INTEGRATED ANNUAL REPORT 2022

@ YOUR SERVICE

ENGEN


ULP 93
ULP 95
Diesel
Innovation

ABOUT THIS REPORT

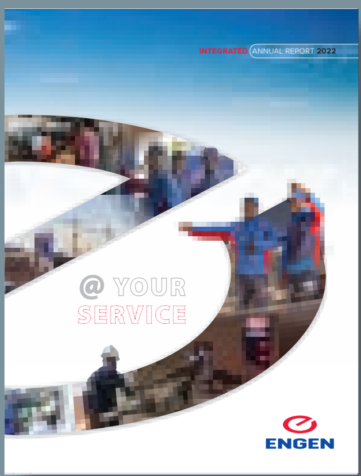
Thank you for reading Engen Botswana Limited's Integrated Report for the year ended 31 December 2022. As a company, we endorse the principles of transparency & accountability, and are committed to reporting on our performance and prospects in a meaningful manner.

@ Your Service

The theme for this year's report is ENGEN @ YOUR SERVICE. It speaks to our customer centricity and our steadfast commitment to be Botswana's No. 1 provider of 24/7 service excellence in the fuel and convenience space.


ENGEN

WELCOME
TO OUR 2022 INTEGRATED REPORT



In line with Botswana Stock Exchange (BSE) guidelines on Environmental, Social and Governance (ESG) Reporting, Engen published a report to society on ESG matters in December 2021.

Download a copy here:

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

This is our third 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 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.

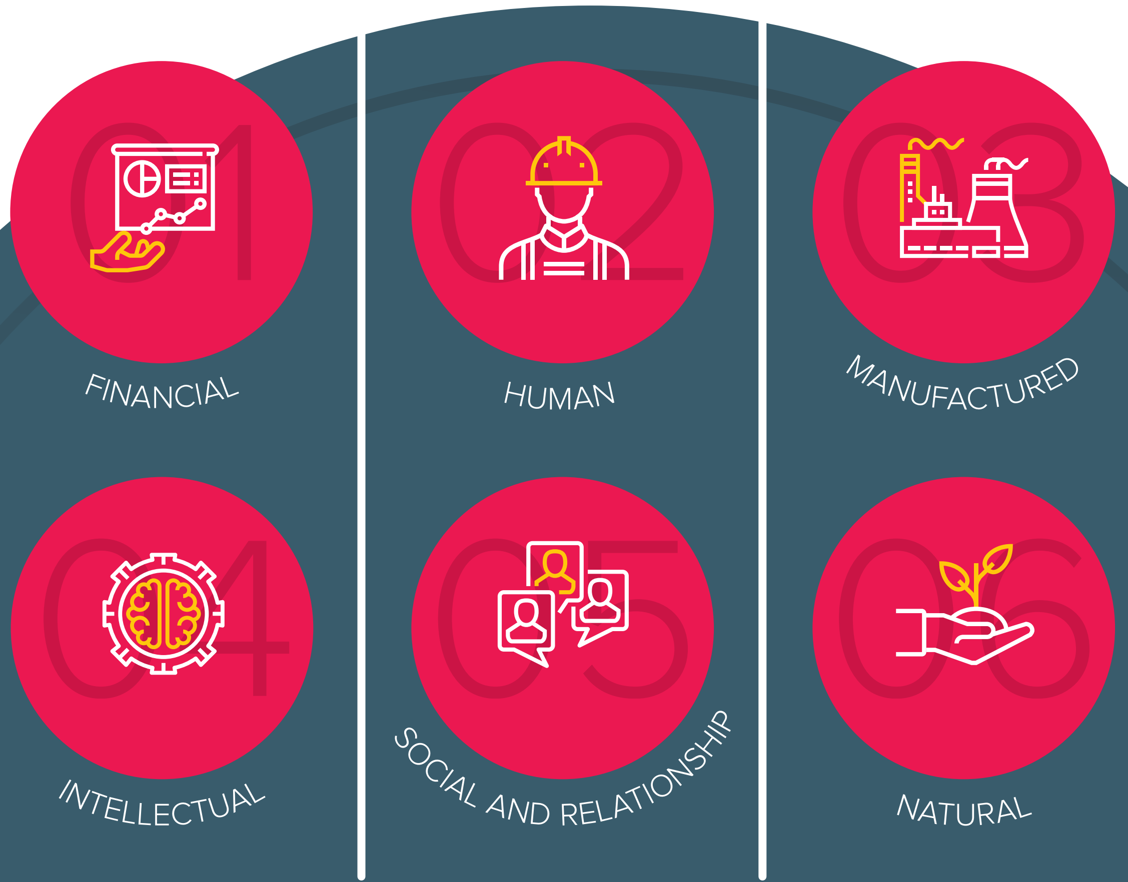
OUR CAPITALS

Our 2022 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 2022.

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.

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.



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 on page 78.
• 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 38 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 (page 52) 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 2022 and 2021 of the Statement of Profit and Loss and Statement of Financial Position are set out on pages 120 and 121 respectively.

As this is our third Integrated report, reasonable independent assurance on selected sustainability information is not included in the 2022 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 2023. 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.

COVID-19 Update:

Vaccination Status

By June 2022, all Engen Marketing Botswana employees had been fully vaccinated (100% coverage) and a significant number had already taken their booster doses. Management was believed that a comprehensive vaccination drive would ensure that all employees would have robust immunity to ward off severe symptoms, including potential loss of life, should there be a resurge in infections going forward.

The positive response to vaccination by Engen employees aided the Government's push towards achieving national herd immunity and the eventual relaxation of the COVID-19 protocols. This also heralded the rescinding of the Engen Group's mandatory vaccination policy and the abandoning of booster dose tracking.

CONTENTS


ENGEN

01

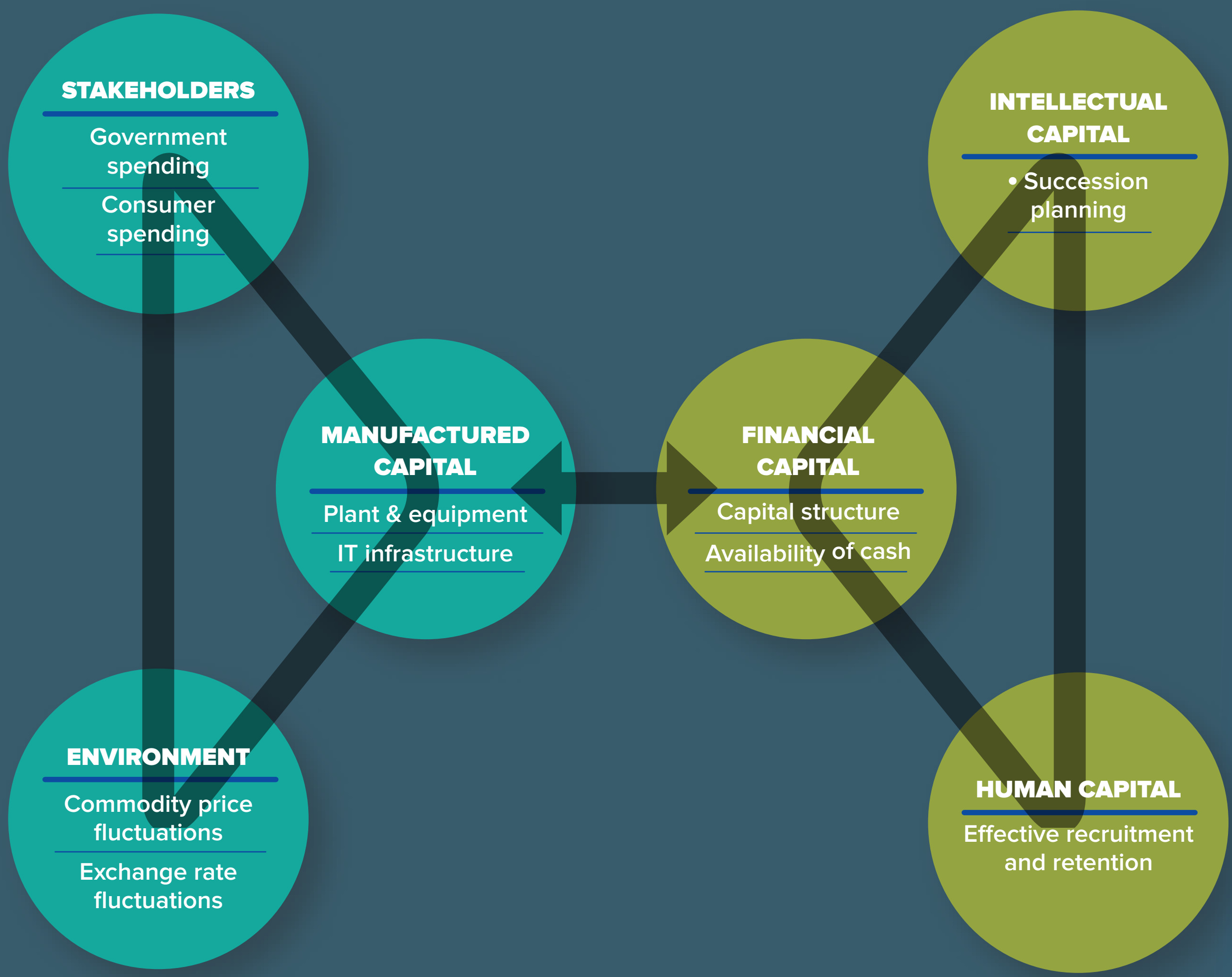
OVERVIEW OF ENGEN

ORGANISATION & BUSINESS MODEL

Forms of Capital

The Integrated Reporting Framework (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.

INTERRELATIONSHIP BETWEEN VARIOUS FORMS OF CAPITAL



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.

RETAIL

We operate 67 service stations across Botswana as at the end of 2022, marketing superior petroleum products and offering unique convenience at over 43 Quickshops and through various prestigious partner brands. By developing innovative digital solutions we create a seamless refuel and convenience experience for our customers.

The scale of operations, facilities and manpower involved in the day-to-day manufacturing, logistics and distribution network of the Company necessitates a culture that prioritises Health, Safety and Environment.

Our passionate workforce draws on the legacy of those employees in whose footsteps they tread, to strongly collaborate with our business partners and stakeholders to ensure that we maintain our proud record of consistent innovation.

Our continuous service journey anchored on 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'.

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.

The company 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.

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

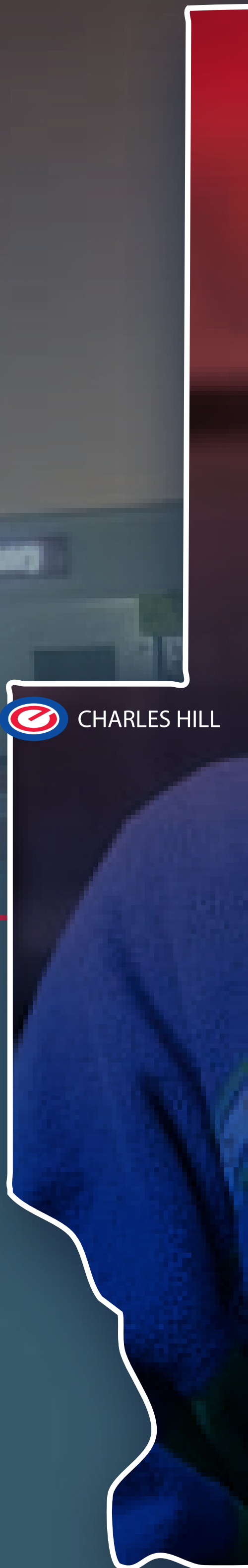
CUSTOMER FOCUSED
I deliver solutions from the customer lens.

INNOVATE NOW
I challenge norms and push boundaries.

BE ENTERPRISING
I seek opportunities and make them happen.

SPEAK UP
I express my views openly.

COURAGE TO ACT
I take action to progress with pace.



OUR PRESENCE

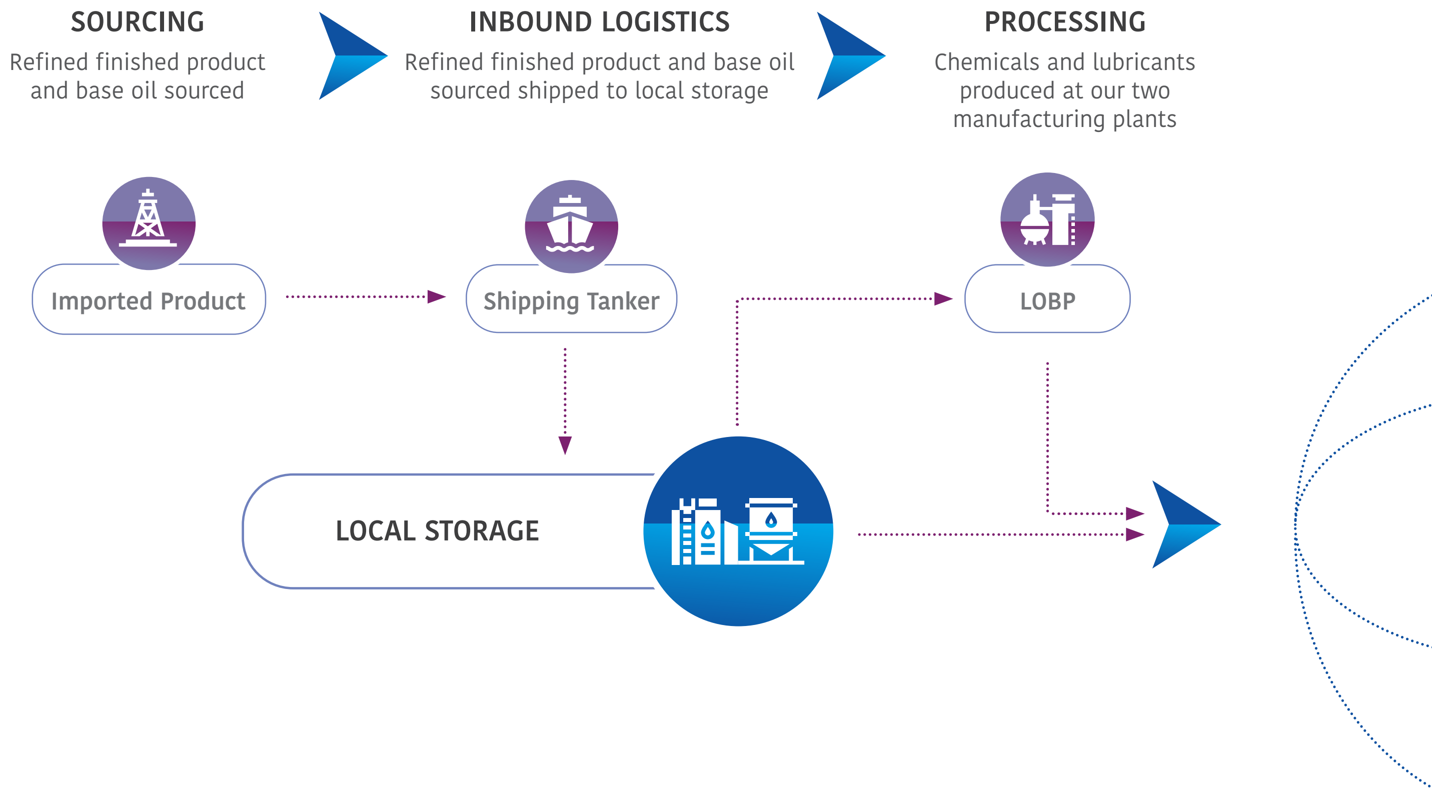
Engen Botswana Limited is the only oil company listed on the Botswana Stock Exchange. Our citizen empowerment and inclusivity is demonstrated by our broad-based shareholding, with over 741 Batswana holding 30% of our equity.

