

ABBREVIATIONS & ACRONYMS

4IR	Fourth Industrial Revolution
AEMFC	African Exploration Mining and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
BARC	Board Audit & Risk Committee
BOPD	Barrel Oil per day
B-BBEE	Broad-Based Black Economic Empowerment
BBL	Barrel (equals 159 litres)
BCM	Business Continuity Management
BEE	Black Economic Empowerment
BPS	Basis Points
Bscf	Billions of standard cubic feet
CCE	Cape Cleaner Energy Solutions SOC Limited
CCMA	Commission for Conciliation, Mediation and Arbitration
CEF	CEF SOC Limited
CEF	Central Energy Fund
CEF Act	Central Energy Fund (Act no 38 of 1977) as amended
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CMG	Companhia Mocambiçana de Gasoduto
CNG	CNG Holdings
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CSP	Concentrated Solar Power
DIFR	A ratio related of an injury per million man-hours worked
DEFF	Department of Environment, Forestry and Fisheries
DMRE	Department of Mineral Resources and Energy
DMPR	Department of Minerals and Petroleum Resources
EBITDA	Earnings before Interest, Tax, Depreciation, Amortisation, impairment & fair value of assets & liabilities
ECS	Extended Continental Shelf
EIA	Environmental Impact Assessment
ECSC	Extended Continental Shelf Claim
EPD	Energy Projects Division
ERF	Enterprise Risk Management
ERM	Enterprise Risk Management
EVP	Employee Value Proposition

ABBREVIATIONS & ACRONYMS

EXCO	Executive Committee
FEED	Front-end Engineering & Design
FID	Final Investment Decision
FPSO	Floating Production, Storage & Offloading
GAAP	Generally Accepted Accounting Practice
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GDP	Gross Domestic Product
GiT	Graduate-in-training
GTL	Gas-to-Liquid
GJ	Gigajoule
GNPC	Ghana National Petroleum Corporation
HPO	High Performance Organisation
HR	Human Resources
IAR	Integrated Annual Report
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
iGAS	The South African Gas Development
IEP	(National) Integrated Energy Plan
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IPP	Independent Power Producers
IPPO	Independent Power Producers Office
IR	Integrated Reporting (Framework)
IRP	Integrated Resource Plan
KPIs	Key Performance Indicators
King III	King III Report on Corporate Governance
LFT	Long-Fibre thermoplastics
LNG	Liquid Natural Gas
LPG	Liquefied Petroleum Gas
MMbbls	Million Barrels
Mb/d	Million Barrels per day
MOI	Memorandum of Incorporation
MPRDA	Mineral and Petroleum Resource Development Act, 2002 (Act of 2002)
MTEF	Medium Term Expenditure Framework
MW	Mega watt
NDP	National Development Plan
NEMA	National Environmental Management Act

ABBREVIATIONS & ACRONYMS

NERSA	National Energy Regulator of South Africa
NNPC	Nigerian National Petroleum Corporation
NOC	National Oil Company
NMBM	Nelson Mandela Bay Metro
NDP	National Development Plan
NPA	National Ports Authority
NUM	National Union of Mineworkers
NT	NT Energy Corporation Limited
Nymex	New York Mercantile Exchange
OPCSA	Oil Pollution Control South Africa NPC
OKR	Objectives and Key Results
PAMC	Project Appraisal and Monitoring Committee
PAMDC	Pan African Mineral Development Company Proprietary Limited
PASA	South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Limited
PAT	Project Appraisal Team
PetroSA	Petroleum Oil and Gas Corporation of South Africa
PDD	Project Design Document
PFMA	Public Finance Management Act (Act No 1 of 1999) as amended
PCE	Portfolio Committee on Energy
PPA	Power Purchase Agreement
PPE	Property, Plant and Equipment
PPEs	Personal Protective Equipment
PV	Photovoltaic
PetroSA	The Petroleum Oil and Gas Corporation of South Africa SOC Limited
REEP	Renewable Energy and Energy Efficiency Partnership
REIPP	Renewable Energy Independent Power Producer
RENAC	Renewable Energy Academy
ROMPCO	The Republic of Mozambique Pipeline Investments Company
SDA	Swiss Development Agency
SAMSA	South African Maritime Safety Authority
SANEDI	South African National Energy Development Institute
SANERI	South African National Energy Research Institute
SANPC	South African National Petroleum Company
SAPIA	South African Petroleum Industry Association
SAPREF	South African Petroleum Refineries
SARS	South African Revenue Services
SFF	Strategic Fuel Fund Association

ABBREVIATIONS & ACRONYMS

SLA	Service Level Agreement
SOC	State Owned Company
SOE	State Owned Enterprise
SWH	Solar Water Heater
Simex	Singapore Monetary Exchange
SOS	SOS Children Village
STEM	Science, Technology, Engineering and Mathematics
STIP	Short-Term Incentive Policy
TMC	Talent Management Committee
ToR	Terms of Reference
TFST	Thin Film Solar Technology
TNPA	Transnet National Ports Authority
UNDP	United Nations Development Programme
Up	Units of Production
USD	United States Dollar
UTT	Upstream Training Trust
VAT	Value Added Tax
VLCC	Very Large Crude Carrier
WACC	Weighted Average Cost of Capital
WCTP	Western Cape Three Points Block
WIL	Work Integrated Learning
YoY	Year-on-Year

“Currently, the group is in its Scaling for Growth phase which requires a shift in its strategic focus as we find new paths to thrive which is part of success by design and ambitious targets that are aligned to the scaling for growth focus”



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OUR REPORT

SCOPE

The CEF Group Integrated Report provides our Shareholder and stakeholders with a comprehensive overview of the Group's strategic direction, business model, key initiatives, operating context, material risks and opportunities, as well as governance and operational performance for the period April 2024 to March 2025. This information is critical for evaluating how the Group creates and sustains value for the Shareholder and strategic partners, particularly in the context of our dual mandate – commercial viability and developmental impact – as a Schedule 2 public entity.

REPORTING FRAMES

The compilation of this report was guided by globally recognised reporting standards and local regulatory requirements, including:

- The King IV Report on Corporate Governance for South Africa;
- The International Integrated Reporting Framework (IIRC);
- National Treasury Guidelines on business performance and planning;
- The Public Finance Management Act (PFMA), No. 1 of 1999;
- The Companies Act, No. 71 of 2008, as amended;
- Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines; and
- International Financial Reporting Standards (IFRS).

REPORT BOUNDARY

This Integrated Report covers the CEF Group's financial and non-financial performance across its entire value chain for the period 1 April 2024 to 31 March 2025. The report includes all entities wholly owned and controlled by CEF SOC Ltd, consolidated from both financial and operational perspectives. Associates and joint ventures are accounted for using the equity method and are therefore excluded from consolidated non-financial performance data. However, relevant disclosures related to these entities are provided where appropriate. The financial and non-financial data align with the same reporting period to allow for accurate performance comparisons. The

consolidated financial statements are prepared in accordance with IFRS.

OUR APPROACH TO REPORTING

As the implementing agency of the Department of Mineral and Petroleum Resources (DMPR), the CEF Group enters into an outcomes-based Shareholder's Compact annually. This formal agreement enables transparent monitoring and evaluation of the Group's performance in relation to its strategic and developmental mandates.

Performance measurement is driven by our adopted Objectives and Key Results (OKR) methodology, which forms the foundation of our performance management framework. The Shareholder's Compact defines the commercial and developmental performance indicators against which the Group is assessed and how these align with broader government priorities.

This integrated report and the Group's Corporate Plan are therefore aligned to demonstrate value creation through clearly defined inputs, activities, outputs, and outcomes – anchored in the principles of the National Development Plan (NDP).

Definitions used in this report:

- **Inputs:** The various capitals utilised – human, financial, natural, intellectual, manufactured, and social/corporate capital.
- **Activities:** Actions that transform inputs into outputs, e.g., financial and operational management, supplier development, R&D, training programmes, and sustainability initiatives.
- **Outputs:** Tangible and immediate results of activities, e.g., number of people trained, suppliers developed, or tons of waste recycled.
- **Outcomes:** Broader and longer-term impacts on stakeholders and society, such as enhanced skills, industrial development, cost efficiency, and environmental preservation.

DETERMINING MATERIALITY

This report addresses all matters that we believe substantively affect the Group's ability to create, sustain, and deliver value. While the primary audience is the Shareholder, we also consider the interests of broader stakeholders, including

OUR REPORT (CONT.)

government bodies, sector regulators, and strategic partners.

Rather than providing a checklist of material issues, we have applied a structured materiality determination process involving senior leadership across the Group. This ensures the report reflects the most relevant and impactful issues affecting CEF's long-term sustainability and strategic success. We believe all disclosures included in this report are material to understanding the Group's performance and prospects.

ASSURANCE

The CEF Board, supported by the Audit and Risk Committee and executive management, holds ultimate responsibility for the Group's system of internal control. This system is designed to identify, evaluate, and manage risk, and to provide reasonable assurance against material misstatement, loss, and non-compliance. CEF subscribes to a combined assurance model, which integrates and coordinates the assurance activities of management, internal assurance functions, and external assurance providers. This approach strengthens the ethical climate and promotes robust governance and compliance mechanisms across the Group. Details of our assurance matrix are outlined in the relevant section of this report. All financial information and selected material non-financial indicators presented in this report have been independently assured by the Auditor-General of South Africa (AGSA) in line with their mandate.

BOARD RESPONSIBILITY

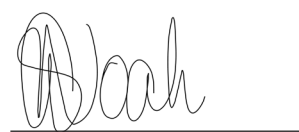
All disclosures and figures presented in this Integrated Report are consistent with the audited Annual Financial Statements prepared in accordance with the relevant accounting standards applicable to the CEF Group. The report has been compiled in compliance with the Guidelines on Annual Reports issued by National Treasury.

The Accounting Authority, represented by the CEF Board, is responsible for the preparation of the annual financial statements and the judgments applied in their development. The Board confirms that the Integrated Report is complete, accurate, and free from material omissions or misstatements.

The CEF Board accepts full accountability for ensuring the integrity of the Integrated Report. The directors have collectively reviewed and assessed the content of the report and confirm that it addresses all material matters and fairly reflects the integrated performance of the CEF Group for the financial year ended 31 March 2025.

The Board Audit and Risk Committee (BARC), which oversees the integrity of the integrated reporting process, recommended this report for approval. Based on the comprehensive combined assurance process undertaken, the Board approved the 2024/25 Integrated Report, Annual Financial Statements, and supporting disclosures on 30 September 2025. In the Board's opinion, this report fairly represents the Group's operational, performance, human resources, and financial position for the reporting period.

Yours faithfully,



Ms A Noah

Group Chairperson

Date: 30



Mr J Besnaar

Group Audit & Risk Committee

Date: 30 September 2025



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ANNUAL REPORT



Ms. Ayanda Noah
Group Chairperson



Dr. Tshepo Mokoka
Interim Group CEO

It is important to note that the performance data presented in this report reflects the consolidated performance of the CEF Group, including all entities in which CEF SOC Ltd is the holding company. Accordingly, all reported performance metrics are collated and presented at Group level, encompassing both CEF SOC Ltd and its subsidiaries.

The Group Chairperson (GChair) and Group Chief Executive Officer (GCEO) hereby provide the following assurance:

The consolidated financial and non-financial information, including the full consolidated annual financial statements, fairly present, in all material respects, the financial position, performance, and cash flows of the CEF Group in accordance with the International Financial Reporting Standards (IFRS).

We confirm that no material facts have been omitted, nor have any statements been made that could render the financial statements false or misleading. Appropriate internal financial controls were in place during the reporting period to ensure that all material information relating to the Group and its subsidiaries was adequately captured for the preparation of the financial statements. While the operating environment remains complex and diverse, we are satisfied that the Group's internal financial controls are adequate, effective, and can be relied upon for accurate financial reporting.

Where deficiencies in the design or operational effectiveness of internal controls were identified, these have been disclosed, and appropriate remedial actions have been initiated.

We have fulfilled our responsibilities under the Combined Assurance Model, in line with Principle 15 of the King IV Report on Corporate Governance. In this context, we recognise the critical role played by Group Internal Audit in monitoring, identifying, and addressing risks – particularly those related to fraud. These matters are reported to the Audit Committee and addressed through the appropriate channels, including independent oversight and corrective action by the external auditors.

Yours faithfully



Ms. Ayanda Noah

Group Chairperson

30 September 2025



Dr. T Mokoka

Interim Group CEO:

30 September 2025



CEF
House

**YEAR IN
REVIEW**

YEAR IN REVIEW

This report reflects the CEF Group's business performance in alignment with our Corporate Plan and annual targets, all in pursuit of our primary mandate to ensure the security of energy supply within the framework of our strategic themes.

As the implementing arm of the Department of Mineral and Petroleum Resources (DPMR) – formerly the Department of Mineral Resources and Energy (DMRE) – the CEF Group plays a pivotal role in advancing the government's broader development agenda, as outlined in the National Development Plan (NDP). Key Performance Highlights for the Reporting Period:

- **Impact:** The Group's strategic and operational initiatives have had a measurable impact on key government programmes and the communities in which we operate. This impact is assessed through both financial and non-financial indicators, demonstrating our commitment to inclusive and sustainable development.
- **Sustainability:** We continue to prioritise the long-term sustainability of our operations by delivering consistent value across all stakeholder groups. This is supported by clearly defined metrics that underpin our approach to value creation and the responsible use of resources.

PERFORMANCE HIGHLIGHTS FOR THE REPORTING PERIOD

Operational Performance

The CEF Group continues to make steady progress toward financial sustainability, driven by a range of strategic initiatives aimed at enhancing operational efficiency and performance across the organisation.

Financial Performance

During the reporting period, the Group generated R553 million, compared to a net loss of R523 million in the prior. This turnaround was primarily driven by improved performance from the subsidiary and the newly acquired assets under SANPC Refinery.

Total investment in the ACWA Redstone Project was increased by 15%, advancing our commitment to renewable and sustainable energy solutions.

Ongoing investments in the PetroSA Ghana Development and Maintenance Project, which also contributed to the Group's asset base and strategic footprint on the continent.

Safety Performance

We are pleased to report zero fatalities across all CEF Group operations during the reporting period. This achievement is the result of deliberate and ongoing management-led safety interventions aimed at strengthening the Group's safety culture. Targeted safety programmes have been embedded across all business units to ensure a consistent and proactive approach to occupational health and safety.

YEAR IN REVIEW (CONT.)

Performance Conclusion

- The CEF Group recognizes its critical role in supporting South Africa's economic recovery and transformation. Our strategy for 2024/2025 and beyond is designed to position the Group as a driver of inclusive growth, a catalyst for industrial development, and a steward of energy security.
- We remain committed to aligning with national imperatives and to executing our mandate with discipline, innovation, and integrity.
- Through targeted investments, strategic partnerships, operational discipline, and stakeholder collaboration, we aim to not only improve our Group performance but also to make a measurable and lasting contribution to Economic Growth and Job Creation



For a comprehensive overview of the CEF Group business performance for the period under review, this report should be read in conjunction with the detailed annual financial statements on pages 159 to 332.



CHAIRPERSON'S STATEMENT

Ms. Ayanda Noah
CEF Group Chairperson

CEF Group Integrated Annual Report 2024–2025

The Central Energy Fund (CEF) Group is a Schedule 2 State-Owned Entity entrusted with a dual mandate: to deliver both commercial returns and developmental outcomes in support of South Africa's National Development Plan (NDP) and the Medium-Term Development Plan (MTDP) 2024–2029. As the implementing arm of the Department of Mineral and Petroleum Resources (DMPR), we play a pivotal role in driving outcomes across the energy value chain, ensuring national energy security, and reducing external shocks to the domestic economy.

Our operations are underpinned by the CEF Act (No. 38 of 1977), ministerial directives, and the Shareholder's Compact for 2024/25. These documents collectively define our obligations and chart the path toward delivering on our long-term strategy.

Global and Domestic Context

The reporting period was characterized by a volatile geopolitical and economic environment. The ongoing Russia-Ukraine conflict, escalating tensions in the Middle East, and a more adversarial US-China trade relationship contributed to global uncertainty. Oil price fluctuations remained pronounced, driven by OPEC production decisions, US inventory changes, Chinese import dynamics, and geopolitical risk premiums. The oil market maintained a backwardated structure, underscoring supply concerns.

On the economic front, 2024 witnessed high inflation, slowing global growth, and financial market instability, although some signs of recovery began to emerge toward year-end. The election of Donald Trump as the 47th US President signaled likely shifts in trade policy with potential implications for global markets.

Domestically, the May 2024 general elections ushered in a Government of National Unity (GNU)—a coalition of multiple parties focused on collaborative governance to address national priorities.

Climate change induced extreme weather events, along with rapid technological shifts such as artificial intelligence (AI), elevated the urgency for a just energy transition and reinforced the need for robust cybersecurity and data governance measures.

CHAIRPERSONS STATEMENT (CONT)

CEF Group's Adaptive Strategy

In a world of growing complexity, the CEF Group has adopted a holistic and adaptive strategy to ensure resilience, promote agility, harness opportunity and long-term sustainability. This strategy integrates scenario planning, technology adoption, operational efficiency, and cross-functional collaboration with a focus on human capital excellence. This strategy integrates

1. Flexible and Agile Operations
2. Financial Resilience and Resource Stewardship
3. Strategic Foresight and Performance Monitoring
4. Organisational Culture and Cross-functional Collaboration
5. Alignment with Long-Term National Goals
6. Clarity on Core Priorities: Today's Business and Tomorrow's Growth

At the heart of this approach is our aspiration to become a high-impact, exponential performance organisation with a Massive Transformative Purpose. We think big because impact at scale is central to our mandate and to South Africa's energy security and industrialisation efforts. Our Corporate Plan acknowledges the complexity, capital intensity, and long lead times inherent in the energy sector. We are currently in Strategic Horizon 2 – Scaling Up for Growth, which focuses on portfolio diversification, strategic acquisitions, and investment in emerging value pools.

We have made deliberate investments in building robust management teams, streamlining operations, achieving cash-positive status, optimising our asset base, and preparing the Group for expansion. This approach is anchored in our "Business of Today and Business of Tomorrow" model, which seeks to balance current revenue streams with investments into future-focused energy segments.

Performance Overview

The 2024/25 reporting period marked a pivotal stage in the CEF Group's transformation journey. Against a backdrop of economic uncertainty, global energy market volatility, and domestic policy shifts, the Group maintained focus on achieving measurable progress aligned with its strategic scorecard.

4.1 CEF Group Scorecard – A Performance Compass

The Group's performance continues to be guided by a robust, multidimensional Corporate Scorecard framework which serves as our "North Star" to align execution with strategic intent. The Scorecard is structured around seven strategic themes:

1. Commercial Sustainability
2. Consolidation and Turnaround
3. Strategy and Long-Term Growth
4. Human Capital and Organisational Alignment
5. Operational Excellence
6. Corporate Governance and Enterprise Risk Management
7. Transformation and Reputation Management

CHAIRPERSONS STATEMENT (CONT)

Each theme is underpinned by quarterly milestones and Objectives and Key Results (OKRs) to ensure accountability, traceability, and transparency.

For the financial year-end 2024/25, the Group achieved a performance score of 3.60 out of 5.00, showing marginal improvement from the prior year. The score is reflective of the Group's resolve to improve business performance amid complexities and uncertainty in our operating environment. Progress was most notable in Turnaround Strategy driven by enhanced delivery, Long-Term Growth with a focus on project pipeline development, and Organisational Alignment through leadership development and workforce planning. However, commercial volume targets were not met by key operating entities, namely AEMFC who faced a litany of operational challenges that impacted on their revenues and PetroSA, which continues to operate under constrained conditions following the shutdown of its GTL refinery, which negatively affected the Group's profitability. The poor financial showing of these entities significantly diluted Group-wide return on invested capital (ROIC) and impacted net profitability despite progress elsewhere.

In line with our digitization drive, we successfully acquired and began implementation of an automated performance management system. This platform integrates strategy execution, risk and governance tracking, project milestones and human capital metrics. This technology is expected to streamline performance reporting, improve decision-making, and enhance operational visibility across all subsidiaries whilst strengthening accountability.

Despite headwinds, the Group generated a net profit of R553 million, compared to R523 million in the prior year (to be filled in with actual figures). This reflects:

- Resilience in core operations
- Gains from strategic cost containment
- Stable dividend flow from investments

However, revenue volatility, high operating costs, and underutilized assets, especially in PetroSA, impacts of the backwarddated market structure on storage rental income at SFF continue to weigh heavily on the Group's financial sustainability. The Group remains liquid and solvent with sufficient cash reserves to support growth projects.

Strategic Milestones and Transition Activities

The 2024/25 period was characterized by significant transition and restructuring efforts to position the Group for scalable growth and long-term competitiveness.

Key initiatives during the period included:

1. Merger Enablement and SANPC Formation

We continued preparations for the merger of PetroSA, iGas, and SFF to establish the South African National Petroleum Company (SANPC). The SANPC is poised to become South Africa's national energy champion, supporting national objectives for industrialization, job creation, and energy resilience.

CHAIRPERSONS STATEMENT

Highlights of Progress:

- Appointment of the SANPC Board and interim executive structures
- Progressed with asset transfers, people integration, and Shared Services design
- Developed the SANPC Go-Live Roadmap, aligned with the Lease and Assign model
- Appointment of the Legacy Board to oversee the legacy asset management activities

This strategic consolidation is aimed at:

- Improving operational efficiencies
- Eliminating duplication
- Establishing a commercially viable, state-owned energy leader for South Africa

2. SAPREF Refinery Acquisition (Now SANPC Refinery)

The acquisition of the SAPREF Refinery, now renamed the SANPC Refinery, represents a landmark strategic intervention to revitalize South Africa's dwindling refining capacity. The refinery had been mothballed, threatening national fuel security and increasing reliance on fuel imports. Through this acquisition, the Group aims to:

- Re-establishing domestic refining capacity
- Reduce vulnerability to global supply chain shocks
- Support downstream beneficiation and job creation
- Stimulate local economies and industrialization efforts

This move is not only a commercial transaction but a national energy resilience project, aligning with the long-term industrial policy and local content imperatives.

3. Renewable Energy Portfolio: ACWA Redstone Project

The ACWA Redstone Concentrated Solar Power (CSP) Project, one of our flagship renewable investments, made significant strides toward achieving Commercial Operation Date (COD) during the reporting period. As a cornerstone of our portfolio diversification strategy, this project:

- Supports South Africa's renewable energy commitments
- Demonstrates public-private partnerships in action
- Enables grid diversification and climate risk mitigation

This progress signals the Group's intent to scale investments into clean energy technologies in a pragmatic and phased manner—balancing transition imperatives with energy security realities.

CHAIRPERSONS STATEMENT

GOVERNANCE AND OVERSIGHT

1. Strengthening Group-Wide Governance

Effective governance is at the heart of executing our strategic mandate. During the reporting period, considerable efforts were made to strengthen the governance architecture across the CEF Group.

Key initiatives included:

- **Board Capacitation:** Ensuring all subsidiary Boards and Committees are fully capacitated with relevant skills, industry experience, and diversity.
- **Subcommittee Reinforcement:** Strengthening the oversight of audit, risk, investment, and social governance matters to ensure compliance, risk mitigation, and value creation.
- **Chairpersons' Forum Activation:** This forum became an agile mechanism for addressing cross-functional, high-priority matters across the Group, enhancing alignment and accelerating decision-making.

2. Leadership Transition

During the year under review, the Group faced an unexpected leadership transition following the medical departure of our Group CEO, Dr. Ishmael Poolo. We extend our deepest appreciation for his leadership and service.

In the interim, Dr. Mokoka, the Group COO, has stepped into the role of Acting Group CEO. Under his stewardship, the Group has maintained strategic continuity and performance focus, while the Board progresses toward a permanent executive leadership solution.

Outlook

The year ahead presents a dynamic and challenging landscape shaped by shifting geopolitical realities, global economic uncertainty, and South Africa's domestic transformation agenda. Continued Russia and Ukraine conflict and the Middle East tensions pose risks to global energy supply chains, pricing, and investor confidence. The Trump administration has made shifts in global trade and energy policies, potentially increasing protectionism and volatility in commodity markets. As the CEF Group, we remain steadfast in our commitment to delivering both commercial value and national impact. Domestically, persistent fiscal constraints, infrastructure backlogs, and energy insecurity continue to impact economic growth. However, improving alignment between industrial, energy, and climate policies provides a strategic opportunity to accelerate transformative investments.

These factors will likely amplify oil price volatility and supply chain disruptions—further underscoring the need for South Africa to strengthen domestic energy capabilities and diversify its energy mix to support the economic recovery imperatives. CEF will continue to align its initiatives with national priorities—particularly energy security, economic recovery, job creation, reindustrialization, and the Just Energy Transition. CEF's strategic acquisitions, including the SANPC Refinery, and our growing renewable energy portfolio position the Group as a key player in the country's energy transition—balancing current needs with future readiness. Our strategy will continue to evolve to ensure resilience, agility, and relevance in an increasingly complex energy environment.

CHAIRPERSONS STATEMENT

Strategic Priorities for 2025 and Beyond

To ensure continued relevance and impact, our strategic focus will remain on the following key priorities:

1. Driving the Group Growth Agenda

Pursue targeted acquisitions, strategic partnerships, and investment diversification to expand revenue streams and enhance portfolio resilience.

2. Turning Around Ailing Entities

Strengthen oversight and execution of turnaround strategies for PetroSA and AEMFC to restore financial performance and operational efficiency.

3. Operationalizing the South African National Petroleum Company (SANPC)

Finalise structural integration and establish SANPC as a high-performance, commercially viable state-owned entity that leads the national energy agenda.

4. Investing in Critical Infrastructure

Advance key infrastructure projects—refineries, pipelines, storage, and upstream assets—to reduce energy imports, stimulate industrial development, and improve energy security.

5. Strengthening Partnerships and Stakeholder Engagement

Deepen collaboration with government departments, regulators, development finance institutions, and the private sector to unlock capital, align policy, and deliver impact at scale. This also entails regional integration and cooperation.

As we shape South Africa's energy future, we do so with purpose, resilience, and an unwavering commitment to delivering energy security, sustainability, and inclusive growth.

Appreciation

A year of transformation, uncertainty, and opportunity cannot be navigated without committed partners, visionary leadership, and a resilient organizational culture. On behalf of the Board, I wish to express sincere gratitude to all those who contributed to the CEF Group's progress during the 2024/25 financial year.

Ministerial and Departmental Support

We are deeply grateful to the Honourable Minister of Mineral and Petroleum Resources, whose strategic guidance and support have been invaluable in enabling the Group to deliver on its public and commercial mandate. The Director-General and the Department's senior leadership have equally played a pivotal role in aligning policy and execution.

Legislative Oversight

To the Portfolio Committee on Mineral and Petroleum Resources, thank you for your consistent oversight, guidance, and commitment to accountability. Your role has ensured that our work remains aligned with the priorities of Parliament and the people of South Africa.

CHAIRPERSONS STATEMENT

Board and Governance Leadership

A heartfelt thank you to my fellow CEF Board Members for their dedication, strategic insight, and resilience in navigating a rapidly changing energy landscape. Your leadership has enabled us to make tough decisions and execute with courage.

We also acknowledge the Chairpersons and Boards of all subsidiaries across the Group. Your contributions have been critical in driving alignment, enhancing governance maturity, and enabling agile responses to evolving challenges.

Executive Leadership and Staff

To our Acting Group CEO Dr. Mokoka, thank you for your leadership in this time of transition. We appreciate all our executive teams, managers, and dedicated staff, for your perseverance, innovation, and commitment that have been instrumental in keeping the Group on its growth path.

Strategic Partners and Stakeholders

To our valued clients, industry partners, financiers, and stakeholders—we thank you for your continued confidence and collaboration. As we work to rebuild, grow, and lead South Africa's energy future, your support is a key pillar of our success.

Leadership in complexity requires bold thinking, agile execution, and unwavering commitment. Together, we are shaping South Africa's energy destiny.



Ayanda Noah, Pr. Eng.

Group Chairman of the Board

Central Energy Fund Group

30 September 2025



GROUP CHIEF EXECUTIVE REPORT

Dr. Tshepo Mokoka
CEF Group CEO (Interim)

The 2024/25 financial year unfolded against a backdrop of intense and accelerating global factors, where geopolitical, economic, and technological developments presented a rapidly shifting context for the energy sector. From major geopolitical frictions, armed conflicts, and global election super-cycles to the resurgence of trade protectionism, rising tariffs, climate volatility, and the proliferation of artificial intelligence — these dynamics have converged to fundamentally reshape our business environment.

Closer to home, South Africa continues to grapple with a subdued economy, high unemployment, and critical infrastructure constraints. For the Central Energy Fund (CEF) Group, these trends are a double-edged sword — presenting both significant risks and tangible opportunities. As a Group with deep exposure across the energy value chain, we are uniquely positioned but to make the most out of the emerging operating environment. It is worth noting that Geopolitical instability, climate events, cyber threats, and resource competition place immense pressure on our operations. At the same time, the energy transition, technological innovation, and regional integration efforts open the door for long-term growth, partnerships, and the acceleration of our mandate to ensure security of energy supply.

This reality demands strategic agility and the ability to move swiftly and decisively. As such, the CEF Group has prioritised the redesign of its operating model, the alignment of strategy with execution, and an emphasis on innovation, performance culture, and strategic partnerships. These foundations are critical for navigating volatility while building resilience and long-term competitiveness.

At a time when South Africa faces persistent structural economic challenges — including high unemployment, subdued GDP growth, infrastructure backlogs, and constrained energy supply that is improving over time — the CEF Group has increasingly assumed a critical role as a catalyst for national economic recovery.

Our position across the energy value chain allows us not only to support the country's security of energy supply but also to stimulate industrialisation, job creation, localization, and inclusive economic growth

Furthermore, the Group's investment strategy actively targets high-impact, catalytic projects that are designed to:

- Unlock energy infrastructure bottlenecks
- Stimulate local value chains and SMMEs
- Attract foreign direct investment (FDI)
- Promote public-private partnerships
- Enable sectoral transformation and equity participation

GROUP CHIEF EXECUTIVE REPORT

Guided by our Board, and under the umbrella of our Adaptive Strategy and Scaling Up for Growth horizon, we have translated our strategic imperatives into measurable, high-impact initiatives. These initiatives not only support our commercial sustainability but reinforce our position as the implementation arm of the Department of Mineral and Petroleum Resources in securing South Africa's energy future and contributing to national economic recovery.

Strategic and Operational Highlights

The reporting period marked a pivotal juncture for the CEF Group, characterised by both significant strategic advancements and improved financial performance, despite a persistently complex and volatile operating environment. The Group reported a net profit of R553 million. Despite this, the Group recorded an EBITDA loss of R1.8 billion largely impacted by operational losses at PetroSA.

Encouragingly, cash generated from operations showed marked improvement, increasing from an outflow of R139.7 million in the prior year to an inflow of R965.5 million in the current period — signalling stronger working capital management and improved liquidity across several subsidiaries. The Group's capital structure reflects a debt ratio of 67%, which remains within an acceptable range, Equity makes up the remaining 32%, supporting a balanced approach to financing. This structure suggests the Group is leveraging debt to finance growth while maintaining sufficient equity to support long-term stability and investor confidence.

Operationalisation of SANPC

A historic milestone was reached during the year under review with the operationalisation of the South African National Petroleum Company (SANPC) — envisioned as the national energy champion. The merger of iGas, PetroSA and the Strategic Fuel Fund (SFF) marks a game-changing consolidation designed to support transformation, drive reindustrialisation, and underpin energy security.

Key activities included the establishment of the permanent Board and interim executive team, initiation of Section 197 consultations with labour on staff transfers, and fair valuation of assets under the lease-and-assign transfer model. Board configurations for the legacy entities were realigned to support the merger, and the SANPC Corporate Plan (2025/26–2029/30) was approved, laying the foundation for asset and contract transfers. Transition activities, change management, and performance culture embedding remain critical for success in the next phase.

Stabilisation of PetroSA

PetroSA faced a particularly turbulent year, characterised by financial strain, a none operational GTL facility. In response, a stabilisation and turnaround roadmap was developed — a pragmatic blueprint that outlines urgent interventions and medium-term recovery actions. While the path to full recovery is unfolding and challenging, the CEF Group is committed to supporting PetroSA through its transition into the SANPC in the longer term.

PetroSA GTL Reinstatement Project

Recognising the GTL facility's strategic value, efforts were made to prioritise its reinstatement. Unfortunately, technical and commercial constraints delayed progress. A revised plan is now in development and will be presented to the Legacy Board. While integration timelines have shifted, execution speed and precision have now been elevated as urgent priorities.

GROUP CHIEF EXECUTIVE'S REPORT (CONT)

Acquisition and Transformation of SAPREF

The acquisition of the SAPREF Refinery, renamed the SANPC Refinery, represents a cornerstone intervention in revitalising national refining capacity. Parallel revenue-generation initiatives are being pursued while the bankable feasibility study for an increased refining capacity is underway. Strategic partnerships and Clean Fuels compliance are at the core of this project, which is set to catalyse local economic value chains and industrial development. This acquisition of the SAPREF Refinery, resulted in an interim gain on bargain purchase of R1.8 billion, reflecting the Group's ability to unlock value through strategic asset acquisition.

Coal Supply and Developments at AEMFC

AEMFC experienced considerable headwinds due to ongoing coal quality issues, adversely affecting its financial sustainability. In response, a recovery strategy was implemented, focusing on operational excellence, liquidity management, and revenue preservation. Key interventions included the finalisation of coal supply agreements with Eskom, commissioning of the Klippoortjie Mine and Washing Plant, and diversification efforts to broaden income streams.

PASA's Shale Gas and Extended Continental Shelf Projects

The Petroleum Agency of South Africa (PASA) progressed two nation-critical initiatives, in addition to its mandate of regulating and promoting upstream development of oil and gas: development of the Shale Gas programme, a long-term game changer for national energy independence, and the Extended Continental Shelf claim, which may significantly expand South Africa's sovereign resource base.

Strategic Investments and Growth Pipeline

The CEF Group's investment philosophy is centered on creating long-term, sustainable value for South Africa by investing in energy infrastructure, diversifying the national energy mix, and fostering resilience in the face of a complex global energy transition. As we diversify our energy portfolio, enhance commercial viability, and explore new markets, several growth-enabling projects advanced significantly:

Port of Saldanha LNG Import Terminal: This project is vital to unlocking gas infrastructure in the Western Cape and forms part of a broader energy infrastructure projects.

Komatipoort 1,000 MW Gas-to-Power Project: Strategically located near the Mozambique-South Africa gas corridor, this project will support the just transition by providing cleaner base-load power

Durban LPG Terminal: This project is advancing under a phased development model and is critical to increasing national liquefied petroleum gas (LPG) storage capacity

Port of Coega LNG Import Terminal: Part of our vision for a national gas backbone, this terminal in the Eastern Cape is intended to catalyze energy-intensive industries in the Coega SEZ

ACWA Redstone 100 MW CSP Project: This flagship project demonstrates our commitment to clean, dispatchable renewable energy a Local construction and operations jobs in the Northern Cape

These projects, amongst a healthy project list our project pipeline signal our intent to lead the energy transition and anchor energy security through a diversified mix of fuels and technologies and strategic partnerships. As these projects move toward feasibility, execution, and commercial operation stages, the maturing project pipeline is expected to generate exponential value for the Group and the country.

Our investments are structured to deliver sustainable revenue streams, improve Group profitability, and support reinvestment into new growth areas. Critically, they are also catalysts for industrialisation, particularly in underdeveloped regions, by enabling infrastructure-led economic zones, creating long-term employment opportunities, expanding local supplier participation, and stimulating the downstream energy value chain. In alignment with the national economic recovery agenda, our infrastructure-led

GROUP CHIEF EXECUTIVE'S REPORT (CONT)

growth approach is designed to crowd-in private capital and key strategic partnerships, build resilient energy systems, and ensure that the transition of energy becomes a platform for inclusive, broad-based economic empowerment

Strengthening Our Operating Model

To deliver on our ambitions at scale and with precision, we have continued to strengthen and modernise the CEF Group's operating model. This includes transforming how we manage performance, govern operations, deploy talent, and execute strategic Programmes. In support of improved performance and strategic coherence, we implemented several key operational enhancement initiatives.

Shared Services Model – Driving Efficiency and Synergy: The Group's Shared Services Model continued to be operationalized to consolidate back-office functions across finance, HR, IT, procurement, and legal. Benefits included cost efficiencies from standardised processes and economies of scale, improved governance through consistent policies and controls and freed-up capacity within subsidiaries to focus on core mandate. This is about creating a scalable platform to support future growth and integration.

Digitization and Data Intelligence: The rollout of our automated Business Performance Management System (BPMS) will transform how we track, measure, and respond to business performance through real-time data dashboards for proactive decision-making and enhance risk visibility and strategic alignment. This move supports our shift toward a data-driven, digitally-enabled organisation — critical for agility in volatile markets.

Outlook

As we enter the next phase of our strategic journey, the CEF Group is focused on ensuring the successful operationalisation of the South African National Petroleum Company (SANPC) as a central pillar in building a strong, integrated national energy entity. The transition process — involving the consolidation of PetroSA, iGas, and SFF — will require seamless execution of structural, cultural, and governance alignments. Our immediate priority is to support key transition activities and embedding a unified, performance-driven culture across the merged entities. At the same time, we remain fully committed to the stabilisation of PetroSA, including progressing the GTL facility recovery and implementing the turnaround roadmap to ensure commercial sustainability and readiness for full SANPC integration.

Operational excellence remains a key theme across the Group. At AEMFC, targeted efforts are being made to restore operational efficiency and improve coal quality output through disciplined execution of the recovery plan, infrastructure upgrades, and the resolution of legacy supply chain constraints. These interventions will strengthen the entity's ability to meet customer demand, preserve revenue, and sustain long-term viability. Across all subsidiaries, we are driving improved productivity, cost control, and monitoring, supported by the Group Shared Services Model and enhanced use of real-time data and automation. This strengthens our foundation for stability, while creating the operational headroom to pursue strategic growth.

Looking ahead, the Group is accelerating the development of key energy infrastructure projects that are essential to South Africa's energy security, industrial recovery, and just transition. Our growth pipeline — including gas import terminals, gas-to-power projects, renewable energy assets, and the recommissioning of refining capacity — is being advanced with clear focus on bankability, strategic partnerships, and delivery readiness. These initiatives will unlock regional energy integration, crowd-in investment, and stimulate industrial activity, positioning the CEF Group at the forefront of the country's energy transition and economic reindustrialization.

A critical enabler of our long-term success is the implementation of the CEF Board-approved Group Innovation Strategy, which aims to embed innovation as a core organisational capability. This strategy promotes a culture of continuous improvement, technological advancement, and future-focused thinking across all our subsidiaries. By embracing emerging technologies, fostering internal innovation, and forming

GROUP CHIEF EXECUTIVE'S REPORT (CONT)

strategic partnerships with research institutions and industry leaders, we are positioning the Group to unlock efficiencies, accelerate project development, and future-proof our operations. The Innovation Strategy also supports our goal of becoming a high-performance, data-driven organisation by leveraging digital tools, automation, and advanced analytics to drive smarter decision-making, operational agility, and service excellence

Underpinning all our efforts is a deep commitment to developing our people and enhancing shareholder value. We are investing in leadership development, critical technical skills, and succession planning to build a future-ready organisation capable of executing on a bold, multi-decade mandate. By strengthening governance, aligning performance to strategy, and prioritizing transformation, we aim to create long-term value for the State, the economy, and society. The volatile and fast-changing environment necessitates a mindset shift, where agility, innovation, and strategic execution become everyday practices. As we move forward, the CEF Group will remain agile, disciplined, and purpose-driven — a catalyst for growth, and a builder of energy security and national prosperity.

"Sustained growth is not a product of stability, but of agility — the ability to respond to disruption with purpose, and to transform uncertainty into opportunity. As the CEF Group, our resilience lies in our resolve to lead through change, create lasting value, and ensure South Africa's energy security for generations to come."

This year has tested the strength of our foundations. But through our people, partnerships, and purpose, we continue to advance the national energy agenda with clarity and commitment. I remain confident that, together with our stakeholders, we will build an energy-secure, inclusive, and resilient future.



Dr. Tshepo Mokoka

Chief Executive Officer

Central Energy Fund Group

30 September 2025

SECTION 2
ABOUT CEF
GROUP

ABOUT CEF GROUP

CEF GROUP OVERVIEW

CEF SOC Ltd ("CEF") is a state-owned company mandated by the Central Energy Fund Act No. 38 of 1977 (the CEF Act) and serves as the holding company for a portfolio of subsidiaries that collectively form the CEF Group of Companies.

In terms of its legislative mandate, CEF is tasked with ensuring the security of energy supply across the entire value chain – including the exploration, production, and supply of coal, gas, liquid fuels, and other primary energy sources. Guided by the CEF Act, its subsequent amendments, the Public Finance Management Act (PFMA) No. 1 of 1999, applicable National Treasury guidelines, and the internal Corporate Planning and Business Performance Management Framework, the Group undertook a strategic review during the previous planning cycles. This strategic exercise aimed to:

- Leverage Group-wide synergies;
- Enhance internal cohesion and awareness;
- Promote commercial sustainability;
- Strengthen delivery of the developmental mandate; and
- Foster a more value-creating relationship with our Shareholder, the Department of Mineral and Petroleum Resources (DMPR), formerly the DMRE.

CEF SOC's Role as Holding Company

As the strategic controller of the Group, CEF SOC:

Provides strategic leadership, governance oversight, and performance monitoring;

Ensures alignment across subsidiaries while respecting their unique mandates;

Leads the strategic direction of the Group and facilitates integration to maximise operational and financial synergies;

Played a pivotal role in overseeing and supporting the merger of iGas, Strategic Fuel Fund (SFF), and PetroSA to form the South African National Petroleum Company (SANPC).

Strategic Divisions and Responsibilities

CEF SOC also hosts the following key functions:

- **Energy Projects Division (EPD)** – responsible for leading and managing strategic energy projects across the value chain.
- **Equalisation Fund (EQF)** – administered on behalf of the DMPR, this fund plays a critical role in regulating liquid fuel price changes, thereby supporting stability and efficiency in the national energy market.

The Group's corporate structure – reflecting the formation of SANPC – has evolved to support a more streamlined, integrated, and agile organisation, better positioned to drive both commercial and developmental outcomes in the South African energy sector.

OUR MANDATE

CEF SOC Ltd is mandated to contribute to the security of energy supply in South Africa and the broader region through exploration, acquisition, development, marketing, and strategic partnerships. This mandate is derived from the Central Energy Fund Act (No. 38 of 1977) and subsequent Ministerial Directives issued by the Department of Mineral and Petroleum Resources (DMPR).

OUR ROLE

CEF fulfils its mandate through the following strategic roles:

- **Ensure energy security:** Facilitate the availability of affordable, accessible, and diversified primary energy resources.
- **Act as a strategic partner to the DMPR:** Provide technical insight and support in the development of policy, regulation, and the implementation of strategic energy projects.
- **Maintain financial sustainability:** Operate as a commercially viable state-owned entity (SOE), capable of supporting the implementation of government policies and programmes.
- **Reduce overdependence on multinationals:** Operate across the full energy value chain to help correct market failures and reduce reliance on international players.

ABOUT CEF GROUP (CONT.)

- **Align with the National Development Plan (NDP):** Function as a catalyst for economic growth, poverty alleviation, and economic transformation.
- **Provide thought leadership:** Lead in the areas of energy policy development and contribute to national and regional energy innovation initiatives.
- **Enable new energy technology deployment:** Drive the acquisition, development, and manufacture of innovative energy solutions – including from coal, oil, gas, and renewable sources – to meet the future energy needs of South Africa, SADC, and the broader sub-Saharan African region.

OUR MISSION

The Board upholds the organization's mission which is to grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable affordable energy in Southern Africa.

OUR VISION

To be a leading diversified energy company that provides sustainable energy solutions for Southern Africa. This way CEF contributes to national energy security.

OUR VALUES

The CEF Group of Companies (CEF), through the holding company CEF SOC Ltd and supported by its subsidiaries, is to be directed by the following values which form the acronym "BRICS":

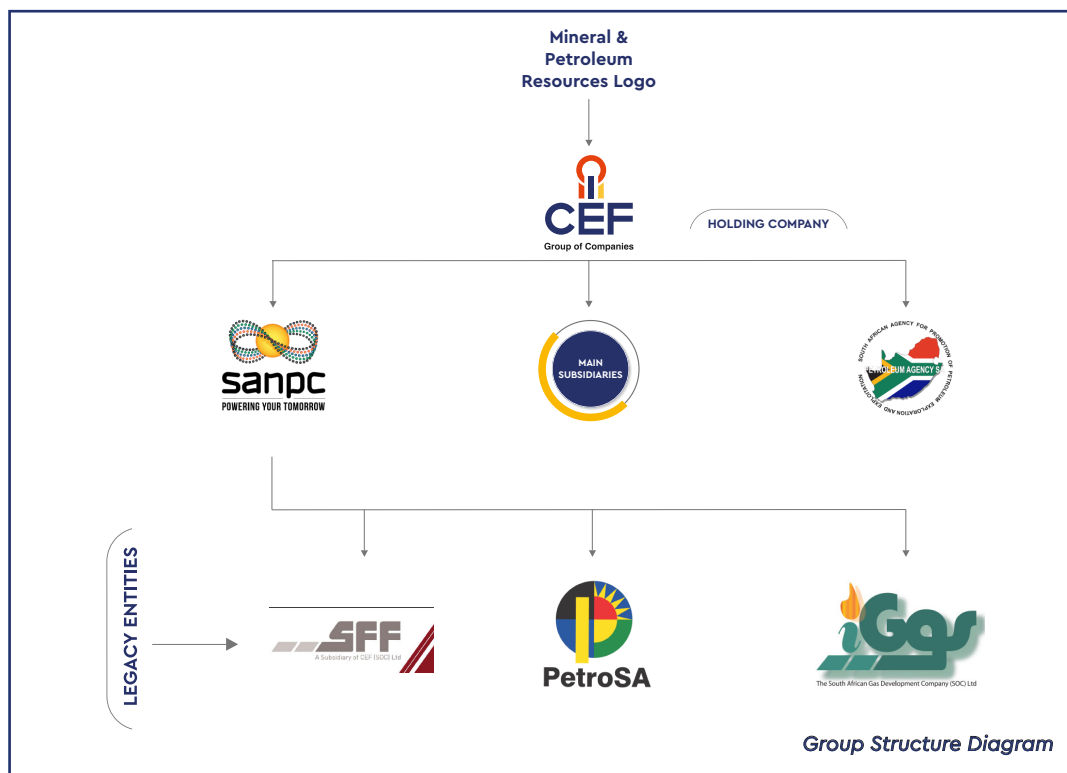
B: Batho Pele	We are committed to work together to put people first in ensuring a zero harm, and commercially viable business that adds value to the people of South Africa.
R: Respect	We are committed to hold all our stakeholders in high esteem and treat them with honour and understanding.
I: Integrity	We are committed to do the right things the right way even if no one is looking inculcating transparency in the conduct of business, communications in the application of skills and mobilisation of organisational resources.
C: Continuous Improvement	We are committed to ensure operational excellence, innovation, agility and quality in our opportunity selection, decision making and service and product delivery.
S: Stewardship	We are committed to lead in a responsible manner that ensures caring through professionalism, accountability and custodianship that improves value over time.

THE GROUP STRUCTURE

As the holding company, CEF SOC assumes the role of a strategic controller, providing leadership, oversight, and monitoring of governance and business performance for its subsidiaries. CEF SOC plays a crucial role in setting the Group's strategic direction and promoting integration among its entities. While respecting the distinct mandates of each subsidiary, CEF SOC ensures alignment of processes and systems to capitalise on synergies throughout the organization, which includes facilitating and supporting the merger to form the SANPC.

ABOUT CEF GROUP (CONT.)

As highlighted below, the CEF Group structure represents the way business divisions and units are organised and includes the various governance structures to enforce accountability:



OUR VALUE CHAIN

The subsidiaries of CEF SOC operate in various sectors of the energy value chain. As, outlined below, each of these subsidiaries operate with a dual mandate of commercial and developmental objectives:

Subsidiary	Business Focus	Value Statement
	Holding Company providing strategic direction, monitoring and evaluation, Group oversight and development of new sustainable entities in support of security of energy supply.	To lead the development, financing and management of diverse energy solutions for security of energy supply on behalf of the RSA Government.
 Energy Projects Division (EPD)	Clean and Renewable Energy. The Energy Projects Division aims to become a catalyst for the commercialisation of (new) energy technologies including being a pioneer for energy market development within South Africa. This includes industrialisation, market research for identified technologies and investments in commercially viable renewable energy projects.	To oversee subsidiaries and spearhead delivery of mandate.

ABOUT CEF GROUP (CONT.)

Subsidiary	Business Focus	Value Statement
 AFRICAN EXPLORATION MINING AND FINANCE CORPORATION SOC LTD	Responsible for securing South Africa's energy supply primarily through the mining and supply of coal for the generation of electricity, as well as securing other resources that will provide energy for the future, including key minerals for beneficiation in the energy and steel value chain.	To ensure that South Africa's energy-producing and beneficial mineral resources are secured to allow economic and social benefits for RSA and its citizens. To drive the transformation of the South African mining industry, utilising the guidelines from the EE, BBBEEE and PPPFA Acts, including the Mining Charter.
 SOUTH AFRICAN AGENCY FOR PROMOTION OF PETROLEUM EXPLORATION AND PRODUCTION	The promotion for and regulation of the upstream petroleum industry in South Africa both onshore and offshore	Regulate the exploration for hydrocarbons in a manner that promotes the industry and national economic objectives.
 sanpc POWERING YOUR TOMORROW	Implemented from the merger of three 100% CEF owned subsidiaries namely, the South African Gas Development Company (iGas), the Strategic Fuel Fund (SFF) and the Petroleum Oil and Gas Corporation of South Africa (PetroSA)	The company's objective is to be the government's "energy champion" and facilitator of energy infrastructure across the value chain. Process of obtaining S51/54 approvals
 iGas The South African Gas Development Company (SOC) Ltd	Responsible for developing the gas infrastructure for South Africa and developing the gas market in the country.	To support the growth of the South African economy through active investments in South Africa for the provision of gas molecules and gas infrastructure.
 PetroSA	PetroSA (The Petroleum, Oil and Gas Corporation of South Africa SOC Ltd) is the national oil company (NOC) of South Africa. Its main activities are exploration and extraction of natural gas and oil from offshore fields in South Africa; the production of synthetic fuels from gas through a gas to liquids (GTL) refinery.	To commercially develop, beneficiate, and supply hydrocarbons in order to contribute to security of energy supply.
 SFF A Subsidiary of CEF (SOC) LTD	The Strategic Fuel Fund (SFF) is responsible for acquiring and maintaining strategic fuel stocks and provide the country with security of supply of hydrocarbons and related infrastructure in case of emergency.	To provide the country with security of supply of hydrocarbons and related infrastructure in case of emergency.
CEF Carbon	CEF Carbon is a special purpose vehicle for CEF's equity in the 100 MW CSP ACWA Redstone Project. The baseload solar power plant in the Northern Cape is under construction.	Towards realisation of the CEF SOC mandate of operating in the renewable energy sector and contributing to the security of energy supply
ETA Energy	ETA Energy is for implementing the solar water heater (SWH) programmes of CEF SOC.	Delivery of the developmental mandate of the CEF Group

ABOUT CEF GROUP (CONT.)

As part of its growth trajectory and strategic investment mandate, CEF SOC Ltd may, where appropriate, establish new entities, dissolve non-strategic or underperforming subsidiaries, incubate emerging ventures, or enter into joint partnerships of varying scale and complexity. These interventions are informed by the organisation's value proposition as a strategic investor and are implemented in alignment with the prevailing parenting strategy to ensure optimal synergy with national energy priorities and shareholder expectations.

Historical Evolution

1950's - Political situation leads the SA Government to invest in securing crude oil - Investment in Sasol 1 - Moref (1954) - Sapref (1956) built in Durban	1960's - Levies on liquid fuels managed by SEF/SFF - Investment in Island View & Milnerton facilities - Calref built in Milnerton (1960) - Investment in turning Ogies coal mine into crude oil containers - Soekor embarked on drilling programme	1970's - Petroleum Products Act & CEF Act - Natref built using Iranian resources in Sasolburg (1974) - CEF used as a vehicle to invest in Sasol III following the 1974 & 1979 oil crises - Gas found offshore - Continue filling Ogies - Construction of Saldanha facility
1980's - Decision to build Moss gas GTL - Island View terminal sold - Some tanks at Milnerton (refinery side) sold to Caltex	1990's - Moss gas commissioned - Sasol loan repaid - Start of sell-off of Ogies oil - Publication of Whiter Paper on Energy Policy - Decision to create PASA & PetroSA from Moss gas & Soekor - Sasol decides to build - Mozambique gas pipeline - Decision to create iGas (199/200)	2000's - iGas takes up to 25% share in Rompco 2003 high level business strategy starts move from oil & gas to renewable through EDC (EPD) - Proliferation of small subsidiaries (CEF Carbon, CCE, ETA, SASDA etc.) - Liquid Fuels Master Plan guides PetroSA strategic thinking - AEMFC created

ABOUT CEF GROUP (CONT.)

2010 to 2025

- CEF participates in the REIPP Procurement Programme
- (land to gas project)
- Capacity of Gas Pipeline from Mozambique to South Africa increased
- AEMFC opens Vlakfontein mine
- PetroSA embarks on a drilling campaign
- PASA lodges a continental shelf claim
- CEF vision 2025 approved
- CEF Solar Park Project Concept approved by Cabinet
- CEF Group rationalisation project initialised
- Acquisition of SAPREF, now called SANPC Refinery
- Merger of iGAS, SFF, PetroSA finalised to create SANPC

GLOBAL FOOTPRINT

The CEF Group of Companies maintains a range of strategic partnerships and global operations across the energy value chain, in alignment with its mandate and portfolio diversification strategy. The Group currently operates in South Africa, Ghana, Mozambique, the Netherlands, and South Sudan.

In addition, CEF has established key Government-to-Government strategic relationships with statutory entities in various oil-producing countries. These partnerships are critical to supporting South Africa's energy security objectives, enabling greater cooperation, knowledge exchange, and access to diversified energy resources.

ABOUT CEF GROUP (CONT.)

South African Operations	Ghana Operations	Mozambique Operations	South-Sudan Operations
• Mining, • Offshore Production, • Refining, • Renewables Investment, • Crude oil Storage, • Hydrocarbons, • Energy Developmental programmes, and Research	• Stake in Jubilee Oilfield that produces 90 000 Barrel Oil per day, • Through PetroSA, the Group will be exercising the pre-emptive rights to increase their stakes in the Jubilee and Twenboa-Enyenra-Ntomme (TEN) fields	• Rompco – a joint venture company between iGas (40%), CMG (40%) & Sasol (20%) that owns and operates an 865km high pressure transmission gas pipeline which extends from Mozambique South Africa.	• Joint project to develop petroleum infrastructure in South Sudan for the benefit of both countries and the continent in support of the Agenda 2063 of an energy independent Africa.

LEGISLATIVE ENVIRONMENT

As a diverse Group of companies operating within a complex and evolving energy landscape, the CEF Group is governed by a range of legislative and regulatory frameworks. These frameworks shape our strategic direction, ensure compliance, and define the parameters for operational effectiveness in delivering on our mandate and supporting government's broader developmental objectives. While not exhaustive, the following legislation and policies are integral to guiding our strategic planning and execution:

Legislation	Energy Sector Planning
Central Energy Fund Act No. 38 of 1977 (as amended)	National Development Plan (NDP2030)
Public Finance Management Act No.1 of 1999	Integrated Resource Plan (IRP) 2019
Preferential Procurement Policy Framework Act No. 5 of 2000	Biofuels Regulatory Framework
Companies Act No. 71 of 2008	Energy Security Master Plan, 2007
Protection of Personal Information Act, 2013	Draft Integrated Energy Plan
Broad-Based Black Economic Empowerment Act No. 53 of 2003	Draft Liquid Fuels Master Plan
National Energy Act 34 of 2008	Draft Gas Master Plan
Mineral and Petroleum Resources Development Act, 2002	Draft Petroleum Strategic Stocks Policy
King Code of Conduct for Corporate Governance	Draft Upstream Petroleum Resources Development Bill
Hazardous Substances Act 15 of 1973	
Basic Conditions of Employment Act, 1997	
National Energy Regulator Act 40 of 2004	
Income Tax 58 of 1962	

ABOUT CEF GROUP (CONT.)

Legislation	Energy Sector Planning
Prevention and Combating of Corrupt Activities Act No. 12 of 2004	
Petroleum Pipelines Levies Act No.28 of 2004	
Occupational Health and Safety Act No. 85 of 1993	
Promotion of Access to Information Act 2 of 2002	

GROUP GOVERNANCE AND LEADERSHIP STRUCTURE

For CEF SOC to perform effectively and deliver on its mandate, the creation of an agile and fit for purpose structure and operating model that can execute the approved plan without difficulties is paramount.

The diagram below summarises the CEF Group governance structure:



ABOUT CEF GROUP (CONT.)

CEF Board of Directors

The role of **the CEF Board** is to provide strategic leadership and governance that enables the Group to reinvent itself, adapt swiftly, and leverage innovation as a catalyst for long-term commercial sustainability. The current Board remains committed to driving transformation, guiding the organisation through a dynamic energy landscape, and ensuring that the Group remains future-focused, agile, and resilient in delivering on its mandate. This is the Board entrusted with steering the CEF Group forward. The CEF SOC Board is supported by subsidiary's Boards in each of the subsidiaries.

	Ms. AYANDA NOAH CEF Group Chairperson • Appointment to the Role: 2020 and Renewed in 2023 • Key Expertise: Strategic Leadership, Project Management, Sustainability Development, Inter-governmental Relations • Academic Qualifications: Accredited PR Eng with ECSA, MBA from the International Management Centre (IMC), an Executive Development Programme from Wits, an Advanced Management Programme from Harvard, BSc (Electrical Engineering) from UCT, Member of SAIEE & IoDSA • External Role: Founder & MD of AN Duke Solutions Engineering consultancy
	Ms. UNATI FIGLAN Non-Executive Director • Appointment Date: 2022 • Key Expertise: Engineering Management, Infrastructure Project Management, Power Utility, Railway and Executive Leadership, Enterprise Risk Management • Academic Qualifications: Accredited PR Eng, Certified Engineer for factories (GCC), MAP from GIBS & BSc (Electrical Engineering) from UCT • External Role: Founder & MD of Hlonela Engineering Solutions, Member of a farming & Educational operations called Punqa Pty Ltd and X-squared Pty Ltd

ABOUT CEF GROUP (CONT.)

	Mr. JIM BESNAAR Non-Executive Director • Appointment to the Role: 2022 • Key Expertise: Project Management, Financial Management, Risk & Audit, Infrastructure Delivery, Project Finance, Business Strategy • Academic Qualifications: Chartered Accountant & Postgraduate Diploma (Accounting & Finance) from UCT • External Role: CEO for Makomota Investment Holdings (Pty) Ltd & shareholder at Circle Way Trading, Bricksnet, Yard Plant Rentals (Pty) Ltd, Dragon Loo (Pty) Ltd
	Ms. GOSETSEONE LEKETI Non-Executive Director (DMPR Representative) • Appointment to the Role: 2016 • Key Expertise: Project Management, Energy Research, Inter-government Relations, Project Management, Health & Safety Management • Academic Qualifications: BCom (Hons) Statistics and BCom from North West University • External Role: Chief Director: Petroleum Products at the DMPR (previously DMRE)
	Dr. TSHEPO MOKOKA CEF Group Interim CEO & Executive Director • Appointment to the Role: 2025 • Key Expertise: Macro Economics, Financial Modelling, Analytical Thinking, Strategic Entity Oversight, Stewardship of complex Policy & Operational Processes, Published Author of peer-reviewed journals • Academic Qualifications: PhD & MCom in Economics, Bachelor of Economic Science (Hons) & BSc (Economics)

ABOUT CEF GROUP (CONT.)

	Ms. DITSIETSI MORABE Group CFO & Executive Director • Appointment to the Role: 2022 • Key Expertise: Supply Chain Management, Policy Analysis, Finance, Risk & Audit, Performance Assessment • Academic Qualifications: MCom, BCom (Hons) in Economics & Public Finance, BCom (Economics & Business Economics) & Executive Development Programme, University of Stellenbosch for Management Programme completed.
	Mr. MULALO RADZWINANI CEF Group Company Secretary • Appointment to the Role: 2023 • Key Expertise: Legal & Compliance, Development & Strategy Analysis, Financial Management, Corporate Governance • Academic Qualifications: BJuris, LLB (Post.Grad), Post.Grad Diploma in International and African Regional Law, Executive Development Programme, Post.Grad Certificate in Corporate Governance and Strategic Management

CEF SUBSIDIARY CHIEF EXECUTIVES

As the holding company, CEF SOC Ltd delegates authority to the Chief Executives (CEOs) of each subsidiary to oversee and manage their respective operations in line with the group parenting strategy. These CEOs are entrusted with the responsibility of providing both strategic direction and operational leadership within their entities, supported by their own governing bodies. They are accountable for ensuring the successful execution of business plans, compliance with statutory obligations, and delivery of key performance outcomes in alignment with the overarching Group strategy. Furthermore, they are expected to drive innovation, operational excellence, and stakeholder value creation while maintaining strategic coherence across the Group.

