Oando
...the energy to inspire
RC 6474

HUMANS OF OANDO

ANNUAL REPORT & ACCOUNTS

2020

transforming lives through energy

RC 6474

MISSION
To be the leading integrated energy solutions provider

VISION
To be the premier company driven by excellence

VALUES
Teamwork, Respect, Integrity, Passion and Professionalism (TRIPP)

Introduction
Oando Plc, as one of the largest integrated energy solutions group in Sub-Saharan Africa, holds a primary listing on the Nigerian Exchange Limited and a secondary listing on the Johannesburg Stock Exchange. Being one of Nigeria's premier indigenous, integrated energy company, Oando possesses the scale and expertise necessary to pursue new projects and seize acquisition opportunities. With its strategic positioning, Oando is poised to leverage the growth potential within the Nigerian energy sector.

HUMANS OF OANDO

strategic report

HUMANS OF OANDO

upstream infrastucture

22,447 km²
Combined Acreage

483 kbopd
Oil Handling Capacity

3,663 mmscf/d
Gas Handling Capacity

3.5 mmbbls
Terminal Capacity

OVER **1,255** km
Pipeline Network

14
Flow Stations

our csr impact

~ $130 Million
Investment

OVER 340
Projects Executed

~12 Million
Impacted

OVER 400
Communities

our corporate culture

At Oando, our investment in people is based on the belief that success in any situation is built around a strong gathering of minds. From the start of our journey, audacity, innovation and tenacity were at the heart of our philosophy. We combined these traits to create a company culture driven by 5 core values known as **TRIPP.**

Teamwork

At Oando, all employees work together to actualise the organisation's common purpose of solving energy problems with bold and innovative solutions.

Respect

Employees show empathetic consideration to one another, promoting inclusivity by appeciating others and valuing their contributions

Integrity

Our intrinsic values are embodied in our commitment to good corporate governance and transparency. This is evident not only in all our business dealings, but promoted as integral for strong employee interpersonal relationships and extended to our relationships with partners and the communities we operate in.

Passion

Some say passion is what separates good companies from great ones. We agree. The will to work with enthusiasm to realise each employee's full potential, and the Company's collective capacity is at the heart of everything we do.

Professionalism

We champion excellence - as the partner of choice, we go the extra mile to ensure that our operations meet the highest professional standards and are diligently carried out whilst adhering to industry best practice.

HUMANS OF OANDO

our global footprint

Oando operates globally with a strong presence in various locations worldwide. Our primary focus in the upstream sector is currently concentrated in West Africa. As pioneers in all facets of our operations, we continuously strive to lead the way in our industry. Our transformative nature as a company is reflected in our exceptional workforce, dedicated to upholding the highest standards, ensuring a promising future for all stakeholders.

1 Nigeria
2 Benin Republic
3 Togo
4 Ghana
5 São Tomé & Príncipe
6 South Africa
7 United Kingdom
8 United Arab Emirates

Primary Listing - NGX
Secondary Listing - JSE


7
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Directors and Professional Advisers

The Board of Directors oversees the management of Oando's business operations and ensures that the long-term interests of stakeholders are served.

Oando's Board of Directors is drawn from different facets of society and comprises successful individuals in their respective professionals fields, bringing a wealth of knowledge and experience to the Company. The Board met regularly during the year to discuss, review and deliberate on reports on the business and strategic plans for the Group.

Directors

HRM. Oba Adedotun Gbadebo, CFR
Chairman, Non-Executive Director

Mr. Jubril Adewale Tinubu, CON
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
Independent 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)

Bankers

- Access Bank PLC
- Access Bank UK
- Afrexim
- Bank of Montreal Canada
- Ecobank Nigeria Ltd
- Ecobank Sao Tome Principe
- Emirates NBD
- Fidelity Bank Plc
- First Bank (UK)
- First Bank of Nigeria Limited
- First City Monument Bank Limited (FCMB)
- Guaranty Trust Bank Limited
- Heritage Bank PLC
- ING Bank
- Investec Bank
- Keystone Bank Limited
- Mauritius Commercial Bank
- National Bank of Fujairah (NBF)
- Providus Bank Plc
- Stanbic IBTC Holdings PLC
- Standard Bank of South Africa Ltd
- Standard Chartered Bank (Nig.) Ltd
- Suntrust Bank Nigeria Limited
- Union Bank of Nigeria PLC
- United Bank for Africa PLC
- United Bank for Africa, New York
- Zenith Bank PLC

Registered Office

The Wings Office Complex
17a Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Auditors

BDO Professional Services
Chartered Accountants
ADOL House
15, CIPM Avenue Central Business District
Alausa, Ikeja
Lagos, Nigeria

The Registrars & Transfer Offices:

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road
Iganmu, Lagos, Nigeria.

Computershare Investor Services (Pty) Limited
Rosebank Towers,15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132
or email to proxy@computershare.co.za)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting (the "Meeting") of Oando PLC (the "Company") will be held on Monday, November 6th, 2023, by 10:00am at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria for the purposes of:

ORDINARY BUSINESS

1. Transacting the following ordinary business:

1.1. To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2020 and the Reports of the Directors, Auditors and Audit Committee thereon.

1.2. To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2021 and the Reports of the Directors, Auditors and Audit Committee thereon.

1.3. To re-elect the firm of BDO Professional Services as the Company's Auditors in relation to the audit of the financial statements of the Company for the year ended December 31, 2022 and the year ended December 31, 2023 to hold office until the next general meeting of the Company; and to authorise the directors of the Company to fix their remuneration.

1.4. To consider the re-election of the following Directors who are eligible for retirement by rotation and have offered themselves for re-election:

- Mrs. Ronke Sokefun
- Mrs. Fatima Nana Mede, OON
- Dr. Ainojie Alex Irune

Biographical details of the directors standing for re-election are available in the 2020 and 2021 Annual Report and on the Company's website http://www.oandoplc.com.

1.5 To elect members of the Statutory Audit Committee.

1.6 To disclose the remuneration of managers of the Company.

SPECIAL BUSINESS

2. Transacting the following special business:

Resolution 1: Directors Remuneration
To consider, and if approved, to pass with or without modification, the following ordinary resolution to fix the remuneration of the Non-Executive Directors of the Company:

"It is hereby resolved that the fees, payable quarterly in arrears, remain N5,000,000per annum for the Chairman and N4,000,000 per annum, for all other Non-Executive Directors."

Resolution 2: Mandates Authorising Transactions with Related Parties/Interested Persons
To consider and if thought fit pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

2.1 "That, pursuant to the Rules Governing Related Party Transaction of Nigerian Exchange Limited, a general mandate be and is hereby given authorizing the Company to procure goods, services and financing and enter into such incidental transactions necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy and all relevant Transfer Pricing Regulations in force in Nigeria.

2.2 That all transactions falling under this category which were earlier entered into prior to the date of this meeting are hereby ratified."

Resolution 3: Cancellation of Unissued Shares and Alteration of the Memorandum and Articles of Association

3.1 To consider and if thought fit pass, with or without modifications, the following resolutions as special resolutions of the Company that:

(i) in compliance with Section 124 of the Companies and Allied Matters Act 2020 (CAMA) and Companies Regulation 2021, the cancellation of all of the unissued ordinary shares of the Company is hereby approved.

(ii) For the purposes of implementing the cancellation of the Company's unissued shares, the Board of Directors is hereby authorized to execute all relevant documents, take all such lawful steps as may be required by statute and or regulations and do such other acts or things as may be necessary, supplementary, consequential, or incidental for the purpose of giving effect to this resolution including without limitation, appointing such professional parties, consultants and advisers and complying with the directive of the regulatory authorities.

(iii) Following the cancellation of all the unissued shares in the share capital of the Company in accordance with resolutions 3(i) and 3(ii) above, Clause 6 of the Memorandum of Association and Article 3 of the Articles of Association of the Company be amended as necessary to reference only the issued shares in the share capital of the Company."

October 12, 2023

By the Order of the Board

Ayotola Jagun
Chief Compliance Officer and Company Secretary
FRC/2013/NBA/00000003578

Registered Office

9th -12th Floor
17a Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

NOTES

Voting and Proxies

On a show of hands, every member present in person or by proxy shall have one vote, and on a poll, every member shall have one vote for each share of which he is the holder.

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a member of the Company.

In line with the provisions of the Rules Governing Related Party Transaction of Nigerian Exchange Limited, interested persons have undertaken to ensure that their proxies, representatives, or associates shall abstain from voting on Resolution 2.

Registered holders of certificated shares and holders of dematerialised shares in their own name who are unable to attend the Meeting and who wish to be represented at the Meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by the share registrars, First Registrars Nigeria Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132; or email to proxy@computershare.co.za), not less than 48 hours before the time of the Meeting.

Holders of the Company's shares in South Africa (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant ("CSDP") or broker to enable them attend and vote at the Meeting or to enable their votes in respect of their shares to be cast at the Meeting by that nominee or a proxy.

A. Closure of Register of Members
The Register of Members and Transfer Books of the Company (Nigerian and South African) will be closed between October 12, 2023 and October 16, 2023 (both days inclusive) in accordance with the provisions of Section 114 of CAMA .

B. Nominations for the Audit Committee
In accordance with Section 404(6) of CAMA, any member may nominate a shareholder as a member of the Audit Committee, by giving notice in writing of such nomination to the Chief Compliance Officer and Company Secretary at least 21 days before the Meeting.

The Consolidated Rules of the Securities and Exchange Commission, 2013 (as amended) and the Nigerian Code on Corporate Governance, 2018 stipulates that members of the Audit Committee should have basic financial literacy and should be able to understand Financial Statements. Additionally, at least one committee member should be a financial expert with up-to-date knowledge in accounting and financial management, capable of interpreting financial statements.

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C. Right of Shareholders to Ask Questions
Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting. For the good and orderly conduct of the meeting, shareholders are encouraged to submit their questions in writing ahead of the AGM and those questions will be acknowledged and answered in full at the AGM. Such questions should be addressed to the Company Secretary and submitted to the Registered Office or by electronic mail at info@oandoplc.com not later than 7 days before the Meeting.

D. Electronic Annual Report
Annual Reports for 2020 and 2021 are available online for viewing and can be downloaded from the Company's website at www.oandoplc.com. The electronic copy of the annual Reports are sent to our shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the soft copy of the 2020 and 2021 Annual Reports should request via email to:info@oandoplc.com.

E. Live Streaming of the Annual General Meeting
The Annual General Meeting will be streamed live via the Company's website: http://www.oandoplc.com. This will enable shareholders who will not be attending the meeting physically to be part of the proceedings.

The link for live streaming can be found on the Company's website.

F. Profile of Directors
The Profile of Directors are available on the Company's website: http://www.oandoplc.com.

G. Unclaimed Dividend Warrants and Share Certificate
Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of all unclaimed dividends would be published on our website and shareholders are advised to contact the Registrar, First Registrars & Investor Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria.

Chairman's Statement

HRM Oba Michael Adedotun Gbadebo, CFR
Chairman, Non-Executive Director

Dear Shareholders,

I am pleased to present our Annual Report for the year ended 31 December 2020.

2020 REVIEW

Global Macroeconomic Landscape

2020 was an unprecedented year as it witnessed the greatest global economic crisis in recent history, due to a pandemic that overwhelmed health care systems across the world. This, coupled with the historic oil price crash and subsequent OPEC+ oil production cuts, resulted in one of the worst years for the global economy in more than 70 years.

The outbreak of the Coronavirus (COVID-19) pandemic shifted global growth into a significant decline as different countries imposed strict lockdown measures and border closures to limit the impact of the worldwide health crisis. The disruption on global trade and supply chains was immense, whilst emerging markets also experienced capital outflows amid declines in commodity prices. Between March and May, there was an unprecedented outflow of c. US$100 billion in debt and equity funds from emerging markets, resulting in significant declines in the prices of risk assets, while heightened concerns regarding the possibility of increased defaults led to an increase in the cost of both sovereign and corporate debt.

Developed economies were the worst hit with the United States witnessing a 4.3% decline in GDP driven by a combination of a 34.6% decline in private consumption coupled with a significant downturn in its business investment (-27.0% on a seasonally adjusted basis). The Euro area was no different, experiencing a shrink of 15.0% in Q2 2020 compared to a negative growth rate of 3.1% in the first quarter. China was the only major economy to record any growth during the year, driven by consumption as well as a robust external demand for pharmaceutical and electrical products. Africa was the least affected region with only 5% of global COVID-19 cases, however the continent was not spared from the economic downturn, witnessing its first recession in 25 years, declining by 1.99%. Overall, the global economy declined by 4.4%.

In limiting the impact of the global pandemic on the economy, policymakers and Central Banks across the globe implemented large-scale, accommodative monetary policies, quantitative easing programs, as well as sizeable fiscal stimulus packages to boost aggregate demand. The exceptional size of stimulus packages of approximately US$22 trillion (20% of the global economy) coupled with the re-opening of economies in May and June stimulated a global economic recovery which carried on into 2021.

Oil Price

Amid the economic shock of the COVID-19 outbreak, oil prices plunged; the price of Brent crude fell by 87% from US$70.25/barrel in January to US$9.12/barrel in April at the height of global shutdowns, a multi-decade low. The pandemic caused a significant demand shock as global economic activity came to a halt amidst various lockdowns. Oil demand fell by 5.6 mb/d (-5.6% y/y) in Q1 2020 and 19.9 mb/d (-20.1%) y/y in Q2 2020. Measures to mitigate the spread of the virus halted a considerable proportion of travel, globally, with widespread flight cancellations, stay-at-home orders, and reduced global trade all impacting the demand for oil.

Additionally, supply levels were already excessive even before the virus outbreak. The breakdown of OPEC+ talks in early March ensured there was a supply glut of about 30 mb/d. OPEC + eventually agreed to production cuts of 9.7 mb/d in April, which helped the oil price to recover robustly in May and June, rising by 155% from its April lows to remain predominantly above US$35/bbl for the rest of the year.

Nigeria

2020 proved to be a historic year with an utterly unique economic trajectory for the Nigerian economy due to the lockdown across the domestic and global economy. Nigeria officially slumped into its second recession in four years in Q3, as the crash in oil prices, production and trade hit the economy. Overall, the Nigerian economy contracted by 3.5% in 2020, the largest drop in four decades.

Nigeria's efforts to comply with its OPEC production quota resulted in crude production falling to its lowest level since the militant attacks in 2016. Crude oil production declined by 10.4% and 18.1% to 1.81 mb/d and 1.67mb/d in Q2 and Q3, respectively. Consequently, Oil GDP slumped by 6.63% and 13.89% in Q2 and Q3, respectively. Despite the on-going industry challenges, in June, Nigeria's Department of Petroleum Resources (DPR) began its first marginal oilfield bid round since 2003, with the intention of increasing Indigenous participation in the sector.

The twin impact of economic lockdowns and the plunge in oil prices also had a major impact on the non-oil sector, with non-oil GDP posting its first contraction in eleven quarters. Non-oil GDP fell by 6.1% in Q2 2020 as the pandemic halted activities across the manufacturing and services sectors. As the global economy gradually re-opened, the non-oil sector contracted by -3.6% in the third quarter, then increased by 0.11% by Q4 2020. This was primarily driven by a decline in contraction of the manufacturing and trade sub-sectors amidst sustained growth in the telecommunications and financial institutions sectors. Overall, economic activities in the manufacturing sector declined by an average of 3.3% – reflective of the impact of the CBN's FX demand management strategy, naira weakness, reduced demand from consumers and restriction in the movement of goods and services due to the COVID-19 pandemic.

Impact on Oando

The global coronavirus pandemic negatively impacted the way we did business. Our offices were closed for lengthy periods, financial institutions were reluctant to finance oil projects, and our partners were reluctant to start new projects due to the associated uncertainty.

As a Company, we put our employees first and shut down our physical operations in early March 2020, moving to Working from Home mode. We identified potential risks which could be caused by the pandemic and put in place mitigating strategies, implemented cost optimization and hedging strategies to create the required liquidity for our operations. We restructured our bank facilities to ensure capital availability and to reduce our immediate cash flow pressure. We negotiated contract extensions with our key customers to guarantee offtake the long-term offtake of our products. Finally, we developed strategic financial and operational alliances to boost our reach and capability as well as provide the financing we require to execute our initiatives.

2021 Outlook

As the coronavirus infections continue to spread, albeit at a slower rate, global movement is still anticipated to be either partially or totally restricted, with the world expected to open slowly. The approval of multiple vaccines, however, provide optimism that we are on the path to recovery The, and countries with aggressive, successful vaccine distribution strategies will lead the pack. Only 40% of the world's 5 billion adult population is estimated to be vaccinated by the end of 2021.

The global economy is projected to grow by 6.0% in 2021 driven by a global vaccine rollout that is expected to result in a rebound in the economic activity. The strength of the recovery is projected to vary significantly across countries, depending on various regional factors including access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, amongst others. Advanced economies, such as the US and Japan, are expected to grow quicker than others due to widespread vaccine availability compared to developing economies. Global trade volumes are forecast to grow by 8.0% in 2021 as economic activity rebounds, whilst inflation is expected to remain subdued at 1.5% for developed economies and 4.0% for emerging and developing economies.

Severely impacted industries like aviation, tourism and hospitality are expected to still witness losses in 2021 as travel is not expected to significantly increase before Q3 2021. However, the Oil & Gas Industry is expected to recover slightly with oil prices reaching pre-pandemic levels of $70/bbl. Global oil demand is to average 97.77mmpd in 2021, a significant increase of 5.56mmbpd from 2020 as global economic growth increases and travel ramps up. OPEC remains committed to stabilizing prices throughout the year.

Nigeria's recovery is expected to be gradual, growing by 1.5% in 2021. As of January 2021, Nigeria was still experiencing a 2nd wave of the virus with no vaccine strategy in place. Inflation is expected to remain high at about 16% due to currency adjustment and forex restrictions for imports. Unemployment is also expected to rise to 35% (from 27.1%) as an after effect of the lockdowns. Though our oil production is to be capped by the OPEC quota, the country is expected to benefit from increased prices as well as from the opening of land borders and boost in regional trade from the signed African Continental Free Trade Area (AFCFTA) agreement.

At Oando, we will continue assessing the spread of the virus and implement strategies to keep our people safe. We shall focus on operational excellence in our business by ensuring stability to limit disruptions and executing our profitability plans. We will also explore growth opportunities while pursuing new business prospects such as renewable energy to foster diversification.

CONCLUSION

2020 has surely impacted the way the world will interact in the future, how work is done and what people will view as important and/or necessary. We look forward to this, taking the lessons learned and the spirit of adaptation to continue the work of forging a company that not only positively impacts our people but Nigeria and the world at large.

We would like to thank our shareholders for their continued support and reassure you of the board's commitment towards delivering total shareholder returns.

HRM Oba Michael A. Gbadebo, CFR
Chairman
FRC/2018/IODN/00000018566

Group Chief Executive's Report

Jubril Adewale Tinubu
Group Chief Executive

Dear Shareholders,

It is with immense pleasure that I present to you your company's operational and financial performance for the year 2020, and outlook for 2021.

SURVIVING THE PANDEMIC

Following the successful completion of the divestment from our gas and downstream businesses in 2019, we shifted our focus to driving growth opportunities across our upstream and trading businesses. Those plans were thrown into disarray when our industry was put in survival mode by the COVID-19 pandemic. As a company, however, we have never been perturbed by challenges, and always welcome a road less traveled to unravel opportunities for the betterment of our stakeholders.

As the virus began to spread globally, we rolled out our robust business continuity plan which we had developed for an unexpected occurrence like this. We approached the pandemic by putting our people first to ensure no harm came to them, immediately instituting a "Work from Home" (WFH) directive for our employees a week before the formal declaration by the Government. Due to our previous investments in Information Technology and ISO 27001 certification, we were able to seamlessly make the transition from physical work to working from home with minimal disruption to our operations. In addition, we launched an Employee Mental Health Assistance program to support our employees mental and emotional health as well as their physical wellbeing. We also deliberately started a consistent health and safety protocol and awareness campaign to ensure the criticality of the situation as always foremost on their minds. Furthermore, we maintained emotional and social connectedness with our staff via personalized calls, virtual lunchrooms, and other virtual engagement sessions.

UPSTREAM

During the twelve months ending December 31, 2020, crude production was 44,550 boe/day, compared to 42,492 boe/day in 2019. This production consisted of 15,912 bbls/day of crude oil, 1,757 boe/day of NGLs and 161,288 mcf/day (26,881 boe/day) of natural gas. The increase in production was a result of a 22% increase in natural gas production at our OML 60-63 asset offset by a 29% decrease in NGL production. Crude production at OML 56 and OML 13 decreased by 5% and 16% respectively. This decrease was due to shut-ins for repairs, maintenance, and sabotage incidences at the facilities.

The pandemic also negatively impacted our average realized selling price of oil during the period, it was 45% below the previous year ($34.21/bbl in 2020 vs $62.59/bbl in 2019) while average realized selling prices for natural gas and NGL also remained 24% and 20% below the preceding year, respectively.

Our 2P Working Interest Reserves, as assessed by Independent Reserves Evaluator also suffered a slight decline from 485MMboe as of December 31, 2019, to 475MMboe as of Dec 31, 2020

On a bright note, our subsidiary, Equator Exploration, in partnership with Owel Petroleum, and Tulip Energy/ NJ Exploration, was awarded the OPL 321/ 323 blocks, subject to payment of the signature bonus, and was appointed operator of both blocks.

DOWNSTREAM

Oando Trading (OTD) witnessed an increase in crude oil trading volumes by 13% to 16.1 million barrels compared to 14.2 million barrels in 2019, whilst also delivering 694,653 MT of refined products (53% increase from 2019) following performance of its uptake contracts

FINANCE

To combat the inevitable crash in revenue and cashflows due to the pandemic, we implemented targeted cost optimization strategies across our operations. We ensured protection against the volatile oil prices by hedging a proportion of our oil production throughout the course of the year. In the first quarter of 2020, we hedged a portion of oil production at a floor price of $55/bbl, ensuring a significant percentage of our oil production was protected from oil price volatility. In April 2020, we crystallized all the hedges within our portfolio for a gross proceed of $61.7 million, proceeds of which were used to guarantee our debt service obligations on certain facilities. Subsequently, we entered into several rolling hedging arrangements with our priority at every point being to consistently study the market and implement an optimal hedging strategy to offer the Company protection against oil price volatility.

Furthermore, to ease debt repayment pressures and to create additional liquidity for our operations, we negotiated with our financiers and entered into restructuring agreements on our key facilities.

Despite all this, we achieved a 17% decrease in turnover in 2020 of N477.1 billion compared to N576.6 billion in 2019, a direct result of the crash in crude oil prices and restrictions imposed upon us by the COVID-19 lock downs.

Ultimately, we recorded a Loss-After-Tax of N140.7 billion, due to a combination of COVID-19 driven impairment of our exploration and production assets, as the lower oil prices have resulted in a reduction of their fair value, and the impairment of impairment of receivables utilized towards financing the settlement of a disruptive and value destructive long-standing shareholder dispute.

CORPORATE SOCIAL RESPONSIBILITY

Oando Foundation

The fact that schools were closed for most of the year did not deter the Foundation's actions as it continued to leverage its partnerships to improve beneficiary schools as part of its adopt-a-school policy. As of today, the foundation has adopted 88 schools, building, and renovating 249 classrooms and early childcare centers, enrolling 60,955 out-of-school children (OOSC) with a cumulative retention rate of 77%. It has established 39 ICT centers, upskilling 2,832 teachers and 210 head teachers, empowering local communities to support school improvement processes.

