30 September 2022

**Savannah Energy PLC**
("Savannah" or "the Company")

**2022 Half Year Results**

Savannah Energy PLC, the British independent energy company focused around the delivery of ***Projects that Matter*** in Africa, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

**Andrew Knott, CEO of Savannah Energy, said:**

*"Our half year results again demonstrate the continued strong underlying progress we have made in our existing producing business with a 10% year-on-year increase reported for both Total Revenues[1] (to US$128.7m) and Adjusted EBITDA[2] (to US$100.3m). Further, I am pleased to report that our growth trajectory has continued into H2, with average daily production to 26 September 2022 having increased by 55% to 34.8 Kboepd versus the H1 average of 22.5 Kboepd and 118% versus the 16.0 Kboepd level at the time of acquisition in November 2019. This H2-to-date growth reflects the impact of the three new gas sales contracts and the contract extension we have announced in 2022, with Accugas now supplying gas to approximately 24% of Nigeria's thermal power generation capacity as compared to approximately 10% at the time of the original acquisition. In the first half, we also announced agreements for the development of up to 750 MW of large-scale greenfield solar and wind projects in Niger and Chad, which have the potential to transform the electricity access rates in both countries.*

*Looking forward to the rest of 2022 and 2023, I remain confident in where we are as a business. We look forward to closing our Proposed Acquisitions of the Chad and Cameroon Assets in Q4 of this year. We expect to deliver on or exceed our financial guidance. We expect to announce further hydrocarbon acquisitions and to expand our Renewable Energy Division with several new large-scale greenfield opportunities currently under review and negotiation. We continue to work towards completing the refinancing of our Nigerian debt and to announce the development and exploration plans for our assets in Niger.*

*Lastly, I would like to express my gratitude to all of those who contributed to the progress in our business in H1 - my incredibly dedicated and passionate colleagues, our host governments, communities, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners. Thank you all."*

## H1 2022 Financial Highlights

- Total Revenues[1] of US$128.7m (up 10% on H1 2021: US$116.5m);
- Adjusted EBITDA[2] of US$100.3m (up 10% on H1 2021: US$91.5m);
- Operating expenses plus administrative expenses[3] of US$24.5m (H1 2021: US$22.4m);
- Loss before tax of US$11.3m (H1 2021 profit before tax: US$7.7m);
- Capital expenditure of US$14.0m (H1 2021: US$5.2m);
- Net debt position as at 30 June 2022 of US$327.1m (Year-end 2021: US$370.0m) with Adjusted Leverage[4] of 2.0x (Year-end 2021: 2.5x); and
- Total cash[5] of US$182.8m as at 30 June 2022 (Year end 2021: US$154.3m)

## H1 2022 Operational Highlights

- New gas sales agreements ("GSAs") were signed with Central Horizon Gas Company Limited ("CHGC"), a major gas distribution company situated in the South-South region of Nigeria, and TransAfam Power Ltd, a licensed power generation company in Nigeria and, post-period-end in August 2022, with Notore Chemical Industries PLC for its fertiliser plant. These customers are accessed via Accugas' pipeline network to Ikot Abasi and on to the Port Harcourt area via third party infrastructure, thus no capital expenditure is required;
- A contract extension was signed with First Independent Power Limited ("FIPL") to supply gas to its Eleme and Trans Amadi power plants, bringing the total number of power plants supplied under the contract to three, including the FIPL Afam power plant;
- During the period, Savannah commenced gas deliveries to three new customers in Nigeria, FIPL's Trans Amadi power plant, TransAfam's power plants in Rivers State, and CHGC. Savannah now has operational GSAs with power plants comprising 24% of Nigeria's thermal generation capacity;

- Average gross daily production, of which 89% was gas, remained almost constant during H1 2022 at 22.5 Kboepd (H1 2021: 22.6 Kboepd). The broadening of our customer base during H1 2022 has enabled us to increase gas deliveries to support Nigeria's power generation needs;
- A new gas production well, Uquo 11, commenced production in April 2022 and produced at an average rate of 68 MMscfpd up to 30 June 2022; and
- Our Renewable Energy Division signed agreements for the development of up to 750 MW large-scale greenfield solar and wind projects with the Governments of Niger (Parc Eolien de la Tarka) and Chad (Centrale Solaire de Komé and Centrales d'Energie Renouvelable de N'Djamena).

**Chad and Cameroon Assets**

- Work continues to complete our proposed acquisitions of ExxonMobil's and PETRONAS' assets in Chad and Cameroon (the "Chad and Cameroon Assets") by the end of the year.
- Savannah has undertaken significant preparation work ahead of completion including recruitment of the operational team and enhancements to organisational systems to ensure that the transition of operatorship can be completed.

**FY 2022 Guidance Reiterated**

Savannah reiterates full year 2022 guidance as follows:

- Total Revenues[1] greater than US$215.0m;
- Group Operating expenses plus administrative expenses[3] of up to US$75.0m;
- Group Depreciation, Depletion and Amortisation of US$21m fixed for infrastructure assets plus US$2.3/boe for oil and gas assets; and
- Capital expenditure of up to US$85.0m.

**H1 2022 Corporate Events**

- In June 2022, Savannah announced several changes to the Board:
  - Nick Beattie was appointed as Chief Financial Officer and was appointed to the Board of Directors;
  - David Jamison retired from the Board at the Annual General Meeting on 30 June 2022, and assumed the (non-board) role as Honorary President of Savannah;
  - Steve Jenkins will step down from his role as Non-Executive Chairman at or prior to the 2023 Annual General Meeting. A search for a Chair-Designate is underway and it is anticipated that an appointment will be made during H2 2022, and
  - It is intended that three new non-executive directors (Sylvie Rucar, Sarah Clark and Dr Djamila Ferdjani) will be appointed to the Board following completion of the proposed acquisition of the ExxonMobil upstream and midstream assets in Chad and Cameroon.

For further information, please refer to the Company's website www.savannah-energy.com or contact:


| | |
|---|---|
| **Savannah Energy** | +44 (0) 20 3817 9844 |
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| Nick Beattie, CFO | |
| Sally Marshak, Head of IR & Communications | |
| | |
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Billy Clegg
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Violet Wilson

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

**About Savannah Energy:**

Savannah Energy PLC is an AIM quoted British independent energy company focused around the delivery of ***Projects that Matter*** in Africa, active in Cameroon, Chad, Niger and Nigeria.

