

Condensed consolidated unreviewed interim financial statements

for the six months ended 31 August 2022

SALIENT FEATURES

- Disposal of Afric Oil (“AO”) to Royale Energy Proprietary Limited (“Royale”) on 1 March 2022 for R10.0 million.
- Final settlement amount of R40.0 million received in April 2022 from Encha Group Limited (“Encha”).
- A decrease in the cash operating cost base by R3.6 million to R11.6 million (2021: R15.2 million) underpinned mainly by decreases in remuneration and consulting fees arising from cost-saving measures.
- Overall, a profit after tax of R7.9 million (2021: R160.2 million).
- An increase of R31.8 million in cash and cash equivalents since February 2022 primarily arising from the receipt from Encha of R40.0 million, disposal proceeds on the sale of AO amounting to R10.0 million, interest received on cash balances totalling R1.4 million offset by cash used in operations totalling R19.1 million and other investing and financing expenditures totalling R0.5 million.
- Post-period commencement of fuel wholesaling operations in South Africa.
- Post-period acquisition of a fuel depot

PERFORMANCE REVIEW

Following the loss of control of AO, the disposal of the Lagia operations in Egypt and the relinquishment of the Block III licence in the DRC in the prior year, as previously reported by the Company in its annual financial statements for the year ended 28 February 2022 (“2022 AFS”) which are available on the Company’s website www.eforaenergy.com, the activities of the Group during the six months ended 31 August 2022 primarily centred on the following:

- The recovery of funds owed to the Group by Encha;
- Finalising the divestment of the Group’s interest in AO;
- Advancing business development initiatives in South Africa;
- Remediating the ongoing non-compliance with the Johannesburg Stock Exchange (“JSE”) Listings Requirements with respect to the late publication of the Group’s financial results; and
- Cost containment.

As a result of the highlighted changes in the Group’s portfolio of assets, the Group did not generate revenue during the six months under review. Overall, the Group reported a profit after tax amounting to R7.9 million for the six months ended 31 August 2022 (2021: R160.2 million). The profit in the prior comparative period mainly arose from the once-off recognition of the gain on loss of control of AO amounting to R145.2 million.

DISPOSAL OF AO

On 8 February 2022, the Company announced on the Stock Exchange News Service (“SENS”) that on 25 January 2022 Efora, through its wholly owned subsidiary, Efora Holdings Proprietary Limited (“EH”), had concluded a sale agreement, pursuant to the finalisation of the business rescue plan at AO under the terms of which it would dispose of its 71.13% indirect interest in AO to Royale for R10.0 million. This disposal was completed on 1 March 2022 following the fulfilment of all conditions precedent stated in the announcement.

ENCHA SETTLEMENT AGREEMENT

In April 2022, Efora concluded a settlement agreement with Encha pursuant to which Encha paid R40.0 million during the same month as 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. This settlement ended a protracted legal process that commenced in 2016.

DECREASE IN CASH OPERATING COST BASE

The cash operating costs decreased by R3.6 million to R11.6 million during the period under review (2021: R15.2 million), positively affected by the cost-saving measures undertaken by the Group. The Group’s remuneration costs decreased by R2.2 million impacted by a decrease in headcount, and the Group’s consulting costs decreased by R0.7 million due to a reduction in outsourced services during the period.

POST-PERIOD DEVELOPMENTS

COMMENCEMENT OF FUEL WHOLESALING OPERATIONS

Efora’s quarterly updates on the operations of the Company and on the status of outstanding financial results issued on SENS refer, the last of which was issued on 31 January 2024 (“Last Update”). Further to the operational update contained in the Last Update, the Company is pleased to report that operations commenced at the Alrode Depot during January 2024.

ACQUISITION OF FUEL DEPOT

On 11 January 2024 the Company announced that on 19 December 2023 it had concluded an agreement for the purchase of the Alrode Depot. On 28 February 2024 an update was provided with regards to the acquisition. Shareholders are referred to the announcements issued on SENS which highlights that the acquisition was classified as a Category 2 transaction and is expected to conclude by the end of April 2024. Further details relating to the acquisition are also provided in note 17.

GOING CONCERN

The Board has performed an assessment of the Group’s operations relative to available cash resources, has considered the information provided in note 16, and has concluded that the Group is a going concern. The condensed consolidated reviewed interim financial statements presented have therefore been prepared on a going concern basis.

LITIGATION UPDATE

There are no matters under litigation as at the date of this report.

