



ANNUAL  
FINANCIAL  
STATEMENTS

—  
2023

EFORA ENERGY LIMITED



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These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended.

# Audit and Risk Committee Report

by Malande Tonjeni

*The Audit and Risk Committee (“the Committee”) presents its report for the year ended 28 February 2023 to shareholders of Efora Energy Limited (“Efora” or the “Company” or together with its subsidiaries and joint venture, the “Group”) in compliance with the requirements of the Companies Act, the Johannesburg Stock Exchange (“JSE”) Listings Requirements and the King Report on Corporate Governance (“King IV™”). The report aims to provide details about how the Committee satisfied its responsibilities and further aims to highlight significant matters that arose during the year under review.*

## COMPOSITION, GOVERNANCE AND COMMITTEE ASSESSMENT

In compliance with the Companies Act, the following Committee members were elected by shareholders at the Annual General Meeting (“AGM”) of the Company held in June 2023 to serve until the next AGM and their meeting attendance for the year under review is summarised below.

### Membership and attendance

Malande Tonjeni (Chairperson)	5/5
Patrick Mngconkola	5/5
Zanele Radebe	5/5

In compliance with the requirements of the Companies Act, as well as the recommended practices of King IV™, all members of the Committee are Independent Non-executive Directors. The Board is satisfied that all members of the Committee have adequate qualifications, knowledge and experience to carry out their duties. Shareholders will, at the next AGM, be requested to approve the continued appointment and remuneration of the members of the Committee. Fees paid to Committee members are detailed on page 52 of the annual financial statements.

The Chairman of the Board is not a member of the Committee. Other Directors, the Interim Chief Executive Officer, Interim Chief Financial Officer and representatives of the Internal and External Auditors may attend meetings of the Committee by invitation. The Group Company Secretary is also the Secretary of the Committee.

In accordance with its Terms of Reference, the Committee meets at least four times annually, but more often if necessary. During the year under review the Committee met five times.

## ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee has an independent role with accountability to both the Board and to shareholders. The Committee’s responsibilities include the statutory duties prescribed in section 94 of the Companies Act, activities recommended by King IV™, as well as additional responsibilities assigned to the Committee by the Board as set out in its Terms of Reference which are available on the Company’s website at [www.eforaenergy.com](http://www.eforaenergy.com). The Committee’s Terms of Reference are reviewed annually and updated where necessary. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein. The Committee has also discharged its responsibilities as outlined in the Companies Act except as disclosed on page 3.

The Committee also meets separately and independently with the External and Internal Auditors without management.

## ACTIVITIES OF THE COMMITTEE

### KEY FOCUS AREAS DURING THE YEAR

- Monitored the implementation of actions to remedy the late publication of the reviewed interim results and audited annual financial statements for the financial years ended 28 February 2021 (“2021 Results”) and 28 February 2022 (“2022 Results”). The 2021 Results and 2022 Results were subsequently published in May 2023 and November 2023, respectively, on recommendation of the Committee following relevant reviews and approvals.
- Monitored engagement with the JSE (through monthly update letters) and shareholders (through quarterly SENS announcements) regarding the late publication of results and the status of affairs at Efora.

- Monitored the external audit function with respect to independence, audit quality and effectiveness.
- Monitored the resolution of internal and external audit findings, and the implementation of the combined assurance plan.
- Recommended the approval of the Group budgets, forecasts and policies, and monitored the financial performance, financial position and cost containment initiatives of the Group.
- Recommended the approval of the Group corporate strategy, delegation of authority and performance scorecard for the year ended 28 February 2023.
- Regularly reviewed and considered Group risks and mitigations in place to address risks, including emerging risks.
- Monitored compliance with laws and regulations, reporting on the Group’s internal financial controls, IT governance and oversaw independent reporting on the Group’s ethics and fraud hotline.
- Monitored the recovery of funds owed to the Group by Encha Group Limited (“Encha”) and oversaw other legal matters within the Group.
- Reviewed and considered various reports on Proactive Monitoring from the JSE.
- Monitored various business development initiatives of the Group.
- Recommended the approval of the Terms of Reference and annual work plan.

The Chairperson of the Committee, with the assistance of the Company Secretary, provided regular written reports to the Board summarising the Committee’s considerations and recommendations. The Board was satisfied with the Committee’s reporting in this regard. Given the late publication of the reviewed interim results and the audited annual financial statements for the year ended 28 February 2023 (“2023 Results”),

## Audit and Risk Committee Report **continued**

in addition to the late publication of the 2021 Results and 2022 Results, the Committee also undertook the following post the reporting period:

- Continued to monitor engagement with the JSE and shareholders regarding the late publication of the above results.
- Reviewed and recommended the approval of the 2021 Results and 2022 Results which were published in May 2023 and November 2023, respectively.
- Recommended the continued engagement and remuneration of the external auditors and approved their scope of work.
- Obtained dispensation from the JSE to operate without an executive financial director up until 29 November 2024, following the resignation of Thabang Monametsi, the former interim Financial Director, on 28 February 2023.
- Reviewed and recommended the approval of the 2023 Results.

Reasons for the late publication of the above results are highlighted on page 3.

### EVALUATION OF FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Committee considered the annual financial statements, the accounting practices and the internal financial controls of the Group with respect to its year ended 28 February 2023. Furthermore, the Committee considered, reviewed and discussed these Group and Company annual financial statements with the independent External Auditors and finance team. The Committee also reviewed the following key and significant accounting matters:

MATTER	RESPONSE OF THE COMMITTEE
Going concern	Management performs an annual assessment of the ability of the Group and Company to remain going concerns in light of plans in place to ensure the continued sustainability of the Group and Company. Management presented its most recent assessment to the Committee and highlighted the key considerations and judgements which support this evaluation as outlined in note 39. The Committee was satisfied that the plans in place are adequate to support the going concern assertion which underpins the preparation of the annual financial statements presented.
Disposal of investment in Afric Oil	The Committee concurs with management's treatment of the disposal of the Company's investment in Afric Oil as outlined in note 21.
Impairment of financial assets	The Committee satisfactorily reviewed the appropriateness of the methodologies and key judgements applied by management in determining the impairment of financial assets as outlined in notes 7 and 16 of the annual financial statements.
Events after the reporting period	Management performed an assessment of significant events that occurred subsequent to the reporting date, as outlined in note 36. The Committee concurs with management's assessment to treat these developments as non-adjusting events.
Internal controls over financial reporting	The Committee satisfactorily considered the outcomes of the evaluation of the Group's system of internal controls, reporting by management as part of the overall Enterprise Risk Management and the existing IT framework and processes, and noted the material internal control weaknesses which were isolated to the financial reporting of Afric Oil as highlighted on page 3.

The Committee is satisfied that the Group and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") as well as the South African Reporting Requirements, the JSE Listings Requirements and in a manner required by the Companies Act. It is also satisfied that the adoption of the going concern basis in preparing the annual financial statements is appropriate. The annual financial statements will be open for discussion at the next AGM. The Chairperson of the Committee and, in the instance of her absence, the other members of the Committee will attend the AGM to answer questions falling under the mandate of the Committee.

After due consideration and review the Committee recommended the approval by the Board of the Group and Company annual financial statements for the year ended 28 February 2023. The Committee is of the opinion that the audited annual financial statements should be accepted and read together with the report of the independent External Auditor. The Board approved the annual financial statements on 29 April 2024.

### INTERNAL CONTROLS, RISK MANAGEMENT AND INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The Committee has an oversight responsibility for internal controls, IT governance and risk management which are managed through various frameworks, policies, procedures and practices. Ultimately the Board, assisted by the Committee, is responsible for the effectiveness of these processes.

During the year under review, as part of the ongoing assessment and strengthening of the internal control environment, the Committee monitored the remediation of internal control deficiencies identified in past internal audits.

The Committee periodically reviews the Company's maturity in respect of IT governance and is assisted by the IT Steering Committee in executing this function. The IT Steering Committee actively manages the IT governance and IT risk management matters and is responsible for the Group's adherence to the various IT policies and procedures. The IT Steering Committee met four times during the year and provided feedback to the Committee through the Executive Committee. The Board is satisfied with the status and effectiveness of IT governance.

The Board considers risk management as a key process in the responsible pursuit of strategic objectives and in the effective management of related material issues and risks. Four reports were provided to the Committee during the year on outcomes from the Group-wide Enterprise Risk Management processes. The Committee is satisfied with the safeguards in place with respect to identified risks.

The Committee considered the outcomes of various audits by the Internal and External Auditors, reporting by management as part of the overall Enterprise Risk Management and the existing IT framework and processes, and is of the opinion that whilst opportunities for improving the overall control environment exist, the Group's system of internal financial

controls is adequate to form a basis for the preparation of reliable financial statements, except as highlighted in the paragraph below. The committee is also satisfied that financial reporting procedures exist and are operating in enabling an effective internal control environment for the Group as set out in paragraph 3.84(g)(ii) of the JSE Listings Requirements.

### **MATERIAL WEAKNESSES IN FINANCIAL CONTROLS AT A FORMER KEY SUBSIDIARY**

The External Auditor of the Group issued a disclaimer opinion on the consolidated annual financial statements of Efora for the year ended 28 February 2022 (“2022 AFS”) due to internal control deficiencies at Afric Oil which resulted in their inability to obtain sufficient and appropriate audit evidence to support key transactions and balances as outlined in detail in the audit report on page 8. As a result of the significance of the internal control deficiencies, the External Auditor was unable to verify that the annual financial statements of Afric Oil, which were consolidated to arrive at the Group annual financial statements for the year ended 28 February 2022, did not contain a material misstatement. Afric Oil was a key subsidiary of Efora prior to the loss of control highlighted in note 3.3 and its subsequent disposal on 1 March 2022 as highlighted in note 21 of the annual financial statements presented.

As previously reported, the remediation of the control deficiencies which resulted in the disclaimer opinion on the 2022 AFS fell outside the control of the Group. The audit report of the External Auditor on the consolidated financial statements for the year ended 28 February 2023 (“2023 AFS”) is therefore qualified due to the referred internal control deficiencies which impact the opening balances in the 2023 AFS. There were no material internal control weaknesses identified with respect to the separate annual financial statements of the Company or in relation to other companies within the Group.

### **COMPLIANCE**

The Committee is responsible for reviewing any major breaches of relevant legal and regulatory requirements. The Committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review and up to the date of this report, save for the inability by the Company to timeously publish the 2021 Results, 2022 Results, 2023 Results and the interim results for the six months ended 31 August 2023 (“2024 Interims”). As previously reported, the business rescue proceedings at Afric Oil which commenced

in April 2021 impacted its ability to timeously complete the annual audit for the year ended 28 February 2021. The Afric Oil audited financial statements for that year were only made available to the Company for the preparation of the consolidated financial statements for the year ended 28 February 2021 in March 2023. This resulted in the Company only issuing the 2021 Results in May 2023, the 2022 Results in November 2023 and the 2023 Results in April 2024. The Company will immediately commence the preparation of the 2024 Interims following the publication of the 2023 Results. The Company disposed of its investment in Afric Oil on 1 March 2022.

### **INTERNAL AUDIT**

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal controls to manage the risks associated with the business and forms a third line of defence. The Committee is responsible for ensuring that the Group’s internal audit function is independent and has the necessary resources, standing and authority within the Group to discharge its duties. The Internal Auditors are responsible for reporting the findings of the internal audit work executed against the agreed internal audit plan to the Committee at each Committee meeting.

The Group’s Internal Auditor is BDO Advisory Services Proprietary Limited. The Committee resolved to suspend the internal audit plan for the year under review given the loss of control of Afric Oil which housed the Group’s key operations. Despite there being no internal audit activities during the year under review, the Committee remains satisfied with the independence and expertise of the Group’s Internal Auditors.

### **EXTERNAL AUDITORS**

SizweNtsalubaGobodo Grant Thornton Inc., the External Auditor of the Group, is afforded unrestricted access to the Group’s records and management, and presents any significant issues arising from the annual audits to the Committee. In addition, Mr Altaf Fajandar, the designated audit partner, where necessary, raises matters of concern directly with the Chairperson of the Committee. The Committee considered and recommended to the Board the approval of the Auditor’s remuneration and terms and scope of engagement.

The Committee was satisfied that the External Auditor is independent of the Group as required by the Companies Act. The independence of the External Auditor is regularly reviewed. The requisite

assurance was provided by the External Auditor to support and demonstrate its claim to independence and the Committee was satisfied with same.

The Committee nominated, for approval at the last AGM, SizweNtsalubaGobodo Grant Thornton Inc. as the External Auditor and Mr Altaf Fajandar as the designated audit partner for the 2024 financial year, having satisfied itself, as required by the JSE Listings Requirements that the quality of the external audit is satisfactory. The Committee considered the information set out in paragraph 3.84(g)(iii) of the JSE Listings Requirements in its assessment of the suitability of the re-appointment of SizweNtsalubaGobodo Grant Thornton Inc.

### **FEES PAID TO EXTERNAL AUDITORS**

The Committee determines the fees to be paid to the External Auditors. The approved Group annual audit fee for the financial year under audit was approximately R0.6 million (2022: R1.2 million).

### **NON-AUDIT SERVICES**

The Committee determines the nature and extent of non-audit services that auditors may provide to the Group. There were no non-audit services for the year under review (2022: Rnil).

### **COMBINED ASSURANCE**

In the prior year the Group implemented a combined assurance model and plan to optimise, co-ordinate and integrate the assurance obtained from management, and internal and external assurance providers, on risks facing the Group. The Group’s combined assurance model is closely aligned with the strategic direction of the Group, as well as the Enterprise Risk Management framework which identifies risks facing the Group and implements the necessary internal controls. The combined assurance model and plan is developed on the basis of a well-established “three lines of defence” model which recognises the different roles and responsibilities of management, oversight functions and independent assurance providers. The primary objective of the combined assurance plan is to provide an acceptable level of assurance to the Board that key risks are identified and managed effectively through the application of an effective control framework, without incurring duplication of effort and ensuring the most efficient use of resources. For the year under review the Committee is satisfied with assurance obtained from management and the External Auditor with respect to the Group’s financial and non-financial processes. Various reports were presented to the Committee by management which

## Audit and Risk Committee Report **continued**

enabled the Committee to monitor the implementation and effectiveness of the combined assurance model.

### **LITIGATION**

Efora concluded a settlement agreement with Encha pursuant to which Encha paid R40.0 million in April 2022 in full and final settlement of all amounts owed to Efora. Efora in total recovered R45.75 million from Encha of which R5.75 million was received in July and August 2020. The original debt owing to the Company by Encha amounted to R75.0 million excluding interest. This settlement concluded another protracted legal process that commenced in 2016.

There were no other litigation matters during the year under review.

### **EVALUATION OF THE FINANCE FUNCTION**

Mr Thabang Monametsi was the Interim CFO for the year under review. The Committee satisfied itself as to the appropriateness of the expertise and experience of Mr Monametsi in accordance with paragraph 3.84g(i) of the JSE Listings Requirements. This was confirmed by the Board.

On 28 February 2023, Mr Monametsi resigned from his role as Executive Director and Interim CFO. The Company has been granted dispensation by the JSE from compliance with paragraph 384(f) of the JSE Listings Requirements, which requires all issuers to have an executive financial director. The dispensation is valid until 29 November 2024.

The Committee also considered the effectiveness of the finance function during the year under review and was satisfied that it had the appropriate expertise and was adequately resourced.

### **PROACTIVE MONITORING**

The Committee confirms that it has considered the findings contained in the JSE's various proactive monitoring and thematic review reports, when reviewing the Group annual financial statements for the year ended 28 February 2023. The Committee is satisfied that the necessary adjustments and improvements to the Group annual financial statements have been made.

### **FRAUD HOTLINE**

The Committee in conjunction with the Social, Ethics and Remuneration Committee is also responsible for reviewing arrangements made by the Group to enable employees and external whistleblowers to report, in confidence, their concerns about possible improprieties or non-compliance with laws and regulations or the Group's Code of Conduct and Ethics. There were no incidents reported during the year under review.

Whistleblowers Proprietary Limited maintains and manages the Group's hotline.

### **KEY FOCUS AREAS FOR THE YEAR AHEAD**

- Finalisation and publication of outstanding financial results
- Restoration of trade in the Company's shares on the JSE

- Appointment of an executive financial director
- Continued monitoring of the assurance provided by the combined assurance plan
- Monitoring the performance of the Group's wholesaling operations and reviewing business development initiatives
- Continued monitoring of key actions implemented to improve the performance and financial position of the Group

### **CONCLUSION**

The Committee is committed to ensuring that the financial results of the Group fairly represent the performance and financial position of the Group and Company, and that adequate controls are maintained to ensure the integrity of our reporting. The Committee is satisfied with key activities undertaken during the year under review in line with its Terms of Reference, the Board's mandate to the Committee, the requirements of the Companies Act and the JSE Listings Requirements, and the recommendations of King IV™.



**Malande Tonjeni**

*Chairperson of the Audit and Risk Committee*

29 April 2024

# Statement of Accountability and Responsibility

The Directors of the Company are responsible for the maintenance of accounting records and for the preparation, integrity and fair presentation of the Group and Company annual financial statements of Efora Energy Limited.

