SECHABA BREWERY
HOLDINGS LIMITED

Annual
Report

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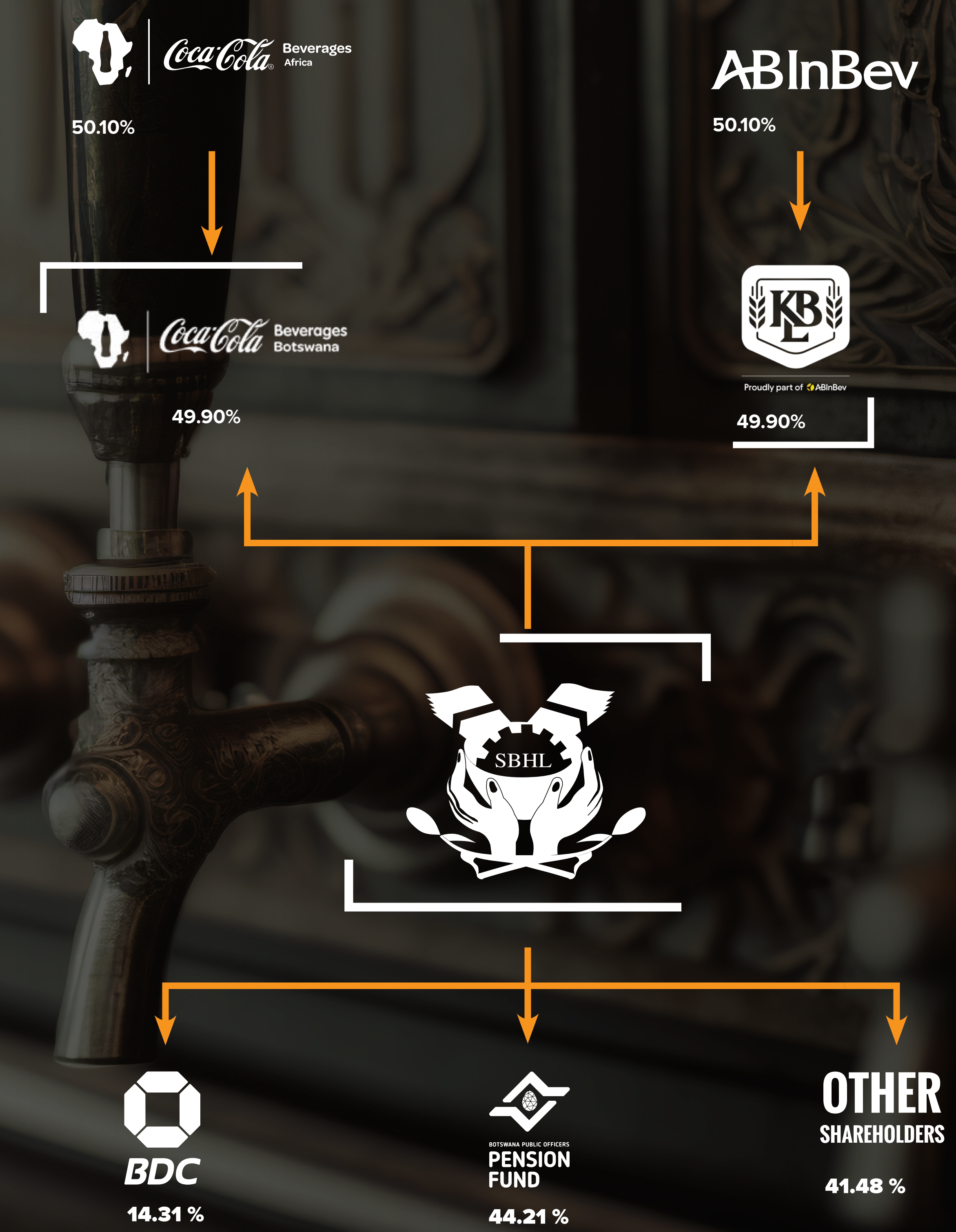
Company Profile

" The strength of a holding company lies in its ability to collaborate effectively with its subsidiaries, leveraging each other's strengths for mutual benefit." *- Unknown*

A LASTING LEGACY ABOUT SECHABA BREWERY HOLDINGS LTD

Sechaba Brewery Holdings Ltd (SBHL) boasts of a long-lasting legacy and success. The company has been listed on the Botswana Stock Exchange since 1989 and has continued to prosper and uphold the tradition of financial capitalism and wealth creation. Prior to 2018, SBHL's sole investment was in Kgalagadi Breweries Limited (KBL). In that year a decision was made to restructure Kgalagadi Breweries Limited (KBL) by separating the net assets of its Non-Alcoholic-Ready-To Drink (NARTD) business which eventually formed the Coca-Cola Beverages (Botswana) (Proprietary) Limited (CCBB). SBHL now holds 49.90% shareholding in KBL, with Anheuser Busch InBev (AB InBev) holding the remaining shares. The SBHL also holds 49.90% in CCBB with Coca-Cola Beverages Africa holding the balance.

Ownership Structure



COMPANY REPORTS

CHAIRMAN OF THE BOARD

"A ship in harbor is safe, but that is not what ships are built for."
- John A. Shedd

Ms Tabuya Tau

Chairman of the board

Dear Shareholders and Stakeholders,

As we reflect on the achievements and challenges of the past year, I am honoured to address you with a message of resilience, progress, and unwavering commitment.

Our journey together as a holding company and its associates has been marked by triumphs and tribulations, but through it all, our resolve remains steadfast, our vision clear, and our determination unquestionable. At our last strategy review session, the Sechaba Brewery Holdings Limited (SBHL) Board of Directors deliberated extensively on the expectation of Performance Competence.

We agreed on some fundamental issues, the main one being that, while the primary focus of a dividend pass-through entity may be the distribution of dividends to shareholders, there is the undeniable expectation for SBHL to demonstrate performance competence in other pertinent areas. This includes: effective oversight of Associate operations; prudent financial management therein and in SBHL; strategic planning; and value creation for shareholders. By exhibiting Performance Competence, we believe SBHL instils confidence in its ability to generate sustainable returns and create long-term shareholder value in collaboration with its Associates.

As stewards of your investments and custodians of your trust, we are committed to maximizing shareholder value and ensuring the long-term prosperity of our organization. While dividends are undoubtedly a vital component of shareholder returns, we firmly believe that our holding company has the potential to offer much more than merely serving as a conduit for distributing dividends. Investing in strategic initiatives, innovation, and growth opportunities is essential for unlocking the full potential of our organization and generating sustainable long-term returns for our shareholders. We can unlock new avenues of growth, expand our market reach, and capitalize on emerging trends and opportunities.

By focusing on value creation rather than short-term gains, we believe SBHL can build a stronger and more resilient organization that delivers superior returns to our shareholders over time. As shareholders, your interests are aligned with ours in maximizing the long-term value of our organization. In driving growth and innovation, the success of SBHL and the financial prosperity of our shareholders is enabled. As a Board of Directors, we are fully aligned with the interests of our investors. We recognize that our success is intrinsically linked to the success of our shareholders, and we are committed to delivering sustainable returns over the long term.

Reflecting on the past year, one theme stands out: our Associates' unwavering dedication to serving clients, communities, and fostering a productive and engaged workforce. This steadfast commitment is underpinned by their sound financial management, continuous investments in innovation, and strategic positioning of products and services. Despite the myriad of challenges posed by micro and macroeconomic factors and geopolitical uncertainties, SBHL has admirably maintained its trajectory of growth. It is with great pride that I present the performance results for the year ended 31 December 2023.

We eagerly anticipate the continuation of our journey of growth and prosperity, diligently planting the seeds today that will yield an even more abundant harvest in the years ahead. 2023 has proved that together with our Associates, we are so much more than the sum of our parts. We are a nexus of creativity, a catalyst for change, and a force for good in the industries we operate in and the communities we serve. Our Associates are vibrant entities, each contributing its unique strengths to our collective mission.

Chairman of the board

"The shell must break before the bird can fly."

- Alfred Tennyson

Don't stay in your shell. Embrace the unknown and see what lies beyond your fears."

- Unknown

Our financial results for the year have been exceptional, demonstrating our Associates' ability to generate robust revenues and sustainable profits. We have achieved record-breaking earnings, driven by strong operational performances across both our Associates. This financial success is a testament to our strategic initiatives, disciplined cost management, and a relentless focus on creating value for our shareholders. Investment success is not just about the decisions made at the SBHL level; it is about the collective effort and shared responsibility with CCBB and KBL.