UPDATE ON OUTSTANDING FINANCIAL STATEMENTS

The Company simultaneously issued its outstanding interim results for the six months ended 31 August 2022 and the annual financial statements for the year ended 28 February 2023 on 29 April 2024. Efora will in due course provide further updates regarding the expected timing of the review and publication of the remaining outstanding results, being the interim results for the six months ended 31 August 2023.

CHANGE IN DIRECTORATE

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

OUTLOOK

In the coming months the following matters will be at the top of our agenda:

- resolving the Company’s non-compliance in relation to its financial reporting;
- restoring trade in the Company’s shares on the JSE;
- appointing an executive finance director;
- growing the fuel wholesale operations which commenced in December 2022;
- advancing the trading and fuel storage business development initiatives; and
- enhancing strategic partnerships in the industry.

CONDENSED CONSOLIDATED UNREVIEWED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unreviewed Six months to 31 August 2022 R'000	Reviewed Six months to 31 August 2021 R'000
Revenue	3	–	38 050
Cost of sales		–	(33 287)
Gross profit		–	4 763
Other income	4	22 630	18 697
Gain on loss of control of subsidiary		–	145 226
(Increase in)/reversal of impairment losses on financial assets	5	(6 225)	10 825
Other operating costs	6	(9 924)	(25 544)
Profit from operations		6 481	153 967
Finance income		1 439	5 588
Finance costs		(65)	(259)
Net monetary gain		–	916
Profit before taxation		7 855	160 212
Taxation		–	–
Profit for the period		7 855	160 212
Other comprehensive loss:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations ¹		(9 161)	7 217
Reclassification of exchange differences to profit or loss		–	(18 415)
Other comprehensive loss for the period		(9 161)	(11 198)
Total comprehensive (loss)/income for the period		(1 306)	149 014
Profit attributable to:			
Equity holders of the Company		7 855	160 164
Non-controlling interest		–	48
Profit for the period		7 855	160 212
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(1 306)	148 966
Non-controlling interest		–	48
Total comprehensive (loss)/income for the period		(1 306)	149 014
Earnings per share			
Basic and diluted (cents)	7	0.71	14.51

¹ This component of other comprehensive income does not attract taxation

CONDENSED CONSOLIDATED UNREVIEWED STATEMENT OF FINANCIAL POSITION

	Notes	Unreviewed As at 31 August 2022 R'000	Audited As at 28 February 2022 R'000
ASSETS			
Non-current assets			
Investment in joint venture		–	–
Intangible assets		119	–
Property, plant and equipment		118	155
Right-of-use assets		1 210	1 452
Total non-current assets		1 447	1 607
Current assets			
Inventories		711	–
Loans and other current receivables	8	–	40 000
Financial assets	11	–	10 000
Trade and other receivables		2 417	2 027
Cash and cash equivalents	9	69 555	37 789
Total current assets		72 683	89 816
Total assets		74 130	91 423
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital	10	1 668 354	1 668 354
Reserves		29 651	38 812
Accumulated loss		(1 630 616)	(1 638 471)
Equity attributable to equity holders of the Company		67 389	68 695
Total shareholders' equity		67 389	68 695
LIABILITIES			
Non-current liabilities			
Lease liabilities		826	1 061
Total non-current liabilities		826	1 061
Current liabilities			
Borrowings		1 029	884
Lease liabilities		446	408
Loan from joint venture		–	7 623
Taxation payable		–	7 727
Trade and other payables		4 440	5 025
Total current liabilities		5 915	21 667
Total liabilities		6 741	22 728
Total equity and liabilities		74 130	91 423

CONDENSED CONSOLIDATED UNREVIEWED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Foreign currency translation reserve ("FCTR") R'000	Share-based payment reserve R'000
For the six months ended 31 August 2021			
Reviewed			
Balance at 28 February 2021	1 668 354	127 016	10 493
Changes in equity:			
Profit for the period	–	–	–
Other comprehensive loss for the period	–	(11 198)	–
Total comprehensive income for the period	–	(11 198)	–
Derecognition on loss of control	–	–	–
Balance at 31 August 2021	1 668 354	115 818	10 493
For the six months ended 31 August 2022			
Unreviewed			
Balance at 28 February 2022	1 668 354	28 319	10 493
Changes in equity:			
Profit for the period	–	–	–
Other comprehensive loss for the period	–	(9 161)	–
Total comprehensive loss for the period	–	(9 161)	–
Balance at 31 August 2022	1 668 354	19 158	10 493