The annual financial statements of the Group and Company for the year ended 28 February 2023 have been prepared in accordance with IFRS as issued by the IASB and interpretations as issued by the IFRIC as well as the South African Reporting Requirements, the JSE Listings Requirements and in a manner required by the Companies Act. The Group and Company adopted all the new accounting pronouncements that became effective in the current reporting period. IFRS changes adopted on 1 March 2022 had no material impact on the results, financial position or cash flows of the Group or Company. The Group and Company annual financial statements have been prepared on a going concern basis and include amounts based on judgements and estimates made by management. Based on forecasts and the disclosures provided in note 39, the Directors have a reasonable expectation to believe that the Group and Company will remain going concerns in the foreseeable future. The Directors also

have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Directors have also prepared the other information contained in the Corporate Governance and Material Risks report for the year ended 28 February 2023 and are responsible for both its accuracy and consistency with the Group and Company annual financial statements.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements, except as highlighted on page 3. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are not aware of any legal or arbitration proceedings active, pending or threatened against or being brought by the Group or Company, other than as disclosed in the Directors' Report on page 7, which may have a material effect

on the Group and Company's financial position. The Group and Company annual financial statements have been audited by the independent accounting firm, SizweNtsalubaGobodo Grant Thornton Inc., which was given unrestricted access to all financial records and related data, including minutes of all shareholders', Directors' and Committee meetings. The Directors believe that all representations made to the independent Auditors during their audit were valid and appropriate.

The Independent Auditors' Report is presented on page 8. The Group and Company annual financial statements were approved by the Board on 29 April 2024 and are signed on its behalf by:



**Vuyo Ngonyama**  
Chairman of the Board



**Darrin Arendse**  
Group Chief Executive Officer (Interim)

29 April 2024

## Company Secretary's Certification

In terms of section 88(2)(e) of the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended, I hereby certify and confirm that to the best of my knowledge and belief, Efora Energy Limited has, in respect of the financial year ended 28 February 2023, lodged with the Companies and Intellectual Properties Commission all returns and notices required of a public company in terms of the Companies Act in respect of the year under review and that all such notices are true, correct and up to date, save for the inability by the Company to timeously release its annual financial statements for the year ended 28 February 2023.



**Melinda van den Berg**  
Fusion Corporate Secretarial Services Proprietary Limited  
Company Secretary

29 April 2024

## Preparation of Annual Financial Statements

The Group and Company annual financial statements were prepared under the supervision of Ms Tariro Gadzikwa, CA (SA).

# Directors' Report

*The directors submit their report on the affairs of the Group together with the consolidated and separate annual financial statements of Efora for the year ended 28 February 2023.*

## PRINCIPAL ACTIVITIES

Efora is a South African-based independent oil and gas company, listed on the Johannesburg Stock Exchange ("JSE") with a focus on delivering energy for the African continent by using Africa's own resources to meet the significant demand for energy expected over the next decade. The Group's key operations comprise the wholesaling of petroleum products, mainly diesel and naphtha, to commercial customers in South Africa. These wholesale operations commenced in December 2022. It is further exploring other midstream and downstream opportunities in line with the change in its strategy.

In the prior financial year, the Group also had operations in Egypt and South Africa. In Egypt, the Group through its former subsidiary, Mena International Petroleum Company Limited, sold crude oil to the Egyptian General Petroleum Corporation. This subsidiary was disposed of in September 2021 (see note 30). In South Africa, the Group through its former subsidiary, Afric Oil Proprietary Limited ("Afric Oil"), was a wholesaler of petroleum products to a diversified customer base. The Company lost control of Afric Oil in April 2021, as previously reported, and subsequently disposed of Afric Oil on 1 March 2022 (see note 31).

## FINANCIAL RESULTS

The results of the Group and the Company and the state of its affairs are set out in the consolidated and separate annual financial statements and accompanying notes for the year ended 28 February 2023. The Group reported a profit after tax of R5.6 million (2022: R230.4 million), basic earnings per share of 0.51 cents (2022: 20.87 cents) and headline earnings per share of 0.51 cents (2022: headline loss of 1.53 cents) for the year ended 28 February 2023.

## INTERNAL FINANCIAL CONTROLS

During the year under review the Board, through the Audit and Risk Committee, assessed the results of the documented review of the Group's system of internal controls and risk management, including the evaluation of the design, implementation and effectiveness of the internal financial controls conducted by internal audit, and considered information and explanations given by management

and discussions with the External Auditors on the results of the audit. Although certain weaknesses in financial controls, whether in design, implementation or execution were identified, the Board does not consider these control weaknesses (individually or in combination with other weaknesses) to have resulted in actual material financial loss, fraud or material errors, other than as disclosed in these annual financial statements on page 3. Based on the above results, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements, except as highlighted on page 3. The Board's opinion is supported by the Audit and Risk Committee.

## STATED CAPITAL

There were no changes to the stated capital during the year ended 28 February 2023. The Company's stated capital is disclosed in note 24.

## DIVIDENDS

The directors did not recommend the distribution of dividends for the financial year under review (2022: nil).

## DIRECTORS

Thabang Monametsi resigned from his role of interim Chief Financial Officer on 28 February 2023. There are no other changes in directorate post the reporting period and up until the date of this report.

There were no Directors' interests in shares for the year under review (2022: nil) and post the reporting period, and up until the date of this report.

## BORROWING FACILITIES AND POWERS

The Group's borrowing facilities are disclosed in note 25 of the annual financial statements. In terms of the memorandum of incorporation, the borrowing powers of the Company are unlimited.

## CONTROL OF UNISSUED SHARE CAPITAL

The issuance of ordinary shares is subject to a general authority granted to the Directors by shareholders in terms of section 38 of the Companies Act. As this

general authority remains valid only until the next AGM, shareholders will be asked at the next meeting to consider an ordinary resolution placing the said unissued ordinary shares, to a maximum of 5% of the Company's issued share capital, under the control of the Directors for the timeframe prescribed under such resolution.

## GOING CONCERN

After agreeing that the going concern premise was appropriate, having considered the matters highlighted in notes 36 and 39, the Board approved the Group and Company annual financial statements on 29 April 2024 on the recommendation of the Audit and Risk Committee.

## EVENTS AFTER THE REPORTING PERIOD

Events which occurred after the reporting period and up to the date of this report are disclosed in note 36.

## SPECIAL RESOLUTIONS PASSED

The following special resolutions were passed at the last AGM of the Company held on 14 June 2023:

- remuneration of non-executive directors;
- general approval to provide financial assistance for the subscription or purchase of ordinary shares in related or interrelated entities in terms of section 44 of the Companies Act; and
- general approval to provide financial assistance to any company related or interrelated to the Company or to any juristic person who is a member of or related to any such companies.

## NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

At the AGM held on 14 June 2023, the resolutions on the Company's Remuneration Policy and the Remuneration Implementation Report each received non-binding advisory votes of 99.52% and 99.99%, respectively.

It is the policy of the Group to engage with dissenting shareholders in good faith in the event that a vote of 25% or more is

recorded against the Remuneration Policy and/or the Remuneration Implementation Report, to ascertain with best reasonable effort the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the Remuneration Policy and the Remuneration Implementation Report, or clarifying or adjusting remuneration governance and/or processes.

Remuneration outcomes for the year under review are disclosed in notes 12 and 33(b) to the annual financial statements presented.

### IMPLEMENTATION OF THE KING CODE

The King IV™ Application Register for the year under review is available on our website [www.eforaenergy.com](http://www.eforaenergy.com).

### CORPORATE GOVERNANCE

The Group's reporting on corporate governance matters is provided in the Corporate Governance and Material Risks Report which is available on the Company's website [www.eforaenergy.com](http://www.eforaenergy.com).

### MATERIAL RISKS

Material risks which impact the Group and its operations are outlined in the Corporate Governance and Material Risks Report which is available on the Company's website [www.eforaenergy.com](http://www.eforaenergy.com).

### LITIGATION UPDATE

Refer to page 4 for the litigation update.

### ACCOUNTING POLICIES

The Group and Company's annual financial statements for the year ended 28 February 2023 have been prepared in accordance with IFRS and in a manner

required by the Companies Act as disclosed in note 2.1.

The Group and Company's accounting policies used in the preparation of the annual financial statements for the year ended 28 February 2023 are consistent with those applied in the previous year, except in circumstances where there was an adoption of new or revised standards as disclosed in the annual financial statements (see note 4).

### RETIREMENT FUNDS

The Group introduced a defined contribution retirement scheme on 1 April 2015 for its South African-based employees to improve the employee value proposition.

### SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 14 of the annual financial statements.

## Chief Executive Officer's Responsibility Statement

The Director, whose name is stated below, hereby confirms that:

- (a) The annual financial statements set out on pages 10 to 63, fairly present in all material respects the financial position, financial performance and cash flows of Efora in terms of IFRS, save for paragraph (f) below.
- (b) To the best of my knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.
- (c) Internal financial controls have been put in place to ensure that material information relating to Efora and its consolidated subsidiaries has been

provided to effectively prepare the financial statements of Efora.

- (d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled my role and function as Executive Director with primary responsibility for implementation and execution of controls.
- (e) Where I was not satisfied, I have disclosed to the Audit and Risk Committee and the Auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies.

- (f) I wish to draw attention to the existence of material weaknesses in internal control over financial reporting. Refer to the report of the Audit and Risk Committee on page 3 of these annual financial statements.

- (g) I am not aware of any fraud involving Directors.



**Darrin Arendse**  
Group Chief Executive Officer (Interim)

# Independent Auditor's Report

To the Shareholders of Efora Energy Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### QUALIFIED OPINION ON CONSOLIDATED FINANCIAL STATEMENTS AND UNQUALIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Efora Energy Limited (the group and company) set out on pages 10 to 63, which comprise the consolidated and separate statements of financial position as at 28 February 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Efora Energy Limited as at 28 February 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Efora Energy Limited as at 28 February 2023, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### BASIS FOR QUALIFIED OPINION ON CONSOLIDATED FINANCIAL STATEMENTS AND UNQUALIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS

We were unable to obtain sufficient, appropriate audit evidence for Afric Oil (Pty) Ltd, a material subsidiary, to support the financial performance and cash flows of the consolidated financial statements as at 28 February 2022. We could not confirm the disclosed amounts by alternative means. Consequently, we could not determine the effect of the issues identified

on the consolidated financial performance and consolidated cash flows for the year ended 28 February 2022. The company had lost control of this subsidiary on 16 April 2021 and subsequently disposed of it on 1 March 2022.

Our opinion on the current year's consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows is qualified because of the possible effects of this matter on the comparability of the current year's consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and our opinion on the separate financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Efora Energy Limited Annual Financial Statements 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of Efora Energy Limited for six years.



**SizweNtsalubaGobodo Grant Thornton Inc.**  
**Altaf Fajandar**

*Director*  
*Registered Auditor*  
29 April 2024

221 Garstfontein Road  
Newlands  
Pretoria  
Gauteng

# CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	5, 6	7 991	38 049	746	–
Cost of sales		(7 545)	(33 286)	(711)	–
<b>Gross profit</b>		<b>446</b>	<b>4 763</b>	<b>35</b>	<b>–</b>
Other income	8	30 686	106 866	23 953	37 664
Gain on loss of control of subsidiary	31	–	145 226	–	–
(Increase in)/reversal of impairment losses on financial assets	7	(6 834)	8 401	(19 020)	14 274
Other operating costs		(21 890)	(44 729)	(21 488)	(23 022)
<b>Profit/(loss) from operations</b>	<b>8</b>	<b>2 408</b>	<b>220 527</b>	<b>(16 520)</b>	<b>28 916</b>
Finance income	9	3 319	9 207	3 265	7 579
Finance costs	10	(120)	(283)	(120)	(96)
Net monetary gain	32	–	916	–	–
<b>Profit/(loss) before taxation</b>		<b>5 607</b>	<b>230 367</b>	<b>(13 375)</b>	<b>36 399</b>
Taxation	11	–	–	–	–
<b>Profit/(loss) for the year</b>		<b>5 607</b>	<b>230 367</b>	<b>(13 375)</b>	<b>36 399</b>
<b>Other comprehensive (loss)/income:</b>					
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translation of foreign operations <sup>1</sup>		(16 836)	7 833	–	–
Reclassification of exchange differences to profit or loss	30, 31	–	(106 530)	–	–
<b>Other comprehensive loss for the year</b>		<b>(16 836)</b>	<b>(98 697)</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(11 229)</b>	<b>131 670</b>	<b>(13 375)</b>	<b>36 399</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the Company		5 607	230 319	(13 375)	36 399
Non-controlling interest		–	48	–	–
<b>Profit/(loss) for the year</b>		<b>5 607</b>	<b>230 367</b>	<b>(13 375)</b>	<b>36 399</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Equity holders of the Company		(11 229)	131 622	(13 375)	36 399
Non-controlling interest		–	48	–	–
<b>Total comprehensive (loss)/income for the year</b>		<b>(11 229)</b>	<b>131 670</b>	<b>(13 375)</b>	<b>36 399</b>
<b>Earnings per share</b>					
Basic and diluted (cents)	28	0.51	20.87		

<sup>1</sup> This component of other comprehensive income does not attract taxation

# CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 28 February 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Loans to Group companies	16	–	–	7 809	–
Property, plant and equipment	18	64	155	64	155
Right-of-use assets	19.1(a)	968	1 452	968	1 452
Intangible assets	20	99	–	99	–
<b>Total non-current assets</b>		<b>1 131</b>	<b>1 607</b>	<b>8 940</b>	<b>1 607</b>
<b>Current assets</b>					
Loans and other current receivables	17	–	40 000	–	40 000
Financial assets	21	–	10 000	–	10 000
Trade and other receivables	22	9 524	2 027	2 787	2 027
Cash and cash equivalents	23	54 129	37 789	50 389	37 789
<b>Total current assets</b>		<b>63 653</b>	<b>89 816</b>	<b>53 176</b>	<b>89 816</b>
<b>Total assets</b>		<b>64 784</b>	<b>91 423</b>	<b>62 116</b>	<b>91 423</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Stated capital	24	1 668 354	1 668 354	1 668 354	1 668 354
Reserves	24	21 976	38 812	10 579	10 579
Accumulated loss		(1 632 864)	(1 638 471)	(1 623 252)	(1 609 877)
Equity attributable to equity holders of the Company		<b>57 466</b>	<b>68 695</b>	<b>55 681</b>	<b>69 056</b>
<b>Total shareholders' equity</b>		<b>57 466</b>	<b>68 695</b>	<b>55 681</b>	<b>69 056</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	19.1(b)	574	1 061	574	1 061
Loan from Group company	16	–	–	318	318
<b>Total non-current liabilities</b>		<b>574</b>	<b>1 061</b>	<b>892</b>	<b>1 379</b>
<b>Current liabilities</b>					
Borrowings	25	1 167	884	1 167	884
Lease liabilities	19.1(b)	486	408	486	408
Loan from joint venture	26	–	7 623	–	7 623
Taxation payable		–	7 727	–	7 727
Trade and other payables	27	5 091	5 025	3 890	4 346
<b>Total current liabilities</b>		<b>6 744</b>	<b>21 667</b>	<b>5 543</b>	<b>20 988</b>
<b>Total liabilities</b>		<b>7 318</b>	<b>22 728</b>	<b>6 435</b>	<b>22 367</b>
<b>Total equity and liabilities</b>		<b>64 784</b>	<b>91 423</b>	<b>62 116</b>	<b>91 423</b>

# CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 28 February 2023

	Stated capital (Note 24) R'000	Foreign currency translation reserve (Note 24) R'000	Share-based payment reserve (Note 24) R'000	Total reserves R'000	Accumulated loss R'000	Total equity attributable to equity holders of the Company R'000	Non-controlling interest ("NCI") R'000	Total equity R'000
<b>GROUP</b>								
<b>Balance at 1 March 2021</b>	1 668 354	127 016	10 493	137 509	(1 868 790)	(62 927)	(64 114)	(127 041)
Changes in equity:								
Profit for the year	–	–	–	–	230 319	230 319	48	230 367
Other comprehensive loss for the year	–	(98 697)	–	(98 697)	–	(98 697)	–	(98 697)
Total comprehensive income for the year	–	(98 697)	–	(98 697)	230 319	131 622	48	131 670
Derecognition on loss of control of subsidiary (note 31)	–	–	–	–	–	–	64 066	64 066
<b>Total changes</b>	–	(98 697)	–	(98 697)	230 319	131 622	64 114	195 736
<b>Balance at 28 February 2022</b>	1 668 354	28 319	10 493	38 812	(1 638 471)	68 695	–	68 695
Balance at 1 March 2022	<b>1 668 354</b>	<b>28 319</b>	<b>10 493</b>	<b>38 812</b>	<b>(1 638 471)</b>	<b>68 695</b>	<b>–</b>	<b>68 695</b>
Changes in equity:								
Profit for the year	–	–	–	–	5 607	5 607	–	5 607
Other comprehensive loss for the year	–	(16 836)	–	(16 836)	–	(16 836)	–	(16 836)
Total comprehensive loss for the year	–	(16 836)	–	(16 836)	5 607	(11 229)	–	(11 229)
Total changes	–	(16 836)	–	(16 836)	5 607	(11 229)	–	(11 229)
<b>Balance at 28 February 2023</b>	<b>1 668 354</b>	<b>11 483</b>	<b>10 493</b>	<b>21 976</b>	<b>(1 632 864)</b>	<b>57 466</b>	<b>–</b>	<b>57 466</b>

