued on that date by both parties as $14 million. The financed amount paid to XRS II Limited is $9.1 million out of which $136,500, being 1.5% of the financed amount is to be payable to the Lessor on the delivery date from the proceeds of the financed amount. The Lessee will lease this asset for sixty (60) months commencing June 24, 2022, payable on a quarterly interval in arrears. Oando Plc, the parent company of Lessee, provided a guarantee on the facility. The lease rate of return is 12.5% per annum calculated based on actual days and 360 days a year. The agreement has been assessed in line with the applicable IFRS standards and accounted for as a financing arrangement between the parties in 2022.

19) Sustainable Transport Project with The Lagos Metropolitan Area Transport Authority

Oando PLC through its indirect subsidiary, Oando Clean Energy Limited "OCEL", entered into a Memorandum of Understanding Agreement with The Lagos Metropolitan Area Transport Authority "LAMATA" on 28th April 2022 to install Electric Vehicle "EV" Infrastructure and fund the purchase of EV Buses which LAMATA will deploy and use for its public mass transit program.

20) Acquisition of Bitumen exploration licenses by Road Bit Limited

Road Bit Limited,a subsidiary of Bitumen Resources Limited was issued two bitumen exploration licences (EL 38115 and EL 38117) by the Mining Cadastre Office on 29th July 2022.

21) Project Bison in OTD

Glencore Energy UK (Glencore) , Oando Trading DMCC (OTD) and OER Inc. signed a Prepayment Agreement dated 20 October 2022. Under the Agreement, Glencore provided an advance of $50 million to OTD for the purpose of participating as a lender in the general syndication of the US$1.04 billion senior secured facility entered into pursuant to a facility agreement dated 26 November 2021 between, among others, AFRICAN EXPORT-IMPORT BANK ("Afrexim") and LEKKI REFINERY FUNDING LIMITED (and as amended and restated from time to time). OTD covenants to receive allocations of certain cargoes as a result of its participation in such financing. The advance, which is priced at 9.5% p.a., shall be repaid by OTD through six instalments of $8,333,333.33 (together with interest accrued thereon) in cash and in one year. OER is the guarantor of the advance payment

## 45 Contingent liabilities

### (i) (a) Guarantees to third parties

Guarantees, performance bonds, and advance payment guarantees issued by the Group to commercial banks and third parties amounted to N424.1 billion (2019: N337.5 billion).

(b) Pursuant to the Amended and Restated Loan Agreement between West Africa Investment Limited (the “Lender” /”WAIL”), Goldeneye Energy Resources Limited (the “Borrower”) and Oando PLC (the “Guarantor”) dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the “Borrower”), Southern Star Shipping Co Inc. (the “Lender"/”SS”) and Oando PLC (the “Guarantor”) also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US$32 million (WAIL: US$27 million, SS: US$5 million). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando PLC to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the Borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS.

On September 29, 2017, WAIL, the Borrower and the Guarantor signed Amended and Restated Loan Agreement. The Agreement extends repayment of the outstanding loan amount (principal and accrued interest) by the Borrower to the Lender to March 31, 2018. These were later amended by both parties extending the maturity date to July 31, 2019 but this is yet to be fully paid as at the reporting date. Out of the total exposure of $25 million, $13.5 million (N4.9 billion) was paid to WAIL in 2019, $1.5 million in 2020 and $10 million in 2021 thereby reducing the exposure (including interest) to $4.1 million at 31 December 2021. This was fully paid on March 29, 2022. 5,236,626 Ordinary Shares out of the total shares previously held by WAIL were transferred to Calabar Power (a subsidiary of Oando PLC) by Goldeneye on May 31, 2019, as disclosed under general information on page 23 with the outstanding 12,218,788 Ordinary Shares transferred on April 12, 2022 upon full settlement. At 31 December 2019, management performed valuation of the outstanding shares of 12,218,788 and arrived at a value of N2.9 billion ($8.2 million). When compared to the exposure on the guarantee, the Guarantor has recognised a liability of N2 billion ($4.9 million) (2019: N1.9 billion ($5.3 million)) on the balance sheet date.

(c) Open letters of credit in respect of the direct-sale-direct-purchase agreement (DSDP) and crude offtakes amounted to N61.1 billion ($149 million) (2019:N81.6 billion/$223.8 million) at the reporting date from which no material liability is anticipated to arise.

### (ii) Pending litigation

There are a number of legal suits outstanding against the Group for stated amounts of N1 trillion (2019: N819.9 billion). Of the total legal suits outstanding, N1 trillion (2019: N814.3 billion) was filed against OER’s portion of NAOC JV (OML 60-63). On the advice of Counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in these consolidated and separate financial statements.

