

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

for the year ended 31 May 2026

10 ACCOUNTING FRAMEWORK CONTINUED

10.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The standards, interpretations and amendments listed below will only be effective in future reporting periods. The Group expects to adopt these pronouncements on their respective effective dates. Impact of amendments and new standards as issued, but not yet effective, are not expected to have a material impact on the recognition and measurement of items included in the financial statements, however the impact will continue to be assessed. The assessment of the impact of IFRS 18 is in progress and will be concluded in due course.

Standards, interpretations and amendments issued but not effective	Effective date
IFRS 9 – <i>Financial Instruments</i> The amendments deal with the uncertainty regarding whether financial assets with ESG-linked features (such as a loan with an interest rate that decreases if the borrower meets an ESG goal) meet the 'solely payments of principal and interest' criterion when classifying the financial asset. The amendments address the recognition and derecognition of financial assets and financial liabilities, including an exception relating to the derecognition of financial liabilities that are settled using an electronic payment system.	Year ending 31 May 2027
IFRS 7 – <i>Financial Instruments: Disclosures</i> Amendments to the classification and measurement of the financial instruments. IFRS 7 introduces the additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through OCI and financial instruments with contingent features, for example features tied to ESG-linked targets.	Year ending 31 May 2027
Annual Improvements to IFRS Accounting Standards Volume 11 - Amendments to IFRS 1 (First-time Adoption of International Financial Reporting Standards), IFRS 7, IFRS 9, IFRS 10 (Consolidated Financial Statements) and IAS 7 (Statement of Cash Flows) The amendments were made to address potential inconsistencies and potential confusion in the standards relating to: IFRS 1 dealing with hedge-accounting by a first-time adopter IFRS 7 dealing with gain or loss on derecognition and disclosures in the implementation guidance IFRS 9: - amended to clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss and - amended to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. IFRS 10 dealing with Determination of a 'de facto agent'; and IAS 7 dealing with the term 'cost method'.	Year ending 31 May 2027
IFRS 18 – <i>Presentation and Disclosure in the Financial Statements</i> IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements. IFRS 18 requires entities to classify all income and expenses into one of five categories in the statement of profit or loss (namely operating, investing, financing, income tax and discontinued operations) but essentially does not change net profit. Classification of income and expenses depends on the main business activities of an entity. The Group is assessing if there are any specified main business activities of investing in assets or providing finance to customers that would result in the reclassification to the operating category. Under IFRS 18, operating expenses are classified and presented by nature, function or using a mixed presentation. For the Group, classification and presentation by nature is considered most appropriate to provide the most useful, structured summary of operating expenses. Management-defined performance measures ("MPMs") are subtotals of income and expenses, other than those required by IFRS 18 or another applicable IFRS, used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Group will be required to disclose specific information about MPMs in a single note in the financial statements. MPMs relate to the same reporting period as the financial statements, therefore MPMs disclosed following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the 2028 reporting period. IFRS 18 provides enhanced principles on how to group information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes. The aggregation and disaggregation of items on the basis of similar and dissimilar characteristics will need to be assessed to present line items in the primary financial statements that provide useful, structured summaries and disclose additional material information in the notes. In addition, line items currently labelled as 'other' will be assessed so that more informative labels are used.	Year ending 31 May 2028

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses 'operating profit' as the starting point of the reconciliation to cash flows from operating activities and is assessing which adjusting items may change in the reconciliation to determine 'Cash generated by operations'.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. If the Group does not have a specified main business activity of investing in assets or providing finance to customers, the Group would have to classify interest paid as financing activities, and interest and dividends received as cash flows from investing activities.

IFRS 18 introduces consequential amendments to IAS 8 by relocating requirements from IAS 1 to IAS 8 in order to improve the organisation of the IFRS accounting standards and to provide users with all the relevant topical content in one standard. The requirements moved are: (a) The concepts of fair presentation and compliance with IFRS accounting standards, (b) Whether an entity is a going concern, (c) The accrual basis of accounting, (d) Disclosure of an entity's selection and application of accounting policies and (e) Disclosure of judgements and sources of estimation uncertainty. Furthermore, the title of the amended IAS 8 will be changed to Basis of Preparation of Financial Statements to better reflect the updated content of IAS 8.

Since these requirements are carried over from IAS 1 mostly unchanged, we do not expect any significant impact for the Group.

IFRS 20 - *Regulatory Assets and Regulatory Liabilities*

Year ending 31 May 2030

IFRS 20 introduces a new accounting model under which a company subject to rate regulation that meets the scope criteria recognises regulatory assets and regulatory liabilities. The impact of IFRS 20 is still being assessed. However, it is not expected to be applicable to the Group because Blu Energy plans to enter into customer agreements that are priced on a per-unit basis, based on the energy consumed, instead of agreements that specify fixed total consideration for the contract period which could result in timing differences.

10.4 OTHER ACCOUNTING POLICIES

FOREIGN CURRENCIES

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group financial statements are presented in South African rand (R), which is the functional and presentation currency of the parent company.

(B) GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency in accordance with the requirements of IAS 21.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

DIVIDEND TAX

Dividend tax is provided for at 20% of the amount of any dividend paid, subject to certain exemptions. The dividend tax is a tax borne by the beneficial owner of the dividend and will be withheld by either the issuer of the dividend or by regulated intermediaries.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders.

Distributions of non-cash assets received from subsidiary companies are recognised as a dividend at the fair value of the non-cash assets received.