	Stated capital (Note 24) R'000	Foreign currency translation reserve (Note 24) R'000	Share-based payment reserve (Note 24) R'000	Total reserves R'000	Accumulated loss R'000	Total equity attributable to equity holders of the Company R'000
<b>COMPANY</b>						
<b>Balance at 1 March 2021</b>	1 668 354	86	10 493	10 579	(1 646 276)	32 657
Changes in equity:						
Profit for the year	–	–	–	–	36 399	36 399
Total comprehensive income for the year	–	–	–	–	36 399	36 399
<b>Total changes</b>	–	–	–	–	36 399	36 399
<b>Balance at 28 February 2022</b>	1 668 354	86	10 493	10 579	(1 609 877)	69 056
Balance at 1 March 2022	<b>1 668 354</b>	<b>86</b>	<b>10 493</b>	<b>10 579</b>	<b>(1 609 877)</b>	<b>69 056</b>
Changes in equity:						
Loss for the year	–	–	–	–	(13 375)	(13 375)
Total comprehensive loss for the year	–	–	–	–	(13 375)	(13 375)
<b>Total changes</b>	–	–	–	–	(13 375)	(13 375)
<b>Balance at 28 February 2023</b>	<b>1 668 354</b>	<b>86</b>	<b>10 493</b>	<b>10 579</b>	<b>(1 623 252)</b>	<b>55 681</b>

# CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 28 February 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Cash flows from operating activities</b>					
Cash (used in)/from operations	29	(36 189)	(25 582)	(29 828)	13 530
Finance income	9	3 319	652	3 265	580
Finance costs		(120)	(24)	(120)	(24)
<b>Net cash (used in)/from operating activities</b>		<b>(32 990)</b>	<b>(24 954)</b>	<b>(26 683)</b>	<b>14 086</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	18	–	(147)	–	(147)
Proceeds on disposal of property, plant and equipment	18	27	106	27	106
Purchase of intangible assets	20	(119)	–	(119)	–
Proceeds on disposal of Mena	30	–	1 947	–	4 133
Derecognition of cash on loss of control of subsidiary	31	–	(8 737)	–	–
Increase in financial assets		–	(8 805)	–	(8 805)
Proceeds on disposal of financial assets		10 000	–	10 000	–
Loan advanced to Group companies		–	–	(10 047)	(4 663)
Loans and other receivables – repayments received	17	40 000	74 611	40 000	37 305
<b>Net cash from investing activities</b>		<b>49 908</b>	<b>58 975</b>	<b>39 861</b>	<b>27 929</b>
<b>Cash flows from financing activities</b>					
Repayments of loan from joint venture	26	(169)	(4 497)	(169)	(4 497)
Repayments of lease liabilities	19.1(b)	(409)	(64)	(409)	(64)
<b>Net cash used in financing activities</b>		<b>(578)</b>	<b>(4 561)</b>	<b>(578)</b>	<b>(4 561)</b>
<b>Total movement in cash and cash equivalents for the year</b>		<b>16 340</b>	<b>29 460</b>	<b>12 600</b>	<b>37 454</b>
Cash and cash equivalents at the beginning of the year		37 789	8 329	37 789	335
<b>Cash and cash equivalents at the end of the year</b>	23	<b>54 129</b>	<b>37 789</b>	<b>50 389</b>	<b>37 789</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023

## 1 GENERAL INFORMATION

Efora Energy Limited (“the Company”, together with its subsidiaries and joint venture, “the Group”), is a company incorporated in South Africa and is listed on the Johannesburg Stock Exchange Limited (“JSE”). General company information is included on page 65 of the annual financial statements. The Company, through its wholly owned subsidiary, Efora Holdings Proprietary Limited (“Efora Holdings”), is a wholesaler of petroleum products, mainly diesel and naphtha, to commercial customers in South Africa. It is further exploring other midstream and downstream opportunities in line with the change in its strategy to complement its existing operations. The focus of the Group is on delivering energy for the African continent by using Africa’s own resources to meet the significant growth in demand expected over the next decade.

The consolidated and separate annual financial statements of the Group and Company for the year ended 28 February 2023 were authorised for issue in accordance with a resolution of the Board of Directors dated 29 April 2024.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements of the Company for the year ended 28 February 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations as issued by the International Financial Reporting Interpretations Committee (“IFRIC”), the South African Institute of Chartered Accountants (“SAICA”) Financial Reporting Guides as issued by the Accounting Practices Committee (“APC”), as well as the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and in a manner required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008), as amended (“Companies Act”). The accounting policies applied in the preparation of these consolidated and separate annual financial statements of the Company are consistent in all material respects with those used in the prior financial year, except for the adoption of new standards, interpretations and amendments to published standards which became effective for the first time for its financial year ended 28 February 2023. Note 4 discloses the impact of new standards, interpretations and amendments to published standards on the consolidated and separate annual financial statements of the Company.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, expenses, income and the application of accounting policies. Actual results may differ from estimated results. Information about significant areas of estimation uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts presented in the consolidated and separate annual financial statements of the Company are disclosed in note 3.

These consolidated and separate annual financial statements have been prepared under the historical cost convention unless stated otherwise.

The consolidated and separate annual financial statements are presented in the functional currency of the Company, being South African Rand (“Rand”) and are rounded to the nearest thousand (R’000), except where otherwise stated.

#### Going concern

The consolidated and separate annual financial statements of the Company have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 39 for further disclosures on going concern matters.

### 2.2 BASIS OF CONSOLIDATION

#### Subsidiaries

Subsidiaries are all investees over which the Company has control. The Company controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. In the event that control is lost, the Company i) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position, and ii) recognises any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with the Group policy for financial instruments (see note 2.7). That retained interest is remeasured at fair value through profit or loss. The Company would also then recognise the gain or loss associated with the loss of control of the former subsidiary in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. The Group attributes the total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests, when applicable, based on their respective ownership interests, even if this results in the non-controlling interests having a deficit balance. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements.

**Joint venture**

The Group's investment in its joint venture is accounted for using the equity method of accounting. Under the equity method of accounting, the interest in the joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements. When the Group's share of losses in the joint venture equals or exceeds its interests in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss as a separate line, i.e. "share of profit or loss from joint venture". At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as "share of profit or loss from joint venture" in the statement of profit or loss.

The Company accounts for its investment in the joint venture on the same basis as the Group.

**Reimbursement of costs of the operator of the joint arrangement**

When the Group charges a management fee (based on a fixed percentage of total costs incurred for the year) to cover other general costs incurred in carrying out the activities on behalf of the joint arrangement, it is not acting as an agent. Therefore, the general overhead expenses and the management fee are recognised in the statement of profit or loss as an expense and income, respectively.

**2.3 TRANSACTIONS WITH NCIs**

Before the loss of control of Afric Oil in the prior year (see note 31) there was a non-controlling interest ("NCI") of 29% in Afric Oil. Non-controlling shareholders were treated as equity participants and were identified separately from the Group's equity. The interests of non-controlling shareholders were initially measured at the NCIs' proportionate share of the fair value of the acquirer's identifiable net assets. Subsequent to acquisition, the carrying amount of NCIs was the amount of those interests at initial recognition plus the NCIs' share of subsequent changes in equity. Acquisitions and disposals of additional interests in the Group's subsidiaries were accounted for as equity transactions and the excess of the purchase consideration over the carrying value of net assets acquired would constitute goodwill. Profits and losses arising on transactions with NCIs where control is maintained subsequent to the disposal are recognised directly in equity. Any dilution gains or losses are also recognised directly in equity.

**2.4 SEGMENT REPORTING**

The Group has identified reportable segments that are used by the chief operating decision-maker to make key operating decisions, allocate resources and assess performance (see note 5). The reportable segments are grouped according to their geographical locations and reporting lines to the chief operating decision-maker. The Group's chief operating decision maker is the Group Executive Committee.

**2.5 FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

Items included in the consolidated and separate annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated and separate annual financial statements are presented in South African Rands ("Rands") which is the functional and presentation currency of the Company.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end or reporting date exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Foreign operations**

The results and financial position of all Group entities that have a functional currency different from the presentation currency and which do not operate in a hyperinflationary economy, are translated into the presentation currency as follows:

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- All resulting exchange differences are recognised in other comprehensive income.

Before the loss of control of Afric Oil (see note 31), the Group had operations in Zimbabwe which is a hyperinflationary economy. The results and the financial position of the Company's indirectly owned subsidiary in Zimbabwe which had a different functional currency were translated into the presentation currency of the Company at the exchange rates ruling at the reporting date.

## 2.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, except for land which was carried at historical cost and was not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items, including borrowing costs attributable to qualifying assets, where appropriate. Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which it is incurred. Major spare parts and standby equipment which are expected to be used for more than one year are included in property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate cost to residual values over their estimated useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and/or available for use as determined by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives or lease term. Leasehold improvements are capitalised and depreciated over the term of the lease. The major categories of property, plant and equipment were/are depreciated at the following rates:

Furniture and fittings	10 – 20 years
Motor vehicles <sup>1</sup>	4 – 6 years
Computer equipment	3 – 5 years
Buildings <sup>1</sup>	20 years
Plant and equipment <sup>1</sup>	10 – 25 years
Signage <sup>1</sup>	10 years
Leasehold improvements	5 years

<sup>1</sup> The Group no longer has these asset categories following the loss of control of Afric Oil as disclosed in note 31

Depreciation is charged to profit or loss under operating expenses in the year in which it occurs.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate as a change in accounting estimate, at the end of each reporting date. In determining residual values, the Group uses management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management's estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets. Impairment tests are performed for property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant, property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

## 2.7 FINANCIAL INSTRUMENTS

### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (“FVTPL”); and
- fair value through other comprehensive income (“FVOCI”).

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and finance income.

For the year ended 28 February 2023 the Group did not have any financial assets categorised as FVOCI.

#### **Subsequent measurement of financial assets**

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

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents (note 23), trade and other receivables (note 22) and loans and other receivables (note 17) fall into this category of financial instruments. The Company’s financial assets at amortised cost also include loans to Group companies (note 16).

##### **Financial assets FVTPL**

Financial assets held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Up until 1 March 2023, the Group held a financial asset at FVTPL which comprised an equity investment in Afric Oil. The Group accounted for the investment at FVTPL and did not make the irrevocable election to account for the investment at FVOCI. The fair value was determined in line with the requirements of IFRS 13 Fair Value Measurement.

Assets in this category were measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category were determined by reference to active market transactions.

##### **Classification and measurement of financial liabilities**

The Group’s financial liabilities include borrowings (note 25), trade and other payables (note 27) and the loan from joint venture (note 26). The Company’s financial liabilities also include loans from Group companies (note 16).

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group has designated the financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are reported in profit or loss within finance costs.

As at 28 February 2023, the Group does not have financial liabilities designated at FVTPL or derivative financial instruments.

##### **Off-setting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that all of the facility will be drawn down. Borrowings are classified as current liabilities unless the Group and Company have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Group has elected to present repayments of interest on borrowings within financing activities which is permissible under IAS 7 paragraph 33.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

## Fair value of financial instruments

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising, where possible, the use of unobservable inputs.

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

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

## 2.8 IMPAIRMENT OF ASSETS

### 2.8.1 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the “expected credit loss (“ECL”) model”. Specific to the Group, instruments within the scope of the new requirements include loans and other receivables, trade and other receivables and cash and cash equivalents measured at amortised cost. With respect to the Company this also includes loans to Group companies.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date. Once there is objective evidence of impairment of a financial asset, interest on the financial asset is calculated on its net carrying amount after recognising ECLs, from the time the financial asset becomes credit impaired.

“Twelve-month ECLs” are recognised for the first category while “lifetime ECLs” are recognised for the second and third categories. Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime ECLs. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. Trade receivables outstanding for more than 90 days past the due date are considered to be in default and are credit impaired, and are unrecoverable when 180 days past the due date and there has been no engagement with the Group on an alternative payment arrangement. In calculating ECLs, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs, using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due. Trade and other receivables are written off where there is no reasonable expectation of recovering amounts due. Refer to note 35.1(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

**Other financial assets**

Refer to note 35.1(b) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

**2.8.2 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit ("CGU")'s fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**2.9 TRADE RECEIVABLES**

The Group's trade receivables do not contain a significant financing component and are accounted for as disclosed in notes 2.7 and 2.8.1.

**2.10 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are carried in the statement of financial position initially at fair value and subsequently at amortised cost using the effective interest method. In the consolidated and separate statements of financial position and cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Group does not have overdraft facilities.

**2.11 STATED CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.12 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Group derives revenue from contracts with customers as defined in IFRS 15 Revenue from contracts with customers from the wholesale of petroleum products, mainly diesel and naphtha, to commercial customers.

To determine whether to recognise revenue, the Group follows a five-step process:

- 1 Identifying the contract(s) with a customer;
- 2 Identifying the performance obligations in the contract;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations in the contract; and
- 5 Recognising revenue when (or as) the entity satisfies a performance obligation.

A performance obligation is either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The performance obligation of the Group is the transfer of petroleum product to its customers. This performance obligation is distinct and separable.

The transaction price is the amount of consideration to which the Group is entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

The Group has one performance obligation. As such the transaction price as established can be allocated to this performance obligation. The Group only recognises revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered transferred when the customer obtains control.

The Group recognises revenue when the petroleum products are delivered to customers or the customers pick the product up directly from the depot. Invoices for products transferred are payable between 15 and 30 days depending on the credit terms granted to the customers. Payments are otherwise due immediately upon delivery for cash customers.

Refer to note 6 for further detail regarding the disaggregation of revenue from contracts with customers.

## 2.13 FINANCE INCOME

Finance income is recognised using the effective interest method. Finance income comprises interest income on funds invested and interest on financial assets.

## 2.14 TAXATION

The tax expense comprises current (where applicable) and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case the tax is also recognised in OCI or directly in equity, respectively.

### Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where Group entities operate and generate taxable income.

### Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets and liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Off-setting

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

## 2.15 SHARE-BASED PAYMENTS

In the past employees (including senior executives) and directors of the Company received remuneration in the form of share-based payment transactions whereby employees and directors rendered services as consideration for equity instruments (equity-settled transactions) (see note 33(d)). The Group has no cash-settled share-based payment transactions.

### Equity-settled transactions

Equity-settled transactions include share options granted to directors and employees of the Group and also include transactions that are equity-settled by the Group. The cost of equity-settled transactions was recognised on the grant date, together with a corresponding increase in other capital reserves in equity, over the period during which the performance and/or services was fulfilled. The cumulative expense recognised in employee benefit expenses for equity-settled transactions at each reporting period, reflected the extent to which the vesting period had expired, and the Group's best estimate of the number of equity instruments that would ultimately vest. The initial valuation of the expense at the grant date was not revalued and was credited to equity through profit or loss. When share options lapse or are forfeited after the vesting date, the Group does not reverse the cost previously recognised in the share-based payments reserve attributable to the lapsed or forfeited share options.

The Group measured the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the grant date. In estimating fair value, the Group used the most appropriate valuation model which was dependent on the terms and conditions of each grant. The estimate also required the determination of the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings and headline earnings per share. Equity-settled transactions are detailed in note 13.

## 2.16 EMPLOYEE BENEFITS

### Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Pension fund payments are ordinarily charged as an expense under “other operating costs” as they fell due.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. These include salaries and wages, paid annual leave and paid sick leave and bonuses. Short-term employee benefits are included under “other operating costs” in profit or loss. A liability for bonuses is recognised only when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid can be reliably estimated; or
- achievements of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated.

Salaries and wages including accumulated leave pay (remuneration), that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as a liability and are measured at the amounts expected to be paid when the liabilities are settled.

## 2.17 LEASES

### The Group as a lessee

The Group considers whether a contract is, or contains, a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition the Group assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use; and
- whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

The Company commenced renting its head office from its landlord on 1 January 2022 on a three-year lease. This lease does not include a non-lease component and does not impose any covenants other than the security interests in the leased assets that are held by the lessor. The lease is fairly straightforward with lease payments that vary annually based on an escalation of 7%. The lease does not contain other fixed payments, residual value guarantees or purchase or extension options. The Group does not anticipate early termination of this lease. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use (“ROU”) asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

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

ROU assets are measured at cost comprising the following:

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

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit or loss if the ROU asset is already reduced to zero.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of other assets and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise assets with values less than R80 000 per leased asset.

## 2.18 RELATED PARTIES

Related parties' transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of these annual financial statements, a party is considered to be related to the Company if:

- (a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the Company, has an interest in the Company that gives it significant influence over the Company, or has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venture;
- (d) the party is a member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company or of any entity that is a related party of the Company.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated and separate annual financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Group and Company have identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated and separate annual financial statements.

#### JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

#### 3.1 JOINT ARRANGEMENTS

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure programme for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement.

Management has therefore exercised judgement to conclude that based on the terms of the current and past agreements with the Group's partners the ongoing joint arrangement with SacOil Energy Equity Resources Limited ("SEER") should be accounted for as a joint venture. In this regard, management determined that the joint arrangement with SEER grants the Group rights to 50% of the net assets of SEER.

#### 3.2 GOING CONCERN

Management's assessment of the entity's ability to continue as a going concern involves making a judgement, at a particular point in time, about inherently uncertain future outcomes of events or conditions. Any judgement about the future is based on information available at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management has taken into account the following:

- the Group's financial position;
- the risks facing the Group that could impact its business model and capital adequacy; and
- the matters identified in note 39.