	Mr. LEMOGANG PITSOE CEO: AEMFC • Appointment to the Role: 2022 • Key Expertise: Mining, Investment, Exploration, Financial Management, Business Development • Academic Qualifications: MBL from UNISA, BSc. (Mining Engineering) from Wits & Diploma in Investment Management from RAU
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ABOUT CEF GROUP (CONT.)

	Mr. GODFREY MOAGI Interim CEO: SANPC • Appointment to the Role: 2024 • Key Expertise: Strategic Leadership, Supply & Trading, Value Chain Management, Governance and Compliance Management • Academic Qualifications: Executive Programmes from Wits and Harvard & BCom (Hons) and a BCom degree.
	Dr. BONGANI SAYIDINI Interim CEO: Petroleum Agency SA • Appointment to the Role: Transitioned from role of COO to Interim CEO in 2025 • Key Expertise: Oil and gas Supply & Trading, Project Management, Analytical Skills, Petroleum Law • Academic Qualifications: PhD (petroleum law) & an MBA from the UCT, an LLM (petroleum law & policy) from University of Dundee, an MSc (petroleum engineering) from London University, a diploma from the Imperial College, London & bachelors in chemical engineering
	Ms. SESAKHO MAGADLA Interim CEO: Legacy Entities (iGAS, SFF, PetroSA) • Appointment to the Role: 2024 • Key Expertise: Gas Infrastructure, Policy Formulation, International Strategy Development, Onshore & Offshore Projects Acquisition, Sustainability Development, Project Management • Academic Qualifications: Accredited PR Eng, BSc (Mechanical Engineering) • During this transitional period, Ms Magadla is also serving as the MD: SANPC Refinery.

ABOUT CEF GROUP (CONT.)

THE CEF GROUP EXECUTIVE MANAGEMENT

CEF SOC Ltd – through its **Executive Committee (Exco)** – is responsible for defining and steering the overarching strategic agenda for the Group. This includes driving sustainable growth, setting performance benchmarks, fostering strategic partnerships, and advancing portfolio diversification in a cohesive and integrated manner. The Exco plays a pivotal role in ensuring that all initiatives across the Group are strategically aligned, thereby facilitating the effective extraction of synergies, enhancing operational efficiency, and maximising value creation across the enterprise.

Key Consolidated Skills:

- Project Management
- Supply Chain Management
- Policy Analysis
- Risk Management
- Legal Advisory
- Business Ethics
- Governance & Compliance
- Financial Management
- Financial Auditing
- Contract Management
- Strategy Management

	Dr. TSHEPO MOKOKA CEF Group CEO (Interim) • Appointment to the Role: Transitioned from GCOO role to Interim Group CEO in 2025 • Key Expertise: Responsible for leading the organization towards its strategic goals, ensuring effective operations, and aligning with government objectives. This includes overseeing the entire energy value chain, managing subsidiaries, and promoting energy security for South Africa and the region. • Academic Qualifications: PhD & MCom (Economics), Bachelor of Economic Science (Hons), BSc (Economics)
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ABOUT CEF GROUP (CONT.)

	Ms. DITSIETSI MORABE CEF Group CFO • Appointment to the Role: 2022 • Key Expertise: Overseeing all financial activities of the CEF Group, including financial planning, risk management, and financial reporting. Also plays a key strategic role working with the GCEO and Board to develop and implement financial strategies that align with the group's overall objectives. • Academic Qualifications: MCom (Economics) from North West University, BCom (Hons) in Economics from Pretoria University, BCom (Economics) from Vista University & Executive Development Programme, University of Stellenbosch for Management Programme completed.
	Mr. SIFISO MSABALA CEF Group COO (Interim) • Appointed to Group Exco: Transitioned from GM: Energy Projects to Interim GCOO in 2025 • Expertise: Overseeing the operational aspects of the CEF Group, ensuring efficient and effective functioning across its various subsidiaries and strategic initiatives. This includes implementing the corporate plan, managing key risk areas, and driving growth through diversification and infrastructure development. • Academic Qualifications: MSc & Beng (Elect) from UCT
	Mr. SAKHIWO MAKHANYA CEF Group Executive: Strategy & Subsidiary Management • Appointed to Group Exco: 2023 • Group Responsibilities: Oversees the development, communication and execution of the overall corporate strategy. This includes identifying growth opportunities, assessing market trends and ensuring alignment of business units and resources with the company's goals • Academic Qualifications: MBA (Business Strat & Entrepreneurship, Senior Management Development Programme from Wits, Postgraduate Diploma (Advanced Project Management)

ABOUT CEF GROUP (CONT.)

	Ms. BRENDA MOAGI CEF Group Executive: Legal, Compliance, Risk & Security Management • Appointed to Group Exco: 2020 • Expertise: Providing strategic legal advice, overseeing corporate governance, and ensuring regulatory compliance across the group. This includes developing and implementing legal and governance frameworks, managing litigation, overseeing contract management, and collaborating with various stakeholders on legal matters. • Academic Qualifications: Admitted Attorney, LLM and LLB (International Law) from Pretoria University, Management Development Programme (MDP) from Wits
	Ms. ZINHLE THUPANA CEF Group Executive: Corporate Services • Appointed to Group Exco: 2022 • Expertise: Providing strategic leadership and management for the group Corporate Services, ensuring operational excellence across various functions. This role involves overseeing Human Capital, Communication, Facilities & Support Services. • Academic Qualifications: Certified Ethics Officer, MBA from Regenesys, Senior Management Development Programme from Wits, NDip in Accounting
	Mr. MULALO RAZWINANI CEF Group Company Secretary • Appointed to Group Exco: 2023 • Expertise: Ensuring the company's compliance with all relevant laws and regulations, managing corporate governance, supporting the board of directors, and facilitating communication between the board, management, and stakeholders. • Academic Qualifications: LLB and BJuris from KZN University

ABOUT CEF GROUP (CONT.)

	Ms. Fhatuwani Tshikomba CEF Group Chief Audit Executive • Appointed to Group Exco: 2023 • Expertise: Overseeing the internal audit function, ensuring it aligns with the group's strategic objectives and risk profile. This includes developing and implementing an internal audit charter and methodology, as well as creating and managing a comprehensive risk-based audit plan. • Academic Qualifications: MBL, Post Graduate Diploma in Internal Auditing & Certificate in Performance Auditing from Unisa and BCom (Accounting) from Venda University.
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CEF AND THE LEADERSHIP RADAR

The CEF Group's governance and leadership structures continues to serve as a critical enabler of strategic delivery, stability, and accountability across the organisation. Anchored in sound governance principles, ethical leadership and transparent oversight, the structures ensure that the Group remains aligned with its mandate to secure South Africa's energy future. Through clearly defined roles, effective subsidiary oversight and integrated decision-making, the Board and executive leadership provide the stewardship necessary to drive transformation, manage risk and navigate the evolving energy landscape. As the Group advances its strategic priorities in 2025 and beyond, strong governance remains central to sustaining performance, fostering stakeholder confidence, and building a resilient, future-fit energy organisation.



SECTION 3
BUSINESS
OVERVIEW
& STRATEGIC
OUTLOOK

BUSINESS OVERVIEW & STRATEGIC OUTLOOK

OPERATING ENVIRONMENT

The 2024/2025 CEF Group reporting cycle unfolded against a backdrop of mounting complexity and volatility within both the global and domestic operating environments. Strategic formulation, operational priorities, and risk management frameworks were shaped by a dynamic interplay of internal capabilities and external megatrends.

The Global Energy and Economic Landscape

The global energy and economic landscape experienced profound disruption during the reporting period. Foremost among these was the continued impact of the Russia-Ukraine conflict, which destabilised global energy markets, triggered persistent supply chain disruptions, and intensified commodity price volatility. These dynamics were further compounded by significant geopolitical realignments.

Concurrently, the world entered a global election super-cycle, culminating in the re-election of Donald Trump as the 47th President of the United States. This political development signalled a return to protectionist trade policies, a more assertive approach to American energy independence, and the potential erosion of long-standing international trade agreements. The resulting geopolitical uncertainty is expected to reshape global investment flows, regulatory frameworks, and cross-border energy dynamics.

Additional **global macroeconomic and geopolitical** stressors during the period included:

- Persistently high inflation and elevated interest rates, which constrained global economic growth and dampened investor sentiment.
- A rise in protectionist trade practices, manifested through local-content requirements and tariff barriers, impeding the free flow of energy goods and services.
- Heightened geopolitical tensions in the Middle East, particularly surrounding strategic maritime routes, affecting the secure movement of key energy commodities.

- Accelerating climate volatility, alongside intensifying global demands for decarbonisation, energy transition, and enhanced environmental accountability.
- Escalating cybersecurity threats, increasingly targeting critical energy infrastructure and exposing vulnerabilities in the sector's digital ecosystems.
- Ongoing decoupling of global economies, with the emergence of new regional power blocs reshaping energy alliances, trade routes, and capital flows.

Collectively, these shifts have created a more fragmented, uncertain, and risk-prone global energy landscape – demanding enhanced resilience, operational agility, and strategic foresight from energy players such as the CEF Group. As a state-owned entity with strategic national energy responsibilities, CEF must navigate these external pressures while remaining focused on long-term value creation, national energy security, and a just energy transition.

Domestic Economic Context

Domestically, the South African operating environment remained constrained and characterised by elevated uncertainty. In 2024, the country recorded modest GDP growth of 0.6%, a level insufficient to meaningfully alter the entrenched challenges of high unemployment and widespread poverty. The national unemployment rate remained persistently high at 32.9%, fuelling public discontent and increasing pressure on the state to accelerate structural economic reforms and deliver inclusive growth.

A major impediment to economic expansion continued to be energy insecurity. While there were signs of improvement in the latter half of the financial year – marked by a marginal decline in load shedding incidents – the reliability of energy supply remained a critical concern. Long-term investor confidence and economic productivity remained vulnerable in the absence of systemic reform and expedited new generation capacity.

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

The broader **business climate** was further challenged by:

- Elevated input costs, driven by inflationary pressures and currency volatility;
- Persistent logistical bottlenecks, particularly within key transport and freight corridors;
- Muted private sector investment, reflecting investor caution amidst policy uncertainty;
- And growing expectations on state-owned enterprises (SOEs) to deliver demonstrable impact on national development imperatives, particularly around economic growth, infrastructure development, and employment creation.

Against this backdrop, the CEF Group, as a strategic energy state-owned-entity, continues to play a pivotal role in enabling national energy security, supporting industrialisation, and contributing to South Africa's just energy transition.

GROUP BUSINESS OVERVIEW

As the implementing arm of the Department of Mineral and Petroleum Resources (DMPR), the CEF Group occupies a strategic position at the heart of South Africa's energy and economic development agenda. Mandated to ensure the country's energy security, industrialisation, and socio-economic transformation, the Group continues to serve as a critical enabler of national priorities – particularly in an era marked by global energy uncertainty, climate imperatives, and accelerating technological disruption.

With a diverse portfolio of operating subsidiaries and strategic investments across the petroleum and energy value chains, the CEF Group is uniquely positioned to shape the future of South Africa's energy ecosystem. From upstream exploration to refining, storage, gas infrastructure and downstream market development, the Group acts as a key instrument for:

- Securing long-term energy supply, including diversification toward cleaner, sustainable sources;
- Driving industrial capability, localisation, and energy independence;

- And stimulating job creation, innovation, and transformation within the energy sector.

The expectations placed on the Group have never been higher – reflecting both the scale of its asset base and the urgency of the national challenges it must address. In this regard, the Group's ability to balance its developmental mandate with commercial discipline is paramount. We are expected not only to preserve state value, but to unlock new revenue streams, enhance operational efficiency, and deliver sustainable returns to the shareholder.

Evolution to a High-Performance, Development-Driven Enterprise

To remain fit-for-purpose, the CEF Group must accelerate its evolution into a high-performance, commercially agile, and strategically coherent enterprise. This transformation is underpinned by several critical imperatives:

- Reinforcing governance and financial discipline to ensure transparency, sustainability, and public trust;
- Deploying capital more effectively, with a focus on bankable, high-impact energy projects aligned with national priorities and global trends;
- Professionalising the Group's operating model to strengthen performance accountability, streamline shared services, and enable digital transformation;
- Pursuing strategic partnerships, both domestically and globally, to leverage technology, capital, and expertise in fast-tracking project execution and infrastructure delivery;
- Embedding ESG principles, particularly in response to climate change, decarbonisation pressures, and the Just Energy Transition agenda.

Sustaining National Impact and Global Relevance

The CEF Group's licence to operate, and indeed its long-term relevance, rests on its ability to act as both:

- A commercially sustainable business, capable of generating consistent value for the state and delivering a competitive return on public investment;

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

- And a national development catalyst, creating a multiplier effect across energy access, industrial growth, enterprise development, skills development, and localisation.

To this end, the Group's performance will increasingly be judged not only by financial outcomes, but by its ability to:

- Mobilise capital for energy infrastructure,
- Broaden participation in the energy economy,
- Foster innovation and resilience in supply chains,
- And deliver tangible benefits to citizens through affordable, reliable, and cleaner energy access.

Forward Outlook

As we enter a new era of energy transformation – characterised by geopolitical realignments, climate urgency, technological disruption, and shifting investment flows – the CEF Group must remain adaptive, forward-looking, and grounded in purpose. Our focus remains clear: to drive value creation while fulfilling our duty to build an inclusive, secure, and sustainable energy future for South Africa.

MERGER PROJECT PROGRESS AND STRATEGIC SIGNIFICANCE

The Merger Project – a landmark restructuring initiative within the energy sector – has made significant strides during the period under review, laying a solid foundation for the operationalisation of the **South African National Petroleum Company (SANPC)** on the target date of 1st April 2025. This merger brings together PetroSA, iGas, and the Strategic Fuel Fund (SFF) into a single, streamlined entity under the CEF Group's stewardship.

Among the most critical milestones achieved was the approval of the SANPC Corporate Plan, signalling strategic clarity, operational readiness, and alignment with national energy and economic goals. Additionally, the Group completed key governance and statutory compliance requirements, ensuring that SANPC is built on a robust and transparent foundation.

The transfer of assets and people, often among the most complex elements of institutional integration, progressed steadily. While challenges were encountered – particularly in relation to

harmonising employment terms and managing legacy issues – meaningful progress was made, including the drafting of key project agreements and transitional frameworks. The scheduled transfer of 402 employees on 1st May 2025 marks a historic milestone and reflects the Group's commitment to inclusive and well-managed change.

Strategic Alignment and National Impact

The establishment of SANPC positions South Africa to lead more decisively in shaping the future of energy security, sustainability, and sovereignty. As an integrated national petroleum company, SANPC is designed to address long-standing structural inefficiencies in the value chain, consolidate critical infrastructure and expertise, and unlock new growth opportunities for the country.

The strategic benefits of the merger extend well beyond operational efficiency:

- Enhanced leadership in the Just Energy Transition, through a unified capability to diversify the energy mix and drive cleaner, locally anchored solutions;
- Increased value creation, with improved economies of scale, consolidated procurement, and streamlined governance;
- Enterprise and supplier development, with expanded opportunities for small and medium-sized enterprises (SMEs) and black-owned businesses;
- Job creation and skills development, particularly in the areas of downstream operations, energy trading, and infrastructure management;
- Strengthened refinery capability, enabling the country to reduce reliance on imports and reposition local refining assets for competitiveness.

Strategic Fit: Scaling Up for Growth

This transformational project is directly aligned with the CEF Group's overarching strategy of Scaling Up for Growth. The successful integration of SANPC not only strengthens the Group's operating model but also creates the platform for a future-fit, high-impact national energy champion. By consolidating strategic assets under one roof, the CEF Group is enhancing its ability to deliver on its developmental mandate, respond to global and domestic energy

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

market shifts, and catalyse inclusive growth across the energy value chain.

CONCLUSION: STRATEGIC REALIGNMENT FOR A RESILIENT FUTURE

Against the backdrop of an increasingly volatile global and domestic operating environment, the CEF Group has demonstrated resilience, adaptability, and a proactive posture in recalibrating its operations and institutional architecture. The business environment – marked by geopolitical tensions, supply chain disruptions, decarbonisation pressures, and energy insecurity – has necessitated bold and decisive action to safeguard South Africa's energy future.

In response, the CEF Group has embraced a strategic imperative to evolve from a fragmented set of legacy institutions into a commercially agile, financially sustainable, and operationally integrated energy platform. Central to this repositioning is the successful implementation of the SANPC merger, a catalytic initiative that consolidates core petroleum assets to strengthen value creation, improve governance, and enhance execution capacity across the energy value chain.

This transformation is not only aligned with the Group's "Scaling Up for Growth" strategy but also reinforces its commitment to driving the national agenda on energy security, economic development, industrialisation, and the just energy transition. As the implementing arm of the DMPP, the CEF Group is now better positioned to lead with purpose, deliver inclusive impact, and shape a resilient, future-ready energy sector for South Africa.

GROUP STRATEGIC OUTLOOK & PRIORITIES

Having concluded the stabilisation phase of its strategic trajectory, the CEF Group now stands on the cusp of a pivotal transformation – shifting into its "Scaling Up for Growth" phase. This evolution represents more than a change in pace; it signifies a fundamental repositioning of the Group from a stabilising energy player to a strategic architect of South Africa's energy future.

This next phase is informed by a rigorous analysis of both internal dynamics and external realities, including the global energy transition, evolving geopolitical alignments, the imperatives of domestic energy security, and the increasing demand for state-owned enterprises to demonstrate commercial sustainability and developmental impact. To this end, the Group's strategy is anchored around three core enablers:

1. Operational Transformation

To become an agile, responsive, and high-performance organisation, the Group is focused on:

- Driving value chain optimisation to unlock synergies across its portfolio;
- Enhancing delivery capabilities through streamlined processes and efficiency reforms;
- Instilling disciplined capital allocation frameworks to improve return on investment;
- Institutionalising performance accountability to embed a culture of excellence and measurable outcomes.

This transformation is not just inward-looking – it is geared toward improving service reliability, meeting market demands more competitively, and amplifying the Group's contribution to economic growth.

2. Digitalisation and Automation

To improve decision-making velocity and enterprise agility, the Group has initiated the roll-out of an Enterprise Performance Management (EPM) system, supported by digital infrastructure upgrades. This will:

- Provide real-time operational insights and performance dashboards across all entities;
- Enable predictive analytics and scenario-based planning for better risk mitigation;
- Strengthen cross-functional coordination and resource alignment;
- Empower leadership with data to drive results-oriented execution.

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

In a sector increasingly defined by technological disruption and real-time risk, this investment will be a game-changer in positioning the Group as a digitally intelligent public institution.

3. Capability Building

Strategic execution requires not only systems but people. The Group is actively:

- Investing in strategic workforce development and pipeline planning for critical skills;
- Rolling out leadership development programmes to enhance executive depth;
- Embedding change management initiatives to support new business models and operating paradigms;
- Reinforcing a high-performance, values-driven culture to sustain long-term delivery momentum.

This focus on talent and culture is fundamental to enabling CEF's entities to move beyond compliance and into value creation.

RECALIBRATION THROUGH STRATEGIC ALIGNMENT

The strategic recalibration has been underpinned by rigorous external environmental analysis, deep internal capability reviews, and a shift in the CEF Group's parenting strategy, aimed at driving more deliberate value from its portfolio of subsidiaries. These exercises have helped surface a number of enterprise-wide strategic challenges and opportunities – ranging from operational inefficiencies to market positioning gaps.

In recognition of these dynamics, CEF SOC has convened Group-wide strategy workshops and alignment sessions to ideate, test, and prioritise optimal short, medium and long-term strategies. These engagements affirmed the continued relevance of the Group's overarching strategic architecture.

At the heart of this approach lies the CEF Strategy House, a clear, coherent, and integrative framework that articulates the Group's vision, strategic pillars, and execution imperatives. This Strategy House continues to serve as the cornerstone for alignment, cascading into entity-level strategies that are differentiated yet integrated, ensuring collective movement toward a high-impact, commercially robust, and future-oriented energy institution.

House of Strategy Framework



BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

At its core, consistent and progressive performance is the engine that will power the CEF Group's long-term commercial sustainability. By maintaining a disciplined focus on operational excellence and financial prudence, the Group will generate sustainable profit margins – critical for reinvestment into strategic exploration, technological modernisation, asset optimisation, and portfolio diversification. These reinvestments will not only strengthen the Group's competitive positioning but will also fuel the next horizon of growth, enabling CEF to deliver greater economic impact, support the national energy agenda, and build resilience in a dynamic global energy landscape.

"Consistent and progressive performance is the engine that will power the CEF Group's long-term commercial sustainability."

The following section presents the CEF Group's Risk Management and Enterprise Risk Report for the 2024/2025 financial year. This report outlines the Group's approach to identifying, assessing, and mitigating key strategic, operational, financial, and compliance risks across all business units. It provides a comprehensive view of the Group's risk posture, highlights emerging risk themes, and details the effectiveness of internal controls and risk response strategies. As a state-owned entity entrusted with advancing national energy objectives, CEF recognises that robust enterprise risk management is essential to sustaining performance, protecting value, and ensuring long-term resilience in an increasingly complex operating environment.

OUR APPROACH TO ENTERPRISE RISK MANAGEMENT (ERM)

Enterprise Risk Management (ERM) is a structured, proactive process through which organisations identify, assess, evaluate, and manage strategic and operational risks. Its purpose is to ensure that an organisation pursues its mandate and objectives in a manner that is both informed and resilient. At its core, ERM promotes accountable decision-making, improved operational processes, and enhanced controls—supporting the avoidance, mitigation, and management of risks that could impact long-term value creation.

As part of strengthening its ERM framework, the CEF Group has implemented several key governance instruments, including the:

Group Third-Party Risk Management (TPRM) Framework: designed to ensure that risks associated with third-party relationships are effectively identified, monitored, and managed across the Group;

Code of Ethics Policy: which guides ethical decision-making, promotes lawful and responsible conduct, and reinforces the Group's values-based culture; and

Fraud Prevention Policy: which articulates the organisation's zero-tolerance stance on fraud and misconduct and outlines preventative and corrective mechanisms.

These tools collectively enhance the Group's ability to manage enterprise-wide risk while fostering a culture of integrity, transparency, and compliance.

Evolving Global Risk Landscape

The global risk environment continues to evolve, presenting complex, interconnected challenges that transcend national borders. South Africa, like many nations, remains exposed to these global risks, which include:

- Geopolitical tensions,
- Climate change,
- Resource scarcity, and
- Macroeconomic instability.

A key global risk during the 2024/2025 financial year was the imposition of various tariffs by the re-elected U.S. President on imported goods – an act that threatened to trigger a broader global trade war, with potential retaliatory tariffs from other nations. For the CEF Group, operating within a globally interlinked energy value chain, such developments carry material implications for investment flows, supply chains, and cost structures.

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

Domestic Risk Factors

In addition to global risks, South Africa faces a range of persistent domestic challenges. These include:

A high unemployment rate,

A stagnant economy—with GDP growth in Q1 of 2025 recorded at a mere 0.1%, and

A heavy reliance on petroleum imports, exposing the country to external supply shocks and pricing volatility.

These structural vulnerabilities exacerbate the national risk profile and directly impact CEF's ability to ensure security of supply – a key element of its strategic mandate as a Schedule 2 State-Owned Entity.

A Strategic, Foresight-Driven Approach to ERM

In response to this volatile and dynamic environment, the CEF Group recognises the need for an agile and foresight-driven approach to ERM. Embedding strategic foresight into risk management processes enables the organisation to:

- Anticipate and prepare for emerging threats,
- Adapt quickly to shifts in the operating landscape, and
- Preserve resilience across all levels of the business.

Directors, executives, and employees across the Group remain fully committed to the continued strengthening of ERM systems and practices, ensuring that risk management is deeply embedded in all decision-making, project planning, and performance execution activities.

1. OUR RISK MANAGEMENT JOURNEY AND ACHIEVEMENTS

During the 2024/2025 financial year, the CEF Group intensified its focus on strengthening the enterprise-wide risk management framework. The primary objective was to fully operationalise risk management processes across CEF SOC Ltd, ensuring that both strategic and operational risks are effectively identified, mitigated, and monitored.

This risk journey reflects our commitment to embedding a culture of resilience, agility, and accountability – enabling the Group to respond swiftly to the challenges posed by an increasingly complex and volatile global operating environment.

Our approach aimed to provide assurance to stakeholders that risk management is not a siloed function, but rather an integrated discipline that informs key decision-making, safeguards organisational value, and enhances performance outcomes.

Figure: Risk management journey



BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

Successes

The 2024/25 financial year marked significant progress in the implementation and maturity of enterprise-wide risk management practices across the CEF Group. Notable achievements include:

- **Strategic Risk Workshops Conducted:** In the fourth quarter, a series of risk workshops were held across CEF subsidiaries. These sessions brought together management, internal audit, risk, and compliance stakeholders to provide the Board with a holistic view of the Group's strategic risks and subsidiary-specific mitigation strategies.
- **Completion of Risk Registers and Group Consolidation:** All departments within CEF SOC finalised their respective risk registers, culminating in the development of an enterprise-wide risk register. This consolidated register was formally presented to the Board Audit and Risk Committee (BARC) for noting on 24 March 2025.
- **Approval of the Combined Assurance Plan:** The CEF SOC Combined Assurance Plan and Report was finalised and approved by EXCO and BARC on 16 and 17 April 2025, respectively. The plan aims to align and integrate assurance activities to enhance consistency, eliminate duplication, and improve assurance efficiency across the Group.
- **Enhanced Cybersecurity and Data Privacy Oversight:** Significant improvements were made to the cybersecurity and data privacy risk profiles through revised policies and the establishment of robust governance structures. A dedicated IT Steering Committee – incorporating all three lines of defence (business, risk, compliance, and internal audit) – was established to ensure effective escalation and oversight of cybersecurity and data privacy risks.
- **Implementation of Key Governance Policies:** The Group successfully developed and implemented the Third-Party Risk Management Policy, Ethics Policy, Fraud Prevention Policy, and Business Continuity Management (BCM) Framework. These instruments enhance supplier risk management and embed sound corporate governance practices.
- **Improved Risk Maturity Rating:** CEF SOC achieved a Level 4 risk maturity rating at the end of Q4 of the 2024/25 financial year – up from Level 2 in 2023/24. This reflects substantial

progress in embedding risk management across the organisation.

Challenges

Despite the strides made, the Group encountered several challenges that adversely impacted the overall risk profile during the year:

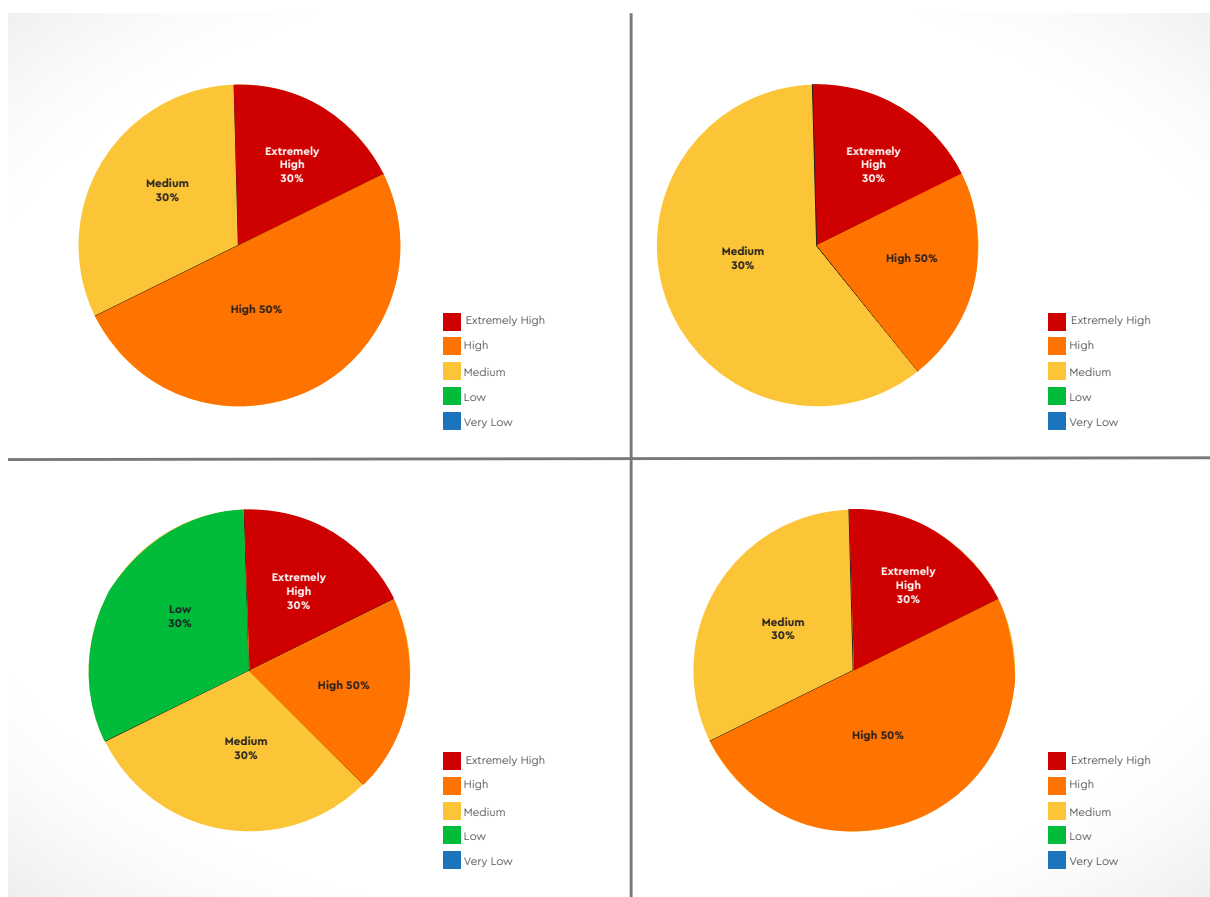
- **Delayed Operationalisation of SANPC:** The failure to operationalise and launch the South African National Petroleum Company (SANPC) in April 2025 resulted in elevated strategic risk, particularly with respect to the Group's mandate and integration objectives.
- **Compliance Gaps Identified by the Information Regulator:** An assessment by the Information Regulator of South Africa revealed compliance gaps regarding the Promotion of Access to Information Act (PAIA). These gaps were subsequently addressed by the Legal, Risk, and Compliance department.
- **Lack of Standardisation Across Subsidiaries:** Variations in risk management processes and frameworks across subsidiaries led to operational inefficiencies and inconsistencies. Efforts are currently underway in Q1 of the 2025/26 financial year to finalise integration and standardisation of ERM practices Group-wide.
- **Incomplete Implementation of GRC System:** The Group has not yet fully implemented a Governance, Risk, and Compliance (GRC) system, limiting automation and integration of key risk functions. A cross-functional task team has been established to identify and procure a GRC platform suited to the Group's strategic and operational needs.
- **Geopolitical and Macroeconomic Volatility:** Ongoing geopolitical disruptions—particularly in global energy markets—continued to affect the Group's strategic mandate, necessitating more agile and adaptive risk management responses.
- **Uncertainty Due to Ministerial Realignment:** During the period, uncertainty arose from changes in the national executive structure, including the consolidation of the Ministry of Electricity into the energy portfolio and the renaming of the Ministry of Mineral and Energy Resources to the Ministry of Mineral and Petroleum Resources. This temporarily created ambiguity regarding CEF's reporting lines, which was later clarified.

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

2. KEY STRATEGIC RISKS FOR THE GROUP

Below is a summary of the residual risk profile of the CEF Group strategic risks which depicts the shift in the risk profile throughout the 24/25 Financial Year.

CEF SOC Strategic Risk			Q1	Q2	Q3	Q4
No	Risk Name	Inherent Risk Exposure	Residual Risk Exposure	Residual Risk Exposure	Residual Risk Exposure	Residual Risk Exposure
1	Limited access to favourable funding options may hamper the delivery of the SANPC Agenda resulting in a loss of competitiveness and relevance.	Extremely High	High	High	High	High
2	Failure to integrate the merging entities may hinder the SANPC's mandate, causing inefficiencies and a lack of synergies in the energy sector.	High	High	Medium	Low	High
3	Failure to retain and recruit critical skills, talent and competencies may have an adverse impact on SANPC's organisational performance, subsequently hampering its competitive edge and strategic relevance.	Extremely High	High	High	Medium	High
4	Volatility in oil and gas prices may affect profitability and financial stability, impacting SANPC's commercial sustainability.	Extremely High	Extremely High	Extremely High	Extremely High	Extremely High
5	Reliance on fossil fuels may adversely impact SANPC's commercial sustainability due to a potential increase in demand for technologically advanced renewable energy sources.	Extremely High	Extremely High	Extremely High	Extremely High	Extremely High
6	Resistance from employees to change may hinder the successful implementation of a fit-for-purpose organizational structure.	High	Medium	Medium	Medium	Medium
7	Non-compliance with regulatory and contractual obligations may result in sanctions and legal disputes with stakeholders, such as suppliers and customers.	High	High	Medium	Low	Medium
8	Cyber-security risks may lead to data/information breach and disruption or damage on critical infrastructure	High	High	Medium	Medium	Medium
9	The CEF Group's failure to fulfil its mandate of economic transformation within the oil and gas industry may lead to reputational damage.	Medium	Medium	Medium	Medium	High
10	Reputational damage to CEF Group's brand and public image, leading to loss of credibility and trust in the market.	High	Medium	Medium	Low	High



BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

As at the close of the 2024/25 financial year, an upward shift in the residual risk profile of the CEF Group was observed, driven primarily by developments affecting several key strategic risks. While the majority of strategic risks either stabilised or declined due to effective mitigation efforts, five specific risks experienced notable increases, as outlined below:

- Strategic Risk 2 of Energy Security Risk:** The residual risk rating increased to high by year-end due to the failure of the South African National Petroleum Company (SANPC) to operationalise as planned on 1 April 2025. This delayed the rollout of the shared services model and the integration of merging entities, significantly impacting the Group's strategic delivery targets.
- Strategic Risk 3 of Financial Sustainability Risk:** Elevated to high by year-end, this risk increased due to the incomplete implementation of the shared services model. A number of employees had not yet been fully integrated into SANPC, creating ongoing cost and efficiency pressures.
- Strategic Risk 7 of Compliance and Information Governance Risk:** The residual risk rating rose to medium following findings by the Information Regulator of South Africa, which identified gaps in compliance with the Promotion of Access to

Information Act (PAIA), 2000. Additionally, a systems and infrastructure review by the State Security Agency (SSA) revealed areas requiring enhancement in cybersecurity and information security practices.

- Strategic Risk 9 of Institutional Integration Risk:** Increased to high as the delay in SANPC's operational launch impeded the full integration of the merged entities, which is central to delivering on CEF Group's restructured mandate.
- Strategic Risk 10 of Reputational Risk:** Elevated to high by the end of the financial year due to growing public and stakeholder perception that SANPC may represent another failed state-owned enterprise, owing to its missed operational launch deadline.

3. GLOBAL AND EMERGING RISKS

The CEF Group remains alert to global and emerging risks that are increasingly interconnected, disruptive, and complex. These risks exert substantial influence over national energy security, financial sustainability, operational resilience, and strategic execution. The most salient geopolitical and systemic risks impacting the Group's operating context include:

Global Risk	Impact to CEF Impact to CEF Group
The imposition of various tariff by US President on goods imported to the US threatens to unleash a global trade war as other nations could potentially implement similar tariff as a response	The tariffs impose a levy on South African exports to the US. This move by the US may potentially disrupt trade relations and constrict economic growth at a time wherein the expansion of South Africa's economy is little to none. Moreover, this may have an impact on the African Growth and Opportunity Act (AGOA).

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

Global Risk	Impact to CEF Impact to CEF Group
Debt crises: Corporate or public finances struggle to service debt accumulation, resulting in mass bankruptcies or insolvencies, liquidity crises or defaults and sovereign debt crises.	The debt crisis may result in higher interest rates, reducing borrowing affordability. This risk could limit CEF's capacity to invest in energy infrastructure projects to ensure sustainable revenue streams and energy mix. Supply chains are often disrupted during debt crises when companies struggle to access credit or secure necessary inputs, resulting in project delays or disruptions for CEF, leading to lost revenue and diminished competitiveness. In severe debt crises, CEF may face insolvency and be forced to shut down operations, resulting in job losses and increased unemployment rates, contributing to social and economic hardships in South Africa.
Energy supply crisis: Energy is a key driver of economic growth, and a crisis can lead to a decline in productivity and economic output. Prices of energy-related goods and services can skyrocket, leading to inflationary pressures and reduced consumer purchasing power. Industries reliant on energy, such as manufacturing and transportation, may be negatively affected, resulting in layoffs and business closures.	Accessible energy resources are crucial for economic development. Climate change, cybersecurity threats, and conflict in Ukraine have increased concern for energy security worldwide, making it a top geopolitical risk in this financial year. The digitization of the energy sector has made energy infrastructure vulnerable to cyberattacks. These attacks could cause significant damage to critical infrastructure and disrupt energy supply, and they are one of the top geopolitical risks in this financial year. To mitigate the impact of a global energy crisis, countries and individuals can pursue diverse strategies, including diversifying energy sources, investing in renewable energy infrastructure, promoting energy conservation and efficiency, and fostering international cooperation for energy security.

BUSINESS OVERVIEW & STRATEGIC OUTLOOK (CONT.)

4. CLOSING REMARKS

The CEF Group remains steadfast in its commitment to embedding robust and proactive risk management practices that are aligned with the Group's strategic objectives, statutory obligations, and industry best practices. This commitment has been strengthened through the collaborative efforts of all internal stakeholders, who have collectively fostered a culture of risk awareness, strengthened oversight of key risk areas, and enhanced the Group's capacity to manage risk holistically across the enterprise.

While the Group continues to undergo a significant transformation, it is important to acknowledge the substantial progress made in reshaping the overall risk profile and embedding enterprise risk management (ERM) into core business operations. These advancements reflect both the maturity of the Group's risk governance frameworks and the sustained emphasis on resilience in an increasingly volatile operating environment.

Looking ahead, the focus will be on deepening the integration and alignment of ERM processes across all CEF Group subsidiaries, thereby enhancing organisational agility, responsiveness, and overall risk management effectiveness. This will ensure the Group is better positioned to navigate future uncertainties, seize strategic opportunities, and deliver on its mandate with confidence.

The CEF Group's long-term sustainability hinges on our ability to embed agile, enterprise-wide risk management processes that are not only compliant but predictive, responsive, and aligned to the Group's evolving strategic mandate."



The background of the slide is a photograph of a modern city street at night. Tall buildings with glass facades line both sides of the street, and their windows are illuminated from within, casting a warm glow. The street itself is dark, but the lights from the buildings and a central light source create a strong reflection on the ground, leading the eye towards the horizon. Overlaid on this image is a large, semi-transparent orange circle. Inside this circle, the text "SECTION 4" and "VALUE CREATION" is written in white, bold, sans-serif capital letters. Surrounding the central circle is a ring composed of several orange, curved segments, resembling a stylized gear or a circular path.

SECTION 4
VALUE
CREATION

VALUE CREATION

CEF SOC Ltd (CEF) is a state-owned entity mandated to contribute to the security, sustainability, and inclusivity of South Africa's energy supply. As the holding company of strategic energy subsidiaries, CEF enables the development of an integrated, diversified energy sector that supports national priorities. Guided by a new Group Operating Model and a future-facing strategy, CEF's value creation approach integrates financial performance with socio-economic development and environmental stewardship.

This Value Creation Report outlines how CEF creates and sustains value across the six capitals of the International Integrated Reporting Framework: Financial and Investment Capital, Industrial Capital, Human Capital, Social and Relationship Capital, Natural Capital, and Intellectual and Operating Capital. It reflects our performance, highlights key strategic shifts, and provides a forward-looking view of how the Group is positioning itself for resilience and growth in a transforming energy landscape.



VALUE CREATION (CONT.)

CEF's integrated value creation model ensures that each capital is managed to support economic resilience, environmental sustainability, and social equity. As we continue our journey towards a just energy transition, we remain committed to transparency, good governance, and long-term impact. In a nutshell, the below model encapsulate how we create value:

FINANCIAL & INVESTMENT CAPITAL	INDUSTRIAL/MANUFACTURED CAPITAL
CEF's financial and investment strategy is underpinned by sound capital management, disciplined expenditure, and a commitment to long-term shareholder value creation. Key Outcomes: Rxxx million invested in strategic and sustainable energy assets. Group revenue increased by 6% year-on-year, signalling stable portfolio performance. Strengthened balance sheet with improved liquidity and capital efficiency. Advanced feasibility studies into low-carbon, high-return investment opportunities.	CEF's industrial capital comprises the infrastructure, physical assets, and technologies that support its operations and contribute to national energy security. Key Outcomes: Successfully completed the merger of three subsidiaries to establish the South African National Petroleum Company (SANPC). SANPC Refinery upgrade programme initiated to align with global efficiency and compliance benchmarks. Progressed feasibility for gas-to-power infrastructure projects in alignment with the IRP.
HUMAN CAPITAL	SOCIAL & RELATIONSHIP CAPITAL
The Group's people are central to its ability to execute its mandate. CEF invests in skills development, leadership, transformation, and a values-based culture. Key Outcomes: 92% completion rate for annual ethics and compliance training. 40% of graduate interns absorbed into full-time roles. Ongoing rollout of leadership development programmes targeting mid-management. Achieved 52% female representation in management, aligned with transformation targets	CEF strengthens its social license to operate through partnerships, stakeholder engagement, and community investment aligned with national priorities. Key Outcomes: The group invested millions in Corporate Social Investment (CSI), supporting energy access, education and healthcare. Mandela Day 2025 initiative provided LPG starter packs to 100 vulnerable households. Strengthened partnerships with civil society to improve energy literacy and safety.

VALUE CREATION (CONT.)

NATURAL VALUE	INTELLECTUAL & OPERATING VALUE
CEF's commitment to sustainability includes reducing its environmental impact, enhancing land and resource stewardship, and accelerating the transition to clean energy. Key Outcomes: Conducted Group-wide carbon footprint assessments to inform emissions reduction targets. Piloted renewable energy projects in the solar and wind sectors. Rehabilitated 280 hectares of mined land through AEMFC's environmental programme. Rolled out water-saving measures at operational sites, reducing usage by 14%.	CEF leverages systems, processes, intellectual property, and governance frameworks to drive operational efficiency and innovation. Key Outcomes: Digitised procurement, finance, and reporting systems across the Group. Standardised governance processes under the new CEF Operating Model. Deployed an enterprise-wide risk management platform for enhanced decision-making.

OUTLOOK FOR THE NEXT FINANCIAL YEAR

In today's highly competitive and capital-intensive oil and gas sector, the strategic importance of progressive enterprise performance cannot be overstated. High-performance organisations are built on a foundation of disciplined target achievement, relentless pursuit of stated objectives, and an unwavering commitment to operational excellence. For the CEF Group, the need to deliver consistently high levels of organisational performance is not just a commercial imperative – it is a national priority.

The oil and gas industry is marked by long lead times, significant capital outlays, and high market volatility. Within this context, the CEF Group plays a vital role in supporting the government's key energy priorities, ensuring energy security, driving economic development, and enabling a just energy transition.

The achievement of positive, sustainable financial results is fundamental; it allows for reinvestment into growth opportunities aligned with the Group's "Scaling Up for Growth" strategic horizon.

Oil and gas projects are unique for their scale, complexity, and time horizon. Exploration and development projects can take 5–10 years before first production, while midstream infrastructure and refining facilities can have operating lives exceeding 40 years. Given this reality, enterprise performance management must extend far beyond short-term gains. Failure to perform in this sector is catastrophic: missed targets mean delayed cash flows, eroded margins, weakened investor confidence, and compromised licence to operate. CEF Group Strategic performance will ensure:

- **Capital discipline:** Each investment is optimally allocated and aligned with strategic priorities.
- **Operational efficiency:** Assets perform at peak reliability and productivity across their lifecycle.
- **Risk management:** External shocks – geopolitical tensions, regulatory shifts, commodity price collapses – are anticipated and mitigated.
- **Talent development:** High-calibre human capital is nurtured, ensuring leadership pipelines and technical capabilities remain strong.

At its core, consistent and progressive performance will enable the CEF Group to generate sustainable profit margins, which could be reinvested into exploration, technology upgrades, asset optimisation, and diversification – fuelling the next horizon of growth.

VALUE CREATION (CONT.)

Without continuous exceptional performance, reinvestment into the development of new assets, technologies, and markets becomes impossible, threatening both organisational viability and broader national objectives.

While there have been commendable successes in some areas of the business, the performance regression in some areas demands a fundamental shift as we pivot into the 2025/26 -2029/30 planning horizon. A new approach, a reimagined execution model, and a relentless focus on growth and innovation are now required. The path forward must be anchored in:

- **Asset Development Strategies:** Prioritising the identification, acquisition, and optimisation of high-value assets to secure future revenue streams.
- **Strategic Partnerships:** Leveraging partnerships to access new technologies, markets, and capabilities that accelerate value creation.
- **Precision Execution of the PetroSA Turnaround:** Ensuring that the turnaround plan for PetroSA is executed with discipline, urgency, and accountability to restore its profitability and strategic relevance.
- **Delivery of New Sources of Value (Value Pools):** Systematically identifying and developing new value pools, especially in emerging and adjacent energy markets.
- **Integration Execution:** Seamlessly integrating efforts across subsidiaries to maximise synergies, improve efficiency, and create unified value.
- **Employee core capabilities:** Building a leadership cadre that is agile, accountable, entrepreneurial, and deeply committed to delivering exceptional outcomes.
- **Realisation of SANPC Value Creation:** Accelerating the implementation of the SANPC to drive sector transformation, energy security, and economic inclusion.

HOW WE ENGAGE OUR STAKEHOLDERS

The 2024/25 financial year marked a pivotal chapter for the CEF Group, characterised by structural realignment, elevated policy visibility, and greater operational integration following the formation of the South African National Petroleum Company (SANPC). This transformation intensified the need for deliberate, multi-stakeholder engagement to support institutional stability, social cohesion, and strategic repositioning. In this context, stakeholder management transcended traditional outreach – it became a lever for navigating complexity, mitigating socio-political risk, and catalysing national energy resilience.

Our Stakeholder Engagement Philosophy

At CEF, we recognise stakeholders not merely as interest holders but as strategic co-creators of long-term value. Our engagement philosophy is grounded in the following principles:

- **Materiality:** focusing on what matters most to stakeholders and the Group;
- **Reciprocity:** fostering two-way, trust-based relationships;
- **Responsiveness:** acting on stakeholder feedback to drive tangible outcomes;
- **Transparency:** maintaining openness and ethical conduct in all engagements.

Stakeholder intelligence is now integrated into our enterprise risk management, strategy execution, and ESG performance dashboards to ensure continuous alignment between business and societal imperatives.

VALUE CREATION (CONT.)

STAKEHOLDER LANDSCAPE & VALUE CREATION

Stakeholder Group	Strategic Priorities	CEF Value Response	Key Impacts
Shareholder (DMPR, NT)	Energy security, industrialisation, job creation	Strategic alignment through policy roundtables, business cases, and reporting	Secured political support for SANPC structure and expanded mandate; enhanced investment credibility
Employees	Change clarity, skills development, cultural integration	Rolled out post-merger change roadmap, capability uplift and wellness programme	Staff engagement scores improved; reduced turnover risk in critical functions
Subsidiaries & Executives	Strategic coherence, accountability, performance	Strategic coherence, accountability, performance	Improved project execution discipline and synergy extraction across Group
Local Communities & Municipal Stakeholders	Jobs, enterprise development, local beneficiation	Operationalised the Group Parenting Strategy and introduced portfolio performance scorecards	Jobs sustained and procurement redirected to local SMEs
Industry & SOEs	Energy infrastructure collaboration, market expansion	Structured bilateral agreements and technical partnerships (gas, renewables)	Unlocked joint feasibility work on LNG terminals and regional gas pipelines
Regulators	Compliance, governance, emissions, royalties	Improved ESG disclosures; submitted revised impact assessments; strengthened internal compliance	Avoided regulatory penalties; fast-tracked licensing for key projects
Media, Public & Advocacy Groups	Credibility, transparency, national discourse	Activated reputation management plan & executive media training; increased digital visibility	Achieved 15% growth in positive media sentiment and 10% rise in public trust index

VALUE CREATION (CONT.)

MATERIAL ISSUES & INSTITUTIONAL RESPONSE

The year under review surfaced four cross-cutting material issues, each of which shaped engagement strategy and internal reform:

- Energy Transition Trade-offs:** Stakeholders raised concerns around job displacement, energy affordability and pace of decommissioning. CEF Response: Drafted a JET Plan anchored in localisation, reskilling and phased asset transition centred in support of the Government Climate Commission and the Integrated Resource Plan.
- Equitable Access and Participation:** Civil society and youth-led groups emphasised barriers to entry in energy value chains. CEF Response: Launched inclusive procurement policy reforms and ESD localisation frameworks to uplift black-owned and women-owned enterprises. Also participated in and hosted industry related dialogues focused on inclusive economic participation, with a particular emphasis on youth inclusion and women's empowerment within the broader energy transition.
- Institutional Trust Deficits:** Post-structural change uncertainty among employees and external observers. CEF Response: Intensified internal comms, re-affirmed the CEF values framework, introduction of wellness and leadership alignment programmes, including coaching support for managers, peer engagement platforms and employee assistance services to support psychosocial wellbeing.
- ESG Performance and Accountability:** Increased pressure from regulators, investors, and international partners. CEF Response: Launched baseline carbon reporting across subsidiaries, with the aim of embedding ESG KPIs into executive performance contracts.

EMBEDDING STAKEHOLDER-CENTRIC VALUE CREATION

1. CEF's stakeholder strategy is now being repositioned around five value pillars:
2. Trust Building: Establishing credibility through consistency, transparency, and ethical conduct.

3. Developmental Impact: Delivering measurable socio-economic outcomes that advance NDP goals.
4. Voice and Inclusion: Actively creating platforms for stakeholder input, particularly for historically marginalised groups.
5. Partnership-Driven Delivery: Driving co-creation models across government, business and communities.
6. Data-Driven Engagement: Leveraging stakeholder intelligence systems for risk management, performance tracking, and strategic foresight.

LOOKING AHEAD: ELEVATING ENGAGEMENT AS A STRATEGIC ASSET

In FY2025/26 and beyond, CEF will institutionalise the following next-generation stakeholder practices:

- Launch of a Stakeholder Intelligence Platform to centralise insights and improve decision-making;
- Introduction of Stakeholder Value Index (SVI) as a performance indicator in the IAR and internal scorecards;
- Stakeholder Forums for Policy Influence, positioning CEF as a thought leader in energy diplomacy and socio-technical transitions;
- Third-party Stakeholder Sentiment Assessments to benchmark performance and enhance feedback loops;
- Capacity building for all subsidiary communication teams to align tone, messaging, and strategic narratives Group-wide.

Ultimately, stakeholder management remains central to the CEF Group's purpose, impact, and future-fit positioning. As we steer through systemic shifts in the energy landscape, we will continue to act as a responsible corporate citizen, a trusted partner of the state, and a co-architect of South Africa's energy future. Through deeper dialogue, shared accountability and inclusive innovation, we will continue to power possibility – together.



SECTION 5
GROUP
PERFORMANCE

GROUP PERFORMANCE

The CEF SOC Ltd and Group Scorecards serve as critical performance management tools that go beyond mere measurement. They form a comprehensive management framework that aligns strategic objectives with clearly defined performance indicators, thereby enabling the organisation to translate strategic intent into measurable, actionable outcomes. Each scorecard functions as a strategic performance system designed to drive accountability, promote operational excellence, and facilitate resource alignment across the value chain. The system is tailored to ensure that strategic execution is both coherent and adaptable, given the volatile, uncertain, complex, and ambiguous environment in which the Group operates.

1. STRATEGIC THEMES AND WEIGHTING

The scorecards are anchored around seven Strategic Themes, each carefully weighted to reflect its relative importance and the corresponding allocation of corporate resources. These themes collectively guide Group-wide execution and enable CEF SOC to lead from the front as the strategic integrator of the CEF Group. Below is an overview of each theme and its strategic intent:

Strategic Theme	Intent
1. Commercial Sustainability	Focuses on strengthening the Group's financial health by reversing revenue stagnation, reducing high input costs, improving operational performance, and expanding development opportunities. This theme underpins the Group's ability to generate value and ensure long-term viability.
2. Consolidation and Turnaround	Aims to implement the Group parenting strategy through consolidation of entities and mandates, eliminating inefficiencies and overlaps. The goal is to enhance scale, competitiveness, and strategic relevance while improving the Group's agility in responding to market shifts.
3. Operational Efficiency	Concentrates on leveraging technology, systems, and streamlined processes to optimise performance. This includes the deployment of shared services, resource optimisation, and automation to ensure cost-effective operations and delivery excellence.
4. Strategy and Long-Term Growth	Anchors the Group's long-term positioning through innovation, alignment, and stakeholder engagement. It also focuses on technology deployment, socio-economic impact, reputation management, and cultivating resilience in partnership with the Shareholder.
5. Human Performance and Organisational Alignment	Centres on attracting, retaining, and developing the right talent through a compelling employee value proposition. This theme supports strategic delivery through leadership development, capacity building, and human capital optimisation across the Group.
6. Corporate Governance and Enterprise Risk Management	Ensures that the Group and its subsidiaries operate with integrity, accountability, and risk awareness. This theme drives the promotion of ethical governance practices while proactively identifying and mitigating organisational risks.
7. Transformation and Reputation Management	Reinforces the Group's commitment to national development by enhancing its public image, stakeholder trust, and social licence to operate. Key priorities include youth employment, inclusive procurement, and impactful stakeholder relations.

GROUP PERFORMANCE (CONT.)

2. GROUP PERFORMANCE AGAINST 5 STRATEGIC THEMES

During the period under review, the Group experienced mixed business performance outcomes, reflecting the persistent challenges and complexities within the operating environment. While efforts to close performance gaps were intensified in the latter half of the financial year, overall Group performance still reflects significant room for improvement. A key contributing factor remains the slow progress in implementing strategic turnaround initiatives at PetroSA. This continued delay places sustained pressure on the Group's financial position, despite commendable progress made in advancing several strategic growth projects.

The Group's performance across its seven strategic themes during the reporting period presents a nuanced picture, marked by both progress and persistent challenges:

2.1 Commercial Sustainability: The Group's overall commercial performance was adversely impacted, primarily due to underperformance in sales at both PetroSA and AEMFC. These challenges continue to constrain the Group's financial stability and revenue growth trajectory.

2.2 Consolidation and Turnaround: Performance under this theme remains mixed. PetroSA continues to face deteriorating performance, while AEMFC experienced pressure due to suppressed coal sales. On a more positive note, the merger efforts that led to the formation of SANPC progressed well despite operational complexities, signalling tangible success in executing the Group's consolidation agenda.

2.3 Operational Efficiency: The period saw the successful acquisition of a new business performance management system, strengthening performance tracking capabilities. However, the implementation of other key systems, such as Enterprise Resource Planning (ERP) and enterprise architecture projects, was deferred due to business reprioritisation decisions. These initiatives have been scheduled for rollout in the next financial year.

2.4 Strategy and Long-Term Growth: Despite delays in achieving full commercial operation of the ACWA Redstone project, other strategic initiatives

recorded solid progress. Notable achievements include the conclusion of Final Investment Decisions (FIDs) for major projects such as Musina-Makhado SEZ Biomass to Power (MBT), the Pecan oilfield development, and the SAPREF acquisition – each representing significant steps toward long-term value creation.

2.5 Human Performance and Organisational Alignment: This theme reflected strong performance across all key initiatives. Highlights include the successful rollout of conflict management training, strategic workforce planning interventions, and impactful individual and team Enneagram feedback sessions, all of which contributed to enhanced organisational cohesion and capability.

2.6 Corporate Governance: The Group continued to uphold sound governance practices, with active Board and committee oversight across all subsidiaries. Efforts were made to strengthen internal controls, enhance compliance monitoring, and refine risk management frameworks. However, opportunities remain to deepen risk mitigation efforts, particularly in high-impact operational areas such as PetroSA and project delivery.

2.7 Transformation and Reputation Management: The Group demonstrated strong performance in advancing socio-economic transformation and sustaining its social licence to operate. Key achievements include meaningful progress in youth employment initiatives, inclusive procurement practices targeting black- and women-owned enterprises, and enhanced community engagement. Notably, during the reporting period, a comprehensive reputation survey was conducted across both internal and external stakeholder groups. The survey provided valuable insights into stakeholder perceptions of the Group's performance, governance, transparency, and impact. The findings have informed targeted interventions to strengthen trust, improve communication, and reinforce the Group's positioning as a credible and responsive energy institution aligned with national development priorities. In parallel, CEF enhanced its brand visibility and strategic messaging through sustained stakeholder outreach and participation in key industry platforms.

GROUP PERFORMANCE (CONT.)

3. INTEGRATED SCORECARD DESIGN

Based on the Group Scorecard, each strategic theme is linked to clearly defined strategic goals, supported by measurable Key Performance Indicators (KPIs) and aligned strategic initiatives. These initiatives are designed to be time-bound, outcome-driven, and actionable – facilitating ongoing performance monitoring and enabling agile responses to both internal dynamics and external developments.

The integrated scorecard functions not only as a performance-tracking tool but also as a strategic enabler that drives coherence, alignment, and execution across the CEF Group. It ensures that all business units operate with a unified focus on value creation, guided by a transparent framework of accountability.

A key distinguishing feature of the CEF Scorecard is its structured performance rating system, which introduces consistency and objectivity into the performance evaluation process. Performance is assessed on a 5-point scale:

Not Assessed.	Not Achieved.	Below Target	On Target	Above Target	Exceptional
0	1	2	3	4	5

This scoring framework ensures that performance is assessed in a balanced, objective, and transparent manner – enabling leadership to identify performance gaps, acknowledge excellence, and implement timely corrective actions where needed. It supports data-driven decision-making and reinforces a culture of accountability across all levels of the organisation.

Importantly, the scorecard incorporates both financial and non-financial performance measures, offering a comprehensive view of the Group's overall health, operational effectiveness, and long-term sustainability. Through vertical alignment – from Group level down to subsidiary operations – and horizontal alignment across strategic functions, the system fosters coherence and integration.

By anchoring performance to strategic intent, the scorecard promotes a high-performance culture and ensures that all initiatives are geared towards fulfilling the Group's mandate: securing South Africa's energy future while advancing inclusive economic transformation and national development priorities.

Overall, the performance against strategic objectives yielded a solid aggregate score of 3.60 out of 5.00 for the full financial year. While the performance may appear modest, it is considered a fair and credible reflection of a transitional year marked by significant structural changes. Notably, this period saw the full-scale implementation of the SANPC merger, concerted efforts to address the turnaround of PetroSA and AEMFC, and the successful acquisition of major strategic assets. The performance outcome underscores the Group's resilience and ability to deliver under complex and evolving conditions.

GROUP PERFORMANCE (CONT.)

The Human capital remains a cornerstone of the CEF Group's ability to deliver on its strategic mandate and drive sustainable value creation. In the context of ongoing structural transformation and an evolving energy landscape, the Group has prioritised the development, retention, and alignment of its workforce to ensure strategic agility and operational resilience.

During the year under review, the Group intensified its focus on workforce planning, leadership development, skills transformation, and organisational culture. These efforts were underpinned by a commitment to embedding equity, inclusion, and high performance across all levels of the organisation. Particular emphasis was placed on ensuring that talent strategies are responsive to the Group's changing business model – especially in light of the consolidation into the SANPC and the acquisition of new assets.

This section outlines the Group's human capital performance against key indicators, including workforce demographics, transformation targets, talent management, employee engagement, and capability development – all of which are central to realising the Group's ambition of becoming a future-fit, high-impact energy player.

REPORTING ON HUMAN CAPITAL

1. Role of Human Capital in Driving Group Performance

The Human Resource (HR) function within the CEF Group plays a pivotal, value-adding role in shaping and executing the Group's overarching business strategy. No longer positioned as a purely administrative or support function, HR is integrated into the strategic fabric of the organisation – ensuring that policies, initiatives and workforce planning are fully aligned with the Group's strategic priorities. This enables the delivery of key business outcomes by ensuring the right talent, capabilities, and organisational culture are in place.

A core focus of the HR function is to anticipate future talent requirements and proactively build organisational capacity through a robust succession planning programme, thereby supporting the long-term sustainability of the business. At the heart of its approach is a commitment to fostering a High-Performance Organisation (HPO) – a critical enabler for achieving the Group's strategic objectives.