In 2020, the foundation awarded 309 scholarships, established an ICT center was established as well as 2 early childcare centers, distributed 1,540 educational supplies consisting of desks and learning materials to 9 schools and trained 36 teachers and caregivers.

Oando TAP ("The Aggregator Platform ")

As a company, we strive not just to impact the lives of our staff but our community at large. An effect of the lockdown was the increased hunger pandemic as several people were unable to generate daily income to feed. In response to this, the company created The Aggregator Platform (TAP), a unique initiative powered by our employees (the Humans of Oando), with a mission to end hunger and alleviate poverty in Nigeria, one community at a time starting with Lagos. In 8 months, over N 37 million was raised impacting 32,174 individuals with the help of our 10 partners.

In 2020, we also achieved an accreditation as a Great Place to Work (ranked 2nd in medium sized companies across Nigeria) and rankings on Jobberman and Top 50 Brands Nigeria.

OUTLOOK FOR 2021

As the coronavirus pandemic continues to impact the global economy and our industry, our focus remains our people first. Hence, we will continue to assess our operating environment towards adapting and developing strategies to respond to the challenges without compromising the safety and well-being of our people.

In 2021, our focus is to achieve a conclusive resolution of all SEC matters to divert Management's attention toward driving the growth of the organization.

Across our operations, we will continue to focus on cash preservation during this uncertain time whilst continuously monitoring the market and implementing optimal hedging strategies to protect the organization from the oil price volatility. We will ensure we maintain business stability by securing renewals of all our key existing contracts and proactively engaging all our partners to achieve limited occurrence of disruptions.

In the upstream, despite the pandemic, we are bullish on the medium-term prospects for oil prices and are focused on achieving an efficient combination of organic and inorganic growth whilst exploring growth by strategic alliances and partnerships in our trading business.

In line with the changing energy landscape and as project financiers reduce their allocation to oil and gas projects, we plan on leveraging innovation to diversify our business by venturing into the renewable energy space to create long lasting solutions for the populace.

The Oando Foundation celebrates its 10th year anniversary in 2021 and it plans to strategically partner with the government on emerging opportunities for large-scale impact, accelerating digital learning opportunities in our schools, deepening direct programme interventions, strengthening partnerships and advocacy efforts, and scaling existing initiatives for more impact.

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

business review

Business Review - **Oando Energy Resources**

2020 GLOBAL OIL & GAS INDUSTRY REVIEW

In 2020, the global oil and gas industry experienced a decline in global demand levels and crude prices due to the outbreak of COVID-19 in one of the world's largest markets, China, in the fourth quarter of 2019 and gradually across the globe. This led to the lockdown of major economies, slowing down economic activities and consequently leading to declining demand for crude.

A price war ensuing between major oil producers, Saudi Arabia and Russia, in March 2020 further affected crude prices. Brent oil prices experienced a decline from an average of $64.36/bbl. in 2019 to $23.03/bbl. in 2020. Global crude production in 2020 fell from an all-time high of 95MMbbls/day in 2019 to 76MMbbls/day in 2020.

The OECD noted that oil-exporting developing countries like Nigeria who are resource dependent, dealing with high debt levels backed by oil collateral may spiral into taking on more unsustainable debts to solve the impact of the crisis. In Nigeria, total crude oil production in Nigeria dropped from an average of 2.2MMbbls/day in 2019 to 1.7MMbbls in 2020. The production was the lowest experienced in Nigeria in the five years between 2016 and 2020. Nigeria's public debt level rose to 34.5% of GDP, a 5.32 percentage point rise from 2019 when it was 29.17% of GDP. (Source: Countryeconomy.com)

In 2020, Oando experienced increased daily production from 44Kboe/day to 42Kboe/day in 2019. The increase is majorly attributed to increased gas production. Revenues were, however, significantly impacted by the declining global prices. The Company recorded a 39% decline in revenues in 2020.

Despite the slowdown of worldwide activities and declining commodity prices, the company achieved its financial objectives from income received from crystallization of its existing commodity hedge contracts. The proceeds were placed with Afrexim to cover debt service obligations in 2020.

2021 OUTLOOK

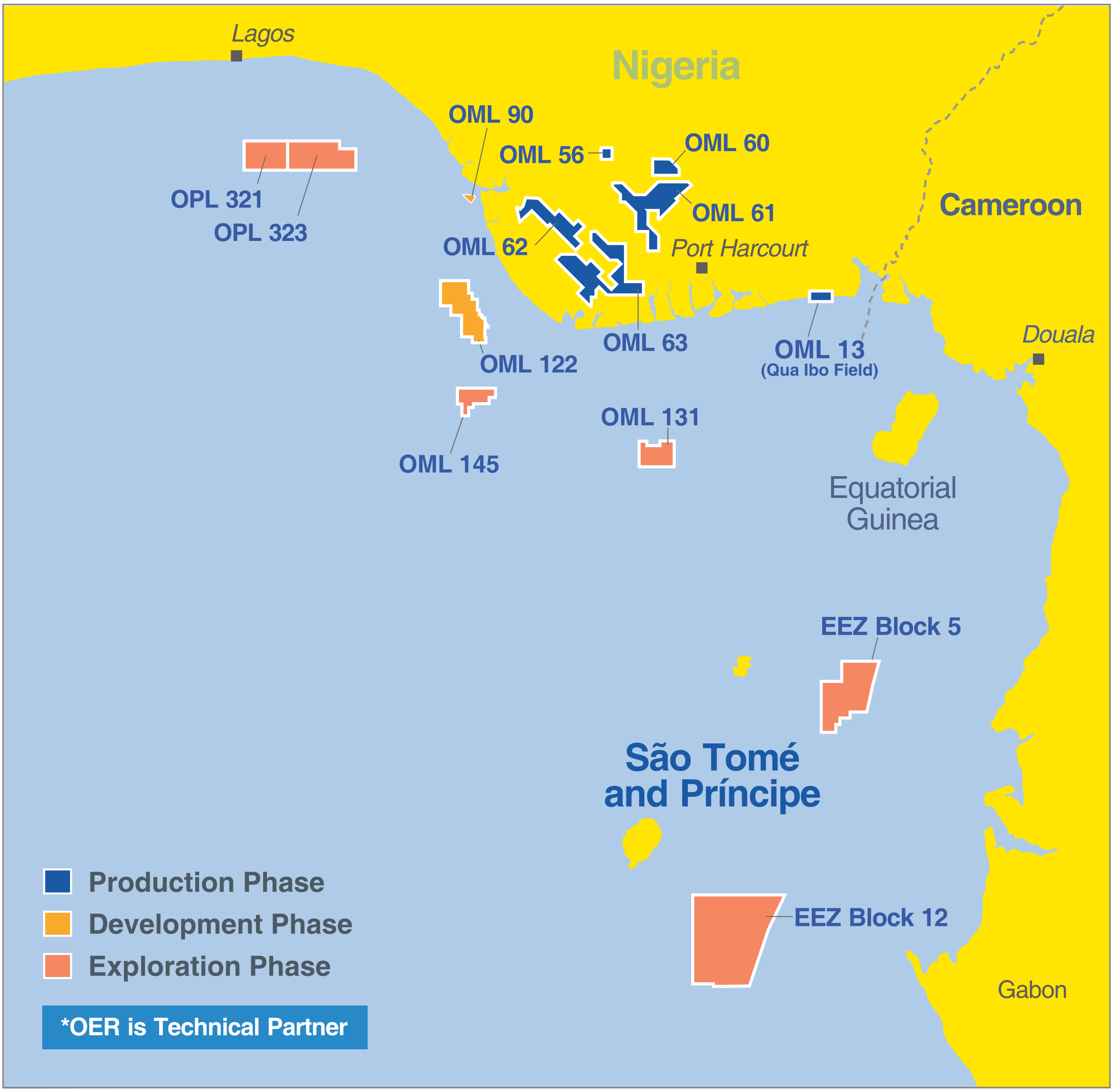
Although, the world economy is on track to recover from the impact of the COVID-19 pandemic, new strains of the virus like the delta variant break out and have resulted in lockdowns imposed in some economies around the world. While some countries did not impose lockdowns, stringent requirements were imposed for travel to the country especially when departures are from countries identified to be at risk with continuous covid cases.

Global oil demand is expected to start to recover in 2021 and return to pre-pandemic levels by the end of 2022. The advent of vaccines and distribution worldwide has given rise to an increase in economic activities compared to 2020. The IEA forecasts a 5.4 MMbbl/day rise in 2021 and a further 3.1MMbbl/day in 2022. Crude prices were seen to recover in 2021 to an average of $70.68/bbl from an average of $41.96/bbl in 2020.

Nigeria increased its efforts to attract foreign and local investors into the industry by concluding the 2020 bidding exercise for marginal oilfields and signing the Petroleum Industry Act into law.

As the world continues to recover from the impact of COVID – 19 and demand for crude oil starts to improve, the Company will continue to protect itself from sales risks with an offtake arrangement with its trading partner, Vitol S.A, which guarantees continuous volumes offtake and a new hedge strike price of $55/bbl. which meets our realigned cash breakeven requirements.

Oando Energy Resources - Asset Portfolio



ASSET	WORKING INTEREST	OPERATOR
OML 60	20%	ENI/NAOC
OML 61	20%	ENI/NAOC
OML 62	20%	ENI/NAOC
OML 63	20%	ENI/NAOC
OML 56	42.75%	Energia
OML 13*	40%	Network E&P

ASSET	WORKING INTEREST	OPERATOR
OML 90*	40%	Sogenal
OML 122*- Bilabri	4.08% Oil	Peak
OML 122*- Owanare	9.8% Gas	Peak

ASSET	WORKING INTEREST	OPERATOR
EEZ 5	21.3%	Kosmos
EEZ 12	37.8%	Kosmos
OPL 321 & 323	24.5%	OER
OML 131	100%	OER
OML 145	21.05%	ExxonMobil

OML 60-63

Overview

The NAOC JV (20% OER WI; NAOC 20% and operator; NNPC 60%) holds OMLs 60, 61, 62 and 63, located onshore in the Niger Delta and the licenses have an expiry date of June 14, 2027.

OML 60 is located on land, in the northern Niger Delta and covers an area of 358 km2 (88,464 acres). OML 61 is also located on land, in the northern Niger Delta and covers an area of 1,499 km2 (370,410 acres). OML 62 terrain varies eastwards from swamp to land and is located in the central Niger Delta, covering an area of 1,221 km2. OML 63 is located along the coastal swamp area of the Niger Delta and covers an area of 2,246 km2 (554,998 acres).

The assets of the NAOC JV also includes extensive infrastructure, comprising 12 Flow stations, an oil processing center, an oil export terminal, two gas plants (Kwale, Ob-Ob and Ogbainbiri), the Okpai IPP, a network of approximately 1,190 km of pipelines and associated infrastructure including, roads, power stations and heliports. Some of the NAOC JV's main export pipelines are used by third parties and agreements are in place for transportation and processing.

Production

Production in 2020 at OMLs 60 to 63 averaged 41,850 boe/day, consisting of 13,212 bbls/day of crude oil, 1,757 boe/day of NGLs and 161,288 mcf/day (26,881 boe/day) of natural gas, as compared to combined average production of 39,550 boe/day in 2019. The 6% daily production increase at OMLs 60 to 63 is primarily related to increases in gas production offset by reductions in NGL production.

Reserves

As of December 31, 2020, OER's estimated net share in the NAOC JV 2P reserves was 464 MMboe (comprising of 170 MMbbls of oil, 18.1 MMbbls of natural gas liquids and 1,653 Bscf of gas), compared to 475 MMboe in 2019.

Capital Projects Expenditure:

In 2020, the company spent $80.0 million on capital expenditure related to the development of oil and gas assets and exploration and evaluation activities, higher than $71.3 million in 2019. Capital expenditure during the period included $60.2 million on oil and gas properties and $20.2 million on properties under development. The Joint Venture has proposed a budget of $1.2 billion (OOL share of $234 million) for Capital and Operating expenditure; $471.9 million and $698.1 million respectively for 2021.

OML 56 (EBENDO)

Overview

Ebendo Marginal Field License (45% OER WI; Energia, an indigenous company and operator, 55% WI), was carved from OML 56 in the central Niger Delta, approximately 100 km north-west of Port Harcourt. The License covers an area of 65 km2 (16,062 acres). The License includes two fields, the Ebendo field (producing), Obodeti field (undeveloped) and one prospect, Ebendo North. Ebendo operates under Marginal Field terms that benefit from advantageous fiscal terms.

First Oil was achieved in 2009 and 6 wells have been drilled on the field. Production from the Ebendo field began in 2010.

Production

Ebendo's 2020 daily crude oil production decreased by 5% to 2,081 bbls/day from 2,201 bbls/day in the corresponding 2019 period. The 5% decrease was as a result of sabotage activities at Umugini Asset Company Limited (UACL) and other shut-ins for repairs and maintenance.

Reserves

As of December 31, 2020, the Ebendo License held net 2P reserves of 6.7 MMboe (comprised 3.7 MMbbls oil and 18.3 Bscf of gas), compared to 6.2 MMboe in 2019.

Capital Projects Expenditure

In 2020, the company spent $1.5 million on capital expenditure related to the development of oil and gas assets compared to an expenditure of $6.3 million in 2019. Capital expenditure during the period included $1.0 million on oil and gas assets and $0.7 million on exploration and evaluation assets.

OML 13 (QUA IBO)

Overview

Qua Ibo Marginal Field License (40% OER WI and technical partner; NEPN, an indigenous company, 60% WI and Operator) is located onshore Nigeria, near the mouth of the Qua Iboe River, immediately adjacent to the ExxonMobil Qua Ibo Terminal. The License covers an area of 14 km2 (3,459 acres) and includes one producing field (Qua Ibo). The Qua Iboe License was acquired by OER in 2013 and it operates under Marginal Field terms.

In its capacity as Technical and Financial services provider, Oando Reservoir and Production Services Limited (ORPSL) oversees, together with NEPN, the operations on the Qua Ibo Field. ORPSL agreed to fund NEPN's costs on the Qua Ibo field until first oil, following which ORPSL will be entitled to 90% of NEPN's sales proceeds from its 60% share of crude oil production until NEPN's obligation is paid in full.

First Oil was achieved by drilling 2 wells and installing the associated production facility in 2014. Production from the Qua Ibo field began in 2015.

Production

2020 Production at Qua Ibo averaged 620 bbls/day lower than an average of 741 bbls/day in the same period in 2019. The 16% decrease in Qua Ibo production was a result of a fire explosion at the terminal and other repairs and maintenance shut-ins during the year.

Reserves

As of December 31, 2020, Qua Ibo License held net 2P reserves of 4.2 MMbbls of oil, compared to 4.4 MMboe in 2019.

Capital Projects Expenditure

In 2020, The company incurred capital expenditure of $0.08 million at Qua Ibo on oil and gas properties.

OML 145

OML145 (21.05% Oando WI; operator, Exxon Mobil) is located offshore 110 km south of the Niger Delta coastline near the Shell Bonga field in water depth of between 800m to 2,000m. The OML 145 license covers an area of approximately 1,288km2 within which four (4) discoveries have been made including Uge, which is currently in the development planning stage, three other discoveries, namely, Orso, Uge North and Nza.

The OML 145 joint venture partners on the license are Exxon Mobil (21.05%), Chevron (21.05%), Svenska (21.05%), Oando (21.05%) & NPDC (15.8%).

The pre-FEED study commission by the OML 145 joint venture was completed in 2018. The study was geared towards a development concept for the Uge field with specific focus on delivering production in a timely and cost-effective manner utilizing a leased Floating, Production, Storage and Offloading ("FPSO") vessel for hydrocarbon evacuation and export from the field.

In 2019, the OML 145 joint venture progressed the review of the development concepts in a bid to firm up on a development concept on the block based on the discovered resource volumes. This culminated in a tripartite workshop between the NNPC and the OMLs 140 and 145 joint venture partners. As a result, Oando is currently reviewing a development concept via an Early Production Facility ("EPF") via a leased FPSO with the potential to bring the Uge field to production in a relatively shorter time frame than previous concepts reviewed.

In 2020, operational activity was impacted by the COVID-19 pandemic. The Joint Venture used the resulting downtime to engage with the NNPC on the PSC stabilization discussions based on the impacting Deep Offshore and Inland Basin, Production Sharing Contract Act passed in late 2019 (DIBPSA 2019). Further subsurface reviews were progressed alongside these negotiations to firm up the subsurface understanding of all Joint Venture partners as the basis for building the development concepts going forward.

OML 131

OML131 (100% OER WI; operator OER) is located offshore in water depths ranging from 500m to 1,200m approximately 70km from the western Nigerian coast. OML 131 covers an area of 1,204km2 and includes two undeveloped discoveries (Chota and Ebitemi) and a number prospects including Chota East and Ebipre in South of the block and the Pulolulu in the North of the Block.

The Chota discovery is under Unitization discussions with OML 135, west of OML 131 with the Bolia discovery. The Bolia-Chota unit area has an executed Pre-Unit Agreement ("PUA") and Contractor Pre-Unit Agreement ("CPUA") with the provisional party share of 40% allotted to OML 131.

The Bolia Chota unit area has a combined 2C contingent resources volume of 241mmbbls of oil and 1 tcf of Gas. The Bolia Chota Unit is currently being assessed as an integrated co-development with the adjacent Nnwa-Doro Unit (Nnwa – OML 129 and Doro – OML 135). The development concept is focused on oil production from Bolia-Chota unit and Gas production from Nnwa- Doro unit to develop circa 310mmbbls of Oil/condensate and 3.6tcf of Gas.

The Bolia-Chota Unit partners are screening additional development concepts, including a stand-alone development, to determine the maximum efficient development concept for bringing the unit resources on stream and delivering high value for all stakeholders.

In 2020, OML 131 operational activity was also impacted by the COVID-19 pandemic however focus was on commercial discussions specifically the discussions on Gas terms for Associated Gas and Non-Associated gas terms as provided by the Petroleum Industry Act 2021 prior to its being passed and discussion with the NNPC o the PSC stabilization negotiations after the passing of the DIBPSA 2019.

Oando's agenda for the Non-Unit Area is delineating the entire OML 131 license area with a focus on validating the understanding of resources within the license area with specific focus on low hanging opportunities with lower exploration risk in the Southwest of the Block and within proximity of the Bolia-Chota unit. There are several identified leads and prospects including: the Chota East, Chota North and Ebipre prospects with sizeable unrisked resources that can be developed as a standalone or developed as a tie into the Bolia-Chota Unit or the Preowei Discovery in OML 130, an adjacent block south of the license area, which has proven reserves of 300 MMbbls and is believed to straddle into OML 131.

Capital Projects Expenditure

During the year, $0.7 million was incurred on OML 131 to advance exploration of the respective properties with geological and technical studies.

Post period activities

On OML 131, we have continued with improving the prospectivity of the Block with specific focus on the Chota East and Ebipre prospects. A pre-concept study is being progressed to ascertain the viability of the block and also firm up potential evacuation options

The Petroleum Industry Act (PIA 2021) was passed in August 2021. A lot of work will be done in the coming months to dissect and internalize the impact of the provisions of this milestone act on the current portfolio and indeed the future opportunities in deepwater Niger Delta.

BLOCKS 5 AND 12, EEZ OF Sao Tome & Principe (STP)

EEZ Blocks 5 and 12 (26.2% and 22.5% EEL WI, operator Kosmos) are located within the Exclusive Economic Zone ("EEZ") of the Democratic Republic of São Tomé and Príncipe (STP). The Block 5 contract area has an area of 2,134km2 and the Block 12 contract area has an area of 5,272km2 (712km2and 1760 km2 were relinquished from the original acreage size of 2,844km2 and 7,940km2 respectively as part of the requirement to enter the Phase II of the Exploration period of each block). The Blocks are in water depths ranging from 2000m to 3000m.

OER holds its interest in EEZ Blocks 5 and 12 through its 81.5% interest in Equator Exploration Limited ("EEL"). In February 2010, in accordance with agreements signed in 2001 and 2003, the government of STP awarded EEL two (2) licenses within the Exclusive Economic Zone ("EEZ").

Existing 2D seismic data over the block were reprocessed in 2014 and interpreted to identify several prospects and leads. In 2015, EEL acquired and processed 1,400km2 of 3D seismic data. Interpretation of the data acquired continued into Q1 2016.

In December 2015, the EEL executed farm out agreements with Kosmos Energy Sao Tome and Principe ("Kosmos") on EEZ Blocks 5 and 12. EEL executed the Block 12 PSC and closed the farm out transaction in early 2016. The transaction consisted of a transfer of a 65% participating interest in each of Blocks 5 and 12 and the transfer of operatorship status to Kosmos. EEL retained 20% and 22.5% in Blocks 5 and 12 respectively.

In December 2016, Kosmos assigned 20% of participating interests in each of Block 5 and Block 12 to Galp Energia STP Unipessoal Limited ('Galp') retaining a 45% interest in both blocks.

Between February and August 2017, the Blocks 5 and 12 joint ventures engaged with CGG Group for a seismic acquisition for 2,567km2 and 4,117km2 in Blocks 5 and 12 respectively. This was part of a larger acquisition campaign which covered 16,800km2 within the Exclusive Economic Zone and covered acreage on four (4) blocks.

In 2018, Petroleum Geo-Services (PGS) progressed and concluded the processing of the 3D seismic data products acquired in 2017. Interpretation of the 3D seismic products were integrated into the Regional Basin model to reassess the resource volumes and derisk the most attractive targets. The leads and prospects inventory for both blocks were complied, with focus on identifying drillable prospects within Block 5 towards the Phase II decision gate on Block 5 in Q1 2019.

Kosmos presented an updated prospect inventory at the Technical Committee Meeting ("TCM") held in December 2018.

In January 2019, the Block 5 operator submitted the notice of surrender area and a recommendation to proceed into Phase II of the Block 5 exploration period to the joint venture partners as part of its obligation as operator to deliver on the requirements for the Block 5 End of Phase by May 2019. Galp opted out of Block 5 and submitted a withdrawal notice on April 1, 2019, which took effect from May 31, 2019.

The National Petroleum Agency of Sao Tome and Principle (ANP-STP) opted out of taking its prorated share of the Galp's relinquished participating interest and retains its 15% carried interest. However, Equator and Kosmos taking up their pro rata share of Galp's interest translates to 26.2% and 58.8% participating interest for the parties respectively.

Block 12 operational activities in 2019 focused mainly on high grading the Leads and Prospects within the block and delivering drillable prospects as per the deliverables under the Block 12 End of Phase I requirements. On November 29, 2019, Kosmos, as operator, issued a Vote by Notice (VBN) for the Entry into Phase II of the Exploration Period on Block 12. Kosmos voted against the resolution of the VBN while Galp, the ANP-STP and Equator voted for the resolution. Kosmos further gave a notice of exit from the Block effective as at Jan 31st, 2020.

Throughout 2020, operational activities on Block 5 focused on improving the G&G understanding with more detailed systematic mapping and evaluation of Block 5 prospects, identified from the regional mapping, definition, and characterization of the individual prospects on the merged PSDM 3D seismic data. The detailed analyses further defined the trapping configuration and provided a better understanding of the reservoir facies and the associated relative risk of each prospect. The prospects were also evaluated in the context of the regional clastic fairways, as mapped over regional data sets, to understand the risk for reservoir presence and quality. A preliminary evaluation of the AVO characteristics of the prospects and prospect evaluation was ongoing at year-end.

Due to the pandemic, operational activities were impacted and as a result a formal request to modify Block 5 Minimum Work Obligations was submitted to the Regulator on March 13, 2020. Minimum Work Obligation for Phase III continued in the second quarter of the year and on July 1, 2020, the ANP-STP approved the amendments to the Minimum Work program. The 5th PSC Amendment on Block 5 was agreed and approved on August 13, 2020.

