



**TOTALENERGIES MARKETING NIGERIA PLC**  
**UNAUDITED FINANCIAL STATEMENTS**  
**JUNE 2023**

<b>Contents</b>	<b>Page</b>
Results at a glance	1
Statement of financial position	2
Statement of profit or loss and other comprehensive income	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6

## TOTALENERGIES MARKETING NIGERIA PLC

### RESULTS AT A GLANCE FOR THE PERIOD ENDED

	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>Change</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
Revenue	274,602,860	209,014,372	31
Profit before income taxation	13,476,053	12,732,574	6
Profit for the period	8,787,348	8,528,826	3
Total comprehensive income for the period	8,787,348	8,528,826	3
Share capital	169,761	169,761	-
Shareholders' funds	51,944,199	44,061,716	18

	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>Change</b>
			<b>%</b>
<b>PER SHARE DATA:</b>			
<i>Based on 339,521,837 ordinary shares of 50 kobo each:</i>			
<i>Earnings per 50 kobo share (Naira) - basic</i>	25.88	25.12	3
<i>Stock exchange quotation (Naira)</i>	350.00	234.50	49
Number of staff	424	435	(3)

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF FINANCIAL POSITION

AS AT


		30 June 2023	31 December 2022
	Notes	₦'000	₦'000
<b>Non-current assets</b>			
Property, plant and equipment	16	40,874,510	41,866,105
Right-of-use assets	17 (i)	6,952,243	7,938,283
Intangible assets	15	167,345	191,875
Trade and other receivables	19.1	4,914,875	1,985,733
<b>Total non-current assets</b>		<b>52,908,973</b>	<b>51,981,996</b>
<b>Current Assets</b>			
Inventories	18	48,474,380	59,275,749
Withholding tax receivables	11.2.1	(206,743)	984,265
Trade and other receivables	19	135,421,289	111,391,821
Prepayments	20	1,937,464	1,457,577
Cash and cash equivalents	27	111,690,904	82,724,315
<b>Total current assets</b>		<b>297,317,294</b>	<b>255,833,727</b>
<b>Total assets</b>		<b>350,226,267</b>	<b>307,815,723</b>
<b>Equity</b>			
Share capital	26	169,761	169,761
Retained earnings		51,774,438	50,117,049
<b>Total equity</b>		<b>51,944,199</b>	<b>50,286,810</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11.3	7,606,469	7,655,848
Lease liabilities	22	215,593	361,427
Employee benefits	12	1,723,021	1,551,290
<b>Total non-current liabilities</b>		<b>9,545,083</b>	<b>9,568,565</b>
<b>Current liabilities</b>			
Current tax liabilities	11.2	4,428,117	6,351,740
Loans and borrowings	21	66,977,544	47,741,972
Trade and other payables	24	213,347,906	190,091,170
Deferred income	25	3,761,140	3,402,832
Lease liabilities	22	222,278	372,634
<b>Total current liabilities</b>		<b>288,736,985</b>	<b>247,960,348</b>
<b>Total liabilities</b>		<b>298,282,068</b>	<b>257,528,913</b>
<b>Total equity and liabilities</b>		<b>350,226,267</b>	<b>307,815,723</b>

These financial statements were approved and authorised for issue by the Board of Directors of the Company on 20 July 2023 and signed on behalf of the Board by:

  
 \_\_\_\_\_  
 Seye Samba - Managing Director  
 FRC/2021/003/00000024858

  
 \_\_\_\_\_  
 Lesley Green - Executive Director  
 FRC/2020/003/00000020680

Additionally certified by:

  
 \_\_\_\_\_  
 Samson Eghwerehe - Head of Finance  
 FRC/2018/ICAN/00000018952

The accompanying notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED

	Notes	For the three months ended		For the six months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		₦'000	₦'000	₦'000	₦'000
Revenue	6	139,325,253	111,405,310	274,602,860	209,014,372
Cost of sales	7	(119,301,011)	(96,095,053)	(239,568,181)	(179,212,410)
<b>Gross profit</b>		<b>20,024,242</b>	<b>15,310,257</b>	<b>35,034,679</b>	<b>29,801,962</b>
Other income	8.1	1,003,099	848,896	1,971,679	1,741,256
Other expenses	8.1.2	(1,502,802)	-	(1,502,802)	-
Selling & distribution costs	10.1	(1,273,875)	(1,167,807)	(2,189,863)	(2,328,841)
Administrative expenses	10.2	(10,125,485)	(7,860,571)	(17,927,511)	(15,425,807)
Impairment write-back/ (loss) on financial assets	30 (iv)	58,143	(224,382)	79,295	(251,466)
<b>Operating profit</b>		<b>8,183,322</b>	<b>6,906,393</b>	<b>15,465,477</b>	<b>13,537,104</b>
Finance income	9	504,409	437,911	1,250,497	1,121,914
Finance costs	9	(1,635,643)	(1,164,798)	(3,239,921)	(1,926,444)
<b>Net finance costs</b>		<b>(1,131,234)</b>	<b>(726,887)</b>	<b>(1,989,424)</b>	<b>(804,530)</b>
<b>Profit before income taxation</b>		<b>7,052,088</b>	<b>6,179,506</b>	<b>13,476,053</b>	<b>12,732,574</b>
Income taxation	11.1.1	(2,427,588)	(2,016,367)	(4,688,705)	(4,203,748)
<b>Profit for the period</b>		<b>4,624,500</b>	<b>4,163,139</b>	<b>8,787,348</b>	<b>8,528,826</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>4,624,500</b>	<b>4,163,139</b>	<b>8,787,348</b>	<b>8,528,826</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	14	13.62	12.26	25.88	25.12

The accompanying notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

	<u>Share capital</u> ₦'000	<u>Retained earnings</u> ₦'000	<u>Total equity</u> ₦'000
<b>Notes</b>			
<b>Balance at 1 January 2023</b>	169,761	50,117,049	50,286,810
Profit for the period	-	8,787,348	8,787,348
Other comprehensive loss for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	8,787,348	8,787,348
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Prior year final dividend	13.1 -	(7,129,959)	(7,129,959)
Total transactions with owners of the Company	-	(7,129,959)	(7,129,959)
<b>Balance at 30 June 2023</b>	<b>169,761</b>	<b>51,774,438</b>	<b>51,944,199</b>

for the period ended 30 June 2022

	<u>Share capital</u> ₦'000	<u>Retained earnings</u> ₦'000	<u>Total equity</u> ₦'000
<b>Notes</b>			
<b>Balance as at 1 January 2022</b>	169,761	41,449,544	41,619,305
Profit for the period	-	8,528,826	8,528,826
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	8,528,826	8,528,826
<b>Transactions with owners of the Company:</b>			
<b>Contributions and Distributions</b>			
Forfeited dividend	13.1 -	92,881	92,881
Prior year final dividend	13.1 -	(6,179,297)	(6,179,297)
Total transactions with owners of the Company	-	(6,086,416)	(6,086,416)
<b>Balance at 30 June 2022</b>	<b>169,761</b>	<b>43,891,955</b>	<b>44,061,716</b>

The accompanying notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED

		30 June 2023	30 June 2022
	Note	₦'000	₦'000
Profit for the period		8,787,348	8,528,826
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	16	2,700,150	2,630,701
Depreciation of right-of-use asset	17 (i)	1,032,915	1,020,314
Amortisation of intangible assets	15	37,802	21,825
Provision for employee benefits	12 (a)	205,569	124,500
Write back of inventory (Net)	18.1	240,000	139,798
Gain on disposal of property, plant and equipment	8	(6,613)	(11,964)
Net foreign exchange loss/(gain)	8.1	1,502,802	(70,964)
Net finance costs	9	1,989,424	804,530
Income taxation	11.1.1	4,688,705	4,203,748
		<u>21,178,102</u>	<u>17,391,314</u>
<b>Changes in:</b>			
- Inventories	18 (a)	10,561,369	(25,629,958)
- Trade and other receivables	19.1 (a)	(29,012,312)	(36,628,337)
- Prepayments	20 (a)	(479,887)	288,024
- Trade and other payables	24	(10,247,340)	18,388,442
- Lease liabilities	23	22,752	(334,029)
- Withholding tax receivable	11.2.1	1,191,008	897,191
- Deferred income	25	358,308	212,966
		<u>(6,428,000)</u>	<u>(25,414,386)</u>
<b>Cash used in operating activities</b>			
Payment for employee benefits	12	(33,838)	(116,461)
Interest on staff loans	9	193,887	63,844
Interest on lease liabilities	9	(47,135)	(42,891)
Tax paid	11.2	(5,460,464)	(5,545,175)
		<u>(12,976,793)</u>	<u>(32,191,635)</u>
<b>Net cash used in operating activities</b>			
<b>Cash flows from investing activities</b>			
Additions to right-of-use asset	17 (iii)	(46,875)	(41,612)
Purchase of property, plant and equipment	16	(1,719,296)	(4,274,871)
Purchase of intangible assets	15	(13,272)	(1,339)
Interest received on deposits for unclaimed dividend	9	43,268	38,800
Interest received on deposits	9	1,013,342	1,019,270
Proceeds from disposal of property, plant and equipment		17,352	43,047
		<u>(705,481)</u>	<u>(3,216,705)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Interest paid on import loans	9	(1,756,573)	(802,168)
Interest paid on other loans	9	(1,436,213)	(1,081,385)
Payment on lease liabilities	23	(318,942)	(146,891)
Additional borrowings	23	149,940,174	67,264,153
Repayment of borrowings	23	(102,950,351)	(25,020,657)
Dividends paid	13.1	(7,933,621)	(3,266,509)
		<u>35,544,474</u>	<u>36,946,543</u>
<b>Net cash generated from financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		<b>21,862,200</b>	<b>1,538,203</b>
Cash and cash equivalents at 1 January		82,724,315	62,952,682
Effect of movement in exchange rates on cash held	8.2	7,104,389	237,403
		<u>111,690,904</u>	<u>64,728,288</u>
<b>Cash and cash equivalents as at year ended 30 June</b>	27		<b>64,728,288</b>
<b>Cash and cash equivalents as at year ended 31 December</b>			<u><b>82,724,315</b></u>

The accompanying notes form an integral part of these financial statements.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1 The Company

#### Legal form:

The Company was incorporated as a private limited liability company in 1956 and was converted to a public company in 1978. The merger of the Company with Elf Oil Nigeria Limited which commenced globally in November 1999 was completed in Nigeria in 2002. With this development, the authorised, issued and fully paid share capital was ₦148,541,000 made up of 297,082,000 ordinary shares of 50k each. In 2003, to mark the completion of its corporate mergers, Total Group worldwide reverted to its former name Total and adopted a new logo with a unifying design to express its corporate ambition.

With the capitalisation of the bonus issue of 42,440,228 ordinary shares of 50k each in March 2004, the authorised share capital became ₦169,760,918 made up of 339,521,837 ordinary shares of 50k each. 61.72% of the Company's ordinary shares were held by Total Societe Anonyme up until 2013 when a restructuring was concluded and Total Raffinage Marketing became the shareholders of 61.72% of Total Nigeria Plc (now TotalEnergies Marketing Nigeria Plc) while the remaining 38.28% are held by some members of the general public. Total Raffinage Marketing is now called TotalEnergies Marketing Services.

In 2021, Total Group worldwide changed its name to TotalEnergies and adopted a new logo, thereby anchoring the transformation into a broad energy business within the Company's identity. Accordingly, the Company changed its name from Total Nigeria Plc to TotalEnergies Marketing Nigeria Plc in the same year.

	30 June 2023		31 December 2022	
	Number	Holdings	Number	Holdings
	'000	%	'000	%
TotalEnergies Marketing Service	209,560	61.72	209,560	61.72
Other shareholders	129,962	38.28	129,962	38.28
	<b>339,522</b>	<b>100.00</b>	<b>339,522</b>	<b>100.00</b>

No shareholder, except as disclosed above, held more than 5% of the issued share capital of the Company as at 30 June 2023 (2022: nil).

#### Principal activities

The principal activity of the Company is the blending of lubricants, sales and marketing of refined petroleum products and solar products .

#### Description of business

TotalEnergies Marketing Nigeria Plc. ("the Company") is a subsidiary of TotalEnergies Marketing Services ("the Parent Company") in France and operates in the petroleum marketing and distribution business in Nigeria. The Company's registered office is situated at:

No. 4, Churchgate Street  
Victoria Island  
Lagos State

### 2 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Financial Reporting Council (FRC) of Nigeria Act, 2011 and the Companies and Allied Matters Act (CAMA), 2020.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except otherwise indicated.