In this context, Human Capital Management acts as a strategic business partner, contributing meaningfully to long-term value creation and organisational growth. The key Human Capital highlights for the financial year are as follows:

- **Employee Population:** As at 31 March 2025, the CEF Group's total workforce stood at 1,534 employees, reflecting a 1% increase from the previous year's figure of 1,518. This number comprises employees on permanent, fixed-term, and short-term contracts. PetroSA accounted for the largest portion of the workforce at 55.87%, followed by AEMFC at 14.02%, while iGAS represented the smallest share at 0.13%.
- **Employee Turnover:** The Group recorded an annual employee turnover rate of 5.9% for the reporting period, marking a 1.8% point decrease compared to the 2023/24 financial year. This reduction signals improved employee retention across the Group.
- **Employment Equity:** As at 31 March 2025, 66% of the CEF Group's total workforce of 1,534 employees identified as African, reflecting no change from the previous financial year. Coloured representation saw a marginal increase from 23% to 24%, while the representation of White and Indian employees remained constant at 8% and 2%, respectively.
- **Alignment with National Demographics:** When benchmarked against the National Economically Active Population (NEAP), African representation within the Group at 66% falls short of the national figure of 81% (combined male and female). While this points to stability in the Group's demographic profile, it also highlights the need for greater transformation efforts to align more closely with national equity targets.
- **Labour Costs:** During the 2024/25 financial year, the CEF Group incurred total labour costs of R1.50 billion (R1,501,611,878.00), representing an increase from R1.25 billion (R1,253,594,513.92) in the 2023/24 financial year.
- **Cost Drivers:** The increase in labour costs is primarily attributed to the growth in the Group's employee population, which rose from 1,518 employees in 2023/24 to 1,534 in the current reporting period, along with inflationary adjustments and other remuneration-related factors.

GROUP PERFORMANCE (CONT.)

- **Skills Development and Training:** For the financial year ending 31 March 2025, the CEF Group invested R33 031 659.54 in skills development and training, marking a substantial increase from R22,222,956.40 in the 2023/24 financial year. This significant growth in investment reflects the Group's strong commitment to building a skilled and capable workforce, aligned with its mandate and long-term strategic goals.
- Central to the Group Skills Development and Training programmes is the inclusion of the
- Employee functional training aimed at deepening job-related knowledge and competencies;
- External bursaries for unemployed youth, contributing to national socio-economic development;
- Internal bursaries supporting employees in improving their qualifications and advancing their career paths.
- **Employee Relations:** The CEF Group recorded a slight increase in employee relations cases, rising from 46 in 2023/24 to 48 in 2024/25. A contributing factor to this upward trend appears to be the inconsistent application of HR policies, which may have led to perceptions of unfairness and dissatisfaction among employees – ultimately contributing to the increase in reported incidents.
- **Merger and SANPC Establishment:** The merger of PetroSA, iGAS, and the Strategic Fuel Fund (SFF) to establish the South African National Petroleum Company (SANPC) has been successfully concluded. The integration process included the transfer of selected assets and affected employees, conducted in compliance with Section 197 of the Labour Relations Act. Extensive consultations with labour representatives and non-unionised employees were finalised in October 2024, resulting in a signed agreement with relevant trade unions. Implementation of the agreement is scheduled for the 2025/26 financial year.
- **Shared Services Implementation:** As part of its strategic transformation, the CEF Group has implemented a Shared Services Model to streamline operations, enhance consistency, and improve service quality across its subsidiaries. A critical enabler of this initiative is the integration of information technology systems, allowing for automation of routine tasks and improved data accuracy and accessibility. Significant progress has been made, including the signing of Service Level Agreements (SLAs) for payroll administration with the Petroleum Agency of South Africa, iGAS, and SFF – a key milestone toward the standardisation of HR service delivery across the Group.

GROUP PERFORMANCE (CONT.)

2. HUMAN CAPITAL STRATEGY

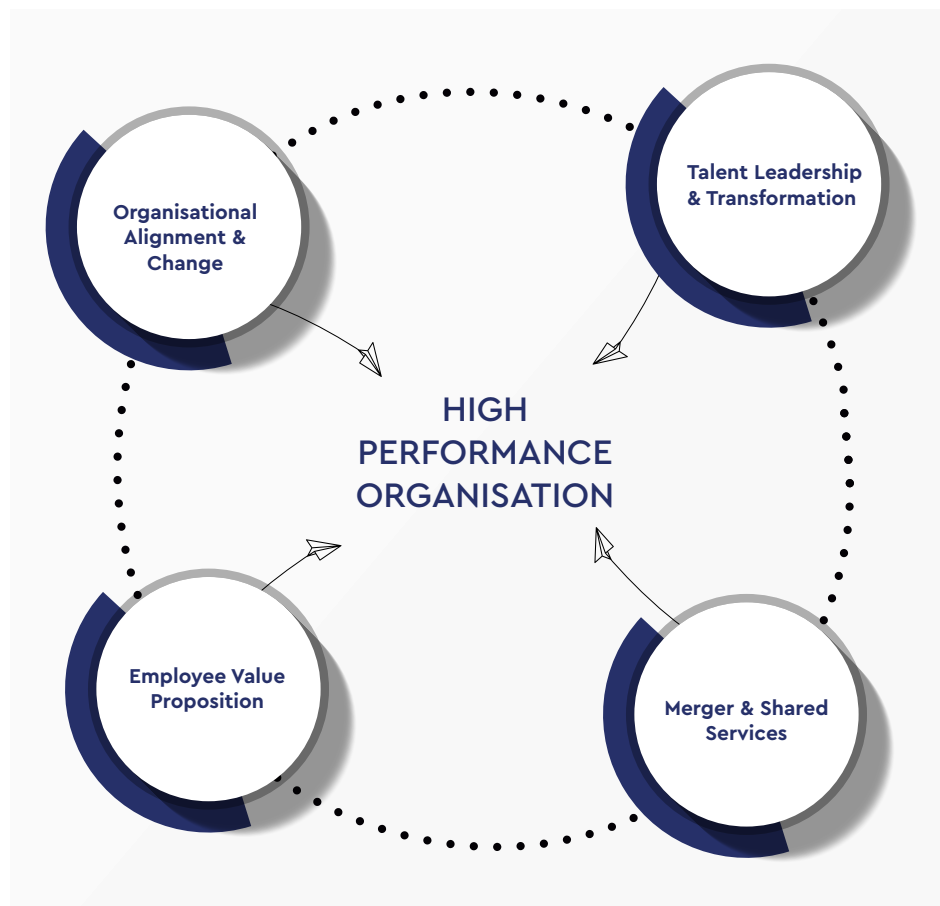
The CEF Group's Human Capital Strategy is purposefully aligned with the Group's Corporate Strategy, which aims to reposition CEF as a strategic parent entity, investor, and development enabler, while remaining firmly anchored in its legislative mandate. In response to this strategic shift, the Human Capital function has evolved into a proactive and integrated business partner, committed to driving organisational performance, fostering employee engagement, and enabling sustainable growth.

Core to this strategic approach are the following priorities:

- The implementation of a Shared Services Model to enhance operational efficiency and standardise service delivery;
- The cultivation of a High-Performance Organisation (HPO) through targeted performance management and talent development initiatives;
- Strengthening collaboration across teams and subsidiaries to build cohesion and agility;
- Promoting a renewed sense of organisational identity and belonging, particularly during and post-merger integration; and
- Embedding a focus on holistic employee wellness, encompassing physical, mental, and emotional well-being.

These strategic levers enable the Human Capital function to create value across the Group while ensuring that employees remain engaged, supported, and aligned to the broader goals of the organisation.

The primary focus areas for Human Capital within the CEF Group are outlined below:



GROUP PERFORMANCE (CONT.)

The successful execution of the Human Capital strategic focus areas depends significantly on the integration of technology and the realignment of policies. By adopting the Integrated Talent Management Framework, the CEF Group ensures its Human Capital strategy is fully aligned with overarching business objectives. This framework harnesses technology and policy reforms to develop a skilled, competent, and engaged workforce, thereby positioning the Group for sustained, long-term success.

Outlined below is the Integrated Talent Management Framework to which the CEF Group subscribes:



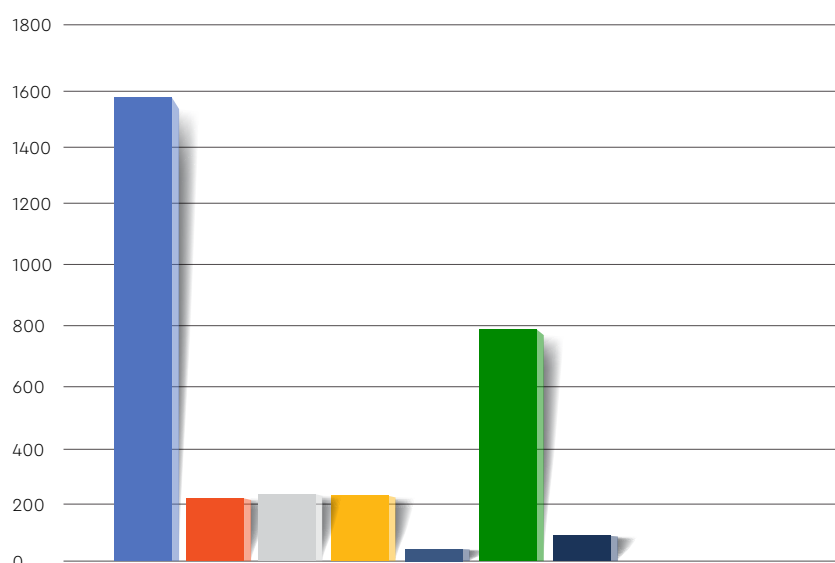
By applying the Integrated Talent Management Framework outlined above, the CEF Group aims to successfully attract, develop, and retain a highly capable and committed workforce. This strategic approach fosters a productive talent pool that is likely to build long-term careers within the organisation. In doing so, it enhances employee satisfaction and retention, while simultaneously driving overall organisational performance and sustainable growth.

GROUP PERFORMANCE (CONT.)

2.1 GROUP EMPLOYEE POPULATION

- As at the 31st March 2025, the Group Employee population was 1534 which represent 1% increase from 1518 in the 2023/24 financial year. This population is a representation of both permanent, fixed term and short-term employment.
- Of this 1534 headcount, PetroSA accounted for the biggest share with 55.87% followed by AEMFC with 14.02% whilst iGAS was the lowest with 0.13%.

The below figure depicts CEF Group employee population:



■	Group	1548	
■	Petro SA	162	10.56%
■	AEMFC	215	14.02%
■	SFF	199	12.97%
■	CEF SOC	13	0.85%
■	PASA	857	55.87%
■	iGas	86	0.13%

2.2 EMPLOYEE MOVEMENT

During the 2024/25 financial year, a total of 91 employees were terminated, representing a decrease from 117 terminations recorded in the previous financial year.

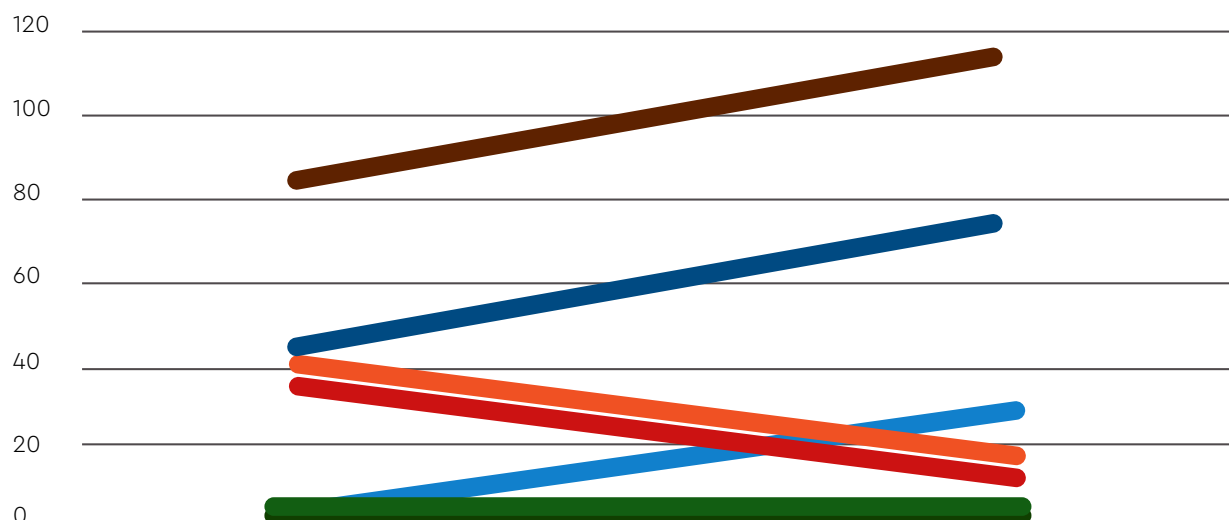
Among the terminations, CEF SOC accounted for the highest proportion at 32%, followed closely by the Strategic Fuel Fund (SFF) at 30%, while iGAS and SANPC each recorded the lowest termination rates at 1%.

The Group appointed 107 new employees during the 2024/25 financial year. CEF SOC led these appointments, representing 69% of all hires, whereas AEMFC accounted for the lowest proportion at 0.9%. The higher appointment rate at CEF SOC was largely driven by the transfer of personnel from the former South African Petroleum Refineries (SAPREF).

The Group's annual employee turnover rate for the period stood at 5.9%, reflecting a 1.8 percentage point decrease compared to the previous financial year.

GROUP PERFORMANCE (CONT.)

Below figure illustrates the CEF Group's terminations and appointments during the reporting period:



		Terminations	Appointments
	CEF SOC	29	74
	SFF	27	14
	AEMFC	6	1
	SANPC	1	11
	PetroSA	25	7
	iGas	1	0
	PASA	2	0
	Total	91	107

2.3 GROUP DIVERSITY STATUS

2.3.1 Racial Profile

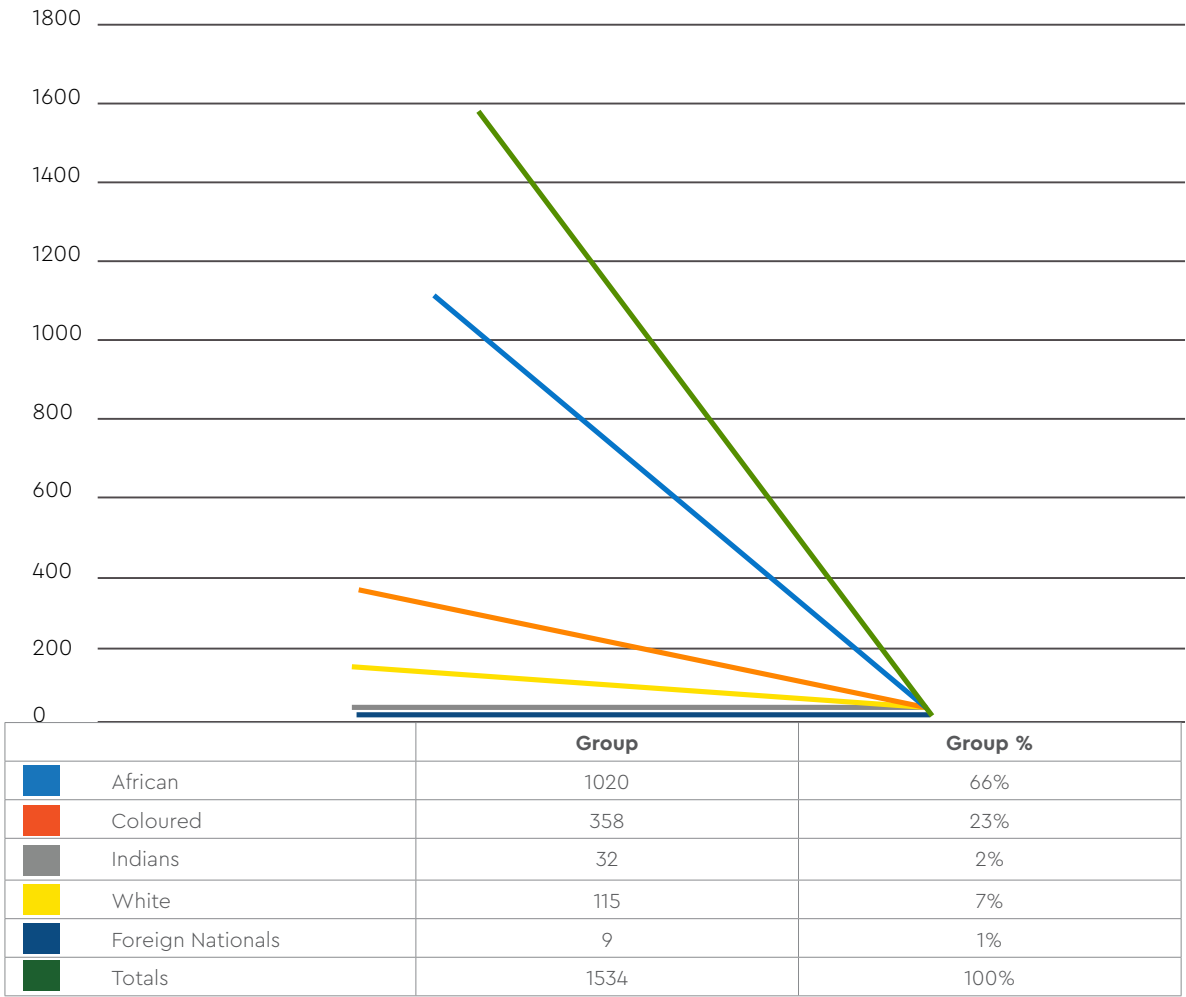
Of the total 1,534 employees within the CEF Group, 66% identify as African, a figure that remains unchanged from the previous financial year.

Coloured representation increased slightly from 23% to 24% in the 2024/25 financial year, while the proportions of White and Indian employees remained stable at 8% and 2%, respectively.

When benchmarked against the National Economically Active Population (NEAP), where African representation stands at 81% (combined male and female), the CEF Group's African representation is comparatively lower.

The below figure illustrates the racial profile of the CEF group workforce for the reporting period.

GROUP PERFORMANCE (CONT.)



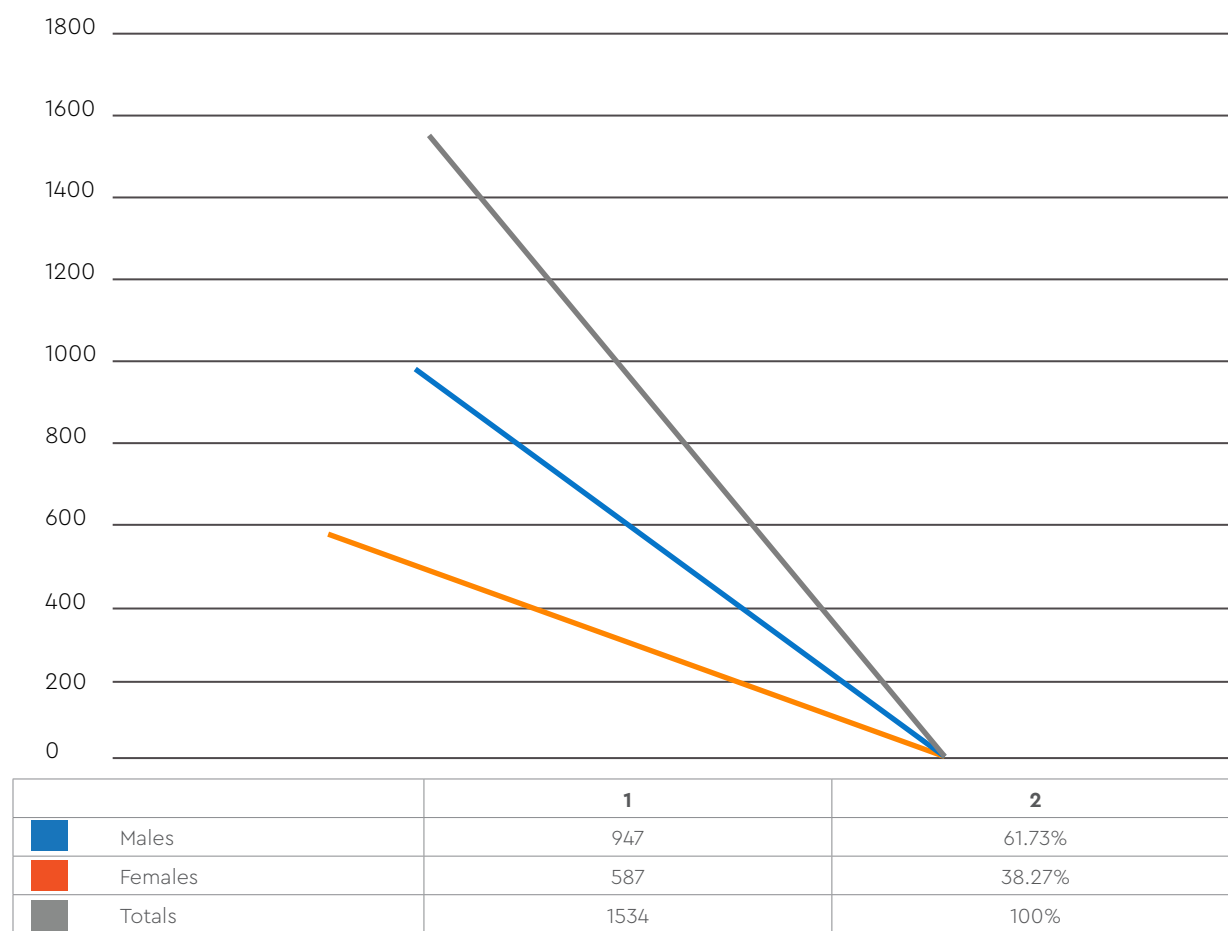
2 .3.2 Gender Profile

Both representation of males and females remains unchanged from 62% and 38% respectively, as it was the case with the previous financial year of 2023/24.

The latest NEAP report shows that males are represented at 53.9% whilst female representation is 46.1%. When comparing this to the representations at CEF Group, males are more represented than females, which means there is a need to bring about a 50% balance in gender representation. This has to be a deliberate and intentional effort by management through the provisions of the Employment Equity legislation. This, therefore, suggests that through Employment Equity plans, there is a need to intensify the targeted appointment of females within the Group.

The below figure depict the employee population gender representation during the reporting period:

GROUP PERFORMANCE (CONT.)

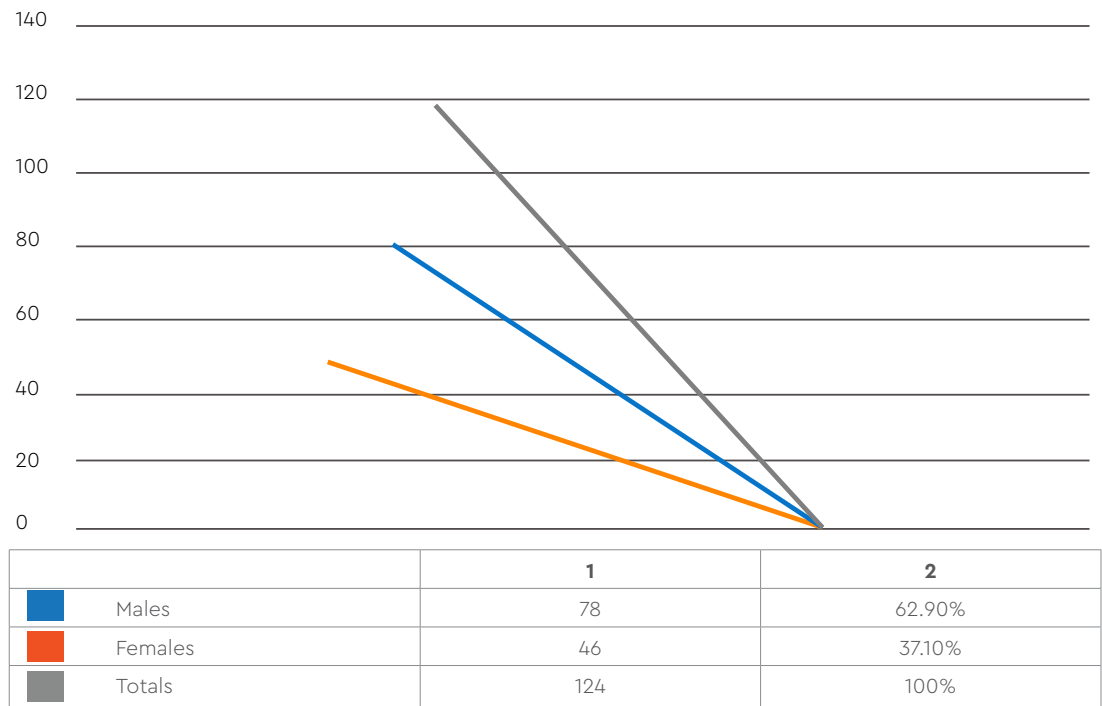


2.3.2.1 Gender Profile: Top and Senior Management

- The Group top and senior management population is accounted by 124 employees. In this regard 29% of this population is constituted by top management whilst 71% is accounted for by senior management.
- Of the 29% top management, 28% is represented by females whilst males are represented by 72%. As for the 71% senior management population, 59% of senior managers are males whilst female representation is accounted by 41%.
- The CEF Group remains male-dominated in both top and senior management levels. There is a clear need to promote gender diversity by affirming and advancing women into leadership roles. Strengthening female representation at these levels is essential not only for equity and transformation but also for fostering inclusive decision-making and sustainable organisational growth.

GROUP PERFORMANCE (CONT.)

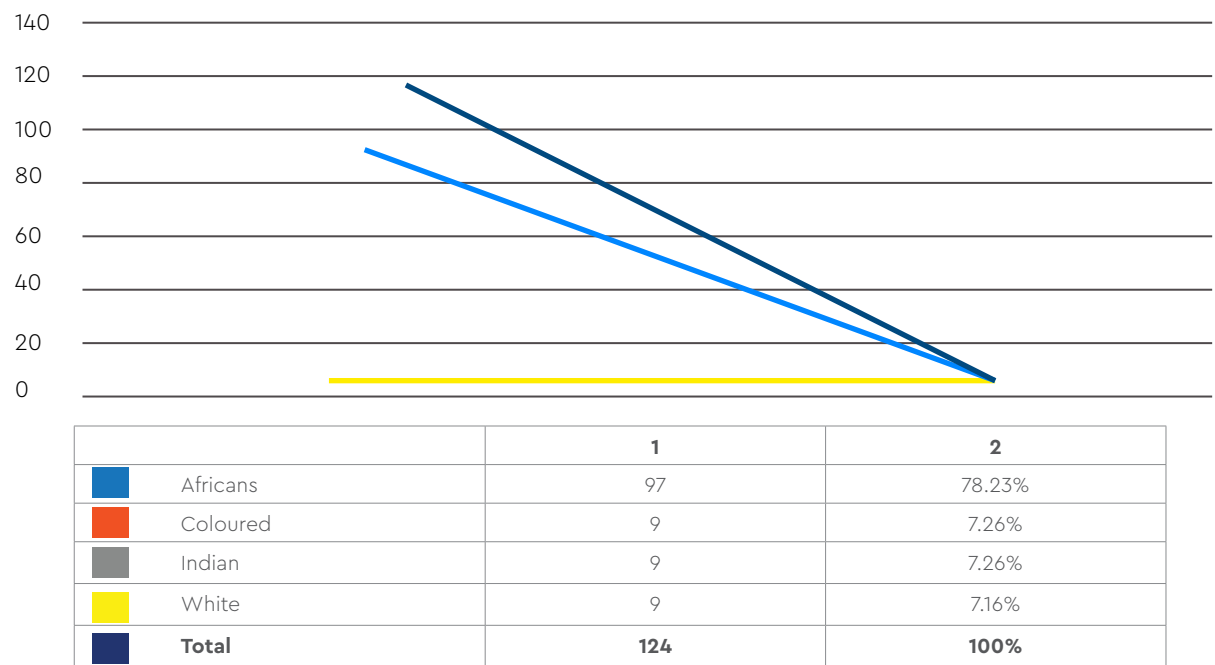
The below figure depicts CEF Group Top & Senior Management Gender Profile during the reporting period:



2.3.2.2 Top & Senior Management Race profile

- As at the 31st March 2025, 78% of the employees in top and senior management were Africans.
- The African dominance is followed by Coloureds, Indians and Whites each at 7%.

The below figure depicts CEF Group Top & Senior Management Race Profile during the reporting period:

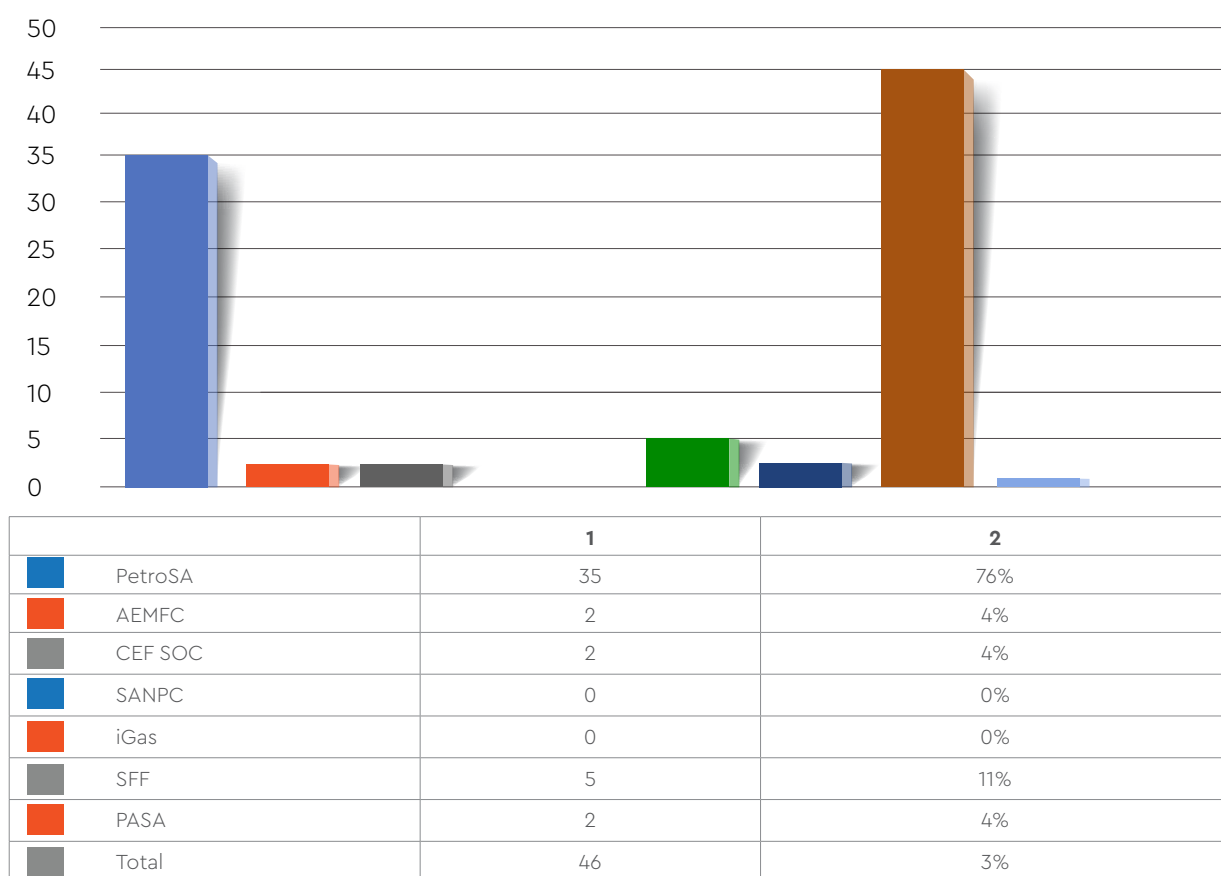


GROUP PERFORMANCE (CONT.)

2.3.3 Disability Profile

- For 2024/25 FY, Persons with disability accounted for 3% of the Group employee population relative to the national target of 3%.
- Of this 3% of persons with disability, PetroSA house the highest with 76% followed by SFF at 11% whilst CEF SOC, AEMFC and PASA accounted for 4% each.
- The National Employment Equity target for Persons with Disabilities has now been revised from 2% to 3% per employer; thus, CEF Group representation is on target.

The below figure depicts the group disability representation during the reporting period:

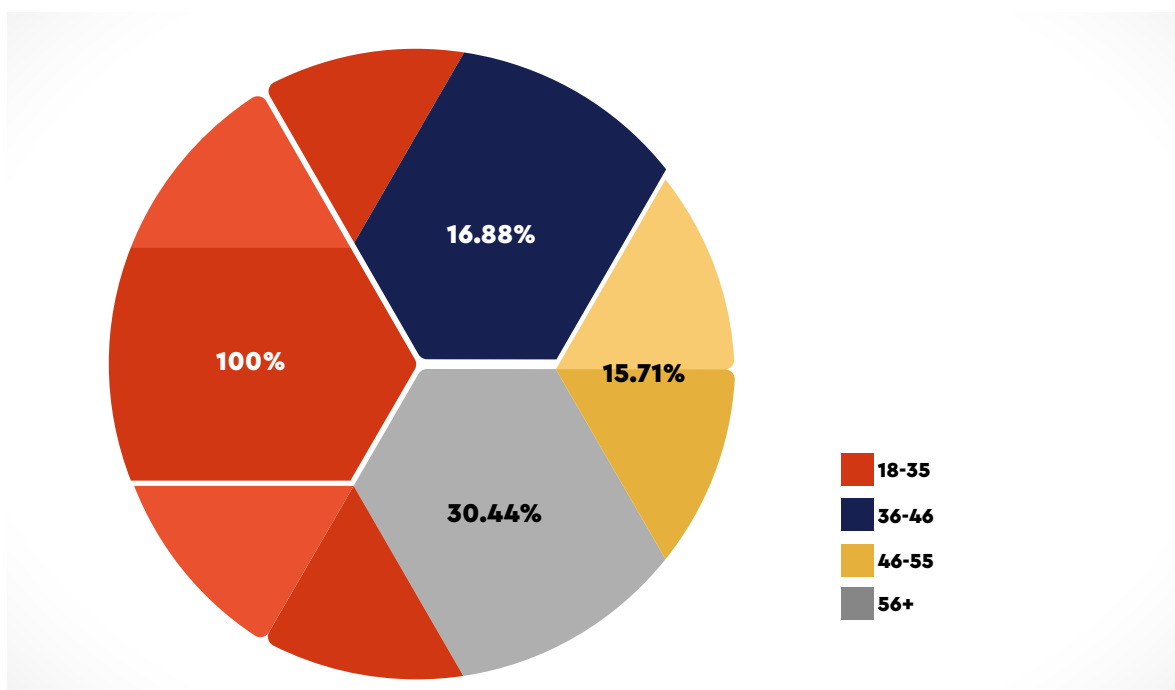


GROUP PERFORMANCE (CONT.)

2.3.4 Age Profile

- Of the 1534 Group Employee population, 36.96% are aged between 36 and 45 years which is the highest though represent a 1% drop from the previous financial year.
- Employees aged 56 and above account for the lowest representation at 15.71% whilst Youth employment for employees aged between 18 and 35 was 16.88%. There is a growing need to intensify the intake of youth into developmental programmes such as the Graduate-in-Training, Apprenticeship, and Learnership initiatives within the Group. These programmes play a critical role in preparing and equipping young South Africans with the skills and experience necessary to enter the labour market. Additionally, they serve as a form of interim employment, thereby contributing to the reduction of the national unemployment rate.

The below figure depicts CEF Group age profile:



3. GROUP REMUNERATION

3.1 Group Remuneration Philosophy

- The CEF Group's remuneration philosophy is applied consistently across all organisational levels, including Executive Management, with the exception of Non-Executive Directors, whose remuneration is governed by the Shareholder Guidelines.
- Remuneration within the Group refers to the Total Guaranteed Package (TGP) – the fixed financial benefits paid to employees on a monthly or annual basis. This excludes variable financial benefits such as overtime, cell phone allowances, shift and standby allowances, and performance bonuses, which are administered in line with the specific terms and conditions of individual employment contracts.
- This structured and transparent approach ensures that employees – from junior levels to executive roles – are fairly and consistently compensated, while also ensuring compliance with relevant regulatory frameworks governing the remuneration of Non-Executive Directors.

GROUP PERFORMANCE (CONT.)

• 3.2 Remuneration Framework

The CEF Group has adopted a structured remuneration framework designed to ensure fairness, competitiveness, and alignment with the Group's strategic and operational objectives. The key pillars of this framework are:

- **Benchmarking:** The Group regularly compares its remuneration packages with those offered in relevant competitive markets. This ensures that compensation remains attractive and market-aligned, supporting the recruitment and retention of top talent.
- **Equal Pay for Work of Equal Value:** This principle underpins the Group's commitment to equity and non-discrimination. It ensures that all employees are fairly compensated based on their role and contribution, promoting a motivating and inclusive work environment.
- **Market Benchmarking Practices:** The CEF Group relies on reputable remuneration surveys and selects appropriate comparator groups to ensure that its benchmarking data is both accurate and reflective of current market trends. This enables the Group to respond proactively to market shifts and adjust its remuneration practices when necessary.

Through this framework, the CEF Group seeks to uphold a fair, competitive, and transparent compensation system, which fosters employee motivation, enhances performance, and reinforces the achievement of strategic business goals.

3.3 Remuneration Strategy

The CEF Group's Remuneration Strategy forms a central pillar of its Employee Value Proposition (EVP), reinforcing its position as an employer of choice.

This strategy is instrumental in strengthening the Group's competitive edge, enabling it to attract, retain, and motivate high-calibre talent in a dynamic and evolving energy sector.

The strategy is underpinned by the following core components and guiding principles:

- **Integrated Reward Components:** The remuneration strategy incorporates a blend of reward levers, designed to align with financial performance, strategic objectives, individual contributions, and prevailing market conditions.
- **Financial and Strategic Performance:** Remuneration practices are aligned with the overall financial health and strategic success of the Group, reinforcing the link between organisational performance and employee rewards.
- **Individual Performance:** A strong emphasis is placed on recognising and rewarding individual achievements, thereby cultivating a high-performance culture and encouraging accountability and excellence at all levels.
- **Market Movements:** Ongoing benchmarking against industry standards ensures that the Group's remuneration offerings remain competitive and relevant, supporting both talent acquisition and retention.

In essence, the CEF Group's Remuneration Strategy delivers a balanced and competitive compensation structure that goes beyond salary to support employee engagement, motivation, and long-term organisational success. This integrated and holistic approach ensures the Group continues to be recognised as a leading employer within the energy sector.

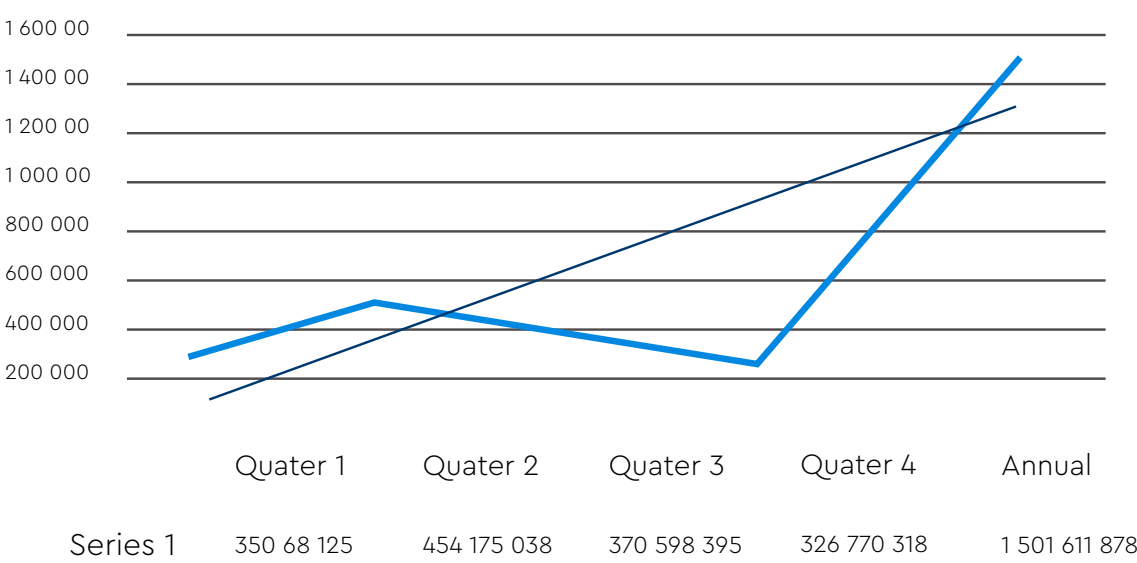
GROUP PERFORMANCE (CONT.)

3.4 CEF Group Labour Costs

For the 2024/25 financial year, the CEF Group incurred total labour costs of R1,501,611,878,00 reflecting an increase from R1,253,594,513.92 in the 2023/24 financial year.

This rise in labour costs is primarily attributed to the growth in the Group's employee population, which increased from 1,518 employees in 2023/24 to 1,534 employees during the current reporting period.

The below figure depicts the labour costs for the Group in 2024/25 FY:

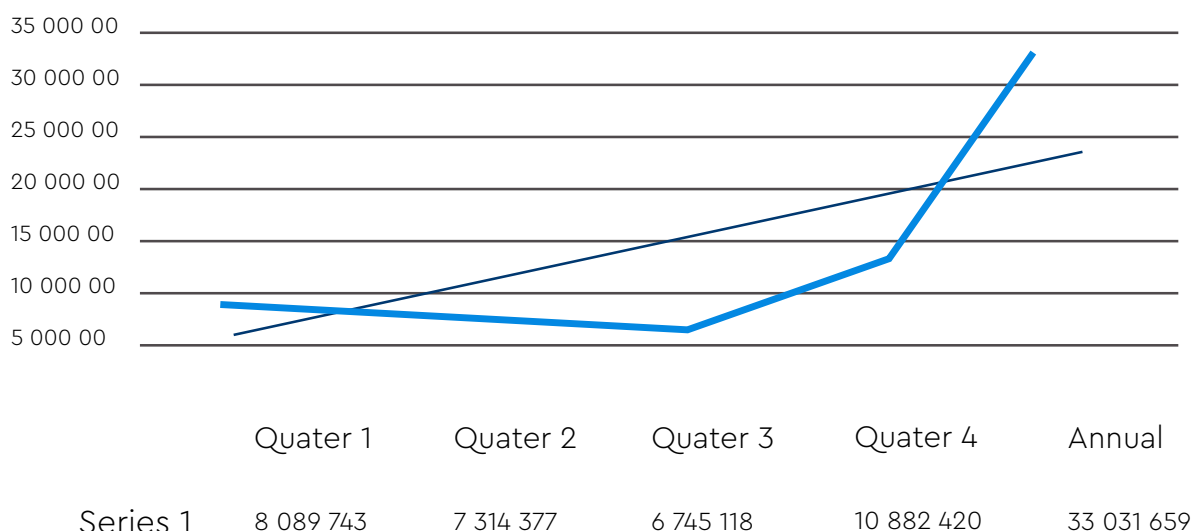


4. GROUP SKILLS DEVELOPMENT AND TRAINING

- For the financial year ending 31 March 2025, the CEF Group invested R33,031,659.54 in skills development and training, reflecting a substantial increase from R22,222,956.40 in the 2023/24 financial year.
- This marked increase underscores the Group's firm commitment to building a capable, future-ready workforce, aligned with its broader strategic objectives and national development priorities.
- The Group's Skills Development and Training programme places strong emphasis on:
 - Employee functional training aimed at deepening technical knowledge and job-specific competencies;*
 - External bursaries for unemployed youth, supporting national goals around skills upliftment and economic inclusion;*
 - Internal bursaries for employees, enabling career advancement through the pursuit of further qualifications.*
- These initiatives collectively ensure that employees are empowered to fulfil their roles effectively, while also contributing to the development of South Africa's broader human capital base.

GROUP PERFORMANCE (CONT.)

The figure below illustrates the Group's skills development and training expenditure per category during the 2024/25 financial year:



5. GROUP EMPLOYEE RELATIONS

5.1 Group Employee Relations Climate

The CEF Group recorded a slight increase in employee relations incidents, rising from 46 in the 2023/24 financial year to 48 in 2024/25. This upward trend, which emerged during Q2 of the reporting period, signals potential underlying tensions within the employer-employee dynamic that warrant proactive intervention.

- A key contributing factor appears to be the uneven application of policies, which may lead to perceived unfairness and employee dissatisfaction – a catalyst for the reported rise in incidents.
- Of the 48 reported cases:
 - 21 were formal grievances,
 - 11 involved disciplinary proceedings, and
 - were precautionary suspensions, including one involving a Senior Executive at PetroSA. The related investigations have since been concluded, and disciplinary hearings are scheduled to commence in the 2025/26 financial year.

GROUP PERFORMANCE (CONT.)

5.2 EMPLOYEE RELATIONS CASE LOAD

Compared to the previous financial year, where 46 incidents were logged, the 2024/25 reporting period closed with 48 recorded incidents.

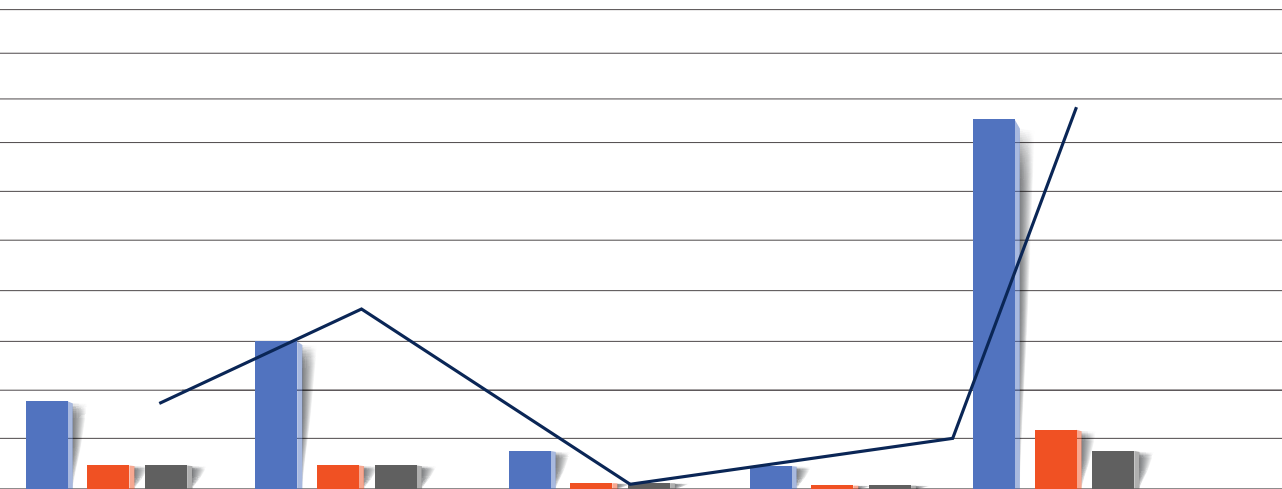
Distribution of incidents by entity:

- PetroSA: 77% of total cases
- Strategic Fuel Fund (SFF): 15%
- Petroleum Agency SA (PASA): 2%
- Remaining cases were spread across other subsidiaries.

Breakdown of incident types:

- Grievances accounted for 44% of total incidents, with 90% of those arising from PetroSA.
- Disciplinary hearings represented 22%, with 72% attributed to PetroSA.
- CCMA matters made up 21% of all cases, with 50% originating from PetroSA.

The Table below provides a summary of the Employee Relations case load across the Group:



		Disciplinarys	Grievances	CCMA	Dismissals	Labour Court	Precautionary	Total
	PetroSA	8	19	5	0	3	2	37
	SFF	2	2	2	0	0	1	7
	AMEMFC	1	0	2	0	0	0	3
	iGas	0	0	0	0	0	0	0
	CEF SOC	0	0	0	0	0	0	0
	PASA	0	0	1	0	0	0	1
	Total	11	21	10	0	3	3	48

GROUP PERFORMANCE (CONT.)

5.3 WAGE NEGOTIATIONS

- All subsidiaries within the CEF Group implemented annual salary adjustments for the 2024/25 financial year. Notably, CEF SOC Ltd and iGAS granted the highest increases at 7.7%, demonstrating a strong commitment to fairly compensating employees. This was followed by AEMFC at 7% for Bargaining employees and 6% non-bargaining employees.
- Petroleum Agency of South Africa granted its employees 6.5% which is slightly below the Strategic Fuel Fund's 6.7% adjustment whilst PetroSA awarded its workforce between 5.3% for non-bargaining employees and 6.5% for bargaining employees.
- These adjustments reflect the Group's continued efforts to offer competitive and equitable compensation, aligning with industry standards to attract and retain skilled talent.

6. ESTABLISHMENT OF THE SOUTH AFRICAN NATIONAL PETROLEUM COMPANY (SANPC)

Through the Merger of PetroSA, iGAS, and SFF

- The merger of PetroSA, iGAS, and the Strategic Fuel Fund (SFF) to form the South African National Petroleum Company (SANPC) has been successfully completed. This milestone marks a significant restructuring within the Group to enhance operational integration and strategic alignment across the energy value chain.
- As part of the merger process, the transfer of identified assets and employees to SANPC was conducted in line with Section 197 of the Labour Relations Act, ensuring compliance with legislative requirements governing organisational change and employee rights.
- Consultations with labour representatives and non-unionised employees were concluded successfully in October 2024, culminating in a signed agreement with relevant trade unions regarding the terms of transfer and employee integration.
- However, a dispute subsequently arose concerning the implementation methodology of the agreement. The signed agreement provided for a direct transfer of affected employees from

PetroSA, iGAS, and SFF to SANPC. Contrary to this, the initial execution adopted a secondment approach, which was inconsistent with the agreed terms and led to implementation delays.

- The issue has since been amicably resolved, with all stakeholders reaffirming their commitment to the originally agreed direct transfer model. As a result of the dispute and its resolution, the effective implementation date was deferred from 1 April 2025 to 1 May 2025.

7. SHARED SERVICES

- The CEF Group has adopted the Shared Services Model as a key strategic lever to drive operational efficiency, standardisation, and service excellence across the organisation. This initiative is designed to streamline support functions, eliminate redundancies, and allow business units to focus on delivering their respective core mandates.
- At the heart of this transformation is the integration of advanced information technology systems, enabling automation of routine administrative tasks, enhanced data integrity, and improved accessibility. These systems lay the foundation for more agile and data-driven decision-making within the Group.
- As part of the initial implementation, Service Level Agreements (SLAs) for payroll administration have been concluded with Petroleum Agency South Africa (PASA), iGAS, and the Strategic Fuel Fund (SFF). This milestone marks a significant step toward achieving standardised, transparent, and high-quality HR service delivery across the Group.
- Furthermore, following a competitive procurement process, a qualified service provider has been appointed to lead the comprehensive rollout of Shared Services and Centres of Excellence in the next financial year. This will support the Group's efforts to institutionalise best practices and enhance group-wide capability and collaboration.

GROUP PERFORMANCE (CONT.)

CONCLUSION

The Human Capital Report underscores the Central Energy Fund's steadfast commitment to developing a highly skilled, diverse, and motivated workforce that is essential to achieving organizational excellence. Throughout the reporting period, targeted strategies in talent acquisition, employee development, and retention have strengthened our capacity to respond effectively to the dynamic demands of the energy sector and to support the Group's strategic objectives.

Our continued emphasis on employee well-being, inclusion, and lifelong learning fosters a culture of innovation, resilience, and accountability. As we look to the future, the CEF Group remains dedicated to advancing its human capital framework by harnessing data-driven insights, embracing digital transformation, and cultivating leadership at every level.

Through these sustained investments in our people, we are confident in our ability to drive sustainable growth, enhance operational performance, and create lasting value for all stakeholders within the evolving energy landscape.



SECTION 6
GROUP
CORPORATE
GOVERNANCE

GROUP CORPORATE GOVERNANCE

Sound corporate governance is underpinned by globally recognised principles, including responsibility, competence, integrity, transparency, fairness, accountability, independence, ethical and effective leadership, sustainability, corporate citizenship, and robust risk management. These principles are most effectively demonstrated through clear, consistent, and meaningful disclosures in an organisation's Integrated Annual Report (IAR), which serves as a primary channel for engaging stakeholders who are impacted by, or have influence over, the organisation's operations and strategic direction.

The King IV Report on Corporate Governance for South Africa ("King IV") provides a framework of recommended practices designed to enhance organisational integrity, accountability, and transparency. In line with King IV, this section presents selected governance disclosures that are not addressed elsewhere in the IAR, thereby offering a holistic and transparent account of the CEF Group's governance structures, practices, and performance.

ETHICS AND INTEGRITY

Ethical lapses remain at the heart of some of the most significant corporate governance failures globally. Between 2015 and 2022, several high-profile scandals underscored the devastating impact of compromised ethics, including:

- **FIFA** – systemic institutional bribery and corruption;
- **Goldman Sachs** – misuse of confidential information for client benefit;
- **Steinhoff** – false financial reporting leading to a significant destruction of shareholder value; and
- **VBS Mutual Bank** – widespread corruption and looting involving executives, political figures, and external auditors.

- In recognising these lessons, the CEF Group has reinforced its commitment to ethical conduct through its approved Integrity Pact. This Pact comprises the Code of Ethics, Fraud Prevention Policy, and Third-Party Risk Management Framework, and is binding on Board members, employees, and all stakeholders, including suppliers.

The Integrity Pact aims to:

- Promote ethical and responsible decision-making;
- – Enable the early identification and prevention of fraud, corruption, and other unethical practices; and
- Safeguard the Group's reputation by avoiding business relationships with high-risk or questionable third parties.

Through these measures, CEF seeks to embed a culture of integrity and accountability at every level of the organisation, ensuring that ethical considerations remain integral to both strategic and operational decision-making.

CONFLICTS OF INTEREST AND TRANSPARENCY

At the core of sound corporate governance lies the effective management of stakeholder interests. Of particular importance is the identification and mitigation of actual or potential conflicts between the interests of the organisation and those of individual directors or employees.

CEF's Code of Ethics provides clear guidance on the principles and processes to be applied when a conflict of interest, or the perception thereof, arises. As an additional safeguard, Board members and prescribed officers are required to submit annual financial disclosures. Furthermore, attendees of Board and Committee meetings are obliged to declare any conflicts of interest in relation to agenda items under consideration. These measures reinforce decision-making that is objective, transparent, and in the best interests of the Group and its stakeholders.

GROUP CORPORATE GOVERNANCE

INTERNAL AUDIT

In compliance with Section 51 of the PFMA and Section 3.2 of the National Treasury Regulations, CEF maintains an independent Internal Audit function governed by the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA).

Functionally accountable to the Board Audit and Risk Committee and administratively to the Group Chief Executive Officer, Internal Audit operates under an annually reviewed and Board-approved Terms of Reference. The function provides independent assurance on the effectiveness of the Group's governance, risk management, and internal control systems.

Beyond assurance, Internal Audit Services (IAS) partners with management to add value through a systematic, disciplined approach that promotes continuous improvement and strengthens the Group's governance and control environment.

CORPORATE SOCIAL INVESTMENT

Sustainable business practices underpin environmental, social, and economic well-being. In alignment with the UN World Commission on Environment and Development's definition of sustainable development — "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" — CEF implements its approved Corporate Social Investment (CSI) Strategy to:

- Empower disadvantaged communities socio-economically and environmentally;
- Address factors adversely impacting the living conditions of disadvantaged communities within CEF's areas of operation;
- Build and safeguard CEF's reputation as a responsible corporate citizen; and
- Position CEF as a meaningful contributor to community development initiatives nationally.

CEF's CSI initiatives focus on:

- Environment and sustainable development;
- Women and youth empowerment;
- Education, learning, and skills development;
- Community development projects; and
- Information technology-related empowerment.

BOARD PERFORMANCE EVALUATION

An independent Board performance evaluation was conducted by GRIPP Advisory during the reporting period. The process assessed the CEF Group Board's effectiveness across key governance dimensions, including strategic oversight, risk management, fiduciary duties, stakeholder engagement, and ethical leadership.

All Board members participated in the evaluation, resulting in an overall average score of 3.39 out of 4, indicating a strong level of performance and governance effectiveness. The findings will inform targeted initiatives to further strengthen the Board's capabilities, enhance decision-making, and maintain alignment with governance best practices.

GROUP CORPORATE GOVERNANCE

The following areas of improvement were identified:

Areas for improvement	Action Plan
Inadequate Board composition occasioned by existing vacancies.	The Shareholder has undertaken to fill the CEF Group Board vacancies during the 2025/26 financial year
Late circulation of Board and Committee meeting documents.	Management has been directed to adhere to the Annual Meeting Calendar as well as the minimum period prescribed in the Board Charter and Committees' Terms of Reference to circulate meeting documents
Poor succession planning for Board and Executive Management.	This item has been assigned to the Human Resources, Remuneration & Nomination Committee to address during the 2025/26 financial year
Excessive number of Committee meetings.	The Board and Committees to adhere to Annual Meeting Calendar to the extent possible and special meetings to be convened when it is absolutely necessary to do so

CONTINUOUS BOARD DEVELOPMENT

In line with CEF's ambition to be a high-performance organisation, the Group facilitates both formal and informal continuous development initiatives for its Board members. These programmes equip directors with the knowledge, resources, and tools necessary to enhance strategic oversight, strengthen governance, and foster effective engagement with the Shareholder.

Professional development also supports directors in cultivating strategic partnerships, ensuring informed decision-making, and driving the Group's long-term success. During the reporting period, two non-executive directors attended the "Being a Director" course offered by the Institute of Directors in South Africa (IoDSA).

COMMUNICATION WITH DIRECTORS

Directors have direct access to the Group Chief Executive Officer and receive regular briefings on quarterly reporting in line with the Public Finance Management Act (PFMA). These engagements enable directors to monitor performance, recommend interventions, and engage with the Shareholder on the progress of CEF and its subsidiaries.

Each CEF Group entity enters into an annual Shareholder's Compact with CEF, setting out corporate plans and materiality thresholds approved at Group level. In turn, CEF SOC concludes a Shareholder's Compact with its Executive Authority, the Minister of Mineral and Petroleum Resources.

GROUP CORPORATE GOVERNANCE

BOARD COMMITTEES

To enhance its effectiveness and ensure robust oversight, the Board has established a number of specialised committees to support the execution of its governance responsibilities. Each committee operates under Board-approved Terms of Reference, which are periodically reviewed and updated to reflect developments in corporate governance best practice.

All committees are chaired by Non-Executive Directors to ensure independent oversight, and their mandates cover specific governance focus areas aligned to the Group's strategic objectives and statutory obligations. In addition, the boards of CEP's subsidiaries independently oversee the affairs of their respective entities, ensuring that governance practices are embedded consistently across the Group.

Board Committee Structures	Strategic Responsibility
Board Audit and Risk Committee	Responsible for discharging its duties relating to the safeguarding of Group assets, the operation of adequate systems, control processes and the preparation of accurate integrated reporting and financial statements in compliance with all applicable legal, regulatory and reporting requirements and standards as well as reputational risk, as listed and defined in the Group's enterprise-wide Risk Management framework.
Social, Ethics and Governance Committee	Responsible for providing leadership and taking responsibility for the CEP Group's transformation, socio-economic development, ethics, employment equity and sustainability, including the management of non-financial issues, within the broader Group Governance and Strategic framework
Human Resources, Nominations Committee	Responsible for monitoring the quality and integrity of Human Resource policies and practices of the CEP Group and general oversight of Human Resource and Remuneration policies and procedures. Monitors compliance with significant legislative and regulatory requirements and Board development, recruitment and nominations in the Group.
Finance, Investment, Projects and Procurement Committee	The Committee monitors, considers and makes recommendations it deems appropriate to the Board on all relevant finance, investment, project and procurement matters within the ambit of its terms of reference.

GROUP CORPORATE GOVERNANCE

GOVERNANCE STRUCTURES

The CEF Board of Directors comprises three non-executive directors. A minimum of four Board meetings are held annually to ensure effective oversight. The shareholder has approved a framework governing directors' remuneration.

CEF maintains a unitary board structure consisting of both executive and non-executive directors appointed by the shareholder. The Board convenes at least quarterly, with executive management attending by invitation. While the Board delegates day-to-day operational responsibilities to executive management, it retains oversight of strategic direction and overall control of the entity. Non-executive directors serve fixed three-year terms, with reappointment subject to a formal review process. The roles of Chairperson and Interim Chief Executive Officer are distinctly separated to maintain independent leadership and governance.

In line with the Public Finance Management Act (Act No. 1 of 1999), the Board serves as the accounting authority of CEF. Reflecting the King Report recommendations, the Board has adopted a formal Board Charter that clearly defines its role and responsibilities.

The Board's core responsibilities include:

- Defining the company's strategic objectives and values;
- Providing strategic direction to the company;
- Ensuring identification and management of key risk areas and performance indicators;
- Monitoring company performance against agreed objectives;
- Advising on significant financial matters;
- Reviewing executive management's performance against defined goals and industry standards.

