

**FURNMART LIMITED
ANNUAL REPORT
2021**



FURNMART LIMITED AND ITS SUBSIDIARIES
ANNUAL FINANCIAL STATEMENTS

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DIRECTORS' PROFILES

John Tobias Mynhardt Chairman **[B. Comm (UCT)]**

After completing his Bachelor of Commerce degree at the University of Cape Town in 1968, John Mynhardt started work in the family trading store in Francistown. He has remained involved in the Botswana retail industry ever since. During this time, he has developed extensive business interests in Botswana, and he remains actively involved as chairman of all the companies in the Cash Bazaar Holdings Group as well as and including Furnmart Limited and the companies in the group's Tourism and Hospitality division. During his career he has served as a member of the Francistown Town Council, the Boards of the Botswana Housing Corporation and First National Bank of Botswana. He is currently a member of the University of Botswana Council.

Tobias Louis John Mynhardt **Deputy Chairman [B. Comm** **(Hons-UCT) MSc Econ (LSE)]**

Tobias Mynhardt is the Deputy Chairman of the CBH Group which has investments in several industries including property, retail, tourism, hospitality, building manufacturing and supplies and financial services. He has assumed responsibility for various CBH Group divisions since being appointed a director in 2003.

Mr Mynhardt assisted with the listing of Furnmart in 1998 and joined the management team in 2006. He was appointed Deputy Managing Director of Furnmart in 2007 and was Managing Director from 2009 until his appointment as Deputy Chairman in 2016. Mr Mynhardt led the 2011 listing of New African Properties Limited and has been Managing Director of this associated company since. Mr Mynhardt's early career encompassed a broad exposure to the investment industry through an investment advisory and fund of hedge funds firm in London, following the completion of his master's in economics from the London School of Economics.

Daniel Servaas le Roux: **Managing Director [B.** **Com (Hons- UJ) (Financial** **Management), M. Com (Business** **Management), ACMA]**

Serniel le Roux has more than 25 years' experience in the furniture retail industry and joined the Furnmart Group in 2011. His experience includes statutory reporting, financial accounting, management accounting, treasury, micro-lending, and general management. Serniel has extensive knowledge of Southern African furniture retail markets. He was appointed as Managing Director in July 2016.

Fact Badzile Lebala **Non-Executive Director**

Fact Lebala left the Botswana Police Force after 28 years of service with the rank of Superintendent of Police and was awarded the Police Medal for Long Service and Good Conduct. During this career he was Commanding Officer for all the major Police Districts in Botswana and was attached to Scotland Yard in London for nine months. He has retired from the CBH Group after serving as a director in the group for over 28 years. He continues to be a board member in Furnmart Limited.

Leonard Godfrey Waldeck **Independent, Non-Executive** **Director [Dip.Acc]**

Len Waldeck has a Diploma in Accounting from Rhodes University (PE) and served his articles with Starling, Treasure, Blake, and Company in Port Elizabeth. He has more than 26 years of experience in the furniture retail industry in credit, finance, and retail operations. He has served in several different capacities, such as Financial Director, Group Credit Director & Joint Managing Director, with the Beares, McCarthy Retail, Relyant & Ellerines Groups until his retirement in 2007. He is also a member of the Institute of Directors, South Africa.

DIRECTORS' PROFILES

Jerome Patrick McLoughlin
Independent, Non-Executive
Director [B. Com, Dip Acc (Natal),
CA(SA)]

Jerome McLoughlin is a qualified Chartered Accountant and completed articles with Deloitte (Durban). He started a career in public audit practice and currently serves as a director of a firm of registered auditors known as Hodkinson Inc. He also serves as a non-executive director to companies and as trustee on several trusts. He has substantial experience in an advisory capacity and in property investment.

Subbarao Venkataramani
Non-Executive Director
[B. Com, ACA, ACS]

Subbarao Venkataramani qualified as a Chartered Accountant in 1978. He has more than 42 years of experience in financial management, treasury, and accounting as head of finance in various listed companies. He joined Furnmart in May 1998 as Group Financial Manager. He became Chief

Financial Officer of Furnmart Group in 2007. He was fully involved in the implementation of Argility Furniture Retail operations and information systems and involved in the issue and listing of rights shares and bonds. He was appointed as the Finance Director on 15 August 2011, and he continued till 12 July 2016 when he relinquished his position as head of finance. He continues to be a board member in Furnmart Limited. He is also overseeing the microlending activities of CBH Group.

Eric Odendaal
Non-Executive Director

Eric Odendaal joined Furnmart in August 1997 as Group Operations Manager. He has overseen the expansion of the business in Botswana and RSA and was fully involved in the opening of Home Corp Stores in both these countries. He has more than 43 years of experience in the furniture retail industry. He retired in 2019 and continues to be a non-executive director.

DIRECTORS' REPORT

NATURE OF BUSINESS

Furnmart Limited retails household furniture and electrical appliances through its network of stores in Botswana, Namibia and South Africa. The merchandise mix at mass-market Furnmart stores is aimed at the middle to lower income market, thus covering the majority of the population. The Group's HomeCorp super stores, located in Gaborone, Windhoek and Swakopmund are aimed at the middle to higher income market. Furnmart Limited strives to establish lasting relationships with its customers through its 'value for money' and 'smart credit' policies. Furnmart Limited ("the company") is incorporated in the Republic of Botswana and is the ultimate holding company.

SHARE CAPITAL

The issued share capital of the company is 501 222 174 (2020: 501 222 174) shares.

DIVIDEND

A gross final dividend of 23.94 (2020: 25.94) thebe per share, has been proposed to be paid to the shareholders registered in the books of the company as at 9 July 2021.

Dividends are subject to withholding tax in accordance with the Botswana Income Tax Act.

SUBSIDIARY COMPANIES

The Group's shareholdings in the issued share capital of the subsidiary companies are as follows:

| Company | Country held | Percentage | Nature of business |
|------------------------------|---------------------|-------------------|----------------------------------|
| Furn Mart (Pty) Ltd | Namibia | 100% | Furniture retail |
| Xtreme Discounters (Pty) Ltd | South Africa | 100% | Furniture retail |
| Furniture Mart Pty Ltd | Botswana | 100% | Furniture retail |
| Furnmart (Pty) Ltd | South Africa | 100% | Distribution and shared services |

DIRECTORS' REPORT

DIRECTORS

The following directors served on the Board during the year:

J T Mynhardt¶ (Chairman)

T L J Mynhardt¶
(Deputy Chairman)

D S le Roux*
(Managing Director)

E Odendaal* ¶

F B Lebala¶

J P McLoughlin* ¶#

S Venkataramani^ ¶

L G Waldeck* ¶#

* South African, ^Indian

¶ (Non-Executive)

Independent

As per article 53 and 55 of the Articles of Association of the company, the following directors will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election:

F B Lebala

J P McLoughlin

D S le Roux

DIRECTORS' INTERESTS

The aggregate number of shares directly held by the directors was Nil at 31 July 2021 and Nil at 31 July 2020. Directors indirectly held 462 102 464 shares at 31 July 2021 and 462 096 090 shares at 31 July 2020.

DIRECTORS' REMUNERATION

The non-executive directors, except the chairman and deputy chairman, are paid for meetings attended and these fees amounted to P697 000 (2020: P165 200) for the year. Other directors including those on contract to the Group from Cash Bazaar Holdings Pty Ltd, a related company, earned remuneration of P4 585 821 (2020: P5 089 581) from the Group.

COMPANY SECRETARY

The company secretary is DPS Consulting Pty Ltd.

BOARD MEETINGS AND ATTENDANCE

| Name | Board | Risk, Audit and Compliance Committee (RACC) | Credit Committee |
|-----------------|-------|---------------------------------------------|------------------|
| JT Mynhardt | 3 (3) | | |
| FB Lebala | 3 (3) | | |
| JP McLoughlin | 3 (3) | 3 (3) | 3 (3) |
| TLJ Mynhardt* | 1 (3) | 1 (3) ^Δ | |
| DS le Roux | 3 (3) | 3 (3) ^Δ | 3 (3) |
| E Odendaal | 3 (3) | | |
| S Venkataramani | 3 (3) | 3 (3) | 3 (3) |
| LG Waldeck | 3 (3) | 3 (3) | 3 (3) |
| LJ Mynhardt* | 2 (2) | | |

(The number in brackets represents the number of meetings held during the office of the member)

* LJ Mynhardt attended as alternate of TLJ Mynhardt

^Δ Messrs TLJ Mynhardt and DS le Roux resigned as members of the RACC, subsequent to year end.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Board is committed to achieving the overarching corporate governance principles of fairness, accountability, responsibility and transparency, whilst always acting in the best interests of the company - ensuring that the costs of compliance do not come at the expenses of enterprise. The Board has reviewed the principles of the King III Code of Corporate Governance; and are addressing any shortcomings identified, which process is expected to be completed at the end of the 2022 financial year.

However, the following principles have not been complied with, for reasons stated below:

| Principle no | Details | Explanation |
|-------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.10 & 7.1 to 7.5 | Effective risk based internal audit | There is no formal internal audit function, but in addition to the external auditors, professionals are requested to review specific areas. The Board is satisfied that risks are adequately addressed in this fashion. The risk, audit and compliance committee (RACC), continuously monitors the need for an internal audit function. |
| 2.16 | Independent non-executive Chairman of the Board | Mr JT Mynhardt is not independent as defined by King III; however, as founder of the Group, he is in the best position to challenge the management team and deliver economic value to all stakeholders. He refrains from discussions where there may be a conflict. The Board is considering the appointment of a Lead Independent Director. |
| 2.18 | Majority of non-executive directors should be independent | Only two of the seven non-executive directors are independent. However, they are all highly experienced and bring a vast range of relevant business acumen, ensuring a balance of power. |
| 2.23 | No nomination and remuneration committees | The Board will consider the establishment of a nomination committee, at such times as there are vacancies on the board. The Board, after due consideration, decided against the formation of a remuneration committee, as it is satisfied that the current practice, where remuneration is reviewed by the Deputy Chairman and the MD, is sufficient. |
| 2.26 | Disclosure of remuneration of individual directors and officers | Information is disclosed in the aggregate, as the Board believes that disclosure of the remuneration of key individuals, will put the Group at a competitive disadvantage. Non-disclosure is in the best interests of the company. |
| 9.1.3 | No integrated report | The Board believes that the publication of an integrated report will compromise the Group's competitive advantage and not be in the best interests of the company. |

APPROVAL OF FINANCIAL STATEMENTS

The Directors of Furnmart Limited are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in these annual financial statements, which has been prepared in accordance with International Financial Reporting Standards and in the manner required by Botswana Companies Act (2003) and the Group's policies and procedures.

The directors are also responsible for the Company and its subsidiaries' systems of internal financial control. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors have reviewed the Group's financial projections for the year ending 31 July 2022 and are satisfied that the company and its subsidiaries have adequate resources in place to continue in operation for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

The Board of Directors approved and authorised for issue the annual financial statements presented on pages 18 to 71 on 08 February 2022.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events that occurred between the year end and the date these financial statements were approved, other than as disclosed in these financial statements (refer note 28).

On behalf of the Board



D S le Roux
Managing Director



T L J Mynhardt
Deputy Chairman

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT

Role of Committee

The primary role of the Risk, Audit and Compliance Committee (RACC) is to provide the Board with additional assurance regarding the financial information used by the Board, to propose the appointment of and liaise with the external auditors and to assist the Board in discharging its responsibility with respect to risk and compliance.

Composition, attendance and frequency of meetings:

The RACC comprises of three non-executive directors, two of which are independent. The Deputy Chairman, Managing Director, Chief Financial Officer, the company's auditors and other relevant directors and senior management, attend by invitation. The RACC sets out to meet at least twice per annum. The company's auditors are given the opportunity to discuss any items considered relevant, without the invitees being present.

During the year, three meetings were held and there was full attendance from committee members. Neither the RACC nor the external auditors considered it necessary to meet without the invitees, during the year under review.

Scopes and responsibilities:

The RACC considers its scope and responsibility to comprise the following:

• Financial results and reports:

- Consider indicators relevant to the going concern assumption;
- Oversee the annual report and recommend approval to the board;
- Recommend approval of financial results to the board;
- Agree and recommend accounting policies to the board;
- Consider the appropriateness and disclosure of related party transactions.

• Compliance:

- Reviewing and monitoring the company's overall system of internal control;
- Monitoring compliance with the Companies Act and King Code on Corporate Governance and other applicable legislation;
- Monitoring the company's compliance with taxation legislation;
- Monitoring the company's compliance with and response to changes in other legislation affecting the company;
- Monitoring that decisions taken by the board, that affect the RACC, are followed through.

• Risk management and control

- Monitor the corporate risk assessment philosophy, strategies and processes, assess management's design, implementation responses and monitoring of risk considered relevant to the business;
- Consider the report back from management in respect of the information technology environment; particularly related to controls and risk matters;
- Ensure a combined assurance model is applied, to optimise assurance activities.

• External audit:

- Recommend appointment of auditors;
- Be satisfied with auditor's independence, especially where non-audit services are performed;
- Agree principles with external auditors, without limiting their scope or statutory obligations;
- Decide on the extent of external verification of non-financial information;
- Recommend letters of representation and other documents, for board approval.
- Review composition of the audit management team;
- Consider the need for, extent of and oversee any internal audit.

RISK, AUDIT & COMPLIANCE COMMITTEE REPORT

Going concern

We have concluded that Furnmart Limited will be able to continue as going concern for the ensuing year, based on:

- Adequacy of cash as evidenced by cash flow projections;
- Budget for the year ending 31 July 2022;
- The fact that there are no circumstances that we are aware of that will materially change the cash flow projections and budgets;
- Any decision to incur further capital expenditure will be approved together with the relevant funding;
- There are no legal issues pending which would impact the group's ability to continue as a going concern;
- There are no abnormal items or other issues, that impact the quality of earnings as reported to date;
- All provisions considered necessary have been made for unrecoverable debtors and assets.

Matters of judgement

The Committee reviewed all material matters of judgement included in the financial statements. This is primarily related to:

• Valuation of accounts receivable:

- Considered the recommendation from the Credit Committee regarding the recoverability of accounts receivable and provisions against such receivables;
- Considered the results of the IFRS 9 model processed both internally and externally by the auditors;
- Recommended to the board that the results in respect of both the recoverability of accounts receivable and the provisions against such receivables, be accepted.

• Valuation of other assets:

- Reviewed the financial information presented by management;
- Reviewed the computations and assumptions used to compute other asset values together with the requirement for any impairment thereto;
- Recommended to the board that the results in respect of both the valuation and recoverability of other assets, together with any impairment thereof, be accepted.

External auditors – assessment of independence and external audit quality

- Concluded that the external auditor was independent, having considered their representations regarding independence and the total value of both audit and non-audit services;
- Considered the external auditors report to management and noted any points therefrom considered relevant to the board.

Annual report

Following the committee's review of the 2021 annual financial statement, we are of the view that the financial statements comply in all material respects with the requirements of IFRS and fairly present the financial position of Furnmart Limited at 31 July 2021 and the results of operations and cash flows, for the year then ended.