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
LETLHAKANE
FRANCISTOWN
TONOTA
GHANZI
SEROWE
SELEBI-PHIKWE
BOBONONG
PALAPYE
RAMOKGONAMI
MAHALAPYE
KANG
MOCHUDI
MOLEPOLOLE
KANYE
THAMAGA
MOSHUPA
GABORONE
RAMOTSWA
LOBATSE
TSABONG

OUR VALUE CHAIN

PROCUREMENT



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

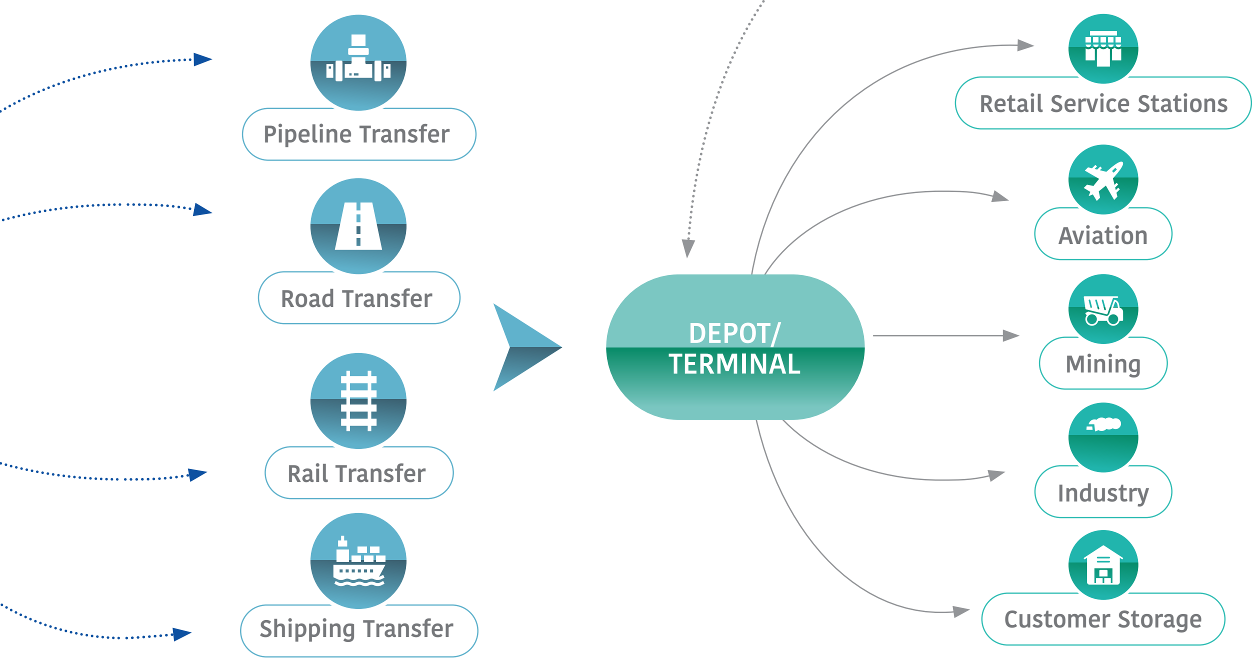
OUTBOUND LOGISTICS

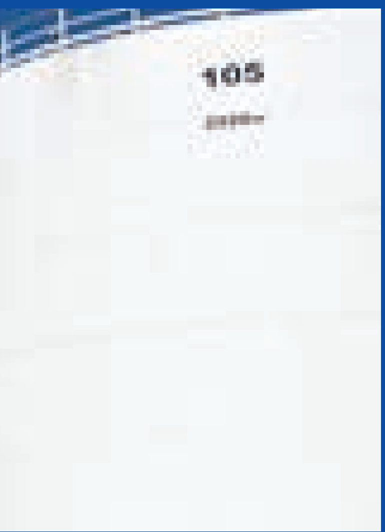
Storage facilities, rail, pipeline, ships and road transport used to take product to customers

CUSTOMERS

SALES & MARKETING

Product, tailored and convenience services marketed to customers





Product Inventory from Source*

* Approximate annualised average

60% IMPORTS + 40% OTHER OIL COMPANIES

Primary Distribution

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

WHAT WE OFFER

ENGEN BOTSWANA CORE BUSINESS SEGMENTS: PRODUCTS and SERVICES

RETAIL

Marketing fuels, convenience and providing a one-stop customer experience at 67 service stations, 43 Quickshops and numerous fast food partners across Botswana

FUEL
- Engen Primax Unleaded 93/95
- Engen Dynamic Diesel 50ppm

NON-FUEL
- Quickshop
- Quick service restaurants
- Banking ATMs
- Car Wash
- Truckstop

COMMERCIAL

Fully integrated business focusing on sales and marketing of bulk petroleum products, lubricants and chemicals in Botswana

PRODUCTS
- Engen Dynamic Diesel
- Engen Primax Unleaded
- Illuminating Kerosene

INDUSTRIES SERVED:
- Agriculture
- Construction
- Fleet
- Manufacturing
- Mining

LUBRICANTS

Undertakes all sales and marketing functions of Engen and PETRONAS lubricant products in Botswana

KEY STRATEGIC BRANDS
- PETRONAS Syntium
- Engen Xtreme
- Engen Dieselube

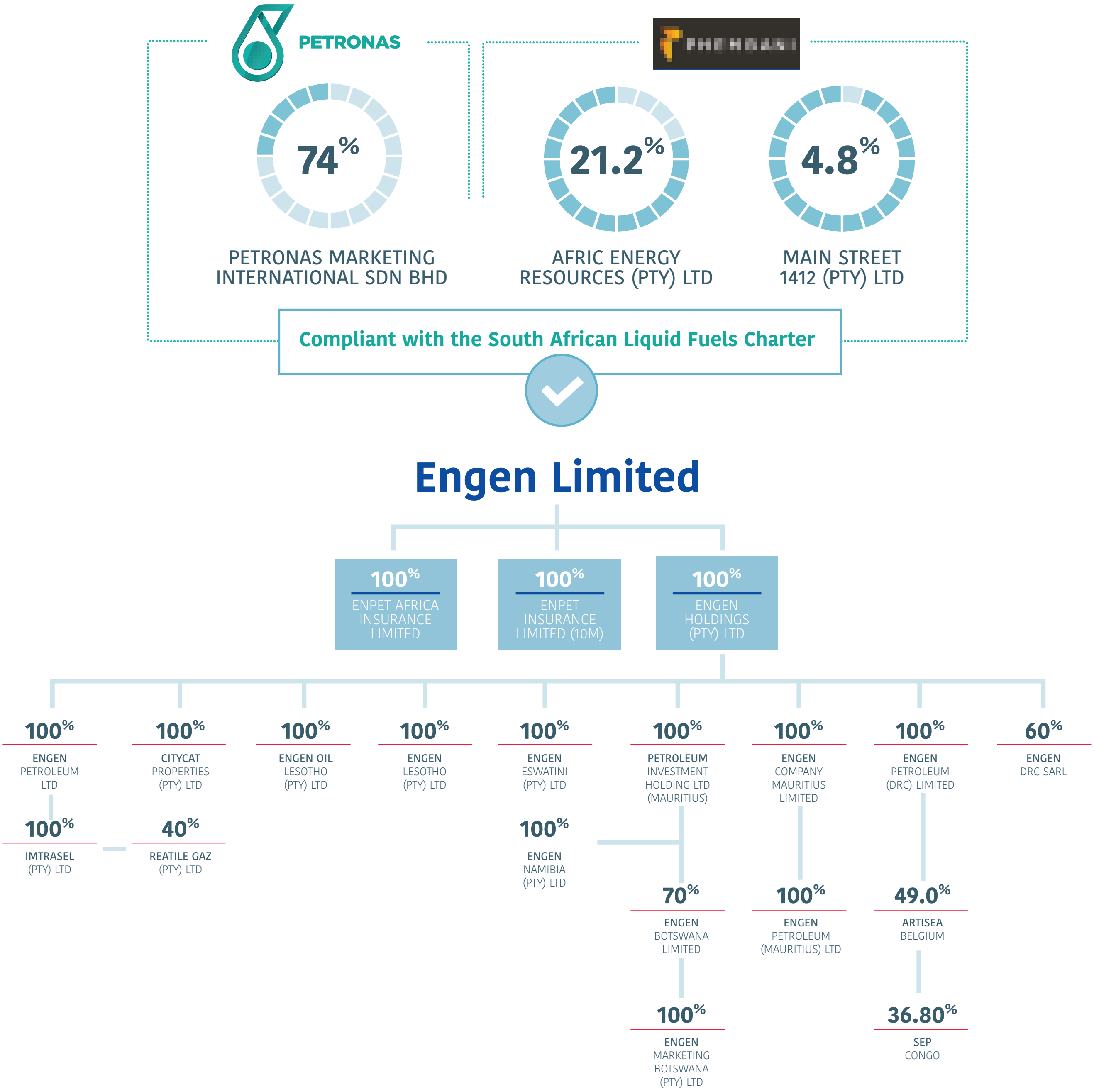
AUTOMOTIVE MOTOR OILS
- Fully & Semi Synthetic
- Mineral

COMMERCIAL VEHICLE OILS
- Heavy duty diesel engine oil

AUTOMOTIVE FUNCTIONAL FLUIDS
- Auto Transmission and Gear
- Greases
- Radiator Coolant
- Brake Fluid

INDUSTRIAL LUBES & FLUIDS
- Hydraulic
- Compressor
- Turbine
- Agriculture
- Metal Working
- Industrial Gear

GROUP CORPORATE STRUCTURE AND LINKAGE



ORGANISATIONAL STRUCTURE

Engen Botswana is majority owned by Engen Holdings Limited and is a proud member of the PETRONAS Group. PETRONAS is a Fortune 500 company and our majority shareholder. PETRONAS is a fully integrated oil and gas company operating in approximately 70 countries across the globe, employing more than 50 000 people.

As well as drawing on the skills of their human capital, business capabilities and competencies, our relationship with PETRONAS, the 60th largest company in the world, enables us to leverage their research and advanced technology. This is evident in our Primax brand of gasoline, which uses the same technology used to develop the fuel to power the seven times World Championship-winning Mercedes AMG PETRONAS Formula One team.

We also market products on behalf of PETRONAS Lubricants International (PLI), the global lubricants manufacturing and marketing arm of PETRONAS. PLI drives technology as a winning differentiator in responding to the needs of both the automotive and industrial lubricants markets, and continues to invest in world-class technology, infrastructure and talent.

PETRONAS also provides the technical expertise responsible for designing, developing and delivering the fuel, fluid and lubricant technology solutions that have powered the Mercedes AMG PETRONAS Formula One team to the 2014, 2015, 2016, 2017, 2018, 2019 and 2020 World Driver and Constructor Championships.

This technical partnership ensures that the products we as Engen offer our customers, have withstood the ultimate Formula One testing ground.

MANAGEMENT STRUCTURE

ACTING MANAGING DIRECTOR
Brian Sameke

- **Management Assistant** – Katlego Gokatweng
- **Distribution Manager** – Callaghan Motlaleng
- **Retail Fuels Operations Manager** – Tawanda Kitsi
- **Commercial Manager** – Patrick Matshane
- **Finance Manager** – Brian Sameke
- **Marketing & Convenience Manager** – Kabo Mogae
- **HSEQ Manager** – Modiri Garenamotse
- **HR & Office Manager** – Francinah Tswai

CORPORATE CULTURE

The many changes in the working environment brought about by the COVID-19 pandemic have required us to adapt the way we work and our strategies to support our employees.

Through Project Refocus, we have focused the team on becoming more autonomous to support an increasingly agile and mobile workforce and to operate our business safely and efficiently.

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.

Our strategy is to ensure that our people are supported with the right skills, experience, training and mentorship. As such, our focus continues to take a holistic approach on being an inclusive organisation, 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 human capital development strategy recognises that Engen employees need to be high performing, innovative and motivated.

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

CUSTOMER FOCUSED
I deliver solutions from the customer lens.

INNOVATE NOW
I challenge norms and push boundaries.

BE ENTERPRISING
I seek opportunities and make them happen.

SPEAK UP
I express my views openly.

COURAGE TO ACT
I take action to progress with pace.

OUR HUMAN CAPITAL STRATEGY

Our Human Capital Strategy drives inclusiveness, innovation, performance excellence and sets the direction for our talent development success. The strategy ensures that passion, talent, skill, knowledge and experience are central to driving the sustainability and growth of our business. To support our strategic objectives, key performance targets and growth areas, effective management and deployment of our people, are core to our HR strategy.

CSR

Engen is committed to supporting the communities within which it operates. When considering contributions, proposals are assessed based on the following principles:

- **Value Creation:** CSR initiatives that create value for all parties concerned, for stakeholders, partners, NGO/NPO's, Government, other collaborators and society at large solutions in mind
- **Sustainable Impact:** Initiatives that have the potential to solve societal issues with long term solutions in mind
- **Innovation:** Innovative solutions to societal issues
- **Effective Partnership & Collaboration:** Engagement and collaboration with stakeholders to achieve common solutions in addressing the causes of social issues.

02

LEADERSHIP STATEMENTS

CHAIRMAN'S STATEMENT

Shabani Ndzinge | Chairman

On behalf of the Board of Directors, it is my pleasure to present the Engen Botswana Ltd 2022 Integrated Report.

NET PROFIT AFTER TAX

2.6%

increase to **P266.1 million,** an increase of 2.6% from P259.3 million in 2021

This is our third 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 2022.

Despite the multitude of challenges the Company faced over the reporting period, I am proud to announce that we recorded a 2.6% improvement on our profit after tax for the 2022 financial year. The financial highlights are discussed in detail elsewhere and will showcase all the exceptional work that our management team has done to thrive in the face of adversity.

The stagnant growth that most economies are experiencing may be with us for some time. The world has been facing a plurality of challenges – from natural disasters to military conflicts between nation states – and the leading economies have not been

able to regain the momentum that was halted by COVID-19 and its associated disruptions to supply chains and consumption patterns.

An unfortunate combination of rigid monetary policy, unsustainable high energy prices that triggered increasing prices across a broad basket of goods and services, rising interest rates, and a decline in household income is likely to adversely impact growth in the near term. The IMF predicts that global GDP growth will slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023. Discounting the financial crisis and the pandemic years, these projections are the direst that the world has experienced in nearly 20 years. Inflationary pressures have intensified, largely due to the war in Ukraine, and these disturbing estimations are further compounded by ominous global inflation forecasts that are set to rise from 4.7% in 2021 to 8.8% this year before declining to 6.5% in 2023 and to 4.1% by 2024, remaining well above the target levels for many major central banks.

As a result of Russia's invasion of Ukraine, the month of March saw crude oil prices rising to $120 a barrel and increasing by 3.5% over the February to August 2022 period. Rising interest rates have stoked fears of an impending global recession and led to a downward revision of the growth in oil demand projections from 3.3 to 2.0 million barrels a day in September. The announcement of bans on Russian oil imports and extended sanctions by European and US firms prompted the rerouting of Russian oil to China and India at discounted prices. These sanctions and Russia's potential retaliation have raised market uncertainty, and oil price projections may be subject to large revisions.

CHAIRMAN'S STATEMENT [CONT.]

The energy challenges extended to natural gas supply availability and consequent increases in prices that are likely to remain high until 2023. There was a near 80% reduction in pipeline gas exports to Europe in September 2022 due in part to supposed maintenance issues cited by the Russian energy suppliers and an insistence by the suppliers that payments be made in rubles and not in euros or dollars. These disruptions have elevated European dependence on liquefied natural gas as a stopgap solution. In response, some countries have even reverted to coal powered plants to survive the harsh winter months.

This switch resulted in a 61.4% increase in the price of coal, and this is likely to remain high until a rationalisation of the Russian gas prices is agreed. To this end there have been ongoing discussions among European nations around the capping of Russian gas prices.

On the local front, the outlook for the year under review was positive and outperformed initial forecasts. The adjusted 6.5% growth rate is 2.3 percentage points better than the 4.2% that was initially projected for the year. This unexpected growth is due in part to outstanding performance of the mining sector, greater than anticipated diamond trade sales and improved output by the manufacturing sector.

2022 saw a reversal of fortunes from the previous year as there was significantly more growth in exports than imports. A surplus was recorded in relation to the balance on trade. De Beers Global Sightholder Sales (DBGSS) increased by 20.1% in comparison to 2021. The second half of 2022 in particular saw a 7.5% boost in sales value.

While the initial Government projection in the 2022 Budget was that there would be a deficit of P6.97 billion, fiscal data for April to September indicate that revenues have outperformed projections resulting in a small surplus over the six-month period.

The inflationary pressures that emanated primarily from the Transport and Food & Non-Alcoholic Beverages indices seem to be abating. There was a 1.4% reduction in inflation between September and December 2022 and there are strong indications that the trend will dip below the 10% mark in 2023 and eventually to below the 6% top end of the Bank of Botswana's objective range.

