Sefalana Integrated Annual Report 2022

Sefalana GROUP

Your basket of opportunities

WELCOME TO OUR **INTEGRATED ANNUAL REPORT**

OUR INTEGRATED REPORT

Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth.

OUR VALUES

At Sefalana, our values underpin the way in which we operate and go about our day to day. They are the core of our existence, embedded in all our people.

OUR THINKING

LOOKING BEYOND THE STORM

From the Covid – 19 pandemic perspective, we have seen a positive recovery in trading performance across the Group and are pleased to note that the worst seems to be behind us. We continue to observe all the necessary pandemic protocols and are pleased to report that it is "businesses as usual" in all our operations. We look ahead with positivity as we embark on further growing our business.

OUR PEOPLE

We are proud of what we have achieved over the last 48 years. We have been able to do this through sheer determination and perseverance by our people, our human capital, who are our most important asset.

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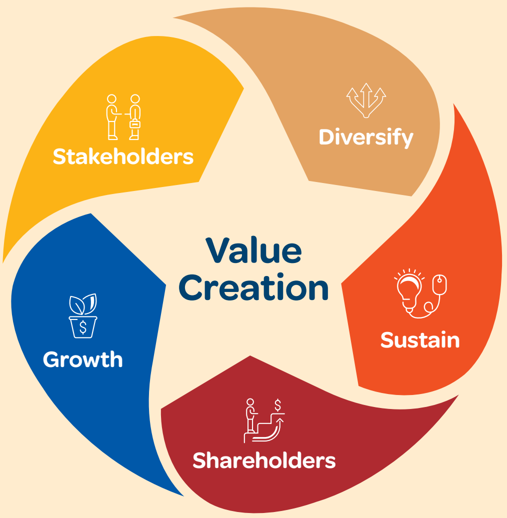
Sefalana's Integrated Report

Enhanced reporting

The International Integrated Reporting Council (IIRC) is a worldwide group of regulators, investors, companies, standard setters, accountants and Non - Governmental Organisations (NGOs). The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. Over 75 countries currently have embraced this form of reporting to some extent. It's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. The IIRC provides a universally accepted reporting framework known as the International Reporting Framework (IRF) to provide consistency in reporting structure to enhance conventional disclosure and communication with Shareholders and potential investors.



Value creation is demonstrated both in terms of profitability and also in terms of long term sustainable dividend policy.

We are proud to be one of the first companies in Botswana

to adopt significant aspects of this Framework,

despite this not being a requirement under the current rules of the Botswana Stock Exchange.

Revisions to the IRF were published in January 2021 to endorse more decision useful reporting.

Focus continues to be on integrated thinking and reporting to be the global norm, building on the early adoption that was embraced by a number of large global corporates including Sefalana in previous years.

Companies around the world are being encouraged to further enhance this way of thinking and reporting. We have noted a select number of companies which are listed on the Johannesburg Stock Exchange (JSE), that have moved towards this style of reporting as a result of their requirements under the JSE rules. At Sefalana we are proud to be leaders in Botswana for embracing this way of thinking.

Constantly improving disclosure

Objectives of an Integrated Report

An Integrated Report should be a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long term. We believe that our report enables our Shareholders and potential investors to gain an admiration for exactly this, as we implement best practice each year, enhancing the manner in which we report.

The IIRC's focus is to enable more effective reporting through a call for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements, such that it becomes embedded within business practice and related reporting.

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

OBJECTIVE
To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital

SEFALANA'S RESPONSE

Each year we enhance the level of reporting in our Integrated Annual Report through additional disclosure, taking cognisance of the latest trends in worldwide Corporate Governance. We include the Combined Code (UK Corporate Governance Code) as one of our benchmarks together with King IV against which we measure our compliance as detailed in the Corporate Governance Report.

OBJECTIVE
To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time

SEFALANA'S RESPONSE

Material Matters to the Group are detailed later in this section of the report. Refer also to the Group Managing Director's report and the Group Finance Director's report which captures the material aspects of our business and sets out the key risks and factors affecting our ability to generate returns for our Shareholders.

OBJECTIVE
To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies

SEFALANA'S RESPONSE

This is entrenched in the way we do business. This is demonstrated in our business model on page 10. Interdependencies of the various forms of capital are illustrated on page 11.

OBJECTIVE
To support integrated thinking, decision – making and actions that focus on the creation of value over the short, medium and long term

SEFALANA'S RESPONSE

The Group has regular Strategy workshops to ensure the overall objectives of the Group are identified and articulated. All relevant stakeholders are taken into account and decisions are made accordingly. Shareholder value is therefore augmented in line with this overall strategy as it is inherent in the way we do business. Refer to the Group Finance Director's report for further analysis.

OBJECTIVE
To explain to Shareholders how an organisation creates value over time

SEFALANA'S RESPONSE

Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth. Value creation is demonstrated both in terms of profitability and also in terms of long term sustainable dividend policy. The relative illiquidity on the Botswana Stock Exchange has posed a challenge for capital growth in share price but this is a common feature across the exchange. Our focus is therefore extended to softer matters of interest to Shareholders such as employment creation and building capacity in the countries in which we operate.

On two occasions in the last seven years we have carried out a Rights Issue program whereby a Circular was issued to Shareholders explaining our vision and plans for the Group. In both instances the Rights Issue shares were oversubscribed demonstrating the effectiveness of our communication to Shareholders regarding value creation and the confidence placed in the Executive team to consistently deliver growth and return on invested capital.

How our Integrated Report comes together

We aspire to provide our stakeholders with the confidence and assurance that Sefalana is a well-managed and responsible company. This report provides an overview of our strategy and performance in the context of a volatile operating environment and shares our plans to position the business for the future.

Our integrated reporting covers the risks, opportunities and outcomes arising from our operations on an on-going basis.

How it all comes together

Objectives

Reporting performance transparently

Materiality

Matters that are considered to be "Material" are referred to as matters that substantially affect the Organisation's ability to create value over a short, medium and long term. Our materiality process identifies our key material matters considered Material to the Group and have been extracted from the Group's Risk Register which is used and reported on a regular basis to the Risk Committee.

Material Matters (page 12)

1	Government spending
2	Consumer spending and confidence
3	Foreign exchange fluctuations
4	Changing commodity prices
5	Succession planning
6	Recruitment and retention of key personnel
7	Effective capital structure
8	IT infrastructure
	Brand health and development (not a form of capital)

Outlook

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives. Managing our business on a daily basis is critical to our performance, however focal strategic decisions are made in light of what we want our Group to evolve into for the next generation. As such, our objective is to position our Group for long-term success, through growing our business from its centre with all our key stakeholders in mind.

Board Responsibility Statement

The Board believes that this Annual Report considers all material matters which reflect the performance of the Sefalana Group of companies, and accordingly adopts an Integrated Reporting approach in line with best practice.

Jennifer Marinelli
Board Chair
Independent Non-Executive Director

Chandra Chauhan
Group Managing Director - Executive

Mohamed Osman
Group Finance Director - Executive

Keneilwe P Mere
Independent Non – Executive Director

Bryan Davis
Sefalana Cash and Carry Namibia
Managing Director – Executive

Ms Susanne Swaniker-Tettey
Independent Non – Executive Director

Gerhard Scheepers
Sefalana Cash and Carry Botswana
Managing Director – Executive Director

Paula Disberry
Independent Non-Executive Director

Mahube Mpugwa
Independent Non - Executive Director

How our Integrated Report comes together
(continued)

Objectives

Risk management disclosure

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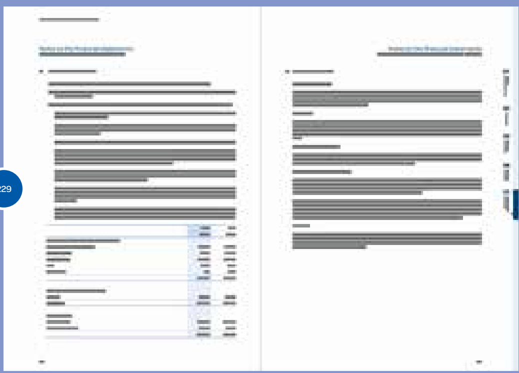

Governance Report

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Forms of Capital

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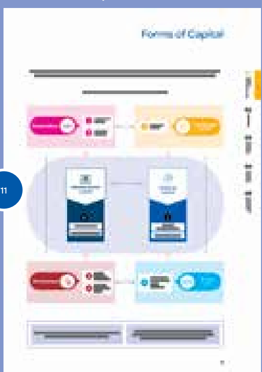

Our Business Model

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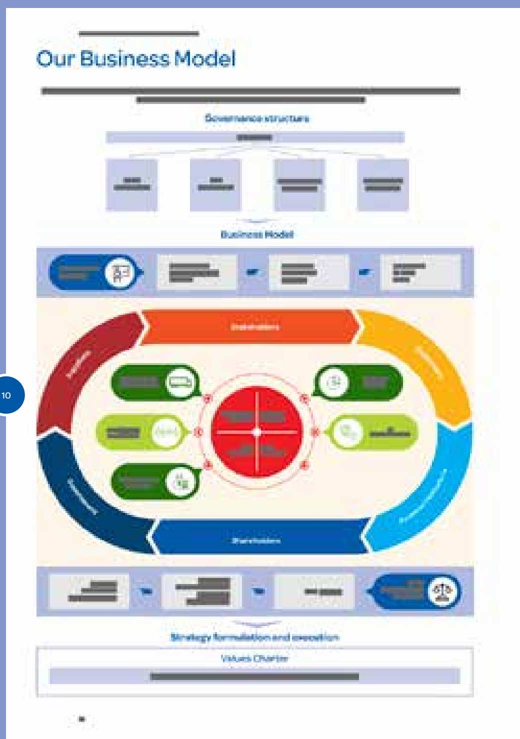

Material Matters

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Reporting performance transparently

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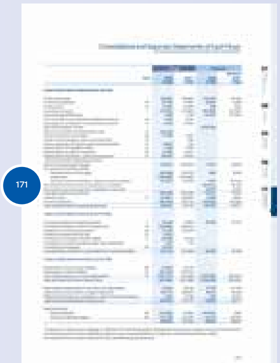
Statement of Cash Flows



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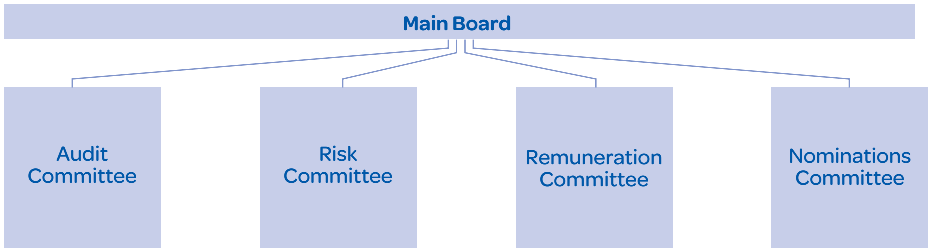
Integrated Annual Reports

Enhanced disclosure every year

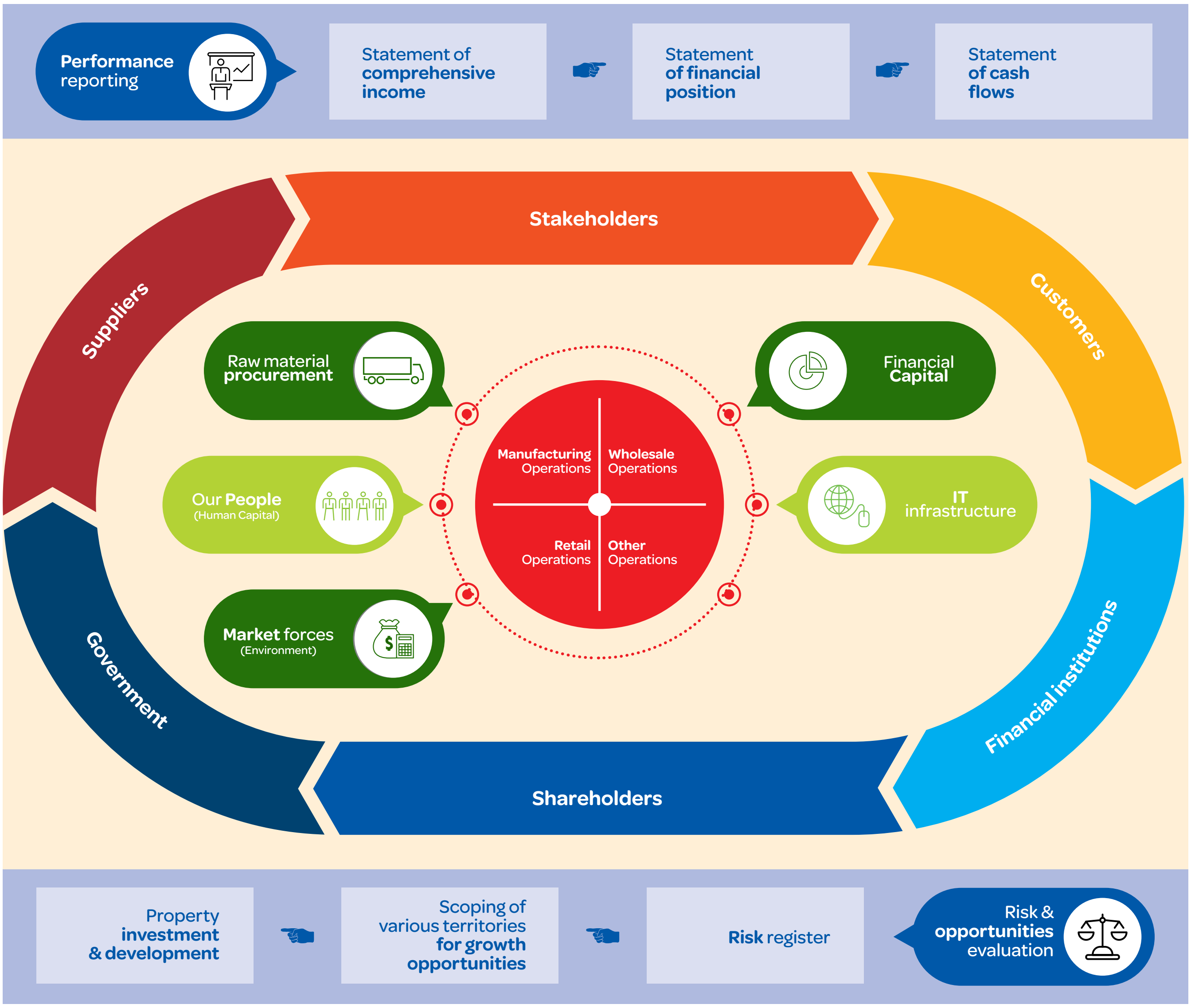
Our Business Model

Our business model is designed to enable the Group to achieve its objectives through recognising the various Material Matters (page 12) and also recognising the interdependencies of the various forms of capital

Governance structure



Business Model



Strategy formulation and execution

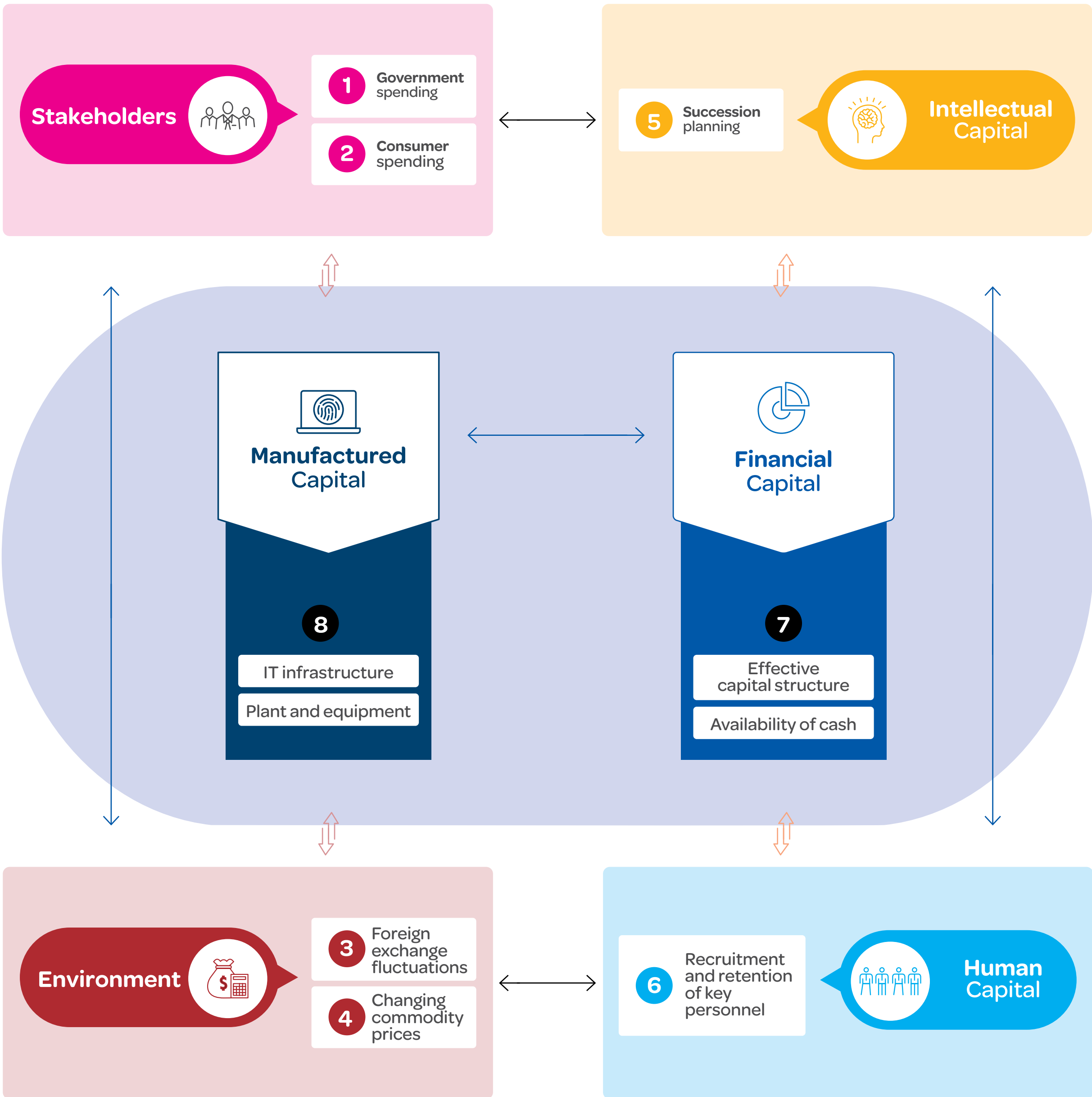
Values Charter

Regular and effective use of information to support decision - making

Forms of Capital

The IIRC sets out various forms of capital that together represent stores of value that are the basis of an organisation's value creation. Reporting on multiple capitals is a relatively new and evolving field. Sefalana embraces this way of reporting.

The inter-relationship between various forms of capital



The inter - dependencies and relationships between each form of capital are complex and constantly evolving.

The connectivity of each element relevant to the creation of value is expanded upon inherently in the Group Managing Director's and Group Finance Director's Reports.

Material Matters

The IIRC makes reference to the need to highlight in the Integrated Report, the matters that are considered to be "Material". These are referred to as matters that substantially affect the Organisation's ability to create value over a short, medium and long term.

The following 9 matters are considered Material to the Group in this regard and have been extracted from the Group's Risk Register which is used on an on-going basis by Internal Audit and the Risk Department, which then reports on a regular basis to the Audit Committee and Risk Committee respectively:

1 Government spending

Impact

→ Our manufacturing businesses rely significantly on Government tenders and levels of spend in relation to the Tsabana and Malutu feeding schemes along with the Children's UHT milk program.

These contracts usually run for no more than a 24-month period and therefore the sustainability of these manufacturing entities in our Group are largely dependent on successfully winning these orders at each tender date.

Risk Mitigation

- We continually obtain tender invitations and ensure we respond to all tenders we believe we are capable of servicing. Being aware of tenders issued is critical for these entities in our Group.
- We have a strong track record for ensuring that where we have been awarded tenders, all quantities are delivered on time and that quality is not compromised.
- Raw materials are procured from reliable suppliers at the best possible prices thereby ensuring we are best placed to secure and deliver any orders placed with us at short notice. Wherever possible raw materials are procured from local suppliers. Over the years we have supported a number of local farmers and provided them with a reliable market for their produce.

2 Consumer spending and confidence

Impact

Customer spending and confidence is directly impacted upon by the level of employment and general economic sentiment.

During difficult economic times, this then results in increased pressure on margins as customers look for the best prices in the market.

Risk Mitigation

- The market is increasingly becoming price sensitive and therefore we need to ensure we are competitive.
- Efficient and effective procurement from suppliers helps us pass on discounts to customers.
- Increasing basket size and offering a one - stop - shop helps retain market share. Online and other convenience shopping methods have been provided.

3 Foreign exchange fluctuations

Impact

The purchase of products from South Africa is a significant portion of the Group's procurement spend. The volatility of the Rand over the last 12 months has increased our exposure to pricing. Our grain procurement is linked to movements in the USD. Our rental stream in Zambia is also based on an underlying USD value. Our latest investment in Australia introduces exposure to a hard currency. Our overall investment in foreign denominated businesses is retranslated at each reporting date.

Risk Mitigation

Forward contracts are entered into where appropriate and spot purchases of currency are carried out where a known cash outflow in a foreign currency is anticipated. A Group treasury function monitors daily foreign exchange movements and ensures appropriate transactions are entered into accordingly.

Material Matters
(continued)

4 Changing commodity prices

Impact

The manufacturing businesses procure significant volumes of sorghum, soya and maize. These commodity prices can double or halve in any given financial year and this is largely driven by worldwide supply and demand. The onset of the Ukraine and Russia conflict has amplified this risk in the current period.

Risk Mitigation

Forward contracts are entered into where appropriate and spot purchases of grain is carried out when prices appear to be at a low point. This helps us maintain and grow manufacturing margins.

5 Succession planning

Impact

The Management team ensures that the objectives of the Group are achieved and that the success of the organisation is not reliant on one or a few key members.

Risk Mitigation

- Recruitment of understudies are carried out for all significant positions and adequate training and mentoring is ensured on an on - going basis.
- Our staff turnover rates are very low with a number of staff remaining with the Group for over 30 years.

6 Recruitment and retention of key personnel

Impact

Our people make our Group what it is. The culture that it fosters drives performance and to ensure this is in place the workforce needs to be motivated and aligned to the Group strategy.

Risk Mitigation

- The Group strategy is communicated throughout the organisation by means of annual workshops and seminars.
- High calibre staff are actively recruited from universities and other institutions. These are deemed to be the leaders of the future and therefore attractive remuneration and retention policies are in place to reward exceptional performance.

7 Effective capital structure

Impact

In order to support the Group's plans for expansion, sufficient capital is required to ensure the net return to Shareholders is in line with or exceeds their expectations.

Risk Mitigation

- Careful consideration is given to the issue of equity vs debt and a target capital ratio range is maintained at all times.
- Dividend policy is annually renewed to ensure shareholder return is maximised wherever possible.

8 IT infrastructure

Impact

In a constantly evolving world, the use of technology is essential to provide an organisation with the speed and efficiency for success. IT can enable an organisation to offer innovative new products and services to its customer base.

Risk Mitigation

- Computer software and hardware is updated on an ongoing basis.
- The latest internet connections are installed in our stores to ensure data is captured quickly and accurately.

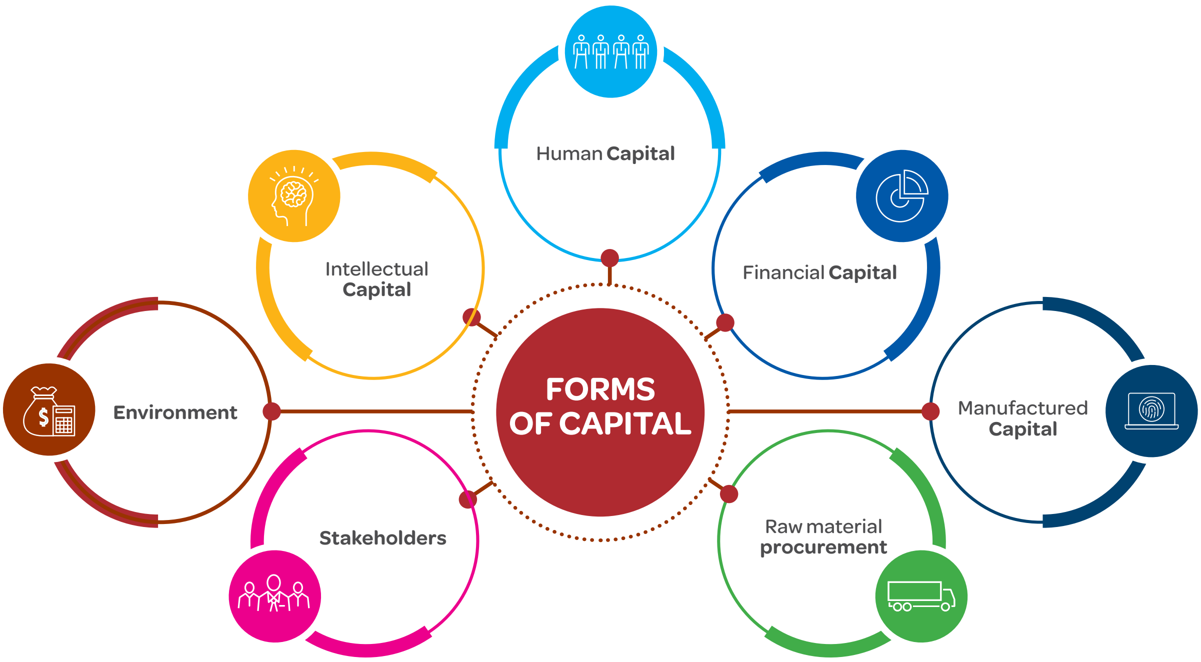
Brand health and development (not a form of capital)

Impact

We have built up our brand over 48 years and it is critical that we leverage off this brand value to maximise returns.

Risk Mitigation

- Our rebranding program commenced in 2015 and has been rolled out throughout the Group. We have received very positive feedback in this area and this has helped consolidate and strengthen our Botswana brand.
- We periodically carry out surveys to assess brand health and respond accordingly. We are proud to now being one of Botswana's leading home - grown brand.




Commercial Motors
THE NEW HONDA
FIT
HONDA

2 OVERVIEW

LOOKING BEYOND THE STORM

Our timeline

1974

Sefalana
Sefalana Holding Company Limited

Sefalana sa Botswana was formed to purchase the Botswana operations **of Bechmalt Holdings, comprising 6 wholesale stores and a maize mill.**

1975

Sefalana Botswana became the 1st publicly **listed company in Botswana**

1989

The management and administration functions were transferred to **Botswana from South Africa**

1994

Merged the Group's wholesale operations with the Botswana operations of Metro; formed **Metro Sefalana Cash & Carry Limited (Metsef)**, the formation being a predecessor of today's Sefalana Cash & Carry

Metsef

2006

sefcash
SEFALANA CASH & CARRY LTD

Acquired 55% of MF Holdings and acquired HJ Heinz Botswana, later renamed KSI Holdings. Acquired an additional 40% of Metsef equity and gained control of the entity, renaming it **Sefalana Cash & Carry Limited (Sefcash)**

2009

Investment in property in **Zambia**

2010

Shoppers
Real value for Real people

Launched **"Shoppers"** supermarket chain. Acquired the remaining Sefcash shares and delisted Sefcash from the Botswana Stock Exchange

2013

Mechanised Farming (Pty) Ltd
COMMERCIAL MOTORS (PTY) LTD
YOUR MAN, HONDA & TATA DEALER

Continued expansion of our **Shoppers chain** to 16 operational stores. Acquired an additional 15% stake in MF Holdings

2013

Opened our first store outside Botswana in **Namibia**

2014

Aquisition of 12 Metro stores **across Namibia**

Metro
NAMIBIA
Cash 'n Carry

2015

Sefalana GROUP
Your basket of opportunities

Refreshed and consolidated **our brand**

2015

deltafresh

Acquired a **UHT milk plant** and established our **beverages** manufacturing business

2016

A Star

Expanded our **A - Star** house brand range of products

2016

Sefalana Cash & Carry Lesotho

Acquired largest Cash & Carry in Maseru, **Lesotho**

2016

Launched **Botswana's first** FMCG online shopping site

2016

Sefalana rewards

Giving back to you everytime you shop with us

Launched **"Sefalana rewards"** loyalty program

2017

Sfp

Sefalana Fresh Produce

Acquired the remaining 30% minority shareholding in MF Holdings and additional 40% in Natural Value Foods Botswana **(subsequently renamed Sefalana Fresh Produce (Pty) Limited)**

2017

Entered the **South African market** via a preference share investment into an FMCG consortium

2018

Consolidated our investments, improved efficiencies and extracted **greater value** from existing assets

2020

Sefalana Shopper

Shopper division celebrates **10 years** of business

2020

The BIG One

Setlhoa – First of its kind – **hybrid retail store**

2020

wings& things

Launched our Wings & Things and rolled it out in our Shopper stores.

2020

We entered the Australian market through an investment in a 40% **associate company that operates in the FMCG sector**.

2021

family favorite

Expanded our premium **Family Favorite** house brand range of products

2022

SefRemit

Money transfer | Bureau de Change

Opened our Sefalana Financial Services Company - trading as **SefRemit**.

SefRemit facilitates the seamless movement of money across the world, in a number of currencies and channels via multiple customer touch-points including retail stores.

Our Sefalana

The Sefalana Group first emerged in 1974 consisting of 6 wholesale stores and a maize mill. The Group has grown extensively in these 48 years and ventured into new industries and territories.

Over the last 25 months, the Group transcended through a global Pandemic, which brought on a unique set of challenges, but also its own opportunities. Despite lockdowns and restrictions on the sale of certain commodities, Sefalana continues to display resilience and provide a safe and secure shopping experience for our customers as we navigate through COVID-19.

During this year we were able to reflect on our existing operations and looked at ways to improve our offerings and efficiencies. Steered by our Group strategy and core values, we continuously aim to nurture elements that have a positive impact on our business and our community.

We appreciate that customer demands are continuously changing with advances being made in the retail environment every day. With a curious approach and confidence in our business model, we look to transform our Group and empower our people to better cater for customers changing needs.

In the last 48 years, we have achieved a number of substantial milestones which include:

being the first company to list its shares on the Botswana Stock Exchange in 1975

growth from just 6 stores in Botswana to a total of over **90 stores** across four countries

employment of over **5 600 individuals** from a mere 233 in 1974, making Sefalana an employer of choice in all regions in which we operate

extension of manufacturing operations to include a **wide range of products** as we pride ourselves on feeding our Nation

diversification of our businesses to include the distribution of locally sourced fresh produce to both Sefalana stores and FMCG retailers across the country, motor dealerships (MAN, TATA and HONDA), property development, filling stations under the Puma and Caltex franchise and our recent introduction of a franchise takeaway 'Wings & Things'

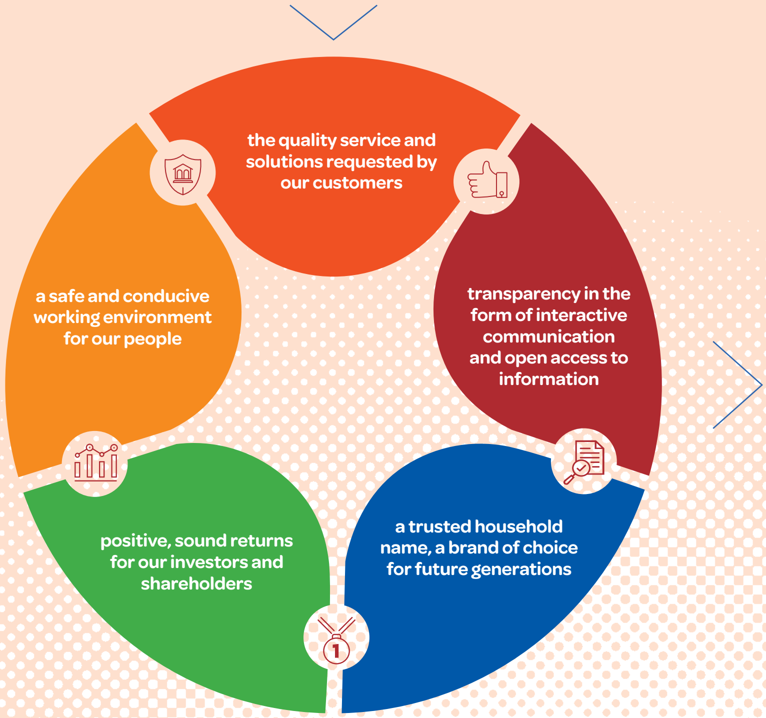
expansion into **five additional countries** in search of new markets

Being the **first to market** with new innovative solutions such as Online Shopping, Loyalty, Bank your Change

In 2021, we took a bold step forward, extending our African footprint across the ocean and settling on Australian soil. We are confident that we will continue to identify new and exciting opportunities for further growth and expansion.

Our timeline section presented on pages 18 and 19 provides a synopsis of key achievements over the years.

We continue to deliver on our promise to our stakeholders by continuously **unlocking value to expand our capabilities and deliver....**



Sefalana Group – Your basket of opportunities.

Through this integrated annual report, we provide a holistic overview of our performance and how we create value for our stakeholders and manage our culture, while delivering on our Group strategy and cultivating investment opportunities on an on-going basis.

CORPORATE **INFORMATION**

SEFALANA HOLDING COMPANY LIMITED
Sefalana Holding Company Limited is incorporated in Botswana - Company registration number BW00001731678

GROUP SECRETARY
Joanne Robinson
Email: companysecretary@sefalana.com

AUDITORS
Deloitte & Touche
Plot 64518, Fairgrounds Office Park,
P O Box 778, Gaborone, Botswana

SHARE TRANSFER SECRETARIES
Transaction Management Services (Proprietery) Limited
t/a Corpserve Botswana Transfer Secretaries
Unit 206, Building 1, Plot 64516,
Showgrounds Close, Fairgrounds,
Gaborone, Botswana,
P O Box 1583, AAD,
Gaborone, Botswana

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Corner of Nelson Mandela Drive and Kubu Road,
Broadhurst Industrial, Gaborone, Botswana

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Gaborone, International Finance Park,
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BANKERS
African Banking Corporation of Botswana Limited
Absa Bank of Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Nedbank Lesotho Limited
Standard Lesotho Bank
Afrasia Bank Limited
Standard Bank (Mauritius) Limited
Standard Bank Namibia Limited
First National Bank of Namibia Limited
First National Bank of South Africa Limited
Zambia National Commercial Bank

Sefalana Sa Rona

Kompone ya Sefalana e simolotse ka ngwaga wa 1974 e na le madirelo a le marataro (6) le tshilo ya mmidi. Mo dingwageng tse di masome a mane le boferabobedi (48) Kompone ya Sefalana e godile ka go anama ka bophara le go tsena mo kgwebong tse dingwe tse di farologanyeng.

Mo dikgweding di le masome a mabedi le botlhano (25) tse di fetileng, Kompone ya Sefalana e raletse seemo se se apesitseng lefatshe ka bophara, se se tsileng ka dikgwetlho, go ntse go le jalo, gona le ditshono tse di nnileng teng. Le fa go ne ga nna le kiletso mesepele le kiletso ya thekiso ya dithoto dingwe, Sefalana re ne ra tswelela ka go ikokotlela le go tsisa tshireletsego mo baji-bareking fa re raletse segajaja sa mogare wa COVID-19.

Mo ngwageng ono rene ra sekaseka madirelo a a ntseng a le teng le go tla ka metlhale ya go tsisa kgolo le boikarabelo. Ka ponelopele ya mananeo a rona, re ne ra tswelela ka maikaelelo le maikarabelo mo kgwebong le mo sechabeng.

Re lemoga fa dikeletso le ditsholofelo tsa baji-bareki di fetoga ka dipaka tsotlhe. Re na le tshepo ka fa kgwebo ya rona e thailweng ka teng e bile re dira ka matsetseleko go tlhomamisa gore babereki ba rona ba ipaakanyeditse go ka lepalepana le dikeletso tsa baji-bareki tse di fetogang ka dipaka tsotlhe.

Mo dingwageng tse di masome a mane le boferabobedi (48) tse di fitileng, re kgonne go fitlhelela tse di latelang;

Gonna kgwebo ya ntlha go ikwadisa mo kompone ya diabe ya Botswana Stock Exchange ka ngwaga wa 1975

Re godisitse kgwebo ya rona go tswa mo mabenkeleng ale marataro (6) goya ko go a fetang masome a ferabobedi **(90)** mo mafatsheng a le mane

Re ne ra bona koketsego ya dipalo tsa babereki ba rona go nna dikete di le tlhano le lekgolo **(5 600)** re gola go tswa mo palong ya babereki ba ba neng ba le makgolo a le mabedi le masome a mararo le boraro (233) ka ngwaga wa 1974. Koketsego e ya babereki, e neela Sefalana seriti sa go bidiwa mohiri yo o ratiwang ke botlhe mo mafatsheng a re nang le madirelo mo go one

Re atolositse madirelo a rona a a dirang dijo ka go farologana e bile re ipelafatsa ka go bo re na le seabe se segolo mo go jeseng sechaba sa Botswana.

Re kgonne go kabakanya kgwebo rona gore e akaretse dikgwebo tse di farologanyeng jaaka thekiso ya merogo le maugo tse di rekisediwang mabentlele a Sefalana le a mangwe tse re di rekang mo Batswaneng. Kgwebo ya rona jaanong e na le makalana a a rekisang dikoloi tsa mefuta ya MAN , TATA , le HONDA. Gape re na le dikago (properties) tse di hirisediwang bagwebi ba bangwe. Re sa le hoo, re butse madirelo a a rekisang leokwane la dikoloi; re tshwaraganye/ rotloediwa ke ba Puma le Caltex. Mo bosheng re butse lekalana la “Wings & Things” le le rekisang dijo tse apeilweng

Re atoloseditse kgwebo ya rona ko mahatsheng a le matlhano ka maikaelelo a go e godisa.

Re nnile kgwebo ya ntlha go neela baji-bareki ditlamelo tsa sesha; tse di kgethegileng jaaka go reka ka maranyane a inthanete (online shopping), go dirisa karata ya Loyalty Card le go ipeela madi mo go yone (Bank Your Change).

Mo ngwageng wa 2021 re ne ra beta pelo ra tsaa kgato e tona ya go atolosetsa kgwebo ya rona ko lefatsheng la Australia. Re tla tswelela ka go sekaseka mafelo a mangwe gore re godisetse kgwebo ya rona teng.

Karolwana e e supang kgolo le tsamaiso ya kgwebo ya rona mo dingwageng e fitlhelwa mo ditsebeng tsa 18 le 19 tsa pego e.

Re tsweletse ka go dirafatsa maitlamo a rona a go neela **bana-le-seabe dipoelo tse di nametsang le go:**

Kompone ya Sefalana ke letlotlo le le tletseng ditshono tsa go godisa kgwebo ya gago.

Mo pegong e ya ngwaga le ngwaga re supa tshoboko ya maduo a rona a ngwaga eno le ka fa re dirang ka teng go oketsa dipoelo tsa babeeletsi ba rona le go tshegetsa tsamaiso ya rona gore re tswelele re ntse re godisa ditshono tsa go beeletsa mo go rona.

Sefalana -Working amidst COVID 19

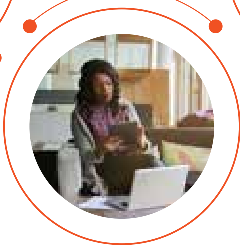
This year marks two years since COVID 19 was declared a Pandemic by the World Health Organisation (WHO). From March 2020, we have had to think twice about our day-to-day decisions, the public places we visit and the way we operate our businesses, all with the interest of keeping ourselves and those around us safe.

This has had a significant impact on the way in which we operate, providing a secure and safe working environment for our staff, and offering our customers a contemporary shopping experience while ensuring we maintain the quality and service expected of us as Sefalana.

How have we responded to operating with COVID 19?

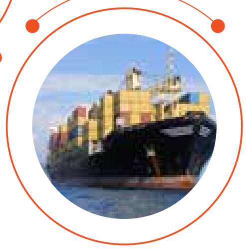
In April 2020, we responded quickly to our changing environment and developed a number of measures to ensure limited impact of the Pandemic on our staff, our business and the communities we serve. We prioritized these measures as follows:

Looking after our people and the wider community



Remote working and team management

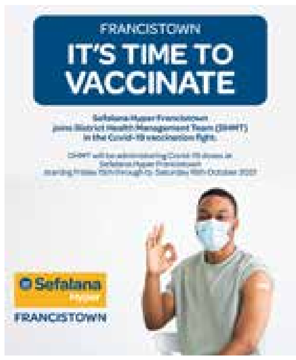
Cash and liquidity management



Business continuity – crisis management and response

These measures have successfully sustained our business operations and enabled us to keep doing business. In doing so, we have identified new and more efficient ways of working and delivering exceptional service to those we interact with.

Botswana's National Vaccine Deployment Plan was ready a month before the first vaccines arrived in late March 2021. In May 2021, the vaccines were rolled out in phases. The first stage targeting people over the age of 55 years and all front-line essential workers. This was followed by individuals aged between 30-54 years and the last phase was for ages of 18 years and below. The Ministry of Health set up a national 'ArmReady' information campaign to prepare the public, and the campaign proved to have been successful as people were ready to receive their first dosage of the vaccine. We are proud to have been a vaccination site in our Francistown Hyper store, making vaccines more accessible to communities we serve.



Sefalana was not left behind in this campaign as our management team was at the forefront leading and encouraging our employees to register for vaccination when their age bracket was due. Towards the end of 2021, the Government of Botswana made further changes to the existing health laws in an attempt to encourage people to vaccinate. In addition, all companies were required to keep a register of employees who have been vaccinated.

The results of our statistics across our largest businesses as at January 2022 are set out below;

	Total Number of Staff	Number vaccinated	Number not vaccinated	Percentage (%) vaccinated
Sefalana Head Office	29	20	9	69
Sefcash Head Office	136	101	35	74
Sefalana Cash & Carry	3 403	2 099	1 304	66
Metro- Lesotho	184	184	0	100
Metro- Namibia	990	411	579	41
Sefalana Fresh Produce	36	28	8	78
Foods Botswana	313	292	21	93
Commercial Motors	76	71	5	93

How has COVID 19 affected our business?

Over the last few years, we have seen a decline in profitability in some of our non-core business units and this is largely due to the negative impact of Covid 19 on trading and consumer spending. The macro-economic environment has also been strained which has impacted most businesses in the Region.

As our core business relates to that of Fast-Moving Consumer Goods (FMCG), we were fortunate to be classified as an Essential Services Provider, and as a result continued to operate throughout the Pandemic.

The removal of the majority of restrictions on the sale of certain commodities such as liquor and cigarettes during the year under review, has helped restore profitability to almost normal levels again. We have noted a steady rise in consumer spending and profitability which we hope will continue into the ensuing year. We have done well in ensuring we have made shopping easy and convenient to the public such that overall margins and profitability have been preserved and grown in some instances.

Our policy on Covid management continues to be embedded in our day to day activities, in order to reduce risk of further infection to our staff. Whilst there has been a drop in infections rates, the virus remains live worldwide and with increased travel taking place, we need to remain mindful of the potential residual risks.

We continue to uphold strict levels of health and safety measures, providing a secure environment for our staff and customers through ensuring all FMCG stores have a minimum of three staff members that have undergone Safety, Health and Environment (SHE) Representative training in order to ensure that all protocols for the prompt identification and isolation of possible and confirmed cases are followed and that the spread of infection to other employees, our customers and all other stakeholders is prevented.

It is unlikely that this Pandemic will disappear in the next 12 months, but we are committed to ensuring we do everything in our power to grow our businesses and support the people within our organisation, our most important asset, that make this Group the success it is today.

Opportunities are out there for expansion and growth and we are determined not to let the Pandemic distract us from seizing those opportunities and turning them into value for our shareholders.

Financial highlights

	2022 P'000	2021 P'000
Revenue	7 519 535	6 292 809
Profit for the year attributable to equity holders of the parent	219 612	216 198
Total comprehensive income attributable to equity holders of the parent	266 232	294 868
Shares in issue at beginning and end of year (number)	250 726 709	250 726 709
Basic earnings per share (thebe)	87.59	86.23
Total comprehensive income per share (thebe)	106.18	117.61
Dividends per share (thebe) - ordinary - paid	10.00	10.00
Dividends per share (thebe) - ordinary - proposed	30.00	30.00
Special dividend per share (thebe) proposed	10.00	
Dividend cover (times) - ordinary	2.19	2.16
Net asset value per share (thebe)	867	800
Market price per share at year end (thebe)	947	937

Value added statement

	2022 P'000	2021 P'000
Wealth created		
Revenue	7 519 535	6 292 809
Payments to suppliers and providers of services	(6 782 346)	(5 640 464)
Value addition	737 189	797 107
Absorbed in operations of associated companies	(14 435)	(7 704)
Interest income from bank deposits	16 370	12 399
Dividends on preference shares	37 793	35 486
Total wealth created	776 917	692 526
Wealth distribution		
To employees	346 227	311 410
To providers of capital	122 157	116 976
Government for taxes	112 743	73 384
Total wealth distributed	581 127	501 770
Wealth retained in the business		
To maintain and develop operations of the Group	195 790	190 756
Number of employees of the Group	5 619	5 126

Shareholder information

Analysis of shareholders	24 April 2022		25 April 2021	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers Fund	121 780 674	48.57%	114 082 827	45.50%
Motor Vehicle Accident Fund	22 574 824	9.00%	25 083 138	10.00%
Debswana Pension Fund	15 118 158	6.03%	16 401 979	6.54%
Chandra Chauhan	14 134 204	5.64%	14 134 204	5.64%
	173 607 860	69.24%	169 702 148	67.68%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	229 145 340	91.39%	228 898 418	91.29%
Individuals and others	21 581 369	8.61%	21 828 291	8.71%
Total	250 726 709	100.00%	250 726 709	100.00%
Shares held by citizens (individuals and institutions)	242 551 634	96.74%	242 472 714	96.71%

Analysis of shares held by public and non-public shareholders	24 April 2022		25 April 2021	
	Public	Non Public	Public	Non Public
Number of shareholders	1 720	10	1 713	9
Number of shares held	236 104 169	14 622 540	211 091 856	39 634 853
Proportion (%)	94%	6%	84%	16%

Stock Market Information		
Number of shares traded (000)	13 656	6 678
Value of shares traded (P'000)	128 901	61 867
Share price for the period (thebe):		
Lowest	937	902
Highest	947	937
Closing	947	937
Market Capitalisation at year end (P'000)	2 374 382	2 349 309

Shareholders' calendar	
Financial year end	24 April 2022
Announcement of audited results	29 July 2022
Annual General Meeting	28 October 2022
Announcement of half year results	end of January 2023

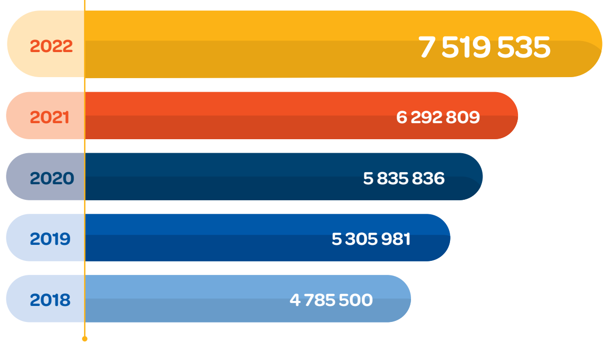
Over the last five years, the Group has generated over P1 billion in profits for its shareholders largely through its expansion drive. 50% of these earnings have been distributed in the form of dividends.

Five year trending

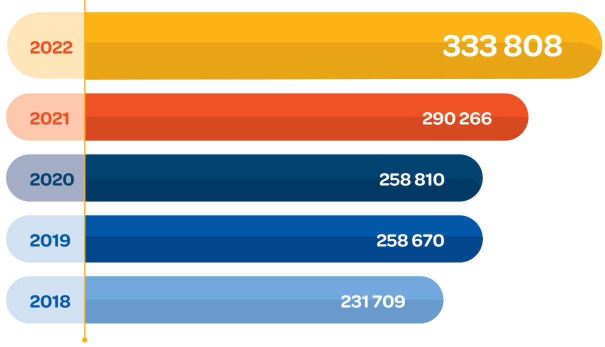
We are delighted to be able to once again, report to you our best results to date.