Jerome McLoughlin
Chairman - RACC



Independent auditor's report

To the Shareholders of Furnmart Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Furnmart Limited (the "Company") and its subsidiaries (together the "Group") as at 31 July 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Furnmart Limited's consolidated and separate financial statements set out on pages 18 to 71 comprise:

- the consolidated and separate statements of financial position as at 31 July 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

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Country Senior Partner: R Binedell
Partners: A S Edirisinghe, L Mahesan, I D Molebatsi, S K K Wijesena

Our audit approach

Overview

| | |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>Overall group materiality</p> <ul style="list-style-type: none"> Overall group materiality: BWP 10 650 000, which represents 5% of the consolidated profit before tax. <p>Group audit scope</p> <ul style="list-style-type: none"> The Group consists of the Company, four subsidiaries and a single associate, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and three of its financially significant subsidiaries. <p>Key Audit Matters</p> <ul style="list-style-type: none"> Allowance for expected credit losses on trade receivables. |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall group materiality</i> | <i>BWP 10 650 000</i> |
| <i>How we determined it</i> | <i>5% of the consolidated profit before tax.</i> |
| <i>Rationale for the materiality benchmark applied</i> | <i>We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We applied a 5% rule of thumb, which is consistent with quantitative materiality thresholds used for profit-oriented companies operating in this industry.</i> |

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company, four subsidiaries and a single associate, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and its furniture retail subsidiaries in Botswana, Namibia and South Africa, as these were considered to be financially significant components.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we need to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

| <i>Key audit matter</i> | <i>How our audit addressed the key audit matter</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Allowance for expected credit losses on trade receivables</i></p> <p>At 31 July 2021, the Group recognised net trade receivables of BWP488 028 000, after recognising an allowance for expected credit losses (the “ECL allowance”) of BWP213 083 000.</p> <p>The Group developed a model for</p> | <p>We performed the following audit procedures on the ECL allowance:</p> <ul style="list-style-type: none"> We assessed the accounting policies relating to the determination of the ECL allowance with reference to the requirements of IFRS 9 and application |

| <i>Key audit matter</i> | <i>How our audit addressed the key audit matter</i> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>calculation of the ECL allowance by applying the general approach under IFRS 9 - Financial Instruments (“IFRS 9”) and measures the impairment allowance at an amount equal to the lifetime ECL of all trade receivables. Lifetime ECL’s are based on probability weighted cash flows considering a range of possible outcomes and discounting these cash flows at the original effective interest rate.</p> <p>In determining the ECL allowance, the following key judgements were applied by the Group:</p> <ul style="list-style-type: none"> • Determining criteria for transition events, which are used to summarise individual trade receivables into population states, and to predict the likelihood of trade receivables transitioning between such population states (transition rates); • Establishing payment behaviour for population states, allowing for prediction of future payment behaviour of trade receivables; • Establishing segments of similar trade receivables for the purposes of measuring the ECL allowance on a collective basis; and • Establishing the number and relative weightings of forward-looking scenarios such as GDP outlook, interest rate and inflation rate forecasts, and the impact of COVID-19 on these in the model, for each type of product/market and the ECL allowance. <p>We considered the ECL allowance on trade receivables to be a matter of most significance to the current year audit due to the significant judgement and estimation applied by management in determining the ECL allowance.</p> <p>Refer to the following disclosures in the consolidated financial statements for detail:</p> | <p>thereof in the Group’s industry. We identified no significant deviations from IFRS 9 and industry practice;</p> <ul style="list-style-type: none"> • We utilised our actuarial expertise to assess the appropriateness of the model used by the Group with reference to the requirements of IFRS 9, and to assess whether the Group’s model was consistently applied to all trade receivable portfolios. We noted no matters requiring further consideration with regard to the model used, and we noted no significant inconsistencies regarding the manner with which the model was applied across the trade receivables portfolios; • For a sample of trade receivables, we agreed the underlying information with respect to individual trade receivables, as well as segments of trade receivables utilised in the model, to the relevant accounting records and underlying documents. No material differences were noted; • Utilising our actuarial expertise we performed the following procedures: <ul style="list-style-type: none"> ○ Based on underlying information for individual trade receivables, we recomputed key judgemental inputs used by management in the model, including: <ul style="list-style-type: none"> ▪ the segmentation applied; ▪ the transition rates applied; and ▪ the predicted payment behaviour by population state. <p>Based on our procedures performed, we did not identify any significant exceptions;</p> |

| Key audit matter | How our audit addressed the key audit matter |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Summary of significant accounting policies “9 Financial Instruments” and “14 Trade Receivables”; • Critical accounting estimates and judgements “Impairment losses on trade receivables”; • Financial risk management note (b) “Credit risk – Impairment losses on trade receivables”; and • Note 13 “Trade receivables”. | <ul style="list-style-type: none"> ○ We independently calculated the ECL allowance (before forward-looking information) for each segment and compared our results to those of the Group. We did not identify any significant difference; and ○ We performed an independent assessment of the impact of forward-looking information on the ECL allowance by applying available information, such as Basel unexpected loss models, to the ECL calculation, in order to independently determine a range of adjusted coverage percentages unique to each segment and each population state. We compared the ECL allowances including forward-looking adjustments to those determined by the Group and found that the Group’s estimates were within a reasonable range of our independent expectations. |

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “*Furnmart Limited Annual Report 2021*”. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair

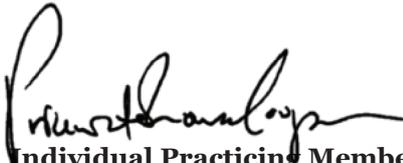
presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'Rudi Binedell', written over a light blue horizontal line.

Individual Practicing Member: Rudi Binedell
Registration Number: 20140091

Gaborone
8 February 2022

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 July 2021

| | Note | GROUP | | COMPANY | |
|---------------------------------------------------------------------------------------------|----------|------------------|-------------------|----------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | P'000 | Restated P'000 | P'000 | Restated P'000 |
| Revenue* | 2 | 1 341 688 | 1 237 579 | 570 787 | 338 017 |
| Merchandise sales* | 2 | 974 968 | 848 741 | - | - |
| Ancilliary services* | 2 | 190 338 | 193 899 | - | - |
| Effective interest income* | 2 | 176 382 | 194 939 | 28 274 | 27 829 |
| Administrative fees* | 2 | - | - | 29 982 | 29 729 |
| Dividend income - gross* | 2 | - | - | 512 531 | 280 459 |
| Cost of merchandise sold | 3 | (630 220) | (557 486) | - | - |
| Selling and distribution costs | 3 | (464 240) | (447 199) | - | - |
| Impairment costs - trade receivables | 3 | (7 843) | (86 061) | - | - |
| Administrative expenses* | 3 | (47 668) | (61 183) | (26 792) | (59 694) |
| Other income | 3 | 71 850 | 53 008 | 32 238 | 776 |
| Operating profit | | 263 567 | 138 658 | 576 233 | 279 099 |
| Finance income | 4 | 8 333 | 5 377 | 3 595 | 2 299 |
| Finance costs | 4 | (58 096) | (61 106) | (14 559) | (15 417) |
| Share of loss from associate | 10 | (20) | (13) | - | - |
| Profit before income tax | | 213 784 | 82 916 | 565 269 | 265 981 |
| Tax expense | | | | | |
| Levied as income tax | 5 | (42 184) | (25 893) | (9 309) | 2 142 |
| Levied as withholding tax on dividends from subsidiaries* | | (40 697) | (22 525) | (40 697) | (22 525) |
| Profit for the year | | 130 903 | 34 498 | 515 263 | 245 598 |
| Other comprehensive income – items that may subsequently be reclassified to profit/ (loss): | | | | | |
| Currency translation differences* | | 17 654 | (19 655) | - | - |
| Total comprehensive income for the year | | 148 557 | 14 843 | 515 263 | 245 598 |
| Earnings per share (thebe) – basic* | 6 | 26.12 | 6.88 | - | - |
| – diluted | 6 | 26.12 | 6.88 | - | - |

*Refer to note 27 for details regarding the restatement.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
At 31 July 2021

| | Note | GROUP | | COMPANY | |
|--------------------------------------|------|------------------|-------------------|----------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | P'000 | Restated P'000 | P'000 | Restated P'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 8 | 77 007 | 77 852 | 900 | 978 |
| Right of use asset | 8.1 | 510 675 | 536 674 | - | - |
| Intangible assets | 8 | 5 853 | 3 372 | 5 853 | 3 372 |
| Capital work in progress | 8.2 | - | 3 040 | - | - |
| Investment in associate | 10 | 101 | 121 | - | - |
| Cell captive assets | 11 | 29 092 | 47 323 | - | - |
| Investment in subsidiaries - equity* | 10 | - | - | 198 604 | 198 604 |
| Loans to subsidiaries* | 10 | - | - | 144 935 | 131 166 |
| Deferred income tax | 9 | 16 902 | 22 725 | - | 5 908 |
| | | 639 630 | 691 107 | 350 292 | 340 028 |
| Current assets | | | | | |
| Inventories | 12 | 253 383 | 186 692 | - | - |
| Trade receivables | 13 | 488 028 | 434 346 | - | - |
| Other receivables | 14 | 80 980 | 65 817 | 518 315 | 244 268 |
| Income tax receivable | 25 | 2 496 | 4 570 | - | 2 047 |
| Cash and cash equivalents | 15 | 164 057 | 199 601 | 24 152 | 11 915 |
| | | 988 944 | 891 026 | 542 467 | 258 230 |
| Total assets | | 1 628 574 | 1 582 133 | 892 759 | 598 258 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 16 | 128 474 | 128 474 | 128 474 | 128 474 |
| Currency translation reserve* | | (36 779) | (54 433) | - | - |
| Retained earnings* | | 506 131 | 625 245 | 493 618 | 228 372 |
| Total equity | | 597 826 | 699 286 | 622 092 | 356 846 |
| Non-current liabilities | | | | | |
| Borrowings | 17 | 165 718 | 169 593 | 150 000 | 150 000 |
| Lease liabilities | 20 | 502 391 | 505 444 | - | - |
| Deferred income tax | 9 | 143 | 1 273 | 143 | - |
| | | 668 252 | 676 310 | 150 143 | 150 000 |
| Current liabilities | | | | | |
| Borrowings | 17 | 32 731 | 8 780 | - | - |
| Trade and other payables | 18 | 202 060 | 84 159 | 117 594 | 89 526 |
| Lease liabilities | 20 | 100 956 | 86 548 | - | - |
| Income tax payable | 25 | 8 775 | 12 586 | 530 | - |
| Accruals | 19 | 17 974 | 14 464 | 2 400 | 1 886 |
| | | 362 496 | 206 537 | 120 524 | 91 412 |
| Total liabilities | | 1 030 748 | 882 847 | 270 667 | 241 412 |
| Total equity and liabilities | | 1 628 574 | 1 582 133 | 892 759 | 598 258 |

*Refer to note 27 for details regarding the restatement.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 July 2021

| GROUP | Share capital P'000 | Currency translation reserve P'000 | Retained earnings P'000 | Total P'000 |
|------------------------------------------------------------|------------------------|------------------------------------------|-------------------------------|----------------|
| Balance as at 01 August 2019 as previously reported | 128 474 | (39 092) | 612 704 | 702 086 |
| Restatements relating to opening balances | - | 4 314 | (4 314) | - |
| Restated balance as at 01 August 2019 | 128 474 | (34 778) | 608 390 | 702 086 |
| Balance as at 01 August 2019 | 128 474 | (34 778) | 608 390 | 702 086 |
| Total comprehensive income for the year* | - | (19 655) | 34 498 | 14 843 |
| Transactions with owners | | | | |
| Dividends paid - final 2019 (note 7) | - | - | (17 643) | (17 643) |
| Balance at 31 July 2020 | 128 474 | (54 433) | 625 245 | 699 286 |
| Balance as at 01 August 2020 | 128 474 | (54 433) | 625 245 | 699 286 |
| Total comprehensive income for the year | - | 17 654 | 130 903 | 148 557 |
| Transactions with owners | | | | |
| Dividends paid - final 2020 | - | - | (130 017) | (130 017) |
| Dividend paid - final 2021 (note 7) | - | - | (120 000) | (120 000) |
| Balance at 31 July 2021 | 128 474 | (36 779) | 506 131 | 597 826 |

| COMPANY | Share capital P'000 | Retained earnings P'000 | Total P'000 |
|-----------------------------------------|------------------------|-------------------------------|----------------|
| Balance at 01 August 2019 | 128 474 | 417 | 128 891 |
| Dividends paid - final 2019 (note 7) | - | (17 643) | (17 643) |
| Total comprehensive income for the year | - | 245 598 | 245 598 |
| Balance at 31 July 2020 | 128 474 | 228 372 | 356 846 |
| Balance at 01 August 2020 | 128 474 | 228 372 | 356 846 |
| Dividends paid - final 2020 | - | (130 017) | (130 017) |
| Dividend paid - final 2021 (note 7) | - | (120 000) | (120 000) |
| Total comprehensive income for the year | - | 515 263 | 515 263 |
| Balance at 31 July 2021 | 128 474 | 493 618 | 622 092 |

*Refer to note 27 for details regarding the restatement.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
For the year ended 31 July 2021

| | Note | GROUP | | COMPANY | |
|---------------------------------------------------------------------|-----------|------------------|-----------------|------------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | P'000 | P'000 | P'000 | Restated P'000 |
| Operating activities: | | | | | |
| Cash generated from/ (utilised in) operations* | 21 | 206 620 | 288 270 | (304 409) | (194 899) |
| Income tax paid (net) | 25 | (39 047) | (40 103) | (681) | (229) |
| Net cash generated from/ (utilised in) operating activities* | | 167 573 | 248 167 | (305 090) | (195 128) |
| Investing activities: | | | | | |
| Purchase of property, plant, equipment and intangibles | 8 | (26 430) | (25 336) | (4 573) | (36) |
| Capital work in progress | 8.2 | - | (3 142) | - | - |
| Proceeds on disposal of property, plant, equipment | | 3 972 | 658 | 103 | - |
| Dividend received on investments in subsidiaries - gross* | 22 (vi) | - | - | 512 531 | 280 459 |
| Withholding tax on intercompany dividend* | | - | - | (40 697) | (22 525) |
| Investment in subsidiaries - debt* | 10.2 | - | - | - | (21 553) |
| Investment in cell captive assets (net) | 11 | 18 231 | (5 292) | - | - |
| Interest received | 4 | 8 333 | 5 377 | 3 595 | 2 299 |
| Net cash (utilised in)/ generated from investing activities* | | 4 106 | (27 735) | 470 959 | 238 644 |
| Financing activities: | | | | | |
| Proceeds from borrowings | | - | 20 518 | - | - |
| Repayments on borrowings | | (5 731) | (6 823) | - | - |
| Lease payments | 20 | (94 219) | (80 304) | - | - |
| Interest paid | 4 | (14 382) | (15 362) | (14 559) | (15 417) |
| Dividends paid | 7 | (139 073) | (17 643) | (139 073) | (17 643) |
| Net cash utilised in financing activities | | (253 405) | (99 614) | (153 632) | (33 060) |
| Net (decrease)/ increase in cash and cash equivalents | | (81 726) | 120 818 | 12 237 | 10 456 |
| Cash and cash equivalents at beginning of year | | 199 601 | 91 008 | 11 915 | 1 359 |
| Exchange gain/ (loss) on cash and cash equivalents | | 20 375 | (12 225) | - | 100 |
| Cash and cash equivalents at end of year | 15 | 138 250 | 199 601 | 24 152 | 11 915 |

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, and are unchanged from those applied in previous periods, unless noted otherwise.

The Board of Directors approved and authorised for issue the annual financial statements presented on page 18 to 69 on 06 December 2021.

1. GENERAL INFORMATION

Furnmart Limited retails household furniture and electrical appliances through its network of stores in Botswana, Namibia and South Africa. The merchandise mix at mass-market Furnmart stores is aimed at the middle to lower income market, thus covering the majority of the population. The Group's HomeCorp super stores, located in Gaborone, Windhoek and Swakopmund are aimed at the middle to higher income market. Furnmart Limited strives to establish lasting relationships with its customers through its 'value for money' and 'smart credit' policies. Furnmart Limited ("the company") is incorporated in the republic of Botswana.

2. BASIS OF PREPARATION

The 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 and the requirements of the Botswana Companies Act (2003). The financial statements are prepared under the historical cost convention, as modified by the valuation of certain financial assets and financial liabilities at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in the "Critical accounting estimates and judgements" section of the financial statements.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and amendments to existing standards and interpretations effective on or after 1 August 2020 and adopted by the Group.

| Amendment/ Standard/ Interpretation | Content | Applicable for financial years beginning on/after |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| IFRS 3 | Amendment : 'Business combination' – definition of a business | 1 January 2020 |
| IFRS 16 | Amendment: 'Leases' – COVID related rent concessions | 1 June 2020 |
| IFRS 9, IAS 39, IFRS 7 | Amendments to IFRS 9, IFRS 39 and IFRS 7 - interest rate benchmark reform | 1 January 2020 |
| IAS 1 AND IAS 8 | Amendment: 'Presentation of financial statements' and 'Accounting policies changes in accounting estimates and errors' on the definition of material. | 1 January 2020 |

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards amendments and interpretations issued but not yet effective and not early adopted.

The following new and amended standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 August 2021. None of these are expected to have a material impact on the Group or Company.

| Amendment/Standard/Interpretation | Content | Applicable for financial years beginning on/after |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| IFRS 17 | 'Insurance Contracts' and amendments | 1 January 2023 |
| IFRS 1, IFRS 9, IAS 41, IFRS 16 [^] | Narrow scope amendments: First time adoption of IFRS 'Financial instruments', 'Leases' and 'Agriculture' | 1 January 2022 |
| IFRS 3, IAS 16, IAS 37 | Narrow scope amendments: 'Business Combinations', 'Property, plant and equipment' and 'provisions, contingent Liabilities and Contingent Assets. | 1 January 2022 |
| IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 | Amendments addressing issues that arose from the implementation of the reform of an interest rate benchmark: Recognition and Measurement, Financial Instruments: Disclosures: Insurance Contracts and Leases | 1 January 2021 |
| IAS 1 | Amendment: Presentation of financial statements on classification of liabilities | 1 January 2022 |

[^] Part of the annual improvements cycle 2018 - 2020

3 CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All Group companies have a 31 July year end and apply uniform accounting policies for like transactions. All intercompany transactions and balances between Group entities are eliminated. The company carries its investment in subsidiaries in its separate financial statement at cost less any accumulated impairment.