### (iii) Bilabri Oil Field (OML 122)

In 2007, OER transferred, under the Bilabri Settlement Agreement, the full responsibility for completing the development of the Bilabri oil field in OML 122 to Peak Petroleum Industries (Nigeria) Limited (“Peak”). Peak specifically assumed responsibility for the project’s future funding and historical unpaid liabilities. In the event that Peak fails to meet its obligations to the projects creditors, it remains possible that OER may be called upon to meet the debts. Therefore, a contingent liability of $21.7 million exists at December 31, 2020 (2019 – $21.7 million).

On May 26, 2015, Peak and OER (through Equator Exploration (OML 122) Limited) signed a Settlement Agreement which set out the terms under which Peak would pay OER the sum of $52.2 million (“Settlement Amount”) as full and final settlement of its indebtedness to OER, three months from the date of the Settlement Agreement. Peak requested for an extension of time to pay the Settlement Amount which was granted by OER. Peak failed to pay the Settlement Amount leading to a termination of the agreement on February 16, 2017. OER has deemed this to be a contingent asset until such time as when the inflow of economic benefit from Peak becomes virtually certain.

### (iv) OPL 321 and OPL 323

(a) In January 2009, the Nigerian government voided the allocation of OPL 323 and OPL 321 to the operator, Korea National Oil Corporation (KNOC) and allocated the blocks to the winning group of the 2005 licensing round comprising ONGC Videsh, Equator and Owel. KNOC brought a lawsuit against the government and a judgement was given in their favor. The government and Owel appealed the judgement. The Court of Appeal ruled against KNOC on the grounds that it instituted its original action wrongly. KNOC filed an appeal to the Supreme Court in June 2012. In February 2017, the Supreme Court affirmed the decision of the Court of Appeal. In 2009, the government refunded the signature bonus paid by Equator. Equator has not recognized a liability to the government for the blocks subsequent to the refund of the signature bonus. Following the decision of the Supreme Court, Equator has declared its intention to continue to invest in the blocks. In October 2019, the Department of Petroleum Resources (“DPR”) informed Equator that the award of OPLs 321 and 323 will be considered upon the fulfilment of certain conditions which include the submission of the name of a financial and technical partner and payment of a signature bonus. Equator is in the process of fulfilling the conditions specified by the DPR.

(b) Equator originally bid as member of a consortium for OPL 321 and 323. It was granted a 30% interest in the Production Sharing Contracts “PSCs” but two of its bidding partners were not included as direct participants in the PSCs, as a result, Equator granted those bidding partners 3% and 1% carried economic interests respectively in recognition of their contribution to the consortium. During 2007, it was agreed with the bidding partners that they would surrender their carried interests in return for warrants in Equator and payments of $4 million and $1 million. The warrants were issued immediately but it was agreed that the cash payments would be deferred. The warrants have expired. In the first instance, payment would be made within 5 days after the closing of a farm out of a 20% interest in OPL 323 to a subsidiary of BG Corporation PLC (BG). However, BG terminated the farm out agreement. Under the successor obligation, Equator issued loan notes with an aggregate value of $5 million which are redeemable out of the first $5 million of proceeds received on the occurrence of any one of the following events related to OPL 321 or OPL 323:

- A farm out with another party;
- A sale or partial sale of the interests; and
- A sale or partial sale of subsidiaries holding the relevant PSCs

During 2010, a bidding partner successfully sued Equator in an arbitration tribunal for $1 million. This has been paid in full. On the advice of legal counsel, Equator maintains that the remaining $4 million owed is not yet due and that any second arbitration hearing can be successfully defended. If none of the above events occur, it is assumed that Equator will not need to settle the $4 million loan note and can defer payment indefinitely. The above contingencies are based on the best judgements of the board of directors and management.

The two blocks have been re-awarded to Equator Exploration Nigeria Limited (64%), Owel Petroleum Services Limited (26%) and Tulip Energy Limited (10%) as disclosed in events after the reporting date under Note 44(6).