- Additionally, the Board is tasked with:
- Approving key policies, investments, risk management measures, and transactions exceeding management's authority;
- Reviewing and approving the entity's strategy, objectives, and plans;
- Considering and approving annual financial statements and shareholder submissions;
- Ensuring adherence to sound corporate governance and ethical standards;
- Overseeing the company's triple bottom line performance (economic, social, and environmental);
- Reviewing the effectiveness of internal controls.

COMPANY SECRETARY

CEF SOC Ltd utilises the services of its in-house Company Secretary, who plays a pivotal role in supporting the Board by providing independent guidance on matters of corporate governance and business ethics. The Company Secretary also advises directors on the nature and scope of their duties and responsibilities, ensuring these are properly discharged in accordance with legislative and regulatory frameworks.

GROUP CORPORATE GOVERNANCE

All directors have unrestricted access to the Company Secretary's services, company records, and governance information. Furthermore, directors are entitled to seek independent professional advice, at the company's expense, in the execution of their fiduciary duties.

BOARD AUDIT AND RISK COMMITTEE

CEF benefits from the oversight of the CEF Board Audit and Risk Committee (BARC). To enhance focus and effectiveness, the responsibilities of the Audit and Risk Committee have been formally separated into two distinct functions. However, the membership of both committees remains the same, and their meetings are convened concurrently.

The Committee comprises independent members appointed by the CEF Board, and its terms of reference are approved by the Board. The Committee's work and findings are reported on in detail within the annual report. The Committee meets at least four times annually and is chaired by an independent external member who is not the Chairperson of the Board. Representatives from the Auditor-General of South Africa (AGSA) and CEF's Chief Audit Executive (CAE) have unrestricted access to the Committee and are present at its meetings. Key executives – such as those responsible for finance, risk, and internal audit – also attend by invitation to provide input and respond to queries.

The Committee is mandated to review the adequacy and effectiveness of the company's internal control systems, with particular emphasis on audit findings from both internal and external sources. It also addresses significant accounting and control issues, monitors material litigation matters, reviews key financial statement disclosures, and evaluates the performance of the internal audit function.

Furthermore, the Committee exercises oversight of CEF's compliance and risk management functions. While the CEF Board retains overall accountability for ensuring compliance with applicable laws, regulations, policies, and standards, these functions are supported by a dedicated resource based at the Shareholder. As a matter of principle, CEF maintains a zero-tolerance approach to non-compliance.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Board of Directors assumes full responsibility for the preparation and integrity of CEF's annual financial statements. The AGSA is responsible for conducting an independent audit of these financial statements. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and accounting policies are applied consistently, unless otherwise disclosed. Where changes have been made, they are transparently reported and explained. The Board is satisfied that the entity has adequate resources to continue as a going concern in the year ahead.

INTERNAL AUDIT

CEF utilises the services of its internal audit department, which operates with the full support and cooperation of both the Board and group executive management. The internal audit function is governed by a formal **Internal Audit Charter**, which outlines its purpose, authority, and responsibilities. This charter is approved by the CEF BARC and aligns with international internal auditing standards.

The internal audit function reports directly to the BARC and operates independently, ensuring it maintains objectivity and impartiality in the execution of its mandate. All internal audit reports are tabled at the highest level of authority and discussed at each Audit Committee meeting.

The internal audit function executes its responsibilities through a risk-based annual audit plan, which is aligned to the company's enterprise risk management framework. This plan is reviewed and approved annually by the BARC.

The Chief Audit Executive (CAE) has unrestricted access to the Chairperson of the Board Audit & Risk Committee and to the iGas Board, reinforcing the function's independence. The internal audit function is accountable to the CEF Board and the Board Audit & Risk Committee and plays a vital role in supporting governance through the following key responsibilities:

GROUP CORPORATE GOVERNANCE

Evaluating the effectiveness of the organisation's governance processes, including ethics and conduct;

- Providing independent assessments of the adequacy and effectiveness of the risk management and internal control systems;
- Systematically analysing and reviewing business processes and associated controls;
- Identifying and reporting, where appropriate, on incidents of fraud, corruption, unethical conduct, and irregularities.

The Board Audit & Risk Committee ensures that the internal audit department adheres to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA). The Chief Audit Executive has implemented a formal Quality Assurance and Improvement Programme to monitor and enhance the performance of the internal audit function. In line with best practice, the internal audit function undergoes an external quality assessment at least once every five years. The most recent review, conducted in February 2023, rated the function as "Generally Conforms", which is the highest level of conformance with the IIA's standards.

SECTION 7
GROUP
BUSINESS
OPERATIONS

GROUP BUSINESS OPERATIONS

The CEF Group is a critical enabler of South Africa's integrated energy value chain, with operational responsibilities spanning Mining, Gas, Petroleum Operations, and Fuels. Through these strategic pillars, the Group not only ensures energy supply security but also supports the country's broader developmental and industrialisation goals.

Its operations include core petroleum manufacturing assets, crude oil storage infrastructure, and strategic fuel reserves, which serve as key enablers of national energy resilience. The Group's mining activities are focused on securing feedstock for energy production, while its expanding renewable energy footprint reinforces South Africa's commitment to a just energy transition and carbon reduction commitments under the Paris Agreement.

In the gas sector, the Group plays a vital role in regional energy integration, with gas sourcing and logistics operations in Mozambique, positioning the Group as a strategic participant in the Southern African Development Community (SADC) energy corridor. These efforts support diversification of the national energy mix and contribute to energy affordability and accessibility.

The CEF Group's operational model is underpinned by its role as a state-owned strategic investor, ensuring that energy sector investments are aligned with national priorities, including localisation, job creation, skills development, and black economic empowerment. This integrated approach strengthens South Africa's energy sovereignty while enabling socio-economic transformation across the energy value chain.

To ensure effective governance and strategic alignment across its diverse operations, the CEF Group is supported by a Subsidiaries Board structure, which provides oversight and direction to its operating entities in line with the Group's corporate objectives and mandate.

Subsidiaries' Boards for the FY 2024/25

PASA	AEMFC	LEGACY BOARD	SANPC BOARD
Mr. S Roopa (Chair)	Mr. ZB Swanepoel (Chair)	Ms U Figlan (Chair)	Mr. S Mkhize (Chair)
Ms. D Hlatshwayo	Mr. KJ Hodges	Ms. D Morabe	
Ms. C Mpelwane	Ms. D Hlatshwayo	Ms. B Moagi	Ms. N Nokwe-Macamo
Ms. M Ngwenya	Ms. J Snyman	Mr. L Delport	MS. N Siswana
Ms. R Nkambule	Ms. P Motsielwa	Mr. P Fusi	Mr A Mashifane
Ms. P Motsielwa	Mr. PM Madokwe	Mr. T Bonakele	Ms. M Makololo
Mr. L Pitsoe	Mr. T Masondo		Mr P Kedama
Dr. S Sayidini (Interim CEO)	Mr. L Pitsoe (CEO)		Ms. P Dhlamini
Mr. S Mah Lambi (CFO)	Ms. S Mthethwa (CFO)		Mr. S Moleko
			Mr .G Moagi (CEO)

The following provides an overview of the operational performance of each subsidiary within the CEF Group for the period under review:

GROUP BUSINESS OPERATIONS (CONT.)

1. CEF SOC OPERATIONS



Mandate

CEF SOC is a schedule two entity. CEF's mandate originates from the CEF Act 38 of 1977, supplemented by subsequent ministerial directives. Its core mission is to enhance the energy supply security of South Africa and the region. To achieve this, the CEF Group engages in exploration, acquisition, development, marketing, and strategic collaborations in the energy sector. CEF SOC is a holding company for PetroSA, AEMFC, SFF, iGas, PASA, CEF Carbon, SANPC and other dormant renewable energy companies

Purpose

As the holding company, CEF SOC assumes the role of a strategic controller, providing leadership, oversight, and monitoring of governance and business performance for its subsidiaries. CEF SOC plays a crucial role in setting the Group's strategic direction and promoting integration among its entities. While respecting the distinct mandates of each subsidiary, CEF SOC ensures alignment of processes and systems to capitalise on synergies throughout the organization, which includes facilitating and supporting the merger to form the SANPC.

Strategic Outlook

The CEF SOC strategy house cascades from the group strategy, with added focus on corporate governance and reputation management. It is anchored by the CEF mandate and CEF's Trilateral role:

- Strategic investor
- Strategic controller
- Developmental agent

As the holding company, CEF's strategy approach is biased towards value creation and the Group Growth Agenda

Financial Performance

CEF SOC pushed hard during the last two quarters to close performance gaps, thereby achieving a summary performance score of 4.40 out of 5.00. The entity reported a net profit of R257 million, which is higher than the budgeted net loss of R101

million by R358 million for the period ended 31 March 2025. The positive variance of R358 million is mainly attributable to:

- Higher other income by R93 million
- Higher net interest income from short term deposits by R37 million
- Higher net interest income from medium term investment by R16 million
- Higher dividends received by R122 million
- Higher fair value gains of R3 million as a result of positive returns from structured investment
- Lower operating expenditure less than budget by R92 million

Highlights

- CEF SOC reported a net profit of R257 million for the 2024/25 financial year, which is higher than the budgeted net loss of R101 million by R358 million.
- Board approval of CEF Group Corporate Plans 2025/26 to 2029/30 and submission to DMPR by end of February 2025.
- Great progress was made with the merger project, which resulted in the approval of the inaugural SANPC Corporate Plan.
- Participation in the following events: Africa Energy Indaba, Africa Mining Indaba, South African Oil and Gas Conference (SAOGA) 2025.
- Progress achieved on SA NPC operationalization and associated corporate plan towards inception of the SA NPC
- Acquisition of SAPREF assets, now known as SANPC Refinery, housed under CEF Trading
- Progress made on the CEF Group Growth Agenda (Downstream acquisitions and partnerships)
- Progress on the CEF Carbon/ AQUA Redstone project in achieving synchronization
- Progress made on the Shared Services implementation and associated Human Capital interventions

LOWLIGHTS

R45 691 Fruitless and Wasteful expenditure has been incurred, which mainly relates to interest charged by SARS for late payment.

GROUP BUSINESS OPERATIONS (CONT.)

- R47 951 irregular expenditure has been incurred in the current year.
- 87% (R138 million) of the trade debtors balance is over 90 days overdue (SFF, PAMDC, and PETROSA)
- Delays in the implementation of the Group performance management system designed to improve the automation of performance oversight, with the appointment of the service provider towards the end of March 2025
- Lack of progress on the PetroSA turnaround

2. AEMFC OPERATIONS



Mandate

AEMFC derives its mandate from the Ministerial Directive issued by the Minister of Minerals and Energy on 03 April 2007. AEMFC is mandated to acquire and hold exploration and mineral rights in respect of all energy related and other minerals on behalf of the State, and to engage in the mining thereof. In the execution of its business mandate, and whenever deemed expedient, and as far as practicable, AEMFC is expected to collaborate with BBBEE companies and other SOEs, and in doing so, be subject to objective compliance with all legislation and regulatory requirements, including the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA).

Purpose

To ensure that South Africa's energy producing and beneficial mineral resources including Coal, Rare Earth's Elements, PGMs, Battery Minerals, Ferrous and non-Ferrous metals, etc.) are developed to unlock economic and social benefits for the Republic and the attainment of associated developmental objectives in the rest of the African Continent and the world.

Strategic Outlook

The year-to-date performance overview of the AEMFC, supported by analytical assessment and evaluation of influential factors within the context of the prevailing global and domestic business milieu has yielded these proposed strategic pillars for the planning period, ahead.

Financial Performance

Coal sales declined sharply to 575,547 tonnes, down 83.3% year-on-year and 76.1% below budget. Revenue fell 88.1% year-on-year to R301 million, and R1.46 billion underbudget, primarily driven by the drop in volumes and a 24.5% decline in the average selling price to R531/tonne, against a budgeted R708/tonne. The business reported a gross loss of R55.8 million, with a gross margin of -18.5%, compared to a gross profit of R363.0 million the previous year. Operating expenses increased to R344.2 million, leading to an operating loss of R367.2 million, and a net loss of R348 million, versus a net profit of R64.4 million in the prior year. The cash position deteriorated significantly, with cash from operations showing an outflow of R322.6 million, and available cash declining by 69.6% to R127.5 million. The company closed the financial year with total cash balances of R244.2 million.

Highlights

Safety of Operations: The mine achieved its annual LTIFR target of 0.96 for the financial year.

Environmental Authorizations Based on the assessment done in Q4, the WUL compliance status for the financial year to date is at 89%. This represents a one per cent improvement since the beginning of the financial year. The improvement was due to the improved submission of the required reports to the authorities

Lowlights

Overall financial Performance: The company's performance for the year ended 31 March 2025 reflects a material deterioration across all financial and operational indicators when compared to both the prior year and approved budget. This was primarily due to extended operational disruptions coal quality challenges, and the suspension of deliveries to the primary customer for a significant portion of the year.

This being addressed across several fronts with a view to rapid and sustainable improvement.

Business Sustainability: The sustainability of the business is at risk. In response, management has developed a comprehensive Turnaround Plan aimed at stabilising operations and restoring long-term viability.

GROUP BUSINESS OPERATIONS (CONT.)

Total Energy Quantity of Coal supplied (GJ):

Prolonged suspension of deliveries due to low quality coal has led to not meeting the target of coal energy supplied. The corrective measure being mobilized is the Coal Washing Plant construction and Klippoortjie Mine Development. These will improve and stabilise coal quality.

Gross Profit Margin not achieved: This is due to Coal sales declining sharply, affecting Revenue whilst cost improvement was marginal.

High Performance Culture target not achieved: This was due to a low employee response to the performance contracting and evaluation. Plans are in place to address this for the new financial year.

Employee Engagement: The recovery of business operations should improve the level of employee engagement.

3. PASA OPERATIONS



Mandate

To promote exploration for onshore and offshore oil and gas resources and their optimal development on behalf of the Government. The Agency also regulates exploration and production activities and acts as the custodian of the national petroleum exploration and production database. Extended mandate:

- Collect the prescribed fees in respect of reconnaissance permits, retention permits and petroleum rights
- Set, review and approve tariffs and charges for third party access to upstream petroleum infrastructure in consultation with the National Energy Regulator of South Africa
- Receive and review applications for environmental authorizations in terms of the National Environmental Management Act, and make recommendations to the Minister
- Verify the measurements of petroleum production to allow for assessment of royalties and revenue due to the State

Purpose

PASA is designated in terms of Section 70 of the MPRDA by the Minister to strategically manage the oil and gas industry to drive: (1) Resource Evaluation

and Promotion; (2) Regulatory and Licensing; (3) Data Management; (4) Strategic Projects.

Strategic Outlook

PASA's five strategic objectives lay the foundation for a competitive and sustainable upstream oil and gas industry to increase exploration and production of oil and gas in the country by engaging and managing stakeholders to improve the efficiency and effectiveness of our legislative and regulatory mechanisms and building capacity in emerging technologies to develop a competitive upstream oil and gas industry in a financially sustainable way.

Financial Performance

Significant regional discoveries include Namibia's Orange Basin oil fields, Mozambique's LNG projects, and South Africa's offshore discoveries in the Outeniqua Basin, specifically the Brulpadda and Luiperd projects. Additionally, there are promising onshore reserves, such as Tetra4's deep biogenic gas in the Free State Province, Kinesio's shallow conventional gas in Mpumalanga, and Thungela's coalbed methane (CBM) in Lephalale.

These discoveries have increased interest in South Africa's energy potential, attracting international oil companies and substantial investments. While these developments offer various opportunities – such as job creation, improved energy security, and economic growth – they also bring challenges, including environmental risks, regulatory uncertainties, and market volatility. These challenges must be understood in the context of a dynamic and evolving business environment influenced by several factors, including the government's commitment to oil and gas exploration, trade relationships, regional oil and gas developments, and the energy transition.

The operating loss for the quarter under review is R 3,2 million, and the year-to-date profit is R 30,8 million. The operating results improved by R 1,7 million and R 13,1 million relative to the budget and prior quarter, respectively. Revenue is below budget by R 3,8 million and above the prior quarter by R 13,9 million. The budget variance is due to an offshore exploration permit under review that was not completed as expected.

GROUP BUSINESS OPERATIONS (CONT.)

Highlights

Regulatory & Licensing Activities at PASA:

During the quarter for FY 2024/25, a total of eight applications were received: one exploration right, two exploration right renewal, two environment authorisations, one section 102 application, one section 11 (transfer/assignment) and one closure certificate. The total number of applications received for the financial year is 59.

UPRD Bill: The Office of the Chief State Law Advisor (OCSLA) identified specific technical issues with the draft regulations, which are currently being addressed by the Department of Mineral and Petroleum Resources (DMPR). Once the OCSLA provides its endorsement, the draft regulations will be published for public comment. PASA will continue collaborating closely with the DMPR to finalise the regulations.

The shale gas project: Phase 1 has progressed significantly, with the completion of four out of five work packages. The final report was submitted to the DMPR in Q3 of 2024/25. This comprehensive closeout report details the technical findings regarding the potential of shale gas resources, geochemical surveys, the risk assessment of onshore legacy wells, the development of decommissioning guidelines and the baseline seismicity monitoring network.

Annual Southern Africa Oil & Gas Conference: On 19 – 20 March 2025, the Petroleum Agency SA, in collaboration with the Department of Minerals and Petroleum Resources (DMPR) and the South African Oil & Gas Alliance (SAOGA), hosted the 4th Annual Southern African Oil & Gas Conference

Lowlights

Offshore Operation: Offshore exploration has continued to advance; however, several exploration licenses undergoing renewal have encountered delays due to appeals against their Environmental Authorisations. This has consequently postponed the completion of the renewal processes

Net profit: The operating loss for the quarter under review is R 3,2 million, and the year-to-date profit is R 30,8 million. The operating results improved by R 1,7 million and R 13,1 million relative to the budget and prior quarter, respectively.

Block 11B/12B off the south coast – has been no further development in Block 11B/12B, located off the south coast, following the withdrawal of TotalEnergies and other joint venture partners. Furthermore, there has been no advancement in securing the Director General's approval for extending the deadline for the submission of the Environmental Impact Assessment (EIA) Report to May 2025.

4. LEGACY IGAS OPERATIONS



Mandate

The Mandate of iGas is derived from the ministerial directive to CEF, dated 2 October 2000 wherein it is stated that, "iGas will act as the official State agency for the development of the hydrocarbon gas industry

in Southern Africa". As per the directive, "iGas may from time to time and in accordance with sound business principles enter into joint ventures and should not rely upon state funding other than the resources of CEF".

Purpose

To support the growth of the South African economy through active investments in Southern Africa for the provision of gas molecules and gas infrastructure. This statement of purpose confirms the unique role for iGas within the CEF Group and South African SOCs. It affirms iGas as the mandated state agency for the development of the gas industry in Southern Africa through active investments for the provision of gas molecules and gas infrastructure.

Post-merger, the Legacy iGas will focus on key wind down activities and enabling the SANPC operationalization.

Strategic Outlook

The iGas strategy fits into the SANPC Integration play of the CEF strategy, under the integration & turnaround theme. In supporting the operationalization of the SANPC the Legacy iGas will ensure good governance during the planning period and ensure legacy operations management with key results based on the strategic plays under each theme and a successful SANPC transitions.

GROUP BUSINESS OPERATIONS (CONT.)

Financial Performance

iGAS generates most of its income via the dividend stream from its 40% shareholding in ROMPCO. Other revenue is generated via interest from cash held in the money market. iGAS has paid off all its debts pertaining to the initial investment in ROMPCO and incurred an additional debt of R3 billion for the ROMPCO share purchase transaction in FY23. With repayments to date and interest accrued, this loan has now reduced to R2.0 billion. iGAS cash balance increased from R1.27 billion at the end of Q2 to R1.45 billion following the receipt of R480 million dividends from ROMPCO; expenses incurred in Q3, and the payment of an additional R132 million dividend to CEF. However, despite this significant cash reserve, the company remains a single dividend income stream business and therefore has a long-term sustainability risk.

For the period ended 31 March 2025, iGAS generated a net profit of R1.2 billion, which is higher than the budgeted net profit of R912 million, resulting in a positive variance of R248 million. The positive variance of R248 million is attributable to the following:

- Higher revenue (ROMPCO Dividend) of R230 million
- Higher net interest income of R23 million
- Lower operating expenses of R17 million countered by
- Higher income tax of R21 million
- Lower other income of R1 million

Highlights

ROMPCO Loan: iGAS has paid off all its debts pertaining to the initial investment in ROMPCO and incurred an additional debt of R3 billion for the ROMPCO share purchase transaction in FY23. With repayments to date and interest accrued, this loan has now reduced to R1.7 billion.

Transition to the SA NPC: iGAS prepared to deliver on the loan of R250 million, for the SA NPC.

2MGJ/a Gas Trading JV: Opportunity identified, evaluated, presented to and approved by the iGAS board

2MGJ/Gas Trading Agreement: this was signed by the PetroSA board thereby paving the way for the inception of a gas-trading JV.

Rompco Dividend: The actual dividend of R690.4 million is R267.5 million + 63%. This is well above the $\pm 20\%$ range for the dividends received.

Rompco Transportation Volumes: volumes exceeded the Q4 budget by 2.99% and the annual budget by 5.09%.

Lowlights

- There was no Rompco Board Approval of the OMA Execution exit plan/roadmap: This is because Sasol Directors have not yet signed the written Board resolution
- CEF based Risk Maturity Management Plan for iGAS: Assessment of iGAS against this framework indicates that iGAS has maintained a Risk Maturity Level 3 (Established Organisation). The target for FY25 was to achieve Level 4, however this was not achieved.

5. LEGACY PETROSA OPERATIONS



Mandate

PetroSA is mandated to operate as a commercial entity that creates value for its shareholders and stakeholders. The mandate includes ensuring the security of energy supply and advancing the broader national objective of the South African petroleum industry for the benefit of the country.

Purpose

The core strategic functions of PetroSA are to make it possible for the Government of the Republic of South Africa to improve the supply of fuel, oil and gas to the country; mitigate the impact of oil price variations and foreign currency fluctuations, drive transformation initiatives in the South African oil, gas, fuels and petrochemicals value chain, manage the contingency crude oil reserves and the strategic petroleum assets of the Government as well as access upstream petroleum assets for the benefit of the citizens of Republic of South Africa

Post-merger, the Legacy Petroleum Oil and Gas Corporation of South Africa's (PetroSA) core activities will focus on the GTL Reinstatement and addressing several legacy operational challenges

GROUP BUSINESS OPERATIONS (CONT.)

relating to the decommissioning liability, FA Platform and operational efficiency as part of winding down the entity.

Strategic Outlook

PetroSA is facing significant financial constraints, primarily due to the non-operational GTL refinery in Mossel Bay, which has been inactive since 2020, leading to high fixed costs. To address its challenges, a structured approach was followed, to develop a stabilization and turnaround strategy for PetroSA that is focused on building on existing capabilities to strategically position PetroSA on a path to a successful turnaround through the development of our domestic gas and investigating the reinstatement of a condensate refinery.

Financial Performance

Challenging market conditions prevailed during the period under review. The key focus has been on strengthening the downstream business through varied interventions including increasing sales volumes & margins, market or customer base expansion and improving trading activities. During the reporting period, PetroSA continued to contend with challenges associated with fluctuating crude oil prices as well as the exchange rate volatility.

As at 31 March 2025, the company recorded a preliminary year-to-date net loss of R2.046 billion against a budgeted profit of R468 million, resulting in a negative variance of R2.514 billion. Revenue for the period was 61% below budget at R14.449 billion vs. a target of R37.334 billion. Cost of sales were 61% below budget due to the lower sales achieved during the year. Other operating costs were 2% (R2.082 billion vs. R2.035 billion) higher than budget. The high operating expenditure also contributed to losses reported.

Highlights

Preferential procurement: BBBEE procurement expenditure of R2,435,819,593 equates to 125% of the discretionary spend for the period under review.

Project Alpha: EXCO has approved the project to progress to the feasibility stage, including the associated funding. This approval also supports the continuation of market engagement to secure power off-takers.

A Gas Sales Agreement (GSA) has been signed

with ENH and engagements with several potential off takers being pursued. NERSA's response on the maximum pricing of the gas is awaited.

BBBEE Improvement Plan has been developed and is being updated to include measures post-merger. Initiatives include Re-assignment of employees, Skills Development Plan & to identify areas of high impact with regards to Preferential Procurement. The BBBEE Improvement Plan has been updated

Lowlights

- Recorded operating losses for the reporting period.
- High operating expenditure further adds to the losses recorded.
- Cash flow severely constrained due to low revenue margins.
- Sales volumes and revenue targets not achieved.
- Oil majors continued not to uplift ULP95 – even after the product had been tested and deemed to be on-spec.
- No traction on the re-instatement project.
- Supplier refusal to trade without prepayment or high premiums.
- Non-compliance to HSSEQ regulatory requirements has increased.
- Inability to reinstate the GTLR: Infrastructure South Africa approved funding to develop a bankable business case. The GTLR is currently undergoing partial preservation, guided by an established preservation plan. However, the implementation of the plan is being hindered due to pending funding approvals

LEGACY SFF OPERATIONS



Mandate

SFF Mandate is derived from the National Energy 2008, Act No. 34 of 2008. The entity's Ministerial mandate is that of ensuring security of supply, thus, it is tasked with the management of strategic crude oil reserves for the Republic of South Africa (SA). The entity owns and operates strategic storage assets in Saldanha Bay (SBTT) and Milnerton (MTT) as enablers to fulfil its mandate. The Saldanha Bay terminal consists of 6 in ground concrete tanks with a combined capacity of 45 million barrels, whilst

GROUP BUSINESS OPERATIONS (CONT.)

the Milnerton terminal consists of 39 above ground steel tanks with a combined capacity of 7, 5 million barrels. Both terminals are linked to the harbours in Saldanha Bay and Cape Town via pipeline and service ocean going vessels which discharge and lift crude oil from the respective terminals.

Purpose

To carry on the business of promoting, conducting, establishing, facilitating, guiding and assisting, by the establishment of a fund or funds and/or in any other manner whatsoever, the location, procurement, storage, production and/or exploitation of fuels, materials, products and commodities which are or may become of strategic importance to the Republic of South Africa, not for gain but solely in the communal interests of the general public, and to perform any other acts towards this end,

Post-merger, the Legacy SFF will focus on key winding down activities whilst dealing with Legal status of the entity and supporting the enablement of the SANPC. This is to avoid competing mandates and supporting key transition activities.

Strategic Outlook

In line with merger objectives and the operationalisation of the SANPC, the Legacy SFF strategy fits into the SANPC Integration play of the CEF strategy, under the integration & turnaround theme. The key strategic initiatives for legacy SFF during the planning period will be to ensure good governance and statutory compliance and managing lease payments that will be coming in from the SANPC.

Financial Outlook

The global oil prices remained under pressure due to ongoing geopolitical uncertainty. While prices have moderated from the 2022 highs triggered by the Russia-Ukraine conflict, new economic concerns have emerged following the announcement of tariffs by U.S. President Trump. These developments have further depressed oil prices, which closed the quarter at \$71.87 per barrel – lower than the preceding quarter's close. The persistent backwardation across major crude benchmarks continued to constrain demand for commercial storage, resulting in underutilization of SFF's tankage assets. The oil trading business

completed a single transaction during the quarter, valued at R565.8 million.

However, the transaction occurred prior to formal approval of the trading policy by the SFF Board and was found to be non-compliant with the Preferential Procurement Policy Framework Act (PPPFA). This resulted in irregular expenditure being recorded. A determination test was conducted, and the matter was escalated to both the Loss Control Committee and EXCO. A condonation request has been drafted and will be submitted to the National Treasury for approval.

The combined effect of a challenging external environment and internal operational delays resulted in weaker-than-anticipated financial outcomes for both the quarter and year-to-date. Only one diesel cargo was sold during the quarter, compared to the three projected. No crude oil sales occurred, falling short of the one cargo budgeted for the period.

Highlights

- **Environmental and Safety Achievements:** Zero reportable Section 30 environmental incidents and zero work-related fatalities were recorded during the quarter and for three consecutive years.
- **Operational Excellence:** The Saldanha Terminal successfully handled nine vessels in Q4 without incidents, bringing the year-to-date total to 35 vessels.
- **New Storage Prospect:** Another crude storage contract is under negotiation, with commercial terms agreed upon, pending the customer's inspection of the Terminal and Marine Berth.
- **NERSA:** Licence Number PPL.p. F3/72/2007. The National Energy Regulator of South Africa (NERSA or 'the Energy Regulator') has completed the preliminary assessment of SFF's tariff application and confirmed that the application meets the minimum information.
- **ISO 14001 Certification:** SFF OPC completed the ISO 14001 certification audit by SABS with zero findings, reinforcing its commitment to environmental management standards.
- **Engineering and Procurement Progress for the LPG pipeline and Berth 104:** The detailed engineering design for key projects has been completed, and a comprehensive tender

GROUP BUSINESS OPERATIONS (CONT.)

package, including the Scope of Work (SoW), Bills of Quantities (BoQs), and drawings, has been advertised to the market. The tender closed on 31 January 2025.

- **Marine Loading Arms:** The progress on the manufacture of the new marine loading arms is understood and on plan.
- The FEL 02 Business Case for the Durban South Tank Farm and SBM Development was approved by Board to proceed to FEL 03.
- **The Vulnerability Study:** which aimed to solicit input and participation from a broad range of stakeholders across the industry, has been successfully completed. The study was designed to capture diverse perspectives and provide a comprehensive understanding of critical risks and potential vulnerabilities within the sector.
- **Ngqurha LNG Project:** In line with the Section 79 directive, the Licence Special Purpose Vehicle (SPV) has been successfully established through a partnership between SFF and Tamasa, and formally incorporated as Ukwanda LNG (Pty) Ltd. Negotiations between TNPA and Ukwanda LNG on the Terminal Operator Agreement (TOA) have been concluded.
- **Front End Engineering Design (FEED)** – Both FEL-1 and FEL-2 phases have been successfully completed. The FEL-3 Bankable Feasibility Study is scheduled to commence immediately after the TOA is signed. An Environmental Assessment Practitioner (EAP) has been appointed to carry out the EIA for both the permanent LNG terminal and the temporary FSRU deployment.
- **Exploration & Production (E&P):** The SFF E&P department undertook several projects aligned with EPSA commitments and strategic initiatives to advance the growth and development of the Exploration and Production function.

Lowlights

- **Market Conditions:** Securing oil storage contracts remains challenging due to the ongoing market backwardation. However, recent negotiations with international customers provide optimism for future contracts.
- **Ageing Infrastructure:** The ageing infrastructure at the Saldanha facility poses a significant risk. To address this issue, maintenance and refurbishment efforts will be intensified for upcoming year.
- **Marine Loading Arms:** Operational challenges with the Marine Loading Arms at Saldanha impacted operations during the quarter. However, the issuance of a contract for the procurement of new loading arms is expected to provide effective long-term mitigation.
- **Tender Extensions:** While various efforts are underway within the SFF capital project to realign and progress this project, the Environmental Authorisation remains pending. However, continuous engagement with the relevant department is being maintained to push the timely approval of this critical requirement.
- **Milnerton Tank Farm Recommissioning:** Approval for the Milnerton Tank Farm Recommissioning Project remains pending. As part of the Revised Milnerton Strategy, the previous Business Case – originally aligned with the now-cancelled contract between Astron and SFF – is under review. A new Commercial Business Case is being developed to reflect current market trend.
- **Work Planning and Strategic Alignment Challenges:** As the new financial year has commenced, there is a lack of clarity regarding the upcoming year's projects and departmental scorecard.

GROUP BUSINESS OPERATIONS (CONT.)

SANPC OPERATIONS



Mandate

The SANPC came about as a result of the merger of 3 CEF subsidiaries. As per the State of the Nation address on 13 February 2020, government has commenced its efforts to repurpose and rationalize state-owned enterprises to support growth and development in South Africa. Under this directive Cabinet on the 10th June 2020, approved the merger of 3 subsidiaries of the CEF Group to establish a South African National Petroleum Company. The CEF Board was mandated to manage the process and ensure the establishment of the SANPC. The merger provides the space to focus on targeted solutions for legacy challenges, e.g. turnaround of PetroSA refinery and addressal of decommissioning liability. As a National Oil Company, SANPC can play a key role in supporting Government imperatives of job creation, wealth distribution and achieving foreign policy goals

Purpose

The merger which was executed through the 'lease and assign model' allows CEF to isolate and ring-fence financial issues and risks within the legacy entities. This will enable a sustainable business model through the merger, encompassing:

- Operation of profitable assets from legacy entities
- Realization of cost savings from operational synergies and efficiencies and thus Attract strategic partners and investors for growth:

Obtain requisite funding and technical know-how

Enable the addressal of legacy financial and operational challenges

Value creation from new opportunities

Strategic Outlook

The SANPC strategy fits into the SANPC Integration play of the CEF strategy, under the integration & turnaround theme with emerging strategic plays envisioned across the petroleum value chain view. The CEF Group Strategy considers enabling the SANPC as one of its key strategic plays, as we stabilise and transfer assets and capabilities into the entity. Over the long term, the SANPC must

be positioned to drive Group wide growth and commercial sustainability through its mandate within the gas and petroleum sector

Financial Outlook

The projection is that SANPC will maintain a healthy cash balance around R4bn over the projected period, mainly due to the cash balances that will be transferred from SFF and PGL's cash balances. It is important for SANPC to received the cash balances from SFF to:

- ensure immediate cash commitments are met, and
- capitalise the SANPC balance sheet such that external funding can be sought.

After this support is concluded, SANPC cash flow will gradually improve over the projected period

Year One Focus

- Strengthen Governance
- Stakeholder Relations (Investment Community)
- Human Capital deployment
- "Cooling off" period and final organisation design
- Post go-live integration culture change program
- Asset Transfers
- Asset Optimization Strategy
- Midstream & Trading Optimization (Volume and Cash)
- Transfer Petrosa Upstream Rights and Staff Transfer
- SANPC Integrated Growth Strategy development
- Shared Services Integration and Optimization & Business Continuity
- (Quick wins)

CONCLUSION

Group strategic projects are primarily designed to advance the CEF Group's overarching mandate, deliver on the unique value propositions of each subsidiary, and give effect to the Group's strategic themes – particularly Strategy and Long-Term Growth, and, to a more moderate extent, Commercial Sustainability. These projects reflect the Group's commitment to expanding its portfolio

GROUP BUSINESS OPERATIONS (CONT.)

of producing assets through disciplined project development, effective stakeholder engagement, shareholder alignment, and efficient execution.

As of Q4, a number of high-impact strategic projects are at various stages of execution across the Group. These include:

- Operationalisation of the SANPC Refinery
- Assessment of development synergies for Block 11B/12B in relation to PetroSA's infrastructure (FA Platform and associated pipelines), including potential gas/condensate offtake opportunities
- Project Alpha – A proposed Gas-to-Power initiative leveraging residual offshore gas in Block 9 to develop a new-build power station capable of supplying 300 MW of baseload electricity. The project aims to defer asset abandonment, sustain jobs, support energy security in the Southern Cape, and contribute to the just energy transition
- Reinstatement of the Mossel Bay Refinery
- Reinstatement of the FA Platform

These initiatives are ambitious by nature, demanding substantial resource allocation and the careful management of technical, commercial, and regulatory risks. However, their successful execution has the potential to significantly shift the Group's commercial sustainability trajectory and strengthen its role in securing South Africa's energy future.

SECTION 8
GROUP
FINANCIAL
CAPITAL

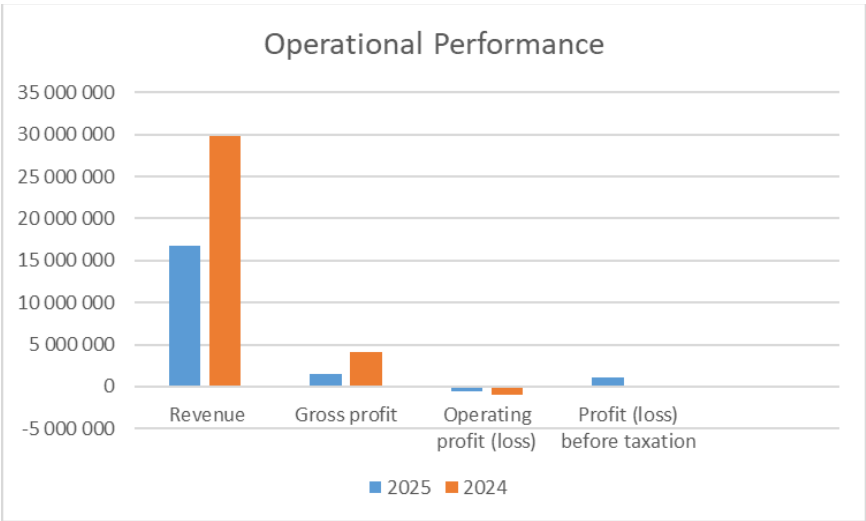


INTRODUCTION

The financial statements are prepared in accordance with International Financial Reporting Standards. The CFO report is meant to supplement the financial statements that are on pages 159 to 332 and will, therefore, highlight the material items that had an impact on the 2024/25 financial performance.

The CEF is classified as a Schedule 2 public entity in terms of the PFMA, which means that it is a quasi-commercial entity as it is expected to be self-sufficient and not receive funding allocation from the fiscus to fund its operations. For this reason, the CEF is expected to earn a profit from its operations to fund its commercial activities and developmental mandate.

Figure 1: Overview of performance highlights



The Group has demonstrated improved performance boosted mainly by the high dividends received from ROMPCO as a result of higher gas volumes transported through the gas pipeline and the gain on bargain purchase recorded as a result of the acquisition of the SANPC refinery. For the year ended 31 March 2025, the Group reported a net profit of R553 million, contributed by the following entities that recorded net profits:

- iGas: Net profit of R1.163 billion
- CEF Trading: Net profit of R1.769 billion
- CEF SOC: Net profit of R88.6 million
- SFF: Net profit of R68.4 million
- PASA: Net profit of R23.9 million

GROUP CFO REPORT FOR THE FINANCIAL YEAR END 31 MARCH 2025

The Group assets base improved substantially by R2,087 billion as compared to the prior year despite the solvency challenges experienced at PetroSA. This increased asset base is mainly attributable to the additional assets of R2,827 billion in relation to the acquisition of the SANPC Refinery recorded under CEF Trading. The net assets value of R1,769 billion recorded under CEF Trading stabilised the Group net asset value amidst the increased liabilities recorded across subsidiaries. This resilient financial position demonstrates progress in developing the project pipeline in support of the Group growth strategy.

The Group received unqualified audit opinion, with most subsidiaries recording reduced material findings compared with the previous financial year as a results of effective control environment. This achievement is a direct result of the implementation of audit action plans developed to address prior-year findings.

MACRO-ECONOMIC FACTORS AFFECTING THE GROUP FINANCIAL PERFORMANCE

The Group's business performance is underpinned by macroeconomic factors such as the oil price, exchange rates and interest rates.

Crude oil prices

The average oil price has decreased from \$82.94/barrel in the prior year to \$78.18/barrel in 2025. The lower average price is mainly attributable to the following among others: weaker global demand, increase in supply particularly by Non-OPEC members, global shift towards renewable energy with increased investment in alternative energies. The crude oil price volatility has a significant impact on the following businesses:

- Petroleum products business: The oil price is one of the key variables that influence the selling price of the products and the cost price for sourcing feedstock and finished products.
- Crude oil storage business: The oil price is the key factor that affect the demand for crude oil storage space. The lower price of crude oil encourages traders to store products at storage facilities with the intention to sell the products when prices increase.

The slight decrease in crude oil prices did not generate enough market incentive to increase demand for the Group's storage services.

Exchange rates

The average Rand/ US dollar exchange rate has appreciated marginally from R18.94 per per \$ in the prior year to R18.24\$ in the year under review as this attributed to domestic and global developments, such as: political stabilityload-shedding improvements, signs of economic recovery. The rand/US dollar volatility has a significant impact in the following:

- Petroleum products business: The rand/US dollar exchange rate is one of the key variables that influence the selling price of petroleum product and the cost price for sourcing feedstock and finished petroleum products. This also affects the valuation of the rehabilitation provision.
- Foreign operations and investments on the translation of the reported performance and balances to rand.

Interest rates

The prime rate declined from 11.75% in the prior year to 11.00% during the year under review, resulting in reduced debt service costs for the Group. The overall South African prime interest rate has decreased by 75 basis points; however, this has not impacted the investment returns due to the high allocation to cash in money market instruments.

GROUP CFO REPORT FOR THE FINANCIAL YEAR END 31 MARCH 2025

CEF Group Operating Environment and business segments

CEF Group is charged with the mandate to ensure security of energy supply in a financially sustainable manner. The different business activities that generates revenues for the Group are detailed below.

SFF lease out spare storage capacity to oil traders and companies in order to finance the operational cost of managing the strategic stock and terminal infrastructure. In addition to income generated from leasing out tanks commercially, SFF earns interest income from cash invested in money market instruments. SFF has diversified its revenue streams to include storage of refined product and gas. The operation for refined product is in Montague Gardens and the gas facility is located in Saldanha. The Saldanha terminal provides infrastructure for crude oil movements in and out of the Saldanha Bay harbour.

Primarily, Saldanha stores strategic stocks and secondarily leases out crude tanks on commercial basis to fund the company operations. The Saldanha terminal assists in providing security of energy supply for the Eastern and Western Cape provinces. Saldanha terminal has a design capacity of 45 Million barrels of crude oil storage and combined with the Milnerton tank farm affords SFF with a crude oil storage capacity of more than 50 million barrels of crude oil.

The Milnerton tank farm has the potential to provide infrastructure for crude oil movements in and out of the Port of Cape Town provided that the access to the pipeline is improved. The tank farm has 39 tanks with a total capacity of 7.5 million barrels with two tanks currently in use.

SFF also own 50% stake in the bpSA Montague Gardens Terminal, which fulfils one of SFF's initiatives aimed at expanding infrastructure in the oil and gas space and diversifying the revenue streams by providing storage facilities for the finished products. The entity also owns 60% equity stake in Avedia Energy, which owns and operates a 2000 ton LPG storage facility in Saldanha Bay where SFF is ideally located and is licensed to handle cargoes of LPG.

PetroSA is progressing well on bringing in technical expertise and financial resources required to fund the forward work programmes associated with its offshore petroleum rights and reinstatement of the GTL refinery. The farmout will allow PetroSA to remain active in upstream activities.

The AEMFC contributes to electricity generation by supplying coal to Eskom. In addition, the company holds a Quattro allocation, enabling it to export coal.. For the year under review the entity has been working on concluding the new coal supply agreement with ESKOM and considering additional project to increase and diversify its business activities – the projects that will be implemented in the short to medium term.

The process of acquiring the SAPREF Refinery (currently known as SANPC Refinery) was concluded towards the end of the financial year, contributing R1,769 billion in net asset value to the Group. While the Refinery component of the business will be rebuilt in the medium to long term in line with the plan to ensure energy sovereignty of the country, the tankage business will be started in short to medium term in line with the plan to ensure implementation of the mandate of ensuring security of energy supply and ensuring financial sustainability of the Group.

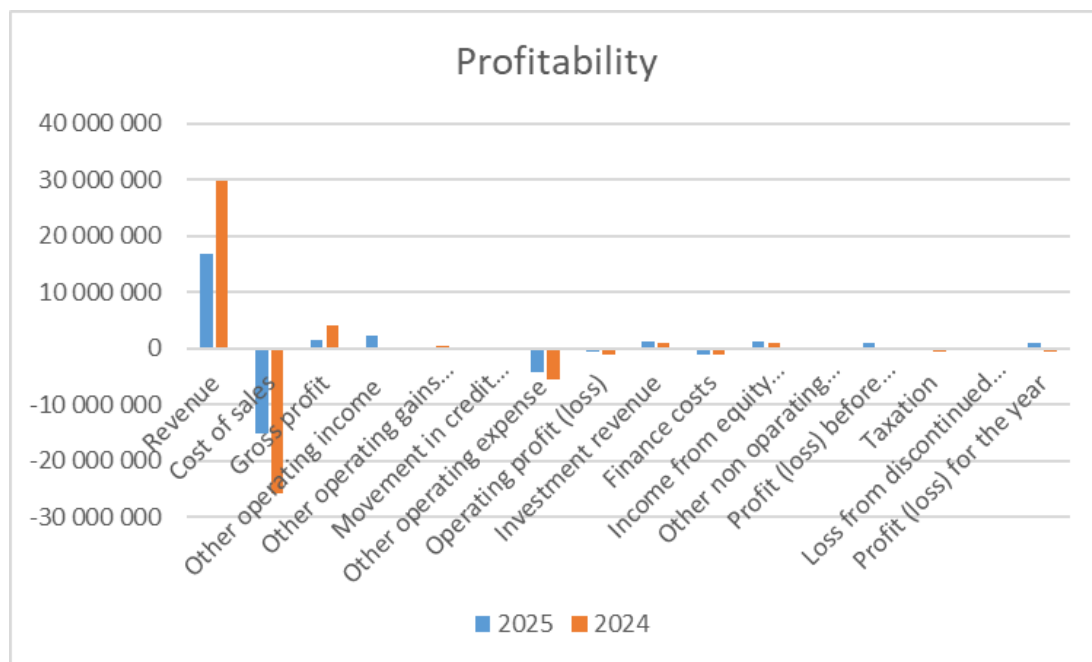
The Group also implements its mandate through contribution to just energy transition by contributing to clean energy generation through the 25% stake held in ACWA through CEF Carbon entity. The development of the ACWA project was concluded and the plant was connected to the grid in the year under review.

GROUP CFO REPORT FOR THE FINANCIAL YEAR END 31 MARCH 2025

FINANCIAL PERFORMANCE SUMMARY

Profitability

Figure 2: CEF Group profitability and analysis



The Group has recorded a net PROFIT of R553 million compared to a net loss of R 523 million recorded in the prior period. Material movement were recorded on the following:

- Lower operating expenses of R4.3 billion compared to the R5.5 billion reported in prior year. In the year under review there was no payment made towards the National Revenue Fund in support of the fuel levy freeze that was implemented in the prior year to relieve consumers from the fuel price hike;
- Non-operating gains of R1,839 billion recorded in the current year mainly due to the acquisition of SANPC Refinery.
- Finance costs decreased by R978 million compared to the R1.1 billion reported in the prior year, primarily due to lower debt service costs associated with the loan raised for the acquisition of additional ROMPCO shares.
- A decrease in tax expense to R143 million, compared to R444 million in the prior year, primarily due to lower taxable income across entities in the current year.

Operating Profit/(Loss)

The Group's operating loss increased from R1.4 billion in 2023/24 to R2.9 billion in 2024/25, mainly due to lower revenue from PetroSA and AEMFC. This was the result of lower volumes of finished products sold and the delay in the conclusion of coal supply contracts during the reporting period

GROUP CFO REPORT FOR THE FINANCIAL YEAR END 31 MARCH 2025

Net Profit/(Loss)

The Group reported a net profit after tax of R553 million for the 2024/25 financial year, compared to net loss of R523 million in the prior financial year. The increase in profitability was primarily driven by higher operating income, the non-operating gains recorded following the acquisition of the SANPC Refinery, the higher income from equity accounted investment and a reduction in overall expenditure.

LIQUIDITY AND SOLVENCY

Liquidity

The Group maintains a strong liquidity position, with sufficient cash resources available to fund both its short-term debt obligations and working capital requirements. These resources are supported by cash generated from operations and investments, access to banking facilities, and retained cash reserves.

The Group's liquidity ratio currently stands at 2:1, indicating that for every R1 of current liabilities, the Group holds R2 in current assets. This demonstrates a solid ability to settle all short-term obligations as they fall due, using internally generated funds within the same period.

Furthermore, cash flows from investing and financing activities have been strategically utilized to support initiatives that will generate sustainable future returns, thereby reinforcing the Group's ability to meet ongoing obligations. As a result, the Group's cash reserves have increased by 12% in the current financial year, further enhancing liquidity strength.

Solvency

The Group's debt-to-equity ratio currently reflects a structure of 67% debt to 33% equity, indicating that total debt exceeds total equity. This ratio is influenced by several significant liabilities on the Group's balance sheet, including a rehabilitation provision of R11.9 billion, trade and other payables of R10.5 billion, a deferred tax liability of R776 million, and a finance lease liability of R1.5 billion.

Despite the high leverage, Group management remains confident in the organisation's solvency position, supported by adequate cash reserves and a number of strategic initiatives aimed at reducing the overall debt burden. These initiatives, along with projected improvements outlined in the corporate plan, demonstrate a proactive approach to strengthening the Group's financial position over the medium to long term.

FINANCIAL GOVERNANCE

The Group is committed to sound financial governance through compliance with the PFMA and by preventing irregular, and fruitless and wasteful expenditure. Initiatives such as review of business applications and strengthening the contract management process are underway which will further improve the controls.

During the year under review, the Group incurred irregular expenditure amounting to R1.6 billion. A significant portion of this—R564 million—relates to the Strategic Fuel Fund (SFF), where a supply chain framework was applied during the urgent procurement of diesel. A further R956 million was incurred by PetroSA. Processes in both entities did not fully comply with procurement regulations due to incomplete procedural steps. While the expenditure has been classified as irregular, it is important to note that the Group did not incur any material financial losses in this regard.

In addition, part of the irregular expenditure stems from legacy contracts and historical process deficiencies, rather than newly initiated procurement activities. This includes an amount of R114 million from AEMFC.

GROUP CFO REPORT FOR THE FINANCIAL YEAR END 31 MARCH 2025

The Group remains committed to strengthening internal controls, enhancing procurement compliance, and enforcing consequence management measures to prevent the recurrence of such irregularities.

For the year ended 31 March 2025, the Group incurred fruitless and wasteful expenditure amounting to R9.4 million, a reduction from R12 million reported in the prior year. The majority of this expenditure during 2025/26 is attributed to a Flow gear subscription and fines imposed by SARS and the Department of Mineral and Petroleum Resources and (DMPR), totalling R5.8 million. Furthermore, an interest charge of R1 million was incurred as a result of a late payment by Avedia.

The Group remains committed to strengthening internal controls and implementing consequence management measures to prevent the recurrence of such expenditure.

As required by section 51(1)(b)(ii) of the PFMA the Group will take corrective measures to ensure effective steps are taken to prevent irregular, fruitless and wasteful expenditure. The Group will continue to take appropriate measures to recover losses, enforce stricter controls on prepayments, implement consequence management, and enhance the effectiveness of the loss control function across all its subsidiaries.

OUTLOOK

With acquisition of the SANPC Refinery and further development of pipeline projects, it is expected that the Group financial performance will improve and the Group strategic positioning will strengthen over the medium to long term, delivering sustained value for investments.

CONCLUSION

The CEF Group remains committed to implementing improvement plans aimed at addressing challenges across its subsidiaries, ensuring the effective fulfilment of its mandate while sustaining financial stability. PetroSA and AEMFC are receiving substantial technical support, and to some extent financial assistance, from the parent company and other Group subsidiaries to mitigate their going concern risks. The Group is confident that these initiatives will enable it to continue preparing its financial statements on a going concern basis.



Ms D Morabe

Group Chief Finance Officer

30 September 2025



Consolidated Annual Report
For the year ended 31 March 2025

The consolidated annual financial statement were prepared under the supervision of Mr V M Essa CA (SA)
(Group Finance Manager) and Ms. D Morabe (Group Chief Finance Officer).



GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The CEF Group mandate is to provide energy security through Exploration of energy minerals, development of energy infrastructure and supply of energy.
Directors	Ms. A Noah(Pr.Eng) (CEF Group Chair) Mr. J. Besnaar CA (SA) Ms G. Leketi Ms. U Figlan Dr. T Mokoka Ms. D Morabe
Registered office	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2031
Business Address	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2031
Postal Address	PO Box 786141 Sandton 2146
Ultimate Holding Company	The South African Government represented by the Minister of Mineral and Petroleum Resources (DMPR)
Official Bankers	Standard Bank of South Africa Limited
External Auditors	Auditor-General of South Africa
Company Secretary	Mr. M Razwinani

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

General Information

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Directors	Ms. A Noah (Pr.Eng) (CEF Group Chairperson) Mr. J. Besnaar CA (SA) Ms G Leketi Ms U Figlan Ms D Morabe Dr T Mokoka
Registered office	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2031
Business address	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2031
Postal address	P O Box 786141 Sandton 2146
Website	http://www.cefgroup.co.za
Ultimate holding company	The South African Government represented by the Minister of Mineral and Petroleum Resources
Bankers	Absa Bank Limited Standard Bank of South Africa Limited
External Auditors	Auditor-General of South Africa
Company Secretary	Mr M Razwinani

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

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The report and statements sets out below comprise the annual financial statements presented to the shareholders:

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CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Directors' Responsibilities and Approval

The Board is required, in terms of the Companies Act No. 71 of 2008 and the Public Finance Management Act No. 1 of 1999 to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and are supported by reasonable and prudent judgments and estimates.

The Board acknowledges that it is ultimately responsible for the system of internal financial control established by the Group and places considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, it sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Board has reviewed the Group's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, is satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated annual financial statements. The consolidated financial statements have been examined by the Group's external auditors and whose report is presented on page 159 to 332.

The consolidated annual financial statements set out on page 35 to 208, which have been prepared on the going concern basis, were approved by the Board on 22 September 2025 and were signed on its behalf by:



Mr. J Besnaar CA (SA) (BARC Chairperson)
30 September 2025



Ms. A Noah (CEF Group Chairperson)
30 September 2025

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

1. INTRODUCTION

The Board has pleasure in submitting its report on the consolidated annual financial statement for the Group for the year ended 31 March 2025.

2. NATURE OF BUSINESS

The principal activities of the CEF Group are:

- the acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuels, oil and other products from coal, the marketing of the said products and any matter connected with the said acquisition, exploitation, manufacture and marketing;
- the acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith;
- any other object for which the CEF may be applied, and which has been designated or approved by the Minister of Mineral and Petroleum Resources with the concurrence of the Minister of Finance.

The CEF administers the Central Energy Fund and the Equalisation Fund on behalf of the Department of Mineral Resources and Energy.

These funds are regulated by Ministerial Directives issued by the Minister of Mineral and Petroleum Resources and, in some cases, in concurrence with the Minister of Finance as laid down by the Central Energy Fund Act. The holding company provides treasury, administrative and accounting services to the funds.

3. SHAREHOLDER'S COMPACT

The Group is controlled by the Department of Mineral Petroleum and Resources. All shares are held by the State and are not transferable. This shareholding is in terms of the Central Energy Fund Act. Before the start of every reporting period, the Group concludes a Shareholder's Compact that facilitates an agreement of performance deliverables for approval by the Shareholder's representatives.

The Shareholder's Compact represents the agreement between the Minister of Mineral and Petroleum Resources and the Board. It is a reflection of the expectations of each party, expressed in terms of outcomes and outputs that need to be achieved. It documents the mandated key performance measures and indicators to be attained for the planning period as agreed between the Minister and the CEF Board.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

4. BOARD OF DIRECTORS

The composition of the Board at 31 March 2025, abridged curricula vitae of each director, key activities and decisions of the Board and its committees, and performance evaluation are set out in the Governance section of the Integrated Report. The remuneration and fees paid to directors are set out in note 40 to the consolidated annual financial statements.

Directorate - The Board members of the Group during the reporting period were as follows:

Directors	Designation	Changes
Ms. A Noah (Chairperson)	Non-Executive	
Mr J Besnaar CA(SA)	Non-Executive	
Ms G Leketi	Non-Executive	
Dr I Poolo	Executive	
Ms D Morabe	Executive	
Ms U Figlan	Non-Executive	

Meeting attendance

Name of Director	17-Apr-24	30-April-24	16-May-24	31-May-24	28-June-24	30-July-24	29-Aug-24	30-Oct-24	30-Jan-25	27-Feb-25	28-Mar-25
Ms A Noah (Chairperson)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr J Besnaar CA(SA)	Y	Y	y	Y	Y	Y	Y	Y	Y	Y	Y
Ms G Leketi	Y	Y	Y	Y	Y	Y	Y	A	Y	A	Y
Dr I Poolo	A	Y	Y	Y	Y	Y	A	Y	Y	N	N
Ms D Morabe	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	A
Ms U Figlan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes:

Y – Attended meeting

N – Did not attend meeting A

– Apology

N/A – Not a member at date of the meeting

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

Board Audit and Risk Committee

The committees consisted the below members:

Name	Designation	Changes
Mr J Besnaar	Non-Executive (Chairperson)	
Ms U Figlan	Non-Executive	
Mr. L Delport	Non-Executive	Appointed on June 2024
Ms. G Leketi	Non-Executive	

Meeting Attendance

Name of Director	08-April-24	29-April-24	28-May-24	29-Jul-24	29-Aug-24	28-Oct-24	29 – Jan - 25	27 - Feb - 25	24 – March - 25
Mr. J Besnaar	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ms. U Figlan	Y	Y	Y	Y	N	Y	Y	Y	Y
Ms. G Leketi	Y	Y	Y	Y	Y	N	Y	N	Y
Mr. L Delport	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y

Notes:

Y – Attended meeting

N – Did not attend meeting

N/A – Not a member at date of the meeting.

The committee meets at least four times per annum. The Chief Audit Executive of the Internal Audit Function, the external auditors and such members of management as are deemed necessary also attend these meetings. The committee is responsible for the internal controls and risk management of the Group delegated by the Board. In order to meet these requirements, the committee review the findings of both internal and external auditors. In addition, it reviews important accounting issues, material pending litigation if applicable, the Group's insurance, risk management and disclosure requirements in the consolidated annual financial statements. The responsibilities of this sub-committee of the Board are set out in the report of the Board Audit and Risk Committee which forms part of the consolidated annual financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

Board Human Resource, Remuneration and Nominations Committee – The committee consisted of the following members:

Name	Designation	Changes
Ms U Figlan (Chairperson)	Non-Executive Director	Committee reconstituted 8 May 2024
Ms. A Noah	Non-Executive Director	Committee reconstituted 8 May 2024
Mr. J Besnaar	Non-Executive Director	Committee reconstituted 8 May 2024

The Board has delegated the function of ensuring that employees are fairly rewarded in accordance with their contributions to the Group's performance to the Board Human Resource, Remuneration and Nominations Committee.

Meeting Attendance

Name of Director	16 July 24	28 Aug 24	26 Oct 24	26 Mar 25
Ms. U Figlan (Chairperson)	Y	Y	Y	Y
M. A Noah	Y	Y	Y	Y
Mr. J Besnaar	Y	Y	Y	Y

Note:

Y- Attended meeting

N – Did not attend meeting

Social , Ethics and Governance Committee – The committee consisted of the following members:

Name	Designation	Changes
Ms. A. Noah (Chairperson)	Non-Executive	
Dr. I. Poolo	Executive	
Ms. U Figlan	Non-Executive	

Meeting Attendance

Name of Director	30-Aug-24	27-March-25
Ms A Noah (Chairperson)	Y	Y
Mrs U Figlan	Y	Y
Dr. I. Poolo	Y	N

Finance, Investment, Projects and Procurement committee – The committees consisted of the following members:

Name	Designation	Changes
r. J Besnaar (Chairperson)	Non-Executive	Committee reconstituted 8 May 2024
Ms. U Figlan	Non-Executive	Committee reconstituted 8 May 2024
Dr. I Poolo	Executive	Committee reconstituted 8 May 2024
Ms. D Morabe	Executive	Committee reconstituted 8 May 2024
Ms. G Leketi	Non-Executive	Resigned as member in October 2024

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

Meeting Attendance	19 Apr-24	14 May-24	30-May-24	27-Jun-24	19-July-24	21Oct-24	27-Jan-25	24-Feb-25	24-Mar-25	26-Mar-25
Name of Director										
Mr. J Besnaar (Chairperson)	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
Ms. U Figlan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dr. I Poolo	Y	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A
Ms. D Morabe	Y	Y	Y	A	Y	Y	Y	Y	N	N
Ms. G Leketi	N	Y	Y	Y	Y	N/A	N/A	N/A	N/A	N/A

Note:

Y- Attended meeting

N – Did not attend meeting

N/A - Not a member at date of the meeting.

5. PERFORMANCE FOR THE YEAR

Financial summary

Below is a summary of the Group's financial performance, reflected as high-level key ratios:

Consolidated R'000	2025	2024
Profit/(Loss)	553 364	-523 017
Revenue	15 660 106	29 234 528
EBITDA	-1 802 035	-200 252
EBITDA margin %	-11.67%	-0.67%
Net asset value	12 708 894	12 363 364
Return on capital employed %	6%	4%
Return on equity (ROE) %	4.36%	-4.24%
Cash generated from operations	965 547	-139 688

The Group has reported a net profit of R553 million compared to a net loss of R523 million reported in the prior period. The improved group performance is mainly attributed to the acquisition of the SAPREF Refinery, which resulted in the interim gain on bargain purchase of R1.8 billion.