Each entity plays a vital role in identifying opportunities, mitigating risks, and executing strategies that contribute to the overall success. Our Associates' initiatives in environmental stewardship, community engagement, and ethical governance have not only contributed to the well-being of our communities but also strengthened their brands and reputation. In this report we celebrate our Associates, the collective efforts of their dedicated employees, strategic vision of their leadership, and unwavering support of our Board of Directors and Management. Together, we have continued to build on a strong foundation that will propel us towards even greater achievements in the years to come. I therefore, extend my deepest gratitude to our dedicated leadership teams in our Associate Companies, their staff, esteemed SBHL board members, SBHL Management, valued partners, and loyal shareholders for their unwavering support and commitment to our shared vision. Thank you for your continued trust and confidence in SBHL. Together, we will continue to chart a course towards a future defined by excellence, integrity, and shared prosperity.

Ms. Tabuya Tau
Chairman of the Board

FINANCE AND AUDIT COMMITTEE CHAIRMAN'S REPORT

"No country is ever successful in the long term... without a really strong and vibrant manufacturing base."
— Alan Mulally

Ms Boitumelo Carolyn Paya

Finance And Audit Committee Chairman's Report

Finance and Audit Committee Chairman's Report

In compliance with the requirement to provide documentary evidence of the Finance and Audit Committee's (FAC) accountability to the Sechaba Brewery Holdings Limited's (SBHL) Board of Directors, it is my privilege to present the SBHL Audited Financial Statements for the year ending 31 December 2023. These financial statements have been meticulously prepared in accordance with International Financial Reporting Standards (IFRSs), ensuring the highest levels of accuracy and transparency.

Corporate Governance and Regulatory Compliance

The FAC plays a critical role in assisting the SBHL Board of Directors by fulfilling its oversight responsibilities concerning the financial reporting process, governance systems, internal controls, risk management, values and ethics, and external audit functions. In addition to these core functions, the Committee prioritizes transparency by regularly communicating with shareholders through detailed reports included in the financial statements.

The committee is composed of independent, non-executive members who possess the necessary qualifications and a balanced mix of skills and experience to discharge their responsibilities effectively. During the 2023 financial year, the committee held four meetings, each meeting characterized by discussion and thorough examination of pertinent issues.

It operates under the comprehensive guidance provided by the SBHL Board Charter and the Finance Risk and Audit Committee Charter, which articulate the Committee's purpose, authority, composition, meetings, and responsibilities in detail. The Committee's operations are conducted in strict adherence to the regulations and standards mandated by the Botswana Stock Exchange (BSE), the King III code of conduct, the Botswana Accountancy Oversight Authority (BAOA), and the Companies Act of Botswana (Cap 42:01). These frameworks ensure that our actions are aligned with both national and international best practices.

We remain steadfast in our commitment to upholding the highest standards of corporate governance and compliance. The Finance and Audit Committee has actively reviewed and monitored our adherence to relevant laws, regulations, and accounting standards. This ongoing scrutiny has fostered a culture of transparency and accountability within the organization, ensuring that ethical practices and responsible behaviour are deeply ingrained in our corporate ethos.

Financial Performance

In the financial year 2023, SBHL achieved significant financial growth. The share of results from our Associates increased by 14% compared to the previous year. This improvement is attributed to enhanced productivity and operational efficiencies.

Finance And Audit Committee Chairman's Report

The company remains dedicated to further enhancing profitability through strategic growth in revenue, coupled with continuous improvements in efficiency and effectiveness.

We have consistently sought to optimize our operations, ensuring that every aspect of our business contributes positively to our financial health. This strategic focus has enabled us to deliver value to our shareholders and position ourselves for sustained growth in the future.

External Audit Process

Financial year 2023 marked the second year of our external auditors, Ernst & Young (EY). The Finance and Audit Committee collaborated closely with EY throughout the year to ensure a thorough and independent audit process.

The auditors undertook a comprehensive examination of our financial statements, internal controls, and compliance procedures. The audit was conducted with the highest level of professionalism and integrity, reinforcing our commitment to transparency and accountability.

This conclusion was based on several key considerations:

Representations made by the auditors to the audit committee regarding the 2023 financial results.

Assurance that the auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the company or its associates.

Finance And Audit Committee Chairman's Report

The Finance and Audit Committee has diligently performed its statutory duties, including re-evaluating the performance of the external auditors and agreeing on the terms of the audit plan, budget, and terms of engagement.

The audit committee is satisfied with the financial statements, accounting policies, and internal financial controls of the company. Additionally, the audit committee has undertaken an assessment of the Finance Administrator and it has confidence in the expertise, resources, and experience of the company's finance function.

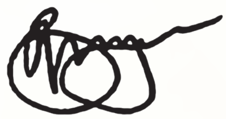
The Committee believes that it has effectively executed its duties over the past financial year in accordance with relevant legislation as regulated by the Botswana Stock Exchange (BSE), the Botswana Accountancy Oversight Authority (BAOA), and the Companies Act of Botswana (Cap 42:01).

Looking Ahead

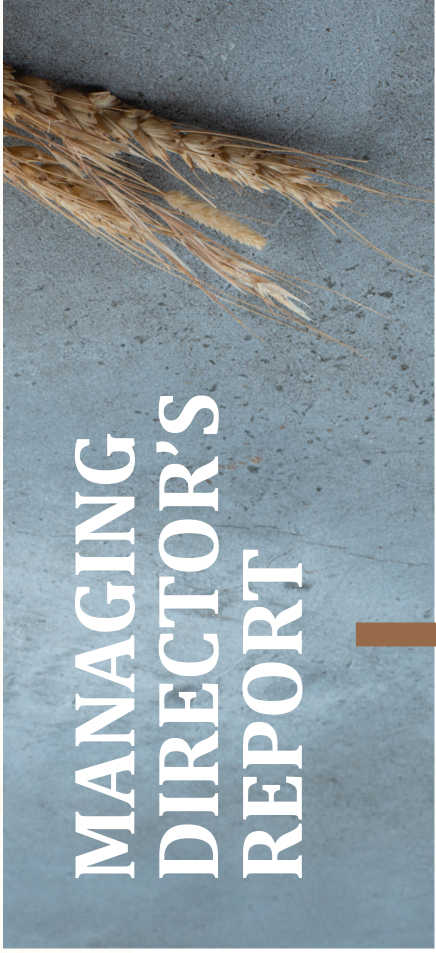
As we transition into the next financial year, the Finance and Audit Committee will continue to play an instrumental role in overseeing and upholding financial discipline, maintaining risk management, and enhancing governance controls. Ensuring compliance with regulations, upholding corporate governance, and fostering effective communication, trust, respect, and transparency will remain the committee's top priorities.

I would like to extend my sincere appreciation to my fellow Committee members, the Board of Directors, the management team, all business partners and our esteemed associates for their unwavering dedication and diligence throughout the year. I also extend our gratitude to our shareholders for their continued support and confidence in our governance and oversight processes.

On behalf of the Audit Committee,



Boitumelo Carolyn Paya
Finance and Audit Committee Chairman



MANAGING DIRECTOR'S REPORT

"Like a zebra's stripes, facts are black and white, unmistakable in their clarity."

- Unknown

Ms Faith Mabu Nteta

Managing Director's Report

"In a world of opinions, facts shine like beacons in black and white." *- Unknown*

Dear Shareholders, Stakeholders, and Members of the Board, I am pleased to present to you the Sechaba Breweries Holdings Limited (SBHL) Managing Director's contribution to the annual report for 2023, reflecting the collective achievements and strategic endeavours of our esteemed organization and our Associates, Coca Cola Beverages Botswana (CCBB) and Kgalagadi Breweries Limited (KBL) .

As Managing Director, it is both an honour and a privilege to navigate the course of our company's journey, particularly amidst the dynamic landscapes of today's business environment. It has been Three years, and assuming this role was and is still to ensure effective governance, results, and impact. This is not merely a responsibility—it is a deeply ingrained commitment driven by a profound sense of purpose and conviction. The "why" behind this pivotal role encompasses several key motivations including to make certain that, every action taken is imbued with a steadfast commitment to achieving optimal outcomes and maximizing value creation. Effective governance, results, and impact are not merely aspirational goals—they are fundamental pillars that underpin our organizational identity and culture. In this report, we delve into a fundamental aspect of our organizational ethos: shared leadership and joint accountability for governance and results. At the heart of our success lies a collaborative ecosystem, where the symbiotic relationship between our holding company board and its associates forms the cornerstone of our operational excellence and strategic agility. We share the financial performance, sustainability initiatives, governance strengths but most importantly, "I hope that through the black and white themed pages, you understand the black and white facts of the organisation." This refers to the objective, verifiable information that serves as the foundation for decision-making and shared sense of purpose between SBHL, CCBB and KBL. These facts are clear, transparent, and not subject to interpretation or ambiguity; we have worked together effectively towards common goals, leveraging our collective expertise and resources for mutual success.

