



enX Group Limited

Incorporated in the Republic of South Africa Registration number: 2001/029771/06 JSE share code: ENX ISIN: ZAE000222253 JSE main board: Industrial general Listing date: 1 February 2007 ("enX" or "the company" or "the group")

enX Group Limited, including its consolidated subsidiaries ("the group"), is an industrial group listed on the JSE. enX is a manufacturer and distributor of lubricants and a distributor of quality branded power equipment and chemical products to a wide range of economic sectors in South Africa and Sub-Saharan Africa. During the year the group also provided integrated fleet management solutions through its discontinued operation.

# Navigation

The following icons have been used throughout the report for ease of navigation and referencing.

Read more in this report



Read more online on www.enxgroup.co.za

#### Our capitals

Our relevance as a business depends on how we effectively utilise the various capitals available to us and the impact we make by leveraging our business strategy against these capitals.



#### **Financial**

Cash resources, bank funding, equity, trade credit lines



#### Natural

Water, electricity, fuel



#### Social

Relationships and supply



#### Manufactured

Industrial equipment, rental and leasing fleets, warehousing, lubricants blending



#### Human

Product and technical skills



#### Intellectual

Technical, supply chain skills, strategy and culture

# Our stakeholders

The board encourages pro-active engagement with the large number of groups and individuals who are affected by our activities, services and products. Management continues to align stakeholder expectations with those of the group.



Business relationships







Financial and capital providers



# Our principles



King IV™



JSE Listings Requirements



Companies Act





Task Force on Climaterelated Financial



Global Reporting Initiative Standards



United Nations Global Compact



B-BBEE Act

# Our SDG priorities

The following highlighted UN Sustainable Developments Goals have been identified as the most relevant to our business and operations.







































#### 03 Performance

**CONTENTS** 

01 About this report

02 Our group

creation.

are available at www.enxgroup.co.za.

Overview of the group's and its segments activities and its financial position and performance.

Our integrated report aims to provide a holistic assessment

of our performance and activities during 2023 and enable our

stakeholders to make an informed assessment of our value

creation over the short, medium and long-term. Our annual financial statements and shareholder information reports

Overview of the group segments, our journey and highlights,

purpose, leadership and strategy for long-term value

#### 04 Accountability

Overview of how ethical leadership and good governance support value creation for all stakeholders, whilst aligning remuneration to performance outcomes.

# 05 Acting sustainably

#### 06 General

The definitions included in the Glossary of terms apply throughout the report.

About this report

ACCOUNTABILITY

Our reporting universe

ACTING

- Our six capitals
- Our group segments
- 9 Our journey
- 10 Our core values
- 10 Our purpose and building blocks
- 10 Our custodianship
- 11 Our strategic priorities
- 12 Our journey and key focus areas 2020-2023
- Segmental performance at a glance
- Directorate
- 16 Our integrated risk model and top of mind issues
- 25 Chief Executive and Chairperson's report
- Chief Financial Officer's report
- Segmental and business unit reviews
- 37 Five-year review
- 41 Corporate governance
- Corporate governance statement
- Risk management
- Remuneration report
- Social and ethics committee report
- Engaging with stakeholders
- Environmental, social and governance overview
- 78 Our people
- 83 Glossary of terms
- IBC Administration



01

About this report
Our reporting universe

3 5



# **ABOUT THIS REPORT**

The enX Group Limited and its consolidated subsidiaries' ("the group") integrated report provides a holistic assessment of the group's ability to create and sustain value for its stakeholders. It assesses strategy, risks and opportunities, financial performance, operational and sustainability material priorities.

THE GROUP REPORTS THROUGH ITS SEGMENTS: ENX POWER (NEW WAY POWER), ENX LUBRICANTS (AG LUBRICANTS AND ZESTCOR), ENX CHEMICALS (WEST AFRICAN GROUP) AND DISCONTINUED OPERATION (ENX FLEET). EACH BUSINESS IS BY-AND-LARGE MANAGED AUTONOMOUSLY.

#### Reporting period

Our 2023 integrated report ("IAR") covers the businesses over which the group has control for the period 1 September 2022 to 31 August 2023, including subsidiaries and associates. The report also covers the risks, opportunities, stakeholder concerns and outcomes beyond the financial reporting boundary insofar as they materially affect the group's ability to create value in the short to long term.

#### Material events

#### Discontinued operation- enX Fleet

Shareholders are referred to the SENS announcement dated 13 June 2023, advising that enX is in discussions regarding a potential divestment by enX of its interest in Eqstra Investment Holdings Proprietary Limited.

At 31 August 2023 management is of the view that, based on progress to date, the group met the IFRS 5 criteria to classify the operation as disposal group held for sale and discontinued operation. If concluded this will be a category 1 transaction per JSE Listings Regulations and will require shareholder approval.

#### Segments

The classification as disposal group held for sale and discontinued operation resulted in the segments being renamed as:

- enX Power (comprising New Way Power and Power 02);
- enX Lubricants (comprising AG Lubricants, Centlude and 37% of our associate Zestcor);
- enX Chemicals (comprising West African Group (WAG) and WAG Chemicals); and
- Discontinued operation enX Fleet (comprising Eqstra and Kynite)

# Scope and boundary

We report on the primary activities of the group, our business segments and subsidiaries in our South African and African operations.

Our integrated report extends beyond financial reporting and includes non-financial performance, opportunities, risks, strategy, environmental, societal and governance matters.

The report is primarily targeted at current shareholders and potential investors in the group, but also covers areas of interest to other stakeholders such as suppliers, employees, customers, government and communities, which may be impacted by the group's operations.

The group uses its capitals, namely financial, social, human, natural, manufactured and intellectual, to achieve its strategic goals. These capitals are reported on primarily in our segmental reports and sustainability reports.

#### Coordinated assurances

enX's coordinated assurance model integrates and aligns risk, audit and compliance functions and assurance activities. This enables an effective internal control environment across the group with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making and reporting to external stakeholders.

The AFS have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. Certain financial information contained within the extracts of the summarised financial information has been extracted from the audited consolidated and separate financial statements for the year ended 31 August 2023, but is not audited.

Non-financial assurances include B-BBEE verifications, product quality reviews and ISO accreditations. At present the sustainability information is not independently assured. External assurance will be considered as and when necessary.

# Governance and ESG reporting frameworks

We have integrated our governance, environmental, societal and risk management principles, practices and outcomes throughout our integrated report. Specific board committee reports are incorporated into the relevant sections.

Our integrated reporting is guided by the principles and requirements of the Integrated Reporting Framework, IFRS and King IV $^{\text{TM}}$ , and is in line with the 'core' option of the GRI Standards. As a company listed on the JSE, we align with the JSE Listings Requirements and the South African Companies Act, 71 of 2008. We have also considered the disclosure recommendations of the TCFD and the JSE's Sustainability and Climate Disclosure Guidance.

# **ABOUT THIS REPORT** (continued)

## Responsibility statement and review

The audit and risk committee ("ARC") and the board acknowledge their responsibility to ensure the integrity of this IAR. The report has been reviewed by ARC, the board, company secretary and JSE sponsor. The AFS for the year ended 31 August 2023, of which a summary is included in this IAR, have been audited by external auditors. KPMG Inc.

The 2023 IAR was prepared from executives and board discussions, minutes, business strategies, decisions and approvals as well as internal and external reporting information requirements of the Integrated Reporting Framework. Divisional and group executives and board members contributed to the content and were involved in the various approval processes. The board provides final approval of the report and the ARC (as delegated by the board) provides final sign-off for publication

The board acknowledges its responsibility of ensuring the integrity of this integrated report. In the board's opinion this report addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of enX Group. The board is confident that the report was prepared in accordance with the Integrated Reporting Framework.

# Materiality

The IAR is intended to provide insight into issues identified as the most relevant and material to enX and its stakeholder groups that could potentially impact the group as a going concern. This report focuses particularly on those issues, opportunities and risks that impact materially on our six capitals and our ability to be a sustainable business that creates value for all stakeholders over the medium to

We believe that in order to create sustained value for our shareholders we need to look beyond short-term returns. We aim to incorporate this thinking throughout the report and in our everyday business. Identifying our material matters is a groupwide responsibility and requires input from our segments, an assessment of the risks and opportunities in our operating environment, and input and feedback from our various stakeholders. Divisional executives and the board continuously deliberate on these material matters during their meetings and the group's strategy process before approving them as part of the annual business planning process.

The board, specifically the ARC and the Social and ethics committee, play a central role in the determination of material risks as well as opportunities that may arise, and further detail pertaining to these risks and opportunities appears on pages 16 to 23 of this report.

#### Forward-looking statements

This report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at 31 August 2023. Actual results may differ materially from the group's expectations if known and unknown risk or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements.

The group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or

Andrew Hannington Khati Mokhobo Chief Executive Officer Chief Financial Officer On behalf of ARC

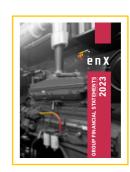
1 December 2023

# **OUR REPORTING UNIVERSE**

#### Integrated Report

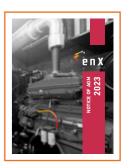


The 2023 enX Group Integrated Report ("IAR") covers the businesses over which the group has control for the period 1 September 2022 to 31 August 2023, including subsidiaries and associates. The report provides a holistic yet concise read of how the group creates value while minimising the risk of value erosion over the short, medium and long term, in line with the International Integrated Reporting Framework. The report covers governance, risks, ESG and remuneration disclosures. The report is of interest to shareholders, prospective investors, ESG rating agencies, clients, employees, regulators, suppliers and members of



The 2023 financial statements provides information relating to the consolidated and separate financial position, performance and cash flows can be used to assess the group's and company's financial performance and strength. The report is of interest primarily to enX's equity investors, regulators and various other stakeholders.

#### Shareholder **Information Report**



The shareholder information report, which includes the summarised financial information, notice of AGM and form of proxy, provides valuable information to shareholders who want to participate in the group's upcoming AGM on 3 April 2024.

#### Key regulatory and reporting frameworks













frameworks

#### Key regulatory and reporting Key regulatory and reporting frameworks





#### **FEEDBACK**

We welcome your feedback on this report. Please email your comments to info@enxgroup.co.za.

The reporting universe is available on our website: www.enxgroup.co.za

# 02

Our six capitals	7
Our group segments	8
Our journey	9
Our core values	10
Our purpose and building blocks	10
Our custodianship	10
Our strategic priorities	11
Our journey and key focus areas 2020-2023	12
Segmental performance at a glance	13
Directorate	14
Our integrated risk model and top of mind issues	16



# **OUR SIX CAPITALS**



#### HUMAN

determines the capacity of our group to accomplish its goals and to provide a safe working environment while providing equal opportunities in an inclusive organisation enX employs 684 people, representing a rich and diverse human capital base that provides the skills, competencies, capabilities and experience that ensure the growth and sustainability of our segments to deliver on strategy and create value to all stakeholders. Ensuring people's health and safety while investing in their professional and personal growth is imperative to the way we do business

R8.5m

DIVERSITY MATRIX IMPROVED



#### **SOCIAL**

to create a compassionate environment for operations, attending to the needs of our stakeholders and deliver on our commitments Our stakeholders include our customers, employees, financiers, investors, communities, suppliers, and regulators. enX is committed to fair and ethical treatment of all our stakeholders, taking into account its legal, ethical and economic responsibilities

SD, ED AND SED SPEND R13m



## NATURAL

is an input to the production of an organisation's products and the provision of services enX conducts its business with respect to the environment and use natural resources responsibly. We support and encourage minimising and recycling of waste and environmentally responsible management of used oil

ISO 9001 ISO 14001 ISO 45001



#### FINANCIAL

is the pool of funds, obtained through shareholder funding, financing and generated through its operations that are available to enX for use in the provision of services and product This capital reflects how successful enX has been at rewarding shareholders and funders for their capital investment while achieving sustainable development of its environmental, human, social and manufactured capitals. enX continues to improve financial stability, effectively manage risk and improve corporate governance structures

**TOTAL HEPS** 

163 cents per share (2022: 127cps)

NAV

**R13.91** per share (2022: R12.22 per share)



#### MANUFACTURED

is the investment in people, property, infrastructure, buildings, plant, machines, equipment and tools that is required to deliver product and services whilst considering our impact on the environment

enX only imports/purchases products from highly regarded manufacturers and our blending products adhere to ExxonMobil quality requirements INVESTMENT IN MANUFACTURING PLANT R98m

LABORATORY DPIM AND QP&G COMPLIANT



#### INTELLECTUAL

consists of our proprietary and intellectual licensed software, Kynite, which supports our competitive advantage, together with skilled and experienced staff The knowledge and experience of our people expertly manage to provide customer specific solutions to the diverse interests of our customers. This ensures high retention of customers

IT MODERNISATION PROGRAMME (D365) COMMENCED

ISO 27001

# **OUR GROUP SEGMENTS**

enX is a manufacturer and distributor of lubricants and quality branded power equipment and chemicals.

enX is organised as follows:



#### **LUBRICANTS**





AG Lubricants through African Group Lubricants ("AGL") produces and markets oil lubricants and greases and is the sole distributor of ExxonMobil lubricants (excluding marine and aviation) and Quaker Houghton International's advanced fluids solutions and services. Included in the segment is our 37% investment in associate, Zestcor.



#### **CHEMICALS**



West African Group ("WAG") imports, stores and distributes plastics, polymers, rubber and specialty chemicals as well as conveyor belting, steel cord and conveyer belting fabric. It is the sole

distributor of ExxonMobil

chemicals in South Africa.



# **POWER**



New Way Power designs, manufactures, installs and maintains diesel generators as well as provides temporary power through New Way Rentals. The business also distributes a range of industrial engines and components through Power 02. The business also offers cleaner power through solar hybrid and grid alternatives.



#### DISCONTINUED **OPERATION**

# **EQSTRA** Q



KYNITE

Eqstra provides a full spectrum of passenger including leasing, fleet management, outsourcing solutions, maintenance, warranty management and vehicle tracking solutions. Included in Eqstra, is Kynite, a Software-as-a-Service ("SaaS") solution which manages the full spectrum of vehicle services with external customers making



commercial vehicle services use of this offering.

#### Group revenue



# **HEADCOUNT** 128

2022: 131

**AG LUBRICANTS** OPERATES IN SOUTH AFRICA (JOHANNESBURG, CAPE TOWN AND DURBAN), DEMOCRATIC REPUBLIC OF CONGO AND ZAMBIA

#### Group revenue



# **HEADCOUNT** 46

2022: 46

WAG OPERATES IN SOUTH AFRICA (JOHANNESBURG, CAPE TOWN AND DURBAN)

#### Group revenue



# **HEADCOUNT** 204

2022: 181

**NEW WAY POWER** OPERATES IN SOUTH AFRICA (JOHANNESBURG, CAPE TOWN AND DURBAN)

#### Group revenue

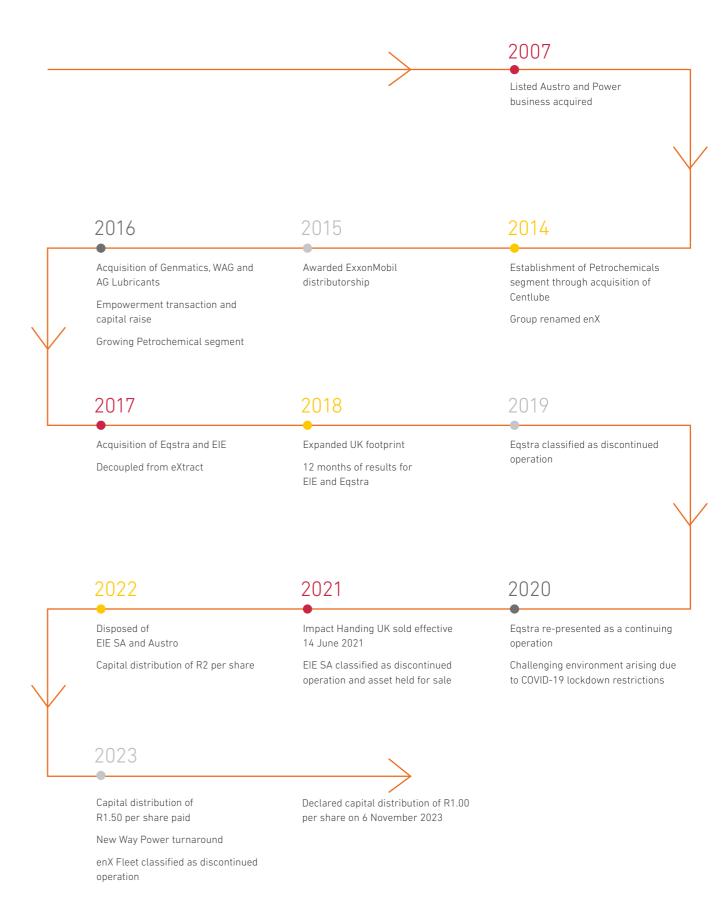


# **HEADCOUNT** 298

2022: 387

**EQSTRA** OPERATES IN SOUTH AFRICA (JOHANNESBURG, CAPE TOWN AND DURBAN), BOTSWANA AND NAMIBIA

# **OUR JOURNEY**



# **OUR CORE VALUES**



knowledge











Challenge the way it's always been done

# **OUR PURPOSE**

enX strives to be a manufacturer and distributor of lubricants and a distributor of quality branded power and chemicals products which create compelling value for our customers and partners whilst delivering sustainable returns that exceed expectations of all our

During the year we also delivered value by providing integrated fleet management solutions to customers.

## **OUR BUILDING BLOCKS**

- Quality branded products
- · Stock on ground
- · Nationwide distribution
- Sustainable returns

#### Currency matching

- Technical expertise
- Local manufacturing (Lubricants and Power)
- · Exceed stakeholder expectations
- Good governance

# Our custodianship

















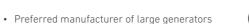




# **OUR STRATEGIC PRIORITIES**

# Operating efficiencies

• Cost effective blending plant, delivering highest quality of product at competitive prices



- Preferred provider of polymers, rubber, fillers and specialised chemicals
- · First class fleet provider with diverse suite of products catering from cradle to grave with emphasis on customer services





# Technology

• Enhancements using technology solutions to create value for customers and cost reduction for both customer and enX



· Invest in system modernisation



• New laboratory equipment at AG Lubricants and improved plant facilities

Sustainable

· Reach optimal gearing level with funding

and sufficient headroom to support growth

• Disposal of businesses to ensure business units

are with best fit owners to ensure long term

investment case

provider to achieve sustainable capital structure





· Leasing unitary growth combined with strategic VAPS products to drive improvement of earnings and unrivalled value to customer





· Expand own blending plant facility





• Right sizing operations or exit under-performing businesses/contracts/operations

sustainability and growth



• Develop and empower leaders, with a strong focus on transformation and succession

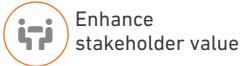


Manage environmental and social impacts









· Maintain a strong balance sheet and liquidity to fund working capital



• Deliver strong profit margins and cash flows



 Provide our employees with career growth opportunities and a safe, rewarding and fair working environment



· Invest in and support the communities we

operate in

• Invest in off-grid power solutions and boreholes





# **Bold plays**

• Global VAPS and fleet support solutions



 Potential asset light solutions through support service offering



 Continual growth mindset identifying opportunities for inorganic growth through acquisitions



# **OUR JOURNEY AND KEY FOCUS AREAS** 2020 - 2023

#### 2020

Refinancing of EIE SA, Egstra, enX Trading during COVID-19

Bond programme repaid

#### 2020/1

Effectively managed the business through the COVID-19 pandemic

#### 2020-2023

Significantly reduced gearing from 208% down to around 30%, and extended maturities of debt

Maintained B-BBEE level 4 contributor at group and level 3 at operational levels

Robust performance across all business units, HEPS improved from -22.1 cps to 163 cps after a R3.50 special distribution to shareholders

PAT improved from loss of R513 million to profit of R323 million

Cash and investments allocated to the highest returning business

#### 2021

Disposal of Impact Handling (UK) for £33 million

Secure a six-year supply and distribution agreement with ExxonMobil

#### 2021-2022

R350 million from proceeds from sales of businesses and R287 million from vehicle disposals arising from Clover contract termination used to reduce debt. Rebased funding rate within Eqstra lowering cost of finance

#### 2021-2023

Focus on optimising areas under our control

Doing the basics well and reducing complexities

Continued focused decentralised management teams, empowering business unit leaders with group assistance to improve efficiencies

#### 2022

Disposal of EIE SA for R700 million

Two distributions to shareholders declared amounting to R3.50 per share (R637 million)

Wind down (with cash generation of R33 million) and disposal of Austro

Embarked on a strategy to optimise and commercialising Kynite

Implemented a transaction between AG Lubricant and Abakhulu to secure base oil supply

Effectively dealt with the termination of the underperforming Clover contract

#### 2023

New Way Power turnaround

Acquisition of CERA plant and adjacent property

Extended Egstra debt maturing on two facilities by

enX Trading Investment refinancing around R370 million and dedicated financing secured for WAG, AG Lubricants and New Way Power

Classified Eqstra as asset held for sale and discontinued operation

Declare post year end distribution of R1.00 per share

# SEGMENTAL PERFORMANCE AT A GLANCE



enX

**POWER** 

REVENUE

2022: R397m

R98m

2022: R14m

**EBIT** 

R683m

enX

enX

# DISCONTINUED **OPERATION**



enX **FLEET** 

REVENUE

2022: R2 226m

2022: R1 168m

**EBIT** 2022: R61m

**PBT** R101m

2022: R10m

**INVENTORIES** R202m 2022: R136m



REVENUE R1 686m

**LUBRICANTS** 

R106m

PBT R96m 2022: R73m

**INVENTORIES** R333m 2022: R298m



REVENUE R1 870m

**CHEMICALS** 

2022: R1 798m

**EBIT** R98m 2022: R101 m

**PBT** R85m 2022: R92m

**INVENTORIES** R332m 2022: R388m

**EBIT** R306m

R1 755m

2022: R244m

R164m

2022: R140m

**LEASING ASSETS** R2 615m

2022: R2 350m



12 | enX Group INTEGRATED REPORT 2023

# **DIRECTORATE**

#### **Executive directors**



Andrew Hannington (67

Group chief executive officer (CEO) Appointed: 3 July 2020

#### Robert Lumb (53)

Group chief financial officer (CFO)

Appointed: 1 March 2020

#### Skills and experience:

Andrew was appointed director on 3 July 2020 and has servedas group CEO since 13 August 2020. He is also a non-executive director of Texton Property Fund Limited. He was previously CEO of Grant Thornton Johannesburg (registered auditors) and prior to that CEO and National chairman of PKF (registered auditors). He is a member of the South African Institute of Chartered Accountants and the Institute of Directors, During his career in the auditing and accounting profession he acted as the reporting accountant on several JSE listings.

#### % ownership in enX:

Indirectly holds 6.0% of enX shares

#### Skills and experience:

Robert serves as CFO of the enX Group. He previously served as CFO of Interwaste Holdings Limited after a long career within the Barloworld Group. He has a Bachelor of Commerce and Post Graduate Diploma in Accounting, is a CA(SA) and an FCMA. He has around 30 years of financial management experience in South Africa and the UK in several sectors including construction, FMCG, banking, IT, manufacturing, automotive. logistics and waste management.

#### % ownership in enX: Directly holds 0.1% of

enX shares

# Non-executive directors



#### Paul Baloyi 65

Chair of the board and Nomination MBA (Manchester Bangor University of Wales), MDP, SEP (Harvard)

Appointed: 1 January 2014



#### Warren Chapman (52)

Chair of Remuneration committee B Com, CFA, SA Institute of

Appointed: 3 July 2020



#### Skills and experience:

Paul is the non-executive director of several listed companies in South Africa. Paul has had extensive operational experience as an executive at Standard Bank and Nedbank and as CEO of the Development Bank of Southern Africa until 2012. He has also had extensive governance experience as both chair and director on the boards of a number of diverse and complex organisations.