We have consistently been able to do this over the last 10 years (other than 2017) and are proud to be able to do so once again. This comes at a time when many organizations locally and across the world are reporting downward trends.

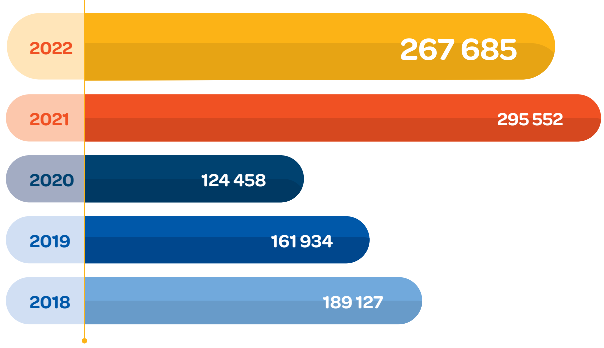
Revenue (P’000)



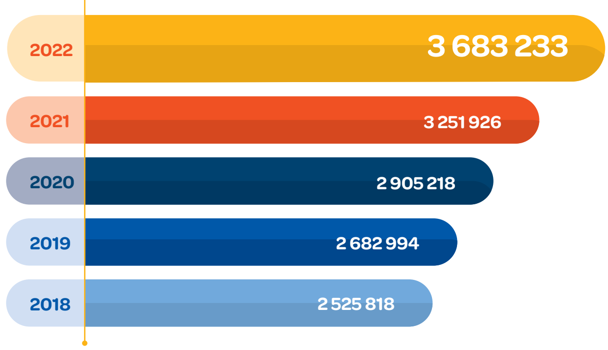
Total Profit Before Tax (P’000)



Total Comprehensive Income (P’000)



Total Assets (P’000)



Record of financial performance

	For the 52 week period ended 24 April 2022 P'000	For the 52 week period ended 25 April 2021 P'000	For the 52 week period ended 26 April 2020 P'000	For the 52 week period ended 28 April 2019 P'000	For the 52 week period ended 29 April 2018 P'000
Comprehensive Income					
Revenue	7 519 535	6 292 809	5 835 836	5 305 981	4 785 500
Profit from operations	348 243	297 970	260 821	260 664	232 452
Share of results from associate and joint venture	(14 435)	(7 704)	(2 011)	(1 994)	(743)
Profit before tax	**333 808**	**290 266**	**258 810**	**258 670**	**231 709**
Income tax expense	(112 743)	(73 384)	(61 142)	(60 026)	(54 035)
Profit for the year	**221 065**	**216 882**	**197 668**	**198 644**	**177 674**
Other comprehensive income / (loss)	46 620	78 670	(73 210)	(36 710)	11 453
Non - controlling interests	(1 453)	(684)	254	(216)	(1 803)
Total comprehensive income for the year attributable to equity holders of the parent	**266 232**	**294 868**	**124 712**	**161 718**	**187 324**
Earnings per share (thebe)	87.59	86.23	78.94	79.31	70.14
Total comprehensive income per share (thebe)	106.18	117.61	49.74	64.67	74.71
Dividends per share (thebe)	50.00	40.00	37.50	37.50	33.00

	24 April 2022 P'000	25 April 2021 P'000	26 April 2020 P'000	28 April 2019 P'000	29 April 2018 P'000
Financial position					
Property, plant and equipment	857 355	790 504	756 867	641 720	617 064
Right of use assets	229 711	171 752	140 984		
Investment property	230 082	211 082	234 705	287 166	260 685
Intangible assets	123 426	127 141	119 915	134 546	145 823
Investment in associate	63 689	71 542			2 616
Investment in preference shares	190 665	194 997	175 858	197 895	198 114
Deferred lease assets	4 734	4 404	3 842	2 656	1 090
Deferred tax assets	29 710	28 523	23 717	17 254	16 708
Trade and other receivables	6 320	7 207	2 473		
Current assets	1 912 791	1 620 816	1 446 857	1 401 757	1 283 718
Asset classified as held for sale	34 750	23 958			
Current liabilities	(1 126 168)	(888 722)	(774 222)	(689 113)	(609 590)
Non - current liabilities	(383 442)	(356 976)	(326 299)	(218 792)	(220 332)
Non - controlling interests	(16 548)	(15 095)	(14 981)	(16 064)	(16 280)
Equity attributable to equity holders of the parent	**2 157 075**	**1 991 133**	**1 789 716**	**1 759 025**	**1 679 616**


BIG
Sefalana
Shopper
Sefalana
Shopper
SefRemit

3

EXECUTIVE REPORTS

LOOKING BEYOND THE STORM

Board of Directors

Chandra Chauhan
Group Managing Director - Executive

Jennifer Marinelli
Board Chair
Independent
Non - Executive Director

Mahube Mpugwa
Independent
Non - Executive

Paula Disberry
Independent
Non - Executive

Mohamed Osman
Group Finance Director - Executive

Susanne Swaniker-Tettey
Independent
Non – Executive Director

Gerhard Scheepers
Sefalana Cash and Carry Botswana
Managing Director – Executive

Keneilwe P Mere
Independent
Non – Executive Director

Bryan Davis
Sefalana Cash and Carry Namibia
Managing Director -
Executive

Chair's report

I would like to thank my fellow directors, some of whom we only recently welcomed to our Board, for the invaluable insight and guidance they provide. I would also like to thank the senior management team, who diligently and purposefully drive the business forward, and our valued customers who continue to show us their support.

I am delighted that the Group has been so resilient and resourceful **during these uncertain times, and as a result we report to our Shareholders a record profit for the year.**

The Sefalana Board of Directors as the focal point and custodian of corporate governance in the Group, are compelled to lead effectively and ethically. **The Board are aware of and adhere to their legal obligations to act in good faith, in the best interests of the company, unclouded and unaffected by extraneous matters.**

We have seen worldwide inflation set in following the conflict between Russian and Ukraine. Unfortunately, **we are not shielded from the knock-on effects of this conflict, as many key commodities consumed by our market originate from that area.**

Our strong relationships with our suppliers helped ensure that we were able to meet our stakeholders **needs by providing the right products at the right price and that stock shortages were minimised.**

Chair's report
(continued)

Covid-19 brought with it a number of unprecedented challenges and our teams across the various regions addressed these competently and put in place measures that helped mitigate these issues.

We remain leaders in our sector in Botswana, Namibia, and Lesotho and this makes us proud of what we have achieved over the last 48 years.

48 years of creating value

I am delighted that the Group has been so resilient and resourceful during these uncertain times, and as a result we report to our Shareholders a record profit for the year. A detailed review of each business's performance is included in the Group Managing and Group Finance Directors' reports.

Covid-19 brought with it a number of unprecedented challenges and our teams across the various regions addressed these competently and put in place measures that helped mitigate these issues.

Our strategic focus in our core businesses, that of Fast-Moving Consumer Goods (FMCG), aligned our leadership team in pushing for growth where it mattered most. Our strong relationships with our suppliers helped ensure that we were able to meet our stakeholders needs by providing the right products at the right price and that stock shortages were minimised. We were also able to secure large procurement deals in advance of price increases and this allowed us to somewhat delay the inflationary impact for our customers.

The Botswana FMCG business has, in particular, experienced significant improvement this year following concerted efforts at margin management and service offerings. We look forward to further growth from this segment in the ensuing year.

Through collaboration between our teams, key learnings were shared and optimised between our various business units. Our Namibian business grows from strength to strength, and this is largely due to our clear understanding of the market and its needs.

We remain leaders in our sector in Botswana, Namibia, and Lesotho and this makes us proud of what we have achieved over the last 48 years.

Our manufacturing businesses which have historically been dependant on Government tender activity have evolved to becoming less reliant on a single customer, and our focus on growing branded products and our house brand range has helped us diversify our offering.

From the Covid – 19 pandemic perspective, we have seen a positive recovery in trading performance across the Group and are pleased to note that the worst seems to be behind us. We continue to observe all the necessary

pandemic protocols and are pleased to report that it is "businesses as usual" in all our operations. We look ahead with positivity as we embark on further growing our business.

Innovation and diversification into new product offerings and into new territories has enabled our growth over recent years. Our preference share investment was redeemed in August 2022 after 5 years of very positive returns. This helped fund our expansion into Australia where we now have 9 stores and soon will acquire an additional 3 stores. This investment in Australia is still in its early stages, and we aim to continue to re-invest into the business for the next 5 years. We are confident that this will become an even more important part of the Group operations as time goes by and the hard currency exposure will serve the Group well.

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives. We are very cognisant of the Government's focus areas for the development of the country, and where possible we look to identify opportunities which are aligned to those focus areas. We are confident that we have the right strategy in place to do this. During the year, some exciting new opportunities were identified, and large projects are now being pursued. We look forward to further announcements in this regard as we progress these endeavours.

We have seen worldwide inflation set in following the conflict between Russia and Ukraine. Unfortunately, we are not shielded from the knock-on effects of this conflict, as many key commodities consumed by our market originate from that area. We acknowledge and appreciate the additional pressure this will place on our people and are pleased to report that we have been able to increase the salary base by more than inflation for the large majority of our staff complement. We hope that this will assist them during these difficult times.

As I conclude, I would like to thank my fellow directors, some of whom we only recently welcomed to our Board, for the invaluable insight and guidance they provide. I would also like to thank the senior management team, who diligently and purposefully drive the business forward, and our valued customers who continue to show us their support.

To our shareholders, we are very happy to have declared not only a final dividend of 30 thebe per share, but also a once-off special dividend of 10 thebe per share to say thank you for having confidence in us and allowing us to make this Group the success it is today.

Our Annual General Meeting will take place virtually on Friday, 28 October 2022. We look forward to engaging with you at that forum.

J M Marinelli
Chair

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives.

To our shareholders, we are very happy to have declared not only a final dividend of 30 thebe per share, but also a once-off special dividend of 10 thebe per share to say thank you for having confidence in us.

Group Managing Director's report

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position.

Our operations in Namibia makes a significant contribution to overall Group results each year. We are the largest FMCG business in Namibia.

During the year, we received our fourth tranche of returns from our South African Preference share investment.

We have been operating in Lesotho for six years and the underlying business is performing well. We remain the largest FMCG business in the country.

Sefalana Cash & Carry Limited contributed 53% of the Group's revenue, overall, a very pleasing performance by this division **which this year, reports its best ever results to date despite the tough trading conditions**

During the current year, the business relocated its 3 dealerships to a prime location adjacent to the Sefalana Head Office in Broadhurst

Our Group had put in place measures, as early as November 2019, in anticipation of the impact of the Pandemic and this has helped us navigate through these difficult 2 years

We are pleased to report that we did not retrench any of our staff during the Pandemic and ensured all our staff throughout the Group were fully paid

In early 2022, we commenced the construction of a 3,000 sqm warehouse at Foods Botswana Beverages to accommodate growth. This will also be used for storage when we proceed with our bottled water and fruit juice plant in due course

The KSI property development of 5,000 sqm of warehouse space remains fully let with on-going demand for the sites

During the year, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Ramotswa and at Molapo Crossing, Gaborone and a Sefalana Quick at our new Caltex site in Broadhurst Industrial

Group Managing Director's report
(continued)

Financial highlights

For the 52-week period ended 24 April 2022, the Group's:

Revenue

19%

Revenue was **P7.5 billion** – up 19% on prior year.

Gross Profit

15%

Gross Profit was **P523 million** – up 15% on prior year.

EBITA

16%

Earnings before interest, tax and amortisation ("EBITA") was **P323 million**, up 16% on prior year.

Profit Before Tax

15%

Profit before tax was **P334 million** – up 15% on the prior year.

Final dividend

30t

Final dividend of **30 thebe** per share to be paid to our Shareholders.

Special dividend

10t

Special dividend of **10 thebe** per share to be paid in December 2022.

Financial results of the Group - overview

Despite the challenges we have been facing in the current environment across all the Regions in which we operate, we are delighted to be able to once again, report to you our best results to date!

We have consistently been able to do this over the last 10 years (other than 2017) and are proud to be able to do so once again. This comes at a time when many organizations locally and across the world are reporting downward trends.

We generated a profit before tax ("PBT") of P334 million. This is up 15% on the prior year and on the back of reporting our best PBT for the half year ended October 2021 of P153 million.

We have been able to do this through sheer determination and perseverance by our people, our human capital, who are our most important asset. Our teams have remained motivated and driven and have been resilient throughout the year. For this we are truly grateful.

Our Group had put in place measures, as early as November 2019, in anticipation of the impact of the Pandemic and this has helped us navigate through these difficult 3 years. We identified ways in which we were able to mitigate the effects of the Pandemic, and ultimately provide our customers with what they require, in as many channels as possible. We endeavour to continually

deliver and exceed the expectations of all our stakeholders. We are very pleased with our success in this regard.

We are pleased to report that we did not retrench any of our staff during the Pandemic and ensured all our staff throughout the Group were fully paid. We also applied pay increases wherever possible to assist our staff during these troubled times. Our head count across the Group has seen a 38% increase from 4,076 in April 2019 to 5,619 in April 2022. Just over 99% of our Botswana staff compliment are local citizens. Creating employment, developing, and supporting our people, and retaining talent are at the centre of our business model.

Our precise strategic focus has been on the core Fast Moving Consumer Goods (FMCG) businesses where we have placed considerable efforts to enhance margins and relative contribution to Group results. This has not been easy but has enabled us to remain ahead and deliver these fantastic results.

Our manufacturing operations which support the FMCG businesses are also key focus areas for us. These have performed well during the year despite certain challenges beyond our control.

Our diversification strategy across both trade sectors and countries over recent years has helped maintain our Group performance and support sustained long term growth.

The effective tax rate for the year of 34% is significantly higher than that of the prior year of 25% due to the accelerated withholding tax paid on dividends declared by subsidiary companies to Sefalana Holding Company Limited, prior to the increase in Botswana withholding tax rates on 1 July 2021. This will result in an enhanced net cash dividend available for distribution to our Shareholders over time. The Group made an overall tax saving of just over P7 million from this accelerated declaration and this saving will be realized by our Shareholders in the coming years.

Segmental Reporting

The Group's business and geographical segments are reported separately. Inter-segment transactions are eliminated, and costs of shared services are accounted for in a separate ("Inter-segment or Unallocated") segment. All transactions between segments are at arm's length.

Review of operations

Botswana Business units – 58% of Group profits

Overall Botswana business units have generated P192 million of the PBT for the year, up 8% on the prior year. From the 3 African territories in which we are present, the Botswana operations have experienced the greatest impact of the Pandemic and related economic stress.

Our manufacturing operations which support the FMCG businesses are also key focus areas for us. These have performed well during the year despite certain challenges beyond our control.

Group Managing Director's report
(continued)

Trading – consumer goods

The Botswana FMCG businesses have been adversely affected for much of the last 2 years by the trading restrictions that have been in place. These restrictions have been gradually lifted in the current year and consequently there has been a solid recovery of performance by this segment.

Consumers have begun to visit stores more often than during the initial phase of the Pandemic, and basket sizes have begun to increase, with a lower frequency of visits. The consumer is still somewhat cautious and tends to focus more on value packs, necessities, and private label products, rather than luxuries. The desire for a one-stop shop is very much apparent and we have responded accordingly through offering a wider variety of goods and services both in-store and online.

At the beginning of the financial year, Sefalana operated 4 hyper stores ("Sefalana Hyper"), 25 cash and carry stores ("Sefalana Cash & Carry") and 33 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total of 62 stores in Botswana. During the year, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Ramotswa and at Molapo Crossing, Gaborone and a Sefalana Quick at our new Caltex site in Broadhurst Industrial. All these new stores are performing well and are proving popular with the customer base in the area. We also introduced retail liquor departments in 3 existing stores – Shopper Mahalapye, Shopper Ghanzi and Hyper Gaborone.

All our new stores are performing well and are proving popular with the customer base in the area.

As part of our annual birthday promotion, our Cash & Carry business continued with its empowerment program and gave away 28 mobile kiosks to Batswana to start their own businesses. The number of budding and young entrepreneurs has been increasing and we look to support our community through this initiative. Total cost of these kiosks amounted to just under P2 million. To date we have given away 144 kiosks at a combined cost of P7.2 million over the last 4 years, changing the lives of the winners.

Our Retail birthday promotion focused on giving away P1.9 million in the form of cash. This generated a lot of excitement in the market meeting the needs of our retail customers who prefer cash rather than prizes in kind, during these challenging inflationary times.

Sefalana Cash & Carry Limited contributed 53% and 30% of the Group's revenue and PBT for the reporting period, respectively. Turnover amounted to just under P4 billion, which was 16% up on the prior year. Profit was P100 million which was up 26% on prior year.

Overall, a very pleasing performance by this division which this year, reports its best ever results to date despite the tough trading conditions.

Trading – others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 1.3% and 3% to Group turnover and PBT, respectively. This is a relatively small Group segment in line with our focus on the core business of FMCG.

CML historically relied on tender business, and over recent years has been focusing on growing its private sales due to a general decline in tender activity. During the current year, the business relocated its 3 dealerships to a prime location adjacent to the Sefalana Head Office in Broadhurst. We believe this will help enhance brand awareness and put us in good stead for post Pandemic vehicle sales. Performance by this business improved compared to the prior year despite the worldwide shortages and challenges in sourcing vehicle units for customers.

MFL focuses almost exclusively on the supply of components to Botswana Railways. This business no longer sells to walk-in customers and is not a primary focus for the Group. During the year long standing amounts receivable were successfully recovered enhancing the performance of this segment.

Performance by our CML business improved compared to the prior year despite the worldwide shortages and challenges in sourcing vehicle units for customers.

Manufacturing

Foods Botswana (Pty) Limited ("FB") contributed 3% and 6% to Group turnover and PBT for the period respectively. The profitability of this business is largely dependent on the timing of orders placed by Government in respect of the various feeding schemes and availability of raw materials. This had an adverse impact on the performance of this division in the year.

Milling Division

During the year FB manufactured and supplied to Government for 11 of the 12 months however the business was only awarded one third of the total contract volumes in respect of the 24 month contract issued in April 2020. Despite the party who was awarded two thirds of the contract not being able to fulfil its obligation to supply the required volumes, FB was not awarded the balance of the contract. We have been requested to continue to supply for an additional 3 months to end of July 2022 until the new tender invitation has been published.

Operating Divisions

Sefalana TRADING

Our investment in South Africa

The Consortium currently owns 17 stores across the country which are well located in areas where there is a strong population to support its trade. For all target chains acquired to date, performance has improved post take-over.

Our investment in Australia

In April 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, consists of a chain of eight supermarkets in the Brisbane area.

Our diversification strategy across both trade sectors and countries over recent years has helped maintain our Group performance and support sustained long term growth.

Sefalana MOTORS

Cm Commercial Motors

Sefalana INDUSTRIES

Fb Foods Botswana

Sefalana PROPERTIES

Mi Meybeernick Investments

Sz Sefalana Zambia

Sefalana FINANCIAL SERVICES

SefRemit Money transfer | Bureau de Change

Group Managing Director's report
(continued)

We have been focusing on the manufacture and supply of branded products to utilise factory capacity and to avoid unemployment. Growth in this area is positive and showing an upward trend. The Sechaba range of products has increasingly become a popular household name and a preferred choice for many regions across the country.

From a raw materials perspective, we have procured and entered contracts to further procure adequate grain to fulfil any volumes for the forthcoming tender that Government might require from us. We have done this through securing the grain from local farmers. We support several farmers across the country and often are their largest and preferred customer due to our policy of immediate and sometimes upfront payment for the grain. This cash flow assistance enables better working capital and stock management for the farming sector.

We support several farmers across the country and often are their largest and preferred customer due to our policy of immediate and sometimes upfront payment for the grain.

Beverages Division

This division is heavily dependent on the manufacture and supply of milk to Government for the children's feeding scheme. In 2019 we were awarded the 24-month supply tender which we completed in June 2021 following a 4 month extension.

A decision was made by Government to decentralize the 2021/22 tenders, and this now requires separate tender bids to be submitted for each region. Whilst this increases the administrative aspect of tendering, we are pleased to report that most of these tenders have been awarded to us.

There has been a longer than expected break between the completed prior year tenders, and the orders being placed on the new tenders, resulting in an overall drop in the volumes procured by Government compared to the prior year.

As with the Milling division, our focus continues building the Delta Fresh private brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity.

As with the Milling division, our focus continues building the Delta Fresh private brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity. A new refreshed packaging of this brand will be launched in late 2022.

Raw material shortages in the Region over the last 18 months have resulted in a slowdown in production volumes and as a result we have not been able to supply the Trade consistently with the required volumes. Having explored various options, we have now put in place measures for the importation of pasteurized milk into Botswana. This is more expensive than raw milk but allows a more regular supply without interruption. This has consequently caused an erosion of margins which will continue to be in place until shortages in the raw milk supply taper off.

With the Hospitality sector appearing to be in recovery, we will re-visit our plans for the water and juice plants, which had been put on hold with the onset of the Pandemic.

Properties

Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 18% to Group revenue and PBT respectively. Almost all properties are tenanted, and leases are in place for periods between 2 and 5 years.

During the year, the sectional title sale of the Italtile property in Setlhoa Gaborone took place for a consideration of P35m. This property was held for sale at the previous year end. The necessary regulatory approvals have been received during the year and the final administrative steps to complete this transaction are due to be take place in the coming months.

In early 2022, we commenced the construction of a 3,000 sqm warehouse at Foods Botswana Beverages to accommodate growth. This will also be used for storage when we proceed with our bottled water and fruit juice plant in due course.

The KSI property development of 5,000 sqm of warehouse space remains fully let with on-going demand for the sites. With the closure of the KSI soap plant, the factory property will be upgraded to increase the size and quality of the lettable space. This will further enhance the return from that site.

We are currently evaluating and developing plans for several of our other properties.

Our P100m loan taken out for the purpose of developing property will begin its five-year repayment period in 2025.

Regional operations and foreign exchange exposure

Our diversification into neighbouring countries over the last 7 years has helped us maintain the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our business model has been tailored to each economy accordingly.

Diversification into other regions brings with it foreign exchange exposure. For this year, we have recorded a re-translation gain of P27 million largely relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated which has strengthened against the Pula, as well as the appreciation of the Zambian Kwacha since the year end. This compares to a gain of P62 million in the comparative year. These currencies constantly fluctuate and therefore the retranslation gains and losses are largely temporary and are recorded in other comprehensive income and losses in line with IFRS.

Since July 2020 we have exposure to the Australian Dollar. This hard currency exposure often offsets the exposure on the ZAR and serves as a partial hedge. We will continue to invest in harder currencies to protect the overall Pula return for our Shareholders.

Metro (Sefalana) Namibia

Metro Namibia contributed 33% and 35% of revenue and PBT for the year, respectively. Turnover amounted to just over P2.5 billion, a growth of 26% on the prior year. Profit before tax amounted to P118 million, up a staggering 35% from the prior year. Our operations in Namibia continue to grow despite indications of stress in the economy. This business makes a significant contribution to overall Group results each year. We are the largest FMCG business in Namibia.

At the start of the year, we had 21 stores across the country. During the year two new stores were opened in Otjiwarongo and Katima (Zambezi) increasing our representation in that area. Our loyalty card offering has now been introduced to our customers in Namibia and we look forward to additional growth and customer retention as a result.

We continue to look for new suitable locations for store openings as we have now met our medium-term target of 20 stores. Expansion will however be cautious given the current economic environment. Other revenue streams and models are being evaluated and will be introduced in due course.

Sefalana Lesotho

We have been operating in Lesotho for 6 years and the underlying business is performing well. We have 2 stores located in Maseru and 2 in Maputsoe. We remain the largest FMCG business in the country. We offer the widest range of products, and our stores are well positioned to be accessible by the entire country. This business is performing well and expected to continue to do so.

Our discussions are on-going with the Lesotho Revenue Authority for the settlement of VAT due to us. This process has taken longer than anticipated, but we are hopeful for a favourable outcome by the end of the ensuing financial year end. For some time now this matter has meant the business has experienced cash flow constraints and has required Group support to assist during peak times. A settlement will eliminate this pressure and allow us to progress with further growth and employment in the country.

Group Managing Director's report
(continued)

Turnover of P783 million has been achieved for the year, which is 21% up on the prior year. A PBT of P12.9 million was generated, almost double that of the prior year. This business is expected to continue to grow and become a larger contributor to Group results in line with our focus on our core segments.

Investment in Preference shares

During the year, we received our fourth tranche of returns from our South African Preference share investment. For the first time since we made this investment in South Africa, that business has performed below expectation, and this is largely because of the tough economic conditions currently being experienced in the country.

The five-year period relating to this Preference share investment ended in June 2022. We have carefully monitored the performance of the business over the last 12 months and the likely forward looking economic trends, and considered several other critical matters, and concluded that it was in the Group's interest not to exercise our conversion option.

We have redeemed our investment of R250 million in full in August 2022. This investment has been one of the Group's highest earning investments to date and we are pleased with our annual 20% return for the 5-year term. Our dividend to earnings ratio over that period has resulted in approximately 50% of this return being paid to our Shareholders in the form of a dividend.

In the spirit of further rewarding our Shareholders, and the receipt of related cash from the redemption, we are pleased to declare a special once off dividend of 10 thebe per share to be paid in December 2022.

The carrying value of this investment inclusive of the conversion option was R258 million at April 2021. A fair value loss of R8 million has been reflected in the results of the current period (in other income and gains) to arrive at the redemption value in accordance with IFRS.

This segment contributed to P31.7 million to Group profit before tax for the reporting period.

Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, we have experienced several changes in our tenant composition. Our current occupancy is at around 70% and we actively look for suitable tenants for the remaining space.

In the current year, the strengthening of the Kwacha resulted in a loss of P9 million in relation to the re-valuation of the property. The underlying USD valuation however remained flat. This exposure to the Kwacha results in volatility to the income statement which is currently unavoidable.

Namibia property portfolio

Since our entry into Namibia in 2013, we have aspired to establish a property portfolio like the one developed over the years in Botswana. In the prior year, we acquired the new Head office site in Windhoek and some additional property in Keetmanshoop. We are looking at potential further investments in prime property across Namibia, and will make these investments if they are suitable.

During the period approximately P12 million was invested in the development of property in Namibia.

Australian investment

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position. As indicated previously, it is the norm in Australia for long leases of 20 years or more to be entered into on properties. In accordance with IFRS 16, this results in a front-loaded interest and depreciation charge in the earlier years of the lease. Consequently, the positive EBITDA is eroded by the related lease charges. In the latter period of the leases, this is expected to unwind, such that the reported PBT figures for this investment will grow significantly. This is aligned to our intended strategy to re-invest in that business for the first five years before dividends are declared to Shareholders. The Group's share of results from this associate for the period amounts to a loss of P12 million.

In November 2021, we embarked on Phase 2 of this investment which includes the acquisition of additional stores. We have acquired the first of the 5 stores and have approved 3 further stores to be acquired in the next 12 months. These stores are expected to enhance the profitability of the existing portfolio. Additional investment of AUD 2.9 million (P25.6 million) was made by the Group during the year.

In June 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers.

Prospects

i) Financial Services – SefRemit

In June 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers. This new and exciting service offering has been well received by the market in a very short space of time. We anticipate rolling out our kiosks in 30 of our stores over the next 12 months. Further updates will be provided at our next half year reporting.

ii) Manufacturing

We are currently in the process of establishing another potential manufacturing business in Botswana. Details of this potential venture will be provided to Shareholders once firm plans are in place.

iii) South African investment

As indicated above, we have fully redeemed our Preference share investment in August 2022. Our fifth and final coupon payment of R50 million was received in the same month.

National Lottery

Our 40% interest in Grow Mine Africa (Pty) Limited ("Grow Mine") remains in place. Several matters had been raised with the Minister and the Gambling Authority regarding the Preferred Applicant status being withdrawn from Grow Mine. Sefalana's involvement in this project remains minimal. Further updates will be provided when relevant.

Directors

It was with great sadness that we announced the passing of our Non-Executive Director Mr Moathlodi Sebabole on 3 October 2021. Mr Sebabole had only been on our Board for a year but had made significant contribution in that short space of time.

On 1 March 2022 we were pleased to announce the appointment of the following 3 directors to the Board:

- Mr Mahube Mpugwa (Non-Executive);
- Ms Paula Disberry (Non-Executive); and
- Mr Gerhard Scheepers (Executive)

We look forward to their valuable input towards the Group's strategic direction through their respective backgrounds and areas of expertise.

No other changes to Directorships took place during the year.

The Board is satisfied with its full composition following these appointments.

On 26 July 2022, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 30 thebe per ordinary share and a once off special dividend of 10 thebe per share.

Dividend

On 26 July 2022, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 30 thebe per ordinary share.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or around Wednesday 24 August 2022 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 12 August 2022, with an Ex-dividend date of Wednesday 10 August 2022.

The Board of Directors also approved a once off special dividend of 10 thebe per Ordinary share.

The special dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or around Wednesday 21 December 2022 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 9 December 2022, with an Ex-dividend date of Wednesday 7 December 2022.

CD Chauhan
(Group Managing Director)

The BIG One

Sefalana Shopper
- The BIG One,
**World-class
shopping right
where you live**

Sefalana Shopper
Molapo Crossing

Sefalana Shopper "The BIG One" 2 our second hybrid store after (Sefalana Shopper Setlhoa, ' The BIG One'). This store offers an extensive range of fresh fruit and vegetables, a butchery, a bakery, a hot foods deli, a fresh seafood section, and an Eastern delicacies section offering Asian spices and herbs.

Group Finance Director's report

The Group has managed to achieve a total Revenue of **P7.5 billion,** a staggering 19% increase on the prior year, and a profit before tax of P334 million, an impressive 15% up on the prior year.

We have seen an impressive annual growth in revenue over the last **10 years** and this has been accelerated by our regional expansion

Our Namibian business experienced double-digit growth over the first few years of trading despite the strain in the economy.

Our Lesotho business continues to improve and now represents 10% of Group revenue

In 2013, we reported revenue of P2.4 billion and 10 years later we have more than tripled this at P7.5 billion. **Our next target is P10 billion which we hope to achieve in the coming few years.**

Group Finance Director's report
(continued)

We are proud to be the leaders in FMCG in Botswana, Namibia and Lesotho.

The retail business in Botswana now includes 2 upmarket large stores (The BIG One and the BIG One 2) and our second filling station at our new Caltex site in Broadhurst Industrial.

FMCG revenue contribution amounts to 96% of total Group revenue reflecting our focus on this as our core segment.

Our first **1/3 of a billion** Pula profit!

Long term shareholder value is at the core of what we do, and we are pleased to report that we have consistently delivered to this mandate. This year we declared a total dividend of P125 million which amounted to a dividend to earnings ratio of 57%.

Sefalana launched its first petrol station under the Puma franchise in Setlhoa in 2019, offering an added convenience to our customers as they are able to re-fuel their vehicles while shopping for groceries on their way home.

Overview

It is with great pleasure that we report our best results to date despite the tough economic environment and the challenges we have faced as a result of the Pandemic. With world politics and wars having a far-reaching impact on countries all over the world, uncertainty has manifested itself in a number of areas for all of us. As a Group, we have had to manage these uncertainties and make calculated and carefully considered decisions to safeguard our Group against any downside impacts. We have managed to do this well and as a result, achieved a total Revenue of P7.5 billion, a staggering 19% increase on the prior year, and a profit before tax of P334 million, an impressive 15% up on the prior year.

Group Finance Director's report
(continued)

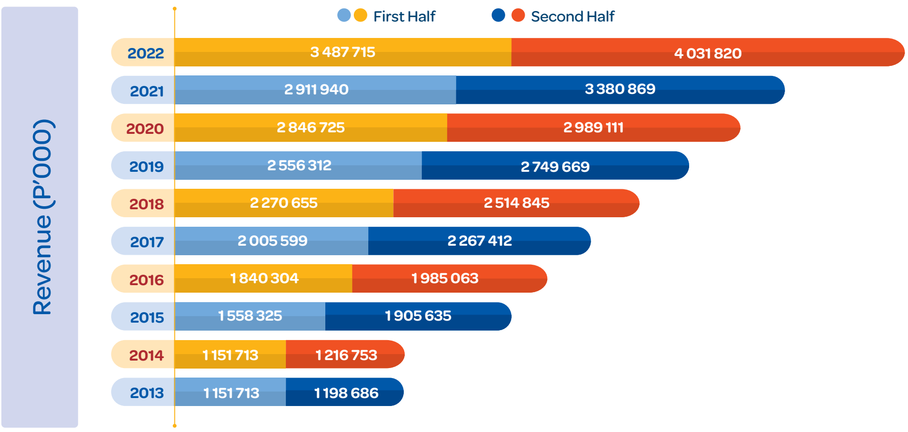
Performance reporting is included in the Group Managing Director's report. Below is a summary of key performance indicators and related narratives using the segmental splits as a basis of further analysis and discussion.

1 Revenue

Revenue of P7.5 billion – **up 19%** on the prior year

Revenue is a key measure in the Fast Moving Consumer Goods (FMCG) Industry and is indicative of relative size. We have seen an impressive annual growth in revenue over the last 10 years and this has been accelerated by our regional expansion. In 2013, we reported revenue of P2.4 billion and 10 years later we have more than tripled this at P7.5 billion. Our next target is P10 billion which we hope to achieve in the coming few years.

The average annual growth rate over the 10-year period has been 14%, well ahead of inflation and indicative of the growth in our market share. We have become a favoured household brand in each of the countries in which we operate.



The Botswana FMCG sector (Wholesale and Retail combined) has previously accounted for over 70% of total revenue, however our diversification into the Region has allowed us to place less reliance on this territory. In the current and previous financial year, this segment represents only 53% of total Group revenue. We have seen significant growth of 16% in revenue from the Botswana business despite the relatively saturated local market. We have listened to our customer needs and as a result have widened our range of products and services. Our Retail business in particular has made a larger contribution to Group performance this year.

Our Namibian business experienced double-digit growth over the first few years of trading, and despite the strain in the economy that has been felt, this business continues to experience top line growth well ahead of inflation. We are focusing on customer services and promotion, and a one-stop-shop offering to further enhance this part of the business which now accounts for just over 33% of Group revenue.

We are focusing on customer services and promotion, and a one-stop-shop offering to further enhance this part of the business which now accounts for just over 33% of Group revenue.

Our Lesotho business continues to improve and now represents 10% of Group revenue. We anticipate contribution from this segment to increase at a steady rate as we look to open additional outlets in the country.

We are proud to be the leaders in FMCG in Botswana, Namibia and Lesotho. FMCG revenue contribution amounts to 96% of total Group revenue reflecting our focus on this as our core segment.

Average annual revenue growth rate over the 10-year period has been

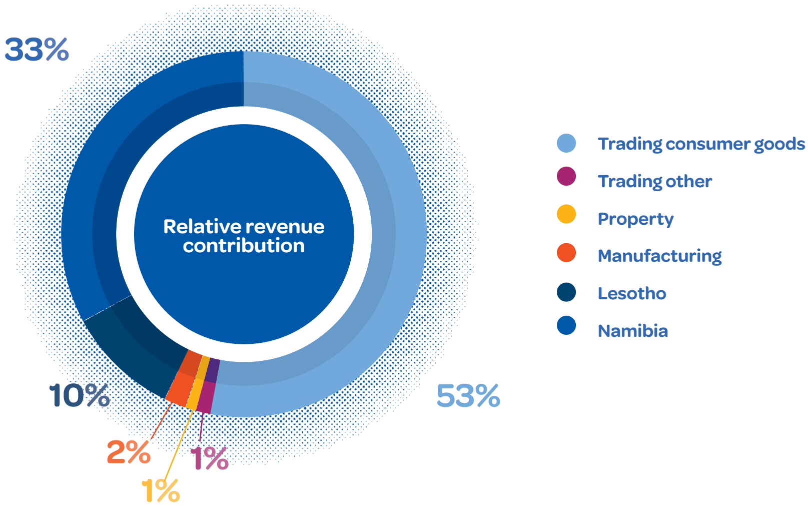
14%

FMCG revenue contribution amounts to 96% of total Group revenue

96%

We have seen significant growth of 16% in revenue from the Botswana business

16%



Group Finance Director's report
(continued)

2

Profit before tax (PBT)

Profit before tax (PBT) of P334 million – **up 15%** on the prior year

This year we achieved an overall PBT of P334 million which was 15% ahead of the prior year

15%

Although top line growth is very important to us, bottom line profitability is where we place greatest emphasis as this drives our ability to make dividend payments to our Shareholders. This year we achieved an overall PBT of P334 million which was 15% ahead of the prior year. It's been a journey and these results have been possible largely because of how we responded to hurdles along the way.

2017 was a difficult year for the Group largely due to the unemployment caused by the shutdown of certain mines in Botswana. Spending power and consumer confidence fell, and uncertainty set in. We saw this directly translate into smaller basket sizes and a shift towards essential products and away from luxury spending thereby reducing overall margins. We responded to this by looking at new ways of doing business to attract our customer base. We also looked at new profit generating opportunities.

Our Preference share investment

In that same year, after careful evaluation of the South African market, we entered into our Preference share arrangement in which we invested R250 million into a well-established buying group which also owned a number of retail stores across South Africa.

100% of the preference dividend amounting to R250 million was repatriated to Botswana

The idea behind this investment was to have a 5 year "honeymoon period" where both parties could understand one another and determine if a long-term relationship would be suitable. During the 5-year term, Sefalana earned an impressive 20% annual return on the investment. We received R50 million in dividends each and every year and this helped boost Group results by approximately P35 million annually. By July 2022, we had received all 5 tranches and effectively doubled our investment. This was one of the Group's highest yielding investments to date.

In December 2021, towards the end of the honeymoon period, for a number of reasons, the Board felt it was not in the interest of the Group to exercise its option to convert the Preference share investment into a 30% equity stake. The preference share was therefore fully redeemed in August 2022.

Rapid profit growth over recent years

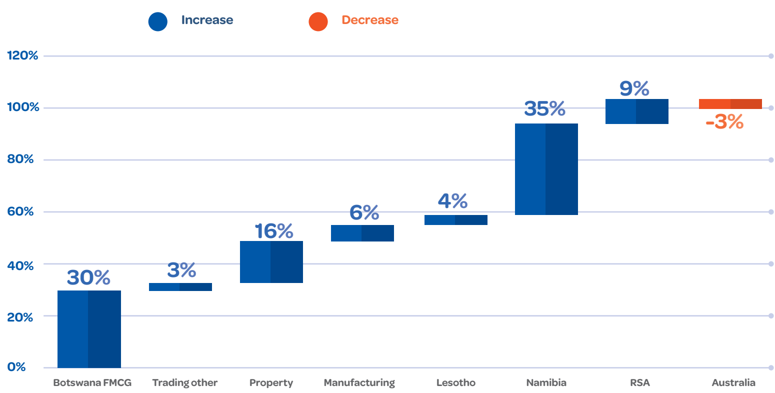
In 2017 we reported a PBT of P173 million and 5 years later we almost doubled that and have generated a PBT of P334 million. Since our regional expansion phase commenced, we have added an additional P150 million to the bottom line.

In the current year the greatest growth has come from our Namibian business that achieved P118 million PBT, up 35% on the prior year. Our Namibian business has consistently grown profits for the Group since its acquisition in 2014 and with each year increasing its relative contribution. In 2018 and again in 2021 this was the largest Group segment, ahead of the Botswana FMCG business despite indications of a strain in the economy.

Our Botswana FMCG business has also performed very well this year reporting a PBT of P100 million, up 26% on the prior year. The retail business now includes 2 up market large stores (The Big One and The Big One 2) which have boosted the brand name in the local market. As a result the Retail component of profit has increased significantly.

Sefalana Fresh Produce was restructured to operate as a 100% subsidiary of Sefalana Holding Company Limited in 2018. The entity operates from Gaborone North and employs just under 40 staff.

A successful diversification strategy



Our Investment in Australia is still at an early stage. Our plan is to re-invest into this business for the first 5 years during which the front-loaded impact of IFRS 16 on leases will start to reverse. This accounting standard results in a negative impact on earning despite a positive EBITDA and cash generation. The new accounting standard is mandatory for adoption and results in a significant lease depreciation and interest charges in the early years of the lease. Since property leases in Australia tend to be 15-20 years, this results in a large Right to Use asset and corresponding lease liability. As a consequence, our 40% share of loss will continue until our 4th year of trading. After that point we expect to see a turnaround and a positive contribution to Group results. We are very excited to see this business grow in the coming few years.

Our diversification strategy has enabled us to grow our business and less reliant on sector or region.

For the ensuing year, we will be working tirelessly to generate profits to replace the return from the Preference share. The redemption of the R250 million will be deployed into new and exciting projects which we are currently evaluating. Further updates will be provided in our subsequent reports.

Group Finance Director's report
(continued)

3 Shareholder value and return

We felt it suitable to pay a dividend to our shareholders of **50 thebe** per share in 2022

Over the last 10 years, we are proud to have maintained an average dividend to earnings ratio of almost 50%.

50%

The fundamental objective of our business is to maximize shareholder return. Over the last 10 years, we are proud to have maintained an average dividend to earnings ratio of almost 50%.

Despite the residual impact of the Pandemic, we felt it suitable to pay a total dividend to our shareholders of 40 thebe per share in 2022, plus a special dividend of 10 thebe per share. This was our highest payout to date.

We are hopeful that our Shareholders and potential investors see value in our business and our approach to generating wealth for them, and that this confidence is reflected in the share price going forward.

With large volumes of shares held by Institutional investors, our strong performance over the last 10 years has resulted in a desire to retain these shares. As a consequence, the Sefalana share is relatively illiquid with many investors struggling to secure additional shares to increase their portfolio.

It is for this reason that we aim to maintain a long-term dividend payout ratio of approximately 50%.

Segmental results:

	Revenue			PBT		
P'000	**2021/22**	**2020/21**	**Movement**	**2021/22**	**2020/21**	**Movement**
Trading consumer goods	3 951 562	3 397 750	16%	100 000	79 171	26%
Trading – other	100 576	93 696	7%	9 908	2 693	268%
Manufacturing	240 020	250 969	(4)%	21 371	32 605	(34)%
Property	65 061	66 551	(2)%	54 588	64 143	(15)%
Lesotho	782 747	647 214	21%	12 862	7 207	78%
Namibia	2 518 552	1 991 532	26%	117 585	87 084	35%
South Africa				31 692	30 195	5%
Australia				(11 950)	(4 388)	
Inter - segment	(138 983)	(154 903)	10%	(2 248)	(8 444)	
TOTAL GROUP	7 519 535	6 292 809	19%	333 808	290 266	15%

4 Balance sheet strength

We continue to maintain balance sheet strength through low leverage and minimal debt. This is a critical success factor for our business as we mainly operate on a cash basis. We have maintained our debt of P108 million (debt ratio of 5%) which allows for adequate headroom should we need to raise funding quickly.

Our working capital ratio (defined as the relationship between current assets and current liabilities) was 1.87 at April 2022 demonstrating effective cash management and our ability to easily cover our short term obligations. This ratio has remained fairly stable for a number of years.

We pride ourselves on having one of the strongest balance sheets in the country which has made us very favourable with our Shareholders.

Sefalana Group is one of the few counters on the Botswana Stock Exchange with a "BUY" recommendation.

We are also one of the few counters on the BSE with a "BUY" recommendation.

This Group brings with it a lot of excitement as we look for new ways of making money for our Shareholders. In closing, I would like to thank our Shareholders and the Investor Community for supporting us over the years and continuing to have confidence in what we believe is a strong and sustainable model for growth.

Mohamed Osman
Group Finance Director

Our Values

Our Mission...

Our Mission is aligned with our core values as we work tirelessly to deliver a basket, filled with opportunities to our stakeholders.

Exceeding our customer expectations through provision of a pleasant and affordable experience in FMCG, Manufacturing, Automotive and Property, served by highly motivated and empowered staff, delivering superior stakeholder value that exhibits profitability and sustainability.

Botho

Being respectful, **having humility towards others** and conducting one's self in a dignified manner

Integrity

Doing what is right **at all times**

Accountability

Accepting **responsibility** for our own and our team's **actions and decisions** towards our stakeholders

Transparency

Allowing **interactive communication** and open access to information

Excellence

Exceeding **expectations**

Responsibility

Securing and sustaining the future of Sefalana **and the countries in which we operate; by actively taking part in acts of social responsibility and environmental considerations**

Commitment

Devotion, adherence as well as loyalty to the organisation and its mandate. It is a reciprocal exchange between Sefalana and its stakeholders

The willingness to give one's time and energy consistently

Innovation

Actively seeking and sharing **solutions and creative ideas** towards growing sefalana

At Sefalana, our values underpin the way in which we operate and go about our day to day.

Sustainability report

Our Strategy for success

After a careful evaluation of the market and the dynamics facing us, the Board recognized the saturation levels in the Botswana FMCG sector and together with our Executive teams devised a five-year strategy that would help maintain the Group's position as one of the leading brands of choice in Botswana. From the onset, it was clear that Regional expansion was critical and that we needed to select our target markets carefully. Our strategic intent continues to be a diversified regional group delivering superior stakeholder value, growing locally and regionally, empowering our people, driving high performance and continuously exceeding customer expectations. This has become core to everything we do.

The focus of our current five year strategy is to continue to grow our core FMCG operations, specifically our Wholesale, Retail and Manufacturing businesses. We will continue to expand our footprint regionally and seek opportunities within the FMCG industry in new territories that have favourable economic conditions – Australia being our most recent entry in May 2020. In addition, the Board has prioritised advancement of our human capital – developing our people and attracting the best intellectual and entrepreneurial talent, as well as ensuring that we have the right technology to enable the company's goals and vision. Retaining this talent is essential.

The Board has prioritised advancement of our human capital – developing our people and attracting the best intellectual and entrepreneurial talent.

Despite the uncertainty that the Pandemic has brought with it, the Board has taken the decision to continue with our five year strategy set in 2019.

Despite the uncertainty that the Pandemic has brought with it, the Board has taken the decision to continue with our five year strategy set in 2019. We have however taken a cautious approach and deferred projects and investments that required further investment. In the ensuing financial year, we plan on picking up where we left off and pursuing certain projects that are now feasible with the recent recovery post Pandemic.

We have prioritised Health and Safety, ensuring our stores are a safe environment for customers, adapting instore processes to keep our frontline staff safe and introducing new shopping channels through email, whatsapp and click - and - collect. The Pandemic has forced us to relook at the way we do business and embrace the use of technology. We are in the process of developing various innovative tools that will enable operational and learning optimization. Through this, we aim to maintain our position as 'leading edge' and strive to deliver first to market solutions in Botswana and the countries in which we operate.

Our Vision

The leading brand of choice for customers, employees and capital

A summary of our Balanced Score Card is presented below:

Strategic Objectives 2021 – 2025

	Financial Perspective	F1 Optimise Profit Before Tax as a percentage of turnover	F2 Optimise return on surplus cash	F3 Enhance real growth in EPS	F4 Increase revenue
	Customer	C1 Drive corporate citizenship	C2 Retain and grow customer base	C3 Grow local & regional presence	
	Internal Processes	P1 Create innovative solutions and products	P2 Improve process efficiencies		
	Development	P1 Develop, motivate and retain multi-skilled and high-performance workforce	P2 Institute Talent Management		

Sustainability report

(continued)

Sustainability and CSR activities

The world around us is constantly changing, compelling us to change with it – to better ourselves, to better our services and to better what we can give back to our community and our environment.

With ongoing threats to our environment and surroundings, be it climate change or pandemics, we are forced to realign our objectives, to prioritise sustainability, security and safety in our homes and workplace and to do what is required for our valued customers and staff across all our stores and business units.

This has presented us with the opportunity to look deeper into the specific needs of our people and our community, to identify ways of making a meaningful change in their lives and ensure sustainability of our business and the environment at large.

As such, we have recently updated our Corporate Social Responsibility strategic pillars which is underpinned by 12 out of the 17 United Nations Sustainable Development Goals. We strive to be a business that is responsible not only to our customers, staff and community, but also to the environment in turn making a positive difference in the communities and environments in which we operate in.