The black and white facts are that we firmly believe in the power of shared leadership as a catalyst for innovation, resilience, and sustainable growth. Our approach towards and with our Associates transcends hierarchical boundaries, fostering an environment where we take ownership of our roles, and embrace a spirit of collaboration. Central to our governance framework is the principle of joint accountability, wherein we share collective responsibility for steering the organization towards its overarching objectives. This shared accountability extends beyond financial performance to encompass ethical conduct, risk management, and care for our planet. Through transparent communication, robust oversight, and mutual trust, we uphold the highest standards of governance while delivering tangible results that create value for all stakeholders.

Transparent governance practices involve providing stakeholders with access to "black and white" facts regarding the company's operations, financial performance, and strategic direction. During the reporting period, SBHL management and Board have rallied behind a shared vision, made informed decisions, and worked collaboratively towards shared outcomes. Our ongoing commitment to organizational transformation encompasses strategic initiatives aimed at enhancing operational efficiency, driving digital innovation, and fostering a culture of continuous improvement. In the pages that follow, you will find a comprehensive overview of our Associates strategic initiatives, operational milestones, and financial performance for the 2023 Financial year.

Our Associates have been dedicated to excellence, from strategic investments and market disruption endeavours to corporate social responsibility initiatives and talent development programs. Each endeavour reflects their unwavering commitment to driving sustainable growth while making a positive impact on society. As we navigate the complexities of an ever-evolving business landscape, I am confident that our shared leadership philosophy and joint accountability framework will continue to serve as guiding principles, propelling us towards greater heights of success and resilience.

Ms Faith Mabu Nteta
Managing Director

FINANCE ADMINISTRATOR REPORT

"Accounting is not just about compliance; its about upholding the ethical fabric of financial systems."

- Samantha Wilson

Ms Thandisa Sekga

FINANCE ADMINISTRATOR REPORT

"Someone is sitting in the shade today because someone planted a tree a long time ago."

-Warren Buffett

This past year has been marked by significant achievements and I am excited to share with you our financial performance and initiatives undertaken to ensure sustainable growth and value creation for our shareholders.

Financial Performance

For the year, SBHL achieved an impressive 22% increase in profit after tax, rising from P223 million to P272 million. This remarkable growth was primarily driven by the robust performance of our underlying Associates. The share of profit increased 14%, largely due to a notable increase in sales revenue from our Associates. Both CCBB and KBL experienced positive net revenue growth, with CCBB achieving a 12.5% increase and KBL a 12.3% increase. Furthermore, interest income grew 73%, increasing to P3.8 million from P2.2 million in the preceding year.

On the expenditure front, administration costs saw an 11% rise, attributable to higher advertising expenses, the production of the annual report, and the introduction of retainer fees for Directors during the year. Our focus on operational efficiency and disciplined cost control has enabled us to maintain healthy profit margins.

The Statement of Financial Position reflects a 9% increase in total assets, bolstered by a substantial 592% rise in cash and cash equivalents. This significant increase was mainly due to dividends received, with SBHL receiving dividends amounting to P293 million in December 2023.

Risk Management

Effective risk management is integral to our operational management. We have reinforced our risk management framework to address the evolving market dynamics and regulatory landscape. The company maintains a risk management register where key risks are identified and mitigated through comprehensive risk assessment and mitigation plans.

Dividend

In light of these strong financial results, the Board has proposed a dividend payment of 424.4 thebe per share, comprising a final dividend of 172.7 thebe per share and a special dividend of 251.7 thebe per share. From a liquidity perspective, the company continues to operate as a going concern, and the audited financial statements have been prepared accordingly, in compliance with International Financial Reporting Standards (IFRSs).

Outlook

Looking ahead, we remain cautiously optimistic about business growth prospects. Our focus will remain on driving operational excellence, enhancing risk management and optimising customer value, through delivering sustainable growth.

Appreciation

Thank you for your continued trust and confidence in Sechaba Brewery Holdings Limited.

Thandisa Sekga
Finance Administrator

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Ms. Tabuya Tau joined the Board on the 20th December 2019 as an independent, non-executive director. She was also the Chairman of the Finance and Audit Committee before taking over as the Chairman of the Board. She is an experienced and transformational leader with extensive experience in the financial service industry; experience which spans over 20 years. At First National Bank Botswana (FNBB) she held the roles of Deputy Chief Financial Officer, Senior Manager Finance, and Treasury Accountant over a period of 10 years. She also held a role as Financial Manager at Letshego Holdings Limited, a listed micro lender.

Ms. Tau holds a Masters in Business Administration from Henley Business School, is a fellow member of the Association of Chartered Certified Accountants (ACCA) and of the Botswana Institute of Chartered Accountants (BICA). She holds a Bachelor of Commerce Degree from the University of Witwatersrand.

She has attended various management and leadership programmes including a Senior Management Development programme from the University of Stellenbosch. She has also previously held the role of non-executive Director at Botswana Postal Services. Ms. Tau currently holds the position of Managing Director at Hollard Insurance Botswana.

Ms. Boitumelo Paya joined the Board on the 1st March 2021 as an independent non-executive director and currently chairing the Audit Committee. She is a finance professional and strategic leader. Ms. Paya is currently the Chief Financial Officer for Botswana Telecommunications Corporation Limited, responsible for providing the strategic financial direction to the Company, its Executive, and the Board as well as providing oversight of the management of financial forecasting and budgeting. She also provides oversight on the preparation of all financial reporting as well as analysis and advise on longterm business and financial planning. Ms. Paya is armed with over 25 years work experience in executive financial management including finance integration, business transformation, financial planning & analysis, audit and assurance, strategic decision support, investor relations, and Mergers & Acquisitions support. She has held various senior positions in several companies namely; Finance Director - Kgalagadi Breweries (Pty) Limited; Finance Director - Malawi Beverages Limited including being Interim Country Director; and Finance Executive - SABMiller plc in the United Kingdom. She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) as well as a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). She holds a Master of Business Administration (MBA) from the University of Derby. She has previously undertaken a Management Development Programme through the Gordon Institute of Business Science (GIBS).

Mr. Jayaraman Ramesh joined the Board on 1 March 2021 as an independent nonexecutive director. He is the co-founder and the current non-executive Chairman of the Board of Botho University, Botswana's Leading Private University with additional campuses in Lesotho, Eswatini, Namibia, Ghana, Blended & Distance Learning and its first African International school, Enko Botho, in Gaborone. Mr. Ramesh also serves on the Boards of Letshego Africa Holdings Limited and Engen Botswana Limited. He was the 1st Chairman of the Government Audit Committee set up by Government of Botswana and completed his 5-year tenure in June 2021.

He was previously the non-executive Chairman, Managing Partner, and Partner at Grant Thornton Botswana during his 36-year career at Grant Thornton that began in July 1984. During this period, he founded Grant Thornton's iconic Private Business Growth Award. He also has experience at Grant Thornton International initially as a Board member of Grant Thornton International and later as the Regional Leader for Africa from April 2010 to April 2020, strengthening the presence of Grant Thornton on the African continent. He graduated with a Bachelor of Commerce degree from the University of Madras, India, and then qualified as a Chartered Accountant. He is a Fellow Chartered Accountant of the Botswana Institute of Chartered Accountants and is a Past President of BICA. He is also an Alumnus of Oxford University's Said Business School where he completed the senior leadership programme, Organisational leadership, while at Grant Thornton International.