#### % ownership in enX:

Indirectly holds 5.3% of enX shares

#### Directorships in other listed entities:

- Peermont Group Limited

## 

#### Skills and experience:

Warren is the Group CEO of Peresec South Africa and an executive director of both African Phoenix Investments and Zarclear Holdings. He has worked in financial markets for over 25 years specialising in market structure, on-exchange liquidity, securities lending, derivatives and hedge funds where he has played market leading roles. He remains committed to the development and well-being of South African listed capital markets.

#### % ownership in enX:

Indirectly holds 16.1% of enX shares

#### Directorships in other listed entities:

None

#### enX Group Limited director attendance and participation at meetings for the 2023 financial year

Director	Board	Audit and risk committee	Social and ethics committee	Nomination and remuneration committee
P Baloyi	4(4)	_	2(2)	2(2)
W Chapman	4(4)	_	_ (_/	2(2)
A Hannington	4(4)	5(5)#	2(2)#	-(-/
R Lumb	4(4)	5(5)#	2(2)#	_
K Matthews	4(4)	4(4)	2(2)	2(2)
K Mokhobo	2(2)	4(4)	_	_
N Simamane	2(2)	2(2)	1(1)	1(1)
Meeting participation	of independent	non-executive dire	ctors who resigned	I during the year
B Ngonyama@	_	1(2)	_	1(1)
L Molefe®	1(1)	1(1)	1(1)	<u> </u>

2(2)

1(1)

# Independent non-executive directors



#### Ramakhatela (Khati) Mokhobo (

Chair of Audit and risk committee Lead independent B Comm, B Acc, CA (SA), ACMA (UK) Appointed: 3 January 2023

#### Skills and experience:

Khati has had a lengthy career as an executive at Sun International Limited, his latest role being Director of Strategic Projects and serving as an executive director on the boards of several Sun International companies. Previously, he was an audit partner and a forensics director of Gobodo Inc (now part of Sizwe Ntsaluba Gobodo). He brings a wealth of experience to enX which includes financial management. marketing, strategy execution, business development and stakeholder management.

#### % ownership in enX:

Holds no enX shares

#### Directorships in other listed entities:

- The Tourist Company of Nigeria Plc

#### 

committee

Swaziland

#### Skills and experience:

Appointed: 8 February 2023

Nomahlubi Simamane (64)

B.Sc. (Chemistry and Biology) (Hons)

from University of Botswana and

Chair of the Social and ethics

Nomahlubi has more than 30 years of extensive business, marketing and communications experience. She previously held the positions of marketing manager at Unilever, marketing director at British American Tobacco and managing director of BLGK Bates Advertising Agency and founded Zanusi Brand Solutions, a branding consultancy in 2001. She has worked in the USA and Kenya and has served on various Boards, including JSE listed companies in the FMCG. Retail. Health and Financial Services Industries.

#### % ownership in enX:

Holds no enX shares

#### Directorship in other listed entities:

- TFG

#### - Oceana

Audit and risk committee Social and ethics committee

Remuneration committee

Chair

Refer to the website www.enxgroup.co.za for the executive management team.

# 

#### Skills and experience:

Appointed: 3 July 2020

Zolani (Kgosie) Matthews (66)

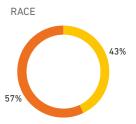
Kgosie is currently serving on the board on the NYSE listed, African Gold Acquisition Corporation and is a member of its Audit and risk committee. He previously served as a non-executive director of the South African Post Office where he was a member of their Audit and risk committee a trustee of the South African Post Office Retirement Fund, chairman of the Postbank Committee of the Post Office board, executive chairperson of Imvula Group in Johannesburg, MD of Fordworks and Associates in New York, senior manager at Armscor vice chairperson at Washington Strategic Consulting Group Inc. in Washington DC, as well as the director of state and local government affairs at America Express in New York, In September 2020, he was appointed by parliament as a full-time councillor for the **Independent Communications** Authority of South Africa (ICASA) for a four-year term. Kgosie resigned from ICASA in February 2021 when he was appointed Group CEO of PRASA. He left PRASA in November 2021.

#### % ownership in enX:

Holds no enX shares

#### Directorship in other listed entities:

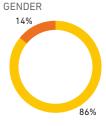
- None



■ Black White

#### Racial diversity: (3 white, 4 AC)

Voluntary target set of 60% not achieved at 57%

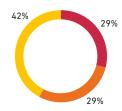


Male Female

#### Gender diversity: (6 male, 1 female)

Voluntary target of 25% not currently achieved at 14%

#### INDEPENDENCE



■ Independent
■ Executive Non-Independent

#### Independence of the board: The independence of

the board ensures a clear balance of authority so that no one individual director has unfettered decision making powers

14 | enX Group INTEGRATED REPORT 2023

J Varana

<sup>#</sup> Executive directors attended meetings by invitation.

<sup>®</sup> Resigned 30 January 2023 <sup>%</sup> Resigned 31 January 2023

Resigned 30 April 2023

# OUR INTEGRATED RISK MODEL AND TOP OF MIND ISSUES

A risk is defined as the impact of uncertainty on objectives. An uncertainty can manifest as an opportunity or an adverse event. The risk management process that ensures a proactive, systematic and structured response to uncertain events is incorporated throughout our business operations and operating cycles.

Our embedded integrated risk model identifies and assesses existing and emerging risks. Our processes aim to understand these risks and how they affect all our objectives, whether they be strategic, operational, reporting or compliance.

To achieve this, the model establishes the potential impact and likelihood of the risks and identifies actions. Any risk taken is considered within board-approved risk appetite and tolerance levels which are reviewed and, where necessary, updated quarterly. Management monitors emerging risks on an ongoing basis until they are formally assessed and incorporated into our risk profile. Risks are classified as emerging when their extent, nature and timing are uncertain.

Effective risk management is dependent on the integrity and experience of management. Our ethics and values govern our approach to the governance and management of risks and require that we are honest, transparent and communicate the level of exposure we take in the pursuit of value creation and preservation.



Risk model – Inability	to sustain and grow	4-ye	nd				
		2	2	3	1		
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023		
Inability to sustain and grow	Enhance efficiencies to maintain margin						
profitability of the business resulting in underperformance	Right-sizing of business units						
of earnings and returns to shareholders	Regular review, analysis and reporting on margins and focussed balance sheet management with strong cash flow management						
ability to sustain and grow rofitability of the business sulting in underperformance earnings and returns to nareholders	Proactively managing debt maturity profile						
	Dedicated funding in each borrowing unit, where appropriate, with more focussed treasury management						
	Continuous assessment of allocation of capital into a diversified portfolio of businesses						
	Improved credit granting process and debtor management						
	Focus on new opportunities						
	Continue to provide service excellence						
	Active management of currency volatility through hedging with overarching policy and governance structures						
Successes	Revenue from continuing operations R4.195 billion (2022: R3.331 billion), up 26%						
	Continued investment in fleet to provide annuity revenue						
	Successful turnaround of the New Way Power business						
Opportunities	Additional growth in shareholder returns						
	Replacement of poor performing business units with returns above weighted average cost of capital						
Capitals	Strategic priorities						

# OUR INTEGRATED RISK MODEL AND TOP OF MIND ISSUES (continued)

Risk model – Impac	t of disruptive technologies	4-ye			
		7	7	2	2
Risk description	Mitigating actions and opportunities	2020	2021	2022	202
Impact of disruptive technologies including	Implementation of new and improved technologies to improve efficiencies				
increased cyber-security requirements	Monitoring innovative changes in the market				
	Strategy alignment reviews to ensure appropriate IT strategies				
	Business Continuity and Disaster Recovery Plans are in place				
	Awareness training				
	Appropriate network security				
	Implementation of effective endpoint security				
	Cyber strategy and cyber insurance				
	Continued implementation of additional controls arising from penetration tests				
	Committee oversight of material IT projects				
	Data security and protection of personal information				
	Hybrid work conditions enabling employees to securely and effectively work from home				
Successes	IT teams fast track key projects within the business to re-align with business requirements.				
uccesses	POPIA measures embedded				
	Delivering on technology refresh programmes to support the digital transformation journey				
	Modernisation and optimisation of ERP systems within the group				
	Building analytical capability for better insights into business data for efficient decision-making				
	Implemented management warehouse system and bill of materials module in AG Lubricants				
	Benefit from Kynite SaaS solution				
	Obtained ISO 27001 accreditation at four businesses				
	Completed year two of a three-year IT maturity independent review process				
Opportunities	Obtain ISO 27001 certification at remaining business				
	Modernisation and optimisation of ERP systems within the group				
	Invest in leading technology, including ongoing digitisation initiatives				
Capitals	Strategic priorities  (***) (***)				

Risk model – Social	political environment	4-ye	ar tre	nd	
		1	1	4	3
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023
Deterioration of social and	Effective relationship management with OEMs to secure product				
political environment	High focus on diversifying supply chains				
	Long-term contracts secured				
Successes	Global economic activities are slowing, inflation risk and slowdown in growth				
	Continuous power outages are affecting SA economy and businesses				
	Business continuity plans reviewed and improved				
	No major inventory losses due to unrest and social instability				
	Renewed insurance in line with risk appetite following improved risk management through site surveys				
Opportunities	Generator and renewable solutions demand increases creates opportunities for New Way Power				
	Renewable energy solutions offered to customers and also installations at owned facilities				
Capitals	Strategic priorities				
<b>0 0</b>					

Risk model – Stakeh	nolder management	4-year trend					
		3	1	6	4		
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023		
Not managing stakeholder	Board and committee oversight						
expectations	Constant financial management oversight and reporting (budgeting, cash flow management)						
	Enhance efficiencies to maintain margin						
	Right-sizing and restructuring of business units not performing						
Successes	Strong recovery in profitability for the year, with continuing operations profit before taxation up 31%						
	HEPS from continuing operations of 94 cps (2022: 81 cps), up 16%						
	Actively engaged with shareholders regarding remuneration policy and the implementation thereof						
Opportunities	Further improvement of efficiencies						
	Continuous right-sizing of businesses						
Capitals	Strategic priorities						

# OUR INTEGRATED RISK MODEL AND TOP OF MIND ISSUES (continued)

Risk model – Global s	isk model – Global supply chain		ar tre	nd	
		_	_	1	5
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023
Global supply chain constraints	Effective board and committee oversight				
	Extended lead times on imports				
	Supplying customers where other suppliers are not able				
Successes	Ability to extend lease contracts to overcome vehicle supply shortages				
	Secure alternative suppliers for product				
	Supply chain management and higher inventory holding when required to meet demand				
	Supply chain optimisation				
Opportunities	Broaden current suppliers by securing volume from alternative sources	_			
	Our ability to extend lease contracts, interchange fleet vehicles between areas of operations and even customers				
	Access to global markets and relationships				
Capitals	Strategic priorities				
Ŷ					

Risk model – Health,	, safety and well-being of employees	4-ye	ar tre	trend		
		10	10	5	6	
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023	
Not prioritising our people's	Strict adherence to safety protocols					
health, safety and well being	Position the group with high levels of professionalism and values					
	Manage the impacts of right-sizing our operations					
	Ensure all stakeholders are treated fairly and in line with our values					
	Safety audits					
Successes	Appropriate health and safety protocols in place to ensure safe working conditions for staff					
	Pro-active approach against favouritism, discrimination and breach of Ethics code of conduct					
	Kaelo/Ask Nelson wellness programme					
	Obtained ISO 45001 accreditations at Eqstra					
	Toll blending plant independently assessed and certificated using the ExxonMobil Fuels and Lubricants Quality Practices and Guidelines (QP&G) standard					
Opportunities	Conduct basic health checks for all staff	_				
Capitals	Strategic priorities					
<b>(1)</b>	(**) (***)					

Risk model – Env	ironment	4-year trend							
		-	-	7	7				
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023				
Failure to act in an environmentally responsible way	Climate-related risk: extreme weather events can disrupt business operations, weaken economic growth and cause damage to vehicles, property and other assets								
	Climate change will have a direct impact on energy availability, supply chains and the supply of food								
	The transition to a low-carbon economy may also pose risks to the group, for example, increasing emissions tax and introducing NEVs								
Successes	Sustainability strategy adopted								
	Go Green initiatives at all operations								
Opportunities	Procure lower emissions vehicles for the car rental and own fleet								
	Solar solutions to overcome Eskom reliance and reduce carbon footprint								
	Invest further in waste water systems and rain water tanks								
Capitals	Strategic priorities								
Ÿ									

Risk model – Non-co	mpliance to regulations	4-ye	ar tre	nd	
		5	5	8	8
Risk description	Mitigating actions and opportunities	2020	2021	2022	202
Unintended non-compliance to	Understanding and managing the legal universe in which we operate				
laws and regulatory requirements	Confirmation of current legislation included into processes and procedures				
	Monitoring the legal environment for any material changes to the current landscape				
	Constant reviews, training and roll out of compliance programmes				
Successes	Legal universe updated. Compliance to Companies Act, JSE Listings Requirements and King IV™ independently verified as being compliant				
	Strengthened internal audit				
Opportunities	Enhance and expand compliance function				
	Earning the trust of our stakeholders as a good corporate citizen to invest in, do business with and work for				
	Be seen as an organisation that effectively implements new controls quickly and ensures compliance in an increasingly complex regulatory environment				
Capitals	Strategic priorities				
<b>3</b>	(%) (iti)				

OUR ROUP

PEREOR

ACCOUNTABILITY

ACTING SUSTAINABLY

# OUR INTEGRATED RISK MODEL AND TOP OF MIND ISSUES (continued)

Risk model – Transformation			4-year trend					
		6	6	9	9			
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023			
Not achieving	Continual monitoring of B-BBEE scorecard and targets							
transformational targets	Initiatives in place to meet employment equity targets and skills development							
	Keeping abreast of potential code changes and planning accordingly							
Successes	Achieved a level 3 B-BBEE contribution rating in November 2022 at various operational levels and level 4 for the group							
Opportunities	Focus on doing business with QSMEs and SMEs							
	Achieve a B-BBEE scorecard rating that gives us preferred supplier and employer status, enhancing our competitiveness and access to private sector and government business							
	Support NGO societal partners to uplift and support communities in need							
	Employ young people to assist with their development and preparedness for the job market							
Capitals (	Strategic priorities							

Risk model – Succ	ession planning	4-year trend			
		4	4	10	10
Risk description	Mitigating actions and opportunities	2020	2021	2022	2023
Inadequate succession	Strategy alignment				
planning and talent management	Remuneration strategy for executives				
	Co-ordinated transformation policies and programmes focussed on development, promotion and recruitment of employment equity candidates				
	Succession planning at all levels				
	Training and development programmes including our training academy				
	Providing support				
Successes	Upskilling of staff, spending R8.5 million on training, ensuring a pipeline of middle and junior managers to improve succession planning				
	Multiskilling of staff				
Opportunities	Implement long-term incentive plan for top management				
	Implementation of transformation targets				
	Being an employer of choice				
	Developing a deep, diverse talent pool				
Capitals	Strategic priorities				

Chief Executive and Chairperson's report	25
Chief Financial Officer's report	26
Segmental and business unit reviews	29
ive-year review	37



# CHIEF EXECUTIVE AND CHAIRPERSON'S REPORT

#### Overview

Fiscal year 2023 marked a significant achievement for enX Group. All business units surpassed budgetary goals and exhibited notable year-over-year growth, despite macroeconomic challenges. We remain committed to our strategic objectives of enhancing operational efficiencies, fostering technological advancements, and generating sustainable investment returns for our shareholders.

#### **Business units**

AG Lubricants had a favourable year, with higher commodity prices driving product demand in the mining sector, especially in the DRC. This dollar-based revenue source translated well into the Rand, given the currency's sustained weakness. The acquisition of AG Lubricant's production facility will facilitate further investment to drive efficiencies and maintain global standards.

As indicated in our interim statement, rising demand for alternative energy solutions aligns well with our growth strategy. New Way Power managed to maintain cost-efficiency while accommodating increased demand, primarily from loadshedding opportunities and delivered a record performance.

Eqstra's profitability improvement was primarily achieved by exiting a significant low-margin contract and reducing associated debt, while also sustaining higher gross margins from the disposal of used vehicles. Most notably, Eqstra achieved real year-on-year growth in its leasing book, despite exiting the aforementioned contract, and maintained strong underwriting standards. These accomplishments are expected to sustain the business's earnings power in the medium term. The significant base rate increase this fiscal year did not result in higher levels of doubtful debts or reduced business levels. Equity levels amplified the positive bottom-line impact of these changes.

WAG's venture into conveyor belting, steel cord, and conveyor belting fabric has begun to materially contribute to the business's profitability. Despite the working capital intensity of the business and higher interest rates, performance remained strong. The return to trend long-term profitability relative to the outstanding FY2022 performance was due to a general decline in commodity prices in the chemicals complex.

#### Dividends

The board was pleased to declare a third special distribution to shareholders of R1.00 per share on 6 November 2023. This followed the two special distributions, totalling R3.50, declared to shareholders in the latter part of the 2022 financial year. The last declaration of R1,50 was paid on 5 September 2022. The board continues to evaluate the best use of surplus cash.

# Corporate governance

We remain committed to the highest standards of corporate governance, balancing ethical and commercial considerations. This report outlines our compliance with King  $IV^{TM}$  and other regulatory requirements.

#### Transformation and sustainability

Aligned with our transformation goals, enX remains a Level 4 B-BBEE contributor. We continue to invest in talent development and transformation initiatives, operating in a socially responsible manner.

We persist in improving our efficiencies to mitigate our environmental impact.

#### Outlook

Our outlook for 2024 remains stable from a profitability perspective. The most significant risks to performance are potential social and financial market volatility around the 2024 national elections and the impact of higher global interest rates. Inflation, loadshedding, together with growing structural challenges around road, water and sanitation infrastructure will impact our businesses, but our strong liquidity and well-capitalised operations support our growth initiatives and risk management capabilities.

We expect Eqstra's pipeline to translate into quality growth in its leasing assets. New Way Power's order book remains robust, while AG Lubricants and WAG continue to grow their volumes.

From a corporate transactions perspective we continue to work on the potential divestment of Eqstra within the next twelve months.

# Board changes

Lerato Molefe, Babalwa Ngonyama, and Vuyani Jara resigned from the board during the year. We thank them for their service and contributions.

In response, Khati Mokhobo and Nomahlubi Simamane were appointed as independent non-executive directors, effective 3 January 2023 and 8 February 2023, respectively, and were subsequently elected by shareholders at the AGM in May 2023.

# **Appreciation**

We extend our gratitude to the board for their professional involvement and to our executive management for their leadership. Our staff remains our greatest asset, and we were saddened by the loss of our colleagues who passed on during the year. We extend our deepest condolences to their families. We are also thankful for the continued support from our customer base and network of suppliers.

Andrew Hannington
Chief Executive Officer

Paul Baloyi Chairperson

1 December 2023

# **CHIEF FINANCIAL OFFICER'S REPORT**

#### Overview

The. results for the year ended 31 August 2023 reflect strong performance in all our business units notwithstanding the challenging economic conditions experienced.

enX financial position improved significantly even after taking into account cash that was returned to shareholders in the form of special distributions of R2.00 and R1.50 per enX ordinary share paid on 20 June 2022 and 5 September 2022 respectively. Net debt to equity including the disposal group held for sale was 39% (2022: 30%), significantly reduced from the high gearing levels of 208% as at 31 August 2020. The net asset value per share was R13.91 (31 August 2022: R12.22).

Revenue from continuing operations increased by 26% to R4.195 billion (2022: R3.331 billion) mainly supported by increased demand for power solutions and related services arising from loadshedding and higher volumes of toll blending, natural and synthetic rubber, conveyor belting, steel cord and conveyor belting fabric sales.

Operating profit from continuing operations before net finance costs, our share of profit from our associate and impairments, was R248 million (2022: R190 million), an increase of 31%. This was achieved despite once-off items in the prior year of R39 million arising from realised foreign exchange profits earned from the conversion of the Impact Handling (UK) proceeds as well as insurance proceeds arising from business interruption claims in respect of COVID-19. Profitability in the current year was negatively impacted by a charge of R16 million arising from the derecognition of the Right of Use Asset and related lease obligation in AG Lubricants as a result of a fellow subsidiary acquiring its blending and storage facilities at the end of December 2022. The current year also includes the once-off receipt of R37 million in respect of a key man insurance policy payout in WAG

Profit before tax was R260 million (2022: R199 million), an increase

Headline earnings per share from continuing operations was 94 cents (2022: 81 cents), an increase of 16%.

# Operational review

#### Power

New Way Power had an outstanding performance with revenue of R683 million (2022: R397 million), an increase of 72%. As a result of load-shedding there was robust demand for generators and parts accompanied by related maintenance services. Entry into the provision of photovoltaic systems in the last guarter of 2021 together with a strong recovery in the rental of generators for both short-term events and longer-term purposes drove additional growth. Profit before tax was R101 million (2022: R10 million), a significant turnaround.

#### Lubricants

AG Lubricants revenue increased significantly to R1.686 billion (2022: R1.169 billion) due to higher toll blending volumes coupled with higher sales values. Operating expenses relative to turnover decreased with increasing throughput through the plant. Profitability was negatively impacted by a charge of R16 million arising from the derecognition of the Right of Use Asset and related lease obligation as a result of the blending plant being acquired by the Group in December 2022. Profit before tax was R77 million (2022: R46 million), an increase of 67%. Our share of the profit from our associate Zestcor, was R19 million (2022: R27 million), which continues to trade well but was negatively impacted by a material bad debt provision.

#### Chemicals

WAG revenue increased by 4% to R1.870 billion (2022: R1.798 billion) assisted by growth in natural and synthetic rubber, conveyor belting, steel cord and conveyor belting fabric volumes. Profit before tax was R85 million (2022: R92 million) and was positively impacted by a R37 million once-off receipt in respect of a key man insurance policy payout. Profitability was negatively impacted by foreign exchange losses of R11 million (2022: profit of R18 million).

#### Discontinued operations

#### Current year

Shareholders are referred to the cautionary announcements released on SENS, advising that enX is in discussions regarding a divestment by the Company of its interest in Eastra Investment Holdings Proprietary Limited ("Potential Transaction"), which if successful, could have a material impact on the Company's share price. The Potential Transaction would constitute a category 1 transaction in terms of the JSE Listings Requirements and an affected transaction in terms of the Companies Act, 71 of 2008 and will require approval via special resolution of enX shareholders at a general meeting. During the strategic and budget review process in July 2023. the board took a strategic decision to dispose of Egstra. As at 31 August 2023, management is of the view that, based on progress to date, this transaction is likely to be executed in the next 12 months. In terms of IFRS 5, Egstra has been reported as a disposal group held for sale and discontinued operation from 31 August 2023.

Egstra revenue was R1.755 billion (2022: R1.772 billion excluding the once-off termination of the Clover fleet), reflecting a 1% decrease in revenue primarily due to a reduction in leasing revenue from the termination of the Clover contract in the last quarter of 2022. Leased units at the end of the year were 11,331 units (2022: 11,163 units). The net book value of leasing assets grew to R2.615 billion (2022: R2.350 billion), an increase of 11%, indicative of Eqstra's good new business flow and availability of new vehicles. Revenue growth from value added products remains robust, while margins earned on the sale of used cars have remained elevated. Eastra's profit before tax was R164 million (2022: R140 million), an increase of 17%.

#### Prior year

Shareholders are referred to the SENS announcement dated 30 September 2021 announcing the disposal of EIE SA to CFAO Holdings South Africa. The transaction became effective on 1 April 2022, R135 million of the transaction proceeds was placed in escrow for a period of two years. Based on management's view, at the time of approving these results, no claims have been raised to date and the full amount placed in escrow has been disclosed as a shortterm receivable. The amount in escrow is expected to be released on or around 31 March 2024. There is, however, no assurance that claims may not be made before the release date.