The following Corporate Social Responsibility Strategic Pillars have been developed

	EDUCATION	VULNERABLE COMMUNITIES AND CHILDREN	SUSTAINABLE ENTREPRENEURIAL PROJECTS	SUSTAINABLE ENVIRONMENT
Initiatives	Support schools through refurbishments and provision of technology and computers. Support learners at schools through the provision of essentials foods, hygiene and sanitary items. Develop Entrepreneurial Skills through Banner Group initiatives and internships. Formal training programs offered to our staff through our inhouse specialized Management Trainee Development Program and the Managers In-Training Program.	Supporting vulnerable children through supporting regional based orphanages and hospices. Supporting pensioners and elderly through community based engagements and sponsorships. Promote healthy living through driving a Healthy Living Campaign educating staff and customers on nutritional value of fruit and vegetables.	Official Franchise scheme under our Banner Group program supports small scaled General Dealers, Bars and Hawkers in the form of stock, promotions and business operations. The Annual Birthday Promotion allows customers to win a kiosk supporting small scale entrepreneurship. To date 144 kiosks have been given away enabling our customers an alternate stream of income in these trying times.	Continued investment in alternate renewable energy through solar power. A number of our stores in Namibia are solar powered. We aim to have converted 5 sites in Botswana to solar power over the next 12 months. Introduction of motion sensored lights and LED lighting at our sites to reduce use of energy. Eliminate use of plastic in the business through providing alternate packaging such as boxes, paper and fabric.

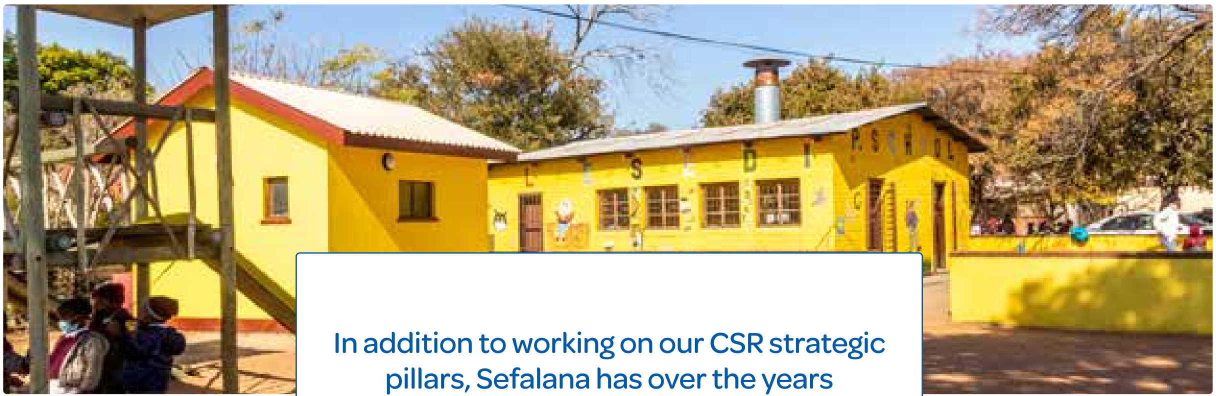
Promote healthy living through driving a Healthy Living Campaign educating staff and customers on nutritional value of fruit and vegetables.

Sustainability report

(continued)

	EDUCATION	VULNERABLE COMMUNITIES AND CHILDREN	SUSTAINABLE ENTREPRENEURIAL PROJECTS	SUSTAINABLE ENVIRONMENT
Initiatives	Identify suitable talent and provide learning opportunities within the group through on-the-job training as well as inhouse and outsourced BQA accredited training courses. Build and harness local talent and expertise through shadowing and understudying specialized foreign talent. Provide senior development training and leadership development courses through the University of Stellenbosch Development Programs.	Drive staff and community wellness through participating in sponsoring events such as Diacore and organizing store based fitness programs. Strive to support local communities and initiatives through identifying needs and opportunities for key social development.	Support local farmers to enable consistent supply of raw product and fresh produce for our manufacturing divisions and stores. Providing local producers the opportunity to resell products in our stores based on market sizing and demand, further driving the #pushabw movement.	Reduce waste in stores and manufacturing sites through proactive procurement, preproducing waste product and selling by-products to third party vendors to be reprocessed. Recycling responsibly through partnerships with third parties to convert paper and box waste into recycled products. Improve our work environment through provision of green spaces.
Subsidiary applied	Sefalana Cash & Carry Lesotho; Sefalana; Metro Namibia Cash & Carry; Cm Commercial Motors	Sefalana Cash & Carry Lesotho; Sefalana; Fb Foods Botswana; Sfp Sefalana Fresh Produce; Metro Namibia Cash & Carry	Sefalana Cash & Carry Lesotho; Sefalana; Fb Foods Botswana; Sfp Sefalana Fresh Produce; Metro Namibia Cash & Carry	Sefalana Cash & Carry Lesotho; Sefalana; Mi Meybeernick Investments; Sfp Sefalana Fresh Produce; Metro Namibia Cash & Carry
UN Sustainable Development Goals	4, 10	1, 2, 3	8, 9, 11, 10	7, 12, 13, 15

Drive staff and community wellness through participating in sponsoring events such as Diacore and organizing store based fitness programs.



In addition to working on our CSR strategic pillars, Sefalana has over the years concentrated its efforts towards four key areas of giving back;

1	2	3	4
Investing in our people	**Fair wealth distribution**	**Investing in our Community**	**Engaging with our environment**
ensuring we hire and retain motivated, efficient people	ensuring our wealth distribution is value driven	ensuring we give back to our community	ensuring we move towards sustainability in our operations

1

Investing in our people

ensuring we hire and retain motivated, efficient people

Our people are the backbone of our business. We believe that having the right people in our team is the difference between success and failure. As a provider of essential services, now more than ever, we have seen the dedication of our staff, who willingly risk their health and wellbeing and continue servicing our customers through direct interaction. Our staff worked through lockdowns and curfews to ensure our stores were well stocked with the necessities required by our customers.

With over 5 600 team members across our business, we pride ourselves in having an all-inclusive culture that celebrates respect and diversity. It is with this diversity that we are able to be a leading brand of choice, creating memorable experiences for our customers.

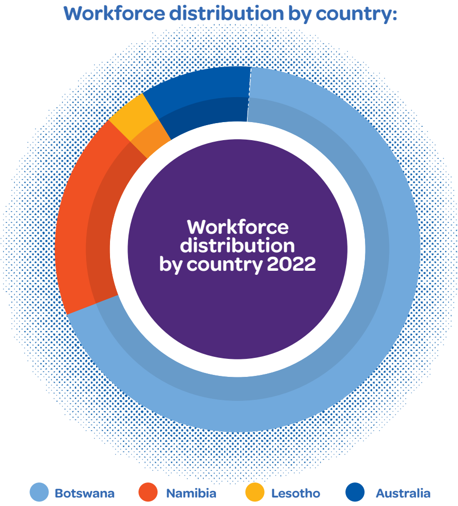
It is our people who deliver our strategy and maintain strong relationships with our customers, suppliers, and stakeholders. Through a rigorous and careful selection process, we ensure that the right people join the Group and remain a key part of the Sefalana family, where comprehensive training and skills development is provided throughout their career with us.

Creating employment

As our business grows, employment opportunities are provided to more and more people across all regions in which we operate. During the year, we created over 500 new jobs through additional store openings regionally and our expansion into Australia, bringing our total staff complement to just over 5 600 employees. We are proud to be regarded as an employer of choice providing a safe working environment and providing equal opportunities to all our staff.

We believe in supporting the local communities in which we have a presence through providing additional employment wherever possible, and improving the living standards of residents and their families.

Workforce distribution by country:



Sustainability report

(continued)

Training and development

We believe that growing and developing skills on a continuous basis is critical for both the individual and the business.

Sefalana supports local graduates and interns through providing employment opportunities and investing in further education.

Sponsoring BICA students in Botswana

Over the years, we have employed a number of students who are studying the BICA (Botswana Institute of Chartered Accountants) qualification. Sefalana is an approved Training Employer of this program and is a provider of suitable work experience that is required for students wishing to complete this professional qualification. We are pleased to be able to support this Botswana based qualification which has been aligned to the UK based Institute of Chartered Accountants in England & Wales (ICAEW) qualification. Our Group Finance Director is the country representative for the ICAEW in Botswana.

Providing internship opportunities to university students in Botswana and Namibia

Sefalana Cash & Carry have an internship program where we support students on industrial attachments exposing students to various functions of the business store, information technology, human resources and finance. We have employed 10 interns as permanent employees in the last 5 years.

Our Metro business in Namibia continues to support university students in the country through offering internships to students from the Namibia University of Science and Technology. Some of these students were given full time placement on completion of their studies. Through our agreement with the university, a three month internship opportunity is provided in phases to groups of five students.

These internship opportunities provide students with an opportunity to develop appropriate skills and work in a professional environment in one of the largest FMCG chains in the country with the prospect of full-time employment on completion of their internship. We are pleased with this initiative and look forward to further supporting the university and other local educational institutions in years to come.

Partnerships with Maccauvlei Learning Academy and the University of Stellenbosch

Every year, Sefalana invests in the future development of motivated and talented employees through offering the opportunity of further education and partake in senior management development programs. Selected staff work in groups and complete diverse projects as part of leadership and strategy training.

Providing employment to disabled students from the University of Botswana

Sefalana has developed a strong relationship with the University of Botswana's Disability Support Services Department and over the years and continues to support this department through sponsoring laptops and IT equipment for visually impaired students. Employment opportunities have also been offered to these students on completion of their studies.

Internal training and development programs

Management development programs are offered to our staff with the objective of exposing trainees to a wide range of aspects of the retail and wholesale business. Trainees gain experience in the operation of all functions of a store and are given the opportunity to demonstrate their managerial and supervisory competencies. During the year 22 individuals were put through these programs. We are proud to be one of the leading training providers for staff in the sector.

Training programs for growth and development are advanced on an ongoing basis. Our people are treated with respect and a zero-tolerance policy to discrimination is maintained.

A performance management system is used as a means of rewarding our top performers who portray the potential for growth. Retention of knowledge and skills in Botswana's highly competitive market remains a vital focus point for our Group. This has resulted in a number of our employees opting to stay committed and grow their careers with us. We are proud to have long term staff that have been with us for more than 30 years.

We aim to build a robust, efficient workplace that displays a true demographic profile in each of the regions in which we operate.

Health and wellness

We continue to focus on providing a safe and secure working environment for our staff through educating them on health, wellness, and safety protocols. We maintain a system of social distancing for both staff and customers alike in order to minimise physical interaction and at the same time maintain our position as an employer and retailer of choice in the market.

We believe that a safe, healthy working environment is directly related to enhanced productivity and engagement levels. Sefalana commits to a high level of health and safety practices through providing our employees with a safe, stable and healthy environment in which to work. Health and safety form a crucial part of the food industry and are therefore monitored, managed and assessed on an on - going basis through the Group's risk management framework. Providing a prudent and hygienic place to work improves the morale and performance of our staff.

Our head-office has allowed for adequate social-distancing of staff, ensuring each member has their own space in which to work safely. Regular meetings are conducted with staff to provide updates on the CVOID-19 Pandemic. These meetings act as a constant reminder for the need to socially distance ourselves from one another and maintain high levels of hygiene. Sanitisers have been placed through-out the office and all staff are provided with masks and their own personal sanitisers. We have also eliminated the use of bio-metric scanning to avoid the spread of germs.

Some of our staff members have been affected by COVID-19 through having contracted the virus or having family members who have contracted the virus. We are happy to confirm that all staff that were affected by COVID-19, whether directly or indirectly have made a full recovery. We continue to uphold strict levels of health and safety, providing a secure working environment for our staff. We have also facilitated trauma counselling related to COVID-19. This initiative was taken in good spirit.

We are proud to report that two-thirds of our staff have been vaccinated. In line with Government recommendations in the territories we operate in, we continue to encourage our staff members to get vaccinated. We are also proud to have hosted vaccination sites at some of our stores.

Health and Safety, Basic Food Hygiene, Fire Safety and First Aid training courses are conducted on a regular basis at our stores. The main elements covered in this training include emergency planning, security, fire, transportation and general health and safety.

All our staff are provided with medical aid benefits, ensuring their health comes first and is covered. Staff in Botswana and Namibia are encouraged to join the Group staff pension scheme as a means of safeguarding their future.

We have also initiated Health & Wellness programs at the head office with the intention of providing a balanced work environment for our staff. These programs include awareness initiatives on key days such as mental health awareness day, gratitude day and diabetes day. We have also arranged for medical aid providers to conduct basic screening and administer flu vaccines for our staff. Fitness programs such as a Sefalana running club have also commenced. We aim to formalize Health & Wellness initiatives through the Culture Committee and drive this at stores, workshops and factories as well.

Fair employment practices

Over 99% of our staff in each country in which we operate, are local citizens. Equal opportunities are central to the Group and an open - door policy, fair employment practice and legal compliance gives us confidence in our management of relationships with our employees. Clear, coordinated management of employee rights and responsibilities helps ensure that the Group's risk is mitigated, and that continuity is maintained.

Communication

Staff is informed of upcoming events throughout the year through our monthly Moremogolo newsletters, Seformation broadcasts and regular staff meetings. Our people are the first to know of any changes in our business that may affect them, this in turn allows them to do the right thing and deliver an outstanding service to customers.

Sustainability report
(continued)

2

Fair wealth distribution

ensuring our wealth distribution is value driven

Every company within Sefalana contributes towards the overall CSR activities of the Group and giving a part of our wealth back to society. Our FMCG businesses in Botswana and Namibia are the largest contributors to Group revenue and profit. The scale of this business permits us to leverage our purchasing power as well as maximise process and cost efficiencies.

We protect our reputation, which holds our wealth, through our efforts to be a good corporate citizen. We remain steadfast in ensuring compliance with all applicable laws and regulations. Our trade is fair and transparent, giving the business community a long-term partner that can be trusted and held in good faith. We are proud of the reputation we have built over the last 5 decades and this is vitally important for our continued success both across Botswana and in other regions in which we operate.

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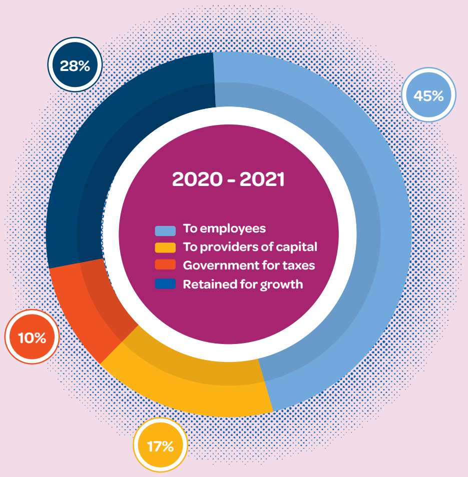
Adding Value

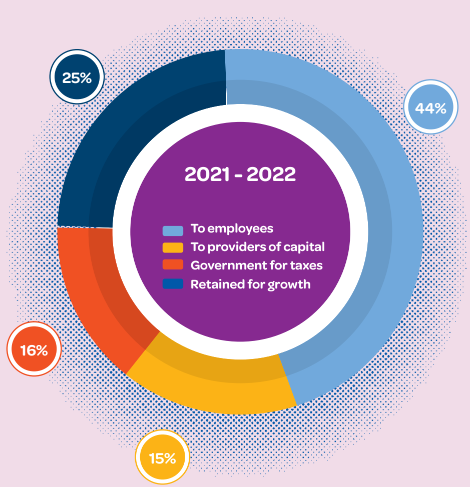
Our Value-Added Statement below illustrates how we have created wealth through our operations and how this wealth has been distributed amongst our various stakeholders.

Value added statement

	2022 P'000	2021 P'000
Wealth created		
Revenue	7 519 535	6 292 809
Payments to suppliers and providers of services	(6 782 346)	(5 640 464)
Value addition	737 189	652 345
Share of results from associate	(14 435)	(7 704)
Interest income from bank deposits and other loans	16 370	12 399
Dividends from preference shares	37 793	35 486
Total wealth created	776 917	692 526
Wealth distribution		
To employees	346 227	311 410
To providers of capital	122 157	116 976
Government for taxes	112 743	73 384
Total wealth distributed	581 127	501 770
Wealth retained in the business		
To maintain and develop operations of the Group	195 790	190 756
Number of employees of the Group	5 619	5 126



Almost 50% of wealth created is disseminated to employees in the form of salaries, wages and other staff benefits. The remainder is allocated across other key stakeholders.



Sustainability report

(continued)

3

Investing in our Community

ensuring we give back to our community

By operating responsibly, we not only promote and secure the future of our business but extend these rewards to benefit the communities in which we operate. We achieve this through providing our customers with good quality, safe and affordable products in a shopping environment that suits their liking and lifestyle; instore, online and through home delivery.

Giving back to our customers - Loyalty card

Sefalana is committed to delivering value to its customers through improving quality, ensuring we are competitively priced and giving back through our loyalty program, Sefalana Rewards. We know that our customers expect a wide range of products and practical offerings at a consistent high quality – products that are fresh and readily available.

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House brand range

In the last few years, we expanded our 'A Star' house brand range of products by introducing 2 new brands: Family Favorite and STB. Together, these 3 private label brands offer more than 40 different product variables to our customers and widening the range of products available at competitive prices. This has been well supported by our customers, as we continue to see an increased trend in the purchase of A Star and Family Favorite products as compared to other brands on offer. We have expanded our house - brand products offering in our Namibia and Lesotho businesses. We have found that with the additional pressures imposed on us by the Pandemic, the appetite for private label products has increased.

Our duty as a good corporate citizen does not end at the point of delivery to our customers. We uphold a moral obligation to ensure the goods and produce we supply are fresh and of high quality as failure to do so would result in a direct negative impact on our service quality and ultimately our reputation. This factor formed a key consideration when developing our house - brand range.

Our commitment to providing safe, high quality and reliable products is key to our business, and we do this through working closely with our suppliers to ensure our supply chain is both resilient and efficient. This has led to the formation of a best practice code that is used on a daily basis as we extract value from our supply chain. Constant communication is maintained with our manufacturers and suppliers to ensure levels of product quality and safety are not compromised.

We pledge that every product that leaves our shelves, stores and silos is backed by a quality team working persistently to ensure that our consumers get the best possible product, being quality compliant, selectively sourced and priced competitively.

Our products and services are our pride, and foster trust in our brand. Products that are manufactured by our Group are lab tested, quality inspected and preferentially selected to meet all Botswana Bureau of Standards requirements. Service levels are renewed by continued training and evaluation.

Through our UHT milk plant in Gaborone and maize plant in Serowe, we have been able to bring in – house, parts of the supply chain, enabling the Group to internally enforce efficient supply chain initiatives and better price our products to customers.

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Sustainability report

(continued)

Giving back to our Community

The underlying motivation for our CSR activities is to make a positive impact in our Community. Our Corporate Social Responsibility (CSR) committee considers and evaluates all applications received and reports its recommendations directly to the Board. This Committee meets on a quarterly basis to consider potential CSR projects and determining how best our support of these projects will benefit the wider community.

Over the last four years, we have focused our attention on the Education sector, focusing our efforts towards enriching the learning environment of children who are less fortunate and who live in mostly rural areas.

This year, our focus shifted to help those in our communities most affected by the COVID-19 Pandemic and ensure they had the basic necessities required during periods of lockdown. We did however also maintain our approach towards the Education sector in the current year and provided various support to young learners country wide.

Some of the causes supported during the year as set out below:

Improved Living

BIRRO (Botswana Institute of Rehabilitation & Re-integration of Offenders)

Sefalana Cash & Carry Limited donated groceries to be used during BIRRO's bootcamp. The bootcamp was geared towards instilling good morals in young people, deterring criminality and rehabilitating them from drug and substance abuse. The main goal was to mould them into responsible and law-abiding individuals that could one day make a positive contribution to society.

Education

We@KIDZ Pre-School

Sefalana Cash & Carry Limited donated hampers to We@KIDZ Pre-School which included masks, sanitizers and Christmas cards. Hampers were shared among the less privileged pre-school children in Old Naledi and Tsholofelo Communities in Gaborone.

Education

Masupe Primary School - Maunatlala

Sefalana Cash & Carry Limited donated a Poultry Project in collaboration with Banner Group Customers to Masupe Primary School's Special Education Unit. The Poultry Units consisted of three coops, stocked with Guinea Fowls, Broilers and Layers. The total cost of the Project was P60 000 and was aimed at assisting learners with disabilities acquire life-skills. It is envisaged that they would be employed in the project to put into practice what they have learnt and make it a profitable self-sustaining unit.

Improved Living

Support of local rugby clubs

Our Australian associate company, Seasons Group supports local sports clubs across the Brisbane area through monthly food and drink hampers and donating snacks at tournaments.

Improved Living

Ledumang Kgotla Shelter

We supported the shelter through the provision of plastic chairs, filing cabinets and steel tables obtained from our Mogoditshane Hyper Store.

Improved Living

SOS Childrens Village

Over the years, we have supported the SOS Children's Village through food hampers and donations and continued to support them during the COVID-19 Pandemic. We currently support five families through monthly food hampers and look towards additional contributions in future years.

Improved Living

Childline Botswana

We continue to supply monthly hampers of diapers and baby products from our Hyper Store to Childline Botswana as a means of aiding their initiative to care for abused and under privileged children.

Improved Living

SOS Children's Village – Sefalana Lesotho

In support of the Queen of Lesotho's outreach program to underprivileged children, we support the SOS Children's Village through providing towards the hygiene needs of young girls at the shelter.

Covid 19

Presidential COVID-19 relief campaign

We donated P1 million towards this campaign as a means of support and show of solitary with the country in response to the COVID-19 Pandemic.

Covid 19

Donations towards City of Windhoek

We supported the City of Windhoek through the donation of food relief during the lockdown period.

Sustainability report

(continued)

Education

Ketshwerebothata Primary school

We supported the school through provision of a printer and warranty service over a two-year period.

Covid 19

Hand Sanitizers

We donated ten boxes of hand sanitizers to Motsholapheko school at Sefophe, Botswana.

Improved Living

Lesotho soccer team donations

The soccer team leads by example through making food donations in every village in which a corporate league match is played.

Improved Living

Semotswane Pensioners

Donated branded gazebos to Semotswane Pensioners to use at the Post Office during collection of old age pensions.

Education

Marang CJSS

We supported the school through provision of laptops to high performing students and teachers.

Education

Girls of Hope Trust Fund

Sponsored Girls of Hope Trust Fund led by Emily Bogale who is the founder. Her mission is to assist less privileged academically motivated young girl students that did not do so well in their JC examinations to at least attain a BGCSE certificate. Emily is wheelchair bound due to a road traffic mishap.

Improved Living

Community Heroes – Metro Namibia

Community Heroes is a project, together with several radio stations in Namibia, where listeners nominate people in their communities who have gone above and beyond the call of duty. Metro assisted those community heroes with food parcels to help further their causes in the community.

Improved Living

Omake Charity Organization – Metro Namibia

Omake Charity Organization assists communities from various backgrounds, from the vulnerable orphans to frail seniors. At the opening of the new Otjiwarongo store, Metro handed out 30 food hampers to the needy community members of Otjiwarongo. Metro later donated up to N$120,000 worth of stock that was in the old Otjiwarongo store to the Omake Charity Organization a week after the store opening.

Improved Living

Eastern Court Old Age Home – Metro Namibia

Eastern Court Old Age Home is an old age home in Windhoek with senior citizens who are struggling to make ends meet. Metro handed out soup, pasta, and maize meal to the old age home to help support and care for these elders.

Improved Living

Prayer House of God Orphanage – Metro Namibia

Prayer House of God Orphanage accomodates 19 children, where 3 of them are disabled and on wheelchairs. Metro handed out pasta to the children at the orphanage.

Improved Living

Winter Knights – Metro Namibia

Winter Knights is a project that focuses on creating awareness and facilitating the collection of blankets, clothes, funds, and other donations for those less fortunate. Metro teamed up with the Round Table, who are the organisers of this event, and made a cash donation to the Winter Knights project.

Improved Living

Lesotho Liquor & Restaurants owners association – Sefalana Lesotho

Sefalana Lesotho partnered with the Lesotho Liquor & Restaurants owners association to donate groceries, sanitary & hygiene products to 50 orphans.

Improved Living

Citipointe Church Christmas Hampers – Seasons Australia

Seasons IGA Supermarkets partnered with Citipointe Church and various suppliers to provide 8000 people with meals over the Christmas period. The contribution was in the form of food products that were separated into hampers and distributed across Brisbane, Australia.

Improved Living

Noosa Dolphins Rugby Union – Seasons Australia

Seasons IGA is a proud sponsor of the Noosa Dolphins Rugby Union Club. We make annual contributions to the not-for-profit volunteer run sport club to ensure that the players attending the club have the facilities and equipment needed to succeed in the sport. Seasons IGA has also supported the club's U/15 team in fundraising to attend their first rugby tour.

Improved Living

Zig Zag Young Woman Resource Centre Inc – Seasons Australia

In 2021, Seasons IGA supported the Zig Zag Young Woman Resource Centre, an organisation that supports and works with young woman who experience or are at risk of homelessness, as well as being survivors of sexual violence. We contributed vouchers towards their fundraiser.

Improved Living

Brisbane's Special Children's Christmas Party – Seasons Australia

Seasons IGA has contributed towards the Special Children's Christmas Party in 2021 in Brisbane. Partnering with this amazing organisation allowed us to take part in ensuring that 2500 children who suffer with life threatening illnesses, physical and intellectual impairment, domestic violence, or living in underprivileged circumstances, receive a magical Christmas. Each child received 2-3 toys and a goodie bag, that is equivalent of over 9000 toys.

Sustainability report

(continued)

IMPROVED LIVING

Diacore Marathon
Sefalana Group was one of the key sponsors of the Diacore Marathon 2022. The Group also encouraged and sponsored over 120 members to participate, driving health and wellness amongst staff and communities.

EDUCATION

Lesedi Primary School
In keeping with the nation's spirited fight against Covid 19, Sefalana Group constructed ablution facilities for pre-school learners at Lesedi Primary school, Gaborone. The little tots will have exclusive access to clean hygienic bathrooms conveniently located within the enclosed pre-school section.

IMPROVED LIVING

Presidential Christmas appeal
We donated towards providing our armed services that were working through the festive period with basic hygiene and food hampers.

IMPROVED LIVING

Sefalana Cash & Carry Birthday Promotion
As part of our annual birthday promotion, our Cash & Carry business continued with its empowerment program and gave away 28 mobile kiosks to Batswana to start their own businesses. The number of budding and young entrepreneurs has been increasing and we look to support our community through this initiative.

Sustainability report
(continued)

IMPROVED LIVING

Sefalana Shopper Birthday Promotion
Our Retail birthday promotion focused on giving away P1.9 million in the form of cash. This generated a lot of excitement in the market meeting the needs of our retail customers who prefer cash rather than prizes in kind during these challenging inflationary times.

Improved Living

Sefalana Rewards - giving back to customers
During the year our customers redeemed P 6.4 million (2021: P5.8 million) loyalty points.

IMPROVED LIVING

Foods Botswana Win-a-Blanket
300 lucky customers walked away with blankets in our winter promotion as thank you for supporting our products.

Improved Living

Sefalana Hyper Gaborone Mother and Father's Day celebrations
Hyper Gaborone shared Mother's Day hampers with mothers who came into the store on the day. The store had another unique Father's Day celebration. Fathers were treated to a traditional mokoto relish, cooked under open fire, the traditional way and walked away with hampers too.

Sustainability report

(continued)

4

Engaging with our environment

ensuring we move towards sustainability in our operations

Masses of cardboard boxes and paper are used and discarded on a daily basis in our retail and manufacturing operations. In our efforts to give back to our environment, we recycle the majority of our waste, allowing it to be converted into toilet tissue and related products.

Water conservation

Our Head Office is fitted with a water reservoir that collects rain water from gutters and is used to wash company vehicles and other amenities. We have also put in place a number of boreholes to reduce the amount of municipal water used.

Solar panels are to be installed at this site in 2023

Recycling

All scrap cardboard boxes from our stores are collected for recycling by a third-party contractor and converted into toilet tissue and related products for reuse.

We are also actively promoting the use of reusable shopping bags through offering three variants of Sefalana branded bags which are increasingly becoming popular with our customers.

Used cooking oil

All used cooking oil from our in-store delis, bakeries and motor division is collected by a third party contractor that provides certified used cooking oil solutions.

E - environment

Our staff are encouraged to limit printing and use of paper wherever possible. We strive towards a paperless environment for the future.

Energy saving lights

Our Head office is fitted with energy saving and motion sensored lights, which has reduced our carbon emission considerably. We are now exploring the use of solar panels on some of our larger premises where the roof space allows.

Green energy solar power project - Botswana

5 sites in Botswana have been earmarked to convert to solar power of which 1, Sefalana Shopper Setlhoa was completed in June 2022.

Green energy solar power project - Namibia

Over the years, we invested in the use of solar power in our Namibian stores. We are happy to report that most of our stores across Namibia now use solar power panels to run their daily operations.

Corporate Governance report

Governance Overview

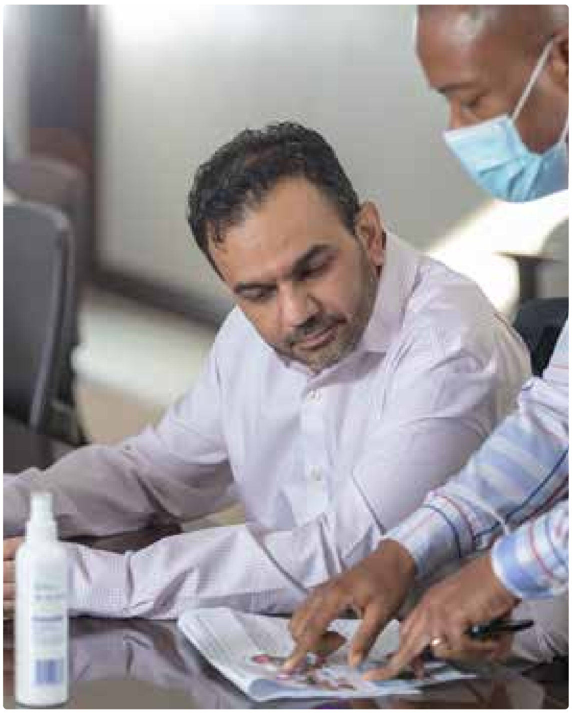
As the first publicly listed company in Botswana, Sefalana recognizes the importance of good corporate governance as a cornerstone to the ongoing growth and strength of the Sefalana Group, building on a legacy of 48 years in existence.

The Group remains committed to upholding its high standards of corporate governance, focusing on integrity, accountability, and transparency in its conduct. The Group is managed through its governing Board, who provide central oversight, governance and direction to the various entities of the Group. Through the implementation of homogeneous Group-wide policies, the Group is effectively governed and directed towards common performance objectives, whilst still allowing for operational responsibility and management at subsidiary level.

The Board of Sefalana Holding Company Limited promotes principles of good governance and recognizes that these principles are essential for business integrity, delivering sustainable value to shareholders and to protect the interest of other stakeholders.

Sefalana's governance philosophy is outcome based and seeks to achieve the following benefits;

1. Ethical Culture
2. Effective Control
3. Good Performance
4. Legitimacy



The Board believes that this Annual Report considers all material matters which reflect the performance of the Sefalana Group of companies, and accordingly adopts an Integrated Reporting approach in line with best practice.

In addition to aligning itself with the principles of the King IV Report, the Company has applied the guidelines as entrenched in the Botswana Stock Exchange ("BSE") listing rules.

The Group also, on an on-going basis, looks at other regions in the World to determine best practice in governance, to guide and improve the way in which it operates. Over the past four years, an additional reference has also been made to the UK Corporate Governance Code, as a complimentary means of ensuring adherence to international best practice in the realm of corporate governance, which is laid out later in this report.

The Board accordingly operates within the parameters of these various Corporate Governance frameworks, and this report is produced within the guidelines of King IV, adopting the "apply and explain" regime for the benefit of shareholders and stakeholders alike.

1

Governance Outcome: Ethical Culture

1.1 Sefalana Group Ethics

The Board reaffirms its commitment to ethical leadership. Sefalana Holding Company Limited, together with its subsidiaries are dedicated to ethical decision-making.

The Board reviews and adopts its Group Ethics Policy on an annual basis. The Group Ethics Policy establishes the ideals which the Group aspires to, as well as the behaviours that are mandatory for the Group and its employees.

The Group is focussed on demonstrating strong ethical leadership, in order to develop and grow a greater level of trust between the Group and all its stakeholders, through policy implementation and appropriate governance structures. The members of the Board individually and collectively have, during the year acted in good faith and the best interest of the company and avoided conflicts of interest. The Board takes careful consideration to table and monitor its interest register to ensure that there is no actual or perceived conflict in its deliberations.

The Group is focussed on demonstrating strong ethical leadership, in order to develop and grow a greater level of trust between the group and all its stakeholders

The Group is committed to preventing the use of its products, services, technologies and channels for financial crimes, money laundering and terrorist financing. During the current year, the Group focused on adopting an Anti-Money Laundering & Counter Terrorist Financing Policy. The Group will continue to review its internal policies and structures, to ensure compliance with developments in legislation and international best practice. Ethical compliance is monitored and reported on through the recently created Risk function.

For the ensuing year the Board will review its Charter together with the Group Ethics Policy, to ensure they continue to reflect the strong ethical leadership in line with Group Values. The Group plans to strengthen and further entrench responsible and ethical leadership by the continued training and cascading of its policy aspirations.

Corporate Governance report
(continued)

1.2 Directors declaration of interest

The Sefalana Board of Directors as the focal point and custodian of corporate governance in the Group, is compelled to lead effectively and ethically. The Board is aware of and adhere to their legal obligations to act in good faith, in the best interests of the company, unclouded and unaffected by extraneous matters. The Directors, as part of a standing agenda item for every Board meeting, declare their direct and/or indirect interests. Each Director is expected to abstain from voting on resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions. If appropriate, authorisation is given by the remainder of the Board members, where such conflict exists, any such authorisations are minuted, and the Company Secretary maintains and updates the interest register regularly.

1.3 Dealings in the company securities

Directors and certain executive staff members are not permitted to transact in the company's shares in any way during closed periods. There are other occasions where the Directors impose a closed period on themselves; when there is price sensitive information that the Board is aware of that is not publicly available.

The Directors and Executive management are obliged to declare to the Company Secretary all personal dealings in the securities of the company and the same is disclosed to shareholders through the Botswana Stock Exchange Limited and tabled at the subsequent Board meeting.

Director's direct and indirect interest in the issued shares of the Company as at the year-end is as disclosed in the table below:

Director	Number of shares controlled as at the year–end date
Mrs Jennifer Marinelli	50 000 (2021: Nil)
Mr Chandra Chauhan	14 134 204 (2021: 14 134 204)
Mr Bryan Davis	Nil (2021: Nil)
Mrs Keneilwe Mere	Nil (2021: Nil)
Mr Mohamed Osman	231 769 (2021: 223 708)
Mrs Susanne Swaniker-Tettey	Nil (2021: Nil)
Mr Moatlhodi Sebabole	Nil *
Ms Paula Disberry	Nil
Mr Gerhard Scheepers	Nil
Mr Mahube Mpugwa	14 764

* deceased

The Directors and Executive management are obliged to declare to the Company Secretary all personal dealings in the securities of the company

2

Governance Outcome: Effective Control

2.1. The Board of Directors

Jennifer Marinelli (64)
Board Chairperson
Independent -
Non-Executive Director
Main Board Attendance: **4/4**

Jennifer Marinelli is a fellow member of the Botswana Institute of Chartered Accountants and the Institute of Chartered Accountants of Zimbabwe. Mrs Marinelli holds a Bachelor of Accounting Science from UNISA. She has over twenty-two years' experience employed at Deloitte & Touche where she was an Audit Partner. She currently runs a successful consulting business. Jenny is also a Board member of Stanbic Bank Botswana. She served on the Board of Sefalana from 2001 to 2015 and was re-appointed to the Board on 1 December 2021.

She is also the Chair of the Board Nominations Committee and is a member of the Remuneration Committee.

Chandra Chauhan (60)
Group Managing Director -
Executive
Main Board Attendance: **4/4**

Chandra is a Chartered Accountant who trained and qualified with KPMG in the United Kingdom. A Zambian by birth, he became a naturalised citizen of Botswana and has over the years become a very successful entrepreneur and respected businessman. He is currently the Group Managing Director, having been appointed to the Board in on 30 August 2002. He has been responsible for turning around and restructuring Sefalana and has seen its market capitalisation increase from P64 million in 2004 to its current capitalisation of just under P3 billion. He is also a Non - Executive Director of Botswana Insurance Holdings Limited, a company listed on the Botswana Stock Exchange having been appointed to its Board in April 2009 and he is the Chairman of the Board of Botswana Insurance Fund Management. Mr Chauhan has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and FCA (Botswana).

Mohamed Osman (45)
Group Finance Director – Executive
Main Board Attendance: **4/4**

Mohamed is a Fellow Chartered Accountant who trained with KPMG and Ernst and Young in the UK for over 10 years. He joined Sefalana as the Deputy Group Finance Director in March 2012 and was promoted to the position of Group Finance Director on 23 January 2014. He worked closely with a number of Retail and Manufacturing businesses in the UK having spent 15 years away from Botswana. Mohamed graduated with a BCom (Hons) degree from the University of Birmingham in the UK and qualified under the Institute of Chartered Accountants of England and Wales (ICAEW). He has an MBA in International Management from Edinburgh University in Scotland, and has attended Executive Leadership courses at Harvard Business School Cambridge Massachusetts, and MIT Sloan School of Management in Boston.

Mohamed also serves as the Principal Officer of the Sefalana Group Pension Fund and is the Botswana representative for the ICAEW. He was also previously a board member of ABSA Bank Botswana (previously Barclays Bank Botswana) and its Audit Committee Chairman.

Corporate Governance report
(continued)

Keneilwe P Mere (49)
Independent
Non – Executive
Main Board Attendance: **4/4**

Keneilwe is an attorney with 20 years professional experience as a private Legal Practitioner. She has a strong background in Corporate Law, Regulatory Matters, Labour Law, Commercial Civil Litigation and Alternative Dispute Resolution. She is one of the founding partners of Moribame Matthews (a Collaborating firm with Andersen Global) a successful boutique law firm established over 15 years ago in Gaborone. She is responsible for the Corporate and Civil Litigation divisions of the firm. She attained her Bachelor of Laws degree (LLB) with the University of Botswana in 2001 and immediately joined Lesetedi & Company. Keneilwe then joined Collins Newman & Company as a pupil attorney until her departure in 2007 to establish Moribame Matthews. Keneilwe's clientele cuts across industries including finance, insurance, banking, mining, utilities and property industries.

Keneilwe is member of the Law Society of Botswana and a member of the International Bar Association. She is a Board member of Kgare Insurance Brokers (Pty) Ltd. Keneilwe also serves as the Vice President of the Botswana Football Association Arbitration Tribunal and is an alternate member of the Competition and Consumer Tribunal. Keneilwe is the past vice-chairperson of the Cancer Association of Botswana. She is passionate about the economic upliftment of women in the community and the advancement of youth in the economic sphere. As an active member of the Law Society of Botswana, Keneilwe's focus is on the progression of women attorneys in private commercial legal practice particularly in transactional and infrastructure projects. She joined the Sefalana Holding Company Board of Directors on 25 January 2017.

Keneilwe is the Chair of the Remuneration Committee and a member of the Audit Committee and Risk Committee.

Bryan Davis (64)
Sefalana Cash & Carry Namibia
Managing Director -
Executive
Main Board Attendance: **4/4**

Bryan joined the Board of Sefalana Holding Company Limited on 1 July 2018 as an Executive Director having been appointed in 2014 as the Managing Director of Sefalana Cash & Carry Namibia (t/a Metro Namibia) which saw the expansion of Sefalana into the region.

Bryan has over 40 years of experience in the wholesale and retail sectors through his various roles in Metro Cash & Carry in South Africa, Lesotho, Botswana and Namibia, Retail Market in India, Checkers South Africa and Grand Bazaars. He was also previously the Managing Director of the Cash & Carry business in Botswana up until 2009.

Bryan holds an MDP (Management Development Program) from the Free State University, South Africa.

Susanne Swaniker-Tettey (47)
Independent
Non – Executive
Main Board Attendance: **4/4**

Susanne is a Fellow Chartered Accountant who possesses practical knowledge in Financial Management with core competencies in Financial Reporting, Financial Analysis, Strategic Planning, Governance and Compliance amongst others. She is currently the Chief Financial Officer (CFO) of De Beers Global Sightholder Sales (Pty) Ltd, a former CFO of Okavango Diamond Company (Pty) Ltd as well as former CFO of several other mining companies in Botswana.

Susanne holds an MBA from Oxford Brooks University and an MSc in Accounting from University of Glamorgan (Wales, UK). She is a Fellow Chartered Accountant of Botswana Institute of Chartered Accountants (BICA) and a Fellow of the Association of Certified Chartered Accountants (UK). She was awarded "Woman of the Decade in Finance and Leadership" by All Ladies League & Women Economic Forum (New Delhi Chairperson) in 2017.

She is currently the Chair of BICA and sits on several other Boards and Audit Committees. She recently was appointed President of the BICA Council.

Susanne joined the Board on 1 October 2020 and is the Chair of the Audit Committee and was a member of the Remuneration Committee until April 2022. She is now a member of the Nominations Committee effective April 2022 following a reshuffle of sub-committee memberships on appointment of additional Board members.

Moatlhodi Sebabole
Independent
Non – Executive
Main Board Attendance: ****1/4**

Moatlhodi was the Chief Economist of First National Bank Botswana, where he conducted macroeconomic forecasts and analysis, and also provides insight and synergy between the bank's strategy and economic developments. He was a former Finance Lecturer at the University of Botswana and also taught Quantitative Finance at the University of Essex, UK. Moatlhodi previously worked at Stanbic Bank in Risk Management, as well as at the Botswana Stock Exchange in Product Development.

Moatlhodi graduated with an MSc in Finance & Investment from University of Essex and a Bachelor of Finance from University of Botswana. Among his accolades he received the 50 Young Batswana Change-makers award under the Leadership & Business track in 2016 and completed the 2017 Mandela-Washington fellowship at Case Western Reserve University at Cleveland, Ohio (US). He was the Chairperson of the Botswana National Transformation Strategy Team appointed by the President of Botswana.

Moatlhodi joined the Board of Sefalana on *1 October 2020 and was a member of the Audit Committee, Nominations Committee and the Board Corporate Social Responsibility Committee.

Mr Sebabole sadly passed away in October 2021.

Mahube Mpugwa (55)
Independent
Non Executive
Main Board Attendance: ***1/4**

Mahube holds 25 years experience in the oil and retail industry in Botswana. He has held several directorships, pioneering various business development programs with the petroleum industry. Mahube is passionate about developing a workforce culture that drives impactful outcomes and will play a critical role in the Group's diversification and expansion strategies.

Mahube graduated with a BA (Hons) from the University of Windsor in 1994. Mahube acquired a Certificate in Business Leadership in 2002 from UNISA Graduate School of Business Leadership. He has an MBA from the University of Strathclyde Graduate School of Business and participated in the Executive Leadership Development Programme at HEC Paris in 2016.

Mahube joined the Board on *1 March 2022 and is the Chair of the Risk Committee and is a member of the Audit Committee.

Gerhard Scheepers (62)
Sefalana Cash and Carry Botswana
Executive
Main Board Attendance ***1/4**

Gerhard has over 36 years of experience in the FMCG industry within Southern Africa. He provides insight on the regional FMCG business environment, drawing on his wealth of practical knowledge and experience. Gerhard has a deep understanding and appreciation for the fundamental components that create a successful FMCG business, which lies at the core of the Group. He has a strong background in operations and business development and will continue to add value in enhancing efficiencies and profitability within the Group.

Gerhard began his career with the Sefalana Group in 2016, where he played a key role in building the Lesotho business was acquired as part of the Group's expansion into the Region. He joined Sefalana Cash & Carry as the Country Wholesale Executive in 2018 and was appointed as the Chief Executive Officer of Sefalana Cash & Carry in August 2021.

Gerhard was appointed to the Board on *1 March 2022.

Paula Disberry (54)
Independent -
Non-Executive
Main Board Attendance: ***1/4**

With over 30 years of senior executive-level retail and FMCG experience across the globe, Paula brings her unique leadership, commercial and advisory expertise to driving the strategic direction of the group.

Paula graduated with a BA and MA from Cambridge University in 1989. She has held key leadership positions in a number of multinational Retail and FMCG blue-chip companies such as British Petroleum, Colgate Palmolive, Tesco, Woolworths South Africa and Pick n Pay with 15 years of experience in Africa. She is currently the Retail Advisor to Tana Africa and Phatisa Private Equity, sits on the Board of Pepkor, and is an executive mentor. She is based in Cape Town.

Paula is passionate about building organizational capability, customer centricity and sustainability. She has played an instrumental role in driving product innovation, e-commerce, customer and people strategies, and sustainability, which will add immense value shaping the future direction of the business.

Paula was appointed to the Board on *1 March 2022 and is a member of the Risk Committee and Remuneration Committee.

Corporate Governance report
(continued)

2.2. Roles and responsibilities of the Board and its Committees

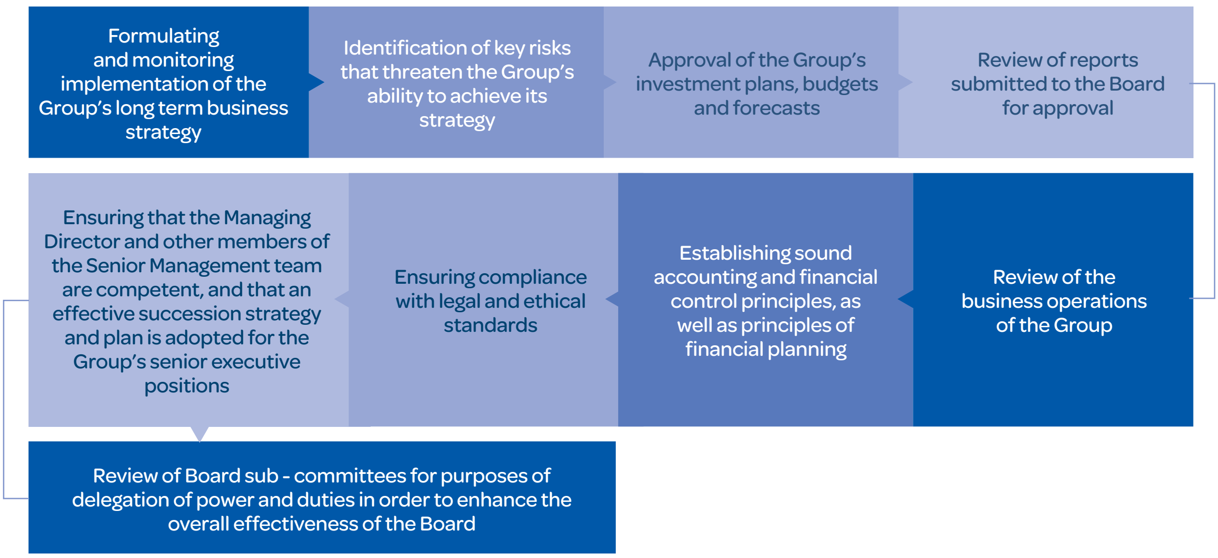
2.2.1 Role of the Board

The Board is the governing body of the Group. It ensures the effective discharge of its duties through the establishment of its own Board Committees, who exercise delegated authority, in accordance with the clearly defined Terms of Reference for the respective committees. The Committees report to the Board, to ensure proper oversight.

Matters not specifically reserved for the Board are delegated to the Group Managing Director, who focuses on the daily operational affairs of the business and execution of the Group Strategy, as set by the Board. This brings an independent judgement on all strategic matters.

The Board fulfils its functions within the context of the Board Charter. The purpose of the Board Charter is to clearly outline the structure of the Board and to define its role, focusing on strategic leadership, performance management, investor relations, risk management and governance. The Board Charter also outlines fiduciary duties of Directors according to Section 130 of the Companies Act and as recommended by King IV. The Board reviews the Charter annually to ensure that it is current, and effective in line with legislative developments and standards of governance practice. No significant changes were made to the Charter during the reporting period.

The Board's ultimate responsibility is for the supervision of the Group's activities. It has the following principal duties:



2.2.2 Board meetings

Every year the Board has four scheduled meetings, and additional meetings may be called as and when required.