Mr. Meshack Tshekedi joined the Board on the 1st of March 2021 as an independent non-executive director. He is the Chief Executive Officer of Botswana Oil Limited (BOL). He was previously the General Manager Supply, Acting Chief Operating Officer (COO), and Acting CEO for 2 years and was subsequently appointed to the position of CEO in 2020. Prior to that, he was the acting CEO for Botswana Investment and Trade Centre (BITC), where he was initially recruited as the COO to lead the transformation of the BITC. Before then he held various leadership roles which include Group Supply Chain Director for Zambia Breweries Group, MD for MRI Botswana, Group Supply Chain Director for Kgalagadi Breweries. With over 22 years of professional and strategic experience, Mr. Tshekedi is responsible for leading the BOL to ensure the security of supply of petroleum products in the country, manage the country's strategic reserves and petroleum infrastructure, and leading the transformation of the sector to ensure meaningful participation of citizens in the sector. He leads the implementation of the company's strategic plan through a suitable business model for the benefit of the shareholder and the country. He holds a Bachelor of Science in Economics and Chemical Engineering as well as a Master of Science in Engineering Management. He brings a wealth of local and regional experience from various industries including Oil and Gas, FMCG, Mining, Engineering, Emergency Medical Services, Investment and Export promotion as well as Supply Chain Management where he held various senior leadership positions

Ms. Faith Mabu Nteta joined SBHL on 1st July 2021 as a part time Managing Director and assumes full accountability to the board for all company operations. Her strategic prowess has enabled the implementation of comprehensive governance frameworks that ensure accountability, transparency, and effective decision-making across the organization. These structures have enhanced the company's ability to manage risks and maintain high standards of corporate governance. Ms. Nteta is a Principal Management Consultant and an experienced and solutions driven entrepreneur with experience in leadership training, business turnaround and performance improvement. She has previously worked at leadership levels for Air France Botswana, Botswana National Productivity Centre and thereafter founded Service Bridges Consulting where she plays the role of culture transformation partner for public, private and parastatal organisations. Her knowledge, expertise and experience in service excellence strategies have earned her a strong and impactful local, regional, international reputation and brand. She holds a Bachelor of Arts (BA) degree, a Master's in Business Administration (MBA) degree. She possesses abilities in accurately identifying business problems, formulating strategic plans, facilitating and initiating change. Ms. Nteta helps to design strategies for implementing organisations new processes in challenging and diverse environments. She has extensive experience in corporate governance and leadership from both a training, facilitation and board leadership perspective. She has held Directorship roles in private and parastatal organisations such as the National Development Bank, where she served as vice Chairman, Chairman of the Board Transformation Committee and member of the Board Human Resources Committee. Ms. Nteta also served on the Local Enterprise Authority (LEA) Board as Chairman of the Board. She currently serves on the First Mutual Reinsurance Board, Chairs its Human Resource Committee and Chairs the Board of Japhala Youth Development Organisation. She is a gender activist and is involved in various advocacy programmes to champion the rights of women and girls.

Mr. Modise B. Mokone joined the SBHL Board on the 12th February 2019 as a non-executive director. Mr. Mokone is a seasoned investment professional with over 15 years experience in asset management, venture capital, private equity and development finance. Mr Mokone is currently the Chief Investment Officer at the Minerals Development Company Botswana (MDCB) where he is responsible for leading the company's investment strategy and overseeing the full investment life cycle of the MDCB towards the implementation of its mandate to grow and optimise its mining and minerals investment portfolio. Mr Mokone previously served as an Investment Principal at the Botswana Development Corporation (BDC) and the Head of Structured Finance at the Citizen Entrepreneurial Development Agency (CEDA). Mr Mokone has held other senior positions at the CEDA and Stanlib Investment Management Services (SIMS), now Vunani Fund Managers Botswana.

Mr Mokone holds a Bachelor of Commerce (Banking, Finance and Risk Management), a Chartered Financial Analyst (CFA) – Level 1, concluded a Global Executive Development Programme with GIBS and is pursuing his Masters in Finance and Investment. Mr Mokone has significant corporate governance experience having sat on several boards during his career.

Ms. Dibotelo has a Bachelor of Laws Degree from the University of Botswana, a Master's in Commercial Law from the University of Cape Town and has also completed the Executive Development Programme at Stellenbosch University Business School. Gorata currently serves as Group General Counsel and Company Secretary at Letshego Africa Holdings Limited.

Ms. Dibotelo also previously held the position of Head of Legal Services and Board Secretary at the Botswana Stock Exchange (BSE). Before going to the BSE, Gorata worked for Armstrongs Attorneys as a Senior Associate. Her familiarity with the Botswana's legal system positions her positively as an experienced expert in legal, compliance, and regulatory environment. Ms. Dibotelo has keen interest in Environmental, Social, and Governance (ESG) compliance and reporting.

Ms. Morapedi is a transformational leader who has successfully led strategic transformative projects both in the public and private sector. She is an astute business leader with 20 years executive management experience with 12 years of these as Chief Executive Officer at the National Development Bank with a key focus on governance, environment and sustainability. Some of the organisations she worked for include the Absa Bank (then Barclays Bank of Botswana), Citizen Entrepreneurial Development Agency (CEDA) and Botswana Examinations Council. She has also served as a non-executive director in several institutions including Export Credit Insurance and Guarantee Company Botswana (BECI), ABM University College, Youth Alliance for Leadership & Development in Africa (YALDA), Local Enterprise Authority (LEA), Botswana Institute of Bankers, Botswana Agricultural Science Professionals Association and The Business Place. She holds a MSc in Economics from the University of Illinois, USA, a Bachelor of Arts (Economics & Accounting) from the University of Botswana and she is also an Alumni of the London Business School. In recognition of her excellent leadership and contribution to the corporate world she was recognised as one of the 2019 Reset Global People Top 100 women CEOs in Africa and Botswana Celebrated Women in 2021.

GOVERNANCE REPORT


LIME RITUAL
Meshack

Governance Report

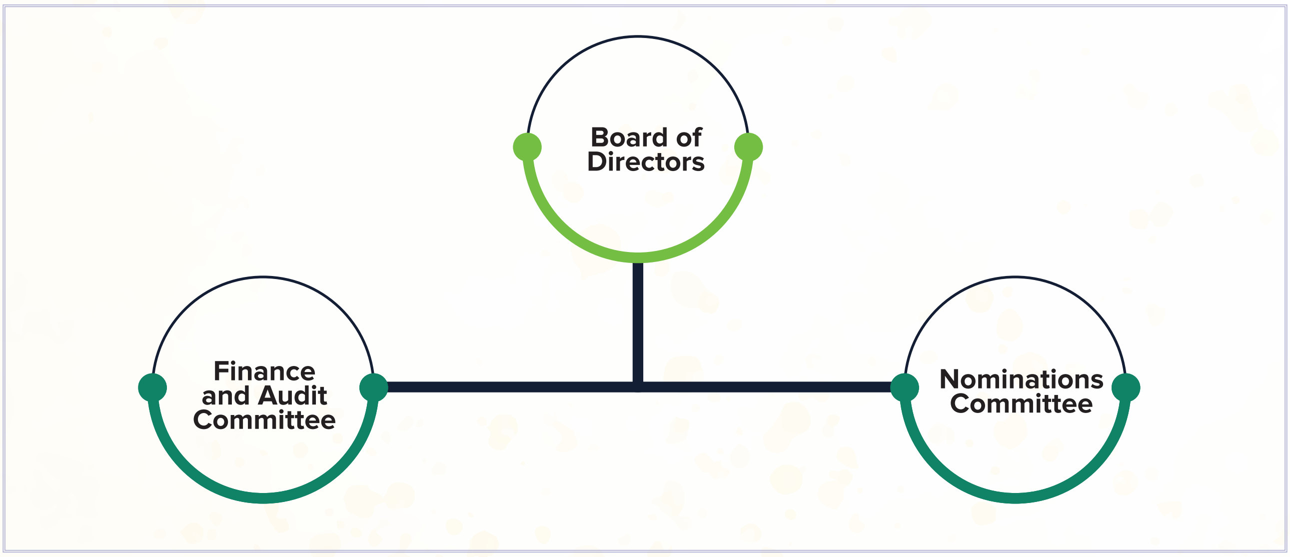
“Great leaders always strive for good governance.”

-Abraham Lincoln 2.

The Directors of Sechaba Brewery Holdings Limited (SBHL) continue to provide leadership oversight and strategic direction in their quest to deliver improved returns to all shareholders. The Directors have a collective responsibility to demonstrate that they are aware of their fiduciary duties towards all stakeholders. This report outlines the organisation’s approach to corporate governance.

Statement of Compliance

Sechaba Brewery Holdings Limited (SBHL) and its associates are committed to observing the highest standards of pre-eminent practice in corporate governance. SBHL complied with the regulatory provisions as provided by the Botswana Stock Exchange (BSE), King III Corporate Governance, and Botswana Accountancy Oversight Authority (BAOA).