The Group reported an EBITDA of a loss of R1.8 billion (margin: -11.67%) compared to R200 million (margin: -0.67%) in the prior year.

The cash generated from operations improved in the current year compared to prior year, R965.5 million (inflow) and R139.7million(outflow) respectively.

The Group capital structure is consists of 79% equity and 21% debt. The Group capital structure is tenuous and is likely to deteriorate due to the suboptimal performance of PetroSA, which is technically insolvent.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CE Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

High level entity performance

AEMFC

The company achieved notably positive overall financial performance in the fiscal year, amid operational disruptions experienced during the third and fourth quarter, due to Eskom-instituted delivery stoppages and a strike at the mine. Nonetheless, the company demonstrated substantial growth compared to both the preceding year and the budget. An Operating loss of R432.6 million was realised, resulting in a 341% decrease in operating profit. Net loss after tax amounted to R301.1 million, reflecting a decrease of 601% compared to the prior year.

iGas

The company has reported a net profit of R1.2 billion compared to the R853 million reported in the prior year. The ROMPCO dividend based on Gas Transportation Agreements was R1.2 million compared to a budget of R940 million. This higher dividend was supported by higher than budgeted volumes transported by ROMPCO. Nevertheless, ROMPCO's future performance may be challenged by the depleting Power Purchase Agreement (PPA) gas reserves. This was accounted for in the share purchase transaction and, currently, ROMPCO is not showing a decrease in forecasted dividends, supported by the Ship or Pay agreement. However, this situation could reverse if the shippers declare Force Majeure based on the depleting PPA reserves.

Interest received from cash reserves increased to R109.7 million compared to R93.5 million received in the prior year, and this is an increase of 17%.

PetroSA

The group reported a net loss after tax of R1.8 billion (2024: R1.2 billion) for the current financial year; an increase of R645 million. At company level a net loss after tax of R2.6 billion (2024: Restated R685 million) was reported.

The 2024/25 financial year has not been smooth sailing at all for PetroSA. The group and company reported a Gross profit of 6.7% (R1 015 million) and 2.3% (R319 million) respectively. PetroSA group experienced a comprehensive loss for the year of R1.9 billion and R2.6 billion at the company level. Operating costs remained pretty much stable year-on year, but Revenue reduced by circa 40%, fewer product purchases were made. The overall cash flow levels have been low and very much constrained for the year. Thus, making it harder to procure finished products to service the market. This resulted in a financial strain on overall company's operations and making it difficult for the company to break even or report any profit.

The company continues to be faced with significant cost pressures due to high fixed costs for the maintenance of the GTL Refinery not operating.

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SFF

For the year ended 31 March 2025, market conditions remained in backwardation throughout the year with the oil prices ranging between \$75 and \$80 throughout the year and ending around \$72 at year-end. This impacted the SFF's performance as a backwardated market is unattractive to storage customers. Despite the volatility in the oil price post year-end due to the tariff imposition by the US, it was not sufficient to reduce the oil price to the range of \$55 per barrel which is what oil customers regard as attractive to consider storage. The group recorded a net profit for the year ended 31 March 2025 of R49 million and the prior year has been restated as a loss of R314 million.

The Group revenue decreased by 82% from R1.8 billion in the prior year to R691 million for the year ended 31 March 2025. This was mainly due to the fact that the company sold strategic stock reserves to aid Sasol during the previous financial year. In the current financial year zero barrels were sold thus resulting in a decrease.

The SFF model is one in which lower crude oil prices attract oil traders to rent storage space at the SFF tank farms with the intention to sell the crude when the oil prices reach higher rates. At present, the market remains backwardated and this is expected to continue for the next few years.

The company is still in the process of selling strategic stocks as per the Ministerial directive to recoup R6 billion in order to pay National Treasury for the tax revenue foregone during the 22/23FY. To this end, the group has already paid R2 billion to National Treasury as part payment of the R6 billion. The remaining amount will be paid once the stock has been sold. The company is to transfer the strategic stock to the SANPC and with that transfer once the directives have been finalized, this obligation will then transfer to the SANPC to fulfil. At the time of preparation of these financial statements, this had not yet been finalised.

Interest income of approximately R440 million was realised for the year. Exchange loss of approximately R25 million were realised on cash and cash equivalents due to the appreciating Rand.

PASA

The company's profit for the period amounted to R23.9 million (2024: R 6.6 million).

The company received an operational allocation of R87.4 million (2024: R92.1 million) and R44.1 million for Shale Gas Research Project Phase 2 from the DMRE (subsequently changed to DMPR) through the MTEF process.

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6. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the annual consolidated financial statements for the year ended 31 March 2025 are in accordance with IFRS and are consistent with those applied in the prior year, except for the change in the accounting policy relating to CEF SOC revenue. Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated annual financial statements are disclosed in the accompanying notes.

7. SHARE CAPITAL

There has been no change in the authorised or issued share capital during the year.

8. DIVIDEND

DISTRIBUTION Dividend

Policy

Dividend distributions to the shareholder are governed by the requirements of Section 46 of the Companies Act. The key considerations in determining a declaration of dividends are:

- a. Shareholder approval after the Board resolution for a dividend distribution;
- b. The commitments as per the strategic objectives for investments and feasibility study expenditures in fulfilling the shareholder mandate; and
- c. The Group will reasonably satisfy the solvency and liquidity test immediately after completing the proposed distribution.

The declaration of dividends is reviewed annually, subject to the approval by the shareholder representative at the AGM or through a Section 54 approval.

9. INVESTMENTS

The Group comprises a mix of investments, from simple financial assets, joint ventures and joint operations, to associates and subsidiaries. The details are contained in note 6, 7 and 8 of the consolidated annual financial statements.

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10. CAPITAL EXPENDITURE AND COMMITMENTS

Details regarding capital expenditure and commitments are reflected in the cash flow from investing activities and note 36 of the consolidated annual financial statements.

Authorised capital expenditure Already contracted for but not incurred

	2025 R'million	2024 R'million
AEMFC -Vlaktefontein extensions	5 040	7 714
PASA- Shale gas project	123 889	6 482
SFF -South Sudan Investment	657 835	657 835
SFF – other capital commitments	64.3	20.7
CEF SOC- Capital projects and investments	872 967	-
PetroSA- -Jubilee and TEN development	177 574	577 447
	1 837 369	1 249 499

Not yet contracted for and authorised by directors

CEF SOC- Authorised by directors' resolution	250 000	-
CEF Carbon	2 698	19 618
PASA	-	1 993

11. FUNDING

Capital structure

The capital structure of the Group consists of equity invested by the shareholder, retained earnings and debt funding.

At year-end our equity amounted to R12.3 billion, with debt borrowings.

Consolidated R'000	2025	2024
External borrowings (Existing)	2 287 585	2 685 146
Gearing ratio	21%	21%

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Funding of the decommissioning and rehabilitation provision

At year-end the Group had an obligation to provide for the rehabilitation and decommissioning of its offshore and onshore facilities valued at approximately R11 billion made up of the follows:

	2025	2024
PetroSA Group	10 068 989	10 236 774
Strategic Fuel Fund	843 290	751 383
African Exploration and Mining Finance Corporation	63 109	63 596
	10 975 388	11 051 753

The Group will fund this liability by a combination of funds set aside as well as from its accumulated profits.

PetroSA

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas interests, the majority of which is assumed to be incurred from the date of decommissioning declaration, with the start date 5 years from the end of the current financial year, over a period of 7 years with the start date in the financial year 2030 ending 2037. It will take approximately three years to complete the planning phase before the actual decommission work and cash starts flowing. The assumptions are based on the current economic environment and provide a reasonable basis for estimating the future liability. The program also assumes the decommissioning will be executed in one campaign in aid of managing logistical costs. These estimates are reviewed annually to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market conditions. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

In the financial year ending March 2025, PetroSA commissioned Det Norske Veritas (DNV) Pty Ltd (DNV) to independently develop a decommissioning and environmental remediation plan and Association for the Advancement of Cost Engineering (AACE) Class 3 Cost estimate.

DNV drew experts from its global offices in Norway, Australia, India, and Abu Dhabi, each renowned for their expertise in the field, for this scope. In addition, DNV collaborated with various experts, including Well Decommissioned, The Williams Sale Partnership Ltd. (WSP), Jet Demolition (Pty) Ltd, and OSC MARINE.

Well Decommissioned is an independent advisor specialising in well and subsea decommissioning planning and cost engineering. Well Decommissioned has developed an independent advisory software tool, Apollo, a cutting-edge solution used in this project to analyse and quantify well decommissioning activities and their associated cost basis. Apollo, with its granular capability and calibration with over 400 well-decommissioning projects, has significantly enhanced the project's technological capabilities. Jet Demolition (Pty) Ltd (Jet Demolition) is a South African demolition company involved in the demolition of one of the local Refineries. WSP is one of the world's leading professional services firms with engineering, advisory and science-based expertise and local experience in preparing and submitting oil and Gas closure plans.

PetroSA has furthermore undertook to submit all plugged and abandoned legacy well packages to the regulator as part of the efforts to justify the exclusion of these wells from the provision. No provision has been made for the plugged and abandoned legacy wells.

The base cost of the provision was reviewed further in the current financial year. There was a slight increase in base costs to USD674 million from USD608 million. Major assumptions included in the calculation of local provisions is a discount rate of 9.31%

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(2024: 9.31%). A sensitivity analysis indicates that a R1 weakening of the Rand against the US Dollar translates into R577 million (2024: R522 million) increase in the provision. It is assumed that each well will take an average of 15 days to abandon.

For international provisions, the discount rate used for the Jubilee, Teak and Akasa Fields in Ghana is 4.63% (2024:3.97%) with an expected realisation date of 2036. The discount rate used for the TEN and Wawa Fields in Ghana is 4.54% (2024: 3.88%) with an expected realisation date of 2033. Changes in cost estimates are driven by revisions to the Operator's cost assumptions and estimates.

Change in estimate breakdown for PetroSA

The 2025 change in estimate resulting from changes in assumptions can be broken down as follows:

	R' Million	%
Strong ZAR against USD	370	(61)
Discount rate (USD)	1,145	162
Discount rate (ZAR)	575	81
Increase in inflation	(434)	52
Change in base cost	(950)	(134)
	706	100

12. EVENTS AFTER REPORTING DATE

AEMFC

Burning Inventory

As at 31 March 2025, a portion of coal inventory was affected by spontaneous combustion, and an estimated loss was recognised in the financial statements for the year then ended. After year end, the combustion continued to progress, resulting in additional inventory losses amounting to R2,640,734.04. These additional losses relate to the continued burning beyond the reporting date and will be accounted for in the subsequent financial period.

Shareholder Support

On 25 July 2025, the shareholder of the company, Central Energy Fund SOC Ltd (CEF), passed a special board resolution authorising financial assistance to African Exploration Mining and Finance Corporation SOC Ltd (AEMFC), its wholly-owned subsidiary. The resolution approved an initial loan amount of R111.5 million and further committed to providing financial support to AEMFC for as long as such support is required.

iGas Dividend

Subsequent to year end, the iGas Board declared a dividend to its shareholder, CEF SOC Ltd, of R448 million based on the positive cash, solvency and liquidity position as at year-end.

PASA

Effective from 30 June 2024, following the 2024 Proclamation on the National Macro Organisation of Government by the President, the Department of Mineral Resources and Energy (DMRE) has been reconfigured in line with Section 7(5)(a) of the Public Service Act, 1994, as amended. This configuration has resulted in the establishment of: Department of Mineral and Petroleum Resources (DMPR) – Responsible for minerals and petroleum resource management. Department of Electricity and Energy – Driving electricity supply and energy security for the nation.

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CE Trading

On 4 June 2025, we have received a formal claim concerning the rights obtained by CE Trading pertaining to the crude oil included in the assets acquired as part of the refinery purchase prior to 28 February 2025. The crude oil was recognized as inventory in the CE Trading's financial statements at a value of R443 million. A detailed assessment of the claim is underway.

PetroSA

Director M Fusi resigned on 14 May 2025.

On 20 June 2020, Cabinet approved the planned appointment of a restructuring company to merge PetroSA, the Strategic Fuel Fund (SFF) and the South African Gas Development Company SOC Limited (iGas) into one National Petroleum Company. The lease and assign method to transfer assets to the SANPC and the key mandate for SANPC to assist PetroSA to revitalise the GTLR remains at the centre of the corporate strategy for SANPC. With effect from May 2025, 208 employees of PetroSA were transferred to SANPC, allowing PetroSA to save an estimated amount of R248 million per annum on the salary cost line item. This arrangement followed a S197 of LRA process which was endorsed by the organised labour unions. With this saving being made a permanent to PetroSA, it will allow PetroSA a breathing apparatus to focus on returning PetroSA to profitability.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

13. GOING CONCERN

The consolidated and separate 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.

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and according the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied is that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the group.

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14. Contingencies

SFF NPC

Customer claim – uplifting of crude oil

A Court case (arbitration) is currently under way for an alleged breach of storage contract relating to SFF's refusal to allow a customer to uplift 300,000 barrels of crude oil in Saldanha Terminal that were by SFF loaned to a service provider who later on sold the crude oil barrels to the Court Applicant.

SFF entered into a crude oil storage contract with Mercuria. Mercuria was storing crude oil that it had purchased from Enviroshore and Enviroshore had been "loaned" the crude oil by SFF. When Mercuria wanted to evacuate its Oil, SFF refused to honor the Storage Contract that entitled Mercuria to evacuate the crude oil at will. Mercuria took SFF to Arbitration however SFF stalled the matter at Arbitration on basis that the "loaned" 300 000 barrels is already serving at the High Court. SFF with Enviroshore were concurrently trying to resolve the matter and hoped that the stock that SFF "loaned" to Enviroshore would be financially compensated by Enviroshore. SFF would pledge such funds to Mercuria to resolve this legal dispute.

Judicial Review proceedings directed at setting aside the disposal of the 300 000 barrels of strategic stock. Mercuria suing SFF for not honoring the Storage contract and SFF pursuing claims against Enviroshore who has been renamed as Uwoyela. Enviroshore / Uwoyela has been successfully liquidated as of the 4th of March 2022, and a certificate of appointment of their liquidator issued on 19th of April 2022.

Awaiting the confirmation and full details of the Insolvency Enquiry the liquidator seems to be contemplating to undertake, apparently at the instance of ABSA, one of the major creditors of Uwoyela, with a view to ascertaining what became of the funding that was provided by ABSA soon before Uwoyela was liquidated.

Mercuria have not as yet filed any answering affidavit in response to SFF's judicial review application lodged way back in 2018 to set aside the disposal of the 300 000 barrels of strategic stock to Enviroshore, as well as the subsequent on-sale to, and storage agreements with, Mercuria.

SFF has instructed its attorneys to file chamber book application to compel Mercuria to file its answering affidavit so this already long and protracted matter could be brought to an end.

Mercuria has in March 2025 filed their long overdue answering affidavit, simultaneously with lodging their application to strike out certain averments in our supplementary founding affidavit.

SFF are currently preparing a reply to their answering affidavit, and will be opposing their strike out application.

Metering system

An interim arbitration award (in which SFF is the respondent) has been finalised whereby the parties agree that the arbitration is postponed sine die and the costs of the arbitration are reserved. An independent expert has been appointed to establish whether the metering system operate within the specification agreed to by the parties. The independent expert has requested that additional work should be undertaken to bring the flow meters to a position where they are operating, before they can proceed with the agreed scope of work. The parties have agreed to share the costs of remedial work on an equal basis and the metering system has been taken overseas by the claimant for remedial work. Costs of the remedial work will be shared by the parties on an equal basis.

Should the expert conclude that the system operates as intended, SFF shall be liable for R7.67 million plus mora interest (calculated at 9.5% per annum on the capital sum from 1 April 2014 to date of payment), 50% of the independent expert's costs and the legal costs of the arbitration proceedings paid by the claimant. Together with legal costs and interest, the legal department estimate the total value of the claim to be R9 million.

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During the reporting period the expert ruled against SFF and as SFF was raising disputes on the evaluation of expert the other party approached the court seeking to make the arbitration award a court order. Supplier is suing SFF for payment, which they allege, is due in terms of the contract. Krohne was required to install a metering system, which was aimed at improving accuracy levels of measuring of oil volumes. SFF is withholding payment on the grounds of non-performance under the contract.

Hearing was held on the 25th of July 2022. Judgment was handed down on the 24th of October 2022, in favour of SFF, i.e dismissing the supplier's Application. However, the supplier has since filed an application for leave to appeal the judgment, on the 28th of October 2022. Supplier's application for leave to appeal was heard on the 27th of February 2023 and the judgment has been reserved to be handed down at a later stage.

The SCA hearing was held on the 9th of May 2024. Judgment was reserved, and subsequently handed down on the 14th of June 2024, with costs, in favour of the supplier. The essence of the SCA judgment was that the High Court erred in dismissing Krohne's initial application on the basis of a technicality instead of on merit, and for even refusing to engage the parties on merits of their arguments before it.

Despite finding in favour of Krohne on certain aspects, the SCA was unwilling, though, to hear the matter on merits for it not being a court of first instance, and instead, remitted the matter back to the high court for it to be determined on the merits. Consequent to the SCA judgment, the high court date has since been set down for the 28th of July 2025.

Strategic stock

On 12th of March 2018 the company (SFF), together with the holding company (CEF SOC Ltd) had lodged an application in the Western Cape High Court to set aside the disposal of the strategic crude oil stocks on the grounds that these disposals were unlawful, invalid and unconstitutional. On the 20th of November 2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that CEF and SFF should repay all proceeds received and also be responsible for out-of-pocket expenses (those are interest earned by SFF on proceeds and on Storage fees and as well as hedging costs) that the Buyers would have suffered.

The Boards of SFF and CEF have resolved to appeal everything but paying back proceeds received from sale of Strategic Stock and the Storage Income that SFF received which both amount to about R5.5 billion.

The matter was heard by the Supreme Court of Appeal on 24 February 2022 and the judgement was handed down electronically on 13 April 2022. The Supreme Court upheld the decision made by the Western Cape High Court that SFF is responsible for out-of-pocket expenses, interest compounded and including costs of counsel for some of the traders. The SFF Board decided that the matter would be appealed at the Constitutional Court. However, this appeal was dismissed and an amount of R2.3 billion was paid in relation to hedging and out of pocket expenses on 31 March 2023. There is still an amount of \$22.6m (R414 million) that may result in a claim against SFF.

Leave to appeal the Supreme Court decision was declined. As a result, SFF had to pay the compensation amounts as initially ordered by the Western Cape High Court (and upheld by the Supreme Court). Payments were made to Vitol and Natixis amounting to \$28m and \$101m, respectively amounting to approximately R2.3 billion.

The matter in relation to CTSA vs Taleveras for about \$22.6m is still in progress based on correspondence from attorneys. According to the Western Cape judgement, should attempts by CTSA to recover from Taleveras fail then CTSA can recover from SFF.

Recovery of the proceeds in respect of the sale of diesel

Proposals have been received from law firms in Zimbabwe detailing that the process would entail an application for Registration of a Foreign Judgment (SFF's Default Judgement obtained from the Western Cape High Court) for it to be enforced in Zimbabwe; as well as appointing locally based tracing agents to investigate and verify existence of any attachable assets to settle SFF's claim. An assessment on the viability of possible recovery of the proceeds in full in a foreign jurisdiction currently under consideration to

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determine the way forward. Together with legal costs and interest, the legal department estimate the total value of the claim to be R18 million.

2 x proposals / quotations ranging between \$5000.00 (plus 5% success fee on amount successfully claimed and recovered), and \$7 050.00, have been received from two Zimbabwean law firms are currently being reviewed, with a third pending and expected soon upon completion of conflict of interest checks, upon which a preferred bidder would be selected to proceed accordingly.

In the meantime, formal engagements had until recently been underway between SFF Legal and Line Petroleum attorneys in Zimbabwe in contemplation of a settlement offer proposed by Line Petroleum. We were anticipating a firm commitment on the final terms of the offer within a matter of a week or two from date of this report.

On the 10th of April 2025, SFF were informed of the termination of the mandate of Line Petroleum's attorney we have been negotiating settlement with. As a result, SFF now needs to deal directly with Line Petroleum.

Attempts to reach Line Petroleum directly to progress the settlement negotiations referred to above have been unsuccessful, thus far.

Repair and/or replacement of terminal infrastructure

A dispute between SFF and OTMS regarding an alleged breach by SFF of the terms of an agreement governing the use and maintenance of the crude oil terminal operated by SFF at Saldanha Bay was referred to arbitration on 02 December 2024.

The parties on 5 February 2025 agreed a procedural timetable making provision amongst other things for the preparation of expert witness notices and filing of these by 29 May 2025, and for evidence to be heard during the week of 21 July 2025, with arguments presented in the week of 04 August 2025.

The claim from OTMS is for repair and/or replacement of terminal infrastructure to which OTMS has access for use, failing which OTMS estimates a potential loss on its part of circa R40 to 60 million (\$2.2 to \$3.3 million).

OTMS objected to the counterclaims submitted by SFF and a date for hearing argument on the objections is to be scheduled by the arbitrator. OTMS is without justification accusing SFF management of obstructive behaviour with regard to an OTMS expert witness inspection of the Terminal.

This is contributing to a delay in the arrangement for the SFF proposed expert witnesses to be interviewed by SFF Senior Counsel.

Interim tariff agreements counter claim

The company has lodged a counter claim. The counter claim originated in the context of the contract concluded

between the company and OTMS during 2016. SFF and NERSA after final commissioning of the Terminal during 2021 realised that the expression "pipeline tariff" was incorrect, as the Terminal consisted of only two components, namely a loading facility with auxiliary pipelines and a storage facility. SFF on 03 June 2022, after completion of the interconnection of the loading facility with the independent OTMS storage facility submitted an application to NERSA for separate tariffs for the loading facility and the storage facility. Since commissioning of the terminal, OTMS has been paying SFF a lower rate and the claim value is approximately R50 000 000 in respect of a period of three years.

Other contingencies arising out of operations

PetroSA

Mbizana Integrated Energy Centre

PetroSA may be liable for any soil contamination resulting from the dispensing of fuel at the Mbizana Integrated Energy Centre. The estimated financial impact is R1 million.

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Duty at source(DAS) payable to SARS and audit assessment

On 18 February 2020, SARS issued a Letter of demand for R1 billion with respect to exports from unlicensed depots for the period May 2015 to March 2017. On 28 February 2020, PetroSA requested for a suspension of the payment amount but the application for suspension was denied by SARS. On 17 April 2020, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent interim interdict, interdicting SARS from taking any enforcement and/or collection steps against PetroSA until the merits of the SARS audit assessment are heard in the High court. PetroSA was successful in this regard

On 30 June 2020, the DA96 application to litigate was submitted to SARS. The next step is for SARS is to submit a replying affidavit and SARS have far exceeded the time period afforded to it in terms of the Uniform Rules of Court to file its affidavit. On 18 March 2021, PetroSA sent notice indicating PetroSA's amenability to mediation. PetroSA still await SARS' response as to whether they are amenable to mediation and to file their answering affidavit by 16 May 2022.

PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. PetroSA requested for a meeting with the Minister of Finance on a without prejudice basis whether this matter may potentially be settled without the need to continue with the present litigation under case number 8080/2020 and also to ascertain when the Minister's opposing papers can be expected. No feedback has been received.

In June 2023, the High Court Registrar has allocated a date for hearing of the matter, namely on Wednesday, 22 November 2023. PetroSA was to file the head of arguments by 1 November 2023 and SARS by 8 November 2023. The matter was argued before Acting Judge De Waal on Wednesday, 22 November 2023. Following the hearing, the PetroSA and SARS ("the parties") were afforded an opportunity to present supplementary written submissions (to address the aspect of a 'practice generally prevailing' which forms part of PetroSA's case herein). Written submissions on behalf of PetroSA were furnished on 28 November 2023 and SARS on 19 December 2023.

In January 2024, the parties were afforded an opportunity to make further written submissions, in light of recent judgments handed down in favour of SARS in its disputes with BP South Africa. Such judgments (BP judgments) were handed down in the Supreme Court of Appeal (SCA) and the Gauteng High Court on Friday, 12 January 2024. Having considered the BP judgments, it was decided that no purpose would be served by making further submissions; while SARS in turn elected to make some written submissions to the court.

On Thursday, 18 January 2024, judgement was handed down in this matter in favour of PetroSA. On 8 February 2024, SARS has launched an application for leave to appeal. The court has confirmed that the application for leave to appeal will be heard virtually on Thursday, 11 April 2024. This was rescheduled as requested by SARS. The hearing for the application for leave to appeal will now be heard virtually on Monday, 13 May 2024. The judge has afforded SARS leave to appeal the judgement as per the judgement dated 21 May 2024.

SARS heads of argument were due by 30 October 2024. PetroSA heads of argument were filed at SCA on the 28th November 2024. The SCA Registrar will advise PetroSA of the date allocated for the hearing of the matter..

Ghana Revenue Authority

The GRA determined that PGL was liable for US R168,7 million (US \$9,4m) Branch Profit Tax (BPT). This amount

was included in the final assessment of R224,4 million (US \$12.5m). PGL stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights. PGL on receipt of

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the final audit report, notified the Ministry of Energy (MoE) of its intention to invoke the arbitration procedure provided for under the Petroleum Agreement (PA), as there was no favourable

assessment upon the consideration of the objection. PetroSA Ghana has submitted a request for dispute to International Arbitral Tribunal in London for final determination on the applicability of BPT in the context of the

Petroleum Income Tax Act, 1987 (PNDCL 188).

In addition, the GRA has notified PGL of its intention to audit the tax years 2019 to 2022. The requested information is currently being provided to the GRA audit team. In terms of Ghanaian Legislation, the Commissioner General of the GRA will issue an assessment after which PGL will have the opportunity to respond within a stipulated period.

AEMFC

As at 31 March 2025, the company is involved in litigation with LME Plant Hire (Pty) Ltd, arising from disputes relating to the rental of mining equipment at the Vlakfontein mining site. The legal matters remain unresolved at the reporting date, and while no present obligation has been recognised, management has disclosed the following contingent liabilities based on legal advice received:

LME Plant Hire (Pty) Ltd - Arbitration and Review Application

LME Plant Hire instituted arbitration proceedings against the company for a total claim of R145.3 million, relating to a rental agreement concluded on 19 February 2022. The matter was taken on review by the company to the High Court, which declared the tender award constitutionally invalid but did not set aside the contract. The Court ordered the company to pay R136.7 million. The company has since filed an application for leave to appeal with the Supreme Court of Appeal (SCA).

Based on legal advice, there are reasonable prospects of success in the appeal. However, should the appeal fail, the estimated financial exposure is approximately R30.0 million, which aligns with a previous settlement offer made by management.

As the matter is subject to ongoing litigation and final outcome remains uncertain, no provision has been recognised.

PASA

A service provider, was appointed to install and refurbish PASA's new offices. The service provider defaulted in that it short-delivered on the promised obligations. PASA reminded the Supplier of the unmet commitments. PASA has proceeded with the legal action to recover the damages suffered. As at period-end the supplier is going through liquidation and PASA will head to court to recover the monies.

iGAS

Igas was provided banking facilities totalling R508.4 million (2024: R508.4 million) by Standard Bank of South Africa Limited (SBSA) in prior years to support the ROMPCO acquisition. These facilities are set to expire in June 2025, and management has indicated that there is no intention to renew them upon expiry.

15. COMPLIANCE AND LEGISLATION

The Group is subject to a number of laws and regulations from enabling legislation to those that affect our revenue, expenses and liabilities that requires monitoring and reporting by those charged with governance. Below are significant that have been identified to warrant a summary for reporting purposes.

PFMA

The Group has implemented and maintained sound governance structures and processes to ensure compliance with the provisions of the PFMA. PFMA compliance is one of the key legislation that the Group manages and monitors.

This monitoring function is achieved through the following:

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- a. An approved process on the delegation of authority, procurement and procedures;
- b. Automated and manual systems and processes;
- c. A shareholder approved materiality framework that has been established at Group-level and cascaded throughout the Group companies.

The PFMA impose obligations on the Board and the Board for subsidiaries relating to the prevention, identification and reporting of fruitless and wasteful expenditure; irregular expenditure; expenditure that does not comply with operational policies; losses of state resources through criminal conduct and the collection of all revenue.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

The Board has a materiality framework, which was approved by the Shareholder Representative. The Shareholder has approved that the materiality Group limit for reporting in terms of sections 55(2)(b)(i), (ii) and (iii) of the PFMA is R759,840 million per transaction.

APPROVAL LEVELS IN TERMS OF SECTION 54

All amounts are based on Audited financial statement at 31 March 2023.

Figures R'000	Group	PetroS	CEF	PAS	AE	I-Gas	SFF	OPC	CCE	ET
Public Entity's Board Levels	<708 308	<249 899	<115 165	<9 044	<26 892	<124 489	<221 526	<803	<3	<1
CEF Board to Approve	<708 308	<249 899	<708 308	>9 044	>26 892	>124 489	>221 526	>803	>3	>1
Obtain DoE approval and inform National Treasury via the top-most Holding company	>708 308	>708 308	>708 308	>708 304	>708 308	>708 308	>708 308	>708 308	>708 308	>708 304

Irregular expenditure and fruitless and wasteful expenditure

For the list of the transgressions and management actions, refer to note 45 and 46 of the Consolidation Annual Financial Statements.

16. AUDITORS

The Auditor General of South Africa continued in office as auditors for the Group and its subsidiaries for 2025. At the AGM, the shareholder will be requested to re-appoint the Auditor General of South Africa as the independent external auditors of the Group and to confirm Mr Tlamelo Ramantsi is the designated lead Business Executive for the 2024/25 financial year.

17. ANNUAL GENERAL MEETING

The annual general meeting will be held in terms of section 61 of the Companies Act 71 of 2008.

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CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Director's Report

18. COMPANY SECRETARY

The Group secretary is Mr M Razwinani.

Postal address

P O Box 786141

Sandton 2146

Business Address

Block C, Upper Grayston OfficePark 152

Ann Crescent

Strathavon

Sandton 2031

19. ACKNOWLEDGMENTS

Thanks and appreciation are extended to our shareholder, staff, suppliers and consumers for their continued support of the Group.

The Consolidated Annual Financial Statements set out on pages 156 to 332 which have been prepared on the going concern basis; were approved by the Board on 30 September 2025; and were signed on its behalf by:



Ms A Noah (Chairperson)

Johannesburg

30 September 2025



Dr T Mokoka (Acting Group CEO)

Johannesburg

30 September 2025

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CEF Group

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Report of the Board Audit and Risk Committee

This report is provided by the Board, Audit and Risk Committee appointed in respect of the 2025 financial year for the CEF Group.

Charter

The roles and responsibilities for the Audit Committee and Risk Committee (Collectively - the Committee) are split to improve and focus attention on risk management activities separately. The members of the two committees are the same members and the committee meetings takes place on the same dates.

The Committee is guided by a detailed charter that is reviewed and approved by the Board on an annual basis. The Committee has regulated their affairs in compliance with this charter and has discharged all their responsibilities as contained therein.

Purpose

The Committee's purpose and responsibilities arise from the Companies Act No.71 of 2008 Section 94(7), The Public Audit Act No. 25 of 2004, Public Finance Management Act of 1999; Section 76 (4)(d) and Treasury Regulations 27.1. In performing its responsibilities, the committee has reviewed the following:

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of operations to be covered in the scope of the internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- the accounting and auditing concerns identified as a result of the internal or external audits;
- compliance with applicable legal and regulatory provisions;
- the activities of the internal audit function, including its annual work program, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- the independence and objectivity of the external auditors.

Membership

The Committee members were appointed by the Board and comprise of at least three non-executive members. The committees consist of the members listed hereunder and should meet on a minimum of two occasions per annum as per the approved Charter. During the financial year, the following meetings were held.

Name of Director	08-April-24	29-April-24	28-May-24	29-Jul-24	29-Aug-24	28-Oct-24	29 – Jan - 25	27 - Feb - 25	24 – March - 25
Mr. J Besnaar	Y	Y	Y	Y	Y	Y	Y	Y	Y
Ms. U Figlan	Y	Y	Y	Y	N	Y	Y	Y	Y
Ms. G Leketi	Y	Y	Y	Y	Y	N	Y	N	Y
Mr. L Delport	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y

Notes:

Y – Attended meeting

N – Did not attend meeting

N/A – Not a member at date of the meeting.

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Report of the Board Audit and Risk Committee

- **External audit**

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the external audit plan as presented by the Auditor-General of South Africa. The audit committee has reviewed the Auditor-General of South Africa's Strategic Audit Plan for the 2023/24 financial year and have approved the fees. The audit committee has satisfied itself that the Auditor-General of South Africa exercised their duties in an independent and objective manner.

- **Corporate governance**

We are of the opinion that the Group continues to strive towards complying with sound principles of corporate governance. As per our discussions with management, management confirms that the content and quality of quarterly reports prepared and issued by the Interim Group Chief Executive Officer during the year under review were properly formulated and have complied with the PFMA in this regard.

- **Internal Audit**

The Committee considered and approved the internal audit charter and approved the annual work plan for the internal audit function. The internal audit function is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across operations. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed audit plan to the Committee on a quarterly basis.

The Chief Audit Executive has direct access to the committee, primarily through its Chairperson. The Committee is also responsible for the assessment of the performance of the internal audit function.

The internal audit function is independent and has the necessary resources, budget, standing and authority within the organisation to enable it to discharge its functions. The Chief Audit Executive reports functionally to the chairperson of the Audit committee and the chairperson must concur with the appointment and dismissal of the Chief Audit Executive.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Report of the Board Audit and Risk Committee

• Financial statements

The Committee reviewed the Annual Financial Statements and is satisfied that they fairly present the consolidated and separate results of operations, cash flows, and the financial position of CEF Group and comply, in all material respects, with the relevant provisions of the Companies Act, International Financial Reporting Standards (IFRS) and Interpretations of IFRS as issued by the International Accounting Standards Board

Together with the going concern assessment, the Committee reviewed the Company's policies on risk assessment and risk appetite as they pertain to financial reporting, and reviewed the Group policy related to establishing the extent of insurance cover required, and found them to be sound.

The committee has also reviewed the AGSA's management report and management's response thereto including the significant adjustments resulting from the audit. The Committee concurs and accepts the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the AGSA.

Following the review of the annual financial statements, the Committee recommends board approval thereof.

• Accounting practices and Internal control effectiveness

The Committee is satisfied that a system of internal controls has been put in place and that these controls have functioned effectively during the period under review. The Committee considers the system of internal controls appropriate in all material respects to:

- reduce risks to an acceptable level;
- meet the business objectives;
- ensure assets are adequately safeguarded; and
- ensure that transactions undertaken are recorded in the accounting records.

It was noted that no other significant or material non-compliance with prescribed policies and procedures has been reported except as reported in the audit report. Accordingly, we can report that the system of internal controls for the period under review was efficient and effective.

• Risk management

The Board assigned the oversight of the risk management function to the Board Audit and Risk Committee (The BARC). The Group implemented a risk management strategy which includes the fraud prevention plan and combined assurance plan. The BARC monitored the significant risks faced by the Group through reviewing risk reporting and participation in the risk assessment workshop. We are satisfied that significant risks were managed to an acceptable level.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Report of the Board Audit and Risk Committee

Significant matters considered by the committee

The following is a description of the key matters considered by the Audit Committee.

Key Issues	Judgements in Financial	Audit Committee Review	Conclusions
Fair, balanced and understandable reporting	In preparing the Annual Financial Statements in terms of the IFRS, management is required to make certain estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported amounts of revenues and expenses during the reported period and the related disclosures.	- The Committee considered reports received from management and the external auditors' quarterly highlighting significant accounting issues and judgements and obtained assurance from management that disclosures in CEF's financial statements were fair, balanced and understandable. - Established via reports from management and external audit that there were no indications of material fraud relating to financial reporting matters. - Assessed disclosure controls and procedures. - Considered matters of accounting, tax and disclosure issues raised by the external auditors. - Requested that management report on and evidence the basis on which representations to the external auditors were made.	1 Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of CEF's financial statements were appropriate.
Impairment and recoverability of assets carrying values	1 Judgements and assumptions are applied by management in calculating the recoverable amount of the Cash Generating Units ("CGUs") and determining the ongoing appropriateness of the CGUs being used for the purpose of impairment testing. 2 These include assumptions such as discount rates. 3 Judgements are also required in assessing the recoverability of loans and overdue receivables and in deciding whether a provision is required.	1 The Committee reviewed the discount rates for impairment testing as part of its annual process and examined the assumptions 2 Key impairment assessments reviewed by the Committee include: 2.13 Mossel Bay GTL refinery impairment 2.14 Ghana blocks impairment 2.15 Increase in decommission provision	- The committee is satisfied with the judgements and assumptions used in the calculation of impairments

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CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Report of the Board Audit and Risk Committee

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Accounting for provisions	Post-retirement benefit obligations - Valuation of the postretirement benefit obligation provision requires the use of assumptions in relation to uncertain future factors i.e. inflation rates, discount rates, salary increases and mortality rates. Judgement is also required in the measurement of the fair value of certain pension assets. Rehabilitation provisions - Provisions are recognised for the full future restoration and rehabilitation of production facilities to the end of its economic lives. The majority of these activities will occur in the long-term and the requirements that will have to be met in future might be uncertain. Judgement is required in estimating future cost and cash outflows, discount rates, settlement dates, technology and legal requirements.	- The Committee received an update on the status of funding, investment and governance of pensions and other retirement benefits provided to current and former employees of CEF. In addition, the Committee examined the assumptions used by management as part of its annual reporting process. - The Committee received briefings on the Group's rehabilitation provisions and asset retirement obligations, environmental remediation strategies, including the key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time.	- The Committee reviewed the net post-retirement benefit assets. The valuations are performed by independent third parties. - The Committee reviewed the rehabilitation provisions for compliance with legislation and consistent application of the accounting policy. - The Committee requested that an external review be performed every two years to confirm the completeness of the rehabilitation provision. - The Committee took into account the reviews and re-computations undertaken by the external auditors which supported the accounting for all significant provisions.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Report of the Board Audit and Risk Committee

Key Issues	Judgements in Financial Reporting	Audit Committee Review	Conclusions
Accounting for income taxes	1 Computation of the Group's income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Company's taxation policy. 2 Recognition of deferred tax assets in respect of accumulated tax losses are underpinned by management judgement.	1 The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. 2 In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits and in considering management's position, the Committee took into account the work and views of external audit. 3 The Committee required management to manage taxes transparently and with due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. 4 The Committee considered management's assessment of the Group's tax exposures and the appropriateness	1 The Committee reviewed the tax numbers and disclosures in the financial statements the tax policy, approach to tax management and status of compliance.
Going concern assessment	1. The conclusion by the Board to prepare the annual financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net cash inflows, net debt and financing facilities available to the Group. 2. The assessment was done for a period of 12 months.	- The Committee critically assessed the liquidity of CEF Group using the latest forecasted projection of future cash flows.	2. After examining the forecast along with CEF's ability to generate capital and raise funding in current market conditions, the Committee concluded that CEF's liquidity and capital position remained appropriate, and that the going concern basis of accounting was agreed. 3. Accordingly, the Committee recommended to the Board the adoption by the Company of the going concern basis of preparation.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

We therefore recommend that the Board approve the Consolidated Annual Financial Statements for 2024/25.

Appreciation

The committee expresses its sincere appreciation to the DMPR, Directors, Group Chief Executive Officer, Management, Internal Audit and the Auditor-General of South Africa.

On behalf of the Board Audit and Risk Committee



Mr J. Besnaar CA (SA)
Chairperson of the Board Audit and Risk Committee

30 September 2025

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement from Company Secretary

In my capacity as CEF Secretary, I hereby confirm, except where otherwise mentioned in the Consolidated Annual Financial Statements, for the year ended 31 March 2025, that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of the Group in terms of the Companies Act of South Africa of 2008 and that all such returns are to the best of my knowledge and belief, correct and up to date.



Mr M Razwinani

Group Company Secretary

30 September 2025

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

Report of the auditor-general to Parliament on CEF SOC Limited and its subsidiaries (CEF Group)

Report on the audit of the consolidated financial statements

Opinion

1. I have audited the consolidated financial statements of the CEF SOC Limited (CEF) and its subsidiaries (the group) set out on pages 159-332 which comprise the consolidated statement of financial position as at 31 March 2025, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, as well as notes to the consolidated financial statements, including material accounting policy information.
2. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CEF and its subsidiaries (the group) as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the and the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Contingencies – guarantees

7. With reference to note 40 to the consolidated financial statements, the group guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.

Contingencies – litigations/claims

8. With reference to note 40 to the consolidated financial statements, the group is the defendant in various claims. The ultimate outcome of these matters could not be determined, and no provision for any liability that may result was made in the consolidated financial statements.

Restatements/prior period error

9. As disclosed in note 45 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2025.

Responsibilities of the accounting authority for the financial statements

10. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards, the requirements of the PFMA, the Companies Act and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 153-154 forms part of my auditor's report.

Report on the audit of the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic themes presented in

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

15. I selected the following strategic themes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected strategic themes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic theme	Page numbers	Purpose
Commercial sustainability	156	Improve profitability to achieve long-term commercial sustainability.
Strategy and long-term growth	156	Pursue business development initiatives to achieve long-term growth and security of supply.

16. I evaluated the reported performance information for the selected strategic themes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using the criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the selected strategic themes.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

Material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for commercial sustainability and strategy and long-term growth strategic themes. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Group report on performance against objectives

23. With reference to the consolidated annual financial statements, the group has included a group report on performance against objectives in pages 156-158. This disclosure requirement did not form part of the audit of the annual performance report and, accordingly, I do not express an opinion on it.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

Annual financial statements

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements relating to loans to group companies, trade and other receivables, trade and other payables, other operating expenses, other operating income, financial instruments and risk management and related parties were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected strategic themes presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and my report on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report, and I do not express an audit opinion or any form of assurance conclusion on it.
31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic themes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
33. I have nothing to report in this regard.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
36. Senior management did not implement adequate review controls to ensure that the annual financial statements are free from material misstatements due to the lack of adequate capacity to discharge the finance reporting function. Senior management did not monitor compliance with key legislation around financial statements.

37. The accounting authority did not exercise adequate oversight responsibility over the internal controls relating to compliance with key laws and regulations, and reliable financial reporting, as well as the related internal controls.

AUDITOR - GENERAL

Johannesburg



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit.
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic themes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the 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 my 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3); 50(3)(a); 50(3)(b); 51(1)(a)(ii); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(a)
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.2.5; 31.2.7(a); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section 30(3)(b)(i); 33(1)(a); 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 72(4)(a); 75(6); 86(1); 86(4); 88(2)(d); 112(2)(a); 129(7)
Companies Act Regulations, 2011	Regulation 30(2); 43(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Performance Against Predetermined Objectives

CEF GROUP SUMMARY SCORECARD FOR FY 2024/25

Strategic Theme	Objective	Strategic Initiative	% Weight	FY24/ 25 Key Result	FYE 2024/ 25 Actual	FYE 24/25 score
Commercial Sustainability (25%)	Improve profitability to achieve long-term commercial sustainability	Increase Net profit.	5,0%	'Q4 Net Profit of R13.57 million	CEF Group generated a net profit of R553 million	5,00
		Increase the rate of return on investments	5,0%	Sales of 3.5 billion litres of finished product	The Cumulative YTD sales at Q4 is 1.107 billion litres.	1,00
		Development of Group funding plan for large-scale projects	7,0%	Board approved Group funding plan for large-scale projects	Board-approved funding plan is achieved, and socialized with CEF Group subsidiaries.	3,00
			8,0%	Blended return on invested capital = 6%	The Group return is currently at -2.7%	1,00
Consolidation & Turnaround (25%)	Execution of CEF SOC parenting strategy to improve value creation, subsidiary oversight and delivery of merger	Development of integrated Group Strategy and corporate plan	5,0%	Signed Shareholders Compact	Submitted Group Corporate Plan by end February 2025 with draft shareholder compact signed by Board Chair.	5,00
		PetroSA turnaround program	10,0%	PetroSA turnaround program	PetroSA Stabilization and Turnaround program developed, and will be executed in the new planning cycle.	3,00
		SA NPC Enablement and Transition execution	10,0%	Implementation of Phase 2 of the merger	Phase 2 SA NPC enablement milestones achieved in line with roadmap.	3,00
Strategy & Long-Term Growth (20%)	Pursue business development initiatives to achieve long-term growth and security of supply	Development of the project pipeline across the energy value chain	10,0%	Development of the project pipeline across the energy value chain	More than Five New Board approved & registered commercial proposals	5,00
		Scaling for Growth.	5,0%	1X Investment with >R60 million p.a. revenue generating potential with 12 months	3 X FIDs concluded including SAPREF acquisition. With detailed supporting execution plans.	5,00

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Performance Against Predetermined Objectives

Strategic Theme	Objective	Strategic Initiative	% Weight	FY24/ 25 Key Result	FYE 2024/ 25 Actual	FYE 24/25 score
		Drive growth and revenue diversification	5,0%	Compile Innovation Strategy	Group innovation strategy approved by the CEF Board.	4,00
Human Capital & Organisational Alignment (10%)	Implement improvements towards a High-Performance Organisation	Implement approved High-Performance Human Capital Strategy	5,0%	25% of Human Capital Strategy Initiatives Implemented.	A 100% achievement is reported for the two key initiatives of Board Approved Succession Policy, and the 96% of the interventions.	5,00
		Implement Shared Services roadmap, Execution of the CEF SOC repositioning	5,0%	25% SANPC enablement	All requisite approvals and structures for SANPC are in place in line with enablement roadmap.	5,00
Operational Excellence (10%)	Improve business processes and systems to achieve exceptional operational excellence.	Implementation of the business performance management system.	5,0%	Automation of performance monitoring and evaluation.	Group automated business performance management system operational, and live with the requisite performance data	3,00
		IT Shared Services IT shared services business activities implemented	5,0%	Optimized Business Process Manual.	Documented processes for key priority functions are in place in the business with continuous optimization.	4,00
Corporate Governance & Enterprise Risk Management (5%)	Improve risk management and corporate governance processes to enhance the long-term prosperity of the	Implement risk management plans	2,0%	Achieve Level 3 risk management maturity	Achieved Level 4 Risk Management Maturity which is above target.	4,00
		Implement Group Governance Framework.	2,0%	Maintain all affected policies for corporate governance	More than 9 Policies were tabled approved by the Board (Procurement Policy, Trading	5,00

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Performance Against Predetermined Objectives

Strategic Theme	Objective	Strategic Initiative	% Weight	FY24/ 25 Key Result	FYE 2024/ 25 Actual	FYE 24/25 score
	organisation.				Policy, Remuneration Philosophy and Policy Framework, CEF Group Fraud Prevention Policy, Code of Ethics Policy)	
		Develop an integrity pact document,, and Third-Party risk management framework	1,0%	Implementation of Groupwide Integrity pact	The Integrity Pact (which comprises Code of Ethics Policy) and Third-Party Risk Management Framework was approved by the Board.	3,00
Transformation and reputation management (5%)	Improve CEF brand reputation in the marketplace	Implement the CEF Group Master Brand Strategy	3,0%	Achieve Brand Reputation Score of 50%	Implemented 100% of EXCO approved action plan.	5,00
		Execution of the CEF Group developmental strategy	2,0%	Board approved white paper on the CEF development foundation	The White Paper approved. Socialized with relevant stakeholders and implementation , and initiatives at the SA NPC Refinery initiated.	5,00

Total Score	3.80 /5.00
	76.0%

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position

Figures in Rand thousand	Note(s)	2025	2024 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	3	8,124,560	6,732,001
Goodwill	4	-	26,814
Intangible assets	5	1,497,819	1,511,521
Investments in subsidiaries	6	-	-
Investments in joint ventures	7	-	-
Investments in associates	8	3,284,457	3,433,591
Loans to group companies	9	736,671	733,698
Other financial assets	11	1,957,455	2,140,301
Trade and other receivables	17	20,520	18,946
Investments at fair value	12	179	150
Deferred tax	13	463,020	417,015
Prepayments	14	-	104
Strategic Stock	15	604,619	1,676,568
		16,689,300	16,690,709
Current Assets			
Inventories	16	989,866	2,151,024
Other financial assets	11	268,020	305,005
Trade and other receivables	17	2,975,308	2,438,808
Prepayments	14	128,036	259,297
Current tax receivable		33,160	8,498
Strategic Stock	15	1,778,494	704,690
Cash and cash equivalents	18	16,799,132	15,017,491
		22,972,016	20,884,813
Non-current assets held for sale and assets of disposal groups	19	140,707	-
Total Assets		39,802,023	37,575,522
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	20	-	-
Reserves		1,225,557	1,424,221
Retained income		11,463,925	10,898,171
		12,689,482	12,322,392
Non-controlling interest		19,412	40,972
		12,708,894	12,363,364
Liabilities			
Non-Current Liabilities			
Other financial liabilities	22	1,603,370	2,116,369
Lease liabilities	24	857,903	976,741
Retirement benefit obligation	23	259,761	226,135
Deferred tax	13	775,975	984,135
Provisions	25	11,958,193	11,052,103
Deferred income	26	52,321	66,341
		15,507,523	15,421,824

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Statement of Financial Position

Figures in Rand thousand	Note(s)	2025	2024 Restated *
Current Liabilities			
Trade and other payables	27	10,520,679	8,672,434
Other financial liabilities	22	684,215	568,777
Lease liabilities	24	117,492	132,959
Retirement benefit obligation	23	7,262	6,187
Current tax payable		4,721	195,507
Provisions	25	122,629	103,573
Deferred income	26	90,903	110,897
		11,547,901	9,790,334
Liabilities of disposal groups	19	37,705	-
Total Liabilities		27,093,129	25,212,158
Total Equity and Liabilities		39,802,023	37,575,522

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	2025	2024 Restated *
Continuing operations			
Revenue	28	15,660,106	29,234,528
Cost of sales	29	14,386,359	25,679,816
Gross profit		1,273,747	3,554,712
Other operating income	30	505,927	231,143
Other operating gains (losses)	31	6,551	352,524
Movement in credit loss allowances	32	(345,096)	(30,086)
Other operating expenses		(4,316,722)	(5,518,744)
Operating (loss) profit	32	(2,875,593)	(1,410,451)
Investment income	33	1,530,879	1,505,575
Finance costs	34	(978,321)	(1,056,723)
Income from equity accounted investments	8	1,204,113	911,309
Other non-operating gains (losses)	10	1,838,612	-
Profit (loss) before taxation		719,690	(50,290)
Taxation	35	(143,099)	(444,205)
Profit (loss) from continuing operations		576,591	(494,495)
Discontinued operations			
Loss from discontinued operations		(23,227)	(28,522)
Profit (loss) for the year		553,364	(523,017)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability/asset		(9,170)	10,913
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(100,734)	140,946
Share of comprehensive income of equity accounted investments		(97,930)	(22,858)
Total items that may be reclassified to profit or loss		(198,664)	118,088
Other comprehensive income for the year net of taxation	36	(207,834)	129,001
Total comprehensive income (loss) for the year		345,530	(394,016)
Profit (loss) attributable to:			
Owners of the parent:			
From continuing operations		589,809	(486,714)
From discontinued operations		(14,885)	(28,440)
		574,924	(515,154)
Non-controlling interest:			
From continuing operations		(13,218)	(7,781)
From discontinued operations		(8,342)	(82)
		(21,560)	(7,863)
Total comprehensive income (loss) attributable to:			
Owners of the parent		367,090	(386,153)
Non-controlling interest		(21,560)	(7,863)
		345,530	(394,016)

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CEF Group

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Statement of Changes in Equity

Figures in Rand thousand	Foreign currency translation reserve	Cash flow hedge	Retained income	Total attributable to equity holders	Non-controlling interest	Total equity
Restated* Balance at 01 April 2023	1,330,768	(24,635)	11,402,412	12,708,545	35,049	12,743,594
Loss for the year	-	-	(515,154)	(515,154)	(7,863)	(523,017)
Other comprehensive income	140,946	(22,858)	10,913	129,001	-	129,001
Total comprehensive Loss for the year	140,946	(22,858)	(504,241)	(386,153)	(7,863)	(394,016)
Business combinations	-	-	-	-	13,786	13,786
Opening balance as previously reported	1,471,714	(47,493)	10,899,035	12,323,256	40,972	12,364,228
Adjustments	-	-	(864)	(864)	-	(864)
Prior year adjustments	-	-	-	-	-	-
Balance at 01 April 2024 as restated	1,471,714	(47,493)	10,898,171	12,322,392	40,972	12,363,364
Profit for the year	-	-	574,924	574,924	(21,560)	553,364
Other comprehensive income	(100,734)	(97,930)	(9,170)	(207,834)	-	(207,834)
Total comprehensive income for the year	(100,734)	(97,930)	565,754	367,090	(21,560)	345,530
Balance at 31 March 2025	1,370,980	(145,423)	11,463,925	12,689,482	19,412	12,708,894

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The accounting policies on pages 40 to 86 and the notes on pages 86 to 208 form an integral part of the consolidated annual financial statements.

* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long term loan to a subsidiary company, to the reporting currency.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

Consolidated Statement of Cash Flows

Figures in Rand thousand

	Note(s)	2025	2024 Restated *
Cash flows from operating activities			
Cash generated from operations	37	965,547	(139,688)
Interest income	33	1,200,774	1,019,863
Dividends received	33	1,190,407	920,006
Finance costs	34	(333,388)	(391,510)
Tax paid	38	(600,636)	(403,248)
Cash flows of discontinued operations		(491)	-
Net cash from operating activities		2,422,213	1,005,423
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(200,794)	(456,308)
Proceeds from sale of property, plant and equipment	3	357	164
Purchase of other intangible assets	5	(48,583)	(69,281)
Purchases of investments in associates	8	(4,230)	(44,730)
Movements in financial assets	8	330,641	(89,262)
Proceeds on sale of strategic stock	10	-	1,732,634
Loans advanced on loans receivable	15	(3,634)	(158,759)
Repayment of group loans	33	1	-
Movement of funds held on behalf of third parties	33	(2,683)	1,911
Net cash from investing activities		71,075	916,369
Cash flows from financing activities			
Repayment of other financial liabilities		(466,268)	(429,696)
Advances received on other financial liabilities		-	178,921
Loans to group companies	22	(119,096)	-
Cash advance received on borrowings	23	16,920	-
Repayments of lease liabilities	26	-	(113,354)
Net cash from financing activities		(568,444)	(364,129)
Total cash movement for the year		1,924,844	1,557,663
Cash and cash equivalents at the beginning of the year		15,017,491	13,190,722
Effect of exchange rate movement on cash balances		(42,469)	128,160
Effect of translation of foreign entities		(100,734)	140,946
Cash and cash equivalents at the end of the year	18	16,799,132	15,017,491

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1. Material accounting policies

The principal accounting policies applied in the preparation of these consolidated annual consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Companies Act of South Africa as amended

.These consolidated annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council

The consolidated annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell..

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

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Accounting Policies

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

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Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.2 Consolidation (continued)

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Joint arrangements

Joint operations

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.4 Investment in associate and joint ventures

The financial results of associates and joint ventures are included in the Group's results according to the equity accounting method from the acquisition date until the disposal date. Under the equity method, investments in associates and joint ventures are recognised initially at cost. Subsequent to the acquisition date, the Group's share of profits or losses of associates and joint ventures is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income or equity as appropriate. A JV is a joint arrangement in which parties have joint control, with rights to the net asset of the arrangement. An associate is an entity, other than a subsidiary, JV or joint operation, in which the Group has significant influence, but no control or joint control over the financial and operating policies. Associates and joint ventures whose financial year-ends are within three months of 31 March are included in the Consolidated Annual Financial Statements using their most recently management reports at 31 March. Adjustments are made to the associates' and JVs' financial results for material transactions and events in the intervening period.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

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Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty

In preparing the Consolidated Annual Financial Statements in terms of IFRS, the Group's management is required to make certain estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the Consolidated Annual Financial Statements and the reported amounts of revenues and expenses during the reported period and the related disclosures. As these estimates and assumptions concern future events, due to the inherent uncertainty involved in this process, the actual results often vary from the estimates. These estimates and judgments are based on historical experience, current and expected future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Revenue recognition

Hardware was delivered to customers during the last quarter. Defects were identified by the customers shortly afterwards.

Negotiations were held, and an agreement regarding rectification works was reached. This agreement will result in expenditure by the company until approximately the second quarter of the next reporting period. The accounting policy for revenue recognition from these products is on delivery. However, management were required to consider whether it was appropriate to recognise the revenue from these transactions of R20 million in the current year, in line with the company policy of recognising revenue for the sale of goods when those goods are delivered to the customer, or whether it would be more appropriate to defer recognition until the rectification work was complete.

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the company had transferred control of the goods to the customer. Following the detailed quantification of the company liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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Accounting Policies

Key sources of estimation uncertainty

Allowance for slow moving, damaged and obsolete inventory

Net realisable value tests are performed at each reporting date and allowance is made to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and production costs and cost to sell on certain inventory items. The write down is included in the operating expenses.

Impairment testing

Impairment tests are performed when there is an indication of impairment of assets or a reversal of previous impairments of assets. Management, therefore, has implemented certain impairment indicators, including movements in exchange rates, commodity prices and the economic environment in which its businesses operate. Estimates are made in determining the recoverable amount of assets, which include the estimation of cash flows and discount rates used. In estimating cash flows, management bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets, based on publicly available information. The discount rates used are post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

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Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

On an annual basis, management evaluates the useful life of all assets. In carrying out this exercise, experience of assets historical performance and the medium-term business plan are taken into consideration.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 25.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Environmental, decommissioning and rehabilitation provision

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgment is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgments because most of the obligations will be fulfilled only in the future, and contracts and laws are often not clear on what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business, the exchange rate, inflation, discount rate and statutory considerations. It is envisaged that, based on the current information available, any additional liability in excess of an estimate is based on costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances.

Recoverability of assets

The Group assesses its cash generating units (CGUs) at each reporting period to determine whether any indication of impairment exists. Impairment tests are performed when there is an indication of impairment of assets or a reversal of previous impairments of assets. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU).

Management, therefore, has implemented certain impairment indicators and these include movements in exchange rates, commodity prices and the economic environment in which its businesses operate. Estimates are made in determining the recoverable amount of assets, which include the estimation of cash flows and discount rates used. In estimating the cash flows, management bases cash flow projections on reasonable and supportable

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets, based on publicly available information. The discount rates used are pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted. These estimates and assumptions are subject to risk and uncertainty.

Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of CGUs.

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Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Mineral reserve and resource estimates

Significant judgements and sources of estimation uncertainty (continued)

Mineral reserves are estimates of the amount of mineral that can be economically and legally extracted from the Group's mineral properties. The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of mineral in place, recovery factors and future commodity prices. Future development costs are estimated using assumptions as to the number of wells and drill holes required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- a) The carrying value of exploration and evaluation assets and production assets may be affected due to changes in estimated future cash flows.
- b) Depreciation and amortisation charges in the statement of profit or loss may change where such charges are determined using the units of production (UoP) and life of mine (LoM) method.
- c) Provisions for decommissioning may change, where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- d) The recognition and carrying value of deferred tax assets may change due to changes in judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

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Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.6 Irregular expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the PFMA.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure is removed from the notes when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

1.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the fruitless and wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes when it is transferred to receivables for recovery, or written-off.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

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1.8 Property, plant and equipment

The Group's Property plant and equipment is made up of the following:

Assets used in the production process such as land and buildings, plant machinery, production assets, furniture and fixtures, motor vehicles, office equipment, IT equipment and mine infrastructure.

Assets under development

Restoration costs

Major Maintenance costs (Shutdown)

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

Initial recognition

An item of property, plant and equipment is recognised as an asset 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.

Initial measurement

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated.

Cost includes the purchase price or construction costs, the present value of the expected cost for the decommissioning and environmental rehabilitation of an asset after its use, and qualifying borrowing costs.

When property, plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5-65 years
Plant and machinery	Straight line	3-80 years
Furniture and fixtures	Straight line	3-20 years
Motor vehicles	Straight line	4-15 years
IT equipment	Straight line	2-10 years
Restoration costs	Straight line	LoM
Mine infrastructure	Straight line	5-20 years limited to LoM
Shutdown costs	Straight line	3-5 years
production assets	Straight line	3-20 years limited to LoM/UoP
Right-of-use Asset	Straight line	<Lease term/useful life

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Accounting Policies

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

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Accounting Policies

1.8 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial time to prepare for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Unpumpable stock

The part of the strategic crude oil that is necessary to operate (in technical terms) the plant and cannot be recouped (or can be recouped but would then be significantly impaired as sludge), even when the plant is abandoned, is considered as an item of property, plant and equipment. These items are initially measured at historical and subsequently measured at costs less accumulated depreciation and impairment. Depreciation is charged so as to write off the depreciable amount of the assets over their estimated useful lives, using the straight-line method to write off the cost of each asset that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. The useful life is linked to the life of the Tanks.

