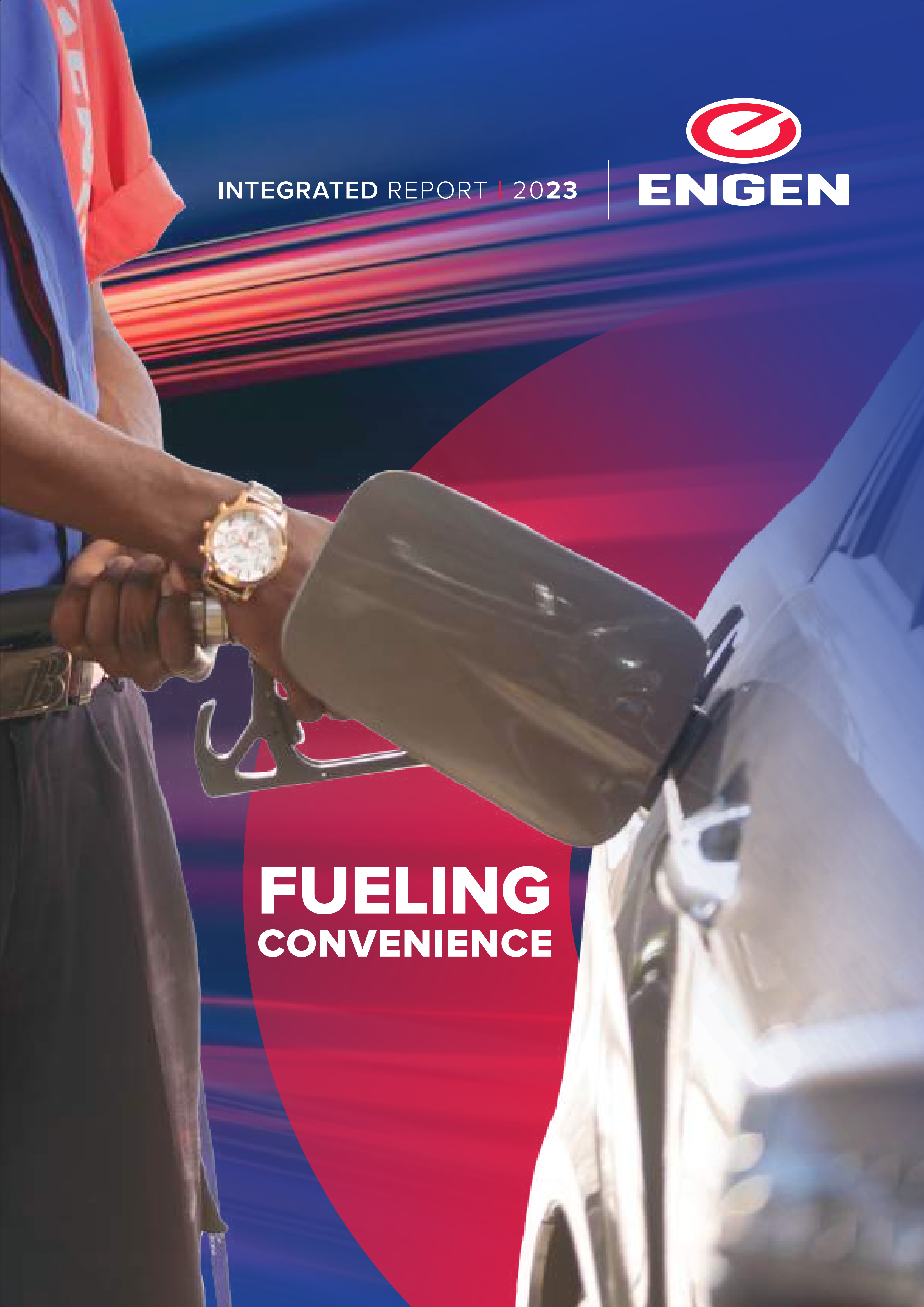
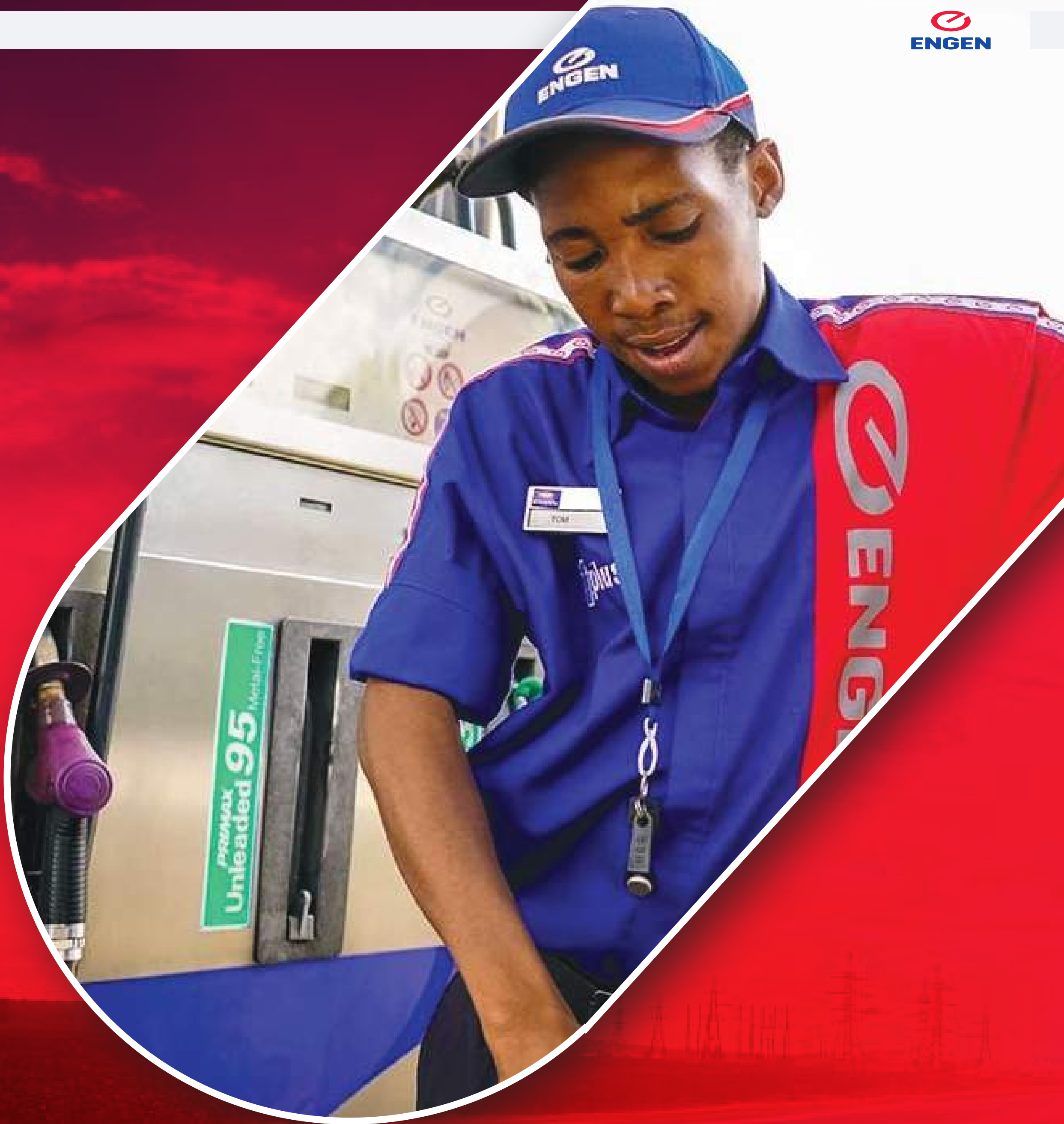
INTEGRATED REPORT | 2023

ENGEN

FUELING CONVENIENCE





ABOUT THIS REPORT

Thank you for reading Engen Botswana Limited's Integrated Report for the year ended 31 December 2023.

As a company, we endorse the principles of transparency & accountability, and are committed to reporting on our performance and prospects in a meaningful manner.

FUELING CONVENIENCE

As one of Botswana's leading fuel retailers and distributors ENGEN has strategically positioned itself as more than just a fuel provider. With the theme "Fueling Convenience," this year's integrated annual report highlights ENGEN's commitment to delivering a comprehensive suite of products and services that cater to the diverse needs of its customers.

This theme encapsulates the essence of ENGEN's business model, which goes beyond supplying high-quality petroleum products to include petroleum-based lubricants, on-site convenience stores, and a range of ancillary services. This integrated approach ensures that customers enjoy the utmost convenience, making ENGEN the preferred one-stop destination for drivers and the general public.

We understand that customers value efficiency and ease in their daily lives. By offering our diverse and increasingly sophisticated array of products and services at our service stations, ENGEN continuously caters to a growing demand for more convenience.

Our range of petroleum-based and synthetic lubricants make up a significant component of its product lineup. These lubricants are essential for maintaining the performance and longevity of vehicles, thus complementing the fuel offering. Customers can conveniently purchase these lubricants at ENGEN service stations, ensuring that all their vehicular needs are met in one location. This eliminates the need for customers to visit multiple vendors, saving them both time and effort.

The Convenience Store Advantage

Our convenience stores are pivotal to fueling convenience. These stores stock a variety of products ranging from snacks, beverages, and everyday essentials to car accessories and maintenance items. This allows us to meet the immediate needs of customers, whether they are on a long road trip or simply need to pick up groceries on their way home. This aligns with the modern lifestyle where time is a precious commodity.

This integration of services fosters customer loyalty, as we deliver solutions that make a difference, and are a core aspect of our value proposition.

Enhancing Customer Experience

Fueling convenience is also about enhancing the overall customer experience through real-time innovation and customer-centric services. We continue

to invest in technology and infrastructure that streamline operations and improves service delivery. For instance, initiatives such as the implementation of mobile payment systems and loyalty programs, as well as promotions, resonate with the convenience theme. Such innovations simplify payment processes and reward customers for their continued patronage, further solidifying ENGEN's reputation as a customer-focused business.

Our service stations are designed with customer comfort in mind. Clean, well-maintained facilities, friendly staff, and quick service are standard across all ENGEN locations. This attention to detail ensures that every visit to an ENGEN station is a pleasant experience, reinforcing the convenience narrative.

Environmental Responsibility and Sustainability

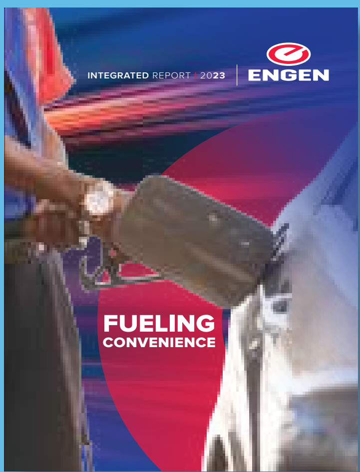
ENGEN's commitment to responsible business practices is also reflected in the theme. To offset the environmental impact of our operations, we actively seek ways to mitigate this by promoting the use of cleaner fuels, reducing carbon emissions, and implementing recycling programs at our convenience stores demonstrating ENGEN's dedication to sustainability.

These efforts not only contribute to a healthier environment but also align with the growing consumer demand for eco-friendly practices. By integrating sustainability into our business model, we provide a more comprehensive form of convenience that addresses the environmental concerns of our customers.
Fueling Convenience" aptly captures ENGEN's multi-faceted approach to serving its customers and conduction its business

This comprehensive service offering not only meets the immediate needs of customers but also enhances their overall experience. By continually adapting to the evolving needs of its customers and the environment, ENGEN ensures that it remains at the forefront of convenience, making life easier for everyone it serves.

Fueling Convenience is a testament to our dedication to being more than just a fuel provider – it makes us a trusted partner in the daily lives of our customers.

About this Report



An electronic copy of the fourth Integrated Report of Engen Botswana Limited is freely available online for public review and appreciation. Similar copies of the preceding publications are also available.

Download your copy here:

https://www.engen.co.za/downloads/engenBotswana

This is our fourth Integrated Report, and it presents how Engen Botswana Limited creates value for shareholders and providers of all forms of capital. We have adopted King III code of corporate governance and are in the process of moving onto King IV. As a member of the Petronas Group, we have always aspired to the application of best practice corporate governance protocols.

We have adopted King III code of corporate governance and we are aspiring to ultimately move onto King IV. This Integrated Report considers specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures, emerging risks and opportunities from new technologies along with new reporting and disclosure requirements, as per the requirements of the International Integrated Reporting Council (IIRC).

What is Integrated Reporting?

An Integrated Report is a concise communication about how an organisation's performance, strategy, governance, and prospects lead to the creation of value over the short, medium and long term.

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The IIRC embodies the shared, common interest of a global coalition of parties in the adoption of Integrated Reporting on an international basis as a means to improve communication about value creation, advance the evolution of corporate reporting, and make a lasting contribution to financial stability and sustainable development.

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors. The coalition promotes communication about value creation, preservation and erosion as the next step in the evolution of corporate reporting.

Purpose

The IIRC's purpose is to promote prosperity for all and to protect our planet.

Mission

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors.

Vision

The IIRC's vision is a world in which capital allocation and corporate behaviour are aligned to the wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.

The coalition comprises entities drawn from broad global communities, including business and other reporting entities; providers of financial capital; policy makers, regulators and exchanges; the accounting profession; reporting framework developers and standard setters; civil society; and academia.

NAVIGATION ICONS

The following navigation icons are used to link our Capitals and Strategic Priorities to Material Matters, Key Risks and Mitigation and Business Review.

OUR CAPITALS

Our 2023 Integrated Report seeks to provide a holistic overview of Engen Botswana Limited's key developments, market challenges, our strategies and initiatives as well as our approach to risk and governance for the 12-month period 1 January to 31 December 2023.

In addition, we also offer relevant historical information in order to contextualise the key issues discussed. We hope the third iteration of the report will adequately reflect the strides we have made towards being conversant with the integrated reporting framework.

FINANCIAL

HUMAN

MANUFACTURED

INTELLECTUAL

SOCIAL AND RELATIONSHIP

NATURAL

REPORTING FRAMEWORK

Our report is based on the standards and outline as presented in the International Integrated Reporting Framework. The focus is on Engen's value chain and how we manage the process of value creation across the six sustainability capitals as guided by the framework.

The activities of Engen Botswana Limited are covered in the report, including all operations in which we have direct control and are able to implement our policies, practices and standards. We report fully on key sustainability performance indicators regardless of percentage share ownership. Deviations from this reporting boundary are clearly stated.

6 Elements of Integrated Reporting

- Organisation & Business Model
- Operating Context
- Strategy
- Future Outlook
- Governance & Remuneration
- Performance

The IIRC's Framework's objectives can be summarised as follows:

Objectives	Engen's response
• To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital	We commit to enhance the level of reporting in our Integrated Annual Report through additional disclosure notes and with cognisance to latest trends in worldwide Corporate Governance. Our governance standards are set by King III against which we measure ourselves as detailed in the Corporate Governance Report from page 66.
• To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time	Material matters to the Company are listed in this report. Refer to the Managing Director's report on page 32 which captures the material aspects of our business and highlights the factors and risks affecting our ability to generate returns for our Shareholders.
• To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies	Our business model on page 16 illustrates how the Company optimises the various forms of capital and caters for future developments, while prioritising our environment and the communities in which we operate.
• To support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term	The Company has a clear Strategic Plan (from page 44) to ensure its overall objectives are identified and implemented in order to maximise shareholder value and enhance outcomes for all relevant stakeholders.
• To explain to Shareholders how an organisation creates value over time	Value creation is demonstrated both in terms of profitability and in terms of capital growth in the share price.

MATERIAL MATTERS

Our report is relevant for stakeholders with an interest in our performance and prospects against our Statement of Purpose: **A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future.**

The information provided in our Integrated Report focuses on issues, opportunities and challenges that impact materially on Engen Botswana in ensuring a sustainable future, while consistently delivering value and enriching the lives of our stakeholders. We apply the principle of materiality in assessing what information should be included in the Report.

ASSURANCE

Our financial statements are audited by an independent firm of auditors, PricewaterhouseCoopers, Botswana, while the development of our non-financial reports is supported by robust internal process and good governance practices.

Our Board Audit Committee provides internal assurance to the Engen Botswana Limited Board by individually monitoring the plans provided by the internal and external auditors. The Group's financial, operating, compliance and risk management controls are assessed by the Group's internal audit function, which is overseen by the Board Audit Committee.

PricewaterhouseCoopers, Botswana have audited the Company's annual financial statements, which were prepared in terms of the International Financial Reporting Standards (IFRS). The Key Financial Indicators for 2023 and 2022 of the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position are set out on pages 112 and 113 respectively.

As this is our fourth Integrated report, reasonable independent assurance on selected sustainability information is not included in the 2023 Engen Botswana Integrated Report.

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements which discuss future expectations concerning the dispositions of assets or financial conditions or provide other forward-looking information into 2024. These forward-looking statements are not predictions or guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and may cause actual results to differ materially from those expressed in the statements contained in this report. Readers are cautioned not to put undue reliance on the forward-looking statements.

BOARD APPROVAL

The Engen Botswana Limited Board is responsible for ensuring the integrity of the Integrated Report. In the Board's opinion, this report addresses all material issues, and presents a balanced and fair account of Engen's performance.

INSIDE THIS REPORT

Overview of Engen 14

Organisation & Business Model 16
Our Business Model 17
Who We Are & What We Do 18
Our Presence 20
Our Value Chain 22

Leadership Statements 24

Chairman's Statement 26
Managing Director's Statement 32

2023 Highlights 38

Business Highlights 40
Financial Highlights 40
Risks & Materiality 42

Strategic Review 44

Our Value Creating Business Model 46
Engen Strategic Priorities 46
Operating context 48

Performance Review 52

Highlights 54

Leadership 58

Board of Directors 60
Management Team 64

Governance & Remuneration 66

Our Approach 68
Board and Committee Structure 68
King III Compliance Review 70

Sustainability 88

Human Capital 90
Social & Relationship Capital 92
Manufactured Capital 96
Natural Capital 98
Financial Capital 99

Annual Consolidated & Separate Annual Financial Statements 102

General information 104
Directors' report 105
Report of the independent auditor 106
Statement of profit or loss and other comprehensive income 112
Statement of financial position 113
Statement of cash flows 114
Statement of Changes in Equity 115
Notes to the Financial Statements 117

Other information 168

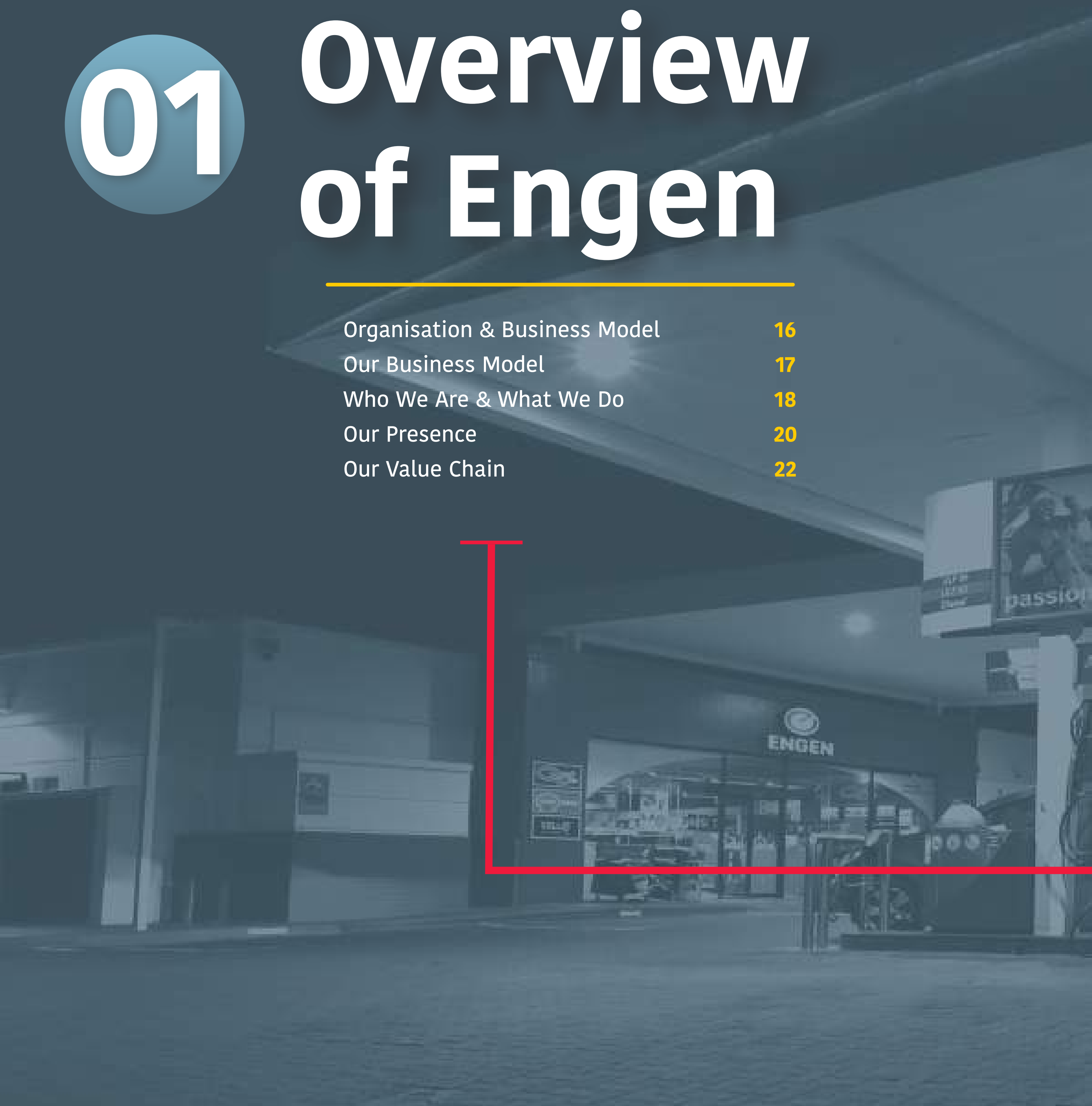
Value Added Statement 169
Supplementary Statement 170
of Comprehensive Income
Five-Year Financial Summary 171

Shareholders Information 172

Share Analysis-Ordinary Shareholders 173
Notice of Annual General Meeting 174
Form of Proxy 177

01 Overview of Engen

Organisation & Business Model 16
Our Business Model 17
Who We Are & What We Do 18
Our Presence 20
Our Value Chain 22

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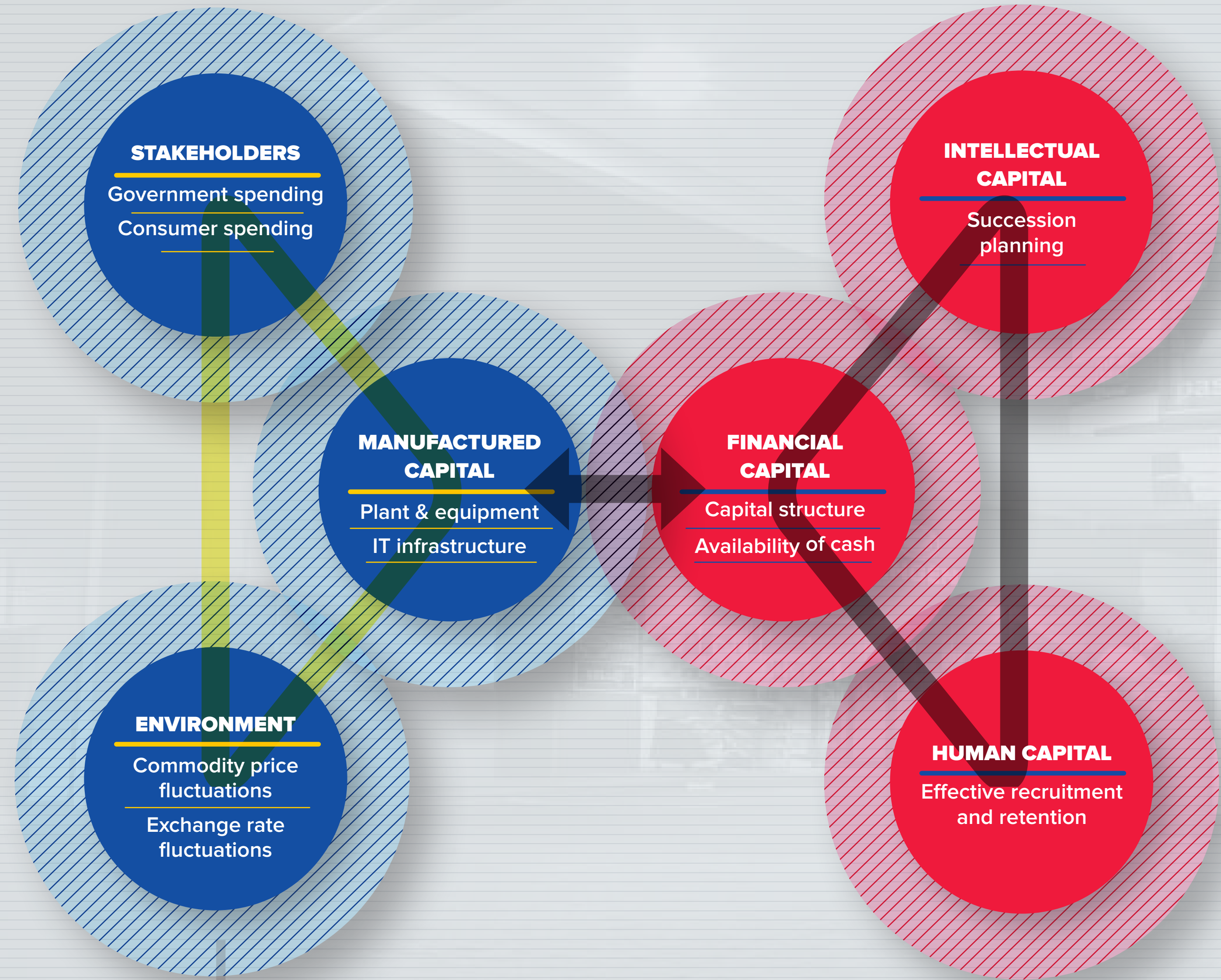
ULP 95
ULP 93
Diesel
pride

Organisation & Business Model

Forms of Capital

The International Integrated Reporting Council (IIRC) identifies the various forms of capital that together represent accumulations of value that are the foundations of an organisation's value creation, and the Integrated Report seeks to report holistically on these multiple capitals.



OUR BUSINESS MODEL

Our business model is designed to enable the Company to achieve its objectives through recognising the various Material matters and the interdependencies of the various forms of capital.

WHO WE ARE & WHAT WE DO

Engen is Botswana's premium petroleum brand, the customer focused market leader, optimising all forms of capital potential to deliver innovative petroleum products, satisfying retail convenience offerings and exceptional service. As part of a global Group, we leverage our parent companies Petronas & Engen's intellectual capital and extensive investments in R&D to deliver world-class petroleum products.

The day-to-day logistics and distribution network of the Company necessitates a culture that prioritises Health, Safety and Environment. In line with the PETRONAS corporate culture, our committed workforce strongly collaborates with our business partners and stakeholders to ensure that we maintain our proud record of consistent innovation and exceptional service standards. Our 'customer first' mindset drives us to create and deliver a seamless customer service experience so that we consistently deliver our brand promise: 'With us you are Number One'.

Who we are & what we do

Engen is Botswana's fastest growing brand and "coolest" petroleum brand; an industry trendsetter and customer focused market leader that harnesses human potential to deliver innovative petroleum products, exciting retail convenience offerings and digitally enabled solutions.

The group operates in two segments namely petrochemical activities and property letting. There are three divisions within the petro-chemical segment being Retail, Commercial and Lubricants.

We leverage our parent company PETRONAS' intellectual capital and extensive investments in R&D to deliver world-class petroleum products.

RETAIL

We operate 69 service stations across Botswana as at the end of 2023, marketing superior petroleum products and offering unique convenience at over 45 Quickshops and through various prestigious partner brands. By developing innovative digital solutions we create a seamless refuel and convenience experience for our customers.

COMMERCIAL

As a proud partner to a broad section of Botswana industry, our fully integrated commercial business focuses on the sales and marketing of bulk petroleum products, including: Diesel, Gasoline, Kerosene.

LUBRICANTS

We offer premium lubricant products in Botswana based on PETRONAS' Fluid Technology Solutions, including: Automotive and Industrial. These cater for consumers and commercial customers. Alongside quality Engen lubricants, we also market various PETRONAS lubricants and functional fluids.

STATEMENT OF PURPOSE

A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future.

Progressive
We are a dynamic Southern African brand that is passionate about progress and places customers at the heart of all the things that we do.

Energy
We provide a range of energy solutions for our customers' Energy requirements with the ambition to add renewables to our customer offering.

Solutions Partner
We are a provider of products and services, delivering innovative Solutions to be a trusted Partner that delivers value.

Enriching Lives
We are committed to Enriching the Lives of all our stakeholders and to help society to reach its full potential for a prosperous future.

Sustainable Future
We create a Sustainable Future by protecting value across Human, Social, Manufacturing, Intellectual, Natural, and Financial capitals.

SHARED VALUES

LOYALTY
Loyal to corporation

INTEGRITY
Honest and upright.