46 Subsidiaries' information

(a) Below is a summary of the principal subsidiaries of the Group

| Entity name | Country of incorporation | Investment Currency | Nature of business | Issued share capital | Percentage interest held | Percentage interest held |
|---|---|---|---|---|---|---|
| Operational subsidiaries | | | | | 2020 | 2019 |
| Direct Shareholding | | | | | | |
| Oando Logistics and Services Limited | United Kingdom | GBP | Logistics and services | 1 | 100% | 100% |
| Oando Resources Limited | Nigeria | Naira | Exploration and Production | 2,500,000 | 100% | 100% |
| Oando Terminals and Logistics | Nigeria | Naira | Storage and haulage of petroleum products | 2,500,000 | 100% | 100% |
| Oando Trading DMCC | Dubai | Dirhams | Supply of crude oil and refined petroleum products | 36,600,000 | 100% | 100% |
| XRS 1 | Cayman Island | USD | Investment company | 50,000 | 100% | 100% |
| Oando Trading Limited | Bermuda | USD | Supply of crude oil and refined petroleum products | 3,500,000 | 100% | 100% |
| Oando Equator Holdings Limited | Bermuda | USD | Financial holding company | 12,000 | 100% | 100% |
| Calabar Power Limited | Nigeria | Naira | Financial holding company | 2,500,000 | 100% | 100% |
| Oando Exploration and Production Limited | Nigeria | Naira | Exploration and Production | 12,500,000 | 100% | 100% |
| Oando Netherlands Holdings 2 Cooperative U.A | Netherlands | Euro | Financial holding company | - | 100% | 100% |
| Oando Netherlands Holdings 3 Cooperative U.A | Netherlands | Euro | Financial holding company | - | 100% | 100% |
| Oando E&P Holdings Limited | Canada | CDN$ | Financial holding company | 792,228,566 | 12.03% | 12.03% |
| Indirect Shareholding | | | | | | |
| Ebony Oil and Gas South Africa Proprietary Limited | South Africa | Rand | Storage, Trading and Distribution of Petroleum and Gas Products | 120 | 100% | 100% |
| Royal Ebony Terminal Proprietary Limited | South Africa | Rand | Storage, Trading and Distribution of Petroleum and Gas Products | 980 | 49% | 49% |
| Ebony Trading Rwanda Limited | Rwanda | Rwandan Francs | Storage, Trading and Distribution of Petroleum and Gas Products | 100,000,000 | 100% | 100% |
| Petrad Mozambique Limitada | Mozambique | MZM | Storage, Trading and Distribution of Petroleum and Gas Products | 200,000 | 100% | 100% |
| XRS 11 | Cayman Island | USD | Aviation | 50,000 | 100% | 100% |
| Churchill Finance C300-0462 Limited | Bermuda | USD | Aviation | 1 | 100% | 100% |
| *Oando E&P Holdings Limited | Canada | CDN$ | Financial holding company | 792,228,566 | 68.27% | 67.90% |
| Ebony Energy Limited | Uganda | UGND | Storage, Trading and Distribution of Petroleum and Gas Products | 1,000,000 | 100% | 1.00 |

*Oando PLC holds an indirect interest of 68.27% in Oando E&P Holdings Limited through Calabar Power Limited (2.56%) and Oando Resources Limited (65.7%).

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of Ordinary Shares held.

(b) Summarised financial information on subsidiaries with material non-controlling interests
Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as at 31 December.

| | Oando Energy Resources | |
|---|---|---|
| Summarised statement of profit or loss | 2020<br>N'000 | 2019<br>N'000 |
| Revenue | 88,894,356 | 137,527,143 |
| Loss before income tax | (104,014,209) | (344,153,760) |
| Taxation | (4,241,640) | 171,295,229 |
| Loss after taxation | (108,255,849) | (172,858,531) |
| Total comprehensive loss | (108,255,849) | (172,858,531) |
| | | |
| Non-controlling interest proportion | 19.7% | 20.1% |
| Loss allocated to non-controlling interests | (22,525,072) | (35,257,254) |
| Dividends paid to non-controlling interests | - | - |
| | | |
| Summarised statement of financial position | | |
| Current: | | |
| Asset | 28,448,075 | 85,754,589 |
| Liabilities | (446,421,687) | (391,182,313) |
| Net current liabilities | (417,973,612) | (305,427,724) |

| Non-current: | Oando Energy Resources 2020 N'000 | 2019 N'000 |
|---|---|---|
| Asset | 1,310,764,654 | 760,846,363 |
| Liabilities | (777,898,813) | (250,893,145) |
| Net non-current assets | 532,865,841 | 509,953,218 |
| Net assets | 114,892,229 | 204,525,494 |
| Accumulated non-controlling interest | 18,054,209 | 38,117,179 |

| Summarised cash flows | Oando Energy Resources 2020 N'000 | 2019 N'000 |
|---|---|---|
| Cash generated from/(used in) operations | 102,048,866 | (86,798,814) |
| Interest paid | (17,477,363) | (17,341,237) |
| Income tax paid | (2,256,892) | (1,436,261) |
| Net cash generated from/(used in) operating activities | 82,314,611 | (105,576,312) |
| Net cash used in investing activities | (75,510,205) | (21,222,866) |
| Net cash (used in)/generated from financing activities | (9,817,693) | 135,789,088 |
| Net (decrease)/increase in cash and cash equivalents | (3,013,287) | 8,989,910 |
| Cash and cash equivalents at beginning of year | 10,443,241 | 1,443,381 |
| Exchange gain on cash and cash equivalents | 1,310,455 | 9,950 |
| Cash and cash equivalents at end of year | 8,740,410 | 10,443,241 |

(c) **Change in ownership interests in subsidiaries that do not result in a loss of control**

On May 31, 2019, Goldeneye transferred 5,236,626 shares to Calabar Power for a consideration of $13,349,083.59. This increased Oando PLC's percentage interest in OEPH to 79.93%.