EIE SA revenue and profit before tax for the year ended 31 August 2022 was R1.229 billion and R80 million respectively. In terms of IFRS 5, EIE SA has been reported as a disposal group held for sale and discontinued operation from 31 August 2021, the date that the conditions were met to be classified as such. enX was required to cease depreciation and amortisation from that date and assess the carrying value of the of the held for sale assets relative to the transaction value. Consequently, depreciation and amortisation from 1 September 2021 to the effective date of the transaction amounting to R263 million (after tax: R189 million) was not recorded in the prior financial period. An impairment charge of R193 million was raised in the prior year to adjust the carrying value to realisable value and a loss on disposal of R13 million was incurred.

The Unaudited Interim Group Results for the six months ended 28 February 2022 announced the sale of Austro Proprietary Limited ("Austro") In terms of IFRS5, Austro has been reported as a disposal group held for sale and discontinued operation from 26 February 2022 to 30 June 2022.

Austro's revenue from 1 September 2021 to 30 June 2022, the date of disposal, was R70 million. A loss before tax was R32 million, including the assets held for sale which were impaired by R24 million relative to the transaction value. A loss on disposal of R7 million was incurred at the effective date of the transaction.

# Capital expenditure

Capital expenditure, excluding the acquisition of leased assets, was R120 million (2022: R44 million), the majority being R86 million incurred to acquire blending and storage facilities for AG Lubricants and an additional R12 million spent on technology improvements to the plant.

# Funding

The group's total net interest-bearing liabilities (including disposal group held for sale net interest bearing liabilities and lease liabilities) was R1.008 billion (31 August 2022: R690 million), the increase mainly arising from the growth in the leasing book in Eqstra and the R274 million distribution.

#### Egstra

R287 million of the proceeds arising from vehicles disposed of as a result of the termination of the Clover contract were used to permanently reduce debt, partially settling debt with maturities in December 2022 and December 2024. The remaining debt of R336 million that was maturing in December 2022, was repaid through a drawdown of Eqstra's Revolving Credit Facility ("RCF").

All financial covenants for the measurement periods covered by the report have been met.

#### enX Trading

enX Trading facilities were repaid and cancelled during March 2023. This was financed by dedicated credit facilities raised in WAG, AG Lubricants, Ingwe and New Way Power, which were previously funded by enX Trading. Each entity now has their own maintenance covenants to comply with. A release of free cash to the Group resulted from this transaction

The covenants on these dedicated credit facilities for the measurement periods covered have been met.

#### Cash flow

Net cash flows before financing amounted to an outflow of R85 million (2022: inflow of R1.019 billion) with cash being utilised to increase working capital, replace and expand the leasing book following the termination of the Clover contract and to acquire the blending plant. Included in working capital outflows of R868 million (2022: R513 million) is the net book value of leasing assets reclassified into inventories amounting to R418 million (2022: R797 million) and the acquisition of leasing assets of R1.128 billion (2022: R1.095 billion). The prior period includes the net proceeds on disposal of EIE SA of R517 million.

#### Outlook

Our outlook for 2024 from a profitability perspective is somewhat dependent on New Way Power's ability to maintain its outstanding performance. This will be dependent on the extent and duration of loadshedding. The most significant macro risks to group wide performance are potential social and financial market volatility around the 2024 national elections and the impact of higher global interest rates. Structural challenges will affect our businesses, but our strong liquidity and well-capitalised operations support our growth initiatives and risk management capabilities.

Conditions within the AG Lubricant and WAG business are expected to remain stable

Despite some saturation in the market, New Way Power's trading is expected to be robust with ongoing demand from load-shedding presenting opportunities.

Eastra's diversified customer base, annuity revenue and in use fleet provides a stable revenue stream. Growth in the number of leased units is expected with indications of good replacement levels, customer retention and new business opportunities. Eastra continues to invest in technological enhancements to its products which provide the foundation to create an outsourced solutions offering. Revenues and profits benefit from increases in interest rates and inflation.

Management will seek to sign and close the Eqstra disposal transaction within the next 12 months.

# CHIEF FINANCIAL OFFICER'S REPORT

(continued)

# Going concern, subsequent events and dividends

#### **Funding and Liquidity**

While the increase in base oil and chemical input prices, as well as disruption in global supply chains has increased net working capital requirements, liquidity in all our businesses remains robust.

Based on our assessment of the prospects and cash flows for each business as at the date of signing we believe that the credit facilities and surplus cash we have in place provides sufficient liquidity for the businesses to continue trading and support growth for the foreseeable future.

#### Subsequent events

#### TRP Settlement

Shareholders are referred to the notice published by the Takeover Regulation Panel ("the Panel") on SENS on 13 April 2023 wherein it announced that the Panel has agreed to settle the Panel's investigation into certain affected transactions involving eXtract Group Limited, Zarclear Holdings Limited and African Phoenix Limited and others ("the Offerors"). Further, a joint SENS announcement of the firm intention to make a mandatory offer for enX shares pursuant to the Settlement was announced on 11 May 2023. Shareholders were advised that African Phoenix (together with the parties acting in concert) was required to make a mandatory offer to all shareholders to purchase their shares at a price of R6.41 per share in terms of section 123 of the Companies Act, 2008 and the Takeover Regulations. The mandatory offer constituted a firm intention announcement in terms of Regulation 101 of the Takeover Regulations and was made subject to the compliance with the requisite provisions. The offer opened on 21 June 2023 and was anticipated to close on 4 August 2023. Shareholders are further referred to the SENS published on 3 August 2023 in which the directors of enX and the Offerors considered it appropriate to provide additional disclosure in an updated circular ("Amended Circular") relating to the indirect shareholdings of the directors of enX in each of African Phoenix, MCC Contracts and Peresec Prime Brokers. In the light of the Amended Circular, the Offerors extended the mandatory offer closure until 15 September 2023, on which date the offer closed. The offer was accepted in respect of 495 846 enX shares, comprising 0.27% of the issued share capital of the company.

#### Egstra funding

During September 2023, management extended the debt maturity of Eqstra's two credit facilities by 24 months. The RCF set to mature in December 2023, was extended to December 2025 and the term loan of R726 million due to mature in December 2024 was extended to December 2026.

#### Special distribution

On 6 November 2023, the directors declared a special distribution out of contributed tax capital of R1.00 per share to enX ordinary shareholders.

Except for the above, there have been no other material events subsequent to period end that have been taken into account in the preparation of the financial statements.

#### R Lumb

Chief Financial Officer

1 December 2023

# **SEGMENTAL AND BUSINESS UNIT REVIEWS**

#### enX POWER



New Way Power designs, manufacturers, installs, rents and maintains diesel generators and distributes a range of industrial engines. We also offer cleaner power through solar hybrid and grid alternatives.

#### **NEW WAY POWER PRODUCTS**



Our core range of power solutions include generators from 13kVA to 3750kVA, renewable energy solutions, preventative maintenance 24/7, refuelling, remote monitoring, parts supply and rentals.

New Way Power continues to supply products in leading international brands and we have maintained our OEM relationships with John Deere and Moteurs Baudouin. Refer to our website www.newway.co.za

# 2023 performance overview of New Way Power

New Way Power has made a pleasing turnaround and delivered profit after taxation of R101 million for the year ending August 2023 (2022: R10 million).

Revenue at R683 million for the year is up 72% on 2022: R397 million.

The turn around can be attributed to the following interventions:

- Increase in solar and generator demand as loadshedding continues
- Improved sourcing of its generator components
- Elimination of wasteful expenditure
- · More efficient generator designs.

The renewables business is starting to make an impact in the renewables market and our planned direct sourcing of product from manufacturers has bode well to make a large impact on both sales and margins.

#### Key performance measures

Measure	FY2023	FY2022
Revenue (R'000)	682 742	397 189
EBIT (R'000)	97 522	14 241
Net finance costs (R'000)	3 600	(3 796)
PBT (R'000)	101 122	10 445
Number of employees	204	181
Total liabilities (R'000)	124 150	133 106
nventories (R'000)	202 036	135 624
Total assets (R'000)	350 777	279 554

# (continued)

#### Our competitive advantage

New Way Power, is one of Africa's largest prime and standby power solution providers. The business is headquartered in a 36 000sqm site in Alberton, Johannesburg, supplemented by sales/support centres in Durban and Cape Town.

We have the ability, and facility capacity, to provide our customers with bespoke solutions to site-specific requirements. There is no challenge too complex for our highly-skilled team or our manufacturing facility. Combining our in-house expertise, the drive to provide a solution, facility capabilities and our partnership with our world-leading suppliers, we have the ultimate power solution recipe.

We consider each application with care and take into account the specific power output requirement site conditions (space constraints generator airflow requirements and sound levels), functionality requirements and logistic constraints.

We forge long-term relationships with our clients, backed by a dedicated team working in strategic partnership with many leading OEMs including Baudouin, John Deere and Mitsubishi. New Way Power's unrivalled customer service and unmatched quality provides customers with optimal power solutions tailored to the most demanding requirements.

#### Our strategy

Operational excellence	Human capital	Innovation	Strategic partnerships
<ul> <li>Increase sales into new renewable energy</li> <li>National expansion</li> <li>Increased dedicated funding facilities</li> </ul>	<ul> <li>Increased focus on health and safety</li> <li>Increase technical job opportunities</li> </ul>	<ul> <li>Improve design and build processes to eliminate wastage</li> <li>Improve utilisation of material</li> </ul>	<ul> <li>Quality products</li> <li>New renewable energy suppliers</li> <li>Source components at better prices</li> </ul>
Reduce lead time on generator builds     Increase rental fleet			<ul> <li>Negotiate better prices from 0EMs</li> </ul>

## Outlook

We believe there will be a continued demand for power solutions especially in the bespoke designs where the usual 'drop and go' type of generator set will not satisfy the client's needs properly.

Refer to ESG report for further detail on environment, social and governance, as well as our people report

We see the renewable space as a huge growth opportunity and as the prices of the photovoltaic panels and storage battery systems decrease, it means that some sort of backup system becomes affordable to a larger portion of the population.

#### **Craig Silver**

Chief Executive Officer, New Way Power

#### enX LUBRICANTS



African Group Lubricants ("AG Lubricants") produces and markets oil lubricants and greases in South Africa and sub-Saharan Africa and is the sole distributor of ExxonMobil lubricants (excluding marine and aviation) and Quaker Houghton International's advanced fluids solutions and services (excluding metalworking).

# AFRICAN GROUP LUBRICANTS





AG Lubricants mission is to ignite opportunities on the African continent by continuing to build strategic partnerships and deliver quality products. Its proudly South African blending plant, together with its continental distribution network, and its long-time relationship with global brands, are how the company is empowering business in Africa. Underpinned by sustainable business practices, AG Lubricants expertly delivers its expanding suite of products and services to all its clients.

# 2023 performance overview of AG Lubricants

AG Lubricants, including our share of Zestcor's profits, posted a profit before tax of R96 million (2022: R73 million), with an increase in revenue of 44% against the prior year. This performance is the consequence of several strong financial and business disciplines implemented in the past two years that have assisted the company to navigate successfully through much of the disruption of 2022/23.

During the year we have continued to expand our locally blended product range, launching products into the automotive and agriculture sectors. We have expanded our footprint into neighbouring countries and been successful in increasing our market share specifically in the mining sector. The group continues its investment in its base oil supply chain through 37% ownership of Zestcor.

This year the group invested in the purchase of the Cera blending plant and adjacent property, this investment secures the sustainability of the business for the current stakeholders and facilitates future growth prospects for the company. The Cera plant is one of ten independently owned blend plants globally that is approved to blend ExxonMobil products.

# Key performance measures\*

Measure	FY2023	FY2022
Revenue (R'000)	1 685 798	1 168 389
EBIT (R'000)	106 200	61 334
Net finance costs (R'000)	(28 978)	(15 387)
PBT (R'000)	95 731	72 602
Number of employees	128	131
Total assets (R'000)	994 458	928 393
Inventories (R'000)	332 843	298 247
Total liabilities (R'000)	529 206	435 968

Included in the results are our 37% share of our associate, Zestcor, which

# Our competitive advantage

The Cera blend plant in Boksburg is independently owned and is the only plant in South Africa approved for blending by multinational ExxonMobil. Our blending plant has the capacity to produce up to 37 million litres of lubricants per year on a single shift, which allows us to be a toll manufacturer for other independent lubricant

AG Lubricants is perfectly located to nurture local and Pan-African growth opportunities by building on its recent expansion to blend more products locally to exacting international standards.

# (continued)

#### Our products and strategic partners

Our lubricant portfolio covers the Mobil passenger car, commercial truck and bus, as well as industrial fluids (PCI), and the most recent addition to the range is the Mobil AGRI range for care of agricultural equipment. AG Lubricants has partnered with Eclipse Magnetics, and also works with Quaker Houghton.

AG Lubricants' suite of products and services are designed to optimise opportunities for businesses on the continent by guiding them to use the best lubricant solutions to drive efficiency and reliability, leading to greater success.



# Our strategy

<ul> <li>Increase sales to new customers</li> <li>New product offerings</li> <li>Increase local blending product offering</li> <li>Geographic expansion</li> <li>Increased dedicated funding facilities</li> <li>Increased dedicated funding facilities</li> <li>Increase sales to new customers</li> <li>Health and Safety</li> <li>Upgrade laboratory facility</li> <li>Enhance blending management system</li> <li>Enhanced production interfacing capabilities</li> <li>Warehouse Management System (WMS) Integration</li> <li>Manufacturing Optimisation Module (MOM) Roll-out</li> <li>Sole Distribution rights with Eclipse Magnetics</li> <li>Distribution Contract renegotiated</li> <li>Distribution Contract renegotiated</li> </ul>	Operational excellence	Human capital	Innovation	Strategic partnerships
	new customers  New product offerings  Increase local blending product offering  Geographic expansion  Increased dedicated	Health and Safety     Learning and     Development initiatives     Employed Learnerships     for junior managers     Additional facilities	<ul> <li>Upgrade laboratory facility</li> <li>Enhance blending management system</li> <li>Enhanced production interfacing capabilities</li> <li>Warehouse Management System (WMS) Integration</li> <li>Manufacturing Optimisation Module (MOM) Roll-out</li> <li>Syspro 8 upgrade</li> </ul>	<ul> <li>Quality products</li> <li>Renewed distribution and blending agreements with ExxonMobil</li> <li>Alliance Partnership</li> <li>Sole Distribution rights with Eclipse Magnetics</li> </ul>



Refer to ESG report for further detail on environment, social and governance, as well as our people report

#### Outlook

Our commitment to sustainable growth remains a priority, demonstrated through our recent investment in the purchase of our blending plant. This enables us to deliver, world class cost-effective solutions locally, to our customers.

We continue to invest in skills to develop and support our people, with the safety of our employees being paramount. We will keep an unwavering focus on the important disciplines in the business to ensure ongoing sustainability for our stakeholders as new market sectors and territories are focussed on as part of our growth strategy.

#### Mark Kerwan

Chief Executive Officer AG Lubricants

#### enX CHEMICALS



We procure, store, distribute, sell, and market quality chemical products that meet or exceed the expectations of our customers, within a safe and reliable operation.

#### **WEST AFRICAN GROUP**



WAG is a plastics, rubber and chemicals distribution business that distributes, both directly and indirectly, a range of virgin polyolefins and styrenics, synthetic rubber, natural rubber, fillers, engineered carbons, rubber chemicals, phenolic resins, conveyor belting, steel cord, conveyor belting fabric, desiccants and dunnage bags into the southern African market via its extensive warehouse and logistics network. Core products are polyethylene, polystyrene, synthetic rubber, natural rubber and specialised rubber chemicals tailor-made for the mechanical rubber goods and plastics converting industry.

# Key performance measures

Measure	FY2023	FY2022
Revenue (R'000)	1 870 080	1798 237
EBIT (R'000)	101 394	101 425
Net finance costs (R'000)	(13 892)	(9 262)
PBT (R'000)	84 566	92 163
Number of employees	46	46
Total assets (R'000)	853 714	904 861
Inventories (R'000)	331 846	388 025
Total liabilities (R'000)	598 283	687 344

# Our product offering

	POLYMERS	RUBBER	SPECIALITY CHEMICALS	WAG CHEMICALS
Key products	<ul><li>Polyethylene</li><li>Polypropylene</li><li>Polystyrene</li></ul>	Natural rubber     Synthetic rubber	<ul> <li>Additives, Accelerators, Antioxidants</li> <li>Fillers, Process Aids</li> <li>Industrial resins</li> </ul>	<ul><li>Conveyer belting</li><li>Steel cord fabric</li><li>Conveyer belt fabric</li></ul>
Key principles	<ul><li>ExxonMobil</li><li>Innova</li><li>Safripol</li></ul>	<ul><li>Corrie MacColl</li><li>Synthos</li><li>Vizara Plantations</li><li>Kumho Petrochemical</li></ul>	<ul> <li>Meyors</li> <li>Palm-Oleo</li> <li>Full resources</li> <li>Performance additives</li> <li>SI Group &amp; ASK Chemicals</li> </ul>	<ul><li>Fasten Group</li><li>Taiji Industrial</li><li>Unifill</li><li>Shandong Phoebus rubber</li></ul>
End products	Performance packaging, film, custom moulding (blow and Injection), extrusion, appliance manufacturing	New tyres, conveyor belts, pre-cured rubber tread, adhesives, coatings, tank linings, hoses, industrial, mining and automotive		Conveyor belts used in mining and industrial applications

(continued)

# 2023 performance overview of WAG

WAG closed out another strong performance despite certain challenges experienced during the year. We achieved R85 million profit before tax (2022: R92 million) with Rand volatility continuing to impact results. Profit was negatively impacted by foreign exchange losses of R11 million (2022: profit of R18 million). Profitability was also boosted by the receipt of a key-man payout amounting to R37 million. The challenges lay in the economic environment and commodity prices which saw price drops as the commodity cycle softened and weaker demand, coupled with product availability in the later part of the year impacted volumes as load shedding affected the manufacturing sector and high interest rates weighed down consumer spending. This weighed on gross profit margins which were down on prior year.

Despite this we achieved record revenue which grew by 3% year on year, largely supported by good demand from the mining and industrial sectors, new business growth and export linked

customers. This performance is leveraged off an experienced management team, coupled with the great partnerships we have with customers, suppliers and service providers.

The cost base in WAG can be scaled up or down with relative ease. as fixed overheads are limited with both transport, handling and storage costs variable depending on volumes. A strong focus on working capital and related funding, cash flow and expenses remained central in the finance strategy this year.

The business continued to have success in natural and synthetic rubber divisions, without increasing overhead costs. The company's strong market position in the synthetic and natural rubber sectors has grown from strength to strength. We continued to reap benefits from our wide geographical reach supported by a national footprint of warehouses, branches, and sales representatives across South Africa.

We have continued to invest in our relationships with world leading partners The continued use of technology and the accelerated adoption of various information platforms has been encouraging across all levels of the company.



Refer to ESG report for further detail on environment, social and governance, as well as our people report

#### Our strategy

#### 01 LEADING DISTRIBUTOR/OPERATIONAL EXCELLENCE

By leveraging our supply chain expertise we ensure we stock a wide range of premium and well priced products on-the-ground in all major centers to enable our customers to improve the operational efficiency of their manufacturing processes. "ONE-STOP-SHOP"

#### 04 VALUE AND SERVICE

Our network of leading global suppliers, buying power and long relationships mean that we can negotiate attractive prices for our products while our scale enables us to reduce unit operating costs.

#### **07 SUSTAINABLE RETURNS TO STAKEHOLDERS**

Leverage our scalable model to consistently grow volumes, products, customer base and margins over time

Leverage systems, data and the use of technology to enhance our offering to customers and suppliers while reducing risk and growing volumes.

#### **05 PREMIUM QUALITY PRODUCTS**

Our long-standing relationships with leading global suppliers ensures that we stock and supply only the highest quality products and have security of supply.

# **03 TECHNICAL EXPERTISE/HUMAN**

Ensuring we recruit, retain and grow the best people in the industry. Engagement with our customers comes embedded with technical advice on product specifications, formulas and how to improve the quality of our customer's products.

#### **06 CUSTOMER AND PRINCIPAL FOCUSED**

Strategic partnerships.

Maintain strong relationships with customers and suppliers while unlocking new products and suppliers to grow volumes.

#### Outlook

The year ahead will be challenging one the back drop of high interest rates, load shedding, reduced consumer spending and global geopolitical and economic factors. However, we have a high level of confidence in South African Inc. and will continue to invest in and are highly committed to our people, customers, suppliers, product offering, infrastructure, technology and systems to continue driving the business forward in South Africa. At the same time we are mindful of and attentive to the close and careful management of risk. We plan to expand our product offering in the year ahead and diversify the business into new and exciting sectors.

#### Grant Rosettenstein

Chief Executive Officer, WAG

## Discontinued operation

#### enX FLEET



Egstra Fleet Management and Logistics (Egstra) is a leading integrated fleet management solutions provider in selected sub-Saharan African geographies.

#### **EQSTRA**

Eqstra provides a full spectrum of fleet management solutions for passenger and commercial fleets. Incorporated within the product portfolio are data and mobility solutions, providing enhanced analytics reporting, route optimisation and real time exception reporting for our corporate customer base.



The company takes residual value and maintenance risk for its leasing customers, while adding value through the development of bespoke fleet solutions. The operations were classified as assets held for sale and discontinued operations.

The quality of Eqstra's customer profile, coupled with the annuity nature of the business model, once again demonstrated the business' resilience and ability to deliver acceptable results, notwithstanding the challenging macro environment.

# 2023 performance overview of EQSTRA

- The division delivered a solid financial performance, achieving pleasing margins across the key product portfolios.
- The buoyant used vehicle market coupled with our prudent approach to residual values methodologies positively contributed to margins made on vehicle disposals.
- The decision to exit sub-optimal contracts and non-core business activities bode well to the consolidation and right sizing of the business.
- · Capital investment into leasing assets exceeded R1 billion through the retention and renewal of substantial existing contracts with multiple blue chip customers as well new business opportunities, resulting in a 11% growth y-o-y.
- · Successful role out of route optimisation technology, as an initial proof of concept, with exciting future growth opportunities identified.
- Advanced negotiations of the extension of the current bank facilities by 24 months.
- · Achievement of a negative working capital position through stringent balance sheet preservation and cash management initiatives, ensuring a sound position for future growth and sustainability.

# Key performance measures\*

Measure	FY2023	FY2022
Revenue (R'000)	1 755 346	2 225 925
EBIT (R'000)	292 101	243 686
Net finance costs (R'000)	(128 484)	(103 755)
PBT (R'000)	163 616	139 930
Number of employees	298	387
Total liabilities (R'000)	2 029 321	2 042 814
Leasing assets (R'000)	2 615 003	2 350 086
Total assets (R'000)	3 049 317	3 209 421

\* The results include intergroup interest and loans.

#### Our competitive advantage

#### Measurable Value

- · Customer centric
- Knowledge & Experience · National Infrastructure
- · Key Strategic Partnerships

# Assets & services

#### • In-house fleet

- Long, medium and short-term rental Cradle to grave
- · Fleet management solutions

#### Integration

- Data accessibility
- Data transparency
- Alteryx

#### Automation

- Improved consistency
- · Reduced administration
- · Accident management
- · E-statements

#### Innovation

- · Integrated platform
- Customer facing technologies
- · Analytics insights
- · Fleet optimisation and mobility

#### Data analytics

- SQL Data Base
- Synapse
- BOTS

# (continued)

# Our products

#### 01 - Fleet Strategy

- Fleet goals and priorities
- Fleet administration
- Flexible Finance methods
- · Long, medium- and
- short-term solutions Fleet KPI'S

#### 02 - Fleet Acquisition

- Fleet selection make and model (TCO)
- Procurement process
- Supplier management
- · Accessories and branding
- · Vehicle build management

#### 03 - Fleet Services

- · Licence and registration
- · Roadside and breakdown assistance
- Traffic fine management
- Driver management
- Consultancy services

#### 04 - Maintenance Management

- Service scheduling
- · Preventative maintenance
- Downtime management and reporting
- Cost control
- · Tyre management



#### 05 - Fuel Management

- Fuel card/e-tag issue and delivery
- Toll management
- Diesel rebates
- E-fuel services

#### 06 - Risk Management

- Insurance brokering Accident management
- Service and
- maintenance plans
- Driver scorecards Driver training
- and gamification

#### 07 – Technology

- Quest ERP system
- · Vehicle telematics
- Supplier and customer portals
- Dashboards and BI reporting
- SaaS

#### 08 - Fleet Remarketing

- When and where to sell
- · Termination inspections
- Improved remarketing performance
- Vehicle transfers

# Our services strategy

#### REPORTING

A successful fleet operates on keen business intelligence that's from our intuitive dashboards. gathered by correctly analysing data. Experienced analysis is the best way to save costs. Business Intelligence (BI) reporting supports improved analysis & problem identification.