Management considers it appropriate to continue to adopt the going concern basis in preparing the consolidated and separate annual financial statements of the Company. Judgements pertaining to going concern are disclosed in note 39.

#### 3.3 LOSS OF CONTROL

In the prior year, management exercised judgement to conclude that the commencement of business rescue proceedings at Afric Oil on 16 April 2021 resulted in the loss of control of the subsidiary, as Afric Oil became subject to the control and management of business rescue practitioners with effect from that date. Efora's ownership interest in Afric Oil did not change until the subsidiary was eventually disposed of in March 2022 (see note 31).

#### ESTIMATES AND ASSUMPTIONS

#### 3.4 FAIR VALUE MEASUREMENT

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Financial instruments that are carried at fair value or for which fair values are disclosed are detailed in notes 21 and 34.

#### 3.5 EXPECTED CREDIT LOSSES

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated with the assistance of an actuary and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forward-looking information and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forward-looking information. The Group's estimation of ECLs may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 35.1(b).

The Group also uses an actuary to assist with the estimation of default rates applicable to its other financial assets as disclosed in note 35.1(b). Actual default rates for each of the attributed financial assets may differ significantly from the estimated default rates which may have a significant impact on the carrying amounts of financial assets and the expected credit losses recognised by the Group.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 4 ADOPTION OF NEW AND REVISED STANDARDS

### 4.1 STANDARDS AND AMENDMENTS EFFECTIVE FOR THE 2023 FINANCIAL YEAR

The following amendments became effective for the first time for annual periods beginning on or after 1 January 2022. The impact of the amendments on the consolidated and separate financial statements is outlined below.

- **Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework (effective 1 January 2022)<sup>1</sup>**  
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- **Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases – Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022)<sup>1</sup>**  
The amendment to IFRS 1 permits a subsidiary (that becomes an adopter of IFRS later than its parent) to measure its assets and liabilities, but not components of equity, based on the parent's date of transition to IFRS. The amendment to IFRS 9 clarifies which fees an entity can include when it applies the 10% test. The amendment to IFRS 16 relates to the update of the Example 13 accompanying IFRS 16.

### 4.2 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued and will become effective for annual periods beginning on or after 1 January 2023 as indicated below.

- **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective 1 January 2024)<sup>3</sup>**  
Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities with uncertain settlement date as current or non-current.
- **Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)<sup>3</sup>**  
The amendments require that an entity discloses its material accounting policies instead of its significant accounting policies.
- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 January 2023)<sup>3</sup>**  
The amendments to IAS 8 updates the definition of accounting estimates. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. A change in accounting estimate that results in new information is therefore not a correction on an error.
- **Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)<sup>2</sup>**  
The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- **Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies (effective 1 January 2023)<sup>3</sup>**  
The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information.
- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective 1 January 2025)<sup>2</sup>**  
The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

<sup>1</sup> Management assessed that these amendments are not applicable as the Group did not have transactions covered by the amendments during the year under review. The amendments will be applied should transactions of this nature arise in future

<sup>2</sup> Management assessed that these amendments are not applicable as the Group does not currently have transactions covered by the amendments. The amendments will be adopted should transactions of this nature arise in future

<sup>3</sup> Management assessed that these amendments are likely to result in minor disclosure changes



## 5 SEGMENTAL REPORTING

The Group has identified reportable segments that are used by the Group Executive Committee (Chief Operating Decision-maker) to make key operating decisions, allocate resources and assess performance. For management purposes the Group is organised and analysed by geographical locations. The Group's externally reportable operating segments are shown below.

Head office activities include the general management, financing and administration of the Group.

On 16 April 2021, the Group ceased to report Afric Oil's operational results, assets and liabilities under the South Africa, Zimbabwe and Mauritius segments pursuant to the loss of control of the subsidiary as previously disclosed in the 2022 AFS. Information pertaining to the subsequent disposal of Afric Oil which occurred on 1 March 2022 is provided in note 31. As a result of the subsequent disposal of Afric Oil which occurred on 1 March 2022, the Group does not have operating results, assets and liabilities relating to the Zimbabwe and Mauritius segments for the current year. The results, assets and liabilities disclosed under the South Africa segment in the current year are attributable to new operations undertaken by Efora Holdings Proprietary Limited, a wholly owned subsidiary of Efora, which wholesales fuel products (from December 2022) in South Africa to various commercial customers.

In September 2021, the Group disposed of its 100% interest in Mena (previously classified under the Egypt segment) as disclosed in note 30. As such there are no operating results, assets and liabilities relating to the Egypt segment in the current year.

Following the final settlement of the Transcorp Refund in December 2021 (see note 17), as well as the expiry of the crude trading licence (see note 15), transactions and balances in the current year relating to the Company's subsidiaries and operations in Nigeria were immaterial. As such there are no operating results, assets and liabilities relating to the Nigeria segment in the current year.

Other than these changes there are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

	Notes	DRC R'000	South Africa R'000	Head office R'000	Eliminations R'000	Consolidated R'000
<b>2023</b>						
Revenue						
External customers		–	7 245	746	–	7 991
<b>Total revenue<sup>1</sup></b>	6	–	7 245	746	–	7 991
Cost of sales <sup>1</sup>		–	(6 834)	(711)	–	(7 545)
<b>Gross profit</b>		–	411	35	–	446
Other income		39	(982)	31 668	(39)	30 686
Net foreign exchange gains	8	–	–	17 605	–	17 605
Derecognition of financial liability	8	–	–	13 013	–	13 013
Management fees	8	39	(982)	1 050	(39)	68
Increase in provision for impairment (ECLs)	7	–	–	(19 020)	12 186	(6 834)
Depreciation and amortisation	8	–	–	(566)	–	(566)
Employee benefit expense	12	–	–	(11 062)	–	(11 062)
Other operating costs		(441)	–	(9 860)	39	(10 262)
Finance income	9	–	54	3 265	–	3 319
Finance costs	10	–	–	(120)	–	(120)
<b>(Loss)/profit for the year</b>		<b>(402)</b>	<b>(517)</b>	<b>(5 660)</b>	<b>12 186</b>	<b>5 607</b>
Segment assets – non-current		–	–	8 685	(7 554)	1 131
– current		–	10 477	53 176	–	63 653
Segment liabilities – non-current		(102 329)	(10 981)	(611)	113 347	(574)
– current		(1 189)	(13)	(5 542)	–	(6 744)

<sup>1</sup> There were no inter-segment revenue or cost of sales transactions during the current and prior year

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 5 SEGMENTAL REPORTING (CONTINUED)

	Notes	Egypt R'000	Nigeria R'000	DRC R'000	South Africa R'000
<b>2022</b>					
Revenue					
External customers		764	–	–	37 285
<b>Total revenue<sup>1</sup></b>	6	764	–	–	37 285
Cost of sales <sup>1</sup>		(1 729)	–	–	(31 557)
<b>Gross (loss)/profit</b>		(965)	–	–	5 728
Other income		88 115	446	–	18 466
Reclassification of exchange differences to profit or loss	8	88 115	–	–	18 415
Other		–	446	–	51
Gain on loss of control of subsidiary	31	–	–	–	145 226
Reversal of/(increase in) impairment losses on financial assets		–	(36 790)	–	(1 496)
Reversal	7, 35.1(b)	–	515	–	(1 496)
Impairment of financial assets	7	–	(37 305)	–	–
Reversal of impairment of investments in subsidiaries	21	–	–	–	–
Loss on sale of Mena	30	(6 059)	–	–	–
Depreciation and amortisation	8	–	–	–	(443)
Net foreign exchange losses	8	–	–	–	(245)
Employee benefit expense	8, 12	(1 184)	–	–	(2 134)
Motor vehicle expenses	8	–	–	–	(225)
Other operating costs		(6 894)	(340)	(30)	(793)
Finance income	9	–	1 556	–	72
Finance costs	10	–	–	–	(187)
Net monetary gain	32	–	–	–	–
<b>Profit/(loss) for the year</b>		73 013	(35 128)	(30)	163 969
Segment assets – non-current		–	–	–	–
– current		–	–	–	–
Segment liabilities – non-current		–	–	(85 601)	–
– current		–	(277)	(402)	–

<sup>1</sup> There were no inter-segment revenue or cost of sales transactions during the current and prior year

### BUSINESS SEGMENTS

During December 2022 the Group commenced the wholesaling of diesel, illuminated paraffin and naphtha to commercial customers in South Africa through its wholly owned subsidiary Efora Holdings. This followed the award in May 2022 of a fuel wholesale licence to the Group.

### REVENUE

For the year ended 28 February 2023 the Group derived revenue from sales of petroleum products to commercial customers. These operations commenced in December 2022 following the changes within the Group highlighted above. The related revenue is included under the South Africa and Headoffice segments.

For the year ended 28 February 2022, the Group derived revenue from the following:

- sales of crude oil from the Lagia Oil Field to the Egyptian General Petroleum Corporation (“EGPC”) (up until 10 September 2021 – see note 30). This revenue was included under the Egypt segment.
- sales of petroleum products to a diversified customer base which included local government and mining, construction, transport, manufacturing, retail and agricultural customers (up until 10 April 2021 – see note 31). This revenue was included under the South Africa segment.

Inter-segment revenues when applicable are eliminated upon consolidation and are reflected in the “eliminations” column. The disaggregation of revenue is provided in note 6.

Zimbabwe R'000	Mauritius R'000	Head office R'000	Eliminations R'000	Consolidated R'000
–	–	–	–	38 049
–	–	–	–	38 049
–	–	–	–	(33 286)
–	–	–	–	4 763
84	–	37 664	(37 909)	106 866
–	–	–	–	106 530
84	–	37 664	(37 909)	336
–	–	–	–	145 226
–	–	14 274	32 413	8 401
–	–	14 274	(4 892)	8 401
–	–	–	37 305	–
–	–	10 000	(10 000)	–
–	–	(407)	–	(6 466)
(2)	–	(135)	–	(580)
–	–	(10 027)	795	(9 477)
–	–	(9 186)	–	(12 504)
–	–	–	–	(225)
(1 156)	(2)	(13 368)	7 106	(15 477)
–	–	7 579	–	9 207
–	–	(96)	–	(283)
916	–	–	–	916
(158)	(2)	36 298	(7 595)	230 367
–	–	1 353	254	1 607
–	–	89 816	–	89 816
–	–	(1 092)	85 632	(1 061)
–	–	(20 988)	–	(21 667)

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 6 REVENUE

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue from contracts with customers is disaggregated as follows:				
Sale of crude oil	–	764	–	–
Sale of petroleum products	7 991	37 285	746	–
<b>Total</b>	<b>7 991</b>	<b>38 049</b>	<b>746</b>	<b>–</b>

During the year ended 28 February 2023, R2.7 million (or 34%) of the Group's revenue depended on the sale of petroleum products by Efora Holdings to one customer (2022: no concentration risk) under the South Africa segment. The disaggregation of revenue by geographical segment is provided in note 5.

## 7 (INCREASE IN)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Note	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
(Increase in)/reversal of provision for impairment (ECLs)	35.1(b)	(6 834)	8 401	(19 020)	14 274
<b>Total</b>		<b>(6 834)</b>	<b>8 401</b>	<b>(19 020)</b>	<b>14 274</b>

## 8 PROFIT/(LOSS) FROM OPERATIONS

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit/(loss) from operations for the year is stated after accounting for the following income and (expense) items:					
<b>Other income comprises:</b>		<b>30 686</b>	106 866	<b>23 953</b>	37 664
Net foreign exchange gains		17 605	–	9 891	–
Derecognition of financial liability		13 013	–	13 013	–
Reclassification of exchange differences to profit or loss	30, 31	–	106 530	–	–
Profit on disposal of property, plant and equipment		–	106	–	106
Management fees	33	68	94	1 049	151
Recovery of SacOil 281 Nigeria Limited loan previously written off		–	–	–	37 305
Other		–	136	–	102

**8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)**

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Expenses comprise:</b>					
Reversal of impairment of investments in subsidiaries	21	–	–	–	10 000
Loss on disposal of Mena	30	–	(6 466)	–	(407)
Net foreign exchange losses		–	(9 477)	–	(10 026)
Loss on disposal of property, plant and equipment		(2)	–	(2)	–
Corporate costs <sup>1</sup>		(1 168)	(1 478)	(923)	(1 398)
External auditor's remuneration		(620)	(887)	(464)	(1 215)
Audit fees – current year		(1 049)	(1 216)	(893)	(1 215)
Audit fees – prior-year overprovision		429	329	429	–
Internal auditor's remuneration		–	(111)	–	(111)
Employee benefit expense	12	(11 062)	(12 504)	(11 062)	(9 186)
Consulting fees		(2 628)	(4 623)	(2 628)	(3 947)
Legal fees		(1 163)	(4 126)	(1 163)	(3 903)
Business development		(2 791)	(225)	(2 791)	(225)
Travel and accommodation		(175)	(103)	(175)	(93)
Repairs and maintenance		–	(45)	–	–
Subscriptions		(342)	(240)	(342)	(189)
Motor vehicle expense		–	(225)	–	–
Depreciation and amortisation		(566)	(580)	(566)	(135)
Property, plant and equipment	18	(62)	(499)	(62)	(54)
Right-of-use assets	19.1(a)	(484)	(81)	(484)	(81)
Intangible assets	20	(20)	–	(20)	–
Lease expenses					
Short-term leases		(170)	(626)	(170)	(294)

<sup>1</sup> Corporate costs comprise listing fees, company secretarial fees and investor relations and marketing costs

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 9 FINANCE INCOME

	Note	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest received on financial assets at amortised cost comprises:					
Interest received on cash and cash equivalents		3 319	652	3 265	580
Interest on loans and other receivables	17	–	8 555	–	6 999
<b>Total</b>		<b>3 319</b>	<b>9 207</b>	<b>3 265</b>	<b>7 579</b>

## 10 FINANCE COSTS

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest on borrowings at amortised cost	25	–	187	–	–
Interest on leasing arrangements	19.1(b)	119	23	119	23
Interest paid to financial institutions		1	1	1	1
Interest paid to the South African Revenue Service		–	72	–	72
<b>Total</b>		<b>120</b>	<b>283</b>	<b>120</b>	<b>96</b>

## 11 TAXATION

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Major components of the tax expense are detailed below:</b>				
<b>Current:</b>				
Current tax				
Current year	–	–	–	–
	–	–	–	–
<b>Deferred:</b>				
Relating to the origination and reversal of temporary differences <sup>1</sup>	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Reconciliation of the tax expense:</b>				
Reconciliation between applicable tax rate and average effective tax rate				
Applicable tax rate	<b>28.00</b>	28.00	<b>(28.00)</b>	28.00
Permanent differences:				
Imputed interest on financial assets	–	(1.09)	–	(5.38)
Impairments of non-financial assets	–	–	–	(7.63)
Business development expenses	<b>49.33</b>	0.47	<b>20.56</b>	2.87
Loans recovered – capital	–	–	–	(28.70)
Expenses paid on behalf of subsidiaries	–	–	<b>0.20</b>	0.34
Loss on disposal of Mena	–	0.82	–	0.31
Gain on loss of control of subsidiary	–	(17.18)	–	–
Reclassification of exchange differences to profit or loss	–	(13.54)	–	–
Derecognition of financial liability	<b>(64.99)</b>	–	<b>(27.24)</b>	–
Impairment of financial assets	<b>(476.68)</b>	(28.84)	<b>(199.82)</b>	(101.50)
Change in tax rate	<b>(78.81)</b>	–	<b>48.54</b>	–
Assessed losses	<b>543.15</b>	31.36	<b>185.76</b>	111.69
<b>Average effective tax rate</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

<sup>1</sup> The Group and Company are in a net deferred tax asset position. The Group and Company have therefore not recognised a deferred tax asset or deferred tax credit as there is uncertainty regarding the availability of future taxable profits

The Group's tax losses for which no deferred tax asset has been recognised amount to R437.2 million (2022: R389.7 million). These losses do not expire by the effluxion of time.

## 12 EMPLOYEE BENEFIT EXPENSE

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Salaries and wages	<b>10 720</b>	12 046	<b>10 720</b>	8 921
Pension costs – defined contribution plans	<b>342</b>	458	<b>342</b>	265
<b>Total</b>	<b>11 062</b>	12 504	<b>11 062</b>	9 186

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 13 SHARE-BASED PAYMENTS

The Group operates a share option scheme for Directors and employees of the Group. Options are granted at the discretion of the Board taking into account various factors that promote improved performance within the Group. Options are issued at the 15-day volume weighted average price per share on the JSE on the grant date. The options expire after 10 years from the grant date if they remain unexercised and are forfeited (except at the discretion of the Board) if the Director or employee leaves the Group. The Group has no legal or constructive obligation to repurchase or settle the share options in cash. Details of share options outstanding during the year are as follows:

	GROUP AND COMPANY					
	Weighted average exercise price		Number of share options		Share-based payment reserve (note 24)	
	2023 R	2022 R	2023 000's	2022 000's	2023 R'000	2022 R'000
At 1 March	2.70	2.64	2 545	3 028	10 493	10 493
Lapsed during the year	–	0.06	–	(483)	–	–
At 28 February	2.70	2.70	2 545	2 545	10 493	10 493
Exercisable at 28 February			2 545	2 545		

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price		Number of share options	
		2023 R	2022 R	2023 000's	2022 000's
10 October 2016	9 October 2026	2.70	2.70	2 545	2 545
				2 545	2 545

The fair value of the options issued was determined using the binomial option pricing model. The significant inputs into the model were the exercise price shown above, volatility of 65%, dividend yield of 0%, an expected option life of 10 years and spot price at the grant date. The risk-free interest rates were taken from the swap curve as at the valuation date.