Further information on Savannah Energy PLC can be found on the Company's website: www.savannah-energy.com.

## H1 2022 Operational Review

### Nigeria

Average gross daily production was flat in H1 2022 with an average of 22.5 Kboepd (H1 2021: 22.6 Kboepd). During H1 2022, the Company's subsidiary, Accugas, supplied gas to the Calabar, Ibom, TransAfam, FIPL Afam and FIPL Trans Amadi power stations. Gas was delivered throughout the period to Lafarge's Mfamosing cement factory in Cross Rivers State and deliveries to CHGC, a distributor of gas to industrial and commercial customers in the Port Harcourt area, commenced in June 2022.

### Niger

During H1 2022, the four licence areas in Niger were amalgamated into a single PSC (R1234) valid for up to a further 10 years. This has laid the foundation to progress plans for the R3 East Early Production Scheme and we expect to announce further details of this project later in the year.

### Renewable Energy Division

Savannah's Renewable Energy division was established in 2021 and during H1 2022 signed three agreements for the development of a total of up to 750MW large-scale greenfield solar and wind projects with the governments of Chad and Niger.

The agreement signed in Chad covers two projects. The first comprises an up to 300 MW photovoltaic solar farm and battery energy storage system located in Komé, Southern Chad (the "Centrale Solaire de Komé"). This project is being developed to provide clean, reliable power generation for the Doba Oil Project and the surrounding towns of Moundou and Doba. The second involves the development of solar and wind projects of up to 100 MW each to supply power to the country's capital city, N'Djamena (the "Centrales d'Energie Renouvelable de N'Djamena"). The Centrale Solaire de Komé project would represent the largest solar plant in sub-Saharan Africa (excluding South Africa) and potentially the largest battery storage project on the continent. The Centrales d'Energie Renouvelable de N'Djamena would more than double the existing installed generation capacity supplying the capital city and increase the total installed on-grid power generation capacity in Chad by up to an estimated 63%.

In Niger, an agreement was signed with the Ministry of Petroleum, Energy and Renewable Energies of the Republic of Niger for the construction and operation of the country's first wind farm, with a proposed installed power generation capacity of up to 250 MW on an independent power producer basis in the Tahoua Region of Southern Niger. This is targeted to increase the country's on-grid electricity supply by up to 40%. Project sanction is targeted for 2023 with first wind power in 2025.

These projects represent potentially substantial foreign direct investments that would make significant contributions to the economic development of the regions where they will be situated.

## H1 2022 Financial Review

The Group reports Total Revenues[1] of US$128.7 million for the six months ended 30 June 2022, up 10% on H1 2021 and an Adjusted EBITDA[2] of US$100.3 million also up 10% on H1 2021, reflecting the quality of our gas producing assets in Nigeria as we broaden and diversify our customer base.

We have invested heavily during the period to scale up the business ahead of completion of the proposed acquisition of the Chad and Cameroon Assets and to enable the delivery of our wider business development plans. This has included a 21% increase in headcount in H1 2022, alongside a large investment into new systems and processes that will be required to support the enlarged scale of the Group.

### Summary of results for H1 2022

The table below provides an overview of our results for H1 2022 with a comparison for H1 2021.

*Financial highlights*

| | Six months ended 30 June 2022 US$ million | Six months ended 30 June 2021 US$ million |
|---|---:|---:|
| Total Revenues[1] | 128.7 | 116.5 |
| Adjusted EBITDA[2] | 100.3 | 91.5 |
| Revenue | 85.8 | 99.4 |
| Operating expenses plus administrative expenses[3] | 24.5 | 22.4 |
| Operating profit | 27.9 | 54.0 |
| (Loss)/profit before tax | (11.3) | 7.7 |
| (Loss) after tax | (20.5) | (1.4) |

The Group's operating profit for the six months ended 30 June 2022 was US$27.9 million (H1 2021: US$54.0 million). The decrease resulted from a combination of lower revenues resulting from unscheduled downtime suffered by certain of our customers (which does not reduce Total Revenues[1] under the terms of the take-or-pay gas contracts) and a 10% increase in operating expenses plus administrative expenses[3]. The increase in these costs is a result of the investment being made in growing the business infrastructure in preparation for completion of the acquisition of the Chad and Cameroon Assets and continued investment into the efficiency of the Nigerian assets.

The Group's loss before tax was US$11.3 million (H1 2021 profit: US$7.7 million) and the loss after tax was US$20.5 million (H1 2021 loss: US$1.4 million).

Adjusted EBITDA[2] for H1 2022 was US$100.3 million, compared to US$91.5 million for H1 2021.

**Revenue**

Revenue during the period was 14% lower than the comparable prior year period at US$85.8 million (H1 2021: US$99.4 million). As previously highlighted, it is important to note the impact of take-or-pay accounting rules under IFRS 15 on our Income Statement as regards to revenue recognition for our gas sales agreements. The Revenue shown in the Condensed Consolidated Statement of Comprehensive Income includes only the gas, oil and condensate that has been delivered. The Total Revenues[1] of US$128.7 million (H1 2021: US$116.5m) includes the volume of gas that customers are committed to pay for under the take-or-pay terms of the gas sales agreements, which includes gas that has been delivered plus gas invoiced but yet to be delivered, plus oil and condensate revenues. Total Revenues[1] showed a 10% increase compared to H1 2021. Management believes that Total Revenues[1] is the most appropriate method of reflecting the underlying cash generation capacity of the business.

Savannah continues to benefit from over US$4 billion of contracted future gas revenues in Accugas with annual price escalation clauses related to US consumer price inflation.

**Cost of Sales, administrative and other operating expenses**

Cost of sales amounted to US$33.1 million (H1 2021: US$34.3 million) which includes US$13.8 million (H1 2021: US$13.8 million) for facility operating and maintenance costs, US$2.9 million (H1 2021: US$2.2 million) royalty expenses and US$16.4 million (H1 2021: US$18.3 million) depletion and depreciation.

Administrative and other operating expenses for the period were US$11.7 million (H1 2021: US$9.5 million), which includes US$0.9 million (H1 2021: US$0.9 million) of depreciation.

Group Operating expenses plus administrative expenses[3] were US$24.5 million (H1 2021: US$22.4 million).