Considerable planning goes into setting the agendas for the Board and sub - committee meetings. The Board has an annual work plan which is agreed with Executive management. This is to ensure that duties as set out in the respective Charters are carried out effectively, and that the Board and its committees are focused on relevant matters.

2.2.3 Board committees

The Board delegates certain functions to well - structured committees without relinquishing its own responsibilities. The committees constitute an integral part of the governance process and are established with clearly defined formal terms of reference. The terms of reference are reviewed and approved annually, to ensure they are current and relevant to the changing legal and governance matrix.

Sefalana Holding Company Limited comprises of four sub – committees which membership, attendance, roles and responsibilities are outlined below.

In the latter part of the financial year, additional Board members were appointed and this resulted in a reshuffle of the sub - committee membership composition.

NOMINATIONS COMMITTEE

Membership and meeting attendance

Prior to 1 April 2022
- Mrs JM Marinelli (Chair) 1/1
- Mrs KP Mere 1/1

After 1 April 2022
- Mrs JM Marinelli (Chair)
- Mr M Mpugwa

The Nominations Committee regularly meets for the purpose of discussing and guiding succession planning for Directors and other senior executives, together with evaluating Board membership on an annual basis. The Committee also identifies various skill development courses of relevance and benefit to the Board.

The purpose of the evaluation being to review growth in the Board members' skill sets, as well as to identify where additional expertise would be advantageous to the Board. The Nominations Committee is also tasked with identifying suitable candidates, whose knowledge and experience set compliment effective and appropriate leadership for the Group.

It is through the deliberations and contributions of the Nomination Committee, that Mr. Mpugwa, and Ms. Disberry were identified as suitable candidates.

The Nomination Committee is satisfied that it has fulfilled its responsibilities in line with its Terms of Reference.

The Committee also identifies various skill development courses of relevance and benefit to the Board

Corporate Governance report
(continued)

2.2.3 Board committees (continued)

AUDIT COMMITTEE

Membership and meeting attendance

Prior to 1 April 2022
- Mrs S Swaniker-Tettey (Chair) 3/3
- Mrs KP Mere 3/3
- Mr M Sebabole 1/3**
- Mr M Mahube 1/3*

After 1 April 2022
- Mrs S Swaniker-Tettey (Chair)
- Mrs KP Mere
- Mr M Mahube

The Audit Committee provides independent oversight and assessments, with the view to ensuring effective systems of internal controls, and policies to further the Combined Assurance Model, providing comfort to stakeholders.

The Committee further liaises with the internal and external auditors. The Committee reports to the Board on recommendations, including the consideration of the external auditors engagement and their remuneration. The Audit Committee also reports to the Board in approving the financial statements, and formal announcements regarding performance.

During the period under review, the Committee held closed sessions with the internal auditor, to appropriately consider and evaluate the measures adopted to create an appropriate framework to address potential risks to the business practice. The Committee further considered matters relating to a final dividend proposal, the Group IT strategy, disaster recovery plans and the Group annual financial statements.

Previously, the Audit Committee also oversaw issues related to risk and risk management within the Group. With the establishment of the separate Risk Committee, the Audit Committee coordinates with that committee to provide comprehensive support to the Board on the issues surrounding risk and audit.

The Audit Committee invites Group Officers as and when it is necessary to provide direct feedback on areas of internal audit, IT and Security.

The purpose of the Risk Committee is to determine the levels of risk tolerance considering risk factors in both the external and internal business environment.

RISK COMMITTEE

Membership and meeting attendance

Prior to 1 April 2022
Mr M Mpugwa (Chair) (1/1)
Mrs KP Mere (1/1)
Ms P Disberry (1/1)

After 1 April 2022
Mr M Mpugwa (Chair)
Mrs KP Mere
Ms P Disberry

Previously, the aspect of Group Risk fell under the mantle of the combined Audit and Risk Committee. The Board concluded that it was appropriate to separate the two functions and create a separate Risk Committee. The Risk Committee held its first meeting during March 2022. The Risk Committee considered and adopted its terms of reference.

The purpose of the Risk Committee is to determine the levels of risk tolerance considering risk factors in both the external and internal business environment. It further governs risk management for the Group, maintaining an effective ongoing risk assessment process. Its functions require the Committee to coordinate with the Audit Committee to understand the internal audit work plan in relation to the identified risks. The Risk Committee reports to the Board on the risk matrix.

This Committee will also ensure that IT risks are adequately addressed through the Company's risk management, monitoring and assurance processes. It ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.

The Risk Committee plans to focus on establishing systems and registers to appropriately identify and mitigate against risks.

2.2.3 Board committees (continued)

REMUNERATION COMMITTEE

Membership and meeting attendance **Prior to 1 April 2022** Mrs KP Mere (Chair) (1/1) Mrs S Swaniker-Tettey (1/1) Mrs JM Marinelli (1/1) **After 1 April 2022** Mrs KP Mere (Chair) Mrs JM Marinelli Ms P Disberry*	The Remuneration Committee reviews and adopts the Group's remuneration policy, to ensure that remuneration packages are fair and provide responsible rewards in order to attract and retain quality personnel, to develop and grow the Group through its human capital. The Committee meets annually to review and determine various remuneration levels and benefits across the board, to ensure good performance is appropriately rewarded. The Committee also ensures through its policies' and reports that the Group remunerates fairly, responsibly and transparently in order to achieve strategic outcomes. The Committee considered and focused on Executive Directors remuneration and their inventive structure. The Committee also looked at employee remuneration and associated benefits, as well as Group reward structures.

*Board member appointed during the course of the financial year

** Board member passed away during the course of the financial year

The Group Managing Director and Group Finance Director attend all Board - sub - committee meetings by invitation except for the Remuneration Committee which is attended only by non-executive Directors. The Group Internal Auditor and the External Auditors attend all Audit Committee meetings.

Through the Board Evaluation process, the committees of the Board have satisfied themselves that they have fulfilled their responsibilities in terms of their terms of reference for the period under review.

2.2.4 The Board Chair and the Group Managing Director

The role of the Board Chair and the Group Managing Director are two distinct and separate roles. The Chair has the primary responsibility of running the Board, whilst the Group Managing Director has the executive responsibilities for the operations of the business. These roles are formally set out in the Board charter.

Role of the Board Chair

Presides over the Board	Ensures that directors play a full and constructive role in the affairs of the Company	Facilitates Board discussions to ensure that core matters are addressed	Promotes consultative and respectful relations between the Board and Executive management	Ensures efficiency of the Board Composition

Role of the Group Managing Director

Presides over Senior Management	Accountable to the Board	Operationalizes the Group Strategy	Optimizes resources to increase Group profitability	Ensures business growth and sustainability

The Chair is an independent non-executive member of the governing body, who is free of any conflict of interest. Given the nature and structure of the Board and its sub - committees, the Board is satisfied that the Chair provides appropriate direction for an effective Board. In the event of the independence of the Chair becoming impaired or questioned, a lead Independent Director may be appointed from the Board to resolve the matter at hand.

Corporate Governance report
(continued)

The Board of Sefalana promotes gender diversity at Board level. As a policy and the Board has set a target of achieving a minimum of at least one third of Board seats to female non - executive directors. The Board has met this target.

During the year the Board appointed Mr Mahube Mpugwa, Ms Paula Disberry and Mr Gerhard Scheepers on 1 March 2022.

2.3 Skills matrix

The Board of Sefalana Holding Company Limited comprises of astute individuals of different backgrounds, experience and qualifications. Having a Board with diverse perspectives is critical to its decision-making as it brings objective judgement and experience to the deliberations carried out. The background and qualifications of the Directors are disclosed under the Directors' profile section.

Through the Nominations Committee, the Board carries out regular evaluations to review the existing skills composition of the Board and to identify areas for enhancement of the Board. The skills matrix evaluation system strengthens our overall governance practices by identifying the current skills, knowledge and experience of the Board as well as to make future plans for skills diversity. It is through this gap analysis that appropriate skill sets were identified and incorporated onto the Board during the current year.

2.4 Board diversity and balance

Sefalana Holding Company Limited enhances the decision-making of its Board by ensuring that the Board of Directors comprises of a balance of power. The majority of the Board members are non - executive Directors, and are independent. This ensures that no one individual or block of individuals dominate the Board's decision - thereby promoting objectivity. Non - executive Directors bring objective judgement and experience to the deliberations of the Board.

The Board of Sefalana promotes gender diversity at Board level. As a policy the Board has set a target of achieving a minimum of at least one third of Board seats to female non-executive directors. The Board has met this target.

2.5 Changes in the Board structure

2.5.1 Resignation and retirement

The Board considers, on an on-going basis the appropriateness of the mix of skills, experience, diversity and independence of each of its members.

The Board mourned the loss of one of the Independent non - executive Directors, Mr Moatlhodi Sebabole in October 2021. The Board would like to express their deepest condolences to the family and loved ones of Mr Sebabole.

2.5.2 New appointments

During the year the Board appointed Mr Mahube Mpugwa, Ms Paula Disberry and Mr Gerhard Scheepers on 1 March 2022. These appointments are subject to ratification of the shareholders at the Annual General Meeting to be held in October 2022.

The Board of Sefalana has adopted a Board Nomination and Appointment policy which sets out procedures of appointment to the Board. Our Board appointments are formal, transparent and a matter of the Board as a whole assisted by the Nomination Committee.

In March 2022, the Board appointed a new Group Company Secretary. The Company Secretary is not a member of the Board and as such maintains an arm's length relationship with the Board. The Board considered the competencies, qualifications and experience of the Company Secretary and determined that the Company Secretary has the necessary competence, gravitas, and objectivity to provide independent guidance and support to the Board.

2.5.3 Board tenure

Every year, the Board undergoes a staggered rotation of its Directors in line with its Constitution. Rotation of Board members ensures retention of valuable skills, maintaining continuity of knowledge and experience and introduction of people with new ideas and expertise.

Our policy on Board tenure is aligned to principles of good corporate governance. Board membership is limited to a maximum of three, three-year terms, totalling nine years. A Director may then retire or continue for a further three-year term subject to a rigorous review of independence.

3

Governance outcome: delivering good performance

The Board considers its performance an integral part of good governance, as such it carries out annual Board evaluations to assess its performance in discharging its duties. The purpose of the evaluation is to assess Board effectiveness through interrogating governance, accountability and Board processes. The Board evaluations are the responsibility of the Board Chair. Through the office of the Company Secretary, a questionnaire is sent to the Directors to anonymously evaluate the Board's performance. The results of the assessment are tabled at the Board meeting for consideration by the Board, where areas of improvement are discussed and resolved.

The 2022 Board Evaluations considered the following;

- Board and Committee effectiveness and composition
- Oversight of the Company's Financial condition and reporting
- Governance & accountability
- Relations with Management
- Relations with Stakeholders
- Director self-assessment

The results of the evaluation demonstrate continued satisfactory performance by the Board.

The results of the evaluation demonstrate continued satisfactory performance by the Board. As the Board recently welcomed 3 new appointments, future focus areas will be to provide support for continued improvement and skill development of the Board, to further enhance performance and effectiveness.

There were no significant areas of concern identified other than the need to increase the number of Board members and to introduce additional FMCG sector experience from the Region. Both these areas were addressed by the recent appointments.

The Board is satisfied with the evaluation process and outcomes.

Corporate Governance report

(continued)

Governance Outcome: Legitimacy

4.1. Relations with Stakeholders

The Board emphasises Stakeholder engagements and ensures that satisfactory dialogue with Shareholders takes place. The Board uses the Annual General Meeting to communicate with shareholders and potential investors and encourage their participation. Frequent announcements through the press, the Botswana Stock Exchange News Services and mailing of information for the attention of Stakeholders are practiced wherever required. The Company circulates with every Notice of General Meetings a summary of the procedures governing voting at General Meetings.

The Chair of the Audit, Risk, Remuneration and Nominations Committees, as well as the external auditors are present and available to answer questions at the Annual General Meeting and Special General Meetings, if so requested by the Chair of the Board.

The Annual General Meeting (AGM) of Sefalana Holding Company for the year ended April 2021 was held virtually via Microsoft Teams on Friday 29 October 2021 at 16h00.

The Annual General Meeting proceedings were conducted in accordance with the Companies Act and the Memorandum & Articles of Sefalana Holding Company Limited. There were no restrictions on any shareholder casting votes on any of the resolutions at the AGM.

The Annual General Meeting proceedings were conducted in accordance with the Companies Act and the Memorandum & Articles of Sefalana Holding Company Limited. There were no restrictions on any shareholder casting votes on any of the resolutions at the AGM.

Shareholders present in person and by proxy hold 223,186,779 of issued shares, representing 89% of the total issued share capital. The Board is pleased to announce that at all proposed resolutions were duly passed by a majority of the votes exercised.

The Board also discloses to Shareholders through trading announcements, all proposed corporate transactions, which if entered into, would materially alter or vary the Group's net asset base or share price.

Sefalana hosts, biannually, a presentation of the Groups' annual and half year financial results. This is an interactive session with all stakeholders, including but not limited to shareholders, asset managers, bankers, institutional investors and the media. An open questions and answer session is held for the stakeholders to openly interrogate management on all areas of the business.

In this way, the Board ensures all relevant information is effectively communicated to the Company's Stakeholders and on a timely basis.

4.2. Compliance management

The Board reviewed and approved the Group Compliance Policy which sets out the philosophy and approach to Compliance Risk Management of Sefalana Holding Company Limited. Sefalana seeks to approach Compliance Risk Management in an objective, independent and pragmatic manner that enables business to do the right business the right way.

The Board assumes the responsibility for governing compliance in a way that supports being an ethical and good corporate citizen. Through the Compliance Policy, the Board sets out the arrangements for governing and managing compliance with non-binding rules, codes and standards adopted by the Group.

Sefalana being a company regulated by the Botswana Stock Exchange Limited (BSE) has key requirements, frameworks and best practice codes including Botswana Stock Exchange Equity Listing Requirements King IV Report on Corporate Governance for South Africa 2016 and International Financial Reporting Standards.

During the year the Group commenced its offering of money transfer and bureau de change services and as a result obtained relevant licenses from the Bank of Botswana. Compliance with this regulator is now monitored by our recently appointed Risk Officer.

The responsibility for implementation and execution of effective compliance management has been delegated to executive management. During the past year, the Risk Committee was established, to provide enhanced reporting and oversight on compliance governance. Our Risk Officer reports periodically to the Board through the Risk Committee.

4.2.1. Compliance activity and focus areas

During the year, following the approval of the compliance policy, the focus has been on establishing a framework for compliance reporting through the Risk Officer. This also includes ensuring full compliance with relevant regulators, in particular the BSE and more recently the Bank of Botswana.

4.2.2 Areas of future focus

The approved Risk and compliance reporting pack will be cascaded down to all subsidiary companies.

4.3. COMPLIANCE WITH CORPORATE GOVERNANCE CODES

In order to ensure that the highest standards of Corporate Governance are observed, Sefalana operates within the King IV governance code which we believe identifies all the elements of a sound approach to governance and responsibility. We endeavour to provide our Shareholders and other Stakeholders with the confidence and assurance that Sefalana is a well managed and responsible company.

Sefalana has carried out an assessment of its compliance to King IV and sets out the outcomes of such compliance in the table below:

KING IV

	PRINCIPLE	ASSESSMENT
1	The governing body should lead ethically and effectively	The governing body of the Group is the Board of Directors. All Directors are fully aware of their fiduciary duties and ensure that at all times these are being adhered to with an overall objective of leading the Group ethically and effectively. Through its Nomination Committee, the Board ensures the appropriate skill sets are in place and that independence is maintained through quarterly declarations of interests by Board members. The Terms of Reference for the Main Board and its sub - committees are annually reviewed and updated in line with best practice. Closed period restrictions are put in place at appropriate times and regular communication is carried out to all stakeholders, with the intent of demonstrating enhanced transparency.
2	The governing body should govern the ethics of Sefalana in a way that supports the establishment of an ethical culture	The Board is governed by a Board Charter incorporating effective and responsible leadership. The Group's ethics are managed through the Audit Committee. The Committee also reviews the Group's whistleblowing arrangements and its reporting and investigation process to ensure that arrangements are in place for proportionate and independent investigation of matters. Sefalana's Value Charter regulates guiding principles that set out internal conduct as well as relations with various stakeholders.

The Board is governed by a Board Charter incorporating effective and responsible leadership. The Group's ethics are managed through the Audit Committee.

Corporate Governance report
(continued)

3	**The governing body should ensure that Sefalana is and is seen to be a responsible corporate citizen**	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy. One of the values entrenched in the strategy is to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment. The Board ensures that the Company supports and invests in the wellbeing of the economy, society and the natural environment and in particular, supports income generating initiatives for those in need. Further information regarding our CSR activities is included in our CSR report.
4	**The governing body should appreciate that Sefalana's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**	The Board monitors the implementation of strategy through the Group Strategy Coordinator who reports to the Board at quarterly meetings. The Group Internal Auditor also reports to the Audit Committee at all its meetings. The Risk Officer reports periodically to the Risk Committee. The inter - dependencies and relationship of human, financial, manufacturing capital, intellectual capital and other externalities are reported in the Group Managing Director's and Group Finance Director's reports and the Annual Financial statements. Sefalana's focus continues to be adopting sustainability practices in integrating environmental and social issues in the business strategy of the company so as to create value for the stakeholders. Sefalana also engages in innovative practices in its products and business processes in order to enhance the business strategy. Refer to page 64 to 79 on how this Integrated Report features all these critical areas.
5	**The governing body should ensure that reports issued by Sefalana enable stakeholders to make informed assessments of Sefalana's performance, and its short, medium and long term prospects**	Sefalana through its annual reports provides detailed commentary of the Group's performance in the context of the external environment, demonstrated through a wide range of activities, interactions and relationships. In addition, detailed information on each business unit's performance is provided in the half year results publications. The Sefalana social media sites allows for an improved level of interaction with various stakeholders. We encourage strong engagement with investors and other stakeholders through our planned program of investor relations activities, as well as responding to queries from shareholders and analysts throughout the year.
6	**The governing body should serve as the focal point and custodian of corporate governance in the Group**	The Group is headed by a Board that directs, governs and is in effective control of the Company as embedded in the Board Charter. For effective control, the Board delegates some of its duties to its Board sub - committees which are also governed by committee charters. The Board meets at least four times a year. At these meetings, all subsidiary companies are discussed and adequate consideration is given to all matters of significance. This includes any governance matters. The Board works according to an annual Board plan which ensures a structured and formal approach to governance. In advance of each Board meeting, members are provided with ample context, information and reports to be able to ensure that the Group acts ethically, performs according to expectations, maintains the necessary controls and is being perceived as a responsible corporate citizen. Board meeting attendance is high and additional conversations between Board members are encouraged for updates or when pertinent decisions require more deliberation. The Board is satisfied that it has fulfilled its responsibilities in accordance to the Board Charter during the year.

7	**The governing body should comprised the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively**	The Board ensures that there is an appropriate balance of power and authority in its composition. All Non - Executive Directors are independent. The Chairperson of the Board is considered to be independent. The Nominations Committee meets from time to time to consider the diversity and appropriateness of the Board. The focus area for the Committee in the coming year will be to leverage off the experience and knowledge of the newly appointed Board members who have the relevant experience we have been looking for. The Board member profiles in the annual report summarises the qualifications and experience of each Board member.
8	**The governing body should ensure that its arrangements for delegation with its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties**	The Board has well developed committees which have been established with clear mandates and reporting procedures. This year saw the creation of a separate Risk Committee. The Committee Charters are reviewed annually. The committees are satisfied that they have fulfilled their responsibilities in accordance with the Terms of Reference for the year.
9	**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**	Board evaluations are done annually which interrogate the past year Board's collective and individual performance. It measures its respective performances and its committees, and presents to the Board the results of those self-assessments. Our Board evaluations aim to assess Board performance against established best practice, reflect on the role of the Board, its objectives and efficacy, create the opportunity to enhance Board effectiveness and identify future development needs.
10	**The governing body should ensure that the appointment of, and delegation to, Management contribute to role clarity and the effective exercise of authority and responsibilities**	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Company Secretary maintains a register of Director's interests. Succession planning is an ongoing focus area as the Board ensures that the success of the organization is not reliant on one or few key members of the organization. The role of the Group Managing Director (GMD) and Chairman are performed by separate individuals. The GMD is given certain decision-making power. Decisions over a set threshold are considered by the Board. This ensures effective and timely decision - making. Procedures of appointment to the Board are formal and transparent and are a matter of the whole Board on recommendation by the Nominations Committee, subject to Shareholder approval. The appointment of the Company Secretary is a matter of the Board.

The role of GMD and Chair are performed by separate individuals. The GMD is given certain decision-making power. Decisions over a set threshold are considered by the Board.

Corporate Governance report
(continued)

11	**The governing body should govern risk in a way that supports Sefalana in setting and achieving its strategic objectives**	The Audit and Risk Committees play a key role in ensuring that the Company's Internal Audit function and Risk and Compliance functions, respectively have the necessary resources, budget standing and authority within the Company to enable it to discharge its functions. The Head of Internal Audit reports directly to the Audit Committee. The Group Risk and Compliance Officer reports directly to the Risk Committee. These two committees act in accordance with their statutory duties and the delegated authority of the Board in terms of their respective Terms of Reference. The Risk Committee is an integral component of the risk management process and oversees the development of policies. Risk assessments are conducted on a continuous basis and reported to the Board through the Risk Committee. The Risk Committee provides oversight over risk management. Assurance of good governance is achieved through the regular measurement and reporting of risk management. To achieve this, recent risk management initiatives included: - A documented, approved Risk Management Policy, Framework and Plan. - Board and Executive management assessment of risks impacting on the Group's strategic objectives. A strategic risk register with core risks is maintained and these shall be monitored on a continuous basis by the Board.
12	**The governing body should govern technology and information in a way that supports Sefalana in setting and achieving its strategic objectives**	The Board has endorsed the Group IT Policies and procedures. The Board ensures that the IT strategy is integrated into the Sefalana Group's strategic and business processes, and that IT is in alignment with the achievement of the Group's business objectives. Group Management is mandated by the Audit Committee to guide IT governance framework within the Group. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT related risk. IT is represented at Audit Committee meetings by the Head of Corporate Services and the Group IT Manager. Detailed feedback is made to the Audit Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
13	**The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Sefalana being ethical and a good corporate citizen**	The Company complies with applicable laws and non-binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time. The establishment of the separate Risk Committee, and regular reporting to it by the Risk & Compliance Officer, the Board is able to monitor the effectiveness of compliance management. As the Group's operations extend beyond Botswana's borders the focus is to ensure continued compliance with laws and regulations in the countries the Group and its subsidiaries operate in, and Group adherence to international best practice through cascading compliance policies.

The Group's operations extend beyond Botswana's borders the focus is to ensure continued compliance with laws and regulations in the countries the Group and its subsidiaries operate in.

14	**The governing body should ensure that Sefalana remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**	The Company has adopted remuneration practices which create value for the Company and are aligned with the Company's strategy. The Remuneration Committee assists the Board in its responsibility for setting and administering the remuneration policy. Directors' fees in aggregate are disclosed in the annual report and tabled for Shareholders' approval at Annual General Meetings. The Board is committed to paying fair, competitive and market-related remuneration to ensure that the Company is able to attract, retain and motivate talented employees. Targets are set relative to budget and in reference to prior year results and contain a performance range to incentivize out performance and set minimum performance levels to ensure that poor performance is not rewarded.
15	**The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of Sefalana's external reports**	The Audit Committee ensures comprehensive implementation of and adherence to internal controls. Internal Audit provides a written assessment on the effectiveness of internal controls to the Audit Committee each year. There is a sound collaboration between assurance providers. The Internal Audit team has been enhanced during the year and shall ensure more reliance is placed on Internal Audit work by External Audit. We support a culture of zero tolerance to fraud and corruption in all activities of the Group. A comprehensive anti-fraud program incorporating all elements of prevention, detection, investigation and resolution is coordinated through Internal Audit. Instances of fraud are reported through the anonymous tip – off line and these are investigated, and the outcome reported to the Audit and Risk Committee. The Board has assigned oversight of the Group's risk management function to a well-established Audit Committee. This Committee approves the annual internal audit plan. The Group Internal Auditor and the Risk & Compliance Officer report to their respective Committee at all its meetings.
16	**In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time**	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Group's strategic objectives and long - term sustainability. The Board not only encourages proactive stakeholder engagement through attending Annual General Meetings, but also through informal processes such as direct contact, advertising and press releases. The Sefalana website provides on-going information about the Group. The social media sites helps improve interaction with various stakeholders. Sefalana endeavors to engage regularly with its various stakeholders ranging from suppliers, employees, consumers, Governments, local communities and institutional investors as part of a vital condition for good corporate governance practices. Institutional investors engage directly with the Board about their request for governance reforms and are also advanced during Annual General Meetings. Sefalana encourages strong engagement with various stakeholders including shareholders, suppliers, employees and the public through various forums.

Corporate Governance report
(continued)

THE UK CORPORATE GOVERNANCE CODE

Although not a requirement, Sefalana has endeavoured to encapsulate the UK Corporate Governance Code formerly known as the Combined Code in its governance framework while adhering to local legislation.

In the light of recent local and global corporate governance failures and misconduct, it is vital that Sefalana utilises enhanced corporate governance codes to strengthen its governance frameworks to deliver long-term sustainable performance. The adoption of the UK Corporate Governance Code from amongst several governance codes is due to similar legal systems as well as the similarity of governance models being the Shareholder model of ownership and control. The UK Corporate Governance Code sets out the standards of good practice for listed companies. Similar to the King Code the overarching principles of the Code are leadership, capability, accountability, sustainability and integrity. Below is an expansion of the principles to which Sefalana has aligned itself:

BOARD LEADERSHIP AND COMPANY PURPOSE

It is the Board's responsibility to embody and promote the desired corporate culture. The Board establishes the company's purpose, values and strategy, and satisfies itself that these and its culture are aligned. Directors must act with integrity, lead by example and promote the desired culture. The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success and the workforce should be able to raise any matters of concern. Further, the Board is to ensure effective engagement with, and encourage participation from, Shareholders and stakeholders.

DIVISION OF RESPONSIBILITIES

The Board should include an appropriate combination of executive and non-executive Directors such that no one individual or a group of individual dominates Board's decision making. There should be a clear division of responsibilities between the leadership of the Board and executive leadership of the company's business. Non - Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

COMPOSITION, SUCCESSION AND EVALUATION

Appointments and succession plans are based on merit and objective criteria, and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Nomination Committee's remit will be broadened in this context to oversee the development of a diverse pipeline for succession.

AUDIT, RISK AND INTERNAL CONTROL

The Board establishes formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial statements. Further the Board should present a fair, balanced and understandable assessment of the company's position and prospects. The Board establishes procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

REMUNERATION

The remuneration responsibilities will include reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting Executive Director remuneration. A recommended minimum vesting and post-vesting holding period for Executive share awards of three years to encourage focus on longer-term outcomes. Remuneration schemes and policies are to make provision for Boards to override formulaic remuneration outcomes.

The above principles are very much consistent with the King IV principles and by adhering to these general principles of Corporate Governance, Sefalana as a leading listed company strengthens the control of its business, public accountability and transparency, and therefore meets the international standards of Corporate Governance whilst retaining the essential spirit of enterprise.

Remuneration Report

Background

The Remuneration Committee's responsibilities includes reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting Executive Director remuneration.

In order to achieve the best results both short term and deferred elements of remuneration for Executive Management are in place as we feel this helps ensure alignment with the Group's overall strategy to reward strong performance and to retain and motive those who drive the growth of the business.

These remuneration structures have been in place for a number of years and directly correlate with the continued enhanced performance of the Group. Our key Executive team is essential for sustainable long-term growth of the business and are aligned to the growth of Shareholder value.

The overall remuneration structures are designed to be in alignment with Shareholder value creation whilst at the same time providing adequate motivational and retention value for key personnel to continue excelling and delivering against targets set.

Remuneration policy

The overall remuneration structures are designed to be in alignment with Shareholder value creation whilst at the same time providing adequate motivational and retention value for key personnel to continue excelling and delivering against targets set.

Benchmarking exercise

Executive Directors

During the year a benchmarking exercise was carried out in respect of the Group Managing Director and Group Finance Director packages. The analysis was partly based on BSE listed entities, however, due to the lack of directly comparable entities that have similar sector exposures, this benchmarking review was extended to information pertaining to 120 JSE listed entities.

The review was based on detailed analysis by two of the Big 4 auditing firms in South Africa. The one report focused on Total Guaranteed Packages (TGP) and the other on Total Overall Packages (TOP).

The outcome of this review suggested that for both the Group Managing Director and the Group Finance Director, their TGP and their TOP were below that of the relevant comparatives in both the lower quartiles and median values.

The Remuneration Committee has undertaken to align these packages over the coming years towards the benchmark.

In addition to the monthly salary, Executive Directors are entitled to an annual bonus, provided a threshold percentage of budgeted profit and/or revenue is achieved.

The existing Remuneration structure for the Executive Directors is as follows:

- **Monthly salary (Total Guaranteed Package)**

  All Executive Directors are paid a salary for services rendered to the Group. These have historically been market based and are determined by the Remuneration Committee after taking into account the detail of the role, the responsibilities assumed, and performance. Salaries are reviewed annually and benchmarking is done periodically and at least every 5 years. Any proposed changes to structure are put forward to the main Board for final approval.

  This component of remuneration usually averages 30-40% of total remuneration each year.

Remuneration Report
(continued)

Incentives (performance awards)

(i) Cash bonus

In addition to the monthly salary, Executive Directors are entitled to an annual bonus, provided a threshold percentage of budgeted profit and/or revenue is achieved. In the event that this threshold is not met, the Executive Directors are not entitled to a bonus for that year unless discretionally awarded.

In the event that the Executive Director is entitled to a bonus for the respective year, the amount due to the Executive Director is determined by a set formula.

For the Group Managing Director and the Group Finance Director, their formula is based on a number of additional matrix relating to the statement of comprehensive income (revenue and profit measures) and the statement of financial position (net assets and gearing ratios), with a three-year look-back period to eliminate any abnormal once-off spikes or dips.

The matrix applied in arriving at annual incentives for the Group Managing and Group Finance Director are:

Share movement over the last 3 years	30%
Profit growth over 3 years	50%
Revenue growth over 3 years	20%
Net asset growth over 3 years	20%
Growth in leverage over 3 years	(20%)

The purpose of including these additional matrix is to emphasise the importance of the consolidated Group results being aligned to Shareholder value creation. By focusing on these Key Performance Indicators' the Remuneration Committee is satisfied that this alignment is in place.

The Remuneration Committee may recommend to the Board a discretionary amount to be paid to any of the Executive Directors should it consider it appropriate to do so.

This cash component usually averages 30-40% of total remuneration each year.

(ii) Deferred remuneration – retention component

The Group Managing Director is entitled to a deferred shadow share reward equating to the cash payment referred to above. This amount is converted into a notional number of shares based on the share price as at the respective year end. The deferred shadow payment is payable after three years have lapsed and is only payable in the event that the Group Managing Director is still employed by the Group. The amount payable is the growth in value attributable to the notional shadow shares during the three-year period.

This component is therefore also very much aligned to Shareholder value growth and was designed using worldwide best practice. Where there is little movement in share price over the look-back period of 3 years, this component of the TOP will not be significant.

The Group Finance Director is also entitled to a deferred remuneration component, similar to that of the Group Managing Director.

This deferred remuneration component is designed to retain those considered to be critical to the Leadership team. This has worked well for the Group over the years and has helped ensure continued growth.

This deferred component usually averages 20-30% of total remuneration each year.

There are no other long - term incentives in place.

Executive Directors' emoluments:

	2022 (P)			2021 (P)		
	Salary	**Incentive**	**Total**	Salary	Incentive	Total
Total Executive remuneration	10 485 834	18 299 552	28 785 386	8 890 178	14 077 813	22 967 991
Number of Executive Directors			4			3

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

Non-Executive Directors

The Non-Executive Director (NED) fees were also reviewed in the current year and benchmarked against similar organizations. The outcome of the review suggested a need for an upward adjustment to align with prevailing market rates.

The following summarises the adjustments made effective 1 March 2022:

	Board Chair monthly retainer	NED Monthly retainer	Sitting fee	Sitting fee for Chair of sub-committees
Pre 1 March 2022 (P)	33 000	6 600	12 650	13 915
Post 1 March 2022 (P)	33 000	8 500	13 750	15 000

Remuneration structure for Non - Executive Directors

All Non - Executive Directors are paid a monthly retainer for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the complexity of the role and the responsibilities assumed.

In addition, Non – Executive Directors are paid sitting fees in respect of each meeting held. Details of the frequency of these meetings are included on page 89 to 91 of this Report.

Benchmarking is done periodically. Any proposed changes are put forward to the main Board for final approval.

Outgoing Non – Executive Directors were previously paid an additional once-off fee equivalent to one year's Main Board sitting fees (ie excluding any fees earned relating to sub committees). This was discontinued effective 1 March 2022.

Fees relating to Non – Executive Directors are reviewed periodically.

Non - Executive Directors' Emoluments:

	2022 (P)			2021 (P)		
	Retainer	**Sitting fees**	**Total**	Retainer	Sitting fees	Total
Total Non - executive remuneration	4 00 425	629 000	1 029 425	1 405 800	645 150	2 050 950

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

We continue to see an increased trend in the purchase of A Star and Family Favorite products as compared to other brands on offer. We have expanded our house - brand products offering in our Namibia and Lesotho businesses. We have found that with the additional pressures imposed on us by the Pandemic, the appetite for private label products has increased.

Sefalana **House-Brand** Range

Quality we are proud to call our own

In the last few years, we expanded our 'A Star' house brand range of products by introducing 2 new brands: Family Favorite and STB. Together, these 3 private label brands offer more than 40 different product variables to our customers and widening the range of products available at competitive prices.

We have been focusing on the manufacture and supply of house brand products to utilise factory capacity and to avoid unemployment.

Enterprise Risk management

Our Approach to Risk Management

We operate in a fast paced and dynamic environment and our businesses continuously face both opportunities and threats that could significantly affect operations. For this reason, Sefalana Group recognises that risk management is inextricably woven into our strategy, as effective risk management is essential to achieving the Group's strategic and operational objectives. Effective risk management is pivotal to executing our strategy, achieving sustainable shareholder value, protecting our brand and ensuring good governance.

Overview of Risk Governance

The Sefalana Group's Board is committed to overseeing the identification, management and mitigation of enterprise-wide risk and compliance, to enable achievement of the Group's strategic objectives. This commitment has been demonstrated through the formation of a new Risk Committee and the appointment of a Group Risk and Compliance Officer. The Risk Committee approves the Group-wide policies, processes and procedures that give effect to risk and compliance management principles, as appropriate, to the Sefalana Group and its various businesses.

Sefalana manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's risk management framework encompasses internal control in an integrated manner and is tailored to the specific Sefalana segments, businesses and functions. The Sefalana management systems, organisational structures, processes, standards, code of conduct and values and behaviours together govern how Sefalana conducts its business and manages associated risks.

Group Risk Management Framework

The Group has adopted a Risk management framework which, together with the governance structure, is designed to provide a sound platform for managing the material risks of conducting business.

The risk management framework has regard to relevant regulations, standards and guidelines including the King IV Corporate Governance Principles and Recommendations. This framework includes the Group Risk Management Policy and the Enterprise Risk Management Framework. The Group Risk Management Policy reflects the overall principles of Sefalana's approach to risk management, and the roles and responsibilities for risk management within Sefalana Group. The Enterprise Risk Management Framework sets out the standards for identifying, assessing, responding, managing and reporting of risks potentially impacting the success of strategic objectives and operating plans.

The Group maintains comprehensive risk registers in compliance with its risk management framework. The content of the risk registers is derived from an annual exercise performed with each of our business units. This exercise includes identifying and assessing its risks; measuring them against defined criteria; and considering the likelihood of occurrence and the potential business impact.

These risk perspectives are combined to create a consolidated Group risk profile which facilitates oversight over the Group's material risks. The Group level risk exposures are measured against formalised risk appetite statements that are further aligned to the Group strategic objectives. Risk appetite and tolerance are core considerations for our response plans as they consider the relationship between the potential impact of key risks and the effectiveness of mitigating controls or management actions. The Group's Risk Committee receives regular feedback from management on all risk-related activities.

Risk Appetite and Tolerance

Risk appetite and tolerance are a core consideration of our enterprise risk management approach. Our recently refreshed risk appetite and tolerance statement, approved by our Board, represents the levels of risk that the Group is prepared to assume in pursuit of its business objectives and guides how we manage and control risks. Risk appetite acts as a mechanism to support the execution of the Group strategy, this is done by incorporating the risk appetite parameters are a set of guardrails for risk-based decision-making in the context of strategy.

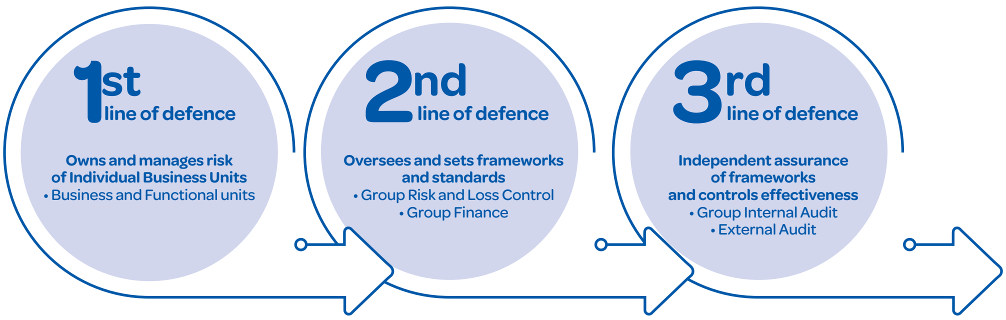
Monitoring the effectiveness of Risk Management

Constant monitoring of the risk register together with the combined assurance reviews, allows the Board, with the support of both the Audit and Risk Committees, to monitor the effectiveness of risk management procedures in place throughout the Group. The risk environment is reviewed annually to ensure that the business remains fully aware of the relevant risks.

The risk environment is reviewed annually to ensure that the business remains fully aware of the relevant risks.

Combined Assurance

The Group's combined assurance framework adopts the 'three lines of defence' model in determining the focus of assurance providers on key risks and material matters. In the implementation, distinctions are made between assurance providers or functions that own and manage risk, functions that oversee risk, and functions that provide independent assurance.



The outcome from the monitoring of the risk management process may result in further enhancing mitigation plans so as to increase the effectiveness of the risk control and development or review of internal control procedures.

Enterprise Risk management
(continued)

Areas of future focus

Establishing a separate Risk Committee during the year, enabled our focus on improving our approach to risk management, methodology and risk framework. This will strengthen risk management in supporting effective decision-making and ensure that material risks are reviewed regularly, addressed sufficiently and appropriately mitigated.

Our top priorities and risks

We determined our principal risks through a review process that analyses the risks facing business units in relation to the overall Sefalana strategy and key priorities. The material issues are those issues that could materially impact our value chain, cause deviation from expected strategic outcomes and negatively influence our reputation.

Key risk movements

The principal and emerging risks are monitored throughout the year to identify changes to the risk landscape. Risks are reviewed in line with the Group's strategic objectives.

We annually review and update the descriptions and mitigating actions of our principal risks to reflect new emerging external risks and any new strategic priorities that have been announced. We assess whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year.

The most significant principal risks identified by the Board, and the corresponding mitigating controls, are set out below:

Risk Status Key			Risk Movement Key		
HIGH Risk management activities have not resulted in demonstrated improvement in the inherent risk exposure	**MEDIUM:** Risk management activities have begun to demonstrate improvement	**LOW:** Risk management activities have resulted in demonstrated improvement to adequately address or exceed inherent risk	No Change	Increase	Decrease

1

RISK NO 1		
RISK NAME	RISK TRENDING	RESIDUAL RISK
COVID -19 Pandemic		

Risk Description

The impact of the Covid-19 Pandemic on our business, financial position and results of operations is in many respects still unpredictable, and we may be unable to sustain our growth rate should this virus remain a part of our everyday lives

Mitigating actions

The following key actions have been undertaken to manage the impact of the pandemic on our business;

- Immediate response to the guidance as provided by Government such as social distancing measures;
- Operational activities have been adapted and continue to be updated to comply with guidance provided by Government to prioritise the safety of our people and our customers;
- Development of robust protocols to deal with a myriad of events such as store closures;
- Introduced social distancing and hygiene measures in stores, distribution centres, and head offices to keep our people and our customers safe;
- Our employees and customers trust us to protect their health and safety. We prioritise safety and security in our workplaces and shopping environments. Our aim is to maintain the Group's reputation for quality and to move towards zero tolerance for any safety threats;
- We have co-ordinated activities across the Wholesale, Retail, HR, IT and Finance teams to help ensure that, in the event of a disaster, appropriate mitigations are in place to reduce the impact on customers, supply chains and employees. These activities specifically relate to five key areas of risk:
    - **Communication risks**
    - **Business and operational risks**
    - **Employee risks**
    - **Cyber risks**
    - **Infrastructure risks**
- Lessons learned from the pandemic will be used to build stronger organisational resilience, by reviewing current business continuity management plans and strategies.

Lessons learned from the pandemic will be used to build stronger organisational resilience, by reviewing current business continuity management plans and strategies.

Enterprise Risk management

(continued)

2

RISK NO 2		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Integrating of Systems and Solutions		

Risk Description

Disruptions in our systems could harm our ability to conduct our operations. Given the number of individual transactions we have each year, it is crucial that we maintain uninterrupted operation of our business-critical information systems.

Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches (cyberattacks), catastrophic events such as fires, tornadoes, earthquakes and hurricanes, and usage errors.

Mitigating actions

Our information security teams monitor and continue to enhance the IT environment in the following ways:

- We continue to strengthen our cyber-control framework and improve our resilience and cybersecurity capabilities, including threat detection and analysis, encryption, network security, access controls, system security, payment systems controls back-up and recovery;
- Developing a risk-based security testing approach across Group to identify ongoing vulnerabilities;
- Compliance with obligations associated with new privacy laws enacted to protect and regulate the collection, use, retention, disclosure and transfer of personal information, which include statutory liability for security breaches;
- Greater emphasis on IT governance with a focus on data security and privacy to provide appropriate and sustainable IT; and
- Particular focus on cyber risk during the year with the adoption of detection software and platforms.

Greater emphasis on IT governance with a focus on data security and privacy to provide appropriate and sustainable IT

3

RISK NO 3		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Procurement and strategic sourcing		

Risk Description

The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including safety, anti-corruption and environmental laws, and to otherwise meet our required supplier standards of conduct. Our ability to find qualified suppliers who uphold our standards, and to access products in a timely and efficient manner and in the large volumes we may demand, is a significant challenge, especially with respect to suppliers located and goods sourced outside Botswana.

Mitigating actions

We continue to monitor and improve our controls to further reduce this risk through:

- Identifying opportunities for bulk buys and discounts such that availability gaps are minimised and margins are optimised;
- Ensuring adherence to product standards, policies and guidance covering both food and non-food, ensuring that products are safe, legal and of the required quality;
- Expecting our suppliers to comply with applicable regulatory requirements, including responsible sourcing and quality standards; and
- Given the recent conflict in Europe and the impact this has had on commodities and their relative availability and pricing, strategic decisions have needed to be made to minimise stock-outs in each of the countries in which we operate.

Given the recent conflict in Europe and the impact this has had on commodities and their relative availability and pricing, strategic decisions have needed to be made to minimise stock-outs in each of the countries in which we operate.

Enterprise Risk management
(continued)

4

RISK NO 4		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Market position		

Risk Description

Failure to deliver an effective, coherent and consistent strategy to respond to our competitors and changes in market conditions, resulting in poor turnover, loss of market share and failure to improve profitability.

The trading environment continues to be competitive, driven by new entrants, as well as being affected by changing customer needs and expectations. We must be able to compete in changing markets.

Mitigation Actions

- Our Board develops and regularly challenges the strategic direction of our business to enhance our ability to remain competitive on price, range and service;
- Our Executive and operational management regularly review markets, trading opportunities, competitor strategy and activity. We engage in market scanning and competitor analysis to refine our customer proposition;
- Our outstanding market position as a leading FMCG Group and the strength of our brand enables us to respond robustly to competitive threats; and
- Our key business enhancement objective is to ensure that the Group is able to respond more effectively, efficiently and competitively to the changing dynamics of our local and regional marketplace.

5

RISK NO 5		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Governance and regulatory compliance		

Risk Description

The Group operates in an increasingly complex regulatory environment requiring investment in compliance management systems.

Compliance is also required to uphold the Group's status as a trusted and reputable brand.

Engagement with regulators played a critical role in the correct and timeous implementation of Covid-19-related regulations and increased emphasis on health and safety laws.

Compliance failures may result in fines, criminal penalties, consequential litigation and an adverse impact on our reputation, financial results, and/or our ability to do business.

Mitigating actions

- Our Code of Business Conduct is supported by annual compliance reviews and other tools such as our whistleblowing hotline;
- We continue to monitor and improve our controls to ensure we comply with legal and regulatory requirements across the Group; and
- Communication and strong tone from the top concerning compliance with laws and regulations.

6

RISK NO 6		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Diversification and Growth		

Risk Description

As we continue to transform our businesses, the successful delivery of our business transformation programmes is critical. There is a risk that we could be unsuccessful in maximising opportunities to execute our expansion strategy.

Mitigating actions

- Establishment of a Data Analytics team for better use of information to assist in decision making.
- Investment in Data Analytics tools so that we are at the forefront of modern-day use of data.

We change and evolve to meet the needs of our customers through our digital strategy and technology developments, through listening to our customers.

7

RISK NO 7		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Technology and data management		

Risk Description

Failure of our IT infrastructure or key IT systems result in loss of information, inability to operate effectively, financial or regulatory penalties, and negatively impacts our reputation.

Our focus is on enhancing customer experience by providing seamless and continuous customer service through delivery of leading digital solutions, core platform capabilities, underlying IT services required to support the Group's overall strategy for driving profitable growth.

A significant IT Strategy implementation failure could impact on our ability to provide leading technology solutions in our markets and therefore impacting on our competitiveness, our ability to provide a superior customer experience and associated impact on quality and operational efficiency.

Mitigating actions

We change and evolve to meet the needs of our customers through our digital strategy and technology developments, through listening to our customers;

- Significant investment in re-engineering some of our legacy retail systems, while building redundancy for key business systems. Our technology security programme continues to build security capabilities to strengthen our infrastructure and Information Technology general controls; and
- Continued investment in technology and data analysis remains a priority as the Group strategically positions itself for optimising the business to create new opportunities and growth into new markets.

Enterprise Risk management
(continued)

8

RISK NO 8		
RISK NAME	RISK TRENDING	RESIDUAL RISK
Value based employee culture		

Risk Description

Failure to attract and retain the required resources and skill sets.

Our ability to successfully execute organizational changes, including management transitions within the Company's senior leadership, and to effectively motivate and retain the required capability are critical to our business success. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.

Mitigation Actions

- Market competitiveness continues to affect our ability to attract and retain key specialist talent.
- We aim to be an employer of choice, with engaged, proactive employee relationships. Over the past year, we revised our Group HR strategy in response to employee and business needs. We aim to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.
- We continue to monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate.
- The Group has a stable leadership team in place. We have invested in developing our management teams and employed a diverse team of leaders over the years. Our team members bring industry knowledge, depth of experience and a fresh view. The same rules of transformation and diversity are applied to the Board of Directors. Employment equity remains a priority in all employment considerations.
- The Group's employment policies and remuneration and benefits packages are regularly reviewed and are designed to be competitive with other companies, fair and consistent, as well as providing colleagues with fulfilling career opportunities.
- Our HR strategy aims to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.

We monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate.

Future risk area
Our focus for the ensuing year will be on establishing systems and registers to appropriately identify and mitigate against risk. This will include the refining of our risk reporting deck and business continuity plans.

9

RISK NO 9		
RISK NAME	**RISK TRENDING**	**RESIDUAL RISK**
Business strategy		

Risk Description **Failure of our business value proposition to adequately cater for customer demands may impact results from operations and future growth.**	**Mitigation Actions** - Market competitiveness continues to affect our ability to attract and retain key specialist talent. - The Group has a robust and capable Board of Directors, fully attuned to Sefalana business strategy, material risks and opportunities. - The Board and Executive management are focussed on strategy and are mindful of the risks, illustrating strong direction and commitment from the top. - Ongoing monitoring of business as usual performance to determine indicators of potential negative performance so corrective measures can be taken swiftly.