Shutdown costs

Shutdown costs relates to expenditure incurred for major maintenance and servicing of the Plant. When shutdown costs will be incurred, an estimate of these shutdown costs is included in the carrying value of the asset at initial recognition.

Production assets (oil and gas fields)

Oil and gas production assets are the aggregated exploration and evaluation tangible assets, and development expenditure associated with the production of proved reserves.

Subsequent expenditure which enhances or extends the performance of oil and gas production assets beyond their original specifications is recognised as capital expenditure and added to the original cost of the asset.

Production assets are depreciated from the date production commences, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the carrying value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Units of production rates are based on the proved and probable developed reserves, which are oil, gas and other mineral reserves estimated to be recoverable from existing facilities using current operating methods. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

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Accounting Policies

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the carrying value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs. Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single cash generating unit for impairment purposes.

Any impairment identified is charged to profit or loss. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to profit or loss, net of any depreciation that would have been charged since the impairment.

Restoration costs

Cost of property, plant and equipment also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels.

Provision is made for all net estimated abandonment costs as soon as an obligation to rehabilitate the area exists, based on the present value of the future estimated costs. These costs are deferred and are depreciated over the useful life of the assets to which they relate using the unit of production method based on the same reserve quantities as are used for the calculation of depletion of oil and gas production assets.

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Accounting Policies

1.8 Property, plant and equipment (continued)

The amount recognised is the estimated cost of restoration, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the restoration provision is included as a finance cost.

Development expenditure

When proved reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as assets under construction, and is disclosed as a component of property, plant and equipment. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied. Development expenditure is net of proceeds from the sale of minerals extracted during the development phase. On completion of development, all assets included in assets under construction are reclassified as mine infrastructure assets.

The cost capitalized includes finance costs incurred until the production facility is completed and ready for the start of the production phase.

Expenditure on producing mines is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable mineral reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

Capitalised stripping costs

Waste removal costs incurred in the production phase are incurred for production of inventory as well as the creation of future benefits by improving access to the ore to be mined, the latter being referred to as a 'stripping activity asset'. Judgment is required to distinguish between these two activities. The ore bodies need to be identified by their identifiable components. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgment is required to identify and define these components, and to determine the expected volumes (tons) of waste to be stripped and ore to be mined in each of these components. These assessments are based on a combination of information available in the mine plans, specific characteristics of the ore body and milestones relating to major capital investment decisions.

Judgment is required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tons) of waste to be stripped for an expected volume (tons) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tons) of waste to the volume (tons) of ore is considered to determine the most suitable production measure. These judgments and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgments and estimates are also used to apply the depreciation method in determining the depreciable lives of the stripping activity asset.

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. In open-pit mining, stripping costs are accounted for separately for each component of an ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan.

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Accounting Policies

There are two types of stripping activity:

- Development stripping is the initial overburden removal during the development phase to obtain access to a mineral deposit that will be commercially produced.

- Production stripping begins after the first saleable minerals have been extracted from the component.

Development stripping costs are capitalised as a development stripping asset when:

- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The costs can be measured reliably.

Production stripping can give rise to two benefits, either the production of inventory in the current period or improved access to the ore to be mined in future periods. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing the inventory.

Where production stripping costs are incurred and where the benefit is the creation of access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as 'production stripping asset', if the following criteria are met:

- It is probable that the future economic benefit (improved access to ore) will flow to the entity
- The component of the ore body for which access has been improved can be identified and
- The costs relating to the stripping activity can be measured reliably.

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Accounting Policies

1.8 Property, plant and equipment (continued)

If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss. Production stripping asset is accounted for as an addition or enhancement to the mine infrastructure. The asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component, plus an allocation of attributable overheads. If the production stripping asset and the inventory produced are not separately identified, a production measure is used to allocate the production stripping costs between the inventory produced and the production stripping asset.

Production stripping assets are carried at cost less depreciation and impairment loss.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount.

The gain or losses arising from derecognition of an item of property, plant and equipment is included in operating profit or loss.

1.9 Intangible assets

The Group's intangible assets comprise of the following:

- Exploration and evaluation assets
- Project development costs
- Software
- Patents and Licences
- Restoration costs

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired

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Accounting Policies

1.9 Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Project development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Patents and licences

The Group has also internally generated patents that were developed by the internal experts. These patents have an indefinite useful life.

The purchased patents are granted to be used for the duration of the contract by the relevant owner, with the option of renewal at the end of this period.

Software licences for the use of intellectual property are granted for periods ranging between two and 10 years depending on the specific licences.

Exploration, evaluation and development assets

- Oil and gas wells

The "successful efforts" method is used to account for natural oil and gas exploration, evaluation and development activities.

Under the successful efforts method, only those costs that lead directly to the discovery, acquisition, or development of specific discrete mineral reserves are capitalised and become part of the capitalised costs of the cost centre.

Costs that are known to fail to meet this criterion (at the time of incurrence) are generally charged to the statement of profit or loss as an expense in the period they are incurred.

- Coal Mining

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

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Accounting Policies

1.9 Intangible assets (continued)

Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

Expenditure incurred in relation to desktop and concept studies are charged to the statement of profit or loss. The desktop and concept studies are high level studies to estimate tonnage available and potential mine size.

Upon the approval of the concept study competent persons report, (at which point the Group considers it probable that economic benefits will be realised), the Group capitalises any further expenditure incurred for the particular licence as exploration and evaluation assets. Such expenditure consists of an accumulation of direct exploration and evaluation costs incurred, together with an appropriate portion of overhead expenditure. Administration costs that are not directly attributable to a specific exploration area are charged to the statement of profit or loss.

Expenditure incurred after technical feasibility and commercial viability of extracting the mineral resource have been demonstrated are capitalised to exploration and evaluation assets.

Capitalised exploration and evaluation expenditure is recognised as an intangible asset and is carried at cost less impairment charges. In determining whether the cost of the exploration and evaluation assets is intangible or property, plant and equipment, consideration is given to the substance and not legal form.

Pre-licensing costs

These are costs incurred prior to the acquisition of a legal right to explore for oil and gas. They may include speculative seismic data and subsequent geological and geophysical analysis of this data, but may not be exclusive to such costs. These costs are expensed in the year they are incurred.

Exploration and evaluation costs

All costs relating to the acquisition of licenses, exploration and evaluation of a well, field or exploration area are initially capitalised. Directly attributable administration costs and interest payable are capitalised insofar as they relate to specific development activities. These costs are not depreciated but written off as exploration costs in profit or loss unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

Assets Pending Determination

Exploratory wells that discover potentially commercial reserves are capitalised pending a decision to further develop or a firm plan to develop has been approved. These are continuously assessed for impairment. If no such plan or development exists or information is obtained that raises doubt about the economic or operating viability then an impairment is recognised. If a plan or intention to further develop these wells or fields exists, the costs are transferred to development costs.

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1.9 Intangible assets (continued)

Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Development costs

Costs of development wells, platforms, well equipment and attendant production facilities are capitalised. The cost of production facilities capitalised includes finance costs incurred until the production facility is completed and ready for the start of the production phase. All development wells are not depreciated until production starts and then they are depreciated on the Units of Production method calculated using the estimated proved and probable reserves.

Dry wells

Geological and geophysical costs, as well as all other costs relating to dry exploratory wells costs are recognised in the profit and loss in the year they are incurred.

Software

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
External Patents	Straight line	5-10 years
Developed Patents	Indefinite	Indefinite useful life
Software licences	Straight line	2-10 years
Intangible assets under development	N/A	N/A

The useful life and amortisation method of intangible assets are reviewed at the end of each reporting period. No material changes were made.

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Accounting Policies

1.10 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Refer to the Note on Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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Accounting Policies

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies (note 9), are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 32).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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Accounting Policies

1.10 Financial instruments (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

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Accounting Policies

1.10 Financial instruments (continued)

Write off policy

The Group writes off a loan 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. Loans 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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward look information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 43).

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Accounting Policies

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 18).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 31).

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Accounting Policies

1.10 Financial instruments (continued)

Financial instruments at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the profit and loss account. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date to assess if the business model has changed.

Financial assets are recognised on transaction date when the entity becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred.

Financial assets are stated initially on transaction date at fair value including transaction costs.

Subsequent measurement is the difference between the fair value of a financial asset and the amount initially recognized, that is the movement in the index values of the investment (gains or losses), and are charged to the income statement.

Refer to note on fair value information note.

Trade and other payables

Classification

Trade and other payables (note 27), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 33).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 43 for details of risk exposure and management thereof.

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Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 29).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 43).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. Due to the carrying value considered to reflect its fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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1.11 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
 - the effect of credit risk does not dominate the value changes that result from that economic relationship;
- and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.12 Pre-payments

Prepayments are recognised when there is a payment in advance for services not yet received. They are subsequently released to profit and loss over the period the services are received.

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1.13 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

When management assess the extent to which it is probable that taxable profit will be available against which potential deferred tax assets can be utilised, they take into consideration that the utilisation of assessed losses are limited to the greater of 80% of the taxable income or R1 million in the year of assessment.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

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1.13 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity

Royalty taxes

In addition to corporate income taxes, the Group recognises taxes on royalty income. Royalty tax is treated as a taxation arrangement when it has the characteristics of a tax. This is considered to be the case when it is imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for temporary differences

Value-added tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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1.14 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 31) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 24 Leases Group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension

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Accounting Policies

option; and

- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 33).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting

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Accounting Policies

1.14 Leases (continued)

the revised lease payments using a revised discount rate;

- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented within property, plant and equipment on the Consolidated Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

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Accounting Policies

1.14 Leases (continued)

No contracts were identified that required specific judgement as to whether they contained leases.

1.15 Inventories

Inventories includes a "right to returned goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales

Inventories are valued at the lower of cost and net realisable value.

These are the various types of inventory held by the Group:

Strategic inventory

Inventory costs include purchase cost, transport, handling costs as well as allocated operating overheads. These inventories are being held in accordance with Ministerial Directives as prescribed by the Minister.

The carrying amount of the strategic crude oil is expected to be realised past 12 months after the reporting date, thus it is included in non-current assets. The net realisable value is referenced against the crude oil market prices from Platts. This is based on the exercises where benchmarking had to be done to the Platts data.

Also included in strategic inventory is diesel. The diesel was acquired by the Group but has been pumped into Transnet's pipeline for that pipeline to operate. The diesel remains in the pipeline at all times. Although the diesel is in the pipeline owned by Transnet, the diesel still belongs to the Group and will be returned to the Group in the same condition (quality) when the pipeline ceases to operate. This is revalued annually against market prices.

Petroleum products

Finished and intermediate inventory is measured at the lower of cost and net realisable value according to the standard costing method. Cost includes production expenditure, depreciation and a proportion of triennial turnaround expenses and replacement of catalysts, as well as transport and handling costs. Provision is made for obsolete, slow-moving and defective inventories.

Coal inventory

Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads, which are directly attributable to the cost of manufacturing such inventory.

Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is sold, less estimated costs to bring the product to sale.

Spares, catalysts and chemicals

These inventories are measured at the lower of cost on a weighted average cost basis and net realisable value less appropriate provision for obsolescence determined by reference to specific items of inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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Finished inventories and work-in-progress

Finished inventories and work-in-progress is measured at the lower of cost and net realisable value according to the standard costing method. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions. Cost includes production expenditure, depreciation and a proportion of shutdown expenses and replacement of catalysts, as well as transport and handling costs. Provision is made for obsolete, slow-moving and defective inventories.

Consumable stock

These inventories are measured at the lower of cost on a weighted average cost basis and net realisable value. Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

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Accounting Policies

1.16 Non-current assets (disposal groups) held for sale or distribution to owners

The Group classifies non-current assets and disposal groups as held for sale/held for distribution to owners if their carrying amounts will be recovered principally through a disposal rather than through continuing use.

Such non-current assets and disposal groups classified as held for disposal are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held-for-disposal classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate disposal and transfer in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the disposal will be withdrawn. The probability of shareholders' approval (if required in terms of PFMA and other applicable laws and regulations) should be considered as part of the assessment of whether the distribution/sale is highly probable.

Management must be committed to the disposal which qualifies for recognition as a completed sale within one year from the date of the classification.

Depreciation of assets ceases from the date of classification in 'Non-current assets held for sale'.

Assets and liabilities classified as held for disposal/distribution to owners are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Financial performance, cash flows and net assets of the discontinued operation are disclosed separately in the notes.

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Accounting Policies

1.17 Impairment of assets

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

Exploration assets are tested for impairment prior to transferring to the development phase of the property or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets' carrying amount exceeds their recoverable amount.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised immediately in profit or loss.

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Accounting Policies

1.18 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

1.19 Materiality and aggregation

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Also the nature and size of the line item is taken into consideration.

Line items that are not considered to be individually material are aggregated with other items in the statements and disclosed separately in the note.

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Accounting Policies

1.20 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Group operates a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The plan is funded by payments from the Group and takes into account the recommendations of independent qualified actuaries.

Contributions to a defined contribution plan for service in a particular period are recognised as an expense in that period

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Accounting Policies

1.20 Employee benefits (continued)

Defined benefit plans

Actuarial valuations are conducted annually by independent actuaries separately for each plan. The Group provides defined benefit plans for pension and post-retirement healthcare to certain retirees. The entitlement to pension and post-retirement healthcare benefits is based on the eligible employees remaining in service up to retirement age. These benefits are funded by the Group. The cost of providing retirement benefits under a defined benefit plan is determined using a projected unit credit valuation method. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to other comprehensive income (OCI) in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation in the statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling and return on plan assets (excluding interest) are recognised immediately to the consolidated statement of financial position and to other comprehensive income in the period they occur. The amount recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Current service costs are recognised as an expense in the period in which the related services are performed. Net interest income or expense are recognised in investment income and finance costs respectively.

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Accounting Policies

1.21 Provisions and contingencies

The Group's provisions mainly relate to the following:

- Environmental rehabilitation costs (Dismantling and Restoration)
- Bonus provision
- Social investment provision

Provisions represent liabilities of uncertain timing or amounts.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Environmental rehabilitation costs (Dismantling and Restoration)

Provision for the cost of environmental and other remedial work, such as reclamation costs, shut down and restoration costs, is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels. Provision is initially recognised at net estimated decommissioning costs as soon as an obligation to rehabilitate the area exists, based on the present value of the future estimated costs. These costs are capitalised by increasing the carrying amount of the related mineral asset and depreciated over the useful life of the assets to which they relate based on the same reserve quantities as are used for the calculation of depletion of mineral assets.

The amount recognised is the estimated cost of restoration, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of restoration or restoration cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. Any reduction in the restoration liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. The unwinding of the discount on the restoration provision is included as a finance cost.

Environmental expenditures that relate to current revenues are expensed and/or future revenues are capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

The Group does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingencies are disclosed in note 40.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in 40.

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Accounting Policies

1.22 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.23 Revenue from contracts with customers

The company recognises revenue from the following major sources:

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Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.23 Revenue from contracts with customers (continued)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Nature of goods and services

The following is a description of principal activities from which the Group generates its revenues from:

Sale of goods - Petroleum Products

Revenue from the sale of oil and petroleum products is recognised when the Group transfer control of the product to the customer. Control is transferred at the point of delivery.

Coal

Revenue from the sale of coal is recognised when title has passed to the buyer. Title passes when delivery has been made and the coal have been accepted by the buyer to meet the required specification.

Rendering of services - Management fees

Revenue from the management services is recognised over time as the customer simultaneously receives and consume benefits as provided by the entity towards satisfying its performance obligation. The group measures the progress towards completion of performance obligation by making reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Levy

The Group provides oil pollution control services to customers. This is considered to be a distinct service as:

- the customers can benefit from the services either on its own or together with other resources that are readily available to the customer (i.e. the services are capable of being distinct); and
- the Group's promise to transfer the services to the customers is separately identifiable from other promises in the contract (i.e. the services are distinct within the context of the contract).
- Revenue relating to the oil pollution control services is recognised at a point in time when the services are rendered.

Royalties and licence fees

The Group issues licences and permits to customers for exploration and exploitation of oil and gas. Revenue is recognised over a term of granting the right and permit. A receivable is recognised by the Group when a right/ permit is granted. No element of financing is deemed present as the transaction has a credit term of 30 days.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in investment income in the statement of profit or loss.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

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Accounting Policies

For CEF SOC, interest income accrued to or received from the money market account is recognised as Revenue .

Rental income

Rental income arising from operating leases on storage tanks 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.

8. Dividend income

Dividend income is recognised when the right to receive payment is established.

Data Sales

For sales of data to customers, revenue is recognised when control of the goods has transferred, being when the customer has taken delivery of data. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Dividends

For CEF SOC, dividends received from subsidiaries, joint ventures and associates are recognised as Revenue as this is considered activities in the ordinary course of business.

CEF Group

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Accounting Policies

1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the Group's right to recover products from customers where customers exercise their right of return under the Group returns policy.

1.25 Translation of foreign currencies

Foreign currency transactions

The Group's Consolidated Annual Financial Statements are presented in South African rand, which is also the parent company's functional currency. The Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into South African rand at the rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair-value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

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Accounting Policies

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which 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 Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.26 Commitments

Commitments represents capital goods/services and loans/investments that have been approved and/or contracted for, where delivery has not taken place at the reporting date. Items are classified as commitments where the Group has committed itself to future transactions.

1.27 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of key management of the reporting entity. The related parties mainly relate to JVs and associates. Disclosure for JVs and associates is provided in note 40.

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and JVs. The effect of these transactions is included in the financial performance and results of the Group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items.

The CEOs/equivalent for operating subsidiaries and the holding company have been identified as key management personnel for the Group.

1.28 Events after reporting period

Recognised amounts in the Consolidated Annual Financial Statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note disclosure.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

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Notes to the Consolidated Annual Financial Statements

Figures in Rand thousand	2025	2024 Restated *
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2. New Standards and Interpretations

1.1 Standards and interpretations not yet effective

The following new standards, interpretations and amendments to existing standards have been published that are applicable for future accounting periods that have not been adopted early by the company. These standards and interpretations will be applied in the first year that they are applicable to the company, which is the financial period beginning on or after the effective date:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

The impact of this amendment is currently being assessed

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The impact of this amendment is currently being assessed.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

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CE Group

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Notes to the Consolidated Annual Financial Statements

New Standards and Interpretations (continued)

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The impact of this amendment is currently being assessed.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The impact of this amendment is currently being assessed.

Amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency.

Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance,

financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2026.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2026.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

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CEF Group

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Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial

Figures in Rand thousand

3. Property, plant and equipment

	2025				2024			
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Carrying value
Land	2,185,802	-	2,185,802	267,111	-	267,111	502,829	368,290
Buildings	486,657	(131,931)	354,726	502,829	(134,539)	368,290	2,902,781	2,234,107
Plant and machinery	3,049,095	(743,029)	2,306,066	2,902,781	(668,674)	2,234,107	487,814	49,128
Furniture and fixtures	493,877	(451,385)	42,492	487,814	(438,686)	49,128	122,791	17,230
Motor vehicles	133,561	(108,560)	25,001	122,791	(105,561)	17,230	11,747	3,244
Office equipment	12,041	(6,948)	5,093	11,747	(8,503)	3,244	76,991	19,338
IT equipment	79,662	(60,041)	19,621	76,991	(57,653)	19,338	43,886,403	3,405,642
Production assets	43,577,248	(40,706,393)	2,870,855	43,886,403	(40,480,761)	3,405,642	71,190	-
Shutdown costs capitalised	71,190	(71,190)	-	71,190	(71,190)	-	1,584,145	11,289
Restoration costs	1,569,225	(1,565,960)	3,265	1,584,145	(1,572,856)	11,289	218,375	24,802
Mine infrastructure	327,538	(240,146)	87,392	218,375	(198,573)	24,802	156,454	156,454
Assets under development	64,023	(3,187)	60,836	156,454	-	156,454	229,866	174,458
Right of use - Buildings	229,866	(67,651)	162,215	229,866	(55,408)	174,458	2,109	908
Right of use - IT & Office equipment	2,466	(1,270)	1,196	2,109	(1,201)	908		
Total	52,282,251	(44,157,691)	8,124,560	50,520,606	(43,788,606)	6,732,001		

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEI Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

2. Property, plant and equipment (continued)

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers in	Foreign exchange movements	Change in estimates	Write-offs	Depreciation	Impairment loss	Decommissioning asset	Total
Land	267,111	4,046	1,924,445	-	-	-	(9,800)	-	-	-	-	2,185,802
Buildings	368,290	217	55,856	-	-	-	(49,092)	(209)	(20,336)	-	-	354,726
Plant and machinery	2,234,107	10,964	108,078	-	-	-	(62,171)	-	(68,891)	-	83,979	2,306,066
Furniture and fixtures	49,125	8,932	156	(182)	1,063	-	(101)	-	(16,501)	-	-	42,492
Motor vehicles	17,230	10,058	5,969	(31)	-	-	(73)	-	(8,152)	-	-	25,001
Office equipment	3,244	2,565	294	(3)	-	-	(13)	-	(994)	-	-	5,093
IT equipment	19,338	11,636	380	(204)	-	-	(102)	-	(11,427)	-	-	19,621
Production assets	3,405,642	129,899	-	(1,099)	5,005	(133,945)	-	-	(534,647)	-	-	2,870,855
Restoration costs	11,289	-	-	-	-	(463)	(7,314)	-	(247)	-	-	3,265
Mine infrastructure	138,617	2,480	-	-	-	-	(7,021)	-	(46,684)	-	-	87,392
Assets under development	42,642	22,444	-	-	(1,063)	-	-	-	-	(3,187)	-	60,836
Right of use - buildings	174,458	722	-	-	-	-	-	-	(12,965)	-	-	162,215
Right of use - IT & Office equipment	908	1,015	-	-	-	-	-	-	(727)	-	-	1,196
	6,732,001	204,978	2,095,178	(1,519)	5,005	(134,408)	(135,687)	(209)	(721,571)	(3,187)	83,979	8,124,560

Consolidated Annual Financial Statements for the year ended 31 March 2025

Figures in Rand thousand	2025	2024									
3. Property, plant and equipment (continued)											
Reconciliation of property, plant and equipment - 2024											
	Opening balance	Additions	Disposals	Transfers in	Transfers out	Reclassified to Intangible assets	Foreign exchange movements	Changes in estimates	Write-offs	Depreciation	Total
Land	267,111	-	-	-	-	-	-	-	-	-	267,111
Buildings	370,536	3,021	-	2,223	-	-	-	(1,667)	(26)	(5,797)	368,290
Plant and machinery	2,313,461	-	-	-	-	-	-	(10,084)	(4,928)	(64,342)	2,234,107
Furniture and fixtures	65,197	3,369	(141)	-	-	-	-	89	-	(19,386)	49,128
Motor vehicles	22,889	2,186	-	-	-	-	-	(253)	-	(7,592)	17,230
Office equipment	3,654	1,834	(5)	-	-	-	-	13	-	(2,252)	3,244
IT equipment	20,182	7,483	(185)	-	-	-	-	52	-	(8,194)	19,338
Production assets	3,361,688	425,623	(3,920)	-	(11,314)	-	216,160	1	-	(582,596)	3,405,642
Restoration costs	-	-	-	-	-	-	(23)	12,796	-	(1,484)	11,289
Mine Infrastructure	198,925	318	(24)	-	-	(795)	-	(8,401)	-	(51,406)	138,617
Assets under development	146,108	13,440	(279)	-	(2,223)	(113,812)	-	(592)	-	-	42,642
Right of use - Buildings	186,553	725	-	-	-	-	-	-	-	(12,820)	174,458
Right of use - IT equipment	627	980	-	-	-	-	-	-	-	(699)	908
	6,956,931	458,979	(4,554)	2,223	(13,537)	(114,607)	216,137	(8,046)	(4,954)	(756,568)	6,732,00

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Reclassified to intangible assets	Foreign exchange movements	Changes in estimates	Write-offs	Depreciation	Total
Land	267,111	-	-	-	-	-	-	-	-	-	267,111
Buildings	370,536	3,021	-	2,223	-	-	-	(1,667)	(26)	(5,797)	368,290
Plant and machinery	2,313,461	-	-	-	-	-	-	(10,084)	(4,928)	(64,342)	2,234,107
Furniture and fixtures	65,197	3,369	(141)	-	-	-	-	89	-	(19,386)	49,128
Motor vehicles	22,889	2,186	-	-	-	-	-	(253)	-	(7,592)	17,230
Office equipment	1,834	3,654	(5)	-	-	-	-	13	-	(2,252)	3,244
IT equipment	20,182	7,483	(185)	-	-	-	-	52	-	(8,194)	19,338
Production assets	3,361,688	425,623	(3,920)	-	(11,314)	-	216,160	1	-	(582,596)	3,405,642
Restoration costs	-	-	-	-	-	-	(23)	12,796	-	(1,484)	11,289
Mine Infrastructure	198,925	318	(24)	-	-	(795)	-	(8,401)	-	(51,406)	138,617
Assets under development	146,108	13,440	(279)	-	(2,223)	(113,812)	-	(592)	-	-	42,642
Right of use - Buildings	186,553	725	-	-	-	-	-	-	-	(12,820)	174,458
Right of use - IT equipment	627	980	-	-	-	-	-	-	-	(699)	908
	6,956,931	458,979	(4,554)	2,223	(13,537)	(114,607)	216,137	(8,046)	(4,954)	(756,568)	6,732,00

CEF Group

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Notes to the Consolidated Annual Financial Statements

3. Property, plant and equipment (continued)

Changes in estimates

The group reassesses the useful lives and residual values of items of group at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information..

During the current and prior financial year, the board and management appointed an expert to assess the decommissioning liability provision that has been provided for in the annual financial statements in line with IAS 37. According to the Expert's assessment report new information became available which indicates a change in circumstances upon which the estimates of the decommissioning liability were initially formed. Consequently, the expected future obligations associated with the decommissioning liability were adjusted.

Tangible assets

The useful life of certain fixed assets have been re-estimated during the current financial year. The effect of this revision has decreased the depreciation charges for the current and future periods by R7.9 million (2025: R1.7 million increase)

Additions through business combinations

On 1 December 2024, CEF SOC Ltd acquired a 53.33% proportionate interest in the Single Buoy Mooring (SBM) joint operation as part of the SAPREF business acquisition. The SBM serves as a critical offshore and onshore infrastructure facility for the offloading and transfer of crude oil, gas, and refined petroleum products.

As at 31 March 2025, the determination of the fair values of the assets acquired in respect of the SBM joint operation was incomplete. In line with IFRS 3 (Business Combinations), provisional amounts have been recognised in these financial statements. Specifically, the Group's interest in the SBM has been recorded at a nominal value of R1, pending completion of the fair value assessment. The measurement remains incomplete due to the complexity of valuing these assets and the need for independent valuations and technical assessments, which are ongoing.

The Group expects to finalize the valuation within the 12-month measurement period permitted by IFRS 3. Any adjustments arising from the completion of this valuation will be recognised retrospectively as at the acquisition date, with comparative information restated accordingly.

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CEF Group

Consolidated Annual Financial Statements for the year ended 31 March 2025

Notes to the Consolidated Annual Financial Statements

3. Property, plant and equipment (continued)

Refer to note 10 on assets acquired through business combinations.

Classified as held for sale

Refer to note 19 for more information on classified as held for sale.

Compensation for impairment

Compensation received from insurer for damaged assets and assets stolen are included in other operating income and amounts to R279 000 (2024: R24 000).

Material projects included in assets under development

The balance of assets under development as at year end amount to R27.1 million (2024: R27.1 million). This comprises of capitalised mined development costs relating to the T Project Mine Development (R19.6 million), Vlakkfontein Extension West Blocks (R6.5 million) and Kilppootjie Mine Development (R0.6 million).

SFF unpumpable crude oil

1 275 663 barrels of crude oil at the Saldanha terminal are defined as unpumpable crude oil and has been classified as property, plant and equipment (classified as Plant & Machinery). These volumes are required to be maintained in order for the operation of the oil storage facilities and are being depreciated over the useful life of the tanks it is stored in.

1 828 736 volumes of Product Type ADO 50, 1 382 173 volumes of Product type ULP and 84 268 volumes of Product type JET-A1 at the BP Cape Town Terminal Erf 5 Montague Gardens are defined as unpumpable petroleum products and has been classified as property, plant and equipment (classified as Plant & Machinery). The volumes are required to be maintained in order for the operation of the petroleum storage facilities are being depreciated over the useful life of the tanks it is stored in.

182 800 kilograms (KG) of LPG at the Avedia Energy Saldanha terminal are defined as unpumpable LPG and has been classified as property, plant and equipment (classified as Plant & Machinery). The volumes are required to be maintained in order for the operation of the LPG storage facilities and are being depreciated over the useful life of the LPG tanks it is stored in.

Restoration expenditure

Restoration expenditure relates to the decommissioning provision (note 25) and is amortised on a units of production basis. The units of production method is also used in calculating depreciation on producing assets. Due to the nature of the business, the gas and oil reserves at the end of each financial year differ from the previous year. This necessitates a change in the estimated remaining useful lives of these assets at the end of each financial year. The effect on the current year will be zero as there are no remaining reserves.

Impairment assessment - Oil and gas assets in South Africa

Oil and gas reserves are used in assessing oil and gas producing properties for impairment. A significant reduction in the oil and gas price and a downgrade of proved and probable reserves triggered an impairment review. When such indicators are identified, management must exercise further judgement in making an estimate of the recoverable amount (value in use) of the asset against which to compare the carrying value. In the prior years, all production assets formed one CGU in support of the GTL refinery. With cession of operations at the GTL refinery, production assets have been grouped in smaller CGUs for impairment purposes.

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

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Notes to the Consolidated Annual Financial Statements

The outcome of the impairment review, based on the new CGUs, resulted in an impairment of R3.2 million (2024:RNil).

CONSOLIDATED STATEMENT OF FINANCIAL STATEMENTS AS AT 31 MARCH 2025

CEF Group

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Notes to the Consolidated Annual Financial Statements

3. Property, plant and equipment (continued)

The decommissioning provision (refer to note 25) increased significantly, mostly due to an increase in the base cost of the provision offset by a reduction in costs due to the strengthening rand against the US\$. This resulted in a change in estimate, and had a positive impact and increased the impairment charge by **RNil million** (2024: RNil).

This was determined by comparing the CGU's carrying value at year-end against the expected present value of the free cash flows (net present value) from this CGU, based on a fixed life of field approved by the Board of Directors. These cash flows are management's best estimate taking into account past experience and future economic assumptions, such as forward curves for crude oil, product prices and exchange rates and discounted using the WACC of 16.13% (2024: 16.35%). The impairment loss was recorded as part of operating expenses.

Impairment assessment- West Cape Three Points and Deepwater Tano blocks in Ghana

No impairment recognised in the current financial year (2024: RNil). This was determined by comparing the CGU's carrying value at year-end against the expected present value of the free cash flows (net present value) from this CGU, based on a fixed life of field per the reserves audit report. These cash flows are management's best estimate taking into account past experience and future economic assumptions, such as forward curves for crude oil, product prices and discounted using the WACC of 13.89% (2024: 13.35%).

The valuation assumptions are listed under key assumptions made by management in the accounting policies.

Right of use assets and leased assets:

Included in Plant and Machinery are finance lease assets related to PetroSA Ghana Limited (R850.3 million). In the prior year the Group recognised additions to ROU assets which have been treated as a non-cash additions to PPE. Refer to note 24 for lease liabilities on leased assets.

CE Group

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Notes to the Consolidated Annual Financial Statements

4. Goodwill

	2025			2024		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	-	-	-	26,814	-	26,814

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4. Goodwill (continued)

Reconciliation of goodwill - 2025

	Opening balance	Classified as held for sale	Total
Goodwill	26,814	(26,814)	-

Reconciliation of goodwill - 2024

	Opening balance	Total
Goodwill	26,814	26,814

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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	57,424	(55,461)	1,963	61,003	(56,218)	4,785
Computer software	100,462	(94,158)	6,304	102,296	(92,903)	9,393
Intangible assets under development	43,603	(42,898)	705	-	-	-
Exploration and evaluation assets	1,696,189	(207,342)	1,488,847	1,725,691	(228,348)	1,497,343
Total	1,897,678	(399,859)	1,497,819	1,888,990	(377,469)	1,511,521

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Figures in Rand thousand

5. Intangible assets (continued)

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Disposals	Transfers	Foreign exchange	Change in estimate	Amortisation	Impairment reversal	Total
Patents, trademarks and other rights	4,784	-	-	-	-	(2,544)	(277)	-	1,963
Computer software	9,394	2,419	(1,953)	(1)	-	(15)	(3,540)	-	6,304
Intangible assets under development	-	43,712	-	-	-	(42,898)	(109)	-	705
Exploration and evaluation assets	1,497,339	2,452	-	-	(7,514)	-	(167)	(3,263)	1,488,847
	1,511,517	48,583	(1,953)	(1)	(7,514)	(45,457)	(4,093)	(3,263)	1,497,819

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5. Intangible assets (continued)

Other information

Changes in estimates

The group reassesses the useful lives and residual values of intangible assets at the end of each reporting period, in line with the accounting policy and IAS 38 Intangible assets. The assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The impairment relates West Coast exploration Block 2A and 2C that showed negative recoverable amounts of R1.5 billion and R0.215 billion (2024: R2.1 billion and R1.2 billion) respectively, computed from expected present value of free cash flows (net present value) at a WACC of 16.13% (2024: 16.35%) this resulting in impairment loss of R3.3 million (2024: R26 million).

Additions through business combinations

Refer to note 10 on assets acquired through business combinations.

Transfers in and out

2025

There were no transfers during the current year.

2024

There were no transfers during the current year.

The intangible asset under development is a Multi-client data library and its useful life is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group. Once the data is available it will continue to be sold by PASA to prospective operators for unlimited period.

None of the intangible assets were pledged as security during the reporting period.

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6. Interests in subsidiaries

The following table lists the entities that are controlled directly/indirectly by the Group companies. The country of incorporation for all subsidiaries is the Republic of South Africa, except for PetroSA Europe BV, which was incorporated in the Netherlands and PetroSA Ghana Ltd, which was incorporated in British Virgin Islands.

Name of company	Held by	% holding	
% holding			
		2025	2024
AEMFC SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
CCE Solutions SOC Ltd	CEF SOC Ltd	89.20 %	89.20 %
CEF Carbon (RF) SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
CEF Trading SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Cotec Devepment SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Cotec Patrade SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
ETA Energy SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Klippoortjie Koolmyne SOC Ltd	SFF SOC Ltd	100.00 %	100.00 %
Mahne's Areas SOC Ltd	SFF SOC Ltd	100.00 %	100.00 %
Oil Pollution Control SA NPC	CEF SOC Ltd	100.00 %	100.00 %
PetroSA Brass SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Egypt SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Equatorial Guinea SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Europe BV	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Ghana Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Gryphon Marin Permit SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Iris SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Namibia SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Sudan SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Synfuel international SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA Themis SOC Ltd	PetroSA SOC Ltd	100.00 %	100.00 %
PetroSA SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
South African Agency for Promotion of Petroleum and Exploitation (PA	CEF SOC Ltd	100.00 %	100.00 %
South African Gas Development Company (iGas) SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %
Strategic Fuel Fund Association (SFF) NPC	CEF SOC Ltd	100.00 %	100.00 %
Avedia Energy (Pty) Ltd	SFF NPC	60.00 %	60.00 %
South African National Petroleum Company SOC Ltd	CEF SOC Ltd	100.00 %	100.00 %

The voting rights are the same as the percentage holdings.

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6. Interests in subsidiaries (continued)

Cabinet on 10th June 2020 announced the merger of SFF, PetroSA and iGas. As such the South African National Petroleum Company (SANPC) was established and registered with CIPC. In order to advance and implement the merger process, the lease and assign master agreement was then developed with PetroSA Ghana Limited (PGL), wholly owned subsidiary of PetroSA, identified for selling of the shares to SANPC. The negotiations are still ongoing.

Although management is committed to a plan to sell PGL to SANPC, PetroSA has however not classified its Investment in Ghana as a Non-current asset held for sale since the key provisions of IFRS 5 are not yet met. PGL is not yet available for immediate sale as most of the conditions for sale or transfer for the merger are yet to be fulfilled, including the cabinet approval of the SANPC Bill. Furthermore, it is highly unlikely that the sale of PGL will materialize within the next 12 months due to the length of time that Bills have to go through and their processes in Parliament and consultations. As a result of the uncertainty mentioned above, it is difficult to confirm the likelihood of the plan being significantly changed or withdrawn. PetroSA has, therefore not re-classified its investment in Ghana as a Non-current asset held for sale.

iGas shareholding has also not been classified as held for sale due to the key provisions of IFRS 5 not met. As result of the uncertainty.

As part of the transfer of assets to the SANPC, the 60% shareholding in Avedia Energy (Pty) Ltd held by the group, has been sold by share transfer to the SANPC. There are various conditions precedent still to be concluded but the sale is expected to be concluded within a 12-month period. Therefore, the Investment in Aveida Energy (Pty) Ltd has been classified as non-current assets held for sale.

The CEF Board approved the deregistration of Cotec Development, Cotec Patrade, and CCE during the current financial year.

On 01 December 2024, the SANPC refinery (ex-SAPREF) was acquired, and its operations are housed in CEF Trading (Pty) Ltd.

Reporting period

The end of the reporting period of PetroSA Ghana Ltd is 31 December. This is maintained in order to align with Ghanaian legal and regulatory requirements as well as JOA budget cycles. Adjustments are made to the financial results for all transactions and events in the intervening period.

The end of the reporting period of CEF Trading is 28 February. The change in year end to 31 March has been approved by the board and lodged with CIPC , however no approval from CIPC was received as yet.

The end of the reporting period for Avedia Energy is 31 March (2024: 28 February). This change was conducted in the current year to align with the holding company's (SFF) year end.

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7. Joint arrangements

Joint operations

The following joint operations are material to the Group companies.

The joint operations are for gas exploration by PetroSA SOC Ltd as well as the newly acquired Single Buoy Mooring (SBM) by CEF SOC. The country of incorporation is the same as the principle place of business for all joint operations. The Group's proportionate share in the assets and liabilities of unincorporated JVs, which are included in the financial statements are as follows:

Joint operation	Name of operation	% Ownership interest	
		2025	2024
Block 2A	Sunbird	24 %	24 %
Block 5/6/7	Anadarko	20 %	20 %
Single Buoy Mooring (SBM)	SBM	53 %	- %

In accordance with the Group's accounting policy, the results of joint operations are accounted for on a line-by-line basis.

The Single Buoy Mooring (SBM) interest of 53.3% was acquired during the financial year on 01 December 2024 as part of the SANPC Refinery acquisition and is accounted for under Property, plant and equipment within Plant and Machinery.

Joint ventures

The following table lists all of the joint ventures in the company:

Name of company	Held by	% ownership interest	
		2025	2024
Montague Gardans Terminak (BP Cape Town Terminal)	SFF NPC	50.00 %	50.00 %
Pan African Mineral Development Company (Pty) Ltd	AEMFC SOC Ltd	33.00 %	33.00 %

Montague Garden Terminals

This is a joint operation with BP South Africa for the Montague Gardens Terminal. The country of incorporation is South Africa and the percentage voting rights is equal to the percentage ownership for the joint operation being 50% each.

The SANPC has operationalised with effect from 1 May 2025. The assets related to the operating terminals Saldanha, Milnerton and Montague Gardens have been leased and assigned to the SANPC.

Pan African Mineral Development Company (Pty) Ltd

The governments of South Africa, Zimbabwe and Zambia created a structured entity, PAMDC (Pty) Ltd, to collaborate and develop mineral resources in the region as enshrined in the Southern African Development Community Mining Protocol, the plan of action for the Global Mining Initiative of the New Partnership for the Africa's Development and African Mining Partnep. PAMDC (Pty) Ltd is co-owned by the parties in equal proportions. The South African Government, through AEMFC SOC Ltd, is a co-share owner in PAMDC (Pty) Ltd.

The memorandum of agreement states that decisions on activities require the unanimous consent of all the parties. PAMDC (Pty) Ltd is a JV since the partners have rights to the net assets of PAMDC (Pty) Ltd and the memorandum gives the parties the rights to a share of the net outcome generated by the economic activity.

The aggregated individually immaterial joint ventures accounted for using the equity method currently have a balance of zero.

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Reporting period

The end of the reporting period of Montague Garden Terminals is 28 February. The reporting period is different from the Group reporting period as the investment is not controlled by the Group.

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7. Joint arrangements (continued)

PAMDC (Pty) Ltd

The Group has discontinued recognising its share of the losses of PAMDC (Pty) Ltd, as the investment at a Group level is held at Rnil (2024: Rnil) and the Group has no obligation for any losses of the JV. The total unrecognised losses for the current period amount to R0.2 million (2024: R0.4 million). The accumulated unrecognised losses amounted to R15.3 million (2024: R15.1 million).

8. Investments in associates

The following table lists all of the associates in the company:

Name of company	Held by	% ownership	% ownership	Carrying amount	Carrying amount
		interest 2025	interest 2024	2025	2024
African Royalty Minerals (Pty) Ltd	AEMFC SOC Ltd	40.00 %	40.00 %	33,220	67,368
ACWA Power Solarreserve Redstone Solar Thermal	CEF Carbon (RF) SOC Ltd	25.00 %	25.00 %	73,309	168,969
Energy Joburg (Pty) Ltd	CEF SOC Ltd	29.00 %	29.00 %	7,416	3,197
Republic of Mozambique Pipeline Company (Pty) Ltd	iGas SOC Ltd	40.00 %	40.00 %	3,192,033	3,194,057
Impair of investments in associate		- %	- %	(21,521)	-
				3,284,457	3,433,591

African Royalty Minerals (Pty) Ltd

AEMFC SOC Ltd holds a 40% shareholding in African Royalty Minerals (Pty) Ltd, which operates Chilwavhusiku Colliery, a coal mine operating in Mpumalanga. The associate's principal business is conducted in the Republic of South Africa. The financial year end for the entity is 28 February.

ACWA Power Solar reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd

CEF Carbon SOC Ltd holds a 25% shareholding in ACWA Power solar reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd, which operates a 100 MW(net) Concentrated Solar Power (CSP) tower plant currently under construction. The current projection of Commercial Operation Date (COD) is expected to be in June 2025 (2024: December 2024). The company is incorporated in South Africa. The financial year end of the entity is 31 December.

Energy Joburg (Pty) Ltd

CEF SOC Ltd holds a 29% shareholding in Energy Joburg (Pty) Ltd, which is a company that converts landfill gas to power. Energy Joburg (Pty) Ltd is incorporated in South Africa. The financial year end of the entity is 31 March.

Republic of Mozambique Pipeline Company (Pty) Ltd (ROMPCO)

iGas SOC Ltd holds 40% shareholding in ROMPCO, which operates a 865km high-pressure gas pipeline connecting the onshore gas fields in Pande and Temane, Mozambique to Sasol's operations in South Africa. The company is incorporated in South Africa. The financial year end of the entity is 30 June.

The percentage ownership interest is equal to the percentage voting rights in all cases. The country of incorporation is the same as the principle place of business.

Impairment testing was performed in respect of investments in associates at the end of the reporting date, and there were no

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indications of impairment except for African Royalty Minerals (Pty) Ltd as the mine has incurred recurring losses. The expected life of mine is anticipated to end in December 2025.

The ARM investment as at year end was equity accounted for at R79.5 million and the recoverable amount was estimated to be R33.2 million, therefore an impairment of R46.3 million has been recognised in profit and loss.

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8. Investments in associates (continued)

Material associates

The following associates are material to the company:

	Country of incorporation	Method	% Ownership interest	
			2025	2024
Republic of Mozambique Pipeline Company (Pty) Ltd	South Africa	Equity	40 %	40 %

Rompco (Pty) Ltd

Shares beneficially owned in the company, which is involved in the supply of gas from Mozambique to South Africa. The percentage voting rights is equal to the percentage ownership.

The summarised information presented below reflects the financial information of the associates (as at 31 March 2024/25). The year-end of ROMPCO is 30 June.

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8. Investments in associates (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income

Revenue
Other income and expenses*

Profit before tax
Tax expense

Profit (loss) from continuing operations

Total comprehensive income

Dividends received from associate

ROMPCO (Pty) Ltd	
2025	2024
4,817,912	4,824,701
(930,410)	(975,229)
3,887,502	3,849,472
(966,561)	(1,498,783)
2,920,941	2,350,689
2,920,941	2,350,689
1,170,400	920,000

Summarised Consolidated Statement of Financial Position

Assets

Non-current
Current (a)

Total assets

Liabilities

Non-current (b)
Current (c)

Total liabilities

Total net assets

ROMPCO (Pty) Ltd	
2025	2024
2,749,361	3,313,103
2,503,334	2,138,107
5,252,695	5,451,210
602,781	682,241
143,955	257,951
746,736	940,192
4,505,959	4,511,018

Reconciliation of net assets to equity accounted investments in associates

Interest in associates at percentage ownership

Carrying value of investment in associate

Investment at beginning of period
Share of profit
Dividends received from associate

Investment at end of period

ROMPCO (Pty) Ltd	
2025	2024
3,192,033	3,194,057
3,192,033	3,194,057
3,194,057	3,173,781
1,168,376	940,276
(1,170,400)	(920,000)
3,192,033	3,194,057

The summarised information presented above reflects the financial information of the associates up to and as at 31 March 2025.

* Included in this amounts are the following:

Interest income of R216.4 million (2024: R160.2 million)

Depreciation and amortisation of R655.5 million (2024: R617.5 million)

Interest expense of R15.7 million, (2024: R13.6 million)

a) Includes cash and cash equivalents of R710.1 million (2024: R738.3 million);

b) Includes non-current financial liabilities (excluding trade and other payables and provisions) of R500.7 million (2024: R592.8 million);

c) Includes current financial liabilities (excluding trade and other payables and provisions) of R3.7 million (2024: R146.6 million).

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8. Investments in associates (continued)

Aggregated individually immaterial associates accounted for using the equity method

Carrying value of investments	135,466	242,743
Share of profit (loss) from continuing operations	35,737	(28,967)
Share of other comprehensive income	(97,930)	(22,858)
Share of total comprehensive income	(62,193)	(48,616)

Associates with different reporting dates

The end of the reporting year of CEF Group is 31 March. It was impracticable to obtain financial statements of the following associates as at 31 March 2025 because the CEF Group does not control the associates, however, the best available information was used.

African Royalty Minerals (Pty) Ltd

The financial year end for the entity is 28 February.

ACWA Power Solar reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd

The year end of ACWA is 31 December.

Rompco (Pty) Ltd

The year-end of ROMPCO is 30 June.

Associates pledged as security

iGas has pledged 27.79% of the shareholding in ROMPCO to Standard Bank of South Africa for the loan to acquire these shares, refer to Borrowings in note 22.

CEF Carbon (RF) has pledged the entire shareholding in ACWA to Development Bank of South Africa for the loan to acquire these shares, refer to Other financial liabilities in note 22.

9. Loans to group companies

Associates

ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	701,071	688,381
Energy Joburg (Pty) Ltd	35,600	45,317
	736,671	733,698

ACWA Power Solar reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd

The loan is unsecured, interest free until Commercial Operation Date (COD) which is expected to be in June 2025 (2024: December 2024) and has no fixed repayment terms.

Energy Joburg (RF) (Pty) Ltd

The loan attracts interest at prime. Interest shall be payable only when the principal amount is repaid. The loan is payable in full on the maturity date of 30 September 2026.

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South African National Petroleum Company SOC Ltd

The loan is unsecured, bears no interest and has no fixed terms of repayment.

Split between non-current and current portions

Non-current assets	736,671	733,698
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Exposure to credit risk

Loans receivable inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

CEF Group

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Figures in Rand thousand

Figures in Rand thousand	2025				2024 Restated *
9. Loans to group companies (continued)					
Credit loss allowances					
The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable:					
2025					
Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance		Amortised cost
Loans to associates					
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	12m ECL	701,071	-		701,071
Energy Joburg (RF) (Pty) Ltd	12m ECL	35,600	-		35,600
		736,671	-		736,671

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Consolidated Annual		Notes to the Consolidated Annual Financial Statements	
Figures in Rand thousand		2025	2024 Restated *
9. Loans to group companies (continued)			
2024			
Instrument			
Loans to associates			
ACWA Power Solar reserve Redstone Solar Thermal Power Plant (RF) Pty Ltd			
Energy Joburg (Pty) Ltd			
		Basis of loss allowance	
		Lifetime ECL	
		12m ECL	
		Gross Carrying amount	Amortised cost
		688,381	688,381
		45,317	45,317
		733,698	733,698
		-	-
Fair value of group loans receivable			
The fair value of group loans receivable approximates their carrying amounts.			

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Figures in Rand thousand

2025

2024
Restated *

10. Business combinations

SANPC Refinery (SAPREF)

CEF SOC Ltd via its wholly owned subsidiary, CEF Trading (Pty) Ltd acquired the SAPREF Precinct - from BP and Shell (renamed to SANPC Refinery) effective 01 December 2024 and a consideration of R1 was paid. The acquisition was classified as a business combination in line with IFRS 3 and resulted in gain on bargain purchase of R1.8 billion

The gain on bargain purchase is based on the provisional amounts of the acquired assets and assumed liabilities as set out below.

The soil, groundwater and decommissioning liabilities were acquired as part of the SAPREF refinery business combination on 1 December 2024. The decommissioning liability recognised represents management's best estimate based on a valuation provided by the previous owners at the transaction date.

In line with IFRS 3.45, this amount is provisional, as it was based on the best information available at 31 March 2025. The Group has not yet completed its own comprehensive valuation and expects to finalise this within the 12-month measurement period. Any resulting adjustments will be recognised retrospectively as at the acquisition date, with comparative information restated where necessary.

The Property plant and equipment line consist of Land, Processing units, Buildings, Containers/ Park homes, Tanks, Pipelines, Motor vehicles, Office furniture and Office equipment.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment	2,095,179	-
Inventories	443,084	-
Trade and other receivables	286,000	-
Rehabilitation: Decommissioning costs	(982,455)	-
Other liabilities (Employee benefits)	(3,196)	-
Total identifiable net assets	1,838,612	-
Gain on a bargain purchase in a business combination	(1,838,612)	-
	-	-

Acquisition date fair value of consideration paid

Cash	-	-
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Acquisition related costs

The acquisition related costs amounted to R -. These costs have been expensed in the year of acquisition and are included in operating expenses in the statement of profit or loss and other comprehensive income.

Revenue and profit or loss of SANPC Refinery (SAPREF)

Revenue of RNil and other income of R2.6 million and loss of R64.4 million has been included in the group results since the date of acquisition (01 December 2024).

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Figures in Rand thousand	2025	2024 Restated *
11. Other financial assets		
Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:		
Ghana National Petroleum Corporation (GNPC)	88,651	118,907
The loan for TEN Development capital expenditure bears interest at SOFR, plus a margin percentage of 1.5% per annum, and the loan for TEN Development gas export pipeline expenditure bears interest at 15% per annum. There is currently no signed agreement in place between the GNPC and the JV partners on repayment terms, but repayment proposals are currently being considered and evaluated by the JV partners.		
Darling Wind Power (Pty) Ltd	-	-
Darling Wind Power Loan of R0.5 million was impaired in the prior years. The loan is interest free and has no fixed terms of repayment.		
Companhia Moçambicana de Gasoduto - Loan A	820,078	727,725
The loan is charged at 3 months JIBAR rate per annum and has no fixed terms of repayment. Cost recoveries for an amount of R3.7 million (2024: R2.6 million) have been capitalised to this loan. Since initial recognition, the total cost recoveries capitalised was R25.7 million.		
Companhia Moçambicana de Gasoduto - Loan B	953,064	1,210,005
The loan is charged at 3 months JIBAR rate plus 3.5% per annum and is repayable based on the dividends received from ROMPCO and is expected to be fully settled by 31 March 2028. This loan is based on the Standard Bank loan that is disclosed in note 22. Lender costs of R28.7 million have been capitalised to this loan. The current portion of this loan is R268 million (2024: R226.5 million).		
Insurance guarantee - AEMFC	117,761	112,885
The guaranteed amount is in respect of the rehabilitation of land at Vlakfontein mine at the close of the mine, Klippoortjie and T Projects which are in the development phase. The insurer undertakes to pay R111.2 million, R42.9 million and R16.6 million (2024: R72.2 million, R42.9 million and R16.5 million respectively) towards Vlakfontein mine, Klippoortjie mine and T Project, respectively.		
In addition the company has entered into bank guarantees amounting to R5.3 million (2024: R9.1 million), relating to future performance obligations in the ordinary course of the business.		
The cash is restricted for use.		
BNP Paribas Multi Asset Diversified 5	215,994	275,784
This is a 5 year multi asset financial instrument which accrue interest from the capital portion and fair valued annually. The current portion of the investment is valued at R Nil (2024: R78.5 million).		
Bank of Ghana	29,927	-
Restricted cash consists of deposits with The Bank of Ghana. The Joint Venture partners are required by Exploration and Production Law, 1984 (Act 84) to decommission the production assets and restore the production site after exhaustion of their useful life.		
The JVPs have established a Decommissioning Trust Fund in which the estimated costs to cover decommissioning obligations in respect of the Jubilee Field are accrued. The Trigger Date (i.e. the month in which 50% of recoverable oil would have been produced), initially occurred in June 2021. However, due to outstanding commercial and legal issues, the Trigger date was extended severally with the last extension ending on 28 March 2024. The Bank of Ghana was appointed as Trustee. The Trust is to be managed and distributed according to the terms of the Trust Deed in the best interests of the JVPs as the beneficiaries. The contributions may be in the form of cash and or complementary securities.		
The funds will only be made available at the end of the field's life for decommissioning.		
	2,225,475	2,445,306

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11. Other financial assets (continued)

Split between non-current and current portions

Non-current assets	1,957,455	2,140,301
Current assets	268,020	305,005
	2,225,475	2,445,306

Exposure to credit risk

Other financial assets inherently exposes the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

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				2025	2024
11. Other financial assets (continued)					
Credit loss allowances					
The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for other financial assets by credit rating grade:					
2025					
Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost	
Ghana National Petroleum Corporation (GNPC)	12m ECL	88,651	-	88,651	
Darling Wind Power (Pty) Ltd	Lifetime ECL	502	(502)	-	
Companhia Moçambicana de Gasoduto	12m ECL	820,078	-	820,078	
Companhia Moçambicana de Gasoduto	12m ECL	953,064	-	953,064	
Insurance Guarantee - AEMFC	12m ECL	117,761	-	117,761	
BNP Paribas Multi Asset Diversified 5	12m ECL	215,994	-	215,994	
Bank of Ghana	12m ECL	29,927	-	29,927	
		2,225,977	(502)	2,225,475	
2024					
Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost	
Ghana National Petroleum Corporation (GNPC)	12m ECL	118,907	-	118,907	
Darling Wind Power (Pty) Ltd	Lifetime ECL	502	(502)	-	
Loans receivable 4	12m ECL	727,725	-	727,725	
Insurance guarantee - AEMFC	12m ECL	1,210,005	-	1,210,005	
BNP Paribas Multi Asset Diversified 5	12m ECL	112,885	-	112,885	
		2,445,808	(502)	2,445,306	

Fair value of other financial assets

The fair value of other financial assets approximates their carrying amounts.

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12. Investments at fair value

Investments held by the company which are measured at fair value, are as follows:

Mandatorily at fair value through profit or loss:

Listed shares

2 164 Sanlam Limited shares valued at R82.72 (2024: R69.31)

179

150

Fair value information

Refer to note 46 Fair value information for details of valuation policies and processes.

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13. Deferred tax

Deferred tax liability

Property plant and equipment	(739,617)	(971,143)
Prepayments	(712)	(18,545)
Underlift	(29,698)	3,528
Fair value of investment	(5,948)	(2,315)
Total deferred tax liability	(775,975)	(988,475)

Deferred tax asset

Provisions	118,710	111,774
Lease Liabilities	248,844	297,204
Deferred tax balance from temporary differences other than unused tax losses	367,554	408,978
Tax losses avail for set off against future tax in	95,466	8,037
Tax losses avail for set off against future tax income	463,020	417,015
Total deferred tax asset	463,020	417,015

Deferred tax liability	(775,975)	(988,475)
Deferred tax asset	463,020	417,015
Total net deferred tax asset/liability	(312,955)	(571,460)

Reconciliation of deferred tax asset / (liability)

At beginning of year	(571,460)	(708,283)
Increases (decrease) in tax loss available for set off against future taxable income	84,464	(16,259)
Taxable / (deductible) temporary difference on provisions and accruals	10,376	2,451
Taxable / (deductible) temporary difference movement on tangible fixed assets	220,191	133,236
Taxable / (deductible) temporary difference on prepayments	188	(8)
Taxable / (deductible) temporary difference movement on finance lease	(47,144)	(13,490)
Taxable / (deductible) temporary difference movement on underlift	(33,226)	20,858
Taxable / (deductible) temporary difference movement on prior year underprovision	22,047	12,350
Taxable/(deductible) temporary difference movement in fair value adjustments	(3,632)	(2,315)
	(318,196)	(571,460)

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13. Deferred tax (continued)

Recognition of deferred tax asset

SFF NPC is exempt from normal tax under section 10(1)(a) of the Income Tax Act 58 of 1962.

PetroSA is an oil and gas company as defined in the Tenth Schedule to the Income Tax Act. As an oil and gas company, PetroSA qualifies for additional tax deductions in respect of its capital expenditure on exploration and production activities. This assessed loss position is directly attributable to PetroSA's oil and gas activities.

As it is unlikely that the assessed loss for PetroSA will be utilised in the foreseeable future, no deferred tax asset has been recognised. The current unrecognised deferred tax asset is R11.18 billion (2024: R10.58 billion). The unused estimated/assessed tax loss at year-end is R32.2 billion (2024: R29.96 billion). The unused tax credit of R1.5 million expired on 31 March 2025 and the R6.6 million expires between 31 March 2026 and 31 March 2032.

ETA has accumulated an assessed loss/ estimated assessed loss of R19.3 million (2024: R19.3 million). The deferred tax asset has not been recognised as management is of the opinion that the company will not generate sufficient taxable income that will be utilised against deductible differences.

Unrecognised deferred tax asset

Deductible temporary differences not recognised as deferred tax assets	11,180,000	10,580,000
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Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/ financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of is used. If the expected manner of recovery is through indefinite use the normal tax rate of is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

14. Prepayments

Prepayments relates mainly to the annual subscriptions, licence fees, membership fees, advances and insurance of the group's onshore and offshore assets, The premium is paid in advance for the following 12 months.

Prepayment	123,947	259,401
Non-current assets	-	104
Current assets	128,036	259,297
	128,036	259,401

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15. Strategic Stock

These inventories are being held in accordance with Ministerial Directives as prescribed by the Former Minister of Energy.

Strategic crude oil is measured at the lower of cost and net realisable value.

For financial years 2021 and earlier, the carrying amount of these inventories were expected to be realised past 12 months after the reporting date, thus it is included in non-current assets.

On the 31 March 2022, the Ministers of Finance and Mineral Resources and Energy issued a statement indicating that the revenue foregone due to the reduction of the levies on petrol and diesel granted to South African consumers would be recouped through the sale of strategic crude oil reserves held by the Strategic Fuel Fund and that the sale would be required to raise about R6 billion. R2 billion of the R6 billion has been paid to National Treasury. The remaining R4 billion is still to be settled from the sale of strategic stock.

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15. Strategic Stock (continued)

Diesel

An amount of R1.074 billion was spent to purchase the 155 million litres of diesel white product (D500) that was injected into the New National Multi-Products Pipeline by the company during the 2011/2012 financial year. Based on market conditions, the D500 product was replaced with D50. The resultant effect of this conversion is a change in volume (volume held as at 31 March 2025 is 153 410 000 litres).

The Net Realisable Value (NRV) was R1.709 billion (2024: R2.092 billion) and thus this inventory is carried at the lower of Cost (R1.074 billion) than NRV (R2.092 billion).

In the next financial year it is expected that the Line fill diesel is to be disposed of to the South African National Petroleum Company (SANPC) once the mandate has been made available to that company. Currently there is no timeline to indicate when this will realize but within 12 months hence the classification changes from non-current to current.

Crude Oil

The judgement of the Western Cape High Court that was delivered on the 20th of November 2020 declared the sale of Strategic Stock in 2015 and 2016 to be invalid and thus the Strategic Stock was re-instated into the Statement of Financial Position during the 2019/20 financial year.

6,502,974 barrels are accounted for as inventory in the context of International Accounting Standards 2 (IAS 2) and the balance of 1,275,663 barrels is accounted for under IAS 16 as Property, Plant and Equipment (refer to Note 4). Cost is determined on a weighted average basis which is R201.34 against a Net Realisable Value of R1 313.77 at 31 March 2025, R1 599.02 in the previous reporting period of the 31 March 2024.

22 658 (2024: 21,502) barrels of crude oil at the Milnerton terminal are carried at weighted average cost price of R4,561,962 (2024: R4,329,213). Cost is determined on a weighted average basis which is R201.34 against a Net Realisable Value of R1 313.77 (2024: R1 599.06).