COHESIVENESS
United, trust and respect for each other.

PROFESSIONALISM
Strive for excellence.

CULTURAL BELIEFS

CUSTOMER FOCUSED
I deliver solutions from the customer lens.

INNOVATE NOW
I challenge norms and push boundaries.

COURAGE TO ACT
I take action to progress with pace.

BE ENTERPRISING
I seek opportunities and make them happen.

SPEAK UP
I express my views openly.

Our presence

Engen Botswana Limited is the only oil company listed on the Botswana Stock Exchange. Our citizen empowerment and inclusivity is demonstrated by our broad-based shareholding, with over 741 Batswana holding 30% of our equity.

Our majority shareholder, Petroleum Investment Holding Limited, Mauritius, holds 70% of equity, and it in turn is 100% owned by Engen Holdings (Pty) Ltd, based in South Africa. As a result, we have access to relevant infrastructure in South Africa and around the region. This ensures improved availability and quality.


KAZUNGULA
PANDAMATENGA
GUMARE
MAUN
NATA
TUTUME
RAMOKGWEBANA
SEBINA
MOPIPI
ORAPA
FRANCISTOWN
LETLHAKANE
TONOTA
GHANZI
ES HILL
SEROWE
SELEBI-PHIKWE
BOBONONG
PALAPYE
RAMOKGONAMI
MAHALAPYE
KANG
MOCHUDI
MOLEPOLOLE
KANYE
THAMAGA
MOSHUPA
GABORONE
RAMOTSWA
LOBATSE
TSABONG

Our value chain

PROCUREMENT

SOURCING
Refined finished product and base oil sourced

INBOUND LOGISTICS
Refined finished product and base oil sourced shipped to local storage

PROCESSING
Chemicals and lubricants produced at our two manufacturing plants

Imported Product → Shipping Tanker → LOBP

Shipping Tanker → LOCAL STORAGE

LOCAL STORAGE → LOBP

At the heart of our value proposition lies our integrated value chain for the entire Engen Group. We seek to continually improve our inbound logistics, processing, outbound logistics, and sales and marketing, to ensure we operate safely, reliably, efficiently and responsibly.

TRANSPORT MODES

OUTBOUND LOGISTICS

Storage facilities, rail, pipeline, ships and road transport used to take product to customers

- Pipeline Transfer
- Road Transfer
- Rail Transfer
- Shipping Transfer

DEPOT/ TERMINAL

CUSTOMERS

SALES & MARKETING

Product, tailored and convenience services marketed to customers

- Retail Service Stations
- Aviation
- Mining
- Industry
- Customer Storage

Product Inventory from Source*

*Approximate annualised average

60% IMPORTS + 40% OTHER OIL COMPANIES

Primary Distribution

PIPELINE	SHIPPING	X-PUMP	ROAD	RAIL
51%	22%	17%	8%	2%

02 Leadership Statements

Chairman's Statement 26
Managing Director's Statement 32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Chairman's Statement

DIVIDENDS PAID TO SHAREHOLDERS

193%

Increased to **P334.8 million**, from P114.1 million in 2022, an increase of 193%

On behalf of the Board of Directors, it is my pleasure to present the Engen Botswana Limited 2023 Integrated Report. This is our fourth edition of the integrated reporting format. We are confident that it will be our most comprehensive report to date and that it will allow you to gain an understanding of Engen Botswana's strategic framework for long-term value creation while reviewing our governance efforts and adherence to King III™ governance principles in 2023.

As a result of the multitude of challenges the Company faced over the reporting period, I must, unfortunately, announce that we recorded a 57.4% reduction in our profit after tax for the 2023 financial year, relative to 2022. The financial highlights are discussed in detail elsewhere and will showcase all the factors that led to the lacklustre performance.

> *These challenges have exacerbated the structurally high unemployment which stood at 25.9% in Q3 of 2023 compared to 25.4% in Q4 2022, and added further strain to livelihoods that were already under duress.*

BUSINESS ENVIRONMENT

Over the reporting period, Botswana has experienced an upsurge in climate change-related events, characterised by inordinately high temperatures and vicissitudes in precipitation which has resulted in underwhelming crop production yields, and veld fires that decimated grazing pastures. These challenges have exacerbated the structurally high unemployment which stood at 25.9% in Q3 of 2023 compared to 25.4% in Q4 2022, and added further strain to livelihoods that were already under duress. The level of job creation has been lagging, with youth unemployment at 34.4%, even though the country enjoys a relatively high-income status; leading to a Gini index of 53.3, which affirms our level of inequality as being among the highest in the world. Botswana experienced sluggish GDP growth of 3.6% over the reporting period owing to subdued performances in both mining and non-mining sectors. Diamond sales through De Beers declined by 70% over the reporting period (from $1,379 million in 2022 to $416 million in 2023). With a 35% reduction in the Antwerp Diamond Price Index, there is likely to be a downward revision of the prices that Debswana receives from De Beers for its diamonds. This will in turn adversely affect export earnings and government revenues. There was marginal optimism resulting from inflation that continued to decline over the reporting period, ending the year at 3.5%. While the Food and Non-alcoholic Beverages group's annual inflation of 6.1% remains the largest contributor, the impact of the domestic tradeable (at 4.8%) on inflationary pressure cannot be overlooked. The Bank of Botswana's objective range of 3-6% is likely to remain in the medium term.

Chairman's Statement

[CONTINUED]

We are going to keep a keen eye on several developments in the coming year. The country is set to introduce an increase in the minimum wage of 23.5% in 2024 and this will negatively impact labour-intensive sectors such as retail (which will have increases up to 44%), agriculture (38% increase) and domestic services (38% increase) in the form of staff rationalisation. Additionally, the extension and broadening of the vegetable import restrictions will further constrain the living standards of low-income households and hamper the operating environment of those in the tourism sector. Regulation changes to the Retirement Funds Act are likely to have far-reaching consequences in the coming years for providers of private pensions, asset managers, and life insurance providers. We will continue to monitor these and other emerging changes to the operating landscape in Botswana and reflect on them in future reports.

INDUSTRY DEVELOPMENTS

Local fuel prices decreased by 5.8% in the 4th quarter of 2023, with fuel prices adjusting downwards once and upwards twice over the October to December period. Prices for the year were 2.7% lower than they were in 2022 due in large part to weaker-than-expected demand internationally. Figures in December suggest that the industry is showing over-recovery relative to costs, which will likely lead to further reductions in the coming year.

While these reductions were received positively by end consumers, multinational and domestic fuel importers have to endure and overcome an operating environment that is significantly more challenging due to the decision by the Government to grant Botswana Oil an increased market share of fuel imports.

Chairman's Statement

[CONTINUED]

OUR COMMITMENT TO GOOD GOVERNANCE

Engen Botswana strives to uphold the highest standards of accountability and transparency through a deep-rooted culture of respect, efficiency, ethical thought, and action. We adopt a values-driven approach to everything we do, seeking to create trust through ethical leadership and a commonly accepted and lived set of values. Our governance framework embodies ethical values, good corporate governance, and risk management practices that are in line with our strategic business goals. We have a skilled and knowledgeable Board with an appropriate mix of experience, expertise and strategic perspective which has maintained its focus on fostering high standards of corporate governance and will continue to do so in the future.

STATEMENT OF PURPOSE

"A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future"

Our Statement of Purpose continues to guide our efforts to strengthen our existing portfolio and to future-proof the organisation. Ultimately, our objectives will be realised when our stakeholders see us not merely as a provider of products and services but recognise us as a trusted partner that creates value, delivers products that customers need, and provides opportunities for our employees to develop their careers while growing with the company. We believe we can play a critical role in moving society forward, facilitating economic growth, and creating jobs as well as economic value.

CONTRIBUTING TO THE COMMUNITY

Engen is committed to supporting the communities within which it operates. Several initiatives were undertaken during the year including collaboration with the Footballers Union of Botswana. Engen facilitated a series of youth football coaching clinics at the MmaMasire Youth Centre in Gaborone. The clinics targeted both male and female players between the ages of 5 and 13 years. The key benefits of the clinics were to increase participation in local soccer leagues, improve talent identification, instil long-term life skills, and revive support and enthusiasm for local football clubs.

Chairman's Statement

[CONTINUED]

LOOKING AHEAD

2024 is poised to be a globally historical election year with 49% of the world's population heading to the polls. 64 countries, including the European Union, will usher in new governments in the most consequential electoral year in a generation. Whether one looks at Taiwan or Pakistan, Russia or the USA, there will be significant changes in geopolitics in the coming 12 months.

In the SADC region, Botswana, South Africa, Namibia, Mozambique, Mauritius, Madagascar, and Comoros will all have elections this year. It is uncertain what the implications of these elections will be on the operating environment beyond 2024, but we are confident that commerce within and among these countries will not be unduly affected.

Along with the election cycle that we are entering, the world is still gripped by conflicts in Africa, Europe, and the Middle East, along with simmering tensions in Asia. These conflicts along with climate change-induced natural disasters are putting global food and energy security in jeopardy.

The responsibility is on us as a Board to adapt to the fluctuating operating environment and assist the management team in finding solutions to areas of difficulty while exploring opportune growth spaces. Our dexterity will distinguish us from other energy solutions providers.

Our belief in the depth of scope for growth in the local market is resolute. We aim to enhance our already robust performance base, improve our resilience, and grow our market share.

Our people are the core components of our success.

Chairman's Statement

[CONTINUED]

We will go as far as our highly skilled and motivated employees take us. We aim to be an employer of choice that emphasises health, safety, security, the environment and ethics above all other considerations.

APPRECIATION

I extend my heartfelt appreciation to the Engen Botswana team. Our impressive safety, environmental, and operational performance confirm that the Company is in good hands.

On behalf of the Engen Botswana Limited Board, I extend sincere appreciation to BERA and all the other government ministries and agencies who have an interest in our business for their continuous support and guidance.

I take this opportunity to thank my fellow Board members for their guidance throughout the year. We believe that with their continued support and direction, Engen Botswana Limited will persevere through the many challenges that lie ahead.

I also extend my thanks to our investors, partners and all stakeholders for their loyalty and patronage. Finally, I wish to thank our customers and all our stakeholders for their continued support of Engen and remind you that ENGEN is @ YOUR SERVICE.

Shabani Ndzinge
Chairman

Managing Director's Statement

THE TOTAL ASSETS GREW TO

1.41 Bn

from **P1.36 billion** over the reporting period

2023 was a challenging year from a financial point of view. The ongoing Russia-Ukraine war resulted in frequent price adjustments of fuel in Botswana due to the fluctuation of crude oil prices. While these changes made the operating environment challenging, there were no supply-side challenges. There was a 32.6% decrease in commercial volume performance in 2023 due to the government directive for fuel to be purchased from citizen-owned suppliers. Notwithstanding the challenging circumstances, Engen Botswana performed creditably, as described in this Integrated Annual Report.

SOLAR ROLLOUT

We embarked on a rollout of solar infrastructure at our service stations in line with the UN SDG 7 goal and were able to install PV infrastructure at an additional 12 service stations over the reporting period, bringing the total solar coverage to 18 service stations.

"There was an upswing in demand for diesel products from customers in the mining sector, while distributors and the government fleet exhibited a higher preference for petrol products"

PERFORMANCE

In a very challenging trading environment, the Group registered a decline in profit after tax from P266.1 million in 2022 to P113.4 million in 2023. As discussed elsewhere in this report, the decline was largely due to reduced commercial volumes. On the plus side, there was a margin increase in September 2023 of 1.085 thebe per litre for all fuel types, and while foreign currency gains were not as significant as in previous years, they remained positive. Unlike in previous years, Engen ended the year in a slate over recovery position, owing the government P119.7 million. As a result, our bank balances were positive, with cash and cash equivalents increasing from P345.6 million in 2022 to P580.6 million in 2023.

Overall, the total assets grew from P1.36 billion to P1.41 billion over the reporting period.

Managing Director's Statement
[CONTINUED]

COMMERCIAL

The commercial channel also had a challenging year. There was a 32.6% decrease in volumes in 2023 due to a government directive that fuel be purchased only from citizen-owned suppliers. Additionally, there was a decline in volumes from one of our major distributors. There was an upswing in demand for diesel products from customers in the mining sector, while distributors and the government fleet exhibited a higher preference for petrol products, leading to a 3% increase in petrol sales volumes.

Lubricants declined by 7% from 2023. The underperformance was due to high international prices which affected our cost of production, coupled with foreign exchange challenges that made it financially attractive for our commercial customers to take advantage of exchange savings and to purchase directly from South Africa.

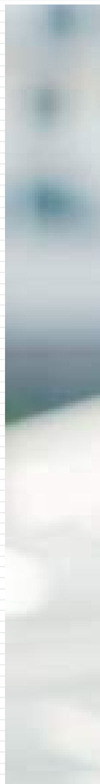
The Commercial channel took part in the Makgadikgadi Golf Challenge in July 2023, sponsoring the tournament to the tune of P20 000, and also sponsored the Africa Mining Summit at Phakalane Golf Estate on 21st – 22nd September 2023 for P302 000.

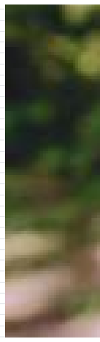
RETAIL

The network continues to be affected by depressed economic activity and this has resulted in the average fill-per-service-station declining compared to the same period in 2022, while the average spend continues to remain the same. Retail volume declined by 1.6% over the reporting period, largely due to a reduction in consumer purchasing power, continued high inflation and the relative high cost of fuel.

In line with our long-term strategy, we opened only one new service station over the reporting period, taking our total to 69, with several scheduled to stream in 2024. Our strategic goals have shifted with the changing operating landscape, and we have placed a partial moratorium on new service stations due to the agglomeration of service stations, as the increased number of service stations drives down market share and negatively impacts return on investment.

The Retail department rolled out the Engen 1 Way strategy at eight service stations in 2023, aimed at growing the base network which declined by an average of 2% in 2023 compared to 2022. The strategy is aimed at focusing on customer centricity and improved dealer management to achieve operational excellence. The department also ran the 90 days of Joy promotion during the year which aimed at increasing volume performance, convenience sales and brand awareness.





SUSTAINABILITY HSE

Safety remains a priority in all our activities, and we have enhanced Health, Safety, and Environment (HSE) risk management protocols by employing digitalised tools and developing a Generative HSE Culture capability and HSE best practices at all working levels throughout the organisation.

Managing Director's Statement

[CONTINUED]

ENVIRONMENTAL HEALTH AND SAFETY

The Engen Health, Safety and Environment Policy sets out the Company's guiding principles in managing risks and hazards relevant to the business operations.

OUR SAFETY PERFORMANCE

There were no major incidents recorded for Engen Marketing Botswana or our vendors and contractors, a testament to our commitment to attaining ZIP – Zero Is Possible for the year 2023. This achievement underscores our dedication to maintaining absolute safety in all our operations. We also recorded no violations of the Engen Zero Tolerance (ZETO) rules, which address ten key workplace safety protocols.

Although there were no armed robberies at service stations reported during the year, we continue to consult with law enforcement and value-chain stakeholders in devising countermeasures and improving our preparedness.

Engen Botswana employs a Behavioural Observation System (BOS), that alongside onboard cameras, provides system tools that allow us to monitor bulk truck operator fatigue and ergonomics, and to refine training programmes.

Managing Director's Statement

[CONTINUED]

HSE ASSURANCE

The first line of HSE assurance is early detection of potential issues to prevent incidents before they occur. Engen Botswana therefore regularly conducts HSEQ assurance at the worksite to assess compliance to all health, safety and environment requirements. During the year under review, all Engen storage depots and retail service stations were audited by focal personnel, and we received the best rating possible for all service stations and depots. The audit findings are analysed to identify any potential weaknesses and their underlying causal factors, providing a holistic approach to gap closure coupled with sustained implementation. Findings from the management review are used as input to identify HSE strategic objectives and new HSE focus areas.

We continue to emphasise the importance of HSE compliance by our contractors. Assurance assessments based on a structured assurance plan for contractors are conducted periodically to ensure we safeguard our operations and interests against any regulatory non-compliance and prevent any unwanted occurrences.

HUMAN RESOURCES

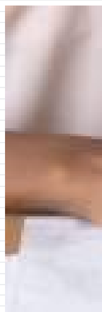
As at the end of 2023, the Group headcount was 46, with 41 permanent employees, four fixed term contract employees, and one intern. Staff turnover for the year was 15.2% due to one death, one termination and five resignations over the reporting period. At year's end, there were five unfilled vacancies, including Managing Director, Distribution Manager, Convenience Specialist, E-Payment Specialist and Mailing Assistant.

Our increasingly agile and mobile workforce continues to broaden its scope and capacity through the adoption of cutting-edge technologies to operate our business more safely and efficiently. Engen employees are driven to be high-performing, innovative and motivated, and are committed to support our growth and sustainability going forward.

We continue to promote gender diversity within the organisation and in December 2023 female employees accounted for 46% of the total workforce, and there were 2 female members of executive management. Advancing equitable gender diversity within the Company is a key strategic goal.

PETRONAS CULTURAL BELIEFS

The PETRONAS Cultural Beliefs are aligned with our core values with the priority of ethical principles set by our leaders across the organisation. Our adoption of these values has increased employee engagement and continues to support an ethos of accountability, driven by a culture of ongoing feedback. Our Employee Value Proposition recognises the importance of attracting and retaining high-performing employees and highly engaged leadership teams.



LEARNING AND DEVELOPMENT

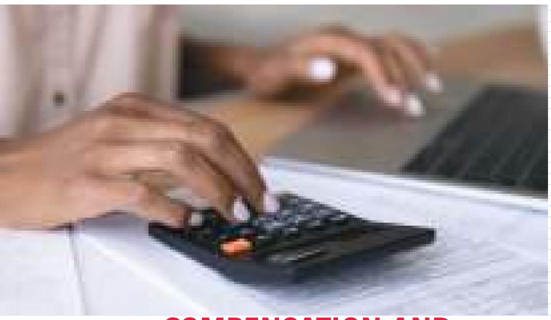
The group has an integrated Talent Management programme which seeks to provide a well-structured and prepared leadership pipeline

Managing Director's Statement

[CONTINUED]

within Engen Botswana. The programme provides training and development interventions that endeavour to up-skill and multi-skill the workforce to allow for opportunities for growth and progress within the group. Skills training allows employees to obtain new skills and upgrade their personal growth and career path prospects, while enabling the Group to recover significant training costs from the Human Resources Development Fund for skills development for short-term training.

During the year, a total of 50 employees undertook a variety of training courses and we were able to make successful claims from the Human Resources Development Council.



COMPENSATION AND BENEFITS

In 2023, Engen Marketing Botswana once again participated in the annual Mercer Total Remuneration Survey (TRS). The results of the survey are incorporated into the group's remuneration strategy to ensure we remain competitive in Botswana's dynamic labour market in order to retain key talent. The Company also participated in the local salary survey conducted by Mercer Total Remuneration Survey to contribute to a Group-wide salary benchmarking exercise. The results will inform the Company's position in relation to current practices in the market. Engen strives to offer not just monetary, but also value-adding benefits, to its employees.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) approach, through which we strive to be considered "A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future", aims to support community upliftment and social development initiatives that make a lasting, sustainable impact in empowering vulnerable people and disadvantaged communities.

The Group is committed to doing business in ways that are compatible with the economic, social and environmental needs of the communities in which we operate.

During 2023, Engen Botswana sponsored a football clinic for primary school children. We hope that the children in attendance will avoid the social ills plaguing many of our youth and allow them to grow into responsible adults. We also want to play our part in creating a pathway for future national team players, thus helping to build the Zebras of the years to come.

APPRECIATION

I take this opportunity to extend my thanks to the management and staff of the Group for their unyielding commitment and dedication to the pursuit of excellence during a challenging year.

I would also like to express my appreciation to the Board of Directors for their guidance and direction during the past year. My thanks also go to our partners, the service station owners, our contractors and other stakeholders for their continued support as we strive to continue to succeed in the years ahead.

Brian Sameke
Acting Managing Director

03

2023 Highlights

Business Highlights 40
Financial Highlights 40
Risks and Materiality 42


pride

BUSINESS HIGHLIGHTS

293m litres of fuel sold by Engen Botswana vs 342m in the previous year

14% volume decrease

Retail

196.5 Million
litres of fuel sold vs 199.7 litres in the previous year - 1.6% decline in volume

2
Service Stations built

12
new solar installations at Service Stations

HSEQ:
Zero major incidents

Commercial

96.6 Million
litres of fuel sold vs 142.7m sold in the previous year

32% decrease in volume

89% of commercial sales volumes comprised of Diesel

HSEQ:
Zero major incidents

FINANCIAL HIGHLIGHTS

Sales Volumes

293 Million
litres in 2023; 342 million litres in 2022

Revenue

P3.5 Billion
in 2023; P4.1 billion in 2022

People

46
people employed

Lubricants

High international lubricant prices affected Engen's cost of production and month-on-month cost of purchase led to lower demand of local products in the market. Many distributors tended to take advantage of exchange savings by purchasing product from across the border.

Net Profit After Tax

P113.4 Million
in 2023; P266.1 million in 2022

Total Assets

P1.41 Billion
in 2023; 1.36 billion in 2022

RISKS AND MATERIALITY

Our Risk Governance Framework is built around a strong risk policy and risk management strategy.

OUR APPROACH

Engen is committed to ensure effective risk management in pursuit of our strategic and business objectives. Risk management is embedded into key decision-making processes and day-to-day activities.

Engen adopts PRM (PETRONAS Resilience Model) to effectively manage risks in a comprehensive and systemic manner.

PRM includes the following modules:

- Risk Assessment in Decision Making (RADM)
- Risk in Strategic Planning (RiSP)
- Country Report (CR) & Country Risk Report (CRR)
- Partner & Partnership Risk Management (PPRM)
- Integrated Crisis Management Plan (iCMP)
- Business Continuity Management (BCM)
- Risk Appetite
- Risk Quantification

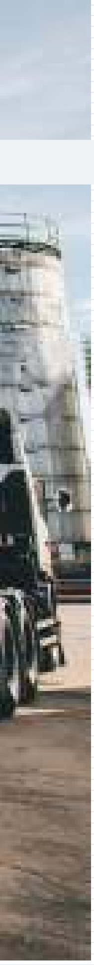
Our Enterprise Risk Management (ERM) department uses the BarnOwl System to document risk management activities which are by identifying, assessing, treating, monitoring and reporting on risks and emerging risks.

Crisis Management and Business Continuity Management activities are maintained in the INTERISK system.

Enterprise Risk Management is intended to ensure resilience of the organisation through effective mitigation of the impacts of the ever-changing business risks associated with value creation processes in the local and global economy.

Our goal is to protect People, Environment, Assets and Reputation (PEAR) and to create value through our business and support activities. This requires us to objectively manage risk exposure in all areas of the value chain.

To achieve this, we have made all the necessary resources available to key people. These include the development of key systems and processes, training of key personnel, and companywide communication to ensure that Enterprise Risk Management is continuously improved and institutionalised across the organisation. Engen's strategies and decisions are based on material matters that influence the achievement of business objectives. They are the



principal economic, social and environmental issues that give rise to opportunities and risks that have the most impact on our ability to create sustainable value for our stakeholders.

Our aspiration, however, goes beyond the expectations of our stakeholders by delivering innovative and future-proof solutions.

The Engen Botswana Limited Board oversees our ERM process. The Board Audit Committee (BAC) ensures that Engen complies with the relevant standards and industry norms, and that they are applied effectively across our business to achieve an acceptable risk profile for the company.

OUR RISK GOVERNANCE FRAMEWORK

Our risk profile is a critical element of our business strategy. Through our policy framework, we establish the organisational risk appetite and tolerance limits. Our risk governance system revolves around the following six elements:

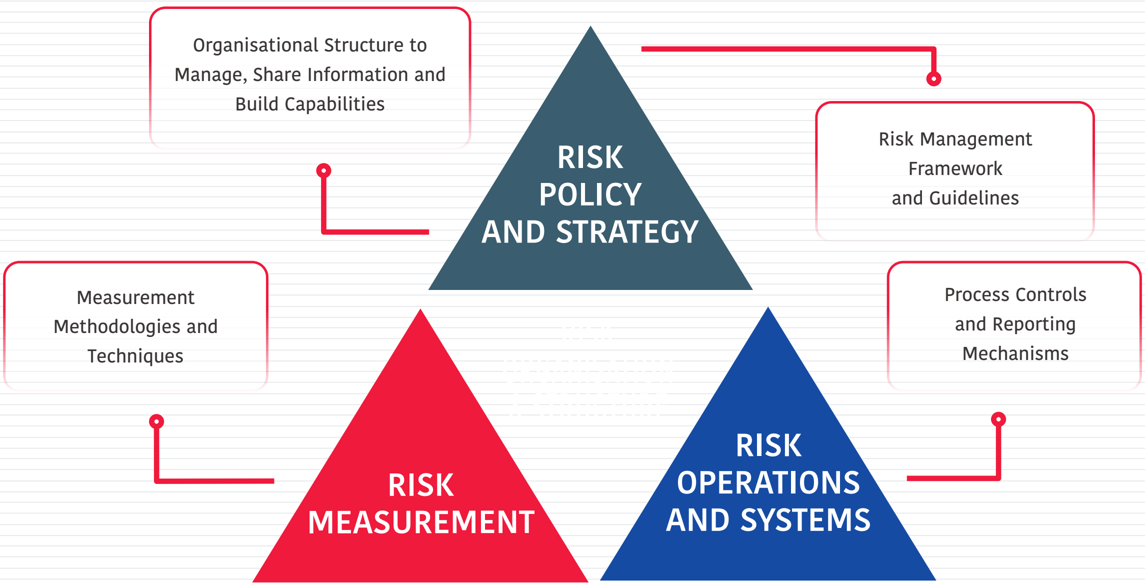
1. Governance
2. Context Setting
3. Risk Assessment
4. Risk Treatment
5. Risk Monitoring and Review
6. Continual Improvement

Our key risks are monitored through a well established and entrenched risk management system and process.

Significant effort goes into continuously fine-tuning the system to fit our business model, and link with other systems of governance. We also manage compliance with the risk reporting requirements, and capture lessons learned from risk experiences and practices, as well as from the outcomes of assurance activities.

OUR GOAL IS TO

PROTECT PEOPLE, ENVIRONMENT, ASSETS AND REPUTATION AND TO CREATE VALUE THROUGH OUR BUSINESS AND SUPPORT ACTIVITIES.



04 Strategic Review

Our Value Creating Business Model 46
Engen Strategic Priorities 46
Operating Context 48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OUR VALUE CREATING BUSINESS MODEL

Our business model is designed to create a sustainable future whilst enriching the lives of our stakeholders. We do this through the effective management of our resources and relationships in order to deliver optimal outcomes.

COMMERCIAL

CAPITAL RESOURCES

FINANCIAL CAPITAL
relates to the source of our capital derived from operations and equity.
- Net Profit: P113.4 million
- Value Retention: P303 million

HUMAN CAPITAL
is represented by our people, their knowledge, skills and experiences.
- Number of employees: 46
- 0 work-related fatalities

INTELLECTUAL CAPITAL
refers to intellectual assets such as our brand and franchise value, research and development, innovation capacity, reputation, as well as strategic partnerships.
- Engen range of fuels
- Engen/PETRONAS range of lubricants

SOCIAL AND RELATIONSHIP CAPITAL reflects the strong relationships which we have with all our stakeholders who have contributed towards fuelling our growth.
- Dealers: > 69
- Business partners/suppliers/contractors/ Vendors: > 125

NATURAL CAPITAL
refers to the electricity, fuel, water and other natural resources required to deliver our products and services to our customers.

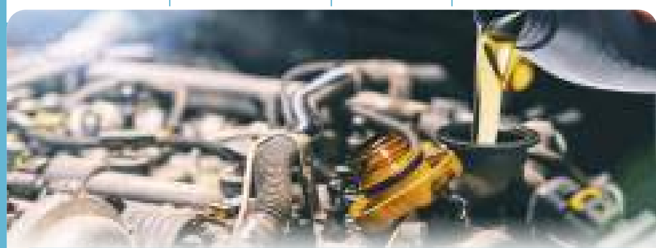
VALUE CREATION PROCESS

STRATEGIC PRIORITIES


RETAIL


COMMERCIAL

GSC	GROW & STRENGTHEN THE CORE	SO	STEPPING OUT
DDCS	DRIVE DOWN COST TO SERVE	OAVC	OPTIMISE ACROSS THE VALUE CHAIN


LUBRICANTS

GOVERNANCE

While our business model has been successful at creating sustainable value, we are acutely aware of the highly-competitive nature of the markets in which we operate, and the impact that regulatory and technological changes can have on our competitiveness. Accordingly, our business model is built to allow us to respond rapidly to changes in our operating environment.