#### 2.3 Functional and presentation currency

These financial statements are presented in Nigerian Naira (NGN), which is the Company's functional currency. All financial information presented in Nigerian Naira have been rounded to the nearest thousand except otherwise stated.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4 Financial period

These financial statements cover the financial period from 01 January 2023 to 30 June 2023, with corresponding figures for the financial period from 01 January, 2022 to 30 June, 2022 and 01 January 2022 to 31 December, 2022 where applicable.

### 2.5 Going concern

The directors have undertaken a review of the Company's business activities and have concluded that the Company will still be able to realise its assets and settle its obligations as they fall due and as such these financial statements have been prepared on the basis applicable to a going concern.

### 2.6 Significant events and transactions

Other than events already disclosed in the various notes, there are no other significant events in the period that are required to be disclosed.

### 2.7 Use of estimates and judgments

In preparing these financial statements, the directors have made certain judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

#### (a) *Judgement*

Information about judgements made in applying accounting policies that have the most significant effects on amounts recognised in the financial statements are as follows;

##### (i) Cash held with Total Treasury - Note 27

Determining if balances held with Total Treasury meets the criteria for classification as cash and cash equivalents.

##### (ii) Lease term - Note 17 (iv)

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).

##### (iii) Asset retirement obligation - Note 17 (iv)

Whether the Company will dismantle and remove its leasehold improvements on underlying asset or restore underlying asset.

#### (b) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year includes;

##### (i) Measurement of defined benefit obligation: Key actuarial assumptions

The amount recognised in note 12 of the financial statements as employee benefits - measurement of the Company's employee benefits. This estimate relates to the discount rate, withdrawal, mortality and inflation rate applied in the computation of the Company's liabilities.

##### (ii) Measurement of Expected Credit Loss (ECL) allowance - Note 30(iv)

Information about measurement of trade receivables and contract assets: Key assumptions in determining the weighted-average loss rate.

##### (iii) Measurement of contingencies - Note 28

Recognition of contingencies - key assumptions about likelihood and magnitude of an outflow of resources.

##### (iv) Incremental borrowing rate - Note 23

Estimation of the applicable borrowing rates.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 3 New standards and interpretations not yet adopted

Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2023 and early application is permitted; however, the Company has not applied the amended standards in preparing these financial statements. Those Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The directors are of the opinion that the impact of the application of the relevant standards and interpretations will be as follows:

Standard/Interpretation effective as at 30 June 2023		Date issued by IASB	Effective date Periods beginning on or after	Summary of the requirements and assessment of impact
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>	January 2020	1 January 2023	<p>The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.</p> <p>They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 <i>Making Materiality Judgements</i> to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>The amendments are not expected to have a significant impact on the Company's financial statements.</p>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>	January 2020	1 January 2023	<p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.</p> <p>The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p> <p>The amendments are not expected to have a significant impact on the Company's financial statements.</p>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	January 2020	1 January 2023	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> <li>- right-of-use assets and lease liabilities, and</li> <li>- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.</li> </ul> <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.</p> <p>The amendments are not expected to have a significant impact on the Company's financial statements.</p>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 4.1 Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rate on the transaction date. At each reporting date, monetary assets and liabilities are translated at the closing rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss on a net basis as "Other income" (net foreign exchange gain) or "Other expenses" (net foreign exchange loss).

#### 4.2 Revenue and other income

##### (i) Revenue recognition

The Company accounts for contracts within the scope of IFRS 15 'Revenue from contracts with customers' when a contract has been approved by both parties, each party's rights have been clearly identified, payment terms have been clearly identified, the contract has commercial substance and it is probable that the Company will collect the consideration it is entitled to for the transfer of refined petroleum products and lubricants to the customer.

##### *Definition of customer*

A customer is a party that has contracted with the Company to obtain refined petroleum products and lubricants that are an output of the Company's ordinary activities in exchange for consideration. A counterparty would not be a customer if it has entered into a contract to share in the risk and benefits that result from the activity or process.

##### *Revenue streams*

The Company generates revenue primarily from the sale of refined petroleum products and lubricants to its customers (see note 6). Other sources of revenue include sale of special fluids and solar products.

##### *Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue from the sale of non-regulated products in the course of ordinary activities is measured at the fair value of the received consideration or receivable, net of value added tax, sales returns, trade discounts and volume rebates where applicable. Revenue for regulated products is measured at the regulated price of the products net of standard distribution cost directly recoverable from the prices of the regulated products.

The following table provides information about the timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

<b>Nature and timing of satisfaction of performance obligations, including significant payment terms.</b>	<b>Revenue recognition policies</b>
Customers obtain control of products when the goods are delivered to and have been accepted at their premises or picked up by the customer. Invoices are generated and revenue is recognised at that point in time. Credit sales are due for collection within 30 days. This applies to all sales products.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises or picked up by the customer.

##### *Transaction price*

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

##### *Financing component*

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

##### *Contract assets and liabilities*

The Company recognises contract assets for unbilled revenue from lubricant sales and sales of refined petroleum products. The Company recognises contract liability for consideration received for which performance obligation has not been met.

##### *Disaggregation of revenue from contract with customers*

The Company derives revenue from two types of products, lubricants and refined petroleum products. The Company has determined that the disaggregation of revenue based on the criteria of type of products meets the disaggregation of revenue disclosure requirement of IFRS 15.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.2 Revenue and other income (cont'd)

#### (ii) Other income

The Company recognises income from commission on sales at its bonjour shops as well as the rental of some of its space. The period of occupancy is the basis upon which rental income is recognised and the lease term is usually for 12 months. Rental income are for short term leases and are recognised in profit or loss on a straight line basis over the term of the lease.

### 4.3 Finance income and finance costs

The Company's finance income comprises interest income on bank balances and advances to employees. Interest income on bank balances and advances to employees, is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on lease liabilities, import loans, bank overdrafts and other staff loans. Interest expenses are recognised in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

### 4.4 Income taxes

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax movement. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### *Current taxes*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits (i.e the assessable profit after capital allowances (tax depreciation) and brought forward losses (if any) have been considered).
- Tertiary education tax is computed on assessable profits (i.e the profit of the Company that is liable to tax after exempting non-taxable income and subjecting to tax, expenses which were not wholly, reasonably, exclusively or necessarily incurred for the operations of the Company, but before the consideration of capital allowances and losses).
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

- The National Agency for Science and Engineering Infrastructure (NASENI) levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

#### *Minimum tax*

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2021, minimum tax is determined at a base rate of 0.25% (2020: 0.25%) of the qualifying company's gross turnover less franked investment income. The Finance Act defines gross turnover as the gross inflow of economic benefits (cash, revenues, receivables and other assets) arising from the operating activities of a Company, including sales of goods, supply of services, receipt of interest, rents, royalties or dividends.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.4 Income taxes (cont'd)

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. The Company has the legal right to settle current tax amounts on a net basis as the deferred tax amounts are levied by the same tax authority.

### **Accounting for uncertain tax treatments under IFRIC 23**

The Company's judgements with respect to income taxes are based on the likelihoods that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on its tax returns. The Company specifically reviews whether its tax treatments are consistent with requirements and recommendations of tax laws while ensuring its proper coverage of avoidable tax risks and exposures in the process.

The Company measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either the most likely amount method or the expected value method. Furthermore, the judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.5 Earnings per share (EPS)

#### i Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

#### ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of Basic earnings per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 4.6 Property plant and equipment

#### i Recognition, derecognition and measurement

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment shall be recognised as an asset if;

- it is possible that future economic benefits associates with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment under construction are disclosed as work in progress. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for their intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Property, plant and equipment are derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

#### ii Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### iii Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Property, plant and equipment are depreciated to their residual values using the straight-line method over their useful lives for current and comparative periods as follows:

Type of asset	Useful lives
· Motor vehicles	5 years
· Office equipment and furniture	4 years
· Computer equipment and other tangibles	4 - 20 years
· Plant, machinery and fittings	3 - 30 years
· Buildings	10 - 25 years
· Land	Not depreciated

Capital work in progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.7 Intangible assets

#### i Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are computer software and software licenses. These are capitalised on the basis of acquisition costs as well as costs incurred to bring the assets to use.

Intangible assets are derecognised upon sale. The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

#### ii Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### iii Amortisation of intangible assets

Amortisation is calculated on the cost of the asset, or other amount substituted for cost, less its estimated residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Computer software and software licences have estimated useful lives of 3 to 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

### 4.8 Dividend payable

An accrual is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

Any accrual made in respect of dividend payable is recognised as a deduction from equity.

### 4.9 Impairment

#### i Non-derivative financial assets

##### *Financial instruments*

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The company also recognises loss allowances for ECLs on employee loan receivables which are disclosed as part of trade and other receivables. (See note 19)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, lease and loan receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs. Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company's credit terms to customers vary from 30 days to 90 days depending on the nature of industry, customer preferences and negotiation. Based on the logistics, distribution and operational dynamics of our major customers, the significant increase credit risk threshold is set at 90 days.

The company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).
- balances are over 360 days past due in line with the Company's provisioning matrix.

The Company applies simplified approach to determine impairment of trade receivables. The three-stage model is applied to cash and cash equivalent.

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

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

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.9 Impairment (cont'd)

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### ii Non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 4.10 Financial instruments

#### i Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company does not have any financial assets measured at FVOCI or FVTPL.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.10 Financial instruments (cont'd)

#### ii Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows.
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### *Financial Asset at Fair value through OCI (FVOCI)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

The Company has no debt instruments within this category.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### **Financial assets - Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are merged and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.10 Financial instruments (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### **Financial assets – Subsequent measurement and gains and losses**

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost, net of impairment is recognised in the statement of financial position. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### **Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Company does not have any financial liabilities measured at FVTPL.

### iii Derecognition

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### iv Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.11 Share capital

The Company has only one class of shares namely ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

### 4.12 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while interest received is included in investing activities. Interest received on employee loans and receivables, foreign exchange differential, interest claim on Petroleum Support Fund (PSF) and Interest on lease liabilities are included in operating activities.

### 4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash balances with commercial banks and Total Treasury as well as call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### 4.14 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of blended products/lubricants includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

The basis of costing inventories based on the product types are as follows:

Product Type	Cost Basis
Refined Petroleum Products (AGO, ATK, PMS, DPK, LPFO)	First In First Out (FIFO)
Packaging Materials, Solar Lamps, Lubricants, Greases, Special fluids and Car care products	Weighted Average Cost
Inventories-in-transit	Total purchase cost incurred at transaction date

### 4.15 Provisions

Provisions comprise liabilities for which the amount and the timing are uncertain. They arise from environmental risks, legal and tax risks, litigation and other risks. A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources will be required and when a reliable estimate can be made regarding the amount of the obligation. Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessment of the value and the risk specific to the liability. The unwinding of the discount is recognised in profit or loss as a finance cost.

However, possible obligations depending on whether or not certain future events occur are disclosed as contingent liabilities.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.16 Employee benefits

Post-employment benefit

#### (a) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity. The Company 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.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Employees contribute 8% of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Company's contribution is 10% of each employee's Basic salary, Transport and Housing Allowances. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as staff costs in the periods during which services are rendered by employees.

#### (b) Defined benefit plan

##### i Gratuity scheme

The Company operates a gratuity scheme for its employees in service before January 2001. This is funded by the Company on a monthly basis, at a rate of contribution of 9.5% of total annual emolument and paid to Fund Managers chosen by each employee. The Company's obligation are extinguished once the amounts have been transferred to the Fund Managers.

##### ii Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme for a minimum milestone of ten (10) years and the Total home ownership scheme (TEHOS) which is a one-off payment upon tenth anniversary. These schemes are instituted for all permanent employees. The Company's obligations in respect of these schemes are the amounts of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The liability duration of the scheme is estimated at 3.13 years. The Company has compared this with the Macaulay duration of the closest Federal Government of Nigeria bonds as at 30<sup>th</sup> December 2022 which were 2.91 years with a gross redemption yield of about 13.93% and 3.43 years with a gross redemption yield of about 12.92%. Thus, we adopted a discount rate of 13.5%. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the period in which they arise. This Scheme is not funded. The obligations are paid out of the Company's cash flows as and when due.