Discussions are still underway in relation to the strategic stock and possible transfer to the SANPC. An application has been submitted to the Minister in relation to the transfer of strategic stock from SFF to SANPC. The transfer of the strategic stock must be in the form of a Ministerial Directive approving this transfer. At the date of compilation of these financial statements, the Ministerial Directive had not yet been received. The application was submitted by SANPC via the parent company in January 2025 and currently there is no timeline to indicate when this will materialise.

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Values of products held:

Crude Oil	1,309,309	1,307,454
Diesel	1,073,804	1,073,804
	2,383,113	2,381,258

Non-current

Crude Oil	604,619	602,762
Diesel	-	1,073,804
	604,619	1,676,566

Current

Diesel	1,073,804	-
Crude Oil	704,690	704,690
	1,778,494	704,690

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15. Strategic Stock (continued)

Right to receive Oil

Right to receive Oil

Impairment of right to receive Oil

394,132

(394,132)

-

479,705

(479,705)

-

This relates to the right for the return of 300 000 barrels of crude oil to the company. It is measured at the fair value of the crude oil, being the spot price of oil at each reporting date. The right to receive has also been impaired to zero at the end of each reporting date.

16. Inventories

Petroleum fuels

887,563

2,015,733

Crude oil

35,987

46,448

Consumable stores, spares and catalysts

41,103

40,130

Run of mine stock (ROM)

59,791

67,066

Crushed coal

23,099

14,723

1,047,543

(57,677)

2,184,100

(33,076)

Inventories (write-downs)

989,866

2,151,024

The ROM stock is the coal directly extracted from the pit. This is either sold to external customers or crushed according to customer specification and converted to crushed coal.

Inventory is measured at the lower of cost and net realisable value. An inventory write-down of R24.6 million (2024: reversal of R66.5 million) was recorded due.

Inventory pledged as security

None of the group's inventory balances are pledged as security.

17. Trade and other receivables

Financial instruments:

Trade receivables

2,774,271

2,106,772

Loss allowance

(668,196)

(299,713)

Trade receivables at amortised cost

2,106,075

1,807,059

Deposits

114,169

113,637

Underlift

35,403

19,986

Payroll receivable

4,369

3,872

Interest receivable

63,704

80,854

Sundry debtors

301,346

55,958

Non-financial instruments:

VAT

84,853

61,336

Statutory taxes receivable

285,909

315,052

Total trade and other receivables

2,995,828

2,457,754

Split between non-current and current portions

Non-current assets

20,520

18,946

Current assets

2,975,308

2,438,808

2,995,828

2,457,754

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17. Trade and other receivables (continued)

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2,625,066	2,081,366
Non-financial instruments	370,762	376,388
	2,995,828	2,457,754

Trade and other receivables pledged as security

There are no group trade receivables pledged as security.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2025	2025	2024	2024
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due	1,469,530	(2,757)	1,219,075	(1,990)
Less than 30 days past due	22,544	(4,268)	101,702	(4,460)
31 - 60 days past due	43,070	(5,191)	11,991	(1,087)
61 - 90 days past due	6,185	691	1,269	(144)
91 - 120 days past due	223,340	(129,619)	191,767	(164,953)
More than 120 days past due	825,657	(519,167)	422,825	(118,775)
Other receivables	183,945	(8,335)	158,143	(8,304)
Total	2,774,271	(668,196)	2,106,772	(299,731)

Exposure to currency risk

Refer to note for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

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18. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	51	49
Bank balances	1,604,364	699,577
Short-term deposits	14,929,693	14,075,727
Multi Managed Income Fund (MMIF)*	265,024	242,138
	16,799,132	15,017,491

Cash and cash equivalents held by the entity that are not available for use by the group.

- -

Restricted cash not available for use by the Group

SFF cash relating to strategic stock	1,633,685	1,103,990
PetroSA cash held by CEF for guarantees	486,585	486,585
PetroSA rehabilitation ring-fenced funds	3,094,686	2,772,951
PASA deposits held in a trust	2,584	2,585
SFF cash held for SANPC	1,200,000	-

Included in the short-term deposits are US\$ investments to the value of R1.634 billion (2024: R1.104 billion), which relate to the proceeds from the sale of strategic stock in December 2015. On the 20th of November 2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that SFF and CEF should repay all proceeds received. Refer to contingencies in note 40.

The SANPC has operationalised with effect from 1 May 2025. The assets related to the operating terminals Saldanha, Milnerton and Montague Gardens have been leased and assigned to the SANPC. During the first year of operation, the aforementioned assets will be operated via the owner (SFF) and operator (SANPC) model and approximately R1.2 billion has been committed by SFF in order to pay SANPC for operating the assets.

CEF SOC Ltd is holding a cash collateral of R486.585 million (2024: R486.585 million) for PetroSA for guarantees issued on behalf of PetroSA. Refer to contingencies in note 40.

PetroSA is holding cash of R3.09 billion (2024: R2.77 billion) to fund the rehabilitation provision refer to provisions, note 25.

PASA has deposits held in a trust of R2.6 million (2024: R2.6 million) relates to cash deposits received from operators and licencees in terms of issued rights and permits. These deposits can only be paid back to the holder on relinquishment of the rights in terms of Section 43 of the MPRDA and on granting of a closure certificate by the Minister.

AEMFC has entered into bank guarantees related to its future performance which are in the normal course of business which amount to R5.3 million (2024: R9.2 million), reclassified to other financial assets.

* Multi Managed Income Fund - The amount was reclassified from short-term deposits due to this instrument being measured at fair value through profit/loss. Refer to note 45 for the restatement note.

The carrying amount of cash and cash equivalents approximates the fair value due to the short-term nature of the instruments.

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Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Restricted cash in PetroSA Rehabilitation NPC was assessed for credit impairment based on a credit risk model. This credit risk model is an intuitive and robust default prediction model that provides a view of a counterparty's credit condition and financial health by analysing a wide array of accounting ratios which includes, but is not limited to, profitability, liquidity and leverage. The expected credit loss decreased by R27 million (2024: increased by R10 million). The South African government guaranteed a portion of the Land Bank investment resulting in their default probability decreased from 12% to 9%. The expected credit loss at the end of the period was R24 million (2024: R51 million).

The Land and Agricultural Development Bank of South Africa continues to actively manage the effects of the default that was announced in 2020 through their lawyers. PetroSA Rehabilitation NPC (Non-Profit company) currently has a R239 million fixed capital investment with the Land & Agricultural Bank of South Africa SOC Limited (Land Bank). At reporting date, the Land Bank has restructured its debt obligations, and some interest was capitalized and converted into a new floating rate instrument. The current investment has been switched into a new bond, which matures 31 March 2028. This bond resets quarterly at a margin to JIBAR. Meetings are held weekly with investors that are affected by the default.

Thus the Land Bank maturity date and default probability is reflective of a 3 year investment horizon.

Cash held on behalf of third parties (UTT and DWP)
PetroSA restricted cash

79,427	82,110
10,000	10,000
89,427	92,110

Exposure to currency risk

Refer to note 44 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

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Discontinued operations and non-current assets held for sale

2025:

The group has decided to dispose of its investment in Avedia Energy. The group has decided to sell its investment in Avedia Energy to the SANPC. Thus at year-end, this is categorised as as non-current asset held for sale as it expected that the conditions precedent in relation to this sale and disposal will be concluded within a 12-month period. The assets and liabilities of the disposal group are set out below group are set out below.

The decision was made by the board of directors to sell the investment in the subsidiary as part of the pending merge with the SANPC.

2024:

Avedia Energy entered into a share subscription agreement with SFF during business rescue period which resulted in SFF acquiring 60% of the equity. That agreement resulted in Avedia Energy agreeing to dispose of its downstream & upstream activities leaving only the storage business.

The sales price is R1 paid by the Trust and classified as other current liabilities. The assets have been impaired as its carrying value exceeded R1.

All income and expenses relating to this business unit have been included in the Statement of Profit or Loss and Other Comprehensive Income.

Profit and loss

Revenue	12,178	15,905
Expenses	(26,528)	(30,975)
Net loss before tax	(14,350)	(15,070)
Tax	(6,504)	(13,452)
Net loss after tax	(20,854)	(28,522)
Losses on measurement to fair value less cost to sell	(2,372)	-
	(23,226)	(28,522)

Assets and liabilities

Assets of disposal groups

Property, plant and equipment	113,233	-
Intangible assets	2,425	-
Trade and other receivables	443	-
Inventories	164	-
Goodwill	24,442	-
	140,707	-

Liabilities of disposal groups

Deferred tax liabilities	20,014	-
Loans	213	-
Lease liabilities	513	-
Other liabilities (Net)	16,965	-
	37,705	-

20. Share capital

There has been no changes to share capital of CEF SOC Ltd.

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21. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Arising from consolidation of foreign subsidiaries	1,370,980	1,471,714
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22. Other financial liabilities

Held at amortised cost

Standard Bank of South Africa (SBSA)

1,741,743

2,210,817

The loan is charged at 3 months JIBAR rate plus 3.5% per annum and is repayable based on the dividends received from ROMPCO and is expected to be fully settled by 31 March 2028.

iGas has pledged 27.79% of the shareholding in ROMPCO to Standard Bank of South Africa for this loan to acquire these shares.

Development Bank of South Africa (DBSA)

466,415

392,219

The loan is charged at 6 months JIBAR rate plus 5.3% per annum and is expected to be repayable after Commercial Operation Date (June 2025)

has commenced for a period of 15 years. The amount of R104.1 million is expected to be repayable in June and December 2025.

CEF Carbon has pledged 25% (all) of its the shareholding in ACWA to Development Bank of South Africa for this loan to acquire these shares.

Upstream Training Trust (UTT)

78,638

81,384

These are funds held and invested in call accounts on behalf of the Upstream training trust that is managed by Petroleum Agency South Africa (PASA). Funds are interest bearing at average market rates (bank rates) of 8.57% (2024: 8.73%).

Darling Wind Power (Pty) Ltd

789

726

These funds are cash on call reserves managed by CEF SOC Limited on behalf of DWP, a company that ceased to be an associate of CEF SOC Ltd.

Funds are interest bearing at average market rates (bank rates) of 8.57% (2024: 8.73%).

2,287,585

2,685,146

Split between non-current and current portions

Non-current liabilities

1,603,370

2,116,369

Current liabilities

684,215

568,777

2,287,585

2,685,146

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23. Retirement benefits

Defined benefit plan

Post-employment medical aid scheme

Two subsidiaries of the Group, SFF and PetroSA, have a post-retirement medical scheme in place that is governed by the Medical Aid Schemes Act of 1998. The post-employment medical arrangement provides health benefits to retired employees and certain dependents. The benefit was applicable and on offer only to employees in the service of the affected Group companies before the changes to the new current benefit policy.

PetroSA

The group has provided for an amount of R251 million of which R71 million was funded (2024: R226 million of which R71 million was funded). The commitment is actuarially valued annually, with the most recent valuation performed as at 31 March 2025.

The post-employment medical arrangement provides health benefits to retired employees and certain dependents. The benefit was applicable and on offer only to employees in the service of PetroSA before 1 May 2012.

During the 2013 financial year, PetroSA funded a portion of the post-retirement medical liability through the purchase of a company-funded annuity policy. As this annuity policy is CPI linked, the company is exposed to revaluation risks if medical inflation is higher than the CPI increases granted. The current value of the annuity policy is R71 million (2024: R71 million).

The net defined benefit obligation in respect of promised post-retirement medical scheme costs as at 31 March 2025 is R179 million (2024: R155 million). The obligation is partially funded and was valued using the "projected unit credit method.

SFF

The plan is a post-employment medical benefit plan. The company contributes to a medical scheme for retired employees and their dependants. The promised rates are 100% in respect of all active employees and 100% or 70% for the continuation members.

An actuarial valuation was conducted by Arch Actuarial Consulting as at 31 March 2025 based on the Projected Unit Credit discounted cashflow valuation method, as prescribed by IAS 19.

The plan is a final salary pension / flat plan or a post-employment medical benefit plan.

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(87,536)	(77,517)
Present value of the defined benefit obligation-partially or wholly funded	(250,793)	(225,637)
Fair value of plan assets	71,306	70,832
	(267,023)	(232,322)
Non-current liabilities	(259,761)	(226,135)
Current liabilities	(7,262)	(6,187)
	(267,023)	(232,322)

The fair value of plan assets includes:

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Movements for the year

Opening balance	232,323	226,253
Current year service costs	4,799	4,843
Net benefits paid	(11,384)	(13,027)
Net interest returns (Costs)	30,804	26,667
Net actuarial gains and (Losses)	10,481	(12,413)
	267,023	232,323

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23. Retirement benefits (continued)

Key assumptions used

Assumptions used on last valuation on .

PetroSA

Discount rates used	12.40 %	13.41 %
Expected rate of return on assets	7.93 %	8.86 %

SFF

Discount rates used	10.70 %	13.59 %
Expected rate of return on assets	6.70 %	9.48 %

PetroSA

- 1% or 1 year-downward rating change in assumptions will increase or (decrease) the net obligation as follows:
- Discount rate - R26.4 million and (R22.1 million) respectively (2024: R28.4 million and (R23.3 million) respectively)
- Mortality rate - (R4.6 million) and R4.6 million respectively (2024: (R5.5 million) and R5.5 million respectively)
- Health care cost inflation - R31.8 million and (R26.5 million) respectively (2024: R32.0 million and (R26.2 million) respectively)

A 1% or 1 year-downward rating change in assumptions will increase or (decrease) combined interest and service cost as follows:

- Discount rate - R1.53 million and (R1.2 million) respectively (2024: R2.29 million and (R1.92 million) respectively)
- Mortality rate - R0.83 million and (R0.85 million) respectively (2024: R0.87 million and (R0.88 million) respectively)
- Health care cost inflation - R4.87 million and (R4.02 million) respectively (2024: R4.94 million and (R4.04 million) respectively)

The plan asset is unquoted and is a policy of insurance. Therefore the split of the underlying investments is not readily available, and is most likely to be predominantly invested in CPI-linked bonds.

Defined contribution plan

PetroSA Retirement Fund

It is the policy of the group to provide retirement benefits by Alexandra Forbes, for the benefit of employees. All employees who commenced employment after 1 April 1996 qualify for membership of this fund. The amount recognised as an expense during the year under review was R90.8 million (2024: R71.2 million) for the retirement fund.

SFF

Discount rate assumption

IAS 19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled. IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds are not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 10.70% (2024: 13.59%) per annum has been used. The corresponding index-linked yield at this term is 5.1% (2024: 5.2%). These rates were deduced from the zero-coupon South African government bond yield curves to set the financial assumptions used to project future employer benefit payments at 31 March 2024. The nominal yield curve is regarded as an estimate of the investment return that can be achieved from investing in risk free assets, and is therefore used to set the discount rate. The real yield curve is the investment return that can be achieved in excess of CPI on risk-free assets. The difference between the nominal yields and real yields is therefore an estimate of future CPI. The discounted mean term of the accrued liability was approximately 9.5 (2024: 10.5 years).

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23. Retirement benefits (continued)

The assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective. A health care cost inflation rate of 6.7% (2024: 9.48%) has been assumed. This is 1.8% in excess of expected CPI inflation over the expected term of the liability, namely 4.9% (2024: 7.98%). A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.7% (2024: 3.75%). The expected inflation assumption of 4.9% (2024: 7.98%) was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities of 5.1% (2024: 5.2%) and those of fixed interest bonds of 10.7% (2024: 13.59%). Medical scheme contribution increases have generally exceeded CPI in recent years. This is expected to continue into the future. The long-term healthcare cost inflation is therefore assumed to exceed CPI by 1.5%.

Demographic valuation assumptions

Mortality during employment

SA85-90 ultimate table, adjusted for female lives (with a 3-year age reduction).

Post-employment mortality

PA(90) ultimate table, adjusted down by 1 year of age and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year and in the year after.

Continuation of membership

It has been assumed that 100% of in-service members will remain on the company's health care arrangement should they stay until retirement, and that 90% of employees will be married at NRA.

Average retirement age

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 64 on average, which then implicitly allows for expected rates of ill-health and early retirement.

Females have been assumed to be 3 years younger than their male spouses for all eligible members.

Withdrawal from service

The table below shows the annual resignation and retirement rates assumed in the valuation

Age band	Resignations	Retirements
20-25	13%	0%
25-29	13%	0%
30-34	11%	0%
35-39	8%	0%
40-44	6%	0%
45-49	4%	0%
50-54	3%	0%
64+	0%	0%

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23. Retirement benefits (continued)

1. The financial assumptions have been adjusted to reflect recent market conditions. This has caused a decrease in the accrued liability of R604 000 (2024: R4,236,000).

2. Increase in medical aid contributions of R1 457 000 (2024: decrease of R536 000) in the total accrued liability.

3. The actual membership changes relative to that expected resulted in a decrease of R3 565 000 (2024: an increase of R3 158 000) in the liability.

Family profile

It has been assumed that female spouses will be 3 years younger than their male counterparts. Furthermore, we have assumed that 90% of eligible in-service members on a health care arrangement at retirement will have a subsidised spouse dependent. For current retiree members, actual subsidised spouse dependents were used and the potential for remarriage was ignored.

Medical scheme option

It has been assumed that continuation members will remain on the same medical scheme and option. In-service members were assumed to remain on the same medical scheme and option, should they continue to receive the subsidy after retirement.

Plan assets

There are no long-term assets set aside off the statement of financial position in respect of the post employment health care liability.

Other assumptions

It was assumed that the company's health care arrangements and subsidy policy would remain as previous. Furthermore, it was assumed that the level of benefits receivable and contributions payable would remain unchanged with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable and will continue.

Sensitivity Analysis

The liability at valuation date was recalculated to show the effect of:

- 1% increase and decrease in the assumed rate of health care cost inflation;
- 1% increase and decrease in the discount rate;
- 1 year age increase and decrease in the assumed rates of post-employment mortality;
- 1 year decrease in the assumed average retirement age; and

A decrease of 10% in the assumed proportion of in-service members that remain members at retirement.

Defined contribution plan

It is the policy of the Group to provide retirement benefits to all its eligible employees. All eligible Group employees are members of the respective CEF Group subsidiaries' retirement funds and medical aid contribution funds, all of which are subject to the Pensions Fund Act of 1956 and the Medical Aid Schemes Act of 1998 respectively. This excludes instances where a defined benefit plan is applicable – refer to above.

The company is under no obligation to cover any unfunded benefits.

24. Leases (company as lessee)

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

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24. Leases (company as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	180,038	194,342
Two to five years	549,834	666,962
More than five years	1,038,675	1,142,565
	<u>1,768,547</u>	<u>2,003,869</u>
Less finance charges component	(793,152)	(894,169)
	<u>975,395</u>	<u>1,109,700</u>
Non-current liabilities	857,903	976,741
Current liabilities	117,492	132,959
	<u>975,395</u>	<u>1,109,700</u>

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Figures in Rand thousand

2025

2024
Restated *

24. Leases (company as lessee) (continued)

IFRS 16 Lease Liabilities:

AEMFC:

The lease liability relates to the right of use asset disclosed in note 3. Interest is based on incremental borrowing rate of 10.75% per annum.

The right of use assets is in respect of a lease of office premises for a noncancelable lease period of 10 year and one month that commenced on 01 March 2018. The lease agreement makes a provision for an option for renewal of 5 years which the company does not expect to exercise due to current cost of leasing the building being too high.

There are no restrictions on covenants imposed by leases. The lease agreement does not constitute a sale and leaseback transaction.

CEF:

The company leased printing machines for a period of 16 months effective 01 December 2024 and the incremental borrowing rate on the lease is 11.5%. The incremental borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset. The lease payment are fixed for the duration of the lease.

The company leases printing machines. The average lease term is 2 years and the effective borrowing rate is 11.5%. The borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The finance lease liabilities relates to leases of printing machines.
- The lease payments are fixed per annum.
- The original lease period is 16 months and ended on 30 November 2026.

PASA:

The Agency leases printers, storage and an office building. The incremental borrowing rate is the rate that is obtained from banks if we were to obtain financing for the purchase of a similar asset.

- The lease payments escalate at between 5% - 7% per annum.
- The office space lease period will expire in 58 months' time
- The storage space in Milnerton is expected to expire in next 12 months. .
- The Lease for printing equipment will expire in 16 months' time.
- The office space lease provides for a 2 year renewal option, in determining the lease term the 2 year renewal period was taken into account, which makes the lease period to be 7 years (5 years original period plus 2 years renewal option).

PetroSA:

The group leases several assets including buildings, storage and a floating production storage and offloading unit (FPSO) in the TEN field in Ghana. With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the balance sheet as a right-of-use asset in property, plant and equipment and a corresponding lease liability.

At commencement date the liability is calculated as the present value of future lease payments, discounted using the company's incremental borrowing rate.

PetroSA Ghana Ltd, together with its joint venture partners, entered into a finance lease with MODEC for the leasing of a floating production storage and offloading unit (FPSO) in the TEN field. The lease was initially recognised at R850.3 million in the 2018 financial year. The present value of the lease liability unwinds over the expected life of the lease and is reported within

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finance costs as finance leases. The initial lease period is 10 years with an option for an additional 10 years, until end of life of field. The imputed interest rate is 8.4%. The company's obligations are secured by the lessor's charge over the leased assets.

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. The majority of contracts entered into include a one month non-cancellable period and a penalty free cancellation clauses to allow the group to act swiftly should any material uncertainties materialise. The group is prohibited from selling or pledging the underlying assets as security, unless stated otherwise.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. At 31 March 2024, the group had operating lease commitments of R122 million (2024: R148.3 million).

SFF:

The group is leasing properties that are located in the Saldanha Port from Transnet National Ports Authority (TNPA). The company leases have a remaining period of approximately 1 year. A Terminal Operating Agreement (TOA) was entered into between the company and TNPA which allows the lease contract to be extended for a further period of 25 years. As part of the

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24. Leases (company as lessee) (continued)

TOA, the rental and escalation clauses were revised for one of the two agreements that are in place with TNPA.

The company is renting an office building from PetroSA SOC Ltd. The initial agreement expired on the 31 May 2021 and the company is now on a month-to-month contract.

The average effective borrowing rate used at initial recognition of the lease liability was 10.25%. The borrowing rate is the rate that was obtained from SFF bankers as if we were to obtain financing for the purchase of similar assets.

Subsequent amendment and remeasurement

With the modification of the lease rentals for the one lease agreement in accordance with the TOA, the rate was reviewed and a rate of 7% used resulting in a remeasurement of the lease liability and related right of use asset.

The lease liability relates to the aforementioned leases with TNPA. The lease payments are fixed and escalate at 7% per annum until 31 March 2026 whereafter a rental review would be conducted in accordance with the market.

An escalation of 7% was used throughout in relation to the modified TNPA lease.

The other lease agreement remains at 10.25% as recognised at initial recognition as no amendment was made to this lease agreement.

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25. Provisions		
Reconciliation of provisions - 2025		
Opening balance		
11,051,753		
102,970		
350		
603		
11,155,676		
1,210,303		
66,264		
(55,571)		
(716,515)		
566,155		
(12,962)		
11,958,454		
122,629		
350		
-		
12,081,433		
Reconciliation of provisions - 2024		
Opening balance		
11,313,954		
203,153		
350		
-		
11,517,457		
130,289		
(95,451)		
(14,265)		
(999,622)		
601,429		
15,839		
11,051,753		
102,970		
350		
603		
11,155,676		
11,958,193		
122,629		
12,080,822		
11,155,676		

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25. Provisions (continued)

Environmental rehabilitation

PetroSA

The decommissioning provision of R10.2 billion (2024: R10.2 billion) represents the present value of decommissioning costs relating to oil and gas interests, the majority of which is assumed to be incurred from the date of decommissioning declaration over a period of 7 years with the start date in the financial year 2030 ending 2037. It will take approximately 2 years to complete the planning phase before the actual decommission work and cash starts flowing. The assumptions are based on the current economic environment and provide a reasonable basis for estimating the future liability. The program also assumes the decommissioning will be executed in one campaign in aid of managing logistical costs. These estimates are reviewed annually to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market conditions. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

PetroSA has again in the current financial year, appointed Det Norske Veritas (DNV) Pty Ltd (DNV) to independently review the existing decommissioning methodology and cost estimates, resulting in an optimised decommissioning methodology, an AAACE class 4 cost estimates and the 6% On-costs (i.e Environmental impact assessment and Engineering & detail design) to be incurred over the planning period. DNV optimised the methodology by employing technology advancements such as the use of modular rigs instead of reactivating FA platform drilling package to plug wells, the use of a combination of Rig and Light well intervention vessels instead of rigs, the adoption of a balanced approach, which resulted in an optimised cleaning plan, improved vessel utilisation plan, a conservative Waiting on Weather factor of 25% and identification of additional items that can be abandoned in situ.

PetroSA has furthermore undertook to submit all plugged and abandoned legacy well packages to the regulator as part of the efforts to justify the exclusion of these wells from the provision. No provision has been made for the plugged and abandoned legacy wells.

The base cost of the provision was reviewed further in the current financial year. There was a slight increase in base costs to USD682 million from USD608 million. Major assumptions included in the calculation of local provisions is a discount rate of 9.31% (2024: 9.31%). A sensitivity analysis indicates that a R1 weakening of the Rand against the US Dollar translates into R577 million (2024: R522 million) increase in the provision. It is assumed that each well will take an average of 15 days to abandon.

For international provisions, the discount rate used for the Jubilee, Teak and Akasa Fields in Ghana is 4.63% (2024: 3.97%) with an expected realisation date of 2036. The discount rate used for the TEN and Wawa Fields in Ghana is 4.54% (2024: 3.88%) with an expected realisation date of 2033. Changes in cost estimates are driven by revisions to the Operator's cost assumptions and estimates.

Included in the environmental rehabilitation provision for PetroSA is an amount of R6.2 million (2024: R6.2 million) for the rehabilitation of the land at the Voorbaai terminal and Bloemfontein depot.

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The 2025 change in estimate resulting from changes in assumptions can be broken down as follows:

	R' million
Strong in ZAR against USD	370
Discount rate (USD)	1 145
Discount rate (ZAR)	575
Increase in inflation	(418)
Change in base cost	(1 085)
Total	587

The 2024 change in estimate resulting from changes in assumptions can be broken down as follows:

	R' million
Weakening in ZAR against USD	(670))
Discount rate (USD)	852
Discount rate (ZAR)	304
Increase in inflation	(59)
Change in base cost	468
Total	859

SFF NPC

This provision relates to the abandonment of the Milnerton and Saldanha tank farms and the environmental rehabilitation at Ogies and is based on the latest cost report provided by Kantey & Templer Consulting Engineers dated 16 May 2022.

The provision amount of R795 million (2024: R751.4 million) relates to the decommissioning and rehabilitation of the

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25. Provisions (continued)

Milnerton and Saldanha tank farms under the requirements of NERA and the environmental monitoring and rehabilitation of the underground crude oil tanks in Ogies, with the requirements contained in the MPRDA, as well as the BP Montague Terminal and Avedia Energy (Pty) Ltd.

Major assumptions included in the calculation of the provision are the South African inflation rate of 2.7% (2024: 5.3%).

The discount rate applied was 10% (2023: 10%). Whilst International Accounting Standards IAS 37:45 state that "Where the effect of time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle obligation".

Saldanha and Milnerton

The six Saldanha in-ground tanks will be decommissioned and withdrawn from service but not demolished. The scope of work includes the cleaning, decommissioning and mothballing of the equipment within the perimeter fences of the tankfarm. The value of any recovered material, including steel from tanks, steel piping, transformers and electrical cabling, will not be used to offset the cost of demolition of the various facilities. Allowance will be made for potentially recoverable material to be placed in waste skips after demolition. The cost of removal from the tank-farm to a scrap yard will be deemed to be offset by the value of the recovered materials. No allowance has been made for the removal of crude oil/sludge from the tanks and pipeline. The decommissioning cost estimate will not include the removal or mothballing of the Chevron facilities as it is assumed that this would be undertaken by Chevron at its expense. Total provisions for Saldanha and Milnerton tank farms are R390.8 million and R239.7 million (2024: R308.4 million and R233.4 million) respectively.

Ogies

The provision for this site is to address the economic analysis of the worst-case environmental damages and the cleanup costs for the assessed hazard. Environmental damage affects groundwater, soil that produces food in the surrounding area, property and trading damages such as human life and mineral rights. The assumptions used in the calculation take into account the probability of occurrence. At year end, the total provision for the Ogies tank storage mine infrastructure was R143.9 million (2024: R140.1 million).

Montague Terminal

An external expert was appointed to assess the decommissioning provision at acquisition value for Montague Terminal. Assumption included the following, Drain, desludge, clean and gas-free tanks and piping, Removal of storage tanks, tank foundations (incl. tank bottoms), pipework (prouct and fire) selected buildings and structures, roads and hardstanding areas. At year end, the total provision for the the Montague Terminal was R68.9 million (2024: R67.1 million).

Avedia terminal

In terms of the NERSA regulations and licence conditions, the entity is required to provide for the rehabilitation of land. An estimate of RNil (2024: R2.3 million) and 25 years has been used in line with the life of the plant. This is re-assessed regularly.

AEMFC

As at year end the environmental rehabilitation balance of R63.1 million (2024: R63.6 million) was recognised for Vlakfontein Mine rehabilitation based on estimates provided by independent environmental consultants. Current mine plans envisage the expected outflow to occur during the 2027, 2032, and 2033-2036 financial year.

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25. Provisions (continued)

An average inflation rate of 4.5% (2024: 4.7%) was applied, based on forecasts obtained from leading financial institutions. This resulted in a present value of R63.1 million as at 31 March 2025 (2024: R63.6 million). A reversal of R7.0 million (2024: R8.4 million addition) was recognised in property, plant and equipment (refer to Note 4).

It is impracticable to disclose the effect that this change in accounting estimate has on the current period or may have on future periods.

Funding of rehabilitation provision

PetroSA has an obligation to provide for the rehabilitation and decommissioning of its offshore and onshore facilities. The provision is reviewed on an annual basis. The liability is currently valued at R10.0 billion. PetroSA has set aside R3.8 billion, leaving a shortfall of approximately R6.2 billion. The date to which the financial provision must be provided for is yet to be determined by promulgation in the Government Gazette under the National Environmental Management Act 107 of 1998 (NEMA). The provision calculation is based on comprehensive technical work conducted by an international contractor, Det Norske Veritas (DNV).

PetroSA is working with all key stakeholders to ensure compliance with the requirements of the financial provisioning regulations. To this extent, the holding company has committed to assist PetroSA, through various support and oversight mechanisms, to close the funding gap. In addition, PetroSA is working closely with the regulator (the Petroleum Agency of South Africa) to ensure that it discharges its responsibilities as required under the NEMA financial provisioning regulations. Other key stakeholders involved include the Departments of Mineral Resources and Energy, National Treasury, and

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25. Provisions (continued)

Forestry, Fisheries and Environment.

With regard to Ghana assets R30m has been set aside for the funding of provisions valued at R235 million. In terms of the signed petroleum agreements, setting of the funds commence once 50% of the estimated reserves have been produced from the relevant fields, refer note 6. PetroSA has set aside funds towards the cost of decommissioning. These funds are not available for the general purposes of the group and comprise of the following investments:

Figures in Rand (R'millions)	2025	2024
Cash deposits	487	487
Cash in escrow account	3 109	2 846
Financial guarantee	180	180
	3 776	3 513

Social investment

This provision amount of R350 000 (2024: R350 000 is for commitments to community investment projects as a pre condition for the issuing of exploration licences.

PetroSA uses its in-house expertise to assess the values of the rehabilitation and social investment provision.

Bonus

Provision for performance bonus for an amount of R114.7 million (2024: R227.96 million) represents incentives for employees who qualify in terms of their performance during the current year. The bonus liability is anticipated to be paid within the next twelve months.

Damages

The legal matter relates to a disagreement with a supplier concerning a purchased drive train. This dispute was resolved subsequent to year end and the supplier was settled with a value of R0.6 million.

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26. Deferred Income

Deferred income

CEF SOC Ltd

The deferred income relates to a grant that was received by the company from the Department of Mineral Resources and Energy. These funds are used to fund feasibility studies for Vaal Dam Hydro projects.

The increase is as a result of interest income earned 8.57% (2024: 8.73%) on the balance of R1.4 million (2024: R1.3 million).

SFF NPC

Revenue from storage income is recognised over time. One of SFF's storage customers paid an up-front reservation fee of R74.6 million (\$5.95 million) for a crude oil storage tank in Saldanha Bay, resulting in a contract liability being recognised for revenue relating to the storage services at the time of the initial payment. The liability is recognised as revenue over the storage contract period which was originally 7 years. This contract is completed and terminated.

An extension to the respective customer has been offered an upfront reservation fee of R79.8 million (\$4.25 million) applicable to the crude oil storage contracts with a duration of five years and is being recognised as revenue over the duration of the contract, resulting in a contract liability being recognised for revenue relating to the storage services at the time of the initial payment.

As at 31 March 2025, there were 47 months (2024: 59 months) left on the contract.

Another one of SFF's storage customers paid an up-front reservation fee of R5.4 million for a crude oil storage tank in Saldanha Bay, resulting in a contract liability being recognised for revenue relating to the storage services at the time of the initial payment. The liability is recognised as revenue over the storage contract period 2 years.

As at 31 March 2025, there were 20 months left on the contract.

PASA

These relate to cash deposits received from operators and licences in terms of issued rights and permits. The environmental deposits can only be paid back to the holder on relinquishment of the rights in terms of section 43 of the MPRDA and on granting of a closure certificate by the Minister. Refer to cash and cash equivalents for ring-fenced funds under note 18. The balance as at year end is R2.6 million (2024: R2.6 million).

The Agency received ring-fenced grant income for the shale gas research project. Phase 2 of the project is currently underway. The balance of the income unspent at year end is R74.7 million (2024: R94.9 million). Plans are in place to finalise the phases. For commitments against the shale gas project refer to note 39.

Non-current liabilities	52,321	66,341
Current liabilities	90,903	110,897
	<u>143,224</u>	<u>177,238</u>

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27. Trade and other payables

Financial instruments:

Trade payables	4,664,300	4,054,406
Sundry creditors	2,164,032	1,116,703
Accrued leave pay	103,652	99,401
Cash calls in advance	160,681	253,901
Liability to transfer to Equalisation Fund	10,221	10,221
Other accrued expenses	20,649	-
Payroll related liabilities	24,205	28,511

Non-financial instruments:

Amounts received in advance	206,683	183,866
Statutory payables (tax and levies)	3,166,038	2,923,395
VAT	218	2,030

10,520,679 **8,672,434**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	7,145,651	5,563,142
Non-financial instruments	3,372,939	3,103,111

10,518,590 **8,666,253**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

28. Revenue

Revenue from contracts with customers

Fuel production sales	13,851,236	23,050,067
Data sales	60,427	37,595
Crude oil sales	1,387,699	3,561,887
Oil pollution control	54,573	45,322
Application fees	633	46
Coal sales	302,268	2,536,981
Administration and management fees	3,270	2,630

15,660,106 **29,234,528**

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28. Revenue (continued)

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Timing of revenue recognition

At a point in time

Fuel production sales	13,850,118	23,050,067
Data sales	60,427	37,595
Oil pollution control	54,573	45,322
Application fees	633	46
Coal sales	303,386	2,536,981
	14,269,137	25,670,011

Over time

Crude oil sales	1,387,699	3,561,887
Administration and management fees	3,270	2,630
	1,390,969	3,564,517

Total revenue from contracts with customers

15,660,106 **29,234,528**

29. Cost of sales

Cost of sales	14,386,359	25,679,816
Cost of manufactured goods	-	-

30. Other income

Royalties received	-	50
Rental income on investment property	118,087	82,587
Other rental income	57,649	24,819
Other recoveries	7,333	39,297
Revaluation-hedging activities	5,371	(58,833)
Recovery of coal transport costs	738	9,722
Other income	130,903	16,120
Income from landfill	24,218	11,161
Diesel Rebate	10,026	(6,158)
Gantry fee	7	146
Government grants	149,095	112,232
Sundry income	2,500	-
	505,927	231,143

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30. Other income (continued)

2025:

Change in estimate

During the prior financial year, the board and management appointed an expert to assess the decommissioning liability provision that has been provided for in the annual financial statements in line with IAS 37. According to the Expert's assessment report new information became available which indicates a change in circumstances upon which the estimates of the decommissioning liability were initially formed. Consequently, the expected future obligations associated with the decommissioning liability were adjusted.

In terms of IAS 8, the change in estimate that give rise to changes in assets/(liabilities) and the related income/(expense) must be accounted for prospectively in the financial statements and consequently adjustment to the recognised amount of the asset, liability and the related interest expense must be effected in the current financial year and subsequent periods.

The effect of the change in estimates has therefore resulted in reduction of decommission liability by an amount of \$226 million, (\$861 - \$635 million). The rand equivalent of R2.7 billion was therefore recognised in the Profit or loss statement (Refer to Note 25).

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31. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements

Property, plant and equipment

3

(1,707)

133,312

Foreign exchange gains (losses)

Net foreign exchange (losses) gains

(33,432)

194,679

Fair value gains (losses)

Financial assets designated as at fair value through profit or loss

41,690

24,533

Total other operating gains (losses)

6,551

352,524

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32. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fees

25,744

14,677

Adjustment for previous year

-

3,376

25,744

18,053

Auditor's remuneration - internal

1,915

1,330

Remuneration, other than to employees

Directors remuneration

33,613

15,143

Leases

Variable lease payments

(658)

(455)

Leases of low value assets

2,094

2,326

Total lease expenses

1,436

1,871

Impairment losses

Impairment /(reversal) of property, plant and equipment

(705,642)

(812,141)

Intangible assets

46,161

26,007

Impairment of Intangible assets

67,863

-

(591,618)

(786,134)

Movement in credit loss allowances

Trade and other receivables

372,249

39,773

Loans receivables at amortised cost

(27,114)

(9,687)

Loans to group companies

(39)

-

345,096

30,086

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32. Operating profit (loss) (continued)

Operating profit/(loss) by nature

Research and development costs	81,798	67,638
Impairment on property, plant and equipment	3,187	592
Depreciation on property, plant and equipment*	141,963	753,078
Depreciation on right of use assets	4,320	13,519
Consulting and professional fees	54,592	26,314
Financial services fees	443	442
Computer expenses	10,405	9,830
Transport and freight	518,467	608,111
IT facilities and software	8,729	6,853
Municipal expense	39,207	15,168
Employee costs	774,780	621,978
Staff welfare	3,660	4,155
Security	14,308	13,308
Corporate Social Responsibility	17,332	89,763
Accounting fees	-	6,262
Repairs and maintenance	77,797	20,435
Motor vehicle maintenance expenses and other related expenses	7,240	4,219
Insurance	96,038	102,780
Impairment /(reversal) of trade and other receivables	277,735	39,773
Amortisation on intangible assets	3,757	9,393
Training	25,469	18,706
Travel - local	22,842	15,189
Travel - overseas	7,399	9,640
Profit/loss on exchange differences	33,432	(194,677)

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33. Investment income

Dividend income

Equity instruments at fair value through profit or loss:

Listed investments - Local

7

6

Interest income

Investments in financial assets:

Bank and other cash

1,289,749

1,253,529

Trade and other receivables

63

1,553

Other financial assets

241,060

250,487

Total interest income

1,530,872

1,505,569

Total investment income

1,530,879

1,505,575

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

Refer to the respective notes for interest charged on loans.

34. Finance costs

Shareholder loans

-

2

Trade and other payables

28,541

16,339

Lease liabilities

67,463

80,591

Bank overdraft

113

1,821

Current borrowings

309,158

349,872

Tax authorities

350

588

Unwinding of discount on provisions and other liabilities

572,695

607,498

Other interest paid

1

12

Total finance costs

978,321

1,056,723

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35. Taxation

Major components of the tax expense

Current

Local income tax - current period	289,442	502,480
Local income tax - recognised in current tax for prior periods	(2,770)	118,167
	286,672	620,647

Deferred

Originating and reversing temporary differences	(143,573)	(172,103)
	143,099	448,544

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	719,690	(50,290)
Tax at the applicable tax rate of 27% (2024: 27%)	194,316	(13,578)
Tax effect of adjustments on taxable income		
Income not subject to tax	(1,583,600)	(1,137,640)
Expenses not deductible for tax purposes	842,950	1,009,291
Associates results reported net of tax	547	2,346
Unrecognised deferred tax asset	745,457	656,616
Effects of tax rates in other jurisdictions	(46,600)	(72,842)
Tax losses carried forward	(5,583)	-
Under/(Over) provision in prior years	(4,388)	4,339
Tax expense in respect of prior years	-	12
	143,099	448,544

The average effective tax rate is -20% (2024: 892 %). Companies are subject to income tax at company level and not at Group level. The tax expense arises from individual group companies that are subject to income tax and generated taxable profits during the financial year.

Non-deductible and non-taxable income is made up of income and expenditure from PASA, OPCSA and SFF that are not subject to income tax and non-deductible expenses resulting from the apportionment method applied in some of the entities in the group.

Tax losses carried forward originate from PetroSA Group.

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36. Other comprehensive income

Components of other comprehensive income - 2025

	Gross	Tax	Share of other compre-hensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Remeasurements on net defined benefit liability/asset				
Remeasurements on net defined benefit liability/asset	(9,170)	-	-	(9,170)
Items that may be reclassified to profit (loss)				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	(100,734)	-	-	(100,734)
Gains (losses) on cash flow hedges not subject to basis adjustments				
Share of equity accounted investments	-	-	(97,930)	(97,930)
Total items that may be reclassified to profit (loss)	(100,734)	-	(97,930)	(198,664)
Total	(109,904)	-	(97,930)	(207,834)

Components of other comprehensive income - 2024

	Gross	Tax	Share of other compre-hensive income of equity accounted investments	Net
Items that will not be reclassified to profit (loss)				
Remeasurements on net defined benefit liability/asset				
Remeasurements on net defined benefit liability/as	10,913	-	-	10,913
Items that may be reclassified to profit (loss)				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	140,946	-	-	140,946
Gains (losses) on cash flow hedges not subject to basis adjustments				
Gains (losses) on hedge	-	-	(47,493)	(47,493)
Total items that may be reclassified to profit (loss)	140,946	-	(47,493)	93,453
Total	151,859	-	(47,493)	104,366

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37. Cash generated from/(used in) operations		
Profit before taxation	719,690	(50,290)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	760,661	771,163
(Gains) losses on sale of assets and liabilities	(704,277)	1,471
Impairment of property, plant and equipment	1,695	4,129
Loss on exchange differences	11,626	(166,387)
Fair value gains (loss)	(21,245)	(37,886)
Income from equity accounted investments	(1,204,113)	(911,309)
Investment income	(1,183,043)	(1,110,300)
Finance costs	978,321	1,057,806
Net impairments and movements in credit loss allowances	345,693	59,313
Movements in provisions	94,264	51,412
Increase or (Decrease) in retirement Benefit Assets and liability	4,392	-
Gain on bargain purchase	(1,838,612)	-
Unrealised foreign exchange gains/losses	132,404	104
Interest on lease liability	16,876	16,315
Movement in retirement benefit assets and liabilities	20,709	21,443
Other non-cash item included in profit or loss	(134,151)	(27,013)
Adjust for items which are presented separately:		
Unrealised foreign exchange gains/losses	-	(198,467)
Inventory write off	53,148	-
Environmental rehabilitation asset write down	(10,205)	(895,710)
Changes in working capital:		
(Increase)/Decrease in Inventory	1,549,328	(1,235,355)
(Increase)/Decrease in Trade and other receivables	(719,193)	867,352
(Increase)/Decrease Prepayments	(3,280)	(52,576)
Increase/ (Decrease)Trade and other payables	2,123,718	3,243,000
(Increase)/Decrease Strategic stock	(11,399)	(1,531,363)
Increase (decrease) in deferred income	(17,460)	-
	965,547	(139,688)
38. Tax paid		
Balance at beginning of the year	(20,714)	(331,819)
Current tax recognised in profit or loss	(286,672)	-
Current tax recognised in profit or loss	(386,943)	(259,990)
Balance at the end of the year	(192,979)	188,561
	(887,308)	(403,248)

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39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• AEMFC SOC Ltd - PPE	5,040	7,714
• PASA- Shale gas project	123,889	6,482
• PetroSA - Jubilee and TEN development	177,574	577,447
• SFF NPC - South Sudan investment	657,835	723,934
• SFF - BPSA Montague Garden Terminal	64,330	20,740
• iGas - Loans to group company	390,000	-
Not yet contracted for and authorised by directors	-	-
CEF SOC Ltd	1,122,967	-
CEF Carbon SOC Ltd	2,698	19,618
PASA	-	1,993

The committed expenditure will be financed through available bank facilities, retained profits, existing cash resources, funds internally generated and debts.

A Memorandum of Understanding (MoU) has been concluded between the governments of South Africa and South Sudan to jointly participate in South Sudan's oil and gas sector resulting in SFF concluding an exploration and production sharing agreement with the Republic of South Sudan based on a Section 54 Approval by the Department of Mineral Resources & Energy. The exploration and production sharing agreement has been approved for costs totalling \$48 million over a 4 year period with an additional 2 year renewable period.

The R64.3 million (2024: R20.7 million) reflected as part of capital commitments above relates to the tank refurbishment and other asset acquisitions or refurbishment envisaged at the Montague Gardens Terminal.

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40. Contingencies

SFF NPC

Customer claim – uplifting of crude oil

A Court case (arbitration) is currently under way for an alleged breach of storage contract relating to SFF's refusal to allow a customer to uplift 300,000 barrels of crude oil in Saldanha Terminal that were by SFF loaned to a service provider who later on sold the crude oil barrels to the Court Applicant.

SFF entered into a crude oil storage contract with Mercuria. Mercuria was storing crude oil that it had purchased from Enviroshore and Enviroshore had been "loaned" the crude oil by SFF. When Mercuria wanted to evacuate its Oil, SFF refused to honor the Storage Contract that entitled Mercuria to evacuate the crude oil at will. Mercuria took SFF to Arbitration however SFF stalled the matter at Arbitration on basis that the "loaned" 300 000 barrels is already serving at the High Court. SFF with Enviroshore were concurrently trying to resolve the matter and hoped that the stock that SFF "loaned" to Enviroshore would be financially compensated by Enviroshore. SFF would pledge such funds to Mercuria to resolve this legal dispute.

Judicial Review proceedings directed at setting aside the disposal of the 300 000 barrels of strategic stock. Mercuria suing SFF for not honoring the Storage contract and SFF pursuing claims against Enviroshore who has been renamed as Uwoyela. Enviroshore / Uwoyela has been successfully liquidated as of the 4th of March 2022, and a certificate of appointment of their liquidator issued on 19th of April 2022.

Awaiting the confirmation and full details of the Insolvency Enquiry the liquidator seems to be contemplating to undertake, apparently at the instance of ABSA, one of the major creditors of Uwoyela, with a view to ascertaining what became of the funding that was provided by ABSA soon before Uwoyela was liquidated.

Mercuria have not as yet filed any answering affidavit in response to SFF's judicial review application lodged way back in 2018 to set aside the disposal of the 300 000 barrels of strategic stock to Enviroshore, as well as the subsequent on-sale to, and storage agreements with, Mercuria.

SFF has instructed its attorneys to file chamber book application to compel Mercuria to file its answering affidavit so this already long and protracted matter could be brought to an end.

Mercuria has in March 2025 filed their long overdue answering affidavit, simultaneously with lodging their application to strike out certain averments in our supplementary founding affidavit.

SFF are currently preparing a reply to their answering affidavit, and will be opposing their strike out application.

Metering system

An interim arbitration award (in which SFF is the respondent) has been finalised whereby the parties agree that the arbitration is postponed sine die and the costs of the arbitration are reserved. An independent expert has been appointed to establish whether the metering system operate within the specification agreed to by the parties. The independent expert has requested that additional work should be undertaken to bring the flow meters to a position where they are operating, before they can proceed with the agreed scope of work. The parties have agreed to share the costs of remedial work on an equal basis and the metering system has been taken overseas by the claimant for remedial work. Costs of the remedial work will be shared by the parties on an equal basis.

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40. Contingencies (continued)

Should the expert conclude that the system operates as intended, SFF shall be liable for R7.67 million plus mora interest (calculated at 9.5% per annum on the capital sum from 1 April 2014 to date of payment), 50% of the independent expert's costs and the legal costs of the arbitration proceedings paid by the claimant. Together with legal costs and interest, the legal department estimate the total value of the claim to be R9 million.

During the reporting period the expert ruled against SFF and as SFF was raising disputes on the evaluation of expert the other party approached the court seeking to make the arbitration award a court order.

Supplier is suing SFF for payment, which they allege, is due in terms of the contract. Krohne was required to install a metering system, which was aimed at improving accuracy levels of measuring of oil volumes. SFF is withholding payment on the grounds of non-performance under the contract.

Hearing was held on the 25th of July 2022.

Judgment was handed down on the 24th of October 2022, in favour of SFF, i.e dismissing the supplier's Application.

However, the supplier has since filed an application for leave to appeal the judgment, on the 28th of October 2022.

Supplier's application for leave to appeal was heard on the 27th of February 2023 and the judgment has been reserved to be handed down at a later stage.

The SCA hearing was held on the 9th of May 2024. Judgment was reserved, and subsequently handed down on the 14th of June 2024, with costs, in favour of the supplier.

The essence of the SCA judgment was that the High Court erred in dismissing Krohne's initial application on the basis of a technicality instead of on merit, and for even refusing to engage the parties on merits of their arguments before it.

Despite finding in favour of Krohne on certain aspects, the SCA was unwilling, though, to hear the matter on merits for it not being court of first instance, and instead, remitted the matter back to the high court for it to be determined on the merits.

Consequent to the SCA judgment, the high court date has since been set down for the 28th of July 2025.

Strategic stock

On 12th of March 2018 the company (SFF), together with the holding company (CEF SOC Ltd) had lodged an application in the Western Cape High Court to set aside the disposal of the strategic crude oil stocks on the grounds that these disposals were unlawful, invalid and unconstitutional. On the 20th of November 2020 the Western Cape High Court has ruled that the contracts should stay or be set aside on basis that CEF and SFF should repay all proceeds received and also be responsible for out-of-pocket expenses (those are interest earned by SFF on proceeds and on Storage fees and as well as hedging costs) that the Buyers would have suffered.

The Boards of SFF and CEF have resolved to appeal everything but paying back proceeds received from sale of Strategic Stock and the Storage Income that SFF received which both amount to about R5.5 billion.

The matter was heard by the Supreme Court of Appeal on 24 February 2022 and the judgment was handed down electronically on 13 April 2022. The Supreme Court upheld the decision made by the Western Cape High Court that SFF is responsible for out-of-pocket expenses, interest compounded and including costs of counsel for some of the traders. The SFF Board decided that the matter would be appealed at the Constitutional Court. However, this appeal was dismissed and an amount of R2.3 billion was paid in relation to hedging and out of pocket expenses on 31 March 2023. There is still an amount of \$22.6m (R414 million) that may result in a claim against SFF.

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40.Contingencies (continued)

Leave to appeal the Supreme Court decision was declined. As a result, SFF had to pay the compensation amounts as initially ordered by the Western Cape High Court (and upheld by the Supreme Court). Payments were made to Vitol and Natixis amounting to \$28m and \$101m, respectively amounting to approximately R2.3 billion.

The matter in relation to CTSA vs Taleveras for about \$22.6m is still in progress based on correspondence from attorneys. According to the Western Cape judgement, should attempts by CTSA to recover from Taleveras fail then CTSA can recover from SFF.

Recovery of the proceeds in respect of the sale of diesel

Proposals have been received from law firms in Zimbabwe detailing that the process would entail an application for Registration of a Foreign Judgment (SFF's Default Judgement obtained from the Western Cape High Court) for it to be enforced in Zimbabwe; as well as appointing locally based tracing agents to investigate and verify existence of any attachable assets to settle SFF's claim. An assessment on the viability of possible recovery of the proceeds in full in a foreign jurisdiction currently under consideration to determine the way forward. Together with legal costs and interest, the legal department estimate the total value of the claim to be R18 million.

2 x proposals / quotations ranging between \$5000.00 (plus 5% success fee on amount successfully claimed and recovered), and \$7 050.00, have been received from two Zimbabwean law firms are currently being reviewed, with a third pending and expected soon upon completion of conflict of interest checks, upon which a preferred bidder would be selected to proceed accordingly.

In the meantime, formal engagements had until recently been underway between SFF Legal and Line Petroleum attorneys in Zimbabwe in contemplation of a settlement offer proposed by Line Petroleum. We were anticipating a firm commitment on the final terms of the offer within a matter of a week or two from date of this report.

On the 10th of April 2025, SFF were informed of the termination of the mandate of Line Petroleum's attorney we have been negotiating settlement with. As a result, SFF now needs to deal directly with Line Petroleum.

Attempts to reach Line Petroleum directly to progress the settlement negotiations referred to above have been unsuccessful, thus far.

Repair and/or replacement of terminal infrastructure

A dispute between SFF and OTMS regarding an alleged breach by SFF of the terms of an agreement governing the use and maintenance of the crude oil terminal operated by SFF at Saldanha Bay was referred to arbitration on 02 December 2024.

The parties on 5 February 2025 agreed a procedural timetable making provision amongst other things for the preparation of expert witness notices and filing of these by 29 May 2025, and for evidence to be heard during the week of 21 July 2025, with arguments presented in the week of 04 August 2025.

The claim from OTMS is for repair and/or replacement of terminal infrastructure to which OTMS has access for use, failing which OTMS estimates a potential loss on its part of circa R40 to 60 million (\$2.2 to \$3.3 million).

OTMS objected to the counterclaims submitted by SFF and a date for hearing argument on the objections is to be scheduled by the arbitrator. OTMS is without justification accusing SFF management of obstructive behaviour with regard to an OTMS expert witness inspection of the Terminal

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40. Contingencies (continued)

This is contributing to a delay in the arrangement for the SFF proposed expert witnesses to be interviewed by SFF Senior Counsel.

Interim tariff agreements counter claim

The company has lodged a counter claim. The counter claim originated in the context of the contract concluded between the company and OTMS during 2016. SFF and NERSA after final commissioning of the Terminal during 2021 realised that the expression "pipeline tariff" was incorrect, as the Terminal consisted of only two components, namely a loading facility with auxiliary pipelines and a storage facility. SFF on 03 June 2022, after completion of the interconnection of the loading facility with the independent OTMS storage facility submitted an application to NERSA for separate tariffs for the loading facility and the storage facility. Since commissioning of the terminal, OTMS has been paying SFF a lower rate and the claim value is approximately R50 000 000 in respect of a period of three years.

Other contingencies arising out of operations

PetroSA

Mbizana Integrated Energy Centre

PetroSA may be liable for any soil contamination resulting from the dispensing of fuel at the Mbizana Integrated Energy Centre. The estimated financial impact is R1 million.

Duty at source(DAS) payable to SARS and audit assessment

On 18 February 2020, SARS issued a Letter of demand for R1 billion with respect to exports from unlicensed depots for the period May 2015 to March 2017. On 28 February 2020, PetroSA requested for a suspension of the payment amount but the application for suspension was denied by SARS. On 17 April 2020, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent interim interdict, interdicting SARS from taking any enforcement and/or collection steps against PetroSA until the merits of the SARS audit assessment are heard in the High court. PetroSA was successful in this regard

On 30 June 2020, the DA96 application to litigate was submitted to SARS. The next step is for SARS is to submit a replying affidavit and SARS have far exceeded the time period afforded to it in terms of the Uniform Rules of Court to file its affidavit. On 18 March 2021, PetroSA sent notice indicating PetroSA's amenability to mediation. PetroSA still await SARS' response as to whether they are amenable to mediation and to file their answering affidavit by 16 May 2022.

PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022 respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. PetroSA requested for a meeting with the Minister of Finance on a without prejudice basis whether this matter may potentially be settled without the need to continue with the present litigation under case number 8080/2020 and also to ascertain when the Minister's opposing papers can be expected. No feedback has been received.

In June 2023, the High Court Registrar has allocated a date for hearing of the matter, namely on Wednesday, 22 November 2023. PetroSA was to file the head of arguments by 1 November 2023 and SARS by 8 November 2023. The matter was argued before Acting Judge De Waal on Wednesday, 22 November 2023. Following the hearing, the PetroSA and SARS ("the parties") were afforded an opportunity to present supplementary written submissions (to address the aspect of a 'practice generally

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40. Contingencies (continued)

prevailing' which forms part of PetroSA's case herein). Written submissions on behalf of PetroSA were furnished on 28 November 2023 and SARS on 19 December 2023.

In January 2024, the parties were afforded an opportunity to make further written submissions, in light of recent judgments handed down in favour of SARS in its disputes with BP South Africa. Such judgments (BP judgments) were handed down in the Supreme Court of Appeal (SCA) and the Gauteng High Court on Friday, 12 January 2024. Having considered the BP judgments, it was decided that no purpose would be served by making further submissions; while SARS in turn elected to make some written submissions to the court.

On Thursday, 18 January 2024, judgement was handed down in this matter in favour of PetroSA. On 8 February 2024, SARS has launched an application for leave to appeal. The court has confirmed that the application for leave to appeal will be heard virtually on Thursday, 11 April 2024. This was rescheduled as requested by SARS. The hearing for the application for leave to appeal will now be heard virtually on Monday, 13 May 2024. The judge has afforded SARS leave to appeal the judgement as per the judgement dated 21 May 2024.

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40. Contingencies (continued)

SARS heads of argument were due by 30 October 2024. PetroSA heads of argument were filed at SCA on the 28th November 2024. The SCA Registrar will advise PetroSA of the date allocated for the hearing of the matter..

Ghana Revenue Authority

The GRA determined that PGL was liable for US R168,7 million (US \$9,4m) Branch Profit Tax (BPT). This amount was included in the final assessment of R224,4 million (US \$12.5m). PGL stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights. PGL on receipt of the final audit report, notified the Ministry of Energy (MoE) of its intention to invoke the arbitration procedure provided for under the Petroleum Agreement (PA), as there was no favourable assessment upon the consideration of the objection. PetroSA Ghana has submitted a request for dispute to International Arbitral Tribunal in London for final determination on the applicability of BPT in the context of the Petroleum Income Tax Act, 1987 (PNDCL 188).

In addition, the GRA has notified PGL of its intention to audit the tax years 2019 to 2022. The requested information is currently being provided to the GRA audit team. In terms of Ghanaian Legislation, the Commissioner General of the GRA will issue an assessment after which PGL will have the opportunity to respond within a stipulated period.

AEMFC

As at 31 March 2025, the company is involved in litigation with LME Plant Hire (Pty) Ltd, arising from disputes relating to the rental of mining equipment at the Vlakfontein mining site. The legal matters remain unresolved at the reporting date, and while no present obligation has been recognised, management has disclosed the following contingent liabilities based on legal advice received:

LME Plant Hire (Pty) Ltd - Arbitration and Review Application

LME Plant Hire instituted arbitration proceedings against the company for a total claim of R145.3 million, relating to a rental agreement concluded on 19 February 2022. The matter was taken on review by the company to the High Court, which declared the tender award constitutionally invalid but did not set aside the contract. The Court ordered the company to pay R136.7 million. The company has since filed an application for leave to appeal with the Supreme Court of Appeal (SCA).

Based on legal advice, there are reasonable prospects of success in the appeal. However, should the appeal fail, the estimated financial exposure is approximately R30.0 million, which aligns with a previous settlement offer made by management.. As the matter is subject to ongoing litigation and final outcome remains uncertain, no provision has been recognised.

PASA

A service provider, was appointed to install and refurbish PASA's new offices. The service provider defaulted in that it short-delivered on the promised obligations. PASA reminded the Supplier of the unmet commitments. PASA has proceeded with the legal action to recover the damages suffered. As at period-end the supplier is going through liquidation and PASA will head to court to recover the monies.

iGAS was provided banking facilities totalling R508.4 million (2024: R508.4 million) by Standard Bank of South Africa Limited (SBSA) in prior years to support the ROMPCO acquisition. These facilities are set to expire in June 2025, and management has indicated that there is no intention to renew them upon expiry.

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40. Contingencies (continued)

Guarantees

The Group has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements and has also guaranteed the banking arrangements of certain subsidiaries as shown in the table below:

Guarantees

Rehabilitation of land disturbed by mining on the Sable field.	180,000	180,000
Manufacture and excisable bond in favour of the South African Revenue Service.	5,000	5,000
Evergreen VAT guarantee in favour of the Dutch VAT Authorities (€0.5 million)	9,897	10,274
Eskom for payment guarantee for electrical supply	9,485	9,485
DMRE for rehabilitation of E-BT/E-AR FA mining lease	27,100	27,100
DMRE for rehabilitation FA Mining lease`	450,000	450,000

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Contingencies (continued)		
ABSA Bank for OPCA's deed of suretyship*	-	-
ABSA Bank for iGas deed of suretyship*	-	-
SBM co-ownership agreement	265,800	-
Transnet terminal operator agreement for liquid petroleum gas terminal	5,000	-
Transnet terminal operator agreement for bulk fuel storage	5,000	-
	957,282	681,859

*In the prior year, there was a disclosure of guarantees relating to OPCA amounting to R2 million and iGas of R2.1 million relating to the deed of suretyship. This was an error as the guarantees were nil.