MATERIAL MATTERS

- HEALTH SAFETY AND ENVIRONMENT
- CUSTOMER EXPERIENCE
- PERFORMANCE MANAGEMENT
- HUMAN CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- GOVERNANCE & BUSINESS ETHICS

OUR RISKS

- LEGAL AND REGULATORY
- VALUE CHAIN
- CYBERSECURITY AND DIGITAL STRATEGY
- HEALTH SAFETY AND ENVIRONMENT
- OPERATIONS
- STRATEGIC

OUTPUT

PERFORMANCE

REVENUE
P3.5 Billion

NET PROFIT
P113.4 Million

RETURN ON CAPITAL EMPLOYED
22.7%

BOTSWANA VOLUME GROWTH
-14.4%

ON TIME IN FULL
80%

VALUE CREATED FOR STAKEHOLDERS

INVESTORS
- Consistent return on investment
- P334 794 000 in dividends paid to shareholders

CUSTOMERS
- Fuel customers with our quality petroleum products
- Ensure reliable and security of supply to our customers
- Provide services and convenience at our Engen stations
- 293 million litres of fuel sold
- On Time, In Full = 80%
- Customer (Retail) NPS improved by 79%

DEALERS, CONTRACTORS/SUPPLIERS AND B2B
- Develop local businesses and provide spin-off employment
- Provide long-term partnerships for sustainable growth
- Cultivate capabilities of our business

EMPLOYEES
- Create rewarding employment
- Provide opportunities for progression and development
- Provide equal opportunities and career progression
- P15.4 million paid for salaries and benefits
- 46% female representation

AUTHORITIES
- Compliance with regulatory requirements
- P87.4 million Income Taxes paid to Government
- Indirect fuel taxes and levies

COMMUNITIES
- Provide local economic opportunities through employment, business partnerships and entrepreneurship
- Provide socio-economic upliftment through CSR P116 630

OPERATING CONTEXT

MACRO-ECONOMIC ENVIRONMENT

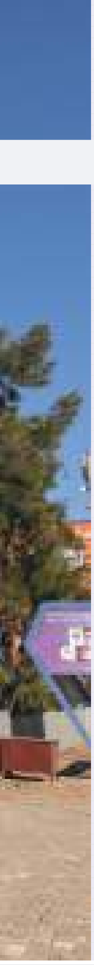
The Global Economy

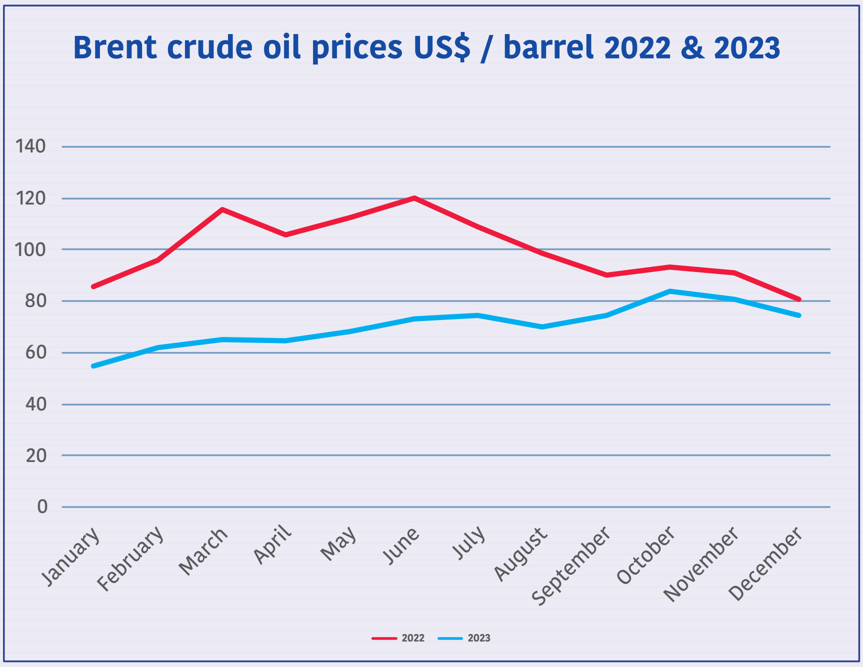
According to the World Bank's assessment, the global economy was projected to grow by 1.7% in 2023 (World Bank, 2023). The sharp downturn in growth was expected to be widespread, with forecasts in 2023 revised down for 95% of advanced economies and nearly 70% of emerging market and developing economies (World Bank, 2023). After growing 3.1% in 2022, the global economy was set to slow substantially in 2023 to 2.1% amid continued monetary policy tightening to rein in high inflation (World Bank, 2023).

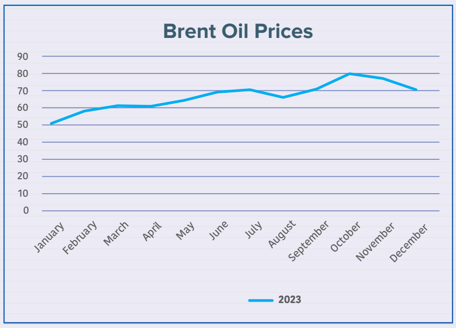
As central banks worldwide simultaneously hiked interest rates in response to inflation, the world was edging toward a global recession in 2023 and a string of financial crises in emerging markets and developing economies that would do them lasting harm (World Bank, 2023).

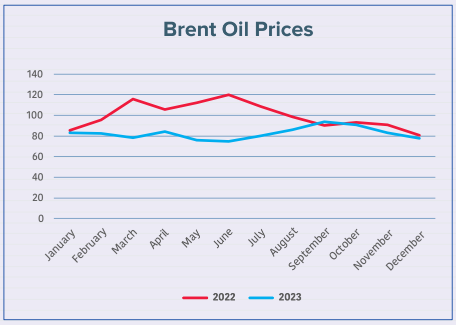
Global Outlook

The global economic recovery in 2023 was sluggish and uneven, impacted by the lingering effects of the COVID-19 pandemic and geopolitical tensions, particularly Russia's invasion of Ukraine (World Bank, 2023). Despite some early-year resilience driven by reopening rebounds and progress in reducing last year's peak inflation levels, the overall economic activity remains below its pre-pandemic trajectory (World Bank, 2023). This shortfall is especially evident in emerging markets and developing economies, with increasing regional disparities (World Bank, 2023). Several factors impede the recovery, including the long-term repercussions of the pandemic, the ongoing war in Ukraine, and rising geoeconomic fragmentation (World Bank, 2023). Additionally, cyclical challenges such as necessary monetary policy tightening to curb inflation, withdrawal of fiscal support amid high debt levels, and extreme weather events are also playing significant roles (World Bank, 2023). The forecast for global growth in 2023 is a slowdown to 3.0% from 3.5% in 2022, which is below the historical average of 3.8% (World Bank, 2023). For advanced economies, growth is expected to decelerate from 2.6% in 2022 to 1.5% in 2023, with the U.S. showing stronger momentum than anticipated but the euro area experiencing weaker growth (World Bank, 2023). Emerging markets and developing economies are projected to see a slight decline in growth, from 4.1% in 2022 to 4.0% in both 2023 and 2024, with China's property sector crisis contributing to a downward revision (World Bank, 2023). Medium-term global growth prospects remain at their lowest in decades at 3.1%, with weak prospects for improving living standards (World Bank, 2023). Inflation is expected to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, though these figures have been revised upwards (World Bank, 2023). Despite a reduced likelihood of a hard landing due to recent policy interventions, risks to global growth









remain skewed to the downside, including potential deepening of China's property crisis, persistent inflation pressures, climate, and geopolitical shocks, and intensifying geoeconomic fragmentation (World Bank, 2023). Central banks and fiscal policymakers face the critical task of restoring price stability, managing financial stress, and ensuring sustainable economic policies amid these challenges (World Bank, 2023). Eastern and Southern Africa Outlook

> In 2023, the economic outlook for Eastern and Southern Africa was marked by a combination of challenges and potential growth opportunities (World Bank, 2023). The region's economic performance was been subdued, primarily due to the slow recovery from the COVID-19 pandemic, geopolitical tensions, and adverse weather conditions (World Bank, 2023).

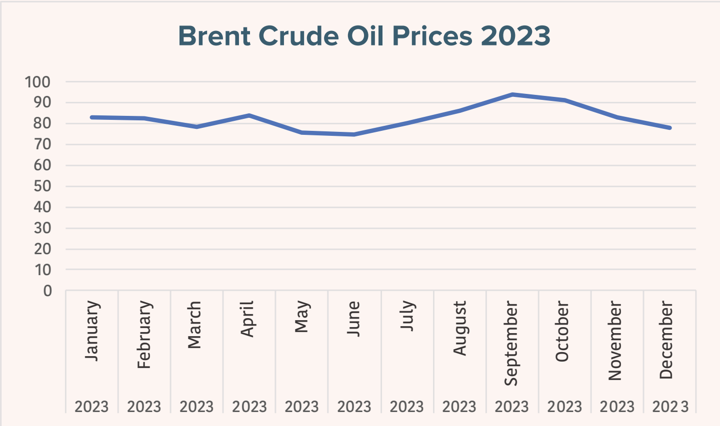
Southern Africa, in particular, has struggled with growth, with its largest economy, South Africa, facing multiple issues such as civil unrest, electricity crises, and natural disasters (World Bank, 2023).

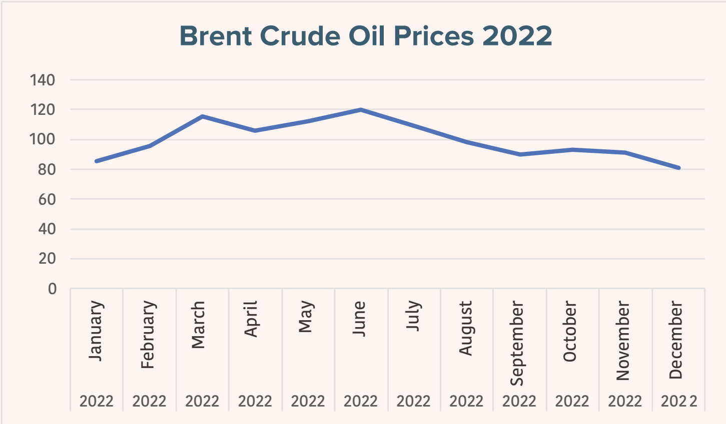
As a result, the GDP growth for the region was expected to decelerate to 1.6% in 2023, reflecting a significant slowdown from previous years (World Bank, 2023). External debt burdens remain high, further complicating the economic landscape, with regional growth expected to pick up slightly to 2.7% in 2024 (World Bank, 2023).
In contrast, Eastern Africa is showing more resilience, with growth projected to accelerate from 2.2% in 2023 to 3.2% in 2024 (World Bank, 2023). This subregion benefits from robust performances in countries such as Kenya, Uganda, Rwanda, and the Democratic Republic of Congo (World Bank, 2023). The East African Community is expected to be the fastest-growing area within the broader Eastern and Southern Africa region, driven by strong economic activities and investments (World Bank, 2023). However, the overall growth for the Eastern and Southern Africa region is still hindered by slower performances in major economies like South Africa and Angola (World Bank, 2023).

Additionally, persistent challenges such as high poverty rates, unemployment, and the impacts of climate change continue to affect the region's economic stability and development (World Bank, 2023).
In 2023, Botswana's domestic economy grew 3.2%, a downward revision from an earlier estimate of 3.8% (Bank of Botswana, 2023; Serame, 2024). This slowdown was primarily due to the weak performance of diamond trading and mining activities (Bank of Botswana, 2023; Serame, 2024).

Inflation in Botswana moderated significantly, reaching 3.5% in December 2023 compared to 12.4% - in December 2022 (Bank of Botswana, 2023; Serame, 2024). This decrease was mainly due to the fading effects

OPERATING CONTEXT [CONT.]



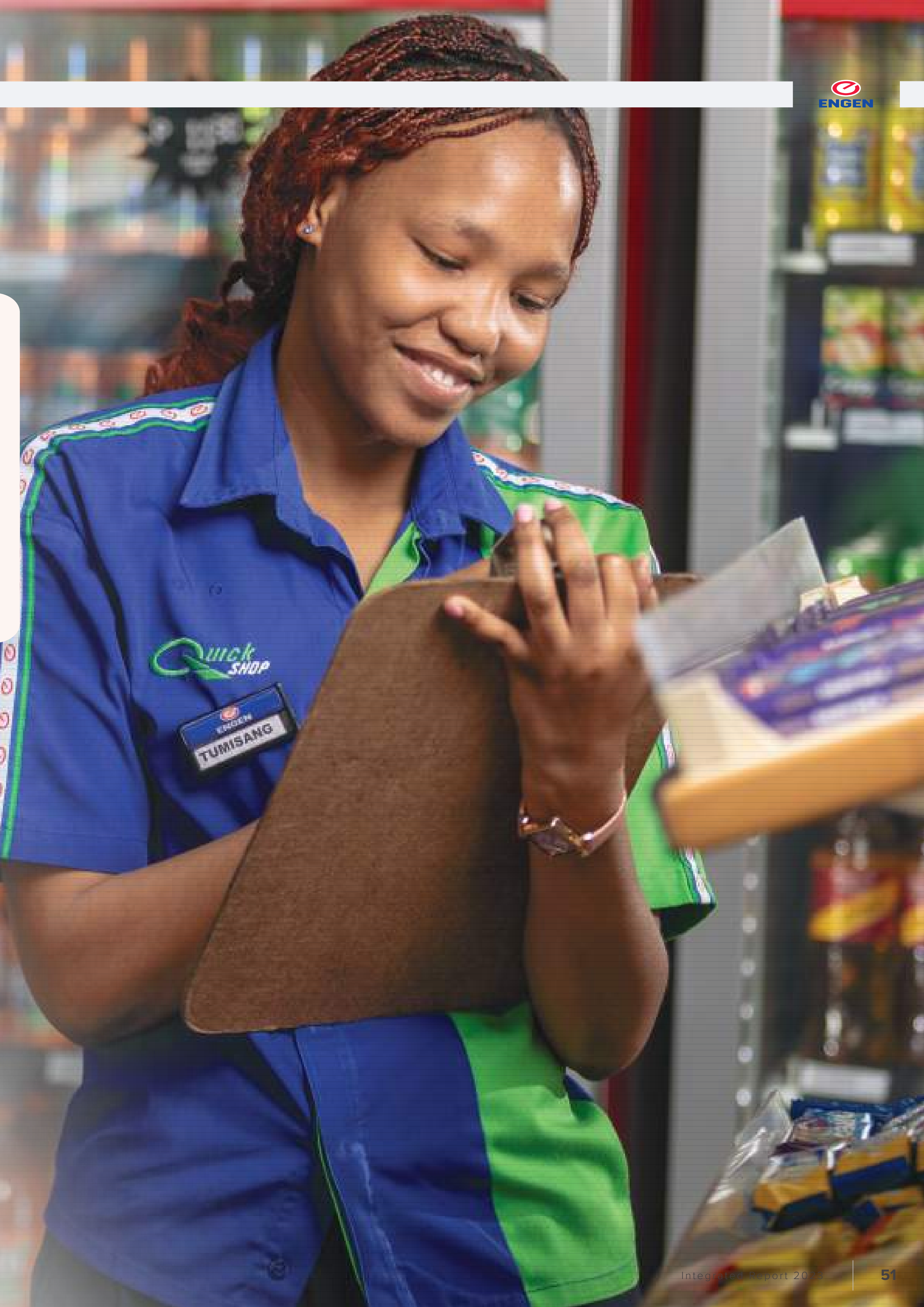


of previous increases in domestic fuel prices as global energy prices reduced (Bank of Botswana, 2023; Serame, 2024). The Monetary Policy Rate (MoPR) was subsequently reduced from 2.65% to 2.40% in December 2023 to maintain financial stability amid lower inflationary pressures and high debt servicing costs (Bank of Botswana, 2023; Serame, 2024).

Provisional balance of payments data indicated a surplus of P5.1 billion in the first nine months of 2023, slightly down from a surplus of P5.4 billion during the same period in 2022 (Bank of Botswana, 2023). This surplus was driven by a large current account surplus of P7.4 billion, supported by increased Southern African Customs Union receipts and mineral export proceeds (Bank of Botswana, 2023). Consequently, foreign exchange reserves stood at P64.9 billion as of October 2023, equivalent to nine months of import cover for non-diamond goods and services (Bank of Botswana, 2023; Serame, 2024).

Botswana Stock Exchange (BSE)

During the period 1 January to 31 December 2023, the BSE Domestic Company Index (DCI) appreciated by 15.6% in comparison to an increase of 10.2% during the corresponding period in 2022 and the Domestic Company Total Return Index (DCTRI) appreciated by 25.5% in comparison to 18.4% during the same period in 2022 (Botswana Stock Exchange, 2023).


Quick SHOP
ENGEN
TUMISANG

05 Performance Review

Summary of Performance Highlights 54


ENGEN
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SUMMARY OF PERFORMANCE HIGHLIGHTS

There were six price adjustments, and an industry margin adjustment which was effected in September 2023 for price-controlled products.

Non-price-controlled products were subject to market related price adjustments.

4.2%

growth in the Total assets from P1.36 billion to P1.41 billion

THE GROUP

exercised good margin management and cost control throughout the year

Highlights

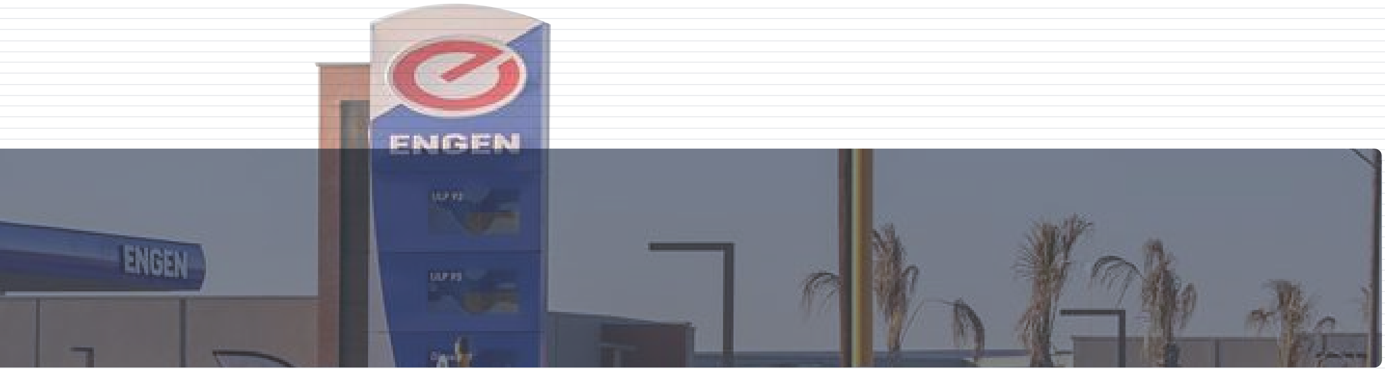
Attributable earnings per share:

71.3 *thebe per share*

Retail and convenience network performance:

2 *service stations were streamed*

2 *under construction*



Retail

Fuel price adjustments of up to 75% above prior year were imposed by Government during the period under review. The fuel price adjustments and other inflationary pressures resulted in reduced household expenditure as evidenced by a decline in the average fill per service station compared to the prior year, while the average spend remained the same.

The department will be implementing the Engen OneWay strategy in Q2 of 2023. The objective of the strategy is to focus on growth of the base network which declined by an average of 15% in 2022

from the previous period. The strategy is aimed at focusing on customer centricity and improved dealer management to achieve operational excellence.

Sites with Cleaner Fuels

The situation at the time of reporting:

	50ppm	ULP 93	ULP 95
Brand name:	Engen Diesel 50ppm	Engen Primax 93	Engen Unleaded 95
Botswana:	**2023** = 38 South + 31 North = 69	**2023** = 37 South + 30 North = 67	**2023** = 38 South + 23 North = 61

SUMMARY OF PERFORMANCE HIGHLIGHTS [CONT.]

Business Activity
Retail Department

Highlights

- Engen Lobatse (Puskas) was still under construction in 2022 and streamed on the 3rd of February 2023.
- The department introduced ULP95 at Engen Makgetho. ULP95 volume performance is still low.
- The department continues to be affected by fuel price adjustments of more than 75%.
- The department will be introducing the Engen 1way strategy in Q2 of 2023. The strategy is aimed at focusing on the base network and it is intended to achieve base network volume growth of 10% above prior volumes.
- Revamping the forecourt at Engen Diagoroga in Mahalapye commenced during Q4 of 2022 and was scheduled to be completed in Q1 of 2023
- Engen Blue Jacket was closed by BERA in Q4 of 2022 for compliance purposes. Construction works are on-going, and the site is expected to reopen in Q2 of 2023.
- The department replaced dispensers at Engen Truck Inn, Engen Western Bypass, Engen Commerce Park, Engen Kgale, Engen Mmopane and Engen Tsolamosese.
- The department installed forecourt LED lights at 9 service stations: Engen Truck Inn, Engen Western Bypass, Engen CBD, Engen Commerce Park, Engen Mmopane, Engen Tsolamosese, Engen Kgale, Engen Bontleng and Engen Nkoyaphiri.
- The department completed solar installations at 6 service stations during the period under review: Engen Truck Inn, Engen Western Bypass, Engen Commerce Park, Engen Lobatse, Engen Mmopane and Engen Tsolamosese.

The Botswana Energy Regulatory Authority (BERA) continues to inspect service stations across the country and non-complaint service stations face immediate closure. Inspections are currently being conducted in the northern part of the country. The authority partially closed Engen Monarch, Engen Molapo and Engen Southbridge between November and December 2022. Engen Blue Jacket still remained closed at the end of the year.

Credit Management
The Finance department continues to manage credit prudently, ensuring that sites remain wet and while minimising organizational exposure to risk, particularly in the light of fuel price increase challenges and the recovery from the impact of COVID-19. The department manages retail stocks from the top of tanks for maximum tank utilisation and efficiency in making deliveries.

However, this strategy is adversely affected by challenges posed by frequent fuel price adjustments which have affected the cashflow position of retailers, requiring them to raise additional working capital and bank guarantees in order to function optimally. The department is engaging with retailers regarding their individual challenges for appropriate assistance and intervention where applicable.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QUICKSHOP
JOSEPHINE
ENGEN

06 Leadership

Board of Directors 60
Management Team 64


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Board of Directors

Directors of Engen Botswana Limited continued to focus on ensuring the business mandate was delivered upon, providing strategic direction at every turn.

Shabani Ndzinge

Member

Independent Non-Executive Director
BA, (Dar Es Salaam), MS, (Delaware), PhD (Kent)

Shabani is an experienced leader, administrator and academic, with over 30 years of work experience. In 2011, he was appointed Deputy Vice Chancellor of Botswana International University of Science and Technology (BIUST), where he oversaw finance and administration. He executed a similar role at the University of Botswana and previously headed the Business Faculty at the same institution. Shabani is a member of several boards, including the Botswana Accountancy College, the Institute of Development Management, Bryte Risk Services Botswana and TA Sebube (Proprietary) Limited.

He is a former board member of the Botswana Development Corporation, the University of Botswana and BIUST.

Brian Sameke

Acting Managing Director & Finance Manager

Executive Director
B Compt (Hons) (UNISA), CA (Z), CA (SA), FCA (Botswana), MBA Heriot Watt (Scotland)

Brian was appointed as the Finance Manager of Engen Botswana Limited in November 2011 and is a member of the Engen Botswana Management Committee. He was appointed as an Executive Director on 1 November 2021. He started his career at Ernst & Young and progressed through the ranks to become an audit manager. He has previous experience of leading a financial team in the retail industry. He is also the Chairman of the Engen Botswana Retirement Fund.

Heather Morrison

Member

Non-Executive Director
BCom (Hons) (University of Natal), BCom (UCT). Registered Chartered Accountant (SAICA)

Heather has served on the boards of Engen Petroleum Zambia Limited, Engen Rwanda Limited (as Chairperson); Engen Namibia (Pty) Ltd, where she chaired the Audit Committee; Engen International Holdings Limited; and is a member of the Board Audit Committee. She began her career at Ernst & Young in Cape Town in 1999 and joined Engen Petroleum Limited in 2005. She was appointed Planning, Performance and Reporting Manager (Finance Division) in 2017. She is currently the Retail Business Performance Improvement Manager at Engen Petroleum Limited.

Frederik Kotze

Member

Non-Executive Director
BA (Hons) Business Science, MBA (Stellenbosch)

Mr Frederik Kotze has been a director of three Petronas subsidiaries in Malaysia, namely Petronas Ethylene Malaysia, Petronas Polyethylene Malaysia, and Petronas Polypropylene Malaysia. He joined Engen Petroleum in 1990 as a retail pricing executive and has served in various capacities throughout the group. He is currently the Head of the Commercial & International Business Division and is a member of the Remuneration Committee of the board of Engen Botswana Limited. He also serves as a director for Engen Petroleum Limited, Engen Namibia (Pty) Ltd and Engen Petroleum (Mauritius) Limited.

Board of Directors

[CONTINUED]

Anthony Siwawa

Member

Independent Non-Executive Director

BSc (Hons) Comp. Sc. (Aston, UK) ACCA (UK), MBA Chicago Booth

Anthony has extensive experience in developing and formulating business strategy, economics and finance and is a sought-after speaker throughout Africa and the United States. He has worked in private equity, venture capital, investment banking and corporate finance and management consulting, and has developed a thorough understanding of the Southern African region. He is the founder and Managing Director of private equity fund manager VPB (Proprietary) Limited and founded corporate finance company AMS Capital.

He is a former member of the boards of the African Venture Capital and Private Equity Association AVCA and the Southern African Venture Capital and Private Equity association (SAVCA). He is the Chairman of the Remuneration Committee and a member of the Board Audit Committee.

Stephen Williams

Member

Non-Executive Director

BA (Hons) Philosophy of Leadership, BA Economics and Industrial Psychology, Post Graduate Diploma in Industrial Relations, (University of Natal), Diploma in Strategic Transformation (University of Stellenbosch, Business School)

Stephen was appointed to the board of Engen Petroleum Limited in December 2008 and is a member of the Remuneration Committee. He served as the Chairman of the board of South African Oil Refinery (Pty) Ltd, a base oil refinery in Durban owned jointly by Engen, Total and Chevron. He has worked in the downstream oil industry for over 35 years, initially with the then Mobil Oil in 1984, and more recently as GM of Engen Africa Middle East for PLI.

Jayaraman Ramesh

Member

Independent Non-Executive Director

Bachelor of Commerce, University of Madras; Chartered Accountant, Botswana Institute of Chartered Accountants (BICA). Senior Leadership Programme – Organisational Leadership, Oxford University (UK).

Mr Jayaraman Ramesh was appointed to the Board of Engen Botswana Limited on 4 May 2022 as an Independent Non- Executive Director. He is the Chairman of the Board Audit Committee. Mr Jayaraman Ramesh is a Co-founder and non-executive Chairperson of the Botho Group. He is also a non-executive director (NED) of Sechaba Brewery Holdings Limited (SBHL), a company listed on the BSE and a member of its Audit & Finance Committee.

Furthermore, he is a NED of Kgalagadi Breweries Limited, an Associate company of SBHL. He was previously the non-executive Chairperson, Managing Partner and Partner at Grant Thornton (GT). He was also at GT International, initially as a Board member of GT International and later as the Regional Leader for Africa from April 2010 to April 2020. He served as the 1st chairperson of the Government Audit Committee (Botswana), that was formed under the Public Finance Management Act, for 5 years until 30 June 2021. He is also a non executive director of Letshego Africa Holdings Limited and the chairperson of its Group Remuneration committee.

Leonard Makwinja

Member

Independent Non-Executive Director
BSc Hons (Cardiff), MBA (London)

Leonard has been an Independent Non-Executive Director of Engen Botswana Limited since August 2016 and is a member of the Remuneration Committee, He has had an illustrious career in the mining field spanning over 30-years, with the past 15-years spent in management positions. He has been the General Manager of Orapa and Letlhakane Mines, and was the Deputy Managing Director at Debswana Diamond Company (Pty) Ltd. from 2005 to 2007.

He has served several directorships in listed and non-listed entities, including Chairman of Morupule Colliery, Chairman of Botswana Telecommunications Corporation Limited (2006 to 2014), Director of Botswana Telecommunications Corporation Limited, and Non-Executive Director in African Banking Corporation. He served as Executive Director of Six Plus One Consulting (Pty) Ltd. He served as Chief executive officer of Botswana Railways.

Management Team

At Engen we pride ourselves in bringing Botswana's captains of industry who hold the wisdom, credentials and passion to lead our people to drive both results and innovation.

With backgrounds derived from a variety of different corporate cultures and experiences, our strong leaders and champions of the Engen Botswana Limited brand are committed towards ensuring that each and every customer experience transcends the level of excellence even they may expect.

Brian Sameke
Acting Managing Director & Finance Manager

Patrick Matshane
Commercial Manager

Francinah Tswai
HR & Office Manager

Theresa Francis
Distribution Manager (Acting)

Tawanda Kitsi
Retail Fuel Operations Manager

Modiri Garenamotse
HSEQ Manager

Aubrey Kebonnetse
Marketing & Convenience Manager

07 Governance and Remuneration

Approach 68
Board and Committee Structure 68
King III Compliance Review 70

OUR APPROACH

The Directors believe that effective corporate governance is an essential requirement for the successful realisation of Engen Botswana's business objectives. The Board is committed to the principles of openness, integrity and the highest of ethical standards, standing in fulfilment of Engen Botswana's corporate responsibilities.