#### FLEET GALLERY

View consolidated data analytics View hig nicture details such as vehicle lease contracts, incidents, fuel expenditure & frequency of fines. Manage every aspect of your fleet from our Fleet Gallery.

#### PORTALS

Our customer portal places daily operational & performance fleet data at your fingertips. This allows you to identify the information you need when you need it. Our supplier portal provides suppliers with the functionality manage their account with EQSTRA through

#### MOBILE APP

We have introduced Fleet Manager, our mobile fleet app, with built-in tools for your drivers to access services & information about their vehicles. Drivers can find a service centre, update the vehicle odometer reading & contact our call centre to log an accident, report a stolen vehicle the supplier access of the portal. or request roadside support.

#### Outlook

The division is well positioned to embrace opportunities for organic and incremental growth in both leasing and value-added related products and services, given the heightened market awareness of fleet and solution outsourcing.

We will continue to evolve our product offering to support new vehicle technologies aligning with global best practice in our sphere.

Through continued investment into technology and IT infrastructure we will support our strategy to remain industry thought leaders while delivering tangible value to our stakeholders.

#### Jacqui Carr

Chief Executive Officer, Egstra

# **FIVE YEAR REVIEW**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2023 R'000	2022# R'000	2021* R'000	2020 R'000	2019 R'000
Revenue Gross profit Profit from operations before depreciation and	4 194 983 558 389	3 330 535 384 415	4 210 281 1 357 124	7 206 109 -	7 790 851 –
amortisation, excluding foreign exchange  Depreciation and amortisation  (Loss) /profit on disposal of property, plant and	- (49 324)	- (19 301)	-	1 794 763 (1 429 536)	1 908 519 (1 146 962)
equipment Share-based payment (expense)/credit	(7 950) -	(872) 2 871	-	6 410 (2 547)	(1 468) 6 579
Foreign exchange gains/(losses) Expected credit losses Operating expenses	5 842 6 162 (265 393)	48 596 1 153 (227 240)	- 30 085 (1 046 649)	12 660	(9 493)
Operating profit before items listed below Impairment of goodwill, intangible assets and property, plant and equipment	247 726	189 622 (15 881)	340 560	381 750 (543 080)	757 175 (166 395)
Adjustment on deferred vendor consideration  Operating profit/(loss) before net finance costs and earnings from associate  Net finance costs  Share of profits from associates	245 905 (4 087) 18 509	173 741 (992) 26 655	338 839 (152 495) 32 936	(30 688) (192 018) (409 352) 11 711	590 780 (406 480) 4 965
Profit/(loss) before taxation Taxation	260 327 (69 482)	199 404 (51 558)	219 280 (55 593)	(589 659) 76 729	189 265 (80 614)
Profit/ (loss) after taxation	190 845	147 846	163 687	(512 930)	108 651
Discontinued operations Profit for the year from discontinued operations	132 190	84 904	138 503	_	_
Net profit/(loss) after taxation	323 035	232 750	302 190	(512 930)	108 651
Non-controlling interest Headline earnings/(loss) per share (cents)	27 173 164.3	3 410 265.3	2 332 208.0	(461) (20.1)	2 840 141.0

- During the 2023 year, the group entered into disinvest its interests in enX Fleet and as such the operation was classified as assets held for sale and discontinued operations from 31 August 2023. Therefore, the statement of profit or loss and other comprehensive income for 2022 has been restated in accordance with IFRS 5 to take into account the potential disposal.
- During the 2022 year, the group entered into an agreement with Highest Mountain to divest its ownership in Austro. This divestment was effective 30 June 2022 and resulted in Austro being recognised as a discontinued operation in 2022. Therefore, the statement of profit or loss and other comprehensive income for 2021 has been represented in accordance with IFRS 5 to take into account the additional disposal.



ABOUT

# **FIVE YEAR REVIEW**

# (continued)

STATEMENT OF FINANCIAL POSITION	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Property, plant and equipment	177 493	198 511	259 561	621 446	425 296
Leasing assets	_	2 350 086	2 769 789	6 087 417	5 937 005
Goodwill	_	_	_	92 461	390 810
Intangible assets	48 811	99 612	33 375	73 308	332 674
Investment in associate	114 607	118 668	103 852	70 916	59 205
Other investments and loans	137 715	141 464	851	9 175	12 769
Deferred taxation assets	32 864	10 553	18 412	60 050	55 956
Inventories	836 379	1 034 567	665 356	1 622 021	1 547 864
Trade and other receivables and derivatives	871 488	876 327	810 697	1 069 503	1 138 043
Taxation receivable	324	26 942	2 663	19 801	3 915
Cash and cash equivalents	302 980	1 054 087	856 017	885 909	458 736
Disposal group held for sale	3 049 317	_	2 794 679	_	-
Total assets	5 571 978	5 910 817	8 315 252	10 612 007	10 362 273
Deferred taxation liabilities	_	184 021	251 499	437 928	531 270
Interest-bearing liabilities	265 277	1 686 008	2 059 627	5 861 278	5 282 043
Non-current financial liabilities	71 632	61 033	1 179	5 090	2 999
Deferred vendor consideration	_	_	_	33 895	-
Lease liabilities	16 316	58 425	123 999	211 416	-
Bank overdraft	_	_	_	5 377	32 233
Trade, other payables, provisions and derivatives	961 867	1 328 982	1 083 882	1 536 226	1 554 894
Shareholder for dividend	_	273 661	_	_	-
Taxation payable	25 333	31 575	19 231	23 350	50 425
Liabilities associated with disposal group held for sale	1 648 637	-	2 113 885	-	-
Total liabilities	2 989 062	3 645 856	5 653 302	8 114 560	7 456 519
Net assets	2 582 916	2 264 961	2 661 950	2 497 447	2 905 754
Funded by:					
Equity attributable to owners of the parent	2 522 963	2 215 923	2 625 135	2 462 964	2 869 379
Non-controlling interest	59 953	49 038	36 815	34 483	36 375
Total equity	2 582 916	2 264 961	2 661 950	2 497 447	2 905 754
KEY RATIOS					
Net asset value per share (cents)	1 391.1	1 221.8	1 447.4	1 360.6	1 597.0
Net tangible asset value per share (cents)	1 364.2	1 166.9	1 434.2	1 280.4	1 410.7

STATEMENT OF CASH FLOWS	2023 R'000	2022 R'000	2021 <sup>®</sup> R'000	2020 R'000	2019 R'000
Cash flows from operating activities	24 564	519 058	611 621	1 995 525	1 736 384
Cash generated from operations	284 150	817 919	946 923	2 470 873	2 205 006
Interest received	28 561	32 104	9 323	13 945	7 231
Interest paid	(161 149)	(204 939)	(307 717)	(417 032)	(399 374)
Taxation paid	(126 998)	(126 026)	(36 908)	(72 261)	(76 479)
Cash flows from investing activities	(109 263)	500 147	391 788	(1 771 570)	(2 267 615)
Cash flows from financing activities	(561 100)	(817 098)	(1 005 191)	243 311	546 754
Net movement in cash and cash equivalents	(645 799)	202 107	(1 782)	467 266	15 523
Exchange gain on cash and cash equivalents	2 798	249	(27 019)	(13 237)	4 384
Cash and cash equivalents at the beginning of the year	1 054 087	851 731	880 532	426 503	406 596
Cash and cash equivalents at the end of the year	411 086	1 054 087	851 731	880 532	426 503

The 2021 comparative information has been restated on account of the correction of a classification error in respect of the cash flow arising from the acquisition of leasing assets. During the current reporting period the group determined that the classification of the cash outflow arising from the acquisition of leasing assets was incorrectly classified under investing activities instead of under operating activities. The group assessed the guidance provided in IAS 16 Property, Plant and Equipment and IAS 7 Statement of Cash Flows in respect of assets held for rental which are subsequently disposed of in the course of the group's order activities and determined that the classification of the cash outflow arising from the acquisition of leasing assets should be classified under operating activities despite diversity in practice of the classification of the related cash flows in the industry.

8 | enX Group INTEGRATED REPORT 2023

disposed of in the course of the group's ordinary activities and determined that the classification of the cash outflow arising from the acquisition of leasing assets should be classified under operating activities despite diversity in practice of the classification of the related cash flows in the industry.

A The 2022 comparative information has been restated to correct an error relating to the deferred tax liability raised on initial recognition of the right to buy intangible asset during the year ended 31 August 2023. During the 2023 year the group determined that the recognition of the deferred tax liability does not comply with the initial recognition criteria old IAS 12 income taxes.



Risk management Remuneration report

# ACCOUNTABILITY

# **CORPORATE GOVERNANCE**

enX's diverse, experienced board is committed to high standards of corporate governance, ethical leadership, inclusivity, fairness and accountability. Sound corporate governance standards create value for the group by ensuring the sustainability of the business and by enhancing longterm equity performance, in addition to the benefits that good governance brings to society at large and to the group's stakeholders in particular.

The board is supported by an experienced management team with a proven track record. The board is aware of its responsibility to set the right tone.

enX's governance practices and the board's duties and responsibilities are founded against the background of:





JSE Listings Requirements



Companies Act



#### Compliance governance

The board and management believe that good corporate governance is imperative to ensure a sustainable business, while operating in a responsible ethical and transparent manner Corporate governance is defined by the structures, processes and practices that the board employs to direct and manage the operations of enX and its subsidiaries. These ensure that authority is exercised and decisions are taken within an ethical and practical framework that promotes accountable decision-making.

Board and committee meetings were held quarterly in line with the group's financial cycle. Majority of directors attended all of the meetings of the board and the committees on which they served during the 2023 financial year. Attendance at board and committee meetings is set out on page 14.

In quiding the group's development, the board attempts to balance and encourage entrepreneurial freedom within the boundaries of good corporate governance to achieve maximum shareholder value.

In the past year, notable governance matters in the group included the following:

- in considering the appropriateness of the size, composition and diversity of the board to ensure its effectiveness, the board appointed two new independent non-executive directors, namely Nomahlubi Simamane and Khati Mokhobo during the year, following the resignations of Babalwa Ngonyama and Lerato Molefe, bringing with them valuable insight and experience;
- the appointment of independent non-executive director Khati Mokhobo as the lead independent non-executive director of the board, following the resignation of Vuvani Jarana as non-executive director and lead independent non-executive director in April 2023:
- while welcoming a return to in-person board meetings, the group continued to make increasing use of technology allowing virtual participation for board and committee meetings and for the annual general meeting which was held virtually in March 2023;

- the hoard recommended for appointment by shareholders KPMG as the group's external auditor with effect from the financial year commencing on 1 September 2023;
- · an independent benchmark exercise was undertaken by the remuneration committee for all executives and C-Suite employees;
- · established an independent board to consider a mandatory offer made to shareholders by the offerors; and
- the ongoing monitoring of King  $IV^{TM}$  and other material legislation affecting the group.

The group has an established and comprehensive group approvals framework that is reviewed annually and is aimed at clarifying the various limits of authority in place within the group.

The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common law fiduciary duties. As a parent company enX Group Limited strives to exercise appropriate governance oversight over its subsidiaries while acknowledging their independence and the legal and governance responsibilities that apply to each subsidiary.

A key responsibility of the board is setting and steering the strategic direction of the group with the aim of supporting the achievement of good performance against its strategic objectives while taking into account the interconnectedness of its core nurpose risks and opportunities, business model, performance and sustainable development. The board and the executives work closely in determining the strategic direction and objectives of the group. The strategic priorities of the group is set out on page 11.

On an annual basis the executives formally presents the short, medium and long term strategy to the board which challenges it constructively in respect of its assumptions, time frames and objectives and, if satisfied, formally approves the strategy, budget and targets for the ensuing year.

#### Governance structure

#### SHAREHOLDERS AND OTHER STAKEHOLDERS **Board inputs POLICIES AND ACCOUNTABILITY** STRATEGY **OVERSIGHT** CHARTERS Responsibilities Board • The performance and affairs of the group, ensuring that the Paul Balovi<sup>1</sup> (Board chair) group's strategic direction is designed and implemented to Andrew Hannington (CEO) drive value creation for shareholders Robert Lumb (CF0) • The board is accountable to all stakeholders for the Warren Chanman performance of the company Kgosie Matthews<sup>2</sup> Custodian of governance and implementation of the King IV™ Appointments during the year: Khati Mokhobo (3 Jan 2023)<sup>2,3</sup> · Exercising sound judgement and leading with integrity Nomahlubi Simamane (8 Feb 2023)<sup>2</sup> Continually monitoring the solvency and liquidity of the group as well as non-financial aspects Resignations during the year: · Safeguarding sustainability, including reviewing Babalwa Ngonyama (30 Jan 2023) material issues Lerato Molefe (3 Jan 2023) · The formal nomination and appointment of new directors in Vuyani Jarana (30 April 2023) accordance with the group's policy • The role and responsibilities are documented in the board charter Audit and risk Nomination and remuneration Social and ethics committee K Mokhobo<sup>2</sup> (Chair) W Chapman<sup>1</sup> (Chair of remuneration) N Simamane<sup>2</sup> (Chair) N Simamane<sup>2</sup> P Baloyi1 (Chair of nomination) K Matthews<sup>2</sup> N Simamane K Matthews<sup>2</sup> K Matthews A Hannington (CEO) A Hannington (CEO) A Hannington (CEO) R Lumb (ČFO) R Lumb (ČFO) R Lumb (ČFO) External auditors Internal auditors Chief investment officer Chief information officer (CIO) 3/3 2/4 2/3 Independent non-executives Independent non-executives Independent non-executives See ARC report included in annual See pages 52 to 63 for the See pages 65 to 67 for the full financial statements for the full report report and responsibilities. full report and responsibilities and responsibilities. Each committee operates under written terms of reference approved by the board. There is transparency and full disclosure from board committees to the board in the form of verbal report backs by committee chairpersons at board meetings. Minutes of committee meetings are further made available to board members. The board is satisfied that all committees have satisfied their responsibilities during the year. Governance outcomes

CORPORATE
RESPONSIBILITY AND
ETHICS

CORPORATE
RESPONSIBILITY AND
ENVIRONMENT

RISK MANAGEMENT
ENVIRONMENT

BY BUSTAINABILITY AND
WELLNESS OF
EMPLOYEES

SUPPLIER OF CHOICE

Value created for all stakeholders

<sup>1</sup> Non-executive

<sup>2</sup> Independent non-executive

<sup>3</sup> Lead independent director.

#### Ethical leadership

We are committed to the highest standards of honesty, integrity, nondiscrimination and fairness and have zero tolerance for the commissioning or concealment of fraudulent acts by our people, from board level downwards and throughout the group.

As set out in the board charter, the directors are required to lead by example in embodying ethical behaviour. King IVTM advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes: ethical culture; good performance; effective control; and legitimacy. The application of King IVTM is on an "apply and explain" basis. The practices underpinning the principles so espoused in King IVTM are entrenched in many of the group's internal controls, policies and procedures governing corporate conduct. The board is satisfied that enX has applied the principles as set out in King IVTM, in all material aspects, the detail of which is more fully described in this report. We aim to integrate responsible corporate citizenship into the group's business strategy and to embed sound governance practices into daily operations to ensure sustainable long-term growth.

A Code of ethics ("Code") is in place and all directors and employees are required to abide by its terms. The Code provides guidance on the expected ethical conduct of all staff members, as well as encouraging staff to report any violations of the Code. Our business units are required to adopt principles and processes that address ethical issues that arise. All staff are required to sign a declaration form annually indicating that they understand and adhere to these policies and are committed to ethical behaviour. The group emphasis on business ethical behaviour has been integrated into internal training programmes. The HR departments are responsible for monitoring adherence to the Code. The group also has a whistle-blowing hotline to report instances of alleged misconduct, discrimination or fraud. During the year no reports were received via the independent tip-off line or internal structures. In cases of valid reports, incidents will result in disciplinary action and dismissals where allegations were found to be valid. During the year seven employees were dismissed as a result of misconduct and 12 employees were subject to disciplinary actions.

The group conducted fraud risk assessments at all operations and risks associated with fraud and corruption are managed on an ongoing basis. Mitigating actions and controls are in place and updated when required. Stringent standards relating to fraud and the prosecution of offender, the acceptance of gifts from third parties and the declaration of interests are in place. None of our board members or senior executives are considered to be politically exposed persons and no conflict in this regard has been noted.

#### Leadership roles and functions

enX has a unitary board that meets quarterly with additional meetings convened as necessary. The board comprises seven members at year end, two being executives, two being non-executives and three being independent non-executives, following three board member's resignation during the year. The board consider the size, composition, skills and diversity of the board prior to each new appointment.

ACTING

Directors understand their legal duty to act with independence of mind in the best interest of the company. To assist in these deliberations and decisions, directors are briefed timeously and comprehensively in advance of board and committee meetings and are supplied with information to enable them to discharge their responsibilities. Meetings are conducted in accordance with a formal agenda, which ensures that all substantive matters are properly addressed.

The responsibilities of the board chair, CEO, CFO, and those of non-executive directors, are clearly separated. As Mr Baloyi, the non-executive chair, is not independent, in line with the indicators contained in King  $IV^{TM}$ , the board appointed Mr Mokhobo as its lead independent director

The non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.

All non-executive directors have unrestricted access to management at any time as well as to the group's external auditors. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense, provided that an approved process has been followed.

The nominations committee formally assess the independence of each directors and the board confirmed three non-executives as being independent directors. Mr Baloyi has served in excess of nine years as a director and is not considered to be independent. None of the other directors has served for longer than nine years or longer.

The board is ultimately responsible for directing the group towards achieving its objectives. Executing the strategy and delivering operational performance and financial results are the responsibility of the CEO and the executive management team, who work within the parameters set by the board. Management reports to the board on a timely basis to enable them to make informed decisions.

# **CORPORATE GOVERNANCE** (continued)

Board chair - Paul Balovi

- Provides overall leadership to the board without limiting the principle of collective responsibility for board decisions
- · Ensures that the board remains efficient, focused and able to operate as a unit
- Ensures a high standard of corporate governance and ethical behaviour.
- Annual appraisal of the CEO's performance.
- Is appointed annually by the board.

Lead independent director -Khati Mokhobo

- Chairs discussions and decision-making by the board on matters where the board chair has a conflict of interest.
- · Acts as counsel for the board chair.
- Acts as an intermediary between the board chair and other members of board, if necessary
- Leads the performance appraisal of the board chair.

directors

- Non-executive Draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct
  - · Are credible individuals of high calibre from diverse backgrounds and representative.

CEO -Andrew Hannington

- Formulates and recommends strategies to the board.
- Is responsible for the effective management and running of the company's businesses and the implementation of board approved strategies.
- Provides regular update reports to the board about the group's performance and early warnings of any potential and actual disruptions.
- Chairs the executive committee, leads and motivates the management team.

CFO -Robert Lumb

- Financial functions and internal control processes within the group.
- Ensures sufficient funding is available and that bank covenants are adhered to.

#### Board evaluation

During the year, the board and its committees considered the recommendations made by the independent assessor 2022 and formulated a strategy to implement these where practical. The board focused in 2023 to bed down the changes made at board level and agreed to undertake a self-assessment in 2024 to evaluate if the changes had the desired impact. An independent assessment is to be conducted in 2025 and thereafter the cycle will repeat.

#### Board processes

#### Share dealings and conflicts of interest

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest as well as any share dealings in the company's securities to the board chair and company secretary prior to any dealings taking place. These dealings are then announced on SENS as required by the JSE. Directors, prescribed officers and other senior management are prohibited from trading in the company's shares during a "closed period" as defined by the JSE Listings Requirements. Emails advising of the start of this period are sent to all affected persons.

The group's company secretary maintains the declarations of interest and related-party disclosures register. The directors are required to declare and update their interests at least annually or as soon as details change and directors who have a conflict of interest on any matter to be discussed at meetings are required to inform the board chair and the company secretary before the meeting. Where a director has a conflict of interest the director must be recused from the meeting when the matter is being discussed and have no voting rights regarding such matters.

During the year the board appointed an independent board, consisting of Messrs Lumb and Mokhobo and Mrs Simamane, to consider and approve a mandatory offer made by a consortium of shareholders, which included indirect interest of Messrs Chapman, Hannington and Baloyi. These directors' conflicts of interest were noted.

enX adheres to the Insider Trading Act which prohibits individuals from trading in any shares when in possession of non-public material information. No director or employee, nominee or members of his or her immediate family may deal either directly or indirectly, at any time, in the securities of the company based on unpublished pricesensitive information about the company's business or affairs. The board adopted a formal policy guiding closed and prohibited period restrictions and the policy is implemented by the company secretary. Closed periods begin from the end of the month of the interim and annual reporting periods to 24 hours after announcing financial and operating results for those respective periods. Directors and senior designated employees are required to instruct their portfolio or investment managers not to trade in the securities of enX without written consent. A list of people who are restricted for this purpose has been approved by the board and is revised from time to time. This includes directors or officers of subsidiaries and the company secretary. A register of directors and officers is available for inspection at the company's registered office in Sandton, South Africa

# Key decisions and resolutions during the financial year

Q1

- · Approve 2022 year-end results
- Appoint KPMG Inc
- Restructure board and committees

Q2

- Separate funding agreements
   Approve interims for WAG AGL and NWP
- Approve ESG strategy
- AGM

Q3

- Independent board appointed to approve mandatory offer to all shareholders



- Approve budgets
- Approve strategy
- Extend maturity of Egstra fundina
- · Cautionary announcement regarding potential sale of Eastra

#### **Appointments**

The appointment of new directors is considered by the entire board, according to recommendations made by the nominations committee. These recommendations are based on identified requirements for skills and experience, combined with personal and business attributes. The board also considers race and gender equality when appointing new directors. Re-appointment of retiring directors is not automatic and is recommended by the board after consultation with the nominations committee. The appointment process is formal and transparent.

New directors are required to attend a comprehensive induction program and are informed of their fiduciary duties by the company secretary. The CEO provides the new directors with the required level of understanding of the business, operations and industry and outline the company's strategy. New directors also visit the various operations to gain a better understanding of the various businesses within the group and meet the management teams

#### Rotation of directors

In terms of King IV™ and the company's Memorandum of Incorporation (MOI), one-third of the board's non-executive directors must retire from office at each annual general meeting on a rotational basis. Retiring directors may make themselves available for re-election provided that they remain eligible as required by the MOI and in compliance with the JSE Listings Requirements. In determining whether to recommend a director for re-election, the board and Nominations committee considers the director's past attendance at meetings, participation in and contributions to the activities of the board and compliance with regulatory requirements.

The non-executive directors retiring by rotation and standing for re-election by the shareholders at the next annual general meeting in 2024 are WH Chapman and PC Baloyi.

# Board diversity

Diversity of expertise - create an experienced board with the appropriate balance of knowledge and skills in areas relevant to the group, required to govern effectively.