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
137 509	(1 868 790)	(62 927)	(64 114)	(127 041)
–	160 164	160 164	48	160 212
(11 198)	–	(11 198)	–	(11 198)
(11 198)	160 164	148 966	48	149 014
–	–	–	64 066	64 066
126 311	(1 708 626)	86 039	–	86 039
38 812	(1 638 471)	68 695	–	68 695
–	7 855	7 855	–	7 855
(9 161)	–	(9 161)	–	(9 161)
(9 161)	7 855	(1 306)	–	(1 306)
29 651	(1 630 616)	67 389	–	67 389

CONDENSED CONSOLIDATED UNREVIEWED STATEMENT OF CASH FLOWS

	Notes	Unreviewed Six months to 31 August 2022 R'000	Reviewed Six months to 31 August 2021 R'000
Cash flows from operating activities			
Cash used in operations		(19 136)	(12 640)
Finance income		1 439	217
Finance costs		(65)	–
Net cash used in operating activities		(17 762)	(12 423)
Cash flows from investing activities			
Purchase of intangible assets		(119)	–
Derecognition of cash on loss of control of subsidiary		–	(8 737)
Increase in financial assets		–	(8 317)
Sale of financial assets	11	10 000	–
Receipts from repayments of loans and receivables advanced	8	40 000	36 419
Net cash from investing activities		49 881	19 365
Cash flows from financing activities			
Repayments of loan from joint venture		(156)	(4 385)
Repayments of lease liabilities		(197)	–
Net cash used in financing activities		(353)	(4 385)
Total movement in cash and cash equivalents for the period		31 766	2 557
Foreign exchange differences on cash and cash equivalents		–	(24)
Cash and cash equivalents at the beginning of the period		37 789	8 329
Cash and cash equivalents at the end of the period	9	69 555	10 862

SELECTED NOTES TO THE CONDENSED CONSOLIDATED UNREVIEWED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2022

NATURE OF OPERATIONS

Efora is a South African-based oil and gas company 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 Company is listed on the JSE and through its wholly owned subsidiary, EH, is a wholesaler of petroleum products, mainly diesel and naphtha, to commercial customers in South Africa. Efora is also exploring other midstream and downstream opportunities in line with the change in its strategy to complement its existing operations.

1 BASIS OF PREPARATION

The condensed consolidated unreviewed interim financial statements of the Group for the six months ended 31 August 2022, have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and in accordance with and containing the information required by the International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended. The condensed consolidated unreviewed interim financial statements have been prepared on the historical cost basis, unless stated otherwise.

These condensed consolidated unreviewed interim financial statements have been prepared on a going concern basis after taking into account the matters in note 16. All monetary information is presented in South African Rand which is the Company's functional and presentation currency, and is rounded to the nearest thousand, unless stated otherwise.

PRINCIPAL ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in the preparation of these condensed consolidated unreviewed interim financial statements as those applied in the preparation of the Group's annual financial statements for the year ended 28 February 2022 ("2022 AFS") which are available on the Company's website www.eforaenergy.com. Standards and interpretations which came into effect during the period under review were either not relevant to the Group or did not have a material impact.

2 PREPARATION OF THE CONDENSED CONSOLIDATED UNREVIEWED INTERIM FINANCIAL STATEMENTS

The Directors take full responsibility for the preparation of these condensed consolidated unreviewed interim financial statements for the six months ended 31 August 2022. The condensed consolidated unreviewed interim financial statements have been prepared under the supervision of Ms Tariro Gadzikwa, CA (SA).

3 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.

From 16 April 2021, the Group ceased to report AO'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 AO which occurred on 1 March 2022 is provided in note 11. As a result of this disposal of Afric Oil which occurred on 1 March 2022, the Group does not have operating results, assets or liabilities relating to the South Africa, Zimbabwe and Mauritius segments for the period under review.

In September 2021, the Group disposed of its 100% interest in Mena (previously classified under the Egypt segment). As such there are no operating results, assets and liabilities relating to the Egypt segment in the period under review. Following the final settlement of the Transcorp Refund in December 2021, transactions and balances in the current year relating to the Company's subsidiaries in Nigeria were immaterial. As such there are no operating results, assets and liabilities relating to the Nigeria segment in the period under review.

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.