Board Structure

Board of Directors

- Membership is between Four and twelve members
- Independent Non-Executive Directors majority
- One Executive Director

Governance Report

Finance and Audit Committee

- Three Independent Non-Executive Directors

Boitumelo Paya
Chairman

Jayaraman Ramesh
Director

Modise Mokone
Director

Nominations Committee

- Three Independent Non-Executive Directors

Tabuya Tau
Chairman

Gorata Dibotelo
Director

Meshack Tshekedi
Director

Finance and Audit Committee

Members of the Finance and Audit Committee

Jayaraman Ramesh
Director

Boitumelo Paya
Chairman

Modise Mokone
Director

Nominations Committee

Members of the Nominations Committee

Meshack Tshekedi
Director

Tabuya Tau
Chairman

Gorata Dibotelo
Director

Board and Management Experience, Expertise, Skills and Competencies

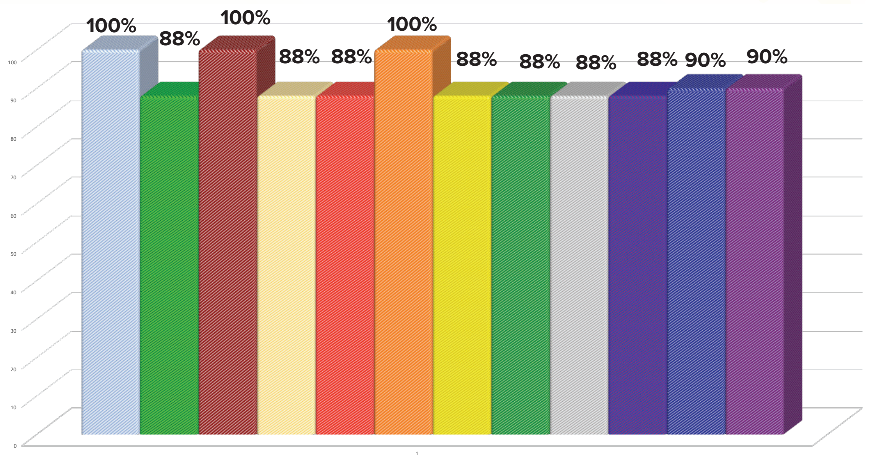
Improving Governance Through A Board Skills And Experience Matrix

SBHL has a diverse and highly qualified board of directors. Each member brings a unique set of experiences and expertise. The experience, expertise, skills, and competencies of the board and management team are critical to our organisation's success. By maintaining a diverse and qualified team, investing in continuous development, and implementing consistent self-evaluations, the company ensures it complies well with these requirements. We continue to use a Board Skills and Competencies Matrix as a strategic tool to assess and identify the strengths, gaps, and developmental needs within our board of directors. The importance of effectively using and regularly updating this matrix is to ensure the board remains competent, diverse, and well-equipped to meet the company's evolving needs. Regular updates to the matrix promote inclusivity by considering emerging trends and new areas of expertise that reflect a broader range of experiences and viewpoints. We therefore strengthen governance and enable effective oversight to ensure that all necessary competencies are present. In addition, its regular update aids in maintaining compliance with governance standards and regulatory requirements by ensuring the board possesses the required knowledge and skills. As Board recruitments and rotations happen we are able to support succession planning, leadership continuity and development.

Complementing the strengthening of the Board is the annual board self-evaluation which provides a structured process for assessing performance, identifying development needs, and implementing targeted improvements. The evaluation also enhances board dynamics, aligns board activities with strategic goals, and ensures compliance with governance standards.

We are pleased to report that with the new Board Appointments of Ms. Gorata Dibotelo and Ms. Lorato Morapedi, we have now closed the Legal and ESG skills gap

The illustration is representative of the 2023 SBHL skills and experience that reside in the board



Board and Management Experience, Expertise, Skills and Competencies

- Board membership experience
- Board leadership experience
- Governance experience
- Beverages Industry/sector experience
- Financial/Accounting
- Strategic planning
- Investment, commercial expertise & experience
- Capital Allocation
- Enterprise leadership experience
- Risk and controls management
- Legal/regulatory knowledge /expertise
- ESG Skills

Board Member Identification Policy

The Sechaba Brewery Holdings Ltd (SBHL) Board approved board member identification policy which outlines the open and merit-based hiring procedure for all board appointments at SBHL. Compliance, governance, and policy are the foundations of this merit-based appointment process. Guided by the SBHL Constitution, Board appointments are made based on competency and capability to perform in the position. The recruitment and selection process for Board members is of utmost importance. Appointments are made based on competency and capability to perform on the position. The aim is to get the best candidates and as a result considerably strengthen the governance of the organisation. SBHL is committed to having good governance, having the right mix of experience, skills and competences on the board of Directors.

Board and Management Experience, Expertise, Skills and Competencies

Policy On Training And Development

SBHL has developed a Training Policy for Directors with the aim to have executives and board members who can perform their duties and assume responsibilities as entrusted to them by shareholders. With a strong belief in the fact that learning is a continuous process, Board Member Training and Development is given utmost importance in the organisation. While the 'Board of Directors' is the highest level in the Organisational pyramid, imparting effective training is still critical for this level so that Directors can continue to upskill and provide able guidance and relevant advisory to the company.

The training of Board members is also imperative for effective Corporate Governance requirements. The objective of the policy is to also provide an opportunity to Board level functionaries to upgrade their knowledge in the business model of the Associate companies and to ensure that their responsibilities are discharged in an effective manner. The policy also attempts to provide exposure to trainings on Corporate Governance codes, business ethics and conduct as applicable to the Directors.

Managing Director Recruitment, Appointment, Dismissal And Succession Planning Policy And Guidelines

SBHL considers the appointment, induction, dismissal and succession of the Managing Director to be one of the most important strategic decisions. Based on such understanding, the SBHL board approved a Recruitment, Appointment, Dismissal and Succession Planning Policy with the aim of ensuring that the organisation appoints eligible persons to lead the organisation using procedures for objective, timely and transparent appointments.

Matters Reserved for the Board

The Board has a schedule of matters reserved for its attention and these are dealt with at each meeting. These include, but are not limited to: the approval of budgets and profit forecasts; annual financial statements; and capital expenditure budgets. Management provides regular reports to the Board on the operating and financial performance of the Company and its Associates. The Board also reviews results and reports of Associates through the Finance and Audit Committee. The Board is also informed of changes in relevant laws and any new legislation that may affect the business.

Board Induction

An induction programme is in place to acquaint incoming Directors with their responsibilities. During this period the induction programme consisted of documentation provided to members on constitutional and other matters, and minutes of the previous meetings and familiarisation visits to KBL and CCBB production sites.

A presentation is made on various policies such as the Risk Policy and Dividend Policy. Directors are also made aware of their fiduciary duties as per the Company's Act.

Retirement of Directors

New Directors are subject to election at the first annual general meeting following their appointment, and Directors are subject to retirement and re-election by shareholders every three years.

Nominations Committee

The purpose of the Committee is to provide an independent and objective body that will;

- Make recommendations on the remuneration policies and practices of the Executive Directors, senior management and the company in general.

- Make recommendations on the composition of the board and board committees and ensure that the board of Directors consists of individuals who are equipped to fulfil the role of Director of the company.

Gender diversity policy is being finalised. This policy will facilitate the promotion of gender diversity in the board.

Equity and Diversity Policy

The Company has an Equity and Diversity Policy. The objective of this policy is to facilitate the promotion of diversity to foster an inclusive and equitable work environment where everyone is treated with dignity, respect, and fairness, regardless of their race, ethnicity, gender, sexual orientation, disability, religion, age, or any other characteristic protected by applicable laws. As a company, we strive to create a workplace that celebrates individual differences and encourages the contributions of the employees and directors.

Appointment of Auditors for Non-Audit Work Policy

The Company has an Appointment of Auditors for Non-Audit Work Policy. The Policy is designed to establish clear guidelines for engaging auditors in non-audit services. This policy ensures transparency, preserves auditor independence, and prevents any conflicts of interest as provided for in the International Ethics Standards Board for Accountants (IESBA) code of ethics, thereby maintaining the integrity and credibility of Sechaba Brewery Holdings Limited's financial reporting process.

All non-audit engagements must receive prior approval from the Audit Committee. The Committee will evaluate the scope of work, fee structure, and potential impact on auditor independence.

