

It should be noted that the opinion relates to the audited consolidated and separate financial statements and not the abridged financial statements/press release. The opinion should be read in conjunction with the audited consolidated and separate financial statements which are available for inspection at the Company's registered office.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CRESTA MARAKANELO LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Cresta Marakanelo Limited (the Company) and its subsidiaries (the Group) set out on pages 7 to 70, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2021, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF CRESTA MARAKANELO LIMITED**

Key Audit Matter	How the matter was addressed in the audit
Assessment of recoverability of Hotel Units (CGUs) and impairment assessment of Goodwill attributed to Cresta Jwaneng Cash Generating Unit (“CGU”) (Group and Company)	
<p>The Group and the Company comprises of various Hotel Units (CGUs), For the past two years the operations at the CGUs have been impacted by disruptions caused by the COVID-19 pandemic on the travel and hospitality industry. The disruptions are expected to continue in varying degrees into the future. As a result, this may impact on the recoverable amounts of the CGUs.</p> <p>The Group and Company have goodwill attributed to the Cresta Jwaneng CGU amounting to P 5 274 000. In terms of the requirements of IAS 36: Impairment of Assets (“IAS 36”) an annual impairment assessment should be performed for the goodwill.</p> <p>Significant judgement and estimates are required by the directors in assessing the recoverability of the CGUs as well as the impairment assessment of the goodwill which are determined with reference to the value in use, including the key assumptions into the discounted cash flow (“DCF”) model for the CGUs. The DCF Model relies on the accuracy of the budgeted and projected net cash flows and the appropriateness of the discount rate used for the CGUs. Because of the level of judgement involved and the significance of the amount of goodwill, we identified the assessment of the recoverability of the CGUs and goodwill as a Key Audit Matter.</p> <p>Related disclosures in the consolidated and separate financial statements:</p> <ul style="list-style-type: none"> • Note 3.1 – Critical Accounting Estimates and Judgements, Estimated Impairment of Goodwill • Note 15 – Goodwill 	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Tested the design and implementation of the controls associated with the directors’ assessment of the recoverability of the CGUs; • Challenged the calculations prepared by the directors and assessed the reasonableness of the assumptions applied in the recoverability and impairment assessments; • Reviewed the future projected cash flows used in the directors’ “value in use” calculations to determine whether they are reasonable; • Compared the projected cash flows against historical performance to test the reasonableness of the directors’ projections; • Assessed the key inputs used in the computations, which include the future growth rates, and the discount rate; • Performed independent sensitivity analysis of key inputs (discount rate and the future growth rates) used in the “value in use” computation; • Recalculated the “value in use” and compared the amount to the directors’ computations; and • Reviewed the related disclosures for compliance with the requirements of IAS 36 with regard to the goodwill. <p>In conclusion, we considered the judgements and estimates used for the assessment of the recoverability of the CGUs and the goodwill impairment assessment and related disclosures to be appropriate.</p>
Other Information	
<p>The directors are responsible for the other information. The other information comprises the Statement of Directors’ Responsibility and Approval of the Financial Statements, which we obtained prior to the date of this auditor’s report and the Annual Report will be made available after the date of our independent auditor’s report. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.</p>	
<p>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.</p>	
<p>In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.</p>	
<p>If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>	

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF CRESTA MARAKANELO LIMITED

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

The directors are responsible for overseeing the Groups' and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF CRESTA MARAKANELO LIMITED**

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 Finance, Risk and Audit Committee 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.

Deloitte & Touche
Certified Auditors
Practicing Member: Pragnaben Naik (CAP 007 2022)

Gaborone
31 March 2022