3 SEGMENTAL REPORTING (CONTINUED)

	Notes	Head office R'000	DRC R'000	Eliminations R'000	Consolidated R'000
For the six months ended 31 August 2022					
Other income		22 630	39	(39)	22 630
Net foreign exchange gains	4	9 590	–	–	9 590
Derecognition of financial liability	4	13 013	–	–	13 013
Management fees	4	27	39	(39)	27
Increase in impairment losses on financial assets	5	(6 225)	–	–	(6 225)
Depreciation and amortisation		(279)	–	–	(279)
Employee benefit expense		(5 867)	–	–	(5 867)
Finance income		1 439	–	–	1 439
Finance costs		(65)	–	–	(65)
Other operating costs		(3 732)	(85)	39	(3 778)
Taxation		–	–	–	–
Profit for the period		7 901	(46)	–	7 855
Due to the prior year disposal of the Egypt operations and the loss of control of AO, and the subsequent disposal of the latter during the period under review, there were no revenue or cost of sales transactions during the period presented.					
Segment assets – non-current		1 476	–	(29)	1 447
– current		72 605	78	–	72 683
Segment liabilities – non-current		(1 145)	(94 730)	95 049	(826)
– current		(5 081)	(834)	–	(5 915)

3 SEGMENTAL REPORTING (CONTINUED)

	Notes	Head office R'000	South Africa R'000	Egypt R'000
For the six months ended 31 August 2021				
Revenue				
External customers		–	37 285	765
Total revenue¹		–	37 285	765
Cost of sales ¹		–	(31 557)	(1 730)
Gross profit/(loss)		–	5 728	(965)
Other income		18 512	18 466	–
Reclassification of exchange differences to profit or loss	4	–	18 415	–
Other	4	18 512	51	–
Gain on loss of control of subsidiary		–	145 226	–
Depreciation and amortisation		(34)	(443)	(41)
Net foreign exchange (losses)/gains		(8 250)	(245)	14
Reversal of/(increase in) impairment losses on financial assets		15 124	(1 495)	–
Impairment of financial assets	5	–	(1 495)	–
Reversal of provision for impairment (ECLs)	5	15 124	–	–
Employee benefit expense		(4 711)	(2 134)	(1 184)
Motor vehicle expense		–	(225)	–
Net monetary gain		–	–	–
Finance income		4 329	72	–
Finance costs		(72)	(187)	–
Other operating costs		(5 073)	(793)	(364)
Taxation		–	–	–
Profit/(loss) for the period		19 825	163 970	(2 540)
Segment assets – non-current				
		63	–	–
– current		78 078	–	–
– asset held for sale		4 540	–	8 758
Segment liabilities – non-current				
		(318)	–	–
– current		(19 747)	–	–
– liabilities directly associated with asset held for sale		–	–	(2 396)

¹ There were no inter-segment revenue or cost of sales transactions during the prior period

Business segments

At 31 August 2022 the Group did not have any revenue generating activities and was exploring various midstream and downstream opportunities. Post the reporting period, 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 EH. This followed the award in May 2022 of a fuel wholesale licence to the Group.

Revenue

The Group did not generate revenue for the period under review due to the prior year disposal of the Egypt operations and the loss of control of AO, and the subsequent disposal of the latter during the period under review. During the prior comparative period, the Group derived revenue from the following sources:

- The sale of crude oil from the Lagia Oil Field to the Egyptian General Petroleum Corporation (“EGPC”). This revenue is included under the Egypt segment.
- Sales of petroleum products by AO to a diversified customer base which included local government and mining, construction, transport, manufacturing, retail and agricultural customers. These revenues were included under the South Africa segment.

Inter-segment revenues when applicable are eliminated upon consolidation and are reflected in the “eliminations” column.

Revenue from contracts with customers is disaggregated as follows:

	31 August 2021 R'000
Sale of crude oil	765
Sale of petroleum products	37 285
Total	38 050

At 31 August 2022 there was no concentration risk as there were no revenue generating operations. Similarly, at 31 August 2021 there was no concentration risk due to the impact of the loss of control of AO which occurred in April 2021. The disaggregation of the prior comparative period revenue by geographical segment is provided above.