**EBITDA and Adjusted EBITDA[2]**

Presented below is the calculation of EBITDA and Adjusted EBITDA[2]. Management believes that the alternative performance measure of Adjusted EBITDA[2] more accurately reflects the cash generating capacity of the business. Adjusted EBITDA[2] includes gas that has been invoiced under take-or-pay contracts but not yet delivered and is adjusted for transaction and other related expenses to provide a meaningful comparison between periods.

*Calculation of EBITDA and Adjusted EBITDA[2] for the Group*

| **GROUP** | **Six months ended 30 June 2022 US$ million** | **Six months ended 30 June 2021 US$ million** |
|---|---|---|
| Operating profit | 27.9 | 54.0 |
| Add: depletion, depreciation and amortisation | 17.3 | 19.2 |
| Add: transaction and other related expenses | 7.3 | 2.3 |
| **EBITDA** | **52.5** | **75.5** |
| Add: other invoiced amounts | 42.9 | 17.1 |
| Deduct: royalty payable on additional gas volume | (1.0) | (0.4) |
| Deduct: expected credit loss & other related adjustments | 5.9 | (0.7) |
| **Adjusted EBITDA**[2] | **100.3** | **91.5** |

**Finance Costs**

Finance costs were US$36.8 million (H1 2021: US$38.7 million) - of these costs US$27.9 million (H1 2021: US$26.8 million) related to bank and loan note interest. The average interest rate was 10.7% (H1 2021: 10.3%) reflecting the higher US Libor rates during the period compared to prior year. The remainder of the finance costs are primarily a number of non-cash items which are itemised in Note 8 of the financial statements.

The interest cover ratio, on an Adjusted EBITDA[2] basis is 3.1 times (H1 2021: 2.9 times).

**Foreign Exchange loss**

Foreign exchange losses amounted to US$0.8 million (H1 2021: US$10.9 million). These losses were realised losses arising from US Dollar gas sales invoices which are settled in local currency, and from the translation of Naira into

US Dollars to service US Dollar denominated obligations. Realised foreign exchange losses can be recovered through the "true up" mechanism in the Calabar GSA

In order to purchase US dollars to service US dollar obligations, Savannah accesses foreign exchange at market rates and there is typically a differential between this rate and the Central Bank of Nigeria exchange rate. The majority of these losses are recoverable through a foreign exchange "true-up" clause in the Calabar GSA.

**Taxation**

The tax charge of US$9.2 million (H1 2021: US$9.1 million) was made up of a current tax charge of US$2.8 million (H1 2021: US$2.2 million) and a deferred tax charge of US$6.4 million (H1 2021: US$6.9 million). The current tax charge principally arises on Nigerian profits and the deferred tax charge is a result of utilisation of unused losses in Nigeria.

**Debt**

The Group net debt as at 30 June 2022 was US$327.1 million (31 December 2021: US$370.0 million). During the period, the leverage ratio, and Adjusted Leverage ratio, improved as shown in the table below.

Work continues on the proposed refinancing of the Accugas debt facility as was detailed in the 2021 Annual Report and Accounts.

*Leverage*

| | **30 June 2022 US$ million** | **31 December 2021 US$ million** |
|---|---|---|
| Adjusted EBITDA[2] # | 100.3 | 175.0 |
| Net debt | 327.1 | 370.0 |
| Naira held in cash for interest | 80.9 | 75.5 |
| **Adjusted net debt** | **408.0** | **445.5** |
| Leverage (Net debt/Adjusted EBITDA[2]) | 1.6 | 2.1 |
| Adjusted Leverage[4] (Adjusted net debt/Adjusted EBITDA[2]) | 2.0 | 2.5 |

*# Adjusted EBITDA[2] for 6 months to 30 June 2022 and for 12 months to 31 December 2021*

**Cash flow**

A summary of the cash flows for the period is as follows:

| | **Six months ended 30 June 2022 US$ million** | **Six months ended 30 June 2021 US$ million** |
|---|---|---|
| Net cash generated from operating activities | 41.9 | 65.2 |
| Net cash used in investing activities | (29.3) [(a)] | (4.8) [(a)] |
| Net cash generated from/(used in) financing activities | 18.1 | (22.8) |
| Impact of exchange rate changes on cash balances | (2.2) | (7.9) |
| **Net increase in cash** | **28.5** | **29.7** |
| Cash balances at start of period[5] | 154.3 | 106.0 |
| **Cash balances at end of period[5]** | **182.8** | **135.7** |

(a) excludes US$32.2 million (H1 2021: US$31.0 million) transferred to debt service accounts

The net cash inflow from operating activities was US$41.9 million (H1 2021: US$65.2 million).

Net cash used in investing activities includes US$14.6 million deposits paid towards the acquisition of the Chad and Cameroon Assets (H1 2021: nil), payments for property, plant and equipment of US$9.1 million (H1 2021: US$4.1 million) and US$4.9 million (H1 2021: US$1.1 million) incurred on exploration and evaluation assets.

The net cash generated from and used in financing activities includes equity proceeds of US$61.1 million (H1 2021: nil), principal debt repayments of US$17.1 million (H1 2021: US$8.8 million) and finance costs of US$24.8 million (H1 2021: US$13.6 million).

Total Cash balances of the Group at the end of the period increased to US$182.8 million (H1 2021: US$135.7 million).

**Nick Beattie**
Chief Financial Officer
30 September 2022

## Footnotes

[1] Total Revenues are defined as the total amount of invoiced sales during the period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Condensed Consolidated Statement of Comprehensive Income. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Consolidated Statement of Comprehensive Income is provided in the Financial Review section of the Annual Report and Accounts 2020.

[2] Adjusted EBITDA is calculated as profit or loss before finance costs, investment revenue, foreign exchange gains or losses, expected credit loss and other related adjustments, fair value adjustments, gain on acquisition, taxes, transaction and other related expenses, depreciation, depletion and amortisation and adjusted to include deferred revenue and other invoiced amounts. Management believes that the alternative performance measure of Adjusted EBITDA more accurately reflects the cash-generating capacity of the business.

[3] Group operating expenses plus administrative expenses are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation and transaction costs.

