



IMPORTANT NOTE TO USERS

The audit opinion reproduced here as a standalone document has been extracted from the Botswana Insurance Holdings Limited Consolidated and Separate Financial Statements for the year ended 31 December 2025 (the "AFS"). The AFS include the consolidated and separate financial statements to which this audit opinion refers. Accordingly, this audit opinion should be read together with the AFS, which are available from Botswana Insurance Holdings Limited's registered office.

Independent auditor's report

To the shareholders of Botswana Insurance Holdings 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 Botswana Insurance Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Botswana Insurance Holdings Limited's consolidated and separate financial statements set out on pages 19 to 183 comprise:

- the consolidated and separate statements of financial position as at 31 December 2025;
- the consolidated and separate statements of profit or loss and other 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, including material accounting policy information.

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, as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in

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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.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: P26 680 000, which represents 5% of the consolidated average profit before tax for the current and two preceding financial years.

Group audit scope

- Full scope audits were performed on all consequential components.

Key audit matters

- Valuation of insurance contract liabilities and assets (including reinsurance)
- Valuation of investments in unlisted corporate bonds
- Valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments

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 consolidated 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 consolidated financial statements as a whole.

Overall group materiality	P 26 680 000
How we determined it	5% of the consolidated average profit before tax for the current and two preceding financial years.

Rationale for the materiality benchmark applied	<p>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 used a three-year average of this benchmark to account for the cyclical nature of the main industries within which the Group operates, which results in fluctuations in profitability from one period to the next. We applied a 5% rule of thumb, which is consistent with quantitative materiality thresholds used for participants in this sector.</p>
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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, seven directly held subsidiaries, nine indirectly held subsidiaries, two joint ventures, five associates and twelve collective investment units which are consolidated. We considered the Group’s organisational and financial reporting processes to identify components which were considered consequential to the consolidated financial statements.

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 auditor, or other auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by other auditors, we determined the level of involvement we needed to have in their audit work 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 have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of insurance contract liabilities and assets (including reinsurance)</i></p> <p>Refer to the following accounting policies and notes to the consolidated financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • Accounting policy 3.9 (Policy liabilities); • Note 8 (Insurance contracts); • Note 9 (Reinsurance contracts); and • Note 30 (Critical accounting judgements, estimates and assumptions). 	<p>Our audit of the insurance contract liabilities and assets (including reinsurance) included the following audit procedures that were performed with the assistance of our actuarial specialists.</p> <p>We tailored our testing of the insurance contract balances with reference to the various portfolios of contracts and the various measurement models</p>

Key audit matter	How our audit addressed the key audit matter
<p>At 31 December 2025, the Group held no insurance contract assets (2024: P219 million), insurance contract liabilities of P8,010 million (2024: P8,397 million) and net reinsurance contract balances comprising reinsurance contract assets of P11 million (2024: P17 million) and reinsurance contract liabilities of P66 million (2024: P87 million), as a result of its insurance operations. The Group applies IFRS 17: Insurance Contracts (“IFRS 17”) in the recognition and measurement of these contracts.</p> <p>Insurance contracts are measured using the general measurement model (“GMM”) for individual life risk business and guaranteed annuity portfolios, and the premium allocation approach (“PAA”) for group scheme business. Reinsurance contracts held are measured under the GMM, unless eligible for the PAA.</p> <p>The present value of fulfilment cash flows contained in the insurance contract liabilities is associated with significant estimation uncertainty, requiring the use of expert judgement embedded within complex actuarial models. These models rely on subjective assumptions relating to future events, including probability-weighted estimate assumptions regarding expected claims, persistency and expenses. Changes to these assumptions may result in material changes to the valuation.</p> <p>The contractual service margin (“CSM”) of P1,232 million (2024: P1,175 million) is impacted by assumption changes to the fulfilment cash flows for future coverage, which influences the release of the CSM in the current year and future periods.</p> <p>The most significant assumptions made in the valuation of insurance liabilities arising from the Group’s insurance and reinsurance contracts relate to:</p> <ul style="list-style-type: none"> • Mortality and morbidity; • Persistency assumptions with regard to lapse, surrender and paid-up rates; • Future maintenance expenses; • Discount rates; • Inflation; and • Risk adjustment for non-financial risk 	<p>applied and performed testing on a disaggregated basis. Our procedures included the following:</p> <ul style="list-style-type: none"> • We assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance and the Group’s accounting policy in accordance with IFRS 17; • We challenged key assumptions and the methodologies and processes used to determine and update these assumptions. Our challenge – which included comparison with externally observable data and our assessment of the Group’s analysis of experience to date and allowance for future uncertainty - focused on the following assumptions: <ul style="list-style-type: none"> ○ future mortality and morbidity changes, ○ persistency assumptions with regard to lapse, surrender and paid-up rates, ○ future maintenance expense assumptions, and ○ discount rates and inflation; • We assessed the reasonableness of the amortisation of the CSM by performing an analysis and reperformance of the CSM build-up; • We evaluated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and its related release; • We tested the reasonability of the build-up and changes in the probability-weighted estimate liabilities (BEL), risk adjustment (RA) and CSM by comparing expected changes from those of previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management and governance structures; • We tested the design and implementation as well as effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management;