Industry Developments

The Botswana Energy Regulatory Authority announced six separate adjustments to the fuel pump prices for Petrol, Diesel, and Illuminating Paraffin during 2022. The Authority also conducted a study on the use of paraffin in Botswana. The overall goal of the study was to develop a comprehensive regulatory programme aimed addressing issues relating to the supply, distribution, pricing, and safe use of paraffin in Botswana.

The industry continues to experience challenges to slate payments, with our own under-recovery of P269 million as of 31st December 2022, up from P241.5m at the end of the previous year. Government has issued a Statutory Instrument in terms of which it will begin to redress the situation and there is hope that the National Petroleum Fund will be recapitalised in 2023 and shortfalls will be addressed.

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 to 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, creating jobs and 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 our Dare To Dream CSI project which conducted the First LEGO League programme with 100 students from Mahupu Unified School in Takatokwane.

This programme introduced Science, Technology, Engineering and Mathematics (STEM) to students through entertaining, enjoyable and exciting hands-on-learning. Participants gained real-world problem-solving experiences through a guided, global robotics programme, helping today's students and teachers build a future together. A total of P220 000 was spent on the initiative.

Looking Ahead

While COVID-19 seems to be in the rear-view, the world is still gripped with conflicts in Africa, Europe and the Middle East. These conflicts along with natural disasters that can be attributed to climate change are putting undue pressure on most nations. Global food and energy security are reaching crisis proportions making positive predictions of growth and stability near impossible.

The onus is on us as a board to adapt to the fluid operating environment and assist the management team in finding solutions to challenges and exploiting growth opportunities. Our agility in these trying times will differentiate us from our competitors.

We maintain our belief that the scope for growth is ample in the local market. Expansion of our footprint and presence across the country remain elements of our investment strategy. Our driving ambition is to enhance our already stellar performance, improve our resilience, and grow our market share.

Our people are core components of our success. We will go as far as our highly skilled and motivated employees take us. We aim to be an employer of choice that places emphasis on health, safety, security, the environment and ethics above all other considerations.

Appreciation

I extend my heartfelt appreciation to the Engen Botswana team for outdoing the historic financial performance in 2022. Your hard work and dedication have not gone unnoticed. Our impressive safety, environmental, operational, and financial performance confirm that the Company is staffed by the right people.

On behalf of the Engen Botswana Limited Board, I extend sincere appreciation to Botswana Energy Regulatory Authority 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 Ltd 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


ENGEN
ENGEN

MANAGING DIRECTOR'S STATEMENT

Engen remains the Botswana market leader both in terms of volumes sold and in terms of profitability, a record of which we can be proud.

NET PROFIT AFTER TAX

2.6%

increase to **P266.1 million,** an increase of 2.6% from P259.3 million in 2021

Engen Botswana responded to the multiplicity of global, regional, and local market challenges in the best manner possible by outperforming our record year in 2021 by increasing our profit after tax by 2.6%.

The year under review was a challenging one. No sooner had the world economy begun to emerge from the crippling effects of the pandemic, then Russia's invasion of Ukraine in February 2022 and the resulting impact on fuel and commodity prices, food security and rising inflation remain with us today. Despite the difficult trading conditions, reduced consumer disposable income and a net decline in volumes, I am happy to report that Engen Botswana achieved a creditable financial outcome, recording a net profit after tax (NPAT) of P266.1 million, an increase of 2.6% from P259.3 million in 2021.

Brian Sameke

Acting Managing Director

Against the background of crude oil prices rising by more than 43% over 2021, there were six fuel price adjustments in Botswana during 2022, most of which were upward adjustments. Inflation of 12.4% in December 2022, though 1.4% below the rate reported in September, resulted in a rapid rate of increase in our operating costs, with eroded margins due to the high inflation rate. This was partly offset by a government margin increase in September 2022 of 5.738 Thebe per litre.

Increased fuel prices and double-digit inflation have had a markedly detrimental effect on consumer disposable income, with a consequent decrease in the average spend at the pump. Many consumers were placed in a position where they were able to afford fewer trips or were compelled to use public transport.

Areas of Excellence

The pleasing financial performance came on the back off effective cost containment particularly with regard to administration costs. There were also significant adjustments to the depreciation expense estimates of remediation for service station and depot dismantling and restoration decommissioning commitments. These three factors were the underlying influences underpinning our increased profit for 2022. We prudently managed our foreign exchange exposure during the year, chiefly in relation to the South African Rand, with foreign exchange gains up to P9.4 million, a P2.5 million increase over 2021.

Engen remains the Botswana market leader both in terms of volumes sold and in terms of profitability, a record of which we can be proud.

MANAGING DIRECTOR'S STATEMENT [CONT.]

While we are pleased to note the decline in COVID-19 and related economic disruptions, Engen Botswana continued to encourage employees to be vaccinated and by years' end all our employees were fully vaccinated, and a significant number had received booster doses.

There were challenges to the slate payment in 2022, with an under-recovery of P269 million as of 31st December 2022, up from P241.5m at the end of the previous year. However, it is understood that Government has issued a Statutory Instrument in terms of which it will begin to redress the situation in 2023 by replenishing the depleted National Petroleum Fund from the various other levy funds, including the Security of Supply Fund, Fuel Levy Fund, Motor Vehicle Accident Levy Fund and the Road Levy Fund.

Performance

Commercial

Commercial sales volumes in 2022 were better than the business had expected and significantly healthier than they were in 2021. Diesel sales volumes, which saw a 30% improvement over 2021, along with kerosene, which also registered a 30% increase in sales, were the products that carried the Commercial Division through 2022. While petrol also outdid its 2021 sales figures by 30%, this was below expectation due in part to a decision by Central Transport Organisation to directly appoint an alternative supplier over the reporting period.

Lubricants was the only product category that did not perform satisfactorily over the reporting period, registering a 12% drop from 2021 sales. 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.

Retail

Retail sales did not perform as well as the business had expected, recording an 11% decline in sales from 2021. The 75% year-on-year fuel price increases imposed by the Government, along with the 2% increase in VAT, were causal factors for the decline. Additional challenges emanated from the regulator as several service stations were temporarily closed due to HSEQ compliance issues. Paraffin was the best performing retail product with a 294% increase in sales from 2021. While Lubricants performed better than they did in 2021, they performed below expectation. Diesel and Petrol both underperformed during the year under review, registering 12% and 11% year-on-year declines respectively.

Sustainability HSE

Human Resources

We reported no serious incidents during the period under review, but unfortunately two deaths were recorded during 2022. As of 31 December 2022, Engen Marketing Botswana had 44 permanent employees, 3 employees on fixed term contract, and 2 interns. While the MD's position had not yet been filled, by early 2023 there were no other unresolved vacancies. The year under review saw a high staff turnover of 15.2% due to 1 retirement, 4 resignations and 2 deaths. We are happy to note that despite the challenging trading conditions, no retrenchments were recorded at any of our service stations.

Engen is committed to keeping employees up to date with the latest market trends in their respective areas of operation and to close skills gaps. New employees joining the organisation are trained on operational and systems requirements to improve their productivity and quality of service.

MANAGING DIRECTOR'S STATEMENT [CONT.]

We continue to adopt a holistic approach to being an inclusive organisation, building and retaining critical skills and developing our leadership capabilities to foster an environment which inspires and motivates all our employees to perform at their best. Our focus remains on growth and sustainability, and to ensure that our people are supported with the right skills, experience, training and mentorship in pursuance of their personal development and our human capital strategy objectives.

PETRONAS Cultural Beliefs

The PETRONAS Cultural Beliefs are aligned to our core values with the priority on the ethical values set by the leadership across the organisation. Our adoption of the PETRONAS Cultural Beliefs drives a culture of ongoing feedback which 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.

Learning and Development

The Company has an integrated Talent Management programme which 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 Company. The programme seeks to provide a well-structured and prepared leadership pipeline within Engen Botswana.

The resumption of normal person-to-person interaction post-Covid allowed for staff to undergo training courses, some of which had been postponed during the previous year. This not only gave an opportunity for employees to obtain new skills and upgrade their personal growth and career path prospects, but also allowed the Company to recover significant training costs from the Human Resources Development Fund for skills development for short-term training.

During the year, a total of 27 employees undertook a variety of training courses. Five employees received training in Project Management and four in Change Management. Ten employees underwent Forklift Truck Operator training and eight took a course in Basic Fall Arrest Ladder Training.

Compensation and Benefits

In 2022, Engen Marketing Botswana once again participated in the annual Mercer Total Remuneration Survey (TRS). The results of the survey are incorporated into the Company'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 TsaBadiri Consultancy 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.

Environmental Health and Safety

Our Safety Performance

There was one armed robbery at an Engen service station during the year under review compared to two in the previous year and five during 2021. The attack involved the blowing up of an ATM at one of the service stations and fortunately, no injuries were recorded to service station personnel or members of the public. We continue to consult with our partners in devising countermeasures and improving our preparedness.

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.

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.

During the year under review, all Engen storage depots and retail service stations were audited by identified focal personnel. 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.

Appreciation

It remains for me to extend my thanks to the management and staff of Engen Marketing Botswana for their unrelenting commitment and dedication to the pursuit of excellence during a challenging year. My thanks also go to our partners, the service station owners, and our contractors for their continued support as we endeavour to achieve continues success going forward.

I would also like to express my appreciation to the Board of Directors for their guidance and direction during the past year.

Brian Sameke
Acting Managing Director

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2022 HIGHLIGHTS

BUSINESS HIGHLIGHTS

342m litres of fuel sold by Engen Botswana vs 334m litres the previous year

3% volume increase

Retail

199.7 Million
litres of fuel sold vs 224m the previous year - 11% decline in volume

1
Service Station built

6
new solar installations at service stations

Commercial

142.7 Million
litres of fuel vs 109.9m sold in the previous year.

30% increase in volume

92% of commercial sales volumes comprised of Diesel

FINANCIAL HIGHLIGHTS

Sales Volumes

342 Million
litres in 2022; 334 million litres in 2021

Revenue

P4.1 Billion
in 2022; P2.3 billion in 2021

People

49
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

P266.1 Million
in 2022; P259.3 million in 2021

Total Assets

P1.36 Billion
in 2022; P1.25 billion in 2021

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 (iCMP)
- Business Continuity Management (BCM)
- Risk Appetite
- Risk Quantification

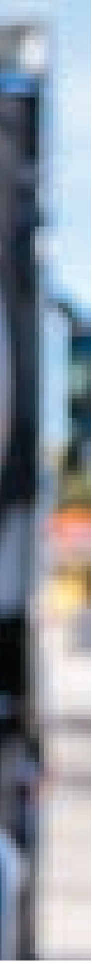
Our Enterprise Risk Management (ERM) department uses the BarnOwl System to document risk management activities which are by identifying, assessing, treating, monitoring and reporting on risks and emerging risks.

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:

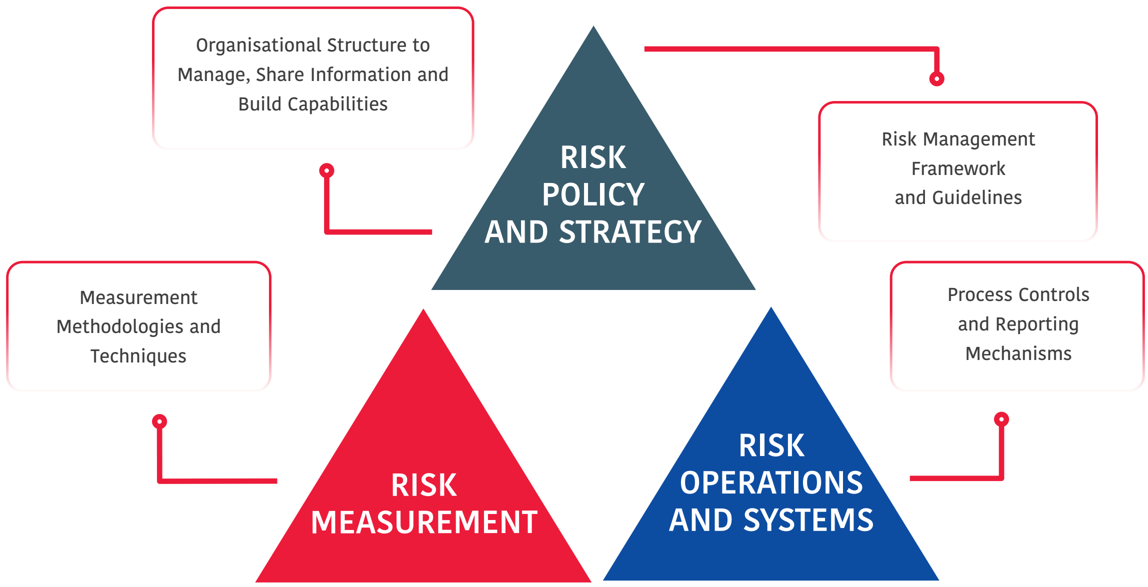
1. Governance
2. Context Setting
3. Risk Assessment
4. Risk Treatment
5. Risk Monitoring and Review
6. Continual Improvement

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.

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STRATEGIC REVIEW

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: P266.1 million
- Value Retention: P233 million

HUMAN CAPITAL is represented by our people, their knowledge, skills and experiences.
- Number of employees: 49
- 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

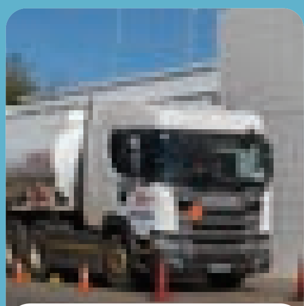
SOCIAL AND RELATIONSHIP CAPITAL reflects the strong relationships which we have with all our stakeholders who have contributed towards fuelling our growth.
- Dealers: > 67
- Business partners/suppliers/contractors/ Vendors: > 125

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

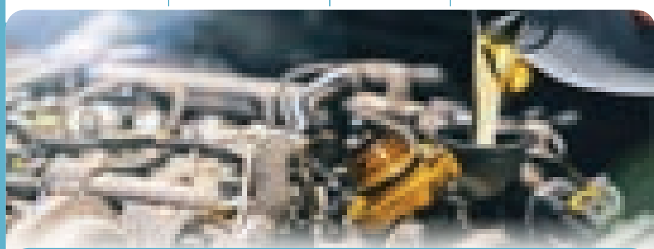
VALUE CREATION PROCESS

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
P4.1 Billion

NET PROFIT
P266.1 Million

RETURN ON CAPITAL EMPLOYED
37.1%

BOTSWANA VOLUME GROWTH
+2%

ON TIME IN FULL
80%

VALUE CREATED FOR STAKEHOLDERS

INVESTORS
- Consistent return on investment
- P114 124 000 in dividends paid to shareholders

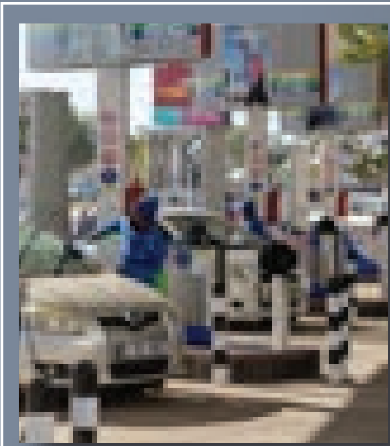
CUSTOMERS
- Fuel customers with our quality petroleum products
- Ensure reliable and security of supply to our customers
- Provide services and convenience at our Engen stations
- 342 million litres of fuel sold
- On Time, In Full = 80%
- Customer (Retail) NPS improved by 75%

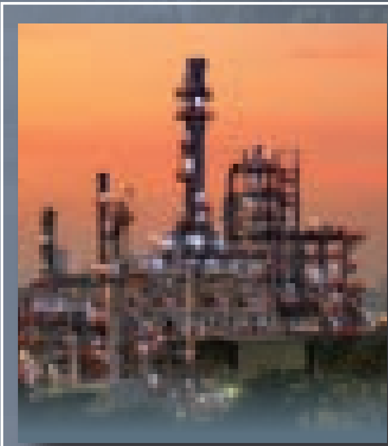
DEALERS, CONTRACTORS/SUPPLIERS AND B2B
- Develop local businesses and provide spin-off employment
- Provide long-term partnerships for sustainable growth
- Cultivate capabilities of our business

EMPLOYEES
- Create rewarding employment
- Provide opportunities for progression and development
- Provide equal opportunities and career progression
- P17.7 million paid for salaries and benefits
- 47% female representation

AUTHORITIES
- Compliance with regulatory requirements
- P106.8 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 P220 000





ENGEN STRATEGIC PRIORITIES

Retail

- Grow and optimise the convenience, fast food and APO
- Grow NTIs
- Diversify our portfolio
- Increase non-fuels revenue

Commercial

- Optimise growth in selected sectors
- Relationship Management
- Credit management
- Customer NPS

Lubricants

- Growth in distributors and retail
- Collaboration with Commercial Marketing and promotions: retail, distributors and mining
- Leverage on premium margins for lubricants

Key to the strategy's success will be our ability to increase free cash flows by at least 50% and to grow the contribution of non-fuel income to 30% of total revenue over the next five years.