On Block 12, following Kosmos' notice of withdrawal from the Block, the Block 12 Joint Venture partners, Galp, Equator and ANP-STP held a workshop on 12th and 13th February 2021 to discuss the distribution of participating interest, the minimum work commitments, and the minimum financial commitments for Phase II under the Block 12 PSC. Subsequently, Galp was designated as operator and the Kosmos' interest distributed on a pro rata basis between Equator and Galp i.e., taking up 46.3% and 41.2% participating interest respectively with the ANP-STP retaining its 12.5% participating interest in Block 12.

Due to the COVID-19 outbreak and the macroeconomic downturn, the Jaca 1 Well in Block 6 (Operated by Galp) was delayed, preventing the integration and incorporation of its results in the prospectivity of Block 12 and interfering with the decision to proceed to the next phase. As a result, the Block 12 Joint Venture engaged with ANP-STP, in its capacity as Regulator, to request a twelve-month extension of Phase II of the Exploration Period. The essence of the extension is to provide ample time to understand the outcome of the Jaca Well to be integrated with Block 12 data before deciding to enter the next phase of the Exploration Period. The Jaca Well spud date was moved from Q4 2020 to Q4 2021.

The formal request for a twelve-month extension to Phase II of the Exploration Period was submitted to ANP-STP on May 19, 2020. ANP-STP formally replied to Galp's request on the July 1, 2020. In addition to the extension, the ANP-STP also granted the approval of the amendment to the PSC which included the removal of the Exploration Well commitment for Phase II and the reduction of the minimum financial commitment to $2.5m. The amendment was executed in December 2020.

Operational activities were limited significantly in 2020 due to the COVID-19 pandemic. As a result, operational activities were wound down to a minimum and all face-to-face meeting particularly the Joint Venture meeting were done virtually.

As part of its social projects obligation for infrastructure improvements in Sao Tome and Principe, Oando has donated Nineteen (19) 30-seater buses for the transportation of students to schools and 3 state-of-the-art ambulances to augment the medical facilities available between 2014 and 2018. The company also contributed its share to multi-location construction projects, specifically two (2) projects to add new classrooms to existing schools in Neves and São Marçal and two (2) projects to build new secondary schools in Monte café and Santana.

The school in Monte Café was inaugurated in July 2020 and the schools in Neves and Santana were formally inaugurated in October 2020 and all three schools are now being utilized by the Ministry of Education, thereby completing the Phase I CRS obligation for Block 5.

The joint venture also allocated funds from the 2020 Phase II social projects budget towards the contingency plan for the COVID-19 pandemic in an effort to support São Tomé, issued scholarships granting the tuition fee for the Universidade Lusíada de São Tomé e Príncipe/Fundação Atena and training of Saotomean citizens to attend a Mini MBA de Desenvolvimento de Competências em Estimativa de Reservas short course.

Post Period Activities

On Block 5, Kosmos continues to review its view on the block and the regional understanding based on its knowledge from ongoing exploration operations within the Gulf of Guinea, specifically Equatorial Guinea. The work will continue until we make the Drill or Drop decision (Phase III entry notice) on Block 5 in May 2022.

Galp also progressing its understanding of Block 12 with the expectation that the results or indeed knowledge gained from the Jaca 1 Well in Block 6 which it operates will improve the prospectivity of Block 12 to proceed with the decision to enter the next phase of the exploration period.

Outcome of the Block 6 Jaca 1 Well, now scheduled for Q4 2021, is a key trigger for further activities in the Exclusive Economic Zone of Sao Tome and Principe.

Capital Projects Expenditure

During the year, $0.3 million was incurred on EEL for exploratory, geographical and geological studies.

OML 90 (AKEPO)

Overview

Akepo Marginal Field License (40% OER WI and technical partner; Sogenal, operator, 60% WI) was carved from OML 90 and located in shallow waters (<20m) of the western Niger Delta. The License covers an area of 26 km2 (6,425 acres). The License includes one undeveloped field (Akepo) and two prospects (A and B, collectively referred to as Akepo North).

OML 122

OML 122 (12.5% gas OER WI and 5.0% oil OER WI; Peak, an indigenous company, 87.5% gas WI and 95.0% oil WI) is located in the offshore Niger Delta, 40 km from the coastline of southern Nigeria, at a water depth of between 40 m to 300 m. The License covers an area of 1,599 km2 (395,122 acres). The License includes three discoveries (Bilabri, Orobiri and Owanare). There has been no production from OML 122 to date.

In September 2007, Equator agreed terms with Peak by entering into the Bilabri Settlement Agreement ('BSA') for Peak to take responsibility for operations and to fund the remainder of the Bilabri oil development. Peak also assumed the existing and future project liabilities and an obligation to make an upfront payment to Equator. In return, Equator's interest in Bilabri and Owanare was reduced to a carried interest of 5% in the oil project and a paying interest of 12.5% in any gas development.

Peak did not meet any of its obligations under the BSA. Equator therefore served a notice of arbitration on Peak in the London Court of International Arbitration (LCIA). Peak responded by obtaining an order from the Federal High Court in Lagos restraining the continuation of the Arbitration Proceedings being held at LCIA. Equator nevertheless, continued with the proceedings, and on the 27 May 2008, the tribunal awarded the total sum of US$ 123 million plus interest to Equator.

Following continuous legal actions, In February 2012, a liquidator was appointed to take custody and control of the assets of Peak. Peak responded with a series of appeals and applications, many of which were struck out by the courts.

In 2014, Equator agreed to work with the Peak shareholders in developing an opportunity to again settle. In September 2014, Equator and the Peak shareholders signed an agreement that outlined the terms of the new settlement.

The Settlement agreement required Peak to acknowledge and pay Equator the sum of $52.24m to settle agreed debts owed solely to Equator. Peak was also required to honour Equator's other rights under the BSA, namely a carried interest of 5% in the oil project and a paying interest of 12.5% in any gas development.

Peak and Equator signed the Settlement Agreement in May 2015 and all court actions were suspended. The agreement granted Peak a period of 6 months to source the funding required to pay its outstanding project debts and to finance the development of the field. The agreement provided a further 3 month period for Peak to make payment into an escrow account of the outstanding renegotiated debt to Equator.

As at the date of this report, Peak has failed to secure funding. In 2017, Equator returned to the Appeal Court seeking for the remaining appeals to be struck out so that the liquidation can continue. The Appeal Court has remained adjourned while Equator has monitored various initiatives for refinancing the project.

OPL 321 AND OPL 323

Overview

OPL 321 and OPL 323 (24.5% OER WI; operator KNOC) are located adjacent to OML 125, offshore from the Nigerian coast, at a water depth of 950 m to 2,000 m. The Licenses cover a combined area of 2,147 km2 (530,535 acres). The Licenses have been the subject of a dispute between the operator, KNOC, and the Nigerian Government. The License includes five sizeable prospects (Gorilla, Lobster, Octopus and Whale (OPL 323) and Elephant (OPL 321)).

On 3 March 2017, the Supreme Court reached a judgment on the litigation initiated by KNOC in March 2009 to challenge the government's decision to void the awards of the blocks made in 2006.

It affirmed the decision of the Court of Appeal, ruling that the action taken by the President in 2009 to void the award of the Blocks was within his executive powers. The remedy for KNOC was therefore a suit for breach of contract and damages and not a writ of certiorari. The Supreme Court did not rule on the merits of KNOC's case. KNOC could have chosen to return to the High Court with a contractual lawsuit, but it has become clear that they have decided to withdraw from the blocks, seeking a refund of their partial payment of the signature bonuses of US$ 92.3 million.

The Department of Petroleum Resources (DPR) re-offered the blocks to the ONGC Consortium. Equator tried to reach agreement with the other remaining claimants in order to present the government with a joint solution. However, Owel, NJ Exploration and Tulip continued to press government with their individual claims.

Faced with this, Equator has decided to concentrate on its claim to at least 30% of the blocks and is vigorously pursuing it.

In 2019, the Federal Ministry of Petroleum Resources issued a directive to the DPR on the award of OPLs 321 and 323 to Equator Exploration Limited, Owel Petroleum Services Limited, Tulip Energy Limited for OPL 321 and NJ Exploration Limited for OPL 323.

The Consortium confirmed its continued interest in the Blocks, acceptance to submit a Financial and Technical Partner with the requisite deep-water capability and experience to be the operator of the Blocks and its commitment for the DPR to conduct Due Diligence on the preferred Technical and Financial Partner.

Upon a successful completion of the due diligence exercise on the technical and financial competence of the potential Operator, the consortium would engage with the Ministry of Petroleum Resources on the commercial terms of the award.

The Consortium is yet to conclude negotiations with the Ministry of Petroleum Resources on the fiscal and commercial terms of the award.

The Company has maintained that it is entitled to at least a 30% participating interest in the two blocks, despite the return of its share of the signature bonuses, totalling US$ 161.7 million, in October 2009. At the time, the government acknowledged receipt of the Company's letter stating this position.

OPL 236

Oando Exploration and Production Limited (OEPL) was awarded this block in May 2007 and the PSC was signed with NNPC in February 2008. This conferred OEPL with a 95% working interest and operatorship of the block. RFO Ventures is the local content vehicle (LCV) with a 5% participatory interest. The block is located onshore Akwa Ibom State with a total acreage of 1,650 km2. A Global Memorandum of Understanding (GMoU) was signed with the Ukana community in August 2008. The GMoU is centred around promoting peace and security in the region by engaging the local communities.

OPL 236 is currently in the exploration stage. In 2010, 2D seismic data for OPL 236 was purchased and digitized.

OPL 278

In January 2006, OEPL acquired a 60% working interest in OPL 278. OPL 278 is operated by OEPL under a joint operating agreement ("JOA") made between OEPL, CAMAC, Allied Energy and First Axis. OPL 278 is located offshore of Rivers State in a transition zone (swamp to shallow marine) on an area of 91.9 km2. Three prospects have been identified in OPL 278, which are key, Prospect A and Prospect B.

OPL 282

On August 8, 2006, OEPL acquired a 4% working interest in the PSC between NAOC, Alliance Oil Producing Nigeria Limited ("AOPN") and NNPC, in respect of OPL 282 (the "OPL 282 PSC"). NAOC holds a 90% working interest in the OPL 282 PSC, while AOPN, which represents the LCV in OPL 282, holds the remaining 10% working interest. The Group holds 40% of the shares in AOPN, while ARC Oil and Gas Nigeria Limited holds the remaining 60%. OPL 282 is operated by NAOC under a JOA made between NAOC and AOPN. OPL 282 is located in a transition zone (onshore to shallow marine) in Bayelsa State, on an area of 695 km2. This block is currently in the exploration phase.

An exploratory drilling campaign in the block was kicked off with the Tinpa 1 Dir well, which spudded in Q4, 2011. Tinpa 1 was successfully drilled to a TD of 3700 MD, and it encountered the oil and associated gas in three sands, which were successfully tested and completed. Tinpa 2 was drilled and completed in Q2, 2013 but did not encounter hydrocarbon bearing sands. The well was subsequently plugged and abandoned.

Overview

Oando Trading DMCC (OTD) is a supply and trading company and a fully-owned subsidiary of Oando PLC, one of Africa's largest integrated energy solutions providers with a proud heritage. The Group has strategic investments in a range of upstream, midstream and downstream companies across West Africa. OTD is a key participant in commodities sector, with a significant presence in the oil trading marketspace and direct access to major energy markets. OTD's activities cover the trading and supply of Crude Oil and Petroleum Products including Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Aviation Turbine Kerosene (ATK), Naphtha, Fuel (LPFO), and Liquefied Petroleum Gas (LPG). Fortified by a strong capital base, local and international expertise and strategic partnerships, OTD is focused on enhancing market performance.

2020 Operating and Financial Review

The past year was dominated by the Covid-19 pandemic and the unprecedented hard stop it caused on the global economic activity. It sent shock waves through the global market and triggered what can be defined as the largest global economic crisis in modern history. The crisis led to a dramatic decrease in oil consumption globally because of extended periods of lockdown, especially during the early part of the year. Demand for Jet Fuel was particularly affected falling to practically zero during the time. Banking capacity shrank considerably putting even more pressure on the industry.

OTD's operating environment was undoubtedly affected by these conditions, which, in the near term, led to reduced trading margins across certain business lines. Despite the challenging and volatile year for the global economy and for commodity markets, OTD demonstrated great resilience and an ability to adapt to the ever-changing market conditions.

The company recorded Y-o-Y growth on both its Crude Oil and Refined Petroleum Products divisions (13% and 53% Y-o-Y growth respectively). Over 16 million barrels of Crude Oil and 700,000 MT of Refined Petroleum Products were traded during the year.

Turnover, on the other hand, weakened by 30% to USD 874 million, compared to USD 1.2 billion in 2019. This was a direct result of the low-price environment that followed the start of the pandemic.

2021 Outlook

We expect 2021 to remain a challenging year as the world emerges from Covid-19. There are significant uncertainties that remain to be resolved. The nature and strength of post Covid recovery will continue to define market economics in the near to medium term.

A number of groundbreaking initiatives will proceed to the execution stage early in 2021, aimed at supporting the business and lessening as much as possible the impact of wider global conditions in OTD's business. These include (but are not limited to):

- Deepening our relationships with Oil Majors and local content purpose companies in Nigeria, with the aim of growing refined product volumes and generating value through greater involvement in the supply of refined products in the value chain.
- The further development of key strategic joint venture partnerships with both private sector and state owned entities in and around West Africa region enabled by OTD's expertise in these markets, capturing additional value in the processs through greater involvement in feedstock supply and strategic investments in infrastructure.
- Leveraging our regional expertise and finance relationships to develop a number of crude pre-financing structures with the aim of boosting crude oil volumes and optimising value in the current market volatility.
- Modest equity investments in and around the South African Development Community (SADC) enabled by OTD's historical physical presence in SA. This important initiative is being developed with great potential to foster trade in the region.

These initiatives are geared towards protecting and growing our existing market share by improving our comparative advantage in these regions.

governance report

HUMANS OF OANDO

Report on Corporate Governance

Legal Form

The Company commenced operations in 1956 as a petroleum-marketing company in Nigeria under the name ESSO West Africa Inc., a subsidiary of Exxon Corporation (Exxon), and was incorporated under Nigerian Law as Esso Standard Nigeria Limited (Esso) in 1969. In 1976, the Federal Government acquired Exxon's interest in Esso; Esso was nationalised and rebranded as Unipetrol Nigeria Limited (Unipetrol).

A process of privatisation began in 1991 when the Federal Government divested 60% of its shareholding in Unipetrol to the public. Unipetrol's shares were listed on the Nigerian Stock Exchange (the NSE) in February 1992, quoted as Unipetrol Nigeria PLC.

Under the second phase of the privatisation process, the Federal Government sold its remaining shareholding in Unipetrol. In 2000, Ocean and Oil Investments (Nigeria) Limited, the Company's major shareholder (OOIN), acquired 30% in Unipetrol from the Federal Government. The residual 10% stake held by the Federal Government was sold to the public in 2001.

In August 2002, Unipetrol acquired a 60% stake in Agip Nigeria Plc (Agip) from Agip Petrol International. The remaining 40% of the shares in Agip was acquired by Unipetrol by way of a share swap under a scheme of merger. The combined entity that resulted from the merger of Unipetrol and Agip was rebranded as Oando PLC in December 2003.

In 1999, Unipetrol acquired a 40% stake in Gaslink Nigeria Limited (Gaslink); this stake was subsequently increased to 51% in 2001. The Company's Gas and Power division emerged as a result of the consolidation of Gaslink's gas distribution franchise and the Company's customer base in 2004.

On 25 November 2005, the Company was listed on the main market of the Johannesburg Stock Exchange (the JSE) and thereby became the first African company to achieve a cross border inward listing.

In June 2007, the Company entered a scheme of arrangement (the Scheme) with certain minority shareholders of Gaslink and with OOIN. Under the Scheme, the minority shareholders of Gaslink transferred their equity holdings in Gaslink to the Company in consideration for ordinary shares in the Company. In addition, OOIN transferred its interests in Oando Supply and Trading Limited, Oando Trading (Bermuda)Limited, Oando Production and Development Company Limited, Oando Energy Services Limited and Oando Exploration and Production Company Limited to the Company inconsideration for ordinary shares in the Company.

On July 24, 2012, the Company acquired a 94.6% stake in Exile Resources Inc., (Exile), a Canadian public company whose shares are listed on the Toronto Stock Exchange (the TSX), through a reverse takeover (RTO) which saw the transfer of the upstream exploration and production division of the Company to Exile, now renamed Oando Energy Resources (OER). The Company became the first Nigerian company to have three trans-border listings – the NSE, JSE and TSX.

In May 2016, the Company completed a plan of arrangement which had Oando E&P Holdings Limited (a wholly owned subsidiary of Oando Plc) acquire all the issued and outstanding common shares of Oando Energy Resources for a cash consideration of US$1.20. The conclusion of the plan of arrangement effectively led to the voluntary de-listing of the common shares of OER from the TSX.

In June 2016, the Company completed its recapitalization and partial divestment of its equity stake in the downstream operations to a consortium of Helios Investment Partners (an Africa-focused private investment firm) and the Vitol Group, one of the world's largest independent trader of energy commodities for a $210 million consideration.

The year 2016 was closed with the completion of the Company's $115.8m partial divestment of 49% interest in the Company's midstream business subsidiary, Oando Gas and Power Limited to Glover Gas & Power B.V, a special purpose vehicle owned by Helios Investment Partners. The divestment of Akute Independent Power Plant was also completed.

In March 2017, the Company completed the divestment of its 100% interest in Alausa Power Limited to Elektron Petroleum Energy & Mining Nigeria Limited and also completed the 100%divestment of its downstream marketing business to OVHEnergy.

In April 2019, Oando completed the divestment of its residual interest in Axxela Limited (formerly Oando Gas & Power Limited) to Helios Investment Partners. The net proceeds of the transaction were applied in partially prepaying the Group's Medium-Term Loan.

Business Review

The Company is required by CAMA to set out in the Annual Report, a fair view of the development of the business of the company and its subsidiaries during the year and of their position at the end of it ; and the amount if any, which they recommend should be paid as dividend and the amount (if any) which they propose to carry to reserves. The information that fulfils these requirements can be found within the Chairman's Report and the Group Chief Executive's Report.

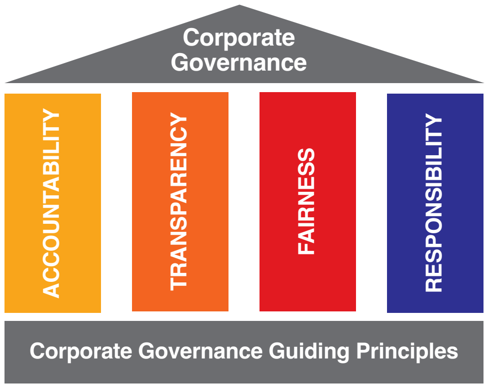
Under CAMA, the directors' report is also required to state the names of the persons who, at any time during the year, were directors of the company, and the financial activities of the company and its subsidiaries in the year and any significant change in those activities in the year.

Report on Corporate Governance

PILLAR 1
Sustainable leadership - Board of Directors

PILLAR 2
Sustainability

PILLAR 3
Governance: Values, Ethics and Anti-corruption



PILLAR 1

Sustainable leadership - Board of Directors

At Oando, we believe in sustainable leadership that inspires and supports action towards a better world, driven by vision, courage, resilience, integrity, innovation and empathy.

Oando's Board of Directors provide entrepreneurial and strategic leadership, it oversees the management of Oando's business operations and promotes an ethical culture and responsible corporate citizenship. The Board also exercise its powers and discharges its duties, in good faith and in the best interest of the Company, to ensures the interests of stakeholders are served, while sustaining the prosperity of the Company.

Oando's Board of Directors are drawn from different facets of the society, and are successful individuals in their various professional fields, bringing a diverse wealth of competence, knowledge and experience to the Company, thereby dispelling group think. The Board met regularly during the year to discuss, review and deliberate on reports on the business and strategic plans for the Group.

Corporate Governance Structure

The Board of Directors of the Company is responsible for setting the strategic direction for the Company and overseeing its business affairs. The Board develops and implements sustainability policies, which reflect the Company's responsibility to all its stakeholders. The affairs of the Board are tailored to the requirements of relevant corporate governance principles and international best practice.

The Company is dedicated to the protection and promotion of shareholder interests. The Company recognises the importance of the adoption of superior management principles and its resulting valuable contribution to sustainable business prosperity and overall accountability to its shareholders.

The Company observes the highest standards of transparency, accountability and good corporate governance in its operations by complying with the requirements of Nigerian and international corporate governance regulations, particularly, the Securities and Exchange Commission's Corporate Governance Guidelines and the Nigerian Code of Corporate Governance 2018.

Board of Directors as at 31st December 2020

HRM Oba Michael Adedotun Gbadebo, CFR
The Alake of Egbaland
Chairman, Non-Executive Director

Mr. Jubril Adewale Tinubu, CON
Group Chief Executive

Mr. Omamofe Boyo
Deputy Group Chief Executive

Mr. Olufemi Adeyemo
Group Executive Director (Resigned 18th February 2022)

Mr. Muntari Zubairu
Group Executive Director (Resigned 23rd December 2021)

Dr. Ainojie Alex Irune
Group Executive Director

Mr. Tanimu Yakubu
Non-Executive Director

Mr. Ike Osakwe
Independent Non-Executive Director

Mr. Ademola Akinrele SAN
Non-Executive Director

Alhaji Bukar Goni Aji
Non-Executive Director (Resigned 23rd December 2021)

Ms. Ayotola Jagun
Chief Compliance Officer and Company Secretary

PILLAR 1 - continued

Oando PLC Board of Director

The Company's Board of Directors provides entrepreneurial leadership for the Group and strategic direction to the management. Oando's Board of Directors are drawn from different facets of the society. The Board members are successful individuals in their various professional fields and bring a wealth of knowledge and experience to the Company. The Board met regularly during the year to discuss, review, and deliberate on reports on the activities of the business and strategic plans for the Group. The long-term success of the Company is the collective responsibility of the Board and they are accountable to the shareholders for the creation of long-term shareholder value.

Non-Executive Chairman

HRM Oba Michael Adedotun Gbadebo, CFR

(The Alake of Egbaland)
Chairman, Non-Executive Director

HRM Oba Michael Adedotun Gbadebo, CFR, is the Alake (King) of Egbaland, Ogun State, Nigeria and Chairman of the Board.

He was appointed as a Non-Executive Director of the Company on April 10, 2006. Prior to his coronation as the Alake of Egbaland in 2005, HRM Gbadebo had a successful career in the Nigerian Army culminating in his appointment as the Principal Staff Officer to the Chief of Staff, Supreme Headquarters from January 1984 to September 1985. He was also awarded military honours such as the Forces Service Star and the Defence Service Medal. He has served on the boards of several companies including Ocean and Oil Services Limited and currently serves on the boards of Global Haulage Resources Limited and Dolphin Travels Limited.

HRM Oba Gbadebo obtained a Bachelor of Arts degree from the University of Ibadan, Nigeria in 1969 and he graduated from the Staff College of the Nigerian Armed Forces in 1979.

Executive Directors

Mr Jubril Adewale Tinubu, CON

Executive Director

Mr. Jubril Adewale Tinubu is the Group Chief Executive of Oando PLC and an Executive Director on the Board.