Share options issued vested as follows:

- A third on the first anniversary of the grant date;
- A third on the second anniversary of the grant date; and
- A third on the third anniversary of the grant date.

There were no equity-settled transactions during the year under review (2022: Nil).

## 14 INVESTMENTS IN SUBSIDIARIES

A list of all the investments in subsidiaries, including the name, percentage interest, country of registration and principal place of business, is given below:

COMPANY Name of Company	Note	Country of registration	Principal place of business	% holding		Carrying amount	
				2023	2022	2023 R'000	2022 R'000
<b>Directly held:</b>							
Efora Proprietary Limited <sup>1</sup>		RSA	RSA	100	100	19 818	19 818
Pioneer Coal Proprietary Limited		RSA	RSA	100	100	318	318
Baltimore Manganese Mine Proprietary Limited		RSA	RSA	100	100	1	1
RDK Mining Proprietary Limited		RSA	RSA	100	100	24 591	24 591
Bushveld Pioneer Proprietary Limited <sup>2</sup>		RSA	RSA	–	100	–	1
SacOil Holdings Nigeria Limited		Nigeria	Nigeria	100	100	1	1
SacOil 281 Nigeria Limited		Nigeria	Nigeria	100	100	1	1
SacOil 233 Nigeria Limited		Nigeria	Nigeria	100	100	1	1
Efora Holdings Proprietary Limited		RSA	RSA	100	100	*	*
						44 731	44 732
Impairment						(44 731)	(44 732)
Balance at the beginning of the year						(44 732)	(171 490)
Reversal during the year						1	10 000
Derecognition on loss of control of subsidiary						–	116 758
Total						–	–
<b>Indirectly held:</b>							
SacOil DRC SARL		DRC	DRC	100	100		

<sup>1</sup> On 30 May 2022 SacOil Proprietary Limited changed its name to Efora Proprietary Limited

<sup>2</sup> On 29 June 2022 Efora disposed of its interest in Bushveld Pioneer Proprietary Limited ("Bushveld Pioneer") at cost (as shown in the table above) fulfilled in cash pursuant to the sale of shares agreement concluded with Mentotrix Proprietary Limited ("Mentotrix") in 2012. This sale was subject to the fulfillment of conditions precedent (which included the settlement by Mentotrix of the deferred consideration on the disposal of the Greenhills Plant (settled in 2021)) the last of which was fulfilled on 29 June 2022

\* Value less than R1 000

All entities within the Group are consolidated. There are no unconsolidated structured entities.

The Company lost control of its former subsidiary, Afric Oil, on 16 April 2021 as outlined in note 31.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 15 INVESTMENT IN JOINT VENTURE

GROUP AND COMPANY	Country of registration	Principal place of business	Nature of activities	Participating interest	
				2023 %	2022 %
SacOil Energy Equity Resources Limited ("SEER")	Seychelles	Nigeria	Crude oil trading	50	50

### CRUDE OIL TRADING, NIGERIA

Efora, jointly with Energy Equity Resources Trading Limited, through SEER, used to participate in crude oil trading in Nigeria. Efora's share of this arrangement was 50%. The crude oil trading licence granted to SEER by the Nigerian National Petroleum Corporation expired in May 2020. As such, there was no crude oil trading activity in the current or prior year. SEER is currently exploring other crude oil trading opportunities on the African continent. The interest in this joint venture is accounted for using the equity accounting method.

Summarised financial statement information (100%) of the joint venture, based on its IFRS financial statements, is set out below:

	2023 R'000	2022 R'000
<b>Summarised statement of comprehensive income</b>		
Other income	–	4 936
Other operating costs <sup>1</sup>	(690)	(985)
(Loss)/profit for the year	(690)	3 951
Group/Company's share of (loss)/profit for the year	(345)	1 976
<b>Summarised statement of financial position</b>		
Current assets <sup>2</sup>	214	14
Current liabilities	(14 270)	(11 142)
Equity	(14 056)	(11 128)
Portion of the Group/Company's ownership	(7 028)	(5 564)
<p>The Group policy on accounting for its interest in the joint venture provides that when the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. In this regard, the cumulative losses incurred by SEER up until 28 February 2023 have not been recognised in the Group's statements of comprehensive income and financial position. The cumulative SEER losses which the Group has not recognised total R20.3 million (2022: R20.0 million).</p>		
<b>Reconciliation of carrying amount</b>		
Balance at 1 March	–	–
Balance at 28 February	–	–

<sup>1</sup> SEER does not have depreciable assets and other operating costs primarily comprise audit fees, management fees, company secretarial fees and company administration costs

<sup>2</sup> Comprised of cash and cash equivalents

The joint venture had no contingent liabilities or capital commitments as at 28 February 2023 (2022: Rnil). SEER cannot distribute its profits until it obtains the consent of the two joint venture partners. SEER is domiciled in Seychelles and is tax exempt.

## 16 LOANS TO/(FROM) GROUP COMPANIES

	Note	COMPANY	
		2023 R'000	2022 R'000
<b>Loans to Group companies</b>			
<b>Non-current</b>			
SacOil DRC SARL <sup>1</sup>		54 967	45 960
RDK Mining Proprietary Limited <sup>1</sup>		37	31
Efora Holdings Proprietary Limited <sup>2</sup>		10 982	–
		65 986	45 991
Provision for impairment	35.1(b)	(58 177)	(45 991)
		7 809	–
<b>Non-current</b>			
Pioneer Coal Proprietary Limited <sup>2</sup>		(318)	(318)
		(318)	(318)
<b>Total</b>		<b>7 491</b>	<b>(318)</b>

<sup>1</sup> These loans are interest free, unsecured and have no fixed repayment terms. These loans are denominated in US dollars

<sup>2</sup> These loans are interest free, unsecured and have no fixed repayment terms. The loans are denominated in Rands

All loans with no fixed repayment dates are payable by subsidiaries on demand from the Company. The Company has the ability to demand repayment of the loans but does not intend to do so in the next 12 months. Pioneer Coal has confirmed that it will not demand repayment of the loan owed by the Company for a period of at least 12 months.

Note 35.1(b) includes disclosures relating to the credit risk exposures and analyses relating to the provision for impairment. The fair values of loans to/(from) Group companies are disclosed in note 34. The provision for impairment of loans to Group companies is based on lifetime ECLs.

Loans to/(from) Group companies are measured at amortised cost.

## 17 LOANS AND OTHER RECEIVABLES

	Note	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Current</b>					
Encha Refund <sup>1</sup>		–	72 991	–	72 991
Provision for impairment	35.1(b)	–	(32 991)	–	(32 991)
<b>Total</b>		<b>–</b>	<b>40 000</b>	<b>–</b>	<b>40 000</b>

<sup>1</sup> At 28 February 2022 the Encha Refund was classified as current due to the default by Encha in June 2021 on the repayment terms of the deferred payment plan. As a result of the default that occurred at the time, all amounts owed to the Group by Encha became immediately repayable. In April 2022 Efora concluded a settlement agreement with Encha pursuant to which Encha paid R40.0 million as full and final settlement of all amounts owed to Efora. This settlement amount was received by Efora in April 2022 in accordance with the provisions of the settlement agreement. Efora in total recovered R45.75 million from Encha of which R5.75 million was received in July and August 2020. This settlement brought to an end a protracted legal process, as previously reported, that commenced in 2016

Movements in significant loans and other receivable are as follows:

	GROUP AND COMPANY			
	As at 28 February 2022 R'000	Receipts R'000	Utilisation of provision R'000	As at 28 February 2023 R'000
<b>2023</b>				
<b>Encha</b>				
Gross carrying amount	72 991	(40 000)	(32 991)	–
Provision for impairment	(32 991)	–	32 991	–
<b>Total</b>	<b>40 000</b>	<b>(40 000)</b>	<b>–</b>	<b>–</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 17 LOANS AND OTHER RECEIVABLES (CONTINUED)

Movements in the significant loans and other receivable are as follows:

	GROUP						
	As at 28 February 2021 R'000	Interest <sup>1</sup> R'000	Foreign exchange loss R'000	Receipts R'000	Reversal of impairment provision (note 35.1(b)) R'000	Derecog- nition (note 31) R'000	As at 28 February 2022 R'000
<b>2022</b>							
<b>Gross carrying amount</b>	144 896	8 555	(704)	(74 611)	–	(5 145)	72 991
Transcorp Refund	72 204	3 111	(704)	(74 611)	–	–	–
Encha Refund	67 547	5 444	–	–	–	–	72 991
Supplier development loans	4 318	–	–	–	–	(4 318)	–
Phembani Group Proprietary Limited	827	–	–	–	–	(827)	–
<b>Provision for impairment</b>	(56 838)	–	–	–	18 702	5 145	(32 991)
Transcorp Refund	(1 033)	–	–	–	1 033	–	–
Encha Refund	(50 660)	–	–	–	17 669	–	(32 991)
Supplier development loans	(4 318)	–	–	–	–	4 318	–
Phembani Group Proprietary Limited	(827)	–	–	–	–	827	–
<b>Total</b>	<b>88 058</b>	<b>8 555</b>	<b>(704)</b>	<b>(74 611)</b>	<b>18 702</b>	<b>–</b>	<b>40 000</b>

<sup>1</sup> Unwinding of discount applied on the initial measurement of financial assets

	COMPANY						
	As at 28 February 2021 R'000	Interest <sup>1</sup> R'000	Foreign exchange loss R'000	Receipts R'000	Reversal of impairment provision (note 35.1(b)) R'000	As at 28 February 2022 R'000	
<b>2022</b>							
<b>Gross carrying amount</b>	103 647	6 999	(350)	(37 305)	–	72 991	
Transcorp Refund	36 100	1 555	(350)	(37 305)	–	–	
Encha Refund	67 547	5 444	–	–	–	72 991	
<b>Provision for impairment</b>	(51 175)	–	–	–	18 184	(32 991)	
Transcorp Refund	(515)	–	–	–	515	–	
Encha Refund	(50 660)	–	–	–	17 669	(32 991)	
<b>Total</b>	<b>52 472</b>	<b>6 999</b>	<b>(350)</b>	<b>(37 305)</b>	<b>18 184</b>	<b>40 000</b>	

<sup>1</sup> Unwinding of discount applied on the initial measurement of financial assets

Interest on loans and other receivables recognised in finance income in the prior year comprises:

	GROUP 2022 R'000	COMPANY 2022 R'000
Encha Refund	5 444	5 444
Transcorp Refund	3 111	1 555
<b>Total</b>	<b>9</b>	<b>6 999</b>

Note 35.1(b) includes disclosures relating to the credit risk exposures, risk management policies and analysis relating to the provision for impairment. The fair values of prior year loans and other receivables are disclosed in note 34. The provision for impairment of loans and other receivables is based on lifetime ECLs. Loans and other receivables are measured at amortised cost.

**18 PROPERTY, PLANT AND EQUIPMENT**

	GROUP						
	Land and buildings R'000	Signage and leasehold improvements R'000	Plant and equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
<b>Cost</b>							
At 1 March 2021	21 716	523	11 315	11 155	26 675	1 529	72 913
Additions	–	–	–	–	–	147	147
Derecognition on loss of control of subsidiary (note 31)	(21 716)	(523)	(11 315)	(10 445)	(26 246)	(655)	(70 900)
Disposals	–	–	–	–	(429)	(25)	(454)
At 28 February 2022	–	–	–	710	–	996	1 706
At 1 March 2022	–	–	–	710	–	996	1 706
Disposals	–	–	–	–	–	(47)	(47)
At 28 February 2023	–	–	–	710	–	949	1 659
<b>Accumulated depreciation</b>							
At 1 March 2021	(8 529)	(523)	(9 568)	(2 465)	(15 985)	(1 313)	(38 383)
Derecognition on loss of control of subsidiary (note 31)	8 618	523	9 688	1 830	15 768	450	36 877
Disposals	–	–	–	–	429	25	454
Depreciation	(89)	–	(120)	(62)	(212)	(16)	(499)
At 28 February 2022	–	–	–	(697)	–	(854)	(1 551)
At 1 March 2022	–	–	–	(697)	–	(854)	(1 551)
Disposals	–	–	–	–	–	18	18
Depreciation	–	–	–	(13)	–	(49)	(62)
At 28 February 2023	–	–	–	(710)	–	(885)	(1 595)
<b>Net book value</b>							
At 28 February 2021	13 187	–	1 747	8 690	10 690	216	34 530
At 28 February 2022	–	–	–	13	–	142	155
At 28 February 2023	–	–	–	–	–	64	64

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	COMPANY			
	Furniture and fittings R'000	Motor vehicles R'000	Computer equipment R'000	Total R'000
<b>Cost</b>				
At 1 March 2021	710	429	874	2 013
Disposals	–	(429)	(25)	(454)
Additions	–	–	147	147
At 28 February 2022	710	–	996	1 706
At 1 March 2022	<b>710</b>	–	<b>996</b>	<b>1 706</b>
Disposals	–	–	(47)	(47)
At 28 February 2023	<b>710</b>	–	<b>949</b>	<b>1 659</b>
<b>Accumulated depreciation</b>				
At 1 March 2021	(648)	(429)	(874)	(1 951)
Depreciation	(49)	–	(5)	(54)
Disposal	–	429	25	454
At 28 February 2022	(697)	–	(854)	(1 551)
At 1 March 2022	<b>(697)</b>	–	<b>(854)</b>	<b>(1 551)</b>
Depreciation	<b>(13)</b>	–	<b>(49)</b>	<b>(62)</b>
Disposal	–	–	<b>18</b>	<b>18</b>
At 28 February 2023	<b>(710)</b>	–	<b>(885)</b>	<b>(1 595)</b>
<b>Net book value</b>				
At 28 February 2021	62	–	–	62
At 28 February 2022	13	–	142	155
At 28 February 2023	–	–	<b>64</b>	<b>64</b>

There is no material change in the useful lives of the assets above, based on the assessment done at 28 February 2023. Fully depreciated property, plant and equipment that is still in use amounts to R1.5 million and is mainly comprised of computer equipment. The estimated useful lives of the Group's assets are indicated in note 2.6.

**19 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES****19.1(a) RIGHT-OF-USE ASSET**

	GROUP		
	Building R'000	Motor vehicles R'000	Total R'000
<b>Cost</b>			
At 1 March 2021	–	3 772	3 772
Derecognition on loss of control of subsidiary (note 31)	–	(3 772)	(3 772)
Additions	1 533	–	1 533
At 28 February 2022	1 533	–	1 533
At 28 February 2023	<b>1 533</b>	<b>–</b>	<b>1 533</b>
<b>Accumulated depreciation</b>			
At 1 March 2021	–	(3 772)	(3 772)
Depreciation	(81)	–	(81)
Derecognition on loss of control of subsidiary (note 31)	–	3 772	3 772
At 28 February 2022	(81)	–	(81)
At 1 March 2022	<b>(81)</b>	<b>–</b>	<b>(81)</b>
Depreciation	<b>(484)</b>	<b>–</b>	<b>(484)</b>
At 28 February 2023	<b>(565)</b>	<b>–</b>	<b>(565)</b>
<b>Net book value</b>			
At 28 February 2021	–	–	–
At 28 February 2022	1 452	–	1 452
At 28 February 2023	<b>968</b>	<b>–</b>	<b>968</b>

	COMPANY	
	Building R'000	Total R'000
<b>Cost</b>		
At 1 March 2021	–	–
Additions	1533	1533
At 28 February 2022	1533	1533
At 28 February 2023	<b>1 533</b>	<b>1 533</b>
<b>Accumulated depreciation</b>		
At 1 March 2021	–	–
Depreciation	(81)	(81)
At 28 February 2022	(81)	(81)
At 1 March 2022	<b>(81)</b>	<b>(81)</b>
Depreciation	<b>(484)</b>	<b>(484)</b>
At 28 February 2023	<b>(565)</b>	<b>(565)</b>
<b>Net book value</b>		
At 28 February 2021	–	–
At 28 February 2022	1 452	1 452
At 28 February 2023	<b>968</b>	<b>968</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 19 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES (CONTINUED)

### 19.1(b) LEASE LIABILITIES

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Non-current</b>				
Lease liabilities	574	1 061	574	1 061
<b>Current</b>				
Lease liabilities	486	408	486	408
<b>Total</b>	<b>1 060</b>	<b>1 469</b>	<b>1 060</b>	<b>1 469</b>

Movements in lease liabilities were as follows:

	GROUP AND COMPANY					
	At 1 March 2022 R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Additions R'000	At 28 February 2023 R'000
<b>2023</b>						
Lease liabilities	1 469	119	(119)	(409)	–	1 060
	At 1 March 2021 R'000	Interest R'000	Repayments – interest R'000	Repayments – capital R'000	Additions R'000	At 28 February 2022 R'000
<b>2022</b>						
Lease liabilities	–	23	(23)	(64)	1 533	1 469

Efora rents a head office building from its landlord under a three-year lease. The lease commenced on 1 January 2022 and will terminate on 28 February 2025. With the exception of short-term leases and leases of low-value underlying assets, the lease was reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group recognises depreciation and finance costs, instead of operating lease expenses in line with the requirements of IFRS 16.