On November 2, 2020, M1 Petroleum Limited (an NCI in OEPH) transferred 2,935,774 shares in OEPH (amounting to $5 million) to Calabar Power thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 80.3%

The loss on deemed disposal has been recognised directly in equity.

| Impact of change in ownership interests in subsidiaries that do not result in a loss of control is as analysed below: | Group 2020 N'000 | Group 2019 N'000 |
|---|---|---|
| Consideration paid to from non-controlling interest | (1,930,000) | (4,815,548) |
| Decrease in non-controlling interest | 1,019,100 | 2,486,073 |
| Group's loss on deemed disposal | (910,900) | (2,329,475) |

47 (a) **Financial instruments by category**

| GROUP -2020<br>Assets per statement of financial position: | Financial assets at fair value through profit and loss<br>N'000 | Financial assets at amortised cost<br>N'000 | Financial assets at fair value through other comprehensive income<br>N'000 | Total<br>N'000 |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss (FVPL) | 51,793 | - | - | 51,793 |
| Trade and other receivables ** | - | 39,508,959 | - | 39,508,959 |
| Derivative financial assets | 51,285 | - | - | 51,285 |
| Restricted cash | - | 7,471,350 | - | 7,471,350 |
| Cash and cash equivalents | - | 14,566,389 | - | 14,566,389 |
| | 103,078 | 61,546,698 | - | 61,649,776 |

** Excluding non-financial assets.

| 2020<br>Liabilities per statement of financial position: | Financial liabilities at fair value through profit and loss<br>N'000 | Financial liabilities at amortised cost<br>N'000 | Total<br>N'000 |
|---|---|---|---|
| Borrowings | - | 419,629,197 | 419,629,197 |
| Lease liabilities | - | 25,108,884 | 25,108,884 |
| Trade and other payables | - | 326,547,872 | 326,547,872 |
| | - | 771,285,953 | 771,285,953 |

** Excluding non-financial liabilities.

| 2019 | Financial instruments at fair value through profit and loss | Loans and receivables | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| Assets per statement of financial position: | N'000 | N'000 | N'000 | N'000 |
| Financial assets at fair value through profit or loss (FVPL) | 48,223 | - | - | 48,223 |
| Non-current receivable | - | - | - | - |
| Trade and other receivables** | - | 118,897,923 | - | 118,897,923 |
| Derivative financial assets | 1,252,965 | - | - | 1,252,965 |
| Restricted cash | - | 5,863,527 | - | 5,863,527 |
| Cash and cash equivalents | - | 33,576,182 | - | 33,576,182 |
| | 1,301,188 | 158,337,632 | - | 159,638,820 |

** Excluding non-financial assets.

| 2019 | Financial instruments at fair value through profit | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| Liabilities per statement of financial position: | N'000 | N'000 | N'000 |
| Borrowings | - | 362,166,476 | 362,166,476 |
| Lease liabilities | - | 22,962,128 | 22,962,128 |
| Trade and other payables | - | 340,055,006 | 340,055,006 |
| | - | 725,183,610 | 725,183,610 |

** Excluding non-financial liabilities.

| COMPANY - 2020 | Financial assets at fair value through profit and loss | Financial assets at amortised cost | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| Assets per statement of financial position: | N'000 | N'000 | N'000 | N'000 |
| Financial assets at fair value through profit or loss (FVPL) | 49,214 | - | - | 49,214 |
| Trade and other receivables** | - | 128,542,067 | - | 128,542,067 |
| Cash and cash equivalents | - | 1,072,747 | - | 1,072,747 |
| | 49,214 | 129,614,814 | - | 129,664,028 |

** Excluding non-financial assets.

| 2020 | Financial liabilities at fair value through profit and loss | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| Liabilities per statement of financial position: | N'000 | N'000 | N'000 |
| Borrowings | - | 109,201,608 | 109,201,608 |
| Lease liabilities | - | 29,382,614 | 29,382,614 |
| Trade and other payables | - | 206,498,171 | 206,498,171 |
| | - | 345,082,393 | 345,082,393 |

** Excluding non-financial liabilities.

| 2019 | Financial instruments at fair value through profit and loss | Loans and receivables | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| Assets per statement of financial position: | N'000 | N'000 | N'000 | N'000 |
| Financial assets at fair value through profit or loss (FVPL) | 45,644 | - | - | 45,644 |
| Trade and other receivables ** | - | 137,605,550 | - | 137,605,550 |
| Cash and cash equivalents | - | 1,266,353 | - | 1,266,353 |
| | 45,644 | 138,871,903 | - | 138,917,547 |

** Excluding non-financial assets.

| 2019 | Financial instruments at fair value through profit and loss | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| Liabilities per statement of financial position: | N'000 | N'000 | N'000 |
| Borrowings | - | 106,199,440 | 106,199,440 |
| Lease liabilities | - | 29,887,468 | 29,887,468 |
| Trade and other payables | - | 205,765,590 | 205,765,590 |
| | - | 341,852,498 | 341,852,498 |