He has been responsible for leading the successful transformation of Oando as a leading indigenous integrated energy solutions group. Widely recognised as a leading business executive and entrepreneur in Africa. Mr. Tinubu has at different times, received several accolades including, the award for Africa's Business Leader of the Year from African Business Magazine, Africa Investor and the Commonwealth Business Council for his contributions to the development of the African oil and gas industry.

Mr Tinubu obtained a Bachelor of Laws degree from the University of Liverpool, United Kingdom in 1988 and a Master of Laws degree from the London School of Economics and Political Science, United Kingdom in 1989 where he specialised in International Finance and Shipping. He is a member of the Institute of Directors, Nigeria and the Nigerian Bar Association and he serves on the boards of various blue-chip companies as Chairman and Director.

Mr Omamofe Boyo

Executive Director

Mr. Omamofe Boyo is the Deputy Group Chief Executive of Oando PLC and an Executive Director on the Board.

Prior to his appointment as Deputy Group Chief Executive in 2006, Mr Boyo held several senior positions at Oando PLC including Executive Director, Marketing from 2000 to 2002 and Deputy Managing Director/Chief Operating Officer from 2002 to 2006. He was also the Chief Executive Officer of Oando Supply and Trading where he spearheaded initiatives for the representation of the industry's position on the proposed changes to the trade union laws. He started his career with the leading law firm of Chief Rotimi Williams' Chambers specialising in shipping and oil services and has worked on several joint venture transactions between the Nigerian National Petroleum Corporation and major international oil companies.

Mr. Boyo obtained a Bachelor of Laws degree from Kings College, London, United Kingdom in 1989. He is a member of the Institute of Directors of Nigeria and a member of the Nigerian Bar Association. He currently serves on the boards of several companies.

Mr. Olufemi Adeyemo

Executive Director
(resigned 18th February 2022)

Mr Olufemi Adeyemo was the Chief Financial Officer of Oando PLC and an Executive Director on the Board until his resignation in February 2022.

Mr Adeyemo has been the Chief Financial Officer at Oando PLC since October 2005 and he was appointed as an Executive Director on the Board on July 30, 2009. He has extensive experience in strategic consulting, especially in the areas of mergers and acquisitions, operations review, strategy development and implementation as well as organisation redesign and financial management. He was an auditor with PricewaterhouseCoopers from 1988 to 1992, Financial Controller and Head of Operations at First Securities Discount House Limited (now FSDH Merchant Bank Limited) from 1994 to 1997 and Management Consultant at McKinsey & Co from 1998 to 2005.

Mr Adeyemo obtained a Bachelor of Mechanical Engineering degree from the University of Ibadan, Nigeria in 1987, a Master of Mechanical Engineering degree from the University of Lagos, Nigeria in 1988 and a Master of Finance degree from the London Business School, United Kingdom in 1998. He is a member of the Institute of Chartered Accountants of Nigeria.

Mr. Muntari Zubairu

Executive Director
(resigned 23rd December 2021)

Mr. Zubairu joined the Board of Oando Plc as Group Executive Director, Corporate Services and Operations on February 5, 2018.

Mr. Zubairu has over 3 decades of progressive experience in the financial services industry. His experience and achievements cover key aspects of Banking, including International Banking, Treasury Operations, Retail, Corporate and Commercial Banking. He was until recently, a Deputy General Manager and Group Head Commercial Banking North, at Access Bank Plc.

Prior to working with Access Bank, Mr. Zubairu worked at various times as Group Head Retail Banking and Public Sector at First Bank (2010-2017), Group Head Commercial Banking and Divisional Head Public Sector at Diamond Bank (1998-2010), and at FSB International Bank (1995-1998) and Citibank Nigeria (1992-1995) amongst other leadership roles.

Mr. Zubairu holds an MSc in Project Management from the University of Salford, an MBA from the University of Abuja and a B. Engr., Electrical Engineering from Ahmadu Bello University Zaria. He is also a member of Chartered Institute of Bankers of Nigeria, Nigerian Society of Engineers and Council for the Regulation of Engineering in Nigeria.

PILLAR 1 - continued

Dr. Ainojie Alex Irune

Executive Director

Dr. Ainojie 'Alex' Irune has over 15 years' experience garnered in both the oil and gas and automotive industries. He joined Oando PLC in 2011 and is currently an Executive Director on the Board as well as the Chief Operating Officer, Oando Energy Resources (OER); Africa's leading exploration and production company and the Upstream subsidiary of Oando PLC. Prior to his current role, Dr. Irune occupied senior management positions across the Oando Group where he led a range of transformational change programs; notable amongst these, spearheading strategic initiatives aimed at restructuring the business and reducing the Group's debt obligations, including partial business divestments to Vitol and Helios Investment Partners that generated inflows of over US$330 million as well as implementation of the global communications strategy for Oando's $1.5bn acquisition of ConocoPhillips Nigeria upstream assets.

Dr. Irune began his career as a research consultant in the United Kingdom, driving innovation and studies focused on human computer interaction with automobile companies such as Jaguar Land Rover, Nissan and Honda.

He earned a Bachelor of Science degree and a PHD in computer science from the University of Nottingham. He is also a member of the Institute of Directors and an advocate for a more just and equitable society with strong focus on youth development and empowerment.

Mr. Tanimu Yakubu

Non-Executive Director

Tanimu Yakubu has held key positions in both the private and public sectors in Nigeria, the most notable being as Chief Economic Adviser to the President, Commander in Chief of the Federal Republic of Nigeria, during which he also served as a member of the National Economic Management team from 2007 – 2010. He was also appointed as the Deputy Chief of Staff to the then President, Umaru Yar-Adua in 2007. His other notable public service appointment was as the Honourable Commissioner, Ministry of Finance, Budget and Economic Planning, Katsina State from 1999 to 2002. He was Managing Director/Chief Executive Officer of the Federal Mortgage Bank from 2003 - 2007.

Tanimu Yakubu holds a first degree in Economics and an MBA in Finance from Wagner College Staten Island, New York, USA. He also obtained certificates in Commercial Loans to Business and Commercial Lending and Bank Management, from Omega, USA; Marketing Research from the University of Ibadan; and Housing and Infrastructure Finance from the World Bank, Fannie Mae & Wharton School of the University of Pennsylvania, USA.

Mr. Ike Osakwe

Independent Non-Executive Director

Ike Osakwe is a Chartered Accountant and practicing Management Consultant. He holds bachelors' and master's degrees in chemistry from the University of Oxford and is an associate Member of the Institutes of Chartered Accountants both for Nigeria, and for England and Wales. Initially trained for four years at KPMG Audit in London, he returned to Nigeria in 1980 and established and established a firm which specializes in financial management advisory for commerce, industry, governments and NGOs. In 2018, he retired and sold this firm to an American Corporation, on whose US Board he now sits.

Mr. Osakwe has over 40 years' experience in financial, strategic and corporate planning, as well as organizational and financial management systems development, both in Nigeria and internationally. He has brought his vast experience in the dynamics of most major industrial sectors to bear in his work on corporate governance.

He has held several board appointments and currently serves on the boards of Notore Chemical Industries Plc., Proton Energy Ltd., and DAI Global LLC (a US-based global development aid corporation). He is also a Member of the Governing Board of the Federal Inland Revenue Service (FIRS). In this non-executive (part-time) role, he chairs the FIRS Board committee for Revenue and Finance.

He previously served on the boards of Leadway Pensure PFA, Red Star Express Nigeria Ltd (the Nigerian FedEx operator); and chaired the boards of Thomas Wyatt Nig. Plc. and UBA Trustees Ltd.

Mr. Ademola Akinrele, SAN

Non-Executive Director

Mr. Ademola Akinrele is the Managing Partner, F. O. Akinrele & Co., Mr. Akinrele is a commercial advocate who traverses all aspects of Commercial Law and represents a variety of national and multinational entities before Nigerian Courts and international arbitral tribunals. He was described in the Chamber Global directory for international lawyers as a "cerebral and focused" Senior Advocate of Nigeria (SAN) with vast experience in litigation. A "forceful and persuasive" advocate, who he has built up a reputation in aviation and maritime-related matters.

Mr. Akinrele is a graduate of University College, London, LL. B (Hons.) 1982; University of Cambridge, LL.M. 1984. Admitted to the Nigerian Bar in 1983. He was an Associate Counsel in Chief Rotimi Williams Chambers 1984 – 1987. Co-Editor, Nigerian Legal Practitioners Review; Former Country Correspondent, Euromoney International Financial Practice Law Files 1990; Recipient of Award of Fifteen Legal Practitioners of Distinction in Nigeria by body of Nigerian Universities and Law School Students 1990. Former Secretary Oxford and Cambridge club of Nigeria and was Commodore of Lagos Motor Boat Club. He was elevated to the rank of Senior Advocate of Nigeria in 1999, making history as the youngest SAN at that time. Mr. Ademola Akinrele is a Fellow of the Chartered Institute of Arbitrators.

Alhaji Bukar Goni Aji, OON

Non-Executive Director
(Resigned 23rd December 2021)

Alhaji Bukar Goni Aji, OON, joined the Board of Oando Plc in January 19, He was born on 13th January, 1959 at Busari village in Yobe State. He attended the Government College, Maiduguri; Borno College of Basic Studies, Maiduguri and graduated from the University of Maiduguri in 1984.

He began his civil service career in Yobe State where he held several key positions, including Chief Administrative Officer, Governor's Office, Maiduguri (1989-1991), Principal Secretary to the Military Administrator of Yobe State (1992-1993); and Principal Secretary to the first civilian governor of Yobe State (1992-1993); and Principal Secretary to the second military Administrator of the State (1993-1995).

In year 2000, he was appointed into Federal Civil Service and served as the Director, Planning, Research and Statistics (PRS) at the Federal Ministry of Women Affairs in 1995 and was later posted to the Federal Ministry of Defence in year 2000 as Director, Personnel Management. He also headed various Departments in the Ministry of Defence until his posting to the Office of the Secretary to the Government in 2008 as the Director, International Organizations.

In 2009, he was appointed Permanent Secretary and posted to the Ministry of Defence. He later served as Permanent Secretary, Ministry of Police Affairs (August 2009-2010) and Permanent Secretary, Federal Ministry of Works (September 2011-November 2012); and Permanent Secretary, Common Serviced Office, Office of the Head of the Civil Service of the Federation.

Alhaji Aji was appointed the 17th Head of the Civil Service of the Federation on Monday, 25th March, 2013 until his retirement on 18 August 2014.

PILLAR 1 - continued

Board Composition and Independence

The Board is made up of a group of individuals from diverse academic and professional backgrounds. The Board's size is in line with the prescriptions of Article 78 of the Company's Articles of Association, which provides that the number of directors shall not be less than 10 or more than 15.

The positions of the Chairman and Group Chief Executive are vested in different individuals in accordance with corporate governance best practice.

Re-election of Directors

Annually, a maximum of one-third of the Directors, who are longest in office since their last appointment or election, are required to retire by rotation and, if eligible, offer themselves for re-election. The Board has the power to appoint a new director and any director so appointed is subject to shareholder election at the next Annual General Meeting (AGM).

In accordance with Section 285 (1) and (2) of CAMA and Articles 91-93 of the Company's Articles of Association, the following Directors, who are longest in office since their last election are retiring by rotation and present themselves for re-election at the Company's 2020 AGM:

- Ms. Fatima Mede
- Mrs. Ronke Sokefun
- Dr. Ainojie Alex Irune

Board Appointment Process

To ensure the highest standards of corporate governance, the Company has in place a Board Appointment Process to guide the appointment of its directors (executive and non-executive). The policy is in line with corporate laws, rules, regulations, Code of Corporate Governance, international best practice and the Company's Articles of Association.

The Governance and Nominations Committee has the overall responsibility for the appointment process subject to approval by the Board. The fundamental principles of the process include: evaluation of the current balance of skills, knowledge and experience on the Board and identification of any gaps that are required to be filled. Commercial and leadership requirements of the Company and ability of the candidate to fulfil his/her duties and obligations as a Director.

Induction, Training and Access to Advisers

The Company has a mandatory induction programme for new directors covering aspects of the Company's business, regulatory and legislative requirements and other information that will assist them in discharging their duties effectively. The Company believes in and provides continuous training and professional education to its Directors. The Board of Directors and Board Committees have the ability to retain external counsel to advice on matters, as they deem necessary.

Board Authority

A range of decisions are specifically reserved for the Board to ensure it retains proper direction and control of the Oando Group. These are listed in the Schedule of Matters Reserved for the Board. The Board is authorised to delegate some of these functions to Executive Directors who are responsible for the day-to-day management of the business or to Committees of the Board. The Delegation of Authority Policy sets the financial limits on the decisions that can be taken by Management, Executive Directors and the various Committees of the Board.

The day-to-day operational management of the Groups' activities is delegated to the Group Chief Executive (GCE), who has direct responsibility. He is supported by the Deputy Group Chief Executive (DGCE) and the Group Leadership Council which comprises, in addition to the GCE and DGCE, the Chief Executive Officers of operating subsidiaries, the Chief Financial Officer, Chief Corporate Services and Operations Officer, Chief Human Resources Officer, Chief Compliance Officer and Company Secretary and Chief Legal Officer.

Board Duties and Responsibilities

The Directors act in good faith, with due care and in the best interest of the Company and all its stakeholders. Each Director is expected to attend and actively participate in Board meetings.

Subject to the provisions of the Nigerian Code of Corporate Governance, the Company does not prohibit its Directors from serving on other boards. However, Directors ensure that other commitments do not interfere with the discharge of their duties and shall not divulge or use confidential or inside information about the Company.

The Board adopts the following best practice principles in the discharge of its duties:

- The Company believes that the Chairman of the Board should be a Non-Executive Director;
- To maintain an appropriate balance of interest and ensure transparency and impartiality, a number of the Directors are independent. The independent directors are those who meet the criteria set out in the NCCG and have no material relationship with the Company beyond their directorship; Directors are to abstain from actions that may lead to conflict of interest situations; and shall comply fully with the Company's Related Party Transactions Policies.

Protection of shareholder rights

The Board ensures that the statutory and general rights of shareholders are protected at all times and ensures that all shareholders are treated equally. In this regard, shareholders are given equal access to information and no shareholder is given preferential treatment.

Remuneration Policy and Remuneration of Directors

The remuneration of Non-Executive Directors is competitive. The Board, through its Governance & Nominations Committee, periodically reviews the remuneration package for Directors, which is structured in a manner that does not compromise a Director's independence.

The Company does not provide personal loans or credit to its Non-Executive Directors and publicly discloses the remuneration of each Director on an annual basis. In addition, the Company does not provide stock options to its Non-Executive Directors unless approved by shareholders at a general meeting.

The Chief Compliance Officer and Company Secretary is available to advise individual Directors on corporate governance matters.

The Key objective of the Remuneration Policy is to ensure that competitive and fair rewards are linked to key deliverables and are also aligned with market practice and shareholders expectations.

The Governance and Nominations Committee ensures that remuneration policies and practices are designed to attract, retain and motivate the Executive Directors and the senior management whilst aligning the interests of the Executive Directors and Senior management group with those of shareholders, to build a sustainable performance culture.

The key elements of direct compensation for the Executive Officers are Fixed Annual Remuneration (salary) and Variable Compensation. This mix of pay represents a belief that executive officers should have portions of their remuneration tied to both short and long-term organizational objectives. The remuneration Policy has a claw back provision where the Company reserves the right to recover all unearned benefits or amounts that an executive may have received while in the employ of the Company. If the executive is on contractual notice or has exited the Company.

Non-Executive Directors are remunerated by way of directors' fees, sitting allowance and other benefits. The Company does not provide personal loans or credit to its Non-Executive Directors and does not provide stock options to its Non-Executive Directors unless approved by shareholders at a general meeting.

Working Procedures

The Board meets at least once every quarter to discuss and decide on business policy and strategy in addition to the statutory and other matters. Additional meetings are scheduled whenever matters arise, which require the attention of the Board or its Committee. The Board and Committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the Directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the meetings.

Prior to meetings, the Governance Office circulates the agenda for the meeting along with all documents the Directors would be required to deliberate upon. This enables the Directors to contribute effectively at Board meetings. In certain business exigencies, resolutions are passed through circularization or additional meetings are conducted.

The Board, through the Chief Compliance Officer and Company Secretary, keeps detailed minutes of its meetings that adequately reflect Board discussions.

Board Committees

Under the Company's Articles of Association, the Directors may appoint Committees consisting of members of the Board and such other persons as they think fit and may delegate any of their powers to such Committees. The Committees are required to use their delegated powers in conformity with the regulations laid down by the Board.

The Board reserves the right to deliberate upon and decide on any matter, which it may have previously delegated to any board committee, instead of referring the matter to the Committee.

Committee members are expected to attend each Committee meeting, unless exceptional circumstances prevent them from doing so. All the Committees have terms of reference which guide members in the execution of their duties.

All Committees report to the Board of Directors and provide recommendations to the Board on matters reserved for Board authorisation. The following Committees are currently operating at Board level:

- Statutory Audit Committee
- Governance and Nominations Committee
- Risk, Environmental, Health, Safety, Security and Quality Committee
- Board Audit and Strategic Planning and Finance Committee.

Statutory Audit Committee

The Audit Committee was established in compliance with Sections 404 (3) of CAMA, which requires every public company to have an audit committee made up of three members and two (2) non-executive directors.

As at 31st December, 2020, the Audit Committee was made up of five members, three Non-Executive Directors and two shareholders of the Company.

The Audit Committee members meet at least four times a year, and the meetings are attended by appropriate executives of the Company, including the Group Chief Financial Officer and the Head of Internal Control and Audit, In the financial year ended December 31, 2020, the Audit Committee held seven meetings.

The Statutory Audit 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 internal financial controls, compliance with laws and regulations, processes for the safeguarding of Company assets and the adequacy of the internal audit unit plans and audit reports.

The members of the Statutory Audit Committee as of 31st December, 2020 were:

- Mr. Ike Osakwe – (Chairman) Non-Executive Director
- Mr. Tanimu Yakubu Non-Executive Director
- Alhaji Bukar Goni Aji – Non-Executive Director (resigned 23rd December 2021)
- Dr. Joseph Asaolu Shareholder Member
- Mr. Segun David Oguntoye Shareholder Member

PILLAR 1 - continued

Curriculum Vitae of shareholder members of the Audit Committee

Dr. Joseph Asaolu – Shareholder Member
Dr. Joseph Asaolu is a chartered accountant with close to 40years working experience. He retired in March 2013 as the Managing Partner of Balogun Badejo & Co. (now BBC Professionals), a reputable firm of Chartered Accountants after working from 1973 to 2013. He is currently the Managing Partner of JOA Professional Services (Chartered Accountants).

He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Fellow of the Chartered Institute of Taxation of Nigeria (FCTI) and Associate Member of the Nigerian Institute of Management (NIM).

Mr. Olusegun David Oguntoye – Shareholder Member
Mr. Olusegun David Oguntoye is a certified fellow of the Association of National Accountants of Nigeria (ANAN) and an associate member of the Nigerian Institute of Management. He bagged a B.Sc. (Hon) in Zoology from the University of Lagos and an MBA degree in financial management from the Lagos State University.

He started his accounting career in 1990 as a senior auditor in a leading tax consulting firm and has worked in various capacities within the accounting and audit fields in the last twenty years. He has undergone numerous IFRS trainings for audit committee members of listed companies thereby gathering a wealth of experience in the accounting profession.

Currently, he is the managing director/ chief executive officer of Wale Ayo Nigeria Limited.

For the curriculum vitae of the Board of Directors, including the Non-Executive Director members of the Audit Committee please see pages 38 to 41.

Governance and Nominations Committee

The Governance and Nominations Committee is responsible for ensuring compliance and periodic review of the Company's corporate governance policies and practices, the review and monitoring of policies concerning shareholder rights, conflict resolution, ethics, disclosure and transparency, evaluation and review of the Company's internal documents (organisation and process), the review and setting of the by-laws of all Board Committees, and ensuring that the Company's policies, including the remuneration policy, support the successful identification, recruitment, development and retention of directors, senior executives and managers.

The members of the Governance and Nominations Committee as at 31st December 2020 were:

- Mr. Ademola Akinrele, SAN (Chair) – Non-Executive Director
- Mr. Tanimu Yakubu – Non-Executive Director
- Mr. Bukar Goni Aji – Non-Executive Director (resigned 23rd December 2021)

Risk, Environmental, Health, Safety, Security and Quality Committee

The Risk, Environmental, Health, Safety, Security and Quality (REHSSQ) Committee is responsible for reviewing the policies and processes established by management, which are designed to implement the risk, environmental, health and safety, and quality policies of the Company and ensuring the Company's compliance with international standards of risk, environmental, health and safety and quality.

The members of the Risk, Environmental, Health, Safety, Security and Quality Committee as at 31st December 2020 were:

- Alhaji. Bukar Goni Aji (Chair) – Non-Executive Director (resigned 23rd December 2021)
- Mr Ademola Akinrele SAN – Non-Executive Director
- Dr. Alex Irune – Executive Director
- Mr Zubairu Muntari – Executive Director (resigned 23rd December 2021)

Strategic Planning and Finance Committee

The Strategic Planning and Finance Committee is responsible for defining the Company's strategic objectives, determining its financial and operational priorities, making recommendations to the Board regarding the Company's dividend policy and evaluating the long-term sustainability of the Company's operations. The Committee was established to assist the Board in performing its guidance and oversight functions efficiently and effectively.

The members of the Strategic Planning and Finance Committee as at 31st December, 2020 were:

- Mr Tanimu Yakubu (Chair) – Non-Executive Director
- Ike Osakwe – Independent Non-Executive Director
- Mr Olufemi Adeyemo – Executive Director

Dates of Board/Committee meetings held for FY 2020

Board Meetings

Q1 2020	March 19, 2020 March 30, 2020
Q2 2020	April 29, 2020
Q3 2020	July 28, 2020
Q4 2020	October 27, 2020 December 17, 2020

Statutory Audit Committee Meetings

Q1 2020	January 28, 2020 February 4, 2020
	March 27, 2020
Q2 2020	April 27, 2020 April 29, 2020
Q3 2020	July 27, 2020
Q4 2020	October 26, 2020

Governance and Nominations Committee Meetings

Q1 2020	February 5, 2020 March 27, 2020
Q2 2020	April 28, 2020
	June 11, 2020
Q3 2020	July 15, 2020
Q4 2020	October 15, 2020 December 14, 2020

Risk, Environmental, Health, Safety, Security and Quality Committee Meetings

Q1 2020	February 5, 2020 March 26, 2020
Q2 2020	Nil
Q3 2020	July 15, 2020
Q4 2020	October 15, 2020

Strategic Planning and Finance Committee Meetings

Q1 2020	February 4, 2020 March 27, 2020
Q2 2020	April 28, 2020
Q3 2020	July 27, 2020
Q4 2020	October 26, 2020 December 16 2020

PILLAR 1 - continued

Committee Membership during the year ended December 31, 2020

Board and Board Committee members 2020

Audit Committee	Governance & Nominations Committee	Strategic Planning & Finance Committee	Risk, EHSSQ Committee	Board
Ike Osakwe (Chair)	Ademola Akinrele (Chair)	Tanimu Yakubu (Chair)	Bukar Goni Aji (Chair)	**Executive Directors** • Jubril Adewale Tinubu • Omamofe Boyo • Olufemi Adeyemo • Muntari Muhammad Zubairu • Dr. Alex Irune
Tanimu Yakubu	Tanimu Yakubu	Ike Osakwe	Ademola Akinrele	**Non-Executive Directors** • Oba Micheal Adedotun Gbadebo • Ike Osakwe • Ademola Akinrele • Tanimu Yakubu • Bukar Goni Aji
Bukar Goni Aji	Bukar Goni Aji	Olufemi Adeyemo	Dr. Alex Irune	
Joseph Asaolu *			Mr Muntari Zubairu	
Segun Oguntoye *				

*Shareholder members

Attendance at meetings during the year ended 31 December 2020

Names of Board Members	No. of Board Meetings Held in the Reporting Year	No. of Board Meetings Attended in the Reporting Year	Membership of Board Committees	Designation (Member or Chairman)	Number of Committee Meetings Held in the Reporting Year	Number of Committee Meetings Attended in the Reporting Year
1. HRM Oba M.A Gbadebo, CFR The Alake of Egbaland	6	6	None	N/A	N/A	N/A
2. Jubril Adewale Tinubu	6	6	None	N/A	4	2
3. Omamofe Boyo	6		None	N/A	4	4
4. Olufemi Adeyemo	6	-	Strategic Planning & Finance Committee	Member	6	6
5. Muntari Zubairu	6	-	Risk, EHSSQ Committee	Member	4	4
6. Ainojie Irune	6	-	Risk, EHSSQ Committee	Member	4	4
7. Tanimu Yakubu	6	-	Audit Committee Governance & Nomination Committee Strategic Planning & Finance & Committee	Member Member Chairman	7 7 6	7 7 6
8. Ademola Akinrele, SAN	6	-	Governance & Nomination Committee Risk, EHSSQ Committee	Chairman Member	7 4	7 4
9. Ike Osakwe	6	-	Audit Committee Strategic Planning & Finance Committee	Chairman Member	7 6	7 6
10. Alhaji Bukar Goni Aji	6	-	Risk, EHSSQ Committee Governance & Nominations Committee	Chairman Member	4 7	4 7

PILLAR 2

Sustainability

Oando PLC recognises the importance of meeting the needs of the present, without compromising the ability of future generations to meet their own needs. It seeks to align its strategy, decision-making and operations with the United Nation's 2030 Agenda for Sustainable Development and the UN Global Compact Ten Principles.