Associates

Associates are entities over which the Group has 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 investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's financial statements include the following associate whose financial year also ends on 31 July:

| Company | Country | % | Nature of business |
|----------------------|----------|-----|------------------------------|
| United Impex Pty Ltd | Botswana | 25% | Financial Services (Dormant) |

The Group's share of its associates' post-acquisition profits or losses and its share of post-acquisition movements in reserves are recognised in the Statement of Comprehensive Income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise any further losses, unless it has incurred obligations, issued guarantees or made payments on behalf of the associate. Gains and losses arising from dilution of investments in associates are recognised in the Statement of Comprehensive Income when such dilutionary transactions become effective.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4 CELL CAPTIVE ASSETS

The Group has entered into cell captive arrangements for purposes of managing and administering its customer protection programmes in Namibia and South Africa.

These programmes offer customer credit insurance in the event of death or certain other life changing events prior to full settlement of outstanding balances.

The cell captive arrangements do not qualify as subsidiaries as they do not exist as separate entities from the underwriter. In one of these, the Group has no recapitalisation obligation and there is no 'insurance contract' as there is no transfer of risk and the arrangement is more akin to a profit sharing arrangement. On the other, the group has a recapitalisation obligation in the event the cell captive became insolvent. The group continually assesses the cell captive status and where warranted a provision is recognised. In both these instances, the group is the beneficiary. On this basis, where the cell captive is financially sound and has surplus cash the Group recognises its right to receive cash as cell captive assets.

Obligations attached to the contract include:

- i. Binder function
- ii. Management and

- administration of claims
- iii. Management and administration of premiums.

5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Executive Management Committee. The Group Executive Management Committee is responsible for allocating resources and assessing performance of the operating segments and is considered the Chief Operating Decision Maker as defined in IFRS 8.

6 REVENUE RECOGNITION

The Group operates a chain of retail outlets for selling furniture and other household appliances. Revenue from sales is recognised based on the price specified in the contract, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Group

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific performance obligation have been met for each of the Group's activities as described below.

b) Additional charges on credit sales

Other revenue flowing from the credit sale of merchandise comprises of the following significant components.

- Finance income: Over time on a proportion basis that takes into account the effective yield over the loan life cycle on the principal amount outstanding;
- Service fees: Once-off upfront initiation fees are recognised when raised. Monthly fees are recognised over time on a straight-line basis, over the debt repayment period.
- Customer protection plan income: These are recognised over time on a straight-line basis over the debt repayment period of the invoiced amount;
- FM Club membership fees: Over time on the accrual basis as charged every month;
- Debt follow-up charges: Upon customer falling into arrears and on additional follow-up services being rendered.

Customer protection plan income, FM Club membership fees, service fees and finance income are classified as financing and other services. Delivery charges are classified as ancillary services.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6 REVENUE RECOGNITION (CONTINUED)

Company

Interest Income

Interest income is recognised over time on the time apportionment basis, taking into account the effective interest yield on underlying balances. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding discounted interest income.

Dividend Income

Dividend income is recognised at a point in time when the right to receive payment is established.

Administration Fee

Administration fee represents sale of managerial and infrastructure services to Group companies. Revenue from sale of services is recognised over time in the period in which the services are rendered.

7 CURRENT AND DEFERRED INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Income tax payable on profits, based on the applicable tax law, is recognised as an expense in the period in which profits arise.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for current tax purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively by the reporting date.

The principal temporary differences arise from differing tax depreciation rates on

property, plant and equipment. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefits will be realised, or raised/ re-instated when a reasonable probability exists.

8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

can be measured reliably. 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. All work in progress assets are capitalised when the project is completed.

Depreciation on assets is calculated using the straight line method to reduce their carrying value to their residual values over their estimated useful lives as follows:

| | |
|-----------------------------|--------------|
| Freehold buildings | 40 years |
| Furniture, office equipment | 3 – 10 years |
| Motor vehicles | 4 years |
| Intangibles | 6 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken to the Statement of Comprehensive Income in the period of disposal.

9 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an

instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9 FINANCIAL INSTRUMENTS (CONTINUED)

cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (Equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets and liabilities consist of the following significant items.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost consists of trade receivables, other receivables and cash and cash equivalents.

TRADE RECEIVABLES

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term. Trade receivables are initially measured at fair value plus incremental direct transaction costs and

are subsequently measured at their amortised cost using the effective interest method.

OTHER RECEIVABLES

Other receivables comprise deposits and other recoverables which arise during the normal course of business. These are initially measured at fair value plus incremental direct transaction costs, and are subsequently measured at the amortised cost using the effective interest method.

CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with financial institutions. Bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents. Cash and cash equivalents are measured at amortised cost in the consolidated statement of financial position.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

Financial assets at fair value through OCI are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or

management intends to dispose of it within twelve months of the end of the reporting period. Financial assets at fair value through OCI are subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Dividends received from financial assets at fair value through OCI equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

FINANCIAL ASSETS AT FAIR VALUE

Financial assets at fair value through profit or loss are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets and issued for management of short-term currency exposures. Financial assets at fair value through profit or loss are recorded and measured in the statement of financial position at fair value. Gains and losses arising from changes in fair value are recognised in profit or loss. Interest or income is recognised in the profit or loss when the contract comes to an end or when the right to payment has been established.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9 FINANCIAL INSTRUMENTS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL) using the simplified approach, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. Furnmart uses a discounted cashflow approach to estimate IFRS9 impairments. The repayment of principal, interest, insurance and fees is estimated over the life of the contract for each arrears status. Transition matrices are used to allow for movements between arrears statuses. The impairment is then calculated as the portion of the contractual repayments not covered by the estimated repayments on principal, interest, insurance and service fees, allowing for the potential movement between arrears statuses.

Staging is not used in deriving the impairment estimate.

The estimated repayments are segmented by country, arrears status and months on book. Default arises when a customer fails to meet the monthly instalments as per the contractual agreement.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, customer deposits, cash collateral, financial liabilities at fair value through profit or loss and trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss include financial liabilities held for

trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognized in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings including trade and other payables, customer deposits and cash collateral are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9 FINANCIAL INSTRUMENTS (CONTINUED)

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included as finance costs in profit or loss.

Financial liabilities at amortised cost includes borrowings, customer deposits, cash collateral and trade and other payables. Borrowings and deposits from customers. Borrowings and customer deposits are the Group's sources of funding. These are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30 days term, are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received, whenever billed to the Group.

Cash collateral

Cash collaterals consist of cash trade received as security for trade receivables and are held until the customer loan is fully settled, at which point the balance is refunded to the

customer. The cash collateral is set off against a loan balance only when the loan balance is deemed irrecoverable from the customer.

Recognition

The Group initially recognises financial assets and liabilities on the date that they are originated or on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of

ownership of a financial asset, it derecognises the asset if control over the asset is lost. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset

FINANCIAL LIABILITIES

Offsetting

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques.

Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like interest rate swaps. For these financial instruments, inputs into models are market observable. When entering a transaction, the financial instrument is recognised initially at fair value.

The best evidence of fair value of a financial instrument at recognition is normally the transaction price, the fair value of the consideration given or received. The value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase in fair value indicated by valuation techniques, is

recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for several factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants consider when entering a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to state financial instruments measured at fair value.

10 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and other noncurrent assets with finite useful lives are reviewed for impairment losses 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 carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level

for which there is separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed annually for possible reversal. Assets that have infinite useful life are not subject to amortisation and are tested annually for impairment.

11 ACCOUNTING FOR LEASES

Group as a lessee (IFRS16)

The Group applies a single recognition and measurement approach for all leases, except for short term leases which are less than one year and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases

Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

11 ACCOUNTING FOR LEASES (CONTINUED)

depend on a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

IFRS 16 requires non-lease components to be separated from the lease. This means that if a contract contains a lease of an asset and a contract to provide an associated service, the contract

has two distinct components – a lease and a service agreement. The group has elected to apply the practical expedient to treat the whole contract as a lease and not identify and separate non-lease components.

Lessee's incremental borrowing rate

Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects:

- The credit risk of the lessee
- The term of the lease
- The nature and quality of the security
- The amount 'borrowed' by the lessee and
- The economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

The Group has adopted the incremental borrowing rate as the discount factor and the applicable rates were determined per country. The discount factors take into account the interest rates on the existing facilities, where applicable; and commercial rates that the Group entities could be offered by their lenders (if they were to source funding), which management is convinced will be at rates currently enjoyed for the existing loans.

Right-of-use assets

This is the lessee's right to use an asset over the life of the lease. The right of use assets are recognised based on the amount equal to the lease liabilities

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities.

Right-of-use assets are depreciated on a straight line basis over the lease term or the estimated useful lives of the assets, as follows:

- Property 1 to 10 years

The assumption that all leases will be extended for another term; and are depreciated over those expected lease terms. The leases are mainly retail shops and warehousing, which are not subject to cancellation, except in circumstances where the lessee fails to comply with any terms and conditions of the lease. Otherwise, the lease contract is of a commercial nature is not expected to be cancelled, unless under force majeure circumstances. The lessee is expected to use the asset as if it is fully owned and can do interior improvements without necessarily consulting the lessor.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

11 ACCOUNTING FOR LEASES (CONTINUED)

The lessee is not expected to vacate and subcontract the premises during the period of the lease. Punitive actions will be taken by either party if they unnecessarily terminate the agreement. The lessor does not put onerous conditions in order for the lessor to renew the lease at the end of the term, so as to enable the lessee to exercise the option to renew.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e. those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

12 COMPUTER SOFTWARE DEVELOPMENT COSTS (INTANGIBLES)

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development Costs that are directly attributed to the design

and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell;
- there is the ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Depreciation on intangibles is calculated using the straight line method over the estimated useful life - currently set at six (6) years.

13 INVENTORIES

Inventories are stated at the lower of cost and estimated net realisable value. The cost of goods for resale comprises all costs incurred to bring them to their present location and condition. Cost is determined using the FIFO costing method and includes the invoice price, insurance, freight, customs duties, trade discounts, rebates, provision for obsolescence and settlement discounts.

14 TRADE RECEIVABLES

Trade receivables originated by the Group, by providing money directly or indirectly to the borrower, are categorised as trade and other receivables and are carried at amortised cost, which is defined as the fair value of the cash consideration given to originate those loans as is determined by reference to market prices at origination date.

All trade and other receivables are recognised when an underlying credit agreement has been signed and the Group has supplied the related goods to the borrower.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. likelihood

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

14 TRADE RECEIVABLES (CONTINUED)

of customers defaulting and resulting in losses) by duration on the book as well as forward looking information.

When a loan is uncollectible, it is written off against the related provision for impairments; subsequent recoveries are credited to the provision for loans losses in the Statement of Comprehensive Income.

If the amount of the impairment subsequently decreases due to an event occurring after the write down, the release of the provision is credited as a reduction of the provision for loan impairment.

15 OTHER RECEIVABLES

Other receivables arise in the normal course of business and are stated at lower of amortised cost or recoverable value.

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalent includes 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. Cash and cash equivalents are measured at amortised cost using the effective interest rate method on a time proportionate basis.

17 SHARE CAPITAL

Ordinary share capital is recognised at the fair value of the consideration received, less financial value paid for shares repurchased.

Dividends on ordinary shares are recorded in the Group's financial statements in the period in which they are paid or approved by the Group's shareholders, whichever is earlier.

18 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

19 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs. In subsequent periods, borrowings are stated at amortised cost using the effective yield method on a time apportioned basis; any difference between proceeds (net of transaction costs) and the

redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings.

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 Statement of Financial Position date.

20 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 Group financial statements are presented in Botswana Pula, which is the holding 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 yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

20 FOREIGN CURRENCY

TRANSLATION (CONTINUED)

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 date of that Statement of Financial Position;
- income and expenses for each statement of other 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 rate on the date of the transaction) and;
- all resulting exchange differences are recognised in the statement of other comprehensive income and as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and intercompany dues that are considered of a capital investment nature, are recognised in the statement of other comprehensive income.

21 EMPLOYEE BENEFITS

(i) Short term employee benefits

The cost of short term employee benefits (those payable within 12 months after the service is rendered, such as paid leave and bonuses) are recognised in the period in which the service is rendered and are not discounted.

The cost of paid leave is recognised as an expense as the employee render services that increases the entitlement or, in the case of non-accumulating absence, when absence occurs.

The expected cost of bonus payment is recognised as an expense when there is a legal or constructive obligation to make such payment as a result of past performance.

(ii) Defined contribution plans

The Group operates retirement schemes, which are defined contribution plans in Namibia, South Africa and Botswana. The defined contribution scheme in Botswana commenced in August 2018, voluntary for existing employees and compulsory for new employees. These schemes are generally funded through payments to insurance companies or trustee administered funds.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods.

(iii) Gratuity and severance plans

In Botswana, the Group operates gratuity schemes for expatriate employees in terms of their employment contracts and a severance benefit scheme for citizens who opted not to join the defined contribution scheme, in terms of the Employment Act of Botswana. 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 or on termination of employment, at the option of the employee. The expected gratuity and severance benefits liability is provided for on the accrual basis, based on completed (and unredeemed) periods of service at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

22 RELATED PARTY TRANSACTIONS

Related parties comprise directors of the company and companies with common ownership and/or directors. Transactions with related parties are in the normal course of business.

23 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the directors.

24 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

25 CURRENT ASSETS AND LIABILITIES

Current assets and liabilities have maturity terms of less than 12 months, except for instalment sale and loan receivables.

Instalment sale and loan receivables, which are included in trade receivable, have maturity terms of between 6 to 30 months but are classified as current as they form part of the normal operating cycle.

26 TRADE PAYABLES

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method on a time proportionate basis.

27 GOVERNMENT GRANTS

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group adopted the policy to offset income received against related costs as opposed to recognising income with regards to grants received as compensation for costs already incurred or for immediate financial support, with no future related costs.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In arriving at the amounts at which assets and liabilities are measured in the financial statements, the Group makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1 USEFUL LIVES AND RESIDUAL VALUES FOR PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

The Group tests annually whether the useful life and residual value estimates for property, plant, equipment and intangibles were appropriate and in accordance with its accounting policy. Residual values of buildings and motor vehicles are based on current estimates of the value of these assets at the end of their useful lives. The estimate residual values of the buildings and motor vehicles have been determined by the Directors, based on their knowledge of the industry.

2 INCOME TAXES

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain,

during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. Such tax uncertainties can arise due to change in legislation in countries in which the group operates

3 IMPAIRMENT LOSSES ON TRADE RECEIVABLES

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (i.e. likelihood of customers defaulting and resulting in losses) by duration on the book as well as forward looking information.

Due to the complexity of the business, management adopted a general approach for its IFRS 9 model which also gave management room to

apply judgement with regard to the choice of the appropriate model and assumptions under the selected model for the measurement of expected credit losses. Judgement was also exercised in establishing groups of similar financial assets for the purposes of measuring expected credit losses.

4 LEASE LIABILITIES 4.1 INCREMENTAL BORROWING RATE USED IN LEASE LIABILITIES

The Group applied judgement in determining the interest rate implicit in its lease liabilities. The Group uses its incremental borrowing rate, which reflects what the Group will borrow in the respective jurisdictions in which it operates. This requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs, such as comparable market interest rates for financed transactions and is required to make certain entity specific estimates, such as the rates for the subsidiaries' standalone borrowing rates for the existing facilities.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4 LEASE LIABILITIES (CONTINUED)

4.2 LEASES RENEWAL AND TERMINATION OPTIONS

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option to renew, or exercise termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating leases. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The average lease term for recognised leases ranges from one to ten years.

5 IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

The Company considers both long term debt and equity in the subsidiaries as its investments in these subsidiaries. These investments are assessed for impairment when there is

objective evidence such as, continuous losses, need for additional equity, etc.

In assessing impairment the Company takes into account future budgets and cash flow forecasts. The estimated recoverable value is calculated based on value in use. If the carrying value of the investment exceed the value in use, a provision for impairment is recognised.

6 RECOGNITION OF REVENUE AND ALLOCATION OF CONTRACT PRICE

The Group operates a chain of retail stores, selling a range of furniture and electronic equipment. Revenue from the same is recognised when a group entity transfers control over the product to the customer.

Payment of the transaction price is due immediately when the customer purchases the furniture and takes delivery, except in case of credit sales. There is no right of return on the sales and the obligation to repair or replace

faulty products, under standard warranty terms; is covered by the supplier, except where the customer applies for an extended warranty which, based on accumulated experience, rarely occurs but gives rise to recognition of a potential provision.