Nigeria R'000	DRC R'000	Zimbabwe R'000	Mauritius R'000	Eliminations R'000	Consolidated R'000
-	-	-	-	-	38 050
-	-	-	-	-	38 050
-	-	-	-	-	(33 287)
-	-	-	-	-	4 763
442	-	84	-	(18 807)	18 697
-	-	-	-	-	18 415
442	-	84	-	(18 807)	282
-	-	-	-	-	145 226
-	-	(2)	-	-	(520)
-	-	-	-	(1 348)	(9 829)
(17 947)	-	-	-	15 143	10 825
(18 209)	-	-	-	18 209	(1 495)
262	-	-	-	(3 066)	12 320
-	-	-	-	-	(8 029)
-	-	-	-	-	(225)
-	-	916	-	-	916
1 187	-	-	-	-	5 588
-	-	-	-	-	(259)
(121)	(30)	(1 156)	(2)	598	(6 941)
-	-	-	-	-	-
(16 439)	(30)	(158)	(2)	(4 414)	160 212
-	-	-	-	(34)	29
17 665	-	-	-	-	95 743
-	-	-	-	-	13 298
-	(80 645)	-	-	80 963	-
(134)	(754)	-	-	-	(20 635)
-	-	-	-	-	(2 396)

4 OTHER INCOME

	31 August 2022 R'000	31 August 2021 R'000
Other income primarily comprises:		
Net foreign exchange gains	9 590	–
Reclassification of exchange differences to profit or loss	–	18 415
Profit on disposal of property, plant and equipment	–	106
Derecognition of financial liability	13 013	–
Management fees	27	40
Other	–	136
Total	22 630	18 697

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

	31 August 2022 R'000	31 August 2021 R'000
The (increase in)/reversal of the provision for impairment of financial assets was attributable to:		
Transcorp	–	522
Encha Refund	–	20 115
Financial assets	(6 225)	(8 317)
Trade receivables	–	(1 495)
Total	(6 225)	10 825

6 OTHER OPERATING COSTS

	31 August 2022 R'000	31 August 2021 R'000
Other operating costs primarily comprise:		
Net foreign exchange losses	–	9 829
Employee benefit expense	5 867	8 029
Consulting fees	1 040	2 438
Legal fees	638	1 029
Motor vehicle expense	–	225
Depreciation and amortisation	279	520
Property, plant and equipment	37	479
Right-of-use assets	242	–
Intangible assets	–	41
Other operating costs ¹	340	1 976

¹ Mainly comprise costs attributable to corporate costs, business development, travel and accommodation, auditor's remuneration, repairs and maintenance, and subscriptions

7 EARNINGS PER SHARE

		31 August 2022	31 August 2021
Basic and diluted	Cents	0.71	14.51
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 at 31 August 2021 and 31 August 2022.			
Profit attributable to equity holders of the Company for the period	R'000	7 855	160 164
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	000's	1 103 835	1 103 835
Issued shares at the beginning and end of the reporting period	000's	1 103 835	1 103 835
Add: Dilutive share options	000's	–	–
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	000's	1 103 835	1 103 835
Headline earnings per share			
Basic and diluted	Cents	0.71	(0.32)
		31 August 2022 R'000	31 August 2021 R'000
Reconciliation of headline profit/(loss)			
Profit attributable to equity holders of the Company		7 855	160 164
Adjusted for:			
Profit on disposal of property, plant and equipment		–	(106)
Gain on loss of control of subsidiary		–	(145 226)
Reclassification of exchange differences to profit or loss		–	(18 415)
Tax effect of adjustments		–	–
Headline profit/(loss) for the period		7 855	(3 583)

8 LOANS AND OTHER CURRENT RECEIVABLES

The movements in loans and other receivables during the period under review are outlined below:

	At 28 February 2022 R'000	Receipts R'000	Utilisation of provision for impairment R'000	At 31 August 2022 R'000
Encha Refund	72 991	(40 000)	(32 991)	–
Provision for impairment	(32 991)	–	32 991	–
Total	40 000	(40 000)	–	–

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 that commenced in 2016.

The provision for impairment of loans and other current receivables was based on lifetime expected credit losses.

9 CASH AND CASH EQUIVALENTS

	31 August 2022 R'000	28 February 2022 R'000
Cash and cash equivalents consist of:		
Cash at banks and on hand	69 484	37 764
Short-term deposits	71	25
Total cash and cash equivalents	69 555	37 789

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.

10 STATED CAPITAL

There were no changes to the stated capital during the period under review.

11 DISPOSAL OF FINANCIAL ASSETS

As previously reported in the 2022 AFS, on 16 April 2021 Efora lost control of AO, 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 AO at fair value. The loan previously advanced by Efora to AO 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.

On 28 February 2022 the loan due from AO amounted to R128.7 million and was fully impaired and Efora's investment in AO was valued at R10.0 million underpinned by the offer received from Royale pursuant to the implementation of the business rescue plan at AO. On 1 March 2022 the Company through its wholly owned subsidiary, EH, entered into a sale agreement under the terms of which the Company disposed of its 71.13% indirect interest in AO 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 SENS on 8 February 2022. Following the disposal of AO, the Company also wrote off the loan due from AO as the amount could not be recovered due to the financial difficulty experienced by AO.