The undiscounted maturity analysis of lease liabilities is as follows:

	GROUP AND COMPANY		
	Within 1 year R'000	2 – 3 years R'000	Total R'000
<b>2023</b>			
Lease payments	564	603	1 167
Finance charges	(78)	(29)	(107)
<b>Net present value</b>	<b>486</b>	<b>574</b>	<b>1 060</b>
<b>2022</b>			
Lease payments	527	1 168	1 695
Finance charges	(119)	(107)	(226)
<b>Net present value</b>	<b>408</b>	<b>1 061</b>	<b>1 469</b>

**20 INTANGIBLE ASSETS**

	<b>GROUP</b>
	<b>Computer software R'000</b>
<b>Cost</b>	
At 28 February 2021	–
At 28 February 2022	–
At 1 March 2022	–
Additions	119
At 28 February 2023	119
<b>Accumulated depreciation</b>	
At 28 February 2021	–
At 28 February 2022	–
At 1 March 2022	–
Depreciation	(20)
At 28 February 2023	(20)
<b>Net book value</b>	
At 28 February 2021	–
At 28 February 2022	–
At 28 February 2023	99
	<b>COMPANY</b>
	<b>Computer software R'000</b>
<b>Cost</b>	
At 28 February 2021	96
At 28 February 2022	96
At 1 March 2022	96
Write-off <sup>1</sup>	(96)
Additions	119
At 28 February 2023	119
<b>Accumulated depreciation</b>	
At 28 February 2021	(96)
At 28 February 2022	(96)
At 1 March 2022	(96)
Amortisation	(20)
Write-off <sup>1</sup>	96
At 28 February 2023	(20)
<b>Net book value</b>	
At 28 February 2021	–
At 28 February 2022	–
At 28 February 2023	99

<sup>1</sup> Due to obsolescence of computer software

The Group's intangible assets were not pledged as security for liabilities.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 21 DISPOSAL OF FINANCIAL ASSETS

As previously reported in the annual financial statements for the year ended 28 February 2022, on 16 April 2021 Efora lost control of Afric Oil, a former material subsidiary, without a change in ownership following the institution of business rescue proceedings at the entity. The loss of control marked the end of the parent-subsidiary relationship and the start of a new investor-investee relationship. As such, following this development, Efora accounted for the investment retained in Afric Oil as a financial asset at fair value. The loan previously advanced by Efora to Afric Oil during 2017 which remained unsettled at the time of the loss of control continued to be accounted for as a financial asset at amortised cost.

At 28 February 2022 the loan due from Afric Oil amounted to R129.2 million and was fully impaired and Efora's investment in Afric Oil was valued at R10.0 million underpinned by the offer received from Royale Energy Proprietary Limited ("Royale") pursuant to the implementation of the business rescue plan at Afric Oil. On 1 March 2022 the Company through its wholly owned subsidiary, Efora Holdings, finalised the sale agreement under the terms of which the Company disposed its 71.13% indirect interest in Afric Oil to Royale for a disposal consideration of R10.0 million. The disposal was classified as a Category 2 transaction in terms of the JSE Listings Requirements and shareholders are referred to the announcement issued on the Stock Exchange News Service on 8 February 2022 which is also available on the Company's website [www.eforaenergy.com](http://www.eforaenergy.com). Following the disposal of Afric Oil, the Company also wrote off the loan due from Afric Oil as the amount could not be recovered due to the financial difficulty experienced by Afric Oil.

Movements relating to financial assets are outlined below:

	At 28 February 2022 R'000	Utilisation of provision for impairment R'000	At 28 February 2023 R'000
<b>2023</b>			
<b>Financial asset at amortised cost</b>			
Loan due from Afric Oil			
Gross carrying amount	129 155	(129 155)	–
Provision for impairment	(129 155)	129 155	–
Total	–	–	–
	At 28 February 2022 R'000	Proceeds received R'000	At 28 February 2023 R'000
<b>2023</b>			
<b>Financial asset at FVTPL</b>			
Investment in Afric Oil	10 000	(10 000)	–
Total	10 000	(10 000)	–
	At 16 April 2021 R'000	Loan advanced R'000	At 28 February 2022 R'000
<b>2022</b>			
<b>Financial asset at amortised cost</b>			
Loan due from Afric Oil			
Gross carrying amount	120 350	8 805	129 155
Provision for impairment	(120 350)	(8 805)	(129 155)
Total	–	–	–
	At 16 April 2021 R'000	At 28 February 2022 R'000	
<b>2022</b>			
<b>Financial asset at FVTPL</b>			
Investment in Afric Oil	10 000	10 000	
Total	10 000	10 000	

The provision for impairment attributable to the financial asset at amortised cost was based on lifetime ECLs.

## 22 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade receivables	1 681	–	–	–
Prepayments	5 578	–	465	–
Other receivables	682	1 045	682	1 045
Value-added tax	1 583	982	1 640	982
<b>Total</b>	<b>9 524</b>	<b>2 027</b>	<b>2 787</b>	<b>2 027</b>

Trade receivables are non-interest bearing (except in the event of default) and were generally on 7 or 14 days terms. The carrying values of all trade and other receivables approximate their fair values (note 34). There is no provision for impairment of trade and other receivables as there are no ECLs due to the profile of the trade receivables which are all current. Trade and other receivables are measured at amortised cost. Current and prior year trade and other receivables are denominated in South African Rands.

## 23 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash and cash equivalents consist of:				
Cash at banks and on hand	54 102	37 764	50 362	37 764
Short-term deposits	27	25	27	25
<b>Cash and cash equivalents</b>	<b>54 129</b>	<b>37 789</b>	<b>50 389</b>	<b>37 789</b>

Cash at banks earns interest at floating rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

All of the Group's current and prior year cash and cash equivalents are denominated in Rands. At 28 February 2023 the Group and Company had no undrawn committed borrowing facilities. Note 35.1(b) includes disclosures relating to the credit risk exposures and risk management policies relating to cash and cash equivalents. The Group's cash and cash equivalents are not considered to be impaired.

Cash and cash equivalents are measured at amortised cost. The carrying values of cash and cash equivalents approximate their fair values (note 34).

The Group and Company bank with financial institutions with baa1 and ba2 Moody's standalone credit ratings.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 24 STATED CAPITAL AND RESERVES

		GROUP AND COMPANY	
		2023	2022
<b>Stated capital</b>			
<i>Authorised:</i>			
Number of ordinary shares with no par value	(000's)	5 000 000	5 000 000
<i>Allotted share capital:</i>			
At 1 March	(R'000)	1 668 354	1 668 354
As at 28 February	(R'000)	1 668 354	1 668 354
<i>Reconciliation of number of shares issued:</i>			
At 1 March	(000's)	1 103 836	1 103 836
As at 28 February	(000's)	1 103 836	1 103 836

No shares were issued during the year (2022: Nil). All issued shares are fully paid.

		GROUP		
		Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
<b>Reserves</b>				
At 1 March 2021		10 493	127 016	137 509
Arising during the year		–	(98 697)	(98 697)
Foreign exchange gains arising on translation of foreign operations		–	7 833	7 833
Reclassification of exchange differences to profit or loss <sup>1</sup>		–	(106 530)	(106 530)
As at 28 February 2022		10 493	28 319	38 812
At 1 March 2022		10 493	28 319	38 812
Foreign exchange losses arising on translation of foreign operations		–	(16 836)	(16 836)
As at 28 February 2023		10 493	11 483	21 976

<sup>1</sup> This reclassification arose on the disposal of Mena (note 30) and the loss of control of Afric Oil (note 31)

		COMPANY		
		Share-based payment reserve R'000	Foreign currency translation reserve R'000	Total R'000
At 1 March 2021		10 493	86	10 579
As at 28 February 2022		10 493	86	10 579
As at 28 February 2023		10 493	86	10 579

The foreign currency translation reserve is used to recognise foreign exchange differences arising on the translation of the Group's foreign subsidiaries and joint venture with currencies other than the presentation currency.

The share-based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. These transactions are disclosed in note 13.

## 25 BORROWINGS

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>Current</b>				
Loan due to Energy Equity Resources Norway Limited ("EERNL") <sup>1</sup>	1 167	884	1 167	884

<sup>1</sup> The loan due to EERNL is attributable to costs incurred on the Group's behalf pertaining to the operations of SEER. The loan is interest free, unsecured and has no fixed repayment terms. This loan is denominated in US dollars

Movements in borrowings were as follows:

	GROUP AND COMPANY			
	At 1 March 2022 R'000	Exchange differences R'000	Advances <sup>1</sup> R'000	At 28 February 2023 R'000
<b>2023</b>				
EERNL	884	177	106	1 167

	GROUP					
	At 1 March 2021 R'000	Interest R'000	Exchange differences R'000	Derecognition (note 31) R'000	Advances <sup>1</sup> R'000	At 28 February 2022 R'000
<b>2022</b>						
Unemployment Insurance Fund ("UIF")	196 145	187	–	(196 332)	–	–
EERNL	776	–	18	–	90	884
<b>Total</b>	196 921	187	18	(196 332)	90	884

	COMPANY			
	At 1 March 2021 R'000	Exchange differences R'000	Advances <sup>1</sup> R'000	At 28 February 2022 R'000
<b>2022</b>				
EERNL	776	18	90	884

<sup>1</sup> Non-cash advances attributable to costs paid by EERNL on behalf of the Group with regards to the SEER operations

Borrowings are measured at amortised cost. The carrying values of borrowings approximate their fair values (see note 34).

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 26 LOAN FROM JOINT VENTURE

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
SacOil Energy Equity Resources Limited ("SEER")	–	7 623	–	7 623

Movements in the loan from joint venture were as follows:

	GROUP							
	1 March 2022 R'000	Manage- ment fees accrual R'000	Unrealised exchange differences R'000	Costs accrued on behalf of joint venture R'000	Costs paid by Efora R'000	Derecog- nition of financial liability R'000	Provision for impairment R'000	28 February 2023 R'000
<b>2023</b>								
Loan due to SEER	13 013	–	–	–	–	(13 013)	–	–
Loan due from SEER	(5 390)	(68)	(1 101)	(106)	(169)	–	6 834	–
Net amount due from SEER	7 623	(68)	(1 101)	(106)	(169)	(13 013)	6 834	–

	GROUP							
	1 March 2021 R'000	Manage- ment fees accrual R'000	Unrealised exchange differences R'000	Costs accrued on behalf of joint venture R'000	Costs paid by Efora R'000	Payment R'000	28 February 2022 R'000	
<b>2022</b>								
Loan due to SEER	17 051	–	175	–	–	(4 213)	13 013	
Loan due from SEER	(4 788)	(94)	(135)	(90)	(283)	–	(5 390)	
Net amount due to SEER	12 263	(94)	40	(90)	(283)	(4 213)	7 623	

Efora has the legal right to offset amounts due from SEER against the loan payable to SEER.

### Loan due to SEER

This loan was unsecured, interest free and had no fixed terms of repayment. The loan from joint venture was measured at amortised cost. The carrying value of the loan approximated its fair value (note 34). The loan was denominated in US dollars.

The loan was classified as short term as SEER had the right to call on the loan at any point in time once sufficient notice (less than three months) has been given. The loan was derecognised on 1 March 2022 following a resolution by SEER to write off all amounts owed to it by Efora.

### Loan due from SEER

This loan is unsecured, interest free and has no fixed terms of repayment. The loan due from SEER is measured at amortised cost. The carrying value of the loan approximates its fair value (note 34). The loan is denominated in US dollars.

The loan is fully impaired as SEER has not been operational and has incurred operating losses for the past three years.

## 27 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade payables	711	792	35	753
Accruals	4 000	4 051	3 475	3 411
Other payables	380	182	380	182
<b>Total</b>	<b>5 091</b>	<b>5 025</b>	<b>3 890</b>	<b>4 346</b>
The carrying values of trade and other payables approximate their fair values (see note 34).				
The carrying values of the Group's trade and other payables are denominated in the following currencies:				
US dollar	1 189	679	–	–
South African Rand	3 902	4 346	3 890	4 346
<b>Total</b>	<b>5 091</b>	<b>5 025</b>	<b>3 890</b>	<b>4 346</b>

Trade payables are non-interest bearing and are generally on 30-day terms and are measured at amortised cost.

## 28 EARNINGS PER SHARE

		GROUP	
		2023	2022
Basic and diluted	cents	0.51	20.87
Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator. No adjustments to the reported profit were necessary in 2023 and 2022.			
Profit attributable to equity holders of the Company for the year	R'000	5 607	230 319
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	000's	1 103 836	1 103 836
Issued shares at the beginning and end of the year	000's	1 103 836	1 103 836
Add: Dilutive share options		–	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	000's	1 103 836	1 103 836
<b>Headline earnings/(loss) per share</b>			
Basic and diluted	cents	0.51	(1.53)
	Notes	2023 R'000	2022 R'000
<b>Reconciliation of headline earnings/(loss)</b>			
Profit attributable to equity holders of the Company		5 607	230 319
Adjusted for:			
Loss/(profit) on disposal of property, plant and equipment	8	2	(106)
Loss on disposal of Mena	30	–	6 466
Gain on loss of control of subsidiary	31	–	(145 226)
Reclassification of exchange differences to profit or loss	30, 31	–	(106 530)
Tax effects of adjustments		*	(1 781)
<b>Headline earnings/(loss)</b>		<b>5 609</b>	<b>(16 858)</b>

\* Amount less than R1 000

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 29 CASH (USED IN)/GENERATED FROM OPERATIONS

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit/(loss) before taxation		5 607	230 367	(13 375)	36 399
<b>Adjustments for:</b>					
Depreciation and amortisation	8	566	580	566	135
(Reversal of)/increase in provision for impairment (ECLs)	35.1(b)	6 834	(8 401)	19 020	(14 274)
Reversal of impairment of investments in subsidiaries	14	–	–	–	(10 000)
Finance income	9	(3 319)	(9 207)	(3 265)	(7 579)
Net monetary gain	32	–	(916)	–	–
Finance costs	10	120	283	120	96
Management fees	8	(68)	(94)	(1 049)	(151)
Loss/(profit) on disposal of property, plant and equipment	8	2	(106)	2	(106)
Net foreign exchange (gains)/losses	8	(17 605)	9 787	(9 891)	10 026
Derecognition of financial liability	8	(13 013)	–	(13 013)	–
Loss on disposal of Mena	30	–	6 466	–	407
Reclassification of exchange differences to profit or loss	30, 31	–	(106 530)	–	–
Gain on loss of control of subsidiary	31	–	(145 226)	–	–
Provision for leave pay		309	104	309	104
Reversal of VAT and other accruals		(1 925)	–	(1 925)	–
<b>Changes in working capital:</b>					
Increase in trade and other receivables		(7 060)	(1 913)	(323)	(1 397)
Decrease in trade and other payables		(6 637)	(1 812)	(7 004)	(130)
Working capital changes attributable to assets held for sale		–	1 036	–	–
<b>Total</b>		<b>(36 189)</b>	<b>(25 582)</b>	<b>(29 828)</b>	<b>13 530</b>



### 30 DISPOSAL OF MENA

On 29 June 2020 the Efora Board of Directors made a decision to dispose of the Company's 100% shareholding in Mena. Mena owned the development lease over the Lagia Oil Field which is located in the Sinai Peninsula, Egypt, directly adjacent to the Gulf of Suez. The decision to dispose of Mena was brought about by the inability of the Company to further develop the Lagia Oil Field in order to increase oil output due to funding constraints. In addition, the heavy oil reserves at the field continued to pose operational challenges. Efora sold its 100% shareholding in Mena to Enerjya, a private company incorporated in the United Arab Emirates, with no relation to Efora for US\$350 000 (R5.1 million). The sale was perfected on 10 September 2021. Mena's results, assets and liabilities were reported by the Group under the Egypt segment.

	GROUP	COMPANY
	10 September 2021 R'000	10 September 2021 R'000
<b>Derecognition of assets and liabilities attributable to Mena previously classified as held for sale:</b>		
Oil and gas properties	(3 981)	–
Petroleum reserves intangible asset	(974)	–
Loan to Group company	–	–
Loan to Mena	–	(162 651)
Provision for impairment	–	162 651
Investment in subsidiary	–	(4 540)
Investment in Mena	–	(151 727)
Impairment	–	147 187
Inventories	(4 410)	–
Trade and other receivables	(1 378)	–
Cash and cash equivalents	(2 186)	–
Trade and other payables	2 330	–
<b>Total identifiable net assets derecognised</b>	<b>(10 599)</b>	<b>(4 540)</b>
Consideration at fair value – cash received (US\$285 000)	4 133	4 133
Proceeds on disposal of Mena (US\$350 000)	5 076	5 076
Settlement of liabilities in Mena (US\$65 000)	(943)	(943)
<b>Loss on disposal of Mena</b>	<b>(6 466)</b>	<b>(407)</b>
The net cash inflow on disposal of Mena is as follows:		
Cash received	4 133	4 133
Net cash disposed of	(2 186)	–
<b>Net cash inflow per cash flow statement</b>	<b>1 947</b>	<b>4 133</b>
<b>Exchange gains previously recognised in other comprehensive income</b>		
Cumulative foreign exchange gains totalling R88.1 million previously recognised in the foreign currency translation reserve were reclassified to profit or loss within other income.		
		GROUP
		R'000
Foreign exchange differences as at 28 February 2021 (included in the foreign currency translation reserve)		(78 267)
Foreign exchange differences arising during the year prior to disposal (included in other comprehensive income)		(9 848)
<b>Cumulative foreign exchange differences reclassified to profit or loss</b>		<b>(88 115)</b>

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 31 LOSS OF CONTROL OF AFRIC OIL

On 16 April 2021 Afric Oil was placed under business rescue on which date the Company lost control of the subsidiary. The loss of control arose when Afric Oil became subject to control by the business rescue practitioners although there was no change in the absolute or relative ownership interest. As such on 16 April 2021, the Group derecognised all assets, liabilities and the non-controlling interest attributable to Afric Oil as outlined below, and recognised a gain on loss of control of Afric Oil amounting to R145.2 million.