There is an element of financing present on sales made on credit (additional contractual charges). These are recognised over time on a proportion bases that takes into account the effective yield over the loan life cycle on the principal amount outstanding.

Customer protection plan income is recognised on a straight line bases over the debt repayment period.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risks. Details of these assets and liabilities are set out in the notes to the financial statements. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

a) Market Risk

The Group is exposed to market risk primarily related to foreign exchange currency rates and interest rates. The Group actively monitors these risks. The Group's objective is to reduce, where it deems appropriate to do so, fluctuations in earnings and cash flows associated with changes in interest rates, foreign currency exchange rates and market rates for investments in liquid funds. The Group only sells existing assets or enters into future transactions that it confidently expects it will be able to fulfil based on past experience.

i) Foreign currency risk

The Group operates within the Southern African region and uses the Pula as the reporting currency. As a result the Group is exposed to foreign exchange

rate fluctuations arising from various currency exposures, primarily with respect to the Namibian Dollar and the South African Rand. Foreign exchange risk arises from imports of merchandise and net investments in foreign operations. However, as the financial instruments held in foreign currencies are denominated in the functional currency of that country, the Group's risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.

Changes in foreign exchange rates also affect the group's operating profit in connection with the translation of the income statement of foreign subsidiaries to Botswana Pula. The Group does not hedge such risks. The translation exposures

arising from the balance sheets of foreign subsidiaries are included in the foreign currency translation reserve.

ii) Cash flow and fair value interest rate risk

The interest rate risk arises mainly from long-term trade receivables. All trade receivables are issued at fixed interest rates, which exposes the Group to fair value interest rate risk. However, as these trade receivables are accounted for at amortised cost, such risk has no direct impact on the financial results.

There is exposure to cash flow interest rate risk on borrowings due to the variable interest rates. Such cash flows vary according to movements in underlying market rates.

The balances subject to foreign currency in the respective foreign operations and interest rate risks are as follows:

| | GROUP | | COMPANY | |
|-----------------------------------------------------------|----------|----------|---------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| Amount subject to foreign currency rate risk | | | | |
| Namibian Dollar - Net investment in foreign operations | 132 969 | 191 007 | 96 867 | 69 591 |
| - Imports of merchandise | (26 363) | (25 609) | - | - |
| South African Rand - Net investment in foreign operations | 243 837 | 236 708 | 81 682 | 68 789 |
| - Imports of merchandise | (58 448) | (54 619) | - | - |
| Amount subject to cash flow interest rate risk | | | | |
| In South Africa | 22 641 | 28 373 | - | - |
| In Botswana | - | - | 144 935 | 131 166 |

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

| | GROUP | | COMPANY | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|---------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| The following tables show the effect on net income that would result from possible changes in the relevant foreign currency exchange or interest rate. | | | | |
| Exchange rate sensitivities | | | | |
| 5% Pula to Namibian dollar | 5 330 | 8 270 | 4 613 | 3 314 |
| 5% Pula to South African rand | 9 269 | 2 744 | 3 890 | 3 276 |
| Interest rate sensitivities | | | | |
| 1% change in Botswana interest rates | - | - | 1 449 | 1 312 |
| 1% change in South African interest rates | 226 | 284 | - | - |

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- Fluctuating trade receivables and payables balances;
- Fluctuating cash balances; and
- Changes in currency mix

b) Credit risk

The financial assets of the Group which are subject to credit risk consist mainly of cash resources and debtors. Credit risk arises from credit sales to customers and holding cash and cash equivalents with third parties. Cash resources are placed with reputable financial institutions. Financial institutions are not individually rated, however the Group's policy is to hold cash resources in subsidiaries of highly rated Banks. The Group has policies to ensure that sales of products and services are made to customers with appropriate credit history and earnings capacity. The Group exposure to credit risk is limited to the carrying value of financial assets as at the 31 July 2021.

The main activity of the Group is the sale of goods on credit. The

Board of Directors has delegated responsibility for the oversight of credit risk to a subcommittee of the board and to its respective general managers and credit departments of each country in which it operates.

The Group has developed advanced credit-granting systems to properly assess the customer. The credit underwriting process flows through obtaining full and detailed customer credentials and subjecting these to several fully automated checks that include (i) Pre bureau assessment - predetermined demographic criteria and contact ability plus identity and income/ employment verification; and (ii) Post-bureau assessment - automated credit bureau analysis against predetermined payment criteria and behaviour application of a set affordability table that calculates maximum monthly net disposable

income taking into full cognisance of acceptable living expenses and existing commitments and applying a conservative formula, thereby avoiding over-indebtedness.

The credit granting systems enable the Group to determine its appetite for risk. In determining the acceptable level of risk, the potential loss is weighed up against the revenue potential using the predictive behavioural models inherent in the credit-granting system. The Group monitors any variances from the level of risk that has been adopted and adjusts the credit-granting process on a dynamic basis. The Group manages its risk effectively by assessing the borrower's ability to service the proposed monthly instalment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (continued)

The maximum amount subject to credit risk is as follows:

| | GROUP | | COMPANY | |
|---------------------------------|----------------|------------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| Cell captive assets | 29 092 | 47 323 | - | - |
| Trade receivables - Gross | 701 111 | 701 300 | - | - |
| Other receivables | 75 093 | 62 242 | 518 297 | 244 246 |
| Investment in subsidiary - debt | - | - | 144 935 | 131 166 |
| Cash and cash equivalents | 164 024 | 199 566 | 24 152 | 11 915 |
| | 969 320 | 1 010 431 | 687 384 | 387 327 |

Impairment of intra-group receivables

Related party balances at a Group level represent amounts receivable from the companies within the CBH Group, whereas the company includes loans to Furnmart Group companies. Group balances are repayable on demand and therefore expected credit losses are based on the assumption that repayment is demanded at the reporting date.

At the reporting date management performed an assessment of its inter-company receivables, for both the Group and the Company, taking into account forward looking information, even though there was no repayment trigger at group level. All the entities having balances with the Group were assessed to have highly liquid assets to repay the balances on demand.

The Group assesses at the end of each reporting period whether the credit risk on the debt investments in subsidiaries has increased significantly since initial recognition. In the event

of a significant increase in credit risk since initial recognition, the Group recognises an allowance for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

The measurement of ECL under the general impairment approach reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group. The probability weighted outcome incorporates the probability of default (PD), exposure at default (EAD), timing of when default is likely to occur, and loss given default (LGD).

Other receivables, cell captive assets and cash and cash equivalents

Other receivables comprise of short term receivables, which are payable on demand. The Group monitors the financial standing of the counterparty, and ability of the individual to remit funds on a regular basis.

Considering the above conditions management believes that the impact of assessed credit losses is therefore immaterial at both Group and Company level.

Cell captive assets represent amounts held in South African Rand/Namibian Dollar through independent units of Mutual and Federal Risk Financing Ltd/Old Mutual Short Term Insurance Ltd. The Group is entitled to the net proceeds from these units ("cell captives") which have been created solely to manage and administer the Group's customer protection programmes in Namibia and South Africa. The counter party is a well known listed South African insurer of good reputation and standing. The Group monitors the financial standing of the counter-party, and ability of the individual cell captives to remit funds on a regular basis.

Cash, cash equivalents and similar deposits are placed with financial institutions of high repute only. These

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

include domestic subsidiaries of international and regional institutions. The Group regularly monitors the outcomes of relevant regulatory inspections and reports with respect to these counterparties. The Group is not aware of any facts or circumstances which would indicate that institutions where cash, cash equivalents and similar deposits were held at the year-end expose the Group to levels of credit risk beyond those normally associated with such relationships.

Impairment of trade receivables

The following process and methodology is used by the Group to assess impairment on trade receivables, under IFRS 9:

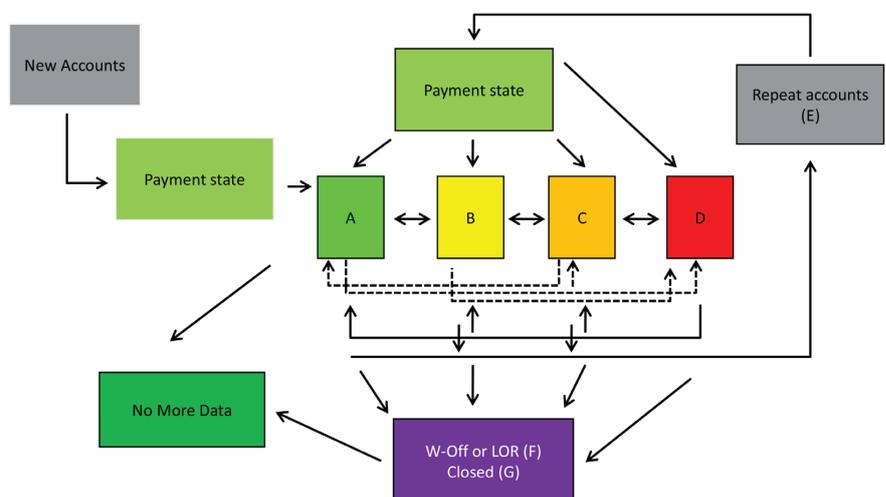
i. Process & Methodology

- The data structure developed allows the model to account for payment behaviour by duration on book. This is done by identifying “transition events” and calculating the probability of the transition event occurring within a particular state and at a particular duration on book. The typical transition events identified within a lending product include:
 - Normal payment
 - Missing a payment
 - Curing (making additional payments to reduce the arrears status)
 - Pre-payment (making additional payments if account has no arrears)
 - Settlement
 - Write-off
 - Collection proceeds
- These events result in accounts moving between payment arrears

states over time and eventually being captured within a final state both as paid-up and consequently closed or having been written off. The survivorship of the account is therefore modelled with allowance for movements between specified states over the term of the account.

- Model Development, is initiated with the determination of the states achievable and the possible events that cause accounts to move between these states since inception. Movements in states are quantified by calculating transition rates, which determine the likelihood of an event occurring for an account, in a given state and at a specific point in time since inception.
- Transition rates are calculated from the data using exposure techniques.
- Good accounts and worsening accounts incorporate missed payment rates and curing rates.
- Default accounts incorporate paid up accounts, written off accounts and % of instalments paid whilst in “default”.

- The total cash flow arising by duration on book is weighted by the probability of an account being within a particular payment state and the particular cash flow occurring within that state (e.g. the payment recognised based on the instalment amount). The model output results (provisions) are calculated by applying a discounting mechanism to these total cash flows for each state.
- Developing projection models to understand the states achievable and the possible events that cause accounts to move between these states since inception. Events cause an account to move from one state to another. These movements are quantified by calculating transition rates, which determine the likelihood of an event occurring for an account, in a given state and at a specific point in time since inception.



NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (continued)

ii. Population States

- The more states defined the more realistic the model will be, however, the model will also become more complex. There is thus a continuous trade-off between simplicity, accuracy and fair representation of the real world. The following states are modelled for Furnmart Stores: -

- A–Arrears-0 Current
- B–Arrears-1 More than 30 days past due
- C–Arrears-2 More than 60 days past due
- D–Arrears-3 More than 90 days past due
- 9–Arrears-4 More than 120 days past due
- 8–Arrears-5 More than 150 days past due
- 7–Arrears-6 More than 180 days past due
- 6–Arrears-7 More than 210 days past due
- 5–Arrears-8 More than 240 days past due
- 4–Arrears-9 More than 270 days past due
- 3–Arrears-10 More than 300 days past due
- 2–Arrears-11 More than 330 days past due
- 1–Arrears-12 More than 365 days past due

- S – Arrears –13+ More than 390 days past due
- Y -Cancellations Absorbing state
- I - Insurance Claim Absorbing state
- W - Write-Off Absorbing state
- Z - Closed Absorbing state

iii. Transition and Population Model Transition Calculation

- Exposure (E_t) is defined as the number of accounts that are active at the beginning of statement “t” and which can contribute to an event occurring during statement “t”. Accounts which cannot contribute to an event occurring are excluded.
- Events (n_t) is defined as the number of events observed during statement “t”.
- Transition Rate (r_t) is defined as the factor solving the equation below.

$$n_t = E_t \times r_t$$

iv. Population Model

- The Population Model combines the population default risk assumption, product term features and population payment behaviour – modelled using transition rates.
- At each statement the number of events modelled are dependent on the number of accounts available to contribute to the

events. For example: if we simulate an increased flow of accounts into arrear states then there will automatically be fewer accounts remaining in the current state, which will result in a reduced number of accounts being available to settle at expiry of the product term. This is the basic premise of the model i.e. The probabilities are applied based on time on book and the arrears state that the account is in to project what we expect will happen to an account for the remaining period.

- The Cash Components i.e. % of Instalments paid can be measured or empirically derived by state over time.
- These expected payments are combined with the population model results to calculate the population weighted cash flows.

v. Segmentation

- A Population Model has been constructed for the following segments:
- Grouped according to shared credit risk categoristics of the two brands Furnmart and HomeCorp. These are then further adjusted for country specific risk.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

vi. **Expected credit loss rates and analysis of exposure**

On the basis illustrated above, the loss allowance as at 31 July 2020 and 31 July 2021 was determined as follows for trade receivables:

| 31-Jul-21 | | | | | | |
|------------------------------|----------------|---------------|---------------|---------------|----------------|----------------|
| Arrear days | A | B | C | D | 9-S | Total |
| Effective ECL Rate | | | | | | |
| Furnmart | 6% | 18% | 24% | 31% | 76% | |
| HomeCorp | 10% | 9% | 21% | 30% | 77% | |
| Country ECL range | 1% to 10% | 14% to 28% | 20% to 30% | 27% to 39% | 67% to 95% | |
| Gross carrying amount | | | | | | |
| – trade receivables | P'000 | P'000 | P'000 | P'000 | P'000 | P'000 |
| Furnmart | 509 027 | 59 048 | 34 979 | 27 692 | 183 010 | 813 756 |
| HomeCorp | 60 989 | 3 648 | 2 027 | 1 314 | 11 509 | 79 487 |
| | 570 016 | 62 696 | 37 006 | 29 006 | 194 519 | 893 243 |
| State ratio - Gross | 64% | 7% | 4% | 3% | 22% | 100% |
| Country State range | 57% to 80% | 5% to 8% | 4% to 6% | 2% to 4% | 16% to 31% | |
| Loss allowance | | | | | | |
| Furnmart | 30 499 | 10 649 | 8 509 | 8 608 | 139 035 | 197 300 |
| HomeCorp | 5 819 | 321 | 433 | 398 | 8 812 | 15 783 |
| | 36 318 | 10 970 | 8 942 | 9 006 | 147 847 | 213 083 |

| 31-Jul-20 | | | | | | |
|------------------------------|----------------|---------------|---------------|---------------|----------------|----------------|
| Arrear days | A | B | C | D | 9-S | Total |
| Effective ECL Rate | | | | | | |
| Furnmart | 14% | 28% | 37% | 36% | 58% | |
| HomeCorp | 11% | 18% | 25% | 42% | 75% | |
| Country ECL range | 11% to 23% | 22% to 40% | 30% to 49% | 31% to 52% | 54% to 69% | |
| Gross carrying amount | | | | | | |
| – trade receivables | P'000 | P'000 | P'000 | P'000 | P'000 | P'000 |
| Furnmart | 421 066 | 69 551 | 60 230 | 50 033 | 225 116 | 825 996 |
| HomeCorp | 53 528 | 4 738 | 3 790 | 2 570 | 11 890 | 76 516 |
| | 474 594 | 74 289 | 64 020 | 52 603 | 237 006 | 902 512 |
| State ratio - Gross | 53% | 8% | 7% | 6% | 26% | 100% |
| Country State range | 39% to 71% | 7% to 9% | 5% to 9% | 4% to 7% | 14% to 36% | |
| Loss allowance | | | | | | |
| Furnmart | 60 189 | 19 356 | 22 010 | 18 192 | 129 554 | 249 301 |
| HomeCorp | 5 810 | 854 | 936 | 1 082 | 8 971 | 17 653 |
| | 65 999 | 20 210 | 22 946 | 19 274 | 138 525 | 266 954 |

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

vi. Expected credit loss rates and analysis of exposure (continued)

The loss allowances for trade receivables as at 31 July, reconcile to the opening loss allowances as follows:

| | GROUP | |
|---------------------------------------------------------------------------------|----------------|----------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| Opening balance | 266 954 | 253 893 |
| Write-offs during the period | (45 719) | (50 387) |
| (Decrease)/ increase in receivable loss allowance recognised during the period* | (33 028) | 51 271 |
| Exchange movement on translation of foreign subsidiaries | 17 969 | 1 768 |
| Unwinding of discount on the ECL of stage 3 balances* | 6 908 | 10 409 |
| Closing balance at 31 July | 213 083 | 266 954 |

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments. The write off policy is of 12 months non-payment and full arrears.