The board considers the following areas of expertise as relevant:

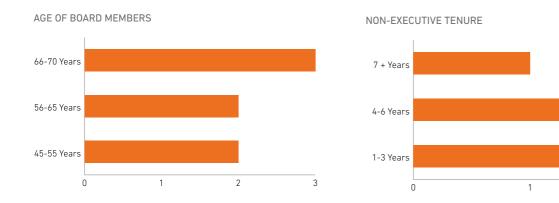
- Leadership the group has an entrepreneurial flair led by experienced divisional leaders. It is important that leadership embraces this culture and develops a cohesive team working toward the same strategy while maintaining high ethical standards.
- Finance interrogate the accuracy of financial information and the completeness of information.
- Industry/operational expertise the group is diverse in nature. This is an area that constantly needs to be re-considered by the board as the business combinations evolve.
- Human resources employees remain a key priority in all operations.
- Environmental sustainability the health and safety of our employees and ensuring that the highest environmental standards are upheld is vital to the operations.
- Risk and opportunity management this skill set is vital to ensure the longevity of the business.
- Legal the board is constantly aware of the legal obligation it carries and need to be abreast of the legal framework it operates under.
- Technology and innovation the industrial environment is ever-changing and becoming more technologically focussed.

Diversity of age - executive directors retire from their positions and from the board at the age of 63. The retirement policy, however, makes provision to extend the working relationship beyond normal retiring age. Non-executive directors, over 70 years of age, retire at every AGM and are submitted for re-election, if eligible.

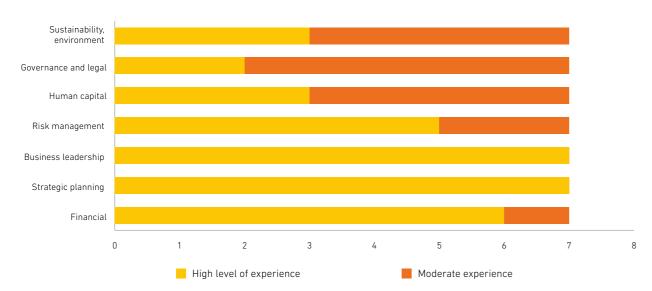
Diversity of tenure - periodic, staggered rotation of board members to ensure the induction of new perspectives and skill sets, while retaining valuable knowledge and continuity.

Diversity of race and gender – the board aligned its gender and race targets to the transformation plans of the group, voluntarily targeting at least a 25% female representation and a 60% black representation.

# **CORPORATE GOVERNANCE** (continued)



#### BOARD KNOWLEDGE, SKILLS AND EXPERIENCE



# Company secretary

The board as a whole, and the individual directors, have unrestricted access to the advice and services of the company secretary, who provides guidance to the board and to the directors with regard to how their responsibilities are to be discharged.

Acorim (Pty) Ltd is an independent company secretarial and corporate governance advisory service provider and is represented by R Cloete. The Board is satisfied with the expertise, experience, competence and qualifications of the company secretary and confirms that the relationship between the board and the company secretary remains at arm's length. In addition, the company secretary is considered suitably qualified to perform her duties, which include to:

- maintain and regularly update a corporate governance manual;
- ensure that, in accordance with pertinent laws, the proceedings and affairs of the board and its members, the MOI, the company itself and, where appropriate, owners of securities in the company are properly administered;

- ensure compliance with the JSE Listings Requirements and the company's MOI:
- ensure that all directors have access to her advice and services relative to the affairs of the company and their roles and responsibilities;
- together with the chairman, ensure good information flow within the board and its committees and between the board and senior management and non-executive directors; and
- establish the annual work plan for the board and board committees.

Shareholders, employees and investors are encouraged to communicate recommendations to the board, the company secretary or the CEO.

# Sponsor

Standard Bank of South Africa Limited through its sponsor division acts as JSE sponsor to the company in compliance with the JSE Listings Requirements.

# Financial statements and external review

As a part of enX's corporate governance policy, the implemented standards and systems of internal controls continue to be improved by management to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and group assets.

The board is of the opinion that the internal financial controls are adequate and that the financial records can reliably be used for preparing the financial statements in accordance with IFRS and to maintain accountability for the group's assets and liabilities.

The board has identified and defined the critical internal financial controls and understood the impact of control failure on the group, developed a framework to establish an approach for the evaluation of the identified controls and developed a standard consolidated report of the critical controls identified and evaluated to monitor the level of adequacy and effectiveness frequently. This allows the CEO and CFO to provide the necessary representation in terms of the JSE Listings Requirements that the essential internal financial controls are adequate and operating as intended.

During the year under review no matters came to the attention of the directors to indicate that a breakdown in the functioning of controls, resulting in material loss to the group, had occurred during the year and up to the date of this report.

The ARC report, as included in the Annual financial statements for 2023, contain additional information regarding the system of internal controls, internal and external auditors functions and duties. The independent external auditor's unmodified audit opinion report is included in the Annual financial statements.

# Legal and regulatory environment

The board is responsible for ensuring compliance with applicable laws and regulations, the adoption of non-binding rules, codes and standards. The board is assisted by the Head of Assurance, company secretary and external legal counsel for advice.

A compliance assessment plan covering high risk, high impact legislation was completed at the Eqstra and enX Group assessment during the 2022 year. This process was rolled out to the other segments in 2023 for completion in 2024. Based on the outcome of the assessment the group conducted an independent compliance review during 2023 gaining assurance that the provisions of the Companies Act 2008, the JSE Listings Requirements under the Financial Markets Act, 2012 and King IV<sup>TM</sup>, were being complied with by enX and all of its subsidiaries. The independent reviewer was satisfied that compliance levels with the laws under focus were at a mature and above average level.

No instances of non-compliance with the laws of establishment and the MOI of the company was reported during 2023.

At Eqstra the independent legal compliance audit covered seventeen acts and a high level of compliance was reported.

The group is not highly regulated, and the focus is primarily around legislation governing health and safety, labour practices and data protection at operational level. Compliance audits will be a focus in 2024.

The group takes very seriously its compliance with all regulatory obligations, including compliance with competition law. The group uses an outsourced compliance consultant to keep the group abreast of regulatory changes. The group has not been sanctioned for anticompetitive practices or for non-compliance with the Competition Act during the year. The group does not condone price fixing or any form of collusion. No losses were incurred defending allegations of due to, anti-competitive behaviour, market manipulation, malpractice or violations of other industry laws or regulations.

No material fines or non-monetary sanctions were imposed on the group for non-compliance with any laws or regulations during the year under review, nor was the group party to any legal actions for anti-competitive behaviour or anti-trust and monopoly practices during the year.

Eqstra is a member of SAVRALA, the South African Vehicle Rental and Leasing Association. The association recognise the benefits of market competitiveness, but with cohesion for the common good of the industry.

#### IT governance and compliance

The board acknowledges its responsibility for IT governance and business continuity as part of its assumption of responsibility for risk management of the group.

The Chief Information Officer reports to the ARC, who is responsible for monitoring IT policies, the internal control framework, ensuring independent assurance of IT internal controls, advising on IT strategy, monitoring and evaluating significant IT investments, monitoring compliance with IT laws and related codes and standards and advising the board on IT-related risks. ARC oversee the group's IT framework, strategy and controls. The IT steering committee ensures that matters such as ever increasing regulatory and governance compliance, cybersecurity and digital transformation are adequately addressed, whilst continuously focusing on innovative and business centric IT solutions. The IT controls framework is aligned to COBIT and includes robust information security systems, protocols and procedures to enable the business to effectively protect its assets. Information and technology are seen by the board and the executives as having a profound impact on the business processes within the organisation, and therefore emphasis is placed on ensuring that necessary skills are in place, that the responsibilities are adequately discharged and the potential benefits that result from using technology are being embraced and closely monitored.

The group made good progress in implementing the plan to achieve the three-year IT strategy as established for each segment, including the service centre. The IT strategy is continually revised to ensure alignment with business strategic goals, incorporation of the impact of technology drivers and trends, and appropriately mitigated IT risks. The IT plan involves the determination, implementation and monitoring of current IT controls as well as the best practice controls which will be implemented as and when needed. The effectiveness of these controls is tested by independent third parties as part of their internal audit work. Year two of a three-year plan to test IT maturity had been concluded.

# **CORPORATE GOVERNANCE** (continued)

Good progress made on the 2021 to 2024 strategy focusing on driving and optimising digital transformation with efficiency based on five pillars namely:

- Delivery Excellence, providing predictable and resilient systems, services and solutions.
- Client Experience, create seamless end-to-end interactions that drive value and satisfaction.
- Employee Experience, fostering a culture that succeeds through communication, execution, and leading by example.
- Operational Excellence, promoting an organisation built on continuous improvement and adaptability.
- Corporate Growth, deliver solutions, systems and data that focus on delivering value.

The implementation of cybersecurity measures and the initiatives to maintain the integrity, confidentiality and availability of data assets and technologies are well established and ongoing. The security incident monitoring system is an effective, developed reporting system that is used to identify issues that may turn into potential violations and is closely monitored by the cybersecurity team and reviewed monthly by the Chief information officer and IT operations manager. Security awareness training is rolled out to all users in the course of the year. Simulated phishing tests are used to measure the success of enX's awareness campaign. Internal and external penetration tests are conducted annually and all vulnerabilities are attended to.

IT governance and compliance audits are ongoing, and four businesses obtained QAS International ISO/IEC 27001:2013 certificates of registration during the year. Both internal and external audit continue to perform annual reviews of the IT compliance and controls. There are systems in place to continue to monitor and ensure that POPIA and GDPR are communicated and complied with.

Appropriate authentication is in place when accessing the network remotely to ensure the protection of both the enX network and enX data when accessed externally. Encryption has been enforced on all data copied onto removable devices safeguarding its integrity and confidentiality. In order to enhance performance, increase security, reduce downtime and improve communication, investment was made to migrate systems off old infrastructure to new production clusters. The current Eqstra ERP application is going through an application upgrade .The D365 system conversion in the Eqstra business estimated to be completed by mid-2024. All planned information and technology investment is undertaken to ensure that the business addresses stakeholder expectations and drives long term sustainability.

# Inclusive engagement with stakeholders

The board acknowledges that it is ultimately responsible for the management of relationships with the group's major stakeholders. A strong emphasis is placed on its customers, strategic OEM partners, suppliers, employees and shareholders.

Financial and non-financial information continues to be disseminated timeously and accurately to all stakeholders. The voting rights of shareholders are detailed in the company's MOI and are subject to the requirements and the limitations prescribed by the JSE Listings Requirements. All shares currently authorised and in issue are ordinary shares, with no differing share classes being provided for. All authorised and issued ordinary shares have the same voting rights and rank pari passu in all respects. The board through the social and ethics committee receives formal feedback from management on a quarterly basis as to the nature of the interaction that has taken place with the relevant stakeholders. A report on how the group has engaged with its stakeholders during the reporting period is available on pages 68 to 70.

#### Dispute resolution

In line with the group's stakeholder engagement considerations, conflict and dispute resolution is dealt with through constructive dialogue with the relevant parties. Where this preferred method does not result in adequate resolution of the matter, external legal advisers, mediators and/or arbitrators are engaged to expedite resolution.

#### POPIA and access to information

enX continues to comply with the requirements of POPIA, GDPR and the PAIA. The corporate manual was updated to incorporate the information required to be disclosed in accordance with POPIA and the manual is available on the website at www.enxgroup.co.za.

During the reporting period no PAIA applications were received by the group and POPIA security notification was timeously provided to the Information Regulator indicating that no privacy breaches were reported during the period.

#### Governance focus areas in 2024:

- The group understands how environmental, social and governance matters are inextricably linked, and how ESG performance is dependent on a concerted effort in all of these areas, together with a supportive culture and structure in the business. This will receive continued focus.
- Formal board, committee, external and internal auditor, company secretary and director self-evaluations will be undertaken in FY 2024 and analysed by the nominations committee and appropriate action items reported to the board.
- · Focus on long-term sustainability of the business will continue.

# CORPORATE GOVERNANCE STATEMENT

# Application of the King Report on corporate governance

The enX board believes that its existing governance framework and culture provide a foundation well aligned to the implementation of King  $IV^{TM}$ . Adopting King  $IV^{TM}$  is a commitment to the philosophies of stakeholder inclusivity, corporate citizenship and protecting the value that we create, which is aligned with our value creation strategy. The board believes that, by ensuring that principles and practices are applied with a focus on achieving the following four corporate governance outcomes: ethical culture, good performance, effective control and legitimacy, the group will have a sound corporate basis from which to operate and create value for all stakeholders.

The board has opted to apply the 17 King  $IV^{TM}$  principles in a manner that is focused on achieving the King  $IV^{TM}$  outcomes, while taking cognisance of our group size and composition, and our decentralised and entrepreneurial organisational structure. The group reviewed its current practices to ensure alignment with the King  $IV^{TM}$  recommended practices associated with each principle contained in the King  $IV^{TM}$  Report on Corporate Governance.

See enX website at  $\hfill \hfill \h$ 

# **RISK MANAGEMENT**

The board undertakes responsibility for the process of risk management in the group and is further responsible for setting the tone for risk management by providing discipline and structure. While primary risk management has been delegated to the ARC, each committee of the board manages the group's risks for its areas of responsibility.

enX's risk management framework is embedded in our daily operations and promotes responsible risk-taking, improves understanding of potential impact of risks and identifies opportunities. This process empowers management to analyse and assess the likelihood of material risks and identify effective plans to mitigate these risks and realise opportunities.

When identifying relevant matters, we consider topics or issues

- Are important to key stakeholders
- Form the basis of boardroom discussions
- · Could substantively affect value creation
- Link to strategy, governance, performance or prospects

When evaluating the importance of relevant matters, we consider:

- · Quantitative and qualitative effects
- · The nature, area and time frame of effects
- The magnitude of impact and likelihood of occurrence

The table provides a summary of the roles and responsibilities of each of the key stakeholders in the enX group risk management process:

FRAMEWORK

The framework provides the design, implementation, monitoring, reviewing and continuous improving of risks and opportunities.

#### **BOARD AND SUBCOMMITTEE**

#### Board responsibilities

- The board is responsible for the governance of risk and sets the tone for risk management
- The board approves the ERM Framework which clearly defines enX's risk management philosophy
- Overriding control and mitigation of risks
- Approving risk appetite and ensuring alignment with strategy
- Setting risk tolerance and appetite

# Audit and risk committee responsibilities

- Monitors the implementation of the risk management process
- Monitors that the ERM Framework is integrated and embedded into normal business processes and activities

# MANAGEMENT AND EMPLOYEES

# CEO, CFO and management responsibilities

- The group's CEO and CFO drive the culture of risk management and sign off on annual risk attestation
- Continuously improve the group's risk management policy, strategy and supporting framework
- Ensure that employees in their business units comply with the risk management policy
- Foster a culture where risks can be identified and addressed

#### PROCESS

Risks are managed using policies, standards, procedures and practices and internal controls. The process of risk management is to systematically apply management policies, procedures, and practices to the following risk activities:

- · Determine appetite and tolerance
- Risk classification
- Communication and consultation
- Risk assessment
- Risk response
- Monitoring and review

#### LINES OF DEFENCE

The combined assurance framework promotes accountability and consistency. It supports a coordinated approach to risk management throughout the group and provides assurance that risks are being effectively managed.

#### LINES OF DEFENCE

#### First line of defence

(management) – responsible for the identification and management of risks, in line with agreed policies, risk appetite, tolerance levels and controls at an operational level.

#### Second line of defence (risk management, compliance, legal quality control functions)

- responsible for the oversight and monitoring of different risks and provides the first line of defence with the appropriate tools to effectively manage identified risks. Third line of defence (internal audit, external audit, independent assurance providers) – provides

independent oversight and assurance to the board and senior management on the adequacy and effectiveness of controls implemented.

All three lines of defence report to the board directly or through the ARC and/or SEC. All board committees work together to optimise the combined assurance model to avoid duplication and promote collaboration.

# Material priorities are those factors most likely to influence the conclusions of our stakeholders when assessing our ability to create value over time.

The board and management teams continuously identify, analyse and evaluate the most appropriate response options. These are then evaluated in relation to enX's risk appetite, the cost versus benefit of potential risk responses, and the degree to which a response will reduce the impact and/or likelihood of a risk materialising.

enX determines if a factor is material by considering its potential to impact strategy performance and prospects in the short-, medium- and long-term, and ultimately our ability to create, sustain and limit the erosion of value.

Within the context of the uncontrollable factors in our operations, our material priorities are those factors we can to some extent control. We considered our strategy, the views and concerns of management and the board, key stakeholder groups, including customers, investors, lenders, suppliers and staff.

# REMUNERATION REPORT

Reward philosophy – The company's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in. and live by, our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the group.

#### Our remuneration report comprises three parts:

Part A: consists of a background statement from the Remcom chair highlighting matters that impacted remuneration policies, the implementation thereof and matters of governance;

Part B: consists of the forward-looking remuneration policy; and

Part C: illustrates how the policy was implemented during the 2023

# PART A: BACKGROUND AND **GOVERNANCE**

Dear shareholder

On behalf of the Remuneration committee (Remcom), we would like to present our report setting out the governance of the group's remuneration policies and the implementation of these policies. We ensure that these are conducive to supporting our employees to deliver the group's strategy, retaining and attracting high calibre talent, and ensuring material alignment with the expectations of shareholders.

#### **Background statement**

The enX Group has seen several changes over the years and these changes resulted in some legacy issues that the Remcom had to be cognisant of. The group grew from a family woodworking company, Austro, to a listed entity acquiring companies including WAG, AG Lubricants, Egstra, EIE SA, Impact Handling (UK) and New Way Power. Over the past two years, the group restructured itself again by disposing of Impact Handling (UK), EIE SA and Austro. Each acquisition and disposal came with its own remuneration complexities and structures which had to be streamlined and addressed with the best interest of the group and the employees in mind. We also saw the group's strategy changing over the years resulting in a constant conflict to align incentives to strategy whilst also trying to align incentives to shareholder expectations. These changes resulted in divisional executives not currently participating in any long-term incentive schemes, a situation that the committee wants to remedy

In line with King IV<sup>™</sup> principles, the board strives to remunerate fairly and responsibly. The Remcom therefore considers published external market remuneration surveys and the interests of shareholders when deliberating on directors' and senior management's remuneration. During 2023, the Remcom used Deloitte Consulting to conduct an independent remuneration benchmark exercise for all executive directors and divisional CEO's.

Though this report emphasises the remuneration policies and practices applied to the CEO, CFO, executive and non-executive directors, as well as divisional CEOs who are considered to be prescribed officers, as defined by the Companies Act, we apply these principles, where possible, to our wider staff complement.

#### Shareholder voting

As part of our ongoing commitment to proactively consult with our shareholders, we engaged with a number of our larger shareholders ahead of our AGM to discuss policies and implementation. At the AGM, held subsequently on 15 March 2023, 69% of our shareholders supported our policies and 69% of shareholders voted in favour of the implementation of these policies. Our non-executive fees received a 100% vote in favour of the proposed increases. A copy of the notice of the AGM are available on our website (www.enxgroup.co.za). Given the outcome, and in compliance with King IV™ and the JSE Listings Requirements we again extended a further invitation for engagement to dissenting shareholders to understand their objections and rationale for their votes. Although this invitation was unfortunately not taken up, the conversation was taken up during subsequent investor visits in 2023

As a committee, we welcome and consider our shareholders' views in our deliberations, which begins with ensuring that our disclosure relating to executive remuneration is transparent. We are committed to continue our engagement with shareholders if 25% or more of the votes exercised at the AGM are against the remuneration policy and/or its implementation to understand the reasons for their vote. The queries raised regarding the remuneration policy and implementation report were addressed as outlined below and we trust that it will address the concerns raised.

#### Shareholder engagement

Shareholder feedback	Comment
Short term incentives will need to be reduced if LTI is introduced given the size of the current pay packages.	LTI not yet implemented, but this will be considered prior to implementation.
No executives should be present in policy consideration. The risk is that an executive director can dominate the meeting therefore they need to exit the meeting.	Executives invited as and when required to assist in deliberations, but are not present during any policy consideration nor own remuneration discussions.
The entire Remcom membership of non-executives should be independent, this is an established requirement in a number of codes. You may not have executives being permanent invitees, they must be invited per meeting when needed and recorded as such.	The group followed IOD guidelines which recommended that the Remcom should comprise at least three non-executive directors, a majority of whom should be independent non-executive directors. Depending on the size and complexity of the entity, the most appropriate number of members is between three and five. Currently four non-executive directors, half being independent.
STI for executives are payable in April and November, this out of line with normal remuneration policies and unusual to have split payments.	The claw back agreement ensures that executives will not be over compensated. This more appropriately manages cash flow and keeps executives motivated.
Benchmarking needs disclosure or enough detail for the reader to follow the logic of how the benchmark has been determined/set.	Additional details are disclosed in 2023 report regarding independent benchmarking.
Executives need to forfeit all STI and LTI when leaving the company, it's not up for discussion.	LTI has very specific rules around "no fault" leavers, STI are forfeited should an employee leave before year end. The circumstances need to be considered in instances of change of ownership.
TGP is too high for some divisional CEOs. The market cap of the company must be considered.	Independent benchmarking conducted, results disclosed in the report.
HEPS only is very poor measurement for LTI performance criteria. Needs to be majority based on ROE above at least 15% for threshold, then a portion HEPS growth, adding an additional 1% to get to stretch is far too little, at least an additional 3% for stretch.	The committee debated various alternatives and decided that the vesting criteria is fair and aligned to shareholder interest.

#### Our governance

#### Committee membership

The Remcom is a subcommittee of the board and comprises four non-executive directors, two being independent. The Remcom is chaired by W Chapman. The membership of the Nomination committee (Nomco) is the same, but chaired by the Chairman of the board, P Baloyi. Executives attend part of meetings, as and when appropriate, by invitation to assist the committee in its deliberations, except when policies, their own remuneration and performance are discussed. No director can decide on his or her own remuneration or remuneration policy and invitees do not participate in meeting votes.

Member at year-end	Meeting attendance	
W Chapman	2/2	Non-executive – (Chair of remuneration)
P Baloyi	2/2	Non-executive – (Chair of nomination)
K Matthews	2/2	Independent non-executive
N Simamane	1/1	Independent non-executive (appointed 8 February 2023)

During the year Mrs Babalwa and Mr Jarana resigned as members.

As a Remcom our key focus areas during 2023 were:

- reviewing the general composition of executive remuneration packages;
- conduct independent salary benchmarks for executives and prescribed officers;
- remuneration of non-executives considering the size of the aroup:
- salary increases for 2024 and short-term incentives (STI) for the 2023 year; and
- implemented recommendations following the independent board and committee reviews conducted in 2022.

The Remcom discharged its statutory duties during the year to monitor activities stated above with particular focus on the following:

- Implemented recommendation from the 2022 independent board and committee reviews;
- Engaged with shareholders regarding remuneration policies and the implementation thereof:
- Considered the performance of directors and if needed, take appropriate remedial steps where directors are not fulfilling their responsibilities;
- Reviewed executive salary composition, STI and KPI's to achieve incentives, increases and long-term incentives

# Performance management and performance appraisals

Following the 2022 results finalisation, updated budget for 2023 and considering feedback from shareholders, the committee reviewed the key performance areas (KPI's) for each executive director and prescribed officer, being the divisional CEOs. Achievements against these targets were measured after half year to assess the payment of partial STIs and again based on audited results, divisional and personal performance. These appraisals were reviewed by the committee and approved by the board. The KPIs include a combination of group and divisional performance targets, are aligned to strategy and governance objectives.

Leadership, relationship, self-management, thinking and achievement competencies are considered when reviewing salary increases and incentives. Discretionary component of incentives is limited and take into consideration actual performance against target, growth and achievement of strategy and objectives, how the appraisal outcome compare to shareholder experience, general staff perceptions and if the outcome represent a fair compensation.

#### Responsibilities of the Remcom

- Determining policy and a framework for group remuneration, including the total remuneration package of the CEO, his direct reports, the CFO and each executive director;
- Determining short- and long-term incentives for group executives:
- Setting targets for performance-related pay schemes of executives:
- · Assessing non-executive directors' remuneration;
- Ensuring adequate disclosure of directors' remuneration;
- · Contracting with executives;
- Considering significant changes to the group pension and provident funds and medical schemes and other benefits;
- Leading process of selection for suitable candidates for the board;
- Making recommendations to the board in terms of succession plans for executive and non-executive directors;
- · Reviewing and approve board diversity policy;
- Making recommendations in terms of directors who retire in terms of the MOI; and
- · Reviewing the independence of non-executive directors.