##### iii Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

##### iv Post-employment medical services

The Company's post-retirement medical coverage is for five (5) years on early retirement or eight (8) years on normal retirement (i.e. at the retirement age of 60 years). This scheme is instituted for all permanent employees and is provided after the completion of employment via the Health Insurance Scheme offered third party providers. The Company's exposure under this arrangement is limited to premium payable to the providers. The benefit is discounted to determine its present value. Return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is a result of the Company's objective to ensure underlying cost inflation remains below country headline inflation having considered the weighted average of five (5) years yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements which comprise actuarial gains or losses are recognized in other comprehensive income in the period in which they arise. Net interest expense and other expenses related to the post employment benefits are recognised in profit or loss. This Scheme is not funded. The obligations are paid out of the Company's cash flows as and when due.

#### Other benefits

##### i Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 4.17 Government grant

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidises the cost of importation of certain refined petroleum products whose prices are regulated in the Nigerian market. The subsidies are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product in the year in which the Company makes the determination that all conditions have been met and the amount will be recovered. Where the amounts relate to interest and foreign exchange differentials, they are recognised in profit or loss when there is reasonable assurance that the amounts will be recovered.

### 4.18 Operating Profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.19 Measurement of fair values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Final Account Manager (FAM) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The FAM regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the FAM assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee and the Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 4.20 Leases

At inception of a contract, the Company 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.

#### A. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### Short-term leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.20 Leases (cont'd)

#### B. As a lessor

The Company leases out trucks to its transporters and these are classified as finance leases.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company 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 Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease and regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

## 5 Seasonality and Segment Reporting

### Seasonality of Operations

The Company's operations are such that revenue and cost are not affected by the impact of seasonality.

### Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board has given the Company's Chief Executive Officer (CEO) the power to assess the financial performance and position of the Company, allocate resources and make strategic decisions. Segment reports that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### Products and services from which reportable segments derive their revenues

Information reported to the Company's CEO for the purposes of resource allocation and assessment of segment performance is focused on the sales channels for the company's products (petroleum products, lubricants and others). The principal sales channels are Network, General Trade and Aviation. The Company's reportable segments under IFRS 8 are therefore as follows: Network, General Trade and Aviation.

The following summary describes the operations of each reportable segment.

Reportable Segment	Operations
Network	Sales to service stations
General Trade	Sales to corporate customers excluding customers in the aviation industry
Aviation	Sales to customers in the aviation industry

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current period (2022: nil). Performance is measured based on segment which correspond with IFRS amounts in the Financial Statement.

### 5.1 Segment profit or loss (key items)

	30 June 2023							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Revenue	54%	148,285,544	35%	96,111,001	11%	30,206,315	100%	274,602,860
- Petroleum products	53%	111,247,661	33%	69,709,811	14%	30,206,315	100%	211,163,787
- Lubricant and others	58%	37,037,883	42%	26,401,190	0%	-	100%	63,439,073
Gross profit	60%	21,020,807	33%	11,561,444	7%	2,452,428	100%	35,034,679
- Petroleum products	62%	11,104,531	25%	4,408,439	14%	2,452,428	100%	17,965,398
- Lubricant and others	58%	9,916,276	42%	7,153,006	0%	-	100%	17,069,282
Finance income	78%	975,388	18%	225,089	4%	50,020	100%	1,250,497
Finance costs	78%	(2,527,138)	18%	(583,187)	4%	(129,596)	100%	(3,239,921)
Income taxation	34%	(1,594,160)	55%	(2,578,788)	11%	(515,757)	100%	(4,688,705)
Impairment loss on trade receivable	34%	26,960	-33%	(26,167)	99%	78,502	100%	79,295
Depreciation <sup>1</sup>	92%	(2,484,138)	8%	(215,037)	0%	(975)	100%	(2,700,150)
Amortisation	57%	(21,547)	43%	(16,255)	0%	-	100%	(37,802)
Depreciation of Right-of-use asset	92%	(950,282)	8%	(82,633)	0%	-	100%	(1,032,915)

<sup>1</sup> The allocated percentage of depreciation in the aviation segment (0.0003%) during the period has been rounded to the nearest whole number.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5.1 Segment profit or loss (key items) (cont'd)

	30 June 2022							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Revenue	52%	108,687,473	36%	75,245,174	12%	25,081,725	100%	209,014,372
- Petroleum products	49%	71,782,757	34%	50,137,209	17%	25,081,725	100%	147,001,691
- Lubricant and others	60%	36,904,716	40%	25,107,963	0%	-	100%	62,012,679
Gross profit	55%	16,391,079	37%	11,026,726	8%	2,384,157	100%	29,801,962
- Petroleum products	44%	4,928,757	35%	3,858,093	21%	2,384,157	100%	11,171,007
- Lubricant and others	62%	11,462,322	38%	7,168,634	0%	-	100%	18,630,956
Finance income	79%	886,312	17%	190,725	4%	44,877	100%	1,121,914
Finance costs	71%	(1,367,775)	23%	(443,083)	6%	(115,586)	100%	(1,926,444)
Income taxation	32%	(1,345,199)	55%	(2,312,061)	13%	(546,488)	100%	(4,203,748)
Impairment loss on trade receivable	-71%	178,541	171%	(430,007)	0%	-	100%	(251,466)
Depreciation	93%	(2,446,552)	7%	(183,239)	0%	(910)	100%	(2,630,701)
Amortisation	70%	(15,278)	29%	(6,329)	1%	(218)	100%	(21,825)
Depreciation of Right-of-use asset	93%	(948,892)	7%	(71,422)	0%	-	100%	(1,020,314)

### 5.2 Segment assets and liabilities

	30 June 2023							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Non-current assets	74%	38,905,494	21%	11,358,030	5%	2,645,449	100%	52,908,973
Current tax assets	54%	(111,971)	37%	(76,165)	9%	(18,607)	100%	(206,743)
Inventories	54%	26,253,523	37%	17,858,163	9%	4,362,694	100%	48,474,380
Receivables and prepayments	54%	74,392,928	37%	50,603,538	9%	12,362,288	100%	137,358,753
Cash and cash equivalents <sup>1</sup>	54%	60,313,088	35%	39,091,816	11%	12,285,999	100%	111,690,904
<b>ASSETS</b>		<b>199,753,062</b>		<b>118,835,382</b>		<b>31,637,823</b>		<b>350,226,267</b>
Addition to non-current assets	74%	681,633	21%	198,995	5%	46,349	100%	926,977
Payables, deferred income, employee benefits and current tax liabilities <sup>2</sup>	54%	119,983,593	37%	81,615,225	9%	19,938,345	100%	221,537,163
Borrowings <sup>1</sup>	54%	36,167,875	35%	23,442,140	11%	7,367,529	100%	66,977,544
Non-current liabilities (less non-current portion of lease liabilities)	60%	5,597,693	33%	3,078,732	7%	653,065	100%	9,329,490
Lease liabilities	100%	437,871	0%	-	0%	-	100%	437,871
<b>LIABILITIES</b>		<b>162,187,032</b>		<b>108,136,097</b>		<b>27,958,939</b>		<b>298,282,068</b>

	31 December 2022							
	NETWORK		GENERAL TRADE		AVIATION		TOTAL	
		₦'000		₦'000		₦'000		₦'000
Non-current assets	74%	38,223,862	21%	11,159,035	5%	2,599,100	100%	51,981,996
Current tax assets	54%	533,074	37%	362,607	9%	88,584	100%	984,265
Inventories	54%	32,103,499	37%	21,837,432	9%	5,334,817	100%	59,275,749
Receivables and prepayments	54%	61,118,763	37%	41,574,189	9%	10,156,446	100%	112,849,398
Cash and cash equivalents <sup>1</sup>	47%	38,880,428	0.39%	32,262,483	14%	11,581,404	100%	82,724,315
<b>ASSETS</b>		<b>170,859,626</b>		<b>107,195,746</b>		<b>29,760,351</b>		<b>307,815,723</b>
Addition to non-current assets	74%	1,788,117	21%	522,021	5%	121,586	100%	2,431,724
Payables, deferred income, employee benefits and current tax liabilities	54%	108,235,611	37%	73,624,014	9%	17,986,117	100%	199,845,742
Borrowings <sup>1</sup>	47%	22,438,728	39%	18,619,369	14%	6,683,875	100%	47,741,972
Non-current liabilities (less non-current portion of lease liabilities)	55%	5,063,925	36%	3,314,570	9%	828,643	100%	9,207,138
Lease liabilities	100%	734,061	0%	-	0%	-	100%	734,061
<b>LIABILITIES</b>		<b>136,472,325</b>		<b>95,557,953</b>		<b>25,498,635</b>		<b>257,528,913</b>

<sup>1</sup> For the purpose of monitoring segment performance and allocating resources between segments, cash and borrowings are allocated to reportable segments on the basis of the revenues earned by individual segments.

<sup>2</sup> Payables, deferred income, employee benefits and current tax liabilities are allocated based on the ratio of business activity of individual segments.

### 5.3 Geographic information

The Company is domiciled in Nigeria. During the period, no products were sold to any of its affiliates in Congo, Cameroon, Niger and Gabon. However, sales was made to TotalEnergies Lubricant within Nigeria.

The Company does not hold non-current assets in these foreign countries.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED

### 6 Revenue

Revenue generated from the Company's revenue streams are as follows;

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>₦'000</u>	<u>₦'000</u>
Petroleum products	211,163,787	147,001,691
Lubricants and others	63,439,073	62,012,679
	<u>274,602,860</u>	<u>209,014,370</u>

The above revenue streams are recognised at a point in time.

### 7 Cost of sales

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>₦'000</u>	<u>₦'000</u>
Net changes in inventory of lubes, greases and refined products	233,197,019	172,466,939
Custom duties	1,589,959	1,976,560
Transport of supplies	4,781,203	4,768,911
	<u>239,568,181</u>	<u>179,212,410</u>

### 8 Other income and expenses

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>8.1 Other income</b>		
Network income <sup>1</sup>	1,965,066	1,658,328
Gain on disposal of property, plant and equipment	6,613	11,964
Net foreign exchange gain	-	70,964
	<u>1,971,679</u>	<u>1,741,256</u>

<sup>1</sup> Network income represents income from Bonjour shop, rent, vendor management fees and other miscellaneous income.

#### 8.1.2 Other expenses

Net foreign exchange loss (note 8.2)	(1,502,802)	-
Loss on disposal of property, plant and equipment	-	-
	<u>(1,502,802)</u>	<u>-</u>

#### 8.2 Net foreign exchange (loss)/gain

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>₦'000</u>	<u>₦'000</u>
Foreign exchange impact on trade and other receivables	(2,053,701)	(796,435)
Foreign exchange impact on trade and other payables	(34,307,740)	811,741
Foreign exchange impact on loans and borrowings	27,754,250	(181,745)
Foreign exchange impact on cash held	7,104,389	237,403
	<u>(1,502,802)</u>	<u>70,964</u>

### 9 Net finance costs

	<u>30 June 2023</u>	<u>30 June 2022</u>
	<u>₦'000</u>	<u>₦'000</u>
<b>Finance income:</b>		
<b>Interest income</b>		
Interest on deposits for unclaimed dividend	43,268	38,800
Interest on loans	193,887	63,844
Interest on deposits	1,013,342	1,019,270
<i>Total interest income arising from financial assets measured at amortized cost</i>	<u>1,250,497</u>	<u>1,121,914</u>
Total finance income	<u>1,250,497</u>	<u>1,121,914</u>
<b>Finance costs:</b>		
Interest on lease liabilities	(47,135)	(42,891)
Interest on import loans	(1,756,573)	(802,168)
Interest on other loans	(1,436,213)	(1,081,385)
Total finance costs	<u>(3,239,921)</u>	<u>(1,926,444)</u>
Net finance costs	<u>(1,989,424)</u>	<u>(804,530)</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Expenses by nature

#### 10.1 Selling & distribution

	30 June 2023	30 June 2022
	N'000	N'000
Transport on sales	2,189,863	2,328,841
	<u>2,189,863</u>	<u>2,328,841</u>

#### 10.2 Administrative expenses

	30 June 2023	30 June 2022
	N'000	N'000
Staff costs (Note 10.2.3)	6,245,299	5,745,052
Depreciation (Note 16)	2,700,150	2,630,701
Depreciation - Right-of-use asset (Note 17 (i))	1,032,915	1,020,314
Amortisation of software (Note 15)	37,802	21,825
Rent <sup>2</sup>	44,664	54,434
Technical assistance and management fees (Note 34.2)	3,510,889	2,066,575
Maintenance expenses	700,218	791,168
Motor fuels and travelling expenses	912,982	724,640
Communication, computer and stationery expenses	184,982	187,428
Directors' remuneration (Note 34.3)	255,625	181,521
Bank charges	20,105	20,917
Business promotion and publicity	86,611	240,156
Other expenses	64,578	32,301
Security & guarding	244,374	175,671
Bad debts written off	50,234	-
Fees paid to professional consultants (Note 10.2.2)	1,134,826	982,971
Purchase of consumables	57,903	64,857
Insurance	243,681	142,223
Service charge	79,549	54,287
Levies	108,314	123,403
Entertainment expenses	35,941	46,823
Engineering studies	142,494	74,515
Auditor's Remuneration (Note 10.2.1)	33,375	34,025
	<u>17,927,511</u>	<u>15,425,807</u>

<sup>1</sup> Relates to rent on short-term leases to which practical expedient under IFRS 16 applies.