The Group is committed to the highest standards of corporate governance and is implementing the King III with the intention of implementing applicable priniciples of King IV by the end of 2024. We have been able to implement some of the recommendations already as we comply with all international accounting regulations and the Engen Group standard best practices in corporate governance, while being sensitive to country context.

Engen also has its own code of ethics, which substantially complies with the recommendations in the King IV Report and continues to review areas requiring further attention. The following information is provided to give our stakeholders a better appreciation of Engen Botswana's current procedures to ensure a high standard of corporate governance. The 2023 audit once again provided excellent results, without any contraventions or points for review, a result of which we can be proud.

BOARD AND COMMITTEE STRUCTURE

The Engen Botswana Board comprises seven Non-Executive Directors, and one Executive Director, and meets at least four times per year. Dr. Shabani Ndzinge is the Chairman of the Board. All Non-Executive Directors have a wide range of skills and significant commercial and operational experience, enabling them to bring independent judgment to Board deliberations and decisions. The Directors have access to the advice and services of the Company Secretary and are entitled, at the Company's expense, to seek independent professional advice regarding the business

The Management Committee is chaired by Mr. Brian Sameke, the Acting Managing Director, and includes all Group divisional managers. The Management Committee meets at least eleven times a year and deals with all operational, business and strategic development issues of the Group not specifically reserved for the Board.

The Audit Committee comprised three Non-Executive Directors. The Audit Committee is chaired by Mr. Ramesh and meets at least twice a year. The Audit Committee is regulated by specific terms of reference, which include the reviewing of the effectiveness of the Company's internal controls, the monitoring and approval of accounting policies, corporate governance matters, and financial reporting. The Audit Committee receives reports from the Company's internal and external auditors, who attend its meetings and who have unrestricted access to the Chairman and Audit Committee members. This ensures their independence is in no way impaired.

The Remuneration Committee comprises four Non-Executive Directors and is chaired by Mr. Anthony Siwawa. It meets at least twice a year. Its mandate is to regulate policy, approve senior management appointments and compensation, determine remuneration levels of staff, including incentives, and ensure appropriate preparation for Management succession.

Accountability and Control

The Directors are required by the Companies Act to prepare Annual Financial Statements, which fairly present the financial position of Engen Botswana Ltd at the end of the financial year. The Annual Financial Statements are presented in conformity with the Companies Act; the Botswana Stock Exchange (BSE) listing requirements and International Financial Reporting Standards The Board has put in place a structure with clearly defined lines of responsibility, segregation of duties and delegation of authority.

- Directors
- Sub-committees
- Remuneration
- Ethics
- Board and Committee Structure
- Accountability and Control

Compliance with Tax Regulations for Payments

The company paid all tax obligations related to income tax, value added tax and withholding taxes by due dates during 2023.

Compliance with Provisions of Local Law

The company complied with all material requirements of local legislation for the 2023 financial year.

MEETING ATTENDANCE

Board Meetings 2023

S Ndzinge (Chairman)	4/5
B Sameke (Acting Managing Director)	5/5
A Siwawa	5/5
F Kotze	5/5
L Makwinja	5/5
S Williams	4/5
H Morrison	5/5
J Ramesh	5/5

Audit Committee Meetings 2023

J Ramesh (Chairman)	4/4
H Morrison	3/4
A Siwawa	4/4

Remuneration Committee Meetings 2023

A Siwawa (Chairman)	3/3
F Kotze	3/3
L Makwinja	3/3
S Williams	2/3

SUMMARY DIRECTORS FEES

For the Year Ended 31 December 2023

	Amount P
Non-Executive Directors	
S Ndzinge	275,606
A Siwawa	374,715
L Makwinja	253,839
J Ramesh	284,058
H Morrison	241,752
S Williams	181,314
F Kotze	241,752
Executive Director	
Brian Sameke	1,354,875
	3,207,910

King III Compliance Review


ULP 95

King III Compliance Review

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	1.	**Ethical Leadership and Corporate Citizenship:**		
Responsible Leadership; the Board's Responsibilities and Ethical Foundation.	1.1	The board should provide effective leadership based on an ethical foundation.	Applied	The Board has an approved board charter and appropriate structures and processes in place to ensure that the company's operations are conducted in an ethical manner. The Group's seven values are integrated into the performance management system that is reviewed annually. It is ensured that all Engen employees adhere to the Petronas Code of Conduct of which Ethical behaviour is greatly covered and forms part of the Company's values and culture.
	1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	The Engen Botswana Limited Board continuously discusses the provision for dismantling, decommissioning and rehabilitation of sites and Safety, Health and Environment processes of which a report on that is shared with the Board during all Board meetings. The Directors Report in the Annual Reports provides a comprehensive update on Corporate Social Responsibility Plans and progress within the Company.
	1.3	The board should ensure that the company's ethics are managed effectively.	Applied	Engen Botswana Limited ensures that it adheres to the Petronas Code Of Conduct and Business Ethics. The Code covers core values and culture, issues of conflict of interest, financial integrity, fighting corruption and unethical behaviour, disclosure duties, confidentiality obligations, Etc. The Directors Report in the Annual Report discloses the expected use of the Code by the relevant Engen employees.
	2.	**Boards and Directors:**		
Roles and Responsibilities of the Board	2.1	The board should act as the focal point for and custodian of corporate governance.	Applied	In accordance with the Engen Botswana Limited's approved Board Charter, the Board has made it, its responsibility to act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.
	2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	In assessing the strategy and performance of Engen Botswana Limited, the Board takes and review reports on sustainable development and risk management, which are managed and assessed mainly by management and the Board Audit Committee and reported during Board meetings conducted.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	2.	**Boards and Directors:** [continued]		
	2.3	The board should provide effective leadership based on an ethical foundation.	Applied	The Board has an approved board charter and appropriate structures and processes are in place to ensure that the business is conducted in an ethical manner. The Group's seven values are integrated into the performance management system that is reviewed annually. It is ensured that all Engen employees adhere to the Petronas Code of Conduct of which Ethical behaviour is greatly covered and forms part of the Company's values and culture.
	2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	The Engen Botswana Limited Board continuously discusses the provision for dismantling, decommissioning and rehabilitation of sites and Safety, Health and Environment processes of which a report on that is shared with the Board during all Board meetings. The Directors Report in the Annual Reports provides a comprehensive update on Corporate Social Responsibility Plans and progress within the Company.
	2.5	The board should ensure that the company's ethics are managed effectively.	Applied	Engen Botswana Limited ensures it adheres to the Petronas Code Of Conduct and Business Ethics. The Code covers core values and culture, issues of conflict of interest, financial integrity, fighting corruption and unethical behaviour, disclosure duties, confidentiality obligations, Etc. The Directors Report in the Annual Report discloses the expected use of the Code by the Engen Staff members.
	2.6	The board should ensure that the company has an effective and independent audit committee	Applied	Engen Botswana Limited has established the Board Audit Committee. The Board Audit Committee ToR was reviewed and approved by the Board during the 2023 financial year. As per the ToR the Board Audit Committee shall have a minimum of two (02) meetings in a year of which the Managing Director, representatives from the external auditor, other assurance providers, professional advisors and other Board members may be in attendance at Board Audit Committee meetings, but by invitation only and may not vote. The Committee currently has two (02) Independent Non-Executive Member and one (01) Non Executive Member.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	2.	**Boards and Directors:** [continued]		
	2.7	The board should be responsible for the governance of risk.	Applied	In accordance with the Engen Botswana Limited's approved Board Charter, the Board is responsible for the Governance of Risk. The company has a comprehensive risk register which is continuously updated by the Managing Director and shared with the Board. Risk Management Is periodically discussed with the Board during the Board meetings held.
	2.8	The board should be responsible for information technology (IT) governance.	Applied	The Board has stated in its approved Board Charter the governance of Information Technology as one of its responsibilities. The establishment of appropriate IT policies, framework and strategy is done at Group level but having the Board as the Decision point.
	2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The Managing Director ensures that an update on the applicable Laws and Regulations is shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is shared / presented during every Board Meeting conducted.
	2.10	The board should ensure that there is an effective risk-based internal audit.	Applied	Internal Audit is conducted at Group Level by the Group Internal Audit team that is based in Cape Town. The Engen subsidiaries (Engen Botswana Limited included) is regularly audited at Group level of which process / control efficiency is reviewed and a report is shared with the subsidiaries.
	2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied	The Board receives regular presentations on Corporate Social Investment and Stakeholder Engagements / Partnerships.
	2.12	The board should ensure the integrity of the company's integrated report.	Applied	The company has developed an Integrated Report during the 2021 and reported the 2023 results in same
	2.13	The board should report on the effectiveness of the company's system of internal controls.	Applied	Internal Audit provides a written assessment on the design, implementation and effectiveness of the company's system of internal financial controls on an annual basis. Based on the results of this assessment, the Board Audit committee is able to form an opinion on whether the internal financial controls form a sound basis for the preparation of reliable financial statements. A statement on the effectiveness and adequacy of the internal controls are being reported in the integrated report published.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	2.	**Boards and Directors:** [continued]		
	2.14	The board and its directors should act in the best interests of the company.	Applied	The Board comprises of an appropriate mix of skills, enabling it to interrogate all aspects of the company's operations and provide the required leadership. A Policy on Dealings has been implemented of which Directors are required to comply with the provisions made within the policy that covers dealings in relation to securities and dealing conducted during prohibited periods.
	2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed.	Applied	The liquidity of the company is continuously monitored by Management and the Board Audit Committee. Cash flow is monitored by the Finance Manager on a regular basis. The company also assesses the "going concern" status at the financial year end. The Board Audit Committee is frequently updated by the Auditors as well as Finance Manager on the potential risks that would likely affect the going concern of the company. The potential financial risks and performance / conduct of the Finance Team is presented and shared with the Board. The Board will consider such procedures or other turnaround mechanisms in the event that such circumstances arise.
	2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	Applied	The Board of Engen Botswana Limited has appointed Mr. Shabani Ndzinge who is an Independent Non Executive Director of the Board to the role of Chairman of the Board of Directors of Engen Botswana Limited. The Board has appointed Mr. Brian Sameke as Acting Managing Director of Engen Botswana Limited. Accordingly, the role and the functions of the Chairperson and the Managing Director / CEO is seperated.
	2.17	The board should appoint the CEO and establish a framework for the delegation of authority	Applied	The Board has Appointed Mr. Brian Sameke as Acting Managing Director (MD) who is accountable to the Board on the implementation of strategies, objectives and decisions of the Board within the framework of the delegated authorities, values and policies of the Company. A "Delegation of Authority" Manual has been implemented within the Company which outlines the detailed responsibilities of the Managing Director in regards to the company's polices and procedures.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	2.	**Boards and Directors:** [continued]		
Composition of the Board	2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of nonexecutive directors should be independent.	Applied	The Board has eight (8) Directors as at 17 May 2023, comprising of one (1) Executive Director, three (3) Non executive Directors and four (4) Independent Non Executive Directors.
Board Appointments Process.	2.19	Directors should be appointed through a formal process.	Applied	In accordance with the approved Board Charter, the Chairman of the Board is responsible for the final authorisation and appointment of new Board candidates. Grant Thornton Botswana, appointed as the Company Secretary from 01 December 2021, in the capacity of Company Secretary assists Engen Botswana Limited in the process of appointment of new Directors in-country. Appointed Directors are then given approval forms of which they are required to sign. Renewal of the terms of appointment of one-third of the Board of Directors takes place during the Annual General Meeting (AGM).
Director Appointment	2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Applied	The Directors approved Induction Policy of Engen Botswana Limited prescribes the requirement for newly appointed Directors to undergo a comprehensive and formal induction training. The induction program includes briefings on the company and its operations by the Managing Director and the company secretary. Newly appointed directors are also provided with written background information about the company and the duties of Directors. Further, the approved Induction Policy prescribed the requirement for Director Trainings and is conducted by Engen Botswana Limited as deemed necessary.
Company Secretary	2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied	As per the approved Board Charter, the Board is responsible for the appointment of a Company Secretary that shall be responsible for ensuring that relevant laws and rules for the conduct of the affairs of the Board are adhered to and provide guidance to the board on the duties of the directors and good governance, etc. Engen Botswana Limited has Grant Thornton Botswana appointed as the Company Secretary. The Company Secretary assessment will be undertaken in 2024 and a report on the same will be included in the next year's integrated annual report.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	2.	**Boards and Directors:** [continued]		
Performance Assessment	2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Applied	Board Evaluation was performed in 2023 with the assistance of Grant Thornton Botswana of which the Questionnaire was based on King III Code on Corporate Governance. The evaluation was internalised and conducted by the Board Secretary. Grant Thornton Botswana performed Engen Botswana Limited Committee Evaluations, Chairman of the Board Evaluation and Individual Director Evaluations during the year 2023.
Board Committees	2.23	The board should delegate certain functions to well structured committees but without abdicating its own responsibilities.	Applied	As per the approved Board Charter, the Board has the authority to delegate certain functions to well-structured committees without abdicating its own responsibilities. Engen currently has two (02) Board Committees comprising of the Board Audit Committee and the Remuneration Committee. The Committees have Terms of Reference that clearly state the roles and responsibilities of each of the Committees and its Members.
Group Boards	2.24	A governance framework should be agreed between the group and its subsidiary boards.	Applied	Engen Botswana Limited has implemented and adopted various policies, processes and procedures of the parent / holding company into the local subsidiary company. Limits of Authority has been implemented during the year 2018 to ensure all departments are aware of their roles and responsibilities in each process carried out. The manual shows delegation in all the company's processes.
Remuneration of Directors and Senior Executives	2.25	Companies should remunerate directors and executives fairly and responsibly.	Applied	As per the Remuneration Committee Terms of Reference, the Committee is responsible for the deliberation on remuneration activities of which final approval will be done by the Board. Non-executive Directors fee policy has been put in place to assist the Board with regard to remuneration of Non-executive Directors.
	2.26	Companies should disclose the remuneration of each individual director and each prescribed officer.	Applied	The remuneration of Executive and Non-executive Directors and of other prescribed officers are disclosed in the recent Audited Annual Financial Statements and the Annual Report of the company.
	2.27	Shareholders should approve the company's remuneration policy.	Applied	In accordance with standard market practices, Engen Botswana Limited seeks annual approval on its remuneration for the prior financial year from shareholders at the Annual General Meeting.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	3.	**Audit Committee:**		
	3.1	The board should ensure that the company has an effective and independent audit committee.	Applied	Engen Botswana Limited has established the Board Audit Committee. As per the Committee's ToR, the Committee shall have a minimum of two (02) meetings annually and whereby the Managing Director, external statutory auditors and other assurance providers, professional advisors and other Board Members is required to be in attendance at Board Audit Committee meetings subject to invitation only and may not vote on any resolutions set forth.
Membership and Resources of the Audit Committee	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	Applied	The Board Audit Committee consisted of three (3) skilled members which comprises of one (1) Non-Executive Director and two (2) Independent Non-Executive Directors as indicated below as at 10 May 2024: 1) Ms Heather Morrison (Non-Executive Director) Retail Business Performance Improvement Manager at Engen Petroleum Limited 2) Mr Anthony Siwawa (Independent Non-Executive Director) is the founder and Managing Director of Private Equity Fund manager VPB (Proprietary) Limited and founded Corporate Finance company AMS Capital; 3) Mr Jay Ramesh (Independent Non-Executive Director) is a Co-founder and Non-Executive Chairperson of the Botho Group. He is also a non-executive director (NED) of Sechaba Brewery Holdings Limited (SBHL).
	3.3	The audit committee should be chaired by an independent non-executive director.	Applied	The Chairperson of the Board Audit Committee is an Independent Non-Executive Director and attends all Annual General Meetings as per the approved Board Charter.
Responsibilities of the Audit Committee	3.4	The audit committee should oversee integrated reporting	Applied	The company has developed an Integrated Report during the 2021 and reported the 2023 results in same.
	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Not Applied	The Board Audit Committee individually monitors the relationship between each internal and external assurance providers and regular reports are given on audit matters during Committee's meetings held. However, no formal combined assurance model has been developed and implemented within the company.
Internal Assurance Providers	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	Applied	Engen Botswana Limited has established the Board Audit Committee. As per the Committee's Terms of Reference (ToR), the following responsibilities have been set for the Committee:

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	3.	**Audit Committee:** [continued]		
				1) The Board Audit Committee shall review the expertise, resources and experience of the Company's finance function, and 2) The Board Audit Committee shall also consider and satisfy itself of the suitability of the expertise and experience of the Finance Manager annually. During the year under review, the Board, via the Board Audit Committee reviewed and satisfied itself of the expertise, resources and experience of the company's finance function to be adequate.
	3.7	The audit committee should be responsible for overseeing of internal audit.	Applied	As per the Board Audit Committee ToR, the committee shall approve the annual Internal Audit Plan in conjunction with the Chief Internal Auditor and make recommendations to the Board for approval. Internal Audit is performed by the parent / holding company at group level.
	3.8	The audit committee should be an integral component of the risk management process.	Applied	The mission of the Board Audit Committee is to ensure that it has identified and understands the areas of business which, due to their nature or exposure to risk, are critical to its operations and success. With such consideration the departments within Engen Botswana Limited have developed Enterprise Departmental Risk Registers which are shared with the Committee during meetings held for identification and assessment of risks.
External Assurance Providers	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	As stated in the Board Audit Committee ToR, the Committee must recommend the External Statutory Auditor for appointment by the Shareholders during the Annual General Meeting held. The Board Audit Committee recommended PricewaterhouseCoopers Botwana as the External Statutory Auditors for the 2023 annual financial period. An external audit plan presented by PricewaterhouseCoopers Botwana was presented to the Board Audit Committee for recommendation to the Board for approval.
Reporting	3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	Applied	The Board Audit Committee provides regular updates of its activities to the Board during all Board meetings held during the financial year. A summary Directors Report comprising of the financial performance (i.e. annual audited financial statements) is presented in the company's Integrated Annual Report and the Chairman of the Board Audit Committee is present at the Annual General Meeting to address any stakeholder questions.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	4.	**The Governance of Risk:**		
The Board's Responsibility for Risk Governance	4.1	The board should be responsible for the governance of risk.	Applied	In accordance with the Engen Botswana Limited's approved Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has a comprehensive Enterprise Risk Register which is continuously updated by the Managing Director, Heads of Departments and in collaboration with Group Risk and presented to the Board regularly. Matters pertaining to Enterprise Risk Management is periodically discussed with the Board during the Board meetings held.
	4.2	The board should determine the levels of risk tolerance.	Applied	Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director, Heads of Departments and in collaboration with Group Risk and presented to the Board regularly. The Risk Register of the company is indicative of specific Risk Ratings for each of the risks identified. Further, there is Risk Tolerances levels established to determine the acceptable level of risks.
	4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	Applied	The Board Audit Committee ensures that all Audits have a risk based approach of which Internal Audit identifies potential inherent and operational risks within the audit plan and further the External Statutory Audit effectively addresses the critical / significant risk areas in the business.
Management's Responsibility for Risk Management	4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	In accordance with the Engen Botswana Limited approved Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director, Heads of Departments and in collaboration with Group Risk and presented to the Board regularly. Matters pertaining to Enterprise Risk Management is periodically discussed with the Board during the Board meetings held. The Board Audit Committee approves the Internal Audit Plan and considers the level of risk management assurance necessary for inclusion in the plan.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	4.	**The Governance of Risk:** [continued]		
Risk Assessment	4.5	The board should ensure that risk assessments are performed on a continual basis.	Applied	In accordance with the Engen Botswana Limited approved Board Charter, the Board is responsible for the Governance of Risk within the company. Engen Botswana Limited has an Enterprise Risk Register which is continuously updated by the Managing Director, Heads of Departments in collaboration with Group Risk and presented to the Board regularly. Matters pertaining to Enterprise Risk Management is periodically discussed with the Board during the Board meetings held.
	4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The Board implements Risk Management via the Board Audit Committee. The Board approved the Business Continuity Management Policy to ensure any unpredicted risks are managed. Entries Risk Management Frameworks and policies have been developed, with risk tolerance levels. In addition regular visits is conducted with the Affiliate by Engen Group Risk from South Africa.
Risk Response	4.7	The board should ensure that management considers and implements appropriate risk responses.	Applied	The Engen Botswana Limited Enterprise Risk Register has detailed a section of which Action Plans are given by the responsible persons of the risk identified (i.e. Risk Owners).
Risk Monitoring	4.8	The board should ensure continual risk monitoring by management.	Applied	Matters relating to Enterprise Risk Management are standing agenda items on Board Audit Committee meetings. The Managing Director and Executive Management provides detailed reports on strategic and operational risks for the Company. The Enterprise Risk Register is a document continuously being updated as per the Chairman's advise of which updates are given on every Committee and Board meetings held.
Risk Assurance	4.9	The board should receive assurance regarding the effectiveness of the risk management process.	Applied	The Board receives assessment of the effectiveness of the system of internal controls and risk management through Internal Audit Reports shared / presented by the Group's In-house Internal Audit Function based in Cape Town, South Africa.
Risk Disclosure	4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	Potential Risks that affect the Financial performance of the Company are disclosed in the Annual Financial Statements section of the Annual Report. Disclosure of Directors Opinion on the Company's going concern is highlighted on the Managing Directors Report section of the Annual Report

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	5.	**The Governance of Information Technology:**		
	5.1	The board should be responsible for information technology (IT) governance.	Applied	The Board has stated in its approved Charter that the governance of Information Technology as one of its responsibilities. The establishment of appropriate IT policies, Framework and Strategy is done at Engen Group level but having the Board as the Decision point.
	5.2	IT should be aligned with the performance and sustainability objectives of the company.	Applied	The Groups IT function and strategy is aligned to the Groups organisational strategy. Engen Botswana Limited's IT requirements and processes are aligned to the Group's central IT business division located in Cape Town, South Africa. The Board Audit Committee holds regular meetings with the Chief of IT to discuss any impending IT related matters. All IT related decisions are aligned to Group IT and systems are integrated and helpdesk assist the Affiliate where needed with IT related issues.
	5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	Applied	Governance of Information Technology is done at Group Level of which a framework has been developed and implemented. The Technology Steering Committee and IT Department are responsible for the implementation of all the structures, processes and mechanisms of the IT strategy. The Chief Information Officer has access to and regular interaction on strategic matters with the Engen Botswana Limited Board and executive management. The Chief Information Officer is currently at Group Level who as per the Limits of Authority makes recommendations pertaining to the IT strategy.
	5.4	The board should monitor and evaluate significant IT investments and expenditure.	Applied	IT investments and expenditure are governed in terms of the Limits of authority and major IT projects are monitored continually by management and reports of such investments and expenditure are shared with the Board during Board meetings held.
	5.5	IT should form an integral part of the company's risk management.	Applied	As per the Engen Botswana Limited Enterprise Risk Register, relevant information technology and information related risks are included as part of the operational risks of the company for which action plans have been developed to help mitigate such identified risks.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	5.	**The Governance of Information Technology:** [continued]		
	5.6	The board should ensure that information assets are managed effectively.	Applied	Engen Botswana Limited has implemented the Group's policies and procedures that ensure adequate data protection. These policies include the Information Security Policy, Corporate Privacy Policy, Data Backup Policy and Disaster Recovery Plan, etc.
	5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Applied	The Risk and Compliance and Audit committee at Board Level assist the Board in carrying out its IT responsibilities. The Risk and Compliance Committee ensures that IT risks are adequately addressed through its risk management and monitoring processes for all of its Affiliates. Additionally, any Internal IT related issues are discussed with the Board through the Board Audit Committee.
	6.	**Compliance with Laws, Rules, Codes and Standards:**		
	6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules codes and standards.	Applied	The Managing Director ensures that regular updates on applicable Laws and Regulations is shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is presented during Board Meetings.
	6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	Applied	The Board is regularly kept informed of the regulatory compliance status of the Company through a dashboard developed by management. The Managing Director ensures that regular updates on applicable Laws and Regulations is shared with the Board and a Dashboard Report on the Compliance with the Laws and Regulations is presented during Board Meetings.
	6.3	Compliance risk should form an integral part of the company's risk management process.	Applied	Statutory Compliance assessments for Engen Botswana Limited are done at Group Level as per the Management Agreement signed by both parties. All compliance related issues / items are reviewed at Group Level and implemented within Engen Botswana Limited. In addition, the compliance function monitors and reports on compliance at Board level. The Report gives a detailed description of the Legislative requirements, offenses that may arise from the requirement as well as the penalties the Company is likely to face should they not abide by the requirements.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	6.	**Compliance with Laws, Rules, Codes and Standards:** [continued]		
	6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	Statutory Compliance assessments for Engen Botswana Limited are done at Group Level as per the Management Agreement signed by both parties. All compliance related issues / items are reviewed at Group Level and implemented within Engen Botswana Limited. In addition, the compliance function monitors and reports on compliance at Board level. The Report gives a detailed description of the Legislative requirements, offenses that may arise from the requirement as well as the penalties the Company is likely to face should they not abide by the requirements.
	7.	**Internal Audit:**		
The Need for and the Role of Internal Audit	7.1	The board should ensure that there is an effective risk based internal audit.	Applied	Internal Audit is conducted by the Group Internal Audit team based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) is regular audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiarity companies in accordance with an approved Internal Audit Plan.
Internal Audit's Approach and Plan	7.2	Internal audit should follow a risk based approach to its plan.	Applied	The Internal Audit plan and approach are informed by the strategy and risks of the Group. The Internal Audit Plan for the company is developed centrally by the parent / holding Company's Group Internal Audit (Cape Town, South Africa).
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.	Applied	Internal Audit is conducted at Group Level by the Group Internal Audit team that is based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) is regular audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiarity companies in accordance with an approved Internal Audit Plan.
	7.4	The audit committee should be responsible for overseeing internal audit.	Applied	The Board Audit Committee oversees the engagements with the Group Internal Audit. The Board Audit Committee makes use of co-sourced solutions to supplement in-house skills from time-to-time as and when required. Internal audit reports at Board Audit Committee meetings.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	7.	**Internal Audit:** [continued]		
Internal Audit's Status in the Company	7.5	Internal audit should be strategically positioned to achieve its objectives.	Applied	The Board Audit Committee satisfies itself that the internal audit process is independent, objective and strategically positioned to achieve its objectives and execute the approved Internal Audit Plan. Internal Audit is conducted by the Group Internal Audit team based in Cape Town, South Africa. The Engen subsidiary companies (Engen Botswana Limited included) is regular audited at group level whereby process / control efficiency is reviewed and a report is shared with the subsidiarity companies in accordance with an approved Internal Audit Plan.
	8.	**Governing Stakeholder Relationships:**		
	8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	Important stakeholder groups have been identified and include shareholders, employees, customers, suppliers and government bodies. The Board Members receive regular presentations and updates on matters pertaining to Corporate Social Investment and stakeholder engagements / partnerships.
	8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Applied	Engen Botswana Limited has an Engagement Policy drafted to allow for the management of stakeholder relationships. The Engen Botswana Limited Board has delegated to the Managing Director to proactively deal with Stakeholder relationships by ensuring that the Policy is properly implemented and operationalised. The company issues a notice on its Annual Report of annual general meetings in appropriate time, allowing for consideration by shareholders.
	8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	Through the Stakeholder Engagement Policy, Engen will be guided by the best practice principles (AA1000SES), of which the principle of responsiveness ensures that Stakeholder issues that could have a material impact on Engen and/or the relevant Stakeholder are escalated appropriately within Engen. The Policy goes on to categorize stakeholders into four (04) groups; Authorisers, Partners, Influencers and Associations.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	8.	**Governing Stakeholder Relationships:** [continued]		
	8.4	Companies should ensure the equitable treatment of shareholders.	Applied	In line with the Botswana Stock Exchange Listing Requirements, the Board makes every effort to treat all shareholders equally and disclose the earnings per share and the profits attributable to ordinary shareholders. The Annual Reports prepared in prior periods also provides a summary on Economic Value Added to various stakeholders of the Company inclusive of the shareholders.
	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	Engen Botswana Limited as a Listed Company is expected by the Botswana Stock Exchange to submit Interim Reports and Annual Reports inclusive of relevant financial information and other significant information to stakeholders for decision making purposes. These reports are published and publicly available through the Botswana Stock Exchange. The shareholders are also informed of and invited to the Annual General Meetings conducted with adequate notice. The company also releases and publishes special notices and announcements to stakeholders as deemed necessary.
Dispute Resolution	8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	Through the Stakeholder Engagement Policy, Engen will be guided by the best practice principles (AA1000SES), of which the principle of responsiveness ensures that Stakeholder issues that could have a material impact on Engen Botswana Limited and/or the relevant Stakeholders are escalated appropriately within the company.
	9.	**Integrated Reporting and Disclosure:**		
Transparency and Accountability	9.1	The board should ensure the integrity of the company's integrated report.	Applied	The company prepares an integrated report that give a broad view of the Engen Botswana Limited's operational, financial and non-financial status which is formally reviewed and approved by the board upon the review of the Board Audit Committee and the external auditors. The integrated report is then shared with the Botswana Stock Exchange and published for the public to view. The integrated report is prepared in compliance with the requirements prescribed by the Botswana Stock Exchange and the Companies Act of Botswana.