As a responsible corporate citizen, the Company acknowledges the interconnectedness of the systems and pressures affecting the economy and society and embraces nexus thinking to solve problems that will assist in creating innovative sustainable solutions that address system-wide issues. In this way, Oando consistently seeks to enhance its current Environmental, Social and Governance ("ESG") proposition and performance, mitigate ESG risks and capitalize upon ESG value creation opportunities, to maximise value for its key stakeholders. As an impact driven organization, concern for ESG including the Environment, Health and Safety, Community, Diversity and Good Governance, remain a vital priority for the Company.

The Company depends on the five forms of capital to run a sustainable establishment.

(a) **Natural Capital** – Natural assets.

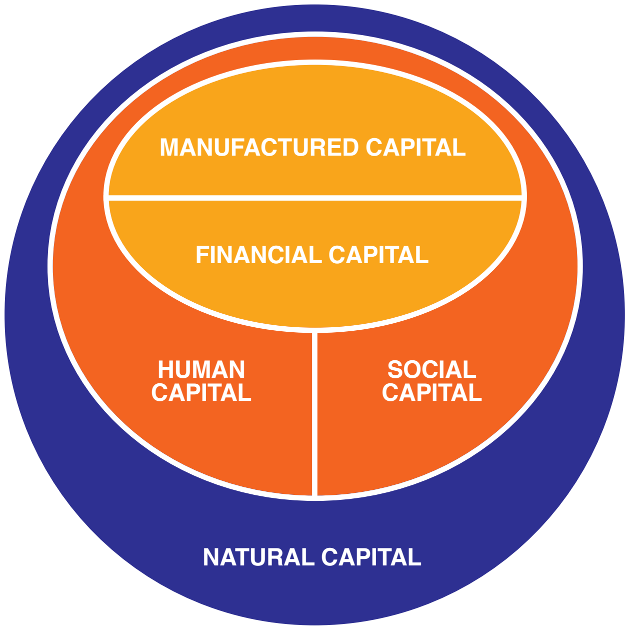
(b) **Human Capital** – surpassing the physical presence of employees but their health, well-being, knowledge, skills and abilities, motivation to work, relational skills and intellectual capacity.

(c) **Social Capital** – leveraging the value that members of society can add to the Company.

The Company has established a community of people and partners who are willing to abide by and champion values and practices to help the Company achieve its sustainability goals.

(d) **Manufactured Capital** – Infrastructure and tangible goods that the Company owns or leases to produce its outputs.

(e) **Financial Capital** i.e., financial resources



In its Sustainability Policy, the Company has articulated and affirmed its philosophy on and commitment to sustainability to ensure that Oando continues to adopt and implement responsible policies, practices and strategies and incorporate sustainability performance alongside other key performance indicators of the Company.

Oando's material issues in the year under review continue to be shaped by stakeholder concerns, our commitment to the SDGs, matters important to the success of our business and issues of global and national importance.

Oando commenced sustainability reporting in 2013, a practice it has prioritised and sustained, to measure and report on our ESG performance and impacts and to manage change more effectively. Through this process, we are also able to identify and reduce risks, seize new opportunities, and take action towards remaining a responsible and purposeful organisation. Oando issues its annual sustainability reports in accordance with the Global Reporting Initiative Standards, with clear alignment to the Sustainable Development Goals.

PILLAR 3

Values, Ethics and Anti-corruption - Corporate Governance Structure and Statement of Compliance

Oando PLC's Governance Office is responsible for setting up, implementing and monitoring the general corporate governance structures of the Company and its subsidiaries. The Governance Office also measures the Company's level of compliance and periodically reviews the Company's policies to ensure they continually align with best global corporate governance practice.

The Company is committed to the global fight against corruption and actively participates in this fight through its membership and active participation in the following local and international organisations.

1. **Partnering Against Corruption Initiative ("PACI") of the World Economic Forum**
   Oando joined PACI, an initiative of the World Economic Forum, in 2008 and continues to an active member. This forum offers a risk mitigation platform to help companies design and implement effective policies and systems to prevent, detect and address corruption issues.

   The PACI Principles for Countering Corruption as revised in 2013 and launched at the 2014 World Economic Forums' Annual Meeting in Davos, aims to expand the focus beyond bribery and is intended to be a guiding framework for businesses ready to assume a leading role in combating corruption in all its forms. The core aspirational principles reinforce the drive for transparency, integrity and ethical conduct among businesses.

2. **United Nations Global Compact ("UNGC")**
   The UNGC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles covering the areas of human rights, labour, environment and anti-corruption and reporting publicly on progress made in implementing these principles in their business operations. Oando became a signatory to the UNGC in July 2009 and has been an active participant in the Local Network of the Global Compact in Nigeria. Oando PLC is also a pioneer member of the Global Compact LEAD platform. The Company continues to be an active participant in several UNGC initiatives at the global and country level.

3. **Convention on Business Integrity ("CBi")**
   Oando is a member of the Core Group of signatories to the CBi and became its 21st member on November 16, 2009. CBi is a declaration for the maintenance of ethical conduct, competence, transparency and accountability by private sector operators. It was established to empower business transactions within Nigeria against corruption and corrupt practices.

Corporate Code of Business Conduct and Ethics

Oando, together with its subsidiaries, maintains a Corporate Code of Business Conduct and Ethics (the "Code"), which is a central ethical and policy document applicable to all Directors, Managers, Employees and those who work for or on behalf of Oando (e.g. contractors, consultants etc.), , setting out the minimum standards of ethical behaviour expected of all such persons in the conduct of the Company's business.

Oando's Internal Policies and Processes Governing Ethics and Compliance

In order to provide guidance on Corporate Governance issues, the Company has implemented several internal policies and practices, which are reviewed periodically and revised as appropriate to ensure continued currency and relevance. The Governance Office supports the business units and entities in implementing various policies and monitoring compliance. The following policies and practices have been developed, approved and implemented. This list is not exhaustive:

- Group Corporate Governance Framework
- Anti-Corruption Policy
- Blacklisting Policy
- Board Appointment Process
- Corporate Code of Business Conduct and Ethics
- Delegation of Authority
- Dividend Policy
- Environmental, Health, Safety and Security Policy
- Gift and Benefits Policy
- Information Disclosure Policy
- Insider Trading Policy
- Know Your Customer Policy
- Matters Reserved for the Board
- Records Management Policy
- Related Party Transactions Policies
- Remuneration Policy
- Whistle Blowing Policy
- Complaint Management Policy

Whistle Blowing Hotline

The Hotline was set up as an avenue for employees and other stakeholders to confidentially report unlawful and/or unethical conduct involving the Company, members of staff or directors.

KPMG Professional Services manages the Whistle Blowing Hotlines and weblink and ensures that all reports are kept confidential and channelled to the appropriate authorities for investigation and resolution.

Employees are also encouraged to report grievances through any of the following channels:

- Visits, calls or emails to members of the Governance Office;
- Escalation of issues through appointed TRIPP Champions, who are volunteer employees assisting the Governance Office in entrenching Oando's core values in the entities or business units to which they belong.

The details of the KPMG Ethics hotline are as follows:

Toll free numbers for calls from MTN numbers only:

+234 703 000 0026
+234 703 000 0027

(8.00 am – 5.00 pm on weekdays only)

Toll free numbers for calls from Airtel numbers only:

+234 808 822 8888

(8.00 am – 5.00 pm on weekdays only)

Toll free numbers for calls from Etisalat numbers only:

+234 809 993 6366

(8.00 am – 5.00 pm on weekdays only)

Toll free numbers for calls from Globacom numbers only:

+234 705 889 0140

(8.00 am – 5.00 pm on weekdays only)

Email: kpmgethicsline@ng.kpmg.com

Weblink: http://apps.ng.kpmg.com/ethics

Complaint Management Policy

In compliance with the Securities and Exchange Commission's Rules Relating to the Complaints Management Framework (the 'Framework') which requires every listed company to establish a clearly defined Complaint Management Policy to resolve complaints arising from issues covered under the Investment and Securities Act 2007, the Company has complied by developing its Complaint Management Policy in line with the Framework. The Policy is available on the Company's website.

Due Diligence Process

The Company is committed to doing business with only reputable, honest and qualified business partners. Oando, through its employees, exercises due care and takes reasonable steps and precautions, geared towards evaluating business partners' tendencies towards corruption in making selections and/or choosing who to transact business with.

In an increasingly complex global business environment, it is crucial for us as a company to know exactly who our business partners are and the possible risks when dealing with them as the integrity of a business partner could have a huge impact on our Company's reputation.

The Company has licences to Thomson Reuters' World-Check One Risk Screening solution, a source of intelligence on heightened risk individuals and companies covering aspects of Know Your Customer (KYC) and Anti-Money Laundering (AML). This tool augments the Company's existing policies and procedures that identify and manage financial, regulatory and reputational risks associated with doing business with new business partners, suppliers and counter parties.

Anti-Corruption Initiatives

In order to fully inculcate an ethical culture in the organisation, new entrants into the Group are trained on the Company's policies and practices through a compliance on-boarding process.

Furthermore, there is an annual re-certification exercise for all directors and employees of Oando PLC and its subsidiaries which involves a refresher course on the relevant policies and anti-corruption principles, with tests conducted online. Certificates of compliance are generated for all participants who pass the tests.

The Company also ensures that all employees in sensitive business units such as Sales and Marketing, Procurement, Legal, Finance and Human Resources are specifically trained on ways of dealing with the different ethical dilemmas that may arise in the execution of their duties.

A monthly newsletter called the "Ethics Watch" bulletin is published and circulated to all employees and business partners to educate them on ethical and compliance issues and promote a culture of doing the right thing even when no one is watching.

Diversity

The Board continues to recognise that an appropriate mix of diversity and skills is key to introducing perspectives into Board deliberations. Each member of the Board offers a range of core skills and experience that is relevant to the successful operation of the Group. We pride ourselves as an equal opportunity employer by ensuring our policies and procedures are poised to continuously propagate inclusion and diversity.

The Company has a Board Diversity Policy, and guided by its Board Appointment Policy, which reflects the Board's approach to diversity to promote an inclusive and diverse culture through diversity of thought, skills, experience, knowledge, alongside criteria such as gender, ethnicity, and age.

Summary of Corporate Governance Evaluation for 2020

In line with the requirements of the Nigerian Code of Corporate Governance 2018, a corporate governance evaluation which covered the extent of the application of NCCG in the year under review was carried out.

The Internal Audit unit carried out a review of the Group's current governance structures and practices against applicable best practice from the NCCG in order to ensure compliance with the NCCG and other applicable corporate governance codes in 2020.

PILLAR 3 - continued

The review was also performed to contribute to the strengthening of Oando's Corporate Governance process and to recommend areas for improvement across the Group. The results of the evaluation revealed that the Company complied substantially with the principles as enshrined in the NCCG. A summary of the report is as set out below.

(a) Principle 1: Role of the Board
The Board has an approved Charter, which sets outs the responsibilities of the board. This charter is reviewed annually.

(b) Principle 2: Board Structure and Composition
The Board has a diversity policy for its directors, which sets out the Board's approach to diversity in relation to Board of the Company. The Company has plans to increase its diversity in terms of age and gender. In 2021, the following appointments were made to increase gender diversity on the Board:

- Mrs Ronke Sokefun – appointed with effect from 23rd December 2021
- Mrs. Nana Fatima Mede – appointed with effect from 23rd December 2021

(c) Principle 3: Chairman
The Chairman of the company is responsible for providing overall leadership of the Company and the Board. He is a Non-executive director and is neither a member nor chair of any Board Committees.

(d) Principles 4, 5 and 6: Managing Director/Chief Executive Officer/Executive Directors/Non-executive directors
The Group Chief Executive and all other executive and non-executive directors, declare conflicts of interests annually and as they occur. All matters in which the Group Chief Executive or any director has an interest such as a related party interest or conflict of interest are disclosed at the first possible opportunity. All directors do not participate in deliberations or decision-making with regard to matters they have an interest in.

(e) Principle 7: Independent Non-Executive Directors
The Independent Non-Executive Directors meet the independence criteria prescribed under section 7.2 of the NCCG.

(f) Principle 8: Company Secretary
The Company Secretary is an employee of the Company and also a member of senior management.

(g) Principle 9: Access to Independent Advice
The Board has the power to obtain advice and assistance from, and to retain at the Group's expense, subject to the prior approval of the Chairman, such independent or outside professional advisors and experts as it determines necessary or appropriate to carry out its duties.

(h) Principle 10: Meetings of the Board
Attendance at board meetings is taken into consideration in re-electing directors.

(i) Principle 11: Board Committees
All Board Committees have Board-approved charters, which set out their responsibilities and terms of reference.

(j) Principle 12: Appointment to the Board
There a Board-approved policy for the appointment of Directors.

(k) Principle 14: Board Evaluation
A Board evaluation was conducted for the year ended 31st December, 2020, to assesses the extent to which each Director, the committees of the Board and the Board were committed to their roles, and how effectively they work together and continue to contribute effectively to the achievement of the Company's objectives.

(l) Principle 16: Remuneration Governance
There is a Board-approved Directors' Remuneration Policy, and the remuneration of non-executive directors is presented to shareholders for approval. No portion of the non-executive directors' remuneration is linked to company performance.

(m) Principle 17: Risk Management
A risk assessment is conducted every quarter and presented to the Risk, Environmental, Health, Safety, Security and Quality Committee.

(n) Principle 18: Internal Audit
The Company has a board-approved internal audit charter, which is reviewed and approved by the Board annually.

(o) Principle 19: Whistleblowing
The Company has a Board approved whistleblowing framework. The details are set out on page 48.

(p) Principle 22 – Shareholder Engagement
There is a Board-approved Stakeholder Engagement policy, which is reviewed periodically.

(q) Principle 25 – Ethical Culture
The Company has a Code of Conduct and Business Ethics which details business ethics and acceptable conduct which is an integral part of the Company's value and method of conducting business. The Company is guided by its core values of Teamwork, Respect, Integrity, Professionalism and Passion. The Code also covers areas such as conflict of interest, gift declaration, related party declaration, use of company's assets, insider trading etc.

Statement of Compliance

The Company observes the highest standards of transparency, accountability and good corporate governance in its operations by complying with the requirements of Nigerian and international corporate governance regulations, particularly, the Securities and Exchange Commission's Corporate Governance Guidelines and the Nigerian Code of Corporate Governance 2018.

report of the directors

Report of the Directors

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Board of Directors of Oando PLC hereby present to the members of the Company, the audited consolidated financial statements for the year ended December 31, 2020. The preparation of the annual financial statements is the responsibility of the Board and it should give a true and fair view of the state of affairs of the Company.

DIRECTORS

The Board

The names of Directors who held office during the year and at the date of this report are as follows:

Non-Executive Directors

1. HRM Oba Michael Adedotun Gbadebo, CFR (Independent)
2. Mr. Tanimu Yakubu
3. Mr. Ademola Akinrele, SAN
4. Mr. Ike Osakwe (Independent)
5. Mrs Ronke Sokefun (Independent) – Appointed with effect from 23rd December 2021
6. Mrs Nana Fatima Mede (Independent) – Appointed with effect from 23rd December 2021

Executive Directors

7. Mr. Jubril Adewale Tinubu
8. Mr. Omamofe Boyo
9. Mr. Adeola Ogunsemi – Appointed with effect from 18th February, 2022
10. Dr. Ainojie Alex Irune

Directors Interest

None of the directors have:

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

Directors' shareholdings

The direct holdings of ordinary shares by the Directors of Oando as at December 31, 2020, being the end of Oando's immediately preceding financial year, are set out on page 70.

Interests of Oando's Directors in terms of the Equity Incentive Scheme

The Executive Directors stand to benefit from the Oando Employee Equity Incentive Scheme. For further details please see page 158.

Directors' interests in transactions

The Company has a policy on Related Party Transactions, which regulates all the related party transactions entered into by the Company.

The Company's Related Party Transactions have adhered to the provisions of the Companies and Allied Matters Act 2020, as well as the Listing Rules of the NGX, and have been conducted on an arm's length basis as part of the ordinary course of business. Further information on these transactions can be found in Note 42 on Page166.

Some of the Directors hold directorships in other companies or are partners in firms with which Oando had material transactions during the current financial year, as summarized in page 169.

Risk Report

Risk management organization

Risk Management is an integral part of Oando's business activities. The Board through the Risk and EHSSQ Committee has the primary responsibility for reviewing the adequacy and overall effectiveness of the company's risk management process and its implementation by executive management. All risk information, including risk data, risk registers, the analysis of the data and risk reports prepared by the Risk Management and Controls function are reviewed, approved and presented to the Board by the Risk Committee.

The Group Risk Management and Control (GRM&C) function is headed by the GM Risk Management and Operations Integrity. The function facilitates the identification and, assessment of any downside risk that may impact on the organization's ability to meet its corporate objectives. The function also monitors the controls established to mitigate identified risks and identifies opportunities that may improve the overall risk culture within the company.

The key risks relating to each business unit is managed by the respective unit and primary department/ function with input from the Group Risk Management and Control department. The GRM&C assists the board with its oversight role and established policies and procedures ensuring that the organization has a structured approach to identifying and managing risks inherent in day-to-day operations, by designing effective controls to mitigate these risks.

A risk register is updated throughout the year in line with current realities and flags emerging risks on the horizon. The execution of control activities specified and agreed against each risk is reviewed by our internal auditors periodically. The top risks assessed as high, is reported to the board including the current mitigation controls adopted and our assessment of the effectiveness of these controls.

Enterprise Risk Management

Several risks and uncertainties could impact the Group's ability to deliver on its strategic objectives and create long-term shareholder value. Industry specific risk factors separately or in combination, could have a material adverse effect on the implementation of our business strategy and financial performance, results of operations, cash flows, shareholder returns and reputation. Globally, the major indices that drive economic growth within our sector have been subjected to volatility in the last four years, primarily oil prices.

The financial year 2020 was characterized by the COVID-19 pandemic. The World Health Organisation (WHO) declared the COVID-19 outbreak a pandemic on the 11th of March 2020, depicting the outbreak as a worldwide spread of a new disease, which led to global lockdowns amidst health crisis in several countries. The pandemic triggered several far-reaching risk events within the oil and gas, hospitality/travel, retail, and other industries while also negatively impacting world economies at large.

This singular risk event further impacted critical key risk indices within Oando Plc Group as follows:

Compounded liquidity risk due to the drastic decline in the Group's short to medium term revenues, gross margin, and free cash flows due to the pandemic's impact on oil prices

The pandemic had a major adverse effect on oil prices in 2020 with the industry witnessing significant global oil demand destruction, leading to decline in oil prices and an ensuing price war between OPEC and its allies. In the month of April, WTI futures price closed at -$37 primarily due to storage constraints and the fact that they were no takers for the crude. To mitigate the fall in oil prices, OPEC and its allies agreed on systemic production cuts throughout the year which aided the rebalancing efforts of the oil sector. The year had Brent oil price close at $41.96 with a year low of $9.12 and a high of $70.25.

Against this background, we continue to identify and assess those key risks that could impact our medium to long term goals and business sustainability. The top risks are as follows:

Liquidity Risk
Liquidity remains a key risk facing the Group, taking into consideration the Group's current liabilities and debt profile heightened by the volatility in oil prices triggered by the pandemic. The situation resulted in shrunken free cash flows and compounded the liquidity challenges of the Group especially as it relates to operational (capital and operating expenditure), regulatory and debt obligations.

This risk is further heightened due to the additional debts incurred by the Group in late 2019 and early 2020 primarily the $425m Afrexim loan finalised in Q4 2019, its attendant obligations and crystallised obligations on other corporate loans. There is significant pressure from loan providers to re-evaluate and renegotiate the terms of the Corporate and MTL facilities.

During the year, the Group had in place economic hedges using financial commodity contracts on crude. The economic hedges cushioned/reduced the exposure to fluctuations in crude oil prices and the associated financial risk/effect. These hedges helped limit the value erosion triggered by the volatility in oil prices to the Group's investment and management will continue to review for appropriateness and sufficiency.

Regulatory and Compliance Risk
This is the risk that current regulatory policies/legislation or changes in legislation, fiscal and regulatory policies may threaten the group's competitive position and capacity to conduct business efficiently. It is also the risk of reputational loss resulting from violation or non -compliance with the law.

Oando has presence in multiple jurisdictions (Africa, Europe, and Dubai). Any changes to the laws of these countries including tax laws could adversely affect the group. Non-compliance with FCPA rules, UK anti-bribery, anti-corruption laws and ethical standards could lead to legal liability, reputational damage and adversely affect the advantages derived from the company's current structure.

The group's governance and compliance department ensure access to specialist advice in all jurisdictions. The department closely monitors events in all jurisdictions the company has a presence and ensures the company's commitment to high ethical standards and compliance to the laws of the land where it operates.

Regulatory compliance and reputational risks were very high on the Group's radar in 2020 with the lingering legal cases between the key Group principals/executives and the Securities and Exchange Commission (SEC). The fundamental Human Rights (fair hearing) suits filed by Oando PLC and some directors was subsequent to the 2020-year end heard at the Federal High Court on the 25th of February 2021. The court declined jurisdiction to hear the case on its merits referring the case to the Investment and Securities Tribunal (IST).

Management has appealed the decision and filed an injunction pending appeal to stay action on SEC's 31st May 2019 letter to the company. Management was also in settlement negotiations with SEC while working to mitigate the effect of these events on business operations, potential investments, bankers and vendors. However there remained material uncertainties to the business pending the conclusion of court proceedings. These events resulted in negative publicity and heightened Oando group's regulatory compliance and reputational risk factors. SEC's actions (including the upheld suspension of the 2019 Annual General Meeting) caused additional damage to the company's ability to raise capital and manage business dealings with financiers and vendors.