#### Human capital and succession planning

The Nomco addressed succession planning at board, board committee and prescribed officers' level. The committee follows a three-tier process to succession planning:

The committee will firstly consider internal candidates within the specific business. It is our aim to grow from within and growth plans are in place, grooming people for potential roles. We also consider talent from outside the organisation to ensure highest level of experience and talent pool

If not possible the committee will consider potential candidates from subsidiary businesses, allowing growth opportunities within the group

Lastly the committee will identify external candidates from the market

#### Nomco focus areas during 2023 were:

- · approval of succession planning policy;
- appointment of two new non-executive directors;
- · appointment of new divisional CEO;
- reviewed independence of board members;
- reviewed succession plans for the board and top two tiers of leadership;
- reviewed contribution and participation of directors up for re-election and made recommendations to the board; and
- · approved succession planning policy.

#### Conclusion

The next two sections of the report form the basis for shareholders' non-binding advisory vote at the next annual general meeting. The vote enables shareholders to express their views on the remuneration policies and their implementation. We welcome the opportunity to engage with our shareholders on these important issues and will provide feedback and engage further should 75% or more of shareholders not vote in favour of the remuneration policy or implementation report. The board will include an invitation to dissenting shareholders in the AGM results announcement to engage with the company.

As a committee we thank shareholders for taking time to engage with us and we encourage ongoing constructive engagement on the remuneration policy and its implementation.

#### PART B: REMUNERATION POLICY

We believe the long-term success of the group is directly linked to the calibre of employees that we employ and the working environment that we create. It is, therefore, imperative that we make a concerted effort to align the best interests of our employees with that of our other stakeholders.

Our remuneration philosophy, supported by robust performance management practices, strives to set our employees' total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate. The use of performance measures supports positive outcomes across the economic, social and environmental context in which the group operates and all the capitals that it uses or affects.

#### Fair and responsible remuneration

The Remcom seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term financial performance and those linked to longer-term shareholder value creation.

The Remuneration policy addresses remuneration on an organisation-wide basis and is one of the key components which fully support the overall business strategy. The policy is approved by the board and there were no deviations from the policy during the year. The main functions of the Remuneration policy, are to:

 support the enX strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees;

- promote the achievement of strategic objectives within the company's risk appetite;
- promote/support positive outcomes across the economic and social context in which the company operates; and
- promote an ethical culture and responsible corporate citizenship.

#### Non-executive directors

Non-executive directors do not have employment contracts nor service contracts. Non-executive directors are evaluated on their board and committee performance. The performance of the Chairman is reviewed annually by the board members prior to the election process.

The committee reviews and recommends to the board the fees payable to non-executive directors. The board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and consideration relating to the retention and attraction of high-calibre individuals.

The Nomco conducts an in-depth review of the performance of the directors due for re-election. Based on these outcomes, the Nomco and the board recommend the re-election of these members for shareholder vote.

In line with King IV<sup>TM</sup>, non-executive directors are to retain their independence and as such they neither receive long- or short-term incentives or any other benefits linked to performance other than directors' fees and reasonable reimbursement of expenses incurred on behalf of the company. Non-executive directors, including the Chairman of the board, receive an annual retainer and an additional fee per meeting attended in cash. The fees are paid quarterly and exclusive of VAT. In certain circumstances the board may approve an additional discretionary advisory fee for the Chairman.

#### **Executive directors**

Executive directors shall not be subject to retirement by rotation or be considered in determining the rotation by retirement of directors. New executive directors' appointments are confirmed by the shareholders at the AGM following their appointment as director by the board. The executive directors are employed under the same employment conditions as other staff, except for a six months' notice period. enX reserve the right to terminate an executive's employment, without notice, for any cause deemed sufficient by law.

# Salaried employees, including executive directors

Employment contracts are in place for executive directors, prescribed officers and salaried staff and reviewed as and when required. Employment contracts will be the main vehicle to execute the clawback requirements for malus, value destruction and gross negligence. These clauses are included in executive and prescribed officers' contracts.

Employment contracts do not allow for payment of additional benefits or balloon payments on termination, other than those that apply to all staff and determined by law. Executive contracts do not include severance compensation due to change of control and retrenchment policy will apply in such events.

In the event of early termination there is no automatic entitlement to bonuses or long-term incentives. Executives may receive pro-rata payment as allowed in terms of "no fault leaver" provisions contained in early termination clauses of the group's incentive scheme rules. STI are usually forfeited if the person early terminates employment.

#### Remuneration breakdown

Structure

Key Objective

The remuneration packages of each executive director and those of divisional CEOs are reviewed annually. The group has various formal and informal frameworks for performance management that are directly linked to either increases and total guaranteed pay (TGP) or annual STI. These packages are aimed at encouraging and motivating sustainable performance as well as retaining employees. LTI schemes are designed to recognise their contributions and value add and play a further important role in retention. Currently the divisional employees, including divisional executives, do not have LTI's in place. The board is in discussion with key individuals to implement a long-term incentive structure.

Eligibility

Ney Objective	Structure	Lugibility
Total guaranteed remuneration (TGP)	Guaranteed remuneration is paid monthly on a Cost to Company basis (CTC). All employees receive guaranteed remuneration which is reflective of their roles	All employees, including executive
to provide the base	Guaranteed remuneration is generally targeted at the median/50th percentile level for that particular role. Scarce and critical roles may be positioned at the 75th percentile	directors and divisional CEOs
Total guaranteed remuneration (TGP)  - The key objective is to provide the base element of remuneration that reflects the person's role/position in enX and is payable for doing the expected job.  Short-term incentives – The key objective is to create a performance culture by rewarding individuals/teams for achieving strong annual results in terms of predetermined targets.  Short-term incentives – The key objective is to create a performance culture by rewarding individuals/teams for achieving strong annual results in terms of predetermined targets.  The STI unit period the science budget session Individuals dividuals dividuals dividuals dividuals dividuals dividuals dividuals division. The dividuals division the division that the contract that parent the division that parent the contract the division that parent the contract the division that parent the division that parent the	Guaranteed remuneration is benchmarked against the relevant market sector and size of the company	
	Guaranteed remuneration is set at a level which is aligned to expected operational performance	
=	Salary increases are determined by taking into account individual performance, competency, profitability forecast, benchmarking exercises and economic factors. The Remcom approved executive and divisional CEO increases. Remcom is presented with the proposed salary increase pool for all employees and provides the authority to the CEO and divisional CEOs to distribute the increases as appropriate. Increases are typically effective from September	
	Annual STI are designed to recognise the achievement of the company's financial performance measures and a combination of strategic measures	STI applies to all employees. For
•	The STIs are self-funded and settled in cash after year end performance assessments	purposes of STI, the KPIs are set
objective is to create a performance culture by rewarding individuals/teams for achieving strong annual results in terms of pre-	The STI is based on a performance balanced scorecard where the enX Group and business unit performance targets are set in terms of threshold, targets and outperformance levels	depending on position and responsibilities
	The measurement period for assessing performance against the scorecard is normally a period of 12 months coinciding with the group's financial year	
	The scorecard is reviewed and revised targets are set on an annual basis during the budget process. The STI focus on key targets as identified during budget and strategic sessions	
	Individual incentives (performance bonuses) are based on the agreed output with each individual prior to the beginning of the performance period. Individual bonus allocations also depend on the performance of the division and team in which the individual operates	
	At the end of the financial year, the Remcom assesses the level of financial and non-financial performance and determines the STI payment to each of the CEO, CFO and divisional CEOs	
	The divisional CEOs and staff do not have any LTI incentives in place. The STI mix to overall remuneration is currently set higher to compensate for the lack of LTI and will be amended should a LTI be introduced	
	Malus and clawback arrangements are in place for executive staff	
	No payment on termination of employment other than formal retirement, death, permanent disability or retrenchment agreements	

Key Objective	Structure	Eligibility	
Long-term	The Share appreciation right scheme	In general, executives	
incentives – The broad purpose of the LTI is to attract, motivate, retain and reward key	This is a phantom share plan wherein participants are paid a cash amount referencing the value of the enX share price, subject to meeting pre-determined performance conditions. Adjustments to the notional reference price are made when capital contributions are made to shareholders. Participants do not acquire shares or any rights thereto. Under the scheme, participants can annually be offered an allocation	and key management who are high performers, whose deliverables are essential to the success of enX and	
employees who are able to influence the performance and strategic direction of	Performance units vest after three years of continued employment (20% retention) and 80% if the company has met specified performance targets over the three year period as determined by the board	who are critical from a retention perspective, are	
the group.	Employees have two years post vesting to exercise these rights	eligible for	
LTI's are aligned to	No treasury shares are held against the scheme as hedge as this is a cash settled scheme	participation in the LTI. Eligible individuals	
multi-year targets of growth and long-term value creation.	Participants do not have voting rights and no dividends accrue to participants. The scheme in total is limited to 10% of the total shares in issue and no individual may be allocated more than one percent of shares in issue	are selected by the CEO under oversight of the Remcom.	
creation.	Malus and clawback arrangements are in place for participating staff	Currently limited to CFO. CEO and some	
	Fault terminations (Resignation, dismissal on the grounds of misconduct; proven poor performance or dishonest and fraudulent conduct; abscondment; and/or other just-cause dismissal) – forfeiture of all balances in the scheme on termination of employment	service centre staff	
	No fault termination (Retirement, death, ill-health, injury, disability, retrenchment, sale of employer company) — No forfeiture applies, but pro-rata vesting will apply		
Other benefits	These benefits include: company cars, travel allowances, pension and provident fund and medical aid, death and disability cover. These are at the discretion of the business unit and structured within CTC	Varies per business unit	

 $\mbox{enX's}$  reward strategy is aimed at enabling the business to:

- $\bullet\,\,$  reward, recognise and give appreciation for superior performance;
- direct employees' energies and activities towards key business goals; and
- achieve the most effective returns (productivity) for total employee spend.

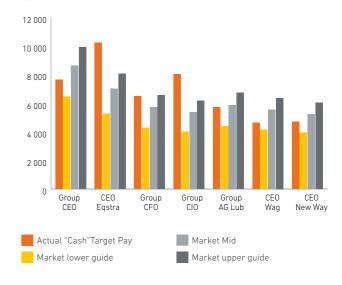
#### Benchmarking

enX engaged Deloitte Consulting during the year to conduct an independent benchmark exercise for executive directors and prescribed officers, following concerns raised by shareholders, to ascertain appropriate market-related pay for top positions in our structure.

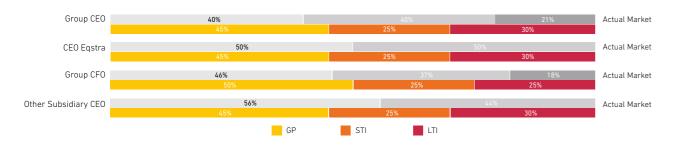
The Deloitte approach adopted included the sizing of the organisation using the bespoke Deloitte Grid Sizing methodology. Relative sizing of the positions was then established using the ExecEval™ methodology. This methodology has been designed for evaluating jobs at executive level and enables comparisons to be made between executive positions, using factors common to senior jobs across disciplines, functions and industries. The rating factors include input factors such as skills and knowledge, conceptual skills and interpersonal skills to deliver output factors being job impact, problem solving, decisions and resource control. The market data is based on South Africa national market, expressed as annual values that were current at April 2023. We believe that the process was independent.

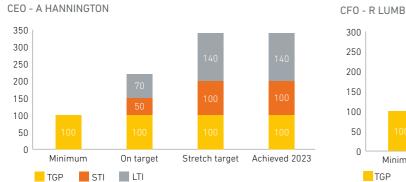
As majority of the executives do not have long term incentives in place the total on target remuneration was considered the most appropriate benchmark. Total pay includes total guaranteed pay, maximum STI if all stretch targets were met and total maximum LTI.





On target pay mix benchmarking indicated that the current structure remuneration mix is weighted toward short term.







Notes: LTI achieved is based on 31 August 2023 closing market price less issuance prices compared to 2023 guaranteed pay. No LTI vested or was paid during the year. LTI not in place for divisional CEOs.

#### Incentive structures

The maximum STI and LTI that could be earned per executive level as a percentage of total CTC:

	Maximum STI earned at					
	Target	Stretch	Target	Stretch		
CEO	50%	100%	70%	140%		
CFO	40%	80%	50%	100%		
Executive team	40%	80%	50%*	100%*		
Senior management	30%	60%	30%*	60%*		

<sup>\*</sup> Not currently issued to divisional CEOs and divisional management.

#### Other considerations:

- Approximately 70% of the incentive must be linked to financial metrics and the balance to the achievement of KPIs that are precise, specific and measurable. The intention is that the STI will only be achieved if budget and stretched targets are met.
- Stretch performance targets will typically be set where both budgets and returns are exceeded and will be linked to absolute value of the outperformance not percentage outperformance.
- All STIs must be self-funding, i.e., the metric being measured must be calculated after taking into account the STI.
- The LTI implementation framework has been modified to include fewer participants and structured to produce a desired outcome.
   For example, the target performance is designed to deliver a benefit in three years' time to the CEO equal to 70% of his current cost to company and the stretch target would deliver 140%.

#### Reduction or forfeiture of LTI and/or STI (malus and claw back):

Malus is applicable to awards (LTI) that have not yet vested, and where required, these will be cancelled. Clawback applies once an event occurs that triggers the repayment of the LTI award or STI. Share schemes and/or incentive bonuses are subject to reduction or forfeiture (in whole or part) if:

- there is reasonable evidence of fraud or material error by a participant; or
- the financial performance of the group or the relevant business units for any financial year in respect of which an award/STI is based has subsequently appeared to be materially inaccurate; or
- the group or the relevant business unit suffers a material downturn in its financial performance, for which the participant can be held accountable; or
- resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessations occurs as a result of notice given by the employee or otherwise or if he/she resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting or payment date, all awards will lapse, unless the committee decides otherwise.

The Remcom may, without prejudice to its other remedies or the company's legal rights, in its absolute discretion require employees to:

- for exercised awards (LTI), repay the company an amount equivalent to all or a part of the net of tax settlement value they received upon exercise of their award;
- for unexercised (both unvested and vested) awards (LTI), reduce the number of SARs they are still able to exercise; and
- for STI repay an amount equivalent to all, or a part of, the net of tax settlement value received.

#### Retirement schemes

Some executives participate in contributory retirement schemes, which include pension and/or provident funds. Executive retirement is governed by their retirement scheme rules, subject to the group's need to enter into a fixed-term contract to extend the services of any executive within certain prescribed limits.

#### External appointments

Executive directors and divisional CEOs are not permitted to hold external directorships or office, other than those of a personal nature, without the approval of the board. They also receive no board or committee fees in addition to their normal remuneration.

#### Minimum shareholding requirement (MSR)

The group had not adopted a MSR for executives or prescribed officers. Directors' shareholdings are available in Shareholders' profiles of the financial statements 2023.

#### PART C: REMUNERATION POLICY IMPLEMENTATION

#### Board annual retainers and committee fees

Annual board retainer fees and committee fees are paid quarterly. The board proposes, subject to shareholder approval, a 6% increase for the period 1 September 2024 to August 2025. In terms of sections 66(8) and (9) of the Companies Act, the company is required to obtain approval of shareholders by way of special resolution to compensate its non-executive directors for services rendered during the next two years. Directors' fees were approved at the AGM held on 15 March 2023 and are applicable for the period ending 31 August 2024. The fees comprise an annual fee which takes cognisance of the responsibilities of the non-executive directors throughout the year and a meeting attendance fee. The remuneration proposed is considered to be fair and reasonable and in the best interests of the company.

Non-executive directors' remuneration for the year ended 31 August 2023:

Name	Retainer R'000	Committee and <i>ad hoc</i> fees R'000	Total 31 August 2023 R'000	Total 31 August 2022 R'000
P Baloyi	757	256	1 013	982
W Chapman	195	224	419	394
K Mokhobo <sup>1</sup>	184	384	568	-
Z Matthews	195	413	608	366
N Simamane <sup>2</sup>	98	277	375	-
L Molefe <sup>3</sup>	81	142	223	664
B Ngonyama <sup>4</sup>	81	-	81	713
J Varana⁵	237	152	389	787
Total	1 828	1 848	3 676	3 906

- 1 K Mokhobo was appointed as director on 3 January 2023 and as lead independent non-executive director on 12 May 2023.
- <sup>2</sup> N Simamane was appointed as director on 8 February 2023.
- <sup>3</sup> L Molefe resigned as director on 31 January 2023.
- <sup>4</sup> B Ngonyama resigned as director on 30 January 2023.
- <sup>5</sup> J Varana resigned as director on 30 April 2023.

Increases proposed in non-executive fees (R)		Fees 1 Sept 2022 to 31 Aug 2023	Approved fees 1 Sept 2023 to 31 Aug 2024	Proposed fees 1 September 2024 to 31 Aug 2025
Board retainers	Chairman	757 000	795 000	842 700
	Member	195 300	205 000	217 300
	Lead independent	356 000	374 000	396 400
Attendance fee per meeting				
Board meeting	Chair	32 500	34 000	36 000
	Member	32 500	34 000	36 000
Audit and risk committee	Chair	72 000	75 000	79 500
	Member	51 500	54 000	57 000
Remuneration and nomination committee	Chair	47 000	49 000	52 000
	Member	32 000	34 000	36 000
Social and ethics committee	Chair	47 000	49 000	52 000
	Member	32 000	34 000	36 000
Ad hoc meeting fees	Member	11 000	11 000	11 600

#### Rationale for board fees

In determining the proposed fees of 6%, cognisance was given to ensure increases proposed were aligned to employees' average increases, market trends and additional responsibilities of non-executives in terms of legal and governance requirements were also taken into consideration. The board will continue to review fees based on company size and responsibilities.

#### Executives

enX's remuneration philosophy recognises that the group's performance depends on the quality of its people. It strives to integrate financial and non-financial rewards and benefits and is applied equitably, fairly and consistently in relation to job responsibilities, the employment market and personal performance.

The Remcom reviews the remuneration packages of each executive director and those of divisional CEOs annually and include a guaranteed salary, other benefits and long- and short-term incentives.

Most businesses continued to show robust growth and improved performance, when compared to prior years and budgets. The committee approved salary increases and incentive bonuses for executives who met targets.

In line with the remuneration policy, approximately 70% of the incentive is linked to financial metrics and the balance to the achievement of KPIs that are precise, specific and measurable. The committee recommended that the CEO weighting with reference to strategy needed to be increased.

The internal and external factors that influenced the company's remuneration and incentives:

<ul> <li>Inflation</li> <li>Macro-economic conditions</li> <li>Cost of living</li> <li>Legislation</li> <li>Labour markets</li> <li>Unions</li> <li>Society</li> </ul>	External	Internal
<ul> <li>Cost of living</li> <li>Legislation</li> <li>Labour markets</li> <li>Unions</li> <li>Operational performance</li> <li>Job evaluations and skill shortages</li> <li>Individual performance</li> </ul>	• Inflation	• enX strategy
<ul> <li>Legislation</li> <li>Labour markets</li> <li>Unions</li> <li>Job evaluations and skill shortages</li> <li>Individual performance</li> </ul>	Macro-economic conditions	Salary benchmarking
<ul> <li>Labour markets</li> <li>Unions</li> <li>Individual performance</li> </ul>	Cost of living	<ul> <li>Operational performance</li> </ul>
• Unions	Legislation	<ul> <li>Job evaluations and skill shortages</li> </ul>
	Labour markets	<ul> <li>Individual performance</li> </ul>
• Society	• Unions	
• Society	• Society	

#### STI achieved for the year ended 31 August 2023:

Weightings applied to short-term key performance indicators for 2023.

	Actual	ual CEO		CF0	
		Achieved	Weighting	Achieved	Weighting
PAT target of R244m to achieve 100% stretch	R323m	50%	50%	57%	57%
Bank covenants met	Met	5%	5%	5%	5%
Net working capital days of 60 to achieve 100% stretch	47	5%	5%	8%	8%
Strategic targets met for 2023 and set for 2024-25	Met	20%	20%	10%	10%
ESG targets	Reduced	10%	10%	10%	10%
Personal performance		10%	10%	10%	10%
Total % achieved		100%	100%	100%	100%
Total STI as % of salary capped at		100%		80%	

	Weighting	CEO - Eqstra Achieved	CEO – AGL Achieved	CEO – NWP Achieved	CEO – WAG Achieved
PAT target	55%	55%	55%	55%	52.5%
Net working capital days	5%	5%	2.5%	5%	0%
Strategic targets for 2023	20%	20%	20%	20%	20%
ESG targets	10%	10%	10%	10%	10%
Personal performance	10%	10%	10%	10%	10%
Total % achieved		100%	97.5%	100%	92.5%
Total STI as % of salary capped at		100%	80%	80%	60%

The divisional CEOs are considered the only prescribed officers of the group who require disclosure.

#### Long-term incentives (LTI)

LTI schemes approved by shareholders include:

• share-related incentive plan (SAR)

#### Cash-settled share appreciation rights scheme (SAR)

The SAR scheme is governed by approved rules with defined performance criteria and is a cash-settled plan. The maximum number of issuances is calculated using the maximum salary LTI limit divided by the bi-nominal value of the shares at date of issuance. This is then capped at a third per issuance. Issuance is made annually and vests after three years. The rules allow participants an additional two years to exercise from vesting date.

During the year no SAR vested and no SAR was paid during the year.

A detailed breakdown of the SARs granted appears in note 16 of the consolidated financial statements. No SARs vested during 2023.

Date of grant	Remaining shares granted	Grant price	Adjusted grant price <sup>1</sup>	Final vesting date	Vesting criteria
May 2021 <sup>1</sup>	1 336 554	R5.57	R2.07	June 2024	80% based on HEPS <sup>4</sup> target
September 2021 <sup>1</sup>	1 699 376	R5.82	R2.32	August 2024	20% based on retention 80% based on HEPS <sup>4</sup> target
					20% based on retention
September 2022 <sup>2</sup>	1 796 667	R7.63	R6.13	August 2025	80% based on HEPS <sup>4</sup> target
					20% based on retention

<sup>&</sup>lt;sup>1</sup> On 20 June 2022 a capital distribution was made reducing the grant price by R2.00. On 5 September 2022, a further capital distribution was made that will further reduce the grant price by R1.50, resulting in a R3.50 adjustment to granting price.

<sup>&</sup>lt;sup>2</sup> On 5 September 2022, a capital distribution was made that will reduce the grant price by R1.50.

No divisional employees have participated in issuance since 2021 and the committee is in a process of agreeing an alternative LTI for key individuals.

<sup>4</sup> HEPS vesting of 30% if HEPS exceeds CPI + 1% and linier to 100% if HEPS exceeds CPI + 2%.

#### Other benefits

Executives, CEOs and employees also participate in contributory retirement schemes. The various schemes have separate rules and contributions are made accordingly.

Executive directors do not receive directors' fees.

#### Remuneration of executive directors and divisional CEOs as prescribed officers

The table below provides the remuneration earned for the year ended 31 August 2023, excluding any backpay reflecting in prior year.

Name	Basic salary R'000	Other benefits R'000	Retirement contributions R'000	Bonus R'000	Total 31 August 2023 R'000	Total 31 August 2022 R'000
Executives						
A Hannington	3 822	-	_	3 822	7 644	7 280
R Lumb	2 960	253	391	2 883	6 487	6 163
O Mabandla <sup>1</sup>	_	-	-	_	-	1 908
Divisional CEOs (prescribed officers)						
J Carr	3 744	581	804	5 127	10 256	9 672
B Hean²	2 049	947	330	-	3 326	7 056
M Kerwan	3 179	-	_	2 480	5 659	5 398
G Rosettenstein <sup>3</sup>	2 577	96	374	1 940	4 987	
C Silver <sup>4</sup>	2 664	6	-	2 100	4 770	2 104
D Viljoen <sup>5</sup>	-	-	-	-	-	2 050
Total	20 995	1 883	1 899	18 352	43 129	41 631

<sup>&</sup>lt;sup>1</sup> Resigned as executive director on 8 June 2022.