Finance and Audit Committee

The purpose of the Finance and Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and making recommendations to the Board regarding;

a) Strategic financial plans and the annual operating budgets
b) The integrity of the Financial Information, including audited financial statements, and recommendation for approval to the Board of Directors and the stakeholders
c) Finance functions, Policies and Procedures
d) The Company's Internal Audit and External Audit functions by ensuring they are appropriately skilled and resourced for the complexity and volume of risk and assurance needs
e) The Company's Investment management activities
f) The integrity of the financial statements of the company and any announcements of the company's financial performance, reviewing significant financial reporting judgements contained in them, reviewed and recommended for board, and shareholders' approval, quarterly, half-year, and annual financial statements
g) The Company compliance and risk management systems
h) The expertise and experience of the outsourced service provider engaged to provide the execution of the Financial Director functions
i) The election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders at the Annual General Meeting (AGM)
j) The external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements
k) Communication with external auditors at Finance and Audit Committee meetings on audit-related issues
l) The effectiveness of the system for monitoring compliance with laws and regulations
m) Associate companie's work towards delivering zero harm to the health and safety of employees, the general public and the environment

Governance Report

Composition and Independence

The year under review marks Ms. Tabuya Tau's third year of SBHL Board leadership. For this period the SBHL Board was composed of eight board members. The majority of the Board are independent non-executive members (seven non-executive and one executive member). The company's Board Charter stipulates that the number of directors should not be less than four but not more than twelve.

Membership of the Board of Directors as of 31 December 2023

	Name	Designation	Status	Appointment date	Position Status
1	Ms. Tabuya B. Tau	Chairman	Non-Executive	20 December 2019	Active
2	Ms. Faith Mabu Nteta	Managing Director	Executive	01 July 2021	Active
3	Mr. Modise Mokone	Director	Non-Executive	12 February 2019	Active
4	Ms. Boitumelo C. Paya	Director	Non-Executive	01 March 2021	Active
5	Mr. Meshack Tshekedi	Director	Non-Executive	01 March 2021	Active
6	Mr. Jayaraman Ramesh	Director	Non-Executive	01 March 2021	Active
7	Ms. Gorata T. Dibotelo	Director	Non-Executive	01 July 2023	Active
8	Ms. Lorato C. Morapedi	Director	Non-Executive	15 September 2023	Active

Board Meetings Attendance Register

During the year under review, the Board of Directors met for all its scheduled meetings. The attendance register is indicated in the table below;

Name	Date						
	17 Mar 2023	22 Mar 2023	27 Jun 2023	27 Jun 2023 AGM	15 Sep 2023	12 Dec 2023	Overall
Ms. Tabuya B. Tau	√	√	×	√	√	√	5/6
Ms. Faith Mabu Nteta	√	√	√	√	√	√	6/6
Mr. Modise Mokone	×	√	√	√	√	√	5/6
Ms. Boitumelo C. Paya	√	√	√	√	√	√	6/6
Mr. Meshack Tshekedi	√	√	√	√	√	√	6/6
Mr. Jayaraman Ramesh	√	√	√	√	√	√	6/6
Ms. Gorata T. Dibotelo	N/A	N/A	N/A	N/A	√	√	2/6
Ms. Lorato C. Morapedi	N/A	N/A	N/A	N/A	N/A	√	1/6

Finance and Audit Committee

Name	Date				Overall
	14 Mar 2023	15 Jun 2023	1 Sep 2023	4 Dec 2023	
Ms. Boitumelo C. Paya	√	√	√	√	4/4
Mr. Jayaraman Ramesh	√	√	√	√	4/4
Mr. Modise Mokone	×	√	√	√	3/4
Ms. Faith Mabu Nteta	√	√	√	√	4/4

Governance Report

Nominations Committee

Name	Date			Overall
	17 Feb 2023	05 Sep 2023	02 Nov 2023	
Ms. Tabuya B. Tau	√	√	√	3/3
Ms. Faith Mabu Nteta	√	√	√	3/3
Mr. Meshack Tshekedi	√	√	√	3/3
Mr. Modise Mokone*	√	√	√	3/3
Ms. Gorata T Dibotelo**	N/A	N/A	√	1/3

* Outgoing Nominations Committee Member
** Incoming Nominations Committee Member

Directors Remuneration

The remuneration details for Board members, specifically in the form of sitting allowances, are outlined in the table below. It is important to note that executive directors do not receive sitting allowances as their remuneration is solely for their executive responsibilities and duties. The table includes the sitting allowances for both the Main Board and the Sub-committees for the year, covering both SBHL and its associate boards. At the Annual General Meeting, which took place on June 27, 2023, the shareholders approved a resolution to pay retainer fees to the non-executive directors of SBHL. This decision marks a significant development in the remuneration structure for our Board members, reflecting a commitment to fair compensation for their invaluable contributions. Consequently, the directors' fees for the financial year 2023 encompass both sitting allowances and the newly introduced retainer fees. This comprehensive approach to remuneration ensures that our non-executive directors are appropriately compensated for their ongoing commitment and the substantial expertise they bring to their governance roles.

Financial year ended 31 December 2023

Name	Remuneration
	P'000
Ms. Tabuya B. Tau	193
Ms. Boitumelo C. Paya	202
Mr. Modise Mokone	226
Mr. Meshack Tshekedi	168
Ms. Jayaraman Ramesh	218
Ms. Gorata T Dibotelo	108
Ms. Lorato C Morapedi	62
Mr. Oteng Keabetswe*	40

Ms. Faith Mabu Nteta received P449,400 compensation in the financial year 2023 as Part Time Managing Director for SBHL
*Mr. Oteng Keabetswe was a direct nominee of CCBB Board of Directors and CCBB Finance and Audit Committee up to November 2023

Governance Report

Financial year ended 31 December 2022

Name	Remuneration
	P'000
Ms. Tabuya B. Tau	110
Ms. Boitumelo C. Paya	132
Mr. Modise Mokone	158
Mr. Meshack Tshekedi	88
Ms. Jayaraman Ramesh	150
Mr. Oteng Keabetswe*	32

Ms. Faith A. Nteta Received P449,400 compensation in the financial year 2022 as Part Time Managing Director for SBHL
*Mr. Oteng Keabetswe was a direct nominee of CCBB Board of Directors and CCBB Finance and Audit Committee up to November 2023

Directors' Declaration of interests
Directors declared their interests at every meeting throughout the year.

Company Secretary
Grant Thornton is the Company Secretary for Sechaba Brewery Holdings Limited. The Company Secretary is responsible for ensuring Board compliance to all statutes, procedures, and regulations necessary for the business of the Company. The Company Secretary acted as secretary of the Board and its committees and attended all meetings during the year under review. The Company Secretary is also responsible for training and ensures continuous enhancement of skills and understanding of Sechaba Brewery Holdings Limited's business operations.

For the year under review, the Board conducted the necessary checks and it is satisfied that the Company Secretary has the appropriate competence and experience to fulfil this role and that the relationship between the Board and the Company Secretary is an arm's length relationship.

Our Management Team
The financial year 2023 marked the second consecutive year under the capable leadership of Ms. Faith Asnath Mabu Nteta, who has skilfully navigated SBHL through a dynamic and challenging business environment. SBHL maintained a streamlined organizational structure, with Ms. Nteta serving as the Managing Director of the Company. Ms. Nteta is a distinguished entrepreneur and business leader, whose extensive experience has been a cornerstone of SBHL's strategic direction and operational success. She holds a Bachelor of Arts (BA) degree and a Master of Business Administration (MBA) qualifications that underpin her deep understanding of both theoretical and practical aspects of business management. Her expertise extends far beyond her academic achievements. Ms. Nteta possesses a profound wealth of experience in corporate governance and leadership, acquired through a diverse career encompassing training, facilitation, and board evaluation. Her holistic approach to leadership combines rigorous academic training with hands-on experience, ensuring that she brings a well-rounded perspective to her role at SBHL.

In addition to her formal qualifications, Ms. Nteta's practical experience in corporate governance and leadership has been instrumental in shaping the company's strategic vision. She has a proven track record in facilitating training sessions and conducting board evaluations, which has significantly contributed to enhancing the overall effectiveness of SBHL's governance framework. Her leadership style, characterized by inclusivity and strategic foresight, has fostered a culture of accountability and innovation within the organization.

Under Ms. Nteta's stewardship, SBHL has not only navigated the complexities of the modern business landscape but has also positioned itself for sustained growth and long-term success. Her commitment to excellence and her strategic insights have been vital in steering the company towards achieving its business objectives while maintaining the highest standards of corporate governance.