[4] Adjusted Leverage is defined as Adjusted net debt/Adjusted EBITDA. Adjusted net debt is calculated as the net debt balance adjusted for the Naira held in cash for interest (as shown in the financial review). For the 6 month period ended 30 June 2022, the Adjusted Leverage calculation is prepared on an annualised EBITDA basis

[5] Within Cash balances, US$1.6m is restricted cash which includes deposits and stamp duty escrow balances.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Note | Six months ended 30 June 2022 US$'000 Unaudited | Six months ended 30 June 2021 US$'000 Unaudited |
|---|---|---|---|
| Revenue | 4 | **85,847** | 99,386 |
| Cost of sales | 5 | **(33,127)** | (34,286) |
| **Gross profit** | | **52,720** | 65,100 |
| Administrative and other operating expenses | | **(11,686)** | (9,505) |
| Transaction and other related expenses | 6 | **(7,262)** | (2,341) |
| Expected credit loss and other related adjustments | 14 | **(5,918)** | 739 |
| **Operating profit** | 6 | **27,854** | 53,993 |
| Finance income | 7 | **273** | 328 |
| Finance costs | 8 | **(36,827)** | (38,732) |
| Fair value adjustment | 9 | **(1,768)** | 3,042 |
| Foreign translation loss | 10 | **(846)** | (10,943) |
| **(Loss)/profit before tax** | | **(11,314)** | 7,688 |
| Current tax expense | 11 | **(2,793)** | (2,172) |
| Deferred tax expense | 11 | **(6,438)** | (6,893) |
| Tax expense | 11 | **(9,231)** | (9,065) |
| **Net loss and total comprehensive loss** | | **(20,545)** | (1,377) |
| | | | |
| **Total comprehensive (loss)/profit attributable to:** | | | |
| Owners of the Company | | **(20,264)** | (3,109) |
| Non-controlling interests | | **(281)** | 1,732 |
| | | **(20,545)** | (1,377) |
| | | | |
| **Loss per share** | | **US cents** | **US cents** |
| Basic | 12 | **(1.77)** | (0.33) |
| Diluted | 12 | **(1.77)** | (0.33) |

All results derive from continuing operations.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2022

| | Note | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Third-party investment | | **1,182** | — |
| Property, plant and equipment | 13 | **557,368** | 568,201 |
| Exploration and evaluation assets | | **166,373** | 161,343 |
| Deferred tax assets | | **217,376** | 223,814 |
| Right-of-use assets | | **4,180** | 4,724 |
| Restricted cash | | **1,635** | 1,635 |
| Finance lease receivable | | **581** | 722 |
| **Total non-current assets** | | **948,695** | 960,439 |
| **Current assets** | | | |
| Inventory | | **5,230** | 3,873 |
| Trade and other receivables | 14 | **206,667** | 231,631 |
| Cash at bank | 15 | **181,168** | 152,644 |
| **Total current assets** | | **393,065** | 388,148 |
| **Total assets** | | **1,341,760** | 1,348,587 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | | **1,749** | 1,409 |
| Share premium | | **124,897** | 61,204 |
| Shares to be issued | | **—** | 63,956 |
| Treasury shares | | **(135)** | (58) |
| Other reserves | | **8,381** | 458 |
| Share-based payment reserve | | **9,042** | 8,706 |
| Retained earnings | | **136,957** | 157,221 |
| Equity attributable to owners of the Company | | **280,891** | 292,896 |
| Non-controlling interests | | **13,561** | 13,842 |
| **Total equity** | | **294,452** | 306,738 |
| **Non-current liabilities** | | | |
| Other payables | 16 | **3,617** | 3,415 |
| Borrowings | 17 | **107,429** | 108,652 |
| Lease liabilities | | **4,553** | 5,308 |
| Provisions | | **71,714** | 68,966 |
| Contract liabilities | 18 | **269,435** | 213,043 |
| **Total non-current liabilities** | | **456,748** | 399,384 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **86,603** | 116,771 |
| Borrowings | 17 | **402,497** | 415,593 |
| Interest payable | | **85,556** | 80,101 |
| Tax liabilities | | **1,633** | 2,058 |
| Lease liabilities | | **1,558** | 1,475 |
| Contract liabilities | 18 | **12,713** | 26,467 |
| **Total current liabilities** | | **590,560** | 642,465 |
| **Total liabilities** | | **1,047,308** | 1,041,849 |
| **Total equity and liabilities** | | **1,341,760** | 1,348,587 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Note | Six months ended 30 June 2022 US$'000 Unaudited | Six months ended 30 June 2021 US$'000 Unaudited |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| (Loss)/profit before tax | | **(11,314)** | 7,688 |
| Adjustments for: | | | |
| Depreciation | | **914** | 888 |
| Depletion | | **16,432** | 18,335 |
| Finance income | | **(190)** | (124) |
| Finance costs | 8 | **36,827** | 38,732 |
| Fair value adjustment | | **1,768** | (3,042) |
| Unrealised foreign exchange (gain)/loss | 10 | **(99)** | 6,981 |
| Share option charge | | **336** | 1,375 |
| Expected credit loss and other related adjustments | 14 | **5,918** | (739) |
| Operating cash flows before movements in working capital | | **50,592** | 70,094 |
| Increase in inventory | | **(1,357)** | (689) |
| Increase in trade and other receivables | | **(40,703)** | (15,921) |
| Decrease in trade and other payables | | **(6,389)** | (4,467) |
| Increase in contract liabilities | | **40,765** | 16,798 |
| Income tax paid | | **(1,024)** | (632) |
| **Net cash generated from operating activities** | | **41,884** | 65,183 |
| **Cash flows from investing activities:** | | | |
| Interest received | | **171** | 98 |
| Payments for property, plant and equipment | | **(9,104)** | (4,109) |
| Payments for exploration and evaluation assets | | **(4,888)** | (1,118) |
| Acquisition deposits | | **(14,648)** | — |
| Loans provided to third parties | | **(1,067)** | — |
| Cash transferred to debt service accounts | | **(32,186)** | (30,973) |
| Lessor receipts | | **196** | 280 |
| **Net cash used in investing activities** | | **(61,526)** | (35,822) |
| **Cash flows from financing activities:** | | | |
| Finance costs | | **(24,758)** | (13,580) |
| Proceeds from issues of equity shares, net of issue costs | | **61,141** | — |
| Sale of Treasury shares | | **73** | — |
| Borrowing proceeds | 19 | **12,810** | — |
| Borrowing repayments | 19 | **(30,545)** | (8,794) |
| Lease payments | 19 | **(527)** | (335) |
| **Net cash generated from/(used in) financing activities** | | **18,194** | (22,709) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(1,448)** | 6,652 |
| Effect of exchange rate changes on cash and cash equivalents | | **(2,214)** | (7,938) |
| **Cash and cash equivalents at beginning of period** | | **45,739** | 74,258 |
| **Cash and cash equivalents at end of period** | 15 | **42,077** | 72,972 |
| | | | |
| **Amounts held for debt service at end of period** | 15 | **139,091** | 61,078 |
| **Cash at bank at end of period** | 15 | **181,168** | 134,050 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE SIX MONTHS ENDED 30 JUNE 2022