10

RISK NO 10		
RISK NAME	**RISK TRENDING**	**RESIDUAL RISK**
Environment and sustainability		

Risk Description **The environment and sustainability are core to Sefalana values. Significant environmental and social impacts resulting from factors such as unsustainable consumption of natural resources, uncontrolled release of emissions and waste – coupled with environmental practices across the Group and its value chain – can lead to environmental, social, financial, regulatory and reputational risks for the business.**	**Mitigation Actions** - Group sustainability functions are working to embed sustainability principles and practices into the Group's operations and supply chain to address social and environmental issues with a focus on food security, packaging, water and climate change. - Set reduction targets to support carbon footprint and water usage management across main office buildings. Carbon emissions, electricity and water consumption, and waste generation are measured, monitored and reported against set targets annually. - The Corporate Responsibility and Sustainability Committee oversees the impact of Sefalana's corporate responsibility and sustainability strategy. - A combined assurance framework which includes internal assurance providers is in place to manage and report on risk and compliance.

Audit Committee
Chair's Report

The Group Audit Committee is pleased to present its report in terms of the King Code of Governance ("King IV") requirements for the financial year ended April 2022. The Committee has conducted its work in accordance with the written terms of reference approved by the Board.

The members of the Audit Committee recognise the crucial role the Committee plays in helping the Board to discharge its overall responsibility to protect as far as possible the long-term success of Sefalana by appropriately overseeing the control environment of the business. We do this by monitoring, reviewing and challenging the effectiveness of the Group's systems of control and processes in areas such as financial reporting, risk management, business continuity, and business assurance on critical topics including cyber security, fraud and corruption. Cyber security in particular has been a significant focus area this year.

The Committee also monitors and reviews the appointment of Sefalana external and internal auditors, the nature and scope of their work, and their independence and effectiveness. It is vital that we as a Committee assess what processes and systems make Sefalana more effective, robust and sustainable in the long term, while preserving and fostering the business' agility, adaptability and growth.

Internal Financial Control

We have considered the reports of management, internal audit and external audit in arriving at our conclusion that the Group's system of internal controls is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements.

The Audit Committee confirms that the Group has established appropriate financial reporting procedures and that those procedures are operating effectively. No findings from either the internal audits or external audits have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

The Audit Committee has considered the performance of the Group Internal Auditor and is satisfied with her skills and experience and considers this suitable for the role carried out for the Group.

External audit

The Audit Committee makes recommendations to the Board on the selection, appointment, re-appointment or replacement of the external auditor. The Board is satisfied that the Group has adequate policies and safeguards in place to ensure that our External Auditors Delloite maintain their objectivity and independence. The external auditors report to the Audit Committee annually on their independence. The Committee is satisfied that the External Auditors is indeed independent.

The Audit Committee has considered and is satisfied with the appropriateness of the key audit matters reported on by the External Auditors. Significant Matters relating to the audited financial statement have been considered and addressed by the committee and are disclosed in the External Auditors opinion set out on pages 162 to 166.

Audit firm rotation and Audit partner rotation is carried out in line with best practice and guidance. Appropriate evaluations are conducted as required.

Internal audit

The Committee has satisfied itself that the internal audit function was appropriately independent. The internal audit charter was approved by the Committee. The Committee has responsibility for overseeing, reviewing and providing assurance on the adequacy of the internal control environment across the group's operations and approves the annual internal audit plan, which follows a risk-based approach. The head of internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the Committee at each Committee meeting.

The Head of Internal Audit has direct access to the Audit Committee members, through the Chair of the Committee, and reports to the Committee in relation to any incidents of alleged fraud and corruption reports. The Committee is satisfied that appropriate interventions have been put in place to deal with these.

During the year, the Internal Audit function was assessed by an independent third-party consultancy firm. This was done in order to benchmark the function against best practice given the increased importance of this department over the recent years. We are pleased to report that the overall assessment was very positive with the highest grading awarded. Some minor housekeeping points were raised, and these are being addressed in the ensuing year. This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (2017).

Risk Committee

The Audit Committee is responsible for reviewing the effectiveness of systems for internal control and financial reporting and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto.

It was previously also responsible for Risk Management, however during the year, this role was assigned to the newly formed Risk Committee which focused solely on areas of Risk identification and mitigation.

The Audit Committee remains responsible for:

- obtaining independent assurance on the effectiveness of the IT internal controls
- overseeing the value delivery on IT and monitoring the return on investments on significant IT projects
- ensuring that IT forms an integral part of the Group's risk management

The Committee reviewed management reporting on monitoring internal control effectiveness, and results of internal assurance applied. The Committee is satisfied that the internal controls systems for all parts of the business operated effectively for the financial year to April 2022 and up to and including the date of this report.

Combined assurance

The Committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit. The Committee is satisfied with quality of the external audit service provided to the Group in the relation to all its key deliverables as set out in the engagement letter.

Expertise of the Group Financial Director and Finance function

The Committee has reviewed the current performance and future requirements for the financial management of the Group and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. The Committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole.

Focus areas for the ensuing year

The Committee will continue to focus on the integrity of the financial controls, management systems, governance of information and technology and robustness of the Group's cyber security arrangements, to make sure they reflect the changing risks of our high-growth business. The security of our customer data will continue to be a key focus in the financial year ahead, and this will be regularly monitored by the Committee. The Committee will also provide oversight of management attention to optimisation of the combined assurance arrangements, and enhancing their effective application across the Group. Where possible the IT General control environment will be improved.

The Committee is satisfied that it has carried out its legal, regulatory and other responsibilities in alignment with its annual work plan.

Following the review of the financial statements, the Audit Committee is of the opinion that, in all material respects they comply with the relevant provisions of the Companies Act and IFRS and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and that they fairly present in all material respects, the results of operations, cash flows and financial position of the company and the Group for the year then ended. The Audit Committee has recommended to the Board the Integrated Report for approval.

On behalf of the Audit Committee
Mrs Susanne Swaniker - Tettey
Audit Committee Chair
(Independent Non - Executive Director)

Information Technology
and Governance

The Board has the ultimate responsibility and accountability for the management and governance of IT across the Group. IT management and governance are deemed essential for Sefalana to achieve its strategic objectives. The Board exercises oversight and directs the strategic and operational use of technology and information. Its IT governance approach is complemented by the strengths of the Group's business model by delegating IT decision-making to the appropriate individuals or clusters of individuals. In this way, the strategic and operational use and management of IT is carried out within an acceptable level of risk. IT governance capacity and awareness are continuously monitored within the clusters and business units.

The Board acknowledges the need for approved IT governance frameworks, policies and strategies as recommended in the Code of Governance Principles, King IV. Work carried out during the year has been aligned to further enhancing these aspects of IT governance.

Key areas of focus during the reporting period:

During the year, our focus has been on ensuring consistency and alignment across the Group. This has included the following nine areas;

1 Information and technology, and cyber risk

IT and cyber risk include anything that may compromise the confidentiality, integrity and availability of Sefalana's information and technology systems and related infrastructure. This risk includes cyberattacks, insider threats, technical failure or degradation, data issues, leveraging emerging technologies and compliance with the regulatory changes (such as the Protection of Personal Information (POPI) Act) impacting the management of IT. The Group has invested in information security defence infrastructure and systems to improve the Group's information security posture, including: a security operations centre, identity and access management, information management security, vulnerability management, unified endpoint management, network security, and incident and problem management.

Cybersecurity is critical and enablers are in place to continuously strengthen the Group's security posture. This includes continuous vulnerability monitoring; regular software patching and upgrades; ongoing security reviews; testing of the ability of the Group's IT landscape to withstand attacks; as well as aligning controls with industry best practice, including those published by the International Standards Organization (ISO27001) and the National Institute of Standards and Technology (NIST).

Because of this being an increasing area of risk worldwide, the Group's efforts have been on ensuring risk exposure is minimised as much as possible.

2 Review of Group IT security policies

The information security policy was reviewed and updated during the year to support confidentiality, integrity and availability of information; privacy of personal information; and monitoring of security information and includes the authorised use of IT. These policies are monitored and action is taken against individuals found to be in breach thereof

3 Information technology (IT) governance framework

This has been adopted and is reviewed and approved by the Audit Committee and the Risk Committee on a regular basis. This is guided by King IV principles and other regulatory frameworks

4

The cyber security and risk management framework was developed during the year and includes the assessment and management of all significant IT risks, including disaster recovery and other IT practices. We monitor and respond to key events that threaten the continuity of our operations, whether these be natural disasters, extreme weather conditions, cyber-attacks, technology failures, acts of terrorism or pandemic risks

5

The Data protection policy was developed during the year and sets out rules on personal information protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information

6

IT charter
This was reviewed and updated to ensure latest thinking regarding terms and reference

7

Internal Audit activities

IT reviews are included as part of the internal audit plan to provide independent assurance on the effectiveness of technology controls, information systems and governance. Independent assurance reviews on the technology supporting the Group's technology and information arrangements are also performed by the external auditors as appropriate.

IT reports to the Audit Committee & Risk Committee on various aspects including compliance with relevant governance frameworks and results of internal audit reviews

8

IT strategy is fully integrated into the Group strategic planning process which ensures alignment in the achievement of the Group's business objectives and includes assessment of technology architecture and new technology investments to align to business strategy objectives

9

IT steering committee has been established and meets monthly to report on various matters including governance of technology, significant IT investments, compliance with relevant frameworks and results of audit reviews.

Planned area of future focus

1. Review of Group Business Continuity Plan to manage any potential business disruptions;
2. Prioritising of key initiatives to enhance the privacy framework and data management capabilities across the Group;
3. Establishing new management and governance forums to build upon and connect key privacy and data management capabilities. These forums will help set and support privacy and data management strategy, priorities and direction for the Group as well as developing and enhancing the operating model and controls; and
4. Improve monitoring, assessment, and enhancement of information security infrastructure and applications, with full incident response programs.

4 COMPANY PROFILES

LOOKING BEYOND THE STORM

Our Management teams

Our Sefalana Head Office team

Chandra Chauhan
Group Managing Director (GMD)

Mohamed Osman
Group Finance Director (GFD)

Omphemetse Mokgosi
Personal Assistant to GMD and GFD

Libu Brown
Group Risk & Compliance Officer

Saju Peter
Group Financial Controller

Bofitlhile Malesela
Group Property Accountant

Tapiwa Muzembe
Group Brand Custodian

Zeenat Mia
Group Data Analyst
and Strategy Co-ordinator

Michael Simaye
Group IT Manager

Kgositsile Setumo
Messenger

Otsile Maoba
Office Cleaner

Mosetsana Disela
Receptionist

Your basket of opportunities

Joanne Robinson
Group Company Secretary

Otsile Johwa
Group Human Resources Manager

Lorato Radiposo
Head of Internal Audit

Lumbidzani Thela
Group Financial Accountant

Yule Madikwe
Group Internal Auditor

Chedza Mothebe
Trainee Internal Auditor

Keletso Segwagwe
Group Marketing

Nthabiseng Thabo
GroupTrainee Data Analyst

Humairaa Kara
Subsidiary Finance Manager

Gaolathe Solomon
Receptionist

Our Management teams
(continued)

Our Sefalana Cash & Carry Wholesale & Retail team

Gerhard Scheepers
Chief Executive Officer

Moagi Buzwani
Country Head of Wholesale

Sunil Urath
Country Head of Retail

Shane Colloty
Merchandise Executive

Delores Adul
Head of Merchandise

Chris Bam
General Manager - Sefalana Catering & DC

Sefalana
Sa Rona - Your family value store

David Levin
Head of Corporate Services

Mike Makin
Sefalana Cash & Carry - Finance Director

Godfrey Ndwapi
Head of Risk

Mmapula Pilane
Head of Human Resources

Suvin Sukumar
IT Executive

Our Management teams
(continued)

Our Metro Cash & Carry team

Bryan Davis
Metro Cash & Carry Namibia - Managing Director

Sinsikus Amwiigidha
Finance Director

Eswee van Wyk
Operations Executive

Hebertus van Zyl
Sales Executive

Lahja Ritso
Personal Assistant to Executives

Amand du Preez
IT and Systems Executive

Rhyno van Rooyen
Risk Executive

Jade Rickerts
Corporate Services Executive

Kobus Boshoff
Marketing and Merchandise Executive

Vincent Taylor
Human Resources Executive

Our Management teams
(continued)

Our Lesotho Cash & Carry team

Devin Serfontein
Country Director

Rapelang Maubelle
Finance Manager

Andre du Toit
Maseru Branch Manager

Sadik Patel
Senior Buyer

Owais Nikoria
Buyer - Private Label Ambassador

Consolata Pheko
Maseru Cash & Carry
Administration Manager

Sefalana Cash & Carry Lesotho

Etienne Botha
Maputsoe Branch Manager

Lehlohonolo Maine
Maseru Liquor Branch Manager

Mohau Lebeko
Maputsoe Liquor Branch Manager

Keabetsoe Makha
Maputsoe
Adminstration Manager

Mantoa Sebophe
Maseru Liquor
Adminstration Manager

Our Management teams
(continued)

Our Foods Botswana Beverages team

Foods Botswana Beverages
A Sefalana Group Company

Zeenat Malek
Finance Manager

Scharl Varnfield
Operations Manager

Keitumetse Ngwako
Human Resources Officer

Kgakgamatso Monare
Production Foreman

Lucy Evans
Senior Lab Technician

Marang Tiro
SHE Officer

Boikago Discharge
Warehouse Supervisor

Our Foods Botswana Milling team

Oaitse Goitsemang
General Manager - Production

Patrick Muzhingi
Finance Manager

Mavis Manyaapelo
Human Resources Officer

Randas Siziba
Miller

Our Management teams
(continued)

Our Commercial Motors team

Akhtar Nanuck
General Manager

Khumo Christos
Finance Manager

Nazim Shaikh
Parts Manager

Rudolf Kroukamp
Workshop Manager (MAN)

Upul Kalansooriya
Workshop Manager (Francistown)

Rejesh Kumar
Workshop Manager (Tata & Honda)

Our Mechanised Farming team

Akhtar Nanuck
General Manager

Khumo Christos
Finance Manager

Dintle Selepe
Sales Executive

Sefalana Fresh Produce

A Sefalana Group Company

Our Sefalana Fresh Produce team

Sunil Urath
Country Head of Retail

Praveen Veliyath
Retail Business Manager

Sophie Montshiwa
Finance Accountant

Penny Orman
Branch Manager

Our Management teams
(continued)

Our Seasons - Australia team

Dustin Pereira
Chief Executive Officer

Charles Gregory Weiss
Chief Operations Officer

Warren Lovell
Chief Finance Officer

SefRemit
Money transfer | Bureau de Change

Our SefRemit team

Keshav Naik
Head of Financial Services

Rorisang Lebuso Sekhuthe
Operations Co - ordinator

Humairaa Kara
Subsidiary Finance Manager

Sefalana Cash & Carry Limited

Sefalana Cash and Carry Limited operates in the fast - moving consumer goods ("FMCG") sector. The Company's store portfolio is spread strategically across Botswana.

Over the years, Sefalana Cash and Carry has evolved to meet the needs of the modern-day customer. Through astute leadership and a devoted staff compliment, we have been able to bring forth a number of 'Firsts' to the Botswana market. These include:

1. Launch of Botswana's first FMCG online shopping site 'Sefalana Online' in 2016. This platform allows customers to purchase goods online and have these delivered or held for collection in store. We have recently relaunched our Online Shopping platform with enhanced features.
2. Launch of Sefalana Rewards in 2016, making Sefalana the first local entity to introduce a loyalty program to its customers, allowing customers to earn points on current purchases which can be redeemed at a later date. We improved this offering to include an option to 'Bank Your Change' which is proving popular with customers.
3. Launch of Sefalana's first petrol station under the Puma franchise in Setlhoa in 2019, offering an added convenience to our customers as they are able to re-fuel their vehicles while shopping for groceries on their way home.
4. Launch of our first hybrid store in 2019 (Sefalana Shopper Setlhoa, ' The BIG One'). This store offers an extensive range of fresh fruit and vegetables, a butchery, a bakery, a hot foods deli, an in-store pharmacy, a fresh seafood section, a 'grab and go' corner for quick meals and an Eastern delicacies section offering Asian spices and herbs.
5. Launch our very own chicken franchise, Wings & Things, in 2020 competing directly with leading fast food chains. Wings & Things now has presence in 16 stores.

Sefalana TRADING

Sefalana
Sa Rona - Your family value store

Sefalana Hyper
Sefalana Shopper
Sefalana Cash & Carry
Sefalana Quick
Sefalana Liquor
Sefalana Catering

Our store compliments consists of the following:

25	25 Cash & Carry outlets trading as "Sefalana Cash & Carry"
28	28 retail supermarkets trading under the name "Sefalana Shopper"
5	5 convenience stores under the name 'Sefalana Quick
4	4 Hyper Stores located in Gaborone, Francistown and Mahalapye, operating as "Sefalana Hyper"
2	2 retail Hybrid stores under the name 'The BIG One'
6	6 liquor stores called 'Sefalana Liquor'
2	2 filling stations under the Puma and Caltex franchise
4	4 distribution centres nationwide

In addition, the Company has just under 400 voluntary retail franchise members located throughout Botswana who trade under the names Supa 7, Supa Deal, Citi Saver, Bonanza, Pula Value and Triple Seven Liquor. **A new franchise Saveway was launched in 2020 and has registered a number of members already.** This initiative supports the Group's vision of improving the lives of Batswana through promoting entrepreneurship.

400

voluntary retail franchise members **located throughout Botswana**

1

1 cigarette distribution outlet trading as "Capital Tobacco

Sefalana Cash & Carry Limited
(continued)

During the year we opened a store in Ramotswa, offering our valued customers a much needed fresh shopping experience. We also opened our second fuel outlet under the Caltex Franchise at our motor dealership in Broadhurst Industrial. This year also marked the start of ongoing revamps at our Sefalana Hyper Gaborone branch with the aim of providing a vibrant and fresh shopping experience for our loyal customers.

Following the immense success of our flagship Setlhoa Shopper store, 'The BIG One' which opened in 2019, we have been on the lookout for suitable locations in which to open new stores with a similar format to Setlhoa. We are delighted to have opened our second flagship store at Molapo Crossing in August 2021.

Sefalana

Sa Rona - Your family value store

Our focus continues to be enhancing the shopping experience for our customers through improved product displays, a diversity of new products sourced from across the globe, well stocked isles and a better store layout and access to a variety of services.

Looking back at our history, our operations commenced in 1974 when Sefalana Sa Botswana was formed and took over the operations of Bechmalt Holdings which included six wholesale stores. Over the last 48 years, our FMCG operations have expanded throughout the country making Sefalana a household name and a trusted Botswana brand.

We pride ourselves in being a one-stop-shop for our customers and providing a wide range of quality products and services at competitive prices. Our focus continues to be enhancing the shopping experience for our customers through improved product displays, a diversity of new products sourced from across the globe, well stocked isles and a better store layout and access to a variety of services.

Our dedicated store management team is always keen to provide a helping hand to customers and is supported by a team of Regional Managers and a central leadership structure. Store managers focus on running their stores, meeting consumers and supporting communities in line with providing the highest levels of quality and experience that customers expect from a brand they have come to believe in and trust.

We are increasingly becoming a preferred Retailer and Wholesaler of choice in the market through our hard work and dedication to quality customer experience. We focus on ensuring our supply chains are efficient and reliable and that our service standards are monitored closely and continually improved, increasing efficiency and achieving optimal levels of inventory in store.

Our 'A Star' range of branded products continues to gain popularity and is a top seller in our stores, providing to be a preferred brand for customers. A second private label brand, Family Favorite, was relaunched in the market in 2021. Together we have over 40 different private label products our brand ranges from perishables such as milk and flour to household toiletries and canned products. This has allowed us to offer our customers quality products at competitive prices.

The market share of our retail division continues to grow as we move from catering for the lower-medium income earning market to including the more affluent, modern consumer. We aim to further contribute to the market through enhancing our product offering, modernising the layout of our stores and creating more modern stores.

Sefalana continues to be an employer of choice and this is why we have long standing employees, some of which have been with us from the very beginning. We believe in investing in our human capital and providing continuous development programs for our staff. All training programs are BQA accredited and enable career progression. Sefalana also has an affiliation with the University of Stellenbosch for the development of store level staff. We are also proud of having the best Graduate Trainee program in the FMCG market which is one of the most sought after programs in the country.

We partnered with the Botswana Institute of Chartered Accountants (BICA) and are a BICA Accredited Training Employer (ATE) offering approved practical experience towards the BICA qualification. We are proud of this accreditation and are happy to have BICA trainees under our employment, developing future leaders.

Our Catering Division, Sefalana Catering commenced operations in 2018 and is now well into its fourth year of operations. This business is located in Gaborone West Industrial. This division is focused on the supply and delivery of frozen food and related catering equipment to the local hospitality industry, offering over 2000 new product lines not previously sold by our stores. Using a fleet of new, multi-temperature vehicles and freezer facilities, we ensure all products are delivered in a safe manner, ensuring the best quality at affordable prices.

It has been a challenging couple of years for this division given the decline in the hospitality industry as a result of the Covid Pandemic. Nonetheless, we have persevered and developed our offering such that then the sector recovers, we are best placed to meet its needs. Sefalana Catering aims to be the preferred supplier to the Hotel, Restaurant, Lodge and Catering industry in all corners of Botswana, offering a full range of frozen, chilled and ambient products and equipment.

Our large, modern freezers are also open to walk in customers and we are able to offer a fantastic range of ready-made cakes, desserts, frozen french fries, ribs, chicken and seafood, to name but a few. Our extensive ambient products are suitable for any size kitchen, from the large industrial kitchens catering for thousands of people to the passionate home kitchen, where quality, price and a large range is important to the consumer.

Sefalana Cash & Carry Namibia
(Proprietary) Limited (“Metro”)

Led by a well experienced management team in Windhoek, Namibia and a staff compliment of just under 1,000 employees, our Namibian business has achieved tremendous success over the years.

Our mission is aligned with our core values as we build a sustainable basket of opportunities for our shareholders, employees and customers. We strive to exceed customer expectations through provision of a pleasant and affordable experience driven by innovation and data driven decision-making.

We have extended our offering at key stores in the country through the introduction of instore fruit & veg department, bakeries and butcheries making our stores a one-stop shopping experience for our customers.

We are pleased to have extended our presence in new localities across Namibia, serving more customers closer to their homes. During the year, we opened 2 new stores in Katima (Zambezi) and Otjiwarongo further expanding our footprint in the country and meeting our medium term goal of 20 stores.

We have also revamped the Divindu store located on route to the Caprivi Area. We continue to look for suitable sites to make the brand more accessible to customers and identify opportunities to revamp existing stores, providing a new look and feel for our customers.

We pride ourselves in offering a wide choice of products at the best possible prices to the consumer and members of staff. In line with this, we have extended our offering at key stores in the country through the introduction of instore fruit & veg department, bakeries and butcheries making our stores a one-stop shopping experience for our customers. We also have a fully functioning delivery and telesales team at each store nationwide servicing both the B2B and B2C market segments.

A key focus area for the next year is to grow our private label range of products, Family Favorite, to the Namibian market through collective cross country efforts with Botswana and Lesotho is expected to offer our customers quality products at affordable prices.

Over the years, the Metro business has registered over 500 Banner members under the Lucky 7 and The Rainbow Franchise program. We continue to provide support through advertising, branding and pricing to support local business owners. These initiatives are aligned to the Group’s objective of driving entrepreneurship and improving the lives of the communities we serve.

We are very excited to have launched our Metro Loyalty Rewards Program this year. The program is a first of its kind in the Namibian market offering customers instant discount, cashback, bank your change and automated competition entries. We aim to leverage the customer insights gained through the tool to offer customers targeted communications and promotions to influence their shopping behaviour.

Over the years, the Namibian business has achieved healthy growth through new initiatives launched and strict compliance to basic business process. This has resulted in the bottom line increasing five-fold over the last eight years, making Metro the single largest contributor to Group profits for the year.

Metro is focussed on developing the workforce for tomorrow. We have a number of training programs available empowering the youth of Namibia and developing our staff through continuous coaching and mentorship opportunities.

Sefalana Trading Lesotho

T/A Sefalana Cash & Carry Lesotho

On 1 November 2016, Sefalana entered the Lesotho market through a takeover of the country's largest distribution and logistics company, TFS Wholesalers, Distribution and Logistics in Maseru.

The acquisition provided us with the opportunity to achieve a strong presence in the market in a short space of time, making Sefalana a market leader in the country. In order to meet the growing market demand, an additional warehouse was secured in 2017 and in 2018 we opened our doors to the largest liquor wholesale in the country. This year marks 5 years of operations in Lesotho.

Sefalana Cash & Carry Lesotho

Through understanding the needs of the local population and developing the Sefalana brand name in Lesotho, we gained the trust of small retailers, business owners and suppliers. This allowed us to further expand operations and we opened a new cash and carry store and liquor wholesale in Maputsoe in 2018.

Through continuous engagement with customers, we are able to understand local buying trends and customer spending patterns. This has allowed us to maintain our title of the largest retailer in the country.

Our stores offer an extensive range of products and services, making us a household name over the last five years. Through continuous engagement with customers, we are able to understand local buying trends and customer spending patterns. This has allowed us to maintain our title of the largest retailer in the country.

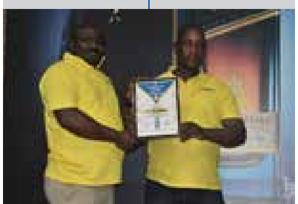
During the year no new stores were opened as we focused on maintaining current operational levels and providing a safe environment for our staff and customers. We continue to renovate our stores for our customers as well as a rejuvenated look and feel to our stores.

Due to national lockdowns and border closures experienced with the pandemic between 2020 and 2022, we were able to further extend and retain our customer base as we noted that customers who previously purchased inventory from across the border in South Africa, have now begun to purchase from us. We aim to build a hybrid model in our stores attracting high value retail customers who also bulk buy. We have improved the ranges and pack sizes offered to cater for this new market extension.

We have relaunched our Banner Group program supporting the Group's vision of supporting entrepreneurship and improving the lives of the communities we serve. We have registered 124 members in a space of a year.

During this year, we have launched our House brand ranges, A Star and Family Favorite. We look forward to drive this area of the business in conjunction with our counterparts in Botswana and Namibia over the coming months.

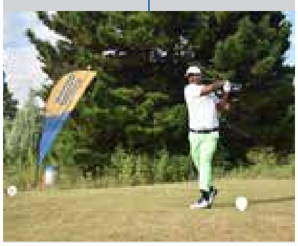
Over the years, we have introduced a number of solutions to improve our offerings instore. We pride ourselves in making various platforms available to Basotho. We launched our MPesa program in 2020 and this has become a preferred payment method by many customers. In addition, we have introduced EcoCash, an alternate mobile money solution.



This year marks 6 years of operations in Lesotho.

We were the first business in Lesotho to offer speed points payments attracting a higher LSM customer. These solutions enable risk free transactions attracting the high unbanked population in Lesotho. We continue to expand our offering making shopping more convenient and accessible to our customers.

In the coming year we look forward to expanding our market share by introducing innovative solutions similar to those available in South Africa.



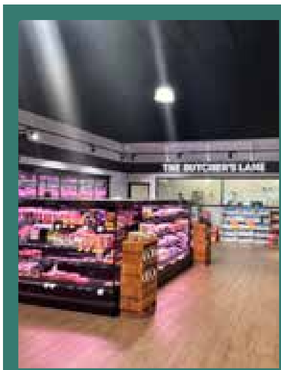
Seasons Group - Australia

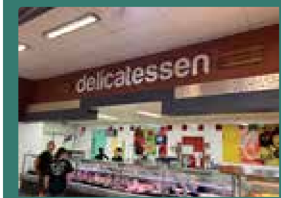
In May 2020, we were elated to welcome our very first offshore FMCG business to the Sefalana family.

This was after a careful evaluation period of over 18 months and based on a need to diversify our income stream and foreign exchange exposure.

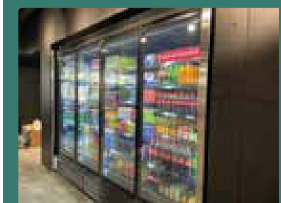
The Seasons Group emerged with a single standalone store in Brisbane, Queensland Australia in 2019 which quickly developed into a chain of four stores across the Brisbane area. This was achieved through understanding the local market and providing a largely bespoke offering to the community.

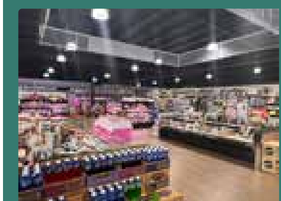
Started as a single standalone store in Brisbane, Queensland Australia in 2019 which quickly developed into a chain of four stores across the Brisbane area.





We embarked on our Phase 2 of this investment which includes acquisition of an additional 5 stores.





Through developing a loyal and regular customer base, looking for opportunities for investment and the desire for expansion, a further three stores were purchased in the Brisbane area bringing the total store compliment to seven stores within a year of operation.

We are now well on our way to achieving our medium term target of 12 stores extending the Seasons offering even further in the Queensland area. We embarked on our Phase 2 of this investment which includes acquisition of an additional 5 stores which will take place as and when suitable stores become available for acquisition.

Foods Botswana
(Proprietary) Limited ("Foods Botswana")

Foods Botswana Milling was established in 1981 and operates a factory in Serowe. It was felt that the central location of Serowe, together with its growing population, abundant water supplies and power source through the Morupule Colliery located nearby were an added advantage to operating a production plant in the area.

With a workforce of only 20 employees at the time, the plant commenced production of sorghum, malt and beer powder. In 1989 together with the Government of Botswana and international NGO's, the entity embarked on a research and development project that led to the production of a nutritious supplementary weaning food known today as Tsabana.

Foods Botswana
Milling
A Sefalana Group Company

Over the next few years extruders were installed to enable production of Tsabana and a modern, pneumatic plant was constructed. In 1993, the Government awarded Foods Botswana its first contract to supply Tsabana and an additional wholesome product, Malutu, a pre-cooked fortified maize meal, to vulnerable groups across the country.

In 2015, operational capacity was increased through the commissioning of two additional silos and a new maize plant in Serowe. This has enabled a better grain storage facility, improved the quality and value of our products and allowed for increased production.

In 1993, Foods Botswana was awarded its first contract to supply Tsabana and an additional wholesome product, Malutu, a pre-cooked fortified maize meal, to vulnerable groups across the country.

Through its 40 years since inception, Foods Botswana has grown into a reliable producer of quality products for the Nation, and is accredited by the Botswana Bureau of Standards. With a staff compliment of just under 120 full time employees and 100 temporary employees, the entity is one of Serowe's largest employers, and continues to supply the Government with Tsabana and Malutu.

In addition to the above, Foods Botswana produces a range of housebrand products for Sefalana Cash & Carry and other leading FMCG companies. These include mabele, samp and maize meal under the A Star and Econo brands.

During the year, the milling division introduced a new range of legumes to the market. This includes cow peas, samp and beans and black eyed beans.

The Company continues to support its local community through social contributions and supporting farmers through the purchase of Sorghum. Foods Botswana encourages local farmers to increase production enabling them to be the Mill's first choice in sorghum selection rather than sourcing grain from outside the country.

Effective and strategic grain procurement policies, together with ample working capital allows the Company to reduce the risk of constantly shifting commodity prices thereby sourcing grain at a reasonable cost. This has allowed us to reasonably price our products, making them affordable for our customers.

Our Beverages division has just completed seven years of operation after being purchased from the liquidated Delta Dairies business in 2015. The division operates from its milk processing plant in Broadhurst Industrial and produces long life, UHT milk under the brand names of Delta Fresh and A Star.

This division started off with 54 employees which were retrenched by Delta Diaries. We are pleased to have reemployed these people who would have otherwise lost their jobs. Since then and despite the COVID-19 pandemic, we are pleased to have increased the total number of employees to 85.

Foods Botswana Beverages

A Sefalana Group Company

We are focused on growing our instore presence making our products more accessible and attractive to customers.

For the first few months post takeover, our main focus was restoration of the milk plant which had remained switched off for over 18 months. In 2016, we commenced manufacture of our house brand A Star milk and re-launched the Delta Fresh brand which was well received by the public. Both brands are available in 500ml and 1 litre cartons.

In late 2016, the division commenced production of milk for the Government milk feeding scheme. In addition to the Government feeding scheme, we supply a number of commercial chains in Botswana. We are focused on growing our instore presence making our products more accessible and attractive to customers. We also manufacture housebrands for leading commercial chains and look forward to expanding this offering to other chains.

We continue to focus of strategic procurement of milk, building relationships with South African and Batswana dairy farmers to mitigate shortages in supply of raw milk. We have partnered with local farmers to ensure consistent supply of milk and look forward to providing capital and infrastructure support to increase their outputs.

Commercial Motors
(Proprietary) Limited ("CML")

As the official franchised local representative for MAN - heavy commercial vehicles, HONDA - passenger vehicles and motorcycles, TATA - light and heavy commercial vehicles and Daewoo – heavy commercial vehicles in Botswana, Commercial Motors remains a relatively small but important and integral component of the Sefalana Group.

Commercial Motors started off with a small number of staff in 1998 with the objective of introducing the MAN and TATA range of vehicles to the Botswana market. Five years later in 2003, the entity took over the HONDA dealership in Botswana and became the official dealership of all three brands in the country, offering vehicle sales, parts and service.

Commercial Motors

A Sefalana Group Company

Our dealership relocated to a new site adjacent to the Sefalana Head Office on Kubu Road in Broadhurst Industrial, Gaborone in August 2021. The objective was to improve visibility, accessibility and to enhance brand awareness of our brands. The new modern showrooms offer a state-of-the-art customer experience. We now have a bigger workshop improving our service capacity and overall turnaround times.

This financial year has also seen the introduction of a much needed service network point in Francistown making servicing of vehicles and trucks more accessible to our valued customers in the Northern areas of Botswana.

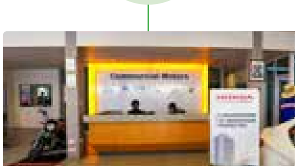
This financial year has also seen the introduction of a much needed service network point in Francistown making servicing of vehicles and trucks more accessible to our valued customers in the Northern areas of Botswana.

Commercial Motors historically placed its focus on supplying vehicles to Government through tenders placed in the market. This strategy worked well for the entity and has seen the business grow from just five staff members in 1998 to its current count of over 80 full time employees.

In the last few years, the entity shifted its focus from relying on tenders and steered towards growing private and fleet sales as we noted a reduction in Government spending in this sector. Through the use of latest technology, support from a well experienced management team and dealership principals in South Africa, Commercial Motors has succeeded to international service standards and extended its customer base.

MAN (heavy commercial motor vehicles)

MAN is one of the world's leading international suppliers of vehicles and transport solutions with a wide range of trucks, special - purpose vehicles and buses of impeccable quality. As Germany's oldest listed company, MAN possesses a history of producing innovative vehicles that have proved to be favoured over a number of its competitors. Focused on key technology, the company offers a variety of pioneering commercial vehicles, diesel and gas engines as well as passenger and freight transportation services.



Through the use of latest technology, support from a well experienced management team and dealership principals in South Africa, Commercial Motors has succeeded to international service standards and extended its customer base.

MAN strives to make its transportation models safer, more efficient and environmentally friendly through focusing on three core initiatives; automated driving, connectivity and climate-friendly drives.

This year we introduced the new MAN Truck Generation. This model offers maximum driving comfort, optimised vehicle and fleet availability, the best possible efficiency and economy, excellent safety and assistance. This model has been developed for short and long-haul distribution as well as construction, offering a heavy duty cab chassis with comfort and safety in mind.

Tata (light and heavy commercial motor vehicles)

Tata Motors Limited is India's largest automobile company and is the market leader in commercial vehicles and amongst the top three in passenger vehicles in India. The TATA Group operates in more than 150 countries worldwide and has a consumer base of over 600 million customers. All TATA vehicles sold by CML are assembled in South Africa and come with a five year warranty.

Our Tata range of trucks predominantly specialises in construction and distribution vehicles. Our Tata buses offer three models with seating capacity for 28, 38 and 65 passengers. Our Daewoo range which operates under the TATA dealership also specialises in the truck segment giving our customers a wider range of choice. These trucks have set the benchmark in lifecycle costs, design and technology, offering comfort, reliability and safety at an affordable price.

Honda (passenger vehicles)

Honda commenced manufacturing motor vehicles in 1964 and has become a key player in the market through using its motto 'The Power of Dreams' to excel at producing modern, safe, fuel-efficient and award winning vehicles.

For nearly four decades Honda has challenged to exceed universal automobile requirements and became the first automaker to meet the Clean Air Acts standard in the 1970's. Honda exhibits a full range of cars, from its best-selling Civic and HR-V global models to country specific models such as the Ridgeline pick-up truck for North America and the N-BOX mini for the Japanese market. Honda engines are renowned for their fuel-efficient engines using the popular i-VTEC engine.

We introduced the new Honda FIT into our showroom this year which is proving popular with customers as Honda continues to provide premium comfort, efficiency and reliability. We are eager to launch the upgraded CR-V and the new remodelled HR-V and the 7 seater BR-V towards the end of 2022.

Honda (motorcycles)

Honda motorcycles continue to be recognised as the leading brand in this segment both locally and abroad. From producing commuter models to fun-to-ride dynamic sports models, Honda provides the convenience and pleasure of riding to customers worldwide. With the rise in remote shopping and the increase demand for deliveries as a result of the pandemic, we are seeing the popularity of Honda motorcycles increase.

Mechanised Farming
(Proprietary) Limited

Mechanised Farming is situated in Broadhurst Industrial and for many years was primarily focused on the sale and servicing of farming equipment.

As a result of reduced Government spending on the agricultural sector and lower levels of rainfall over the last few years, we noted a drop in the performance of this entity and its overall contribution to the Group. This is a non-core segment of our Group.

Mechanised Farming

A Sefalana Group Company

Focus has been placed on the supply and delivery of parts and equipment to Botswana Railways (BR) as our primary customer. We are no longer open to walk in trade.

A strategic decision to downscale the operations of this business and eliminate retail sales to customers was therefore made in 2018. Since then, focus has been placed on the supply and delivery of parts and equipment to Botswana Railways (BR) as our primary customer. We are no longer open to walk in trade.

Sefalana Properties
(Proprietary) Limited

Sefalana holds just under 800 000 square meters of land, of which 165 000 square meters is developed property. Sefalana and its subsidiaries occupy approximately 75% of the developed property with the remaining 25% let out to third party tenants.

Our local properties are spread throughout Botswana and include office blocks, workshops, factories, and warehouses. Our undeveloped land provides the Group with a remarkable potential for future investment and capital appreciation.

Over the last few years, we have developed the majority of our 35 000 sqm property in Setlhoa Village, situated along the A1 highway. In November 2019, we opened our flagship, hybrid retail store under the name Sefalana Shopper, 'The BIG One' in Setlhoa. This store offers a significantly wider range of products and liquor in the 3000 sqm building. Adjacent to this store is our first petrol station offering Puma fuel in 6 lanes, and our very own Sefalana Quick convenience store.

In November 2019, we opened our flagship, hybrid retail store under the name Sefalana Shopper, 'The BIG One' in Setlhoa.

We are pleased with these developments and the traffic it has brought to the Setlhoa area. Our Setlhoa site is also home to ItalTile and CTM, offering a wide range of modern and artistic homeware solutions. We look forward to further development of these plots, offering an illustrious shopping experience for our customers.

We have also invested in properties outside of Botswana in Zambia, Namibia and Lesotho which complement our operations in these areas.

We continue to evaluate investment projects in the countries we have presence as we look to grow our Group property portfolio.

Sefalana Fresh Produce
(Proprietary) Limited

Sefalana Fresh Produce (Pty) Limited (SFP), previously known as Natural Value Foods Botswana (Pty) Limited (NVF) joined the Group in 2014 as a joint venture between Sefalana and Natural Value Foods (Pty) Limited (South Africa).

In an effort to improve profitability of this business and gain additional control, the entity was restructured to operate as a 100% subsidiary of Sefalana Holding Company Limited in 2018. The entity operates from Gaborone North and employs just under 40 staff.

Sfp
Sefalana Fresh Produce
A Sefalana Group Company

SFP began as a wholesaler of fresh fruit and vegetables and supplied its produce to Sefalana stores throughout the country. SFP have since expanded its customer base and now supply fruit and vegetables to leading wholesalers, retailers and restaurants in the country. In addition, in 2021 we opened our doors to everyday hawkers who have become regular customers. We are grateful to support these small businesses, empowering the lives of Batswana and promoting entrepreneurship and look forward to further developing these relationships.

In the last few years, we have built strong relationships with local farmers, enabling the production of high quality fruit and vegetables and purchasing these local harvests.

Fresh produce is purchased from both local and South African farmers alike. In the last few years, we have built strong relationships with local farmers, enabling the production of high quality fruit and vegetables and purchasing these local harvests. With the demand of local produce increasing, we have partnered with several farmers providing capital and infrastructure support to enable consistent supply of produce for Sefalana stores and other customers.

We have noted a significant improvement in both the quality of fresh fruit and vegetables supplied by SFP as well as profitability of the business. This has enabled us to offer a more favourable price to our customers and be more competitive in the local fruit and veg market.

With the focus on expanding operations and diversifying sales, the business has begun supplying other fresh produce ranges to the market. This has proven to be successful in light of the import restrictions and strain on local supply.

During the year this division has done exceptionally well despite challenges faced with supply of fresh produce and we look forward to an even greater contribution from this business as we expand our FMCG business and fresh produce client base.

We have noted a significant improvement in both the quality of fresh fruit and vegetables supplied by SFP as well as profitability of the business. This has enabled us to offer a more favourable price to our customers and be more competitive in the local fruit and veg market.

SefRemit
(Proprietary) Limited

In May 2022 we were excited to launch our first Financial Services offering. This business trades under the name SefRemit (Pty) Limited ("SefRemit") and is regulated and licenced by the Bank of Botswana.

Our services include a fully-fledged Bureau de Change offering all the main currencies at competitive rates.

SefRemit
Money transfer | Bureau de Change
A Sefalana Group Company

SefRemit is also a global provider of financial solutions and services. We facilitate the seamless movement of money across geographies and currencies via multiple customer touchpoints including retail stores. Customer-centricity is at the heart of everything we do at SefRemit. We strive to provide our customers with secure and simplified one-stop solutions attuned to their schedule and lifestyle.

We have a number of additional products and services that will be launched later in the year. We are currently present in 6 of our Sefalana stores and have a rollout plan to reach 30 stores by April 2023.

Our investments in people, processes and technology enable us to deliver exceptional customer experiences that combine convenience, speed and value. We have been operating for less than six months but have already built up market share.

We have a number of additional products and services that will be launched later in the year. We are currently present in 6 of our Sefalana stores and have a rollout plan to reach 30 stores by April 2023.

Further information will be provided in our next annual report as this business picks up momentum.

5 ANNUAL FINANCIAL STATEMENTS

LOOKING BEYOND THE STORM

LOOKING BEYOND THE STORM

WELCOME TO OUR ANNUAL FINANCIAL STATEMENTS

Directors’ statement of responsibility

The directors of Sefalana Holding Company Limited are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Sefalana Holding Company Limited and its subsidiaries (“the Group”), comprising the consolidated and separate statement of financial position as at 24 April 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate changes in equity and consolidated and separate cash flows for the 52 week period then ended (“the financial year/the year”), and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (“IFRS”).

The directors have reviewed the Group and Company budgets and cash flow forecasts for the 53 week period to 30 April 2023 and the period 1 May 2023 to 28 July 2023. On the basis of this review, and in the light of the current financial position, existing borrowing facilities of the Group and the residual effects of COVID-19 (Note 4.1.2 and 42), the directors are satisfied that Sefalana Holding Company Limited and the Group are a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The directors are required by the Companies Act of Botswana (CAP 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS.

The directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

The consolidated and separate financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors’ responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated and separate financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the directors endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The external auditors are responsible for independently reviewing and reporting on the consolidated and separate financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 162 to 167.

Directors’ approval of the financial statements

Against this background, the Board of directors accepts responsibility for the consolidated and separate financial statements on pages 168 to 235 which were approved on 26 July 2022 and signed on its behalf by:

JM Marinelli
Chairperson

CD Chauhan
Group Managing Director

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited

Deloitte.