King III Compliance Review

[CONTINUED]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
	9.	**Integrated Reporting and Disclosure:** [continued]		
	9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	Information relating to Health and Safety is commented upon on in the integrated report in the Managing Directors report section with updates on incidents occurred during the year that would have impacted Health and Safety of the company. Potential Risks that affect the financial performance of the company is disclosed in the Annual Financial Statements section of the integrated report. Disclosure of Directors opinion on the company's going concern is Highlighted on the Managing Directors Report section of the integrated report.
	9.3	Sustainability reporting and disclosure should be independently assured.	Applied	As a way of assuring sustainability a Health, Safety, Environment and Quality ("HSEQ") Report is shared with the Board on an annual basis. The Report feeds on the Health and Environmental disclosures made in the integrated report. However, reporting data is compiled by management with no independent assurance provided.

08 Sustainability

Human Capital 90
Social and Relationship Capital 92
Manufactured Capital 96
Natural Capital 98
Financial Capital 99

HUMAN CAPITAL

KEY HIGHLIGHTS:

Workforce Profile

53%
Male

47%
Female

Nationality

98%
Batswana

2%
Foreign Nationals

Generation

43%
> = 35 Years

57%
< = 35 Years

OUR PEOPLE

The world of work is changing and our strategies to support our employees are constantly evolving. We have focused the team on becoming broader in the forefront of technology to support an increasingly agile and mobile workforce. To support our growth and sustainability – and to operate our business safely and efficiently – Engen employees need to be high performing, innovative and motivated.

Personal safety is of paramount importance to our business. Our strategy has been forced to evolve to ensure that our people are safe, while being supported with the right skills, experience, training, and mentorship. Our focus continues to take a holistic approach, building and retaining critical skills and developing our leadership capabilities. This creates an environment which inspires and motivates all our employees to perform at their best.

Our adoption of the PETRONAS Cultural Beliefs drives a culture of ongoing feedback. This has increased employee engagement and continues to support a culture of accountability.

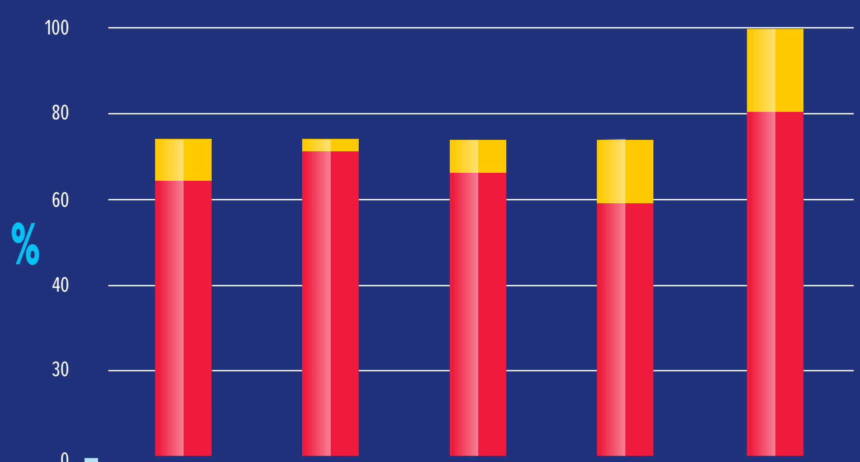
We have focused on our Employee Value Proposition and recognise the importance of attracting and retaining highly engaged and high-performing employees and leadership teams.

The PETRONAS Cultural Beliefs are aligned to our core values with the priority of ethical values set by our leaders across the organisation.

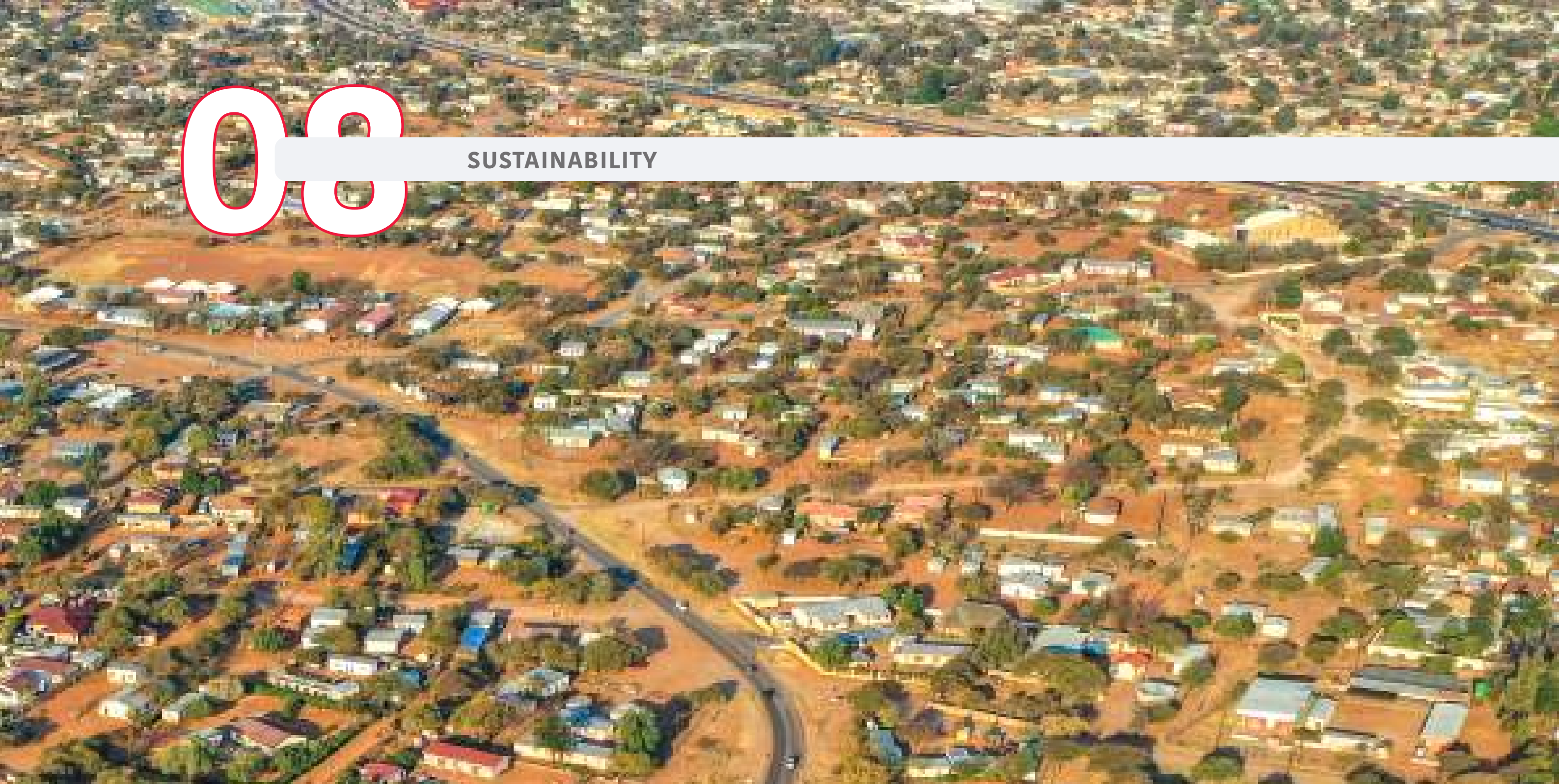
GENDER DIVERSITY

The gender diversity of the Engen Botswana Limited workforce is quantified as follows:

Gender Split vs. Occupational Level



	Top Management	Senior Management	Middle Management	Junior Management	Semi Skilled
Female	36%	30%	34%	42%	21%
Male	64%	70%	66%	58%	79%



SOCIAL & RELATIONSHIP CAPITAL

Engen recognises the value and impact of our business in the sustainability of the social environment in which we operate. For Engen to deliver value, remain fit for the future and generate positive societal impacts while enriching lives, our actions, policies and processes need to be continuously assessed and refined to adapt to changing times and address evolving challenges.

We are therefore committed to operating safely, responsibly and reliably, and aligning our practices with acceptable business norms and industry benchmarks.

Social Sustainability Aspects that are material to us and our stakeholders include:

- Safety and Health
- CSI
- Sponsorship
- Enterprise Development
- Seamless Customer Experience

SAFETY AND HEALTH

As a leading player in the Botswana petroleum products distribution and marketing segment, Engen is subject to complex health and safety laws and regulations at numerous jurisdictional levels regionally and nationally, including laws relating to human exposure and the use, handling, storage and disposal of hazardous materials. As such, we place the highest priority on the health and safety of our workforce and the protection of our assets, communities, environment and all stakeholders as reflected in the Engen Health, Safety and Environment Policy, which sets out the Company's guiding principles in managing risks and hazards relevant to the business operations.

We oversee the governance of HSE through application of our HSE Management System. Our Executive Committee upholds and drives safety excellence through their leadership values, competencies and behaviours. They are responsible for understanding and mitigating risks as well as maintaining and assuring safeguards for the business. The Executive Committee demonstrates their commitment by leading and integrating HSE aspects into business plans and targets.

These plans and targets are then strategically aligned with our HSE Plan and cascaded to all working levels. Through continuous employee engagement, they set clear expectations, targets and objectives for each employee.

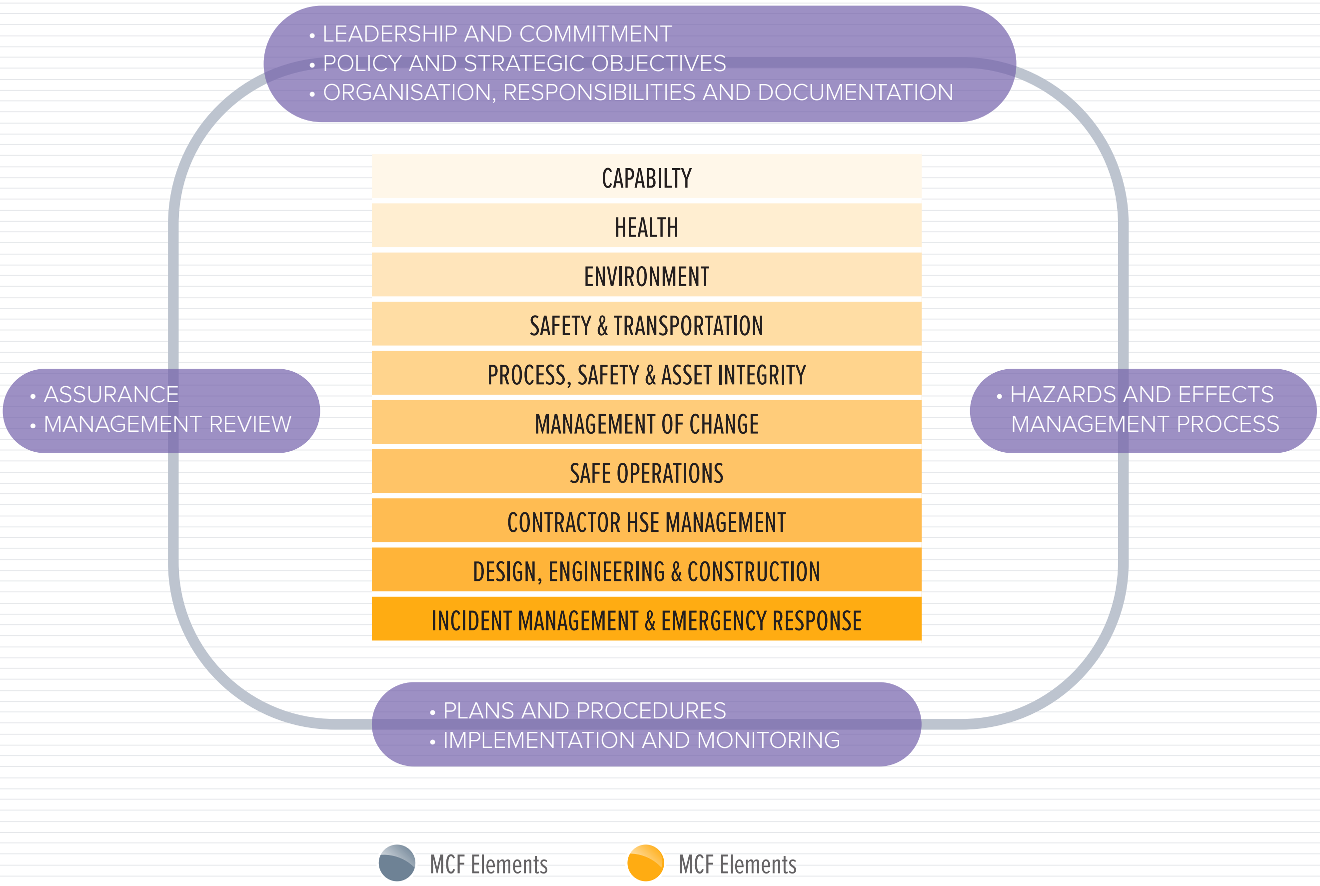
Our annual Engen HSE scorecard, comprising key performance indicators, is developed based on historical statistics with the aim of improving our safety performance year-on-year, and ultimately achieving zero incidents.

HSE risks, incidents, performance and issues are deliberated by our Executive Committee on a monthly basis chaired by our MD/ CEO and subsequently reported to the Engen Botswana Limited Board. In addition, HSE management review is conducted as part of benchmarking against the previous year's HSE performance and PETRONAS Group's Operating Units performance as part of learning from others and improvement for the following years' strategic objectives.

In ensuring health and safety improvements, employees' involvement in work-site HSE Committee meetings involves deliberation of site-specific HSE issues, programmes and performance on a monthly basis. The periodic meetings include participation of both employees and management representatives.

WE PLACE THE HIGHEST PRIORITY ON THE HEALTH AND SAFETY OF OUR WORKFORCE AND THE PROTECTION OF OUR ASSETS, COMMUNITIES, ENVIRONMENT AND ALL STAKEHOLDERS

Health, Safety and Environment MANAGEMENT SYSTEM (HSE-MS)



SOCIAL & RELATIONSHIP CAPITAL [CONT.]

OUR SAFETY PERFORMANCE

In 2023, we continued our journey towards the creation of a generative HSEQ Culture. Initiatives spanning our key focus areas of people and culture, work processes and management systems, in terms of managing safety risks, land transportation, and contractor management, continued.

We achieved commendable safety performance in 2023: zero fatality. While there remains room for improvement, we continue to place the highest commitment to safeguard our workforce and assets by placing vigorous efforts on strengthening HSE compliance, managing HSE risks and improving HSE monitoring at sites.

All incidents were investigated, and all recommended corrective actions were monitored and tracked for closure. In preventing future incidents, increased efforts through checking were conducted on similar operations where reoccurrence of incidents may happen. Lessons learnt from incidents are also shared across the Company, with our contractors and business partners to prevent recurrence.

In Land Transport, Engen teams rolled out Road Transport Safety Operational Guidelines (RTSOG) in Botswana. The RTSOG has become the Engen standard that all transport related matters will meet going forward, including future contractual arrangements for contractors.

A Behavioural Observation System (BOS) has been entrenched and that together with coaching from on-board cameras continues to provide us with system tools that assists with training of Bulk Truck Operators. We also continue to introduce interventions on other risks identified in the process - including Fatigue and Ergonomics - to ensure the safe delivery of our products.

Moving forward, we will continue to make sure safety becomes a priority in all our activities, including enhancement of HSE risk management that leverages on digitalised tools, development of Generative HSE Culture capability at all working levels and regular syndications with employee on HSE best practices and lessons learnt.

	2019	2020	2021	2022	2023
LTIF (per 200 000 man hours)	0.08	0.33	0.02	0.02	0.01
TRR (per 200 000 man hours)	58%	79%	44%	21%	20%
TRCF (Total Recordable Case Frequency)	0.21	0.69	0.01	0.02	0.01
FIRES	0	0	0	0	0
LOPC	0	0	0	0	0
WORK RELATED FATALITIES	0	0	0	0	0

HEALTH AND WELLBEING

Our Organisational Health services reinforce our position as an employer of choice by providing a tangible expression of our care for our employees, thereby attracting the best talent available. The Occupational Health components mitigate our health and safety risks and support legal compliance.

Employee Wellness Services

Our Wellness Services aim to optimise the general health of our employees. We achieve this through awareness and education, personal health risk identification and control, and supportive/ rehabilitative care where necessary.

Controlling chronic disease contributes significantly to our sustainability as it has a positive effect in two ways: for all employees, it halts the progress to impairment and disability, and for employees involved in safety sensitive work, it reduces the likelihood of accidents.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) approach aims to support community upliftment and social development initiatives that encourage engagement and empowerment of vulnerable people, all with a common aim – to make a lasting, sustainable impact.

As a company that cares, and true to our statement of purpose in which we strive to be considered "A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future", we remain committed to doing business in ways that are compatible with the economic, social and environmental needs of the communities in which we operate.

Firstly, we partnered with Dare To Dream. This is a CSR project which conducted the First LEGO League program with 100 students from Mahupu Unified School in Takatokwane. This program introduced Science, Technology, Engineering and Mathematics (STEM) to students through fun and exciting hands-on learning. Participants gain real-world problem-solving experience through a guided, global robotics program, helping today's students and teachers build a future together.

Secondly, we partnered with Hukuntsi School and with the Jeep association to hand over 240 school shoes and backpacks to children at Ledibela primary school. This initiative ensured we give back to the less privileged areas in the Kgalagadi. This initiative will help these children not to miss any days of school due to a lack of schooling necessities.

Engen Botswana continues to stand ready to continue providing necessary support in the fight against the worst effects of the pandemic on the community and the greater economy.

SEAMLESS CUSTOMER EXPERIENCE

In order to live up to our brand promise "With us you are Number One" we anchor our strategy on the customer's lens. Maintaining a relentless "customer-first" mindset ensures that we endeavour to deliver a Seamless Customer Experience in every interaction. This is why we have a series of initiatives across the business to provide the best experience to win the confidence of our customers and maintain their trust in our brand.

CUSTOMERS' SAFETY AND HEALTH

In treating customers right, we apply strict policies and procedures as we believe that our customers deserve safe, high quality products and services.

Customer Support and Engagement

We value all our customers and build our relationships as we continuously strive to ensure that the voice of the customer is analysed, by extending customers' feedback to relevant units within the company, and finally reflected in the development of our products and services.

The constant interactions with our customers have resulted in Customised targeted campaigns that were derived from paying heed to customers' feedback:

- Win 20K – Waya Waya
- Know your oil

We believe that every bit of feedback counts as we provide other channels including emails, and social media i.e. Facebook, and Twitter, thereby appealing to our customers of multiple demographics. We also continuously look at new methods to serve the various segments of our customer base as modes of communication evolve.

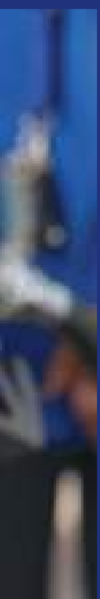
MANUFACTURED CAPITAL

SUPPLY

Supply Chain is responsible for ensuring security of supply and delivering all customer fuel requirements safely, on time, with no impact to the environment. Our Supply Chain manages and operates all Engen terminals and depots, along with the distribution and bulk transport that services our network of retail service stations and commercial customers.

Botswana's sizeable geographical footprint and low population density require us to maintain optimal logistics network efficiency, and we have put in place the building blocks to secure a watertight end-to-end supply chain that reduces costs, improves work efficiencies and maximizes returns.

We also rely on third party infrastructure to continually improve on OTIF (On Time In Full) as a key measure for customer service.



We trust that the renewed focus by the Government on energy security and the completion of new fuel bulk storage facilities will further improve the reliability of supply of fuel in Botswana.

We continue to assess the technology we use to improve agility, reduce costs and respond to environmental changes in our supply chain.

We are pleased to report that there was a marked reduction in transporter related incidents in 2023 with no road injuries or fatalities.

In 2023, we continued the good work started in 2018 in entrenching the Land Transport Management System as per PETRONAS Downstream requirements. This initiative involved completing Site Hazard Mapping and Route Hazard Mapping, training of Transporters, and conducting behaviour observation and audits during loading and unloading of vehicles. This programme will continue in 2024 with more focus on digital monitoring of vehicles.

NATURAL CAPITAL

Through our HSEQ Policy, we have committed to continually enhancing ways to protect the environment wherever we operate. In cases where impacts do occur, we have emergency response systems in place to mitigate, minimise, and remediate impacts to our natural ecosystems.

In line with our HSE Management System, we strive to comply with all applicable legal requirements. In cases where appropriate, we also apply international and internal standards to minimise impacts and protect environmental resources.

Our environmental performance is enhanced through consistent monitoring and analysis of risks and the required mitigations. We also have policies and procedures that are reviewed regularly to ensure that all risks are correctly documented and managed.

The PETRONAS Mandatory Control Framework (MCF) remains a critical internal standard that informs how we conduct our business. The MCF ensures the consistent application of systems and processes across our operations, while also providing minimum compliance requirements on key environmental elements.

WATER MANAGEMENT

Freshwater management remains an item of critical importance for us and we are cognisant of the global concern on freshwater availability. We have therefore been working across our business to spread awareness on this and improve understanding of how we use and manage water while identifying ways in which we can use this resource more efficiently.

ENERGY MANAGEMENT / CLIMATE CHANGE

As an energy focused company, Engen recognises that we have a responsibility to balance the issue of climate change with the challenge to sustainably produce affordable and reliable energy. Energy Efficiency is thus of critical importance to us. We will continue to meet our obligations in terms of climate change related legislative requirements.

Energy efficiency remains a priority throughout our business. We have ongoing initiatives at our sites involving the switch to LED lighting, and anticipate introducing motion sensor lighting and timers to further improve our energy utilisation. Our total energy consumed includes energy from mobile combustion via our tanker fleet, employee job-need vehicles and from electricity use.

With the adoption of Sustainable Development Goal 7: Clean and Affordable Energy as a priority SDG, we made significant progress in 2022 with our solar PV rollout at Engen retail sites and some internal facilities.

By the end of 2023, our Retail division had successfully commissioned and installed solar PV at eighteen of our service stations. These installations not only improved the energy supply mix within our business, they also positively impacted the environment by mitigating an estimated 60 tonnes of CO_2 emissions in Botswana.

In 2024, we aim to complete solar PV installation at 4 additional sites within our retail network and will also begin installing solar PV at our supply depot.

FINANCIAL CAPITAL

Botswana's real GDP grew by 2.7%, a significant slowdown from 2022. A very challenging trading environment combined with this resulted in a decline in our financial performance in 2023.

In 2023, global oil prices fluctuated due to OPEC+'s strategic production cuts, the impact of the Russia-Ukraine conflict on trade routes, and varying demand levels influenced by economic uncertainties and the rising adoption of electric vehicles in advanced economies. There were also reduced commercial volumes in the business.

On the plus side, there was a margin increase, foreign currency gains though reduced remained positive. We ended with a slate over recovery position, and cash & cash equivalents increased substantially.


ULP 95
ULP 93
Diesel 50ppm
ENGEN

ENGEN BOTSWANA LIMITED STAFF

09 Annual Consolidated and Separate Financial Statements

General Information	104
Directors' Report	105
Report of the Independent Auditor	106
Statement of Profit or Loss and Other Comprehensive Income	112
Statement of Financial Position	113
Statement of Cash Flows	114
Statement of Changes in Equity	115
Notes to the Financial Statements	117
Value Added Statement	169
Supplementary Statement of Comprehensive Income	170
Directors' Report	171

General Information

Directors:	S Ndzinge	Motswana	*(Chairman)*
	AM Siwawa	Motswana	
	F J Kotze	South African	
	L Makwinja	Motswana	
	S Williams	South African	
	H Morrison	South African	
	BF Sameke	Zimbabwean	*(Acting Managing Director)*
	J Ramesh	Motswana	
Principal Activities:	Petrochemical investments and property operations		
Parent Company:	Petroleum Investment Holding Limited (Incorporated in Mauritius)		
Ultimate Parent Company:	Petroliam Nasional Berhad (PETRONAS) (Incorporated in Malaysia)		
Company Secretary:	Grant Thornton Business Services (Pty) Ltd Plot 50370, Acumen Park Fairgrounds P OBox 1157, Gaborone		
Company Number:	BW00000748780		
Registered Office:	Plot 54026 Western Bypass P O Box 867 Gaborone		
External Auditor:	PricewaterhouseCoopers		
Bankers:	First National Bank of Botswana Limited Absa Bank Botswana Limited Standard Chartered Bank Botswana Limited Stanbic Bank Botswana Limited		
Country of Incorporation and Domicile:	Botswana (Listed on Botswana Stock Exchange - Share Code ENG-EQO)		
Currency:	Botswana Pula		

Approval of annual consolidated and separate financial statements

The annual consolidated and separate financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors and are signed on their behalf by:

DIRECTOR
25 March 2024

DIRECTOR
25 March 2024

Directors' Report

Nature of business

The core business of the group and company is petrochemical investments and property operations.

There have been no material changes to the nature of the group and company's business from the prior year.

Review of activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of Botswana. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these annual financial statements.

Financial Results

Revenue decreased by 16% mainly due to a reduction in the demand for petroleum products as a result of high fuel prices. There were several price adjustments as a result of the global crude oil price movements and an industry margin adjustment was effected in September 2023 for price controlled products. Non price controlled products had market related price adjustments.

Foreign exchange gains decreased from P9.4 million at the end of 2022 to P3.8 million at the end of 2023. The group exercised good margin management and cost control throughout the year.

Overall, the company's performance reflects a 57.4% decrease in net profit after tax.

Going concern

The annual financial statements 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.

Stated capital

There were no changes to the stated capital during the year under review and in prior year.

Directors

There were no changes to the directors during the year under review and in prior year.

Company Secretary

There were no changes to the company secretary during the year and in prior year.

External Auditor

There were no changes to the external auditor during the year under review.

Dividends

Dividends amounting to P334 793 745 (2022: P91 555 290) were paid during the year.

Events after the reporting period

A final divided of 193.0 thebe per share was declared on 25 March 2024. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Conclusion

The Directors would like to thank our valued customers, suppliers, shareholders, management and staff and all other stakeholders for their ongoing support towards the performance of Engen Botswana Limited.

Report of the Independent Auditor

To the Shareholders of Engen Botswana Limited

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Engen Botswana Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Engen Botswana Limited's consolidated and separate financial statements set out on pages 112 to 167 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

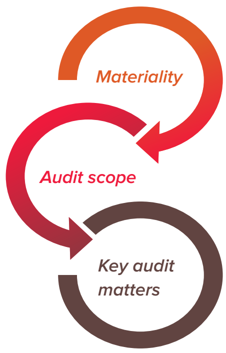
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Our audit approach
Overview



Overall group materiality
- *Overall group materiality: BWP9,694,000, which represents 5% of the consolidated profit before tax.*

Group audit scope
- The Group consists of the Company, one subsidiary and two joint ventures. We performed full scope audits on the subsidiary and the Company, and analytical review procedures on the joint ventures.

Key Audit Matters
- Provision for Dismantling, restoration and removal costs (the "DRR provision")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	BWP9,694,000
How we determined it	*5% of the consolidated profit before tax..*
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group consists of the Company, one subsidiary and two joint ventures. The Group audit scope has been determined based on indicators such as contribution to consolidated profit/loss before tax and consolidated revenue from each component. We performed full scope audits on the Company and the subsidiary. Analytical review procedures were performed on the joint ventures. All audit work was performed by the group engagement team and did not require involvement of component auditors. This, together with additional procedures performed at the Group level, including testing of consolidation journals and intercompany eliminations, provided us the audit evidence we needed for our opinion on the consolidated financial statements as a whole.

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 in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for Dismantling, restoration and removal costs (the “DRR provision”) At 31 December 2023, the Group recognised a DRR provision to be incurred upon the future dismantling and removal of infrastructure developed on petrochemical sites operated by the Group’s subsidiary in the amount of BWP49,896,000 (2022:BWP35,559,000). The Group develops detailed cost estimates for such restoration costs at each of its sites based on its understanding of relevant contractual and legislative obligations. Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future. Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions.	Using our internal expertise on Sustainability and Environmental Rehabilitation, we gained an understanding of the Group’s processes for the identification and quantification of dismantling, restoration and removal obligations; and compared these with industry practice. We did not identify any matters of significant concern. We assessed the completeness of the inclusion of infrastructure in the DRR provision calculation by comparing the details of assets to the Group’s listing of lease obligations and found no exceptions. We compared the unit cost rates for specific restoration activities to costs typically incurred by other market participants in the Group’s industry in both Botswana and South Africa. These procedures identified that the Group’s estimates were within a reasonable range of typical costs.