** Excluding non-financial liabilities.

(b) Financial Instruments: Carrying values and fair values

| Group | Carrying amounts 2020 | Carrying amounts 2019 | Fair values 2020 | Fair values 2019 |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Finance lease receivables | 82,329,992 | 73,510,965 | 79,426,663 | 68,531,298 |
| Derivative financial assets | 51,285 | 1,252,965 | 51,285 | 1,252,965 |
| Financial assets available for sale measured at the fair value | 51,793 | 48,223 | 51,793 | 48,223 |
| Lease liabilities | 25,108,884 | 22,962,128 | 23,407,430 | 21,611,924 |
| Borrowings | 419,629,197 | 362,166,476 | 425,269,667 | 354,780,231 |

| Company | Carrying amounts 2020 N'000 | Carrying amounts 2019 N'000 | Fair values 2020 N'000 | Fair values 2019 N'000 |
|---|---|---|---|---|
| Finance lease receivables | 8,199,931 | 9,202,848 | 10,012,330 | 8,614,430 |
| Financial assets available for sale measured at the fair value | 49,214 | 45,644 | 49,214 | 45,644 |
| Lease liabilities | 29,382,614 | 29,887,468 | 28,986,773 | 27,993,763 |
| Borrowings | 109,201,608 | 106,199,440 | 107,966,190 | 114,972,107 |

## 48 Upstream activities

### (a) Details of upstream assets

| | Mineral rights acquisition | Land and Leasehold improvements | Expl. costs and producing wells | Production Well | Oil and gas properties | Other fixed assets | Total |
|---|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Opening NBV 1 January 2019 | | | | | | | |
| Opening net book amount | 7,874,510 | 66,248 | 22,266,979 | 287,377,793 | 26,180,186 | 291,472 | 344,057,188 |
| Decommissioning costs (Note 36) | - | - | - | - | 39,233,620 | - | 39,233,620 |
| Additions | - | - | - | 19,816,624 | 6,409,954 | 1,221,692 | 27,448,270 |
| Depreciation charge | (23,148) | - | (78,126) | (22,029,865) | (4,621,423) | (129,310) | (26,881,872) |
| Exchange difference | 10,871 | 93 | 30,651 | 248,313 | 4,305 | (497) | 293,736 |
| Year ended 31 December 2019 | 7,862,233 | 66,341 | 22,219,504 | 285,412,865 | 67,206,642 | 1,383,357 | 384,150,942 |

| | Mineral rights acquisition | Land and Leasehold improvements | Expl. costs and producing wells | Production Well | Oil and gas properties | Other fixed assets | Total |
|---|---|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Opening NBV 1 January 2020 | | | | | | | |
| Opening net book amount | 7,862,233 | 66,341 | 22,219,504 | 285,412,865 | 67,206,642 | 1,383,357 | 384,150,942 |
| Decommissioning costs (Note 36) | - | - | - | - | 481,143,620 | - | 481,143,620 |
| Additions | - | 313,303 | 213,567 | 23,464,772 | 8,050,764 | 1,645,573 | 33,687,979 |
| Depreciation charge | (20,518) | - | (117,280) | (26,306,973) | (20,937,483) | (170,687) | (47,552,941) |
| Exchange difference | 985,246 | 8,325 | 2,780,553 | 34,103,498 | 7,071,352 | 162,503 | 45,111,477 |
| Year ended 31 December 2020 | 8,826,961 | 387,969 | 25,096,344 | 316,674,162 | 542,534,895 | 3,020,746 | 896,541,077 |

See Note 15 for inclusion of upstream assets in the Group's property, plant and equipment.

### (b) Joint arrangements

The Group participates in various upstream exploration and production (E&P) activities through joint operations with other participants in the industry. Details of concessions are as follows:

| | License | Operator | Working/Participating interest | Location | License type | Expiration date | Status |
|---|---|---|---|---|---|---|---|
| 2020 | | | | | | | |
| Oando Production and Development Company Limited | OML 56 | Energia | 45% participatory interest | Onshore | JV | January 31, 2023 | Producing |
| Oando Qua Ibo Limited | OML 13 | Network Exploration and Production Company Limited | 40% working interest | Onshore | JV | March 13, 2025 | Producing |
| Oando Oil Limited | OML 60, 61, 62 and 63 | Nigeria Agip Oil Company Limited | 20% working interest | Onshore | JV | July 22, 2027 | Producing |
| Oando Deepwater Exploration Nigeria Limited | OML 145 | ExxonMobil | 20% working interest | Offshore | PSC | June 12, 2034 | Non- Producing |
| Oando 131 Limited | OML 131 | Oando 131 Limited | 95% participatory interest | Offshore | PSC | April 13, 2025 | Non- Producing |
| Medal Oil Company Limited | OML 131 | Oando 131 Limited | 5% participatory interest | Offshore | PSC | April 13, 2025 | Non- Producing |
| Equator Exploration Nigeria 323 Limited | OPL 323 | KNOC | 30% participating interest | Offshore | PSC | March 10, 2036 | Non- Producing |
| Equator Exploration Nigeria 321 Limited | OPL 321 | KNOC | 30% participating interest | Offshore | PSC | March 10, 2036 | Non- Producing |