Opinion

We have audited the consolidated and separate financial statements of Sefalana Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 168 to 235, which comprise the consolidated and separate statements of financial position as at 24 April 2022, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 24 April 2022, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have not identified any key audit matters related to the separate financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Sefalana Holding Company Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties and land and buildings (Group)	
The Group accounts for investment properties and land and buildings at fair value. The carrying value of investment properties as at 24 April 2022 was P230 million and the fair value adjustment recorded in profit before tax in respect of investment properties amounted to P6 million for the financial year. The carrying value of land and buildings as at 24 April 2022 was P563 million and the gross gain on revaluation of land and buildings recorded in other comprehensive income amounted to P25 million. The portfolio includes retail, industrial, commercial and residential properties. The Group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 25 April 2021. At 24 April 2022, an update was performed in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as at 25 April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties. Judgement is required to determine the fair value of investment properties and land and buildings. The valuation is specifically dependent on the judgement made around sustainable rental income and the significant judgement (based on associated sensitivities) of the capitalisation rates and we have therefore considered the valuation of these assets to be a matter of more significance to the current year audit and therefore a Key Audit Matter. The disclosures relating to fair value assessments are set out in the financial statements in the following notes: • Note 4.2.1 - Critical judgements and key sources of estimation uncertainty; • Note 14 - Property, Plant and Equipment; and • Note 16 - Investment Property.	We performed the following audit procedures at each full scope audit: • Assessed the design and implementation of relevant controls over the fair valuation of investment property and land and buildings; • Discussed the scope of the valuers work with management and reviewed the terms of the engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them; • Assessed the competence, objectivity and capabilities of the external valuer through consideration of their qualifications and past experience; • Met with our internal property specialists and management's specialists and discussed the overall valuation process, significant assumptions and critical judgment areas; • Confirmed that the valuation approaches used by the independent valuers are consistent with valuation principles; • Compared the current year properties and in particular their value, capitilisation rates and rental income to the prior year information to obtain a better understanding of the most significant movements in the current year; • Assessed the integrity of information used in the desktop valuation by selecting a sample of properties from the rental schedules to underlying lease agreements. Tested a selection of data inputs for these properties, including rental income,property operating costs, vacancy rates, tenancy schedules; • Requested our internal specialists to assess the reasonableness of capitalisation rates utilised in the desktop valuation for a sample of properties to those generally used in the market. • Performed sensitivity analyses on the capitalisation rates to evaluate the impact of the changes to the capitalisation rates on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities; and • Reviewed the related disclosures for compliance with the requirements of IAS 1 – *Presentation of Financial Statements,IAS 16 – Property, Plant and Equipment, IAS 40 – Investment Property and IFRS 13 – Fair Value Measurement.* In conclusion, we considered the judgements and estimates, and model used for the valuation of the investment properties and land and buildings and related disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

Key Audit Matter	How the matter was addressed in the audit
Allowance for slow moving and obsolete retail inventory (Group)	
The Group's retail trading systems record the unit costs of inventory before allowances for deterioration in value due to slow moving and obsolete items. In making an allowance for slow moving and obsolete items, Management and the Directors determines the estimated loss rates for slow moving and obsolete items held in inventory based on: • historical sales quantities; • the estimate of likely sales discounts (below original cost), which the Group may have to offer in order to sell slow-moving items; and • the extent of losses which the Group may incur when writing off obsolete items. Due to the subjective judgement and estimates involved in determining the allowance for slow moving and obsolete retail inventory, coupled with the absence of a reliable stock ageing report and certain elements of the general IT control environment not functioning effectively, this is considered to be a Key Audit Matter. The disclosures relating to the inventory allowance are set out in the financial statements in the following notes: • Note 4.2.3 - Critical accounting judgements and key sources of estimation uncertainty; and • Note 23 – Inventories.	Our audit procedures were designed in such a manner to limit the reliance placed on the functioning of the general IT control environment. The nature and extent of our audit procedures was adapted in order to obtain assurance which reduced our audit risk to an acceptable level. We performed the following audit procedures at full scope audit components: • Evaluated the design and implementation of relevant manual controls around the process followed to quantify the estimate for slow moving and obsolete retail inventory; • Reviewed and evaluated the Group's provisioning policy for reasonableness and appropriateness, including the validity of the assumptions applied; • Re-performed the computations to ensure the arithmetical accuracy of the estimate; • Independently re-computed the ageing of inventory at year end based on sales records for the past twelve months to assess the likelihood of inventory items becoming slow moving or obsolete through the use of our internal data analytic tools; • Performed a comparison of the current year age analysis versus prior year. Analysed causes for movements in the ageing buckets and assessed their related impact on the applied loss rates; • Used this analysis and our understanding of likely value of loss rates based on our experience in the industry to form an independent view of a range of appropriate loss rates for slow moving and obsolete items; • Analysed the inventory ageing profile where relevant per store type/format, i.e. Shopper, Hyper and Cash and Carry, to incorporate the nature of inventory types and inventory holding cycles and their respective impact on the loss rates; • Developing an estimate range for the allowance for slow-moving and obsolete inventory and comparing it to management's estimate; and • Reviewed the related disclosures for compliance with the requirements of IAS 1 – Presentation of Financial Statements and IAS 2 – Inventories. In conclusion, we considered the judgements and estimates used in the determination of the allowance for slow moving and obsolete retail inventory and related disclosures to be appropriate.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

Other Information

The directors are responsible for the other information. The other information comprises Corporate Information and the Statement of Directors' Responsibility and Approval, which we obtained prior to the date of this report, and sections of the Sefalana Integrated Annual Report, which are expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

28 July 2022
Gaborone

Deloitte & Touche

Deloitte & Touche
Firm of Certified Auditors
Practicing Member: Magritha Juanita Wotherspoon (CAP 0032 2022)

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Consolidated and Separate Statements of Comprehensive Income

For the 52 week period ended

		Group		Company	
	Note	24 April 2022	25 April 2021 *	24 April 2022	25 April 2021*
		P'000	P'000	P'000	P'000
REVENUE	5	**7 519 535**	**6 292 809**	**382 645**	**88 648**
Cost of sales		(6 996 384)	(5 838 779)		
Gross profit		523 151	454 030	382 645	88 648
Other income and gains	8	51 549	41 746	4 586	27 409
Administrative expenses		(251 645)	(216 421)	(36 947)	(33 848)
Earnings before interest tax and amortisation (EBITA)		**323 055**	**279 355**	**350 284**	**82 209**
Amortisation of intangible assets	17	(7 108)	(6 315)		
Investment income	7	54 163	47 885	26 356	18 738
Finance costs	9	(21 867)	(22 955)	(648)	(906)
Profit before share of results of associates		348 243	297 970	375 992	100 041
Share of results of associates	18	(14 435)	(7 704)		
Profit before tax	**11**	**333 808**	**290 266**	**375 992**	**100 041**
Income tax expense	10	(112 743)	(73 384)	(32 209)	(6 022)
PROFIT FOR THE YEAR		**221 065**	**216 882**	**343 783**	**94 019**
Net gain on revaluation of land and buildings		19 217	16 279		
Gross gain on revaluation of land and buildings		25 479	21 362		
Income tax on gain on revaluation of land and buildings		(6 262)	(5 083)		
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		27 403	62 391		
Other comprehensive income for the year (net of tax)		46 620	78 670		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**267 685**	**295 552**	**343 783**	**94 019**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		219 612	216 198	343 783	94 019
Non controlling interests		1 453	684		
TOTAL PROFIT FOR THE YEAR		**221 065**	**216 882**	**343 783**	**94 019**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		266 232	294 868	343 783	94 019
Non controlling interests		1 453	684		
TOTAL COMPREHENSIVE INCOME		**267 685**	**295 552**	**343 783**	**94 019**
Earnings per share attributable to the equity holders of the Company during the year:					
BASIC AND DILUTED EARNINGS PER SHARE (THEBE)	**13**	**87.59**	**86.23**		

* Restatement of prior year heading only to reflect the 52 week Retail period (refer note 6). No changes have been required to the figures reported in the Statement of Comprehensive Income.

Consolidated and Separate Statements of Financial Position

As at

	Note	Group		Company	
		24 April 2022 P'000	25 April 2021* P'000	24 April 2022 P'000	Restated 25 April 2021* P'000
ASSETS					
NON - CURRENT ASSETS					
Property, plant and equipment	14	857 355	790 504		
Right of use assets	15	229 711	171 752		
Investment property	16	230 082	211 082		
Intangible assets	17	123 426	127 141		
Investment in associates	18	63 689	71 542		
Investment in preference shares	19		194 997		
Deferred lease assets	20	4 734	4 404		
Deferred tax assets	21	29 710	28 523		
Investment in subsidiaries	22			601 739	601 739
Trade and other receivables	24	6 320	7 207		
Amounts due from related parties	25			226 166	133 210
Total non - current assets		1 545 027	1 607 152	827 905	734 949
CURRENT ASSETS					
Inventories	23	1 007 390	870 505		
Trade and other receivables	24	327 828	269 268	23 611	22 269
Investment in preference shares	19	190 665			
Amounts due from related parties	25			142 290	53 701
Current tax assets	10	2 333	2 782		1 027
Cash and cash equivalents	26	575 240	478 261	163 172	89 307
Total current assets		2 103 456	1 620 816	329 073	166 304
Asset classified as held for sale	27	34 750	23 958		
TOTAL ASSETS		**3 683 233**	**3 251 926**	**1 156 978**	**901 253**
EQUITY AND LIABILITIES					
EQUITY					
Stated Capital	28	686 354	686 354	686 354	686 354
Other reserves	29	257 681	211 061		
Retained earnings		1 213 040	1 093 718	394 676	151 183
Equity attributable to owners of the parent		2 157 075	1 991 133	1 081 030	837 537
Non-controlling interests		16 548	15 095		
Total equity		2 173 623	2 006 228	1 081 030	837 537
NON - CURRENT LIABILITIES					
Lease liabilities	15	160 762	140 091		
Loans and borrowings	30	105 833	107 634		
Deferred tax liabilities	21	116 847	109 251		
Total non - current liabilities		383 442	356 976		
CURRENT LIABILITIES					
Trade and other payables	31	862 363	722 602	3 578	2 756
Amounts due to related parties	25			5 946	44 950
Lease liabilities	15	93 270	54 666		
Loans and borrowings	30	1 735	1 618		
Contract liabilities	35	14 992	17 477		
Current tax liabilities	10	33 792	21 189	3 177	
Bank overdrafts	26	44 639	3 524	44 633	36
Accruals	36	75 377	67 646	18 614	15 974
Total current liabilities		1 126 168	888 722	75 948	63 716
Total liabilities		1 509 610	1 245 698	75 948	63 716
TOTAL EQUITY AND LIABILITIES		**3 683 233**	**3 251 926**	**1 156 978**	**901 253**

* Restatement of prior year headings to reflect the 52 week Retail period. Restatements have been made to certain line items within Current Assets and Current Liabilities to the prior year company balances to align the cut off period (refer to note 6). No restatements have been required for the consolidated group balances.

Consolidated and Separate Statements of Changes in Equity

For the 52 week period ended 24 April 2022 / 25 April 2021

		Attributable to owners of the parent					
	Note	Stated capital P'000	Other reserves P'000	Retained earnings P'000	Total P'000	Non - controlling interests P'000	Total equity P'000
Group							
At 27 April 2020*		686 354	132 391	970 971	1 789 716	14 981	1 804 697
Profit for the year				216 198	216 198	684	216 882
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			16 279		16 279		16 279
Currency translation differences			62 391		62 391		62 391
Transactions with non-controlling interests				570	570	(570)	
Dividends paid - 2021 interim and 2020 final	13			(94 021)	(94 021)		(94 021)
At 25 April 2021*		686 354	211 061	1 093 718	1 991 133	15 095	2 006 228
At 26 April 2021		686 354	211 061	1 093 718	1 991 133	15 095	2 006 228
Profit for the year				219 612	219 612	1 453	221 065
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			19 217		19 217		19 217
Currency translation differences			27 403		27 403		27 403
Dividends paid - 2022 interim and 2021 final	13			(100 290)	(100 290)		(100 290)
At 24 April 2022		686 354	257 681	1 213 040	2 157 075	16 548	2 173 623

Other reserves consist of land and buildings revaluation, reserve currency translation reserve, and other gains on purchase of minority interests as set out in note 29.

	Note	Stated capital P'000	Retained earnings P'000	Total equity P'000
Company				
At 27 April 2020*		686 354	151 185	837 539
Profit for the year			94 019	94 019
Dividends paid - 2021 interim and 2020 final	13		(94 021)	(94 021)
At 25 April 2021*		686 354	151 183	837 537
At 26 April 2021		686 354	151 183	837 537
Profit for the year			343 783	343 783
Dividends paid - 2022 interim and 2021 final	13		(100 290)	(100 290)
At 24 April 2022		**686 354**	**394 676**	**1 081 030**

* Restatement of prior period headings only to reflect the 52 week Retail period (refer note 6). No changes have been required to the figures reported in the Statement of changes in equity.

Consolidated and Separate Statements of Cash Flows

For the 52 week period ended 24 April 2022 / 25 April 2021

	Note	Group 2022 P'000	Group 2021* P'000	Company 2022 P'000	Company Restated 2021* P'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		221 065	216 882	343 783	94 019
Income tax expense	10	112 743	73 384	32 209	6 022
Finance cost	9	21 867	22 955	648	906
Investment income	7	(54 163)	(47 885)	(26 356)	(18 738)
Net exchange differences		1 692	17 122	(4 250)	(17 991)
Fair value loss on investment in preference shares	19	6 101	5 291		
Loss (gain) on revaluation of investment property	8	6 056	(7 559)		
Non cash dividend income				(275 010)	
Gain on revaluation of asset held for sale	8	(10 522)			
Share of loss from associates	18	14 435	7 704		
Impairment of property, plant and equipment	14		550		
Gain on disposal of property, plant and equipment	8	(460)	(21)		
Amortisation of intangible assets	17	7 108	6 315		
Depreciation on right of use assets	15	61 255	51 547		
Depreciation of property, plant and equipment	14	69 360	62 265		
Cash generated by operating activities before working capital changes		456 537	408 550	71 024	64 218
Movements in working capital:					
Trade and other receivables		(58 193)	(14 975)	1 605	(279)
Inventories		(136 885)	(144 892)		
Accruals, contract liabilities, trade and other payables		145 007	90 623	3 459	(5 041)
Movement in amounts due to subsidiary companies				(39 004)	18 729
Movement in amounts due from subsidiary companies				93 257	(1 115)
Cash generated by operations		406 466	339 306	130 341	76 512
Finance costs	9	(21 867)	(22 955)	(648)	(906)
Income taxes paid		(99 682)	(59 173)	(28 003)	(6 035)
Net cash generated by operating activities		284 917	257 178	101 690	69 571
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and other dividends received	7	54 163	47 885	26 356	18 738
Purchase of property, plant and equipment	14	(118 380)	(56 924)		
Additions to investment property	16	(1 472)	(6 044)		
Additions to asset held for sale	27	(270)			
Purchase of computer software rights	17	(2 592)	(1 179)		
Proceeds from sale of property, plant and equipment		1 332	723		
Investment in associate	18	(3 351)			
Net cash flows (utilised in) / generated by investing activities		(70 570)	(15 539)	26 356	18 738
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loan and borrowings	30	(1 684)	(1 573)		
Repayment of lease liabilities	15	(60 021)	(49 644)		
Cash dividend paid to owners of the parent	13	(100 290)	(94 021)	(100 290)	(94 021)
Net cash flows from financing activities		(161 995)	(145 238)	(100 290)	(94 021)
Net increase / (decrease) in cash and cash equivalents		52 352	96 401	27 756	(5 712)
Cash and cash equivalents at beginning of year		474 737	365 875	89 271	96 158
Effects of exchange rate changes on cash and cash equivalents		3 512	12 461	1 512	(1 175)
Cash and cash equivalents at end of year		530 601	474 737	118 539	89 271
Represented by:					
Bank overdrafts	26	(44 639)	(3 524)	(44 633)	(36)
Cash and cash equivalents	26	575 240	478 261	163 172	89 307
		530 601	**474 737**	**118 539**	**89 271**

* Restatement of prior year headings to reflect the 52 week Retail period. Restatements have been made to certain line items within Current Assets and Current Liabilities to the prior year company balances to align the cut off period (refer to note 6).
No restatements have been required for the consolidated group balances.

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

1 GENERAL INFORMATION

Sefalana Holding Company Limited is a Company incorporated in the Republic of Botswana and listed on the Botswana Stock Exchange. The addresses of its registered office and principal places of business are disclosed in the introduction to the annual report. The consolidated financial statements include the financial results and financial position of Sefalana Holding Company Limited and its subsidiaries as disclosed in note 22. The consolidated Group and separate Company's financial statements for the year ended 24 April 2022 were authorised for issue by the Board of Directors on 26 July 2022.

The Group's largest segments are those of Fast Moving Consumer Goods (FMCG). In line with common practice across the world, the FMCG businesses have historically followed a Retail calendar with a financial period of 52 weeks or 364 days. This is in contrast to a calendar year of 365 days. On the basis that this has resulted in a one day difference each year which is caught up every 6 years with a 53rd week, the Group has emphasised its disclosure of this fact in these financial statements.

For all other subsidiaries of the Group, the results are for the calendar year ended 30 April 2022 (prior year calendar year ended 30 April 2021). Where there are material transaction between the two dates, appropriate adjustments are made in the consolidated financial statements.

2 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(ii) Historical cost convention

The consolidated and separate financial statements are prepared under the historical cost convention except for land and buildings, investment property and the investment in preference shares which are carried at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 May 2021:

- Interest Rate Benchmark Reform- Amendment to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 2 Share Based Payments
- Amendments to IFRS 16- Covid 19 Related Rent Concessions Beyond 30 June 2021

These new standards and amendments have not resulted in any material changes to the Group's accounting policies and have had a minimal impact on the current period, prior period and are not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are applicable to the Group with an effective date after the date of these financial statements, have not been applied in preparing these consolidated and separate financial statements. These include:

Amendments to IFRS 3 – Business Combinations, effective for annual periods beginning on or after 1 January 2022.

The IASB has issued 'Reference to the Conceptual Framework' (Amendments to IFRS 3) which effects the following changes to the standard:

- Requirement for an acquirer to identify the liabilities it has assumed in a business combination for transactions and other events within the scope of IAS 37 or IFRIC 21;
- Addition of an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 16 – Property, Plant and Equipment, effective for annual periods beginning on or after 1 January 2022.

The IASB has issued 'Proceeds before intended use' (Amendments to IAS 16) to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognises the proceeds from selling such items, and the cost of producing those items in profit or loss. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendment to IAS 37 – Provisions, Contingent Assets and Contingent Liabilities, effective for annual periods beginning on or after 1 January 2022.

The amendment specifies changes to 'Onerous Contracts – Costs of Fulfilling a Contract' which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Such costs can either be incremental costs of fulfilling that contract (direct labour, materials) or an allocation of other costs that relate directly to fulfilling the contract (such as the allocation of depreciation charge for an item of property plant and equipment used in fulfilling the contract). The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 1 – Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2023.

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The change in classification affects only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclosed about those items. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 1 – Disclosure of Accounting Policies, effective for annual periods beginning on or after 1 January 2023.

The Board is developing amendments to paragraphs 117-122 of IAS 1 Presentation of Financial Statements to require entities to disclose their material accounting policies rather than their significant accounting policies. To support this amendment the Board is also developing guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2 Making Materiality Judgements to accounting policy disclosures. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 8 – Definition of Accounting Estimates, effective for annual periods beginning on or after 1 January 2023.

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.

The amendment makes a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 12 - Income taxes, effective for annual periods beginning on or after 1 January 2023.

The amendment specifies changes to 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'. Under this amendment, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

IFRS 10 - Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective date deferred indefinitely by the IASB.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Annual Improvements to IFRS Standards 2018-2020- Amendments to IFRS 1 Frist-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to IFRS 16 removes the illustration of the reimbursement of leasehold improvements, hence on this regards of illustrative example no effective date is stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required by IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Associates

Associates are all entities over which the Company or its subsidiaries have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's shareholding in associates is as disclosed in note 18.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.8.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Sefalana Holding Company Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(v) Investment in subsidiaries
The Company accounts for its investment in subsidiaries at cost, which includes transaction costs, less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Investments in subsidiaries are assessed for impairment when indicators of impairment are identified. Such impairment indicators include, but are not limited to, for example:

- Sustained deterioration in financial results of operations and / or financial position of the subsidiary;
- Changes in the operating environment of a subsidiary, including regulatory and economic changes, market entry by new competitors, etc.; and
- Inability of a subsidiary to obtain finance required to sustain or expand operations.

Where impairment indicators are identified, the recoverable value of the subsidiary is measured at the lower of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the subsidiary.

Once an impairment loss has been recognised, the Group assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the subsidiary is remeasured and the impairment loss reversed or partially reversed as may be the case.

Where the recoverable value of a subsidiary is below the carrying amount, the carrying amount is reduced to the recoverable value through an impairment loss charged to the statement of comprehensive income.

3.2 Foreign currency translation

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 consolidated financial statements are presented in Botswana Pula, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'net foreign exchange gains'.

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 as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.3 Property, plant and equipment

Land and buildings comprise mainly wholesale and retail outlets, offices and residential buildings. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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Buildings capitalised under leases comprise retail outlets which were designed and developed specifically for the Group's use and are leased by the Group under long-term lease agreements. These buildings are accounted for at cost (being the present value of the minimum committed lease payments at inception of the respective lease contracts) less accumulated depreciation and accumulated impairment adjustments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Properties in the course of construction for production or supply of goods or services, or for administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in terms of the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings:	50 years
Leasehold buildings:	remaining period of lease
Buildings capitalised under finance leases	15 years, being initial lease period
Plant, fixtures and equipment:	4 to 20 years
Motor vehicles:	4 to 6 years
Fixtures and equipment:	4 to 10 years
Right of use assets:	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases in the carrying amount arising on revaluation of land and buildings are charged to other comprehensive income and debited against other reserves directly in equity. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date on an appropriate valuation basis, which may include internal valuation models, valuations by independent professional valuers and comparison to recent market transactions and values. Where valuations from these sources indicate a range of reasonable fair values estimates, considered judgement is applied to determine the most reliable estimate of fair value. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be reliably determined, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non – standard

- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit and loss for the period in which it arises. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss for the period in which it arises within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is re-classified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.5 Lease rights

Lease rights represent rights covered by contract or similar arrangement to occupy, lease out or otherwise utilise property. Separately acquired lease rights are shown at historical cost. Lease rights acquired in a business combination are recognised at fair value at the acquisition date.

Where land rights are acquired directly through agreement with Government, the Group records these at nominal amounts at the inception of the underlying lease / rental agreements or when such agreements are renewed.

Lease rights have a finite useful life based on the underlying contractual agreement assigning such rights to the consignee and are recognised in the consolidated statement of financial position as a right-of-use asset and lease liability, initially measured at the present value of future lease payments.

3.6 Non-Current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continue to be accounted for using the equity method.

3.7 Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the

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goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brands, trademarks and customer contracts

Separately acquired brands or trademarks are shown at historical cost. Brands, trademarks, and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation of brands, trademarks and customer contracts is calculated using the straight-line method to allocate their cost to their respective residual values over their useful lives as follows:

Brands:	25 years.
Customer contracts:	10 years.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives (three to five years) on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Leasing

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Some of the leases of buildings contain extension and termination options exercisable by the Group before the end of the non-cancellable contract period. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. For some of the property leases, the extension and termination options held are exercisable only by the Group and not by the respective lessor. At lease commencement date, the Group assesses whether it is reasonably certain to exercise the extension options.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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The Covid-19 pandemic has led to come lessors providing relief to lessees by deferring or relieving them of amounts that would otherwise be payable. This has been obtained by the Group through negotiations with lessors which has resulted in a change in lease payments. When there is a change in lease payments, which IFRS 16 defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

In March 2021, the Board issued Covid-19 Related Rent Concessions beyond 30 June 2021 that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The Group has not received rental concessions as a result from the COVID-19 Related rent Concessions.

3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income for the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.11 Employee benefits

Pension obligations

The Sefalana Group Staff Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time. The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both 25 April 2021 and 24 April 2022.

Gratuities and severance plans

The Group does not provide pension benefits for all its employees, but operates a gratuity scheme for expatriates in terms of employment contracts, and a severance benefit scheme for citizens in terms of section 28 of the Botswana Employment Act. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each 60 month period of continuous employment, at the option of the employee. The expected gratuity and severance benefit liability is provided in full by way of a provision.

Profit - sharing and bonus plans

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

3.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in equity. In this case, tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised for loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax of 10% is payable on the gross value of dividends on behalf of the shareholder, in accordance with the Botswana Income Tax Act.

3.13 Inventories

Inventories comprising fast moving consumer goods for resale are valued at the lower of cost and net realisable value. Cost on these goods is determined on the weighted average basis and is the net of the invoice price, insurance, freight, customs duties, trade discounts, rebates and settlement discounts. Rebates and other incentives received from suppliers are accounted for in the period to which these relate.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to the net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories comprising vehicles and equipment for resale are also stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on the first-in first-out basis.

Work in progress arising from rendering of services of vehicles and equipment is valued with costs of materials used and excludes labour or overhead components. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

3.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.14.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

The Group did hold debt instruments that satisfy the requirements for subsequent measurement at fair value through other comprehensive income (FVTOCI).

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets at FVTPL
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Refer note 8 for 'other income and gains / (losses)'.

Dividends and interest earned on financial assets measured at FVTPL are recognised in profit or loss as part of investment income (note 7) from continuing operations when the Group's right to receive payment is established.

As at the reporting date, the only financial asset measured at FVTPL was the investment in preference shares (note 19).

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion be considered.

Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Impairment assessment of trade receivables is described in note 24.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Foreign exchange gains and losses

Translation differences relating to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. Translation differences on non-monetary securities are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.14.2 Financial liabilities and equity

Classification

The Group only has financial liabilities that are classified as 'financial liabilities at amortised cost'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Stated capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Accruals

The Group recognises accrued expenses at the time of the transaction and before actual payment. A corresponding amount is recognised as a liability. On settlement of the expense, the payment is credited against the liability accrued.

3.16 Warranties

Provisions for warranty costs are recognised at the date of the sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue from the principal activities of retailing and associated activities. For the majority of revenue streams, there is a low level of judgement applied in determining the consideration or the timing of transfer of control.

The Group recognises revenue when the Group satisfies its performance obligations in terms of the related customer contract. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental Income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Sale of goods – merchandise
Merchandise sales are recognised when control of the goods has transferred, being at the point the customer purchases/consumes the goods. Payment of the transaction price is due immediately at the point the customers purchase/consume the goods.

Payment is generally received via cash, debit card, credit card or cheque, or through charge to a line of credit granted to the customer.

Under the Group's standard contract terms, customers have a right of return within seven days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognises a right to returned goods as assets and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. No material right of return assets and corresponding refund liabilities were held by the Group at the end of the current financial year.

A loyalty program is offered to customers which enables customers to purchase goods in future at a discounted price through the use of loyalty cards. The card holder cannot redeem points without future purchases. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer or when they expire. Revenue for the points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

The loyalty points provide a material right to customers that they would not receive without entering into a contract with the Group. Accordingly, the promise to provide points to the customer is identified as separate performance obligation. The transaction price is allocated to the product and the points using a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. The stand-alone selling price of the product sold to the customer is estimated on the basis of its retail price.

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Sales of goods – others

Revenue from sale of other goods is recognised when control of the goods has transferred, being at the point the customer purchases / consumes the goods. Payment of the transaction price is due immediately at the point the customers purchases / consumes the goods.

Sales of services

Revenue from the provision of services is recognised when the Group satisfies its performance obligations, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Payment for sales services is not due until the services are complete.

Included in the transaction price for the sale of vehicles is an after-sales service. This service relates to maintenance work that may be required to be carried out on the vehicles for a period that varies with customer requirements and the service interval. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the agreed period will be for the price at which these are sold by the Group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

The maintenance service is considered to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material.

Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cost of sales primarily comprises the cost of goods sold and services provided, including an allocation of direct overhead expenses, net of supplier rebates, and costs incurred that are necessary to acquire and store goods. Included in cost of goods sold are write-downs and reversals of inventory, any foreign currency exposure, including reclassified gains and losses on foreign currency hedging instruments, relating directly to goods imported. Cost of sales also includes: other cost of sales not capitilised as inventories but classified as cost of sales in the statement of comprehensive income. These include all store related costs such as operating staff costs, depreciation, overhead costs, inbound freight costs, internal transfer costs between distribution centres and stores, warehousing costs and the cost of other shipping and handling activities.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs that are specifically chargeable to the customer under the terms of the contract.

3.19 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 the dividends are approved by the Company's shareholders.

3.20 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, that make strategic decisions. The costs of shared services are accounted for in a separate ("unallocated") segment. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue being eliminated through a separate adjustment to revenue.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. All inter-segment transactions are on an arms-length basis and are eliminated on consolidation.

The Group's areas of operations were limited to the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho, the Republic of South Africa, the Republic of Zambia, Mauritius and the Commonwealth of Australia during the reporting periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements and applying the Group's accounting policies, the entity has made certain key judgements and estimates in order to present balances and amounts in these financial statements. The following is a summary of those key judgements and key sources of estimation uncertainty at the reporting date, which has the most significant effect on the carrying amounts of assets and liabilities included in the financial statements:

4.1 CRITICAL JUDGEMENTS IN APPLYING THE GROUP ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Consolidation of KSI Holdings Proprietary Limited

The Group has a 50% equity ownership in KSI Holdings Proprietary Limited ("KSI"), and on the basis that all the shareholders of KSI have unilaterally given control to Sefalana Holding Company Limited, through a shareholder agreement, to make all necessary strategic decisions pertaining to the KSI business, including decisions relating to the management of the business and its relevant activities, control is deemed to be held by Sefalana in accordance with IFRS 10 ("Consolidated Financial Statements"). KSI is therefore classified as a subsidiary company and has been consolidated in the Group's financial statements accordingly.

4.1.2 Impact of COVID-19

IFRS requires that all material effects of COVID-19 are appropriately recognised, measured and disclosed as at the reporting date. Management has closely monitored the development of this pandemic and judgement has been exercised in considering the impacts that this pandemic has had, or may have on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be any significant uncertainties with respect to events or conditions which may impact the Group as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Please refer to note 42 for additional disclosure on Going Concern in relation to COVID-19.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Fair value of land and buildings and investment properties

The Group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 30 April 2021. At 30 April 2022, an update was performed in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as 30 April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties. Resulting fair value gains and losses have been recognised in the statement of comprehensive income. Market values for developed property have been determined based on rental yields. A capitalisation factor has been applied to each property depending on its location and condition. Capitalisation rates applied in the recent valuation range from 7.0% to 14.0% (2021: 8.0% to 15.0%)

A 10 basis point increase in the capitalisation rate would result in a P8.1 million (2021: P7.6 million reduction in overall portfolio value. A 10 basis point decrease in capitalisation rate would result in a P8.1 million (2021: P7.6 million increase in overall portfolio value. Undeveloped land has been valued based on recent market data on similar properties transacted on an arm's length basis. Refer to notes 14 and 16 respectively for fair value disclosure.

4.2.2 Impairment of goodwill

The Group tests annually whether goodwill (as disclosed in note 17) has suffered any impairment, in accordance with its accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined by the Directors based on forecast pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates, the most significant of which are assumptions of a growth rate and discount rates (refer note 17).

The impairment calculations performed by the Group at the current year-end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

4.2.3 Inventory adjustments

Unit cost adjustments

The Group adjusts recorded unit costs for rebate income and settlement discount. Unit cost is recorded gross of rebate income and the adjustment is thus required to bring the unit cost to a post-rebate level. The Group also adjusts inventory by foreign exchange difference to account for the variance between standard exchange rates utilised in the unit cost calculation and actual achieved exchange rates.

Provision for shrinkage

Shrinkage is estimated as a percent of sales for the period from the last inventory date to the end of the fiscal period. Physical inventories are taken at least quarterly and inventory records are adjusted accordingly. The shrinkage rate from the most recent physical inventory, in combination with current events and historical experience, is used as the standard for the shrinkage accrual rate for the next inventory cycle.

Inventory net realisable value allowances

The Group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Allowances are made against slow moving, obsolete and damaged items. Damaged inventories are identified and written down through inventory verification processes.

In making an allowance for slow moving and obsolete items, the Group determines the ageing of the inventory held at the year-end date based on historical sales quantities, its estimate of the likely sales discounts (below original cost), which the Group may have to offer in order

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to sell slow-moving items, and the extent of losses which the Group may incur when writing off obsolete items.

Provision for warranties

One of the subsidiary companies gives a warranty on vehicles sold by it; most of the warranty costs are met by the initial suppliers of these vehicles, but there is an element of cost that will be borne by the Company. Based on the Directors' knowledge of the industry and previous practices a provision has been made to account for future warranty costs on vehicles sold.

4.2.4 Fair Value of Investment in Preference Shares

The Group has made judgements and assumptions concerning the valuation of the preference shares. These are detailed in note 19 to the financial statements.

4.2.5 Determination of the lease term and discount rate

The measurement of the right-of-use assets and lease liabilities is inherently judgmental and relies on management's best estimate based on key inputs, namely: the determination of the lease term and the discount rate (interest rate implicit in the lease or incremental borrowing rate).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant for the Group's leases of buildings:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the year the Group early adopted the Amendments to IFRS 16 which provided rental concessions to some leases. The impact of this amendment has resulted in a reduction of the lease liability, however as only a limited number of leases benefited from this amendment, the impact is immaterial.

The discount rate is determined as the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

	Group	
	2022 P'000	2021 P'000
5 REVENUE		
An analysis of the Group's revenue is as follows:		
Revenue from trading and manufacturing	7 499 374	6 272 313
Property rental income	20 161	20 496
	7 519 535	6 292 809

Included in the above is P12.3million (2021: P5.8 million) relating to loyalty points redeemed by customers and P5.2 million (2021: P2.8 million) relating to utilisation of the maintenance service plan by customers (note 35).

Total service revenue included in total revenue above amounts P11.3 million (2021: P10.6 million).

Property rental income comprises:		
Contractual rental income	19 831	19 934
Straight - line lease rental adjustment	330	562
	20 161	20 496

	Company	
	2022 P'000	2021 P'000
Dividend income (note 25)	360 218	66 760
Management cost recoveries (note 25)	22 427	21 888
	382 645	88 648

6 SEGMENTAL ANALYSIS

The Company's Board of Directors acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of earnings before interest, tax and amortisation (EBITA) and also on profit before tax (PBT).

These measurement bases assess performance on the bases of recognition and measurement which are consistent with the accounting policies of the Group. Performance is monitored based on business and geographical segments.

The Group's operating businesses are organised and managed separately according to the nature of products and services offered by each segment representing a strategic business unit. All transactions between reported segments are at arm's length. The accounting policies of the reportable segments are the same as the Group's accounting policies described.

The Group is organised into five principal business areas and these make up four reportable operating segments as follows:

Trading - consumer goods:
Wholesale and retail distribution of fast moving consumer goods (FMCG). The segments for the Botswana, Namibia and Lesotho businesses are presented separately.

Trading - others:
Sale of automotive products, equipment for construction and agricultural related sectors including after-sale services.

Manufacturing:
Milling, production and sale of sorghum, soya and maize based extruded food products and the manufacture of Ultra High Temperature (UHT) milk.

Property:
Holding of commercial and industrial properties for own use as well as for generating income from lease arrangements with external tenants, along with capital appreciation in value.

With the exception of Trading others and Manufacturing segments, revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

Revenue from Trading - others and Manufacturing operating segments is derived largely from various Government departments following the award of tenders.

The Group's most significant operations are in Botswana, Namibia and Lesotho where the Group engages in the wholesale and retail distribution of fast moving consumer goods. The Group also operates a property company in Zambia with operating leases in place with third party tenants. The operational results and financial position of the Lesotho, Namibian and Zambian businesses are reported as separate geographical segments. There is no single external customer whose revenue transactions amount to 10% or more of the Group's revenue.

Investment in Preference Shares
In July 2017, the Group invested in a consortium of companies that own a chain of retail stores in South Africa. The Sefalana Group does not own any of these stores but has invested in a preference share arrangement (note 19). The return on this investment is shown in a separate segment (South Africa) given its significant contribution to the Group's results.

Investment in Australian associate
In May 2020, the Group invested in a chain of supermarkets in Queensland Australia. This investment is an associate investment in which the Group holds a 40% shareholding. The returns on this investment is shown in a separate segment (Australia).

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6 SEGMENTAL ANALYSIS (continued)

Segment results

2022	Botswana			
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000
Revenue	3 951 562	100 576	240 020	61 274
Cost of sales	(3 763 986)	(77 986)	(175 670)	
Gross profit	187 576	22 590	64 350	61 274
Other income and gains / (losses)	16 318	6 727	1 222	19 258
Administrative expenses	(87 970)	(21 463)	(43 689)	(10 646)
Earnings before interest, tax and amortisation (EBITA)	**115 924**	**7 854**	**21 883**	**69 886**
Amortisation	(617)			
Investment income	2 675	2 399	1 053	101
Finance costs	(17 982)	(345)	(1 565)	(9 144)
Profit before share of results from associates	100 000	9 908	21 371	60 843
Share of results from associates				
Profit before tax	**100 000**	**9 908**	**21 371**	**60 843**
Total segment results above include:				
Revenue from external customers	3 949 767	97 439	150 869	16 374
Revenue from internal customers	1 795	3 137	89 151	44 900
Total revenue	3 951 562	100 576	240 020	61 274
Depreciation and amortisation	60 491	995	5 040	552

Segment assets and liabilities

2022	Botswana			
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000
Property, plant and equipment	154 346	18 622	73 382	1 502
Right of use assets	207 437	11 864	2 021	
Investment property				591 845
Intangible assets	6 387			
Other noncurrent assets	23 527	7 656		10 670
Non - current assets	391 697	38 142	75 403	604 017
Current assets	793 931	58 205	150 636	44 085
Liabilities	(895 868)	(35 452)	(39 517)	(189 067)
Intergroup balances	(116 747)	(6 639)	(27 412)	(20 629)
Capital expenditure during the year	47 566	1 143	6 555	10 148

* Refer to note 19 on redemption of preference shares in August 2022

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	Trading consumer goods	Trading consumer goods	Investment in preference shares *	Investment in associate	Inter segment or unallocated	Consolidated
P'000	P'000	P'000	P'000	P'000	P'000	P'000
3 787	782 747	2 518 552			(138 983)	7 519 535
	(741 014)	(2 362 396)			124 668	(6 996 384)
3 787	41 733	156 156			(14 315)	523 151
(9 065)	146	21 519	(6 101)		1 525	51 549
(977)	(18 803)	(40 874)			(27 223)	(251 645)
(6 255)	**23 076**	**136 801**	**(6 101)**		**(40 013)**	**323 055**
	(1 590)	(4 901)				(7 108)
	111	4 253	37 793	1 965	3 813	54 163
	(8 735)	(18 568)			34 472	(21 867)
(6 255)	12 862	117 585	31 692	1 965	(1 728)	348 243
				(13 915)	(520)	(14 435)
(6 255)	**12 862**	**117 585**	**31 692**	**(11 950)**	**(2 248)**	**333 808**
3 787	782 747	2 518 552				7 519 535
					(138 983)	
3 787	782 747	2 518 552			(138 983)	7 519 535
	8 044	42 753			15 026	132 901

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	Trading consumer goods	Trading consumer goods	Investment in preference shares *	Investment in associate	Inter segment or unallocated	Consolidated
P'000	P'000	P'000	P'000	P'000	P'000	P'000
	5 817	180 606			423 080	857 355
	10 220	103 304			(105 135)	229 711
45 897					(407 660)	230 082
	8 662	85 893			22 484	123 426
137	4 899			63 689	(6 125)	104 453
46 034	29 598	369 803		63 689	(73 356)	1 545 027
2 449	200 610	477 111	190 665		185 764	2 103 456
(946)	(102 866)	(578 735)			332 841	(1 509 610)
	(97 984)	(134 419)			403 830	
	768	56 264				122 444

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

6 SEGMENTAL ANALYSIS (continued)

Segment results

2021	Botswana			
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000
Revenue	3 397 750	93 696	250 969	62 864
Cost of sales	(3 235 968)	(72 923)	(184 318)	
Gross profit	161 782	20 773	66 651	62 864
Other income and gains / (losses)	10 206	4 232	1 971	17 155
Administrative expenses	(79 488)	(22 827)	(36 617)	(9 338)
Earnings before interest, tax and amortisation (EBITA)	**92 500**	**2 178**	**32 005**	**70 681**
Amortisation	(437)			
Investment income	4 478	615	735	749
Finance costs	(17 370)	(100)	(135)	(8 929)
Profit before share of results from associates	79 171	2 693	32 605	62 501
Share of results from associates				
Profit before tax	**79 171**	**2 693**	**32 605**	**62 501**
Total segment results above include:				
Revenue from external customers	3 395 910	92 319	145 016	17 131
Revenue from internal customers	1 841	1 376	105 952	45 733
Total revenue	3 397 751	93 695	250 968	62 864
Depreciation and amortisation	56 662	1 009	5 986	477

Segment assets and liabilities

2021	Botswana			
	Trading consumer goods P'000	Trading others P'000	Manufacturing P'000	Property P'000
Property, plant and equipment	132 215	17 987	71 711	1 376
Right of use assets	219 626	15	379	
Investment property				587 078
Intangible assets	5 944			
Other noncurrent assets	21 559	9 817		8 986
Non - current assets	379 344	27 819	72 090	597 440
Current assets	731 037	40 873	175 892	51 228
Liabilities	(741 440)	(21 759)	(27 627)	(198 119)
Intergroup balances	(1 451)			
Capital expenditure during the year	41 097	685	1 597	8 585

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	**Trading consumer goods**	**Trading consumer goods**	**Investment in preference shares**	**Investment in associate**	**Inter segment or unallocated**	**Consolidated**
P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
3 687	647 214	1 991 532			(154 903)	6 292 809
	(613 865)	(1 872 028)			140 323	(5 838 779)
3 687	33 349	119 504			(14 580)	454 030
(228)	55	12 949	(5 291)		697	41 746
(1 817)	(16 105)	(24 667)			(25 562)	(216 421)
1 642	**17 299**	**107 786**	**(5 291)**		**(39 445)**	**279 355**
	(1 488)	(4 390)				(6 315)
		1 880	35 486	1 062	2 880	47 885
	(8 604)	(18 192)			30 375	(22 955)
1 642	7 207	87 084	30 195	1 062	(6 190)	297 970
				(5 450)	(2 254)	(7 704)
1 642	**7 207**	**87 084**	**30 195**	**(4 388)**	**(8 444)**	**290 266**
3 687	647 214	1 991 532				6 292 809
					(154 902)	
3 687	647 214	1 991 532			(154 902)	6 292 809
	8 155	34 821			13 017	120 127

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	**Trading consumer goods**	**Trading consumer goods**	**Investment in preference shares**	**Investment in associate**	**Inter segment or unallocated**	**Consolidated**
P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
	7 039	132 580			427 596	790 504
	14 607	59 081			(121 956)	171 752
36 979					(412 975)	211 082
	10 174	88 536			22 487	127 141
26	4 352		194 997	71 542	(4 606)	306 673
37 005	36 172	280 197	194 997	71 542	(89 454)	1 607 152
1 764	154 492	389 226			100 262	1 644 774
(696)	(79 251)	(461 311)			284 505	(1 245 698)
	(91 037)	(133 210)			225 698	
	1 276	10 907				64 147

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

Restatement

The Group's largest segments are those of Fast Moving Consumer Goods (FMCG). In line with common practice across the world, the FMCG businesses have historically followed a Retail calendar with a financial period of 52 weeks or 364 days. This is in contrast to a calendar year of 365 days. On the basis that this has resulted in a one day difference each year which is caught up every 6 years with a 53rd week, the Group has emphasised its disclosure of this fact, in these financial statements, through the restatement of the following:

The cover page reads "Annual Financial Statements, for the period ended 24 April 2022";

- The Statement of Financial Position specifies that it is as at "24 April 2022";
- The Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows specify that they are for the period ended 24 April 2022;
- Notes to the Financial Statements specify that they are "For the 52 week period ended 24 April 2022";
- Prior year comparatives and disclosures for the company (not the Group) have been updated to reflect the above; and
- An additional paragraph has been added to the Basis of Preparation paragraph to explain the Group's cutoff procedures.

For the non FMCG subsidiaries of the Group , the results are for the calendar year ended 30 April 2022 (prior year calendar year ended 30 April 2021). Where there is material transaction between the two dates, appropriate adjustments are made in the consolidated financial statements.

The prior period company restatements impacts certain line items in current assets and current liabilities only as follows:

Company

Statement of Finacial Position

	As previously stated 30 April 2021 P'000	Transfer to subsidiary company P'000	Restated 25 April 2021 P'000	As previously stated 30 April 2020 P'000	Transfer to subsidiary company P'000	Restated 27 April 2020 P'000
CURRENT ASSETS						
Cash and cash equivalents	49 423	39 884	89 307	83 079	13 079	96 158
	49 423	39 884	89 307	83 079	13 079	96 158
CURRENT LIABILITIES						
Amounts due to related parties	5 066	39 884	44 950	13 142	13 079	26 221
	5 066	39 884	44 950	13 142	13 079	26 221
Net current assets impacted	**44 357**		**44 357**	**69 937**		**69 937**

Statement of Cash Flows

	As previously stated 30 April 2021 P'000	Movement P'000	Restated 25 April 2021 P'000	As previously stated 30 April 2020 P'000	Movement P'000	Restated 27 April 2020 P'000
Movement in amounts due to subsidiary companies	(8 076)	26 805	18 729	(27 109)	13 079	(14 030)
Cash generated by operations	49 707	26 805	76 512	132 120	13 079	145 199
Net cash generated by operating activities	42 766	26 805	69 571	42 766	13 079	55 845
Net increase / (decrease) in cash and cash equivalents	(32 517)	26 805	(5 712)	(50 965)	13 079	(37 886)
Cash and cash equivalents at beginning of year	83 079	13 079	96 158			
Cash and cash equivalents at end of year	49 387	39 884	89 271	83 079	13 079	96 158
Cash and cash equivalents at beginning of year						
Net movement relating to transfer of funds to subsidiary company			26 805			13 079

		Note	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
7	**INVESTMENT INCOME**					
	Interest income from:					
	Bank deposits		11 705	10 165	3 859	3 012
	Related party loans	25			22 497	15 726
	Other loans and receivables		4 665	2 234		
	Dividends from preference share investment	25	37 793	35 486		
			54 163	**47 885**	**26 356**	**18 738**
8	**OTHER INCOME AND GAINS / (LOSSES)**					
	Fair value loss on investment in preference shares	19	(6 101)	(5 291)		
	Gain on disposal of property, plant and equipment		460	21		
	(Loss) / gain on revaluation of investment property	16	(6 056)	7 559		
	Gain on revaluation of property classified as held for sale	27	10 522			
	Net effect of straight line - rental adjustment		(330)	(562)		
	Net foreign exchange gains		8 184	12 887	4 586	27 409
	Gain on disposal of investment property		377			
	Recovery of impaired asset		2 475			
	Insurance recoveries		4 958	3 088		
	Promotional activities		17 545	11 520		
	Commission		9 343	5 450		
	Other		10 172	7 074		
			51 549	**41 746**	**4 586**	**27 409**
9	**FINANCE COSTS**					
	Interest paid on:					
	Bank overdrafts and loans		9 277	9 246	648	69
	Lease obligations	15	12 411	13 619		
	Related party loans	25				837
	Other		179	90		
			21 867	**22 955**	**648**	**906**

The weighted average cost of borrowing for the Group is 6.6% (2021: 8.0 %).

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

	Group		Company	
	2022	2021	2022	2021
	P'000	P'000	P'000	P'000
10 INCOME TAX EXPENSE				
Current tax				
Basic Company Tax	81 085	65 813	5 679	1 575
Withholding tax on dividend and interest	31 826	6 932	26 530	4 447
Adjustment in respect of prior years	(177)	(287)		
Total current tax	**112 734**	**72 458**	**32 209**	**6 022**
Deferred tax				
Origination and reversal of temporary differences	9	926		
Total deferred tax	**9**	**926**		
Income tax expense	**112 743**	**73 384**	**32 209**	**6 022**

The Group has used the single corporate tax rate of 22% for calculating the current and deferred income taxes at the current and previous financial year end for the non - manufacturing entities in Botswana. For manufacturing entities, the current and deferred taxation rate applied is 15%. The Namibian corporate tax rate of 32% has been applied for the operations in Namibia. The tax rate in Zambia is a fixed final tax of 12.5% on total rental income compared to 10% withholding tax for year 2021 and the applicable tax rate of 25% and 15% has been applied to operations in Lesotho and Mauritius respectively. The charge for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	2022	2021	2022	2021
	P'000	P'000	P'000	P'000
Profit before tax	**333 808**	**290 266**	**375 992**	**100 041**
Tax calculated at current tax rates - 22% / 15%(*)	73 438	63 859	82 718	22 009
Tax effect of share of results of associates	3 175	659		
Effect of differential tax rates and income not subject to tax	8 928	1 630	(77 039)	(20 434)
Expenses not deductible for tax purposes (**)	2 020	591		
Adjustment in respect of prior years	(177)	(287)		
Final tax on dividend and interest income	25 259	6 932	26 530	4 447
Income tax expense per statement of comprehensive income	**112 743**	**73 384**	**32 209**	**6 022**

(*) On 1 August 2017 the Company was granted IFSC status and accordingly the applicable tax rate of 15% applied on all qualifying profits since that date.
(**) Expenses not deductible for tax purposes include the tax effect of fair value losses and donations.

Current tax assets and liabilities

	Group 2022	Group 2021	Company 2022	Company 2021
Current tax assets:				
Income tax refund receivable	2 333	2 782		1 027
Current tax liabilities:				
Income tax payable	33 792	21 189	3 177	

In the current financial year, the Group accelerated its dividend declaration from subsidiary companies to take advantage of the 7.5% withholding tax rate applicable only until 30 June 2021. Going forward the applicable withholding tax rate on dividend declarations in Botswana will be 10%. The Group's effective tax rate therefore increased accordingly in the current period and will normalise going forward.