Subsequent events as of 19th July 2021 – A definitive settlement was reached between Oando Plc and the Securities and Exchange Commission (SEC). This is evidenced by a statement released by SEC on said date, confirming the execution of settlement terms by all parties without admitting or denying any liabilities. This development reduced the Group's risk exposure in the regulatory and reputational risk categories.

Macroeconomic Risk
This is the risk that changes in national and international economic factors (such as interest rates, exchange rates, commodity prices, inflation, systemic financial crisis etc.) will negatively affect corporate performance and business sustainability.

According to the National Bureau of Statistics (NBS), the Nigerian economy expanded in real terms by 0.11% year-on-year in Q4 2020 compared to -3.62% and 2.55% recorded in Q3 2020 and Q4 2019 respectively. This growth rate signalled Nigeria's exit from the recession of the last two quarters, because of the effect of the COVID-19 pandemic on key sectors such as oil and gas, transportation, manufacturing etc. Full year 2020 growth stood at - 1.92% (2019: 2.27%), though significantly lower than the -3.5% projected by the International Monetary Fund in its January 2021 World Economic Outlook report. These macroeconomic indices had adverse effects on business operations in 2020 coupled with the high rate of Inflation which peaked at 15.75% in December 2020,

After the country's exit of the negative quarterly growth path in Q1 2021, there still exists significant risks that could disrupt the current economic recovery. Some of these downside risks include the effect of emerging variants of the COVID-19 virus, foreign exchange illiquidity, spate of insecurity in the country, OPEC+ agreement on rebalancing efforts etc.

Reputational Risk
Reputational risk addresses changes in stakeholder opinion, changes in perception of company's corporate behavior, or failure to comply with standards which could have an impact on the company's ability to meet its strategic objectives.

As a result of the lingering court case with SEC, reputational risk was on the group's radar during the year as these events have resulted in negative publicity and heightened Oando group's compliance and reputational risk factors. Executive management through the corporate communications unit have consistently given the general public and all other stakeholders precise facts concerning the subject matter through timely press releases as the matter unfolds.

Subsequent events as of 19th July 2021 – A definitive settlement was reached between Oando Plc and the Securities and Exchange Commission (SEC). This is evidenced by a statement released by SEC on said date, confirming the execution of settlement terms by all parties without admitting or denying any liabilities. This development reduced the Group's risk exposure in the regulatory and reputational risk categories.

Niger Delta militants' attacks and threats expose the company to the risk of shut down of the joint venture assets.
The risk of sabotage to Brass Terminal and other Oando joint venture oil installations in the Niger Delta by agitating militants remains high, however sabotage incidences were not as rampant as in previous years as operations witnessed a drop in incidences for the most part of 2020, partly due to the pandemic.

Continuous and frequent engagement with the local communities has also made a big difference towards resolving the community conflict. Management with JV operators ensured that the communities are carried along with operational activities, while also implementing social intervention plans.

There is no certainty that there will be an end to restiveness in the Niger Delta. This will depend largely on joint effort of the government and the oil companies to combat the spate of vandalization and banditry in the Niger Delta.

Cyber risk
Organizations rely on information technology as an essential tool for meeting business objectives as well as safeguarding intellectual property, financial information, and the company's reputation. Critical digital assets are being targeted and the potential impact on businesses has never been greater with the threat landscape constantly changing.

There were several privacy and cybersecurity breaches within Nigeria due to the pandemic and the resultant lockdowns however, the company did not have any significant breaches because of the robust information security controls and protections in place. Furthermore, the company's approach to cybersecurity has kept pace with on-going developments within the cyber security spectrum. In mitigating cyber risk, management has been proactive with the security of IT infrastructure; undertaking remediation activities for issues noted from vulnerability and penetration testing activities, ensuring that IT systems are updated with the latest patch releases from security vendors, and also a general improvement in enterprise security awareness, including training sessions held for staff. Oando continues to employ the latest developments in Information Technology security to combat these cyber risks.

Human Capital Management

The focus for 2020 was to maintain Oando's standing as a great place to work. Given the peculiarity of the year due to the COVID-19 global pandemic, the team focused on optimizing, automating, and updating its policies, processes and procedures to ensure ease and real time accessibility for employees, while providing valuable training through the Oando academy which is the company's in house learning academy, to engage and retain the most talented employees.

HRIS/HCM Module for Oracle Fusion
HCM drove the process design for more Human Capital Modules on the company's Enterprise Resource Planning (ERP) tool. The team also worked with the IT team to move other HCM processes from the SharePoint platform to the ERP tool. The goal was to enhance the employee experience by providing a one stop shop for almost all HCM related requests. This ensured that HCM services are always accessible to employees as well as monitored our service delivery process to employees. Some of the modules launched include;

- HCM service request platform
- HMO registration,
- Reimbursement requests
- Job mobility requests etc.

Talent Management & People Development
We believe that offering the right growth and development opportunities translates to success in employee engagement and retention. This was especially important in 2020 due to the COVID-19 pandemic which resulted in a new reality for most organizations. Remote work has become the new reality of work and the team was able to maintain its support of the organization in employee development by leveraging Subject Matter Experts within and outside the organization to deliver sixteen (16) courses virtually via the Oando Academy which resulted in targeted training of 78% of the organization.

The team also introduced the Job Mobility Program which supports inter and intra departmental knowledge transference. The two models under the program are Job Shadowing which allows employees observe and practice tasks on a different role while maintaining responsibility in their primary role, and Job Rotation which allows employees assume responsibilities on a new role for the duration of the program having handed over their primary responsibilities over to another individual. The successful pilot phase of the project was launched with 5 individuals and the program will be made available to all employees in 2021.

Performance Management
Oando believes that the key to effective performance management and corporate goal actualization is the alignment of organizational and employee goals. To this end and in line with its usual practice, the company carried out the bi-annual goal setting from top to bottom and conducted performance evaluations at the end of each period to track goal achievement and ensure overall alignment. This process was managed virtually using several tools, primarily the performance management module on the Enterprise Resource Planning (ERP) system, Oracle Fusion. This is usually a continuous process and Oando constantly encourages clear communication lines between employees to boost engagement and productivity, which in turn drives employee performance.

In addition to our usual Performance Management process, we also developed and announced the PM on the Go platform, which was designed to promote instant recognition of employees on the job, reinforce the organization's core values in employees, and provide an institutionalized platform for instant feedback.

Talent Acquisition and Attrition Management
Effective talent acquisition and alignment is the top focus for the HCM team at Oando. We believe offering growth and development opportunities improves employee engagement and ensures that the organization continues to meet its goals. As such, the team recruited six (6) full time employees in 2020, two (2) of which were managerial roles.

By year end, we had an average number of one hundred and forty-eight (148) full time employees and recorded four (4) exits, summing up to a 2.7% attrition rate. The attrition rate group-wide is benchmarked at 8%.

Remuneration, Benefits and Employee Welfare
Our pay philosophy remains competitively anchored at the 50th percentile of the comparative competitor market which is determined by information obtained through appropriate and reliable market/industry surveys.

As part of our great place to work strategy, healthcare coverage was improved to include more health insurance options such as the availability of a second international provider and more benefits offerings from the healthcare providers. The social subscription benefit was also expanded to allow employees enjoy other social activities besides gym and club memberships, and additional professional subscriptions for better work-life effectiveness and this helped several employees cope with the stress associated with the ongoing pandemic.

The year 2020 was different for all and due to the uncertainties of the global pandemic, a Remote Work Policy was introduced amongst other employee welfare initiatives like the introduction of an Employee Assistance Program (EAP). We also continue to improve and expand on our benefits catalogue for employees to ensure they are provided with the best options available.

Environmental Health Safety Security Quality Report

The year 2020 was a unique one that is usually experienced every 100years. The COVID-19 virus also called Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-COV-2) which broke out in November of 2019 was spreading across the world and Nigeria recorded its index case on 27th February 2020.

The virus had an unprecedented health and financial impact around the world with the WHO declaring the outbreak, a Public Health Emergency of International Concern on 30th January 2020 and a Pandemic on 11th March 2020. As at December, 31st, the virus had infected an estimated 79million people and killed approximately 1.81million globally.

Countries grappled with the virus and sought ways, through public awareness, shutdowns, restrictions, and financial bailout of their citizens & institutions.

Prior to the index case in Nigeria, Oando had commenced proactive measures regarding the COVID-19 pandemic to protect employees. Two COVID-19 townhall meetings were held in February to provide information to employees on the virus. These townhall meetings included presentations, Questions & Answers sessions to allay the fears of employees. In addition, COVID-19 sessions which included COVID-19 national & global statistics and updates were presented in every monthly EHSSQ meeting.

The Company 5 prong strategic approach in protecting its employees against the COVID-19 pandemic were:

1. Development and periodic COVID-19 assessment of the impact of the pandemic nationally and globally using available data from research institute such as the John Hopkin University.

2. Development and implementation of the Oando COVID-19 manual which provided guidance for the implementation of activities within the organization. The major focus of the guideline included:

- Testing requirements and guidelines
- COVID-19 Protocols in its offices
    - o Use of facemasks
    - o Temperature checks
    - o Handwashing/ Use of hand sanitizers
    - o Observing social distancing with minimum of 1.5 meters
- Monitoring of implemented protocols

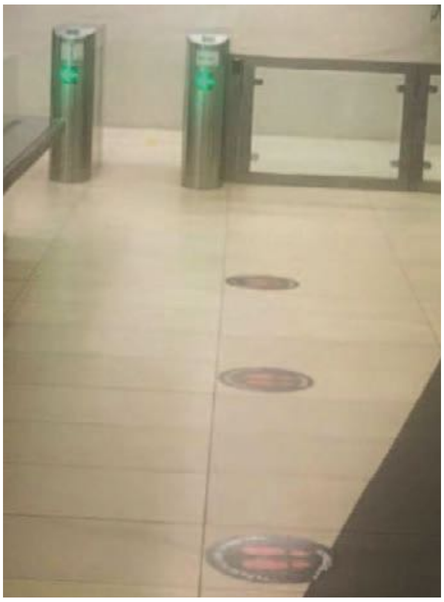
3. The Business Continuity Plan (BCP) Team on COVID-19 that reviewed the COVID-19 assessment and provided advisory on Remote Working & mode of operation for physical return to work. For instance, Oando employees worked from home from the 2nd week of March all through the end of May, well after the Federal Government lifted restrictions on 4th May 2020.

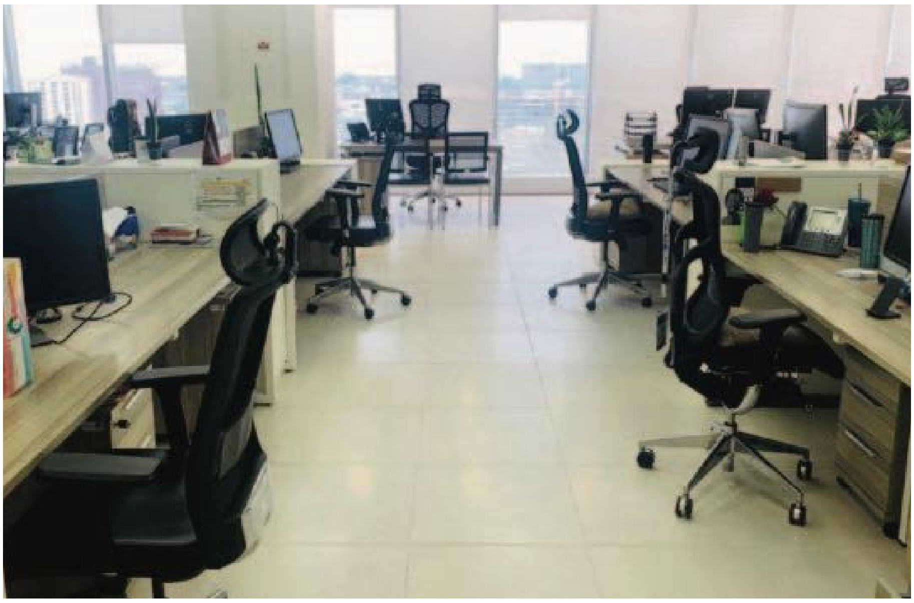
   Other aspects considered by the BCP Team included modalities for revamping up number employees physically in the office and exemption for employees from physically resumption.

4. Collaboration with strategic external stakeholders both at the state and Federal levels. Some of the stakeholders engaged included Federal Ministry of Environment, Lagos State Government and Nigerian Centre for Disease & Control.

5. Set-up of modalities for quarantines, COVID-19 testing and liaison with Medical Organizations & hospitals to provide COVID-19 treatment for infected employees, including admission & care for severely ill employees. Services rendered to employees included Employee Assisted Program (EAP).

The pictures below demonstrate the COVID-19 protocols that were deployed (and currently in use) to prevent the spread of the virus at the company's offices.





As always and despite the COVID-19 Pandemic, Oando focused on productivity with emphasis on healthy lifestyles and promotion of a better safety culture within the organization.

The Organization sustained the established target of zero Lost Time Injury (LTI) and zero Total Recordable Incident Rate (TRIR) as part of sustaining its Environment, Health and Safety (EHS) culture.

Safety Awareness & Trainings:

Safety awareness included monthly safety townhall meetings most of which held virtually after the first case of the COVID-19 virus recorded in Nigeria. Other trainings included First Aid training and EHS competent training.

2020 Oando PLC Statistics:

	2016	2017	2018	2019	2020	Comments
Man hours	4,014,451	213,922	311,088	322,912	357,024	Man hours from Oando divested entities is not included
Fatalities	0	0	0	0	0	There were no facilities among employees, contractors or 3rd party
LTI	0	0	0	0	0	LTI has consistently remained @ Zero (0) for the last 7 years of reporting
LTIF	0	0	0	0	0	Zero LTIF recorded for the Oando Operations
TRIR or TRCF	0.75	0	0	0	0	Zero (0) TRIR achieved as a result of awareness, adherence to processes, ownership by employees and active participation in the health & safety programs organized by the company
Product Spills (Litre)	165,724	0*	0*	0*	0*	No spill recorded within Oando's EHS management system and does not include spills recorded from operations in which Oando has partnerships
Fire	6	0	0	0	0	There have been no fire incident in the company over the last three years
HIR	16,926	57	237	104	53	HIR reporting does not include activities from the projects

Report of the Audit Committee

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 received the 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
Chairman, Audit Committee
FRC/2017/ICAN/00000016455

Members of the Audit Committee as at the date of this report are:

Mr. Ike Osakwe Non-Executive Director (Chairman)

Mr. Tanimu Yakubu Non-Executive Director

Dr. Joseph O. Asaolu Shareholder

Mr. Segun Oguntoye Shareholder

Dr. Anthony Omojola Shareholder - Elected on August 30, 2021

Oando Foundation 2020 Annual Report

Oando Foundation was borne out of a firm belief that investment in education pays the best dividend. Decades of neglect within the Nigerian educational sector saw the value of our human capital plummet at an alarming rate. With the Government overwhelmed by the sheer magnitude of resources required to rewrite the country's growth story, our founding partner, Oando PLC, tasked itself with investing in the education sector believing that as Africans we must be our own solution providers. Where better to start, than in the creation of a system that ensures a viable future for the next generation of change makers.

The Foundation remains steadfast in its commitment to realize the rights to education for the Nigerian child, and the achievement of the Sustainable Development Goal (SDG4) by 2030; a world in which no child is left behind. We are supporting the Nigerian Government in achieving its Universal Basic Education goal by increasing access to and quality of basic education in 88 school communities across 23 states in Nigeria through our signature programme, the Adopt-A-School Initiative (AASI). AASI's school improvement model adopts a holistic approach to addressing critical supply and demand factors that affect learning, teaching, management, parental/community participation, and responsiveness to children's needs.

2021 marked a significant milestone, celebrating Oando Foundation's 10th anniversary. It presented a unique opportunity to reflect on the journey so far – to share our successes, challenges, lessons, and impact.

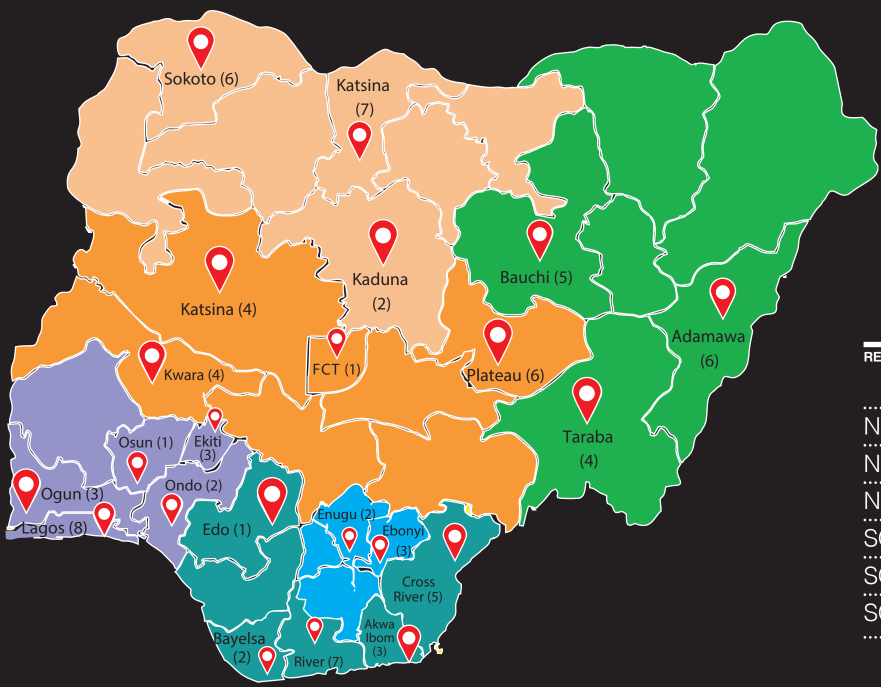
working in

88

school communities across 23 states in Nigeria through our signature programme, the Adopt-A-School Initiative (AASI).

Celebrating a decade of Impact

88 communities across 23 states in Nigeria and counting...



REGION	NO OF ADAPTED SCHOOLS
NORTH CENTRAL	15
NORTH EAST	15
NORTH WEST	15
SOUTH WEST	5
SOUTH SOUTH	18
SOUTH WEST	17

Through the years, we have had to learn, unlearn, and relearn; we built on existing strategies and innovated through every twist and turn to ensure the success of the mandate. We are very happy to share our decade of experiences through our knowledge management products, enriching coffee table book, social media, and various other platforms.

The last decade has been eventful and impactful. We have built on the goodwill and commitment demonstrated by state and local partners, working through government and community systems to create ownership and sustained participation in programme delivery; and leveraged counterpart contributions toward school improvement targets, including infrastructure upgrade. We have improved skills and built the capacity of the State Universal Basic Education Boards (SUBEBs), Local Government Education Authorities (LGEAs) and School-Based Management Committees (SBMCs) to deliver basic education dividends to their communities, whilst strategically contextualizing our approaches and solutions for sustainability, replication, and scale.

We haven't achieved this alone. Grateful to all who have supported the Foundation's work in diverse ways through the decade; especially our employees (past and present), Board of Trustees, Strategic partners Federal, State and Local Government Education officials, Non-Governmental Organizations, International Development Organizations and Private Sector Organizations, sponsors, volunteers, mentors, and programme beneficiaries for their invaluable support and collaboration in the execution of our strategic objectives.

Today, we are faced with a unique set of challenges - 5.6% of national budget allocated to education in 2021; worse in a decade despite the unprecedented learning slide occasioned by the COVID-19 pandemic, increasing number of out-of-school children, and continued attack on Nigeria's fragile school system due to insecurity. Nonetheless, we remain steadfast in our commitment to improve basic education access and quality, expanding our education technology intervention to bridge the learning gap in target public schools, as well as strengthen strategic collaborations that will drive innovation and large-scale impact in the sector.

We hope that you will continue this journey with us and together we will be proud to say that we were indeed part of the post pandemic education recovery, actualization of SDG4 and changing the narrative across Africa. Let us each have the courage and determination to choose the path that lets all children, youths and adults fulfil their right to education.

OUR DEFINING MOMENTS

MILESTONE

2015

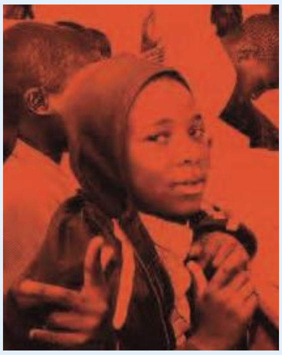
1,731 School Based Management Committee (SBMC) members, 212 Education Management Information System (EMIS) officers and 170 School officers provided capacity building and mentorship support to improve education service delivery.

2014

Piloted the Early Childhood Care and Development (ECCD) and Digital Literacy programmes. Since launch, 11 ECCD and 39 solar powered ICT Centres established and 120+ teachers and caregivers, 150+ ICT Educators trained across adopted schools nationwide.

2011

The Oando Foundation established to support the Nigerian Government in actualizing the Universal Basic Education goal.



2012

Launch of the Oando Scholarship Programme and the Employee Volunteer Program (EVP). 1,153 scholars supported and our Volunteers have conducted 4 career talks, 3 book drives, 4 school rehabilitation, donated 1,500 educational aids and sponsored 221 scholarships.

2013

Adopted 47 public primary schools across 19 states and the FCT. Currently support 88 schools across 22 states in Nigeria and the FCT.

CELEBRATING A DECADE OF IMPACT

2016

Partnered with Educate A Child (EAC) to enroll out-of-school children (OOSC) nationwide. 60,955 OOSC have been mobilized and enrolled into adopted schools, achieving a 77% retention rate on programme completion.

2017

Partnered with Sumitomo Chemical to improve digital literacy and Early Child Care Development (ECCD) education. 8 solar powered ICT Centres and 1 ECCD centre established and 49 ICT Educators and10 ECCD teachers/caregivers trained. Recently, 7 schools and their host communities are being supported to build their knowledge of plastic recycling and sustainable environmental practices, directly impacting 7900+ children, teachers, government education managers and community members.

2018

Scaled training of teachers and school managers in adopted schools. 2,832 teachers and 210 head teachers trained in school management, modern pedagogical practices, and subject content knowledge since inception.

2019

Nominated to lead the Education Cluster of the Private Sector Advisory Group (PSAG) Nigeria. Cluster focuses on garnering and strengthening multi-stake-holder collaboration for improved education delivery.

2020

Executed infrastructure improvement projects across our adopted schools. Since inception, 249 classrooms, 118 toilet units, 10 school perimeter fences, 35 boreholes and 26 wash bays renovated / constructed to provide a conducive learning environment.