| | License | Operator | Working/Participating interest | Location | License type | Expiration date | Status |
|---|---|---|---|---|---|---|---|
| 2020 | | | | | | | |
| Equator Exploration (OML 122) Limited | OML 122 | PEAK | Carried interest of 5% in the Bilabri oil project and a paying interest of 12.5% in any gas development | Offshore | PSC | Sept. 13, 2021 | Non- Producing |
| Equator Exploration STP Block 5 Limited | Block 5 | Kosmos Energy | 20% participating interest | Offshore | PSC | May 13, 2043 | Non- Producing |
| Equator Exploration STP Block 12 Limited | Block 12 | Kosmos Energy | 22.5% participating interest | Offshore | PSC | February 22, 2044 | Non- Producing |

## 49 Going concern

The Company recorded total comprehensive loss for the year-ended 31 December 2020 of N45.3 billion (2019: comprehensive loss of N63.2 billion) and positive operating cash flows of N1.3 billion (2019: negative operating cash flows of N5.3 billion). As at that date, the Company also recorded net current liabilities of N202.4 billion (2019: net current liabilities of N163.2 billion) and net liabilities of N174.1 billion (2019: net liabilities of N128.8 billion). The Group recorded total comprehensive loss for the year ended 31 December 2020 of N132.8 billion (2019: N200.6 billion) and negative operating cash flows of N39.7 billion (2019: N123.2 billion). As of that date, the Group also recorded net current liabilities of N578.2 billion (2019: net current liabilities of N432.6 billion) and net liabilities of N67.7 billion (2019: net assets of N67.0 billion).

The Group recorded negative revenue variance in 2022 and 2021 mainly due to sabotage, a phenomenon faced by all oil producing companies in Nigeria. In addition, crude oil prices fell due to the impact of the occurrence and continuance of the novel COVID-19 in 2021. Unfortunately, the Group was unable to benefit from the increases in oil prices caused by the global energy crisis in 2022 due to the decline in production. Consequently, the Group could not achieve planned revenues, operating cash flows and systematic repayment of outstanding borrowings during the period.

For the year ended 31 December 2021, the Company recorded an unaudited total comprehensive loss, net current liabilities and net liabilities, while the Group recorded an unaudited total comprehensive profit, net current liabilities and net liabilities. Furthermore, for the year ended 31 December 2022, the Company and Group recorded an unaudited total comprehensive loss, net current liabilities and net liabilities.

As of 31 December 2020, the Group could not achieve payment of the outstanding principal on the Medium-Term Loan (“MTL”) of N92.2 billion and the Corporate Facility (“CF”) of N91.9 billion; total accrued interest of N39.2 billion; and settlement of other net current liabilities (excluding current borrowings and accrued interest) of N285.5 billion. After the reporting date, the Group has continued to incur significant level of borrowings, whose use include funding of operations, partial repayment of borrowings and completion of the settlement of a dispute by a Shareholder. The Group’s outstanding borrowings amounted to N506.7 billion (unaudited) excluding interest as of 31 December 2022. N402.8 billion out of the N506.7 billion is due within twelve months. The accrued but unpaid interest was N65.9 billion (unaudited) as of 31 December 2022.

The Group has forecast that it will return to profitability by 2024 but the forecast is highly dependent on stability of crude oil prices within the current range, ability to engage in activities that will increase production volume and revenues from OML 60-63 through execution of approved well workover activities and intensified security surveillance to arrest crude oil theft.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company’s and Group’s ability to continue as a going concern and, therefore may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Group’s outstanding borrowings due for repayment within twelve months after 31 December 2022 of N402.8 billion and accrued but unpaid interest of N65.9 billion as of that date (as mentioned above) are part of the funding gap of N768.1 billion (unaudited) in the Group forecast for the year ending 31 December 2023. To manage the funding gap, management, on 25 April 2022, has engaged a financial adviser to coordinate group refinancing of the existing borrowings through a N367.5 billion ($750 million) ten-year bond which negotiated bullet repayment will occur at the end of the tenor and coupon is not expected to be higher than the Group’s current weighted average cost of capital. A lower negotiated coupon will positively impact net finance cost in future statement of profit of loss of the group. The bullet repayment at the end of the contract is expected to improve liquidity and free cash flows to meet planned initiatives for increases in production of oil and gas, thereby contributing to the achievement of the future revenue and profit projections of the Group. If successful, the initiative will address 48% the Group’s projected funding gap at 31 December 2023. However, management is uncertain of its timing and success.