The company appoints service providers on a consultancy basis. During this period, Ms. Thandisa Thulethu Sekga continued to serve as the Finance Administrator and Compliance Officer for the company, a role she has held since January 2022. Mrs. Sekga brings a wealth of experience to the position, with over

Governance Report

two decades in both financial services and the public sector. Her extensive background includes significant roles such as Head of Finance at both the Citizen Entrepreneurial Development Agency (CEDA) and the National Development Bank (NDB). She is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and a Fellow Certified Professional Accountant (FCPA), registered with the Botswana Institute of Chartered Accountants (BICA). Her academic credentials include a Bachelor of Social Sciences (BASS) degree, with a double major in Accounting and Public Administration, showcasing her strong foundation in both financial management and organizational governance. Ms. Sekga is an alumnus of the University of Stellenbosch (USB), where she completed the Senior Management Development Programme (SMDP).

Managing Director

Key Responsibilities

The MD's responsibilities include:

- Ensuring the organisation's operations and business are within the parameters set by the board from time to time and that the board is kept informed of material developments in the organisation's affairs, operations, and business
- Oversight and liaison activities with enabling structures (Associates, Auditors, BSE, Transactional Services, Secretarial services, Media, and Advertising Agencies)
- Ensuring compliance with governance and regulatory requirements
- Participating in appropriate business and professional associations, networks, and activities relevant to SBHL's interests
- Ensuring relationship building with external stakeholders
- Ensuring legal, ethical, and professional practices and boundaries consistent with SBHL's code of conduct/values are adhered to
- Identifying and managing operational and corporate risks for the organisation and, where those risks could have a material impact on the organisation
- Ensuring that the board is provided with sufficient accurate information on a timely basis in regard to the organisation, its operations, business and affairs, financial condition, operations, and prospects, to reasonably position the board to fulfil its governance responsibilities
- Representing the company in business negotiations with suppliers, service partners and government officials
- Ensuring that the company's policies comply with BSE, BAOA and legal regulations.
- Responsibility for engagements with Analysts & Media regarding SBHL operations and engagement with various Asset Managers

Financial Administrator

Key Responsibilities

The FA's responsibilities include:

- Acting as Compliance Officer for the Company
- Maintenance of the general ledger and preparation of management accounts and presentation to the Board and its committees
- Preparation of financial statements, coordination of external audit
- Liaison with stakeholders, shareholders and regulators
- Procurement of professional services
- In conjunction with the Corporate Secretary coordinate meetings of the Company
- To ensure that SBHL financial mechanisms and systems capture all relevant material information on a timely basis, are functioning effectively and are founded on a sound basis of prudential risk management.
- Ensuring financial activities are managed within agreed budgets and informing the board in a timely manner
- Ad-hoc financial transaction processing i.e. capturing of receipts and payments in the cash book
- Facilitation of budgeting process with the Board of directors

"The strength of the team is each individual member. The strength of each member is the team." — *Phil Jackson*

Faith Mabu Nteta
MANAGING DIRECTOR

THANDISA SEKGA
FINANCE ADMINISTRATOR

THAPELO LESOLE
FINANCE ADMIN ASSISTANT

Governance Report

KING III COMPLIANCE

The following abridged checklist has been prepared in terms of King Report Governance (King III). The checklist outlines SBHL's application of King III principles on the various areas of governance.

Key									
√	Compliant	U	Under review	X	Not Compliant	P	Partially compliant	N/A	Not applicable

		2023
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
The board should provide effective leadership based on an ethical foundation	√	
The board should ensure that the company's ethics are managed effectively	√	
The board should ensure that the company is and is seen to be a responsible corporate citizen	√	
BOARD AND DIRECTORS		
The board should act as the focal point for, and custodian of corporate governance	√	
The board should appreciate that the strategy, risk performance and sustainability are inseparable	√	
The board should provide effective leadership based on an ethical foundation	√	
The board should ensure that the company is and is seen to be a responsible corporate citizen	√	
The board should ensure that the company's ethics are managed effectively	√	
The board should ensure that the company has an effective and independent audit committee	√	
The board should be responsible for the governance of risk	√	
The board should be responsible for the information technology (IT) governance	√	
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes, and standards	√	
The board should ensure that there is an effective risk-based internal audit	P	Note 1
The board should appreciate that stakeholder's perceptions affect the company's reputation	√	
The board should ensure the integrity of the company's integrated annual report	N/A	Note 2
The board should report on the effectiveness of the company's system of internal controls	√	
The board and its directors should act in the best interest of the company	√	
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act	√	
The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fill the role of chairman of the board	√	
The board should appoint the chief executive officer and establish a framework for the delegation of authority	√	
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	√	
Directors should be appointed in a formal process	√	
The induction of and ongoing training and development of directors should be conducted through formal processes	√	
The board should be assisted by a competent, suitably qualified and experienced company secretary	√	

Governance Report

Key									
√	Compliant	U	Under review	X	Not Compliant	P	Partially compliant	N/A	Not applicable

		2023
The evaluation of the board, its committees, and the individual directors should be performed every year	√	
The board should delegate certain functions to well-structured committees but without abdicating its responsibilities	√	
A governance framework should be agreed upon between the group and its subsidiaries	√	
Companies should remunerate directors and executives fairly and responsibly	√	
Companies should disclose the remuneration of each individual director and certain senior executives	√	
Shareholders should approve the company's remuneration policy	√	
AUDIT COMMITTEE		
The board should ensure that the company has an effective and independent audit committee	√	
Audit committee members should be suitably skilled and experienced independent non-executive directors	√	
The audit committee should be chaired by an independent non-executive director	√	
The audit committee should oversee integrated reporting	P	Note 2
The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	√	
The audit committee should satisfy itself with the expertise, resources and experience of the company's finance function	√	
The audit committee should be responsible for overseeing of internal audit	P	Note 1
The audit committee should be an integral component of the risk management process	√	
The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	√	
The audit committee should report to the board and shareholders on how it has discharged its duties	√	
THE GOVERNANCE OF RISK		
The board should be responsible for the governance of risk	√	
The board should determine the levels of risk tolerance	√	
The risk committee or audit committee should assist the board in carrying out its risk responsibilities	√	
The board should delegate to management the responsibility to design, implement and monitor the risk management plan	√	
The board should ensure that risk assessments are performed on a continual basis. Board and audit committee are responsible for risks	√	
The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks	√	
The board should ensure that management considers and implements appropriate risk responsibilities	√	
The board should ensure continual risk monitoring by management	√	
The board should receive assurance regarding the effectiveness of the risk management process	√	
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	√	

Governance Report

Key									
√	Compliant	U	Under review	X	Not Compliant	P	Partially compliant	N/A	Not applicable

		2023
COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS		
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes, and standards	√	
The board and its individual directors should have a working understanding of the effect of the applicable laws, rules, codes, and standards on the company and its business	√	
Compliance risk should form an integral part of the company's risk management process	√	
The board should delegate to management the implementation of an effective compliance framework and process	√	
INTERNAL AUDIT		
The board should follow a risk-based approach to its plan	N/A	
The board should ensure that there is an effective risk-based internal audit	N/A	
Internal audit should provide a written assessment of the effectiveness of the company's system control and risk management	N/A	Note 1
The audit committee should be responsible for overseeing internal audit	N/A	
Internal audit should be strategically positioned to achieve its objectives	N/A	
GOVERNING STAKEHOLDER RELATIONSHIPS		
The board should appreciate that stakeholders' perceptions affect a company's reputation	√	
The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	√	
The board should strive to achieve the appropriate balance between its various stakeholder's groupings, in the interests of the company	√	
Companies should ensure the equitable treatments of shareholders	√	
Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	√	
The board should ensure that disputes are resolved as efficiently and expeditiously as possible	√	
INTERGRATED REPORTING		
The board should ensure that there is integrity of the company's integrated and annual report	P	Note 2
Sustainability reporting and disclosure should be integrated with the company's financial reporting	√	Note 3
Sustainability reporting should be independently assured	√	

Notes:	
Note 1	The process and practices in place concerning this governance principle are managed at the associate company level
Note 2	The company is working on an integrated reporting implementation plan
Note 3	Sustainability reporting and disclosure are reported at the associate company level

OPERATIONS & SUSTAINABILITY REPORT


Coca-Cola

GENERAL MANAGER

Mr. David Chait
General Manager

SUSTAINABILITY REPORT

Executive Summary

2023 will be remembered for the culmination of a few years, work with the installation of the new PET investment that has set up the business for growth into the future.

The new polyethylene terephthalate (PET) Line, the most advanced in the country, boasts a remarkable capacity of 13,500 bottles per hour. Equipped with cutting-edge technology and the latest industry advancements, this state-of-the-art production line will significantly enhance Coca-Cola Beverages Botswana's overall capacity. This increased production capacity will allow the company to meet the growing demand for its products in the market.