Key audit matter	How our audit addressed the key audit matter
<p>We considered the valuation of insurance contract liabilities and assets to be a matter of most significance to our current year audit of the consolidated financial statements due to:</p> <ul style="list-style-type: none"> • The significant judgements applied and high degree of estimation uncertainty relating to the magnitude and timing of the projected cash flows and the use of significant unobservable assumptions applied in the valuation; • The use of complex actuarial methods, together with significant judgements and assumptions; and • The materiality of the insurance contract liabilities and assets to the Group's statement of financial position and resultant impact on the statement of profit or loss and other comprehensive income for the year ended 31 December 2025. 	<ul style="list-style-type: none"> • We tested, on a sample basis, the accuracy of insurance contract data utilised as inputs into the measurement models at 31 December 2025 by agreeing these to underlying information in policies and other data sources; • We tested data reconciliations to ensure that data inputs into the measurement models at 31 December 2025 were complete; and • We reconciled the outputs from the Group's measurements models to the financial statements. <p>Based on the procedures performed as detailed above, we did not raise any material exceptions with respect to our audit of the insurance contract liabilities.</p>
<p><i>Valuation of investments in unlisted corporate bonds</i></p> <p>Refer to the following accounting policies and notes to the consolidated financial statements as it relate to this key audit matter:</p> <ul style="list-style-type: none"> • Accounting policy 3.21 (Financial instruments); • Note 29 (Fair value disclosures); and • Note 30 (Critical accounting judgements, estimates and assumptions). <p>As at 31 December 2025, the Group held investments in unlisted corporate bonds of P2,551 million (2024: P2,612 million), classified as financial assets designated at fair value through profit and loss. These instruments do not trade on an active market and are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13: Fair Value Measurement ("IFRS 13"). Their valuation depends on management's developed valuation models and inputs that reflect the specific terms of the instruments and the financial position of the respective issuers.</p> <p>The determination of fair value for these unlisted bonds requires management to apply significant judgement, as the valuation relies on unobservable inputs in accordance with IFRS 13. The most significant assumptions used in the valuation include:</p>	<p>Our audit procedures of the investments in unlisted corporate bonds included the following audit procedures, which we performed with the assistance of our financial instrument specialists:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the valuation methodologies applied by management and evaluated their compliance with IFRS 13 fair value measurement requirements, including assessing whether the valuation models appropriately reflected the contractual terms and features of the instruments. • We challenged the key assumptions used by management - such as risk free yield curves, credit spreads and liquidity premiums - by comparing them to externally observable market data where available, and by assessing the Group's analysis of historical information and its consideration of future uncertainties. • We tested the accuracy and completeness of data inputs used in the valuation models as at 31 December 2025 by tracing them to source documents, including contractual agreements, pricing supplements, issuer information, and other relevant supporting evidence.