The Company strives towards zero emissions, zero accidents and zero governance lapses going forward.

OPERATING CONTEXT

MACRO-ECONOMIC ENVIRONMENT

The Global Economy

According to the World Bank, nations across the globe are witnessing a multitude of issues that are likely to undermine developmental goals. These issues emanate from the COVID-19 pandemic induced health, economic, and social difficulties. The Russia-Ukraine conflict aggravated the rising cost of commodities, particularly food and energy. These increased costs adversely impacted the lives of the most disenfranchised regions and the world's poorest people. Governments struggled to deal with the multiplicity of economic and social challenges due to the debt related vulnerabilities that their countries faced. The situation continues to be further exacerbated by extreme weather conditions, natural disasters and mushrooming conflicts in various regions that have resulted in unprecedented levels of forced migration.

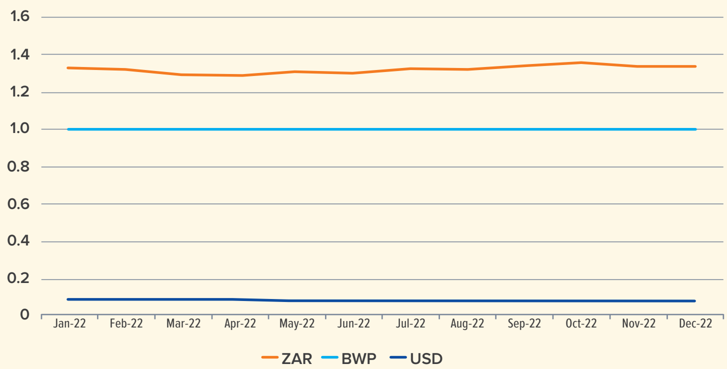
Global Outlook

There has been marked decline in global growth due to inflation arresting fiscal tightening policies that were necessitated by deteriorating financial conditions, the war in Ukraine and acute loss of confidence globally. Traditional drivers of growth seem to be experiencing sustained challenges that have led to increased operating difficulties for emerging markets and developing economies (EMDEs). Economic recession is inevitable if the contributing factors continue unabated. Global growth will be hamstrung by harsh fiscal policies implemented by various countries, affecting the economies of most, if not all, regions. Prominent central banks have resorted to the most rapid tightening of financial policy in 40 years in an effort to contain inflation challenges. Concurrently, there have been reversals in the COVID-19 relief support policies to curb borrowing costs and consequent concerns of rising inflation. Consumer sentiment has sunk to levels that are akin to 2008 and 2009 at the height of the global financial crisis.

A 1.2% decline in growth is predicted for 2023. This projection is surpassed only by the pandemic and the global financial crisis over the last 30 years. Economic hubs in the east and west are not expected to have the usual impact on global growth and the anticipated subdued growth will have greatest impact on activities that sensitive to interest-rate fluctuations. To this end, there has been consistent patterns of contraction in the residential investment markets in most countries, and a dramatic reduction in business investment.

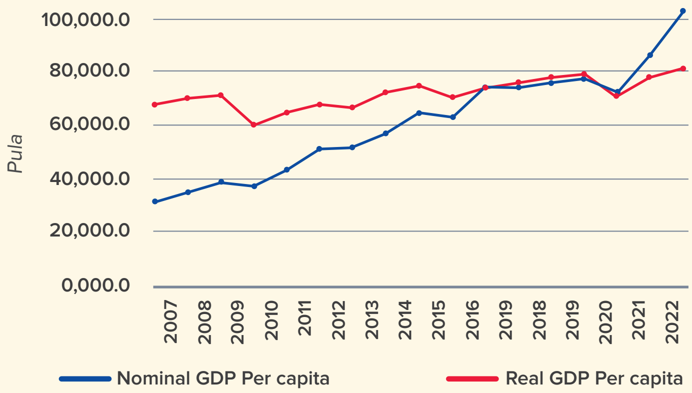
ENGEN STRATEGIC PRIORITIES [CONT.]

BWP/ZAR/USD: JAN - DEC 2022



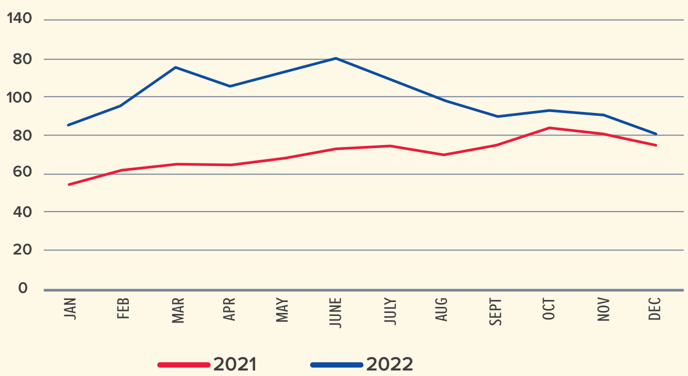
Source: *Bank of Botswana average - monthly exchange Rates*

NOMINAL AND REAL GDP PER CAPITA (PULA)



Source: *Statistics Botswana*

BRENT CRUDE OIL PRICES US$ / BARREL



Source: *The GlobalEconomy.com, World Bank*

2023 growth projections have been adjusted downwards for most EMDEs and all advanced economies. This trend will carryover to 2024 for the majority of global economies. Nations with low credit ratings will endure the most severe impact these declines.

The 2022 annual average OPEC oil price stood at $100.08 per barrel, up from $69.89 the previous year. This 43.2% increase comes in the wake of an energy supply shortage and sanctions on Russia in response to that country's invasion of Ukraine. The full impact of the rise in crude oil prices on food and commodity prices is being felt in all economies, but with greater impact on EMDEs.

Eastern and Southern Africa Outlook

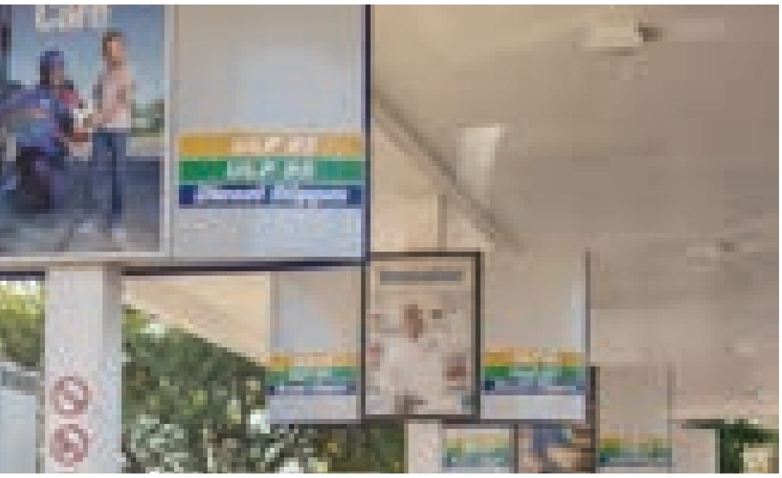
A one percentage point deceleration in growth from 2021 (4.1) to 2022 (3.1) is expected in the region. Marginal improvements are forecast for 2023 at 3.4% and 2024 at 3.8%. The reduction in growth is the consequence of enduring challenges brought about by the pandemic such as supply chain disruption, high inflation, spiralling public debt levels, along with the war in Ukraine.

The rate of recovery post-COVID for the various countries in the region has been inconsistent. The structural challenges that plague the South African economy have resulted in a 2.8% GDP decline in 2022, even though the nation is a beneficiary of increased commodity prices. On

the contrary, the Angolan economy is set to grow by 2.7% on the back of strong performances in the non-oil sector coupled with increases in crude oil prices.

While countries that are endowed with mineral resources will be boosted by rising commodity prices, those that are not prolific producers and exporters of such resources will diminish regional growth estimates.

Botswana



As a result of improved international trade activity, the trade balance and balance of payments have moved into a surplus. These gains, coupled with easing inflationary pressures, suggest a positive economic outlook for Botswana in 2022. All indicators point towards economic growth that will exceed forecast expectations. Inflation is decreasing, dropping from 13.8% in September 2022 to 12.4% at the end of the year, and this downward trend is expected to continue into 2023. The Bank of Botswana is confident that inflation will fall to within their objective range of 3-6% by the end of 2023.

While the IMF and the Ministry of Finance predicted growth of 4.2%, the local economy exceeded these expectations and grew by 6.5% in 2022. The mining, diamond trading and manufacturing sectors had the most significant impact on the bumper growth.

There was mixed performance across the various sectors of the Botswana economy during the third quarter of the year. Sectors with improved growth were counterposed with sectors that had lower growth compared to the previous period. However, all sectors registered positive annual growth in Q3 2022. The Agriculture sector in particular recorded improved growth for the third consecutive quarter and the highest since 2019, on the back of improved performance in livestock farming and support services for agriculture.

International trade activity continued to increase during Q3 2022, recording higher exports than imports. Total exports increased by 14% while total imports grew by 12.6%. The improvement in trade balance contributed positively to the over balance of payments account. The Monetary Policy Rate (MoPR) remained unchanged by the end of December 2022. The Bank of Botswana Prime Lending Rate was unchanged at 6.76% in Q4. While the long-term government bond rate (BW012) rose marginally from 8.73% in August 2022 to 8.80% in November 2022. The anticipated decline in inflation in 2023 will reduce the pressure for further increases in interest rates.

> *Overall, the BSE has performed very well throughout 2022, increasing by 10.2% in Pula terms and 1.3% in Dollar terms. The Domestic Company Index (DCI) rose by 4.4% in Pula and 9.3% Dollar terms.*

ENGEN STRATEGIC PRIORITIES [CONT.]

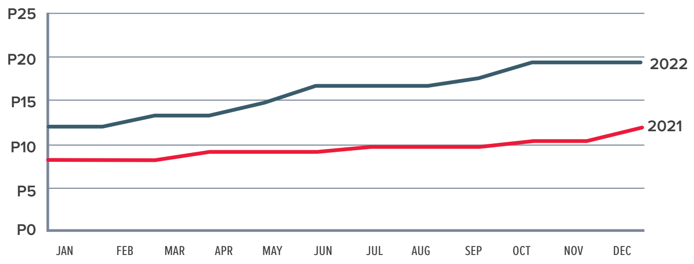
Economic Outlook

As a trade dependent country, Botswana is set to face a challenging time in 2023. Most indicators suggest that key economies will have weak growth that will result in a downward trend in fuel and commodity prices. The decline in sightholder sales in the second half of 2022 by DBGSS bodes ominously for prospective sales in 2023.

The sector is heavily dependent on the US and Chinese markets that have experienced sluggish growth in 2022. If the negative price and sales volume projections hold true, export earnings and government revenues will be adversely affected. The IMF has warned that some major economies may experience recession due to this reduction in growth.

The Transitional National Development Plan (TNDP) espouses an ambitious public investment programme that will necessitate a significant increase in the developmental budget. This increase unfortunately will need to be funded through borrowing and without clear direction on how the endemic implementation challenges will be addressed. There are concerns the planned projects will not offer the requisite return on investment or value. With the escalating cost of borrowing, unbudgeted cost overruns for the various projects may prove to be a challenge for government and the local economy.

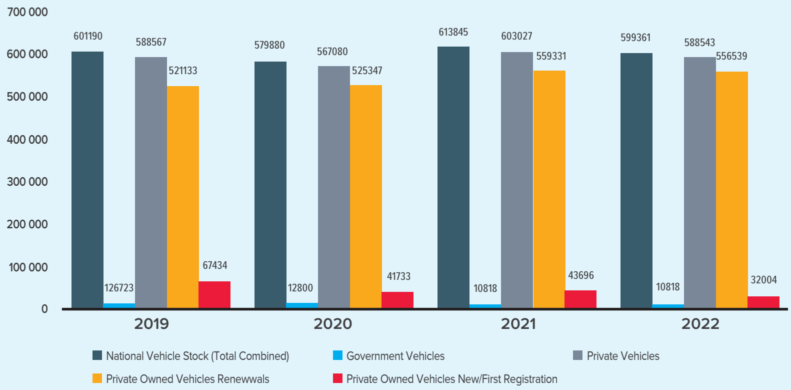
AVERAGE PRICE OF PETROL IN BOTSWANA INCREASED IN 2022



Source: BERA and Own Data

In 2022, the retail prices of petrol and diesel experienced significant volatility, undergoing multiple fluctuations. In March petrol and diesel rose by P1.48 and P2.74 per litre respectively. In June prices rose by P1.93 and P2.04 per litre respectively for petrol and diesel. In September prices decreased by P1.00 and P0.23 per litre respectively for petrol and diesel. In October prices further decreased by P1.75 and P0.15 per litre respectively for petrol and diesel. And finally in December 2022 diesel decreased by P0.44 thebe.

NATIONAL VEHICLE STOCK & NEW VEHICLE LICENCES



Source: *Transport & Infrastructure Statistics, Statistics Botswana / DRTS - Ministry of Transport & Communications*

***Private vehicle stock** comprises of firstly registered vehicles and renewals. **Government vehicle stock** constitutes vehicles owned by the central government under the custody of Central Transport Organisation (CTO). **National vehicle stock** of motor vehicles comprises of government owned motor vehicles and privately owned motor vehicles. Privately owned motor vehicles are categorized into first registrations and renewals.*

Comment

In 2022 there was a decrease in private vehicles which predominate the national vehicle stock by 2.4% from 603,027 in 2021, to 588,543 in 2022.

In 2021 there was an increase in private vehicles which predominate the national vehicle stock by 6.3% from 567,080 in 2020, to 603,027 in 2021.

05

PERFORMANCE REVIEW

SUMMARY OF PERFORMANCE HIGHLIGHTS

2.6%

increase in net profit after tax from P259.3 million to P266.1 million

THE GROUP

exercised good margin management and cost control throughout the year

Revenue increased by 80% mainly due to the easing of Covid-19 travel restrictions such as inter-zonal travel permits and border restrictions. The lifting of the many Covid-19 protocols on the termination of the State of Public Emergency on 1 October 2021 increased the demand for Petroleum products significantly.

There were six price adjustments, and an industry margin adjustment which was effected in September 2022 for price-controlled products. Non-price-controlled products were subject to market related price adjustments.

Highlights

Attributable earnings per share:
166.6
thebe per share

Retail sales channel performance:
13%
Gross Margin increase

Commercial performance:
30%
Sales Volume increase

Retail and convenience network performance:
0
service station was streamed

3
under construction

Consolidated convenience income:
5.2%
Increase in Convenience Income

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.

Product Mix

For the period under review, the overall retail network performance was 24,307kl below prior year, a decline of 11%. On the plus side, paraffin recorded excellent performance against prior year volumes on the back of increased demand from cross border customers in Zimbabwe.

	ACTUAL 2022 (KL)	2021	2022 vs 2021
Diesel	48 562	54 934	-12%
Petrol	149 229	168 529	-11%
Paraffin	1 826	463	294%
Lubes/Other	133	131	2%
Total	199 750	224 057	-11%

Sites with Cleaner Fuels

As at the end of December 2022, advanced fuels were available at 67 service stations around the country:

	50ppm	ULP 93	ULP 95
Brand name:	Engen Diesel 50ppm	Engen Primax 93	Engen Unleaded 95
Botswana:	37 South + 30 North = 67	35 South + 29 North = 64	37 South + 22 North = 59

SUMMARY OF PERFORMANCE HIGHLIGHTS [CONT.]

Business Activity
Retail Department

Highlights

- Engen Gaborone West streamed on the 12th of August 2022.
- 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.

06

LEADERSHIP

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 [CONT.]