#### 10.2.1 Auditor's remuneration

The analysis of auditors' remuneration is as follows:

	30 June 2023	30 June 2022
	N'000	N'000
Statutory audit fees	33,375	34,025
Total audit fees	33,375	34,025
Other services <sup>1</sup>	-	-
Total fees	<u>33,375</u>	<u>34,025</u>

<sup>1</sup> Other services relates to professional support provided for transitioning to the newly appointed external auditors.

#### 10.2.2 Fees paid to professional consultants

	30 June 2023	30 June 2022
	N'000	N'000
Tax services	91,811	86,654
Information technology services	762,482	625,859
Litigation services	26,360	44,923
Recruitment and remuneration services	1,860	6,497
Air Total International subrogation fees	77,581	43,718
Product supply fees and certifications	156,182	130,621
Other services	18,550	44,699
	<u>1,134,826</u>	<u>982,971</u>

#### 10.2.3 Staff costs

The related staff cost amounted to N6.25 billion (2022: N5.93 billion).

	30 June 2023	30 June 2022
	N'000	N'000
Short term employee benefits		
- Salaries and wages	4,623,970	4,789,654
- Staff welfare and training	658,878	346,605
- Other staff expenses	225,748	88,061
Other long term employee benefits		
- Pension and social benefit	360,907	360,951
- Defined benefit plan (Note 12)	205,569	124,500
Termination benefits	170,227	35,281
	<u>6,245,299</u>	<u>5,745,052</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11 Company Income Tax

#### Income tax expense

The tax charge for the period has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes and comprises:

#### Minimum Tax

The Company has applied the provisions of the Companies Income Tax Act and the Finance Act 2021 that mandates a minimum tax assessment, where a tax payer's tax liability based on taxable profit is less than the minimum tax liability. The Company's assessment based on the minimum tax legislations for the period ended 30 June 2023 is nil (30 June 2022: nil) See note 11.1.3.

The Directors believe that the tax liabilities recognised represents best estimate based on their interpretation of the tax law.

#### 11.1.1 Amounts recognised in profit or loss

	30 June 2023	30 June 2022
	₦'000	₦'000
<b>Current tax expenses:</b>		
Company Income Tax (CIT)	4,205,558	3,790,968
Tertiary Education Tax (TET)	498,162	399,940
Nigeria Police Trust Fund Levy (NPTF) <sup>1</sup>	674	635
National Agency for Science and Engineering Infrastructure (NASENI) Levy <sup>2</sup>	33,690	31,755
Current year tax expense	4,738,084	4,223,299
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 11.3)	(49,379)	(19,550)
	<b>4,688,705</b>	<b>4,203,749</b>

#### 11.1.2 Reconciliation of effective tax rate

	30 June 2023	30 June 2022
	₦'000	₦'000
<b>Profit before tax</b>	<b>13,476,053</b>	<b>12,732,574</b>
Income tax using the statutory tax rate - 30%	4,042,816	3,819,772
Effect of tertiary education tax rate - 3% (2022: 2.5%)	404,282	318,314
Nigeria Police Trust Fund Levy (NPTF) <sup>1</sup>	674	635
Non-deductible expenses	95,426	(95,519)
Non-taxable income	28,875	66,313
National Agency for Science and Engineering Infrastructure (NASENI) Levy <sup>2</sup>	33,690	31,755
Tax incentives	-	40,284
Other differences	82,943	22,194
	<b>4,688,705</b>	<b>4,203,749</b>
Effective tax rates	35%	33%

<sup>1</sup> The Nigerian Police Trust Fund (Establishment) Act, 2019 imposes a levy of 0.005% of the net profit of companies operating business in Nigeria.

<sup>2</sup> The National Agency for Science and Engineering Infrastructure (NASENI) Act imposes a levy of 0.25% of the net profit of companies operating business in Nigeria.

#### 11.2 Movement in current tax liability

	30 June 2023	31 December 2022
	₦'000	₦'000
Balance as at 1 January	6,351,740	6,136,740
Provision for the period (Note 11.1.1)	4,738,084	6,834,651
Payments during the period	(5,460,464)	(5,483,084)
Withholding tax credit notes	(1,201,243)	(1,136,567)
Balance as at 30 June	<b>4,428,117</b>	<b>6,351,740</b>

#### 11.2.1 Movement in Withholding tax

	30 June 2023	31 December 2022
	₦'000	₦'000
Balance as at 1 January	984,265	1,608,541
WHT credit notes received during the period	10,235	512,291
Withholding Tax used to offset CIT	(1,201,243)	(1,136,567)
Balance as at 30 June	<b>(206,743)</b>	<b>984,265</b>
<b>Analysed as</b>		
Current	(206,743)	984,265
Non-current	-	-
	<b>(206,743)</b>	<b>984,265</b>

Amount recognised in statement of cashflows

**1,191,008**                      **624,276**

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11.3 Deferred taxation

Deferred tax assets and liabilities are attributable to the following;

	Assets		Liabilities		Net	
	31 30 June 2023	31 December 2022	31 30 June 2023	31 December 2022	30 June 2023	31 December 2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	(7,317,049)	(7,331,055)	(7,317,049)	(7,331,055)
Provision for doubtful debts	387,712	413,483	-	-	387,712	413,483
Provision for employee benefits	559,982	504,169	-	-	559,982	504,169
Lease liability/ (ROU asset)	-	(3,784)	1,547	-	1,547	(3,784)
Net unrealised foreign exchange differences	-	-	(1,238,661)	(1,238,661)	(1,238,661)	(1,238,661)
	<b>947,694</b>	<b>913,868</b>	<b>(8,554,163)</b>	<b>(8,569,716)</b>	<b>(7,606,469)</b>	<b>(7,655,848)</b>

Movement in deferred tax balances during the period;

	Balance	Recognised		Balance	Recognised		Balance
	1 January 2022	in profit or loss	Recognise d in OCI	31 December 2022	in profit or loss	Recognised in OCI	30 June 2023
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(6,810,410)	(520,645)	-	(7,331,055)	14,006	-	(7,317,049)
Provision for doubtful debts	520,193	(106,710)	-	413,483	(25,771)	-	387,712
Provision for employee benefits	377,145	123,956	3,067	504,168	55,813	-	559,981
Provision for inventory	-	-	-	-	-	-	-
Lease liability/ (ROU asset)	2,602	(6,386)	-	(3,784)	5,331	-	1,547
Net unrealised foreign exchange diff	(182,822)	(1,055,838)	-	(1,238,660)	-	-	(1,238,660)
Provision for rebranding cost	122,775	(122,775)	-	-	-	-	-
	<b>(4,503,670)</b>	<b>(1,466,081)</b>	<b>3,067</b>	<b>(7,655,848)</b>	<b>49,379</b>	<b>-</b>	<b>(7,606,469)</b>

11.4 The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended), the Finance Act 2021, the tertiary education tax charge is based on the Tertiary Education Trust Fund Act, 2011 and the Nigeria Police Trust Fund (Establishment) Act 2019.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Employee benefits

	30 June 2023	31 December 2022
<b>Long term employee benefits</b>	<b>₦'000</b>	<b>₦'000</b>
Long service awards (Note 12(a))	1,555,296	1,398,931
Home ownership scheme (Note 12(b))	66,990	61,350
	1,622,286	1,460,281
<b>Post employment benefit</b>		
Post employment medical services (Note 12(c))	100,736	91,009
<b>Balance as at 30 June</b>	<b>1,723,022</b>	<b>1,551,290</b>
Analysed as:		
Current	-	-
Non-current	1,723,021	1,551,290
	<b>1,723,021</b>	<b>1,551,290</b>

Employee benefits represents the Company's liability for:

- Long service awards - Staff who have attained the milestones for the specified number of years of service in the Company (i.e. 10 years, 15 years and 20 years) are rewarded with cash and gift items as long service awards.
- Home ownership scheme - Under the home ownership scheme, qualifying staff are entitled to a grant which is a one-off payment upon tenth anniversary.
- Post employment medical benefits - A post-retirement medical coverage is extended to ex-staff for five (5) years on early retirement or eight (8) years on normal retirement (i.e. at the retirement age of 60 years) as well as two (2) years for dependent relatives of a deceased staff. The liability duration of this scheme is estimated at 9.72 years.

#### i. Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

2023	Long service awards	Home ownership scheme	Post employment medical service	Total
	₦'000	₦'000	₦'000	₦'000
Balance as at 1 January	1,398,931	61,350	91,009	1,551,290
<b>Included in profit or loss</b>				
Current service costs	32,496	3,925	-	36,420
Interest cost	45,622	3,196	3,885	52,703
Actuarial gain	120,361	(3,915)	-	116,446
<b>Included in other comprehensive income</b>	198,478	3,206	3,885	205,569
Remeasurement (gain)/ loss:				
- Experience adjustment	-	-	-	-
	-	-	-	-
<b>Other</b>				
Benefits paid	(23,938)	(9,900)	-	(33,838)
	(23,938)	(9,900)	-	(33,838)
<b>Balance as at 30 June</b>	<b>1,573,471</b>	<b>54,656</b>	<b>94,894</b>	<b>1,723,021</b>
2022	Long service awards	Home ownership scheme	Post employment medical service	Total
	₦'000	₦'000	₦'000	₦'000
Balance as at 1 January	1,003,659	70,076	84,360	1,158,095
<b>Included in profit or loss</b>				
Current service costs	87,106	10,520	-	97,626
Interest cost	122,290	8,568	10,414	141,272
Actuarial gain	322,630	(10,494)	-	312,136
<b>Included in other comprehensive income</b>	532,025	8,594	10,414	551,033
Remeasurement (gain)/ loss:				
- Experience adjustment	-	-	9,435	9,435
	-	-	9,435	9,435
<b>Other</b>				
Benefits paid	(136,753)	(17,320)	(13,200)	(167,274)
	(136,753)	(17,320)	(13,200)	(167,274)
<b>Balance as at 31 December</b>	<b>1,398,931</b>	<b>61,350</b>	<b>91,009</b>	<b>1,551,290</b>
			30 June 2023	31 December 2022
			₦'000	₦'000
<i>Amount recognised in profit or loss (Note 10.2.3)</i>			205,569	551,034

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 12 Employee benefits (cont'd)

(a) Allocation of employee benefits provisions during the period		
Amount recognised in profit or loss (Note 10.2.3)	205,569	551,034
Amount recognised in other comprehensive income	-	9,435
	<b>205,569</b>	<b>560,469</b>

#### Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2023	2022
Discount rate		
- Long service awards	13.5%	13.5%
- Home ownership scheme	13.0%	13.0%
- Post employment medical services	13.5%	13.5%
Inflation rate	15.0%	15.0%
Future salary growth	10.0%	10.0%
Benefit increase rate		
- Long service awards	13.0%	13.0%
- Home ownership scheme	6.5%	6.5%
- Post employment medical services	6.5%	6.5%

The Company is exposed to several risks arising from the defined benefits plan. The most significant of which are inflation risk, changes in bond yields and life expectancy.

The assumptions below further depict management's estimate of the likely future experience of the Company.

#### Demographic assumptions

##### Withdrawal Rates

	2023	2022
<b>Age band</b>		
Less than or equal to 30	2%	2%
31 – 39	1%	1%
40 – 44	0%	0%
45 – 59	0%	0%

##### Mortality assumptions

Active Staff

A67/70 UK Tables

Retirees

PA90

#### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

		2023		
		Long service awards	Home ownership scheme	Post employment medical benefits
		₦'000	₦'000	₦'000
Base		1,573,471	54,656	94,894
Discount rate	+1%	1,462,219	53,411	87,798
	-1%	1,700,381	55,959	102,963
Salary increase rate	+1%	1,595,384	-	-
	-1%	1,553,375	-	-
Benefit increase rate	+1%	1,685,984	-	97,066
	-1%	1,473,930	-	92,783
Mortality	Age Rated up by 1 year	1,565,131	54,630	94,384
	Age Rated down by 1 year	1,581,025	54,677	95,358
		2022		
		Long service awards	Home ownership scheme	Post employment medical benefits
		₦'000	₦'000	₦'000
Base		1,398,931	61,350	91,009
Discount rate	+1%	1,300,020	59,952	84,203
	-1%	1,511,763	62,812	98,748
Salary increase rate	+1%	1,418,413	-	-
	-1%	1,381,064	-	-
Benefit increase rate	+1%	1,498,963	-	93,092
	-1%	1,310,432	-	88,984
Mortality	Age Rated up by 1 year	1,391,516	61,321	90,520
	Age Rated down by 1 year	1,405,647	61,374	91,454

Although the analysis does not take account of the full distribution of cash flows expected under the schemes, it does provide an approximation of the sensitivity of the assumptions shown.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Dividends

#### Declared dividends

The following dividends were declared by the Company during the period.