	Group 2022	Group 2021	Company 2022	Company 2021
Effective tax rate	**33.8%**	**25.3%**	**8.6%**	**6.0%**
Impact of accelarated dividend declaration	**(7.6%)**	**(2.4%)**	**(7.1%)**	**(4.4%)**
Underlying effective tax rate	**26.2%**	**22.9%**	**1.5%**	**1.6%**

	Note	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
11 PROFIT BEFORE TAX					
Profit for the year has been arrived at after charging / (crediting):					
Auditors' remuneration		4 074	3 758	573	458
Amortisation of intangible assets	17	7 108	6 315		
Cost of inventories expensed		6 576 951	5 710 751		
Depreciation of property, plant and equipment	14	69 360	62 265		
Impairment of property, plant and equipment	14		550		
Depreciation of right to use asset	15	61 255	51 547		
Directors and employee benefits		346 227	305 846	33 730	31 945
Impairment of receivables	24	1 874	4 537		
Operating lease costs:					
- properties		1 917	3 071		
- motor vehicles			224		
Loss / (gain) on revaluation of investment property	16	6 056	(7 559)		
Gain on revaluation of investment property held for sale	27	(10 522)			
Fair value loss on investment in preference shares	19	6 101	5 291		
Gain on disposal of property, plant and equipment	8	(460)	(21)		
Net foreign exchange gain	8	(8 184)	(12 887)	(4 586)	(27 409)

12 DIRECTORS EMOLUMENTS

Emoluments of the Directors of Sefalana Holding Company Limited from the Company and its subsidiaries:

	Group 2022 P'000	Group 2021 P'000	Company 2022 P'000	Company 2021 P'000
Fees for services as Non - Executive Directors	1 029	2 051	1 029	2 051
Managerial services	28 785	22 968	22 495	19 172
Total	**29 814**	**25 019**	**23 524**	**21 223**
In respect of subsidiary companies	6 290	3 796		
In respect of the Company	22 495	19 172	22 495	19 172
Fees for services as Non - Executive Directors	1 029	2 051	1 029	2 051
Total	**29 814**	**25 019**	**23 524**	**21 223**

Number of Directors at reporting date

	Group 2022	Group 2021	Company 2022	Company 2021
Non-Executive Directors	5	4	5	4
Executive Directors	4	3	4	3

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

	2022	2021
13 EARNINGS AND COMPREHENSIVE INCOME PER SHARE		
Profit attributable to owners of the parent (P'000)	**219 610**	**216 198**
Total comprehensive income attributable to owners of the parent (P'000)	**266 227**	**294 868**
Shares in issue at end of year (number)	**250 726 709**	**250 726 709**

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

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

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Shares in issue at beginning and end of year (number)	250 726 709	250 726 709
Weighted average shares in issue during the year (number)	**250 726 709**	**250 726 709**
Basic and diluted earnings per share (thebe)	**87.59**	**86.23**
Total comprehensive income per share (thebe)	**106.18**	**117.61**
DIVIDENDS		
Declared and paid during the year:		
Interim 2022: 10 thebe per share and Final 2021: 30 thebe per share; (Interim 2021: 10 thebe per share and final 2020: 27.5 thebe per share)	100 290	94 021
Final 2022: 30 thebe per share; (Final 2021: 30 thebe per share)	75 218	75 218

14 PROPERTY PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under finance leases	Plant fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost or valuation					
At 27 April 2020	528 418	11 798	399 350	49 405	988 971
Additions	2 259		49 810	4 855	56 924
Gain on revaluation	21 362				21 362
Reversal of depreciation on revaluation	(14 178)				(14 178)
Currency translation	9 590		11 536	1 310	22 436
Transfer from investment property (note 16)	147				147
Disposals			(154)	(1 032)	(1 186)
At 25 April 2021	**547 598**	**11 798**	**460 542**	**54 538**	**1 074 476**
At 26 April 2021	547 598	11 798	460 542	54 538	1 074 476
Additions	26 960	956	79 263	11 201	118 380
Transfer from investment property (note 16)		7 107			7 107
Gain on revaluation	25 479				25 479
Reversal of depreciation on revaluation	(16 177)				(16 177)
Currency translation	694		1 065	116	1 875
Reclassification	(6 434)	6 434	133		133
Transfer to investment property (note 16)*	(15 458)				(15 458)
Disposals			(203)	(1 318)	(1 521)
At 24 April 2022	**562 662**	**26 295**	**540 800**	**64 537**	**1 194 294**
Depreciation and impairment					
At 27 April 2020		11 798	195 154	25 152	232 104
Depreciation charge for the year	14 178		40 946	7 141	62 265
Impairment loss			550		550
Disposals			(113)	(371)	(484)
Currency translation			3 309	406	3 715
Elimination of depreciation previously charged	(14 178)				(14 178)
At 25 April 2021		**11 798**	**239 846**	**32 328**	**283 972**
At 26 May 2021		11 798	239 846	32 328	283 972
Depreciation charge for the year	16 177	878	46 776	5 529	69 360
Disposals				(645)	(645)
Currency translation			413	16	429
Elimination of depreciation previously charged	(16 177)				(16 177)
At 24 April 2022		**12 676**	**287 035**	**37 228**	**336 939**
Carrying amount					
At 24 April 2022	**562 662**	**13 619**	**253 765**	**27 309**	**857 355**
At 25 April 2021	547 598		220 696	22 210	790 504

* Transfer to investment property arose due to certain previously self occupied properties becoming vacant during the year.

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

14 PROPERTY PLANT AND EQUIPMENT (continued)

Fair value of land and buildings

The following table analyses the non - financial assets carried at fair value, by revaluation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 24 April 2022 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			42 207
Retail sale outlets - Botswana			367 680
Manufacturing sites - Botswana			57 200
Retail sale outlet and employee houses - Namibia			85 508
Retail - Lesotho			10 067
			562 662

There were no transfers between levels during the year.

	Fair value measurements at 25 April 2021 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			42 207
Retail sale outlets - Botswana			372 874
Manufacturing sites - Botswana			55 992
Retail sale outlet and employee houses - Namibia			66 548
Retail - Lesotho			9 977
			547 598

There were no transfers between levels during the year.

Valuation process

An independent valuation of the Group's land and buildings was performed by a professional third party valuer in April 2021. The valuer has recent experience in the location and categories of the said properties. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

In April 2022, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as in April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

Fair value measurements using significant un - observable inputs (Level 3)

	2022 P'000	2021 P'000
Opening fair value	547 598	528 418
Additions	26 960	2 259
Reclassification / transfers / currency translation	(21 198)	9 737
Gain on revaluation recognised in other comprehensive income	25 479	21 362
Reversal of depreciation on revaluation	(16 177)	(14 178)
Closing fair value	562 662	547 598

14 PROPERTY PLANT AND EQUIPMENT (continued)

2022

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 24 April 2022 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	562 662	Income capitalisation	P20 per sqm to P65 per sqm (weighted average of P50 per sqm) and capitalisation factor range from 7% to 14% with a weighted average of 11%	The higher the price per square meter, the higher the value of the property

2021

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 25 April 2021 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	547 598	Income capitalisation	P20 per sqm to P93 per sqm (weighted average of P50 per sqm) and capitalisation factor range from 9% to 14% with a weighted average of 11%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease / increase the overall valuation by P6.4 million (2021: P5.6 million).

Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in the Statement of Comprehensive Income.

Depreciation expenses of P47.4 million (2021: P46.2million) and P21.9 million (2021: P19.1 million) are charged to "cost of sales" and "administrative expenses" respectively in the Statement of Comprehensive Income.

If land and buildings were stated on the historical cost basis the amounts would be as follows:

	2022 P'000	2021 P'000
Cost	204 669	193 166
Accumulated depreciation	(43 768)	(38 651)
Net carrying amount	**160 901**	**154 515**

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

15 RIGHT OF USE ASSETS AND LEASE LIABILITIES

	P'000
Right of use asset	
At 27 April 2020	140 984
Additions during the year	75 358
Depreciation	(51 547)
Currency translation	6 957
At 25 April 2021	**171 752**
At 26 April 2021	171 752
Additions during the year	118 550
Depreciation	(61 255)
Currency translation	664
At 24 April 2022	**229 711**
Lease liability	
At 27 April 2020	159 267
Additions during the year	75 358
Payments during the year	(63 263)
Lease interest (note 9)	13 619
Currency translation	9 776
At 25 April 2021	**194 757**
At 26 April 2021	194 757
Additions during the year	118 550
Payments during the year	(72 432)
Lease interest (note 9)	12 411
Currency translation	746
At 24 April 2022	**254 032**

Depreciation and interest charges incurred during the year in the statement of profit or loss and other comprehensive income are presented above.

The Group has property lease agreements of typically 5 years and sometimes this includes option periods. Where there is a highly probable likelihood of renewal, relevant cash flows have been considered. A discount rate of 6.5% was applied in arriving at the Right of use asset and related liabilities. No restrictive covenants are imposed by the leases in place and there are no variable components.

The maturity of the lease liabilities are set out in the note below. The Group does not face a significant liquidity risk with regards to its lease liabilities.

15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

Lease liability - under IFRS 16

Group

Maturity analysis of lease liabilities

	2022		2021	
	Future minimum lease payments	Present value of capital payments	Future minimum lease payments	Present value of capital payments
Finance lease liabilities are payable as follows:	P'000	P'000	P'000	P'000
Within one year	104 063	93 270	64 893	54 666
Between two and five years	178 825	157 318	149 882	133 677
Above five years	4 748	3 444	6 643	6 414
	287 636	254 032	221 418	194 757
Unearned finance charges	(33 604)		(26 661)	
	254 032	254 032	194 757	194 757

	2022	2021
	P'000	P'000
Long term portion	160 762	140 091
Current portion	93 270	54 666
	254 032	194 757

The cash payments for the principal portion of the lease liability have been recognised under financing activities in the statement of cash flows while cash payments for interest on lease liability and short term leases are classified as operating activities within the statement of cash flows.

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For the 52 week period ended 24 April 2022 / 25 April 2021

	2022 P'000	2021 P'000
16 INVESTMENT PROPERTY		
Group		
Freehold and leasehold land and buildings at fair value	234 812	215 486
Straight - line lease rental adjustment	(4 730)	(4 404)
Balance at end of year	**230 082**	**211 082**
Reconciliation of fair value:		
Opening fair value	211 082	234 705
Additions during the year (subsequent expenditure)	1 472	6 044
Transfer from property plant and equipment (note 14)	15 458	(147)
Asset classified as held for sale (note 27)		(23 958)
Currency translation and regrouping	15 563	(12 559)
Transfer to building capitalised under leases (Note 14)	(7 107)	
(Loss) / gain on revaluation of properties (note 8)	(6 056)	7 559
Straight - line lease rental adjustment	(330)	(562)
Closing fair value	**230 082**	**211 082**

Land and buildings are encumberred as details per note 30.

Fair value of land and buildings

The following table analyses the investment property carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 24 April 2022		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			127 578
Office buildings - Zambia			45 897
Retail sale outlets - Botswana			17 307
Manufacturing site - Botswana			39 300
			230 082

There were no transfers between levels during the year.

	Fair value measurements at 25 April 2021		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			119 634
Office buildings - Zambia			36 980
Retail sale outlets - Botswana			16 868
Manufacturing site - Botswana			37 600
			211 082

There were no transfers between levels during the year.

16 INVESTMENT PROPERTY (continued)

Fair value measurements using significant un - observable inputs (level 3)

2022

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value	174 102	36 980	211 082
Additions	1 472		1 472
Transfer to property plant and equipment (note 14)	15 458		15 458
Currency translation and regrouping	(1 505)	17 068	15 563
Transfer to building capitalised under leases (Note 14)	(7 107)		(7 107)
Gain/ (loss) on revaluation of properties	2 210	(8 266)	(6 056)
Straight - line lease rental adjustment and others	(445)	115	(330)
Closing fair value	**184 185**	**45 897**	**230 082**

Fair value measurements using significant un - observable inputs (level 3)

2021

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value	184 180	50 525	234 705
Additions	6 044		6 044
Transfer to property plant and equipment (note 14)	(147)		(147)
Asset classified as held for sale (note 27)	(23 958)		(23 958)
Currency translation and regrouping	142	(12 701)	(12 559)
Gain/ (loss) on revaluation of properties	8 519	(960)	7 559
Straight - line lease rental adjustment and others	(678)	116	(562)
Closing fair value	**174 102**	**36 980**	**211 082**

Valuation process

An independent valuation of the Group's land and buildings was performed by a professional third party valuer in April 2021. The valuer has recent experience in the location and categories of the said properties. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

In April 2022 an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as in April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

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16 INVESTMENT PROPERTY (continued)

Information about fair value measurements using significant unobservable inputs (level 3)

2022

Description	Fair value at 24 April 2022 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Investment property (Botswana)	184 185	Income capitalisation method	P38 per sqm to P80 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 9 % to 15% with a weighted average of 12%	The higher the price per square meter the higher the value of the property
Investment property (Zambia)	45 897	Income capitalisation method	P22 per sqm to P79 per sqm (weighted average of P44 per sqm) and capitalisation factor of 11%	The higher the price per square meter of a comparable property the higher the value of the property
Total	**230 082**			

Information about fair value measurements using significant unobservable inputs (level 3)

2021

Description	Fair value at 25 April 2021 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Investment property (Botswana)	174 102	Income capitalisation method	P7 per sqm to P90 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 9 % to 15% with a weighted average of 12%	The higher the price per square meter the higher the value of the property
Investment property (Zambia)	36 980	Income capitalisation method	Market price per square meter	The higher the price per square meter of a comparable property the higher the value of the property
Total	**211 082**			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P 1.8 million (2021: P2.0 million).

Revaluation surpluses relating to investment property is included in other income and gains (note 8).

	2022 P'000	2021 P'000
Contractual rental income from investment property	19 831	19 934
Expenses directly attributable to investment property	(1 612)	(1 535)

Lease agreements exist for all let properties and range from 12 months to 10 years with options to renew.

No contingent rentals are charged. Most leases include escalation clauses which approximate to expected average inflation rates over the period of the respective leases.

17 INTANGIBLE ASSETS

	Goodwill	Brand value	Computer software	Customer contract	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost					
At 27 April 2020	47 513	76 980	19 048	17 484	161 025
Additions			1 179		1 179
Currency translation	2 710	10 694	718	2 429	16 551
At 25 April 2021	50 223	87 674	20 945	19 913	178 755
Additions			2 592		2 592
Disposals			(33)		(33)
Currency translation	202	796	57	321	1 376
At 24 April 2022	**50 425**	**88 470**	**23 561**	**20 234**	**182 690**
Amortisation and impairment					
At 27 April 2020	443	17 962	15 572	7 133	41 110
Currency translation		2 709	366	1 114	4 189
Charge during the year		3 293	1 151	1 871	6 315
At 25 April 2021	443	23 964	17 089	10 118	51 614
Currency translation		249	39	254	542
Charge during the year		3 507	1 603	1 998	7 108
At 24 April 2022	**443**	**27 720**	**18 731**	**12 370**	**59 264**
Carrying amount					
At 24 April 2022	**49 982**	**60 750**	**4 830**	**7 864**	**123 426**
At 25 April 2021	49 780	63 710	3 856	9 795	127 141

Goodwill

The impairment assessment performed by the Directors at the year - end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

Brand value

Brand value arose on the acquisition of the trading business of Metro Cash and Carry Namibia in July 2014. This value is being amortised over 25 years on straight - line basis. Its useful life is reviewed at each reporting date.

Computer software rights

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The useful lives of software are reviewed at each reporting date.

Customer contracts

This arises from the long standing contractual agreements in place with credit customers of Sefalana Cash & Carry (Namibia) (Proprietary) Limited and Sefalana Trading (Proprietary) Limited, Lesotho.

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17 INTANGIBLE ASSETS (continued)

For the purpose of impairment testing, goodwill is attached to the following cash generating units:

	2022 P'000	2021 P'000
Sefalana Cash and Carry Limited	23 768	23 768
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	22 254	22 254
Sefalana Trading (Proprietary) Limited, Lesotho	1 371	1 371
PWT Properties (Proprietary) Limited Namibia	90	90
MF Holdings (Proprietary) Limited	3 794	3 794
Currency translation	(1 295)	(1 497)
Total	**49 982**	**49 780**

Key assumptions used in the calculation of recoverable amounts are discount rates and growth rates as follows:

	2022				2021			
	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"
Discount rates	14.65%	14.65%	14.65%	14.65%	14.50%	14.50%	14.50%	14.50%
Growth rates	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The table below shows the amount that these assumptions are required to change individually in order for the estimated recoverable amount to equal its carrying amount.

	2022				2021			
	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"
Discount rates	14.65%	14.65%	14.65%	14.65%	14.50%	14.50%	14.50%	14.50%
Growth rates	(12.35)%	(14.85)%	(20.00)%	(12.75)%	(1.20)%	(10.50)%	(10.00)%	0.75%

Management used a 3 year projected cashflow based on approved financial budgets / forecasts of each cash generating unit to determine the recoverable amounts.

Analysis of amortisation of intangible assets

	2022 P'000	2021 P'000
Computer software	1 603	1 151
Brand value	3 507	3 293
Customer contracts	1 998	1 871
Total	**7 108**	**6 315**

18 INVESTMENT IN ASSOCIATES

	Seasons Group Australia				
	D & G Dream Finance Trust	D & G Dream Investment Holdings Proprietary Limited	Grow Mine Africa (Proprietary) Limited	Kgalagadi Soap Industries (Proprietary) Limited-(discontinued)	Total
	P'000	P'000	P'000	P'000	P'000
Investments at cost					
At 27 April 2020			6 620	2 616	9 236
Additions	25 496	57 403			82 899
At 25 April 2021	25 496	57 403	6 620	2 616	92 135
At 26 April 2021	25 496	57 403	6 620	2 616	92 135
Additions during the year	3 351				3 351
At 24 April 2022	28 847	57 403	6 620	2 616	95 486
Impairment provision and other movements					
At 27 April 2020			6 620	2 616	9 236
Current year share of loss		5 450		2 254	7 704
Currency translation loss	1 517	4 390			5 907
Transfer to receivables (note 24)				(2 254)	(2 254)
At 25 April 2021	1 517	9 840	6 620	2 616	20 593
At 26 April 2021	1 517	9 840	6 620	2 616	20 593
Current year share of loss		13 915		520	14 435
Currency translation gain	(640)	(2 071)			(2 711)
Transfer to receivables (note 24)				(520)	(520)
At 24 April 2022	877	21 684	6 620	2 616	31 797
Carrying value as at 24 April 2022	**27 970**	**35 719**			**63 689**
Carrying value as at 25 April 2021	23 979	47 563			71 542

Seasons Group Australia

On 7 May 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, now consists of a chain of nine supermarkets in the Brisbane area. This business is controlled by a consortium of shareholders (Unitrade Investments Australia (Proprietary) Limited), many of whom are also consortium members in the South African business in which Sefalana has a preference share interest.

Total purchase consideration for Sefalana's investment in Australia amounted to AU$10.5 million (P83 million), and was considered its fair value. The effective date of investment was 7 May 2020. This investment has been treated as an investment in an associate, in which Sefalana exerts significant influence, and is therefore equity accounted. Sefalana entered into this agreement in order to pursue its Group strategy to diversify its income stream and foreign exchange exposure.

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18 INVESTMENT IN ASSOCIATES (continued)

	AU$'000 2022	AU$'000 2021	P'000 2022	P'000 2021
7 287 360 shares in D & G Dream Investment Holdings Pty Ltd	7 287	7 287	57 403	57 403
3 612 600 shares in D & G Finance Trust (2021:3 212 600 shares)	3 613	3 213	28 847	25 496
40 shares in D & G Dream Finance				
Equity investment	10 900	10 500	86 250	82 899
Loan to D & G Dream Investment Holdings Pty Ltd	2 085	2 085	17 566	17 566
Additional loan	2 950		25 578	
Transferred to equity	(400)		(3 351)	
Interest receivable capitalised	337		2 922	
Expense capitalised	25		214	
Currency translation			399	
Total loan	4 997	2 085	43 328	17 566
Interest receivable	21	170	178	1 432
Total loan and interest receivable	5 018	2 255	43 506	18 998

Unitrade Investments Australia (Proprietary) Limited holds 60% of the equity in above entities.

Since all the above companies are private entities, no quoted market prices are available for their shares.

Set out below are the summarised financial information for Seasons Group Australia which are accounted for using the equity method.

Summarised consolidated statement of comprehensive income of D & G Dream Investment Holdings Pty Limited

	2022 AUD'000	2022 P'000	2021 AUD'000	2021 P'000
Revenue	112 996	942 465	77 196	640 958
Gross profit	31 439	262 220	21 733	180 449
Operating (loss) / profit before impact of IFRS 16 and once off items	(1 504)	(12 545)	446	3 560
Additional charge in respect of IFRS 16	(2 129)	(17 758)	(1 843)	(15 164)
Disposal of plant and equipment on refurbishments	(2 406)	(20 068)	(654)	(5 428)
Loss before tax	(6 039)	(50 371)	(2 051)	(17 032)
Tax credit	1 868	15 581	410	3 406
Loss after tax	(4 171)	(34 790)	(1 641)	(13 626)
Share of loss at 40%	(1 668)	(13 915)	(656)	(5 450)

18 INVESTMENT IN ASSOCIATES (continued)

Summarised Consolidated Statement of Financial Position of D & G Dream Investment Holdings Pty Limited

	2022 AUD'000	2022 P'000	2021 AUD'000	2021 P'000
Non - current assets				
Plant and equipment	22 912	198 369	20 841	175 585
Right of use assets	49 123	425 305	46 627	392 832
Goodwill	6 335	54 847	6 000	50 550
Intangible assets	9 521	82 433	8 622	72 640
Deferred tax asset	7 275	62 990	962	8 105
Total non - current assets	95 166	823 944	83 052	699 712
Current assets				
Cash and cash equivalents	3 461	29 965	2 491	20 987
Inventory	7 129	61 725	5 414	45 614
Other current assets	1 134	9 816	2 041	17 195
	11 724	101 506	9 946	83 796
Asssets classified as held for sale	1 184	10 251		
Total current assets	12 908	111 757	9 946	83 796
Non - current liabilities				
Lease liabilities	50 711	439 058	46 470	391 510
Redeemable preference shares	9 032	78 195	8 032	67 670
Borrowings	19 883	172 148	11 132	93 787
Deferred tax	5 912	51 185	1 420	11 964
Total non - currrent liabilities	85 538	740 586	67 054	564 931
Current liabilities				
Trade and other payables	10 966	94 948	9 065	76 373
Other current liabilities	4 531	39 229	5 387	45 385
Total current liabilities	15 497	134 177	14 452	121 758
Net assets	**7 039**	**60 938**	**11 492**	**96 819**

Seasons Group Australia consists of nine supermarkets in the Queensland State of Australia. Each supermarket has a lease in respect of its premises with a third party landlord. Leases in Australia tend to contain long lease periods of between 10-15 years. As a result, and due to the requirements of IFRS 16 Leases, a significant right to use asset and corresponding liability is recognised. The amortisation of this asset and related interest charge results in a relatively larger charge in the earlier years of the leases and a relatively lower charged in the latter periods of the lease term. As a consequence, the above results include occupancy costs (recorded as finance charges in accordance with IFRS 16 Leases) which are greater than the amount actually paid to the landlord. This has been a significant contributor to the current year and prior year loss reported.

Other information pertaining to the associate company include:

Country of incorporation	Australia
Financial year end	31 March
31 March has been used for the company's year-end to align with the calendar quarters which is typical for Retailers in Australia.	
Effective interest in stated capital	40%
Principal activity	FMCG retail

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18 INVESTMENT IN ASSOCIATES (continued)

Summarised Consolidated Statement of Financial Position of D & G Dream Finance Trust

	2022 AUD'000	2022 P'000	2021 AUD'000	2021 P'000
Non - current assets				
Investment in Class B of Seasons Supermarkets	9 032	76 023	8 032	67 645
Total non - current assets	9 032	76 023	8 032	67 645
Foreign currency translation		(8 550)		(8 550)
Net assets	**9 032**	**67 473**	**8 032**	**59 095**
Represented by:				
60% units held by Unitrade Investments Australia Proprietary Limited	5 419	40 484	4 819	35 457
40% units held by Sefalana Mauritius Proprietary Limited	3 613	26 989	3 213	23 638
	9 032	**67 473**	**8 032**	**59 095**

Grow Mine Africa (Proprietary) Limited

On 23 October 2017 Sefalana Holding Company Limited entered into a consortium arrangement whereby it holds 40% of the share capital of Grow Mine Africa (Proprietary) Limited. The business was set up for the sole purpose of submitting a tender for the Botswana National Lottery.

On 4 June 2020, the Gambling Authority declared its decision to award Grow Mine (Proprietary) Limited ("Grow Mine") as its Preferred Applicant in respect of the Botswana National Lottery. Following a series of unsuccessful negotiations with the Gambling Authority, Grow Mine's status as the Preferred Applicant was revoked on 26 July 2021. The Gambling Authority has since invited the Reserve Applicant to commence negotiations on the terms of the lottery licence should it be awarded to it. Grow Mine has challenged this decision by the Gambling Authority, and the matter is now before the courts to consider. The outcome is uncertain and Sefalana' s investment remains impaired at the reporting date.

The summaries results of this entity have not been presented on the basis that activities have not yet commenced at 24 April 2022.

Kgalagadi Soap Industries (Proprietary) Limited

As at reporting date in 2022 and 2021 the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P nil following an impairment provision to reflect the potential realisable loss of its net investment in the assets of the business, including any loss incurred to date.

Kgalagadi Soap Industries (Proprietary) Limited is a private company and there is no quoted market price available for its shares. This business ceased its operations in May 2020. There are no contingent liabilities relating to the Group's interest in the associate.

Set out below are the summarised financial information for Kgalagadi Soap Industries (Proprietary) Limited which are accounted for using the equity method.

18 INVESTMENT IN ASSOCIATES (continued)

Summarised Statement of Financial Position

	2022 P'000	2021 P'000
Non - current assets		
Plant and equipment	3 600	3 498
Total non - current assets	3 600	3 498
Current assets		
Cash and cash equivalents	596	5 722
Other current assets	5 725	6 154
Total current assets	6 321	11 876
Current liabilities		
Financial liabilities	(7 199)	(12 328)
Other current liabilities	(11 213)	(10 206)
Total current liabilities	(18 412)	(22 534)
Net liabilities	**(8 491)**	**(7 160)**

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18 INVESTMENT IN ASSOCIATE (continued)

	2022 P'000	2021 P'000
Summarised statement of comprehensive income		
Revenue	786	5 975
Depreciation and amortisation		(156)
Interest income		52
Interest expense	(198)	(580)
Loss before tax	(1 331)	(4 508)
Total comprehensive loss for the year	(1 331)	(4 508)
Share of loss for the year	(666)	(2 254)
Impairment of loan receivable	(520)	(2 254)

Reconciliation of summarised financial information

	2022 P'000	2021 P'000
Loan receivable		
At start of year	520	4 339
Interest accrued		340
Repayment of loan		(1 905)
Share of loss from associate transferred to loan receivable	(520)	(2 254)
As at end of year (note 24)		520

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital at KSI Holdings (Proprietary) Limited level	50%
Effective interest in stated capital at Sefalana Holding Company Limited level	25%
Principal activity	Manufacture and distribution of soaps and oil products

	2022 P'000	2021 P'000
19 INVESTMENT IN PREFERENCE SHARES		
Group		
At beginning of year	194 997	175 858
Foreign exchange retranslation	1 769	24 430
Fair value loss (note 11)	(6 101)	(5 291)
At end of year	**190 665**	**194 997**

The Group entered into a Preference Share subscription agreement with Set to Run Trade and Invest (Proprietary) Limited, renamed UIH Investment Holdings (Proprietary) Limited ("UIH") with an effective date of 1 July 2017.

The Group earns a fixed annual return of 20% on the invested amount of R250 million for a 5 year period, at which time the preference shares could either be redeemed at face value or, at the Group's election, may be converted to ordinary shares in UIH representing up to 30% of the issued share capital of UIH. Conversion can however, be blocked at a pre-agreed amount payable to Sefalana, by the majority ordinary shareholder of UIH through the exercise of a call option.

Through operation of the agreement, should actual cash flows generated by the UIH Group be below those forecasted, the Sefalana Group remains entitled to the original capital amount invested. However, should actual cash flows exceed those as originally forecasted and agreed, the Group may be required to invest additional amounts upon conversion of the preference shares. The subscription price of R250 million was funded out of the Rights Issue program carried out in November 2016.

The investment is assessed to be a financial instrument at fair value through profit or loss in accordance with the IFRS 9 treatment of compound instruments.

24 April 2022

In December 2021, the Group notified UIH of its intention not to exercise its option to convert this preference share investment into an equity shareholding. This decision was made following an extensive evaluation and consideration of a number of relevant factors which lead the Board to conclude that it was not in the Group's best interest to convert to an equity shareholding. The face value of the preference share, amounting to R250 million (P190.7 million) will therefore be repaid to the Group in August 2022. An impairment charge of R8 million (P 6.1 million) in respect of the value of the conversion option has been recorded in the current year to arrive at the instrument's fair value as at the reporting date.

Following the communication to the issuer of the Group's intention not to convert, the directors are of the view that the fair value of the financial instrument approximates its redemption value of R250 million (P190.7 million) receivable in two months time as of the year end. Due to the length of the period remaining to maturity and also due to the fact that communication to the issuer effectively eliminated the conversion feature embedded in the preference share agreement, the directors are of the view that the fair value of the preference shares is not sensitive to any input factor as it is based on the redemption value (exit price). To this end no sensitivities were performed for the inputs into the fair valuation as at the 2022 reporting date.

The instrument was classified as a current asset in the current year due to redemption expected in the next two months. The directors are not aware of any facts and circumstances of the issuer that could result in the redemption proceeds being deferred beyond twelve months subsequent to the reporting date.

The fair value measurement is a Level 3 and is based on the redemption value as at year-end.

Subsequent to year end, the full proceeds from the redemption of the instrument were received in August 2022. Refer to note 43.

25 April 2021

The fair value of the preference share investment was determined by the Group in accordance with IFRS 13; Fair value measurements, using the Discounted Cash Flow Method and is based on the business plans and forecasted cash flows of UIH as originally agreed between the parties. Since the start of UIH's business operations in December 2017, there have been no indicators that these plans or forecasts would change significantly over the five year term of the instrument. As expected, Covid-19 has had a negative impact on the business and the economy as a whole, but the overall results remain within 10% of the cumulative planned results to date. This had been reflected in the revaluation as at the 2021 reporting date.

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19 INVESTMENT IN PREFERENCE SHARES (continued)

The valuation methodology applied remains consistent with that of the previous reporting periods.

Valuation technique: Discounted Cash Flow (DCF - Income Method) as this is a commonly used methodology by the market.

A P/E multiple was also used to corroborate the output values from the DCF model.

The fair value measurement is a Level 3 fair value measurement with the following inputs:

Input	Assumptions used in the year-end valuation
Term date	1 July 2017 to 30 June 2022
Dividend pay-out policy	50%
PE minimum	5.00
PE maximum	8.00
South African inflation rate	3.1%
Discount rate	19.0%
EBITDA	Actual and forecast
Average Equity valuation	R 850 million

The most significant input in the model is EBITDA and the expected rate of return. For every 5% change in the average annual EBITDA the value of the instrument would change by R3.7 million, and for every 1% change in the expected rate of return (discount rate), the value of the investment instrument would change in the opposite direction by R 1.9 million.

Inter-relationships between these inputs exist in as far as macro-economic factors impact one another, for example, changes in inflation rates result in changes in interest rates.

The range of valuations based on reasonable sensitivities of each input is however, not considered material to the financial statements as a whole.

	2022 P'000	2021 P'000
20 DEFERRED LEASE ASSETS		
Group		
At beginning of year	4 404	3 842
Movement during the year	330	562
At end of year	**4 734**	**4 404**

Deferred lease assets relate to investment properties and deferred letting commission and represents the lease rentals arising from straight - lining of lease charges and unamortised letting commission over the lease term.

21 DEFERRED TAX ASSETS AND LIABILITIES

Group

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation P'000	Revaluation of land and buildings P'000	Inventory net realisable value adjustments P'000	Other* P'000	Total P'000
At 27 April 2020	(13 901)	(85 564)	22 271	3 895	(73 299)
Current year movement	(8 278)	(2 553)	2 355	7 550	(926)
Currency translation	(1 609)			189	(1 420)
Gain on revaluation of land and building included in Other Comprehensive Income		(5 083)			(5 083)
At 25 April 2021	**(23 788)**	**(93 200)**	**24 626**	**11 634**	**(80 728)**
At 26 April 2021	(23 788)	(93 200)	24 626	11 634	(80 728)
Current year movement	(5 495)	(1 982)	3 930	3 577	30
Currency translation	(178)				(178)
Gain on revaluation of land and building included in Other Comprehensive Income		(6 261)			(6 261)
At 24 April 2022	**(29 461)**	**(101 443)**	**28 556**	**15 211**	**(87 137)**

* includes tax asset arise from lease liability and accruals.

	2022 P'000	2021 P'000
Disclosed as:		
Deferred tax assets	29 710	28 523
Deferred tax liabilities	(116 847)	(109 251)
	(87 137)	(80 728)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and labilities on a net basis.

22 INVESTMENT IN SUBSIDIARIES

Company	2022 % holding	2021 % holding	2022 P'000	2021 P'000
Held directly:				
Cebay Investments (Proprietary) Limited	100	100		
Foods (Botswana) (Proprietary) Limited	100	100	32 524	32 524
KSI Holdings (Proprietary) Limited	50	50	4 250	4 250
Meybeernick Investments (Proprietary) Limited	100	100	1 504	1 504
MF Holdings (Proprietary) Limited	100	100	31 961	31 961
Sefalana Fresh Produce (Proprietary) Limited	100	100	1 517	1 517
Sefalana Cash and Carry Limited	100	100	109 524	109 524
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	100	100	48 802	48 802
Sefalana sa Botswana Limited	100	100		
Sefalana Mauritius (Proprietary) Limited	100	100	361 035	361 035
Sefalana Properties Limited, Zambia	100	100	10 561	10 561
Sefalana Cash and Carry Limited, Zambia	100	100	61	61
Sefalana Financial Services Proprietary Limited	100			
			601 739	**601 739**

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For the 52 week period ended 24 April 2022 / 25 April 2021

22 INVESTMENT IN SUBSIDIARIES (continued)

	% holding by the controlling entity 2022	2021
Held indirectly, through :		
KSI Holdings (Proprietary) Limited		
Refined Oil Products (Proprietary) Limited	100	100
Kgalagadi Soap Industries (Proprietary) Limited - Associate	50	50
Sefalana Cash and Carry Limited		
Welcome Serowe (Proprietary) Limited	100	100
Sefalana Financial Services Proprietary Limited		
Sefremit Proprietary Limited		
MF Holdings (Proprietary) Limited		
Commercial Motors (Proprietary) Limited	100	100
Ellerry Holdings (Proprietary) Limited	100	100
Mechanised Farming (Proprietary) Limited	100	100
Sefalana Mauritius (Pty) Limited		
Sefalana Lesotho (Proprietary) Limited	100	100
Sefalana Properties (Lesotho) (Proprietary) Limited	100	100
Sefalana Trading (Proprietary) Limited	100	100

The principal activities of the subsidiaries are described in the Group Managing Director's report and Company Profiles. Wherever control is established through operation of shareholders agreement, those companies are deemed subsidiaries.

* On 15 October 2021, the Group formed a new subsidiary called Sefalana Financial Services Proprietary Limited (Sefremit), which deals in money transfers and other financial services. This entity did not trade during the financial year.

KSI Holdings (Proprietary) Limited

The Group holds a 50% equity interest in KSI Holdings (Proprietary) Limited and controls the management and decision making function of the business based on an agreement between the shareholders. KSI Holdings (Proprietary) Limited controls a 100% equity interest in Refined Oil Products (Proprietary) Limited, a property company and 50% equity interest in Kgalagadi Soap Industries (Proprietary) Limited (Note 18).

22 INVESTMENT IN SUBSIDIARY (continued)

Set out below are the summarised group results for KSI Holdings Proprietary Limited

Summarised Statement of Financial Position

	2022 P'000	2021 P'000
Non - current assets		
Investment property	42 000	42 000
Total non - current assets	42 000	42 000
Current assets		
Cash and cash equivalents	1 555	2 402
Other current assets	880	2 420
Total current assets	2 435	4 822
Non-current liabilities		
Borrowings	(5 833)	(7 634)
Deferred tax	(2 349)	(3 291)
Total non - current liabilities	(8 182)	(10 925)
Current liabilities		
Financial liabilities	(1 735)	(5 099)
Other current liabilities	(1 448)	(1 152)
Total current liabilities	(3 183)	(6 251)
Net equity	**33 070**	**29 646**
Summarised statement of comprehensive income		
Revenue	4 048	4 733
Interest income	101	345
Interest expense	(518)	(819)
Recovery from previously impaired loans	2 475	
Profit before tax	3 746	1 909
Income tax	(322)	(382)
Total comprehensive profit for the year	3 424	1 527
Share of profit	1 712	764

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital	50%
Principal activity	Property rental

23 INVENTORIES

	2022 P'000	2021 P'000
Group		
Purchased for resale	1 055 513	863 596
Finished goods	7 891	3 296
Raw materials	65 803	108 114
Work in progress	1 203	1 493
Less: inventory provisions	(123 020)	(105 994)
	1 007 390	870 505

Inventory stated at net realisable value amount to P nil (2021: P nil). Inventory written off during the year amounted to P1.1 million (2021: P nil).

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	2022 P'000	2021 P'000
24 TRADE AND OTHER RECEIVABLES		
Group		
Trade receivables	199 537	188 580
Impairment provision	(20 061)	(19 883)
	179 476	168 697
Prepaid expenses	14 984	13 955
Advances	2 944	1 427
Dividends on preference shares	31 760	31 474
Related party receivables (note 18)		520
Loan and interest receivable (note 18)	43 506	18 998
VAT receivable	39 827	28 215
Other receivables	21 651	13 189
	334 148	276 475
Trade receivables		
Non-current portion	6 320	7 207
Current portion	327 828	269 268
	334 148	276 475

Non-current trade and other receivables relate to instalment lease debtors with maturities between 2 to 5 years. The related future interest receivable is P0.6 million. (2021: P0.7 million) The average credit period on sale of goods is 40 days (2021: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR43.7 million (2021: ZAR42.2 million) which equates to P33.3 million (2021: P 31.9 million), Namibian Dollar, N$52.3 million (2021: N$36.7 million) which equates to P 39.9 million (2021: P27.8 million), United States Dollar, US$0.049 million (2021: US$0.16 million), which equates to P0.6 million (2021: P1.7 million), Zambian Kwacha, K0.0.08 million (2021: K0.5 million), which equates to P0.0.06 million (2021: P0.3 million), Australian Dollar, AUD 5 million (2021: AUD 2.3 million), which equates to P43.4 million (2021: P19 million) and Lesotho Loti, LSL93.7 million (2021: LSL71.8 million), which equates to P71.5 million (2021: P54.3 million).

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due. In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. Trade receivables comprise of retail customers, Government entities or parastatals, wholesale customers and tenants from retail and commercial properties. The trade receivables are spread across different revenue streams with no specific significant concentration of credit risk to a group of trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9: Financial Instruments, and is monitored at the end of each reporting period. The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented.

24 TRADE AND OTHER RECEIVABLES (continued)

The expected loss rate per provision matrix has been developed by making use of past due default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. The estimation techniques explained have been applied, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past statistics without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Estimated credit loss allowance working for the year ended 24 April 2022

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	3.27%	5.20%	13.61%	48.36%	48.32%	
Gross carrying amount (P'000)	126 061	39 290	7 546	2 791	23 849	199 537
Loss allowance (P'000)	**4 118**	**2 042**	**1 027**	**1 350**	**11 524**	**20 061**

Estimated credit loss allowance working for the year ended 25 April 2021

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	2.45%	8.05%	11.53%	23.25%	43.22%	
Gross carrying amount (P'000)	115 591	29 604	6 619	10 575	26 191	188 580
Loss allowance (P'000)	**2 959**	**2 383**	**763**	**2 459**	**11 319**	**19 883**

	2022 P'000	2021 P'000
Movement in allowances for impairment:		
Group		
At 25 April 2021	19 883	18 760
Impairment losses recognised during the year	1 874	4 537
Amounts written off as uncollectible	(1 696)	(3 414)
At 24 April 2022	**20 061**	**19 883**
Company		
Trade and other receivables	1 184	381
Receivables from related parties	22 427	21 888
	23 611	**22 269**

Related party receivables relate to management fees receivables from Group entities as disclosed per note 25.

Credit risk is not considered to be significant at Company level due to the nature of the items held within trade receivables and prepaid expenses and therefore no impairment provision is considered necessary.

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25 RELATED PARTY BALANCES AND TRANSACTIONS

There is no impairment provision in respect of amounts owed by related parties at the end of the reporting year. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates to ensure provisions are made if necessary.

The majority of related party loans arise through the Group's Treasury function and bear interest linked to the prime bank rate, which represents the Company's borrowing rate from its main banker in Botswana.

There are no fixed terms for repayment and no collaterals is held for the receivables (related party).

Refer to note 22 for a list of subsidiaries.

	2022 P'000	2021 P'000
Group		
Amount due from related party / affiliate (common directorship)		
UIH Investment Holdings (Proprietary) Limited	190 665	194 997
Company		
Amount due from local subsidiaries:		
KSI Holdings (Proprietary) Limited		1 741
Commercial Motors (Proprietary) Limited	7 519	
Foods (Botswana) (Proprietary) Limited	27 452	
Meybeernick Investments (Proprietary) Limited	20 519	
Sefalana Cash and Carry Limited	116 747	
Sefalana Financial Services Proprietary Limited	757	
Amounts due from foreign subsidiaries:		
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	134 419	133 210
Sefalana Mauritius (Proprietary) Limited	46 808	38 755
Sefalana Trading (Proprietary) Limited	14 235	13 205
Total amounts due from related parties	**368 456**	**186 911**
Non - current assets	226 166	133 210
Current assets	142 290	53 701
Total	**368 456**	**186 911**

All amounts due from related parties are performing according to established credit terms, and no default or loss on account of impairment is anticipated based on available forecasts and business plans. The terms of the loan agreement between Sefalana Holding Company Limited and Sefalana Cash and Carry (Namibia) (Proprietary) Limited has resulted in the entire amount related to loan receivable from Namibia being classified as non - current.

	2022 P'000	2021 P'000
Amounts due to local subsidiaries:		
Cebay Investments (Proprietary) Limited	10	10
Foods (Botswana) (Proprietary) Limited *		20 742
Mechanised Farming (Proprietary) Limited	880	
Meybeernick Investments (Proprietary) Limited *		19 142
Sefalana sa Botswana Limited	5 056	5 056
Total amounts due to related parties (current liabilities)	**5 946**	**44 950**

All amounts due to related parties are in line with agreed credit terms and are repayable on demand.

Amounts paid during the year
Refer to note 12 for amounts paid to Directors during the year.

Security
Collateral held by Sefalana Holding Company Limited in respect of amounts due from related parties consists of the equity shares held in the respective legal entity.

* Refer to note 6 for details on restatement

	2022 P'000	2021 P'000
25 RELATED PARTY BALANCES AND TRANSACTIONS (continued)		
Group		
Dividend on preference shares from related party / affiliate		
UIH Investment Holdings (Proprietary) Limited (note 7)	37 793	35 486
Rent paid		
Sefalana Group Staff Pension Fund	6 363	5 984
Contribution to pension fund		
Sefalana Group Staff Pension Fund	11 378	10 321

Refer to note 18 and note 24 for investment in associate and loan receivable from related party.

	2022 P'000	2021 P'000
Company		
Interest income from loans to subsidiaries (note 7)		
KSI Holdings Proprietary Limited		89
Meybeernick Investments Proprietary Limited	523	
Commercial Motors Proprietary Limited	152	
Foods (Botswana) Proprietary Limited	1 440	
Sefalana Cash and Carry Limited	3 024	
Sefalana Cash and Carry (Namibia) Proprietary Limited	14 072	13 269
Sefalana Mauritius Proprietary Limited	1 927	1 100
Sefalana Trading Proprietary Limited	1 348	1 268
Sefalana Financial Services Proprietary Limited	11	
	22 497	15 726
Interest paid on loans from subsidiaries (note 9)		
Foods (Botswana) Proprietary Limited		433
Meybeernick Investments Proprietary Limited		404
		837
Dividends from subsidiaries (note 5)		
Meybeernick Investments Proprietary Limited	60 000	
Foods (Botswana) Proprietary Limited	80 000	
Sefalana Cash and Carry (Namibia) Proprietary Limited	26 236	
Sefalana Properties Limited, Zambia	1 962	2 360
Sefalana Cash and Carry Limited	150 000	35 000
Sefalana Mauritius Proprietary Limited	34 020	29 400
Sefalana Fresh Produce (Proprietary) Limited	8 000	
	360 218	66 760
Management fees charged to subsidiaries (note 5)		
Commercial Motors Proprietary Limited	1 500	2 000
Mechanised Farming Proprietary Limited	500	173
Foods (Botswana) Proprietary Limited	4 112	4 058
Meybeernick Investments Proprietary Limited	2 205	2 100
Sefalana Cash and Carry Limited	5 040	5 040
Sefalana Cash and Carry (Namibia) Proprietary Limited	9 070	8 517
	22 427	21 888
Contribution to pension fund		
Sefalana Group Staff Pension Fund	1 115	994

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	2022 P'000	2021 P'000
26 CASH AND CASH EQUIVALENTS		
Group		
Cash on hand	19 503	17 205
Bank balances	363 246	229 765
Short term deposits	192 491	231 291
Bank overdraft	(44 639)	(3 524)
	530 601	**474 737**
Cash and cash equivalents represented by:		
Cash on hand and bank balances	575 240	478 261
Bank overdraft	(44 639)	(3 524)
	530 601	**474 737**

	2022	2021*
Company		
Bank balances	85 715	19 151
Short term deposits	77 457	30 272
Bank overdraft	(44 633)	(36)
	118 539	49 387
Cash and cash equivalents represented by:		
Cash on hand and bank balances*	163 172	89 307
Bank overdraft	(44 633)	(36)
	118 539	89 271

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. In addition, there has been no default in prior years. As a result, no impairment provision has been recognised.

The credit quality of cash at bank and short term deposits that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates. Short term deposits earn interest rates from 1.25% to 4.25% based on the money market interest rates and are redeemable on demand.

27 NON - CURRENT ASSET HELD FOR SALE

	2022	2021
Asset classified as held for sale	34 750	23 958
Opening balance	23 958	
Additions during the year	270	23 958
Fair value gain	10 522	
Closing balance	34 750	23 958

During the previous financial year, a portion of Lot 77806, in Setlhoa Village had been classified as held for sale. The Directors expect the section title sale of this property to be completed within the next 12 months. As at April 2021 an agreement had been entered into with a third party for the sale of this property. Regulatory approval has been obtained in the current financial year and now only administrative procedures remain pending. The asset held for sale has been recorded at its sale price which approximates to its fair value.

* Refer to note 6 for details of restatement.

28 STATED CAPITAL

	2022 Number of shares	2021 Number of shares	2022 P'000	2021 P'000
Group and Company				
Issued and fully paid				
At 26 April 2021	250 726 709	250 726 709	686 354	686 354
At 24 April 2022	**250 726 709**	**250 726 709**	**686 354**	**686 354**

The Company has one class of ordinary shares of no par value which carry no right to fixed income.

29 OTHER RESERVES

Group	Land and buildings revaluation P'000	Currency translation P'000	Total P'000
At 27 April 2020	265 227	(132 836)	132 391
Gain on revaluation of land and buildings (net of tax)	16 279		16 279
Currency translation differences and other movements		62 391	62 391
At 25 April 2021	**281 506**	**(70 445)**	**211 061**
At 26 April 2021	281 506	(70 445)	211 061
Gain on revaluation of land and buildings (net of tax)	19 217		19 217
Currency translation differences and other movements		27 403	27 403
At 24 April 2022	**300 723**	**(43 042)**	**257 681**

Land and buildings reserve relates to the revaluation of property, plant and equipment.

The currency translation reserve comprises differences arising from the translation of foreign denominated assets and liabilities to the reporting currency at the year end. These assets and liabilities relate to the Namibian, Lesotho, Mauritius and Zambian entities. The cumulative amount will be retransferred to profit or loss in the event that the net investment is disposed.

30 LOANS AND BORROWINGS

	2022 P'000	2021 P'000
Group		
Long term portion	105 833	107 634
Current portion	1 735	1 618
	107 568	**109 252**

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For the 52 week period ended 24 April 2022 / 25 April 2021

	2022 P'000	2021 P'000

30 LOANS AND BORROWINGS (continued)

Company

The company had no loans and borrowings in the current year and previous year.

Loans and borrowings include the following:

Group

The Group had entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited, with a draw-down period from March 2014 to May 2016. This facility will be fully repaid in five equal annual instalments of P20 million (2025 to 2029). Interest is charged at 8.1% per annum. This arrangement is being utilised to fund the Group's capital projects.

The Group has complied with the financial covenants of its borrowing facilities during the current and previous year.

A second term loan from First National Bank of Botswana Limited for P15 million bears interest at prime lending rate plus 0.85%, and is repayable over 120 months commencing October 2016. This loan is secured by a first Covering Mortgage Bond of P18 million over Plot 10247/50, Broadhurst Industrial, Gaborone, Botswana and by letter of suretyships from Sefalana Holding Company Limited and the minority shareholders of KSI Holdings (Proprietary) Limited.