Resolving the short-term liquidity concerns of needing to repay the borrowings which are due within twelve months, settle current liabilities through refinancing on or before 31 December 2024 to achieve better liquidity and bullet repayment after ten years, is of urgent concern, yet uncertain to the Group.

The consolidated and separate financial statements have been prepared based on accounting principles applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Oando PLC
Consolidated and Separate Financial Statements
Value Added Statement
For the year ended 31 December 2020

| Group | 2020 N'000 | % | 2019 N'000 | % |
|---|---|---|---|---|
| Turnover | 477,070,471 | | 576,571,857 | |
| Other (expense)/income | 43,598,123 | | (2,609,514) | |
| Interest received | 9,250,876 | | 8,972,892 | |
| | 529,919,470 | | 582,935,235 | |
| Bought in goods and services | | | | |
| - Local purchases | (410,900,225) | | (768,577,271) | |
| - Foreign purchases | (123,129,001) | | (104,080,733) | |
| Value (eroded)/added | (4,109,756) | 100 | (289,722,769) | 100 |
| Distributed as follows | | | | |
| Employees | | | | |
| - To pay salaries and wages and other staff costs | 8,623,907 | (210) | 10,039,872 | (3) |
| Government | | | | |
| - To pay tax | 12,754,409 | (310) | (10,720,131) | 4 |
| Providers of capital | | | | |
| - To pay dividend | - | | - | |
| - To pay interest on borrowings | 69,507,411 | (1,691) | 49,685,371 | (17) |
| Non-controlling interest | (19,043,870) | 463 | (35,655,723) | 12 |
| Maintenance and expansion of assets | | | | |
| - Deferred tax | (6,362,716) | 155 | (159,616,546) | 55 |
| - Depreciation | 48,560,494 | (1,182) | 28,196,236 | (10) |
| - Retained in the business | (118,149,391) | 2,875 | (171,651,848) | 59 |
| Value distributed | (4,109,756) | 100 | (289,722,769) | 100 |

| Company | 2020 N'000 | % | 2019 N'000 | % |
|---|---|---|---|---|
| Turnover | 320,702,465 | | 424,734,190 | |
| Other Income | 17,980,156 | | 1,051,421 | |
| Interest received | 1,221,072 | | 1,784,166 | |
| | 339,903,693 | | 427,569,777 | - |
| Bought in goods and services | | | | |
| - Local purchases | (299,839,703) | | (395,007,708) | |
| - Foreign purchases | (61,970,852) | | (72,592,041) | |
| Value (eroded)/added | (21,906,862) | 100 | (40,029,972) | (100) |
| Distributed as follows | | | | |
| Employees | | | | |
| - To pay salaries and wages and other staff costs | 331,296 | (2) | 548,835 | (2) |
| Government | | | | |
| - To pay tax | 801,756 | (4) | 1,061,835 | (3) |
| Providers of capital | | | | |
| - To pay dividend | - | | - | - |
| - To pay interest on borrowings | 21,928,125 | (100) | 21,192,274 | (53) |
| Maintenance and expansion of assets | | | | |
| - Deferred tax | - | - | - | - |
| - Depreciation | 341,180 | (2) | 319,138 | (1) |
| - Retained in the business | (45,309,219) | 208 | (63,152,054) | 159 |
| Value distributed | (21,906,862) | 100 | (40,029,972) | 100 |

| GROUP | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 | 2016 N'000 |
|---|---|---|---|---|---|
| Property, plant and equipment | 906,995,130 | 394,228,600 | 355,020,085 | 343,466,113 | 293,541,702 |
| Intangible exploration assets, other intangible assets and goodwill | 301,877,711 | 270,871,563 | 432,321,760 | 426,866,570 | 361,530,468 |
| Right of use asset | 14,386,973 | 16,267,406 | - | - | - |
| Investment properties | 3,138,000 | 2,808,000 | 1,033,000 | 1,033,000 | - |
| Deferred income tax assets | - | 3,595,526 | 45,093,156 | 46,108,713 | 44,758,179 |
| Financial assets at fair value through profit or loss | - | - | 11,106,341 | - | - |
| Financial assets available for sale | - | - | - | - | 2,867 |
| Investments accounted for using the equity method | 2,339,216 | 1,782,799 | 6,424,732 | 7,540,014 | 10,653,425 |
| Other non-current assets | 89,986,622 | 79,539,060 | 93,992,819 | 108,221,428 | 90,350,582 |
| Net current liabilities | (578,158,281) | (432,605,696) | (318,484,290) | (293,123,502) | (263,760,105) |
| Assets/(liabilities) of disposal group classified as held for sale | - | - | (1,162,585) | - | (2,472,438) |
| Non current borrowings | (166,132,553) | (130,635,428) | (76,848,651) | (99,587,920) | (101,639,606) |
| Deferred income tax liabilities | (3,171,132) | (12,657,924) | (214,662,084) | (222,207,944) | (198,908,983) |
| Other non-current liabilities | (638,944,880) | (126,186,187) | (56,717,572) | (54,880,692) | (41,711,512) |
| | (67,683,194) | 67,007,719 | 277,116,711 | 263,435,780 | 192,344,579 |
| Share capital | 6,215,706 | 6,215,706 | 6,215,706 | 6,215,706 | 6,017,309 |
| Share premium | 176,588,527 | 176,588,527 | 176,588,527 | 176,588,527 | 174,806,923 |
| Retained earnings | (424,258,964) | (304,753,294) | (126,534,432) | (138,677,099) | (151,868,568) |
| Other reserves | 155,734,328 | 150,856,601 | 144,604,935 | 131,475,022 | 93,407,737 |
| Non controlling interest | 18,037,209 | 38,100,179 | 76,241,975 | 87,833,624 | 69,981,178 |
| | (67,683,194) | 67,007,719 | 277,116,711 | 263,435,780 | 192,344,579 |
| | - | - | - | - | - |
| Revenue from contract with customers | 477,070,471 | 576,571,857 | 679,465,339 | 497,562,993 | 467,091,722 |
| (Loss)/profit before income tax | (134,282,770) | (377,414,971) | 11,188,120 | 27,068,142 | (32,394,054) |
| Income tax (expense)/credit | (6,391,693) | 170,336,677 | 17,609,623 | (7,295,366) | 36,306,661 |
| (Loss)/profit for the year | (140,674,463) | (207,078,294) | 28,797,743 | 19,772,776 | 3,912,607 |