| | Share capital US$'000 | Share premium US$'000 | Shares to be issued US$'000 | Treasury shares US$'000 | Other reserves US$'000 | Share-based payment reserve US$'000 | Retained earnings US$'000 | Equity attributable to the owners of the Company US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022 (audited)** | 1,409 | 61,204 | 63,956 | (58) | 458 | 8,706 | 157,221 | 292,896 | 13,842 | 306,738 |
| Loss for the period | — | — | — | — | — | — | (20,264) | (20,264) | (281) | (20,545) |
| **Total comprehensive loss for the period** | — | — | — | — | — | — | (20,264) | (20,264) | (281) | (20,545) |
| **Transactions with shareholders:** | | | | | | | | | | |
| Equity-settled share-based payments | — | — | — | — | — | 336 | — | 336 | — | 336 |
| Issue of shares, net of costs | 340 | 63,693 | (63,956) | (77) | — | — | — | — | — | — |
| Sale of treasury shares | — | — | — | — | 73 | — | — | 73 | — | 73 |
| Issue of warrants | — | — | — | — | 7,850 | — | — | 7,850 | — | 7,850 |
| **Balance at 30 June 2022 (unaudited)** | **1,749** | **124,897** | **—** | **(135)** | **8,381** | **9,042** | **136,957** | **280,891** | **13,561** | **294,452** |

| | Share capital US$'000 | Share premium US$'000 | Treasury shares US$'000 | Other reserves US$'000 | Share-based payment reserve US$'000 | Retained earnings US$'000 | Equity attributable to the owners of the Company US$'000 | Non-controlling interest US$'000 | Total equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021 (audited)** | 1,409 | 62,092 | (59) | 458 | 7,104 | 158,670 | 229,674 | (2,737) | 226,937 |
| Profit/(loss) for the period | — | — | — | — | — | (3,109) | (3,109) | 1,732 | (1,377) |
| **Total comprehensive profit/(loss) for the period** | — | — | — | — | — | (3,109) | (3,109) | 1,732 | (1,377) |
| **Transactions with shareholders:** | | | | | | | | | |
| Equity-settled bonus payments | — | 171 | 1 | — | — | — | 172 | — | 172 |
| Equity-settled share-based payments | — | — | — | — | 1,375 | — | 1,375 | — | 1,375 |
| **Balance at 30 June 2021 (unaudited)** | **1,409** | **62,263** | **(58)** | **458** | **8,479** | **155,561** | **228,112** | **(1,005)** | **227,107** |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. General information

Savannah Energy PLC (“Savannah” or “the Company”) was incorporated in the United Kingdom on 3 July 2014. The principal activity of Savannah and its subsidiaries (together, the “Group”) is the exploration, development and production of natural gas and crude oil and development of other energy related projects in Africa.

The Company is domiciled in the UK for tax purposes and its shares were admitted to trading on the AIM market (“AIM”) of the London Stock Exchange plc on 1 August 2014. The Company’s registered address is 40 Bank Street, London, E14 5NR.

## 2. Accounting policies

***Basis of Preparation***

On 31 December 2020, International Financial Reporting Standards (“IFRS”) as adopted by the European Union at that date was brought into UK law and became international accounting standards as adopted by the United Kingdom (“UK-adopted IAS”), with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted IAS in its consolidated financial statements from 1 January 2021. There was no impact on the Group from this transition, nor any changes in accounting policy. These condensed consolidated financial statements have been prepared in accordance with UK-adopted IAS. The provisions of IAS 34: Interim Financial Reporting have not been applied.

The condensed consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Group’s 2021 Annual Report and audited financial statements for the year ended 31 December 2021 (“the Group’s 2021 Annual Report”). The financial information for the six months ended 30 June 2022 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Savannah for the year ended 31 December 2021 were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Independent Auditors' Report on the Group’s 2021 Annual Report was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. The Independent Auditors’ Report contained a material uncertainty related to going concern.

The Group’s statutory financial statements for the year ended 31 December 2021 have been filed with the Registrar of Companies.

All the Group’s subsidiaries’ functional currency is US Dollars (“US$”), and the consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand (US$’000), except when otherwise stated.

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the Group’s 2021 Annual Report. There are no other new or amended standards or interpretations adopted from 1 January 2022 that have a significant impact on the interim financial information.

***Going concern***

The Group places significant importance in managing its liquidity position and ensuring that all parts of the business have appropriate funding as needed to meet their obligations. The Directors have considered the Group’s forecasted cash flows and funding requirements for the twelve months from the date of publication of this Interim Report (including sensitivity analysis of key assumptions which has been undertaken) and in addition the Directors have considered the range of risks facing the business on an ongoing basis. The principal assumptions made in relation to the going concern assessment relate to: (1) the timely payments of our gas invoices by our customers, (2) the forecast commodity price environment and (3) continued access to FX markets. Considering this last point, the Directors are highly confident that the Group will continue to be able to access US dollars as required to maintain going concern status. However, a minimal risk exists that the Group may not be able to continue to do so and/or the Group may not be able to amend its debt facilities and/or complete its planned debt refinancing as described in the Group’s 2021 Annual Report. These facts indicate that a material uncertainty exists that may cast significant doubt on the Group’s, ability to continue to apply the going concern basis of accounting. Notwithstanding this, the Directors have full confidence in the Group’s forecasts and have continued to adopt the going concern basis in preparing the consolidated financial statements.