	30 June 2023	31 December 2022
	₦'000	₦'000
<i>Final dividend - Prior year</i>		
₦21.00 per qualifying ordinary share (2022: ₦18.20)	7,129,959	6,179,297
<i>Interim dividend:</i>		
₦0.00 per qualifying ordinary share (2022: ₦4.00)	-	1,358,087
	<u>7,129,959</u>	<u>7,537,384</u>

### 13.1 Dividend payable

	30 June 2023	31 December 2022
	₦'000	₦'000
Balance as at 1 January	6,014,629	2,248,093
Final dividend (prior year)	7,129,959	6,179,297
Interim dividend (current year)	-	1,358,087
	13,144,588	9,785,477
Forfeited dividend (Note 13.1(a))	-	(92,881)
Dividend paid	(7,933,621)	(3,677,967)
Balance as at 30 June	<u>5,210,967</u>	<u>6,014,629</u>

(a) By the provision of Section 429 of the Companies and Allied Matters Act (CAMA), 2020, where dividends paid by a company remain unclaimed, the company shall publish in two national newspapers, a list of the unclaimed dividends and the names of the persons entitled to the dividends, and attach the list, as published in the national newspapers, to the notice that is sent to the members of the company for each subsequent annual general meeting of the company.

After the expiration of three months of the publication and notice, the company may invest the unclaimed dividend for its own benefit in investments outside the company and no interest shall accrue on the dividends against the company.

However, Section 60 (3) of the Finance Act 2020 provides that dividends of a public limited liability company quoted on the Nigerian Stock Exchange which has remained unclaimed for a period of six years or more from the date of declaring the dividend shall be immediately transferred to the Unclaimed Funds Trust Fund.

### 14 Earnings per share (EPS)

#### Basic earnings per share

Basic earnings per share of ₦25.88 (2022: ₦25.12) is based on profit attributable to ordinary shareholders of ₦8.80 billion (2022: ₦8.53 billion), and on the 339,521,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2022: 339,521,837 ordinary shares).

The Company has no dilutive potential ordinary shares and as such, diluted and basic earnings per share are the same.

	30 June 2023	30 June 2022
<b>Earnings</b>		
Profit for the period attributable to shareholders (expressed in Naira)	8,787,347,730	8,528,826,255
<b>Number of shares</b>		
Weighted average ordinary shares of 50 kobo each	339,521,837	339,521,837
Basic profit per 50 kobo share (expressed in Naira)	<u>25.88</u>	<u>25.12</u>

The denominators for the purposes of calculating basic earnings per share are based on issued and paid ordinary shares of 50 kobo each as at 30 June 2023.

### 15 Intangible assets

The movement on these accounts were as follows:

	Computer software and software licensing
	₦'000
<b>Cost</b>	
Balance as at 1 January 2022	603,824
Additions	120,405
Balance as at 31 December 2022	724,229
Balance as at 1 January 2023	724,229
Additions	13,272
Balance as at 30 June 2023	737,501
<b>Amortisation<sup>1</sup></b>	
Balance as at 1 January 2022	(480,522)
Charge for the period	(51,832)
Balance as at 31 December 2022	(532,354)
Balance as at 1 January 2023	(532,354)
Charge for the period	(37,802)
Balance as at 30 June 2023	(570,156)
<b>Carrying amount</b>	
<b>At 1 January 2022</b>	<u>123,302</u>
<b>At 31 December 2022</b>	<u>191,875</u>
<b>At 30 June 2023</b>	<u>167,345</u>

<sup>1</sup> Amortisation of intangible assets are included in administrative expenses in Profit or Loss. (See note 10.2)

There are no items of intangible assets restricted or pledged as security. There are also no contractual commitments to purchase any items of intangible assets as at period end.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Property, plant and equipment

The movement on these accounts were as follows:

	Land	Buildings	Plant, machinery and fittings	Office equipment and furniture	Computer equipment and other tangibles	Motor vehicles	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Cost</b>								
Balance as at 1 January 2022	4,784,328	19,534,321	25,819,699	531,990	15,275,127	5,187,261	7,136,117	78,268,842
Additions	115,500	-	84,184	-	-	27,000	8,349,939	8,576,623
Transfers (Note 16.1)	25,429	1,621,337	2,886,185	11,075	1,217,496	712,530	(6,474,052)	-
Disposals	(30,565)	(2,942)	(277,761)	(119)	(52,239)	(73,229)	-	(436,855)
Balance as at 31 December 2022	4,894,692	21,152,716	28,512,307	542,946	16,440,384	5,853,562	9,012,004	86,408,610
Balance as at 1 January 2023	4,894,692	21,152,716	28,512,307	542,946	16,440,384	5,853,562	9,012,004	86,408,610
Additions	-	-	-	541	-	24,500	1,694,255	1,719,296
Transfers (Note 16.1)	1,739	247,260	2,019,009	41,572	1,042,064	316,765	(3,668,409)	-
Disposals	-	(12,975)	(42,213)	(16)	(22,614)	(20,423)	-	(98,241)
Balance as at 30 June 2023	4,896,431	21,387,001	30,489,103	585,043	17,459,834	6,174,404	7,037,850	88,029,665
<b>Accumulated depreciation and impairment</b>								
Balance as at 1 January 2022	(686,406)	(7,390,338)	(13,132,674)	(502,133)	(15,013,425)	(2,809,349)	-	(39,534,325)
Charge for the period	-	(946,877)	(2,703,266)	(29,283)	(863,921)	(817,715)	-	(5,361,062)
Eliminated on disposals	-	2,425	224,931	119	52,178	73,229	-	352,882
Balance as at 31 December 2022	(686,406)	(8,334,790)	(15,611,009)	(531,297)	(15,825,168)	(3,553,835)	-	(44,542,505)
Balance as at 1 January 2023	(686,406)	(8,334,790)	(15,611,009)	(531,297)	(15,825,168)	(3,553,835)	-	(44,542,505)
Charge for the period	-	(495,352)	(1,358,717)	(15,528)	(430,258)	(400,295)	-	(2,700,150)
Eliminated on disposal	-	5,068	40,511	16	21,483	20,422	-	87,500
Balance as at 30 June 2023	(686,406)	(8,825,074)	(16,929,215)	(546,809)	(16,233,943)	(3,933,708)	-	(47,155,155)
<b>Carrying amount</b>								
<b>At 1 January 2022</b>	4,097,922	12,143,983	12,687,025	29,857	261,702	2,377,912	7,136,117	38,734,517
<b>At 31 December 2022</b>	4,208,286	12,817,926	12,901,298	11,649	615,216	2,299,727	9,012,004	41,866,105
<b>At 30 June 2023</b>	4,210,025	12,561,927	13,559,888	38,234	1,225,891	2,240,696	7,037,850	40,874,510

No item of property, plant and equipment has been restricted or pledged as security.

16.1 Transfers represent additions to other categories of PPE as well as from prior period's work-in-progress as they become completed.

Capital work in progress (CWIP) items include construction and other tangible asset awaiting completion. Major additions relate to upgrade of depot, acquisition of computer hardware, generators, motor vehicles, upgrade of information technology infrastructure, structural and civil upgrade of stations as well as integrity test of multi-product pipeline. Included in transfers out of CWIP are intangible items and right-of-use assets for which lease arrangements were finalised.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Company as a lessee (IFRS 16)

The Company leases service stations, storage facilities and staff buses. Service station leases typically run for a period of 10 years, with an option to renew the lease after that date. Option to renew is not legally enforceable as it is not unilateral and requires the consent of both parties. See note 17 (iv). Storage facilities leases runs for 5 years. Staff bus leases typically run for 5 years which is the useful life of the asset.

Service station leases entered into are usually combined leases of land and buildings. The Company leases residential spaces with contract terms of one year. These leases are short term. The renewal option of these residential spaces are mostly at the sole instance of the Company. The renewal of these spaces is based on them fulfilling the business needs of the Company per time. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Lease payments on these short-term leases are recognised as expense on a straight-line basis over the lease term. Information about leases for which the Company is a lessee is presented below:

#### i. Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as a separate line item on the statement of financial position.

	Leasehold buildings	Motor vehicles	Storage facilities	Total
	N'000	N'000	N'000	N'000
<b>Cost</b>				
Balance as at 1 January 2022	10,749,262	1,604,429	756,609	13,110,300
Additions	2,199,045	-	-	2,199,045
Balance as at 31 December 2022	12,948,307	1,604,429	756,609	15,309,345
At 1 January 2023	12,948,307	1,604,429	756,609	15,309,345
Additions	46,875	-	-	46,875
Balance as at 30 June 2023	12,995,182	1,604,429	756,609	15,356,220
<b>Accumulated depreciation and impairment</b>				
Balance as at 1 January 2022	(4,063,944)	(882,090)	(302,088)	(5,248,122)
Charge for the period	(1,691,787)	(280,078)	(151,075)	(2,122,940)
Balance as at 31 December 2022	(5,755,731)	(1,162,168)	(453,163)	(7,371,062)
At 1 January 2023	(5,755,731)	(1,162,168)	(453,163)	(7,371,062)
Charge for the period	(880,605)	(76,665)	(75,645)	(1,032,915)
Balance as at 30 June 2023	(6,636,336)	(1,238,833)	(528,808)	(8,403,977)
<b>Carrying amount</b>				
At 1 January 2022	6,685,318	722,339	454,521	7,862,178
At 31 December 2022	7,192,576	442,261	303,446	7,938,283
At 30 June 2023	6,358,846	365,596	227,801	6,952,243

#### ii. Amounts recognised in profit or

	2023	2022
	N'000	N'000
Depreciation	(1,032,915)	(2,122,940)

#### iii. Amounts recognised in statement of cash flows

	2023	2022
	N'000	N'000
Additions to right-of-use assets	(46,875)	(2,199,045)

#### iv. Extension options

The Company's service station lease agreements contain extension options exercisable by the Company. Where practicable, the Company seeks to include extension options in its leases to provide operational flexibility. The extension options held are exercisable only by the Company but require the consent of the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options because the Company usually prepays its station leases for about 7 -10 years and due to the fact that the decision to renew is usually based on the results of an economic evaluation of each individual service station's performance to determine if it is financially viable to extend the lease. The directors have concluded that it is not reasonably certain at commencement of the leases to determine whether or not the leases will be renewed.

The Company has estimated that there are no potential future lease payments as its current assessment is that it is not probable that the lease extension option would be exercised.

The Company also estimates that obligations arising from termination of the lease are insignificant as moveable assets are reassigned to other locations at minimal transport costs while immovable assets are expected to be fully depreciated at the end of the lease term.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 18 Inventories

Inventories comprise:

	30 June 2023	31 December 2022
	N'000	N'000
Raw materials	7,619,703	23,090,221
Goods in transit	16,428,939	9,042,804
Finished goods	21,254,600	26,514,477
Consumable equipment and spares	3,171,138	628,247
	<u>48,474,380</u>	<u>59,275,749</u>

In 2023, inventories amounting ₦233.20 million (2022: ₦172.47 million) were recognised as an expense during the period and included in 'cost of sales'.

No item of inventory was pledged as securities for liabilities during the period.

#### (a) Reconciliation of changes in inventory to statement of cashflows is as follows:

	30 June 2023	30 June 2022
	N'000	N'000
Balance at 1 January	59,275,749	29,202,091
Balance at 30 June	(48,474,380)	(54,692,251)
(Write back)/ net write down of inventory (See note 18.1)	(240,000)	(139,798)
Amount recognised in statement of cashflows	<u>10,561,369</u>	<u>(25,629,958)</u>

### 18.1 Movement in write down of inventories

	30 June 2023	31 December 2022
	N'000	N'000
Balance as at 1 January	307,572	467,774
Write down of inventory <sup>1</sup>	240,000	165,512
Reversal of write downs from previous periods <sup>2</sup>	-	(325,714)
Balance as at 30 June	<u>547,572</u>	<u>307,572</u>

<sup>1</sup>During the period, amounts of ₦240 million were written down and recognised in cost of sales. (2022: ₦165.51 million)

<sup>2</sup>Reversal of provision no longer required.

