

**Independent auditor's report  
To the members of Sechaba Brewery Holdings Limited  
Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Sechaba Brewery Holdings Limited ('the Company') set out on pages 10 to 41, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

*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 financial statements* section of our report. We are independent of the 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 judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit matter	How the matter was addressed in the audit
<p><b>Assessment for the impairment of investments in associates</b></p> <p>As at 31 December 2023, the investment in associates was valued at P2,215 billion (2022: P1,770 billion) using a discounted cashflow model. The carrying amount of the investment in associates as at 31 December 2023 was P830 million (2022: P998 million) which represents 73% (2022: 96%) of the Company's total assets.</p> <p>Significant judgement was required in the determination of the appropriateness of the assumptions such as growth rates and discount rate used in the discounted cash flow method which is used to assess the potential impairment of the investments in associates.</p> <p>The assumptions such as growth rates, discount rate, expense, staff costs and inflation rates within the associates have been impacted by the current economic environment. This resulted in increased judgement being applied by management relating to the assumptions used in the valuation of the associates and thus required significant audit attention.</p> <p>We identified the valuation of the investments in associates to be a key audit matter as the valuation is highly sensitive to these assumptions and the assumptions are judgemental.</p> <p>Refer to Note 1.2 – Summary of significant accounting policies and Note 14 - Investment in associates.</p>	<p>The following audit procedures, amongst others, were performed:</p> <ul style="list-style-type: none"> <li>➤ We assessed the valuation methodology against the industry norms and the requirements of International Financial Reporting Standards.</li> <li>➤ We evaluated the accuracy of the forecasts and expectations of future cash flows with reference to internal and market data.</li> <li>➤ We assessed the appropriateness of inputs that required significantly more judgement, such as growth rates by benchmarking inputs against those of other comparable industry participants.</li> <li>➤ We considered the reasonability of the economic assumptions applied against independent market data.</li> <li>➤ We performed a sensitivity analysis over the assumptions in order to assess the impact of the changes to the key assumptions on the valuation of the investment in associate.</li> <li>➤ We also assessed the adequacy of the disclosures regarding the associates in the financial statements to determine they were in accordance with IFRS.</li> </ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the 41-page document titled "Sechaba Brewery Holdings Limited Financial Statements for the year ended 31 December 2023", which includes the General Information, Director's Responsibility and Approval Statement and the Directors' Report which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 'Thomas Chitambo', is written over the printed name.

Ernst & Young  
Firm of Certified Auditors  
Practicing member: Thomas Chitambo (CAP 0011 2024)  
Gaborone

28 March 2024