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> • Benchmark risk free yield curves; • Credit spreads reflecting issuer credit quality; and • Liquidity premiums. <p>We considered the valuation of unlisted corporate bonds to be a matter of most significance to our current year audit of the consolidated financial statements due to:</p> <ul style="list-style-type: none"> • The financial significance of these investments to the Group's statement of financial position; • The complexity and subjectivity inherent in the valuation models, which rely on unobservable inputs and management judgement; and • The degree of estimation uncertainty in the key assumptions applied in determining fair value. 	<ul style="list-style-type: none"> • We performed independent recalculations to assess whether the values determined by management fall within an acceptable valuation range. • We evaluated the reasonableness of management's credit risk assessments, including reviewing issuer financial statements, publicly available information, sectoral updates, and any changes in credit quality indicators during the year. <p>Based on the procedures performed as detailed above, including the resolution of matters identified during our audit, we did not raise any material exceptions with respect to our audit of the unlisted corporate bonds.</p>
<p><i>Valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments</i></p> <p>Refer to the following notes to the consolidated financial statements as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • Note 15.1 (Investment properties); • Note 15.3 (Equities and similar securities); • Note 29 (Fair value disclosures); and • Note 30 (Critical accounting judgements, estimates and assumptions). <p>As at 31 December 2025, the Group held investment properties of P455 million (2024: P475 million), classified as investment property under IAS 40 and measured at fair value. The Group also held investments in unlisted property companies and partnerships of P730 million (2024: P764 million), classified as equities and similar securities at fair value through profit or loss. The fair value of these indirect property investments is derived from the fair valuation of the underlying investment properties. All properties are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13.</p> <p>The fair values of these properties are determined by qualified external valuers using the income</p>	<p>Our audit of the investment properties, including where such valuations inform the fair value of unlisted equity investments, included the following procedures:</p> <ul style="list-style-type: none"> • We assessed the independence, qualifications, and experience of the external valuers engaged by the Group by obtaining written confirmations regarding their independence and qualifications. • In relation to the income capitalisation approach used by the valuers to determine the fair value of investment properties, our audit testing included the following: <ul style="list-style-type: none"> ○ We tested the capitalisation rates used by: <ul style="list-style-type: none"> ▪ obtaining an understanding of how these rates were determined through discussions with the valuers, reading their valuation reports and inspecting their supporting calculations;

Key audit matter	How our audit addressed the key audit matter
<p>capitalisation approach and the comparative valuation approach.</p> <p>The determination of fair values involves significant judgement and estimation, particularly in selecting appropriate valuation inputs. The most significant inputs applied in the valuations include:</p> <ul style="list-style-type: none"> • Capitalisation rates; • Rental income; • Rental outgoings; and • Market comparables when applying the comparative valuation approach. <p>We considered the valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments, to be a matter of most significance to our current year audit of the consolidated financial statements due to:</p> <ul style="list-style-type: none"> • The financial significance of these investments to the Group's statement of financial position; • The significant judgement and estimation involved in selecting valuation inputs, particularly in a property market with limited comparable transaction data; and • The reliance on external valuers and the subjectivity inherent in their assumptions and methodologies. 	<ul style="list-style-type: none"> ▪ comparing rates used to those implied in transactions for the sale of comparable properties; and ▪ comparing rates used to publicly available capitalisation rate data. ○ We tested a sample of rental income used by the valuers by agreeing these to the underlying contractual tenancy agreements. ○ We compared the range of outgoing rates used to those used in the valuations of comparable properties as per the audited financial statements of listed property companies in Botswana. <ul style="list-style-type: none"> • In relation to the comparative valuation approach used by the valuers: <ul style="list-style-type: none"> ○ We tested that the valuation metrics (such as price per square meter) were accurately determined based on recent transactions, and correctly applied to determine the value of the Group's properties. ○ We reconciled the values of properties as included in the accounting records of the Group to those per the external valuers' reports. <p>As we performed our procedures over the valuation of investment properties, including where such valuations inform the fair value of unlisted equity investments, we identified matters for follow-up discussions with management and the external valuers. We were able to obtain appropriate explanations or corroborating evidence on the matters identified to support the valuations of the investment properties.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document(s) titled "Botswana Insurance Holdings Limited Annual Consolidated and Separate Financial Statements for the year ended 31 December 2025" which we obtained prior to the date of this auditor's report, and the document(s) titled "Botswana Insurance Holdings Limited Integrated Annual Report 2025", which is expected to be made available to us after that date. 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 and will 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 on the other information that we 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 of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.



PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Rudi Binedell (CAP 003 2026)

22 May 2026
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