IMPACT OVER A DECADE

- **Over half a million children directly impacted** across 88 target communities since its inception in 2011
- **60,955 out of school children enrolled,** 77% retained; particularly girls and vulnerable children who are now on the path to acquiring literacy and numeracy skills that will improve their lives and impact positively on their communities.
- **2,832 school teachers have improved their core subject content knowledge** and pedagogical practices and are passing on this knowledge to children in adopted schools in simple, engaging, and effective ways that build their cognitive and socio-emotional skills.
- **210 head teachers trained in leadership** and school administration and have become much more effective in supporting teaching and learning in their schools.
- **1731 SBMC members trained:** School-based management committees (SBMCs) have become much more functional and are also more inclusive of women and children. School development planning has consequently improved dramatically.
- **212 Education Officers trained** in evidence planning and education data management.
- **1153 scholarships awarded to brilliant, underserved children** to transit and complete secondary school, affecting over 4,000 indirect beneficiaries.
- **Refurbished 64 schools** – infrastructure works included 83 blocks of 249 classrooms, 4 school perimeter fences, 80+ sanitation and hygiene facilities, and 4,000+ units of students' desks and chairs; improving the learning environment of students in adopted schools.
- **Established 39 ICT Centres** and donated educational software to support deployment of curriculum-based lessons in adopted schools.
- **100,000+ people within 39 communities now have access to digital learning opportunities,** 78% of student beneficiaries can now display elementary ICT appreciation skills.
- **10,000+ Teaching and Learning Materials donated** across adopted schools to aid in teaching and learning.
- **Increased community participation in school governance** and development, working with key groups such as the school-Based Management Committees (SBMCs)

over

500,000+

children directly impacted across 88 target communities since its inception in 2011

60,955

out of school children enrolled, 77% retained; particularly girls and vulnerable children

210

headteachers trained in leadership and school administration

Refurbished

64

schools – infrastructure works included 83 blocks of 249 classrooms, 4 school perimeter fences

100,000+

people within 39 communities now have access to digital learning opportunities

10,000+

Teaching and Learning Materials donated across adopted schools to aid in teaching and learning.

2020 HIGHLIGHTS

1. Joining Voices for Education Recovery

Global recovery from the impact of the COVID-19 pandemic will be incomplete without consciously rebuilding the education sector, especially the learning inequalities and higher out of school numbers. We recognize that synergy among all stakeholders – government, private sector, civil society is critical for mutual accountability, economies of scale, and avoiding duplication of efforts across all levels is apt.

Through the Nigeria Annual Education Conference (NAEC) and Private Sector Advisory Group (PSAG), we continued to drive the course of Basic Education in Nigeria, ensuring we lend our voice to pertinent issues in the sector. Nigeria's Annual Education Conference themed "Building on effective, resilient and sustainable education system for Nigeria during and post COVID-19 pandemic: The way forward" provided opportunity to share evidence from our work with multilevel education stakeholders whilst participating in the discourse on leapfrogging innovations for the transformation of education delivery in Nigeria.

Similarly, we co-organized a virtual conference hosted by the PSAG to address the private sector education investment towards COVID-19 response and the emerging opportunity for Large-Scale impact. The urgent need for increased allocation of public resources to the education sector, and the unique role organized private sector can play through strategic partnerships that leverage technical expertise and resource mobilization opportunities cannot be overemphasized.

Panelists included the Minister of State for Education, Chukwuemeka Nwajiuba, CEO Chapel Hill Denham and Co-Chair of PSAG Nigeria, Mr Bolaji Balogun; Chief of Education, UNICEF Nigeria, Euphrates Wose and Head of Oando Foundation, Adekanla Adegoke.

The Webinar, among other things, identified key Education Investment areas and reflected education delivery, challenges, and opportunities; highlighted private sector contributions to the sector, especially during the COVID-19 pandemic; explored possible evidence-based private sector interventions post-COVID and engaged strategically with education stakeholders for a coordinated mid to long term response.

2. Partnerships Critical for Lasting Change in Education Delivery

Partnerships are at the core of our strategy to scale opportunities for underserved children to access world-class education systems. We partnered with United States (USAID-AENN) and Sumitomo Chemical, to improve infrastructure development in Mafoni Primary School, Maiduguri, establishing a fully equipped 15 desktops solar-powered digital learning (ICT) Centre and upgraded 2 ECCD classrooms with age-appropriate teaching and learning materials, creating a conducive learning environment. Besides, ECCD teachers and care workers were trained to deploy age-appropriate child-centred approaches to stimulate learning and increase children engagement.

3. Increasing Waste Recycling and Reusability

We also expanded our partnership with Sumitomo Chemicals to promote environmental education and sustainable action against climate change in Lagos State through a joint project tagged 'Clean Our World'. The project aims to create awareness and empower children, teachers in 7 public primary schools and their host communities with the knowledge of plastic recycling and waste management, whilst encouraging the adoption of eco-conscious lifestyles. Benefitting school communities include Dele Ajomale Schools Complex (I–IV) Ilasamaja, Metropolitan Primary School, Orile-Iganmu, Olisa Primary School and Methodist Primary School, Mushin.

Recent reports estimated that Nigeria generates over 32 million tons of solid waste annually, of which > 30% is plastic. Reckless disposal of MSW has led to blockage of sewers and drainage networks and choking of water bodies causing increased flooding across cities.

Climate change is evident in rising temperatures, more intense and frequent weather events, and sea-level rise. Hence, creating awareness on plastic recycling, environmental responsibility and sustainability will help explain, inform, motivate, persuade, and encourage beneficiaries in target schools and communities to embrace behavioral changes necessary for long-term impact. The first phase of the project was implemented in Metropolitan Primary School, Orile Iganmu

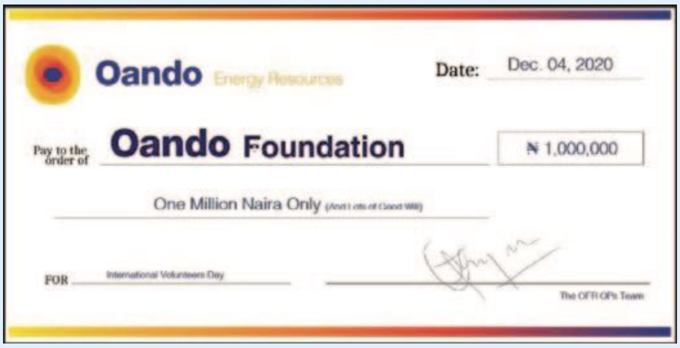
4. Expanding Support for Education

Following our drive for increased volunteering and support for children under the Oando Foundation Scholar Programme, Staff of the Oando Plc, the Foundations core funding partner - contributed to sponsor 28 children with the ancillary cost of education materials such as Teaching and learning guides, school uniforms, textbooks, under the Oando Foundation Scholar Programme. The formal handover ceremony was conducted virtually in commemoration of the international Volunteers Day, 5th December 2020. The importance of Volunteering was amplified to the virtual audience and a call was made for more volunteers to lend their time and resources towards supporting the education of marginalized children

sponsored

28

children with the ancillary cost of education materials such as Teaching and learning guides, school uniforms, textbooks



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5. Addressing Economic Barriers Towards Educational Achievements for Marginalized Children

The impact of poverty on education globally remains one of the biggest challenges facing the achievement of SDG4 goals on access, equity, and inclusion. In Nigeria, despite compulsory free basic education in Nigeria, about 10.5 million Nigerian children are presently not out of school (UNICEF), the highest in the world. Oando Scholars programme supports transition and retention of intellectually gifted pupils from adopted schools through secondary education. The award covers tuition where applicable, as well as other ancillary costs including transportation, study materials, and uniforms.

Through the scholarship programme, Oando Foundation has directly impacted 1,153 students from poor socio-economic background to date. 56% of them have recorded remarkable strides, performing above 70% average consistently; others have represented their states and local governments at different academic competitions. In 2020, 309 scholars benefitted from the initiative.

Oando Foundation has directly impacted

1,153

students from poor socio-economic background to date.

6. Supporting COVID-19 Relief Efforts through Employee-led 'Tap to Reach All'

Since the emergence of the COVID-19 pandemic, there has been an overwhelming response from both the public and private sector to support the work of multiple bodies providing food relief to the less privileged amongst us.

The Foundation supported The Aggregator Platform (TAP), a unique initiative inspired by the staff of Oando PLC (Humans of Oando) as an aggregator platform for all COVID-19 related intervention efforts that are focused on the sustenance of livelihoods in less privileged communities across Nigeria, starting with Lagos State.

As of December 31, 2020, a total of N37.5 raised, 10 NGOs have been signed onto TAP, reaching 5,363 households across 21 communities in Lagos with food palliatives.

Our goals remain the same – provide underserved children access to world-class education structures. 2021 will be no different, we will deploy ourselves, our resources and leverage our network to amplify the voices of unheard children, working with old partners, while we forge new ones.

We are excited about increased opportunities to transform more lives through education in 2021.

As of December 31, 2020, a total of

N37.5million

raised, 10 NGOs have been signed onto TAP

tap reached

5,363

households across 21 communities in Lagos with food palliatives



financial statement

HUMANS OF OANDO

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.

2. Results and dividend

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 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 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 38.

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.

Directors' report

For the year ended 31 December 2020

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 74 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	2,431,412,481	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.

Directors' report

For the year ended 31 December 2020

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 Board of Directors and has indicated its acceptance to act in office in accordance with section 401(3) & (6) 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/2013/00000003578

Annual Consolidated Financial Statements

Corporate responsibility for financial reports

For the year ended 31 December 2020

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
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348

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

Statement of Directors' responsibilities

For the year ended 31 December 2020

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

Annual Consolidated Financial Statements

Report of the independent auditors

For the year ended 31 December 2020

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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.

Report of the independent auditors

For the year ended 31 December 2020

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.

Report of the independent auditors

For the year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC – CONTINUED

Key Audit Matter - Group	How the matter was addressed in the audit
Risk 1: **Carrying value of exploration and evaluation assets** We identified and assessed the value of exploration and evaluation assets as one of the significant risks of material misstatement due to error. 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.	We performed the following audit procedures: - 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. - 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. - We assessed the accuracy and relevance of management's forecasts, judgements including Competent Person Report challenging the recognition of the assets; and - 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.
Relevant disclosures in the Consolidated and separate 2020 Financial statements: Note 16a, Exploration and evaluation assets impairment losses.	**Key observations** The assessment above resulted into impairment loss of ₦3.2billion in 2020 (2019: ₦12.6 billion).
Risk 2: Oil and gas revenue recognition We identified manual adjustments to oil and gas revenue recognition as one of the most significant assessed risks of material misstatement due to fraud. 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.	We performed the following audit procedures: - Agreed the inputs within the calculation of revenue and contract liability to the underlying contracts for the contractual values; - Performed substantive testing of inputs for the calculation to relevant third party evidence including Bill of Lading or Gas Consumption Certificates; - Assessed management's application of IFRS 15 requirements and challenged them on their assessment of the contract modification; and - We assessed the appropriateness of the manual journals that were recorded in revenue against the results of the substantive work performed.
Relevant disclosures in the Consolidated and separate financial statements: Note 5, Other significant accounting policies; and Note 8, Revenue from contracts with customers.	**Key observations** 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC – CONTINUED

Risk 3: Accuracy of the decommissioning provision We identified the accuracy of the decommissioning provision as one of the most significant assessed risks of material misstatement due to error. 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: - Considered the expert report commissioned by management on the determination of the basis of the provision for decommissioning including challenging underlying assumptions; - Assessed the competence of management's expert and the report prepared by management to inform our work in particular around industry expectations; - Substantive testing of the inputs to the provision calculation, re-performance of calculations and management's judgements were carried out. - Ensured appropriate correction of material misstatement identified in our reperformance of the calculations.
Relevant disclosures in the Consolidated and separate financial statements: Note 36, Decommissioning provisions	**Our results:** 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 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: - Considered management's impairment assessment including challenging and corroborating inputs and assumptions in the calculation; - Challenged management on the assessment of the CGU's forming the impairment calculation; - Assessed management's sensitivity analysis to confirm if the most judgmental areas were changed that the outcome still indicates headroom; - Assessed management's forecasts in relation to production expectations and calculation for depletion amounts including challenging any assumptions; - Performed substantive testing on a sample of additions to oil and gas assets during the year to confirm existence and accuracy; and - 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: Note 15, Property, plant and equipment and Note 48a, Details of upstream assets	**Our results:** Based on our audit work, we are satisfied that the assumptions made in management's impairment calculations were appropriate.

Report of the independent auditors

For the year ended 31 December 2020

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.

Lagos, Nigeria
1 March 2023

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0252173

Annual Consolidated and Separate Financial Statements

Statement of profit or loss

For the year ended 31 December 2020

	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 88 to 183 form an integral part of these consolidated and separate financial statements.

Statement of other comprehensive income

For the year ended 31 December 2020

	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 will not 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 translation of balances of foreign subsidiaries.

The statement of significant accounting policies and notes on pages 88 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated 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 88 to 183 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 88 to 183 form an integral part of these consolidated and separate financial statements.

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	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 88 to 183 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 88 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated Financial Statements

Consolidated statement of changes in equity

For the year ended 31 December 2020

Group	Share capital & Share premium N'000	Other reserves[1] 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 88 to 183 form an integral part of these consolidated and separate financial statements.

Separate statement of changes in equity

For the year ended 31 December 2020

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 88 to 183 form an integral part of these consolidated and separate financial statements.

Annual Consolidated and Separate Financial Statements

Consolidated and Separate Statement of Cash flows

For the year ended 31 December 2020

	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 88 to 183 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements

For the year ended 31 December 2020

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

Notes to the consolidated and separate financial statements

For the year ended 31 December 2020

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 January2022. 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

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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.

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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).

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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

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.

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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.

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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

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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.

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(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.

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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.

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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.

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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.

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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.

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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 Honourable 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.

		2020		2019	
		Pre-tax impact on total equity		Pre-tax impact on total equity	
Instrument	Sensitivity Range	Increase in **variable N'000**	Decrease in **variable N'000**	Increase in **variable N'000**	Decrease in **variable N'000**
Group					
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

		2020		2019	
		Pre-tax impact on total equity		Pre-tax impact on total equity	
Instrument	Sensitivity Range	Increase in **variable N'000**	Decrease in **variable N'000**	Increase in **variable N'000**	Decrease in **variable N'000**
Company					
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	
		Increase in	Decrease in	Increase in	Decrease in
Instrument	Sensitivity Range	variable N'000	variable N'000	variable N'000	variable N'000
Financial commodity contracts	+/- US$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	
		Increase in	Decrease in	Increase in	Decrease in
Instrument	Sensitivity Range	variable N'000	variable N'000	variable N'000	variable 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	
		Increase in	Decrease in	Increase in	Decrease in
Instrument	Sensitivity Range	variable N'000	variable N'000	variable N'000	variable 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.

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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.

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

GROUP	Current	1 and 30 days past due	31 and 60 days past due	61 and 90 days past due	90 and 360 days past due	360 days past due	Total past due
31 December 2020							
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;

	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	expected credit loss
Oando Energy Resources (OER)								
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**

	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	expected credit loss
Oando Trading DMCC Dubai (OTD)								
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**

	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	
Oando Logistics Services (OLS)								
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**

	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	
COMPANY								
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.

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31 December 2019	Current	1 and 30 days past due N'000	31 and 60 days past due N'000	61 and 90 days past due N'000	91 and 360 days past due N'000	360 days past due N'000	Total
GROUP							
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)		
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	Total expected credit loss
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**

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	-	-	-	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) Individuals	Gross carrying amount- trade receivables (A) Oil & Gas	Loss rate (B) Individuals	Loss rate (B) Oil & Gas	Expected credit loss (A*B) Individuals	Expected credit loss (A*B) Oil & Gas	Total expected credit loss
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.

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Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 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

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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 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 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:

	Stage1 N'000	Stage2 N'000	Stage3 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

	Stage1 N'000	Stage2 N'000	Stage3 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.

Goup	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 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

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

	Stage1 N'000	Stage2 N'000	Stage3 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 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 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:

	Stage1 N'000	Stage2 N'000	Stage3 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.

Goup	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 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:

	Stage1 N'000	Stage2 N'000	Stage3 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 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 N'000	Total N'000
Performing	74,084,541	-	-	74,084,541
Non - performing				
Individually impaired	-	-	-	-
	74,084,541	-	-	74,084,541

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

	Stage1 N'000	Stage2 N'000	Stage3 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 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 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:

	Stage1 N'000	Stage2 N'000	Stage3 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 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 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:

	Stage1 N'000	Stage2 N'000	Stage3 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

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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.

Company	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 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:

	Stage1 N'000	Stage2 N'000	Stage3 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 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 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:

	Stage1 N'000	Stage2 N'000	Stage3 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

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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.

Company	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 N'000	2019 Total N'000	2019 Total N'000
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:

	Stage1 N'000	Stage2 N'000	Stage3 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.

Company	2019 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 N'000	Total N'000
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:

	Stage1 N'000	Stage2 N'000	Stage3 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	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 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	2020 Stage1 N'000	2020 Stage2 N'000	2020 Stage3 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

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At 31 December 2019

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

Group	2019 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 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 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	2019 Stage1 N'000	2019 Stage2 N'000	2019 Stage3 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.

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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:					
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

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 2019:					
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).

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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 N'000	Level 2 N'000	Level 3 N'000	Total 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.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
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 N'000	Level 2 N'000	Level 3 N'000	Total 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.

Financial instruments measured at fair value	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total 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

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

Group	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
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 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
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.

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(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.

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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 Comparison 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 decrease in the fair value by N59.4m (Abuja) / N97.5 m. (Lagos)	5% increase in estimated value per sqm would result in an increase in the fair value by N59.4 million
			10%	10% decrease in estimated value per sqm would result in decrease in the fair value by N118.8m (Abuja) / N195 m. (Lagos)	10% increase in estimated value per sqm would result in an increase in the fair value by N118.8million / N195m (Lagos).
			15%	15% decrease in estimated value per sqm would result in decrease in the fair value by N178.2m (Abuja) / N292.5m. (Lagos)	15% increase in estimated value per sqm would result in an increase in the fair value by NN178.2m / N292.5m(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 - N180,000)	5%	5% decrease in estimated value per sqm would result in decrease in the fair value by N59.4m (Abuja)/ N81 million (Lagos)	5% increase in estimated value per sqm would result in an increase in the fair value by N59.4m (Abuja) N81 million
			10%	10% decrease in estimated value per sqm would result in decrease in the fair value by N118.8m (Abuja) / N162 m. (Lagos)	10% increase in estimated value per sqm would result in an increase in the fair value by N118.8million / N162m (Lagos).
			15%	15% decrease in estimated value per sqm would result in decrease in the fair value by N178.2m (Abuja) / N243m. (Lagos)	15% increase in estimated value per sqm would result in an increase in the fair value by NN178.2m / N243m (Lagos).

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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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Operating loss N'000	Finance income N'000	Finance cost N'000	Loss before Income N'000	Income tax Credit 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 N'000	Operating loss N'000	Finance income N'000	Finance cost N'000	Loss before Income N'000	Income tax Credit 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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.

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

	Exploration & Production N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total N'000
Segment revenue:				
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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total N'000
Segment revenue:				
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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total N'000
Total assets				
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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total 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)

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Segments	Exploration & Production N'000	Supply & Trading N'000	Corporate & Other N'000	Total N'000
Geographical markets				
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 N'000	Supply & Trading N'000	Corporate & Other N'000	Total N'000
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)

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

Company	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

Company	2020 N'000	2019 N'000
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

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(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).

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10. Expenses by nature of operating profit

The following items have been charged/(credited) in arriving at the operating profit:

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
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

The remuneration paid to the directors who served during the year was as follows:

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
(a) Directors' remuneration:				
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 remuneration paid to the directors who served during the year was as follows:

	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).

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
(b) Staff costs				
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:

	Number	Number	Number	Number
N8,000,001 - N20,000,000	49	50	-	12
Above N20,000,000	81	78	4	16
	130	128	4	28

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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. Income tax (credit)/expense)

(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%

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	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
(b) Current income tax liabilities				
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.

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15. Property, plant and equipment

	Upstream Asset [1] N'000	Land & Leasehold improvements N'000	Plant & machineries N'000	Fixtures, fittings, Computer & equipment motor vehicles N'000	Total N'000
Group					
At 1 January 2019					
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

	Upstream Asset [1] N'000	Land & Leasehold improvements N'000	Plant & machineries N'000	Fixtures, fittings, Computer & equipment motor vehicles N'000	Total N'000
Group					
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.

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	Land & Leasehold improvements N'000	Plant & machineries N'000	Fixtures, fittings, Computer & equipment motor vehicles N'000	Total N'000
Company				
Year ended 31 December 2019				
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

	Land & Leasehold improvements N'000	Plant & machineries N'000	Fixtures, fittings, Computer & equipment motor vehicles N'000	Total N'000
Accumulated depreciation				
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

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16. Intangible assets

	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
Group				
At 1 January 2019				
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

	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
Year ended 31 December 2020				
Cost				
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)

	Goodwill N'000	Software costs N'000	Exploration and Evaluation asset N'000	Total N'000
Net book amount as at 31 December 2020				
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

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	Software costs N'000
Company	
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)

	Software costs N'000
Net book amount at 31 December 2019	
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.

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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 5 year 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	-	257,301,6566

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:

	As at 31 December 2020 OER	As 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.

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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.

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19. Investment in associates accounted for using the equity method

The amounts recognised in the statement of financial position are as follows;

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
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	Umugini Pipeline Infrastructure Limited N'000	OWDL N'000
Summarised statement of financial position		
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.

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2020	Umugini Pipeline Infrastructure Limited N'000	OWDL N'000	TOTAL 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

2020	Umugini Pipeline Infrastructure Limited N'000	OWDL N'000	TOTAL 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

2019		Umugini Asset Company Limited N'000	Glover BV* N'000	OWDL 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.

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Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

2019	Umugini Asset Company Limited N'000	Glover BV* N'000	OWDL N'000	TOTAL 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

2019	Umugini Asset Company Limited N'000	Glover BV* N'000	OWDL N'000	TOTAL 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	Oando Wings N'000
Investment in associates	
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 12 months	3,171,132	12,657,924
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	-	(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

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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:

	1.1.2019 N'000	(Credited)/ charged to P/L N'000	Exchange Differences N'000	31.12.2019 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 N'000	Charged / (credited) to P/L N'000	Exchange Differences N'000	31.12.2020 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 liabilities	9,062,398	(6,362,716)	471,450	3,171,132

	2020 N'000	2019 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.

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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 Group is provided below.

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 ($)	Price/Unit[1] Strike ($)	Premium	Volume (bbl/d)	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.

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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:

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
Non-current receivable				
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

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(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. Non-current receivables

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.

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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. Trade, other receivables and contract assets

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.

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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 88, 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 88, 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.

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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

	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
Oando Servco Nig Limited	-	-
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

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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.

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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[1] payment reserve 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

Group	Remeasurement Loss on defined benefit plan	Share based[1] payment reserve N'000	Currency translation reserve[2] N'000	Total N'000
Other reserves				
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

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

Loan type	Purpose	Tenure Interest rate	Loan Start Date	Security	Borrower/ Lender	Available facility N'000	2020 Balance N'000	2019 Balance N'000
Group								
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 Loan	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	Medium term borrowing/ Augmentation of Working capital	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

Loan type	Purpose	Tenure Interest rate	Loan Start Date	Security	Borrower/ Lender	Available facility N'000	2020 Balance N'000	2019 Balance N'000
Company								
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
Medium Term Loan	Medium term borrowing	5 years/8.5%	11 October		OOL/African	174,151,125	186,356,061	154 734 495
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	2020 Balance N'000	2019 Balance N'000
Group							
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	804,089
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/1yea r 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 Ltd.	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.

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Loan type	Purpose	Tenure Interest rate	Loan Start Date	Security	Borrower/ Lender	2020 Balance N'000	2019 Balance N'000
Company							
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 2020 N'000	2019 N'000	Fair values 2020 N'000	2019 N'000
Bank loans	419,629,197	362,166,476	425,269,667	354,780,231

Company	Carrying amounts 2020 N'000	2019 N'000	Fair values 2020 N'000	2019 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.

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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

	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
Analysis of decommissioning provisions				
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.

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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

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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.