### 19 Trade and other receivables (Current)

	30 June 2023	31 December 2022
	N'000	N'000
Customers account	47,669,990	40,676,792
Due from related parties (Note 34.2)	792,553	679,748
<b>Total trade receivables<sup>1</sup></b>	<u>48,462,543</u>	<u>41,356,540</u>
<b>Financial assets</b>		
Net investment in finance lease (Note 19.1.1)	62,270	66,686
Advance on letters of credit	22,809,393	12,041,111
Bridging claims <sup>2</sup>	22,670,631	19,353,265
Unclaimed dividends <sup>3</sup>	1,696,333	1,708,263
Employee loans and receivables	1,118,642	3,984,588
Advance to supplier	36,037,816	31,860,580
Other receivables	2,563,661	1,020,788
<b>Total other receivables</b>	<u>86,958,746</u>	<u>70,035,281</u>
	<u>135,421,289</u>	<u>111,391,821</u>

<sup>1</sup> Amount presented above is net of impairment, refer to note 30(iv) for more information on impairment.

<sup>2</sup> See note 30(iv) for more information on bridging claims.

<sup>3</sup> This relates to portion of unclaimed dividend currently held by the Company Registrars.

### 19.1 Trade and other receivables (Non-current)

	30 June 2023	31 December 2022
	N'000	N'000
Non-current portion of trade and other receivables comprise:		
Employee receivables <sup>3</sup>	3,811,608	644,853
Net investment in finance lease (Note 19.1.1) <sup>1</sup>	288,619	309,089
Advance for PPE <sup>2</sup>	814,648	1,031,791
	<u>4,914,875</u>	<u>1,985,733</u>

<sup>1</sup> Amount represents the sum of net investment in finance lease between one and five years and more than five years. (See note 19.1.1)

<sup>2</sup> Amount represents advance to suppliers relating to procurement of PPE.

<sup>3</sup> Amount represents loan receivables due from employees which are not considered due within twelve (12) months.

#### (a) Reconciliation of changes in trade and other receivables to statement of cashflows is as follows:

	30 June 2023	30 June 2022
	N'000	N'000
Balance at 1 January (current)	111,391,821	63,966,447
Balance at 1 January (non-current)	1,985,733	2,830,275
Balance at 30 June (current)	(135,421,289)	(98,273,842)
Balance at 30 June (non-current)	(4,914,875)	(4,354,780)
Foreign exchange impact on trade and other receivables (See note 8.2)	(2,053,701)	(796,436)
Amount recognised in statement of cashflows	<u>(29,012,312)</u>	<u>(36,628,337)</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 19.1.1 Finance lease receivable

The Company leases transport equipment to some of its transporters under a finance lease arrangement. The lease term is between three to five years, with options to extend. The finance lease receivables at the end of the reporting period are neither past due nor impaired. The carrying amount of the finance lease receivables approximates their fair value and may be analysed as follows:

	30 June 2023	31 December 2022
	N'000	N'000
Gross investment in finance lease receivable	385,141	412,456
Unearned finance income	(34,252)	(36,681)
Net investment in finance lease	<u>350,889</u>	<u>375,775</u>
Net investment in finance lease	30 June 2023	31 December 2022
	N'000	N'000
<b>Current:</b>		
Less than one year (note 19)	62,270	66,686
<b>Non current:</b>		
Between one and five years (note 19.1)	208,673	223,473
More than five years	79,946	85,616
	<u>350,889</u>	<u>375,775</u>

### 19.1.2 Leases as lessor

The Company has lease arrangements with its transporters consisting of leased trucks. These leases are classified as a finance lease.

#### (i) Finance lease

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	30 June 2023	31 December 2022
	N'000	N'000
Less than one year	72,302	77,430
One to two years	229,734	246,027
More than five years	83,105	88,999
<b>Total undiscounted lease receivable</b>	385,141	412,455
Unearned finance income	(34,252)	(36,681)
<b>Net investment in the lease</b>	<u>350,889</u>	<u>375,774</u>

### 20 Prepayments

	30 June 2023	31 December 2022
	N'000	N'000
<b>Current</b>		
Prepaid rent*	247,025	44,997
Employee	1,690,439	1,412,580
<b>Total prepayments</b>	<u>1,937,464</u>	<u>1,457,577</u>

\*Prepaid rent are short-term leases for which the company has elected not to recognise as ROU asset.

#### (a) Reconciliation of changes in prepayments to statement of cashflows is as follows:

	30 June 2023	30 June 2022
	N'000	N'000
Balance at 1 January	1,457,577	1,448,934
Balance at 30 June	(1,937,464)	(1,203,862)
Transfers from capital work in progress	-	42,952
<i>Amount recognised in statement of cashflows</i>	<u>(479,887)</u>	<u>288,024</u>

### 21 Loans and other borrowings

	30 June 2023	31 December 2022
	N'000	N'000
<b>Current borrowings</b>		
Short term intercompany loan	29,986,750	11,304,750
Trade finance loan	36,990,794	36,437,222
<b>Total borrowings</b>	<u>66,977,544</u>	<u>47,741,972</u>

### 22 Lease liabilities

<b>Non-current</b>	215,593	361,427
<b>Current portion of lease liabilities</b>	222,278	372,634
<b>Total lease liabilities</b>	<u>437,871</u>	<u>734,061</u>

## TOTALENERGIES MARKETING NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 23 Movement of liabilities

##### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank overdrafts	Other loans and borrowings	Lease liabilities	Total
	₦'000	₦'000	₦'000	₦'000
<b>Balance at 1 January 2023</b>	-	47,741,972	734,061	48,476,033
<b>Changes from financing cash flows</b>				
Additional borrowings	-	149,940,174	-	149,940,174
Repayment of borrowings	-	(102,950,351)	-	(102,950,351)
Payment of lease liabilities	-	-	(318,942)	(318,942)
<b>Total changes from financing cash flows</b>	-	46,989,823	(318,942)	46,670,881
<b>The effect of changes in foreign exchange rates</b>	-	(27,754,250)	-	(27,754,250)
<b>Other changes</b>				
Change in bank overdraft	-	-	-	-
New leases	-	-	22,752	22,752
Interest paid	-	(3,192,786)	(47,135)	(3,239,921)
Interest unpaid	-	-	-	-
Interest expense	-	3,192,786	47,135	3,239,921
<b>Total liability-related other changes</b>	-	-	22,752	22,752
<b>Balance at 30 June 2023</b>	-	66,977,544	437,871	67,415,415

	Bank overdrafts	Other loans and borrowings	Lease liabilities	Total
	₦'000	₦'000	₦'000	₦'000
<b>Balance at 1 January 2022</b>	-	15,116,802	1,113,223	16,230,025
<b>Changes from financing cash flows</b>				
Additional borrowings	-	180,067,428	-	180,067,428
Repayment of borrowings	-	(143,692,033)	-	(143,692,033)
Payment of lease liabilities	-	-	(453,906)	(453,906)
<b>Total changes from financing cash flows</b>	-	36,375,395	(453,906)	35,921,489
<b>The effect of changes in foreign exchange rates</b>	-	(3,750,225)	-	(3,750,225)
<b>Other changes</b>				
Change in bank overdraft	-	-	-	-
New leases	-	-	74,744	74,744
Interest paid	-	(3,340,603)	(67,431)	(3,408,034)
Interest unpaid	-	(1,984,167)	-	(1,984,167)
Interest expense	-	5,324,770	67,431	5,392,201
<b>Total liability-related other changes</b>	-	-	74,744	74,744
<b>Balance at 31 December 2022</b>	-	47,741,972	734,061	48,476,033

The principal features of the Company's borrowings are as follows:

- Bank overdrafts are repayable on demand. There were no bank overdrafts in 2023 and 2022
- Trade finance loan represents short term borrowings obtained to fund letters of credits for product importation. The interest charged on these loans vary depending on the LIBOR or SOFR. The interest rate on these loans are usually between 7% to 14%.
- The Commercial paper instrument is a ₦30 billion programme established by TotalEnergies Marketing Nigeria Plc under which the company may from time to time issue Commercial Paper Notes, as may be agreed between the Arranger and the Issuer, in separate series or tranches. There is currently no issuance.
- Short term intercompany Loan represents an unsecured revolving loan facility with maximum cumulative draw down capped at \$300 million from TotalEnergies Upstream Nigeria Limited with a tenor of 1 year at Daily compounded SOFR + 6.5%
- The carrying amount of current borrowings is a reasonable approximation of fair value as at 30 June, 2023.

#### a. Terms and repayment schedule

The terms and conditions of loans and borrowings are as follows;

Currency	Nominal interest rate	Year of maturity	30 June 2023		31 December 2022		
			Face value	Carrying amount	Face value	Carrying amount	
			₦'000	₦'000	₦'000	₦'000	
Lease liabilities	NGN	16%	2020 - 2023	521,275	437,871	873,882	734,061
Short term intercompany	USD	Variable	2023	29,986,750	29,986,750	11,304,750	11,304,750
Trade finance loan	NGN	Variable	2023	36,990,794	36,990,794	36,437,222	36,437,222
				67,498,819	67,415,415	48,615,854	48,476,033

The Company has discounted lease liabilities using incremental borrowing rate of 16% (2022: 16%) which represents the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. There was no need to reassess the incremental borrowing rate in 2022.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

24 Trade and other payables	30 June 2023 N'000	31 December 2022 N'000
<b>Trade payables :</b>		
Amount due to related companies (note 34.2)	75,632,311	64,982,405
Trade creditors	5,192,896	12,926,285
Bridging contribution <sup>1</sup>	19,085,484	17,045,291
Payable to Petroleum Support Fund	104,581	104,581
	<u>100,015,272</u>	<u>95,058,562</u>
<b>Other payables:</b>		
Sundry creditors	99,794,383	35,974,830
Security deposits <sup>2</sup>	6,046,326	5,427,095
Accrued liabilities <sup>3</sup>	2,172,182	47,423,872
Dividend payable (note 13.1)	5,210,968	6,014,630
Pay As You Earn (PAYE)	65,201	164,398
Staff pension	43,574	27,783
	<u>113,332,634</u>	<u>95,032,608</u>
<b>Total trade and other payables</b>	<u>213,347,906</u>	<u>190,091,170</u>

<sup>1</sup> Amount payable to PEF with respect to bridging activities on imported products. See note 30(iv) for more information.

<sup>2</sup> Amount relates to collateral deposits paid by dealers who maintain credit facilities with the Company.

<sup>3</sup> Accrued liabilities principally comprise accrual for product bills and other charges for which invoices were not yet received at the end of the year.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade payables as at 30 June 2023 approximates their fair value.

Information about the Company's exposure to currency and liquidity risks is included in note 30(iii).

**(a) Reconciliation of changes in trade and other payables to statement of cashflows is as follows:**

	30 June 2023 N'000	30 June 2022 N'000
Balance at 1 January	(190,091,170)	(134,545,293)
Balance at 30 June	213,347,906	151,775,874
Movement in dividend payable (See note 13.1)	803,662	(2,819,907)
Foreign exchange impact on trade and other payables (See note 8.2)	(34,307,740)	811,741
Amount recognised in statement of cashflows	<u>(10,247,340)</u>	<u>15,222,415</u>

25 Deferred income	30 June 2023 N'000	31 December 2022 N'000
Contract liabilities	3,761,140	3,402,832
	<u>3,761,140</u>	<u>3,402,832</u>

**(a) Reconciliation of changes in deferred income to statement of cashflows is as follows:**

	30 June 2023 N'000	30 June 2022 N'000
Balance at 1 January	(3,402,832)	(3,068,991)
Balance at 30 June	3,761,140	3,281,957
Amount recognised in statement of cashflows	<u>358,308</u>	<u>212,966</u>

The deferred income represents amounts billed and collected in accordance with contractual terms in advance of when the goods are delivered or services rendered. These advance payments primarily relate to the rental income and contract liabilities. Contract liabilities primarily relate to the advance consideration received from customers for the sale of goods, for which revenue is recognised once the goods are delivered and have been accepted in the customers premises or picked up by the customer. The Company estimates this will be earned as revenue during the subsequent financial years.