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.

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 Ramesh Jayaraman 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 Ramesh Jayaraman 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.

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

Callaghan Motlaleng
Distribution Manager

Tawanda Kitsi
Retail Fuel Operations Manager

Modiri Garenamotse
HSEQ Manager

Kabo Mogae
Marketing & Convenience Manager

07

GOVERNANCE & REMUNERATION

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 implimenting applicable principles 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 2022 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 six Non-Executive Directors, and two Executive Directors, 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. Mr Ramesh was appointed as an independent non-executive director and Chairman of the Board Audit Committee in May 2022.

The Management Committee is chaired by 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 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 2022.

Compliance with Provisions of Local Law

The company complied with all requirements of local legislation for the 2022 financial year.

Meeting Attendance

Board Meetings 2022	
S Ndzinge *(Chairman)*	5/5
B Sameke *(Acting Managing Director)*	5/5
A Siwawa	5/5
F Kotze	4/5
L Makwinja	5/5
S Williams	3/5
H Morrison	4/5
J Ramesh	3/5

Audit Committee Meetings 2022	
J Ramesh *(Chairperson)*	3/3
H Morrison	2/3
A Siwawa	3/3

Remuneration Committee Meetings 2022	
A Siwawa *(Chairman)*	5/5
F Kotze	5/5
L Makwinja	5/5
S Williams	4/5

Summary Directors Fees

Directors Fees

For the Year Ended 31 December 2022	**Total P**
Non-Executive Directors	
S Ndzinge	368,981
A Siwawa	445,310
L Makwinja	333,963
J Ramesh	184,355
F Kotze	262,097
H Morrison	183,303
S Williams	231,547
Executive Directors	
C Monga	404,055
B Sameke	1,264,502
Total	**3,678,112**

KING III COMPLIANCE REVIEW [CONT.]

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 four 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.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	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 four 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 2022 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 [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	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.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	2.12	The board should ensure the integrity of the company's integrated report.	Applied	The company has developed an Integrated Report during the 2022 and reported the 2022 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.
	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 of the 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.

KING III COMPLIANCE REVIEW [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
Roles and Responsibilities of the Board	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 separated.
	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.
Composition of the Board	2.18	"The board should comprise a balance of power, with a majority of non-executive directors. The majority of non executive 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 new 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").

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
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 appointed Grant Thornton Botswana as the company secretary. The Board has considered the competence, qualifications and experience of the company secretary. These elements were evaluated when the company secretary was engaged in 2021 and an assessment of the same was done in 2022 and was found to be in order.
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 2020 with the assistance of PricewaterhouseCoopers Botswana of a 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 2021.
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.

KING III COMPLIANCE REVIEW [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
2. Boards and Directors: [continued]				
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.	Not 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.
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 17 May 2023: 1) H. Morrison (Non -Executive Director) Retail Business Performance Improvement Manager at Engen Petroleum Limited 2) 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).

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee: [continued]				
Membership and Resources of the Audit Committee	3.3	The audit committee should be chaired by an independent non-executive director.	Applied	The Chairman of the Committee is an Independent Non Executive Director and attends all Board Audit Committee meetings as per the Board Charter.
Responsibilities of the Audit Committee	3.4	The audit committee should oversee integrated reporting.	Applied	The company has developed an Integrated Annual Report. Note: The Annual Report of Engen Botswana Limited provides a broad and comprehensive view of the Engen Botswana's operational, financial and non-financial status which is formally reviewed and approved by the Board upon the recommendation of the Board Audit Committee.
	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 has established the Board Audit Committee. As per the Committee's ToR, the following responsibilities have been set for the Committee: 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.

KING III COMPLIANCE REVIEW [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
3. Audit Committee: [continued]				
Internal Assurance Providers	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 as the External Statutory Auditors. An external audit plan presented by PricewaterhouseCoopers (Botswana) was presented to the Board Audit Committee for recommendation.
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 performed (i.e. annual audited financial statements) is presented in the company's Annual Report and the Chairman of the Board Audit Committee is present at the Annual General Meeting to address stakeholder questions.
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.

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
4. The Governance of Risk: [continued]				
The Board's Responsibility for Risk Governance	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.
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.

KING III COMPLIANCE REVIEW [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
4. The Governance of Risk: [continued]				
Risk Assessment	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. Enterprise 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

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 [CONT.]

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.

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 [CONT.]

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 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.

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.

KING III COMPLIANCE REVIEW [CONT.]

Area	Ref.	Requirement	Compliance Status	Detailed Comments / Remarks
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.
	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

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.

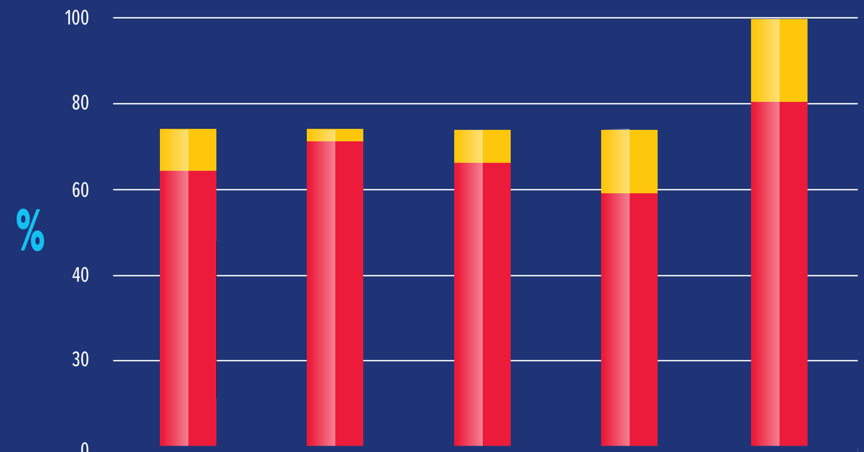
We have focused on our Employee Value Proposition and recognise the importance of attracting and retaining highly engaged and high-performing employees and leadership teams.

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.

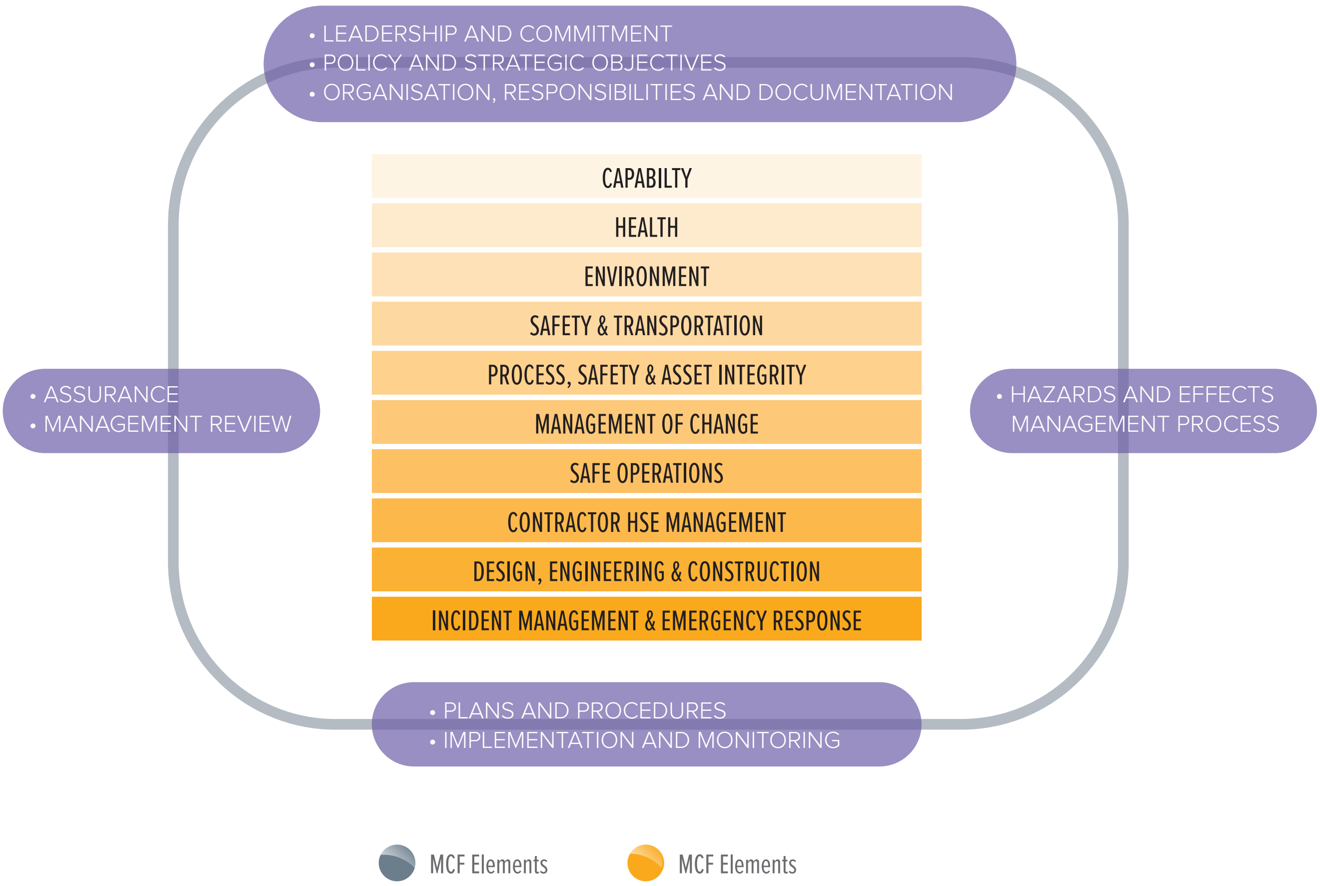
Our annual Engen HSE scorecard, comprising key performance indicators, is developed based on historical statistics with the aim of improving our safety performance year-on-year, and ultimately achieving zero incidents.

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 2022, 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 2022: 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.

	2018	2019	2020	2021	2022
LTIF (per 200 000 man hours)	0.32	0.08	0.33	0.02	0.02
TRR (per 200 000 man hours)	65%	58%	79%	44%	21%
TRCF (Total Recordable Case Frequency)	0.026	0.21	0.69	0.01	0.02
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 2022 with no road injuries or fatalities.

In 2022, 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 2023 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 2022, our Retail division had successfully commissioned and installed solar PV at six 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 2023, we aim to complete solar PV installation at 13 additional sites within our retail network and will also begin installing solar PV at our supply depot.

FINANCIAL CAPITAL

There was an economic expansion of 5.8% in real GDP terms, as well as increases in key fuel-consuming economic sectors. These conditions led to higher margins which assisted in improving our financial performance in 2022.

While global oil prices were significantly higher in 2022 compared to 2021, mainly as a result of the Russia/Ukraine conflict, there was an improvement in the economic environment and a consequent increase in sales volumes and margins.


ENGEN

ENGEN BOTSWANA LIMITED STAFF


VISA

ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

GENERAL INFORMATION

Directors:	S Ndzinge	Motswana	*(Chairman)*
	C C Monga	Zambian	*(Removed 5 April 2022)*
	A M Siwawa	Motswana	
	F J Kotze	South African	
	L Makwinja	Motswana	
	S Williams	South African	
	H Morrison	South African	
	B F Sameke	Zimbabwean	*(Acting Managing Director)*
	J Ramesh	Motswana	*(Appointed 4 May 2022)*
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 O Box 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 2022 were authorised for issue in accordance with a resolution of the directors and are signed on their behalf by:

DIRECTOR
23 June 2023

DIRECTOR
23 June 2023

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 increased by 80% mainly due to increased volumes arising from the removal of Covid-19 regulations on 1 October 2021. There were several price adjustments as a result of the global crude oil price movements and an industry margin adjustment was effected in September 2022 for price controlled products. Non price controlled products had market related price adjustments.

Foreign exchange gains increased from P2.5 million at the end of 2021 to P9.4 million at the end of 2022.

The group exercised good margin management and cost control throughout the year.

Overall, the group's performance reflects a 3% increase 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

Mr CC Monga who was the Managing Director passed away on 5 April 2022 and was duly removed as a director. Mr BF Sameke was appointed as the Acting Managing Director on 5 April 2022. Mr J Ramesh was appointed as a director on 4 May 2022.

Company Secretary

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

External Auditor

PricewaterhouseCoopers were appointed as the external auditor for the 2022 financial year.

Dividends

Dividends amounting to P91 555 290 (2021: P163 276 039) were paid during the year.

Events after the reporting period
The directors are not aware of any 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.

INDEPENDENT AUDITOR'S REPORT

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 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Engen Botswana Limited's consolidated and separate financial statements set out on pages 120 to 170 comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- 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, which include a summary of significant accounting policies.

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.

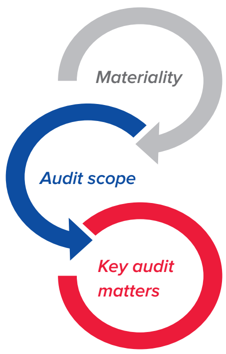
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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: P17 672 000, which represents 5% of the consolidated profit before tax.*
Group audit scope	• The Group consists of one subsidiary and two join 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	P 17 672 000
How we determined it	*5% of the consolidated profit before tax.*
Rationale for the materiality	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.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

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 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 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.

This key audit matter below relates to the consolidated financial statements only. We have determined that there are no key audit matters with respect to the standalone 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 2022, the Group recognised a DRR provision to be incurred in future as a result of past environmental damage to the amount of BWP35,559,000 (2021: BWP61,415,000). The Group develop 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); and • Note 22 Prior year adjustments (Dismantling, Restoration and Removal Provision)	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, for each of 31 December 2022, 31 December 2021 and 31 December 2020 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 (as applied in the restated balances and amounts for prior periods and in the current financial year) 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.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

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 2022", 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 2022", 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, 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 International Financial Reporting 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 2023)

30 June 2023
Gaborone

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

		Group		Company	
	Notes	Dec 2022 P'000	Dec 2021 P'000 *Restated	Dec 2022 P'000	Dec 2021 P'000
Revenue from contracts with customers*/**	2	4 112 311	2 278 529	-	-
Cost of goods sold*		(3 650 301)	(1 834 310)	-	-
Gross profit		462 010	444 219	-	-
Other revenue**	2	13 636	13 377	126 944	179 146
Other operating income*	3.1	1 569	185	4 320	2 000
Foreign currency gains/(losses)	3.5	9 432	2 518	-	(1)
Administrative expenses*		(18 190)	(23 814)	-	-
Distribution and marketing expenses		(111 846)	(80 614)	-	-
Other operating expenses		(4 040)	(2 969)	(4 040)	(2 969)
Share of profit of joint ventures	8	5 596	1 044	-	-
Finance income	3.3	5 085	7 463	1 006	454
Finance costs*	3.4	(9 819)	(8 602)	-	-
Profit before tax	3	353 433	352 807	128 230	178 630
Taxation	4	(87 330)	(93 497)	(13 621)	(16 596)
Profit for the year		266 103	259 310	114 609	162 034
Profit for the year attributable to equity holders of the parent		266 103	259 310	114 609	162 034
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		266 103	259 310	114 609	162 034
Total comprehensive income for the year attributable to equity holders of the parent		266 103	259 310	114 609	162 034
Earnings per share (thebe)					
Basic earnings, profit for the year attributable to ordinary equity holders of the parent*	5	166.60	162.35		
Diluted earnings, profit for the year attributable to ordinary equity holders of the parent*	5	166.60	162.35		

* Restated due to correction of prior period errors. Refer to Note 22.