Key audit matter	How our audit addressed the key audit matter
Significant judgement is required by management in determining the DRR provision, including: • Determining the estimated costs of decommissioning and restoration and the relevant future value factor; • Determining the discount period with regards to the DRR provision, which is based on the estimated useful life of the related asset; • Determining an appropriate discount rate to calculate the present value of future costs. We considered the DRR provision to be a matter of most significance to the current year audit due to the significant judgements and assumptions applied in determining the value of the provision, and because amounts and balances historically reported with respect to the DRR provision were materially misstated. Related disclosures in the consolidated financial statements: • Note 1 Summary of significant accounting policies (Decommissioning and rehabilitation of assets) • Note 1 Summary of significant accounting policies (Significant accounting judgements and estimates - Asset retirement and removal obligations); • Note 3.4 Finance costs (Unwinding of dismantling, restoration and removal provision); • Note 7 Property, plant and equipment (Dismantling, restoration and removal costs); • Note 15 Provisions (Dismantling, restoration and removal costs).	We compared for each restoration location, the discount period utilised in the DRR provision calculation to the underlying lease period and found no exceptions. Using our internal valuation expertise, of 31 December 2023 we: • compared the future value factor utilised by management in the DRR calculation to publicly available forecasts of future cost increases; and • developed an independent expectation of a reasonable range of appropriate discount rates. We found management's estimates to be reasonable. We tested the mathematical accuracy of management's DRR provision calculations and agreed these to the balances disclosed in the consolidated and separate financial statements with no material exceptions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Engen Botswana Limited Annual Consolidated and Separate Financial Statements for the Year Ended 31 December 2023", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Engen Botswana Limited Integrated Annual Report 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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 safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Rudi Binedell (CAP003 2024)

28 March 2024
Gaborone

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Notes	**Dec 2023 P'000**	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Revenue from contracts with customers	2	3 454 745	4 112 311	-	-
Cost of goods sold		(3 151 098)	(3 650 301)	-	-
Gross profit		303 647	462 010	-	-
Other revenue	2	12 648	13 636	372 117	126 944
Other operating income	3.1	759	1 569	2 840	4 320
Foreign currency gains	3.5	3 869	9 432	-	-
Administrative expenses		(15 133)	(18 190)	-	-
Distribution and marketing expenses		(108 862)	(111 846)	-	-
Other operating expenses		(3 585)	(4 040)	(3 585)	(4 040)
Share of profit of joint ventures	8	7 479	5 596	-	-
Finance income	3.3	12 695	5 085	1 098	1 006
Finance costs	3.4	(19 628)	(9 819)	-	-
Profit before tax	3	193 889	353 433	372 470	128 230
Taxation	4	(80 445)	(87 330)	(38 245)	(13 621)
Profit for the year		113 444	266 103	334 225	114 609
Profit for the year attributable to equity holders of the parent		113 444	266 103	334 225	114 609
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		113 444	266 103	334 225	114 609
Total comprehensive income for the year attributable to equity holders of the parent		113 444	266 103	334 225	114 609
Earnings per share (thebe)					
Basic earnings, profit for the year attributable to ordinary equity holders of the parent	5	71.03	166.60	-	-
Diluted earnings, profit for the year attributable to ordinary equity holders of the parent	5	71.03	166.60	-	-

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	Group Dec 2023 P'000	Group Dec 2022 P'000	Company Dec 2023 P'000	Company Dec 2022 P'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	7	379 296	320 418	899	936
Right of use of assets	22	91 349	74 974	-	-
Investments in joint ventures	8	46 906	42 268	4 524	4 524
Investments	9	37	37	10	10
Investments in subsidiaries	10	-	-	72 209	72 209
Deferred tax asset	4	8 989	4 022	-	-
		526 577	441 719	77 642	77 679
Current Assets					
Inventories	11	55 818	65 335	-	-
Trade and other receivables	12	237 447	493 243	51	991
Tax receivable	4	12 628	10 156	921	460
Dividend receivable	6	-	-	-	22 569
Forward exchange contract asset		705	1 262	-	-
Cash and cash equivalents	13	580 645	345 586	31 404	29 986
		887 243	915 582	32 376	54 006
TOTAL ASSETS		1 413 820	1 357 301	110 018	131 685
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	8 138	8 138	8 138	8 138
Non distributable reserves		2 200	2 200	344	344
Retained earnings		616 553	837 903	98 233	98 802
Total equity		626 891	848 241	106 715	107 284
Non-Current Liabilities					
Deferred tax liabilities	4	-	-	16	16
Lease liabilities	22	109 497	80 550	-	-
Provisions	15	49 907	35 573	-	-
Borrowings	19	100 000	-	-	-
		259 404	116 123	16	16
Current Liabilities					
Trade and other payables	16	525 213	390 638	3 287	24 385
Borrowings	19	58	-	-	-
Lease liabilities	22	1 729	2 299	-	-
Forward exchange contract liability		525	-	-	-
		527 525	392 937	3 287	24 385
Total Liabilities		786 929	509 060	3 303	24 401
TOTAL EQUITY AND LIABILITIES		1 413 820	1 357 301	110 018	131 685

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Notes	**Dec 2023 P'000**	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Cash flows from operating activities					
Profit before tax		193 889	353 433	372 470	128 230
Adjustments for:					
Interest received	3.3	(12 695)	(5 085)	(1 098)	(1 006)
Profit on disposal and scrapping of property, plant and equipment	3.1	-	(94)	-	-
Foreign exchange differences		(48)	(101)	-	-
Dividends income from subsidiary inclusive of withholding tax	2	-	-	(371 993)	(126 820)
Dividends received from joint venture	3.1	-	-	(2 840)	(4 320)
Finance costs	3.4	19 628	9 819	-	-
Fair value on forward exchange contracts		1 082	(2 122)	-	-
Share of profit of joint ventures	8	(7 479)	(5 596)	-	-
Depreciation on property, plant and equipment	7	28 509	39 410	37	40
Loss on derecognition of lease liability/asset	3.1	634	271	-	-
Depreciation on right of use of assets	22	10 354	7 118	-	-
Operating profit/(loss) before working capital changes		233 874	397 053	(3 424)	(3 876)
Decrease/(Increase) in trade and other receivables		255 796	(50 385)	23 509	(965)
Decrease/(Increase) in inventories		9 517	(27 260)	-	-
Increase/(Decrease) in trade and other payables		134 075	(26 065)	(21 598)	220
Cash generated from (used in) operations		633 262	293 343	(1 513)	(4 621)
Interest received		11 950	5 085	1 098	1 006
Interest paid		(11 441)	(6 871)	-	-
Income taxes paid	4	(87 382)	(106 970)	(1 007)	(717)
Net cash flows from/(used in) operating activities		**546 389**	**184 587**	**(1 422)**	**(4 332)**
Cash flows from investing activities					
Acquisition of property, plant and equipment to expand operations	7	(74 563)	(41 370)	-	-
Proceeds on the disposal of property, plant and equipment		-	339	-	-
Dividends received from subsidiary		-	-	334 794	91 555
Dividend received from joint venture		2 840	4 320	2 840	4 320
Net cash flows (used in)/from investing activities		**(71 723)**	**(36 711)**	**337 634**	**95 875**
Cash flows from financing activities					
Dividends paid	6	(334 794)	(91 555)	(334 794)	(91 555)
Payment of principal portion of lease liabilities	22	(4 861)	(4 999)	-	-
Proceeds from borrowings	19	100 000	-	-	-
Net cash flows used in financing activities		**(239 655)**	**(96 554)**	**(334 794)**	**(91 555)**
Net increase/ (decrease) in cash and cash equivalents		235 011	51 322	1 418	(12)
Net foreign exchange differences		48	101	-	-
Cash and cash equivalents at the beginning of the year		345 586	294 163	29 986	29 998
Cash and cash equivalents at end of the year	**13**	**580 645**	**345 586**	**31 404**	**29 986**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

GROUP

		Attributable to equity holders of the parent			
	Notes	**Stated capital P'000**	**Non-Distributable Reserves (2) P'000**	**Retained earnings P'000**	**Total equity P'000**
31 December 2023					
Balance at 01 January 2023		8 138	2 200	837 903	848 241
Profit for the year		-	-	113 444	113 444
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	113 444	113 444
Dividends (1)	6	-	-	(334 794)	(334 794)
At 31 December 2023		8 138	2 200	616 553	626 891
31 December 2022					
Balance at 01 January 2022		8 138	2 200	685 924	696 262
Profit for the year		-	-	266 103	266 103
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	266 103	266 103
Dividends (1)	6	-	-	(114 124)	(114 124)
At 31 December 2022		8 138	2 200	837 903	848 241

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account.

STATEMENT OF CHANGES IN EQUITY [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY

	Notes	Stated capital P'000	Non-Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
31 December 2023					
Balance at 01 January 2023		8 138	344	98 802	107 284
Profit for the year		-	-	334 225	334 225
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	334 225	334 225
Dividends (1)	6	-	-	(334 794)	(334 794)
At 31 December 2023		8 138	344	98 233	106 715
31 December 2022					
Balance at 01 January 2022		8 138	344	98 317	106 799
Profit for the year		-	-	114 609	114 609
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	114 609	114 609
Dividends (1)	6	-	-	(114 124)	(114 124)
At 31 December 2022		8 138	344	98 802	107 284

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. All ordinary shares have similar rights.

(2) Non distributable reserves arose from the capitalisation of a shareholder loan account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are presented in Botswana Pula. The functional currency is also the Botswana Pula. The amounts in the financial statements have been rounded to the nearest thousand. The financial statements have been prepared on a historical cost basis except as modified by the revaluation of certain financial instruments to fair value as indicated in the notes below.

The annual consolidated and separate financial statements are prepared on the going concern basis.

The accounting policies adopted are consistent with those applied in the prior period however in some cases the accounting policies has been rephrased to make them clearer.

Statement of compliance

The financial statements have been prepared in accordance with and compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Companies Act of Botswana (CAP 42:01).

Basis of consolidation

The annual consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2023 and for the year then ended. Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained; and
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Foreign currency translation

Functional currency
Transactions in foreign currency are initially recorded in the functional currency at a rate of exchange ruling on transaction date. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the initial transaction.

Foreign exchange translation gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those used when translating at initial recognition during the period or in previous financial statements are taken to the statement of profit or loss and other comprehensive income in the year they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairments in the separate financial statements of the Company. The cost of the business combination is the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instrument issued. Costs directly attributable to the business combination are expensed as incurred.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint venture since the acquisition date. The statement of profit or loss reflects the Group’s share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group’s share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Investments in joint ventures [continued]

and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there are impairment indicators in terms of IAS 36 paragraph 12 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 separately in the statement of profit or loss and other comprehensive income.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income. Joint ventures are carried at cost in the separate financial statements of the company.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. It is stated at historical cost excluding the costs of day to day servicing that are expensed, less accumulated depreciation and any impairment in value. Cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Costs also include the estimated costs of dismantling and removing the assets where the obligation has been incurred when the asset was acquired or as a consequence of using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a component, 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 expenditures are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation commences when the assets are available for their intended use. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or is included in a disposal group that is classified as held for sale or the date that the asset is derecognised. The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis. Estimated useful lives of the assets are as follows:

• Buildings	shorter of period of lease or 50 years
• Plant, equipment, and other assets	4 - 50 years

Land is not depreciated as it is deemed to have an indefinite life. No depreciation is provided on capital work-in progress.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Property, plant and equipment [continued]

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other the net disposal proceeds and the carrying of the asset) is included in the statement comprehensive income in the year the asset is derecognized.

Improvements to assets held under leases where the company is the lessee are capitalized and depreciated over the remaining lease term.

Capital work in progress is carried at cost less accumulated impairment. Cost comprises of amounts incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they are available for use. At that time they are transferred to the appropriate class of property, plant and equipment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or cash generating unit may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the asset's recoverable amount is made.

The determination of the recoverable amount requires an estimation of the value in use compared to the fair value less cost of disposal of the cash generating units.

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and estimated thereafter and do not include restructuring activities to which there is no commitment to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The carrying amounts of assets are reviewed at each reporting date to assess if there are any indications of impairment. If any such indication exists and where assets are recorded in excess of their recoverable amounts, assets or cash generating units are written down to their recoverable amounts. A cash generating unit is considered only when the recoverable amount for the individual asset cannot be determined.

Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

Any amount received from the issue of shares in excess of fair value and classified as "Share premium" in equity.

Earnings per share

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue by any share options in force assuming conversion of all dilutable potential ordinary shares.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Provisions [continued]

to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. The Group has recognised provisions for Dismantling, Restoration and Removal costs.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and rehabilitation of assets

The provision for Dismantling, Restoration and Removal costs is initially recognised at the expected cost of any committed decommissioning or restoration programme and is discounted to its net present value using a real pre tax discount rate provided at the beginning of each project.

Subsequent changes in the initial estimates of rehabilitation and decommissioning costs that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. The estimated timing of the outflow of resources is the earlier of the end of the useful life of the equipment that contains petroleum products and the lease term of leased properties. Where the change results in a reduction in the liability, the cost deducted from the asset shall not exceed the carrying amount of the related asset. If a decrease in the liability exceeds the carrying amount of the related asset, the excess is recognised immediately in the statement of profit or loss and other comprehensive income.

Where the change results in an increase in the cost of the asset, the amount is capitalised as part of the cost of the item and depreciated prospectively over the remaining life of the item to which they relate. If there is any indication that the carrying amount of the related asset is not fully recoverable, an impairment test is conducted in accordance with the impairment policy. These estimates are reviewed annually.

The cost of ongoing programmes to prevent and control pollution and to rehabilitate the environment is taken to profit or loss as incurred.

Where a retail site or a depot is disposed of, the unutilised portion of the Dismantling, Restoration and Removal (DRR) provision will be released to the statement of profit or loss and other comprehensive income.

Health, safety and environment costs

Costs associated with the remediation of the environment where the company operates retail and commercial sites and depots are recognized in the statement of profit or loss and other comprehensive income as incurred. The best estimate of the cost is made taking into account probabilities of the occurrence of spillages.

Dividends receivable

Dividends receivable are recognised as current assets in the period in which the dividends are declared, being appropriately authorised and no longer at the discretion of the paying entity but not distributed at the end of the reporting period.

Inventories

Inventories consist of petroleum products and are initially recognised at cost and subsequently measured at the lower of cost and net realisable value. Cost is determined on the first-in-first-out (FIFO) method. The cost of inventories comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Inventories [continued]

The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period that the write-down or loss occurs and is included under distribution and marketing expenses in the statement of profit or loss and other comprehensive income.

The carrying value of inventories derecognised is included in the cost of sales in the statement of profit or loss and other comprehensive income.

Cost of goods sold

Cost of goods sold is normally the carrying value of inventories sold and any net realizable value adjustments.

Dividend distribution

Dividend distributions to the Group's shareholders are recognized as a liability in the period in which the dividends are declared by the Group's directors. Dividends distributed are recognized in equity. Tax is withheld on dividends distributed at the statutory rate of 10%.

Employee benefits

During the year, employees contributed to the Engen Botswana Retirement Fund. The fund is a defined contribution fund. The fund is governed by the Retirement Funds Act of 2022. Membership of this fund is compulsory for all employees.

In terms of the rules of the Fund, the company is committed to contribute 9.5% of the employees' pensionable emoluments. The defined contribution funds are not required to be actuarially valued. The Group's contributions to the defined contribution plan are charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

Employee entitlements to annual leave, bonuses, and pension and severance benefits are recognised as incurred. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Provision for bonuses is recognised when a present obligation exists to make such payments and a reliable estimate of the amount can be made.

Long term benefits

Long-term employee benefits are those benefits that are expected to be settled more than 12 months after the end of the reporting period, in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave and other employee benefits when the Group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and funds on deposit, net of outstanding bank overdrafts.

Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from the marketing and distribution of petroleum products, as well as convenience store income. Convenience stores retail a limited range of grocery items. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods. Revenue is recognised at a point in time when control of the goods has transferred to the customer. The point at which control passes

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Performance obligations and timing of revenue recognition [continued]

depends on the terms and conditions of the contract and related transport terms and is effective either once physical delivery or receipt of the products at the agreed location has occurred, or when products are loaded onto the specific mode of transport. Transfer of control usually coincides with title passing to the customer. The normal credit term is 30 days upon delivery.

The Group acts as principal in its revenue arrangements as it typically controls the goods and services before transferring to the customer.

Determining the transaction price

The majority of the Group's revenue is derived from contracts which define a fixed price per unit sold.

In certain contracts the consideration includes a variable element in the form of retrospective volume rebates and discounts. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Customers are entitled to volume rebates and discounts, provided that they meet specific criteria. Historical experience based on sales volume data enables the Group to estimate reliably the value of discount to be granted or rebates to be paid and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when volume discounts or rebates become payable. In its estimation, the Group considers the expected value of discounts or rebates that would be applicable to the transaction. Rebates are not offset against the customer but recognised as a separate refund liability.

Allocating amounts to performance obligations

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For most contracts, there is a quoted per unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts.

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices, as all product lines are capable of being, and are, sold separately.

Practical expedients applied

The Group's contracts with customers are short term in nature (less than 12 months). Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Revenue from contracts with customers [continued]

Contract balances (other than contract assets)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers. If a customer pays consideration before the Group transfers the goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.

Other revenue

Revenue streams other than from contracts with customers for Group and Company include the following:
- Rental income; and
- Dividend income.

The company recognises revenue from dividends received when it has a legal right to receive dividends from its subsidiary, which is normally at the time when such dividend is formally declared. Dividends received are recognised at the gross value of the dividend, with withholding taxes on such dividend being accounted for in the income tax expense.

Recognition and measurement of rental income is described in other accounting policies (leases and financial instruments).

Slate Over and Under Recovery Mechanism

The slate mechanism partially finances the cumulative under recovery realised by the Botswana petroleum industry in respect to daily changes between the Basic Fuels Price (BFP) of all grades of petrol, diesel and paraffin, and the BFP applicable as announced by the Botswana Energy Regulatory Authority. The Government of Botswana also makes payments for the remainder of the balances related to cumulative under recoveries.

Therefore, where there is an over-recovery the Group is in a slate payable position which would be recognised as an Other Payable in the Statement of Financial Position by correcting the margin in the Statement of Comprehensive Income through cost of sales.

When the Group becomes entitled to a slate receivable balance, a slate receivable is recognised in the Statement of Financial Position as an Other Receivable at each month-end, by correcting the margin in the Statement of Comprehensive Income through Cost of Sales.

Trade and other receivables

Trade and other receivables are initially measured at fair value. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in income when the trade and other receivables are derecognised or impaired.

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Current income tax [continued]

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Withholding taxes are paid to the government and they are a portion of the total dividend that is declared. Where the Group receives a dividend on which withholding tax is levied, that withholding tax is recognised as a current tax expense.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and also taking into account the manner of recovery of the underlying asset or liability.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Finance income and finance costs

Interest income on bank deposits and staff loans is included in finance income.

Finance costs consist of interest expense on term loans and bank overdraft and the unwinding of the discount of the dismantling and removal provision.

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial instruments [continued]

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments); and
- Financial assets at FVTPL.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original Effective Interest Rate (EIR). The expected cash flows

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Performance obligations and timing of revenue recognition [continued]

will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group writes off financial assets when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the trade and other payables are derecognised as well as through the amortisation process.

Trade and other payables are short term in nature and are categorised as trade and payables in the statement of financial position.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial liabilities [continued]

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and commodity price swaps to economically hedge its foreign currency and price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial assets and liabilities are subsequently measured at fair value with gains and losses recognised through profit or loss. Derivative gains and losses are included in other income and other operating expenses, respectively. Realised gains and losses on commodity price swaps are included within cost of sales.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 3 to 20 years
  If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Group as a lessee [continued]

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (below USD 50,000) recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ADOPTED IN THE CURRENT PERIOD

The following new standard and amendment became effective as at 1 January 2023:

IFRS 17, 'Insurance contracts (Effective 1 January 2023): The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. The amendment did not apply to the group and company in the current year.

IFRS 17, Insurance contracts Amendments (Effective 1 January 2023): In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The amendment did not apply to the group and company in the current year.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1 January 2023): The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendments did not have a material impact on the group and company.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (Effective 1 January 2023): The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

The amendments did not have a material impact on the group and company.

Amendments to IAS 12 International Tax Reform-Pillar Two Model Rules (Effective 1 January 2023): These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The amendment did not apply to the group and company in the current year.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

NEW STANDARDS, NEW INTERPRETATIONS AND AMENDMENTS TO STANDARDS ISSUED BUT ARE NOT YET EFFECTIVE IN THE CURRENT PERIOD

Amendments to IAS 1 - Non-current liabilities with covenants (Effective 1 January 2024): These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The amendment to the standard is not expected to have a material effect on the financial statements of the group and the group will adopt the standard on the effective date.

Amendment to IFRS 16 - Leases on sale and leaseback (Effective 1 January 2024): These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendment to the standard is not expected to have a material effect on the financial statements of the group and the group will adopt the standard on the effective date.

Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7) -Effective 1 January 2024: These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendment to the standard is not expected to have a material effect on the financial statements of the group and the group will adopt the standard on the effective date.

Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21) -Effective 1 January 2024: An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment to the standard is not expected to have a material effect on the financial statements of the group and the group will adopt the standard on the effective date.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future. Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the groups accounting policies, management has made the following estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Estimates and assumptions

Allowances for slow moving inventory
Based on prior management practice, inventory that has not moved for a 12-month period is considered to be obsolete. Obsolete and discontinued products are considered to have no value. The provision is raised based on the full cost or net realisable values (attributable base) of the product. Refer to Note 11.

Allowances for credit losses
The expected loss rates derived are based on the payment profiles of sales over a 36-month period before 31 December 2023 (being 1 January 2021 to 31 December 2023) and the corresponding historical credit losses that occurred over the same period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product, consumer price index and the unemployment rate of Botswana to be the most relevant indicators affecting a customers' ability to pay, and accordingly adjusts the historical loss rates based on expected changes in these factors. A specific provision is made for credit losses where customer accounts are handed over to lawyers for recovery and where it is probable that the receivable may not be recovered.

Asset retirement and removal obligations
Estimating the future costs of these obligations is complex and requires management to make estimates and judgments regarding future cash flows and discount rates because most of the obligations will only be fulfilled in the future. Changing technologies, political, environmental, safety, business and statutory considerations, could also influence the resulting provisions.

Management judgement is exercised when determining the present value of expected future cash flows when the obligation to dismantle or restore the sites arises as well as the estimated useful life of the related asset. The useful lives of the assets are considered to be equal to the remaining lease term under the assumption that the lease will not be renewed, and this impacts on the obligation. The provision for the costs of decommissioning these sites at the end of their economic lives has been estimated using existing technology, at current prices and discounted using a real discount rate of 7.40% (December 2022 - 7.90%). The increase in the discount rate was due to a change in the bond rate that was used in the calculations.

The group's asset retirement obligations are coupled with the estimated remaining useful lives of the asset to which they relate. The carrying value of the dismantling and removal costs provision as at 31 December 2023 is P49 895 197 (December 2022: P35 558 836) (Note 15). There is uncertainty regarding both the amount and timing of incurring these costs.

Allowance for health safety and environment
This allowance is based on probabilities of spillages of petroleum products occurring at each retail, commercial or fuel depot. The costs are based on the point in time costs.

Judgements

Slate receivable
Management applies a significant degree of judgment in assessing the recoverability of the slate receivable balance by assessing available evidence based on negotiations with the Government. The slate receivable arises when the cost of importation of bulk petroleum products is in excess of the slate rates that are provided by the Government. The slate calculations are performed monthly using the monthly slate rates. If indications exist that the balance will not be recoverable, an impairment allowance is raised to reflect the balance which will be recovered from Government.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

Judgements [continued]

Estimating the incremental borrowing rate used in lease liabilities
The Group applied judgement in determining the interest rate implicit in its lease liabilities. The Group uses its incremental borrowing rate, which reflects what the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for similar financed transactions (where and when available), and is required to make certain entity specific estimates, such as the adjustments to the rates for the subsidiaries' stand-alone credit rating and country specific risks.

CHANGE IN ACCOUNTING ESTIMATE

During the year, management reassessed the provision for dismantling and removal costs and the impact of the change is shown below:

2023
Change in discount rate 7.90% to 7.40%
Increase in the current year to the dismantling and removal costs P12 823 520 Impact on profit and loss of P1 512 841 (decrease)

2022
Change in discount rate 4.80% to 7.90%
Decrease in the current year to the dismantling and removal costs P28 804 305 Impact on profit and loss of P2 947 930 (decrease)

The change in estimated dismantling, restoration and removal costs emanated from increase in discount rate, inflation rate and a decrease in acquisition values.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
2. REVENUE				
Revenue from contracts with customers				
Turnover from contracts with customers	3 439 504	4 098 072	-	-
Convenience income	15 241	14 239	-	-
	3 454 745	4 112 311	-	-
Other revenue				
Rental Income	12 648	13 636	124	124
Dividend income from subsidiary	-	-	371 993	126 820
	12 648	13 636	372 117	126 944
Total revenue	3 467 393	4 125 947	372 117	126 944

Disaggregation of revenue from contracts with customers

The company has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount and uncertainty of revenue and cash flows.

2023	**Petroleum and related products P'000**	**Convenience income P'000**	**Total P'000**
Primary geographic markets			
Botswana	3 439 504	15 241	3 454 745
Product type			
Petroleum products	3 369 272	-	3 369 272
Lubricants	70 232	-	70 232
Convenience	-	15 241	15 241
	3 439 504	**15 241**	**3 454 745**
Timing of transfer of goods			
Point in time	3 439 504	15 241	3 454 745
2022			
Primary geographic markets			
Botswana	4 098 072	14 239	4 112 311
Product type			
Petroleum products	4 039 412	-	4 039 412
Lubricants	58 660	-	58 660
Convenience	-	14 239	14 239
	4 098 072	**14 239**	**4 112 311**
Timing of transfer of goods			
Point in time	4 098 072	14 239	4 112 311

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Notes	**Dec 2023 P'000**	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
3. PROFIT BEFORE TAX					
3.1 Other operating income					
Profit on disposal and scrapping of property, plant and equipment		-	94	-	-
Dividends received from joint venture		-	-	2 840	4 320
Profit on derecognition of lease liability/asset		634	271	-	-
Write back of old credit balances		(88)	814	-	-
Solar Income		194	-	-	-
Other income		19	390	-	-
		759	1 569	2 840	4 320
3.2 Expenses					
Auditors Remuneration					
- current year		1 055	1 230	211	315
Depreciation of Property, Plant & Equipment	7	28 509	39 410	37	40
Depreciation of Right of Use Asset	22	10 354	7 118	-	-
Support service charges	17	14 528	14 330	-	-
Expected credit losses of trade receivables (net)	12	(1 350)	(2 669)	-	-
Salaries and employment benefits		15 399	17 660	-	-
Contributions to defined contribution funds		1 310	1 281	-	-
Transport cost		9 183	10 312	-	-
Rental		8 590	6 806	-	-
Maintenance		12 259	13 097	-	-

Other operating expenses which are shown on the Statement of Profit or Loss and Other Comprehensive Income relate to expenses incurred by the Company which is not a trading entity. The expenses mainly include listing fees for the Botswana Stock Exchange, directors' fees, company secretarial fees and annual report costs.

3.3 Finance income

Financial instruments measured at amortised cost:

	Dec 2023 P'000	Dec 2022 P'000	Dec 2023 P'000	Dec 2022 P'000
Bank deposits	12 690	5 081	1 098	1 006
Other financial instruments measured at amortised cost	5	4	-	-
	12 695	**5 085**	**1 098**	**1 006**

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group Dec 2023 P'000	Group Dec 2022 P'000	Company Dec 2023 P'000	Company Dec 2022 P'000
3. PROFIT BEFORE TAX [continued]					
3.4 Finance costs					
Unwinding of dismantling, restoration and removal provision	15	1 513	2 948	-	-
Interest expense on lease liability	22	15 978	6 871	-	-
Interest expense on term loan		1 856	-	-	-
Interest expense - present value adjustment		107	-	-	-
Interest expense on bank accounts		174	-	-	-
		19 628	**9 819**	**-**	**-**
3.5 Foreign exchange gains/(losses)					
Gains from financial assets measured at amortised cost		5 121	1 961	-	-
		5 121	1 961	-	-
Losses/(gains) from financial assets measured at fair value through profit and loss		(1 252)	7 471	-	-
		(1 252)	7 471	-	-
		3 869	**9 432**	**-**	**-**
4. TAXATION					
Botswana normal taxation					
Current					
Company tax at statutory rate		48 211	87 662	1 046	940
Withholding tax on dividends from subsidiary		37 199	12 682	37 199	12 682
Deferred					
Attributable to temporary differences arising in the current year		(4 965)	(14 425)	-	(1)
Prior periods		-	1 411	-	-
		80 445	**87 330**	**38 245**	**13 621**
Reconciliation of tax rate		**%**	**%**	**%**	**%**
Standard tax rate		22	22	22	22
Adjusted for:					
Overprovision in prior periods		-	(0.9)	-	-
Impact of differential (withholding) tax rate applicable to dividend income		-	-	(12.6)	(12.6)
Non-allowable expenses		0.3	-	1.4	1.4
Withholding tax on dividends from subsidiary		19.2	3.6	-	-
Effective tax rate		41.5%	24.7%	10.3%	10.6%

Non allowable expenses mainly consist of apportionment of expenses related to local dividend and donations.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Group Dec 2023 P'000	Group Dec 2022 P'000	Company Dec 2023 P'000	Company Dec 2022 P'000
4. TAXATION [continued]					
Tax payable/(receivable)					
Opening balance		(10 156)	(3 528)	(460)	(683)
Tax paid		(87 382)	(106 970)	(1 007)	(717)
Charge for the year		85 410	100 342	1 046	940
Re-allocation of prior year payments		(500)	-	(500)	-
Closing balance		**(12 628)**	**(10 156)**	**(921)**	**(460)**

	Group Dec 2023 P'000	Group Dec 2022 P'000
Deferred tax balances		
i) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Right of Use Lease Liability	24 471	18 227
Dismantling, restoration and removal provision	10 977	7 823
Advance Customer Receipts	3 057	-
Other provisions	541	-
	39 046	26 050

Movements	Right of Use Lease Liability	Dismantling, restoration and removal provision	Advance Customer Receipts P'000	Other provisions P'000	Total P'000
At 1 January 2022	18 418	(5 729)	-	-	12 689
Credited /(Charged)					
-to profit or loss	(191)	13 552	-	-	13 361
At 31 December 2022	18 227	7 823	-	-	26 050
At 1 January 2023	18 227	7 823	-	-	26 050
Credited /(Charged)					
-to profit or loss	6 244	3 154	3 057	541	12 996
At 31 December 2023	24 471	10 977	3 057	541	39 046

	Dec 2023 P'000	Dec 2022 P'000
ii) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	11 391	7 403
Right of Use Assets	18 190	14 248
Trade accounts payable	476	377
	30 057	22 028

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

4. TAXATION [continued]

Movements	Property, plant and equipment P'000	Right of Use Assets P'000	accounts payable P'000	Total P'000
At 1 January 2022	7 311	14 284	86	21 681
Credited /(Charged)				
-to profit or loss	92	(36)	291	347
At 31 December 2022	7 403	14 248	377	22 028
At 1 January 2023	7 403	14 248	377	22 028
Credited /(Charged)				
-to profit or loss	3 988	3 942	99	8 029
At 31 December 2023	11 391	18 190	476	30 057

	Company	
	Dec 2023	**Dec 2022**
iii) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	16	16
	16	16

Movements	Property, plant and equipment P'000	Total P'000
At 1 January 2022	17	17
Credited /(Charged)	(1)	(1)
-to profit or loss	-	-
At 31 December 2022	16	16
At 1 January 2023	16	16
Credited /(Charged)		
-to profit or loss	-	-
At 31 December 2023	16	16

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

4. TAXATION [continued]

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
iv) Net deferred tax balance				
Total deferred tax assets	39 046	26 050	-	-
Total deferred tax liabilities	(30 057)	(22 028)	(16)	(16)
Net Deferred tax asset/ (liability)	8 989	4 022	(16)	(16)

The group has offset deferred tax assets and deferred tax liabilities because it has a legally enforceable right to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the group's total comprehensive income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic earnings per share computations for the years 31 December 2023 and 31 December 2022.