26 Share capital	30 June 2023 N'000	30 June 2022 N'000
<b>Authorised, Issued and fully paid:</b>		
339,521,837 ordinary shares of 50 kobo each	169,761	169,761
	<u>169,761</u>	<u>169,761</u>

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

27 Cash and cash equivalents	30 June 2023 N'000	30 June 2022 N'000
Bank and cash balances	30,134,749	37,073,018
Cash on hand	6,947	10,966
Cash balances with TotalEnergies Treasury (note 34.2)	81,549,208	27,644,303
Cash & cash equivalents in statement of financial position	<u>111,690,904</u>	<u>64,728,287</u>
Cash & cash equivalents in statement of cash flows	<u>111,690,904</u>	<u>64,728,287</u>
Cash & cash equivalents in statement of cash flows as at 31 December 2022		<u>82,724,315</u>

The Company classifies amounts held with TotalEnergies Treasury as cash and cash equivalents because they can be withdrawn at any time without penalties.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 28 Commitments and contingent liabilities

#### Financial commitments

The Company did not restrict or deposit any of its assets to secure liabilities of third parties.

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Bonds</b>		
Total commitments given	3,000,000	3,000,000
Total commitments received	1,700,000	1,800,000

Commitments given primarily include guarantee to Pipelines and Products Marketing Company Limited (PPMC) for bulk purchase of petroleum products. No losses are anticipated in respect of these.

Commitments received include customers' guarantees.

Commitments received and given are held with local banks.

At 30 June 2023, the Company had contractual commitments (given) for the acquisition of property, plant and equipment amounting to ₦1.55 billion (2022: ₦1.40 billion).

#### Contingent liabilities

There are contingent liabilities in respect of legal actions against the Company amounting to approximately ₦1.257 trillion (2022: ₦1.257 trillion). The Directors have not made provisions for these contingent liabilities as consultations have been made with the in-house legal team led by Olubunmi Popoola-Mordi - (FRC/2013/ICSAN/00000002042). The in-house legal team holds regular discussions and obtains expert opinion from the Company's external solicitors (on a need basis). Based on all information available as at date of issue of these financial statements (including historical reference of these cases), The directors, based on the advice of the in-house legal team have concluded that no material losses will crystallise against the Company.

### 29 Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

The Company is not subject to any externally imposed capital requirements.

#### Gearing ratio

Gearing ratio is net debt to equity ratio.

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Borrowings (note 21)	113	47,741,972
Cash and cash equivalents (note 27)	(111,690,904)	(82,724,315)
Lease liabilities (note 22)	694,735	734,061
Net debt (calculated)	(110,996,056)	(34,248,282)
Net debt (restricted to a minimum of zero)	-	-
Equity	<b>51,944,199</b>	<b>50,286,810</b>
Net debt to equity ratio	<b>0:1</b>	<b>0:1</b>

Net debt is expressed as an aggregate of lease liabilities, long and short-term borrowings less cash and cash equivalents. The net debt applied in determining the net debt to equity ratio has been restricted to a minimum of zero. The negative position of the calculated net debt is as a result of increased cash and cash equivalent position during the period.

Equity includes all capital and reserves of the Company that are managed as capital.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 30 Financial risk management

#### (i) Financial risk management objectives

The Company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The Company's Treasury function reports monthly to the Group's Treasury, a section of the Group that monitor's risk and policies implemented to mitigate risk exposures.

#### (ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at multiple interest rates. The risk is managed by the Company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

#### Interest rate risk

##### Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	30 June 2023 ₦'000	31 December 2022 ₦'000
<b>Variable rate instruments</b>		
Borrowings (note 21)	66,977,544	47,741,972
	66,977,544	47,741,972

#### Sensitivity analysis for variable rate instruments

A reasonable possible change of 1000 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	30 June 2023 ₦'000	31 December 2022 ₦'000
Effect of 10% increase on interest rates (2022: 10%)	(6,697,754)	(4,774,197)
Effect of 10% decrease on interest rates (2022: 10%)	6,697,754	4,774,197

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 30 Financial Risk Management (cont'd)

#### Currency risk management

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective currencies of the Company. The functional currency of the Company is the Nigerian Naira. The Company also transacts in United States Dollars (USD), Euros and Swiss Franc (CHF).

A movement in the exchange rate either positively or negatively by 30 percent is illustrated below. Such movements would have increased (decreased) the profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables, in particular interest rates, remain constant.

As at 30 June 2023

	Foreign currency '000	Naira balance '000	Exchange rate	Effect of increase/decrease in exchange rate	₦'000
<b>Trade receivables</b>					
USD	3,440	2,648,387	769.88	'30%	794,516
<b>Cash deposits</b>					
USD	119,134	91,718,884	769.88	'30%	27,515,665
EURO	1,016	853,328	839.89	'30%	255,998
<b>Trade payables</b>					
USD	(3,549)	(2,732,304)	769.88	'30%	(819,691)
EURO	(420)	(352,754)	839.89	'30%	(105,826)
CHF	(207)	(92,488)	446.80	'30%	(27,746)
<b>Net impact on profit or loss</b>					
USD	119,025	91,634,967	769.88	30%	27,490,489
EURO	596	500,574	839.89	30%	150,171
CHF	(207)	(92,488)	446.80	30%	(27,746)

As at 31 December 2022

	Foreign currency '000	Naira balance '000	Exchange rate	Effect of increase/decrease in exchange rate	₦'000
<b>Trade receivables</b>					
USD	2,022	914,328	452.19	'30%	274,298
<b>Cash deposits</b>					
USD	65,414	29,579,557	452.19	'30%	8,873,867
EURO	658	313,636	476.65	'30%	94,091
<b>Trade payables</b>					
USD	(27,121)	(12,263,845)	452.19	'30%	(3,679,153)
EURO	(1,041)	(496,193)	476.65	'30%	(148,858)
CHF	(98)	(43,786)	446.80	'30%	(13,136)
<b>Net impact on profit or loss</b>					
USD	40,315	18,230,040	452.19	30%	5,469,011
EURO	(383)	(182,557)	476.65	30%	(54,768)
CHF	(98)	(43,786)	446.80	30%	(13,136)

A decrease in exchange rate by 30 percent (2022: 30 percent) against the above currencies at the reporting year would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

\*These exchange rates have been derived by computing the weighted average of the CBN intervention rate, bank rate, and NAFEX which represents the Company's expected pattern of realisation and settlement.

The following exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
USD	525.83	444.92	769.88	452.19
EURO	569.38	467.45	839.89	476.65
CHF	478.88	442.21	446.80	446.80

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iii) Liquidity risk management

##### Liquidity risk tables

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following tables detail the Company's remaining contractual maturity for its derivative and non-derivative financial liabilities with agreed repayment periods. The contractual cashflows are gross and undiscounted and include contractual interest payments.

		<b>Contractual cashflows</b>					
		<b>Carrying amount</b>	<b>Total</b>	<b>Less than 1 month 1 to 3 months</b>		<b>3 months to 1 year</b>	<b>More than 1 year</b>
		<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>30 June 2023</b>							
Borrowings	(Note 21)	113	113	-	113	-	-
Trade payables	(Note 24)	100,015,272	100,015,272	5,192,896	75,736,892	19,085,484	-
Other payables <sup>1</sup>	(Note 24)	84,522,819	84,522,819	30,220,443	28,393,868	25,908,509	-
Lease liabilities	(Note 22)	437,871	521,275	-	-	264,617	256,658
		<b>184,976,075</b>	<b>185,059,479</b>	<b>35,413,339</b>	<b>104,130,873</b>	<b>45,258,609</b>	<b>256,658</b>
<b>31 December 2022</b>							
Borrowings	(Note 21)	47,741,972	47,741,972	-	11,304,750	36,437,222	-
Trade payables	(Note 24)	95,058,562	95,058,562	12,926,285	65,086,986	17,045,291	-
Other payables <sup>1</sup>	(Note 24)	94,444,881	94,444,881	33,767,995	31,727,000	28,949,886	-
Lease liabilities	(Note 22)	734,061	828,044	-	-	420,343	407,701
		<b>237,979,476</b>	<b>238,073,459</b>	<b>46,694,280</b>	<b>108,118,735</b>	<b>82,852,742</b>	<b>407,701</b>

<sup>1</sup>The amount of other payables does not include statute-based deductions (Pay As You Earn tax, Withholding tax and Value Added Tax payables).

The Company manages liquidity risk by maintaining reserves, monitoring forecasts of banking facilities and actual cash flows and matching the maturity profiles of financial assets and liabilities. Below is a listing of financing facilities that the Company has at its disposal to further reduce liquidity risk.

##### Financing facilities

Unsecured bank loans which are revolving trade loans with a tenure of one year and overdrafts payable at call are reviewed annually. Commercial papers are unsecured instruments which are payable at the expiration of their tenure.

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Amount used	36,990,794	36,437,222
Amount unused	62,009,206	62,562,778
Total facilities	<u>99,000,000</u>	<u>99,000,000</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### (iv) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, employees and the government. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate e.g. security deposits, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by setting credit limits that are routinely reviewed and approved by management.

The Company obtains bank guarantees in its favour for transactions with certain customers. These guarantees are held with Nigerian banks as a form of security in the event of a default.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The credit policy of TotalEnergies Marketing Nigeria Plc. is set in accordance with the sales channel that the Customer belongs to:

**Network Channel:** Credit is extended to dealers who operate the Company Owned, Dealer Operated Service Station (CODO) and some of the Dealer Owned, Dealer Operated service stations (DODO) who specifically apply to operate under the DODO credit scheme. Under both CODO and DODO credit schemes, credit is extended to each dealer to cover the working capital needs of the station. Each day's sales proceeds are lodged into the Company's bank accounts at least twice daily. The Company's financial risk exposure is covered by retentions from dealers income to increase the security deposit, as well as retention of title over physical stock in the station in the event of non-payment.

**General Trade (GT) Channel:** Credit for the GT customers is set at the monthly average sales to the customer for a year of one year or six months after proper financial and qualitative analysis. The approved credit limit is extended for 30 days or 45 days in rare occasions for blue chip companies.

**Aviation Channel:** Most of the customers are on a cash and carry basis with the exception of a few companies with 15 days credit limit. Credit is given only after a year of three months sales to the customer. Sales to international customers are based on a contract of one year and credit amount is based on expected turnover. Sales to international customers are guaranteed by Air Total International, a related party and the risk of loss in this circumstance is nil.

#### **Cash and cash equivalents**

The Company held cash and cash equivalents of ₦111.68 billion (net of cash on hand) at 30 June 2023 (2022: ₦64.72 billion) with banks and financial institutions with high credit ratings, rated B to AAA based on the Fitch rating agency and TotalEnergies treasury.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company did not record any ECL impairment for the period. (2022: Nil).

#### **Trade and other receivables**

A summary of the Company's exposure to credit risk for trade receivables is as follows:

##### **As at 30 June 2023**

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>49,181,563</u>	<u>719,020</u>	<u>48,462,543</u>

##### **As at 31 December 2022**

	<u>Not Credit Impaired</u>	<u>Credit Impaired</u>	<u>Total</u>
	₦'000	₦'000	₦'000
Trade receivables	<u>42,158,180</u>	<u>801,640</u>	<u>41,356,540</u>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

The maximum exposure to financial assets at the reporting date by type of counterparty was:

	30 June 2023	31 December 2022
	₦'000	₦'000
Customers	47,669,990	40,676,792
Due from related parties	792,553	679,748
Due from regulators (Government entities)	22,670,631	19,353,265
Other receivables	2,563,661	1,020,788
Trade and other receivables (Non-current)	4,914,875	1,985,733
Cash and cash equivalent (Note 27)	111,683,957	82,715,294
	<b>190,295,667</b>	<b>146,431,620</b>

#### **Due from related parties**

The Company has transactions with its parent and other related parties who are related to the Company by virtue of being members of the Total Group. In the directors' view, all amounts are collectible. Related party receivable balances were assessed for ECL impairment, in accordance with IFRS 9. This assessment is performed together with the trade receivables balances from other customers as at year end.

#### **Due from regulators**

This comprises amount due from PPPRA with respect to subsidies/PSF receivables on imported products as well as amounts receivable from PEF with respect to bridging claims. There is no loss experience with government receivables as the determination of amounts due are based on existing regulations/ guidelines and impairment is only recognised when changes occur in the regulations/ guidelines that prohibit or limit recovery of previously recognised amounts. Therefore, the Company has recorded no loss experience with government receivable as this is always deemed receivable and the settlement pattern of the government is not defined or definite.