Movements relating to financial assets during the period under review are outlined below:

	At 28 February 2022 R'000	Utilisation of provision for impairment R'000	At 31 August 2022 R'000
Financial asset at amortised cost			
Loan due from AO			
Gross carrying amount	128 667	(128 667)	–
Provision for impairment	(128 667)	128 667	–
Total	–	–	–
	At 28 February 2022 R'000	Proceeds on disposal R'000	At 31 August 2022 R'000
Financial asset at fair value through profit or loss			
Investment in AO	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 expected credit losses.

12 FAIR VALUE MEASUREMENT

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and the loan from the joint venture approximate carrying values due to the short-term maturities of these instruments.

13 RELATED PARTIES

	31 August 2022 R'000	31 August 2021 R'000
Key management compensation		
<i>Non-executive directors</i>		
Fees	1 958	1 697
<i>Executive directors</i>		
Salaries	2 728	1 861
<i>Other key management</i>		
Salaries	337	316
Total	5 023	3 874

14 COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

Capital commitments

The Group did not have any capital commitments at 31 August 2022 (2021: Rnil).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities at 31 August 2022 (2021: Rnil).

15 DIVIDENDS

The Board has resolved not to declare dividends to shareholders for the period under review.

16 GOING CONCERN

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

- At 31 August 2022 the Group had an excess of current assets over current liabilities of R66.8 million as at that date.
- The Group generated positive cash flows totalling R31.8 million during the period under review.
- The 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. Management has determined that the available cash resources are expected to be sufficient to meet the Group's operational requirements for the foreseeable future.
- 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 16(d). Furthermore, based on information available on the assessment date, the Group has concluded that developments with the Russia-Ukraine war and disruptions to global supply chains will not materially impact its operations during the Assessment Period.

17 EVENTS AFTER THE REPORTING PERIOD

The following events occurred after the reporting period:

NEW WHOLESALING BUSINESS

During December 2022 the Group commenced the wholesaling of diesel and illuminated paraffin to commercial customers in South Africa through its wholly owned subsidiary EH.

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 SENS on 11 January 2024 and 28 February 2024.

18 RUSSIA-UKRAINE WAR

The Group has also considered developments with the Russia-Ukraine war post the reporting period. Broadly, the war affected the ability of many companies to continue operations or required the significant scaling down of business activities. Energy prices increased significantly, especially the price of fuels, and the security of supply of energy was also threatened. Specific to the Group, management has concluded that these developments did not have a material impact on its operations given disposals of its interests in Lagia, Afric Oil and Block III. Management will continue to monitor developments with the war, and the impact thereof, as it progresses its various business development initiatives.

On behalf of the Board



Vuyo Ngonyama
Chairman

Johannesburg
29 April 2024



Darrin Arendse
Chief Executive Officer (Interim)

CORPORATE INFORMATION

EFORA ENERGY LIMITED

Incorporated in the Republic of South Africa

(Registration number 1993/000460/06)

JSE share code: EEL

ISIN: ZAE000248258

("Efora" or "the Company" or together with its subsidiaries and joint venture "the Group")

REGISTERED OFFICE, DOMICILE AND PHYSICAL ADDRESS

2nd Floor, Building 11, Design Quarter District

Leslie Avenue, Fourways, 2191

POSTAL ADDRESS

PostNet Suite 211

Private Bag X75, Bryanston, 2021

CONTACT DETAILS

Tel: +27 (0) 10 591 2260

General queries: info@eforaenergy.com

Investor and shareholder queries: investorrelations@eforaenergy.com

Media queries: media@eforaenergy.com

X: @EforaEnergy

LinkedIn: Efora Energy Limited

DIRECTORS

Darrin Arendse (Chief Executive Officer – Interim), Vuyo Ngonyama (Chairman)*, Patrick Mngconkola*, Zanele Radebe*, Malande Tonjeni*

* Independent non-executive directors

ADVISERS

Company Secretary Fusion Corporate Secretarial Services Proprietary Limited

Transfer Secretaries JSE Investor Services Proprietary Limited

JSE Sponsor PSG Capital

AUDITORS

External Auditors SizweNtsalubaGobodo Grant Thornton Inc.

Internal Auditors BDO Advisory Services Proprietary Limited