## 3. Segmental reporting

For the purposes of resource allocation and assessment of segment performance, the operations of the Group are divided into three segments: two geographical locations and an Unallocated segment. The two geographical segments are Nigeria and Niger, and their principal activities are the exploration, development and extraction of oil and gas. These make up the total revenue generating operations of the Group. The Unallocated segments principal activities are the governance and financing of the Group as well as undertaking business development opportunities. Items not included within Operating profit/(loss) are reviewed at a Group level and therefore there is no segmental analysis for this information.

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2022:

| | **Nigeria US$'000 Unaudited** | **Niger US$'000 Unaudited** | **Unallocated US$'000 Unaudited** | **Total US$'000 Unaudited** |
|---|---|---|---|---|
| Revenue | 85,847 | — | — | 85,847 |
| Cost of sales[1] | (33,127) | — | — | (33,127) |
| **Gross profit** | **52,720** | **—** | **—** | **52,720** |
| Administrative and other operating expenses | (3,446) | (972) | (7,268) | (11,686) |
| Transaction and other related expenses | — | — | (7,262) | (7,262) |
| Expected credit loss and other related adjustments | (5,918) | — | — | (5,918) |
| **Operating profit/(loss)** | **43,356** | **(972)** | **(14,530)** | **27,854** |
| Finance income | | | | 273 |
| Finance costs | | | | (36,827) |
| Fair value adjustment | | | | (1,768) |
| Foreign translation loss | | | | (846) |
| **Profit before tax** | | | | **(11,314)** |
| | | | | |
| **Segment depreciation, depletion and amortisation** | **16,890** | **132** | **323** | **17,345** |
| **Segment non-current assets[2]** | **553,681** | **167,667** | **7,755** | **729,103** |
| **Segment non-current asset additions** | **1,862** | **5,035** | **4,101** | **10,998** |
| **Segment total assets** | **1,118,014** | **168,970** | **54,776** | **1,341,760** |
| **Segment total liabilities** | **(974,629)** | **(33,525)** | **(37,154)** | **(1,047,308)** |

1. Refer to note 5 for items included within Cost of Sales.
2. Includes Third party investments, Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

The following is an analysis of the Group's results by reportable segment for the six months ended 30 June 2021:

| | **Nigeria US$'000 Unaudited** | **Niger US$'000 Unaudited** | **Unallocated US$'000 Unaudited** | **Total US$'000 Unaudited** |
|---|---|---|---|---|
| Revenue | 99,386 | — | — | 99,386 |
| Cost of sales[1] | (34,286) | — | — | (34,286) |
| **Gross profit** | 65,100 | — | — | 65,100 |
| Administrative and other operating expenses | (2,748) | (2,410) | (4,347) | (9,505) |
| Transaction and other related expenses | — | — | (2,341) | (2,341) |
| Expected credit loss and other related adjustments | 739 | — | — | 739 |
| **Operating profit/(loss)** | 63,091 | (2,410) | (6,688) | 53,993 |
| Finance income | | | | 328 |
| Finance costs | | | | (38,732) |
| Fair value adjustment | | | | 3,042 |
| Foreign translation loss | | | | (10,943) |
| **Profit before tax** | | | | 7,688 |

The following is an analysis of the Group's results by reportable segment at 31 December 2021:

| | Nigeria US$'000 Unaudited | Niger US$'000 Unaudited | Unallocated US$'000 Unaudited | Total US$'000 Unaudited |
|---|---|---|---|---|
| **Segment depreciation, depletion and amortisation** | 18,807 | 153 | 263 | 19,223 |
| **Segment non-current assets[2]** | 568,709 | 162,644 | 2,915 | 734,268 |
| **Segment non-current asset additions** | 32,535 | 1,779 | 184 | 34,498 |
| **Segment total assets** | 1,085,486 | 160,962 | 102,139 | 1,348,587 |
| **Segment total liabilities** | (938,513) | (31,620) | (71,716) | (1,041,849) |

1. Refer to note 5 for items included within Cost of Sales.
2. Includes Property, plant and equipment, Exploration and evaluation assets and Right-of-use assets.

## 4. Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| Six months ended 30 June | 2022 US$'000 Unaudited | 2021 US$'000 Unaudited |
|---|---|---|
| Gas sales | **72,629** | 91,675 |
| Oil and condensates sales | **13,218** | 7,711 |
| **Revenue from contracts with customers** | **85,847** | 99,386 |

Gas sales represents gas deliveries made to the Group's customers under long term take or pay gas sale agreements. The Group sells oil and condensates at prevailing market prices.

Included within revenue from contracts with customers is revenue of US$83.8 million (30 June 2021: US$89.6 million) relating to four (30 June 2021: two) of the Group's customers who each contribute more than 10% of revenue US$36.6 million, US$21.7 million, US$13.2 million, and US$12.3 million respectively (30 June 2021: US$61.3 million and US$28.3 million, respectively).

## 5. Cost of sales

| Six months ended 30 June | 2022 US$'000 Unaudited | 2021 US$'000 Unaudited |
|---|---|---|
| Depletion – oil and gas, and infrastructure assets (note 13) | **16,432** | 18,335 |
| Facility operation and maintenance costs | **13,770** | 13,794 |
| Royalties | **2,925** | 2,157 |
| | **33,127** | 34,286 |

## 6. Operating profit

Operating profit has been arrived at after charging:

| Six months ended 30 June | 2022 US$'000 Unaudited | 2021 US$'000 Unaudited |
|---|---|---|
| Staff costs | **11,896** | 12,112 |
| Depreciation – other assets (note 13) | **370** | 380 |
| Depreciation – right-of-use assets | **544** | 508 |
| Transaction and other related expenses[1] | **7,262** | 2,341 |

1. Included within Transaction and other related expenses are costs incurred with respect of the Group's proposed acquisitions of the Chad and Cameroon Assets, integration and IT activities and other business development opportunities.

## 7. Finance income

| Six months ended 30 June | 2022<br>US$'000<br>Unaudited | 2021<br>US$'000<br>Unaudited |
|---|---|---|
| Lease income | **19** | 26 |
| Bank interest income | **161** | 98 |
| Other interest income | **93** | 204 |
| | **273** | 328 |

## 8. Finance costs

| Six months ended 30 June | 2022<br>US$'000<br>Unaudited | 2021<br>US$'000<br>Unaudited |
|---|---|---|
| Interest on bank borrowings and loan notes | **27,949** | 26,826 |
| Amortisation of balances measured at amortised cost[1] | **3,898** | 7,004 |
| Unwinding of decommissioning discount | **2,749** | 2,488 |
| Interest expense on lease liabilities | **201** | 262 |
| Bank charges | **191** | 131 |
| Other finance costs | **1,839** | 2,021 |
| | **36,827** | 38,732 |

1. Includes amounts due to unwinding of a discount on a long-term payable, contract liabilities (note 18) and amortisation of debt fees.