** During the current year, in order to achieve clearer distinction between revenue from trading activities and those from other sources, the Group and Company has re-presented revenue (previously presented as a single line item in the Statement of Profit or Loss and Other Comprehensive Income) as two separate line items.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		Group			Company	
	Notes	Dec-22 P'000	Dec-21 P'000 *Restated	Dec-20 P'000 *Restated	Dec-22 P'000	Dec 2021 P'000
ASSETS						
Non-Current Assets						
Property, plant and equipment*	7	320 418	347 507	338 816	936	976
Right of use of assets	21	74 974	78 232	81 984	-	-
Investments in joint ventures	8	42 268	40 992	41 948	4 524	4 524
Investments	9	37	37	37	10	10
Investments in subsidiaries	10	-	-	-	72 209	72 209
Deferred tax asset	4	4 022	-	-	-	-
		441 719	466 768	462 785	77 679	77 719
Current Assets						
Inventories	11	65 335	38 075	10 682	-	-
Trade and other receivables	12	493 243	442 858	104 336	991	26
Tax receivable	4	10 156	3 528	-	460	683
Dividend receivable	6	-	-	-	22 569	-
Forward exchange contract asset	20	1 262	224	861	-	-
Cash and cash equivalents	13	345 586	294 163	390 886	29 986	29 998
		915 582	778 848	506 765	54 006	30 707
TOTAL ASSETS		1 357 301	1 245 616	969 550	131 685	108 426
EQUITY AND LIABILITIES						
Equity						
Stated capital	14	8 138	8 138	8 138	8 138	8 138
Non distributable reserves		2 200	2 200	2 200	344	344
Retained earnings*		837 903	685 924	589 890	98 802	98 317
Total equity		848 241	696 262	600 228	107 284	106 799
Non-Current Liabilities						
Deferred tax liabilities*	4	-	8 992	9 928	16	17
Lease liabilities	21	80 550	79 472	77 628	-	-
Provisions*	15	35 573	61 441	61 756	-	-
		116 123	149 905	149 312	16	17
Current Liabilities						
Trade and other payables	16	390 638	394 120	210 737	24 385	1 610
Tax payable		-	-	2 548	-	-
Lease liabilities	21	2 299	4 245	6 618	-	-
Forward exchange contract liability	20	-	1 084	107	-	-
		392 937	399 449	220 010	24 385	1 610
Total Liabilities		509 060	549 354	369 322	24 401	1 627
TOTAL EQUITY AND LIABILITIES		1 357 301	1 245 616	969 550	131 685	108 426

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
Cash flows from operating activities					
Profit before tax*		353 433	352 807	128 230	178 630
Adjustments for:					
Interest received	3.3	(5 085)	(7 463)	(1 006)	(454)
Profit/(Loss) on disposal and scrapping of property, plant and equipment	3.1	(94)	377	-	-
Foreign exchange differences		(101)	2 663	-	-
Dividends income from subsidiary inclusive of withholding tax	3.1	-	-	(126 820)	(179 049)
Dividends received from joint venture	3.1	-	-	(4 320)	(2 000)
Finance costs*	3.4	9 819	8 602	-	-
Fair value on forward exchange contracts		(2 122)	1 615	-	-
Share of profit of joint ventures	8	(5 596)	(1 044)	-	-
Depreciation on property, plant and equipment*	7	39 410	18 874	40	40
Loss /(Profit) on derecognition of lease liability/asset	3.1	271	(52)	-	-
Depreciation on right of use of assets	21	7 118	6 643	-	-
Operating profit/(loss) before working capital changes		397 053	383 022	(3 876)	(2 833)
Increase in trade and other receivables		(50 385)	(338 280)	(965)	(26)
Increase in inventories		(27 260)	(27 393)	-	-
(Decrease)/Increase in trade and other payables		(26 065)	183 141	220	(938)
Cash generated from (used in) operations		293 343	200 490	(4 621)	(3 797)
Interest received	3.3	5 085	7 463	1 006	454
Finance costs*	3.4	(6 871)	(6 657)	-	-
Income taxes paid	4	(106 970)	(100 509)	(717)	(1 091)
Net cash flows from/(used in) operating activities		**184 587**	**100 787**	**(4 332)**	**(4 434)**
Cash flows from investing activities					
Acquisition of property, plant and equipment to expand operations	7	(41 370)	(30 228)	-	-
Proceeds on the disposal of property, plant and equipment		339	-	-	-
Dividends received from subsidiary		-	-	91 555	163 276
Dividend received from joint venture	3.1	4 320	2 000	4 320	2 000
Net cash flows (used in)/from investing activities		**(36 711)**	**(28 228)**	**9 5 875**	**1 65 276**
Cash flows from financing activities					
Dividends paid	6	(91 555)	(163 276)	(91 555)	(163 276)
Payment of principal portion of lease liabilities		(4 999)	(3 343)	-	-
Net cash flows used in financing activities		**(96 554)**	**(166 619)**	**(91 555)**	**(163 276)**
Net increase/ (decrease) in cash and cash equivalents		51 322	(94 060)	(12)	(2 434)
Net foreign exchange differences		101	(2 663)	-	-
Cash and cash equivalents at the beginning of the year		294 163	390 886	29 998	32 432
Cash and cash equivalents at end of the year	13	**345 586**	**294 163**	**29 986**	**29 998**

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

GROUP

	Notes	Stated capital P'000	Non-Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
		Attributable to equity holders of the parent			
31 December 2022					
Balance at 01 January 2022 as restated		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
31 December 2021					
Balance at 31 December 2020 - as previously reported		*8 138*	*2 200*	*571 078*	*581 416*
Prior period error	22	-	-	18 812	18 812
Balance at 01 January 2021 as restated		8 138	2 200	589 890	600 228
Profit for the year		-	-	259 310	259 310
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	259 310	259 310
Dividends (1)	6	-	-	(163 276)	(163 276)
At 31 December 2021 (Restated*)		8 138	2 200	685 924	696 262

(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.

* Restated due to correction of prior period errors. Refer to Note 22.

STATEMENT OF CHANGES IN EQUITY [CONTINUED]

For the year ended 31 December 2022

COMPANY

	Notes	Attributable to equity holders of the parent			
		Stated capital P'000	Non-Distributable Reserves (2) P'000	Retained earnings P'000	Total equity P'000
31 December 2022					
Balance at 01 January 2022 as restated		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
31 December 2021					
Balance at 01 January 2021 - as previously reported		*8 138*	*344*	*99 559*	*108 041*
Prior period error	22	-	-	18 812	18 812
Balance at 01 January 2021 as restated		8 138	2 200	589 890	600 228
Profit for the year		-	-	162 034	162 034
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	162 034	162 034
Dividends (1)	6	-	-	(163 276)	(163 276)
At 31 December 2021		8 138	344	98 317	106 799

(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.

* Restated due to correction of prior period errors. Refer to Note 22.

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 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 2022 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.

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 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:

Leasehold buildings	> shorter of period of lease or 50 years
Plant, equipment, and other assets	> 4 – 30 years

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

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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.

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 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.

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.

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 2014. 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Revenue from contracts with customers [continued]

The point at which control passes 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.

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.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Deferred tax [continued]

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.

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 received 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 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

Financial liabilities [continued]

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. Rightof-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. 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.

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 2022:

Amendments to IAS 16 – Property, Plant & Equipment : Proceeds before Intended Use (Effective 1 January 2022) - In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have a material impact on the Group.

Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022) - In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments did not have a material impact on the Group.

Amendments to IAS 37 – Onerous Contracts : Costs of Fulfilling a Contract (Effective 1 January 2022) - In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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

The amendments did not have a material impact on the Group.
AIP IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities (Effective 1 January 2022) - As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments did not have a material impact on the Group.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021) -As a result of the coronavirus (COVID-19) pandemic, short-term rent concessions were granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The amendment did not apply to the Group in the current year.

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

IFRS 17 Insurance Contracts (Effective 1 January 2023) - In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective forreporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Definition of Accounting Estimates – Amendments to IAS 8 (Effective 1 January 2023) - The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group will make an assessment on the changes in accounting policies and changes in accounting estimates and apply the respective accounting treatment as appropriate.

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1 (Effective 1 January 2023) - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment will not have an impact to the group as the group currently do not have loan agreements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023) The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group is assessing which accounting policies will qualify as material.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The amendment will unlikely have a material impact to the Group.
IFRS 16 amended for lease liability measurement in sale and leaseback. The amendment to IFRS 16 Leases specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies to annual reporting periods beginning on or after 1 January 2024 and can be applied earlier.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

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.

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 2022 (being 1 January 2020 to 31 December 2022) 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 7.90% (December 2021 – 4.80%). 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 2022 is P35 558 836 (December 2021: P61 415 211) (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.

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:

2022

Change in discount rate 4.80% to 7.90%
Decrease in the current year to the dismantling and removal costs P29 278 116
Impact on profit and loss of P2 947 930 (decrease)

2021

Change in discount rate 3.20% to 4.80%
Decrease in the current year to the dismantling and removal costs P6 210 934

Impact on profit and loss of P1 945 310 (decrease)
The change in estimated dismantling, restoration and removal costs emanated from increase in discount rate, inflation rate and a decrease in acquisation values.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

	Group		Company	
	Dec 2022 P'000	Dec 2021 P'000 *Restated	Dec 2022 P'000	Dec 2021 P'000
2. REVENUE				
Revenue from contracts with customers				
Turnover from contracts with customers	4 098 072	2 264 988	-	-
Convenience income	14 239	13 541	-	-
	4 112 311	2 278 529	-	-
Other revenue				
Rental Income	13 636	13 377	124	97
Dividend income from subsidiary	-	-	126 820	179 049
	13 636	13 377	126 944	179 146
Total revenue	4 125 947	2 291 906	126 944	179 146

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.

	Petroleum and related products P'000	Convenience income P'000	Total P'000
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

	Petroleum and related products P'000	Convenience income P'000	Total P'000
2021			
Primary geographic markets			
Botswana	2 264 988	13 541	2 278 529
Product type			
Petroleum products	2 206 683	-	2 206 683
Lubricants	58 305	-	58 305
Convenience	-	13 541	13 541
	2 264 988	**13 541**	**2 278 529**
Timing of transfer of goods			
Point in time	2 264 988	13 541	2 278 529

* Restated due to correction of prior period errors. Refer to Note 22.

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
3. PROFIT BEFORE TAX					
3.1 Other operating income					
Profit/(Loss) on disposal and scrapping of property, plant and equipment		94	(377)	-	-
Dividends received from joint venture		-	-	4 320	2 000
Profit on derecognition of lease liability/asset		271	52	-	-
Write back of old credit balances		1 204	510	-	-
		1 569	**185**	**4 320**	**2 000**
3.2 Expenses					
Auditors Remuneration					
- current year		1 230	1 035	315	345
Depreciation of Property, Plant & Equipment*	7	39 410	18 874	40	40
Depreciation of Right of Use Asset	21	7 118	6 643	-	-
Support service charges	17	14 330	13 232	-	-
Expected credit losses of trade receivables	12	(2 669)	(2 232)	-	-
Salaries and employment benefits		17 660	17 260	-	-
Contributions to defined contribution funds		1 281	1 254	-	-
Transport cost		10 312	8 481	-	-
Rental		6 805	8 139	-	-
Maintenance		13 097	12 372	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
3. PROFIT BEFORE TAX [Continued]					
3.3 Finance income					
Financial instruments measured at amortised cost:					
Bank deposits		5 081	7 452	1 006	454
Other financial instruments measured at amortised cost		4	11	-	-
		5 085	**7 463**	**1 006**	**454**
3.4 Finance costs					
Unwinding of dismantling, restoration and removal provision*	15	2 948	1 945	-	-
Interest expense on lease liability	21	6 871	6 657	-	-
		9 819	**8 602**	**-**	**-**

* Restated due to correction of prior period errors. Refer to Note 22.

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
3.5 Foreign exchange gains/(losses)					
Gains/(losses) from financial assets measured at amortised cost		1 961	(3 448)	-	(1)
Gains/(losses) from financial assets measured at fair value through profit and loss		7 471	5 966	-	-
		9 432	**2 518**	**-**	**(1)**
4 TAXATION					
Botswana normal taxation					
Current					
Company tax at statutory rate		87 662	78 660	940	824
Withholding tax on dividends from subsidiary		12 682	15 773	12 682	15 773
Deferred					
Attributable to temporary differences arising in the current year		(14 425)	(488)	(1)	(1)
Prior periods		1 411	(448)	-	-
		87 330	**93 497**	**13 621**	**16 596**
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)	(13.5)
Non-allowable expenses		-	-	1.4	0.8
Withholding tax on dividends from subsidiary		3.6	4.5	-	-
Effective tax rate		**24.7**	**26.5**	**10.8**	**9.3**

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

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
Tax payable/(receivable)*					
Opening balance		(3 528)	2 548	(683)	(416)
Tax paid		(106 970)	(100 509)	(717)	(1 091)
Charge for the year		100 342	94 433	940	824
Closing balance		(10 156)	(3 528)	(460)	(683)

* Restated due to correction of prior period errors.
Refer to Note 22.

	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
Deferred tax balances*				
i) Deferred tax assets				
The balance comprises temporary differences attributable to:				
Right of Use Lease Liability	18 227	18 418	-	-
Dismantling, restoration and removal provision	7 823	(5 729)	-	-
	26 050	12 689	-	-

Movements	Right of Use Lease Liability P'000	Dismantling, restoration and removal provision P'000	Total P'000
At 1 January 2021 (Restated)			
Credited /(Charged)	18 534	-	18 534
- to profit or loss	(116)	(5 729)	(5 845)
- to other comprehensive income	-	-	-
At 31 December 2021	18 418	(5 729)	12 689
At 1 January 2022	18 418	(5 729)	12 689
Credited /(Charged)			
- to profit or loss	(191)	13 552	13 361
- to other comprehensive income	-	-	-
At 31 December 2022	18 227	7 823	26 050

	Group Dec 2022 P'000	Group Dec 2021 P'000 *Restated	Company Dec 2022 P'000	Company Dec 2021 P'000
ii) Deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Right of Use Assets	14 248	14 284	-	-
Trade accounts payable	377	86	-	-
Property, plant and equipment	7 403	7 311	16	17
	22 028	**21 681**	**16**	**17**

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

Movements	Right of Use Assets P'000	Trade accounts payable P'000	Property, plant and equipment P'000	Total P'000
4 TAXATION [Continued]				
At 1 January 2021 (Restated)	15 110	597	12 755	28 462
Credited /(Charged)				
- to profit or loss	(826)	(511)	(5 445)	(6 782)
- to other comprehensive income	-	-	-	-
At 31 December 2021	14 284	86	7 311	21 681
At 1 January 2022	14 284	86	7 311	21 681
Credited /(Charged)				
- to profit or loss	(36)	291	92	347
- to other comprehensive income	-	-	-	-
At 31 December 2022	14 248	377	7 403	22 028

* Restated due to correction of prior period errors (refer to Note 22) and re-presented to provide additional analysis and information.

	Group		Company	
	Dec 2022 P'000	Dec 2021 P'000	Dec 2022 P'000	Dec 2021 P'000
*iii) Net deferred tax balance**				
Total deferred tax assets	26 050	12 689	-	-
Total deferred tax liabilities	(22 028)	(21 681)	(16)	(17)
Net Deferred tax asset/ (liability)	**4 022**	**(8 992)**	**(16)**	**(17)**

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 2022 and 31 December 2021.

	Dec 2022	Dec 2021
Profit for the year*	266 103	259 310
Profit for the year attributable to ordinary shareholders*	266 103	259 310
Weighted average number of ordinary shares in issue	159 722 220	159 722 220
Earnings Per Share (thebe)	166.60	162.35

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.

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 P'000**

6 DIVIDENDS PAID AND DECLARED

Dividends declared during the year	114 124	163 276	114 124	163 276
Amount paid	91 555	163 276	91 555	163 276

The total gross amounts of dividends paid in 2022 was P91 555 290 (2021: P163 276 039). Withholding taxes of 10% of gross dividends were deducted and paid to Botswana Unified Revenue Service and these amounted to P10 174 305. (2021: P15 772 569) in total. Withholding taxes are paid by Engen Marketing Botswana (Pty) Ltd, the subsidiary company.