		<b>GROUP</b>
	Notes	16 April 2021 R'000
Property, plant and equipment	18	(34 023)
Loans and other receivables		–
Loans and other receivables, gross	17	(5 145)
Provision for impairment	17	5 145
Inventories		(2 777)
Trade and other receivables		(38 429)
Trade and other receivables, gross		(84 672)
Provision for impairment		46 243
Cash and cash equivalents		(8 737)
Borrowings	25	196 332
Trade and other payables		86 926
<b>Total identifiable net liabilities derecognised</b>		<b>199 292</b>
Non-controlling interest derecognised		(64 066)
Fair value of remaining investment in Afric Oil	21	10 000
Investment in Afric Oil		126 758
Provision for impairment		(116 758)
Financial asset		–
Loan due from Afric Oil	21	120 350
Provision for impairment	21	(120 350)
<b>Gain on loss of control of Afric Oil</b>		<b>145 226</b>
The net cash outflow on loss of control of Afric Oil is as follows:		
Net cash derecognised		(8 737)
<b>Net cash outflow per cash flow statement</b>		<b>(8 737)</b>

### Exchange gains previously recognised in other comprehensive income

Cumulative foreign exchange gains totalling R18.4 million previously recognised in the foreign currency translation reserve with respect to Afric Oil's foreign subsidiaries were reclassified to profit or loss within other income.

	<b>GROUP</b>
	2022 R'000
Foreign exchange differences (included in the foreign currency translation reserve)	(18 415)
<b>Cumulative foreign exchange differences reclassified to profit or loss</b>	<b>(18 415)</b>

The exchange differences above did not attract taxation on initial recognition or on transfer to profit or loss. Afric Oil was disposed of on 1 March 2022 as outlined in note 21.



### 32 HYPERINFLATION ACCOUNTING

In the prior year the Company had an indirectly held subsidiary which was incorporated in Zimbabwe, namely Afric Oil Petroleum Private Limited (“AOP”). Prior to the loss of control of Afric Oil and its subsidiaries on 16 April 2021 as outlined in note 31, on 11 October 2019 the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 – Financial Reporting in Hyperinflationary Economies (“IAS 29”), applicable to entities operating in Zimbabwe.

The general price index, as published by the Reserve Bank of Zimbabwe, was used to adjust the historical cost local currency results, net liabilities and cash flows of AOP. The adjustment factors used to restate the financial statements of AOP at 16 April 2021 using 28 February 2021 as a base year were as follows:

	Indices	Adjusting factors
16 April 2021	2 781.70	1.00
28 February 2021	2 698.89	1.03

#### Exchange rate applied in translating the results, net liabilities and cash flows of the Group’s operations in Zimbabwe

The results, net liabilities and cash flows of AOP were translated into the Group’s presentation currency at the closing rate in accordance with the hyperinflation accounting provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates (“IAS 21”) and consolidated in the Group results at this rate. The closing rate in this regard was the official exchange rate of ZWL\$1:ZAR0.16795 as at 16 April 2021.

16 April 2021  
Determined using  
the official rate  
ZWL\$1:ZAR0.16795  
R’000

#### Summarised statement of financial position

Current assets	13
Total assets	15 592
Current liabilities	(103 777)
Total liabilities	(145 259)

#### Summarised statement of comprehensive income

Other income	84
Other operating costs	(1 156)
Net monetary gain	916
Loss for the year	(156)

AOP is included under the Zimbabwe segment.

### 33 RELATED PARTIES

Related parties of the Group include entities detailed in notes 14 and 15, key management and non-executive directors. Key management include executive directors, members of the Executive Committee and other senior employees.

The following transactions were carried out with related parties:

	GROUP		COMPANY	
	2023 R’000	2022 R’000	2023 R’000	2022 R’000
<b>(a) Transactions with Group companies</b>				
Management fees	68	94	1 049	151
Mena	–	–	–	48
SEER	68	94	68	94
SacOil DRC	–	–	–	9
Efora Holdings	–	–	981	–
Total	68	94	1 049	151

Management fees consist of payroll costs incurred in running the financial or operating activities of the subsidiaries and joint venture plus a mark-up of 10%.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 33 RELATED PARTIES (CONTINUED)

		GROUP AND COMPANY	
		2023 R'000	2022 R'000
<b>(b)</b>	<b>Key management compensation</b>		
	<b>Non-executive directors</b>		
	Boas Seruwe <sup>1</sup>	–	129
	Vuyo Ngonyama	1 104	801
	Patrick Mngconkola	801	726
	Zanele Radebe	617	545
	Malande Tonjeni	672	533
	<b>Total</b>	<b>3 194</b>	<b>2 734</b>

	Salary R'000	Other benefits R'000	Bonus R'000	Total R'000
<b>Executive directors</b>				
<b>2023</b>				
Darrin Arendse <sup>2</sup>	1 964	628	207	2 799
Thabang Monametsi <sup>3</sup>	1 664	679	172	2 515
<b>Total</b>	<b>3 628</b>	<b>1 307</b>	<b>379</b>	<b>5 314</b>
<b>2022</b>				
Darrin Arendse <sup>2</sup>	1 578	464	–	2 042
Thabang Monametsi <sup>3</sup>	802	219	–	1 021
Damain Matroos <sup>4</sup>	630	418	–	1 048
<b>Total</b>	<b>3 010</b>	<b>1 101</b>	<b>–</b>	<b>4 111</b>
<b>Other key management</b>				
<b>2023</b>				
Short-term employee benefits	655	28	113	796
<b>2022</b>				
Short-term employee benefits	316	–	–	316

<sup>1</sup> Resigned on 16 April 2021

<sup>2</sup> Appointed as Interim CEO on 5 May 2021

<sup>3</sup> Resigned on 28 February 2023

<sup>4</sup> Resigned on 5 February 2021 and left the Group on 4 May 2021

**33 RELATED PARTIES (CONTINUED)**

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>(c) Year-end balances</b>					
Loans to Group companies	16	–	–	7 809	–
Loan from Group company	16	–	–	(318)	(318)
Loan from joint venture	26	–	7 623	–	7 623

**(d) Share options**

Name of holder	Grant date	Share price at grant date R	As at 28 February 2022 and 28 February 2023 000's	Exercise price after share consolidation R	Vesting date	Expiry date
Brian Christie <sup>1</sup>	10 Oct 2016	0.18	927	2.70	10 Oct 2016	9 Oct 2026
	10 Oct 2016	0.18	463	2.70	10 Oct 2017	9 Oct 2026
	10 Oct 2016	0.18	463	2.70	10 Oct 2018	9 Oct 2026
Gontse Moseneke <sup>1</sup>	10 Oct 2016	0.18	346	2.70	10 Oct 2016	9 Oct 2026
	10 Oct 2016	0.18	173	2.70	10 Oct 2017	9 Oct 2026
	10 Oct 2016	0.18	173	2.70	10 Oct 2018	9 Oct 2026
<b>Total</b>			<b>2 545</b>			

<sup>1</sup> Past directors who were permitted to retain their share options under the provisions of the scheme

**(e) Directors' shareholding in the Company**

None of the directors owned shares in the Company in the current or prior year. There were no changes between the end of the financial year and the date of approval of the financial statements.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 34 FAIR VALUE MEASUREMENT

The fair values of the Group and Company's cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and the loan from the joint venture (and prior to derecognition, loans and other receivables and the financial assets at amortised cost and FVTPL) approximate carrying values due to the short-term maturities of these instruments (in the current and prior year).

Set out below is a comparison, by class, of the carrying amount and fair value of the Company's loans to Group companies (the only financial instrument for which the carrying amount does not approximate its fair value):

	Note	Carrying value		Fair value	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
<b>COMPANY</b>					
Loans to Group companies <sup>1</sup>	16	7 809	–	5 957	–

<sup>1</sup> In terms of Efora's accounting policies these financial instruments are carried at amortised cost and not at fair value, given that Efora intends to collect the contractual cash flows from these instruments when they fall due over the life of the instrument.

### VALUATION TECHNIQUES AND ASSUMPTIONS APPLIED TO MEASURE FAIR VALUES

When the fair values of financial assets disclosed above cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the disclosed fair value of financial instruments. The fair value of the loans to Group companies was determined as outlined below. In the current year and prior year the carrying values of all other financial assets and liabilities approximate fair values due to their short-term maturities as mentioned above and no valuation techniques were applied.

	Fair value at 28 February 2023 R'000	Valuation technique	Significant inputs
<b>COMPANY</b>			
Loans to Group companies	5 957	DCF model	Weighted average cost of capital

The following table presents the Group's instruments for which the fair value is disclosed above. The different levels have been defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>2023</b>				
<b>COMPANY</b>				
Loans to Group companies	–	–	5 957	5 957

There were no transfers between levels during the year.

## 35 FINANCIAL RISK MANAGEMENT

### 35.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management is carried out by Group Finance which identifies, evaluates and mitigates risks in close cooperation with the Group's operating units. The Audit and Risk Committee under the mandate from the Board, provides principles for overall risk management. The Group's risk management practices are underpinned by an Enterprise Risk Management Framework where risks are identified, assessed and mitigated. An Enterprise Risk Management Report is presented to the Audit and Risk Committee and Board quarterly. The overall objective of the risk management practices with respect to financial risks focuses on actively securing the Group's short to medium-term cash flows to ensure the sustainability of the Group.

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk in the current and prior year include the financial asset at FVTPL, borrowings, the Afric Oil loan, loan from joint venture, trade and other payables and cash and cash equivalents.

#### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactions and balances denominated in foreign currencies and is exposed to foreign currency risk primarily with respect to the US dollar. At 28 February 2023, foreign currency risk primarily arises from recognised liabilities. The Group's financial instruments are not hedged and the Group continues to explore ways to introduce a hedging strategy as it adapts to changes in operations.

At 28 February 2023, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Group post-tax loss for the year would have been R1.2 million higher and the Group's equity would have been R1.2 million lower (2022: Group post-tax profit would have been R1.0 million lower and the Group's equity would have been R1.0 million lower). Similarly, if the Rand had strengthened by 11% against the US dollar, with all other variables held constant, the Group post-tax loss for the year would have been R1.2 million lower and the Group's equity would have been R1.2 million higher (2022: Group post-tax profit would have been R1.0 million higher and the Group's equity would have been R1.0 million higher) respectively, mainly as a result of the US dollar liability position arising from the loan from joint venture, borrowings and trade and other payables (notes 25, 26 and 27) (2022: mainly as a result of US dollar liability position arising from the loan from joint venture, borrowings and trade and other payables (notes 25, 26 and 27)).

At 28 February 2023, if the Rand had weakened by 11% against the US dollar, with all other variables held constant, the Company post-tax loss for the year would have been R1.1 million higher and the Company's equity would have been R1.1 million lower (2022: Company post-tax profit for the year would have been R0.9 million lower and the Company's equity would have been R0.9 million lower). Similarly, if the Rand strengthened by 11% against the US dollar, with all other variables held constant, the Company post-tax loss for the year would have been R1.1 million lower and the Company's equity would have been R1.1 million higher (2022: Company post-tax profit for the year would have been R0.9 million higher and the Company's equity would have been R0.9 million higher) respectively, mainly as a result of the US dollar liability position arising from the loan from joint venture and borrowings (notes 25 and 26) (2022: mainly as a result of the US dollar liability position arising from the loan from joint venture and borrowings (notes 25 and 26)).

Included in the statement of financial position are the following carrying values denominated in currencies other than the Rand:

	Notes	2023 R'000	2022 R'000
<b>GROUP</b>			
<b>US dollars</b>			
Borrowings	25	(1 167)	(884)
Loan from joint venture	26	–	(7 623)
Trade and other payables	27	(1 189)	(679)
	Notes	2023 R'000	2022 R'000
<b>COMPANY</b>			
<b>US dollars</b>			
Borrowings	25	(1 167)	(884)
Loan from joint venture	26	–	(7 623)

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 FINANCIAL RISK FACTORS (CONTINUED)

#### (a) Market risk (continued)

##### (ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the current and prior years, the Group's interest rate risk arose from cash and cash equivalents and the loan advanced to Afric Oil.

##### Cash and cash equivalents

The Group's and Company's cash and cash equivalents are deposited at fixed interest rates, thereby eliminating cash flow interest rate risk. The Group's and Company's fair value interest rate risk with respect to cash and cash equivalents is considered to be minimal.

##### Afric Oil loan

As at 28 February 2023 there is no interest risk exposure with respect to the Afric Oil loan as this loan was written off on 1 March 2022.

As at 28 February 2022 the Company had a loan due from Afric Oil which was advanced at a variable rate (see note 21). A 10% decrease or increase in the interest rate applicable to the loan would not have had a material impact on the Company's post-tax loss or equity as the loan was fully impaired.

#### (iii) Price risk

##### Commodity prices

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the petroleum products it trades. This risk was assessed as immaterial as at 28 February 2023 due to the wholesaling company only trading from December 2022. As at 28 February 2022 the Group had not direct exposure to price risk relating to commodity prices due to the loss of control of Afric Oil (see exposure to equity price risk below).

##### Equity price risk

At 28 February 2023 the Group has no exposure to equity price risk.

At 28 February 2022 the Group's exposure to equity price risk was attributable to its investment in Afric Oil which was accounted for as a financial asset at FVTPL. This equity price risk was not material due to the pending finalisation of the disposal of Afric Oil to Royale which was completed on 1 March 2022 (see note 31).

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is managed on a Group basis in close cooperation with the various business units. Credit risk arises from cash and cash equivalents (note 23), including deposits with banks and financial institutions and trade and other receivables (note 22). For the Company, credit risk also arises from loans to Group companies (note 16). For banks and financial institutions, only independently rated parties with high credit ratings are accepted. With respect to trade and other receivables, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures which include an assessment of creditworthiness, short-term liquidity and financial position. It is then the policy of the Group to manage credit risk on an ongoing basis through regular reviews of the age analyses and credit limits.

In the prior year the Group and Company were also exposed to credit risk with respect to loans and other receivables and the Afric Oil loan. To manage credit risk that arose from its loans and receivables, the Group aimed to trade only with recognised and creditworthy third parties to minimise the risk of default on its various receivables. Similarly, the Group assessed Afric Oil's ability to repay loans (based on forecasted performance) in advancing loans to the Company.

The (increase in)/reversal of impairment losses on financial assets recognised in the statement of comprehensive income under other operating costs comprises:

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Loans and other receivables	17	–	18 702	–	18 184
Loans to Group companies		–	–	(12 186)	(1 611)
Financial asset at amortised cost		–	(8 805)	–	(8 805)
Loan advance to Mena (classified as held for sale)		–	–	–	6 506
Trade and other receivables		–	(1 496)	–	–
Loan from joint venture		(6 834)	–	(6 834)	–
<b>Total</b>	<b>7</b>	<b>(6 834)</b>	<b>8 401</b>	<b>(19 020)</b>	<b>14 274</b>

#### TRADE RECEIVABLES

Trade receivables consist of a few customers in various industries. The credit terms were generally on 7 – 14 days terms. The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. Concentration risk attributable to the Group's revenue is outlined in note 6.

In measuring the expected credit losses, trade receivables that have similar credit risk profiles are grouped and assessed on a collective basis as they possessed shared credit risk characteristics. They are further grouped based on the days past due.

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 FINANCIAL RISK FACTORS (CONTINUED)

#### (b) Credit risk (continued)

The expected loss rates are based on the payment profile of debtors since the commencement of the wholesaling operations in December 2022 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking factors affecting the customer's ability to settle the amount outstanding which include the outlook of the customer's operating and macro-economic environment. However, given the short exposure period to credit risk, the impact of these macroeconomic factors is not considered significant within each annual reporting period. Where credit ratings are available, such ratings were also taken into consideration.

Trade receivables are written-off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on an alternative payment arrangement amongst other factors, are considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit losses for trade receivables for the years ended 28 February 2023 and 28 February 2022 were determined as follows:

#### 28 February 2023

Management has assessed that expected credit losses are immaterial due to the good payment history of the customers with amounts owed to the Group as at 28 February 2023 (even after taking into account forward-looking information).

#### 28 February 2022

There were no expected credit losses for trade receivables as at 28 February 2022 due to the derecognition of the trade receivables and the corresponding expected credit losses allowance attributable to Afric Oil following loss of control of the subsidiary.

### LOANS AND OTHER RECEIVABLES

At 28 February 2023 there were no loans and other receivables. In the prior year, loans and other receivables were attributable to amounts due from Encha which settled its indebtedness to the Group in April 2022. The Group monitored all financial assets that were subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there had been a significant increase in credit risk the Group measured the loss allowance based on lifetime rather than 12-month expected credit losses. In measuring the expected credit losses, the Group considered the default risk applicable to each debtor with reference to the financial health of the debtor in the case of Encha, as well as the payment history.