Other receivables are of a short-term nature, their carrying amount approximates their fair values. They do not warrant any impairment assessment to be conducted. Cell captive assets are equivalent to cash and cash equivalents. Accordingly, no impairment is conducted on such assets.

Impairment losses on trade receivables and cell captive assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Choosing an appropriate model and assumptions for the measurement of ECL, determining appropriate Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") applying to trade receivables, determining correlation between historical write offs and movements in interest rates, GDP and inflation, applying forward looking information such as GDP outlook, interest rate and inflation rate forecasts. Management has based judgments relating to the effects of COVID -19 on statistical analysis of the loan receivable book during the past period of distress due to COVID -19 and modeling it against forward looking information ("FLI"). Establishing the number and relative weightings of forward looking scenarios for each type of product/market and the associated ECL, establishing portfolios of similar trade receivables for the purposes of measuring ECL on a collective basis were key judgements applied by the Group.

Company

Receivables mainly comprise of intercompany balances, which were assessed for impairment with reference to factors such as the solvency, trading patterns, etc. of the related party.

c) Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the Statement of Financial Position, the funding requirements of the Group and cash flows. The Group ensures sufficient flexibility by maintaining available committed credit lines. The Group monitors rolling forecast of liquid reserves, comprising cash and cash equivalents and available facilities.

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

The table below shows the analysis of the Group's financial liabilities into relevant maturity groupings based on gross contractual repayments and the remaining period from the Statement of Financial Position to the contractual maturity date:

| GROUP | Less than 6 months P'000 | 6 -12 months P'000 | Between 1-5 years P'000 | More than 5 years P'000 | Total P'000 |
|--------------------------|--------------------------------|--------------------------|-------------------------------|-------------------------------|------------------|
| 31 July 2021 | | | | | |
| Borrowings | 30 412 | 3 623 | 17 202 | - | 51 237 |
| Bond | 6 150 | 6 150 | 195 100 | - | 207 400 |
| Trade and other payables | 202 060 | - | - | - | 202 060 |
| Lease liabilities | 68 964 | 68 964 | 518 535 | 146 287 | 802 750 |
| | 307 586 | 78 737 | 730 837 | 146 287 | 1 263 447 |
| 31 July 2020 | | | | | |
| Borrowings | 4 640 | 5 842 | 22 077 | - | 32 559 |
| Bond | 6 150 | 6 150 | 207 400 | - | 219 700 |
| Trade and other payables | 84 159 | - | - | - | 84 159 |
| Lease liabilities | 64 409 | 64 409 | 461 365 | 205 390 | 795 573 |
| | 159 358 | 76 401 | 690 842 | 205 390 | 1 131 991 |

| COMPANY | less than 6 months | 6 - 12 months P'000 | Between 1-5 years P'000 | Total P'000 |
|--------------------------|-----------------------|---------------------------|-------------------------------|----------------|
| 31 July 2021 | | | | |
| Bond | 6 150 | 6 150 | 195 100 | 207 400 |
| Trade and other payables | 117 594 | - | - | 117 594 |
| | 123 744 | 6 150 | 195 100 | 324 994 |
| 31 July 2020 | | | | |
| Bond | 6 150 | 6 150 | 207 400 | 219 700 |
| Trade and other payables | 89 526 | - | - | 89 526 |
| | 95 676 | 6 150 | 207 400 | 309 226 |

d) Early settlement risk

Early settlement risk is the risk that trade receivables will be settled before the end of their term. An increase in early settlements may result in a reduction in financial interest income. At the year end, trade receivables under early notice were not significant.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going

concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group also monitors applicable debt covenants to ensure there are no breaches. Consistent

with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Group Statement of Financial Position) less cash and cash equivalents. Total capital employed is calculated as 'equity' as shown in the Group Statement of Financial Position plus net debt.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

FINANCIAL RISK MANAGEMENT (Continued)

The strategy, which is unchanged from 2009, is to maintain the gearing ratio below 50% at Group level. The gearing ratios at 31 July 2021 and 2020 were as follows:

| | GROUP | | COMPANY | |
|---------------------------------|-----------|------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| Total borrowings | 198 449 | 178 373 | 150 000 | 150 000 |
| Less: Cash and cash equivalents | (138 250) | (199 601) | (24 152) | (11 915) |
| Net debt | 60 199 | (21 228) | 125 848 | 138 085 |
| Total equity | 597 826 | 699 286 | 622 092 | 356 846 |
| Total capital employed | 658 025 | 678 058 | 747 940 | 494 931 |
| Gearing ratio | 9% | -3% | 17% | 28% |

f) Financial instruments by category

| | GROUP | | COMPANY | |
|------------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| Financial assets by category | | | | |
| Amortised cost | | | | |
| - Other receivables | 75 093 | 62 242 | 518 297 | 244 247 |
| - Investment in subsidiary - debt | - | - | 144 935 | 131 166 |
| - Trade receivables | 488 028 | 434 346 | - | - |
| - Cash and cash equivalent | 164 057 | 199 601 | 24 152 | 11 915 |
| - Cell captive assets | 29 092 | 47 323 | - | - |
| Total | 756 270 | 743 511 | 687 384 | 387 328 |
| Financial liabilities by category | | | | |
| Financial liabilities at amortised cost | | | | |
| Borrowings | 198 449 | 178 373 | 150 000 | 150 000 |
| Trade and other payables | 109 092 | 98 623 | 9 050 | 91 412 |
| Lease liabilities | 603 347 | 591 992 | - | - |
| Total | 910 888 | 868 988 | 159 050 | 241 412 |

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

1. Segment information

The Group's operating businesses are organised and managed separately according to the nature of the products and services offered by each of such segments representing a strategic business unit. The Group is organised into two principal business areas and these make up the two reportable operating segments as follows:

Retail - retail sale of furniture and appliances

Financial Services - provider of consumer finance

The Group Executive Management Committee acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of operating profit. This measurements basis assesses performance on bases

of recognition and measurement which are consistent with the accounting policies of the Group.

Inter-segment transactions between business segments are entered into in a manner similar to transactions with third parties. Revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

The segment information provided to the Group Executive Management Committee for the reportable segments for the year ended 31 July 2021 is as follows:

| Year ended 31 July 2021 | Financial | | | Total |
|------------------------------------------------|------------------|------------------|-----------------|--------------------|
| | Retail | Services | Unallocated | |
| | P'000 | P'000 | P'000 | P'000 |
| Total revenue | 974 968 | 366 720 | - | 1 341 688 |
| Depreciation | (113 519) | - | - | (113 519) |
| Impairment and write off of trade receivables | - | (7 843) | - | (7 843) |
| Other costs | (845 056) | (175 894) | (7 659) | (1 028 609) |
| Other income | 33 895 | 6 237 | 31 718 | 71 850 |
| Operating profit | 50 288 | 189 220 | 24 059 | 263 567 |
| Finance income | | | | 8 333 |
| Finance cost | | | | (58 096) |
| Share of loss from associate | | | | (20) |
| Profit before tax | | | | 213 784 |
| Income tax expense | | | | (42 184) |
| Withholding tax on dividends from subsidiaries | | | | (40 697) |
| Profit after income tax | | | | 130 903 |
| Total assets | 1 094 451 | 517 120 | 17 003 | 1 628 574 |
| Total liabilities | (805 409) | (198 449) | (26 890) | (1 030 748) |

Foreign exchange (losses)/gains resulting from the treasury function are included under unallocated.

Other reconciling items relates to the head office functions (such as centralised finance and administration) which do not earn revenue from third parties.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

1. Segment information (continued)

Year ended 31 July 2020

| | Retail | Financial Services | Unallocated | Restated Total |
|------------------------------------------------|------------------|---------------------------|--------------------|-----------------------|
| | P'000 | P'000 | P'000 | P'000 |
| Total revenue* | 848 741 | 388 838 | - | 1 237 579 |
| Depreciation | (109 564) | - | - | (109 564) |
| Impairment and write off of trade receivables* | - | (86 061) | - | (86 061) |
| Other costs | (736 843) | (179 970) | (39 491) | (956 304) |
| Other income | 40 881 | 12 127 | - | 53 008 |
| Operating profit | 43 215 | 134 934 | (39 491) | 138 658 |
| Finance income | | | | 5 377 |
| Finance cost | | | | (61 106) |
| Share of loss from associate | | | | (13) |
| Profit before tax | | | | 82 916 |
| Income tax expense | | | | (25 893) |
| Withholding tax on dividends from subsidiaries | | | | (22 525) |
| Profit after income tax | | | | 34 498 |
| Total assets | 1 077 618 | 481 669 | 22 846 | 1 582 133 |
| Total liabilities | (676 151) | (178 373) | (28 323) | (882 847) |

2. Revenue

| | GROUP | | COMPANY | |
|-----------------------------------------------|------------------|------------------|----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | | Restated | | Restated |
| | P'000 | P'000 | P'000 | P'000 |
| Merchandise sales* | 974 968 | 848 741 | - | - |
| Ancillary services* | 190 338 | 193 899 | - | - |
| Effective interest income* | 176 382 | 194 939 | - | - |
| Interest income – subsidiaries (note 22)* | - | - | 28 274 | 27 829 |
| Administration fees – subsidiaries (note 22)* | - | - | 29 982 | 29 729 |
| Dividend Income – subsidiaries (note 22)* | - | - | 512 531 | 280 459 |
| | 1 341 688 | 1 237 579 | 570 787 | 338 017 |

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-----------------|-----------------|
| | 2021 | Restated 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 3. Expenses by nature | | | | |
| Cost of merchandise sold | 630 220 | 557 486 | - | - |
| Auditor's remuneration | 2 326 | 1 468 | 141 | 145 |
| Managerial services (including directors) (paid to related company) (note 22) | 5 235 | 5 708 | 5 235 | 5 708 |
| Depreciation on property, plant and equipment (note 8) | 29 268 | 29 042 | 2 040 | 2 501 |
| Depreciation on right of use assets (note 8.1) | 84 251 | 80 522 | - | - |
| Rentals and rates | 10 367 | 11 702 | 477 | 569 |
| Repairs and maintenance | 4 336 | 3 176 | 37 | 13 |
| Marketing | 21 808 | 19 438 | - | 4 |
| Professional and other service fees | 3 651 | 4 643 | 470 | 1 183 |
| Travel and transport | 20 827 | 19 223 | 145 | 230 |
| Branch and office administration expenses | 38 825 | 32 417 | 374 | 283 |
| Staff costs - Salaries and wages (net of government grants) | 233 463 | 204 613 | 15 889 | 14 509 |
| Staff costs - Leave and other contractual benefits (note 19) | 4 931 | 1 363 | 1 353 | 1 000 |
| Exchange losses* | - | 32 451 | - | 32 836 |
| Warehouse costs | 45 295 | 39 592 | - | - |
| Other expenses | 7 326 | 23 024 | 631 | 713 |
| Total cost of sales, distribution costs and administrative expenses | 1 142 129 | 1 065 868 | 26 792 | 59 694 |
| The Group received government grants in 2020 amounting to P11.9 million, from the governments of Botswana and South Africa, to assist the Group to reduce the impact of the COVID 19 pandemic. The amount was accounted as a reduction in staff costs. | | | | |
| Impairment costs - Trade receivables | | | | |
| Impairment of trade receivables (note 13)* | (33 028) | 51 271 | - | - |
| Write offs and repossession losses | 40 871 | 34 790 | - | - |
| | 7 843 | 86 061 | - | - |
| Other income | | | | |
| Profit/ (loss) on sale of property, plant and equipment | 567 | 658 | (27) | - |
| Service fees (note 22) | 3 206 | 3 465 | 545 | 754 |
| Interest on staff loans | 108 | 161 | - | - |
| Income from cell captive (note 11) | 32 809 | 40 223 | - | - |
| Exchange gain | 31 718 | - | 31 717 | - |
| Sundry income | 3 442 | 8 501 | 3 | 22 |
| | 71 850 | 53 008 | 32 238 | 776 |
| 4. Finance income and costs | | | | |
| Interest income - Bank deposit | 4 721 | 3 113 | 145 | 35 |
| Related party (note 22) | 3 612 | 2 264 | 3 450 | 2 264 |
| Finance income | 8 333 | 5 377 | 3 595 | 2 299 |
| Interest expense - Bank overdraft | (338) | (1 216) | (15) | (40) |
| - Related party loans (note 22) | - | - | (2 244) | (3 077) |
| - Bank borrowings | (1 743) | (1 754) | - | - |
| - Lease interest | (43 714) | (45 744) | - | - |
| - Bond | (12 300) | (12 300) | (12 300) | (12 300) |
| - Others | (1) | (92) | - | - |
| Finance costs | (58 096) | (61 106) | (14 559) | (15 417) |

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------|----------------|------------------|
| | 2021 | 2020 | 2021 | 2020 Restated |
| | P'000 | P'000 | P'000 | P'000 |
| 5. Income tax expense | | | | |
| Current income tax | 37 310 | 43 283 | 3 258 | - |
| Add: Net deferred tax charge/ (credit) for the year (note 9) | 4 874 | (17 390) | 6 051 | (2 142) |
| Tax charge to the Statement of Comprehensive Income* | 42 184 | 25 893 | 9 309 | (2 142) |
| The tax on Group income differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows: | | | | |
| Profit before tax* | 213 784 | 82 916 | 565 269 | 265 981 |
| Tax calculated at domestic tax rates applicable (rate 15%) | 32 067 | 12 437 | 84 790 | 39 897 |
| Expenses not deductible for tax | - | 337 | - | 30 |
| Income not subject to income tax | (420) | - | (76 879) | (42 069) |
| Adjustment for current tax of prior period | (1 012) | - | 610 | - |
| Effect of rates in non IFSC entities | 11 549 | 13 119 | 788 | - |
| | 42 184 | 25 893 | 9 309 | (2 142) |

Deferred tax assets not recognised relate to the estimated tax losses of start-up entities within the Group which have not yet reached a stage of generating sustained taxable income. These losses amounting to P165 422 682 (2020: P126 406 494) do not expire and are to be offset against future taxable profits.

Furnmart Limited obtained IFSC status in 2013/2014 financial year and as a result income earned outside of Botswana is taxed at a lower rate of 15%.

6. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the holding company by the weighted average number of ordinary shares in issue during the year (note 16).

| GROUP | Restated | |
|-------------------------------------------------|--------------|-------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| Net profit attributable to shareholders (P'000) | 130 903 | 34 498 |
| Weighted average number of shares in issue | 501 222 174 | 501 222 174 |
| Basic earnings per share (thebe) | 26.12 | 6.88 |
| Diluted earnings per share (thebe) | 26.12 | 6.88 |

7. Dividend declared

For the year ended 31 July 2021, a dividend of P120.0m was declared (2020: P130.0m). See note 18.

| | GROUP | | COMPANY | |
|--------------------------------------------------------------|----------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| Dividends declared | | | | |
| Prior year final dividend 25.94 (2020: 3.52) thebe per share | 130 017 | 17 643 | 130 017 | 17 643 |
| Current year final dividend 23.94 thebe per share | 120 000 | - | 120 000 | - |
| | 250 017 | 17 643 | 250 017 | 17 643 |

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

8. Property, plant and equipment and intangibles

| GROUP | Freehold | | Leased | Own | Furniture | Sub | | Total |
|----------------------------------------------------------|---------------|---------------|------------|---------------|---------------|-------------------|--------------|---------------|
| | Land | Building | Motor | Motor | and Office | Total Intangibles | | |
| | P'000 | P'000 | P'000 | P'000 | Equipment | P'000 | P'000 | |
| Period ended 31 July 2021 | | | | | | | | |
| Opening net book amount | 8 917 | 21 963 | - | 18 354 | 28 618 | 77 852 | 3 372 | 81 224 |
| Exchange movement on translation of foreign subsidiaries | 1 948 | 1 267 | - | 940 | 4 859 | 9 014 | - | 9 014 |
| Additions | - | - | - | 8 552 | 13 549 | 22 101 | 4 329 | 26 430 |
| Disposals at cost | - | - | - | (4 664) | (9 331) | (13 995) | - | (13 995) |
| Depreciation on disposals | - | - | - | 4 022 | 5 433 | 9 455 | - | 9 455 |
| Depreciation and amortisation charge | - | (755) | - | (7 817) | (18 848) | (27 420) | (1 848) | (29 268) |
| Net book amount | 10 865 | 22 475 | - | 19 387 | 24 280 | 77 007 | 5 853 | 82 860 |
| AT 31 July 2021 | | | | | | | | |
| Cost | 10 865 | 30 209 | - | 64 891 | 111 930 | 217 895 | 21 269 | 239 164 |
| Accumulated depreciation | - | (7 734) | - | (45 504) | (87 650) | (140 888) | (15 416) | (156 304) |
| Net book amount | 10 865 | 22 475 | - | 19 387 | 24 280 | 77 007 | 5 853 | 82 860 |
| Period ended 31 July 2020 | | | | | | | | |
| Opening net book amount | 9 833 | 24 990 | 206 | 19 681 | 31 467 | 86 177 | 5 096 | 91 273 |
| Exchange movement on translation of foreign subsidiaries | (916) | (2 305) | - | (1 020) | (1 681) | (5 922) | - | (5 922) |
| Additions | - | 9 | - | 8 101 | 17 226 | 25 336 | - | 25 336 |
| Transfers | - | - | (206) | 206 | - | - | - | - |
| Disposals at cost | - | - | - | (3 954) | (46 781) | (50 735) | - | (50 735) |
| Depreciation on disposals | - | - | - | 3 534 | 46 780 | 50 314 | - | 50 314 |
| Depreciation and amortisation charge | - | (731) | - | (8 194) | (18 393) | (27 318) | (1 724) | (29 042) |
| Net book amount | 8 917 | 21 963 | - | 18 354 | 28 618 | 77 852 | 3 372 | 81 224 |
| AT 31 July 2020 | | | | | | | | |
| Cost | 8 917 | 28 255 | - | 57 974 | 112 498 | 207 644 | 16 940 | 224 584 |
| Accumulated depreciation | - | (6 292) | - | (39 620) | (83 880) | (129 792) | (13 568) | (143 360) |
| Net book amount | 8 917 | 21 963 | - | 18 354 | 28 618 | 77 852 | 3 372 | 81 224 |

The bank facilities provided to Furnmart (Pty) Ltd, South Africa are secured by first mortgage over the group's freehold land and building, to the value of R 40 000 000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

8. Property, plant and equipment and intangibles (Continued)

| COMPANY | Own Motor Vehicle | Furniture and Office Equipment | Sub-Total | Developed Software | Total |
|----------------------------------|-------------------|--------------------------------|------------|--------------------|--------------|
| | P'000 | P'000 | P'000 | P'000 | P'000 |
| Period ended 31 July 2021 | | | | | |
| Opening net book amount | 925 | 53 | 978 | 3 372 | 4 350 |
| Additions | 214 | 30 | 244 | 4 329 | 4 573 |
| Disposals at cost | (458) | - | (458) | - | (458) |
| Depreciation on disposals | 328 | - | 328 | - | 328 |
| Depreciation charge | (165) | (27) | (192) | (1 848) | (2 040) |
| Net book amount | 844 | 56 | 900 | 5 853 | 6 753 |
| AT 31 July 2021 | | | | | |
| Cost | 1 947 | 2 016 | 3 963 | 21 269 | 25 232 |
| Accumulated depreciation | (1 103) | (1 960) | (3 063) | (15 416) | (18 479) |
| Net book amount | 844 | 56 | 900 | 5 853 | 6 753 |
| Period ended 31 July 2020 | | | | | |
| Opening net book amount | 1 760 | 59 | 1 819 | 5 096 | 6 915 |
| Additions | - | 36 | 36 | - | 36 |
| Disposals at cost | (926) | (14 509) | (15 435) | - | (15 435) |
| Depreciation on disposals | 827 | 14 508 | 15 335 | - | 15 335 |
| Depreciation charge | (736) | (41) | (777) | (1 724) | (2 501) |
| Net book amount | 925 | 53 | 978 | 3 372 | 4 350 |
| AT 31 July 2020 | | | | | |
| Cost | 2 191 | 1 986 | 4 178 | 16 940 | 21 118 |
| Accumulated depreciation | (1 266) | (1 933) | (3 200) | (13 568) | (16 768) |
| Net book amount | 925 | 53 | 978 | 3 372 | 4 350 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

8.1 Right of use assets

| Cost | Group | |
|-------------------------------------------|----------------|----------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| Balance as at 1 August | 615 942 | 639 730 |
| Deferred lease liability at 1 August 2019 | - | (10 284) |
| Additions during the year | 32 630 | 15 949 |
| Forex Translation | 30 961 | (29 453) |
| Cost at 31 July | 679 533 | 615 942 |
| Accumulated depreciation | | |
| Balance at 1 August | 79 268 | - |
| Charge for the year | 84 251 | 80 522 |
| Forex translation | 5 339 | (1 254) |
| Balance at 31 July | 168 858 | 79 268 |
| Net book value at 31 July | 510 675 | 536 674 |

Right of use assets consist of premises in use for retail, warehousing and offices.

8.2 Capital work in progress

| Period ended 31 July | | |
|----------------------------------------------------------|----------|--------------|
| Opening balance | 3 040 | - |
| Exchange movement on translation of foreign subsidiaries | - | (102) |
| Additions | - | 3 142 |
| Transferred to PPE | (3 040) | - |
| Closing balance | - | 3 040 |

| | GROUP | | COMPANY | |
|-------------------------------------------------------------------|---------------|---------------|--------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 9. Deferred income tax | | | | |
| Deferred income tax assets | 16 902 | 22 725 | - | 5 908 |
| Deferred income tax liabilities | 143 | 1 273 | 143 | - |
| The movement on the deferred tax asset account is as follows: | | | | |
| Balance at the beginning of the year | 22 725 | 11 878 | 5 908 | 3 766 |
| Statement of Comprehensive Income credit/(charge) (note 5) | (6 137) | 10 977 | (5 908) | 2 142 |
| Exchange movement on translation of foreign subsidiaries | 314 | (130) | - | - |
| Balance at the end of year | 16 902 | 22 725 | - | 5 908 |
| The movement on the deferred tax liability account is as follows: | | | | |
| Balance at the beginning of the year | 1 273 | 8 245 | - | - |
| Statement of Comprehensive Income charge/ (credit) (note 5) | (1 263) | (6 413) | 143 | - |
| Exchange movement on translation of foreign subsidiaries | 133 | (559) | - | - |
| Balance at the end of year | 143 | 1 273 | 143 | - |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|---------------------------------------------------------------------------|---------------|---------------|------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 9. Deferred income tax (continued) | | | | |
| The deferred income tax asset arises from the following: | | | | |
| Accelerated tax depreciation | 302 | 1 069 | - | 172 |
| Accelerated tax depreciation - Right of use assets | (102 446) | (64 124) | - | - |
| Lease liabilities | 121 514 | 67 453 | - | - |
| Deferred tax on tax losses | 3 650 | 5 736 | - | 5 736 |
| Lease and other adjustments | (6 118) | 12 591 | - | - |
| | 16 902 | 22 725 | - | 5 908 |
| This deferred tax asset is expected to be recovered when it crystallises. | | | | |
| The deferred income tax liability arises from the following: | | | | |
| Accelerated tax depreciation | 707 | 1 547 | 707 | - |
| Accelerated tax depreciation - Right of use assets | - | 49 503 | - | - |
| Lease liabilities | - | (54 817) | - | - |
| Instalment sale allowance on trade receivables | - | 6 648 | - | - |
| Lease and other adjustments | (564) | (1 608) | (564) | - |
| | 143 | 1 273 | 143 | - |

This deferred tax liability is expected to be settled when it crystallises.

| | GROUP | |
|-------------------------------------------------------------------------------------------------------|------------|------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| 10. Investment | | |
| 10.1 Investment in associate | 101 | 121 |
| Investment in associate includes equity investments of P25 (2020: P25) shares in United Impex Pty Ltd | | |
| The movement during the year comprises: | | |
| Balance at beginning of the year | 121 | 134 |
| Share of loss for the year | (20) | (13) |
| Balance at the end of year | 101 | 121 |

The Group's associate is unlisted and domiciled in Botswana and was in the business of providing personal finance, but is currently winding down. The investment is valued at net asset value. The Associate's assets and liabilities, and results are summarised as follows:

| | As at 31 | As at 31 |
|---------------------------------|-------------|-------------|
| | July 2021 | July 2020 |
| | P'000 | P'000 |
| Assets | | |
| Cash and cash equivalents | 131 | 49 |
| Other assets | 434 | 436 |
| | 565 | 485 |
| Liabilities | | |
| Trade and other payables | (164) | - |
| Net assets | 401 | 485 |
| Loss before tax | (52) | (12) |
| Total comprehensive loss | (52) | (12) |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | COMPANY | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| 10.2 Investment in subsidiaries | | |
| Investment in Furn Mart (Pty) Ltd, Namibia (Equity) | 15 109 | 15 109 |
| Investment in Xtreme Discounters (Pty) Ltd, South Africa (Equity) | 183 495 | 183 495 |
| Investment in Furnmart (Pty) Ltd, South Africa (Debt) | 30 230 | 27 358 |
| Investment in Xtreme Discounters (Pty) Ltd, South Africa (Debt) | 114 705 | 103 808 |
| Total investment in subsidiaries | 343 539 | 329 770 |
| The investment in subsidiaries includes equity investment in Furniture Mart Pty Ltd, Botswana of P2 (2020: P2) shares and Furnmart (Pty) Ltd, South Africa of R100 (2020: R100) shares. | | |
| The movement during the year comprises: | | |
| Balance at the beginning of the year | 329 770 | 321 691 |
| Investment during the year - Xtreme Discounters (Pty) Ltd, South Africa | - | 21 553 |
| Exchange profit/ (loss) arising from loans considered as part of investment | 13 769 | (13 474) |
| Total investment | 343 539 | 329 770 |

The loans to subsidiaries are at amortised cost and the amortised cost approximates their fair values.

Xtreme Discounters (Pty) Ltd, RSA and Furnmart (Pty) Ltd, RSA long term debt are denominated in Rand and have no fixed repayment period. These long-term debts are charged interest at the South African prime rate plus 5% and 1.25% respectively.

Furnmart Limited (the company) is incorporated in the Republic of Botswana and is the ultimate holding company.

SUBSIDIARY COMPANIES

The Group's shareholdings in the issued share capital of the subsidiary companies are as follows:

| Company | Country held | Percentage | Nature of business |
|------------------------------|--------------|------------|----------------------------------|
| Furn Mart (Pty) Ltd | Namibia | 100% | Furniture retail |
| Xtreme Discounters (Pty) Ltd | South Africa | 100% | Furniture retail |
| Furniture Mart Pty Ltd | Botswana | 100% | Furniture retail |
| Furnmart (Pty) Ltd | South Africa | 100% | Distribution and shared services |

| | GROUP | |
|-----------------------------------------------------|---------------|---------------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| 11. Cell captives assets | | |
| Investment in cell captive assets | 29 092 | 47 323 |
| The movement is analysed as follows: | | |
| Balance at beginning of the year | 47 323 | 42 031 |
| Net income earned by Group (note 3) | 32 809 | 40 223 |
| Premium charges deposited - net of claims and costs | (51 040) | (34 931) |
| Balance at end of the year | 29 092 | 47 323 |

These investments are held as balances of first recourse in the event of a claim under the customer protection plans sold by the Group in South Africa and Namibia.

Furnmart Limited, through its subsidiaries in South Africa and Namibia, has participated in some cell captive arrangements, which are unconsolidated structured entities. These are not consolidated as part of the Group as the relevant assets of the cell captive are not ring-fenced from that of Mutual and Federal (South Africa) and Old Mutual Short Term Insurance Company (Namibia),

the ultimate underwriters of the insurance policies issued by the cells.

These structured entities are financed by the insurance premium collected by Furnmart subsidiaries to provide insurance services to the Group's customers, effectively insuring the debtors' balance of the Group's subsidiaries in Namibia and South Africa against any losses arising from death, disability and certain other life changing events of the customers.

The cell captive in Namibia does not have any recapitalisation

obligations and the maximum loss exposure of the Group is restricted to the carrying amount of the investment. In South Africa, the Group is obligated to recapitalise the cell captive in the event that the cell is financially insolvent due to excessive claims. As at the balance sheet date, the directors have assessed the financial status of the cell captive in South Africa and based on available cash reserves, have concluded that there is no obligation to recapitalise at that date. Accordingly no liability has been recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

11. Cell captive assets

The scale of the unconsolidated structured entities and the carrying amount of the investment in the entities by the Group are as follows:

| | GROUP | |
|---------------------------------------------------------------------------|--------|--------|
| | 2021 | 2020 |
| | P'000 | P'000 |
| Total assets of the unconsolidated structured entities (aggregate amount) | 29 092 | 47 323 |
| The carrying amount of the investment recognised by the Company | 29 092 | 47 323 |

The amortised cost value of cell captive assets approximates their fair value.

12. Inventories

| | | |
|--------------------|----------------|----------------|
| Merchandise | 253 383 | 186 692 |
|--------------------|----------------|----------------|

Inventories exclude value of obsolescence amounting to P8.2m (2020: 8.0m) for the stock carried at net realisable value less costs to sell and complete. The value written – off to bring inventory to its net realisable value (NRV) amount to P2.1m (2020: P4.6m). The write-off is included in costs of sales. Inventories with a value of P50.0m (2020: P50.0m) are held as collateral for borrowings as set out in note 17(d).

13. Trade receivables

| | | Restated |
|---------------------------------------------------------------------------------|----------------|----------------|
| Trade receivables – gross | 893 243 | 902 512 |
| Unearned finance and other charges | (192 132) | (201 212) |
| | 701 111 | 701 300 |
| Amounts expected credit loss on originated trade receivables | (213 083) | (266 954) |
| Carrying amount approximate their fair values | 488 028 | 434 346 |
| Expected credit loss on originated trade receivables | | |
| Opening balance | 266 954 | 253 893 |
| Write-offs during the period | (45 719) | (50 387) |
| (Decrease)/ increase in receivable loss allowance recognised during the period* | (33 028) | 51 271 |
| Exchange movement on translation of foreign subsidiaries | 17 969 | 1 768 |
| Unwinding of discount on the ECL of stage 3 balances* | 6 908 | 10 409 |
| Closing balance at 31 July | 213 083 | 266 954 |
| Unearned finance and other charges | | |
| Opening balance | 201 212 | 241 687 |
| Additions during the year | 357 640 | 358 772 |
| Effective interest income earned during the year | (176 382) | (205 348) |
| Ancillary services income earned during the year | (190 338) | (193 899) |
| Closing balance | 192 132 | 201 212 |

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 14. Receivables and prepayments | | | | |
| Staff loans | 253 | 261 | - | - |
| Advances and prepayments | 3 706 | 2 617 | 18 | 21 |
| Indirect taxes paid in advance | 2 181 | 958 | - | - |
| Other receivables | 16 557 | 6 394 | - | - |
| Related companies (note 22) | 58 283 | 55 587 | 518 297 | 244 247 |
| The carrying amount | | | | |
| approximate their fair values | 80 980 | 65 817 | 518 315 | 244 268 |
| 15. Cash and cash equivalents | | | | |
| Bank balances | 164 024 | 199 566 | 24 152 | 11 915 |
| Cash in hand | 33 | 35 | - | - |
| Cash and bank balances | 164 057 | 199 601 | 24 152 | 11 915 |
| For the purposes of the cash flow statement, the cash and cash equivalents comprise the following: | | | | |
| Bank overdraft | (25 807) | - | - | - |
| Cash and bank balances | 164 057 | 199 601 | 24 152 | 11 915 |
| Net cash and cash equivalents approximate their fair values | 138 250 | 199 601 | 24 152 | 11 915 |
| 16. Share capital | | | | |
| Authorised and issued | | | | |
| 501 222 174 (2020: 501 222 174) issued and fully paid ordinary | | | | |
| Shares at no par value (page 20) | 128 474 | 128 474 | 128 474 | 128 474 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 17. Borrowings | | | | |
| Current | | | | |
| Bank overdraft | 25 807 | - | - | - |
| Bank loan | 6 924 | 8 780 | - | - |
| | 32 731 | 8 780 | - | - |
| Non-current | | | | |
| Bank loan | 15 718 | 19 593 | - | - |
| Bond | 150 000 | 150 000 | 150 000 | 150 000 |
| | 165 718 | 169 593 | 150 000 | 150 000 |
| Total borrowings | 198 449 | 178 373 | 150 000 | 150 000 |
| Bond issue | | | | |
| Balance at the beginning of year | 150 000 | 150 000 | 150 000 | 150 000 |
| Balance at the end of year | 150 000 | 150 000 | 150 000 | 150 000 |

The amortised cost of borrowings approximates their fair value.

Furnmart Limited, on 18 October 2013 issued the second tranche of P150m notes, which forms part of the P500m notes program. These notes are non-convertible, unsubordinated and unsecured. The second tranche bears interest at 8.20 % per annum, payable semi-annually, and matures on 23 October 2025.