Declared and paid in the year				
- final dividend related to the prior year	63.7	12.7	63.7	12.7
- interim dividend for the current year	15.7	18.0	15.7	18.0
- first special dividend for the current year	-	40.7	-	40.7
- second special dividend for the current year	-	40.7	-	40.7

* Restated due to correction of prior period errors. Refer to Note 22

7 PROPERTY, PLANT & EQUIPMENT – GROUP

	Freehold Land P'000	**Leasehold Buildings P'000**	**Plant, equipment & 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	7 85	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 2022

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment & other assets (2) P'000	Capital work in progress (1) P'000	Total P'000
7 PROPERTY, PLANT & EQUIPMENT – GROUP					
31 December 2021					
Balance at 31 Dec 2020					
At cost - as previously reported	*6 078*	*221 524*	*250 690*	*53 848*	*532 140*
Reclassification within PPE	(70)	(8 249)	8 616	-	297
Dismantling, restoration and removal costs*	-	18 378	-	-	18 378
At cost -restated at 01 January 2021	**6 008**	**231 653**	**259 306**	**53 848**	**550 815**
Accumulated depreciation - as previously reported	*-*	*(101 268)*	*(120 743)*	*-*	*(222 011)*
Reclassification within PPE	-	5 508	(5 805)	-	(297)
Dismantling, restoration and removal costs*	-	10 309	-	-	10 309
Accumulated depreciation-restated at 01 January 2021	**-**	**(85 451)**	**(126 548)**	**-**	**(211 999)**
Net carrying amount - as previously reported	*6 078*	*120 256*	*129 947*	*53 848*	*310 129*
Net carrying amount- restated at 01 January 2021	**6 008**	**146 202**	**132 758**	**53 848**	**338 816**
Additions	-	-	-	30 228	30 228
Disposals – At cost	-	(3 534)	(25 931)	-	(29 465)
– Accumulated depreciation	-	3 534	25 554	-	29 088
Dismantling, restoration and removal costs (Note 15)*	-	(2 286)	-	-	(2 286)
Transfers	-	24 878	14 042	(38 920)	-
Depreciation (Note 3.2)*	-	(13 584)	(5 290)	-	(18 874)
Balance at end of year, net of accumulated depreciation	6 008	155 210	141 133	45 156	347 507
Balance at 31 December 2021					
At cost -as previously reported	*6 078*	*256 441*	*252 356*	*45 156*	*560 031*
At cost -restated at 31 December 2021	**6 008**	**250 711**	**247 417**	**45 156**	**549 292**
Accumulated depreciation - as previously reported	*-*	*(108 084)*	*(100 479)*	*-*	*(208 563)*
Accumulated depreciation- restated at 31 December 2021	**-**	**(95 501)**	**(106 284)**	**-**	**(201 785)**
Net carrying amount - as previously reported	*6 078*	*148 357*	*151 877*	*45 156*	*351 468*
Net carrying amount -restated at 31 December 2021	**6 008**	**155 210**	**141 133**	**45 156**	**347 507**

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.

* Restated due to correction of prior period errors. Refer to Note 22.

	Freehold Land P'000	Leasehold Buildings P'000	Plant, equipment & other assets (1) P'000	Total P'000
PROPERTY, PLANT & EQUIPMENT – COMPANY				
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
31 December 2021				
Balance at 01 January 2022				
At cost	568	731	352	1 651
Accumulated depreciation	-	(283)	(352)	(635)
Net carrying amount	568	448	-	1 016
Depreciation (Note 3.2)	-	(40)	-	(40)
Balance at end of year, net of accumulated depreciation	568	408	-	976
Balance at end of year				
At cost	568	731	352	1 651
Accumulated depreciation	-	(323)	(352)	(675)
Net carrying amount	568	408	-	976

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

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

	Group		Company	
	Dec 2022 P'000	Dec 2021 P'000	Dec 2022 P'000	Dec 2021 P'000

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.

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 Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
Engen Palapye Partnership				
Current assets; Including cash and cash equivalents of P973 723 (2021: P7 379 844)	3 350	8 513	-	-
Non current assets	75 273	71 314	-	-
Current liabilities	(783)	(967)	-	-
Equity	77 840	78 860	-	-
Group's carrying amount of the investment	29 581	29 757	-	-
Engen Maun Partnership				
Current assets; Including cash and cash equivalents of P18 173 337 (2021: P14 439 496)	19 022	14 551	-	-
Non current assets	33 863	29 624	-	-
Current liabilities	(516)	(482)	-	-
Equity	52 369	43 693	-	-
Group's carrying amount of the investment	12 687	11 235	-	-
Total carrying amount of the investments	42 268	40 992	-	-
Engen Palapye Partnership				
Rental income	8 483	6 030	-	-
Rentals	7 612	7 241	-	-
Other	871	(1 211)	-	-
Fair value gains on property	4 007	(2 830)	-	-
Interest income	94	217	-	-
Direct operating expenses	(2 223)	(2 045)	-	-
Profit for the year	10 361	1 372	-	-
Share of profit of joint venture – Palapye	4 144	549	-	-

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 P'000**
Engen Maun Partnership				
Rental income	4 108	1 036	-	-
Rentals	3 618	3 380	-	-
Other	490	(2 344)	-	-
Fair value gains on property	2 200	1 600	-	-
Interest income	772	455	-	-
Direct operating expenses	(1 273)	(1 109)	-	-
Profit for the year	5 807	1 982	-	-
Share of profit of joint venture – Maun	1 452	496	-	-
Total share of profits of the joint ventures – Palapye and Maun	5 596	1 044	-	-

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 2022 and 31 December 2021 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 2022 and 2021. The joint arrangements cannot distribute their profits until they obtain consent from the four venture partners.

A dividend of P4 320 000 (2021: P2 000 000) 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 2022

8 INTERESTS IN JOINT VENTURES [Continued]

Reconciliation to carrying amounts	Engen Palapye Partnership		Engen Maun Partnership	
	Dec-22 P'000	Dec-21 P'000	Dec-22 P'000	Dec-21 P'000
Opening net assets	29 757	31 208	11 234	10 738
Profit for the period	4 144	549	1 452	496
Dividends paid	(4 320)	(2 000)	-	-
Closing net assets	29 581	29 757	12 686	11 234

9 INVESTMENTS

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 P'000**
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.

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.

11 INVENTORIES

Petroleum products purchased for resale - at cost	65 973	38 548	-	-
Provision for obsolete stock	(638)	(473)	-	-
	65 335	**38 075**	**-**	**-**

There was no write down and reversal of inventory that was recognised as an expense during the year. During 2022, P3 650 301 298 (2021: P1 834 310 516*) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

12 TRADE AND OTHER RECEIVABLES

Financial assets				
Trade receivables, net of allowance for impairment	190 446	176 457	-	-
Other receivables	3 288	4 247	991	26
	193 734	180 704	991	26
Non-financial assets				
Slate receivable	268 931	241 544	-	-
Other receivables	30 578	20 610	-	-
	493 243	442 858	991	26

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.

The significant increase in the slate receivable was due to insufficient funds in the National Petroleum Fund that were required to settle the slate under-recoveries in the oil industry in Botswana. The slate under-recoveries accumulated over the period January 2022 to June 2022. Management has engaged with the Government and recoveries of these amounts are expected to take place in 2023. Hence, no impairment of these amounts was required.

* Restated due to correction of prior period errors. Refer to Note 22.

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 P'000**
Trade and other receivables at 31 December				
Not past due	161 203	162 868	991	26
Past due:				
Less than 30 days	30 008	17 570	-	-
Between 30 days and 60 days	1 848	262	-	-
Between 60 days and 90 days	675	-	-	-
More than 90 days	-	4	-	-
Total	**193 734**	**180 704**	**991**	**26**

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	7 047	9 279	-	-
Utilised during the year	(50)	-	-	-
Reversal of unused provision	(2 815)	(2 232)	-	-
Additional provision	146	-	-	-
At end of year	4 328	7 047	-	-

The allowance represents impairment losses on individually assessed financial assets and expected credit losses.

Refer to Note 20 for additional information in respect of allowances for expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

		Group		Company	
		Dec 2022 P'000	Dec 2021 P'000	Dec 2022 P'000	Dec 2021 P'000
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		315 788	184 854	1 765	2 848
Short term deposits		29 798	109 309	28 221	27 150
Cash resources		**345 586**	**294 163**	**29 986**	**29 998**

The short term deposits had variable effective interest rates of between 1.0% and 4.5% (December 2021 – 1.0% and 5.6%) for the year. At year end the short-term deposits were maturing within 30 days (December 2021: 60 days). No interest is earned on cash amounts maintained in the Group's current accounts. The Group has unutilised banking facilities with First National Bank of Botswana Limited of P150 000 000 (December 2021: Nil).

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 20.

15 PROVISIONS

Dismantling, restoration and removal costs*					
Balance at beginning of year		61 415	61 756	-	-
Net movement to Property, plant and equipment	**Note 7**	(28 804)	(2 286)	-	-
Additional provision		474	3 925	-	-
Change in estimate		(29 278)	(6 211)	-	-
Finance costs (Note 3.4)		2 948	1 945	-	-
		35 559	61 415	-	-
Long term leave liability					
Balance at the beginning of the year		26	-	-	-
Charge for the year		-	26	-	-
Transfer to short term leave liability		(12)	-	-	-
		14	26	-	-
		35 573	**61 441**	**-**	**-**

* Restated due to correction of prior period errors. Refer to Note 22.

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 P'000**
16 TRADE AND OTHER PAYABLES				
Financial liabilities				
Trade payables	26 990	26 394	-	-
Related party payables (Note 17)	266 430	268 710	-	-
Dividends Payable (Note 17)	23 988	1 335	23 988	1 335
Withholding taxes	3 314	734	3	-
Bonus provision	2 230	2 037	-	-
Other payables	1 211	588	394	275
	324 163	299 798	24 385	1 610
Non-financial liabilities				
Duties & Levies	54 328	84 471	-	-
Leave pay	866	967	-	-
Contract liabilities	7 871	-	-	-
Other payables	3 410	8 884	-	-
	390 638	**394 120**	**24 385**	**1 610**

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, provision for bonus and the health and safety provision.

For terms and conditions relating to related parties, refer to Note 17.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000

17 RELATED PARTY DISCLOSURES

Related party transactions where control exists include 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.

During the year, the Group entered into transactions with fellow subsidiaries. Those transactions along with related balances at 31 December 2022 and 31 December 2021 are presented as follows:

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
(i) Purchase of goods/services:					
Purchase of refined oil products - Engen Petroleum Limited		3 298 589	2 038 260	-	-
Purchase of refined oil products - Engen Namibia (Pty) Ltd		385 919	83 880	-	-
Service fees for the provision of technical, accounting and computer support - Engen Petroleum Limited (Note 3.2)		14 330	13 232	-	-
Dividends received from Engen Marketing Botswana (Proprietary) Limited		-	-	126 819	179 049
Rent paid to Joint Ventures (Engen Palapye Partnership and Engen Maun Partnership)		417	397	-	-

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

(ii) Outstanding balances arising from purchases of goods/services

Purchase of refined oil products and services fees for technical, accounting and computer support

	Notes	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
Engen Petroleum Limited	16	215 181	255 973	-	-
Engen Namibia (Pty) Ltd	16	51 249	12 737	-	-
		266 430	268 710	-	-
(iii) Compensation of key management personnel					
Short-term employee benefits		5 932	6 997	2 010	1 391
Post-employment benefits		284	365	-	-
Total compensation of key management personnel		**6 216**	**7 362**	**2 010**	**1 391**
(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.

	Group		Company	
	Dec 2022 P'000	**Dec 2021 P'000**	**Dec 2022 P'000**	**Dec 2021 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.

	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
Approved and committed	-	-	-	-
Approved but not committed	50 012	129 920	-	-
	50 012	**129 920**	**-**	**-**

18.2 Contingent liabilities

The Group, through its bankers, has provided the following guarantees at 31 December:

	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
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.	248	248	-	-
Guarantee to Botswana Railways in respect of security for compliance with performance obligations in accordance	300	300	-	-
with the fuel supply contract	**548**	**548**	**-**	**-**

18.2 Contingent liabilities continued

The Group'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 P248 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 P13 312 943 (2021: P13 093 029). 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:

	2022 P'000	**2021 P'000**
Within one year	1 057	1 039
Within two to five years	1 986	1 932
More than five years and less than ten years	301	528
	3 344	**3 499**

18.4 Legal claims

In the ordinary course of business, the Group is a litigant in matters arising from its trading activities. None of the ongoing matters where the Group is a defendant are expected to result in an outcome which is material to the Group.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

19 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.

Year ended 31 December 2022	**Petrochemical Activities P'000**	**Property Letting P'000**	**Consolidated P'000**
Segment Revenue			
Revenue from contracts with customers	4 112 311	-	4 112 311
Total Segment Revenue (Note 2)	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**
Year ended 31 December 2021			
Segment Revenue			
Revenue from contracts with customers	2 278 529	-	2 278 529
Revenue from contracts with customers	2 278 529	-	2 278 529
Results			
Depreciation (Note 3.2)	25 517	-	25 517
Foreign exchange gains (Note 3.5)	2 518	-	2 518
Finance costs (Note 3.4)	(8 602)	-	(8 602)
Taxation (Note 4)	(93 497)	-	(93 497)
Share of profit of joint ventures	-	1 044	1 044
Profit for the year after tax	257 817	1 044	259 310
Total assets	**1 204 624**	**40 992**	**1 245 616**
Total liabilities	**570 295**	**-**	**549 354**
Capital Expenditure (Note 7)	**30 228**	**-**	**30 228**

	2022 P'000	2021 P'000
Geographic information		
Revenue from contracts with customers		
Botswana (Note 2)	4 112 311	2 278 529
Total revenue from external customers per the consolidated statement of profit or loss and other comprehensive income (Note 2)	4 112 311	2 278 529

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

20 FINANCIAL INSTRUMENTS

Group

31 December 2022	Note	Financial assets measured at amortised cost P'000	Financial liabilities measured at amortised cost P'000	Assets/(liabilities) held at fair value through P&L P'000	Total carrying amount P'000
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	93 734	-	-	193 734
Cash at bank and in hand	13	345 586	-	-	345 586
Forward exchange contract asset		-	-	1 262	1 262
Financial liabilities					
Trade and other payables	16	-	(324 163)	-	(324 163)
		539 320	(324 163)	1 299	216 456
31 December 2021					
Financial assets					
Investments – unlisted debentures	9	-	-	37	37
Trade and other receivables	12	180 704	-	-	180 704
Cash at bank and in hand	13	294 163	-	-	294 163
Forward exchange contract asset		-	-	224	224
Financial liabilities					
Trade and other payables	16	-	(299 798)	-	(299 798)
Forward exchange contract liability		-	-	(1 084)	(1 084)
		474 867	(299 798)	(823)	174 246

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

20 FINANCIAL INSTRUMENTS [Continued]

Group

31 December 2022	Note	Financial assets measured at amortised cost P'000	Financial liabilities measured at amortised cost P'000	Assets/(liabilities) held at fair value through P&L P'000	Total carrying amount P'000
Financial assets					
Trade and other receivables	12	991	-	-	991
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 986	-	-	29 986
Financial liabilities					
Trade and other payables	16	-	24 385	-	24 385
		30 977	24 385	10	55 372
31 December 2021					
Financial assets					
Trade and other receivables	12	26	-	-	26
Investments – unlisted debentures	9	-	-	10	10
Cash at bank and in hand	13	29 998	-	-	29 998
Financial liabilities					
Trade and other payables	16	-	(1 610)	-	(1 610)
		30 024	(1 610)	10	28 42

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		
December 2022	Interest income P'000	Interest expense P'000	Total net gains and losses P'000	Interest income P'000	Interest expense P'000	Total net gains and losses P'000
Cash & cash equivalents/payables	5 085	-	5 085	1 006	-	1 006
31 December 2021						
Cash & cash equivalents/payables	7 463	-	7 463	454	-	454

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

December 2022	Group Interest income P'000	Group Interest expense P'000	Group Total net gains and losses P'000	Company Interest income P'000	Company Interest expense P'000	Company Total net gains and losses P'000
Forward exchange contracts (Note 3.5)			7 471	7 471	-	-
31 December 2021						
Forward exchange contracts (Note 3.5)			5 966	5 966	-	-

Financial risk management objectives and policies

The main risks arising from the group's and company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 13). Interest rates applicable to these financial instruments compare favourably with those currently available in the market and are only subject to Botswana interest rates. The group's policy is to minimise the interest rate risk exposure as such the group has no external debt and invests in the best interest yielding call and fixed deposits accounts.

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

	Group Dec 2022 P'000	Group Dec 2021 P'000	Company Dec 2022 P'000	Company Dec 2021 P'000
Effect on profit before tax				
Increase of 1% in interest rates	3 456	2 942	300	300
Decrease of 1% in interest rates	(3 456)	(2 942)	(300)	(300)

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

20 FINANCIAL INSTRUMENTS [Continued]

Foreign currency risk

The group purchases its petroleum products in other countries and, as a result, is exposed to movements in foreign currency exchange rates. Foreign currency risk is managed at a senior level and monitored by the group management. Foreign currency risk is only with regard to transactions with a fellow subsidiary in South Africa payable in Rands. The group also operates foreign currency bank accounts which are denominated in South African Rand and is therefore exposed to foreign currency fluctuations.