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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

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(b) Changes in liabilities arising from financing activities

2020	01-Jan-20 N'000	Cash flows - proceeds N'000	Cash flows - payment N'000	Foreign Exchange Investment N'000	Other N'000	31/12/2020 N'000
Group						
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	01-Jan-19 N'000	Cash flows - proceeds N'000	Cash flows - payment N'000	Foreign Exchange Investment N'000	Other N'000	31/12/2019 N'000
Group						
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

2020	01-Jan-20 N'000	Cash flows - proceeds N'000	Cash flows - payment N'000	Foreign Exchange Investment N'000	Other N'000	31/12/2020 N'000
Company						
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	01-Jan-20 N'000	Cash flows - proceeds N'000	Cash flows - payment N'000	Foreign Exchange Investment N'000	Other N'000	31/12/2019 N'000
Company						
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

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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.

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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.

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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.

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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

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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.

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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) Guarantees to third parties

(a) 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:

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- 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 Operational subsidiaries	Country of incorporation	Investment Currency	Nature of business	Issued share capital	Percentage interest held 2020	Percentage interest held 2019
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.

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(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.

Summarised statement of profit or loss	Oando Energy Resources 2020 N'000	2019 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)

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47 (a) Financial instruments by category

Group 2020	Financial assets at fair value through profit and loss N'000	Financial assets at amortised cost N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
Assets per statement of financial position:				
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.

Group 2020	Financial liabilities at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
Liabilities per statement of financial position:			
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.

Group 2019	Financial instruments at fair value through profit and loss N'000	loans and receivables N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
Assets per statement of financial position:				
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.

Group 2019	Financial instruments at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
Liabilities per statement of financial position:			
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

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Company 2020	Financial assets at fair value through profit and loss N'000	Financial assets at amortised cost N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
Assets per statement of financial position:				
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.

Company 2020	Financial instruments at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
Liabilities per statement of financial position:			
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.

Company 2019	Financial instruments at fair value through profit and loss N'000	loans and receivables N'000	Financial assets at fair value through other comprehensive income N'000	Total N'000
Assets per statement of financial position:				
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.

Company 2019	Financial instruments at fair value through profit and loss N'000	Financial liabilities at amortised cost N'000	Total N'000
Liabilities per statement of financial position:			
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.

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Group	Carrying amounts 2020 N'000	2019 N'000	Fair Value 2020 N'000	2019 N'000
(b) Financial Instruments: Carrying values and fair values				
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	2019 N'000	Fair Value 2020 N'000	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 N'000	Land and Leasehold improvements N'000	Expl. costs and producing wells N'000	Production Well N'000	Oil and gas properties N'000	Other fixed assets N'000	Total 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 N'000	Land and Leasehold improvements N'000	Expl. costs and producing wells N'000	Production Well N'000	Oil and gas properties N'000	Other fixed assets N'000	Total 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:

2020	License	Operator	Working/ Participating interest	Location	License type	Expiration date	Status
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 interest	Oando 131 Limited	5% participatory	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

2020	License	Operator	Working/ Participating interest	Location	License type	Expiration date	Status
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,	Non- Producing

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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.

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**

Annual Consolidated and Separate Financial Statements

Five-Year Financial Summary (2016 - 2020)

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 N'000	2019 N'000	2018 N'000	2017 N'000	2016 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)	-	-	-	-	-

Share capital history

For the year ended 31 December 2020

Share capital history

Year/ Date	Authorized (N) Increase	Cumulative	Issued and fully Paid-up (N) Increase	Cumulative	Consideration Cash/Bonus
1969	0	4,000,000	0	4,000,000	Cash
1978	3,000,000	7,000,000	2,100,000	6,100,000	Cash
1987	43,000,000	50,000,000	33,900,000	40,000,000	Cash
1991	10,000,000	60,000,000	0	40,000,000	-
1993	40,000,000	100,000,000	10,000,000	50,000,000	Bonus
1995	0	100,000,000	12,500,000	62,500,000	Cash
1998	0	100,000,000	15,625,000	78,125,000	Bonus
2001	50,000,000	150,000,000	0	78,125,000	-
2002	150,000,000	300,000,000	70,129,233	148,254,233	Bonus, Loan Stock Conversion and Agip Share Exchange
2003	0	300,000,000	14,825,423	163,079,656	Bonus
2004	0	300,000,000	40,769,914	203,849,570	Bonus
2005	0	300,000,000	82,300,879	286,150,449	Cash
2005	100,000,000	400,000,000	0	286,150,449	-
2007	100,000,000	500,000,000	90,884,813	377,035,262	Share Exchange under Scheme of Arrangement
2008	0	500,000,000	75,407,052	452,442,314	Bonus issue
2009	0	500,000,000	100,000	452,542,314	Staff Share Scheme
2009	500,000,000	1,000,000,000	0	452,542,314	-
2010	2,000,000,000	3,000,000,000	150,847.438	603,389,752	Right Issue
2010	0	3,000,000,000	301,694,876	905,084,628	Bonus Issue
2011	0	3,000,000,000	226,271,157	1,131,355,785	Bonus Issue
2011	0	3,000,000,000	5,703,284	1,137,059,069	Staff Equity Scheme
2012	2,000,000,000	5,000,000,000	0	1,137,059,069	Rights Issue
2013	0	5,000,000,000	2,274,118,138	3,411,177,207	Rights Issue
2014	2,500,000,000	7,500,000,000		3,411,177,207	-
2014	0	7,500,000,000	1,023,353,162	4,434,530,369	Private Placement
2014	0	7,500,000,000	107,812,500	4,542,342,869	Debt-to-equity conversion
2015	0	7,500,000,000	1,474,966,578	6,017,309,447	Rights Issue
2017	0	7,500,000,000	198,396,794	6,215,706,241	Convertible Notes
2018	7,500,000,000	15,000,000,00	0	0	0

Annual Consolidated and Separate Financial Statements

Range of Shareholding & Unclaimed Dividend

For the year ended 31 December 2020

Range of Shareholding

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**

Unclaimed Dividend for the year ended 31 December 2020

Payment Number	Payable Date	Unclaimed Position As at 31st Dec 2020
17	30/05/2008	217,503,265.91
18	30/09/2008	157,195,676.78
19	03/08/2009	16,161,068.73
20	31/08/2010	145,833,674.92
21	30/08/2011	338,199,714.35
22	30/08/2013	184,487,362.18
23	17/11/2014	72,522,436.05
24	15/12/2014	171,736,123.82
		1,303,639,322.74

additional information

HUMANS OF OANDO

Complaints Management Policy

1. Introduction

1.1 Oando Plc. (the Company) is committed to providing the highest standards of services to its Stakeholders in line with the Oando Quality Policy Statement.

1.2 The Company acknowledges that complaints are a common occurrence in all Stakeholder business engagements. The Company further recognizes the right of any person covered under this Policy to raise an issue or make a complaint in the course of their dealings with the Company and shall ensure that their complaints are dealt with in an efficient, responsive, impartial and courteous manner.

1.3 This Policy will complement the Company's Whistle Blowing Policy which provides a broader framework for employees and other stakeholders to report unlawful conduct, financial malpractice, harassment or misbehavior at work or an actual or potential infraction of the company's policies and business principles or danger to the public or the environment.

2. Regulatory Framework

This Policy is issued in compliance with the provisions of:

a. the Investment and Securities Act 2007 (ISA);
b. the Securities and Exchange Commission (SEC) Rules and Regulations 2013; and
c. Rules Relating to the Complaints Management Framework of the Nigerian Capital Market released by the Securities and Exchange Commission in February 2015.

3. Scope and Objective of the Policy

The key objective of this Policy is to provide information about the framework for handling complaints relating to the Company. The Policy will:

- provide a fair complaints procedure which is clear and easy to follow by any Complainant wishing to make a complaint;
- document and publicise the existence of our complaints procedure so that Stakeholders know what to do when they have a complaint.
- make sure that all complaints are investigated fairly and in a timely manner.
- make sure that complaints are, wherever possible, resolved and that relationships are appropriately managed.

4. Definitions

Complaint	A written expression of dissatisfaction (justified or not) made to the Company, relating to an act or omission of the Company covered under the Investment and Securities Act 2007, Securities and Exchange Commission Rules; NSE Listing Rules for which a response or resolution is expected.
	For the avoidance of doubt, the following shall not constitute a complaint under this Policy: i. a request for information, clarification of service offered or provided; ii. a complaint against any of the Company's unlisted, delisted, wound up or liquidated subsidiaries or affiliates; iii. a request for explanation(s) for non-trading of shares or illiquidity of shares; iv. dissatisfaction with the trading price of the shares of the Company; v. Complaints whose subject matter are being investigated by competent persons or have been or are currently the subject of legal proceedings. vi. complaints that are not covered under the ISA, SEC Rules, NSE and/or within the purview of other regulatory bodies;
Complainant	A person, organization or their legal representative who makes a complaint
Competent Authority	Means Self-Regulatory Organizations (SROs) and recognized Capital Market Trade Associations
CMO	Capital Market Operators as defined under ISA
NGX	Nigerian Exchange Limited
Stakeholder	A shareholder and/or an investor of Oando Plc; including their legal representatives.
SEC	Securities and Exchange Commission
SROs	Self-Regulatory Organisations (SROs)

5. Complaints Handling Responsibility

5.1 The Chief Compliance Officer & Company Secretary (CCO&CS) shall be responsible for handling all complaints received from complainants. In this context, complaints should be in writing and addressed to any of the following:

(a) The Chief Compliance Officer & Company Secretary
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria

(b) Head, Investor Relations
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria

(c) Head, Corporate Communication
Oando Plc
The Wings Complex
17a Ozumba Mbadiwe Avenue
Victoria Island
Lagos, Nigeria

E-mail: complaint@oandoplc.com

5.2 The CCO&CS may be responsible for ensuring that the proper process for managing complaints is followed and for monitoring compliance.

5.3 The CCO&CS shall designate a Governance Officer to assist him /her in the discharge of these responsibilities.

5.4 A copy of this Policy shall be made freely available on the Company website.

6. Compliance Handling Procedure

6.1 Receipt and Acknowledgment

6.1.1 Upon receipt of a Complaint, the Complaint will be recorded in the Electronic Complaints Register by the Governance office.

6.1.2 Receipt of an electronic Complaint via email shall be acknowledged as soon as possible (not exceeding 2 (two) working days from the date of receipt), whilst a Complaint received by post shall be acknowledged within 5 (five) working days of receipt.

6.1.3 Where a Complaint is resolved within the timeframe for acknowledging complaints as set out in paragraph 6.1.2 above, and a response containing the decision regarding the complaint sent to the Complainant, this will be deemed to be sufficient acknowledgment and resolution of the complaint.

6.1.4 Sufficient records of complaints received by email and the respective email acknowledgement shall be made available to the NGX on a quarterly basis. Records of complaints received and resolved via a physical or post office box addresses shall also be sent to the NGX on a quarterly basis. Evidence of posting a response to the complainant shall be deemed sufficient proof that the complaint received attention from the company.

6.2 Resolving a Complaint

6.2.1 The CCO&CS shall have the capacity to investigate and take all reasonable steps to resolve complaints and to implement appropriate remedies as may be required.

6.2.2 Upon resolution of a complaint, the outcome shall be communicated to the Complainant and the Governance Officer shall record the decision in the Complaint Register.

6.2.3 Where a complainant is dissatisfied with the decision reached by the Company, the complainant, may, if he/she so wishes, refer the complaint to a Competent Authority.

6.3 Timing of Complaint Resolution

6.3.1 All complaints received shall be resolved and a final response sent to the Complainant within 10 (ten) business days of it being received by the Company and the NGX shall be notified of the resolution of the complaint within two (2) working days following the date the response was sent to the Complainant.

6.3.2 Where the Company is unable to resolve a particular complaint within the timeline stipulated above, the complainant shall have a right to refer the complaint to a Competent Authority.

7. Complaints Record Management

7.1 The Company shall maintain a Complaints Register which shall be in electronic form. The Complaints Register shall contain the following details:
i. Name of the Complainant;
ii. Date the complaint was received;
iii. Nature of the complaint;
iv. Summary of the complaint;
v. Decision/resolution made

7.2 Copies of letters, memos sent including any update letters, acknowledgment letters, and response/resolution documents shall form part of the complaint management record that shall be kept in accordance with the Oando Document Management Policy.

8. Malicious Complaints

Any improper use of the Complaint process by way of malicious accusations shall not be tolerated and appropriate actions shall be taken within the confines of the law.

9. Confidentiality

The identity of Complainants shall be kept strictly confidential except where the concern raised is of a criminal nature and requires legal proceedings. However, the Company will to the best of its ability ensure that the Complainant is protected from any form of retaliation, victimization or retribution.

10. Monitoring and Reporting

The CCO&CS shall monitor the resolution status of all complaints and shall provide a quarterly report of complaints received and their status, independently verified by the Internal Audit, to the Group Leadership Council of the company. The report shall serve as a monitoring tool which shall enable management monitor the effectiveness of the Company's complaint-handling procedures, other related policies and/or procedures and identify relevant trends (if any) which could indicate areas for future focus or improved performance.

11. Publicity

This Policy shall be published on the Company's website together with details of the contact person(s) mentioned in section 5 above and the procedure described under section 6 above.

12. Commencement Date

This Policy shall come to force on the 20th day of November 2015.

Proxy Form

The 44th (Forty-Fourth) Annual General Meeting (the "Meeting") of Oando PLC (the "Company") to be held at the Zinnia Hall, Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Monday, 6th November, 2023, by 10:00am.

....

I / We*

....

of

....

being a member/members of Oando PLC

....

and holders of shares

....

hereby appoint**

....

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Meeting of the Company to be held on Monday, November 6th, 2023, at 10:00am and at any adjournment thereof, which will be held for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed at the Meeting and to vote for or against the resolutions in accordance with the following instructions.

INSTRUCTIONS TO NOTE

(i) THIS PROXY FORM SHOULD NOT BE COMPLETED/RETURNED IF THE MEMBER IS ATTENDING THE MEETING.

(ii) A member entitled to attend and vote at the Meeting is entitled to and may, if he/she wishes, appoint a proxy to act for him/her. All proxy forms must be deposited at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member of the Company.

(iii) The Chairman of the meeting has been printed on the form to ensure that someone will be at the Meeting to act as your proxy but if you wish you may appoint anyone else from the provided list instead, by entering the person's name in CAPITAL LETTERS in the blank space (marked*) above.

(iv) In the case of joint shareholders anyone of such may complete the form but the names of all joint shareholders must be stated.

(v) It is a requirement of the Law under section 74 of the Stamp Duties Act, Cap. 411 Laws of the Federation of Nigeria, 1990 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholder must be duly stamped by the Commissioner or Stamp Duties.

(vi) If the shareholder is a corporation this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

Kindly complete the form as follows:

a. Write your name in BLOCK CAPITALS on the proxy form where marked * above
b. Write the name of your proxy where marked ** above
c. Ensure that the proxy form is signed and dated by you where marked *** below.
d. If the shareholder is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

S/N	PROPOSED RESOLUTION	FOR	AGAINST
	ORDINARY BUSINESS		
1	To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2020 and the Reports of the Directors, Auditors and Audit Committee thereon.		
2.	To receive the audited financial statements of the Company and of the Group for the year ended December 31, 2021 and the Reports of the Directors, Auditors and Audit Committee thereon.		
3.	To re-elect the firm of BDO Professional Services as the Company's Auditors in relation to the audit of the financial statements of the Company for the year ended December 31, 2022 and the year ended December 31, 2023 to hold office until the next general meeting of the Company; and to authorise the directors of the Company to fix their remuneration.		
4.	To re-elect **Mrs. Ronke Sokefun** as a Director		
5	To re-elect **Mrs. Fatima Nana Mede, OON** as a Director		
6	To re-elect **Dr. Ainojie Alex Irune** as a Director		
7	To elect members of the Statutory Audit Committee.		
8	To disclose the remuneration of managers of the Company.		
	SPECIAL BUSINESS		
9.	To consider, and if approved, to pass with or without modification, the following ordinary resolution to fix the remuneration of the Non- Executive Directors of the Company: "It is hereby resolved that the fees, payable quarterly in arrears, remain N5,000,000 per annum for the Chairman and N4,000,000 per annum, for all other Non-Executive Directors		
10.	To consider and if thought fit pass, with or without modifications, the following resolution as an ordinary resolution of the Company: "That, pursuant to the Rules Governing Related Party Transaction of Nigerian Exchange Limited, a general mandate be and is hereby given authorizing the Company to procure goods, services and financing and enter into such incidental transactions necessary for its day to day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy and all relevant Transfer Pricing Regulations in force in Nigeria. That all transactions falling under this category which were earlier entered into prior to the date of this meeting are hereby ratified."		
11.	To consider and if thought fit pass, with or without modifications, the following resolution as a special resolution of the Company that:		
(i)	in compliance with Section 124 of the Companies and Allied Matters Act 2020 (CAMA) and Companies Regulation 2021, the cancellation of all of the unissued ordinary shares of the Company is hereby approved.		
(ii)	For the purposes of implementing the cancellation of the Company's unissued shares, the Board of Directors is hereby authorized to execute all relevant documents, take all such lawful steps as may be required by statute and or regulations and do such other acts or things as may be necessary, supplementary, consequential, or incidental for the purpose of giving effect to this resolution including without limitation, appointing such professional parties, consultants and advisers and complying with the directive of the regulatory authorities.		
(iii)	Following the cancellation of all the unissued shares in the share capital of the Company in accordance with resolutions (i) and (ii) above, Clause 6 of the Memorandum of Association and Article 3 of the Articles of Association of the Company be amended as necessary to reference only the issued shares in the share capital of the Company."		

Registered holders of certificated shares and holders of dematerialised shares in their own name(s) who wish to be represented at the Meeting, must complete and return the attached form of proxy so as to be received by the share registrars, First Registrars & Investors Services Limited at Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria or via email to info@firstregistrarsnigeria.com or Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132; or email to proxy@computershare.co.za), not less than 48 hours before the date of the Meeting.

Holders of the Company's shares in South Africa (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, the Central Securities Depository Participant ("CSDP") or their broker to enable their votes in respect of their shares to be cast at the Meeting by a proxy.

Signed***

Dated***

Please affix postage stamp

First Registrars & Investors Services Limited
Plot 2, Abebe Village Road, Iganmu,
Lagos, Nigeria

or

Computershare Investor Services (Proprietary) Limited,
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196 (Private Bag X9000,
Saxonwold, 2132;
or email to proxy@computershare.co.za),

Oando

ADMISSION CARD

THE 44TH (FORTY-FOURTH) ANNUAL GENERAL MEETING TO BE HELD AT THE ZINNIA HALL, EKO HOTELS AND SUITES, PLOT 1415, ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA

On Monday, November 6, 2023 at 10.00 a.m

NAME OF SHAREHOLDER

____

SIGNATURE OF PERSON ATTENDING

____

NOTE: The Shareholder or his/her proxy must produce this admission card in order to be admitted at the meeting.

Collect your Oando Dividend and Bonus instantly with ease

Dear Shareholder,

Now, your dividend can be paid directly into your bank account and your bonus credited to your CSCS account instantly on issue, through an electronic channel.

Benefits

- Shareholders' bank and CSCS accounts will be credited with declared dividend and bonus respectively **within 24 hours!**
- Elimination of time and cost of verification of physical share certificates with the registrar before trading bonus shares
- Elimination of physical dividend warrants & bonus certificates and attendant costs of printing and posting same
- Avoid loss of dividend warrants or non-receipt of bonus certificates due to change of address
- Elimination of unclaimed dividends

3 Steps to receiving your e-Dividend and/or e-Bonus:

1. Fill out an e-Dividend payment Mandate & e-Bonus form (Forms have been posted to all shareholders and can also be downloaded from our website www.oandoplc.com). Ensure that all required information is supplied, particularly your:
   a. CSCS account number
   b. Clearing house number
   c. Stockbrokers name
   d. Bank account number and
   e. Bank sort code number.

2. Verify your account details by having your banker sign and stamp in the space marked "Authorised signature & stamp of Bankers"

3. Return completed Mandate forms to:
   a. **Oando PLC Head Office:** The Wings Office Complex, 17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria
   b. **First Registrars & Investor Services Limited** Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria
   c. **All First Registrars & Investor Services Limited, Liason Offices Nationwide:** Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

Unclaimed Dividends

Shareholders with outstanding dividend payments can also have their bank accounts credited immediately by following below instructions:

- Complete your e-dividend form as outlined in the steps 1 - 3 above
- Attach a letter of authorisation addressed to the Registrar mandating payment of outstanding dividends to the bank account stated on your completed e-dividend form
- Attach stale dividend warrants (where available)
- Submit your e-dividend form along with the authorisation letter at any of the locations stated above.

Signed
Ayotola Jagun (Ms.)
Company secretary

Oando PLC RC:6474

e-DIVIDEND PAYMENT MANDATE, e-BONUS, e-REPORT INFORMATION & CHANGE OF ADDRESS FORM

1. PERSONAL DETAILS, 2. e-BONUS & 3. e-REPORT INFORMATION

Shareholder's name(s)____
(Surname/Company name) (Other names)

Full Name(s) of any other holder* ____
(*Including Deceased if applicable)

Shareholders Certificate No(Where available													

CSCS A/c No________________________
(Where available)

Stockbroker's Name ______________________Clearing House No (CHN)______________________

No of units held: __________ Date of Birth/Incorporation of Company: ______________________

Address (As it appears in the Register of Shareholders): ______________________

Mobile (GSM) Number(s):______________________Other Nos.______________________

Email Address: ______________________ Fax ______________________

4 BANK MANDATE

Agreement and Acknowledgment

i. I/We hereby agree that this mandate form is an acceptance and acknowledgment of the receipt of our dividend payment in Cash from Oando Plc and an authorization to Oando Plc to act under item (iii) below.

ii. I/We hereby agree that Oando Plc may act and rely on these instructions until Oando Plc receives written notification from me/us of the revocation or modification of these instructions.

iii. I/We hereby authorize Oando Plc to credit or cause to be credited all dividend payments due to me/us into my/our Bank Account as detailed below, with effect from the date hereof

Bank: ______________________ Branch ______________________

Shareholder's Bank Account No:																															

Dated this _________ day of ______________________20______

______________________ ______________________

Shareholders Signature Shareholders Signature**

Authorised Signature & Stamp of Bankers

** In the case of corporate shareholder, please use company seal/stamp

5. CHANGE OF ADDRESS I/We hereby request that all correspondences relating to my/our holdings be sent to the address below:

New Address: ______________________

Date:__________DD__________/______MM______/________YYYY

Completed forms should be returned to:

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos, Nigeria

All First Registrars & Investor Services Limited, Liason Offices Nationwide: Abuja, Kano, Kaduna, Ibadan, Port Harcourt, Enugu

Oando PLC Head Office: The Wings Office Complex,
17a Ozumba Mbadiwe, Victoria Island, Lagos, Nigeria

ELECTRONIC DELIVERY MANDATE FORM

I / We, Chief, Dr, Mr, Mrs.

of

by this form agree to the delivery of annual reports and other statutory documents of Oando PLC to me/us via electronic mode:

The company should forward the materials to the e-mail address stated below:

Signature and date

Please fill and return the completed form to either:

The Registrar
First Registrars & Investor Services Limited
Plot 2, Abebe Village Road
Iganmu, Lagos, Nigeria

OR

The Chief Compliance Officer & Company Secretary
Oando PLC
The Wings Complex, 17a Ozumba Mbadiwe
Victoria Island, Lagos, Nigeria

Oando RC 6474
...the energy to inspire

HUMANS OF OANDO

Oando RC 6474
...the energy to inspire

HEAD OFFICE

Oando PLC
The Wings Office Complex
17a Ozumba Mbadiwe
Victoria Island
Lagos, Nigeria

Tel: +234 1 270 2400
E-mail: info@oandoplc.com