#### Participation in enX SAR scheme

	Grant date	Shares	Vesting date
'S	May 2021	568 764	June 2024
	September 2021	723 785	August 2024
	September 2022	775 823	August 2025
ngton	May 2021	458 801	June 2024
	September 2021	569 095	August 2024
	September 2022	610 012	August 2025
	May 2021	308 989	June 2024
	September 2021	406 496	August 2024
	September 2022	410 833	August 2025
		4 832 598	
		4 832 598	

No vested not yet exercised share issuances exist.

#### **Employees**

The group paid salaries of R428 million (2022: R381 million). Inflationary increases and promotions resulting in an average increase of between 5-6% were paid for 2023 and similar increases were proposed for 2024. Increases per person are dependent on performance and could have been higher or lower than the average. For further details refer to the divisional reports and sustainability report.

refer to ESG report for breakdown of remuneration gap.

This remuneration report has been approved by the board of directors of enX.

#### Warren Chapman

Chair of the Remuneration committee

1 December 2023



Passed away on 14 March 2023.

<sup>&</sup>lt;sup>3</sup> Appointed CEO – WAG effective 15 March 2023, includes salary earned as CFO in 6 months prior to appointment as CEO.

Appointed CEO – New Way Power effective 31 January 2022.

Resigned effective 31 January 2022.

# 05

Social and ethics committee report	65
Engaging with stakeholders	68
Environmental, social and governance overview	
Our people	78



# SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee ("the SEC committee") is a statutory committee and a formal subcommittee of the board constituted in accordance with the Companies Act read with Regulations promulgated thereunder and the King IV<sup>TM</sup> Code. The committee's terms of reference details its composition, functioning and duties in terms of the Companies Act, the JSE Listings Requirements and King IV<sup>TM</sup>, as well as responsibilities allocated to it by the board. The board approved the terms of reference are annually reviewed for relevance

The report should be read together with the corporate governance report, the stakeholder engagement report and the environment, social and governance reports which will provide the stakeholders with a comprehensive review of how the group creates sustainable value.

#### Reflections on the year in review

The year 2023 saw a focus shift towards a more structured approach towards identifying environmental, social and governance matters that the group could have a positive impact on. Following the launch by the JSE of their Sustainability Disclosure Guidance and also Climate Disclosure Guidance reports in 2022 the group adopted a Sustainability policy in 2023, highlighting the areas we as a group will focus on. The policy highlights our responsibilities, not just towards the well-being of our staff, but also to the wider environment and communities in which we operate. Care for our employees, and our commitments to social and economic development and good corporate citizenship remain our highest priorities.

We continued to engage with stakeholders including our broad range of customers, suppliers, lenders, employees, unions and communities.

In addition, the group consistently worked towards reducing environmental risks, improving the health and safety of our employees and ensuring more efficient reporting processes.

Sustainability takes a broader focus and recognises the need to drive systemic change in achieving a more equitable society and economy that operates within ecological boundaries. This understanding of sustainability focuses our organisation's impacts on society, the environment and the economy (on people, planet and prosperity) and will enable us to assess the organisation's contribution toward global commitments such as the UN Sustainability Development Guidelines.

ESG report on page 71 to 77.

# Mandate, composition, and activities of the SEC

#### Membership

Members		Attendance
N Simamane	Independent non-executive chair	1/1 (appointed 8 February 2023)
P Baloyi	Non-executive director	2/2
L Molefe	Non-executive director	1/1 (resigned 3 January 2023)
K Matthews	Independent non-executive director	2/2

Key executives are invited to meetings and make contributions where required. During the past year, particular focus was placed on understanding the potential impact our operations have on the environment, setting the tone to create a focussed strategy to reduce our negative impact on the environment whilst uplifting our people and community.

#### The committee's duties include

- Setting the ethical conduct of the group, its executives and senior officials, including review and approval of the enX code of conduct
- Employment workplace and employee wellbeing policies and employment equity policies
- Guidance on the social and economic development activities of the group including health, public safety, and the environment
- Corporate social investment
- Review and approval of anti-corruption policies to ensure a zero-tolerance approach that is futureproof
- Policy for B-BBEE, employment equity (EE), diversity and transformation, including principles, targets, initiatives, programmes, and implementation
- Policy for sustainable development, including recommendations to the Board of directors, aligned to the UN 2030 Agenda
- The responsible management of data and compliance with the PAIA Manual and the Protection of Personal Information Act ("POPIA")
- Guidance regarding stakeholder engagement, including the development of communities and associated sponsorships and donations
- Monitors changes in legislation and to social and ethical codes, to ensure that the group is compliant
- Company performance as a good corporate citizen, as defined in the King  $\ensuremath{\mathsf{IV^{TM}}}$

#### Focus areas for the year

Focus area	Response
Diversity and inclusion	Monitoring the implementation of B-BBEE in terms of employment equity, ownership, enterprise development, and skills development.
	<ul> <li>The group completed their verification process in November and December 2022 and achieved a level 3 B-BBEI contributor status for Eqstra, AG Lubricants and WAG Chemicals. The group and remaining entities achieved a level of B-BBEE contributor status.</li> </ul>
Sustainability	Developed and implemented a group sustainability policy, based on the SDG principles.
	<ul> <li>The committee considered the Independent Reporting &amp; Assurance Services gap analysis regarding disclosure of Environmental, Social and Governance (ESG) content within our integrated annual report. Based on their finding information that we considered valuable and relevant to our stakeholders had been tasked to collate in our ongoing efforts to improve disclosure.</li> </ul>
Ethical culture	• Reviewed internal mechanisms to encourage ethical behaviour such as the Code of ethics and awareness campaign continued to reinforce the implementation of these initiatives.
	• Some of our core ethical principles as contained in our Code of Ethics and Conduct and our other policies include, but are not limited to the following:
	» We are committed to upholding and driving a fair and competitive marketplace, no allegations of anti-competitiv behaviour reported.
	• We promote diversity, equity and inclusion and a safe and healthy work environment.
	» We strive to create a culture of equality, inclusion and belonging.
	» We do not tolerate any form of harassment, violence, or unfair discrimination and expect all our employees to ac in a way that embraces and accommodates the differences or unique characteristics of our stakeholders. An allegations are investigated and incidents are subject to the normal disciplinary procedures, including dismissal.
	» We prohibit political donations and sponsorships, and any employee who wishes to hold public office or a leadershi position in a political party must obtain express consent from our Group CEO. During 2023, no political donations o sponsorships were given.
Human rights	enX does not employ child labour within its operations.
	<ul> <li>Commitment to respect and uphold human rights. No human rights violations, unfair practices or incidents of briber or corruption were reported.</li> </ul>
Government and tax	• We are committed to being transparent and cooperative with government and regulators and will never attempt t improperly influence a decision made by a government official or any public or private sector employee.
	We do not tolerate dishonest conduct or the concealment of dishonest conduct, and we will not be associated with o facilitate tax evasion in any way.
Whistle-blowers	<ul> <li>Tip off received, reviewed and ensured management took appropriate steps to investigate and address matter raised.</li> </ul>
Employee	Employee wellness programme continued at divisions.
wellness	<ul> <li>"Beat", a sharepoint based human capital platform, was rolled out at Eqstra in 2023. This platform house all HR relate functions, including but not limited to training, policies and procedures, wellness, health and safety, transformation social media and communication.</li> </ul>
Health and safety	No major injuries were reported during the year.

Management reports to the SEC on matters relevant to its mandate and the SEC in turn draws relevant matters to the attention of the board and reports on them to the shareholders in the integrated report.

ACCOUNTABILITY

The group continues to track its engagement with all major stakeholders. Each business unit CEO has the responsibility to monitor their unit's relationship with key stakeholders.

#### Value added

The value added statement depicts the performance and efforts of management, employees, providers of capital, and indicates the value added contribution to our operations.

Total wealth created for 2023 was R927.7 (2022: R1 493.2 million) distributed as follows:

Continuing Operations	South African operations 31 August 2023 R'000	Foreign operations 31 August 2023 R'000	For the year ended 31 August 2023 R'000	For the year ended 31 August 2022 R'000
Revenue	5 501 264	448 865	5 950 129	5 556 460
Less: Net cost of products and services	(4 604 811)	(417 714)	(5 022 435)	(4 063 168)
Wealth created	896 543	31 151	927 694	1 493 292
Wealth distributed				
Paid to employees in remuneration benefits	418 820	9 260	428 080	380 559
Paid to government in taxes	101 519	12 592	114 111	63 231
Providers of capital	150 068	11 081	161 149	742 747
Dividends to shareholders (no share buybacks)	-	_	-	638 000
Paid to providers of capital in finance costs	150 068	11 081	161 149	104 747
Expenses to develop future growth – depreciation	472 972	47 244	520 216	528 095
Retained earnings for future growth	(246 836)	(49 026)	(295 862)	(229 340)
Value-added ratios				
Number of employees	670	14	684	750
Revenue per employee	8 211	32 062	8 699	7 409
Wealth created per employee	1 338	2 225	1 356	1 991

#### Conclusion

The social and ethics committee of enX executes the duties assigned to it by the Companies Act and is responsible for ensuring that the company discharges these duties as a responsible corporate citizen. Importantly, the SEC sets the tone for the board's approach to the ethical conduct of business. This includes establishing ethical guidelines for staff on engaging with stakeholders, interacting with the environment, and building the long-term sustainability of the business.

The group takes its social, ethics, governance, safety, health and environmental responsibilities seriously. enX has the necessary policies and programmes in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices and good customer relations. The group continues to work diligently to ensure justice and root out wrongdoing. The committee confirms that enX gives the necessary attention to its transformation, social and ethics responsibilities and has complied with the required regulatory requirements.

The committee is satisfied that it discharged its responsibilities set out in its terms of reference during the year.

Corporate governance on pages 41 to 49.

#### N Simamane

Chair of the Social and ethics committee

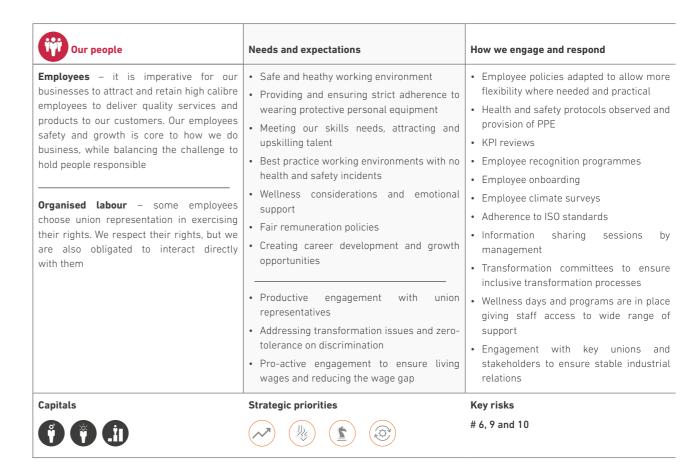
1 December 2023

The board encourages pro-active engagement with its wide range of groups and individuals who are affected by our activities, our services and products. By understanding their needs and expectations, we can better manage risks, create value to all stakeholders, including enX.

Business relationships	Needs and expectations	How we engage and respond
Customers – their needs and expectations drive our service and product delivery, innovation and drive to be the partner/ supplier of choice. In responding to their needs and expectations we grow our revenue streams and improve our business	Customer data is protected Trained and skilled technical teams available to assist Product availability at competitive prices Engaging sales network and supporting technology to manage customer orders/service requests Ongoing investment in research and development	Regular customer meetings at multiple tiers     Customer satisfaction and market surveys     Dedicated sales representative network and supporting technology     Quality control product checks     Competent and skilled staff available to assist
	Excellence in client service	Consistent standards of customer experience through service and product manufacture or handling
Suppliers/principals – are critical in their role in delivering quality products in	Maintaining and growing trusted supplier relationships	Monthly and quarterly OEM update meetings
adherence to ethical standards and brand reputation. Our growth is dependent on good $% \left\{ 1\right\} =\left\{ 1\right$	Protection of international brands we represent	Annual sales target and strategy meetings with supplier principals
quality and good value products	Monitoring creditor balances and ensuring sufficient stock to grow business	Pro-actively addressing concerns around product safety
	Timeous payment per agreed payment terms	Pro-actively manage potential conflict in product distribution
	Monitoring of and adhering to business plans with suppliers/principals	Pro-active volume and product availability discussions
	Quality controls, guidance, and training on products	Obtain consent from OEM prior to material structural changes
Capitals	Strategic priorities	Key risks



# 2, 5 and 9





# **ENGAGING WITH STAKEHOLDERS**

(continued)

Financial capital relationships	Needs and expectations	How we engage and respond
Providers of debt capital – we work with debt providers to access funding at completive rates. Our debt funding partners enables us to grow and expand our business	Effective management of cashflows and working capital to service debt     Sustainable returns     Strict adherence to credit terms     Future growth of the businesses	Ongoing proactive interactions with all financial providers     Daily monitoring of cash balances     Covenants compliance disclosure to funders     Credit policies communicated to customers     Ongoing interaction with customers to understand financial status
Owners and investment communities – we align to long-term shareholder expectations ensuring long-term sustainable returns. The capital from equity investors and our earnings enable business continuity and growth	Return on invested capital Liquidity of shares Remuneration policies and implementation thereof Open dialogue Dividend policies	Bi-annual results presentations Financial communications available on website Annual general meeting SENS announcements Circular on mandatory offer
<b>Business partners</b> – finance partners, B-BBEE partners, strategic partners and associates who enable growth and expansion	Profitable business relationships Liquidity of funds to support growth Open dialogue Timeous payments of creditor accounts	Pro-active discussions regarding service delivery Regular performance updates Pro-active engagement to ensure availability of funding
Capitals	Strategic priorities  (**)	Key risks # 1, 3 and 4

Societal relationships	Needs and expectations	How we engage and respond
Communities and civil society – social licences depend on good corporate citizenship and assisting communities and reduce the environmental impact we have on the areas in which we operate	<ul> <li>Providing job opportunities from areas we operate in</li> <li>Active contribution to improve the areas we operate in</li> <li>Managing environmental concerns</li> <li>Community and local business engagement to support their initiatives</li> </ul>	Recruitment of employees from areas we operate in Collective engagement in industry bodies CSI initiatives and staff engagement with communities in areas we operate in Enterprise and supplier development
Capitals	Strategic priorities	Key risks
		# 3, 7 and 9

# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE** (ESG) OVERVIEW

The enX Group is fully committed to being a sustainable business and this commitment forms a fundamental part of our wider environmental, social and governance strategy. Sound sustainable development is also key to the group's environmental policy and supports our commitment to being a responsible business with a social purpose beyond its immediate boundaries.

As an organisation committed to reducing our environmental impact and promoting social and economic sustainability, we have developed a comprehensive sustainability strategy. Our strategy is designed to guide our efforts in reducing our carbon footprint, promoting sustainable procurement practices, reducing waste, and improving social outcomes in our community.

# Sustainability







#### **Environmental commitments**

- · Harness cleaner energy (solar panels and batteries, generators with lower carbon footprint)
- · Rainwater harvesting systems
- Regularly test the ground water at Lubricants blending plant
- Oil tanks storage in line with highest standards
- Reduce waste and promote recycling opportunities

#### Societal commitments

- · Enhance our procurement processes to direct more spend to B-BBEE compliant businesses and promote
- Maintain an acceptable B-BBEE rating
- Apply stringent quality controls
- Maintain long-standing relationships with our partners on our CSI initiatives
- · Develop and deploy people, practices and frameworks that accelerate innovation and organisational growth
- · Continue to invest in the safety, good health and wellbeing of our employees and ensure a healthy and safe operating environment for our customers, people and stakeholders
- Support our employees by creating a diverse, inclusive and transformed environment for them
- Support the communities we operate in
- Support local small- and medium-enterprises
- Procure our local products from suppliers that show the same values and commitment

#### Governance commitments



- Assign key performance indicators to ESG focus areas
- Ensure personal information and data is protected and proprietary systems are fit for purpose
- Conduct workspace audits based on COPE guidance
- Maintain environmental certification at Cera blending plant
- · Maintain and expand ISO accreditations

#### This strategy helps the enX Group to:

- Consider the resource impacts of our activities;
- Consider the integration of sustainability into the services we offer our customers;
- · Consider how we support and participate in the communities in which we operate; and
- Consider our obligations to secure the well-being of future generations.

Our sustainability policy is based upon the United Nations goals (SDG). As a group we acknowledge that we need to become part of the solution to ensure a sustainable environment for all. We selected goals that we believe we can contribute to create a better environment

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OVERVIEW (continued)



enX continues to review the efficiency of our operational processes and to conserve electricity, water, and other raw materials. While we are neither a carbon nor water-intensive business, we are committed to conducting our business while respecting the environment and to utilising natural resources responsibly. We manage our natural capital through awareness programs and employee training.

Through our combined efforts we aim to:

- 1. Continually reducing carbon emissions under our control (SDG7)
- 2. Reduce water consumption by using grey water where possible and harvesting rain water (SDG6)
- 3. Embracing the values of the circular economy, by moving away from the 'take-make-dispose' concept and enforcing the six steps of the Waste Hierarchy (SDG15)
- 4. Evaluating the environmental aspects of the business that have a lifecycle perspective, with a preference towards Sustainable Consumption and Production (SDG12).

We manage our strategy within the four autonomously managed businesses:

Operational impact	How we respond	Future plans/targets		
<b>New Way Power</b> imports generator engines and manufactures generator units. We do not currently measure emissions of the assembling facility.	<ul> <li>As the seller, we are regarded as a scope 3 user and the customers as scope 1 users of emissions</li> <li>As a business we are committed to technological innovation in providing total energy solutions from one of the largest dedicated assembly facilities in Africa</li> </ul>	Continue to improve waste recycling and reduce waste     Invest in technologies to improve efficiencies		
	<ul> <li>We are acutely aware of the environmental impact our product, generators, has on the environment, hence our aim to develop and build generators that use less fuel and reduce noise and pollution</li> </ul>			
	We expanded our product range to include greener energy solutions and full turn-key solutions to our customers' alternative power needs			
	<ul> <li>More economical 60KvA time-controlled generator installed for after hours at our premises</li> </ul>			
	Utilisation of 350KvA high performance and expanded power of John Deere Engines at our own operations			
	The reduction of our carbon footprint by using state of the art cutting edge design integration and technology			
	Recycle of waste generated as per waste streams			
	Use smart energy efficient bulbs			
	Continue to work with ZTC Environmental Waste Management Services, focusing on recycling and reducing its carbon footprint. ZTC supports the ROSE Foundation in disposal of used oils and rebates of waste materials			

Operational impact	How we respond	Future plans/targets
AG Lubricants cross and up-sells to customers a portfolio of ExxonMobil branded lubricants, offering technical expertise to deliver improved energy efficiency, enhanced equipment life and better performance to our customers.	<ul> <li>As a distributor we are not the direct user of lubricants and as such are classified as a scope 3 user</li> <li>At our blending plant independent water testing are conducted monthly by an external environmental company</li> <li>The separator slump and soil testing are also done on a regular basis</li> <li>We support The ROSE Foundation, a national non-profit organisation established to promote and encourage the environmentally responsible management of used oils and related waste in South Africa. Funded by the major stakeholders in the lubricants industry, to enable them to meet their environmental and extended producer responsibilities, ROSE proves that sustainable recycling protects the environment and creates widespread employment opportunities</li> <li>The blending plant was issued an environmental compliance certification</li> <li>Implemented water harvesting practices, such as utilising JoJo water tanks for collecting and storing rainwater</li> </ul>	AGL will continue conducting the independent water testing at discharge separator pits on a monthly basis  AGL will continue to support ROSE Foundation on the same terms  Maintain and expand environmental certifications to newly acquired section to the plant
Eqstra provides fleet finance through lease agreement and related fleet services. Eqstra is not the users of the fleet, but acknowledge that our business of leasing vehicles produce emissions and thus has a major impact on the environment.	We classified our customer fleet emissions as a scope 3 user as the activities are outside the direct control of Eqstra. Our customers report on their usage as scope 1 user      Where possible, we guide and encourage our customers to use more fuel-efficient alternatives. The worldwide trend towards electric and hybrid vehicles is forcing customers to revisit their fleet composition. OEMs are introducing new energy vehicles ("NEV") models in their product ranges, particularly full and plug-in hybrid electric vehicles      We replaced fluorescent light bulbs with LED lights      Planted a green wall which assist with productivity boosting oxygen	Calculate emissions of own rental fleet Borehole and install rainwater tanks Install solar panels to reduce on grid electricity usage Replaced electric geysers with solar geysers Carbon offset via Food and Trees for Africa Committed investment R5.3 million

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OVERVIEW (continued)



Operational impact	How we respond	Future plans/targets
<b>WAG</b> is an importer and reseller of polymer, rubber, fillers and specialised chemicals. Our direct impact on emissions and waste is negligible.	We are aware that our raw products rely on processes which are used to manufacture products that can have a negative impact on the environment. We partner with our customers, where possible, to support more environmentally friendly solutions to traditional packaging material	Invest in research and development to increase use of recycled plastic into more applications for our customers
	Our engineers and scientists continuously search for better solutions	
	We support and encourage recycling of the finished goods	
	Implemented a sustainability campaign "It's time to GO GREEN", supporting and participating in helping customers to reduce the thickness of the packaging they produce, reuse if possible and recycle	
	We stand by our commitment to only sell plastic raw material that can be recycled	

Finding ways to use water efficiently and lower our reliance on municipal water sources reduces our operational costs and ensures business continuity even when water restrictions are in place or our operations face drought conditions. We continuously implement water-wise solutions at our operations.

We manage hazardous and non-hazardous waste responsibly, complying with applicable waste management laws and ensuring that relevant disposal certificates are received. To reduce paper consumption our traditional selling methods have been changed through advances in technology, making it possible for us to automate more of our business processes and reduce the amount of paperwork, while still ensuring that regulatory requirements and customer needs are met.

2023	Electricity (kWh)	Water (kl)	Fuels (l)	Oils and paraffin (l)
Eqstra	606 978	1 535	201 689	4 181
New Way Power	427 285	306	595 037	218 758
AG Lubricants	262 982	1 061	30 817	19 344
WAG	31 578	435	8 595	-

2022	Electricity (kWh)	Water (kl)	Fuels (l)	Oils and paraffin (l)
Eqstra	789 856	6 052	241 110	27 473
New Way Power	426 517	2 998	311 260	53 054
AG Lubricants	341 335	3 708	17 667	29 928
WAG	71 545	350	10 037	-

Targets	Electricity (kWa)	Water (kl)	Fuels (l)	Oils (l)
Group – 2023	Reduce by 3%	Reduce by 2%	Reduce by 3%	Reduce by 3%
Group – 2024	Reduce by 3%	Reduce by 2%	Reduce by 3%	Reduce by 3%

**Electricy usage** – the group is reliant on municipal electricity readings. Reading may have been impacted by estimated reading during the year. Electricity reduced by 18% largely as a result of the closure of Eqstra workshops during the year following the termination of the Clover contract. Higher levels of loadshedding also positively impacted usage.

**Water** – the group is reliant on municipal water readings. Reading may have been impacted by estimated reading during the year. Water reduced by 18% largely as a result of the closure of Eqstra wash bays during the year following the termination of the Clover contract.

**Fuels** – reduced by about 6% as the service vehicles were no longer required for servicing the Clover fleet. New Way Power increased activities during the year, with revenue increasing by 72%, but this required additional fuel usage to travel to customers and service generators. Load shedding required more fuel for generators and heightened activities also required more utilisation of forklifts.

**Oil** – Eqstra oil usage decreased following the termination of the Clover contract, New Way Power increased activities required higher levels of oil usage at the manufacturing facility. We included paraffin use for AG Lubricants required in the blending plant.

Our social licence requires that we must adapt to become a sustainable contributor to the planet.