The group and company use foreign currency forward exchange to manage foreign exchange exposure.

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

2022	***P'000***	***R'000***
South African Rand denominated liabilities	266 430	354 139
South African Rand denominated assets-bank	825	1 096
	2 67 255	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
2021		
South African Rand denominated liabilities	268 710	365 177
South African Rand denominated assets-bank	140	190
	268 850	365 367
Exchange rate 1.359		
Effect on profit before tax		
Increase of 10% in the ZAR rate		(49 653)
Decrease of 10% in the ZAR rate		49 653

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 2022 was P165 856 684 (31 December 2021: P257 541 445).

Currency profile

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

	2022 Pula	2022 Rand	2021 Pula	2021 Rand
Related party payables (Note 17)	266 430	354 139	268 710	365 177
Bank balances	825	1 096	140	190
Exchange rate	1.000	1.329	1.000	1.359

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 P89 586 202 (2021: P69 786 002). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

20 FINANCIAL INSTRUMENTS [Continued]

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.

%	Low Risk	Minimal Risk	Average Risk	Significant/ High Risk	Total
2022	98.15%	-	-	1.85%	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
2021	99.58%	-	-	0.42%	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.

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	196 838	160 002	30 355	2 071	762	3 648
Expected credit losses	(4328)	(23)	(347)	(223)	(87)	(3 648)
	192 510	**159 979**	**30 008**	**1 848**	**675**	**-**

2021 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		0.33%	0.63%	3.62%		
Trade receivables at gross carrying amount	187 725	163 142	17 997	266	-	6 320
Expected credit losses	(7 047)	(300)	(427)	(4)	-	(6 316)
	180 678	**162 842**	**17 570**	**262**	**-**	**4.00**

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 2022 based on contractual undiscounted payments:

Group

31 December 2022	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	-	324 163	-	-	-	324 163
	-	324 163	-	-	-	324 163
31 December 2021						
31 December 2021 Trade and other payables	-	299 798	-	-	-	299 798
Forward exchange contract liability	-	1 084	-	-	-	1 084
	-	300 882	-	-	-	300 882

Company

31 December 2022	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	-	24 385	-	-	-	24 385
	-	24 385	-	-	-	24 385
31 December 2021						
Trade and other payables	-	1 610	-	-	-	1 610
	-	1 610	-	-	-	1 610

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

20 FINANCIAL INSTRUMENTS [Continued]

FAIR VALUE MEASUREMENTS

The following table provides the fair value measurement hierarchy of the group's assets and liabilities.
Quantitative disclosures fair value measurement hierarchy for instruments as at 31 December 2022:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (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

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 2020:

		Fair value measurement using:			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
	Date of valuation	P'000	P'000	P'000	P'000
Foreign exchange forward contracts	31 December 2021	223	-	233	-
School debentures	31 December 2021	37	-	-	37
Liabilities measured at fair value:					
Foreign exchange forward contracts	31 December 2020	1 084	-	1 084	-

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 management
The group and company define capital as the total equity of the group and company as noted in the statement of changes in equity. The group's and company's long-term objective for managing capital is to deliver competitive, secure and sustainable returns to maximise long-term shareholder value. Management is of the view that these objectives are being met. The group and company are not subject to any externally-imposed capital requirements.

The group and company aim to maintain capital discipline in relation to investing activities while growing the dividend per share. The Group and company do not have any long term debt. Cash retained in the group and company is used to self-fund investing activities.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

21 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:

Cost	Lease Properties P'000	Total 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
Cost		
1 January 2021	91 184	91 184
Additions	3 518	3 518
Derecognition of terminated lease	(627)	(627)
31 December 2021	94 075	94 075
Accumulated depreciation		
1 January 2021	9 200	9 200
Current year	6 643	6 643
31 December 2021	15 843	15 843
Net carry amount	78 232	78 232

	2022 P'000	2021 P'000
Other disclosures		
Interest expense on lease liabilities	6 871	6 657
Total cash outflow from leases within the scope of IFRS 16	(11 870)	(10 025)

	2022 P'000	2021 P'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Payments:		
Within one year	8 934	10 849
Two to five years	31 721	28 165
More than five years and less than ten years	43 512	7 335
More than ten years	120 855	99 003
	205 022	145 352
Finance charges:		
Within one year	(6 635)	(6 604)
Two to five years	(25 741)	(19 320)
More than five years and less than ten years	(28 696)	(6 328)
More than ten years	(61 101)	(29 383)
	(122 173)	(61 635)
Net present value	82 849	83 717
Non-current liabilities	80 550	79 472
Current liabilities	2 299	4 245
	82 849	83 717
Lease liabilities		
Balance at the beginning of the year	83 717	84 246
Additions	4 234	3 518
Interest	6 871	6 657
Derecognition of lease	(103)	(679)
Lease payments within the scope of IFRS 16	(11 870)	(10 025)
	82 849	83 717

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

22 PRIOR YEAR ADJUSTMENTS

Revenue and Cost of Sales (Group)

During the current financial year, the Group reassessed the manner in which it had historically accounted for levies collected on the sale of fuels. Such levies include contributions to the National Petroleum Fund, the Security of Supply Margin and Motor Vehicle Accident Fund Levies, which are calculated and recovered as a prescribed rate per liter of fuel sold, and remitted to the relevant collecting authority at regular intervals. In previous financial years, the Group had included such levies in revenue and cost of sales (i.e on gross basis). Upon reassessment, the Group concluded that these amounts were more akin to sales taxes, where the Group acts as collection agent on behalf of the (principal) collecting agency. Accordingly, revenue and cost of sales should have been reported exclusive of such levies . The Group has corrected revenue and cost of sales reported for the year ended 31 December 2021 through a reduction of BWP 431 094 733 in the amounts previously reported. This adjustment has had no impact on the historically reported cash flow, profit before tax or balance sheet. This restatement had no impact on the standalone financial statements of the company.

Note 2 has been affected by the restatement

Dismantling, Restoration and Removal Provision (Group)

The Group accounts for estimated future dismantling, restoration and removal obligations based on quantification of such costs upon the initial establishment of a retail service station or depot, which quantifications are reassessed at least annually in order to ensure that such amounts remain appropriate. The calculations performed in support of these quantifications are complex and require the use of inputs and estimates, which vary from period to period. The Group’s accounting policy (as set out in Note 1. Page 15) establishes the manner in which the Group accounts for these obligations, both on origination and subsequently. During the performance of the current year reassessment of these obligations, it became apparent that amounts and balances historically reported with respect to these costs were not correctly stated in accordance with the Group’s accounting policies. These errors were material and have been corrected through retrospective adjustment of amounts and balances previously reported, which are summarized below.

Note 7 and 15 have been affected by the restatement.

This restatement had no impact on the standalone financial statements of the company.

The impact of the changes are as follows:

GROUP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 Dec 2021 Previously reported P'000	Adjust-ments P'000	31 Dec 2021 (Restated) P'000	31 Dec 2020 Previously reported P'000	Adjust-ments P'000	31 Dec 2020 (Restated) P'000
Revenue from contracts with customers	2 709 624	(431 095)	2 278 529	2 331 368	(388 392)	1 942 976
Cost of goods sold	(2 265 405)	431 095	(1 834 310)	(2 110 949)	388 392	(1 722 557)
Finance costs						
Unwinding of Dismantling, restoration and removal provision	(3 141)	1 196	(1 945)	(5 289)	3 079	(2 210)
Depreciation of Property, Plant & Equipment	(15 640)	(3 234)	(18 874)	(22 856)	3 184	(19 672)
Taxation	(93 945)	448	(93 497)	(49 203)	(1 378)	(50 581)
Earnings and diluted earnings per share (thebe)	163.3	(0.9)	162.4	61.4	1 1.7	73.1
STATEMENT OF FINANCIAL POSITION						
Property, plant & equipment	351 468	(3 961)	347 507	310 129	28 687	338 816
Retained earnings	668 702	17 222	685 924	571 078	18 812	589 890
Dismantling, restoration and removal provision	87 456	(26 041)	61 415	57 187	4 569	61 756
Deferred tax liability	4 134	4 858	8 992	4 622	5 306	9 928
STATEMENT OF CASH FLOWS						
Cash flows from operating activities						
Profit before tax	354 845	(2 038)	352 807	147 212	6 263	153 475
Finance costs	9 798	(1 196)	8 602	10 175	(3 079)	7 096
Depreciation on property, plant and equipment	15 640	3 234	18 874	22 856	(3 184)	19 672

This restatement had no impact on the standalone financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS [CONTINUED]

For the year ended 31 December 2022

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 EVENTS AFTER THE REPORTING PERIOD

A final dividend of 70.9 thebe per share was declared on 23 June 2023. There are no other events that occurred after the reporting date that require adjustment or disclosure in the annual financial statements.

OTHER INFORMATION

VALUE ADDED STATEMENT

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

	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000
Revenue	4 112 311	2 278 529	1 955 689	2 499 854	2 135 920 5
Net cost of products	(3 650 301)	(1 834 310)	(1 722 557)	(2 199 925)	(1 870 704)
Total value added	462 010	444 219	233 132	299 929	265 216
To pay employees' gross salaries, wages and benefits	17 660	17 260	16 164	16 557	15 785
To pay income taxes *	87 330	93 497	49 203	51 021	41 689
To pay providers of capital	109 390	162 137	165 462	75 277	42 418
- net finance costs/(income)	(4 734)	(1 139)	(10)	(5 785)	(3 382)
- dividends	114 124	163 276	165 472	81 062	45 800
Retained in the Group for future growth	247 630	171 325	2 303	157 074	165 324
- depreciation *	46 528	22 283	28 355	29 961	24 684
- retained income for the year	201 102	149 042	(26 052)	127 113	140 640
Total value added	462 010	444 219	233 132	299 929	265 216

* Restated due to correction of prior period errors

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000
Historical cost net profit *	266 103	259 310	98 009	129 165	127 532
Less: Inventory effects net of taxation	(162 061)	(151 164)	(3 397)	(81 657)	(59 136)
Inventory profits	(207 770)	(193 800)	(4 355)	(104 689)	(75 815)
Taxation @ 22%	45 709	42 636	958	23 032	16 679
Replacement cost net profit	104 042	108 146	94 612	47 508	68 396
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)	65.1	67.7	59.2	29.7	42.8
Historical cost earnings per share (thebe per share)	166.60	162.35	61.40	80.90	79.70
Dividend per share paid and provided (thebe per share)	79.4	112.1	112.0	54.9	31
Total dividend per share including proposed amount not provided for	70.9	63.7	53.4	62.6	70.9

* Restated due to correction of prior period errors

FIVE YEAR FINANCIAL REVIEW

	31 Dec 2022 P'000	31 Dec 2021 P'000	31 Dec 2020 P'000	31 Dec 2019 P'000	31 Dec 2018 P'000
BASED ON HISTORICAL COST					
Revenue *	4 112 311	2 278 529	1 955 689	2 499 854	2 135 920
Operating profit *	363 252	361 409	147 197	189 967	174 209
Finance (costs)/income *	(9 819)	(8 602)	15	(9 781)	(5 168)
Profit before taxation *	353 433	352 807	147 212	180 186	169 041
Taxation *	(87 330)	(93 497)	(49 203)	(51 021)	(41 689)
Other comprehensive income	-	-	-	-	-
Attributable profit *	266 103	259 310	98 009	129 165	127 352
Earnings per share (thebe) *	166.60	162.35	61.36	80.87	79.73
Headline earnings per share (thebe) *	166.60	162.35	61.36	80.87	79.73
Dividend per share (thebe)					
- Paid and provided (include extra ordinary dividend)	79.4	112.1	112.0	54.9	79.7
- Paid and proposed - not provided	70.9	63.7	53.4	62.6	31.00
Dividend cover (times)					
- Paid and provided	2.10	1.45	0.55	1.47	1.00
- Paid and proposed - not provided	2.35	2.55	1.15	1.29	2.57
Net asset value per share (thebe)	531.07	435.92	375.80	406.26	384.41
BSE price of share (thebe)					
- Closing	1 140	1 043	1 013	1 037	1 040
- Highest	1 140	1 043	1 013	1 037	1 040
- Lowest	1 140	1 043	1 013	1 037	1 040
Earnings yield (%)	14.61	15.57	6.06	7.80	7.67
Dividend yield (%)					
- Paid and provided	6.96	10.75	11.06	5.29	7.66
- Paid and proposed - not provided	6.22	6.11	5.27	6.04	2.98
Price earnings ratio	6.84	6.42	16.51	12.82	13.04
Total assets (thousands)	1 357 301	1 245 616	969 550	1 065 019	948 209
Ordinary shareholders' interest	848 241	696,262	600 228	648 879	613 982
Shares in issue (thousands)	159 722	159 722	159 722	159 722	159 722
Return on shareholders' funds (%)	31.4	37.2	16.3	19.9	20.7
Return on total assets employed (%)	19.6	20.8	10.1	12.1	13.4

* Restated due to correction of prior period errors

SHAREHOLDERS INFORMATION

SHARE ANALYSIS - ORDINARY SHAREHOLDERS

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1 - 5,000	555	74.80%	522 851	0.3%
5,001 - 10,000	59	7.95%	459 025	0.3%
10,001 - 50,000	61	8.22%	1 401 509	0.9%
50,001 - 100,000	21	2.83%	1 616 680	1.0%
100,001 - 500,000	33	4.45%	6 646 955	4.2%
500,001 - 1,000,000	5	0.67%	3 676 952	2.3%
OVER 1,000,000	8	1.08%	145 398 248	91.0%
Total	**742**	**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	12 328 008	7.72%
BOTSWANA PUBLIC PENSION FUND VUNANI	7 802 440	4.89%
MOTOR VEHICLE ACCIDENT FUND	6 858 692	4.29%
STANBIC NOMINEES BOTSWANA RE BIFM PLEF	2 321 336	1.45%
STANBIC NOMINEES BOTSWANA RE BIFM MLF	1 960 885	1.23%
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%
BOTSWANA PUBLIC OFFICERS PENSION FUND	852 100	0.53%
OTHERS	12 567 079	7.87%
	159 722 220	**100.00%**

	Shareholders		Shares held	
Category	Number	%	Number	%
Non - Public shareholders	1	0.13%	111 655 550	69.91%
Public shareholders comprising of:				
Corporate bodies	54	7.28%	7 769 781	4.86%
Nominees companies	73	9.84%	37 666 829	23.58%
Private individuals	614	82.75%	2 630 060	1.65%
	742	**100.00%**	**159 722 220**	**100.00%**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2023 Annual General Meeting of ENGEN BOTSWANA LIMITED will be held at 10:00 hrs on Wednesday, 18 October 2023 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 2022 together with the Auditors Report.
5.	To consider and ratify the distribution of dividend declared for the year ended 31 December 2022 at 79.4 thebe per share.
6.	To confirm the re-election of the following Directors of the company: *i. Dr Shabani Ndzinge* Dr Shabani Ndzinge 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.
	ii. Mr Anthony Siwawa Mr Anthony Siwawa 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.

Agenda	
	iii. Mr Frederik Kotze 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.
	iv. Mr Leonard Makwinja 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 and as the Chief Executive Officer of Botswana Railways.
7.	To ratify the remuneration paid to Non-Executive Directors for the year ended 31 December 2022.
8.	To consider and approve the remuneration to be paid to Non-Executive Directors for the ensuing year ending 31 December 2023.
9.	To ratify the remuneration paid to the auditors, Pricewaterhousecoopers (PWC) for the year ended 31 December 2022.
10.	To appoint Pricewaterhousecoopers (PWC) as auditors for the ensuing year and authorize the Directors to fix their remuneration.
11.	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

10 August 2023

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

ENGEN

PROXY FORM

For completion by holders of Ordinary shares

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 1000hours on Wednesday, 18 October 2023.

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 2022 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. Shabani Ndzinge* *ii. Anthony Siwawa* *iii. Frederick Kotze* *iv. Leornard Makwinja*	Agenda No 6			
Ordinary resolution 4	Agenda No7			
Ordinary resolution 5	Agenda No 8			
Ordinary resolution 6	Agenda No 9			
Ordinary resolution 7	Agenda No 10			

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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