31 TRADE AND OTHER PAYABLES

	2022 P'000	2021 P'000
Group		
Trade payables	791 058	673 533
Accrued expenses	48 277	33 735
Advances from customers	2 826	2 280
Other payables	17 692	10 897
Unclaimed dividends	2 510	2 157
	862 363	**722 602**

Included above are liabilities denominated in foreign currencies being ZAR192.7 million (2021: ZAR206.2 million) which equates to P147.0 million (2021: P155.8 million), Namibian Dollar, N$353.9 million (2021: N$284.1 million) which equates to P269.9million (2021: P214.7 million), US$ 0.33 million (2021: US$ 0.94 million) which equates to P 4.0 million (2021: P 1 million), and Lesotho Loti, LSL 116.2 million (2021: LSL117.9 million) which equates to P88.6million (2021: P89.2 million).

The average credit period for certain service cost liabilities is 30 days (2021: 30 days). Other payables are settled as and when they fall due. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

	2022	2021
Company		
Accrued expenses	363	419
Other payables	705	180
Unclaimed dividends	2 510	2 157
	3 578	**2 756**

	2022 P'000	2021* P'000

32 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the Group and Company are classified as follows:

Category - financial assets at fair value through profit and loss

	2022 P'000	2021* P'000
Group		
Preference shares	190 665	194 997

Category - financial assets at amortised cost

	2022 P'000	2021* P'000
Group		
Trade and other receivables (excluding prepaid expenses)	319 164	262 520
Cash and cash equivalents	575 240	478 261
	894 404	**740 781**
Company		
Amounts due from related parties	368 456	186 911
Trade and other receivables (excluding prepaid expenses)	23 611	22 269
Cash and cash equivalents*	163 172	89 307
	555 239	**298 487**

33 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the Group and Company are classified as follows:

Category - financial liabilities at amortised cost

	2022 P'000	2021* P'000
Group		
Trade and other payables*	862 378	733 004
Loans and borrowings	107 568	109 252
Lease obligations	254 032	194 757
Bank overdrafts	44 639	3 524
	1 268 617	1 040 537
Company		
Amounts due to related parties*	5 946	44 950
Trade and other payables	3 578	2 756
Bank overdrafts	44 633	36
	54 157	**47 742**

* Refer to note 6 for details on restatement

Notes to the financial statements

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34 SHORT TERM BANKING FACILITIES

The short term banking facilities of the Group are presented below. The term loan facilities available to the Group are detailed in note 30.

Group				
Banker	Facility	Currency	Limit in foreign currency	Limit in equivalent reporting currency (P)
First National Bank of Botswana Limited	Overdraft	P	N/A	80.0 million
	Letters of credits	USD	0.3 million	3.3 million
	Guarantee	P	N/A	40.2 million
Standard Bank Namibia Limited	Overdraft	N$	30.0 million	22.7 million
Standard Bank Lesotho Limited	Overdraft	LSL	20.0 million	15.1 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipment floor plan	P	N/A	4.8 million
Standard Chartered Bank Botswana Limited	Guarantee	P		9.7 million

There are cross suretyships between companies within the same Group proportionate to shareholdings.

The Group's unutilised facilities at the end of the year is equivalent to approximately P121 million (2021: P224 million).

35 CONTRACT LIABILITIES

	Maintenance service plan P'000	Customer loyalties P'000	Total P'000
Group			
At 27 April 2020	10 663	6 528	17 191
Revenue recognised	(2 787)	(5 821)	(8 608)
Payments received in advance against performance obligations / liabilities accrued	1 259	7 635	8 894
At 25 April 2021	**9 135**	**8 342**	**17 477**
At 26 April 2021	9 135	8 342	17 477
Revenue recognised	(5 168)	(12 307)	(17 475)
Payments received in advance against performance obligations / liabilities accrued	268	14 722	14 990
At 24 April 2022	**4 235**	**10 757**	**14 992**

Maintenance Service Plan

Revenue relating to maintenance services is recognised over time. The customer pays up front in full for these services resulting in a contract liability being recognised for revenue relating to the maintenance services at the time of the initial sales transaction. The liability is recognised as revenue over the service period.

Customer Loyalties

The Sefalana Cash & Carry Limited loyalty program, Sefalana Rewards enables customers to purchase goods in future at a discounted price through us of loyalty cards. The cardholder cannot redeem points without future purchases. The above contract liability relates to un-redeemed points at any given time. Loyalty points have an expiry term of one year after which the liability is eliminated.

36 ACCRUALS

	Accruals for employee benefits P'000
Group	
At 27 April 2020	48 764
Currency translation	1 496
Arising during the year	48 724
Utilised during the year	(31 338)
At 25 April 2021	**67 646**
At 26 April 2021	67 646
Currency translation	237
Arising during the year	54 651
Utilised during the year	(47 157)
At 24 April 2022	**75 377**
Company	
At 27 April 2020	13 487
Arising during the year	15 214
Utilised during the year	(12 727)
At 25 April 2021	**15 974**
At 26 April 2021	15 974
Arising during the year	16 382
Utilised during the year	(13 742)
At 24 April 2022	**18 614**

Accruals for employee benefits represents annual leave and severance benefit entitlements as applicable.

37 OPERATING LEASE ARRANGEMENTS

Group as lessor

Operating leases relate to property owned by the Group with lease terms of between 12 months to 10 years, with an option to extend for a further negotiated period. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew.

No lessee has an option to purchase the property at the expiry of the lease period.

	2022 P'000	2021 P'000
Maturity analysis of amounts receivable under operating leases:		
Within one year	17 772	14 885
Within two to five years	66 281	43 257
Over five years	10 711	14 916
	94 764	**73 058**

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

38 RETIREMENT BENEFIT ASSETS

Up until 30 September 2010, the Group operated two defined contribution retirement benefit plans, namely:

a) the Sefalana Pension Fund: Members of this Fund were the qualifying employees of Sefalana Holding Company Limited and Foods Botswana; and

b) the Sefcash Retirement Fund: Members of this Fund were the qualifying employees of Sefalana Cash and Carry Limited.

Effective from 1 October 2010 the Sefalana Pension Fund and the Sefcash Retirement Fund were amalgamated to form the Sefalana Group Staff Pension Fund.

The assets of these pension funds are held separately from those of the Group's businesses, in funds under the control of respective Board of Trustees represented equally by representative of employers and members, and have operated as one Fund since 1 October 2010.

The administration of the Fund was managed by an independent professional body, Fiducia Services (Proprietary) Limited.

The Sefalana Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time.

This Employer Reserve, which shares in the returns of underlying Fund assets, will continues to exist in the amalgamated Fund, and under rules for this amalgamated Fund, and was utilised to fund employer contributions to the pension Fund, and to meet certain other expenses of the amalgamated Fund.

Details of the Fund, although not coterminous with the Group's financial year have been included in this annual report for information purposes only. The Funds year end is 31 January. The Directors and Trustees are comfortable that there has been no significant movement in the valuation of the Fund and its assets between 31 January and 30 April of respective financial years.

The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both reporting periods. This reserve may at a later date receive a distribution from other Reserves under certain circumstances. This surplus would then be utilised once again to fund employer contributions to the Pension Fund as was previously the case.

	2022	2021
	P'000	P'000
Plan assets consist of the following at fair value		
Property occupied by the Group	58 000	57 000
Equity securities	31 861	29 689
Managed funds	273 419	237 376
Cash	2 228	1 299
Other assets	173	2 150
	365 681	**327 514**
Plan liabilities consist of the following:		
Payables	(7 318)	(4 135)
Net surplus	**358 363**	**323 379**
Represented by:		
Members Funds	322 435	290 367
Pensioners' Reserves	35 928	33 012
	358 363	**323 379**

39 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the relative debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of long term borrowings, bank overdrafts and equity attributable to equity holders of the parent.

Gearing ratio

The Board of Directors reviews the capital structure on an on - going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group aims to minimise net borrowings on a Group basis but will incur debt for expansion of operations where necessary. The Group has a target maximum gearing ratio of 20% determined as the proportion of net debt to equity. At the year end, the Group's cash and cash equivalents exceeded the borrowings from banks.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk management policies are approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Company's Board of Directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of supplies throughout the Group. Market risk exposures in the prices of grain used by Foods (Botswana) (Proprietary) Limited are managed by securing contracts for bulk purchases of grain.

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

39 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. The most significant foreign exchange exposure arise from South African Rand denominated purchases of goods for the Trading - Consumer Goods and Manufacturing operating segments. These obligations are generally settled within 30 days of delivery of goods, thus limiting the Group's exposure. Furthermore, anticipated changes in foreign exchange rates are considered in the sales pricing of such goods.

The Trading - Other operating segment attracts exposure to foreign currency exchange risk to the Euro and United States Dollar through importation of vehicles and equipment from foreign suppliers. The Group manages these risks through securing appropriate deposits in the underlying currencies. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 2022 000	Assets 2021 000	Liabilities 2022 000	Liabilities 2021 000
South African Rand (ZAR)	86 984	87 988	192 690	207 847
Namibian Dollar (N$)	205 156	194 478	353 868	284 101
Lesotho Loti (LSL)	123 042	85 646	116 167	122 484
United States Dollars (US$)	1 721	1 727	331	94
Zambian Kwacha (K)	21	23	1 322	
Euro (EUR)	44	47		
Australian Dollar (AUD)	5 022	4 410		
Pula equivalent	381 567	334 416	510 392	465 523

Foreign currency sensitivity analysis

The Group is exposed to the South African Rand, Namibian Dollar and Lesotho Loti through its regional buying and selling operations; the Euro, as a result of a holding deposits in that currency; United States Dollar through a long term borrowing facility and regional and international buying operations and Australian Dollar through FMCG operations in Australia. The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax and other equity where the Pula strengthens 10% against the relevant currency. For a 10% weakening of the Pula against the relevant currency, there would be an equal and opposite impact on the profit before tax and other equity.

	2022						2021					
	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000
On liabilities:												
Profit if Pula strengthens by 10%	14 696	26 988	8 860	402			15 709	21 472	9 257	102		
Loss if Pula weakens by 10%	(14 696)	(26 988)	(8 860)	(402)			(15 709)	(21 472)	(9 257)	(102)		
On assets:												
Profit if Pula weakens by 10%	6 634	15 646	9 384	2 086	53	4 348	6 650	14 699	6 473	1 869	61	3 714
Loss if Pula strengthens by 10%	(6 634)	(15 646)	(9 384)	(2 086)	(53)	(4 348)	(6 650)	(14 699)	(6 473)	(1 869)	(61)	(3 714)

39 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long - term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non - derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay the liability. The table includes both interest and principal cash flows.

	Less than 1 year	Between 2 - 5 years	Above 5 years
	P'000	P'000	P'000
Group			
At 25 April 2021:			
Trade and other payables	722 602		
Loans and borrowings	9 718	69 080	54 222
Lease obligations	54 666	133 677	6 414
Bank overdraft	3 524		
Total	**790 510**	**202 757**	**60 636**
At 24 April 2022:			
Trade and other payables	862 363		
Loans and borrowings	9 835	68 198	54 046
Lease obligations	93 270	157 318	3 444
Bank overdraft	44 639		
Total	**1 010 107**	**225 516**	**57 490**

	2022	2021
	P'000	P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdraft	73 161	183 911
Wesbank floor plan	4 750	4 750
Letters of credit and guarantee	43 250	35 171

The Group will finance cash flows to settle the above obligations through utilisation of unused banking facilities and future operating cash flows.

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

39 FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure of financial instruments to interest rates at the reporting date. For floating rate liabilities denominated in the reporting currency, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit after tax for the year ended April 2022 would decrease / increase by P1 066 000 (2021: decrease / increase by P614 000).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On - going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit - ratings assigned by international credit - rating agencies.

The carrying amount of financial assets recorded in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

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39 FINANCIAL INSTRUMENTS (continued)

Financial assets exposed to credit risk at end of year

	2022 P'000	2021 P'000
Group		
Trade and other receivables (excluding prepaid expenses)	319 164	262 520
Bank balances with:		
African Banking Corporation Limited	7	
Absa Bank of Botswana Limited	1 141	3 682
BIFM Unit Trusts (Proprietary) Limited	192 491	134 383
Capital Bank Limited	4	
First National Bank of Botswana Limited	128 848	35 106
First National Bank of Namibia Limited	229	67 325
First National Bank of South Africa Limited	19 349	7 161
Standard Lesotho Bank	18 714	7 119
Stanbic Bank Botswana Limited	11 379	22 889
Standard Chartered Bank Botswana Limited	33 521	127 167
Standard Bank Namibia Limited	102 175	39 954
Standard Bank Mauritius	1 688	20 859
Vunani Money Market		1 588
Zambia National Commercial Bank, Lusaka, Zambia	2 195	1 438
	830 905	**731 191**

Company	2022	2021*
Trade and other receivables	1 184	381
Amount due from related parties	368 456	186 911
Bank balances with:		
BIFM Unit Trusts (Proprietary) Limited	127 457	30 273
First National Bank of Botswana Limited	12 953	450
Standard Chartered Bank of Botswana Limited	16 817	58 383
Stanbic Bank Botswana Limited	5 941	195
	532 808	**276 593**

* Refer to note 6 for details on restatement

Notes to the financial statements

For the 52 week period ended 24 April 2022 / 25 April 2021

40 CONTINGENT LIABILITIES

a) Pending litigations against the companies within the Group are summarised below:

	Number of cases pending 2022	Approximate claim value P'000	Number of cases pending 2021	Approximate claim value P'000
Commercial Motors (Proprietary) Limited	3	3 883	1	531
Foods Botswana (Proprietary) Limited			1	2 304
Sefalana Cash and Carry Limited	1	3 061	2	3 993
Sefalana Holding Company Limited	1	95		

During the year a settlement was arrived at in respect of amounts due to Foods (Botswana) (Proprietary) Limited. The company recovered all amounts due to it including legal costs.

b) Bank guarantees issued in the ordinary course of business are as stated below and are in place to facilitate supply of products and services to the respective entities within the Group.

	Currency	Amount '000	Currency	Amount '000
Foods Botswana (Proprietary) Limited	P	9 528	P	9 528
Mechanised Farming (Proprietary) Limited	P	80	P	80
Meybeernick Investments (Proprietary) Limited	P	450	P	
Sefalana Cash & Carry Limited	P	147	P	147

c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14, 16 and 30.

d) Sefalana Holding Company Limited and its subsidiaries have issued letters of suretyships to support various banking facilities enjoyed by the companies within the Group.

	2022 P'000	2021 P'000
41 CAPITAL COMMITMENTS		
Capital expenditures approved by the Directors:		
Contracted for	12 500	
Not contracted for	129 660	69 655
	142 160	**69 655**

The Group will procure third party financing for the major capital commitments before they are incepted.

42 GOING CONCERN ASSESSMENT

Impact of COVID - 19 on Sefalana Group

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by a novel coronavirus, a Pandemic. This Pandemic has developed rapidly in 2020 and continued into 2021 and 2022 with a significant number of cases worldwide. The necessary measures taken by various Governments in the territories in which we are present, have invariably affected general economic activity as well as the Group's operations. This led to a notable impact on the business predominantly in the prior in the following ways:

1 Local restrictions on operating hours together with legislative constraints on the sale of liquor had resulted in up to a 30% decline in activity in our core FMCG business in some of these locations.

2 Whilst we had seen a reduction in the sales volumes of liquor, we noted a trend towards a greater spend on essential goods and services. We also observed many of our customers purchasing larger baskets as they had reduced their frequency of store visits.

3 A reduction in the availability of raw milk in the Region led to reduced production of long-life milk at our manufacturing business. This had arisen due to a number of farmers slaughtering their dairy cows to meet the increased demand (and price) for meat during the Pandemic. Farmers have actively been increasing production during the current year albeit not yet at pre - pandemic levels.

4 A reduced level of activity had been noted in our motor dealership division as customers postponed purchases in luxury goods such as a new vehicle during the Pandemic. Government spend had also moved its attention to supporting essential products and services.

5 Recoverability of receivables has been impacted by the ability of our credit customer base across the Group being able to sustain themselves during the economic downturn. In most instances there has not been a significant worsening in the quality of the credit book. Appropriate impairments have been made where deemed necessary.

6 Property valuations have remained relatively flat during the pandemic.

Management took a number of initiatives to monitor and mitigate the effects of COVID-19 which include but are not limited to:

1 Securing larger volumes in the supply of goods and raw materials that are essential to our operations to limit operational and manufacturing inefficiencies and delays;

2 Provision of a secure and clean work environment for staff through adherence to strict health and safety regulations and ensuring our staff are well informed on all local updates relating to the Pandemic. No redundancies were made in the current or prior years.

3 Rental concessions were negotiated with landlords to alleviate difficult trading conditions in certain businesses; and

4 Investment in IT equipment and infrastructure to enable remote working. This included ensuring secure remote connections, limitations on the loss of data and enhanced restrictions on user access and data protection.

Management continues to closely follow the various Government policies and advice and, in parallel, will continue to operate in the best and safest way possible without jeopardising the wellbeing of staff.

The adverse impacts of COVID - 19 have been lower in the current year than in the previous year, and we anticipate a further recovery in the ensuing year.

On the basis that our Group is predominantly in the essential services sector, the impact has been manageable thus far, and is not expected to impact on its ability to continue as a Going concern. The Group continues to generate a strong level of profit and has adequate cash resources to meet its obligations. Where individual subsidiary companies require financial support, the holding company has sufficient resources to support these entities for at least the forthcoming 12 months.

43 SUBSEQUENT EVENTS

Redemption of preference share investment

In August 2022, the Group's investment in Preference Shares in UIH will be redeemed in full. The final coupon of R50 million (P38 million) was received in July 2022. The total return of investment over the five year term amounting to R250 million (P191 million) assisted the Group in funding its expansion during that period.

Notes

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Sefalana Holding Company Limited will be held at the Head Office of the Company, Plot 10038, corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone, on Friday 28 October 2022 at 16H00 for the purpose of transacting the following business:

Ordinary business

1 **Ordinary Resolution 1:**
To adopt the Notice and Agenda of the meeting.

2. **Ordinary Resolution 2:**
To receive, consider and adopt the Group's audited consolidated financial statements for the 52 week period ended 24 April 2022 together with the Directors' and Auditor's reports thereon.

3. **Ordinary Resolution 3:**
To ratify the dividends declared and paid during the period being the gross interim dividend of 10 thebe per ordinary share paid on 23 February 2022, a final gross dividend of 30 thebe per ordinary share paid on 24 August 2022 and a special dividend of 10 thebe per ordinary share to be paid to shareholders on 21 December 2022.

4. **Ordinary Resolution 4:**
To approve the remuneration of the Executive Directors for the 52 week period ended 24 April 2022 as detailed in note 12 of the financial statements and in the Corporate Governance Report.

5. **Ordinary Resolution 5:**
To approve the remuneration of the Non-Executive Directors for the 52 week period ended 24 April 2022 as detailed in note 12 of the financial statements and in the Corporate Governance Report.

6. **Ordinary Resolution 6:**
To approve the remuneration of the Auditors for the 52 week period ended 24 April 2022 as disclosed in note 11 to the financial statements.

7. **Ordinary Resolution 7:**
To approve the appointment of Deloitte & Touche as Auditors for the ensuing financial year.

8. **Ordinary Resolution 8:**
To ratify the appointment of Mr. Mahube Mpugwa as an Independent Non-Executive Director with effect from 1 March 2022.

9. **Ordinary Resolution 9:**
To ratify the appointment of Ms. Paula Disberry as an Independent Non-Executive Director, with effect from 1 March 2022.

10. **Ordinary Resolution 10:**
To ratify the appointment of Mr. Gerhard Scheepers (Sefcash Botswana Managing Director) as an Executive Director, with effect from 1 March 2022.

11. **Ordinary Resolution 11**
To re-elect Mr. Bryan Davis (Metro Namibia Managing Director) who retires by rotation, in accordance with the Articles of Association and being eligible, offers himself for re-election.

12. **Ordinary Resolution 12**
To re-elect Mr. Mohamed Osman (Group Finance Director) who retires by rotation, in accordance with the Articles of Association and being eligible, offers himself for re-election.

Special business

13. **Special Resolution**
To adopt the revised Constitution as the constitution of the Company with effect from the date of this Annual General Meeting. The existing constitutional documents, being the Memorandum and Articles of Association dated 16 December 1986 be hereby revoked.

14. **Matters for Noting**
To note the passing of Mr. Moatlhodi Sebabole on 3 October 2021, and the end of his tenure on the Board.

15. **Any Other Business**
To transact such other business as may be transacted at an Annual General Meeting.

Voting and Proxies
A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend and speak and, on a poll, to vote in his / her / its stead. A proxy need not be a member of the Company.

Proxy forms must be deposited or received at Sefalana Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone, not less than 48 hours before the meeting.

By order of the Board

Joanne Robinson
Group Company Secretary
28 September 2022

Notes

Form of Proxy

For completion by holders of ordinary shares

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

For use at the Annual General Meeting of ordinary shareholders of Sefalana Holding Company Limited to be held at Sefalana Holding Company Limited, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone on Friday 28 October 2022 at 16H00.

I/We

(name/s in block letters)

of

(address)

Appoint (see note 1):

1. ______________________ or failing him / her, ______________________

2. ______________________ or failing him / her, ______________________

3. the Chairman of the Meeting, ______________________

as my / our proxy to act for me / us at the General Meeting which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for or against the resolutions and / or abstain from voting in respect of the ordinary shares registered in my / our name in accordance with the following instructions (see note 2):

Number of ordinary shares				
		For	Against	Abstain
1	Ordinary resolution number 1			
2	Ordinary resolution number 2			
3	Ordinary resolution number 3			
3	Ordinary resolution number 4			
5	Ordinary resolution number 5			
6	Ordinary resolution number 6			
7	Ordinary resolution number 7			
8	Ordinary resolution number 8			
9	Ordinary resolution number 9			
10	Ordinary resolution number 10			
11	Ordinary resolution number 11			
12	Ordinary resolution number 12			
13	Special resolution number			

Signed at   on   2022

Signature ______________________

Assisted by (where applicable) ______________________

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the company) to attend, speak and vote in place of that shareholder at the General Meeting.

Notes

Notes to Form of Proxy

Please read the accompanying notes.

1. A Shareholder may insert the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the General Meeting." The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

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

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

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

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

6. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.

7. The authority of a person signing the form of proxy under a power of attorney or on behalf of a Company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

8. Where Ordinary Shares are held jointly, all joint Shareholders must sign.

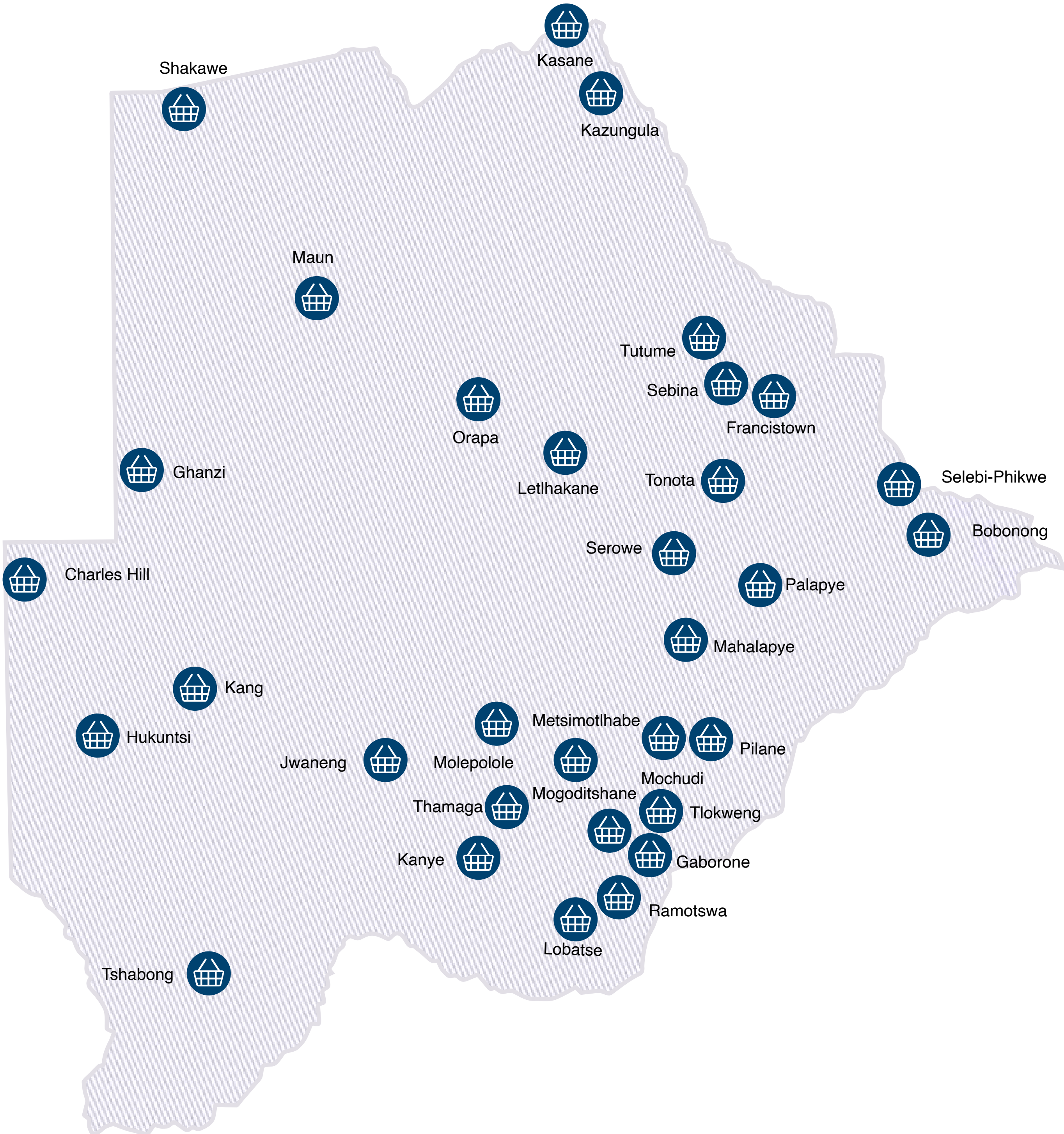
9. A minor must be assisted by his / her guardian, unless the relevant documents establishing his / her legal capacity are produced or have been registered by the Company.

10. Proxy forms must be received either at the Registered office at Plot 10038, corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone or at the Transfer Secretaries Office at Unit 206, Building 1, Showgrounds Close, Plot 64516, P. O. Box 1583 AAD, Poso House, Gaborone, Botswana.

SEFALANA GROUP CONTACT DETAILS

LOCATION	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
SEFALANA GROUP COMPANY HEAD OFFICES				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913661	3907614
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10038, Broadhurst, Gaborone	3681700	3907614
Meybeernick Investments (Pty) Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913661	3907614
Foods Botswana (Pty) Limited - Milling	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630268	4630965
Foods Botswana (Pty) Limited - Beverages	Private Bag 1403 AAD, Gaborone	Plot 25433, Block 3 Industrial, Gaborone	3913056	3913057
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 5664, Broadhurst, Gaborone	3952652	3952643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974336	3959086
Kgalagadi Soap Industries (Pty) Limited	Private Bag BR 33, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3912791	3973590
Sefalana Property Co. Limited, Zambia	Private Bag 0080, Gaborone	Stand no: 5032, Lusaka, Zambia	3913661	3907614
Sefalana Fresh Produce (Pty) Limited	P O Box 47296, Gaborone	Plot 313557 / 8 Gaborone North, Gaborone	3186935 / 3186946	3186987
Sefalana Catering	Private Bag 0080, Gaborone	Plot 1712 Nkurumah Road, Gaborone West	3160140	3163645
SEFALANA HYPER STORES				
Francistown	P O Box 61, Francistown	Plot 22053, Donga, Francistown	2402222 / 2402235	2402250
Gaborone	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass, Gaborone	3973866 / 3182406	3932487
Mogoditshane	Private Bag 00422, Gaborone	Plot 5512, Mogoditshane	3186300 / 3186315	3186316
Mahalapye	P O Box 122, Mahalapye	Botalaote Ward, Mahalapye	4710452 / 4710356	4710591
SEFALANA CASH & CARRY STORES				
Bobonong	P O Box 1240, Bobonong	Sebaila Ward, Bobonong	2629555	2629542
Broadhurst	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road, Broadhurst, Gaborone	3912361 / 3975760	3973093
Charleshill	P O Box 197, Charleshill	Plots 6/7/8, Main Street, Charleshill	6592225 / 6592223	6592224
Francistown	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road. Light Indus Area, Francistown	2412161 / 2414404	2412151
Gaborone West	P O Box 269, Gaborone	Plot 14398, Gaborone West	3953241 / 3914964	3952058
Hukuntsi	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road, Hukuntsi	6510206	6510049
Jwaneng	P O Box 792, Jwaneng	Plot 2303, Industrial Sites, Jwaneng	5880327 / 5880953	5880878
Kang	Private Bag 9, Kang	Plot 35, Gamonyemana Ward, Kang	6517400 / 6518114	6517044
Kanye	Private Bag MH4, Kanye	Plot 771, Mafhikana Ward, Kanye	5440160 / 5440912	5440484
Kasane	Private Bag K11, Kasane	Plot 732/733/734, Kazungula Main Road, Kasane	6250248 / 6250311	6250195
Letlhakane	Private Bag F43, Letlhakane	Nkosho Ward, Letlhakane	2978770 / 2978832	2976221
Lobatse	P O Box 11189, Lobatse	Plot 336, Mokgosi Avenue, Lobatse	5332588 / 5330815	5306781
Maun	P O Box 426, Maun	Plot 15, Nthayagodimo Ward, Maun	6860936 / 6862530	6860566
Molepolole	P O Box 1436, Molepolole	Thamaga Road, Industrial Site, Molepolole	5920404 / 5921070	5921600
Palapye # 1	P O Box 173, Palapye	Plots 6/7/29, Old Industrial Site, Palapye	4920273 / 4921617	4920402
Palapye # 2	Private Bag 87, Palapye	Plots 343/344, New Industrial Site, Palapye	4920013 / 4921180	4920019
Pilane	Private Bag 20, Mochudi	Plot 200, Industrial Site, Pilane	5729500 / 5729132	5729772
Ramotswa	Private Bag 00422, Gaborone	Plot 106, Ramotswa Station. Taung, Ramotswa	5391955 / 5391923	5391964
Serowe	P O Box 139, Serowe	Rasebolai Drive, Mere Ward, Swaneng, Serowe	4630315 / 4633679	4630848
Selebi-Phikwe	P O Box 21, Selebi-Phikwe	Plot 12385, Industrial Site, Selebi-Phikwe	2610711 / 2611381	2611052
Thamaga	Private Bag 00422, Gaborone	Plot 130, Marang Ward, Thamaga	5999117 / 5999398	5999397
Tonota	P O Box 182, Shashe	Plot 23, Semotswane Ward, Shashe, Tonota	2480193	2480192
Tsabong	Private Bag 0027, Tsabong	Plot 538, Ikageng Ward, Tsabong	6540077	6540850
Tutume	P O Box 340, Tutume	Magapatona Ward, Tutume	2987826 / 2987828	2987825
Capital Tobacco	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3911800 / 3937188	3937189
SEFALANA SHOPPER STORES				
Shopper Molapo Crossing The BIG One	Private Bag 00422, Gaborone	Plot 54463, Gaborone	3166028	3166005
Shopper Molapo Crossing The BIG One	Private Bag 00422, Gaborone	Plot 54463, Gaborone	3166028	3166005
Quick Broadhurst	Private Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst	3937043 / 3191912	3937041
Shopper Broadhurst Quick 2	Private Bag 00422, Gaborone	Plot 10038, Kubu Road, Broadhurst, Ext 16	3911231	
Quick Mogoditshane	Private Bag 00422, Gaborone	Shop # 3, Plot 13779, Block 5	3182757	3182748
Quick Tlokweng	Private Bag 00422, Gaborone	Plot 158/159 Tlokweng	3971599	3971598
Quick Setlhoa	Private Bag 00422, Gaborone	Plot 77806, Setlhoa Village, Gaborone	3960237	3960234
Shopper Setlhoa	Private Bag 00422, Gaborone	Plot 77806, Setlhoa Village, Gaborone	3910515 / 16 / 17	3910423
Shopper Mogoditshane	Private Bag 00422, Gaborone	Plot 6672, Mogoditshane	3917454	3917456
Shopper Gaborone West	Private Bag 00422, Gaborone	Plot 17872, Phase 1, G-West	3187607	3187606
Shopper Ghanzi	Private Bag 00422, Gaborone	Shop no. 1, Plot 32, Ghanzi	6597192 / 6597189	6597170
Shopper Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, Unit G04a	6510414	6510412
Shopper Kanye 1	Private Bag 00422, Gaborone	Plot 751, Main Road	5480632	5480631
Shopper Kanye 2	Private Bag 00422, Gaborone	Mahube Mall, Tloung Ward	5443715	5443712
Shopper Letlhakane 1	Private Bag 45, Letlhakane	Plot 1602, Tawana Ward	2976277	2976702
Shopper Letlhakane 2	Private Bag 00422, Gaborone	Plot 10408, Letlhakane	2910313	2910312
Shopper Mahalapye 1	Private Bag 00422, Gaborone	Plot 3848, Botalaote Ward	4720508	4720505
Shopper Mahalapye 2	Private Bag 00422, Gaborone	Plot 1278, Main Mall	4720485	4711774
Shopper Maun 1	Private Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward	6863305	6863309
Shopper Maun 2	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864784 / 6864941	6864926
Shopper Metsimotlhabe	Private Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165364	3165369
Shopper Mochudi	Private Bag 00422, Gaborone	Plot 979, Rammopyama Ward	5777510	5777517
Shopper Molepolole 1	Private Bag 00422, Gaborone	Plot 1728, Borakalalao Ward	5910550	5910552
Shopper Nkoyaphiri	Private Bag 00422, Gaborone	Shop # 4, Plot 12011, Nkoyaphiri	3947957 / 3947961	3947937
Shopper Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2971414 / 2970268	2970210
Shopper Palapye	Private Bag 00422, Gaborone	Lot 1077, Old Mall	4924608 / 4924609	4922303
Shopper Ramotswa	Private Bag 00422, Gaborone	Plot 15200, Ramotswa Village	5390012 / 5390054	
Shopper Selebi-Phikwe	Private Bag 00422, Gaborone	Plot 7062, Main Mall	2610088 / 2610000	2610095
Shopper Tlokweng	Private Bag 00422, Gaborone	Plot 8KO, Tlhakeng Ward, Tlokweng; Shop Porion No. 2	3104961 / 3104960	3104962
Shopper Tonota	Private Bag 00422, Gaborone	Plot 4594, Molebatsi Ward	2484869 / 2484870	2484850
Shopper Sebina	Private Bag 00422, Gaborone	Plot 796, Nznga Ward	2981050 / 2981057	2981055
Shopper Tsabong	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex	6540643	6540637
Shopper UB Campus	Private Bag 00422, Gaborone	Plot 4775, Ext.15, Student Centre [Unit 34]	3951174	3907095

Botswana

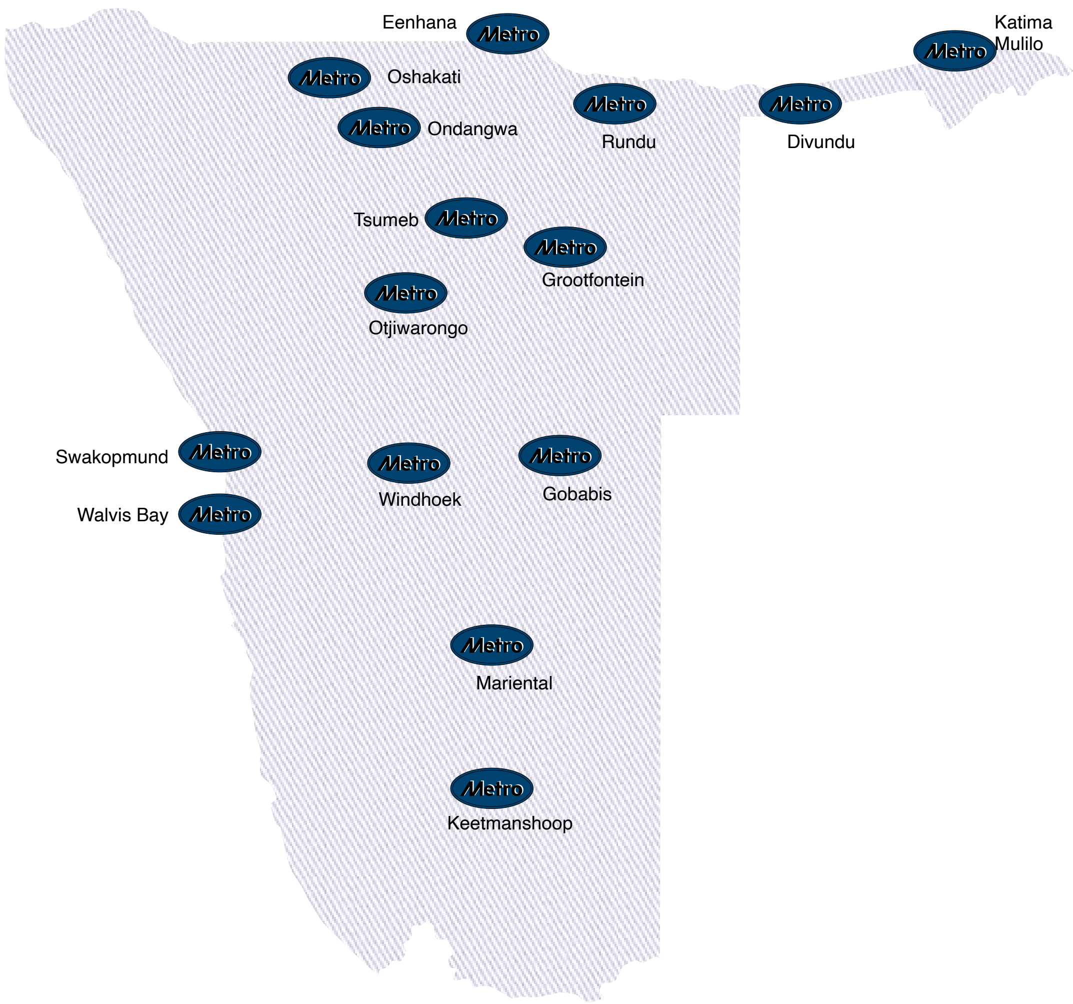


Shopper Shakawe	Private Bag 00422, Gaborone	Tribal Lot 1461	6875203 / 6875205	6875204
Shopper Charleshill	Private Bag 00422, Gaborone	Plot 56, Charleshill Shopping Mall, Charleshill	6597357 / 6592983	6597285
Shopper Kazungula	Private Bag 00422, Gaborone	Plot 1461, Duncan Plaza, Kazungula	6521186/87	6252790
DISTRIBUTION CENTRE				
Shoppers Distribution Centre	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911800 / 3937188	3937189
Shopper Distribution Centre Maun	Private Bag 00422, Gaborone	Plot 15, Nthayagodimo Ward, Maun	76000644	
Shopper Distribution Centre Palapye	Private Bag 00422, Gaborone	Plots 6/7/29, Old Industrial Site, Palapye	492409	
Shopper Distribution Centre Letlhakane	Private Bag 00422, Gaborone	Plot 150/C374, Industrial Letlhakane	76000650	
LIQUOR STORES				
Liquor Shop Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, G04a4b, Tribal Lot 158	6510416	6510412
Liquor Shop Maun	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864017 / 6864090	6864082
Liquor Metsimotlhabe	Private Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165364 / 3165368	3165369
Liquor Shop Nkoyaphiri	Private Bag 00422, Gaborone	Plot 12011, Nkoyaphiri, Mogoditshane	3947957 / 61	3972835
Liquor Shop Mogoditshane	Private Bag 00422, Gaborone	Shop no. 4, Plot 13779, Block 5	3182747	3182748
Welcome Bottle Store	P.O. Box 139, Serowe	Tribal Lot 223 - Main Mall, Serowe	4631530	
Liquor Shop Tlokweng	Private Bag 00422, Gaborone	Plot 10009 Royal Aria, Tlokweng	3164280	3164270

Notes

Namibia

METRO NAMIBIA STORE CONTACT DETAILS			
LOCATION	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Head Office - Namibia	Box 1417, Windhoek	11 van der Bijl street, Northern Industrial, Windhoek	084 - 000-2000
Metro Hyper Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	084-000-2003
Metro Hyper Liquor Store Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	084-000-2003
Metro Windhoek	Box 1417, Windhoek	Erf 5461 Northern Industrial Windhoek	084-000-2001
Metro Windhoek Liquor	Box 1417, Windhoek	Erf 5461 Northern Industrial Windhoek	084-000-2002
Metro Ondangwa	Box 2349 Ondangwa	Main Road, Ondangwa	084-000-2012
Metro Oshakati	Box 15116, Oshakati	Endola Road, Plot 1344, Oshakati	084-000-2013
Metro Rundu	Box 1744, Rundu	Erf 1080, Main Road, Rundu	084-000-2014
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	084-000-2011
Metro Otjiwarongo	Box 185, Otjiwarongo	1st Av, Otjiwarongo	084-000-2010
Metro Keetmanshoop	Box 715, Keetmanshoop	Erf 1388 Cnr Ferro Street and 5th Avenue	084-000-2004
Metro Mariental	Box 215, Mariental	Cnr Mark & Park Street, Mariental	084-000-2006
Metro Gobabis	Box 400, Gobabis	Kalahari Highway, Gobabis	084-000-2007
Metro Swakopmund	Box 993, Swakopmund	McHugh Street, Industrial Area Swakopmund	084-000-2020
Metro Mega Store Swakopmund	Box 993, Swakopmund	Erf 3935, Cnr Hidipo Hamutenya & Watt Street	084-000-2009
Metro Walvis Bay	Box 511, Walvis Bay	Circumferential Steet, Walvis Bay	084-000-2008
Metro Mega Katima Mulilo	Box 1952, Ngweze, Katima Mulilo	Lifasi Street, Katima Mulilo	084-000-2016
Metro Divundu	Box 1417, Windhoek	Erf 298, Main Road, Divundu	084-000-2015
Metro Eenhana	Box 1417, Windhoek	Unit 25, Greenwell Complex, Eenhana	084-000-2017
Metro Grootfontein	Box 1417, Windhoek	Erf 754, Sam Nujoma Drive, Grootfontein	084-000-2018



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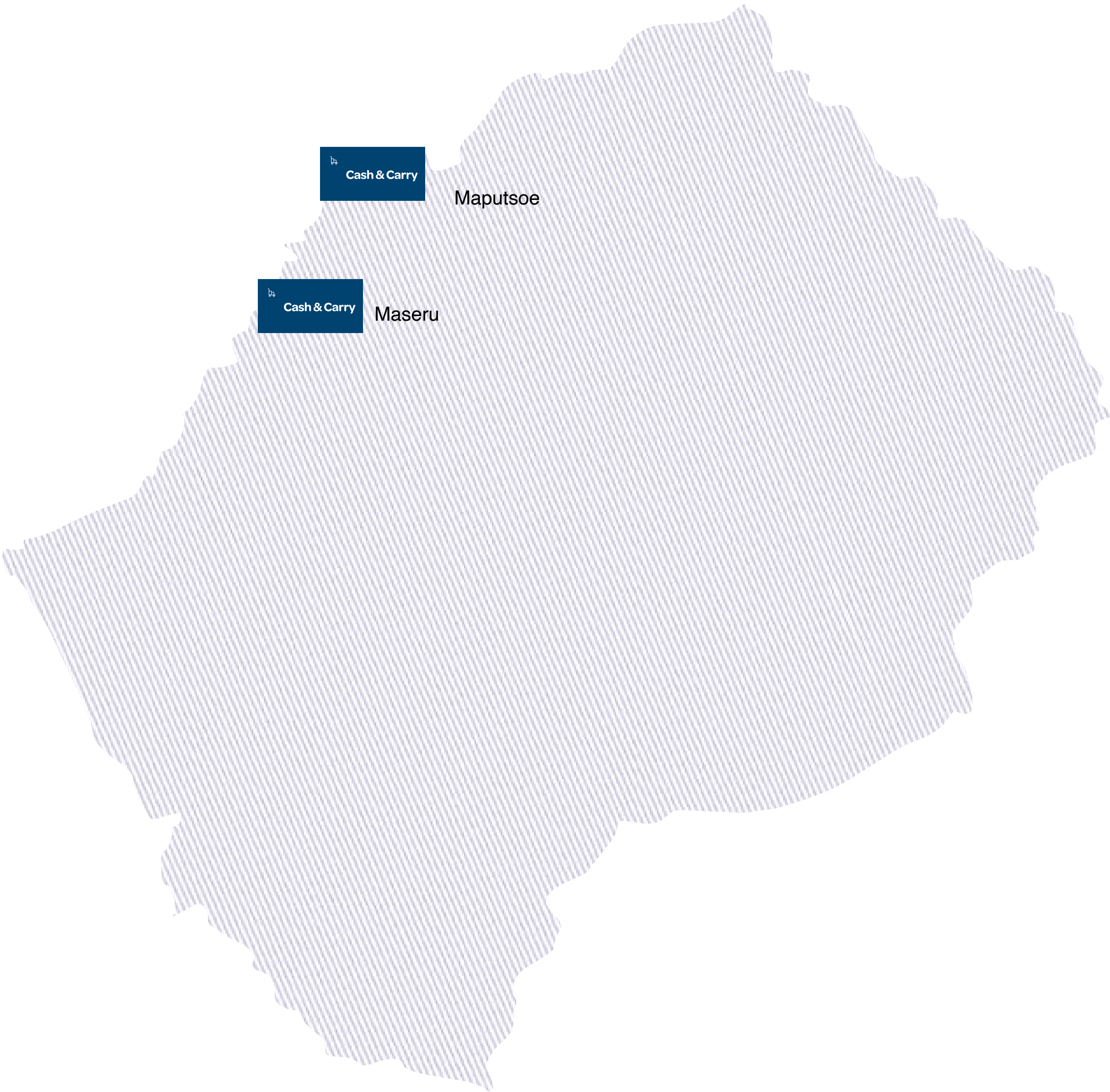
Lesotho

SEFALANA LESOTHO STORE CONTACT DETAILS			
LOCATION	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Sefalana Cash & Carry Maseru	P.O. Box 0436, Maseru West, Maseru 100, Lesotho	2 Lioli Road, Maseru West, Station Area, Lesotho	(00266) 2232 6223
Sefalana Liquor Maseru	P.O. Box 0436, Maseru West, Maseru 100, Lesotho	Plot 12774 - 011, Corner of Makoanyane & Motsoene Roads, Industrial Area, Maseru, Lesotho	(00266) 2231 6714
Sefalana Cash & Carry Maputsoe	P.O. Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091
Sefalana Liquor Maputsoe	P.O. Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091



Notes

Australia

AUSTRALIA STORE CONTACT DETAILS			
LOCATION / STORE NAME	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Seasons Redcliffe IGA	82-89 Anzac Ave, Redcliffe, Queensland (4020)	82-89 Anzac Ave, Redcliffe, Queensland (4020)	0732833566
Seasons Clontarf IGA	105 Elizabeth Avenue, Clontarf, Queensland (4019)	105 Elizabeth Avenue, Clontarf, Queensland (4019)	0732844644
Seasons Greenslopes IGA	3 Chatsworth Road, Greenslopes, Queensland (4120)	3 Chatsworth Road, Greenslopes, Queensland (4120)	0734571900
Seasons Cleveland IGA	Cnr Shore Street / Wellington Street, Cleveland, Queensland (4163)	Cnr Shore Street / Wellington Street, Cleveland, Queensland (4163)	0734881988
Seasons East Brisbane IGA	33 Lyntton Road, East Brisbane, Queensland (4169)	33 Lyntton Road, East Brisbane, Queensland (4169)	0733932344
Seasons Caloundra IGA	1 Bingera Terrace, Caloundra, Queensland (4551)	1 Bingera Terrace, Caloundra, Queensland (4551)	0754914966
Seasons Noosa IGA	Sunshine Beach Road, Noosa Heads, Queensland (4567)	Sunshine Beach Road, Noosa Heads, Queensland (4567)	0754472777
Seasons Yandina	1 Old Gympie Road, Yandina 4561 , Queensland	1 Old Gympie Road, Yandina 4561 , Queensland	07 5446 8400
Seasons Burpengary	2/7 Burpengary Road, Burpengary 4505, Queensland	2/7 Burpengary Road, Burpengary 4505, Queensland	07 3886 0557

Notes

South Africa