

## **Independent Auditor's Report**

### **To the Shareholders of Chobe Holdings Limited**

#### **Report on the Audit of the Consolidated and Separate Financial Statements**

##### *Opinion*

We have audited the consolidated and separate financial statements of Chobe Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 8 to 81, which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of material accounting information.

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 29 February 2024, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the 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 consolidated and separate financial statements in Botswana. 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. 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 Consolidated and Separate 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 consolidated and separate 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 consolidated and separate financial statements.

The Key Audit Matter applies to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Impairment assessment of investments in subsidiaries (separate financial statements) and related goodwill (consolidated financial statements)</b></p> <p>The Group recognised goodwill of P 67,963 thousand (2023: P 67,963 thousand) at the reporting date, comprising 10% (2023: 12%) of the Group's total assets. The Company recognised investments in subsidiaries of P103,058 thousand (2023: P101,627 thousand) at the reporting date, comprising 89% (2023: 93%) of the Company's total assets.</p> <p>The impairment assessments are inherently uncertain and are subject to significant estimates, assumptions, and judgements by the Group and Company. Furthermore, the models used by the Group and Company to determine impairments are complex, and certain inputs used in these models are not fully observable.</p> <p>The investments in subsidiaries and related goodwill arose mostly from the acquisition of operating camps and related lease holding/concessionaire companies. These operating camps and related lease holding/concessionaire companies are considered the Cash Generating Units (CGUs) which generate independent separately identifiable cash-flows, and which forms the basis of identifying any impairment indicators related to the investment in the subsidiaries and the related goodwill.</p> <p>The Group and Company use discounted cash flow valuation models to calculate the value in use of the operating camps and related lease holding/concessionaire companies CGUs for both goodwill and investments in subsidiaries. These discounted cash flow models include the following significant estimates from which future cashflows are generated:</p> <ul style="list-style-type: none"> <li>• Expected revenue growth rates</li> <li>• Expected operating expenditure, including allocation of central Group costs</li> <li>• Expected capital expenditure</li> <li>• Expected occupancy rates</li> <li>• Forecasted period linked to the underlying lease agreements</li> <li>• Discount rates</li> </ul> <p>In addition, the investments in subsidiaries also include the acquisition of an aviation company. This is also considered a CGU which generates independent separately identifiable cash-flows. The Group and Company use a fair value less costs to sell valuation model to calculate the value in use of its aviation CGU. The fair values of the aircraft, derived from values for similar aircrafts, form the basis of this model.</p> <p>Based on the Group and Company's assessment of the goodwill as well as the underlying operations of the respective subsidiaries, no impairment indicators were identified, and no impairments were required to be recognised for the investment in the subsidiaries or for</p>	<p>Our procedures included, with the involvement of our valuation specialists, the following:</p> <ul style="list-style-type: none"> <li>▶ We evaluated the appropriateness of management's valuation models used to determine the fair value of each cash generating unit (CGU) by comparing these to the nature of the CGU's operations and our own knowledge of the valuation models and models applied by similar organisations operating in the same economic sector and geographical area.</li> <li>▶ We tested the mathematical accuracy of the valuation models used and compared the values calculated from the models to the amounts included and disclosed in the financial statements.</li> <li>▶ We performed a sensitivity analysis on the key assumptions and estimates used in the valuation models to determine the impact on the valuation headroom for likely changes in these assumptions and estimates.</li> <li>▶ The carrying value of the investments in subsidiaries were compared to the carrying value of the operating camps and related lease holding/concessionaire companies CGUs to identify impairment indicators.</li> <li>▶ We assessed the reliability of management's estimation of future cash flows from the operating camps and related lease holding/concessionaire companies CGUs where we compared these against past projections vs actual results, approved budgets for the Group and Company and we tested the reasonability of the underlying assumptions in determining the growth and discount rates against published rates and rates used by similar organisations operating in the same economic sector and geographical area.</li> <li>▶ We assessed the reasonableness of the significant estimates used in the discounted cash flow model related to occupancy base levels and rates, revenue growth rates and expected capital expenditure where we compared these with actual performance achieved in prior years and after the reporting date as well as performance achieved by similar camps in the Group.</li> <li>▶ For the significant estimates used in the discounted cash flow model related to central group costs, we reviewed the reconciliation at Group level of the central Group costs to ascertain the accuracy and completeness of the recharge of costs incurred at head office level and the allocation thereof to the respective camps.</li> <li>▶ We assessed the reasonableness of the forecasted period used in the discounted cash flow models by comparing these to the remaining land lease periods on which the CGUs operate.</li> <li>▶ We calculated an independent range of the weighted average cost of capital rate used as the discount rate in the discounted cash flow models where we obtained independently sourced data such as risk-free rates in the market, country risk premium, cost of debt, market risk premium, beta of</li> </ul>

Key Audit Matter	How the matter was addressed in the audit
<p>the goodwill.</p> <p>The impairment assessments of the goodwill and investments in subsidiaries was considered to be a key audit matter due to the level of judgement and assumptions applied in calculating the fair value of the cash generating units.</p> <p>Disclosures with respect to goodwill and investments in subsidiaries are disclosed in:</p> <ul style="list-style-type: none"> <li>• Note 1.2(e) – Investments in subsidiaries accounting policy</li> <li>• Note 1.6(a) – Goodwill accounting policy</li> <li>• Note 2.2 – Critical accounting estimates and assumptions - Impairment of assets</li> <li>• Note 12 - Goodwill</li> <li>• Note 15 - Investments in subsidiaries</li> </ul>	<p>comparable companies and capital structure of the industry's comparable companies and other macro-economic inputs. We compared our independently calculated discount rate to the discount rate used by management and performed a sensitivity analysis for likely changes in these rates to determine the impact on the valuation headroom per CGU.</p> <ul style="list-style-type: none"> <li>▶ For the aviation CGU, we compared the Group's estimated market values of the aircraft to the estimated selling prices obtained from external sources.</li> <li>▶ We assessed the adequacy of the disclosures of the assumptions and judgments applied in assessing the impairment of investment in subsidiaries and goodwill for compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board.</li> </ul>

#### *Other Matter*

The consolidated and separate financial statements of Chobe Holdings Limited for the year ended 28 February 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 May 2023.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the 81-page document titled "Chobe Holdings Limited Consolidated and Separate Financial Statements for the year ended 29 February 2024", which includes the Corporate Information, the Group Structure and the Directors' Report including the Approval of Financial Statements as required by the Companies Act (CAP 42:01) obtained prior to the date of this report and the Chobe Holdings Limited's Integrated Report which is expected to be made available to us after that date. The other information does not include the financial statements and the auditor's report thereon.

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

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

#### *Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 the 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 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 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 and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or 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 and separate 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.



Ernst & Young  
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30 May 2024