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41. Related parties

Relationships	
Ultimate holding company	Department of Mineral and Petroleum Resources
Subsidiaries	Refer to note 6
Joint ventures	Refer to note 7
Associates	Refer to note 8
Unconsolidated structure	Gannet Trust
	PetroSA Development Trust
	Extended Continental shelf claim
	Upstream Training Trust
	Council for Geoscience
	South African National committee legacy fund
	Equalization Fund
	South African National Energy Development institute (SANEDI)
	Refer to Note 42
	Companhia Mocambicana de Gassduto (CMG)
Affiliates	
Under common control	
Members of key management	
Shareholder of associate (ROMPCO)	

Related party balances

Loan accounts - Owning (to) by related parties

Energy -G Systems Pty Ltd	35,630	45,317
Klippoortjie Koolmyne SOC Limited - (SFF)	(4)	(4)
ACWA Power Solarreserve Redstone Solar Thermal Power Plant (RF) Pty Ltd	701,071	688,510
Companhia Mocambicana de Gasoduto (CMG)	1,773,142	1,937,730

Amounts included in Trade receivable (Trade Payable) regarding related parties

DMRE	730	702
Equalization Fund	858	1,188
PAMDC (Pty) Ltd	10,782	10,085
SANEDI	207	379
Equalization Fund - relating to sale of feedstock	(10,221)	(10,221)
Extended Continental Shelf Claim Project	(181)	(181)
Upstream Training Trust (UTT)	-	765
Council for Geoscience	-	(2,299)
African Royalty Minerals (ARM)	(5,457)	8,622
ROMPCO	127	195
BPSA Montague Gardens	(1,705)	(3,121)

Cash on call held on behalf of others

Upstream Training Trust (UTT)	(78,638)	(81,384)
DMRE(Vaal Hydro Dam)	(1,388)	(1,276)

Provision balances relating to relating parties

PAMDC (Pty) Ltd	(10,782)	10,085
DMRE	(145,100)	(702)
SANEDI	-	(137)

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41. Related parties (continued)

Related party transactions

Interest paid to (received from) related parties

Ener-G Systems (Pty) Ltd	(4,429)	(4,731)
Upstream Training Trust	6,511	6,800
DMRE	65	61
Companhia Mocambiçana de Gasoduto (CMG)	(226,906)	(239,320)

Dividends paid to (received from) related parties

Rompco (Pty) Ltd	(1,170,400)	(920,000)
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Rent paid to (received from) related parties

PAMDC (Pty) Ltd	(37)	(35)
SANEDI	(1,717)	(1,418)

Administration fees paid to (received from) related parties

DMRE	(2)	(2)
Equalisation Fund	(2,633)	(2,647)
PAMDC (Pty) Ltd	(735)	(700)
Upstream Training Trust(UTT)	(114)	(117)
SANEDI	(267)	(137)
African Royalty Minerals (ARM)	(1,409)	(16,918)
BPSA - Montague Gardens	2,421	1,024
Council for Geoscience	-	2,299
DMRE - (AEMFC)	247	866

Recoveries paid to (received from) related parties

Equalisation Fund	(4,979)	(5,541)
Companhia Mocambiçana de Gasoduto (CMG)	(3,668)	(2,445)
SANEDI	(32)	(73)
ROMPCO	(955)	(744)

Loss Allowance

PAMDC (Pty) Ltd	697	845
SANEDI	(137)	(758)

Government grant - DMRE

Allocated income	(87,397)	(92,085)
Conditional grants	(13,577)	-
Shale Gas Phase 2	(44,126)	-

Guarantees given

DMRE - PetroSa Rehabilitation	(486,585)	(486,585)
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Joint operation paid to

OPC NPC	(5)	(5)
BPSA Montague Gardens Opex - SFF	(23,852)	21,979
BPSA Montague Gardens Capex - SFF	(10,277)	-

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42. Interests in unconsolidated structured entities

PetroSA Development Trust

The PetroSA Development Trust was established to facilitate the development and transformation of the lives of people from historically disadvantaged and impoverished communities and the enhancement of the education and literacy levels in these communities, in particular those within which PetroSA operates, such as the Mossel Bay region and other deserving communities.

Gannet Trust

The Gannet Trust group of companies was created to underwrite insurance risks for PetroSA and other companies with similar risk profiles. Gannet Trust enables PetroSA to access the reinsurance markets that would not otherwise be available to it. Gannet Trust is also available to accept risks that are either uninsured, uninsurable or that bridge the gap between the underwriters' imposed risk retentions and PetroSA's preferred risk retentions.

Upstream Training Trust

The UTT was established to receive irrevocable and unconditional contributions and grants from any persons or entities for the purpose of applying these funds for education and educational development, research, the provision of funding, assets, services and other resources to public benefit organisations. PASA nominates and serves as a trustee on the board of trustees of UTT.

PASA is responsible for the administration of UTT, but is not able to control it as all decisions have to be made by majority vote of the trustees, which may be a minimum of three and a maximum of seven (PASA has only one vote). PASA receives no administration fees from UTT and makes no contribution to UTT.

At year end, Petroleum Agency SA had an inter-company receivable from UTT of R0.6 million (2024: R0.8 million). Terms and conditions of the receivable is that it is due and receivable 30 days from date of invoice receipt by UTT.

Petroleum Agency SA's maximum exposure to loss from UTT is R0.6 million (2024: R0.8 million).

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43. Directors' emoluments

Executive

2025

Directors' emoluments	Basic salary	Bonuses and performance related payments	Pensions receivable or received	Other allowances	Total
Ms S Magadla(PetroSA Acting CEO)	965	-	-	307	1,272
	4,732	2,802	355	1,055	8,944
	3,859	-	527	72	4,458
Dr B Sayidini (PASA CEO)*	2,700	424	189	198	3,511
Mr. G Moagi (SFF CEO)	420	2,346	51	-	2,817
Mr X Sizani (PetroSA CEO)	5,360	-	-	198	5,558
Dr. T Mokoka (PASA Acting CEO)*	-	-	-	474	474
	18,036	5,572	1,122	2,304	27,03

2024

Directors' emoluments	Basic salary	Bonuses and performance related payments	Acting allowances	Pensions receivable or received	Other allowances	Total
	4,912	2,532	-	363	664	8,471
Mr. L Pitsoe (AEMFC CEO)	3,615	-	-	498	114	4,227
Dr. P Masanegane (PASA CEO)	1,158	486	-	154	88	1,886
Mr. G Moagi (SFF CEO)	5,720	2,306	-	602	-	8,628
Ms. S Ncemanane (PetroSA CEO)	1,293	-	2,497	90	82	3,962
Mr. P Naidoo (PetroSA CEO)**	1	-	-	-	-	1
	16,699	5,324	2,497	1,707	948	27,17

Non-executive

2025

Directors' emoluments	Fees for services as director	Other material benefits	Total
Services as director or prescribed officer			
Ms. A Noah (Chairperson)	2,067	255	2,322
Mr. J Besnaar CA (SA)	1,204	100	1,304
Ms. U Figlan	1,187	271	1,458
Ms. G Leketi***	-	176	176
Mr. T Maqubela***	-	-	-
	4,458	802	5,260

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43. Directors' emoluments (continued)

Directors' emoluments

Fees for services as director	Other material benefits	Directors fees for services as directors of subsidiaries	Total
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Services as director or prescribed officer

Ms. A Noah (Chairperson)	1,482	469	-	1,951
Mr. J Besnaar CA (SA)	906	64	160	1,130
Ms. N Sondlo CA (SA)	567	16	1,013	1,596
Adv. P Hassan	614	24	73	711
Mr. N Poya	503	162	1,074	1,739
Ms. U Figlan	1,043	35	73	1,151
Ms. G Leketi***	-	-	-	-
Mr. T Maqubela***	-	-	-	-
	5,115	770	2,393	8,278

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44. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note(s)	Fair value through profit or loss	Amortised cost	Total	Fair value
Loans to group companies	9	-	736,671	736,671	-
Other financial assets	11	-	2,225,475	2,225,475	-
Investments at fair value	12	179	-	179	-
Trade and other receivables	17	-	2,625,509	2,625,509	-
Cash and cash equivalents	18	-	17,070,498	17,070,498	-
		179	22,658,153	22,658,332	-

2024

		Fair value through profit or loss	Amortised cost	Total	Fair value
Loans to group companies	9	-	733,698	733,698	-
Other financial assets	11	-	2,445,306	2,445,306	-
Investments at fair value	12	150	-	150	-
Trade and other receivables	17	-	2,081,366	2,081,366	-
Cash and cash equivalents	18	-	15,273,317	15,273,317	-
		150	20,533,687	20,533,837	-

Categories of financial liabilities

2025

	Note(s)	Fair value through profit or loss	Amortised cost	Leases	Total	Fair value
Trade and other payables	27	-	7,151,843	-	7,151,843	-
Loans from group companies		-	20,014	-	20,014	-
Other financial liabilities	22	-	2,287,585	-	2,287,585	-
Lease liabilities	24	-	-	975,908	975,908	-
Other financial liabilities at fair value	213	-	-	-	213	-
	213		9,459,442	975,908	10,435,563	-

2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	27	5,563,142	-	5,563,142	-
Other financial liabilities	22	2,685,146	-	2,685,146	-
Lease liabilities	24	-	1,109,700	1,109,700	-
Bank overdraft	18	239	-	239	-
		8,248,527	1,109,700	9,358,227	-

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44. Financial instruments and risk management (continued)

Pre-tax gains and losses on financial instruments

Gains and losses on financial assets

2025

	Note(s)	Fair value thro	Fair value thro	Amortised cos	Total
Recognised in profit or loss:					
Interest income	33	-	-	1,182,978	1,182,978
Dividend income	33	7	-	-	7
Gains (losses) on foreign exchange	31	-	-	(26,227)	(26,227)
Gains (losses) on valuation adjustments	31	-	41,690	-	41,690
Movement in credit loss allowances	32	-	-	(345,096)	(345,096)
Net gains (losses)		7	41,690	811,655	853,352

2024

		Fair value thro	Fair value thro	Amortised cos	Total
Recognised in profit or loss:					
Interest income	33	-	-	1,110,298	1,110,298
Dividend income	33	6	-	-	6
Gains (losses) on foreign exchange	31	-	-	200,181	200,181
Gains (losses) on valuation adjustments	31	-	24,533	-	24,533
Movement in credit loss allowances	32	-	-	(30,086)	(30,086)
Net gains (losses)		6	24,533	1,280,393	1,304,932

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44. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

2025

	Note(s)	Amortised cos	Leases	Total
Recognised in profit or loss:				
Finance costs	34	(337,813)	(67,463)	(405,276)
Gains (losses) on foreign exchange	31	(3,105)	-	(3,105)
Net gains (losses)		(340,918)	(67,463)	(408,381)

2024

		Amortised cos	Leases	Total
Recognised in profit or loss:				
Finance costs	34	(368,046)	(80,591)	(448,637)
Gains (losses) on foreign exchange	31	(6,082)	-	(6,082)
Net gains (losses)		(374,128)	(80,591)	(454,719)

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44. Financial instruments and risk management (continued)

Capital risk management

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

Loans from group companies		20,014	-
Financial liabilities at fair value		213	-
Borrowings	22	(2,287,585)	(2,685,146)
Lease liabilities		(975,395)	(1,109,700)
Total borrowings		3,242,753	3,794,846
Cash and cash equivalents	18	16,799,131	15,017,489
Net borrowings		(13,556,378)	(11,222,643)
Equity		12,704,556	12,363,364

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44. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign exchange, interest rate and crude oil price risks are monitored continually.

The Board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in foreign exchange, interest rates and crude oil prices. Throughout the year under review it has been, and remains, the group's policy that no speculative trading in derivative instruments be undertaken. The group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign exchange, interest rate and crude oil price risks are monitored continually.

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committee and the risk committee.

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in foreign exchange, interest rates and crude oil prices. Throughout the year under review it has been, and remains, the group's policy that no speculative trading in derivative instruments be undertaken.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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44. Financial instruments and risk management (continued)

The Group is exposed to credit risk which is the risk of financial loss to the entity if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables and investment securities.

The degree of risk involved is (theoretically) reflected in the borrower's credit rating. It is key to ensure that the credit risk taken in the cash portfolios is diversified and does not exceed the risk appetite of the CEF Group, either on an individual counterparty or industry sector basis.

The group is exposed to credit risk on loans receivable, trade and other receivables, cash and cash equivalents, loan commitments and financial guarantee.

Cash and cash equivalents

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings. Credit limits with financial institutions are revised and approved by the Board annually. The Group obtains independent information of counterparty ratings from rating agency.

Trade and other receivables

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash. Credit guarantee insurance is purchased when deemed appropriate.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

The maximum exposure to credit risk is presented in the table below:

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44. Financial instruments and risk management (continued)

		2025			2024		
		Gross carrying amount	Credit loss allowance	Amortised cost/ fair value	Gross carrying amount	Credit loss allowance	Amortised cost/ fair value
Loans to group companies	9	736,671	-	736,671	733,698	-	733,698
Loans receivable	11	2,225,977	(502)	2,225,475	2,445,808	(502)	2,445,306
Trade and other receivables	17	3,664,024	(668,196)	2,995,828	2,757,467	(299,713)	2,457,754
Cash and cash equivalents	18	15,076,534	(51,424)	15,025,110	13,251,745	(61,023)	13,190,722
		21,703,206	(720,122)	20,983,084	19,188,718	(361,238)	18,827,480

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44. Financial instruments and risk management (continued)

Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

In mitigating liquidity risk, the Group strives to ensure that loan and overdraft facilities of appropriate terms are available and that revenue match loan redemption commitments.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2025

		Less than 1 y	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Borrowings	22	-	1,205,703	-	397,667	1,603,307	1,603,307
Lease liabilities		-	10,854	355,883	491,166	857,903	857,903
Current liabilities							
Trade and other payables		7,151,843		684,215	-	7,151,843	7,151,843
Borrowings	22	684,215		117,492	-	684,215	684,215
Lease liabilities		117,492	-	-	-	117,492	117,492
		7,953,550	1,216,557	355,883	888,833	10,414,823	10,414,823

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Figures in Rand thousand

2025

2024
Restated *

44. Financial instruments and risk management (continued)

2024

		Less than 1 y	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	22	-	1,173,789	1,398,405	2,572,194	2,116,369
Lease liabilities		-	666,962	1,142,565	1,809,527	976,741
Current liabilities						
Trade and other payables	27	5,563,142	-	-	5,563,142	5,563,142
Borrowings	22	568,777	-	-	568,777	568,777
Lease liabilities		132,959	-	-	132,959	132,959
		6,264,878	1,840,751	2,540,970	10,646,599	9,562,387

The prior year amounts for borrowings and lease liabilities have been restated. In the prior year, carrying amounts were disclosed in the different maturity profiles when it should be minimum payments due.

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44. Financial instruments and risk management (continued)

Foreign currency risk

The group is exposed to foreign currency risk as it raises funding on the offshore financial markets, imports raw material and spares and furthermore exports finished products and crude oil which are denominated in foreign currencies. The Group takes cover on foreign exchange transactions where there is future currency exposure. The Group also make use of a natural hedge situation to manage foreign currency exposure. The foreign currencies in which the group deals primarily are US Dollars and Euros.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

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44. Financial instruments and risk management (continued)

Exchange rates

Rand per unit of foreign currency:

US Dollar	18.280	19.04
Euro	19.794	20.54
British Pound	24	24

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

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44. Financial instruments and risk management (continued)

Group

The group measures its market risk exposure by running various sensitivity analyses including 10% favourable and adverse changes in the key variables. The sensitivity analyses include only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% change in foreign currency rates.

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

For financial assets as at 31 March 2025, a 10% strengthening/weakening in ZAR against the relevant currencies would have resulted in a decrease/increase in foreign currency denominated assets of R10 million (2024: R10 million).

For financial liabilities as at 31 March 2025, a 10% strengthening/weakening in ZAR against the relevant currencies would have resulted in a decrease/increase in foreign currency denominated liabilities of R210 million (2023: R219 million).

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44. Financial instruments and risk management (continued)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

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	Notes	Average effective interest rate		Carrying amount	
		2025	2024	2025	2024
Assets					
Loans to group companies	9	11.75 %	11.75 %	756,081	733,698
Cash and cash equivalents	18	8.73 %	8.73 %	15,076,534	15,025,103
				15,832,615	15,758,801
Liabilities					
Other financial liabilities		- %	9.70 %	-	2,685,146
Finance lease liabilities		- %	10.23 %	-	1,108,298
				-	3,793,444

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

An interest rate sensitivity analysis is based on an increase or decrease of 1% (100 basis points) in the South African market interest rates and the prevailing information as at the reporting date.

The analysis assumes that all other variables remain constant.

The Group's interest rate risk arises from cash and cash equivalents, loans to group companies and finance lease liabilities. The cash on call is invested at variable rates (JIBAR) which expose the company to cash flow interest rate risk, and are managed by CEF Treasury Department. Loans to group companies and finance lease are charged at fixed interest rate.

If interest rates had been 100 basis points higher/lower and all other were held constant, the profit for the year ended 31 March 2024 would decrease/ variables increase by R119.7 million (2023: decrease/increase by R97.5 million).

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45. Restatements/prior period error

Figures in Rand thousand

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1. Prior period error regarding IFRS 5 inclusion on groups for Avedia Energy (Pty) Ltd

In the 2024 financial year, it was disclosed that SFF entered into a share subscription agreement with Avedia Energy during the business rescue period, resulting in SFF acquiring a 60% stake in Avedia Energy's equity. That agreement resulted in Avedia Energy agreeing to dispose of its downstream & upstream activities, leaving only the storage business. The intention was to disclose the discounted activities and non-current assets held for sale; however, the conditions to meet this definition has been assessed by the subsidiary auditors as not fulfilled, thus requiring reversal of this disclosure as a prior period error.

2. Reclassification within Trade and Other Receivables

In the prior financial year, classification errors were identified in the note disclosure for trade and other receivables. Certain balances were previously misallocated under various categories within the note. Furthermore, the investment in the multi-managed income fund was presented and disclosed in the statement of financial position as a short-term deposit measured at amortised cost, and the interest amount earned on this investment was classified as interest receivable. The investment has been reclassified to fair value through profit and loss, resulting in the reclassification of the interest earned to cash and cash equivalents, thus a decrease in trade and other receivables.

Following a detailed review of the underlying transactions, these amounts have now been reclassified to more appropriate categories to improve the accuracy and clarity of financial reporting.

3. Reclassification within Trade and Other Payables

In the prior financial year, classification enhancements were made to the disclosure of trade and other payables. Previously aggregated balances, including sundry payables, have now been disaggregated and presented according to their nature to provide users with more meaningful and transparent information.

4. Cash and cash equivalents

In the prior financial year, an error was identified in the classification of restricted cash within the statement of financial position. An amount of R112.885 million was incorrectly disclosed as a current asset under Cash and Cash Equivalents. This amount represented restricted cash held in a separately identifiable account, which was not available for use in the Company's normal operating cycle and, accordingly, should have been classified as a non-current asset. Furthermore, the investment in the multi-managed income fund was presented and disclosed in the statement of financial position as a short-term deposit measured at amortised cost, and the interest amount earned on this investment was classified as interest receivable. The investment has been reclassified to fair value through profit and loss, resulting in the reclassification of the interest earned to cash and cash equivalents, thus increasing the cash and cash equivalents amount.

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This classification error has been corrected retrospectively, and the comparative figures for the prior year have been restated as follows:

Increase in non-current cash and cash equivalents: R112.886 million

Decrease in current cash and cash equivalents: R111.35 million

The impact of the above reclassifications on the group annual financial statements is as follows:

Figures in Rand thousand

2025	2024 Restated *
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45. Restatements/prior period error (continued)

Statement of financial position

	Note	Previously reported	Movement	Total
Property, plant and equipment	3	6,828,618	17,990	6,846,608
Intangible assets	5	1,396,907	3	1,396,910
Other financial assets		2,131,142	9,159	2,140,301
Total non-current assets		10,356,667	27,152	10,383,819
Inventories	9	2,150,860	164	2,151,024
Trade and other receivables		2,440,327	21	2,440,348
Cash and cash equivalents		15,025,110	(9,159)	15,015,951
Total current assets		19,616,297	(8,974)	19,607,323
Trade and other payables		8,666,253	6,177	8,672,430
Total assets less total liabilities		21,306,711	12,001	21,318,712
Retained earnings		10,899,035	(864)	10,898,171

Statement of comprehensive income

	Previously reported	Movement	Total
Revenue	29,778,214	(11,364)	29,766,850
Cost of sales	(25,681,667)	1,851	(25,679,816)
Other operating income	93,966	126	94,092
Other operating expenses	(5,542,197)	23,453	(5,518,744)
Investment income	93,966	126	94,092
Finance cost	(1,057,803)	1,080	(1,056,723)
Taxation	(457,657)	13,632	(444,025)
Loss from discontinued operations	(206)	(28,316)	(28,522)
	(2,773,384)	588	(2,772,796)

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Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets

Note(s)

Financial assets mandatorily at fair value through profit or loss

12

Listed shares

179

150

Total

179

150

Level 3

Recurring fair value measurements

Assets

Financial assets mandatorily at fair value through profit or loss

12

BNP Paribas Multi Asset Diversified 5

215,994

275,784

Multi Managed Income Fund

265,024

240,598

Total financial assets mandatorily at fair value through profit or loss

481,018

516,382

Liabilities

Financial liabilities at fair value through profit (loss)

Total

481,018

-

The fair value of the BNP Paribas Multi Asset Investment is linked to an underlying investment index within the portfolio. The fair values accounted is the movement between the initial capital invested and the closing balance of the investment at reporting date.

CEF SOC Ltd's investment in Methcap is highly reliant on PetroSA's Gas to Liquid (GTL) operations as the plant uses biogas produced as a by-product at the PetroSA GTL plant to produce electricity and sell it back to PetroSA. The PetroSA GTL shutdown has therefore negatively affected Meth cap, making it unable to continue operations. The Net asset value (NAV) has been used to measure the fair value of the investment in Meth cap.

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47. Going concern

The consolidated 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.

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied is that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

PetroSA

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the ensuing 12 months from date of approval of the annual financial statements. The Group's total liabilities exceed total assets by R8.6 billion, whilst at company level, the total liabilities at company level exceed total assets by R10.1 billion. The primary reason for total liabilities exceeding total assets is attributable to the Company decommissioning liability of R10 billion, which is linked to exchange rate fluctuations.

PetroSA remains firmly committed to strengthening its downstream business through the sale of hydrocarbons. This commitment is being pursued through a range of targeted interventions, including transfer of the Trading Business to South African National Petroleum company (SANPC) increasing sales volumes and margins, expanding the market, customer base, and enhancing trading operations. The sourcing of all hydrocarbons will be directly from the refiners, allowing for competitive procuring strategy which will have a positive impact on the cost of product and increase gross and net margin to PetroSA. SANPC will be utilising Letters of Credit (LCs) / Cash that has been availed from the Group to procure at competitive prices and the benefit passed onto PetroSA. While awaiting the transition of the Trading Business to SANPC, PetroSA will strategically continue sourcing hydrocarbons through longer-term contracts to capitalise on improved margin opportunities.

On 20 June 2020, Cabinet approved the planned appointment of a restructuring company to merge PetroSA, the Strategic Fuel Fund (SFF) and the South African Gas Development Company SOC Limited (iGas) into one National Petroleum Company. Whilst the SANPC has identified Trading as one of the business units to be incorporated into the new entity, the PetroSA business of trade and supply of molecules to its core market has continued to sustain and maintain our performance in the previous financial year. The lease and assign method to transfer assets to the SANPC and the key mandate for SANPC to assist PetroSA to revitalise the GTLR remains at the centre of the corporate strategy for SANPC. With effect from May 2025, 208 employees of PetroSA were transferred to SANPC, allowing PetroSA to save an estimated amount of R248 million per annum on the salary cost line item. This arrangement followed a S197 of LRA process which was endorsed by the organised labour unions. With this saving being made a permanent to PetroSA, it will allow PetroSA a breathing apparatus to focus on returning PetroSA to profitability.

PetroSA will continue to leverage a stream of dividends from its wholly owned subsidiary, aimed at supporting the company's operations. PetroSA Ghana Limited (PGL) continues to show positive margins and is projected to continue to contribute to the

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47. Going concern (continued)

PetroSA's group sustenance through its operations and remittance of dividends at various intervals during the 2025/26 financial year. In this regard, PetroSA Ghana Limited operations produced a net profit of approximately R475 million for the December 2024 financial year, PetroSA received dividends of approximately R407 million (2024: R374 million) from PGL during the 2024/25 financial year to support the operational liquidity needs of the company. Furthermore, PetroSA will continue to receive support from PetroSA Ghana Limited (PGL) in the form of dividend income which will aid the liquidity of PetroSA whilst enabling growth and longer-term initiatives to realise. PGL remains a viable company within the group with positive net profit of R475 million for the financial year under review.

The legislative framework governing PetroSA manufacturing, Exploration, Production licences, permits, or Rights, amongst other, compels PetroSA to decommission and rehabilitate the environment where it has carried out its operations. PetroSA is further required to determine the associated cost, make a provision, annually review the adequacy of the provision, and make adjustments where required

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47. Going concern (continued)

PetroSA has appointed an independent valuation specialist to assess and review its decommissioning liability provision. Although the dollar base cost has increased by \$75m, a change in the NPV calculation methodology ensured that the provision remains at R10 billion. As of the reporting period, approximately R3.5 billion has been ring-fenced within a dedicated entity, the PetroSA Rehabilitation Company, which was specifically established to manage the financial obligations associated with decommissioning as required by NEMA act. These ring-fenced funds are currently invested in a diversified portfolio of short-term money market instruments. The interest earned monthly is reinvested to support capital growth and enhance the fund's long-term sustainability. PetroSA acknowledges a funding shortfall of approximately R6.5 billion. In attempting to address the shortfall, the company will be investing R729 million in high yield securities with an investment firm for a period of 5 years. Following a rigorous evaluation process, the PetroSA Board approved the appointment of a Fund Manager. The appointed manager will oversee a portion of the PetroSA Rehabilitation Fund's available cash investments for a period of five (5) years, with the objective of maximizing returns while ensuring prudent risk management. PetroSA is looking at the remaining portion with the other successful fund managers and the negotiation are currently underway.

The finalisation of additional mechanisms to address the funding shortfall is contingent upon the promulgation of the updated Regulations Pertaining to the Financial Provision by the Department of Forestry, Fisheries, and the Environment (DFFE). PetroSA remains actively engaged with the DFFE throughout this regulatory review process to ensure that the updated framework supports environmental remediation requirements while preserving the strategic integrity of oil and gas exploration and production activities.

This proactive engagement reflects PetroSA's commitment to regulatory compliance, responsible corporate environment, and social responsibility to meet all financial obligations associated with decommissioning and rehabilitation.

It is important to highlight that PetroSA does not foresee the decommissioning of any existing assets within the intervening 12 months from date of approval of audited financial statements. Consequently, the related decommissioning liability is not expected to materialise in the near term.

The decommission liability required to be provided for at each balance sheet date, utilising best estimates available at the reporting date, has resulted in the company's total liabilities exceeding total assets by R10.1 billion and R8.6 billion at the Group level, rendering the company to be technically insolvent. The scenario of technical insolvency has resulted in PetroSA not be able to secure funding from financial institution.

Albeit the plans to turnaround the company, PetroSA continues to face several key strategic challenges, perpetuated by the following factors both at company and group level.

In the current financial year, PetroSA reported total comprehensive loss of R2.9 billion at Company level and ultimate R2.0 billion at Group level. The negative performance has been driven by PetroSA's inability to source hydrocarbons at required intervals and at commercially competitive prices due to lack of Letter of Credit or Trade Finance facility. In addition, the Ukraine / Russia conflict, volatility in exchange rates and global supply constraints subdued PetroSA's performance. Whilst a concerted effort to implement projects as codified in the strategic plan, by both the Board of PetroSA and management, the availability of funds and exogenous factors outlined above to progress these key projects remained a key constraint. The slow progress is evidenced by the percentage completion rate. In the current year, projects that are self-funding and sustaining have been prioritised for expeditious completion to utilise revenues to fund longer-term strategic projects:

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47. Going concern (continued)

- Indigenous gas reserves are close to depletion and reached the technical cut off point for supply to the GTL refinery in December 2020. Other efforts for gas utilisation with partners have been engaged and agreements concluded and are in the stages of evaluation. Gas trading license was obtained in April 2024 paving way for the monetisation of gas for revenue generation has been secured and term sheets currently being negotiated. Term sheets and letter of intent have been received from potential customers solidifying the monetisation of gas another key revenue generator for PetroSA. The gas commercialisation is going to be expedited as it will provide immediate revenues to the organisation.
- While the GTL Refinery has been in parked mode since December 2020, proposals are being evaluated to reinstate the refinery to full production. The PetroSA Board and Shareholder have directed management to consider all potential partners with financial and technical capacity to vigorously pursued to re-instate the GTLR.
- The GTL Refinery reinstatement project with focus on the liquids section will utilise the condensate/light crude as feedstock. Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The plan is the start the refinery using condensate as feedstock but ensuring that operation is commercially viable by increasing the processing rate i.e. 36-46kbp.

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47. Going concern (continued)

- Trading & Supply Division continues to import finished product for resale at a profit and satisfy contractual commitments. The trading of hydrocarbons has proved profitable, however not adequate to cover the high fixed cost structure of PetroSA. The main cost drivers remain being excessive demurrage cost, interest and penalties incurred in financial year 2024/25. The current financial year's demurrage has reduced owing to efficiencies by the business and will continue to be monitored closely in the current financial year for further optimisation. Working capital management initiatives implemented by management such as, some of the suppliers with extended payment terms including customer early payments afforded PetroSA an opportunity to manage costs and honour its obligations.
- While the prioritisation of payment to suppliers in relation to the available funds on monthly basis remains an ongoing assessment the entity acknowledges the exposure to possible interest and penalties that could be charged due to delayed payments; and in this regard PetroSA continuously engages suppliers for payment deferment and waivers of interest and penalties. This proactive approach has allowed PetroSA to remain a credible supplier whilst navigating the working capital management challenges.
- The GTL Refinery reinstatement project with focus on the liquids section will utilise the condensate/light crude as feedstock. Feasibility and engineering design studies will be conducted to evaluate the viability of the business case. The plan is the start the refinery using condensate as feedstock but ensuring that operation is commercially viable by increasing the processing rate i.e. 36-46kbp.
- Trading & Supply Division continues to import finished product for resale at a profit and satisfy contractual commitments. The trading of hydrocarbons has proved profitable, however not adequate to cover the high fixed cost structure of PetroSA. This is partly being of excessive demurrage costs incurred in the financial of R389 m compared to the previous year of R34 m. This demurrage inefficiency should be reduced in the 2024/25 financial year as a result of introducing of integrated planning – S&OP. Working capital management initiatives implemented by management such as, increased number of suppliers with extended payment terms including customer early payments afforded PetroSA an opportunity to manage costs and honour its obligations;
- While the prioritisation of payment to suppliers in relation to the available funds on monthly basis remains an ongoing assessment; the entity acknowledges the exposure to possible interest and penalties that could be charged due to delayed payments; and in this regard PetroSA continuously engages suppliers for payment deferment and waivers of interest and penalties. This proactive approach has allowed PetroSA to remain a credible supplier whilst navigating the working capital management challenges.
- The precarious financial position of the company is impacting negatively on the organisation's credit rating status however, PetroSA has engaged with key creditors to agree on suitable payment arrangements informed by projected sales revenues. The matter regarding funding is ongoing and has been highlighted to PetroSA Board, CEF, the Shareholder and the ultimate shareholder, DMPR.
- PetroSA remains vulnerable to exogenous factors such as fluctuations in the crude oil price including the impact of the on-going Russia-Ukraine war and volatility in foreign exchange rates.

In the circumstance a material uncertainty exists regarding the entity's ability to honour obligations as they fall due because of low cash reserves. PetroSA remains resolute in its engagements with SANPC, CEF, DMPR and Ministry to ensure that initiatives to stabilise PetroSA are expeditiously implemented under strict monitoring by the PetroSA Board and, CEF at the weekly Tri-partite War Room meetings. The 2025 – 2030 Strategy and Corporate Plan developed and approved by the Board on the 25 February 2025 and was subsequently submitted for approval by the shareholder CEF. and DMPR approved the Group's Corporate Plan and Shareholders Compact on 29 April 2025.

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47. Going concern (continued)

Whilst the GTLR is under care and maintenance mode, management is exploring initiatives to increase revenue including utilising existing tankage to increase finished product volumes and diversification of molecules for placement in the market, selling of left over condensate, entering the lubricants business and utilising funding support through a stream of dividend income from PetroSA Ghana Limited and other funding strategies.

Management's projected cash flows indicate that the company shows positive cash flows for the entire financial year 2025/2026. In addition, Management has compiled a funding strategy that when it materialises during the financial year, the company will continue with the improved positive cash flows for the financial year. The implementation of the funding plan initiatives and strategies in the corporate plan will result in the company's positive cash position ending March 2026. The budgeted cash flows assume a gradual increase in revenue targets as codified in the corporate plan at inception 1.4 billion litres in FY 2022/23 to 1,6 billion in 2023/24 and budget volumes of 1,9 billion litres in 2024/25 (with 1.1 billion litres achieved). Whilst the organisation has not achieved projected volumes in the past financial year, PetroSA is convinced that with the underlying projects and diversified portfolio of products and support from the Board, CEF, SANPC and DMPR, the company will achieve the set objectives. In the 2025/26 PetroSA will be targeting to sell 2.0 billion litres. These projections are based on management best estimates and judgement codified through a strategic initiative developed for the revenue generation to increase the volumes to achieve the targeted 2.6 billion litres in the corporate planning period.

On receipt of a Letter of Demand for ZAR1 billion with respect to exports from unlicensed depots for the period May 2015 to March 2017, PetroSA responded to SARS outlining the process undertaken for a suspension of the payment amount, which was previously denied by SARS. Subsequently, PetroSA lodged a DA96 notice with SARS, notifying the Commissioner of its intention to approach the High Court for an urgent application to interdict SARS from taking any enforcement and/or collection steps against PetroSA. In this regard, PetroSA was granted an appeal in terms of the DA 96 and the next steps are for SARS to obtain a court date to take the matter further. PetroSA joined the Minister of Finance to the proceedings, a notice of the joinder application was served on SARS' attorneys on 15 June 2022 and the Minister of Finance on 20 June 2022, respectively. The joinder application was heard as an unopposed matter on the morning of 25 August 2022. An order was granted by the Judge in terms of which the Minister of Finance has been joined as a party to the main application. SARS' attorneys filed the answering papers on 23 September 2022. PetroSA filed the replying papers on 6 March 2023. In January 2024, the high court pronounced on this matter in favour of PetroSA. The First Respondent shall pay the Applicant's costs in respect of the Petroleum Oil and Gas Corporation of South Africa (SOC) Ltd vs The Commissioner for the South African Revenue Service Case No: 21471 / 2020, such costs to include the costs of two counsel. SARS has subsequently placed the matter on appeal; therefore, the matter is still pending the appeal outcome.

As part of its broader turnaround strategy, PetroSA aims to enhance its viability and position itself to access more favourable financing terms. This, in turn, is expected to unlock new business opportunities and deliver improved profit margins

The preparation of the annual financial statements on a going concern basis is underpinned by several key decisions. notably, the shareholder, CEF appointed a service provider to coordinate the corporate planning process across all CEF Group companies. This initiative ensures strategic alignment, eliminates duplication, and reinforces mandate clarity across the group. The appointed service provider played a central role in the development of both individual and consolidated corporate plans for PetroSA, SFF, SANPC, and CEF. This integrated and collaborative planning approach enables the CEF Group of Companies to optimise the use of available funding and leverage shared skills and resources, ultimately driving groupwide efficiency and sustainable growth.

CE Group

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47. Going concern (continued)

SHORT-TERM INITIATIVES

Increased Purchase and resale of finished products

In the current financial year, PetroSA achieved a positive gross margin on the sale of finished product. Whilst PetroSA did not achieve the targeted volumes it nonetheless managed to diversify its product catalogue to the market which will continue in the foreseeable future. In the 2025/26 PetroSA will be targeting to sell 2.0 billion litres. Whilst the organisation has not achieved projected volumes in the past financial year, PetroSA is convinced that with the underlying projects and diversified portfolio of products and support from the Board, CEF, SANPC and DMPR, the company will achieve the set objectives.

PetroSA has achieved through-put status with Airport Company South Africa (ACSA) allowing the organisation to supply aviation in several airports across South Africa including OR Tambo, Chief Dawid Stuurman International Airport etc. The through put status will consequently increase aviation volumes and associated revenue.

It is further anticipated that the increase in demand is expected to continue during the planning period and the economic forecast is that South Africa needs finished product due to limited local refining capacity whilst three (3) of the existing refineries in the country are not producing for the foreseeable future.

Engagements with Lesotho and Eswatini are being aggressively pursued to increase placement of finished products in these countries. Furthermore, PetroSA through SANPC will establish Letters of Credit and or utilised cash for the procurement of finished product to achieve the budgeted volumes of 2. billion litres per annum as codified in the approved corporate plan.

PetroSA continues to explore new business opportunities for the supply of finished products, particularly with state-owned entities, which will further bolster margins. A case in point engagements is underway with, Transnet, Department of Defence (DoD), Eskom and across all Airports utilising through-put status to allow the organisation to supply aviation.

In addition, the National Energy Regulator of South Africa (NERSA) has approved and issued PetroSA with the Gas Trading licence in the month of April 2024. As such, negotiations on the gas sales agreements with potential gasoOff-takers and other customers regarding the agreements are currently underway.

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47. Going concern (continued)

Aviation Business

In alignment with PetroSA's strategic objective to establish itself as a prominent player in South Africa's aviation fuel sector, a key milestone has been achieved with the successful conclusion of throughput agreements for all regional airports managed by Airports Company South Africa (ACSA). These agreements grant PetroSA critical access to the necessary supply infrastructure across the national aviation network. On the international front, PetroSA has secured a throughput agreement at OR. Tambo International Airport (ORTIA), the country's primary aviation hub, while negotiations are actively progressing for a similar agreement at Cape Town International Airport. These developments position PetroSA to compete in jet fuel tenders issued by airlines operating across ACSA-managed airports. A robust pipeline of submitted tenders, currently pending adjudication, underscores PetroSA's continued participation in the competitive bidding landscape.

In addition to the throughput agreements, PetroSA maintains a growing portfolio of commercial engagements, including active contracts, draft agreements, and recently awarded deals. These are in various stages of execution and reflect the company's expanding footprint in the aviation fuel market. PetroSA is also pursuing new supply opportunities with AFRAA-affiliated airlines, with further updates expected on ongoing tender submissions.

The outlook for jet fuel demand remains strong, driven by increased domestic and international tourism, planned economic growth, and the continued shutdown of the country's three major refineries, which are not expected to resume production in the foreseeable future. With limited local refining capacity, South Africa is increasingly reliant on alternative sources for jet fuel supply.

In response to this dynamic landscape, PetroSA has made significant strides to position itself as a reliable and responsive supplier, aligning its strategic initiatives with the anticipated growth in aviation fuel demand throughout the planning period.

Lubricant Business

The launch of the Lubricants business marks a significant step in PetroSA's strategic objective to expand and diversify its product portfolio, in alignment with its broader product extension and market growth strategy. This initiative is aimed at mitigating concentration risk identified as a key business vulnerability due to PetroSA's current over-reliance on a single customer. The establishment of a robust downstream revenue business is key mitigating factor to alleviate customer concentration risk. As part of this strategic move, PetroSA plans to collaborate with world-class local toll blenders to ensure the manufacture of its lubricants meets the highest international quality standards. As a result of this initiative, PetroSA aims to capture a 2% share of the South African lubricants market within the first two years of operation, with a targeted increase to 5% by the end of year three, and above 17% over the next five years — congealing its position as a significant player in the downstream sector. The PetroSA Board has approved the establishment of a turnkey supplier panel, and contracts have been awarded to three suppliers for the provision of lubricants. To ensure the product's availability in the market, PetroSA initiated a focused distribution recruitment drive. As a result, PetroSA anticipate finalising agreements with nine(9) B2B distributors. Engagements are actively ongoing with additional prospective B2B partners.

CEF Group

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47. Going concern (continued)

Furthermore, negotiations with several B2C distributors are at an advanced stage. These discussions include the finalization of credit facilities and commercial terms to facilitate efficient product access within the consumer market.

Dividend income and PGL

PetroSA received dividends of R407 million (2024: 374 million) from PGL to support the operational liquidity needs of the company. PetroSA has expectations of future dividends in the ensuing year, based on revenues from PGL as the transfer to the SANPC is not anticipated in next financial year.

Contingent Assets

A discussion was undertaken with Ghana Revenue Authority (GRA) with regards to the tax assessment of \$47.9 million issued for the financial years 2014 – 2019. On 18 July 2023 a Final Audit report was issued by the GRA for an amount of US\$ 12,536,511.95 (a reduction of US \$35.4 million of the original assessment). The GRA determined that PGL was liable for US \$9,415,527.29 Branch Profit Tax (BPT). This amount was included in the final assessment of US\$12,536,511.95. PGL's stance on the imposition of BPT is that it is a breach of the stabilised tax regime of PetroSA Ghana under the Petroleum Agreements and is a violation of its contractual rights.

In the current financial year, PGL filed papers with the ICC for arbitration in February 2024 on the branch profit tax assessment. GRA has responded requesting an extension for filing of their affidavits till June 2024. PetroSA will continue to leverage PGL in the ensuing financial year. The matter is currently enrolled with the ICC and scheduled for exchange of affidavits by both parties. PGL is reaffirmed in this litigation as the recent verdict based on the similar issues posed to GRA by one of the joint venture partners was awarded to them strengthening PGL's resolve to pursue the case.

Lease and Assign of PGL to SANPC

In the ensuing year, the term sheet for Lease and Assign relating to PGL will be concluded subsequent to engagements with Government of Ghana and finalisation of PetroSA Board approvals.

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47. Going concern (continued)

Services to the CEF Group and other government entities

PetroSA has changed the modus operandi of some services departments and divisions into revenue generating units. These include Risk and Compliance and Capital Projects to offer services to the CEF Group at a cost plus premium. Agreements with the Petroleum Agency of South Africa (PASA) were entered into for the entire suite of Risk Management and Compliance services and these will remain a critical revenue stream. PetroSA is currently leasing part of the building to SFF and will continue with this arrangement including the leasing of equipment, laptops amongst others to the SANPC as revenue generating alternative measure.

Cost optimisation

PetroSA continues to maintain stringent cost-containment measures for the Group. The cost containments will continue to be implemented in the current financial year. To strengthen cost containment measures, the responsibility to manage costs has been reassigned back to cost centre holders who are to be held accountable for overspending in line with National Treasury of Irregular and Fruitless and Wasteful Expenditure read together with National Treasury Cost Containment instruction. Vigorous cash flow management and evaluation process will continue to ensure that only critical expenditure is incurred and supported by properly motivated supply chain processes. The scrutiny of expenditure is aimed at ensuring that only critical expenditures are approved at the highest levels within the organisation, being GCEO, GCFO and GCOO. These austerity cost management measures have resulted in the company incurring only business critical expenditure being supported and incurred. This is to ensure that only costs critical to maintain and support the current operating model are incurred throughout the organisation.

MEDIUM TERM INITIATIVES

Gas Trading Business in Partnership with ENH

PetroSA has as part of its broader turnaround strategy, established a Gas Trading Business, a dedicated vehicle for the State to actively participate in the trading of natural gas. This strategic initiative marks a significant step in diversifying PetroSA's energy portfolio and strengthening national energy security.

A major milestone has been the successful conclusion of a joint gas sales agreement with Mozambique's state-owned oil and gas company, Empresa Nacional de Hidrocarbonetos (ENH). PetroSA is now poised to import over two million gigajoules of natural gas annually from Mozambique via the ROMPCO pipeline. This imported gas will be marketed and resold within South Africa, enhancing domestic supply. PetroSA is actively engaging with South African industrial and commercial customers, finalising supply agreements to broaden its customer base and secure long-term offtake. These engagements are integral to reinforcing PetroSA's presence in the local gas market and supporting economic growth through reliable energy partnerships.

PetroSA secured a Gas Trading Licence from the National Energy Regulator of South Africa (NERSA) in April 2024, authorising the company to participate formally in the domestic gas market. To support the operationalisation of this initiative, PetroSA has signed a R140 million loan agreement with iGas, backed by the Central Energy Fund (CEF). The funding will serve as working capital to facilitate gas trading activities. This joint venture includes a profit-sharing mechanism with ENH, fostering government to government cooperation and shared economic benefit.

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47. Going concern (continued)

Through these concerted efforts, PetroSA is positioning itself as a key player in the regional gas value chain, contributing to energy diversification, industrial growth.

Installation of the gantry at the GTL Refinery

Furthermore, a project to enhance product delivery to the customers through the installation of the gantry at the GTL Refinery will be executed in this new financial year which will assist to move at least 40 truckloads per day compared to current capacity of only 20 - 25 truckloads per day which will assist in growing volumes in line with target volumes for the ensuing financial year.

. PetroSA has applied for funding to IDC, and an application was submitted on the 15th of April 2025. IDC is currently evaluating PetroSA's submission to which a response is expected within the next coming months. The basic engineering has been completed, and once funding is available, the team will start with detailed engineering.

In pursuit of this goal, the PetroSA Board has approved the prefeasibility phase, thereby initiating the transition toward a full Technical Feasibility Study. Concurrently, active engagements are underway with prospective funding partners who have expressed interest in collaborating with PetroSA to transform currently stranded tail gas into a reliable and sustainable energy source. Discussions are also ongoing with identified off-takers to support the utilisation of tail gas extracted via the FA production platform. Two primary commercialisation pathways are being evaluated: the direct supply of gas to Eskom's existing Gourikwa Power Station, or for new infrastructure to be put in place by an independent power generators. Project Alpha positions PetroSA to become a meaningful contributor to base-load power through gas-fired generation.

Additionally, discussions are underway with TotalEnergies regarding gas supply from Block 11B/12B for potential long- term gas-to-power projects, with negotiations ongoing with gas off takers participating in the Gas Independent Power Producer Procurement Programme (IPPPP).

LONG-TERM INITIATIVES

Reinstatement of GTLR

PetroSA is mandated to undertake the reinstatement of the refinery, a key component of the company's broader long-term strategic initiative which is vigorously being pursued by the organisation. The partnership has not yielded the desired results, and performance was less than expected. To remediate and progress with the reinstatement of the GTLR, PetroSA is pursuing an alternative solution for the reinstatement of the GTLR. The alternative solution is currently being canvassed with the Shareholder (CEF) and ultimate Shareholder, DMPR as the directive to reinstate was a cabinet resolution.

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47. Going concern (continued)

Furthermore, with the recent multibillion barrels oil discoveries in Namibia, a number of international companies have approached PetroSA to partner with in the west coast blocks. PetroSA will therefore consider another partnership process to capitalise on the renewed interest in its assets.

Through this B2B initiative, PetroSA has managed to secure and land Blended Unleaded Petrol (ULP)95 in its Gas-to- Liquid (GTL) Refinery in Mossel Bay affording the opportunity to once again offer a product mix / combo to its customers. To endorse this initiative the Shareholder, CEF, has resolved to support PetroSA with a contribution of R150 million as part the contribution for the components of the blended ULP95. Furthermore, a project to enhance product delivery to the customers through the installation of the gantry at the GTL Refinery will be executed in the new financial year which will assist to move at least 40 truckloads per day compared to current capacity of only 20 - 25 truckloads per day which will assist in growing volumes in line with target volumes for the ensuing financial year.

While this initiative gradually unfolds, the trading, gas sales, aviation, lubricants, and PGL business will continue to be primary sources of revenue for the company. Furthermore, with the recent multibillion barrels oil discoveries in Namibia, several international companies have approached PetroSA to partner with in the west coast blocks for additional gas to serve as feedstock for GTLR.

Gas Trading

PetroSA's turnaround strategy includes the establishment of a Gas Trading Business, serving as a vehicle for the state to trade gas. The joint gas sales agreement between PetroSA and Mozambique's state-owned energy exploration and production company, Empresa Nacional de Hidrocarbonetos (ENH), has been successfully concluded. Consequently, PetroSA has secured a Gas Trading License from NERSA in April 2024. PetroSA is set to import over two (2) million gigajoules of gas annually from Mozambique via the ROMPCO pipeline, which will then be resold within the South African market. Additionally, PetroSA is engaging with local South African companies for gas supply and is finalizing agreements with potential customers ready to partner with the company. These collaborations are aimed at bolstering PetroSA's market presence and enlarging its customer base in South Africa.

Block 11B/12B

PetroSA will therefore consider another partnership process to capitalize on the renewed interest in its assets. In the discoveries on 11B/12B wherein large quantities of gas were discovered, PetroSA has since signed NDA with the only remaining partner to explore how this gas will be monetized. The aim is to assess the development strategies between Block 11B/12B and subsea pipeline to the FA Platform.

Block 2C

For one asset (Exploration Right 248 – Block 2C) a farm-out agreement was signed and completion of the farm-out is expected before March 2026. This farmout will allow PetroSA to remain active in upstream activities whilst the “state free carry” envisaged in the UPRD Bill, has undergone Parliamentary approval processes and is with the President for assent. The farm-out process will be completed and finalised once the conditions per the signed farm-out agreement are fulfilled.

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47. Going concern (continued)

Block 5/6/7

Increase equity through pre-emption – PGL.

PetroSA Ghana Limited issued its counteroffer notification of pre-emption in respect of the sale of the total shareholding in the Jubilee Oil Holdings Limited (JOHL) Company and Anadarko WCTP Company in relation to Deepwater Tano Joint Operating Agreement (DWT JOA) to acquire the Participating Interest. Due to contractual agreements and delays in receiving the approvals from the Ghanaian authorities the Anadarko WCTP Company (Kosmos transaction) fell through. Furthermore, conversations to close and finalise the JOHL portion with the Minister of Energy in Ghana continues as this will provide an additional equity that is available on this investment. This pre-emption acquisition will provide an opportunity to increase revenue and cash to allow further liquidity support to PetroSA. In addition, concurrence with shareholder - CEF has been obtained. Management is currently awaiting final approvals of section 54 of the PFMA from the Ministry of Mineral Resources and Energy. The Hon Minister of Mineral and Petroleum Resources (DMPR) has also provided full and unequivocal support to pursue the transaction. The support offered is to the extent of engaging all avenues including litigation. In this regard, PGL has appointed Keystone – Law Attorneys to file papers at the London, ICC. This Request for Arbitration is submitted on behalf of PetroSA Ghana Limited (hereinafter “PGL” or the “Claimant”) pursuant to Article 4 of the Rules of Arbitration of the International Chamber of Commerce in force as from 1 January 2021 (the “ICC Rules”). Utilising current equity holding, PetroSA Ghana would have received between 2.95% and 6.57% maximum additional equity in DWT Block. Maximum interest includes the full 5.95% interest that was allocated to Jubilee Oil Holdings Limited (JOHL). This will in effect translate to higher revenues and consequently increased dividends repatriation to the to the shareholder. The determinant behind this legal pursuit is to ensure that both RSA and PetroSA Ghana SOC Limited is not unwittingly short-changed for the rightful pre-emption of its interest. In the year ahead, PGL has engaged DMPR and appointed Law Attorneys – Keystone to confirm prescription period of the matter.

Impact

Although PetroSA made a loss in 2024/25, with insight and deep dive into the analysis of the drivers of this loss, chief amongst them identified were inefficiencies in our business e.g. demurrage cost, interest payments, traders' insurance cost included in the cost of product purchase, inability to secure LCs inadvertently affecting the cost of product and DAS. The measures defined supra demonstrates the company's resolve to deal with this issue and consequently remains a going concern.

Management acknowledges that material uncertainties remain over the PetroSA group's ability to continue to operate as a going concern due to liquidity constraints. In considering the uncertainties described above, and weighing these against interventions by the shareholder, the board, newly formed SANPC to assist PetroSA with cost relief measures, i.e. salaries of the 208 employees transferred and funding of cargoes through LCs and / or cash from the refiners and management has a reasonable expectation that the PetroSA group has adequate financial resources and support from both the shareholder and the Executive Authority in the execution of the initiatives per the corporate plan to continue operations into the foreseeable future and therefore continues to adopt the going concern basis of accounting to prepare the annual financial statements.

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Going concern

Conclusion

The consolidated 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.

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors have satisfied is that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the group. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

It should be noted that the uncertainties identified within the PetroSA group have been appropriately reflected in the Group's overall financial performance. Management remains confident that the Group will continue to operate as a going concern for the foreseeable future and can meet its short-term obligations for the next twelve months.

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48. Events after the reporting period

AEMFC

Burning Inventory

As at 31 March 2025, a portion of coal inventory was affected by spontaneous combustion, and an estimated loss was recognised in the financial statements for the year then ended. After year end, the combustion continued to progress, resulting in additional inventory losses amounting to R2,640,734.04. These additional losses relate to the continued burning beyond the reporting date and will be accounted for in the subsequent financial period.

Shareholder Support

On 25 July 2025, the shareholder of the company, Central Energy Fund SOC Ltd (CEF), passed a special board resolution authorising financial assistance to African Exploration Mining and Finance Corporation SOC Ltd (AEMFC), its wholly-owned subsidiary. The resolution approved an initial loan amount of R111.5 million and further committed to providing financial support to AEMFC for as long as such support is required.

CEF SOC

The South African Gas Development Company (iGAS), a subsidiary of CEF declared and paid dividends amounting to R448 million to CEF. The South African National Petroleum Company (SANPC), a subsidiary of CEF, started operating from the 1 May 2025. SANPC emerged out of the merger of three of CEF subsidiaries, being Igas, Petrosa, and SFF.

The Board resolved in May 2025 to ratify its initial decision to house the operations of SAPREF in CEF Trading (Pty) Ltd.

PASA

Effective from 30 June 2024, following the 2024 Proclamation on the National Macro Organisation of Government by the President, the Department of Mineral Resources and Energy (DMRE) has been reconfigured in line with Section 7(5)(a) of the Public Service Act, 1994, as amended. This configuration has resulted in the establishment of: Department of Mineral and Petroleum Resources (DMPR) – Responsible for minerals and petroleum resource management. Department of Electricity and Energy – Driving electricity supply and energy security for the nation.

PetroSA

Director M Fusi resigned on 14 May 2025.

On 20 June 2020, Cabinet approved the planned appointment of a restructuring company to merge PetroSA, the Strategic Fuel Fund (SFF) and the South African Gas Development Company SOC Limited (iGas) into one National Petroleum Company. The lease and assign method to transfer assets to the SANPC and the key mandate for SANPC to assist PetroSA to revitalise the GTLR remains at the centre of the corporate strategy for SANPC. With effect from May 2025, 208 employees of PetroSA were transferred to SANPC, allowing PetroSA to save an estimated amount of R248 million per annum on the salary cost line item. This arrangement followed a S197 of LRA process which was endorsed by the organised labour unions. With this saving being made a permanent to PetroSA, it will allow PetroSA a breathing apparatus to focus on returning PetroSA to profitability.

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48. Events after the reporting period (continued)

ADJUSTING

DAS - Engen Purchase

On 7 May 2025, Webber Wentzel issued PetroSA with a Letter of Demand for the DAS amount of R17 million and the interest of R6.3 million. PetroSA responded to Engen by 21 May 2025 with the assistance of their legal representative Cliffe Dekker.

The two parties reached a settlement agreement of R8.6 million being the 50% of the capital claim of R17.3 million excluding interest on the 14 July 2025.

IGAS

Subsequent to year end, the iGas Board declared a dividend to its shareholder, CEF SOC Ltd, of R448 million based on the positive cash, solvency and liquidity position as at year-end.

CEF TRADING

On 4 June 2025, we have received a formal claim concerning the rights obtained by CEF Trading pertaining to the crude oil included in the assets acquired as part of the refinery purchase prior to 28 February 2025. The crude oil was recognized as inventory in the CEF Trading's financial statements at a value of R443 million. A detailed assessment of the claim is underway.

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49. Fruitless and Wasteful expenditure

Incurred during the year	9,477	12,045
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2025:

Prepayment of R29 000.00 thousand relates to the duplication of payments of service provider (AEMFC).

Payments of R268 000 thousand relates to the interest charged on late payment on SARS and interest overdrawn on bank account (CEF)

Payment of R100 000 thousand related to WEGO penalty charge by Transnet National Ports Authority (SFF).

Payment relates to interest charge on late payments of PAYE of R81 000 thousand (iGAS).

Expenditure on payment of R3.8 million relates to Flow gear tool subscription and DMRE fine (PetroSA).

2024:

Prepayment of R11.016 million was not recoverable as well as excess expenditure not allowed. (AEMFC).

Travel costs of R29 000 was incurred (CEF) relating to no-shows.

Travel costs of R16 000 was incurred (SFF) relating to no-shows.

Purchase of fuel in spot market at a premium above the contracted price was reimbursed to the sourcing agent with an amount of R984 000 (PetroSA).

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50. Irregular expenditure

Incurred during the year	1,652,108	849,615
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2025:

PetroSA had financial constraints, and was unable to pay Duty at Source for SARS on a timely basis resulting in penalties & interest of R365 million.

The acceptance of a late bid for product worth R590 million was a deviation from process which was not communicated, appropriately approved and condoned prior to payment. The entity did not suffer any loss.

CEF incurred R48 000 relates to payments that were paid for services rendered after the contract has lapsed.

SFF incurred R564 million relates to the tender issued in January 2025 relating to the supply of diesel to ESKOM were it did not comply with the Preferential Procurement Policy Framework Act (PPPPFA). A further R10.9 million was identified during the external audit whereby R10.354m relates to non-compliance on PPR 2022, R632 000 relates to non-compliance on the competitive bidding process.

PASA incurred irregular due to the travel management tender awarded in 2021 not complying with instruction note 4 of 2016/17. The successful bidder had been a previous service provider of the travel management service. According to the instruction note, certain information that was crucial for the tender process was omitted from the tender documents. This information, relating to transaction volumes, was only accessible to the successful bidder due to their previous records. The other bidders did not have access to this information despite the instruction note requiring them to have it. The lack of dissemination of this information made the process unfair. None of the bidders, including those who attended, had access to or were provided with such information, which rendered the process irregular.

AEMFC, incurred irregular expenditure amounting to R113.7 million..

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2024

PetroSA had financial constraints, and was unable to pay Duty at Source for SARS on a timely basis resulting in penalties & interest of R357 million.

Supplier with invalid tax certificate, to the value of R32.1 million, resulted in none compliance with Supply Chain Management legislation.

CEF incurred R86 000 relates to payments that were paid for services rendered after the contract has lapsed.

SFF incurred R4.9 million relating to contravention of supply chain processes below:

The Preferential Procurement Regulations (PPR), 2022 were not applied to transactions below R30,000 as based on training received on the PPR, SFF was advised that it could set its own thresholds in relation to application of the PPR. Based on subsequent follow up with National Treasury it was confirmed that there is no threshold applicable any longer.

After the changes to the PPR, SFF revised its SCM policy to include specific goals. The policy was approved by the SFF Board in February 2023 and adopted during the same month. In this policy, SFF included various specific goals as allowed but included the BBBEE level contributor as a specific goal as well since it was left to the entity to determine its specific goals. The Implementation guide issued by National Treasury was only issued months after the regulations came into effect and after the policy was approved. The implementation was also a guide and the view from SFF was the BBBEE level could be included as a specific goal and not in conflict with the PPPFA or PPR, 2022. This amounted to R4.5m.

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50. Irregular expenditure (continued)

An instance of irregular expenditure was identified during the audit whereby a request for quotation went to market for a maintenance related activity. Fourteen quotes were received but only three quotes were evaluated resulting in irregular expenditure of R322 000. The award was not to the highest ranked bidder and resulted in noncompliance to S57(b) of the PFMA.

PASA incurred R5.6 million relating to contravention of supply chain processes.

The travel management tender awarded in 2021 did not comply with instruction note 4 of 2016/17. The successful bidder had been a previous service provider of the travel management service. According to the instruction note, certain information that was crucial for the tender process was omitted from the tender documents. This information, relating to transaction volumes, was only accessible to the successful bidder due to their previous records. The other bidders did not have access to this information despite the instruction note requiring them to have it. The lack of dissemination of this information made the process unfair. None of the bidders, including those who attended, had access to or were provided with such information, which rendered the process irregular.

AEMFC incurred R415.9 million relating to contravention of supply chain processes.

irregular expenditure relating to deviations for essential coal insourcing contracts. The AEMFC Board was satisfied that no fraudulent activity was related to these contracts and the necessary steps were taken to mitigate similar challenges in the future.