Key inputs for measuring ECLs in the prior year are provided below.

### PROBABILITIES OF DEFAULT ("PDs")

Based on a high-level assessment of the financial health and performance of the debtor, the debtor is classified into one of three categories that drive the estimation methodology:

**In default:** The probability of default is set at 100% if the debtor is more than 90 days past due on financial obligations, or if any other event has occurred that represents a serious threat to the going-concern basis of the debtor.

**Significant increase in credit risk:** This reflects a scenario where there is evidence of a significant increase in credit risk since origination of the contract that gave rise to the debtor. Appropriate default rates in such cases can vary significantly between 5% and 95%. The exact quantum of the estimate will depend on the severity of the financial conditions faced by the debtor. In severe cases, estimates of the probability of default are evaluated on a case-by-case basis taking into account credit ratings if available for such debtors, however, care is taken to ensure that the credit rating used is fully up to date.

Neither of the above two categories apply: In the absence of information that indicates financial difficulties of the debtor or a significant increase in credit risk, we attempt to make use of credit ratings assigned to the debtor by reputable, external credit rating agencies to guide appropriate assumptions for PDs. Such credit ratings, along with industry statistics regarding historical default behaviour and the term of the debt obligation, are used to estimate the PDs. In the absence of credit ratings that are available from reputable, external credit rating agencies, the following options remain to estimate the PDs:

- The Group (or external consultants) performs its own internal assessment of the creditworthiness of the debtor to derive an estimate of the PD. This is a time-consuming and expensive exercise that is typically only justified in the scenario where the debtor is highly material (recovery of amounts due may threaten the going concern of the Group).
- A subjective estimate of the PD is used. This is loosely based on the size and reputation of the debtor and industry statistics. For reputable companies of substantial size, default rates tend to be rather low (between 1% and 5% over a 3 – 5 year horizon). It is therefore more important to establish that such debtors do not fall into one of the other two categories above.

Credit risk is considered to have increased significantly when the counterparty is making losses.

Financial assets are considered to be credit impaired when there is observable evidence that one or more events have occurred that have had a negative impact on the estimated future cash flows expected to flow from the asset such as:

- significant financial difficulty of the borrower or customer;
- a breach of contract such as a default (where the counterparty is unlikely to pay its obligations) or being more than 90 days past due;
- restructuring of a loan or advance on terms that the group would not otherwise consider; and
- it is probable that the borrower or customer will enter bankruptcy or other financial reorganisation.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 FINANCIAL RISK FACTORS (CONTINUED)

#### (b) Credit risk (continued)

##### LOSS GIVEN DEFAULT ("LGD")

The assessment of the LGD follows the approach used for PDs quite closely. Estimates of LGDs are influenced by credit ratings as well, however, these are additionally driven by seniority of the debt and any collateral or third party guarantees. Industry statistics based on average recoveries post default are available from various reliable third party sources which form the basis of estimates used.

Loans and other receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the agreed settlement dates and to engage with the Group on alternative payment arrangements is considered an indicator of no reasonable expectation of recovery.

##### ENCHA

##### 28 February 2023

Encha met its repayment obligations and made its final payment in April 2022.

##### 28 February 2022

Efora was not able to obtain useful financial information on Encha. The heightened risk associated with failure to make required payments was compounded by the lack of information to assess the ability of the debtor to pay. An expected credit loss rate of 45.2% was determined by taking into account the settlement agreement concluded with Encha in March 2022.

On the above basis the expected credit losses for loans and other receivables as at 28 February 2022 were determined as follows:

		GROUP AND COMPANY	
		Encha	Total
<b>28 February 2022</b>			
Expected credit loss rate	(%)	45.2	
Gross carrying amount	(R'000)	72 991	72 991
Lifetime ECLs	(R'000)	(32 991)	(32 991)

The closing balance of the loans and other receivables provision for impairment as at 28 February 2023 reconciles with the loans and other receivables provision for impairment opening balance as follows:

		GROUP	
		Lifetime expected credit losses R'000	Total R'000
	Note		
<b>At 1 March 2021</b>		(56 838)	(56 838)
Derecognition		5 145	5 145
Changes in risk parameters		18 702	18 702
<b>At 28 February 2022</b>		(32 991)	(32 991)
<b>At 1 March 2022</b>		(32 991)	(32 991)
Utilisation of provision for impairment	17	32 991	32 991
<b>At 28 February 2023</b>		–	–

		COMPANY	
		Lifetime expected credit losses R'000	Total R'000
	Note		
<b>At 1 March 2021</b>		(51 175)	(51 175)
Changes in risk parameters		18 184	18 184
<b>At 28 February 2022</b>		(32 991)	(32 991)
<b>At 1 March 2022</b>		(32 991)	(32 991)
Utilisation of provision for impairment	17	32 991	32 991
<b>At 28 February 2023</b>		–	–



## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 FINANCIAL RISK FACTORS (CONTINUED)

#### (b) Credit risk (continued)

##### LOANS TO GROUP COMPANIES

The composition of loans to Group companies is provided in note 16. The Company determines ECLs applicable to loans to Group companies based on lifetime ECLs (increase in credit risk attributed to loss making operations/status of subsidiaries due to changes within the Group). In measuring the lifetime ECLs, the Company considers the default risk applicable to each debtor with reference to the financial health of the debtor as there are no externally available credit ratings or a significant past payment history.

Loans to Group companies are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the agreed loan repayment dates and to engage with the Company on alternative payment arrangements is considered an indicator of no reasonable expectation of recovery.

The Company took into account the relinquishment of the Block III licence in July 2021 and fully impaired the loan due from SacOil DRC as the entity is currently not operational (loan is credit impaired). Similarly the Company considered cash flows which will arise from projected operations of Efora Holdings and has determined that an estimated credit loss of R3.2 million could arise if certain operational targets are not achieved.

		COMPANY			
		SacOil DRC	Efora Holdings	Other	Total
<b>28 February 2023</b>					
ECL rate	(%)	100.0	28.9	100.0	
Gross carrying amount	(R'000)	54 967	10 982	37	65 986
Lifetime ECLs	(R'000)	(54 967)	(3 173)	(37)	(58 177)
<b>28 February 2022</b>					
ECL rate	(%)	100.0	–	100.0	
Gross carrying amount	(R'000)	45 960	–	31	45 991
Lifetime ECLs	(R'000)	(45 960)	–	(31)	(45 991)

The closing balance of the loans to Group companies provision for impairment as at 28 February 2023 reconciles with the loans to Group companies provision for impairment opening balance as follows:

	COMPANY				
	Lifetime expected credit losses				
	Afric Oil R'000	Efora Holdings R'000	SacOil DRC <sup>1</sup> R'000	Other R'000	Total R'000
<b>At 1 March 2021</b>	(120 350)	–	(44 350)	(30)	(164 730)
Reclassification as a provision for impairment attributable to the financial asset at amortised cost	120 350	–	–	–	120 350
Arising during the year	–	–	(1 610)	(1)	(1 611)
<b>Balance at 28 February 2022</b>	–	–	(45 960)	(31)	(45 991)
<b>Balance at 1 March 2022</b>	–	–	(45 960)	(31)	(45 991)
Arising during the year	–	(3 173)	(9 007)	(6)	(12 186)
<b>Balance at 28 February 2023</b>	–	(3 173)	(54 967)	(37)	(58 177)

<sup>1</sup> Increases in the ECLs are attributable to foreign exchange losses as the loan is denominated in US dollars

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.1 FINANCIAL RISK FACTORS (CONTINUED)

#### (b) Credit risk (continued)

##### FINANCIAL ASSETS AT AMORTISED COST

The composition of the prior year financial asset at amortised cost is provided in note 21. The determination of ECLs for the financial asset at amortised cost, and write-offs thereof where applicable, was determined on a basis similar to that applied for loans and other receivables as outlined above. The Group has taken into account the business rescue proceedings at Afric Oil (before the sale in March 2022) in assessing the ECLs. Estimated probabilities of default after taking into account these factors are outlined below.

		GROUP AND COMPANY	
		Afric Oil	Total
<b>28 February 2022</b>			
ECL rate	(%)	100	
Gross carrying amount	(R'000)	129 155	129 155
Lifetime ECLs	(R'000)	(129 155)	(129 155)
		Lifetime expected credit losses Afric Oil R'000	
		Note	
<b>Balance at 1 March 2021</b>		–	
Reclassification as a provision for impairment attributable to the financial asset at amortised cost	21	(120 350)	
Arising during the year		(8 805)	
<b>Balance at 28 February 2022</b>		<b>(129 155)</b>	

**35 FINANCIAL RISK MANAGEMENT (CONTINUED)****35.1 FINANCIAL RISK FACTORS (CONTINUED)****(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed for the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

	GROUP		
	1 – 3 months R'000	7 – 12 months R'000	Total R'000
<b>At 28 February 2023</b>			
Trade and other payables	5 091	–	5 091
Borrowings	–	1 167	1 167
<b>Total</b>	<b>5 091</b>	<b>1 167</b>	<b>6 258</b>
<b>At 28 February 2022</b>			
Trade and other payables	5 025	–	5 025
Borrowings	–	884	884
Loan from joint venture	–	7 623	7 623
<b>Total</b>	<b>5 025</b>	<b>8 507</b>	<b>13 532</b>
	COMPANY		
	1 – 3 months R'000	7 – 12 months R'000	Total R'000
<b>At 28 February 2023</b>			
Loan from Group company	–	318	318
Trade and other payables	3 890	–	3 890
Borrowings	–	1 167	1 167
<b>Total</b>	<b>3 890</b>	<b>1 485</b>	<b>5 375</b>
<b>At 28 February 2022</b>			
Loan from Group company	–	318	318
Trade and other payables	4 346	–	4 346
Borrowings	–	884	884
Loan from joint venture	–	7 623	7 623
<b>Total</b>	<b>4 346</b>	<b>8 825</b>	<b>13 171</b>

This note should be read together with note 39.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

For the year ended 28 February 2023 (continued)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 35.2 CAPITAL MANAGEMENT

The Group manages its capital to ensure that it remains a going concern and is sufficiently funded to support its business strategy and maximise shareholder value. The Group's funding needs have historically been met through a combination of debt and equity, however the Group is in the process of finalising its capital structure given recent changes in the Group. In the interim, the Group monitors capital on the basis of the carrying amount of equity plus debt less its cash and cash equivalents.

	Notes	2023 R'000	2022 R'000
Short and long-term financial liabilities	25	1 167	884
Trade and other payables	27	1 091	974
Short and long-term finance lease obligations	19.1(b)	1 060	1 469
Loan from joint venture	26	–	7 623
Less: Unrestricted cash and cash equivalents	23	(54 129)	(37 789)
Net assets		(50 811)	(26 839)
Total equity		57 466	68 695
Total capital		6 655	41 856

## 36 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events that occurred after the reporting period and up to the date of this report, other than as disclosed below.

### CHANGE IN DIRECTORATE

Thabang Monametsi resigned from his role as CFO on 28 February 2023.

### ACQUISITION OF NEW FUEL DEPOT

On 19 December 2023 the Company entered into agreements with Force Fuel Properties Proprietary Limited ("FFP") and Force Fuel Proprietary Limited ("FF") for the purchase of immovable property described as Erf 382 Alrode Extension 5 Township ("the Property") from FFP and certain movable assets ("the Assets") from FF ("the Acquisition"). The purchase consideration is R3.8 million of which R3.6 million is for the property and the remaining R0.2 million for the assets. The purchase consideration will be paid on the date of transfer of ownership which is expected to occur by the end of May 2024.

The Board of Directors has approved the Acquisition and there are no conditions precedent. The Acquisition will support the wholesale pillar of the Company's overall business strategy. The Acquisition constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements. Shareholders are referred to the announcements issued on the SENS on 11 January 2024 and 28 February 2024.

## 37 COMMITMENTS AND CONTINGENT LIABILITIES

### COMMITMENTS

#### Capital commitments

The Group and Company did not have any capital commitments at 28 February 2023 (2022: nil).

#### CONTINGENT LIABILITIES

The Group and Company did not have any contingent liabilities at 28 February 2023 (2022: Rnil).

### 38 IMPAIRMENT OF NON-FINANCIAL ASSETS

There were no impairments of the Group's non-financial assets during the year under review. In the prior year, the Company reversed the following impairment provision:

	Note	COMPANY 2022 R'000
Investment in subsidiaries – Afric Oil	14	(10 000)
<b>Total</b>		<b>(10 000)</b>

#### AFRIC OIL

A reversal of the impairment provision amounting to R10.0 million was recognised to align the carrying amount of the investment in Afric Oil to its fair value determined by the offer received from Royale pursuant to the implementation of the business rescue plan. Refer to note 21.

As at 28 February 2023 and 28 February 2022 all of the Company's investments in subsidiaries were fully impaired.

### 39 GOING CONCERN

The consolidated and separate financial statements of the Company have been prepared under the assumption that the Group and Company operate on a going concern basis, which assumes that the Group and the Company will be able to discharge liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group and Company considered the following specific factors:

- a) The Group reported a profit after taxation of R5.6 million for the year and an excess of current assets over current liabilities of R56.9 million as at 28 February 2023. The Company reported a loss after taxation of R13.4 million for the year and had an excess of current assets over current liabilities of R47.6 million as at that date.
- b) The Group generated positive cash flows of R16.3 million in the current year (Company: R12.6 million).
- c) As disclosed in note 35.1(c) liquidity needs of the Group are monitored in various time bands, as well as on the basis of rolling month-to-month projections. Net cash requirements are compared to available cash resources in order to determine headroom or any shortfalls. The analysis in note 35.1(c) read together with note 23 shows that available cash resources were expected to be sufficient over the lookout periods presented.
- d) Management prepares annual budgets and longer-term strategic plans, including an assessment of cash flow requirements, and continues to monitor actual performance against budget and plan throughout each reporting period. Based on these factors, management has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future up to 28 February 2025 ("Assessment Period").

In determining that the going concern basis of preparation is appropriate, the Group has considered volatilities in the exchange rates, interest rates and energy prices in preparing annual budgets and plans referred to under 39(d).

### 40 RUSSIA-UKRAINE

The Group's prior assessment of the impact of the conflict remains unchanged (that there is no material impact on operations). Management will continue to monitor developments related to the conflict and the impact thereof on future business activities of the Group.

# Analysis of Registered Shareholders

For the year ended 28 February 2023

**Company:** Efora Energy Limited

**Issued share capital:** 1 103 834 635

In accordance with the JSE Limited Listings Requirements the following table confirms that the spread of registered shareholders of the Company as at 28 February 2023 was as follows:

	Number of shareholdings	%	Number of shares	%
<b>SHAREHOLDER SPREAD</b>				
1 – 1 000 shares	2 438	56.75	597 557	0.05
1 001 – 10 000 shares	1 204	28.03	4 522 571	0.41
10 001 – 100 000 shares	528	12.29	17 740 647	1.61
100 001 – 1 000 000 shares	109	2.54	32 986 636	2.99
1 000 001 – 10 000 000 shares	14	0.33	45 261 858	4.10
10 000 001 shares and over	3	0.07	1 002 725 366	90.84
<b>Total</b>	<b>4 296</b>	<b>100.00</b>	<b>1 103 834 635</b>	<b>100.00</b>
<b>DISTRIBUTION OF SHAREHOLDERS</b>				
Banks/brokers	139	3.24	18 752 261	1.70
Close corporations	35	0.81	775 118	0.07
Endowment funds	4	0.09	311 620	0.03
Individuals	3 983	92.71	67 636 582	6.13
Insurance companies	1	0.02	4 461 674	0.40
Investment companies	2	0.05	70 094	0.01
Other corporations	26	0.61	1 224 734	0.11
Private companies	44	1.02	50 585 523	4.58
Public companies	12	0.28	4 711 941	0.43
Retirement funds	1	0.02	953 078 829	86.34
Trusts	49	1.14	2 226 259	0.20
<b>Total</b>	<b>4 296</b>	<b>100.00</b>	<b>1 103 834 635</b>	<b>100.00</b>
<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>				
<b>Non-public shareholders</b>	<b>1</b>	<b>0.02</b>	<b>953 078 829</b>	<b>86.34</b>
Strategic holdings (more than 10%)	1	0.02	953 078 829	86.34
<b>Public shareholders</b>	<b>4 295</b>	<b>99.98</b>	<b>150 755 806</b>	<b>13.66</b>
<b>Total</b>	<b>4 296</b>	<b>100.00</b>	<b>1 103 834 635</b>	<b>100.00</b>
<b>BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE</b>				
Government Employees Pension Fund			953 078 829	86.34
Gentacure Proprietary Limited			38 745 852	3.51
<b>Total</b>			<b>991 824 681</b>	<b>89.85</b>

# Corporate information

**COMPANY NAME**

Efora Energy Limited

**COUNTRY OF INCORPORATION**

The Republic of South Africa

**LEGAL FORM**

Public interest entity

**REGISTRATION NUMBER**

1993/000460/06

**SHARE CODE**

JSE code: EEL

ISIN: ZAE000248258

LEI: 213800Z9GDANDTE13745

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Fusion Corporate Secretarial Services Proprietary Limited

**TRANSFER SECRETARIES**

JSE Investor Services Proprietary Limited

**JSE SPONSOR**

PSG Capital

**AUDITORS****EXTERNAL AUDITORS**

SizweNtsalubaGobodo Grant Thornton Inc.

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