## 9. Fair value adjustment

During 2019 the Group issued a Senior Secured Note of US$20 million that includes a voluntary prepayment option whereby early repayment will result in a discount to the contractual loan value. As an embedded derivative, the option has been separated from the host loan instrument and valued separately and accounted for as fair value through profit or loss. As at 30 June 2022 the option value was approximately US$3.0 million (31 December 2021 audited: US$4.8 million), resulting in a charge of US$1.8 million (30 June 2021: gain of US$3.0 million). The decrease in the option value was due to a worsening in credit bond spreads observed during the period as well as an increase in market expectations around interest rates. The increase in the option value during the prior period was principally due to an improvement in credit bond spreads observed during the period.

## 10. Foreign translation loss

| Six months ended 30 June | 2022<br>US$'000<br>Unaudited | 2021<br>US$'000<br>Unaudited |
|---|---|---|
| Realised loss | **945** | 3,962 |
| Unrealised (gain)/loss | **(99)** | 6,981 |
| | **846** | 10,943 |

Realised foreign translation loss for the six months ended 30 June 2022 mainly relates to Nigerian trade receivables which are invoiced in US Dollars and where customers are able to pay in Naira. Foreign translation loss for the six months ended 30 June 2021 mainly relate to the translation of Naira into US Dollars to service US Dollar denominated obligations.

Unrealised foreign translation loss relates to the revaluation of monetary items held in currencies other than US Dollars. During the six months ended 30 June 2021 the Nigerian Naira devalued against the US Dollar in May 2021 which created a significant unrealised loss on monetary items held in Naira.

## 11. Taxation

The tax expense for the Group is:

| Six months ended 30 June | 2022<br>US$'000<br>Unaudited | 2021<br>US$'000<br>Unaudited |
|---|---|---|
| Current tax | | |
| - Adjustments in respect of prior years | **(1,126)** | 3 |
| - Current year | **3,919** | 2,169 |
| | **2,793** | 2,172 |
| Deferred tax | | |
| - Adjustments in respect of prior years | **193** | 15 |
| - Write down and reversal of previous write downs of deferred tax assets | **4,353** | — |
| - Origination and reversal of temporary differences | **1,892** | 6,878 |
| | **6,438** | 6,893 |
| | **9,231** | 9,065 |

Income tax expense is recognised based on the actual results for the period.

The tax charge for the period of US$9.2 million (30 June 2021: charge of US$9.1 million) is made up of a current tax charge of US$2.8 million (30 June 2021: US$2.2 million) and a deferred tax charge of US$6.4 million (30 June 2021: charge of US$6.9 million). The current tax charge principally arises on Nigerian profits. The deferred tax charge principally relates to the utilisation of losses in Nigeria, as well as a write down of deferred tax assets.

## 12. Loss per share

Basic earnings per share amounts are calculated by dividing the profit or loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit or loss for the periods attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. As there is a loss attributable to the owners of the Company for the six months ended 30 June 2022, the diluted weighted average number of shares would reduce the loss per share. Therefore, the basic weighted average number of shares has been used to calculate the diluted loss per share.

The weighted average number of shares outstanding excludes treasury shares of 99,858,893 (30 June 2021: 41,966,942).

| Six months ended 30 June | 2022<br>US$'000<br>Unaudited | 2021<br>US$'000<br>Unaudited |
|---|---|---|
| **Loss** | | |
| Loss attributable to owners of the Company | **(20,264)** | (3,109) |
| | **Number of shares** | **Number of shares** |
| Basic weighted average number of shares | 1,142,656,405 | 954,116,177 |
| Add: employee share options | 5,243,720 | 3,840,024 |
| Diluted weighted average number of shares | 1,147,900,125 | 957,956,201 |
| | **US cents** | **US cents** |
| **Loss per share** | | |
| Basic loss per share | 1.77 | 0.33 |
| Diluted loss per share | 1.77 | 0.33 |

50,233,574 options granted under share option schemes are not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 30 June 2022 (30 June 2021: 50,233,574). These options could potentially dilute basic earnings per share in the future.

## 13. Property, plant and equipment

| | Oil and gas assets US$'000 | Infrastructure assets US$'000 | Other assets US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January 2021 (audited) | 183,852 | 469,917 | 4,359 | 658,128 |
| Additions | 16,212 | 15,780 | 565 | 32,557 |
| Decommissioning remeasurement adjustment | (2,296) | (39,569) | — | (41,865) |
| Balance at 31 December 2021 (audited) | 197,768 | 446,128 | 4,924 | 648,820 |
| Additions | 983 | 854 | 4,132 | 5,969 |
| **Balance at 30 June 2022 (unaudited)** | **198,751** | **446,982** | **9,056** | **654,789** |
| | | | | |
| **Accumulated depreciation** | | | | |
| Balance at 1 January 2021 (audited) | (20,327) | (23,170) | (1,924) | (45,421) |
| Depletion and depreciation charge | (16,742) | (17,721) | (735) | (35,198) |
| Balance at 31 December 2021 (audited) | (37,069) | (40,891) | (2,659) | (80,619) |
| Depletion and depreciation charge | (8,312) | (8,120) | (370) | (16,802) |
| **Balance at 30 June 2022 (unaudited)** | **(45,381)** | **(49,011)** | **(3,029)** | **(97,421)** |
| | | | | |
| **Net book value** | | | | |
| 1 January 2021 (audited) | 163,525 | 446,747 | 2,435 | 612,707 |
| 31 December 2021 (audited) | 160,699 | 405,237 | 2,265 | 568,201 |
| **30 June 2022 (unaudited)** | **153,370** | **397,971** | **6,027** | **557,368** |

Upstream assets principally comprise the well and field development costs relating to the Uquo and Stubb Creek oil and gas fields in Nigeria. The Infrastructure assets principally comprise the Nigerian midstream assets associated with the Group's network of gas transportation pipelines, oil and gas processing facilities and gas receiving facilities. Other assets typically include vehicles, office equipment (including IT software) and building improvements.