## Per share data

| | | | | | |
|---|---|---|---|---|---|
| Weighted average number of shares | 12,431,412 | 12,431,412 | 12,431,412 | 12,406,408 | 12,034,618 |
| Basic and diluted earnings per share (Naira) | (10) | (14) | 2 | 1 | 0 |
| Dividends per share (Naira) | - | - | - | - | - |

| COMPANY | 2020<br>N'000 | 2019<br>N'000 | 2018<br>N'000 | 2017<br>N'000 | 2016<br>N'000 |
|---|---|---|---|---|---|
| Property, plant and equipment | 1,508,958 | 1,696,350 | 1,705,378 | 1,507,722 | 379,819 |
| Intangible exploration assets, other intangible assets and goodwill | 435,321 | 613,534 | - | - | 182,151 |
| Right of use asset | 9,375,875 | 13,458,959 | - | - | - |
| Investment properties | 3,138,000 | 2,808,000 | 1,033,000 | 1,033,000 | - |
| Investments accounted for using the equity method | 2,716,431 | 2,716,431 | 2,716,431 | 2,716,431 | 15,500,552 |
| Financial assets at fair value through profit or loss | - | - | 11,106,341 | - | - |
| Financial assets available for sale | - | - | - | - | 2,867 |
| Investment in subsidiaries | 22,467,109 | 26,638,421 | 51,932,598 | 55,368,549 | 55,373,649 |
| Other non-current assets | 8,199,931 | 9,367,416 | 3,470,745 | 9,365,366 | 14,400,934 |
| Net current liabilities | (202,422,681) | (163,203,658) | (63,007,394) | 6,821,651 | 20,370,405 |
| Assets/(liabilities) of disposal group classified as held for sale | - | - | - | - | 2,500 |
| Non current borrowings | - | - | (69,856,667) | (87,320,834) | (87,320,834) |
| Other non-current liabilities | (19,510,453) | (22,877,743) | - | - | (782,416) |
| | (174,091,509) | (128,782,290) | (60,899,568) | (10,508,115) | 18,109,627 |
| Share capital | 6,215,706 | 6,215,706 | 6,215,706 | 6,215,706 | 6,017,309 |
| Share premium | 176,588,527 | 176,588,527 | 176,588,527 | 176,588,527 | 174,806,923 |
| Retained earnings | (356,895,742) | (311,586,523) | (243,703,801) | (193,330,038) | (162,714,605) |
| Other reserves | - | - | - | 17,690 | - |
| | (174,091,509) | (128,782,290) | (60,899,568) | (10,508,115) | 18,109,627 |
| | - | - | - | - | - |
| Revenue from contract with customers | 320,702,465 | 424,734,190 | 488,518,160 | - | 10,234,612 |
| Loss before income tax | (44,507,463) | (62,090,219) | (17,695,310) | (30,599,529) | (27,934,427) |
| Income tax expense | (801,756) | (1,061,835) | (626,567) | (15,904) | (146,405) |
| Loss for the year | (45,309,219) | (63,152,054) | (18,321,877) | (30,615,433) | (28,080,832) |

## Per share data

| | | | | | |
|---|---|---|---|---|---|
| Weighted average number of shares | 12,431,412 | 12,431,412 | 12,431,412 | 12,406,408 | 12,034,618 |
| Basic and diluted earnings per share (Naira) | (4) | (5) | (1) | (2) | (2) |
| Dividends per share (Naira) | - | - | - | - | - |