	Group Dec 2023	Group Dec 2022	Company Dec 2023	Company Dec 2022
Profit for the year	113 444	266 103		
Profit for the year attributable to ordinary shareholders	113 444	266 103		
Weighted average number of ordinary shares in issue	159 722 220	159 722 220		
Earnings Per Share (thebe)	71.03	166.60		

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements. There is no dilution effect.

6. DIVIDENDS PAID AND DECLARED

	Group Dec 2023	Group Dec 2022	Company Dec 2023	Company Dec 2022
Dividends declared during the year	334 794	114 124	334 794	114 124
Amount paid	334 794	91 555	334 794	91 555
Dividend receivable	-	-	-	22 569

The total gross amounts of dividends paid in 2023 was P334 793 745 (2022: P91 555 290). Withholding taxes of 10% of gross dividends were deducted and paid to Botswana Unified Revenue Service and these amounted to P33 479 375. (2022: P10 174 305) in total. Withholding taxes are paid by Engen Marketing Botswana (Pty) Ltd, the subsidiary company.

	Group Dec 2023	Group Dec 2022	Company Dec 2023	Company Dec 2022
Declared and paid in the year per share				
- final dividend related to the prior year	70.9	63.7	70.9	63.7
- interim dividend for the current year	162.0	15.7	162.0	15.7

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

7. PROPERTY, PLANT & EQUIPMENT – GROUP [continued]

	Freehold Land P'000	Buildings P'000	Plant, equipment and other assets (2) P'000	Capital work in progress (1) P'000	Total P'000
31 December 2023					
Balance at 01 January 2022					
At cost	6 008	222 131	251 291	81 334	560 764
Accumulated depreciation	-	(112 142)	(128 204)	-	(240 346)
Net carrying amount	6 008	109 989	123 087	81 334	320 418
Additions	7 755	21 843	8 333	36 632	74 563
Dismantling, restoration and removal costs (Note 15)	-	12 824	-	-	12 824
Transfers	435	21 689	37 925	(60 049)	-
Depreciation (Note 3.2)	-	(11 664)	(16 845)	-	(28 509)
Balance at end of year, net of accumulated depreciation	14 198	154 681	152 500	57 917	379 296
Balance 31 December 2023					
At cost	14 198	278 487	297 549	57 917	648 151
Accumulated depreciation	-	(123 806)	(145 049)	-	(268 855)
Net carrying amount	14 198	154 681	152 500	57 917	379 296

(1) Capital work in progress includes all assets that are under construction at retail sites and not yet in use as at the reporting date. These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction.

(2) These items consist of motor vehicles and office furniture and equipment.

(3) No items of property, plant and equipment have been pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

7. PROPERTY, PLANT & EQUIPMENT – GROUP [continued]

	Freehold Land P'000	Buildings P'000	Plant, equipment and other assets (2) P'000	Capital work in progress (1) P'000	Total P'000
31 December 2022					
Balance at 01 January 2022					
At cost	6 008	250 711	247 417	45 156	549 292
Accumulated depreciation	-	(95 501)	(106 284)	-	(201 785)
Net carrying amount	6 008	155 210	141 133	45 156	347 507
Additions	-	115	785	40 470	41 370
Disposals – At cost	-	-	(1 094)	-	(1 094)
– Accumulated depreciation	-	-	849	-	849
Dismantling, restoration and removal costs (Note 15)	-	(28 804)	-	-	(28 804)
Transfers	-	109	4 183	(4 292)	-
Depreciation (Note 3.2)	-	(16 641)	(22 769)	-	(39 410)
Balance at end of year, net of accumulated depreciation	6 008	109 989	123 087	81 334	320 418
Balance 31 December 2022					
At cost	6 008	222 131	251 291	81 334	560 764
Accumulated depreciation	-	(112 142)	(128 204)	-	(240 346)
Net carrying amount	6 008	109 989	123 087	81 334	320 418

(1) Capital work in progress includes all assets that are under construction at retail sites and not yet in use as at the reporting date. These items of property, plant and equipment will be reallocated to the respective asset class on completion of the construction.

(2) These items consist of motor vehicles and office furniture and equipment.

(3) No items of property, plant and equipment have been pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

7. PROPERTY, PLANT & EQUIPMENT – COMPANY [continued]

	Freehold Land P'000	Buildings P'000	Plant, equipment and other assets (1) P'000	Total P'000
31 December 2023				
Balance at 01 January 2023				
At cost	568	731	352	1 651
Accumulated depreciation	-	(363)	(352)	(715)
Net carrying amount	568	368	-	936
Depreciation (Note 3.2)	-	(37)	-	(37)
Balance at end of year, net of accumulated depreciation	568	331	-	899
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(400)	(352)	(752)
Net carrying amount	568	331	-	899
31 December 2022				
Balance at 01 January 2022				
At cost	568	731	352	1 651
Accumulated depreciation	-	(323)	(352)	(675)
Net carrying amount	568	408	-	976
Depreciation (Note 3.2)	-	(40)	-	(40)
Balance at end of year, net of accumulated depreciation	568	368	-	936
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(363)	(352)	(715)
Net carrying amount	568	368	-	936

(1) These items consist of motor vehicles and office furniture and equipment.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

8. INTERESTS IN JOINT VENTURES

The Group has a 40% and 25% interest in the joint arrangements, Engen Palapye Partnership and Engen Maun Partnership, respectively, which are involved in property letting. Engen Palapye Partnership and Engen Maun Partnership operates and are incorporated in Botswana.

The Group's interest in both joint arrangements is accounted for using the equity method in the consolidated financial statements. The financial year end of both joint ventures is 31 December. Summarised financial information of the joint arrangements, based on their IFRS financial statements, and the reconciliations with the carrying amounts of the investments in the consolidated financial statements are set out below:

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Engen Palapye Partnership				
Current assets; Including cash and cash equivalents of P2 368 513 (2022: P1 896 694)	3 840	3 350	-	-
Non current assets	80 657	75 273	-	-
Current liabilities; Including trade and other payables and provisions of P790 633 (2022: P782 633)	(791)	(783)	-	-
Equity	83 706	77 840	-	-
Group's carrying amount of the investment	31 539	29 581	-	-
Engen Maun Partnership				
Current assets; Including cash and cash equivalents of P20 895 678 (2022: P18 173 337)	21 745	19 022	-	-
Non current assets	41 869	33 863	-	-
Current liabilities; Including trade and other payables and provisions of P610 999 (2022: P516 347)	(611)	(516)	-	-
Equity	63 003	52 369	-	-
Group's carrying amount of the investment	15 367	12 687	-	-
Total carrying amount of the investments	46 906	42 268	-	-
Engen Palapye Partnership				
Rental income	8 744	8 483	-	-
Rentals	7 916	7 612	-	-
Other	828	871	-	-
Fair value gains on property	5 485	4 007	-	-
Interest income	66	94	-	-
Depreciation	(156)	(156)	-	-
Direct operating expenses	(2 144)	(2 067)	-	-
Profit for the year	11 995	10 361	-	-
Share of profit of joint venture – Palapye	4 798	4 144	-	-

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
INTERESTS IN JOINT VENTURES [continued]				
Engen Maun Partnership				
Rental income	4 043	4 108	-	-
Rentals	3 790	3 618	-	-
Other	253	490	-	-
Fair value gains on property	6 895	2 200	-	-
Interest income	1 206	772	-	-
Depreciation	(161)	(165)	-	-
Direct operating expenses	(1 259)	(1 108)	-	-
Profit for the year	10 724	5 807	-	-
Share of profit of joint venture – Maun	2 681	1 452	-	-
Total share of profits of the joint ventures – Palapye and Maun	7 479	5 596	-	-

Non current assets comprise of the total investment properties owned by the joint arrangements.

The Engen Maun investment property is held by way of a 50 year lease with the Tawana Land Board commencing 12 November 2003 with an option to renew for a further 50 years. The joint arrangement was entered into on 16 July 1993.

The Engen Palapye investment property comprises of a shopping complex erected on Lot 68 in Palapye, measuring 16500 square metres held in terms of Tribal Lease Number L/E/4/788, commencing on 6 June 1982, for fifty years and registered under title deed number 9/83 dated 7 September 1983. The joint arrangement was entered into on 7 November 1991. Investment properties are stated at fair value, which has been determined, based on valuations performed by an independent professionally qualified valuer, as at 31 December 2023 and 31 December 2022 for the current and previous year respectively. The valuer has recent experience in the location and category of the investment property being valued. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on recent prices of similar properties in the same category and location.

The joint arrangements had no contingent liabilities or capital commitments as at 31 December 2023 and 2022. The joint arrangements cannot distribute their profits until they obtain consent from the four venture partners.

The market value was determined using the discounted cashflow method. The discount rate of 11.60% and capitalisation rate of 8.48% were used in the valuation. The significant unobservable inputs used in the fair value measurement of the investments properties are the capitalisation rate, net income and vacancy assumptions. The changes to capitalisation rates are dependent on various market factors including location of properties, interest rates, length of leases and quality of tenants.

A dividend of P2 840 000 (2022: P4 320 000) was paid by Engen Palapye Partnership.
The values of the investment in joint arrangements in the company are shown below:

Unlisted				
- Engen Palapye Partnership (At cost)	-	-	2 762	2 762
- Engen Maun Partnership (At cost)	-	-	1 762	1 762
	-	**-**	**4 524**	**4 524**

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
8. INTERESTS IN JOINT VENTURES [continued]				
Reconciliation to carrying amounts	**Engen Palapye**		**Engen Maun**	
Opening net assets	29 581	29 757	12 686	11 234
Profit for the period	4 798	4 144	2 681	1 452
Dividends paid	(2 840)	(4 320)	-	-
Closing net assets	31 539	29 581	15 367	12 686
9. INVESTMENTS				
Unlisted				
- School debentures (At fair value through profit and loss)	37	37	10	10
	37	**37**	**10**	**10**

The investments in debentures have no maturity date and no interest applies to them.

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
10. INVESTMENT IN SUBSIDIARIES				
Unlisted Holding				
Shares at cost:				
- Engen Marketing Botswana (Pty) Ltd 100%	-	-	72 209	72 209

A listing of the Group's principal subsidiary is set out in Note 23.

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
11. INVENTORIES				
Petroleum products purchased for resale - at cost	56 368	65 973	-	-
Provision for obsolete stock	(550)	(638)	-	-
	55 818	**65 335**	-	-

There was no write down and reversal of inventory that was recognised as an expense during the year. During 2023, P3 151 096 785 (2022: P3 650 301 298) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
12. TRADE AND OTHER RECEIVABLES				
Financial assets				
Trade receivables, net of allowance for impairment	215 657	190 446	-	-
Other receivables	8 586	3 288	51	991
	224 243	193 734	51	991
Non-financial assets				
Slate receivable	-	268 931	-	-
Other receivables	13 204	30 578	-	-
	237 447	**493 243**	**51**	**991**

Trade and other receivables are non-interesting bearing and are generally on 30 days' terms with the exception of the slate receivable from Government which has no set terms. The directors consider the carrying value to approximate the fair value. Other receivables comprise mainly of amounts due from Government and value added tax receivable. The other receivables included in financial assets consist mainly of accruals and staff loans that do not form part of trade receivables. The other receivables have been assessed for impairment and no impairment was required.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Trade and other receivables at 31 December				
Not past due	168 626	161 203	51	991
Past due:				
Less than 30 days	51 324	30 008	-	-
Between 30 days and 60 days	2 259	1 848	-	-
Between 60 days and 90 days	192	675	-	-
More than 90 days	1 842	-	-	-
Total	**224 243**	**193 734**	**51**	**991**

Past due but not impaired is based on time since recognition and after 30 days, management still considers these balances as fully recoverable.

Movements in the allowance for expected credit losses of receivables were as follows:				
At beginning of year	4 328	7 047	-	-
Utilised during the year	-	(50)	-	-
Reversal of unused provision	(2 404)	(2 815)	-	-
Additional provision	1 054	146	-	-
At end of year	**2 978**	**4 328**	**-**	**-**

The allowance represents impairment losses on individually assessed financial assets and expected credit losses. Refer to Note 21 for additional information in respect of allowances for expected credit losses.

13. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:

Cash on hand and at bank	400 924	315 788	3 363	1 765
Short term deposits	179 721	29 798	28 041	28 221
Cash resources	**580 645**	**345 586**	**31 404**	**29 986**

The short term deposits had variable effective interest rates of between 1.0% and 8.3% (December 2022 – 1.0% and 4.5%) for the year. At year end the short-term deposits were maturing within 30 days (December 2022: 30 days). No interest is earned on cash amounts maintained in the company's current accounts. The company has unutilised banking facilities with First National Bank of Botswana Limited of P150 000 000 (December 2022: P 150 000 000).

14. STATED CAPITAL

159 722 220 authorised and issued ordinary shares at no par value, fully paid	8 138	8 138	8 138	8 138
	8 138	**8 138**	**8 138**	**8 138**

For capital management disclosures refer to Note 21.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
15. PROVISIONS				
Non-current provisions				
Dismantling, restoration and removal costs				
Balance at beginning of year	35 559	61 415	-	-
Net movement to Property, plant and equipment Note 7	12 824	(28 804)	-	-
Additional provision	1 751	474	-	-
Change in estimate	11 073	(29 278)	-	-
Finance costs	1 513	2 948	-	-
	49 896	35 559	-	-
Long term leave liability				
Balance at the beginning of the year	14	26	-	-
Charge for the year	-	-	-	-
Transfer to short term leave liability	(3)	(12)	-	-
	11	14	-	-
	49 907	**35 573**	-	-
Current provisions				
Health, Safety and Environment				
Balance at the beginning of the year	1 567	1 563	-	-
Additional provision	159	4	-	-
Discounting	(323)	-	-	-
	1 403	**1 567**	**-**	**-**
Bonus provision				
Balance at the beginning of the year	2 230	2 037	-	-
Additional provision	1 399	2 230	-	-
Provisions utilised	(1 346)	(2 037)	-	-
Reversal of unused provision	(884)	-	-	-
	1 399	2 230	-	-
	2 802	**3 797**	**-**	**-**

The provision for dismantling and restoration costs relates to petrochemical sites in locations in which Engen Marketing Botswana (Proprietary) Limited has operations. The company is required to restore sites at the end of their useful lives to an acceptable condition consistent with the company's environmental policies and statutory regulations. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value using a real pre tax discount rate of 7.4% (December 2022: 7.90%), is provided at the beginning of each project.

These estimates are reviewed at least annually. Any change to the provision as a result of a revision in estimate of dismantling, restoration and removal costs or a revision in the discount rate must be accounted for in the same manner as the initial estimated cost.

The group recognises a liability and an expense for staff bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

The provision for Health, Safety and Environment has been made in respect of restoration costs for all known soil and ground water contamination. A list has been compiled of all known contaminations, and a provision per site has been provided for. Estimates are based on actual cost for similar remediation.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
16. TRADE AND OTHER PAYABLES				
Financial liabilities				
Trade payables	44 157	26 990	-	-
Related party payables (Note 17)	275 484	266 430	-	-
Dividends Payable	3 124	23 988	3 124	23 988
Slate payable	119 739	-	-	-
Audit fee provision	1 166	913	127	391
Bonus provision (Note 15)	1 399	2 230	-	-
Other payables	87	298	36	3
	445 156	320 849	3 287	24 382
Non-financial liabilities				
Duties & Levies	59 964	54 328	-	-
Withholding taxes	415	3 314	-	3
Leave pay	880	866	-	-
Contract liabilities	17 395	7 871	-	-
Health, Safety and Environment (Note 15)	1 403	1 567	-	-
Other payables	-	1 843	-	-
	525 213	**390 638**	**3 287**	**24 385**

Trade payables are non interest bearing and are normally settled on 30-60 day terms.

Other payables, duties and levies are non-interest bearing and have an average term of 30 – 60 day terms. Other payables included in financial liabilities consist of accruals. Other payables in non-financial liabilities consist of accruals.
For terms and conditions relating to related parties, refer to Note 17.

17. RELATED PARTY DISCLOSURES

Related party transactions where control exists include the ultimate holding company Petroleum Investment Holdings Limited, which owns 70% of the Company's shares. The remaining 30% of the shares are widely held. The ultimate parent of the Group is Petroliam Nasional Berhad (PETRONAS) of Malaysia and it publishes financial information for public use.

During the year, the Group entered into transactions with fellow subsidiaries. Those transactions along with related balances at 31 December 2023 and 31 December 2022 are presented as follows:

	Group Dec 2023	Group Dec 2022	Company Dec 2023	Company Dec 2022
(i) Purchase of goods/services:				
Purchase of refined oil products - Engen Petroleum Limited	2 985 146	3 298 589	-	-
Purchase of refined oil products - Engen Namibia (Pty) Ltd	90 332	385 919	-	-
Service fees for the provision of technical, accounting and computer support - Engen Petroleum Limited (Note 3.2)	14 528	14 330	-	-
Dividends received from Engen Marketing Botswana (Proprietary) Limited	-	-	371 993	126 819
Rent paid to Joint Ventures (Engen Palapye Partnership and Engen Maun Partnership)	437	417	-	-

Engen Petroleum Limited, a company incorporated in the Republic of South Africa, is a subsidiary of PETRONAS of Malaysia and is therefore an entity related through common control. Engen Namibia (Pty) Ltd, a company incorporated in the Republic of Namibia, is a subsidiary of PETRONAS and is therefore an entity related through common control.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

		Group		Company	
		Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
17. RELATED PARTY DISCLOSURES [continued]					
(ii) Outstanding balances arising from purchases of goods/services					
Purchase of refined oil products and services fees for technical, accounting and computer support					
Engen Petroleum Limited	16	279 870	215 181	-	-
Engen Namibia (Pty) Ltd	16	(4 386)	51 249	-	-
		275 484	266 430	-	-
(iii) Compensation of key management personnel					
Short-term employee benefits		5 088	5 932	1 933	2 010
Post-employment benefits		281	284	-	-
Total compensation of key management personnel		**5 369**	**6 216**	**1 933**	**2 010**
Key management personnel refers to board of directors and management committee of the group. There are no outstanding balances and commitments relating to key management personnel.					
(iv) Dividend receivable from Engen Marketing Botswana (Pty) Ltd	6	-	-	-	22 569
(v) Dividend payable to Petroleum Investment Holding Limited		-	-	-	15 777
The non-executive directors do not receive pension entitlement from the Group. A listing of the members of the Board of Directors is shown on page 1 of the financial statements.					
(vi) Dividend paid to Petroleum Investment Holding Limited		234 041	79 789	234 041	79 789

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For year ended 31 December 2023, the Group has not made any provision for expected credit losses relating to amounts owed by related parties (December 2022: Nil). This assessment is undertaken every financial year through examining the financial position of the related parties and the market in which the related parties operate. Related party balances are normally settled on 30 - 60 days terms.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
18. COMMITMENTS AND CONTINGENCIES				
18.1 Capital expenditure commitments				
The Group has the following purchase commitments for property, plant and equipment incidental to the ordinary course of business.				
Approved and committed	-	-	-	-
Approved but not committed	40 147	50 012	-	-
	40 147	**50 012**	**-**	**-**
18.2 Contingent liabilities				
The Group, through its bankers, has provided the following guarantees at 31 December:				
Bond to the Department of Customs & Excise for the movement of petroleum products from the Republic of South Africa and Namibia to Botswana and whilst in transit.	496	248	-	-
Guarantee to Botswana Railways in respect of security for compliance with performance obligations in accordance with the fuel supply contract	300	300	-	-
	796	**548**	**-**	**-**

The company's bankers issued guarantees in favour of the Department of Customs and Excise and Botswana Railways in terms of which the bankers (as guarantors) will reimburse the Department of Customs and Excise and Botswana Railways in the unlikely event that Engen default on their payments. This is limited to P496 000 and P300 000 respectively. In accordance with the agreed terms, any amounts paid by the bankers will be recovered from Engen. No liability is expected to arise.

18.3 Lease rentals receivable – group as a lessor

Contingent lease rentals receivable are based on volumes sold and a value has not been attributed to these agreements. Total contingent rentals recognised as income in the year amounted to P12 258 262 (2022: P13 312 943). Other lease rentals which are under cancellable lease arrangements relate to commercial property leases from third parties. The operating lease income maturity analysis is shown below:

	Dec 2023 P'000	**Dec 2022 P'000**
Within one year	12 794	1 057
Within two to five years	29 802	1 986
More than five years and less than ten years	111	301
	42 707	**3 344**

18.4 Legal claims

The Company had a legal matter with Petrohyper (Pty) Limited in which Petrohyper's interlocutory application was dismissed with costs on an attorney and own client scale. The claim was in respect of a dispute regarding a lease agreement and there is no financial impact to the group.

There are no other pending legal matters involving the Company.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
19. BORROWINGS				
Stanbic Bank of Botswana - Term loan	100 058	-	-	-
Non current portion	100 000	-	-	-
Current portion	58	-	-	-
Reconciliation				
Opening balance	-	-	-	-
Loans raised	100 000	-	-	-
Interest	1 856	-	-	-
Repayments	(1 798)	-	-	-
	100 058	-	-	-

The Company has obtained an unsecured long term medium from Stanbic Bank of Botswana to the value of P 200 Million. The Company has made a drawdown to the value of P100 Million during the current year. Interest is charged at prime rate of 6.76% per annum plus a margin of 0.50% and it is accrued and paid monthly. The principal loan amount is payable as a lump sum at the end the 5 year loan term.

20. SEGMENT REPORTING

Operating segment information

The property letting segment is made up of the two joint ventures (Refer to Note 8). The Directors consider that on the basis of risks and returns and the Group's organisational and reporting structure for management purposes there are primarily two operating segments, petrochemical activities and property letting business. Within the petrochemical activities there are two main business units, Commercial and Retail, the two segments have similar economic characteristics and the distribution channel is similar and as such have been aggregated as one segment; petrochemical activities segment. Petrochemical activities primarily involve the selling and distribution of fuel. All revenue is earned in Botswana and all assets are situated in Botswana. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Amounts disclosed are based on the numbers included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

	Petrochemical Activities P'000	Property Letting P'000	Consolidated P'000
Year ended 31 December 2023			
Segment Revenue			
Revenue from contracts with customers	3 454 745	-	3 454 745
Total Segment Revenue (Note 2)	3 454 745	-	3 454 745
Results			
Depreciation (Note 3.2)	38 863	-	38 863
Foreign exchange gains (Note 3.5)	3 869	-	3 869
Finance costs (Note 3.4)	(19 628)	-	(19 628)
Taxation (Note 4)	(80 445)	-	(80 445)
Share of profit of joint ventures	-	7 479	7 479
Profit for the year after tax	**105 965**	**7 479**	**113 444**
Total assets	**1 366 914**	**46 906**	**1 413 820**
Total liabilities	**786 929**	**-**	**786 929**
Capital Expenditure (Note 7)	**74 563**	**-**	**74 563**
Year ended 31 December 2022			
Segment Revenue			
Revenue from contracts with customers	4 112 311	-	4 112 311
Revenue from contracts with customers	4 112 311	-	4 112 311
Results			
Depreciation (Note 3.2)	46 528	-	46 528
Foreign exchange gains (Note 3.5)	9 432	-	9 432
Finance costs (Note 3.4)	(9 819)	-	(9 819)
Taxation (Note 4)	(87 330)	-	(87 330)
Share of profit of joint ventures	-	5 596	5 596
Profit for the year after tax	**260 507**	**5 596**	**266 103**
Total assets	**1 315 033**	**42 268**	**1 357 301**
Total liabilities	**509 060**	**-**	**509 060**
Capital Expenditure (Note 7)	**41 370**	**-**	**41 370**

	2023 P'000	2022 P'000
Geographic information		
Revenue from contracts with customers		
Botswana (Note 2)	3 454 745	4 112 311
Total revenue from external customers per the consolidated statement of profit or loss and other comprehensive income (Note 2)	3 454 745	4 112 311

The revenue information above is based on the location of the customers.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Introduction

The Group's financial instruments consist of the following categories:
· financial assets at fair value through profit or loss (FVTPL)
· financial assets at amortised cost
· financial liabilities at amortised cost
· financial liabilities at fair value through profit or loss (FVTPL)

The following asset classes are included in financial assets at fair value through profit or loss - Forward exchange contracts and investments, which are classified and measured as debt instruments at fair value through profit or loss.

The following classes are included in financial assets at amortised cost - cash and cash equivalents and trade and other receivables (excluding prepaid expenses, slate receivable, Value Added Tax (VAT) receivable and duty at source on accommodation receivable) which are classified and measured as debt instruments at amortised cost.

The following liabilities are included in fair value through profit or loss – forward exchange contracts. Financial instruments at fair value through profit or loss represent instruments held to reduce the level of foreign currency and price risk for expected sales and purchases.

The following classes are included in financial liabilities at amortised cost – interest bearing loans and borrowings, bank overdrafts, finance lease liabilities, trade and other payables (excluding VAT, income tax accrual, slate payable and provisions).

Derivative instruments are used by the Group for risk management purposes. Such instruments include forward exchange contracts and commodity price swaps. The Group does not speculate in the trading of derivative instruments.

The accounting classification of each category of financial instruments and their carrying amounts are set out below. The estimated fair value is disclosed below in the fair value estimation of financial instruments.

Categories of financial assets

GROUP 31 December 2023	Note	Amortised cost P'000	Fair value through profit or loss P'000	Total carrying amount P'000
Investments – unlisted debentures	9	-	37	37
Trade and other receivables	12	224 243	-	224 243
Cash at bank and in hand	13	580 645	-	580 645
Forward exchange contract asset		-	705	705
		804 888	742	805 630
31 December 2022				
Investments – unlisted debentures	9	-	37	37
Trade and other receivables	12	193 734	-	193 734
Cash at bank and in hand	13	345 586	-	345 586
Forward exchange contract asset		-	1 262	1 262
		539 320	1 299	540 619

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Categories of financial liabilities

31 December 2023	Note	Amortised cost P'000	Fair value through profit or loss P'000	Leases P'000	Total carrying amount P'000
Trade and other payables	16	445 156	-	-	445 156
Forward exchange contract liability		-	525	-	525
Borrowings	19	100 058	-	-	100 058
Lease liabilities	22	-	-	111 226	111 226
		545 214	525	111 226	656 965
31 December 2022					
Trade and other payables	16	320 849	-	-	320 849
Lease liabilities	22	-	-	82 849	82 849
		320 849	-	82 849	403 698

Categories of financial liabilities

COMPANY

31 December 2023	Note	Amortised cost P'000	Fair value through profit or loss P'000	Total carrying amount P'000
Investments – unlisted debentures	9	-	10	10
Trade and other receivables	12	51	-	51
Cash at bank and in hand	13	31 404	-	31 404
		31 455	10	31 465
31 December 2022				
Investments – unlisted debentures	9	-	10	10
Trade and other receivables	12	991	-	991
Cash at bank and in hand	13	29 986	-	29 986
		30 977	10	30 987

Categories of financial liabilities

31 December 2023	Note	Amortised cost P'000	Total carrying amount P'000
Trade and other payables	16	3 287	3 287
		3 287	3 287
31 December 2022			
Trade and other payables	16	24 382	24 382
		24 382	24 382

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

In the ordinary course of conducting business operations, the Group is exposed to a number of different financial risks, arising from inherent business exposures as well as its use of financial instruments. The risks include

- market risk, relating to interest rate, foreign currency exchange rate and other price risks;
- credit risk;
- capital risk; and
- liquidity risk.