The Group's banking facilities are as follows:

(a) Short term facility of N\$ 57 m to finance working capital requirements, with First National Bank of Namibia Limited, at Namibian prime rate (currently 7.5% per annum). This facility is secured by cession of book debts

and suretyship in the amount of N\$60m from Furnmart Limited, Botswana. The outstanding balance as at 31 July 2021 is N\$ 34.2 m (2020: N\$ nil).

(b) Performance guarantee facility amounting to P15 m, foreign exchange contract facility amounting to P 0.8 m and facility for Credit Card amounting to P0.2 m, with Rand Merchant Bank of Botswana, secured by limited cession of book debts and suretyship of P15 m from Furniture Mart (Pty) Limited. This facility shall rank pari passu with Absa Bank of Botswana Limited.

(c) Overdraft facilities with Absa Bank of Botswana Limited, amounting to P30.0 m, at

Botswana prime rate (currently at 5.25% per annum) less 1%. The outstanding balance as at 31 July 2021 is P nil (2020: P nil).

(d) Payment guarantee facility amounting to R20 m and USD0.1 m. These facilities are secured by stock of P50 m and limited cession of book debts of P60 m. The facility with Absa Bank of Botswana Limited shall rank pari passu with Rand Merchant Bank of Botswana.

(e) Letter of Credit facility amounting to USD 0.3 m, with Absa Bank of Botswana Limited. The outstanding balance as at 31 July 2021 is P nil (2020: P nil)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

17. Borrowings (continued)

(g) Term loan facility of R 10 m from Nedbank Limited. The loan bears interest at South African prime rate (currently 7.0% per annum) less 1% is repayable in 84 months ending March 2022 and is secured by mortgage bond over property at Erf13 Meadowdale, Gauteng Province, RSA. The outstanding balance as at 31 July 2021 is R 1.58 m (2020: R3.8 m).

(h) General banking facility by way of overdraft and/or letters of credit and/or forward exchange contract facility amounting to R6 m with Nedbank Limited,

at South Africa prime rate (currently 7.0% per annum). This facility is for Furnmart (Pty) Ltd. This is secured by a general notarial bond over stock limited to the facility of R 6 m; limited suretyship and mortgage bond over property at Erf13 Meadowdale, Gauteng Province, RSA. The outstanding balance as at 31 July 2021 is R nil (2020: R nil).

(i) A vehicle and asset finance facility of R 0.9 m with Nedbank Limited for Xtreme Discounters (Pty) Ltd and Furnmart (Pty) Ltd. The outstanding balance as at 31 July 2021 is nil (2020: R nil).

(j) Term loan facility of R 30.0 m from First Capital Bank, Botswana to Xtreme Discounters (Pty) Ltd, at South African prime rate (currently 7.0% per annum) less 0.25% per annum repayable over a period of 60 months ending February 2025. This facility is secured by Corporate Guarantee from Furnmart Limited and subordination of shareholders' loan, limited to R60 m. The outstanding balance is R27.9 m (2020: R30 m)

| | GROUP | | COMPANY | |
|-----------------------------------------------------------|----------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 18. Trade and other payables | | | | |
| Trade payables | 50 999 | 53 469 | - | - |
| Related companies (note 22) | 6 | 57 | 6 | 85 211 |
| Other payables | 36 082 | 20 129 | 6 644 | 4 315 |
| Dividend | 110 944 | - | 110 944 | - |
| Advance receipts | 4 029 | 10 504 | - | - |
| The carrying amount approximate their fair values. | 202 060 | 84 159 | 117 594 | 89 526 |
| 19. Accruals | | | | |
| Opening balance | 14 464 | 19 509 | 1 886 | 2 490 |
| Charge for the year (note 3) | 4 931 | 1 363 | 1 353 | 1 000 |
| Paid during the year | (1 421) | (6 408) | (839) | (1 604) |
| Closing balance | 17 974 | 14 464 | 2 400 | 1 886 |

Accruals related to the Group's liabilities to employees for compensated absences from work, contractual gratuities and statutory long-service benefits.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

20. Lease liabilities

| | Carrying amount at 1 August 2020 | Implementation of IFRS 16 | Additions | Interest Expense | Cash payment | Forex translation | Carrying amount at 31 July 2021 |
|-------------------|-------------------------------------|------------------------------|-----------|---------------------|-----------------|----------------------|------------------------------------|
| 2021 | P'000 | P'000 | P'000 | P'000 | P'000 | P'000 | P'000 |
| Lease liabilities | 591 992 | - | 32 630 | 43 714 | (94 219) | 29 230 | 603 347 |
| 2020 | | | | | | | |
| Lease liabilities | - | 639 730 | 15 949 | 45 744 | (80 304) | (29 127) | 591 992 |

| | 2021 | 2020 |
|------------------------------------------------------------------------|--------|--------|
| | P'000 | P'000 |
| The following are the amounts recognised in the profit or loss: | | |
| Depreciation expense of right of use asset (note 3) | 84 251 | 80 522 |
| Interest expense on lease liabilities (note 4) | 43 714 | 45 744 |
| Expenses relating to short term leases | 10 367 | 11 702 |

| | 2021 | 2020 |
|---------------------------------------|----------------|---------------|
| | P'000 | P'000 |
| Total cash outflows for leases | | |
| Lease liabilities | 94 219 | 80 304 |
| Short term leases | 10 367 | 9 792 |
| | 104 586 | 90 096 |

The Group has entered into commercial leases for premises and operating equipment. The leases have an average life of between one and ten years. The Group elected not to recognise assets and liabilities with a lease term of less than 12 months and with low value leases for operating equipment. There are no restrictions placed upon the lessee by entering into these. The Group's leases are mainly non-cancellable. Refer to the ageing of future lease payments as at 31 July 2021:

| | 2021 | 2020 |
|---------------------------------------------|----------------|----------------|
| | P'000 | P'000 |
| Within one year | 100 956 | 86 548 |
| After one year but not more than five years | 404 717 | 366 195 |
| More than five years | 97 674 | 139 249 |
| Total | 603 347 | 591 992 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | Restated 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 21. Cash generated from operations | | | | |
| Operating profit | 263 567 | 138 658 | 576 233 | 279 099 |
| Adjustment for: | | | | |
| Non cash items - exchange gains/ (losses) on translation* | (13 499) | 13 474 | (13 770) | 13 474 |
| Dividend received (note 2)* | - | - | (512 531) | (280 459) |
| Depreciation and amortisation (note 8) | 29 268 | 29 042 | 2 040 | 2 501 |
| Right of use asset depreciation (note 8.1) | 84 251 | 80 522 | - | - |
| (Profit)/ loss on sale of property, plant and equipment (note 3) | (567) | (658) | 27 | - |
| Cash inflow before working capital changes* | 363 020 | 261 038 | 51 999 | 14 615 |
| Changes in working capital | | | | |
| - trade receivables, other receivables and prepayments | (91 103) | 53 515 | 3 | 3 521 |
| - related party receivables | (2 696) | (54 925) | (274 050) | (71 601) |
| - inventories | (78 511) | 22 938 | - | - |
| - trade and other payables and accruals (excluding dividend) | 15 910 | 5 704 | (82 361) | (141 434) |
| Cash generated from/ (utilised in) operations* | 206 620 | 288 270 | (304 409) | (194 899) |
| 22. Related party transactions | | | | |
| The Group is related to the wider Cash Bazaar Holdings Group. Related parties comprise the directors and other entities with common directors or shareholders. The following transactions were carried out with related parties: | | | | |
| (i) Trade of goods and services | | | | |
| - Interest paid (on lease liabilities) to related parties (NAP Ltd) | 12 674 | 13 970 | - | - |
| - Transport charges paid to Panda Plant Pty Ltd | 2 851 | 2 667 | - | - |
| - Fees paid to Cash Bazaar Holdings Pty Ltd for managerial services rendered by directors and other senior staff # | 5 235 | 5 708 | 5 235 | 5 708 |
| Service fees received from (note 3) | | | | |
| - Cash Bazaar Holdings Pty Ltd, Botswana | 253 | 253 | 253 | 253 |
| - Afritec Pty Ltd, Botswana | 2 953 | 3 212 | 292 | 501 |
| Total service fees received | 3 206 | 3 465 | 545 | 754 |
| Administration fees (note 2) | | | | |
| - Xtreme Discounters (Pty) Ltd, South Africa | - | - | 6 724 | 6 234 |
| - Furn Mart (Pty) Ltd, Namibia | - | - | 8 127 | 7 945 |
| - Furniture Mart Pty Ltd, Botswana | - | - | 15 131 | 15 550 |
| Total administration fees received | - | - | 29 982 | 29 729 |

Some of the Group's directors and executives are employed as executives of Cash Bazaar Holdings Pty Ltd, and perform managerial and oversight duties at various entities throughout the Furnmart Group of companies, for which Cash Bazaar Holdings Pty Ltd charges the company based on an agreed formula. Cash Bazaar Holdings Pty Ltd, Afritec Pty Ltd, Nafprop Pty Ltd, New African Properties Ltd, Panda Plant Pty Ltd and Sandton Indaba (Pty) Ltd share common directors with Furnmart Limited.

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 22. Related party transactions (continued) | | | | |
| (ii) Receivables from related parties (note 14) | | | | |
| Afritec Pty Ltd | 1 193 | - | 1 193 | - |
| Xtreme Discounters (Pty) Ltd, South Africa | - | - | 90 811 | 72 713 |
| Furn Mart (Pty) Ltd, Namibia | - | - | 96 867 | 74 132 |
| Furnmart (Pty) Ltd, South Africa | - | - | 44 569 | 41 815 |
| Nafprop Pty Limited, Botswana | 64 | 126 | 64 | 126 |
| Cash Bazaar Holdings Pty Ltd, Botswana | 56 875 | 55 461 | 56 875 | 55 461 |
| Furniture Mart Pty Ltd, Botswana | - | - | 227 918 | - |
| Starting Right Investments Two Two Zero (Pty) Ltd, Namibia | 151 | - | - | - |
| | 58 283 | 55 587 | 518 297 | 244 247 |
| (iii) Payable to related parties (note 18) | | | | |
| Afritec Pty Ltd, Botswana | - | 57 | - | 57 |
| Furniture Mart Pty Ltd, Botswana | - | - | - | 85 154 |
| Cash Bazaar Pty Ltd, Botswana | 6 | - | 6 | - |
| | 6 | 57 | 6 | 85 211 |
| (iv) Lease liability payable to related parties (NAP Ltd) | 215 642 | 229 508 | - | - |
| (v) Interest Income (note 2) | | | | |
| Furn Mart (Pty) Ltd, Namibia (@ 18% per annum on monthly balance) | - | - | 11 711 | 9 872 |
| Xtreme Discounters (Pty) Ltd, South Africa (@ SA prime +5% per annum on the loan balance) | - | - | 13 362 | 15 054 |
| Furnmart (Pty) Ltd, South Africa (@ SA prime +1.25% per annum on the loan balance) | - | - | 2 414 | 2 903 |
| Furniture Mart Pty Ltd, Botswana | - | - | 787 | - |
| | - | - | 28 274 | 27 829 |
| (vi) Dividend income - gross (note 2)* | | | | Restated |
| Furniture Mart Pty Ltd, Botswana | - | - | 417 000 | 200 000 |
| Furn Mart Pty Ltd, Namibia | - | - | 95 531 | 80 459 |
| | - | - | 512 531 | 280 459 |
| (vii) Interest receivable from related parties (included in total receivables) | | | | |
| Furn Mart (Pty) Ltd, Namibia | - | - | 30 397 | 18 685 |
| Xtreme Discounters (Pty) Ltd, South Africa | - | - | 45 648 | 32 287 |
| Furnmart (Pty) Ltd, South Africa | - | - | 5 820 | 6 288 |
| | - | - | 81 865 | 57 260 |
| (viii) Interest expense (note 4) | | | | |
| Furniture Mart Pty Ltd, Botswana (BW prime -2% per annum on the average loan balance) | - | - | 2 244 | 3 077 |
| | - | - | 2 244 | 3 077 |
| (ix) Other interest income | | | | |
| Cash Bazaar Holdings Pty Ltd, Botswana (@ BW prime +1% per annum on the loan balance) | 3 450 | 2 264 | 3 450 | 2 264 |
| The Sandton Indaba (Pty) Ltd, South Africa (@ SA prime +1.75% per annum on the loan balance) | 162 | - | - | - |
| | 3 612 | 2 264 | 3 450 | 2 264 |

The nature and terms of intercompany loans between Furnmart Limited and its subsidiaries and related parties are:

1. Furn Mart (Pty) Limited, Namibia; Furniture Mart Pty Limited, Botswana and Cash Bazaar Holdings Pty Ltd, Botswana:
 - Short term loan/intercompany balances are payable on demand.
2. Xtreme Discounters Pty Ltd, SA & Furnmart (Pty) Limited, SA:
 - Long term debt with no fixed repayment term.
3. The Sandton Indaba (Pty) Ltd, South Africa
 - Short term loan payable on demand.
4. Starting Right Investments Two Two Zero (Pty) Ltd, Namibia
 - Short term loan @ Namibia prime +1.5%.

*Refer to note 27 for details regarding the restatement.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

| | GROUP | | COMPANY | |
|-------------------------------------------------------|--------|--------|---------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 23. Capital and loan commitments | | | | |
| Capital expenditure authorised but not contracted for | 36 661 | 48 269 | 631 | 3 427 |
| Financing commitments to customers | 2 839 | 3 144 | - | - |

The capital expenditure and loan commitments will be funded from borrowings and internal sources.

24. Contingent liability

24.1 Legal action

The Group is party to a number of legal suits as at the financial year-end. The most significant of these relates to claims laid against the Group's Namibian subsidiary by a group of former employees. The Group does not anticipate any significant cash out-flow from these claims.

24.2 Guarantees

Company

The company has issued bank guarantees in the ordinary course of the business to various parties. The total amount of such guarantees are 2021: P5.53m (2020: P5.53m).

| | GROUP | | COMPANY | |
|-------------------------------|---------------|---------------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| | P'000 | P'000 | P'000 | P'000 |
| 25. Income tax paid | | | | |
| Balance brought forward (net) | 8 016 | 4 836 | (2 047) | (1 818) |
| Charge for the year (note 5) | 37 310 | 43 283 | 3 258 | - |
| Balance carried forward (net) | (6 279) | (8 016) | (530) | 2 047 |
| Net income tax paid | 39 047 | 40 103 | 681 | 229 |

26. Going concern

Impact of COVID-19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by a novel coronavirus, a Pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the Group, the economies and the general population in which the group operates. The financial impact of these events is still unknown globally, but for the financial year ended 31 July 2021, the impact is not considered significant for the Group, to

the extent that the Group managed to achieve expected revenues.

Management is not aware of any significant cases of COVID-19 infection among its employees and the outbreak has not had a significant impact on the Group's operations to date. Management currently has an appropriate response plan in place. The Group fully implemented the respective COVID-19 protocols as directed by the Ministry of Health and Wellness in each of the countries in which it operates. No non-compliance

of COVID-19 protocols has been identified to date. Management will continue to monitor and assess ongoing developments and respond accordingly. The pandemic is an extraordinary challenge for humanity and for the economy globally, and at the date of finalization of the financial statements, its effects are subject to significant levels of uncertainty. The impact of the coronavirus will be closely monitored and assessed for its impact on the business.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

26. Going concern (continued) Impact of COVID-19

The following protocols have been put in place to curb infections within the Group's workforce:

- Implementation of social distancing within the workplace.
- Employees working from home wherever possible.
- Wearing of face masks is mandatory.
- Encouraged to restrict movement.
- Regular sanitising of the workplace and full deep cleaning in case there is a reported case of COVID-19, at any store or offices.

The Group has ring-fenced all corners of the business; from upstream to downstream, in order to minimise the impact of the COVID-19 pandemic.

The Directors are of the view that the Group remains a Going Concern and that there are no material uncertainties that would impact the financial statements as at the reporting date. The effects of expected credit losses as a result of the Covid-19 pandemic, have been incorporated into the Group's impairment model. A post-balance sheet assessment has been conducted and nothing significant came to light, that would indicate that COVID-19 will hinder the Group's ability to continue as a going concern.

27 Prior period restatements

27.1 Restatement of Investment in subsidiaries - Debt (Company)

During the current financial year it was identified that an incorrect classification was made between Investment in Subsidiary - Debt and Investment in Subsidiary - Equity in the company set of financial statements. Long term debt between Furnmart Limited and its subsidiaries were incorrectly included in the same financial statement line item as investments in subsidiaries when it should have been included in a separate financial statement line item on the face of the statement of financial position as debt investments in subsidiaries, as set out in note 27.7 and 27.10. No third balance sheet has been presented as the changes to the historically reported balances at 31 July 2019 are not material.