## 14. Trade and other receivables

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| Trade receivables | **188,969** | 156,440 |
| Receivables from a joint arrangement | **3,645** | 67 |
| Other financial assets | **5,261** | 5,237 |
| | **197,875** | 161,744 |
| Expected credit loss | **(35,263)** | (29,345) |
| | **162,612** | 132,399 |
| VAT receivables | **677** | 694 |
| Prepayments and other receivables | **43,378** | 98,538 |
| | **206,667** | 231,631 |

The following has been recognised in the Condensed Statement of Comprehensive Income relating to expected credit losses for the period:

| Six months ended 30 June | 2022 US$'000 Unaudited | 2021 US$'000 Unaudited |
|---|---|---|
| Provision/(release) of expected credit losses | **5,918** | (739) |
| Expected credit loss and other related adjustments | **5,918** | (739) |

## 15. Cash at bank

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| Cash and cash equivalents | **42,077** | 45,739 |
| Amounts held for debt service | **139,091** | 106,905 |
| | **181,168** | 152,644 |

Cash and cash equivalents include US$1.2 million (31 December 2021: US$1.1 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF758.3 million (31 December 2020: XOF626.4 million).

Amounts held for debt service represents Naira denominated cash which is held by the Group for debt service, and this has been separately disclosed from Cash and cash equivalents. In total, approximately US$149.0 million (31 December 2021: US$132.8 million) will be paid for the debt service from bank accounts designated as Amounts held for debt service, and from Cash and cash equivalents.

## 16. Trade and other payables

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| **Trade and other payables** | | |
| Trade payables | **31,489** | 30,957 |
| Accruals | **30,950** | 62,927 |
| VAT and WHT payable | **16,717** | 13,783 |
| Royalty and levies | **4,471** | 5,196 |
| Employee benefits | **88** | 91 |
| Other payables | **2,888** | 3,817 |
| | **86,603** | 116,771 |
| **Other payables – non-current** | | |
| Employee benefits | **3,617** | 3,415 |
| | **3,617** | 3,415 |
| | **90,220** | 120,186 |

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## 17. Borrowings

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| Revolving credit facility | **11,939** | 9,916 |
| Bank loans | **374,009** | 379,002 |
| Senior Secured Notes | **95,135** | 100,717 |
| Other loan notes | **28,843** | 34,610 |
| | **509,926** | 524,245 |

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| Current borrowings | **402,497** | 415,593 |
| Non-current borrowings | **107,429** | 108,652 |
| | **509,926** | 524,245 |

## 18. Contract liabilities

Contract liabilities represents the value of gas supply commitment to the Group's customers for gas not taken but invoiced under the terms of the contracts. The amount has been analysed between current and non-current, based on the customers' expected future usage gas delivery profile. This expected usage is updated periodically with the customer.

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| Amount due for delivery within 12 months | **12,713** | 26,467 |
| Amount due for delivery after 12 months | **269,435** | 213,043 |
| | **282,148** | 239,510 |

| | 30 June 2022 US$'000 Unaudited | 31 December 2021 US$'000 Audited |
|---|---|---|
| As at 1 January | **239,510** | 190,237 |
| Additional contract liabilities | **46,175** | 61,033 |
| Contract liabilities utilised | **(5,409)** | (18,345) |
| Unwinding of discount on contract liabilities | **1,872** | 6,585 |
| **As at end of period** | **282,148** | 239,510 |

The unwinding of the discount on contract liabilities relates to the fair value adjustments made under IFRS 3: Business Combinations following the acquisition of the Nigerian assets and entities in 2019. The fair value adjustment was calculated as the discounted, expected cost of the future deliveries of gas volumes under the terms of customer take-or-pay contracts. This discounted amount unwinds relative to an apportioned amount of the contract liabilities volumes at the date of acquisition that have subsequently been utilised.

## 19. Cash flow reconciliations

The changes in the Group's liabilities arising from financing activities can be classified as follows:

| | Borrowings US$'000 | Interest payable US$'000 | Lease liabilities US$'000 | Total US$'000 |
|---|---|---|---|---|
| At 1 January 2022 (audited) | 524,245 | 80,101 | 6,783 | 611,129 |
| **Cash flows** | | | | |
| Repayment | (30,545) | (21,050) | (527) | (52,122) |
| Proceeds | 12,810 | — | — | 12,810 |
| Realised loss on loan repayment | 33 | — | — | 33 |
| | (17,702) | (21,050) | (527) | (39,279) |
| **Non-cash adjustments** | | | | |
| Payment in kind adjustment/accretion of interest | 3,764 | 26,502 | 201 | 30,467 |
| Net debt fees | (1,236) | — | — | (1,236) |
| Borrowing fair value adjustments | 1,768 | — | — | 1,768 |
| Working capital movements | — | — | 107 | 107 |
| Foreign translation | (913) | 3 | (453) | (1,363) |
| **Balance at 30 June 2022 (unaudited)** | 509,926 | 85,556 | 6,111 | 601,593 |

| | Borrowings US$'000 | Interest payable US$'000 | Lease liabilities US$'000 | Total US$'000 |
|---|---|---|---|---|
| At 1 January 2021 (audited) | 514,662 | 51,544 | 8,061 | 574,267 |
| **Cash flows** | | | | |
| Repayment | (8,794) | (10,981) | (335) | (20,110) |
| Realised loss on loan repayment | 175 | — | — | 175 |
| | (8,619) | (10,981) | (335) | (19,935) |
| **Non-cash adjustments** | | | | |
| Payment in kind adjustment/accretion of interest | 1,380 | 26,025 | 262 | 27,667 |
| Net debt fees | 1,752 | — | — | 1,752 |
| Borrowing fair value adjustments | (3,042) | — | — | (3,042) |
| Working capital movements | — | — | (291) | (291) |
| Foreign translation | (1,011) | (90) | 79 | (1,022) |
| **Balance at 30 June 2021 (unaudited)** | 505,122 | 66,498 | 7,776 | 579,396 |

## 20. Capital commitments

At 30 June 2022, capital commitments amounted to US$4.8 million (30 June 2021: US$13.0 million).

## 21. Events after the reporting date

There are no events after the reporting date other than those described within this announcement.