- Acknowledging that as an importer and distributor of plastics and polymer products that we have limited influence over the final product and
  the recycling thereof, we nonetheless keep abreast of the shifts towards more environmentally friendly packaging solutions and encourage
  our customers to support these initiatives.
- As a financier of a large vehicle fleet we keep abreast of manufacturers' transition to plug-in battery-powered electric vehicles, so that when policy changes are implemented, we are able to quickly add these types of vehicles to our portfolio.
- As blender and importer of lubricants, we support ExxonMobil scientists and engineers who are pioneering new research and pursuing new technologies to reduce emissions while creating more efficient fuels and their commitment to responsibly meeting the world's energy needs.

#### Product quality

AG Lubricants is an ExxonMobil accredited toll blender and as such needs to adhere to ExxonMobil independent quality assessments. These assessments, known as ExxonMobil Quality Practices and Guidelines (QP&G) is aligned to ISO 17025:2005 (international standard practice guide for laboratory quality) and ASTM D6792-13 (standard practice for quality systems in petroleum products and lubricants testing laboratories). The successful incorporation of these quality system components in our laboratories is essential to ensure the integrity and accuracy of product test data reported to our customers. We blended 33.1 million litres during the year with no product recalls.

The Cera blending facility has a state-of-the-art Laboratory and is DPIM (ExxonMobil's global quality standards) and QP&G (ExxonMobil's global quality standards) compliant with ISO 9001:2025 Quality and ISO 14001:2025 Environmental Certification. ExxonMobil certifies AG Lubricants facilities and laboratories for both Quality practices and guidelines and Product integrity systems to meet ExxonMobil Brand and Product Integrity requirements. These requirements set forth are intended to satisfy the ExxonMobil Data Integrity Assurance Framework. These requirements are also fully aligned with international laboratory quality standards ISO 17025: 2017 and ISO 9001:2015.

The focus on improving efficiencies in AG Lubricants has contributed to improved overall quality standards. Our laboratory is considered to have one of the highest levels of quality standards in SA and is on par with that of leading international OEM suppliers.

New Way Power combine in-house expertise, together with the drive to provide a solution, utilising their facility capabilities and partnership with world-leading engine suppliers, to deliver the ultimate power solution.

Over the past few years New Way has installed c200GW of backup power across multiple industrial sectors including Data Centres, Food Distribution and Telecoms without any product failures.

At Eqstra and WAG we place reliance on the quality of products we purchase from highly regarded manufacturers. We conduct regular assessment of the quality of the products we purchase for resell and the OEM reputation in the market. No product recalls were required during the year.

Egstra was ISO 45001 certificated during the year.

# **ENVIRONMENTAL, SOCIAL AND** GOVERNANCE (ESG) OVERVIEW (continued)



At an operating level, business units are committed to the monitoring and management of their B-BBEE scorecards to drive transformation. This also forms part of the KPI of each CEO.

#### **B-BBEE Scorecard**

The group maintained its Level 4 B-BBEE scorecard, with Level 3 B-BBBEE in place at most operating entities.

Ownership	14.92/25	Expires 7 December 2023
Management control	8.54/19	
Skills development	15.85/20	
Enterprise and supplier development	36.16/42	
Socio-economic development	4.67/5	



Read more online on www.enxgroup.co.za

#### **Employment equity**

The group has an employment equity policy, which affirms our commitment to eliminating any discrimination and ensuring equitable treatment for all. The policy further commits enX to ensuring adequate skills development opportunities and being cognisant of employment equity in all recruitment practices. Training and upskilling are ongoing, improving our ability to promote talent from within. Senior and top management remain a challenge due to the contraction of job creation opportunities. The group has recruitment policies that are guided by employment equity plans to ensure the group meets its transformation targets.

#### Preferential procurement

The group's procurement policy encourages the increased participation of black businesses in procurement activities. Our procurement spend for 2023 totalled R4.391 billion, of which 50% was categorised as controllable. Within our controllable spend:

- R1.399 billion was with >64% black-owned businesses
- R1.226 billion was with 56% black women-owned businesses
- R113 million was with exempt micro enterprises and qualifying small enterprises

#### Enterprise and supplier development

Our long-term association with Nozala, a black female-owned enterprise, continues as an active shareholder in Amasondo Fleet Management Proprietary Limited. This entity provides fleet solutions for predominantly parastatal and government organisations.

The group disposed of 34% of Centlube Proprietary Limited, the holding company of AG Lubricants, to Abakhulu Energy Proprietary Limited as part of a key supplier transaction in 2022. This empowerment transaction bode well for both parties, creating sustainable value.

The group supported amongst others, Inyosi Capital's New Amalfi Technology project, Mmamodise Fitment centre, Ginah's Café and North East Packaging and Catalyst Advisory Supplier Development scheme.

In total the group spent approximately R3.4 million on enterprise development and R6.4 million on supplier development.

With the multitude of challenges facing the communities from which we recruit our employees, the group continues to support local communities through various corporate social investment (CSI) programmes. The group continue to support organisations as per our approved social investment policy, focusing on areas we operate in and primarily education and community upliftment projects. The group spent a total of R3.2 million (2022: R3.1 million), equating to 1.2% of NPAT on CSI projects during the year in SA.

Some of our highlights include:

- · Theo Jackson Scholarship Fund, which aims to uncover the talents of disadvantaged boys who are either orphaned or single parent homes. We have been part of this initiative since 2013;
- back-up power solutions provided to the Holocaust Centre and Psychiatric Hospital in Epworth;
- · various schools and charitable organisations within areas of operations benefitted from donations;
- · we are honoured to support Irene Mkhize, who serves as a scholar patrol lollipop lady for the Enkelabantwana Primary School in KZN as well as provide food parcels to the school;
- Start the Conversation NPC, focusing on consumer education;
- support the ROSE Foundation (Recycling Oil Saves the Environment) a national non-profit organisation established to promote and encourage the environmentally responsible management of used oils and related waste in South Africa.

#### CSI SPEND



Art, sport and culture

Skills development

Basic needs and social development

Environmental management

Education

#### **GOVERNANCE**

The group continues to monitor legislative changes that impact our businesses. We also assess our legal universe and conduct independent compliance audits against regulations that could have a material impact on our business.

#### Refer to Governance report for more detail on legal compliance

We also independently assessed all operational environments using the COPE guidelines. This process commenced in March 2021 and progress against findings are monitored.

	Findings	Resolved
Eqstra	17	16
New Way Power	13	11
AG Lubricants	19	16
WAG	15	15

These improvements reduced our insurance risks as well as ensured safer working conditions for our employees. We strive to resolve outstanding matters in 2024.



76 | enX Group INTEGRATED REPORT 2023

# **OUR PEOPLE**





#### **Human capital commitments**

- Fair remuneration
- Employee development, wellbeing and safety
- Embrace diversity and transformation

#### How we manage our people

A diverse complement of highly competent and experienced teams enables us to perform in an efficient and cost-effective way. In turn, we provide our employees with career growth opportunities and a fair, rewarding and safe work environment. Our investments in human capital focus on training, developing and empowering our people, and improving our recruitment and training processes, succession planning and the way we measure employee performance.

Our people are the heart of the group, and their commitment towards our stakeholders' needs differentiates us from our competitors.

People relations are managed at an operational level with each business CEO tasked with achieving the group's objectives in the way that they see best. We continue to grow our talent and offer equality in our work environments, career development opportunities, and creative initiatives that inspire the best in our people. Each business has its own strategy on human capital as detailed in the divisional reviews.

Transformation remains imperative for our business to deliver on our human capital strategy and create shareholder value. As a group we continuously endeavour to create sustainable transformation, which includes an apprenticeship programme, intern and graduate programmes, disabled learnerships, and succession plans for talent retention.

Refer to Remuneration report to read more on remuneration policies

Read more on human capital strategies in divisional reviews

#### Governance, ethics and policies

A Code of ethics policy is in place, and all employees are required to bring the group's values into their day-to-day activities. enX is an equal opportunity employer and discrimination of any form is not tolerated. There is a confidential tip-off line as well as a strong disciplinary and grievance policy in place communicated to all employees and outlined in their contracts of employment.

Our long-term recruitment strategy is linked to our Socio-Economic Development plans where our focus is education, training disadvantaged students and providing them with work experience. enX desires to be an employer of choice. It is known for its welcoming and engaging culture, competitive compensation and benefits, and employee recognition and values proposition. In addition, as a group we continuously look at ways to improve benefits to our staff.

We take pride in ensuring that the work environment and facilities are in good condition for our employees to do their best work. Management is expected to employ the right candidates in line with the company's employment equity plan and culture which provide guiding principles for the important functions of recruiting and retaining competent, committed and passionate employees.

#### Number of tip-offs during the year

Number of disciplinary hearings	6
Number of staff dismissed	2
Number of allegations of discrimination and/or human rights violations	Nil

# Unpacking our staff

The following is a summary of the group's headcount for the year under review:

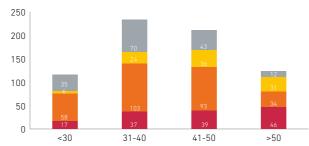
	2023	2022
Eqstra	298	387
New Way Power	204	181
AG Lubricants	128	131
WAG	46	46
enX Group	8	9
Total	684	752

The detailed employment equity breakdown is set out below:

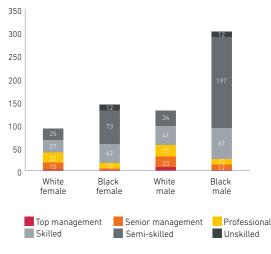
		Male	!			Femal	le		For	eign nation	als
Occupational levels	Α	С	I	W	Α	С	I	W	Male	Female	Total
Management and											
professional	10	2	8	55	6	8	5	38	-	1	133
Non-management	227	23	19	75	76	30	16	52	9	4	531
Disabled staff	4	1	_	1	11	-	-	-	_	-	17
Total permanent	241	26	27	131	93	38	21	90	9	5	681
Temporary employees	1	-	-	1	-	-	-	1	-	-	3
Grand total	242	26	27	132	93	38	21	91	9	5	684
Percentage											
representation %	35	4	4	19	14	5	3	14	1	1	100











# Human capital

	2023
Total number of employees	684
Total remuneration (including wages) (R'000)	428 080
Average remuneration per employee p.a (R'000)	626
Average monthly remuneration per male employee (R'000)	34
Average monthly remuneration per female employee (R'000)	30
Wage gap ratio (Average remuneration of top 5%: average remuneration of bottom 5% of employees)	24:1
Total annual remuneration of highest paid employee, incl incentives (R'000)	10 256
Total annual remuneration of lowest paid employee (R'000)	67
Income Disparity Ratio: Average compensation paid to executive directors relative to average compensation paid	
to employees (no LTI paid in 2023)	10:1
Income Disparity Ratio: Average executive directors' and prescribed officers' compensation relative to average employee	
compensation (no LTI paid in 2023)	10:1
% Female management	36%
% HDSA in management	20%

#### Training and development

Our multi-tier talent management strategy is aimed to achieve the desired state of people management. The strategy supports long-term priorities and objectives by fostering employee growth and development, encouraging ongoing feedback on performance, and promoting leadership at all levels. Based on demographic trends and issues, the strategy sets a direction and vision for managing our people and talent.

We prioritise the development of its staff to ensure each member reaches their potential within the company and beyond.

Total calculated hours worked – 1 247 616	Total training costs (SA) – R8.5m	Total spend on HDSA – R5.3m
Total number of learnerships – 48	Total spend on disabled – R1.2m	Total disabled interns – 16
Total bursaries (15) – R812k		

#### Labour relations

Every employee has the right to be a member of a union. The group maintains open lines of communication with the unions and is proactive in addressing concerns. This is reflected in the fact that the company experienced zero incidents of labour unrest during the year under review and as such no days were lost due to industrial actions.

During the year 84 employees were unionised, 12.4% of our employees.

Minimum wage in SA is R25.42 ph or R4 406 pm compared to lowest wage in enX of R4 600 pm	48 retrenchments during the year as part of S189 process started in 2022 with the termination of the Clover contract
Average salary increases by 5% to 6.5%	Staff decrease 68 (9.0%)

OUR IUT GROUP PERFORMANCE

#### Health and safety

Our approach is to create shareholder value by having a responsible attitude towards people and the environment. The company is committed to managing these areas through our safety, health, environment, and quality (SHEQ) function.

ACCOUNTABILITY

Our health and safety policies are aligned to the relevant legal frameworks, including the Occupational Health and Safety Act (OHSA), No 85 of 1993 as amended. Effective safety policies and practices are in place at all our operations and based on ISO 45001 framework. Employees throughout the organisation take personal responsibility for SHEQ and are expected to demonstrate this with their day-to-day behaviours to maintain a zero-harm environment. All instances are reported to the CEO on a monthly basis.

Appropriate health and safety protocols continue to be embedded at all our operations and staff are encouraged to adhere to health guidelines and ensure a safe work environment.

Employees can receive wealth, emotional and health counselling through the wellness programs. Stress and trauma counselling is available to staff. We continue to encourage staff to get vaccinated. During the year various wellness days were held at the businesses and regular health issues are highlighted throughout the year.

Our employees have access to retirement planning experts through our pension and provident funds, and our wellness plans assists with wills and budgeting guidance.

AG Lubricants ISO 14001 accredited	AG Lubricants ISO 9001 accredited	Eqstra ISO 45001 accredited	AG Lubricants laboratory QP&G certified
Zero occupational fatalities in the group	AG Lubricant LTIFR at 0.8 (target of 0.2)	New Way Power LTIFR of 5.89 (target of 0.5)	Eqstra LTIFR of 2 incidents per 1 million hours worked, target of zero
Group FIFR – zero	2 medical treatment cases	8 first aid cases	Wellness days at all our businesses

80 | enX Group INTEGRATED REPORT 2023



Glossary of terms Administration 83 IBC



# **GLOSSARY OF TERMS**

Entities	
enX or the company	enX Group Limited, registration number 2001/029771/06, a JSE listed entity
enX Group or the group	enX Group Limited and all its subsidiary companies, comprising three segments:
	• enX Power;
	• enX Lubricants;
	• enX Chemicals
Eqstra Investments	Eqstra Investments Holdings Limited, a wholly-owned subsidiary of enX Group. This entity owns enX Fleet
enX Trading	enX Trading Investments Proprietary Limited, a wholly-owned subsidiary of enX. This entity wholly owns enX Equipment and enX Petrochemicals
enX Lubricants or Lubricants	A segment within enX, previously reported in enX Petrochemicals segment, which distributes lubricants, comprising:
	AGL (African Group Lubricants Proprietary Limited, a wholly-owned subsidiary of enX Trading;
	Centlube (Centlube Proprietary Limited, a wholly-owned subsidiary of enX Trading); and
	Zestcor (Zestcor Eleven Proprietary Limited, a 37% associate of enX)
enX Power or Power	A segment within enX, which distributes, rents, leases and provides value add services to generators and renewable energy, comprising:
	New Way Power (New Way Power Proprietary Limited a wholly-owned subsidiary of enX Trading); and
	Power 02 (Power 02 Proprietary Limited, a wholly-owned subsidiary of enX Trading)
enX Chemicals or Chemicals	A segment within enX, previously reported in enX Petrochemicals segment, which distributes plastics polymer and natural rubber comprising:
	<ul> <li>WAG (West African International Proprietary Limited and West African International, a subsidiary of enX Trading); and</li> </ul>
	WAG Chem (WAG Chemicals Proprietary Limited, a subsidiary of enX Trading)
Discontinued operation - enX Fleet	A segment within enX, which provides passenger and commercial vehicle fleet management solutions, leasing and value add services comprise:
	<ul> <li>Eqstra (Eqstra Fleet Management and Logistics business, including enX Corporation Limited a wholly-owned subsidiary of Eqstra Investments); and</li> </ul>
	Kynite (Kynite Solutions (Pty) Ltd, a wholly-owned subsidiary of Eqstra Investments)
Abakulu	Abakulu Energy Proprietary Limited, a 34% shareholder of Centlube
West African Group and West African International or WAG	West African International Proprietary Limited and West African International, both wholly-owned subsidiary of enX Trading and distributes plastics polymer and natural rubber
WAG Chem	WAG Chemicals Proprietary Limited a majority-owned subsidiary of enX Trading
Previous subsidiaries	
Previous subsidiaries	Operations classified as assets held for sale as discontinued operations in terms of IFRS 5:
	Austro; and
	• EIE SA
Austro	Austro Proprietary Limited, a previous wholly-owned subsidiary, sold effective 30 June 2022
EIE SA	Eqstra Industrial Equipment business, including wholly-owned subsidiaries Saficon Industrial Equipment Proprietary Limited, 600SA Proprietary Limited, EIE Group Proprietary Limited sold effective 1 April 2022
Impact Handling (UK)	Impact Fork Trucks LLC, registered in the UK and sold effective 14 June 2021

# GLOSSARY OF TERMS (continued)

B-BBEE	Broad-Based Black Economic Empowerment
Companies Act	the Companies Act, 2008 (Act No. 71 of 2008), as amended, or any law that may replace it wholly or in part, from time to time
JSE Listings Requirements	the Listings Requirements of the JSE Limited
King IV™	King IV Report on Corporate Governance for South Africa, 2016
the Income Tax Act	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended, or any law that may replace it wholly or in part, from time to time
IFRS	International Financial Reporting Standards
COBIT	Control Objectives for Information and Related Technologies
ISO	The International Organisation for Standardisation is an international standard development organisation composed of representatives from the national standards organisation of member countries
POPIA	Protection of Personal Information Act that was proclaimed to commence on 1 July 2020
PAIA	The Promotion of Access to Information Act, 2000 (or PAIA; Act No. 2 of 2000) is an act enforcing South Africans to information as contained in the Constition of the Republic of South Africa, 1996
SAICA	South African Institute of Chartered Accountants
TCFD	The Task Force on Climate-related Financial Disclosures (TCFD) is an initiative that aims to improve the transparency and consistency of climate-related information in financial markets. The TCFD was established by the Financial Stability Board (FSB) in 2015, and is composed of 32 members from various sectors and regions
GRI	The Global Reporting Initiative (GRI) is an international, independent, non-profit entity that provides a widely recognised framework for sustainability reporting. GRI's mission is to sustainably improve the world by enabling organisations to understand and communicate the impacts of their activities on people and the environment
General	
AGM	Annual general meeting
ARC	Audit and risk committee of enX
the board	The board of directors of enX Group Limited
CE0	Chief Executive Officer
CFO or FD	Chief Financial Officer
Code	Code of ethics
CSI	Corporate Social Investment
DRC	Democratic Republic of Congo
ED	Enterprise development as defined by the B-BBEE Act. An ED beneficiary is not registered on the measured entity's supplier database but is a potential supplier to which support is provided
ESG	Environment, social and governance
EMS	Environmental Management System
ERM Framework	Enterprise-wide risk framework

IAR	Integrated annual report
IT	Information technology
KPI	Key performance indicators
KPMG Inc.	KPMG a South African company which is a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee and is the independent external auditors of enX group from 15 March 2023
kWh	Kilowatt hour
LTI	Long term incentive
LTIFR	Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per one million hours worked
MOI	Memorandum of Incorporation
Nomco	Nominations committee as appointed by the enX board
Remcom	Remuneration committee as appointed by the enX board
SA	Republic of South Africa
SADC	Southern Africa Development Community region
SARs	Share appreciation right scheme
SARS	South African Revenue Services
SED	Socio-economic development (SED) as defined by the B-BBEE Act is a process that helps individuals, communities and entire societies grow and thrive
SD	Supplier development as defined by the B-BBEE Act. An SD beneficiary is an entity that is part of the measured entity's supply chain
SDG	Sustainability development goals (SDGs) or Global Goals are a collection of seventeen interlinked objectives designed to serve as a 'shared blueprint for peace and prosperity for people and the planet, now and into the future'
SENS	News dissemination service of the JSE
SHEQ	Safety, health, environment and quality
SME	Small and mid-size enterprises are businesses that maintain revenues, assets or a number of employees below a certain threshold
STI	Short-term incentive
The year or the year under review or the current year or FY2023	The year ended 31 August 2023

# GLOSSARY OF TERMS (continued)

Operational	
BOPP films	Biaxially Oriented Polypropylene Films
CRM	Customer Relationship Management
ExxonMobil	ExxonMobil Petroleum and Chemical BVBA, a company incorporated in Belgium
CERA plant	The CERA blend plant in Boksburg is independently owned by AG Lubricants and is the only plant in South Africa approved for blending by multinational ExxonMobil
COPE	Construction Occupancy Protection Exposure
John Deere	John Deere S.A.S, manufacturer of industrial engine
LED	a light-emitting diode (a semiconductor diode which glows when a voltage is applied)
NEV	New energy vehicle (NEV) is a term coined for electric vehicles, which includes vehicles that are either partially or fully powered by electricity. New energy vehicles are zero or low emission vehicles, which include battery operated electric vehicles, plug-in hybrid vehicles, hybrid vehicles and fuel-cell vehicles
OEM	Original equipment manufacturer
PCI	Passenger, Commercial, Industrial lubricants
PV panel	A PV panel or solar panel is a device that converts sunlight into electricity by using photovoltaic (PV) cells. PV cells are made of materials that generate electrons when exposed to light. The electrons flow through a circuit and produce direct current (DC) electricity
QMS	Quality Management System
SaaS	Software-as-a-Service
UPS	Uninterrupted Power Supply
VAPs	Value added products
Financial terms	
AFS	Annual financial statements
CGU	Cash-generating unit
Depreciation, amortisation and impairments	include depreciation, amortisation, impairments and profits on disposals of property, plant, equipment, right of use assets, leasing assets, investment properties and intangible assets
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share
HEPS	Headline earnings per share
NAV	Net asset value
PBT	Profit before taxation
ROE	Return on equity
ROIC	Return on invested capital
R'000	South African rands, where the values in financial statements have been rounded off to the nearest thousand rand
Tangible net asset value per share	is the equity attributable to the owners of enX less goodwill and other intangible assets (net of deferred tax divided by the total ordinary shares in issue net of treasury shares
VAT	Value added tax
WACC	Weighted average cost of capital

# **ADMINISTRATION**

#### Name and registration number

# enX Group Limited

Registration number: 2001/029771/06 JSE share code: ENX

ISIN: ZAE000222253

#### Registered office and business address

9th Floor, Katherine Towers, 1 Park Lane, Sandton PostNet Suite X86, Private Bag X7, Aston Manor, 1630

Tel: +27 10 013 2703

#### Sponsor

The Standard Bank of South Africa Limited 30 Baker Street, Rosebank 2196 Tel: x+27 (0) 11 721 6125

#### **External auditors**

KPMG Inc. 85 Empire Road Parktown 2193 Tel:+27 (0)11 647 7111

#### Transfer secretaries

Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa Private Bag X9000, Saxonwold, 2132 Tel: +27 11 370 5000

#### Date of incorporation

12 December 2001

#### Date of listing

1 February 2007

#### Tip-offs ethics line

Free call: +27 800 212677 Free fax: +27 800 007788 Email: enx@tip-offs.com

#### **Executive directors**

AJ Hannington (CEO) RA Lumb (CFO)

#### Non-executive directors

PC Baloyi (Chairman) WH Chapman RD Mokhobo\* (Lead) ZK Matthews\* NV Simamane\* \* Independent

#### Audit and risk committee

RD Mokhobo\* (Chair) NV Simamane\* ZK Matthews\*

#### Remuneration and nomination committee

WH Chapman (Chair Remuneration)
PC Baloyi (Chair Nomination)
ZK Matthews\*
NV Simamane\*

#### Social and ethics committee

NV Simamane\* (Chair) PC Baloyi ZK Matthews\*

#### Divisional executives

JV Carr (Eqstra) G Rosettenstein (WAG) C Silver (New Way Power) M Kerwan (AG Lubricants)

#### Company secretary

Acorim Proprietary Limited, represented by Roxanne Cloete

86 | enX Group INTEGRATED REPORT 2023





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