The Group's risk management policies and guidelines establish the principles for the handling of these risks. Policies and guidelines are periodically examined and adjusted if necessary by senior management to ensure that the appropriate refinements and best practice developments are introduced into the risk management process, to ensure that all financial risks are identified, measured and managed in accordance with the Group's policies.

The overall objective of financial risk management is to ensure that the Group's activities giving rise to financial risk are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite.

Financial risk management
The Group is exposed to a number of different financial risks arising from inherent business exposures as well as its use of financial instruments. The Group's trading activities are managed within the Supply Chain Division while activities in the financial markets are managed within the Treasury department. The Group has a Management Committee which meets regularly to review risk management reports. All financial risks are included in this report.

Market risk management
Market risk is the risk that the fair value or future cash flows in respect of a financial instrument will fluctuate because of changes in market prices. The market price movements which the Group is exposed to include interest rate risk, commodity price risk, price risk relating to investments and foreign currency exchange rate risk. The market risk is effectively managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that any trading occurs within the defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The year to date statement of profit or loss effect is reported to executive management. The processes set up to measure, monitor and mitigate these market risks are described below.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Cash flow and fair value interest rate risk management

The interest bearing debt of the Group is structured on a floating interest rates.

In respect of financial assets, the Group's policy is to invest cash and short term deposits at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Financial instruments affected by cash flow interest rate risk include borrowings, deposits, cash, finance leases, trade and other receivables and trade and other payables. Other than the above mentioned, the fair value interest rate risk does not impact the performance of the Group or Company since the financial assets or liabilities with fixed interest rates are carried at amortised cost.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was as follows:

		Group		Company	
	Note	**Dec 2023 P'000**	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Fixed rate instruments					
Financial assets					
Cash and cash equivalents	13	580 645	345 586	31 404	29 986
Financial liabilities					
Lease liabilities	22	111 226	82 849	-	-
Floating rate instruments					
Financial liabilities					
Borrowings	19	100 058	-	-	-

The variable rates are influenced by movements in the prime borrowing rates. The prime interest rate is 6.51% at 31 December 2023 (2022: 6.76%). It is currently forecast that the rate will decrease by 0.31% during the next 12 months (31 December 2022: decreased by 0.25%).

Sensitivity analysis

Cash and cash equivalents/borrowings: using the cash and cash equivalents/borrowings balances at 31 December 2023.

The effect of changes in the interest rates on the fair value of lease liabilities have been based on the above floating interest rate change and prepared using the year-end finance lease value at 31 December 2023.

Interest rate risk

The following table demonstrates the sensitivity to a reasonable possible change in interest rates at reporting date, with all other variables held constant, of the group's and company's profit before tax (through the impact on floating rate financial instruments) and equity at reporting date. The reasonable possible change is based on past trends of interest rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no direct impact on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

An interest rate sensitivity of 1% is likely to affect the user of the financial statements and sensitivity analysis is presented below.

	Group		Company	
	Dec 2023 P'000	**Dec 2022 P'000**	**Dec 2023 P'000**	**Dec 2022 P'000**
Effect on profit before tax				
Increase of 1% in interest rates	5 806	3 456	314	300
Decrease of 1% in interest rates	(5 806)	(3 456)	(314)	(300)

Other price risk management
The main category of other price risk is commodity price risk. Due to different terms and conditions with various suppliers and clients, the Group is exposed to changes in crude oil and refined product prices. To mitigate these exposures the Group enters into various financial instruments. As a result of these financial instruments, the Group is exposed to commodity price risks at the reporting date. In effecting these transactions, the Group operates within policies and procedures designed to ensure that risks including counterparty risks are minimised. The Group does not apply hedge accounting to commodity price derivatives.

The objective of the commodity price risk management policy is to provide a comprehensive set of directives and guidelines to regulate the commodity trading activities of the Group. Secondly to mitigate the risks associated with the commodity trading function and to limit the uncertainty of commodity price exposure in order to create a stable margin at the lowest possible cost, within an approval framework.

Due to the high volatility in the market prices of crude oil and refined products, a reasonable forecast of market prices is not determinable.

Foreign currency risk management
Foreign currency exposures/risks arise due to the nature of the Group's import trading activities. Primarily as an importer of petroleum products, the Group operates liabilities which are exposed to the risk that foreign currency volatility will positively or negatively affect the local current cost of these liabilities. Therefore the aim of foreign exchange risk management is to mitigate the risk and exposure to currency risk. Short, medium and long term foreign currency exposures are managed in terms of approved policies.

Forward exchange contracts are predominantly used to manage the Group's currency position. All foreign exchange trading positions are valued at current market rates taking maturity profiles into account, and resultant profits or losses are recognised in the statement of comprehensive income.

Treasury manages the foreign currency exposure on a daily basis by purchasing forward exchange contracts to cover the daily average of the foreign currency amount to cover the ZAR crude and ZAR refined product liability. The Group will not enter into FEC contracts until a firm underlying commitment is in place. The Group manages these exposures by entering into approved financial instruments, sometimes netting off naturally occurring opposite exposures when possible and beneficial. Ultimately this practice enables the Group to minimise the foreign currency exposure on its trade payables. The Group's cash and cash equivalents include ZAR bank accounts, which are exposed to foreign exchange fluctuations. Thus the Group is at risk if the Pula/Rand exchange rate strengthens.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Foreign currency risk management [continued]

The following table demonstrates the sensitivity to a reasonably possible change in the South African Rand exchange rate, with all other variables held constant, on the group's and company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The reasonable possible change is based on past trends of foreign exchange rates and expected future changes. The impact was calculated by applying the reasonable possible change to the exposures at reporting date, and with reference to the next 12 months. There is no effect on the group's and company's equity apart from the after tax amount of the statement of profit or loss and other comprehensive income impact.

GROUP

2023	**P'000**	**R'000**
South African Rand denominated liabilities	275 484	379 920
South African Rand denominated assets-bank	1 353	1 866
	276 837	381 786
Exchange rate		1.379
Effect on profit before tax		
Increase of 10% in the ZAR rate		(52 652)
Decrease of 10% in the ZAR rate		(52 652)
2022		
South African Rand denominated liabilities	266 430	354 139
South African Rand denominated assets-bank	825	1 096
	267 255	355 235
Exchange rate		1.329
Effect on profit before tax		
Increase of 10% in the ZAR rate		(47 218)
Decrease of 10% in the ZAR rate		47 218

Financial Risk Management

The group mitigates the risk of foreign exchange rate movements through the use of forward exchange contracts. The notional amount of coverage from forward contracts as at 31 December 2023 was P165 856 684 (31 December 2022: P165 856 684).

Currency profile

The Pula equivalent values of amounts translated from foreign currencies at year end are as follows:

	2023 Pula	**2023 Rand**	**2022 Pula**	**2022 Rand**
Related party payables (Note 17)	275 484	379 920	266 430	354 139
Bank balances	1 353	1 866	825	1 096
Exchange rate	1.000	1.379	1.000	1.329

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Credit risk management
Transactions are only conducted with approved counterparties that satisfy the assessment in terms of specific guidelines, rules, and parameters in terms of an approved counterparty selection list and limits. The purpose of credit risk policies and processes is to set the foundation for the establishment of effective credit risk management across the Group.

The Group's credit risk is primarily attributable to trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for expected credit losses. For allowances for expected credit losses disclosure, refer to Note 12. An allowance for impairment is made based on the expected credit loss which is an amount expected to default based on the historical amount and adjusted by forward looking information.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the customer segments. There is no categorisation of customer segments as the loss patterns are similar.

The Group has collateral against some of its trade and other receivables in the form of cessions over trade and other receivables, bonds over movable and immovable property and letters of guarantee. The fair value of collateral held amounted to P103 786 206 (2022: P89 586 202). There was no collateral that was sold or repledged. There were no obligations to return the collateral. The entity had the right to use the collateral to extinguish the respective trade receivables that it was covering with no restrictions.

Collateral consists of bank guarantees and mortgage surety bonds and this instruments are redeemable on demand.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risks arises from default of the counter party. The credit quality of these counterparties is good as all of these counterparties are reputable banking institutions. Thus the ECL determined on these cash balances are immaterial.

Maximum credit risk exposure per class in total is the carrying values of financial assets disclosed in Note 12.

For trade and other receivables, all new counterparties are subject to a credit risk assessment. This is a process whereby a counterparty's credit worthiness is evaluated using qualitative and quantitative weighted criteria. Use is made of outside vetting agencies to vet new potential customers. The information obtained from these agencies is used in the Group's own credit risk rating system.

As a result of these evaluations the customers are assigned a risk rating. The credit risk rating framework is used as the primary credit evaluation tool. Exposure limits, credit terms and security requirements are all set according to these risk ratings.

All customers are grouped according to their risk category.
The risk rating determines how often the counterparties risk rating will be reviewed. If the counterparties risk rating is rated as average risk, low risk, or minimal risk the review takes place every 6 months. High risk counter parties are reviewed every month. Each business stream and division will monitor their credit exposure and credit risk for reporting to management on a monthly basis.

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Credit risk management [continued]

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2023	100.00%	-	-	0.00%	100%

The following is a table highlighting the credit quality of Engen's trade and other receivables that are neither past due nor impaired.

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2022	98.15%	-	-	1.85%	100%

Our debtors are in government, industry, commerce, sales and distribution, fleet and retail category. These are all low risk clients and have no significant different risk profiles and as such, no disaggregation was considered necessary.
Listed below is the age analysis of trade and other receivables. The age analysis is based on credit terms.

2023 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0.04%	0.28%	0.93%	3.77%	
Trade receivables at gross carrying amount	227 221	169 197	51 912	2 383	362	3 367
Expected credit losses	(2 978)	(571)	(588)	(124)	(170)	(1 525)
	224 243	168 626	51 324	2 259	192	1 842

2022 P'000	Carrying Amount	Current	Less than 30 days	Between 30 and 60 days	Between 60 and 90 days	More than 90 days
Expected credit loss rate		0.20%	0.23%	0.79%	3.93%	
Trade receivables at gross carrying amount	198 062	161 226	30 355	2 071	762	3 648
Expected credit losses	(4 328)	(23)	(347)	(223)	(87)	(3 648)
	193 734	161 203	30 008	1 848	675	-

Liquidity risk
Liquidity risk is the risk that the group and company have insufficient funds or borrowing facilities available to fulfil their existing and future cash flow obligations. Several elements are regarded as fundamental in the management of liquidity. These include the maintenance of minimum levels of marketable and liquid assets; effective cash flow management; implementation of long term funding strategies; diversification of funding; and adequate contingency plans.

The group and company have access to banking facilities in excess of their current and anticipated future requirements. The group's and company's borrowing powers are not limited by its Articles of Association.

The following table summarises the maturity profile of the group's financial liabilities as at 31 December 2023 based on contractual undiscounted payments:

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

GROUP

31 December 2023	Less than 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	> 5 years P'000	Total P'000
Trade and other payables	-	445 156	-	-	-	445 156
Lease liabilities	-	3 061	8 629	43 061	233 485	288 236
Forward exchange contract liability	-	525	-	-	-	525
Borrowings	-	1 690	5 070	127 040	-	133 800
	-	450 432	13 699	170 101	233 485	867 717
31 December 2022						
Trade and other payables	-	320 849	-	-	-	320 849
Lease liabilities	-	2 254	6 710	31 721	164 367	205 052
	-	323 103	6 710	31 721	164 367	525 901

COMPANY

31 December 2023	Less than 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	> 5 years P'000	Total P'000
Trade and other payables	-	3 287	-	-	-	3 287
	-	3 287	-	-	-	3 287
31 December 2022						
Trade and other payables	-	24 382	-	-	-	24 382
	-	24 382	-	-	-	24 382

FAIR VALUE MEASUREMENTS

Management assessed that the fair values of cash and short-term deposits, interest bearing borrowings, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Derivative assets and liabilities are measured already at fair value, or assessed at fair value by management.

The fair value of the financial instrument is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participation at the measurement date.

The Group's own non-performance risk at 31 December 2023 was assessed as insignificant.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

The valuation techniques used on financial instruments for fair value are as follows:

Foreign exchange currency contracts and guarantees
The fair value of forward exchange contracts is determined by calculating the forward rates for each currency using the midrate plus the forward rate at the year end. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end forward foreign exchange rates. The present value of these net market values are then calculated using the appropriate currency specific discount curve. The fair value of foreign exchange guarantees is estimated as the fair value attributed to the difference between the US dollar and the underlying estimated currency value.

Investments
The fair value of investments using inputs that are either directly or indirectly observable (Level 2) are determined by ascertaining the value using the closing mid-market prices as at each valuation point.

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2023:

		Fair value measurement using:			
		Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:					
	Date of valuation	**P'000**	**P'000**	**P'000**	**P'000**
Foreign exchange forward contracts	31 December 2023	705	-	705	-
School debentures	31 December 2023	37	-	-	37
Liabilities measured at fair value:					
Foreign exchange forward contracts	31 December 2023	525	-	525	-

There have been no transfers between level I and 2 during the year.

Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2022:

		Fair value measurement using:			
		Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:					
	Date of valuation	**P'000**	**P'000**	**P'000**	**P'000**
Foreign exchange forward contracts	31 December 2022	1 262	-	1 262	-
School debentures	31 December 2022	37	-	-	37

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

Fair values

The directors consider the carrying amount of all financial instruments to approximate their fair value since the financial assets and liabilities have a short term to maturity and the interest rate on other receivables approximate the market rate. The fair value of foreign forward exchange contracts (FEC) is determined by using quoted prices in a market that is not active for the identical item held by another party as an asset. The fair value is measured using a valuation model. The input to this model being exchange rates are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Capital risk management

The Group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT [continued]

The Group monitors capital using the debt to equity ratio. The ratio is calculated as long term debt to adjusted equity.

Long term debt comprises interest bearing debt, excluding lease liabilities recognised under IFRS 16. Adjusted equity comprises share capital, share premium and non distributable reserves.

The Group reviews its debt to equity position on a semi-annual basis to ensure that its capital management objectives are being met.

		Group	
		Dec-23 P'000	**Dec-22 P'000**
Borrowings	19	100 058	-
Equity		626 891	848 241
Gearing ratio		15.96	-

Total interest income and total interest expense calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss are as follows:

	Group			Company		
	Interest income	**Interest expense**	**Total net gains and losses**	**Interest income**	**Interest expense**	**Total net gains and losses**
31 December 2023	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
Cash & cash equivalents/ payables	12 695	-	12 695	1 098	-	1 098
31 December 2022						
Cash & cash equivalents/ payables	5 085	-	5 085	1 006	-	1 006

Total exchange gains and losses for financial assets or financial liabilities that are at fair value through profit or loss are as follows:

	Group		Company	
	Fair value gains/ (losses)	**Total net fair value gains/ (losses)**	**Fair value gains/ (losses)**	**Total net fair value gains/ (losses)**
31 December 2023	**P'000**	**P'000**	**P'000**	**P'000**
Forward exchange contracts (Note 3.5)	(1 252)	(1 252)	-	-
31 December 2022				
Forward exchange contracts (Note 3.5)	7 471	7 471	-	-

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

22. LEASES (GROUP AS LESEE)

Details pertaining to leasing arrangements, where the Group is lessee are presented below:

Net carrying amounts of right of use assets

The carrying amounts of right of use assets are as follows:

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2023	97 525	97 525
Additions	26 729	26 729
31 December 2023	124 254	124 254
Accumulated depreciation		
1 January 2023	22 551	22 551
Current year	10 354	10 354
31 December 2023	32 905	32 905
Net carry amount	91 349	91 349

	Lease Properties	Total
Cost	**P'000**	**P'000**
1 January 2022	94 075	94 075
Additions	4 234	4 234
Derecognition of terminated lease	(784)	(784)
31 December 2022	97 525	97 525
Accumulated depreciation		
1 January 2022	15 843	15 843
Current year	7 118	7 118
Derecognition of terminated lease	(410)	(410)
31 December 2022	22 551	22 551
Net carry amount	74 974	74 974

	2023	2022
	P'000	**P'000**
Other disclosures		
Interest paid	9 469	6 871
Total cash outflow from leases within the scope of IFRS 16	(14 330)	(11 870)
	(4 861)	(4 999)

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

22. LEASES (GROUP AS LESEE) [continued]

	2023 P'000	2022 P'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Payments:		
Within one year	11 690	8 934
Two to five years	43 061	31 721
More than five years and less than ten years	61 147	43 512
More than ten years	172 338	120 855
	288 236	205 022
Finance charges:		
Within one year	(9 961)	(6 635)
Two to five years	(40 008)	(25 741)
More than five years and less than ten years	(46 684)	(28 696)
More than ten years	(80 357)	(61 102)
	(177 010)	(122 173)
Net present value	111 226	82 849
Non-current liabilities	109 497	80 550
Current liabilities	1 729	2 299
	111 226	82 849
Lease liabilities		
Balance at the beginning of the year	82 849	83 717
Additions	26 729	4 234
Interest	15 978	6 871
Derecognition of lease	-	(103)
Lease payments within the scope of IFRS 16	(14 330)	(11 870)
	111 226	82 849

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in Botswana. It is customary for lease contracts to provide for payments to increase each year by inflation or the periodic rent is fixed over the lease term. Extension options have already been reflected in the lease calculations.

The Group leases various vessels that are used for deliveries to customer vessels. The leases of vessels comprise payments based on fixed daily rates over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS [continued]

FOR THE YEAR ENDED 31 DECEMBER 2023

23. SUBSIDIARY COMPANY

The subsidiary company of Engen Botswana Limited which is incorporated in Botswana, is as follows:

	% Holding	Business Description
Engen Marketing Botswana (Pty) Ltd	100	Marketing of petroleum products

The major portion of the group's activities are conducted by Engen Marketing Botswana (Pty) Ltd.

24. GOING CONCERN

The annual financial statements 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.

25. EVENTS AFTER THE REPORTING PERIOD

A final dividend of 193.0 thebe per share was declared on 25 March 2024. There are no other events that occurred after the reporting date that require adjustment or disclosure in the annual financial statements.

09

Other Information

VALUE-ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The value added statement is a summary of the wealth the Group has created and its distribution.

	31 Dec 2023 P'000	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000
Revenue	3 454 745	4 112 311	2 278 529	1 955 689	2 499 854
Net cost of products	(3 151 098)	(3 650 301)	(1 834 310)	(1 722 557)	(2 199 925)
Total value added	303 647	462 010	444 219	233 132	299 929
To pay employees' gross salaries, wages and benefits	15 399	17 660	17 260	16 164	16 557
To pay income taxes	80 445	87 330	93 497	49 203	51 021
To pay providers of capital	327 861	109 390	162 137	165 462	75 277
- net finance costs	(6 933)	(4 734)	(1 139)	(10)	(5 785)
- dividends	334 794	114 124	163 276	165 472	81 062
Retained in the Group for future growth	(120 058)	247 630	171 325	2 303	157 074
- depreciation	38 863	46 528	22 283	28 355	29 961
- retained income for the year	(158 921)	201 102	149 042	(26 052)	127 113
Total value added	303 647	462 010	444 219	233 132	299 929

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	31 Dec 2023 P'000	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000
Historical cost net profit	113 444	266 103	259 310	98 009	129 165
Less: Inventory effects net of taxation	(38 299)	(162 061)	(151 164)	(3 397)	(81 657)
Inventory profits	(49 101)	(207 770)	(193 800)	(4 355)	(104 689)
Taxation @ 22%	10 802	45 709	42 636	958	23 032
Replacement cost net profit	75 145	104 042	108 146	94 612	47 508
Weighted average number of shares in issue	159 722 220	159 722 220	159 722 220	159 722 220	159 722 220
Replacement cost earnings per share (thebe per share)	47.0	65.1	67.7	59.2	29.7
Historical cost earnings per share (thebe per share)	71.03	166.60	162.35	61.40	80.90
Dividend per share paid and provided (thebe per share)	232.9	79.4	112.1	112.0	54.9
Total dividend per share including proposed amount not provided for	193	70.9	63.7	53.4	62.6

ENGEN

5-YEAR FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2023

	31 Dec 2023 P'000	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000
BASED ON HISTORICAL COST					
Revenue	3 454 745	4 112 311	2 278 529	1 955 689	2 499 854
Operating profit	213 517	363 252	361 409	147 197	189 967
Finance (costs)/income	(19 628)	(9 819)	(8 602)	15	(9 781)
Profit before taxation	193 889	353 433	352 807	147 212	180 186
Taxation	(80 445)	(87 330)	(93 497)	(49 203)	(51 021)
Other comprehensive income	-	-	-	-	-
Attributable profit	113 444	266 103	259 310	98 009	129 165
Earnings per share (thebe)	71.03	166.60	162.35	61.36	80.87
Headline earnings per share (thebe)	71.03	166.60	162.35	61.36	80.87
Dividend per share (thebe)					
- Paid and provided (include extra ordinary dividend)	232.9	79.4	112.1	112.0	54.9
- Paid and proposed - not provided	193.0	70.9	63.7	53.4	62.6
Dividend cover (times)					
- Paid and provided	0.30	2.10	1.45	0.55	1.47
- Paid and proposed - not provided	0.37	2.35	2.55	1.15	1.29
Net asset value per share (thebe)	392.49	531.07	435.92	375.80	406.26
BSE price of share (thebe)					
- Closing	1 315	1 140	1 043	1 013	1 037
- Highest	1 315	1 140	1 043	1 013	1 037
- Lowest	1 315	1 140	1 043	1 013	1 037
Earnings yield (%)	5.40	14.61	15.57	6.06	7.80
Dividend yield (%)					
- Paid and provided	17.71	6.96	10.75	11.06	5.29
- Paid and proposed - not provided	14.68	6.22	6.11	5.27	6.04
Price earnings ratio	18.51	6.84	6.42	16.51	12.82
Total assets (thousands)	1 413 820	1 357 301	1 245 616	969 550	1 065 019
Ordinary shareholders' interest	626 891	848 241	696 262	600 228	648 879
Shares in issue (thousands)	159 722	159 722	159 722	159 722	159 722
Return on shareholders' funds (%)	18.1	31.4	37.2	16.3	19.9
Return on total assets employed (%)	8.0	19.6	20.8	10.1	12.1

10 Shareholders Information

SHARE ANALYSIS - ORDINARY SHAREHOLDERS 31 MARCH 2024

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1 - 5,000	546	74.69%	521 025	0.3%
5,001 - 10,000	56	7.66%	431 994	0.3%
10,001 - 50,000	65	8.89%	1 505 169	0.9%
50,001 - 100,000	19	2.60%	1 506 205	0.9%
100,001 - 500,000	30	4.10%	6 201 061	3.9%
500,001 - 1,000,000	6	0.82%	4 573 348	2.9%
OVER 1,000,000	9	1.23%	144 983 418	90.8%
Total	**731**	**100.00%**	**159 722 220**	**100.00%**

Top ten shareholders		
PETROLEUM INVESTMENT HOLDING LIMITED	111 655 550	69.91%
FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ	15 343 706	9.61%
MOTOR VEHICLE FUND	6 858 692	4.29%
BOTSWANA PUBLIC PENSION FUND VUNANI	2 995 699	1.88%
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	2 509 586	1.57%
BOTSWANA PUBLIC OFFICERS PENSION FUND	1 811 043	1.13%
STANBIC NOMINEES BOTSWANA RE BIFM MLF	1 337 805	0.84%
STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP	1 254 011	0.79%
SCBN (PTY) LTD RE: BIFM 028914400011	1 217 326	0.76%
STANBIC NOMINEES BOTSWANA RE MORULA RE DPF	904 793	0.57%
OTHERS	13 834 009	8.66%%
	159 722 220	**100.00%**

	Shareholders		Shares held	
Category	**Number**	**%**	**Number**	**%**
Non - Public shareholders	1	0.14%	111 655 550	69.91%
Public shareholders comprising of:				
Corporate bodies	58	7.93%	951 607	0.60%
Nominees companies	75	10.26%	44 558 308	27.90%
Private individuals	597	81.67%	2 556 755	1.60%
	731	**100.00%**	**159 722 220**	**100.00%**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2024 Annual General Meeting of ENGEN BOTSWANA LIMITED will be held at 10:00 hrs on Tuesday, 15 October 2024 via Microsoft Teams. All shareholders who would like to attend the meeting either by proxy or in person must forward their email address to Bonita Muthien (bonita.muthien@engenoil.com) in order for a link to be provided for the meeting.

AGENDA	
1.	To read the notice convening the meeting.
2.	Welcome and opening remarks by the Chairman.
3.	Adoption of Agenda
Ordinary Resolutions	
4.	To receive consider and adopt the Audited Financial Statements for the year ended 31 December 2023 together with the Auditors Report.
5.	To consider and ratify the distribution of dividend declared for the year ended 31 December 2023 at 232.9 thebe per share.
6.	To confirm the re-election of the following Directors of the company: *i. Ms Heather-Ann Morrison* Ms Morrison has served on the boards of Engen Petroleum Zambia Limited, Engen Rwanda Limited (as Chairperson); Engen Namibia (Pty) Ltd, where she chaired the Audit Committee; Engen International Holdings Limited; and is a member of the Board Audit Committee. She began her career at Ernst & Young in Cape Town in 1999 and joined Engen Petroleum Limited in 2005. She was appointed Planning, Performance and Reporting Manager (Finance Division) in 2017. She is currently the Retail Business Performance Improvement Manager at Engen Petroleum Limited.
	ii. Mr Stephen Paul Williams Mr Williams was appointed to the board of Engen Petroleum Limited in December 2008 and is a member of the Remuneration Committee. He served as the Chairman of the board of South African Oil Refinery (Pty) Ltd, a base oil refinery in Durban owned jointly by Engen, Total and Chevron. He has worked in the downstream oil industry for over 35 years, initially with the then Mobil Oil in 1984, and more recently as GM of Engen Africa Middle East for PLI.

AGENDA	
	iii. Mr Jayaraman Ramesh Mr Ramesh was appointed to the Board of Engen Botswana Limited on 4 May 2022 as an Independent Non- Executive Director. He is the Chairman of the Board Audit Committee. Mr Jayaraman Ramesh is a Co-founder and non-executive Chairperson of the Botho Group. He is also a non-executive director (NED) of Sechaba Brewery Holdings Limited (SBHL), a company listed on the BSE and a member of its Audit & Finance Committee. Furthermore, he is a NED of Kgalagadi Breweries Limited, an Associate company of SBHL. He was previously the non-executive Chairperson, Managing Partner and Partner at Grant Thornton (GT). He was also at GT International, initially as a Board member of GT International and later as the Regional Leader for Africa from April 2010 to April 2020. He served as the 1st chairperson of the Government Audit Committee (Botswana), that was formed under the Public Finance Management Act, for 5 years until 30 June 2021. He is also a non executive director of Letshego Africa Holdings Limited and the chairperson of its Group Remuneration committee.
7.	To ratify the remuneration paid to Non-Executive Directors for the year ended 31 December 2023.
8.	To ratify the remuneration paid to the auditors, Pricewaterhousecoopers (PWC) for the year ended 31 December 2023.
9.	To appoint Pricewaterhousecoopers (PWC) as auditors for the ensuing year and authorize the Directors to fix their remuneration.
10.	To close the meeting.

NOTICE OF ANNUAL GENERAL MEETING
[continued]

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf and such a proxy need not be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company at Acumen Park, Plot 50370 Fairgrounds, Gaborone not less than 48 hours before the meeting.

By order of the Board
Grant Thornton Business Services (Pty) Ltd
Company Secretary

23 September 2024

REGISTERED OFFICE:
Plot 50370, Acumen Park, Fairgrounds
P O Box 1157
Gaborone

PROXY FORM

ENGEN

[To be completed by shareholders)

Please read the notes overleaf before completing this form

For use at the Annual General Meeting of shareholders of the company to be held virtually at 10:00 hours on Tuesday, 15 October 2024.

I/We ______________________________

(Name in block letters)

Of (Address) ______________________________

Hereby appoint ______________________________

or failing him/her, ______________________________

Or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the 2024 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name in accordance with the following instruction.

NUMBER OF SHARES				
		For	Against	Abstain
Ordinary resolution 1	Agenda No 4			
Ordinary resolution 2	Agenda No 5			
Ordinary resolution 3 *i. Heather-Ann Morrison* *ii. Stephen Paul Williams* *iii. Jayaraman Ramesh*	Agenda No 6			
Ordinary resolution 4	Agenda No7			
Ordinary resolution 5	Agenda No 8			
Ordinary resolution 6	Agenda No 9			

Signed at: ______________________________

Date: ____________________ Signature: ____________________

Assisted by (where applicable): ______________________________

Each Shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the Shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 - 7 on the reverse side hereof.

PROXY FORM [continued]

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting “Chairman of the Annual General Meeting”. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder’s instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting.

4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.

5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.

7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.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