27.2 Restatement of effective interest rate revenue (Group and Company)

Effective interest revenue was incorrectly included as part of gross revenue disclosed on the face of the statement of comprehensive income and not disclosed separately. It was separately disclosed in the current year and the 2020 figures adjusted. The amounts in note 2 also needed to be separated and adjusted to agree to the disaggregation

on the face of the statement of comprehensive income. The impact of this is set out on note 27.8 and 27.9. This error had no impact on the other primary statements.

27.3 Restatement of interest recognised on stage 3 (credit impaired) trade receivables (Group)

In prior periods, the Group accounted for the interest on stage 3 (credit impaired) trade receivables under the effective interest rate method and based on the total outstanding capital balance of such trade receivables. This is not in compliance with the provisions of IFRS 9, which requires interest on stage 3 trade receivables to be recognised based on the net carrying amount (i.e. the outstanding capital balances after taking into account the impact of expected credit losses). As a result the interest income and impairment of trade receivables in the statement of comprehensive income was overstated in the 2020 financial year. This has been corrected with retrospective effect in the current financial year. As a result of the restatement, interest income previously reported for the 2020 financial year has decreased by P10.4 m, with the credit impairment charge to income reduced by P10.4 m for the same period, with no impact on profit before tax, as indicated in note 27.8.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

27.3 Restatement of interest recognised on stage 3 (credit impaired) trade receivables (continued)

There was no change in the reported value of trade receivables on the face of the statement of financial position after expected credit loss impairments at those dates. Accordingly, a third balance sheet has not been presented.

27.4 Restatement of dividends received from subsidiaries (Company)

In prior periods, the Company accounted for dividends net of withholding tax. This is not in compliance with the provisions of IAS 12, which requires withholding tax to be disclosed as part of tax paid for the year. As a result the dividend received in the statement of comprehensive income for the company financial statements was understated in the 2020 financial year. This has been corrected with retrospective effect in the current financial year. As a result of the restatement, dividends income previously reported for the 2020 financial year has increased by P22.5m, with the tax charge increasing by P22.5m for the same period, with no impact on profit after tax, as illustrated in note 27.9 and 27.10. No third balance sheet has been presented as the changes to the historically reported balances at 31 July 2019 are not material.

27.5 Restatement of withholding tax on dividends from subsidiaries, between tax expense and currency translation differences (Group)

Withholding tax on dividends from subsidiaries was incorrectly included as part of the currency translation difference in the Group statement of comprehensive income, in the prior year. As done in the current year, it should have been separately disclosed as part of the tax expense on the face of the statement of comprehensive income. Consequently, the 2020 figures have been adjusted, as illustrated in note 27.11. The note also indicates the effect on the Group's 2020 statement of financial position. No third balance sheet has been presented as the changes to the historically reported balances at 31 July 2019 are not material.

27.6 Restatement of Gains and losses in the statement of comprehensive income and statement of changes in equity, arising from differences in currency translation of long term debt between the company and its foreign subsidiaries (Group)

In prior periods the group accounted for the losses and gains arising out of long-term debts between the holding company (Furnmart Ltd) and its foreign subsidiaries, as part of equity. This treatment was

not considered appropriate in line with the principles of IAS 21 as settlement of these loans are planned and likely to occur in the foreseeable future. The Group restated its financial statements retrospectively to exclude the foreign exchange gains and losses from FCTR and include the movements in administrative expenses in the income statement. The restatement resulted in the reduction of profit for the year in the 2020 financial year by P13.5m and a corresponding decrease in foreign currency translation reserve movement in the statement of changes in equity by P13.5m, as shown in note 27.12.

There was no change in the reported value of total equity on the face of the statement of financial position after the foreign exchange movement. No third balance sheet has been presented as the changes to the historically reported balances at 31 July 2019 are not material.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

27.7 Financial impact of restatement prior period figures

Impact of the prior period error on the statement of financial position (Extract)(note 27.1)

| Company | As previously reported as at 31 July 2020 P'000 | Impact of error correction at 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|-------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------|
| ASSETS | | | |
| Non-current assets | 340 028 | - | 340 028 |
| Property, plant and equipment | 978 | - | 978 |
| Intangible assets | 3 372 | - | 3 372 |
| Investment in subsidiaries - equity | 329 770 | (131 166) | 198 604 |
| Investment in subsidiaries - debt | - | 131 166 | 131 166 |
| Deferred income tax asset | 5 908 | - | 5 908 |

27.8 Impact of the prior period error on the statement of comprehensive income (Extract) (note 27.2 and 27.3)

| Group | As previously reported as at 31 July 2020 P'000 | Disaggregation 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|-----------------------------------|
| Revenue | 1 247 988 | 1 247 988 | (10 409) | 1 237 579 |
| Merchandise sales | - | 848 741 | - | 848 741 |
| Ancillary services | - | 193 899 | - | 193 899 |
| Effective interest income (note 27.2) | - | 205 338 | (10 409) | 194 939 |
| Impairment costs - trade receivables (note 27.3) (96 470) | | - | 10 409 | (86 061) |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

27.9 Impact of the prior period error on the statement of comprehensive income (Extract) (note 27.2 and 27.4)

Company

| | As previously reported as at 31 July 2020 P'000 | Disaggregation 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|------------------------------------------------|----------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|-----------------------------------|
| Revenue | 315 492 | 315 492 | 22 525 | 338 017 |
| Effective interest income | - | 27 829 | - | 27 829 |
| Administration fees | - | 29 729 | - | 29 729 |
| Dividend income | - | 257 934 | 22 525 | 280 459 |
| Operating profit | 256 574 | - | 22 525 | 279 099 |
| Profit before income tax | 243 456 | - | 22 525 | 265 981 |
| Tax expense | 2 142 | - | (22 525) | (20 383) |
| Profit for the year | 245 598 | - | - | 245 598 |
| Total comprehensive income for the year | 245 598 | - | - | 245 598 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

27.10 Impact of the prior period error on the statement of cash flows (Extract) (note 27.4 and note 27.6)

| Company | As previously reported as at 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|----------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------|
| Note 21 | | | |
| Cash generated from/ (utilised in) operations | (208 373) | 13 474 | (194 899) |
| Operating profit | 256 574 | 22 525 | 279 099 |
| Adjustment for: | | | |
| Non-cash items - exchange gains and losses on translation | - | 13 474 | 13 474 |
| Dividends received | (257 934) | (22 525) | (280 459) |
| Depreciation and amortisation | 2 501 | - | 2 501 |
| Changes in working capital | | | |
| - Trade and other receivables and prepayments | 3 521 | - | 3 521 |
| - related party receivables | (71 601) | - | (71 601) |
| - trade and other payables and accruals | (141 434) | - | (141 434) |
| Net cash (utilised in)/ generated from investing activities | 252 118 | (13 474) | 238 644 |
| Purchase of Property, Plant and Equipment | (36) | - | (36) |
| Dividends received on investment in subsidiaries | 257 934 | 22 525 | 280 459 |
| Withholding tax on dividend | - | (22 525) | (22 525) |
| Investment in subsidiaries - debt | (8 079) | (13 474) | (21 553) |
| Interest received | 2 299 | - | 2 299 |
| Net increase/ (decrease) in cash and cash equivalents | 10 456 | - | 10 456 |
| Cash and cash equivalents at the beginning of the year | 1 359 | - | 1 359 |
| Exchange gain/ (loss) on cash and cash equivalents of foreign subsidiaries | 100 | - | 100 |
| Cash and cash equivalents at the end of the year | 11 915 | - | 11 915 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2021

27.11 Impact of the prior period error on the statement of comprehensive income (Extract) (note 27.5)

| Group | As previously reported as at 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------|-----------------------------------|
| Profit before tax | 96 390 | - | 96 390 |
| Tax expense | | | |
| - Levied as income tax | (25 893) | - | (25 893) |
| - Levied as withholding tax on dividends from subsidiaries | - | (22 525) | (22 525) |
| Profit for the year | 70 497 | (22 525) | 47 972 |
| Other comprehensive income - items that may subsequently be reclassified to profit /(loss): | | | |
| Currency translation differences | (55 654) | 22 525 | (33 129) |
| Total comprehensive income | 14 843 | | 14 843 |

Impact of the prior period error on the statement of financial position (Extract) (note 27.5)

| | As previously reported as at 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|------------------------------|----------------------------------------------------------|--------------------------------------------------------|-----------------------------------|
| Total equity | 699 286 | | 699 286 |
| Share capital | 128 474 | - | 128 474 |
| Currency translation reserve | (94 746) | 22 525 | (72 221) |
| Retained earnings | 665 558 | (22 525) | 643 033 |

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2021

27.12 Impact of the prior period error on the statement of comprehensive income (extract) (note 27.6)

| Group | As previously reported as at 31 July 2020 P'000 | Impact of error correction 31 July 2020 P'000 | Restated 31 July 2020 P'000 |
|----------------------------------|----------------------------------------------------|-----------------------------------------------------|-----------------------------------|
| Revenue | 1 237 579 | - | 1 237 579 |
| Administrative expenses | (47 709) | (13 474) | (61 183) |
| Other Income | 53 008 | | 53 008 |
| Operating profit | 152 132 | (13 474) | 138 658 |
| Profit before income tax | 96 390 | (13 474) | 82 916 |
| Profit for the year | 47 972 | (13 474) | 34 498 |
| Other comprehensive income | | | |
| Currency translation differences | (33 129) | 13 474 | (19 655) |
| | 14 843 | - | 14 843 |

27.12.1 Impact of the prior period error on the statement of financial position(extract) (note 27.5 and note 27.6)

| Group | As previously reported as at 31 July 2020 P'000 | Withholding tax on dividends from Subsidiaries P'000 | Impact of error correction 31 July 2020at P'000 | Restated as 31 July 2020 P'000 |
|------------------------------|----------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|--------------------------------------|
| Total Equity | (699 286) | - | - | 699 286 |
| Share Capital | 128 474 | | | 128 474 |
| Currency translation reserve | 90 432 | 22 525 | 13 474 | (54 433) |
| Retained earnings | 661 244 | (22525) | (13 474) | 625 245 |

28. Events after the reporting period

Towards the end of the financial year, the group suffered losses in a few of its South African stores by way of looting and destruction, due to the civil unrest in parts of the Kwazulu-Natal province, in the month of July 2021. An insurance claim (SASRIA) for material damage was lodged before the year end and has subsequently been settled – the group has thus recognised the claim as an accounts receivable, in these financial statements.

The total claim pay-out of P9 196 has been accounted in other receivables, and with the VAT of P1 200 being accounted in other payables, the total comprehensive income of the group is more by P7 996 than it would have been had the claim not been settled. Of this, P6 639 has been set off against the net book value of the material losses and P1 089 reflected as part of other income. An exchange gain of P268 was recorded. [all amounts in P'000]

Other than the facts and developments disclosed in these financial statements, there have been no material changes in the financial position of the group or its affairs, between the year end and the date of approval of these financial statements.

CORPORATE INFORMATION

Directorate

J T Mynhardt
T L J Mynhardt
D S le Roux*
E Odendaal*
F B Lebala
J P McLoughlin*
S Venkataramani^
L G Waldeck*

(*South African)
(^Indian)

Registered Office

Plot 50371
Fairground Office Park
Gaborone, Botswana
(P. O. Box 294, Gaborone, Botswana)

Transfer Secretaries

DPS Consulting Services Pty Ltd
Plot 50371
Fairground Office Park
Gaborone, Botswana
(P. O. Box 1453, Gaborone, Botswana)

Corporate Law

Neill Armstrong
P. O. Box 45701, Riverwalk,
Gaborone, Botswana
Tel: +267 395 2797

Bankers

ABSA Bank Limited
First National Bank Limited
Nedbank Limited
Standard Bank Limited
First Capital Bank Limited
Access Bank Limited

Secretary

DPS Consulting Services Pty Ltd
Plot 50371, Fairground Office Park
Gaborone, Botswana
(P. O. Box 1453, Gaborone, Botswana)

Independent Auditors

PricewaterhouseCoopers Inc.
Plot 50371
Fairground Office Park
Gaborone, Botswana
(P. O. Box 294, Gaborone, Botswana)

Advisor Trustee

Grant Thornton Business Services Pty Ltd
Plot 50370, Acumen Parks, Gaborone, Botswana
P. O. Box 1157, Gaborone,
Tel: +267 395 2313
Fax: +267 397 2353

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the company for the year ended 31 July 2021 will be held in the Board Room, Furnmart Limited, Plot 20573/4 Magochanyama Road, Gaborone at 15.00 hrs on 10 March 2022, for the following purposes:

1. To consider and adopt the annual financial statements, including the report of the auditors for the year ended 31 July 2021.

2. To consider and ratify the dividends proposed by the directors.

3. To consider and individually elect the directors, who retire at the annual general meeting. In terms of the constitution of the company, being eligible, they offer themselves for re-election.

i) F B Lebala

ii) J P McLoughlin

iii) D S le Roux

Biographical information of the directors to be re-elected is set out on pages 4 - 5 of the Annual Report.

4. To consider and ratify the directors' remuneration for the year ended 31 July 2021 (page 7).

5. To re-appoint PricewaterhouseCoopers as auditors of the company for the ensuing year.

6. To approve the auditors' remuneration for the past audit (note 3, page 49).

7. To transact any other business, which may be transacted at an annual general meeting.

A member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his/her stead and the proxy so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's registered office at least 24 hours before the time fixed for the meeting.

By order of the Board

DPS Consulting Services Pty Ltd

Company Secretaries

08 February 2022

PROXY FORM

I/We _____

Of _____

Being the registered holder/s of _____ ordinary shares in the Company, at the close of business on Tuesday, 08 February 2022, hereby appoint:

_____ of _____

Or failing him/her;

_____ of _____

Or failing him/her the Chairman of the meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the company to be held at 15:00 hrs on Thursday, 10 March 2022, and at any adjournment thereof and to vote for or against the restrictions or to abstain from voting in respect of the shares registered in my /our name(s), in accordance with the following instructions:

| Resolution number | Detail | In favour | Against | Abstain |
|-------------------|------------------------------------------------------------------------------------------------------------------------------|-----------|---------|---------|
| 1 | To consider and adopt the annual financial statements, including the report of the auditors, for the year ended 31 July 2021 | | | |
| 2 | To consider and ratify the dividends proposed by the directors. | | | |
| 3 | To consider and individually re-elect the directors, who retire at the annual general meeting. | | | |
| | i F B Lebala | | | |
| | ii J P McLoughlin | | | |
| | iii D S le Roux | | | |
| 4 | To consider and ratify the directors' remuneration for the year ended 31 July 2021 (page 7). | | | |
| 5 | To re-appoint PricewaterhouseCoopers as auditors of the Company for the ensuing year. | | | |
| 6 | To approve the auditors' remuneration for the past audit (note 3, page 49). | | | |
| 7 | Approve distribution of communications by electronic means. | | | |
| 8 | To transact any other business, which may be transacted at an annual general meeting. | | | |

PROXY FORM

Signed this _____ day of _____

Full name: _____

Signature: _____

Assisted by (Guardian): _____

A member who is entitled to attend and vote at a general meeting is entitled to appoint one or more persons as a proxy to attend, speak and vote in his/her stead and the proxy so appointed need not be a member of the Company.

Registered office

Plot 50371 Fairground Office Park, Gaborone

Fax: +267 397 3901

INSTRUCTIONS ON SIGNING AND LODGING THIS PROXY FORM

1. This must be deposited at the Registered Office of the Company not less than 24 (twenty four) hours before the time of the scheduled meeting.
2. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration or correction made on this form must be signed, not initialled, by the signatory/signatories.
3. The Chairman of the meeting shall be entitled to decline to accept the authority of the signatory:
 - a. Under a power of attorney; or
 - b. On behalf of a company or any other entity;Unless such power of attorney or authority is deposited at the Registered Office of the Company not less than 24 (twenty four) hours before the scheduled time for the meeting
4. The authority of a person signing as a Proxy in a representative capacity must be attached to the Proxy form unless the authority has previously been recorded by the Secretary.
5. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his proxy in the blank space(s) provided for that purpose.
6. When there are joint holders of shares and if more than one such joint holder is present in person or represented by proxy, then the person whose name stands first in the register in respect of such shares, or his/her Proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. The completion and lodging of this Proxy shall not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any Proxy appointed in terms hereof should such signatory wish to do so.
8. The Chairman of the meeting may reject or accept my Proxy form which is completed and/or submitted other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. If the shareholding is not indicated on the Proxy form, the Proxy will be deemed to be authorised to vote the total shareholding.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, applicable, unless relevant documents establishing his/her capacity are produced or have previously been registered.



FURNMART LIMITED

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