#### **Other receivables**

Other receivables include finance lease receivables, staff debtors and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration factors such as continued business/employment relationship. Where such does not exist, the amounts are impaired. Other receivables were assessed for impairment in accordance with IFRS 9.

The finance lease receivables represent amounts due from transporters and these receivables are offset against payments due to them for transport services provided. They are not considered to be impaired as they are receivable based on timelines stipulated in the contracts.

#### **Expected credit loss assessment for customers**

The Company has adopted the use of the simplified approach in computing impairment of trade receivables using the allowance matrix to measure the Expected Credit Loss (ECL) of trade receivables from individual customers and related parties.

In arriving at the impairment amounts, the trade receivables are segmented based on the aging characteristics of the receivables and the applicable loss rates are applied to the respective trade receivables category.

After an assessment of the economic realities in Nigeria, loss rates for the period were based on actual credit loss experience on a customer by customer basis over the past three years using the lifetime expected credit loss approach.

Therefore, the historical loss rates have been applied to the trade-receivables balances in the calculation of the impairment loss. The Company also considered internal and external forward-looking information such as macro-economic indices as the Gross Domestic Product growth rate and specific customer repayment outlooks based on discussions with and commitments from its customers as well as knowledge of the industry.

Based on the above, loss rates on receivables that were calculated using a single default rate approach. The single default or loss rate approach is the amount that is expected to be written-off in each bucket (balances that are over 360 days past due in line with the Company's provisioning matrix) and divided by the relevant total unpaid balances included in each ageing bucket.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers and amounts due from related parties as at 30 June 2023.

30 June 2023	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	1.03%	48,620,904	500,287	No
1 - 30 days past due	37.40%	192,846	72,118	No
31 - 60 days past due	25.74%	116,188	29,912	No
61 - 180 days past due	29.13%	136,125	39,651	No
180 - 360 days past due	36.40%	60,453	22,006	No
More than 360 days past due	100.00%	55,046	55,046	Yes
		<b>49,181,563</b>	<b>719,020</b>	

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.38%	38,954,633	149,178	No
1 - 30 days past due	6.90%	1,987,582	137,211	No
31 - 60 days past due	15.64%	464,950	72,725	No
61 - 180 days past due	20.72%	165,680	34,335	No
180 - 360 days past due	15.81%	210,403	33,259	No
More than 360 days past due	100.00%	374,932	374,932	Yes
		<b>42,158,180</b>	<b>801,640</b>	

### Expected credit loss assessment for employee receivables

30 June 2023	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.00%	4,930,250	-	No
		<b>4,930,250</b>	<b>-</b>	

31 December 2022	Weighted average loss ratio	Gross carrying amount	Loss allowance	Credit impaired
		₦'000	₦'000	
Current (not past due)	0.00%	4,629,441	-	No
		<b>4,629,441</b>	<b>-</b>	

Loss rates are based on actual credit loss experience over the past six years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

In current year, no impairment has been recognised on employee loan receivables as amounts due are backed by collateral which include international shares, in-house pension schemes etc. that ensure the Company will be able to recover the debts from its employees.

Movements in the allowance for impairment in respect of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows;

	Individual impairments	
	30 June 2023	31 December 2022
	₦'000	₦'000
<b>Balance at 1 January</b>	<b>1,553,845</b>	<b>1,594,034</b>
Reversal of impairment	(411,233)	(876,080)
Net remeasurement of loss allowance	331,938	835,891
<b>Balance at 30 June</b>	<b>1,474,550</b>	<b>1,553,845</b>
Amount recognised in profit or loss:		
Reversal of impairment	(411,233)	(876,080)
Net remeasurement of loss allowance	331,938	835,891
Impairment (loss)/ reversal on trade receivables	<b>(79,295)</b>	<b>(40,189)</b>

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Financial Risk Management (cont'd)

#### 31 Classification of financial instruments

##### (a) Accounting classifications and fair values

The Directors consider that the fair value of financial assets and liabilities are not significantly different from their carrying values.

The classification of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are shown in the table below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

##### 30 June 2023

	Financial assets at amortized cost	
	Carrying amount	Fair value
	₦'000	₦'000
<b>Financial assets not measured at fair value</b>		
Trade and other receivables (note 19) <sup>1</sup>	103,483,700	103,483,700
Cash and cash equivalents (note 27)	111,690,904	111,690,904
	<b>215,174,604</b>	<b>215,174,604</b>

	Financial liabilities at amortized cost	
	Carrying amount	Fair value
	₦'000	₦'000
<b>Financial liabilities not measured at fair value</b>		
Borrowings (note 21)	66,977,544	66,977,544
Trade and other payables (note 24) <sup>2</sup>	184,538,091	184,538,091
	<b>251,515,635</b>	<b>251,515,635</b>

##### As at 31 December 2022

	Financial assets at amortized cost	
	Carrying amount	Fair value
	₦'000	₦'000
<b>Financial assets not measured at fair value</b>		
Trade and other receivables (note 19) <sup>1</sup>	80,485,183	80,485,183
Cash and cash equivalents (note 27)	82,724,315	82,724,315
	<b>163,209,498</b>	<b>163,209,498</b>

	Financial liabilities at amortized cost	
	Carrying amount	Fair value
	₦'000	₦'000
<b>Financial liabilities not measured at fair value</b>		
Borrowings (note 21)	47,741,972	47,741,972
Trade and other payables (note 24) <sup>2</sup>	189,503,443	189,503,443
	<b>237,245,415</b>	<b>237,245,415</b>

<sup>1</sup> Trade and other receivables excludes advance to suppliers and PPE.

<sup>2</sup> Trade and other payables excludes statute based deductions.

#### 32 Assets pledged as security

As at the period ended 30 June 2023 there were no assets pledged as security (2022: nil).

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 33 Events after the reporting date

There were no events after the reporting date that could have a material effect on the financial position of the Company at 30 June 2023 and on the result for the period ended on that date that have not been taken into account in these financial statements.

The Company navigated the challenges posed by the subsidy removal on Premium Motor Spirit (PMS) and the Central Bank of Nigeria's establishment of a unified foreign exchange market. Despite these significant developments occurring during the period, the Company continues to maintain a strategic approach, capitalizing on its inherent strengths and adapting to the dynamic market conditions.

### 34 Related party transactions

As at the period ended 30 June 2023, the Parent Company TotalEnergies Marketing Services (incorporated in France) owned 61.72% of the issued shares of TotalEnergies Marketing Nigeria Plc. The Parent and Ultimate controlling entity is TotalEnergies S.A (incorporated in France).

#### 34.1 Transactions with related parties

During the period, the Company entered into the following transactions with related parties, who are members of the TotalEnergies Group, as shown below:

	Sale of goods		Purchase of goods		Others	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	20,959,675	44,720,000	45,572	1,080,003
TotalEnergies E&P Nigeria	886,148	2,456,016	-	-	-	1,223,130
TotalEnergies Upstream Nigeria Limited	-	-	-	-	-	1,081,385
Total Lubricants	115,661	44,131	-	-	-	-
TotalEnergies Supply Marketing Services	-	-	421,481	232,724	-	-
TotalEnergies marketing middle east	-	-	784,374	159,413	-	-
TotalEnergies Learning Solutions	-	-	-	-	-	20,440
TotalEnergies Global Procurement	-	-	-	-	59,609	69,316
TotalEnergies Marketing Belgium	-	-	9,741	4,132	-	-
TotalEnergies Gestion International	-	-	-	-	77,154	141,813
TotalEnergies Global Services	-	-	-	-	26,267	50,801
TotalEnergies Marketing Services	-	-	-	-	420,231	747,608
	<u>1,001,809</u>	<u>2,500,147</u>	<u>22,175,271</u>	<u>45,116,269</u>	<u>628,833</u>	<u>4,414,496</u>

#### 34.2 Outstanding balance

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	₦'000	₦'000	₦'000	₦'000
Total Outre Mer	-	-	68,425,776	50,419,564
TotalEnergies E&P Nigeria	521,638	388,199	-	-
TotalEnergies Global Procurement	-	-	20,405	24,872
TotalEnergies Global Services	-	-	7,285	9,855
TotalEnergies Learning Solutions	-	-	10,370	10,653
TotalEnergies Upstream Nigeria Limited	-	-	113	11,304,750
TotalEnergies Congo	44,714	44,714	-	-
TotalEnergies Cameroon	39,117	39,117	-	-
TotalEnergies Niger	2,317	2,317	-	-
TotalEnergies Gabon	2,526	2,526	-	-
Total Renewables	124,189	124,189	-	-
TotalEnergies Gestion International	-	-	90,958	44,254
Total Belgium	-	-	9,741	9,469
TotalEnergies Supply Marketing Services	-	-	87,562	-
Rades Training Center	-	-	2,639	25,288
TotalEnergies Consulting	-	-	3,921	-
Total Marketing middle east	-	-	291,754	212,539
TotalEnergies Marketing Services	-	-	-	2,921,162
Total Lubricants	58,052	78,686	6,681,787	-
	<u>792,553</u>	<u>679,748</u>	<u>75,632,311</u>	<u>64,982,405</u>
TotalEnergies Treasury <sup>1</sup>	81,549,208	28,507,205	-	-
	<u>82,341,761</u>	<u>29,186,953</u>	<u>75,632,311</u>	<u>64,982,405</u>

<sup>1</sup> Included in the analysis above is the balance of funds held with TotalEnergies Treasury as at the period ended 30 June 2023; amounting to ₦ 82.34 billion (2022: ₦28.51 billion). This has however been classified along with cash and cash equivalents in the statement of financial position. See note 27.

#### Technical assistance and management fees

TotalEnergies Marketing Services charges TotalEnergies Marketing Nigeria Plc for General Assistance recorded and Total Outre Mer charges TotalEnergies Marketing Nigeria Plc for Technical Assistance. The expenses are generally charged to profit or loss. During the period, an accrual of ₦3.511 billion (2022: ₦2.067 billion) was charged to profit or loss in this regard. See note 10.2.

# TOTALENERGIES MARKETING NIGERIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 34.3 Related party transactions (continued)

#### (i) Transactions with key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The Company has identified its management team as its key management personnel. The compensation paid or payable to key management for employee services is shown below:

	<u>2023</u> <u>₦'000</u>	<u>2022</u> <u>₦'000</u>
Transactions with key management	238,343	165,842
Directors remuneration (Note 10.2)	255,625	181,521
	<u>255,625</u>	<u>181,521</u>
Fees for service as directors	7,644	7,012
Other remunerations	247,981	174,509
	<u>255,625</u>	<u>181,521</u>

Emoluments of the highest paid director was ₦167.89 million (2022 ₦105.98 million). The chairman of the board did not earn any emoluments during the period (2022:nil).

The table below shows the number of Directors whose emoluments during the year excluding pension contributions were within the ranges stated:

	<u>2023</u> <u>Number</u>	<u>2022</u> <u>Number</u>
₦6,000,001 and above	10	10
	<u>10</u>	<u>10</u>
Number of Directors who had no emoluments during the period	4	4

### 35 Information regarding employees

(i) The table below shows the number of staff of the Company whose emoluments during the year excluding pension contributions were within the ranges stated:

	<u>30 June</u> <u>2023</u> <u>Number</u>	<u>30 June</u> <u>2022</u> <u>Number</u>
Below ₦1,500,000	3	3
₦1,500,001 - ₦2,500,000	1	1
₦2,500,001 - ₦3,500,000	-	-
₦3,500,001 - ₦4,500,000	-	-
₦4,500,001 - ₦5,500,000	-	-
₦5,500,001 - ₦6,500,000	3	2
₦6,500,001 - ₦7,500,000	7	4
₦7,500,001 - ₦8,500,000	7	7
₦8,500,001 - ₦9,500,000	11	6
₦9,500,001 - ₦10,500,000	22	17
₦10,500,001 - ₦11,500,000	22	24
₦11,500,001 - ₦12,500,000	60	33
₦12,500,001 - ₦13,500,000	15	52
₦13,500,001 - ₦14,500,000	22	32
₦14,500,001 - ₦15,500,000	31	32
₦15,500,001 and above	224	222
	<u>428</u>	<u>435</u>

(ii) The average number of persons employed in the financial period and the staff costs were as follows:

	<u>30 June</u> <u>2023</u> <u>Number</u>	<u>30 June</u> <u>2022</u> <u>Number</u>
Managerial staff	159	159
Senior staff	255	266
Junior staff	10	10
	<u>424</u>	<u>435</u>

## **TOTALENERGIES MARKETING NIGERIA PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) TotalEnergies Marketing Nigeria Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's securities. The Policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.