The investment in the PET Line and water treatment plant amounts to P310 million. The opening of the water treatment plant ensures that Coca-Cola Beverages Botswana is fully effluent compliant, making it the only manufacturer in the country to achieve this status. The company's commitment to environmental sustainability is further demonstrated through its partnership with the Botswana University of Agriculture and Natural Resources to provide clean water.

The launch event of the PET line in May 2023 was graced by the presence of distinguished guests, including Mmusi Kgafela, the Minister of Trade and Industry, Jacques Vermeulen, CEO of Coca-Cola Beverages Africa (CCBA), Debra Mallowah, Vice President of Coca-Cola East & Central Africa.

Other highlights with regard to our Corporate Social Responsibility included opening waste collection relationships in Francistown, Maun and Palapye as well as signing an MOU with BUAN for donation of cleaned water and have begun delivery.

MANAGEMENT TEAM


Coca-Cola
This PET line was officially opened
Honorable Mmusi Kgafela
Minister of Investment, Trade and
on the 25th May 2023.

OPERATIONS REPORT

BRAND PERFORMANCE

Sparkling Soft Drinks (SSD):

The portfolio maintained its position as the biggest category in the business contributing 86.1% to the total business volume (18.1 million unit cases). This category grew by 4.7% falling only 0.2% of the plan. Coca-Cola, the biggest contributor to the category maintained a strong performance by positively growing 8.5% on 2022 and 4.5% on plan. However, these gains were suppressed by a decline in Fanta (-11.3% on prior year). Sparletta had significant growth in fourth quarter (Q4) reversing the decline in the year closing on 2.4% growth for the year.

Water:

Water performance was impacted significantly by production issues resulting in a 27.3% decline in 2022. This impacted largely the second half of 2023. The production is still being closely monitored and as yet although not running at full potential yet there is an expectation that CCBB will close the year with a strong second half performance.

Cordial:

The first half of 2023 was impacted by discontinuing Blackberry and a high price increase in Mazoe Orange owing to the impact of a change in sugar tax treatment on these packs. Once Mazoe was commissioned on the new line, it was brought back to the market (at a reduced price for the syrups) in the second half of the year with two new flavours, Raspberry and Cream Soda, bringing the stable to four. CCBB expects that 2024 will deliver on the potential of the category.

Juice:

Juice which contributed 1.6% to the total portfolio had a positive performance in 2023 growing 45.5% on 2022 (+33% vs BP). The affordable Cappy Burst still delivered +30.6% vs plan with cans also positively delivering +78% vs plan. Deliberate efforts from both Sales and Marketing teams ensured improved numeric distribution and availability through new listings and increasing stock pressure in outlets.

Energy:

Energy category saw the launch of Predator Spicy Ginger as a way of increasing CCBB play in the affordable energy space after culling of purple rain. This move coupled with trade initiatives and energy incentives saw the overall category growing 111% on 2022 and 86.5% vs plan. Monster brand, which is the premium offering also grew by 48% vs plan and Predator growing by 133.5%.

Commercial Results:

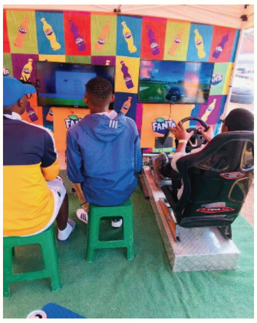
The business was able to achieve 3.5% volume growth for 2023 crossing 21m unit cases, thanks in large to the increased capacity the new line gave as the year was plagued with issues on both old lines. The breakdowns resulted in having to import over 1m unplanned unit cases in the year, which impact the business financial performance.

This growth was lower than plan by 2.4% impacted by the production issues.The business was able to deliver 6 record months in the year and delivered growth in the last three quarters in the year.

Investment in the new line paid off particularly in the cordial category as the first locally produced Mazoe hit the shelves in the second quarter (Q2) which increased range of flavours with the introduction of raspberry and cream soda to existing range.

UTC PROMOTION 2023

BOTSWANA CONSUMER FAIR 2023



MONSTER 2023 (Makgadikgadi epic and Win a Bike Campaign)


KBL
Proudly part of ABInBev
KBL
Proudly part of ABInBev
KBL


KBL
Proudly part of ABInBev

MANAGING DIRECTOR

Mr. Carlos Bernitt
Managing Director

OPERATIONS AND SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

In 2023, Kgalagadi Breweries Limited (KBL) successfully executed its strategy, enabling it to grow both its Top line and Bottom line. This business strategy is well-defined, aligning with the vision of the AB-InBev Africa zone.

KBL's key role is to contribute to profitability by leveraging our Beyond Beer and Premium portfolio, while strengthening our Core brands in the market. In addition, KBL has actively driven the digital agenda, engaging the community, optimizing the business through rigorous ZBB management and where it makes business sense.

KBL's performance continued to improve as total volume grew by 1.9% compared to the previous year, due to increased promotional activity, second half (H2) improved performance on both Clear beer and Traditional beer, ongoing market recovery, and improved stock availability primarily from local production. Additionally, volume grew 5.3% compared to 2019, indicating a positive recovery vs pre-pandemic time.

Once again, the company demonstrated great resilience and agility in executing initiatives and delivering sales volumes in a highly regulated and challenging market, resulting in improved volumes. The company continues to solidify its position as the market leader in the beer industry, co-leading the premium beer segment, and is becoming a strong challenger in the Beyond Beer market through continuous innovation.

Proudly part of ABInBev

Clear Beer Performance

The Clear Beer category declined by 5.5% compared to the previous year. The decline in clear beer sales versus 2022 was due to the market shift towards FABs (or Beyond Beer category of KBL products). Despite the shift, KBL was able to maintain its market share in the Clear Beer category, regardless of the decline in volumes compared to the previous year. Premium brands continued to grow despite the challenges in the clear beer market, with a growth of 9.6% compared to the previous year and three times more compared to 2019. The Core category declined by 5.0% compared to the previous year but grew by 7.0% compared to 2019, with a tough second quarter (Q2) driven by demand reduction over winter and the impact of a price increase. Carling Black Lable declined by 1.3% compared to the previous year, while St Louis continues to grow despite the challenges in the clear beer market.

Expanding the Beyond Beer Category

The Beyond Beer category grew by 36.9% compared to the previous year and by 43.6% compared to 2019. KBL's growth outpaced the industry, led primarily by Brutal Fruit, which was introduced in late 2022. Brutal Fruit grew by triple digits compared to the previous year, and Flying Fish grew by 10.7% compared to the previous year. Though Redds Vodka Lemon declined again by 14.9%, due to stock supply issues and a mediocre performance in the first half of the year, the decline was less significant than in previous years, indicating the brand continues to maintain a relevant presence in the market, which can be attributed to its latest look and feel.

The significant growth in Brutal Fruit shows that the market continues to warmly welcome this brand. Additionally, KBL introduced Flying Fish Dry Apple, which was also well-received by the market and continues to grow.

OPERATIONS REPORT

St. Louis Lager Presents Hype the Homegrown

In the year under review, Botswana's very own beer, St. Louis Lager, continued to showcase the depth and diversity of the local creative industry with the launch of the Hype the Homegrown campaign. As part of the rollout, St. Louis Lager came on board as a main sponsor for the 8th Annual Yarona FM Awards, a significant step in recognizing and promoting local creative talent.

With the tagline of "Hype the Homegrown," the brand was on a mission to shift perspective by highlighting the economic contributions of local creatives and export potential. The campaign is slated for a robust rollout featuring local creatives in 2024.

Cultivating Belonging with Brutal Fruit

In the year under review, Brutal Fruit achieved triple-digit growth, due to the launch of the Spritzer Saturday event.

Brutal Fruit epitomizes femininity and merriment. Its essence is encapsulated in its refined liquid, sophisticated packaging, and cultured drinking rituals. The event caters to the brand's female consumer base that shares a common desire to belong and celebrate life, by curating a day of delectable foods, music performances and eye-catching outfits.

TRIPLE-
digit growth

Safety Report

Safety First – DPO and VPO Forever

Our People and their safety are fundamental to our operations, entrenched in our principles. KBL is committed to reducing the exposure of employees and contractors to health and safety hazards. We believe in fostering our employees to be safety leaders by developing evidence-based processes and training programs that encourage ownership at all levels.

Safety forms the prerequisite in our pursuit to achieve set targets. We believe in driving continuous improvement measured against set targets and objectives and applying the more stringent standards, in line with Botswana laws and regulations.

Our commitment to safety extends beyond our production and distribution centres into the communities we service, through continuous risk assessments of all areas we deliver our products to.

Safety is the foundation of all our management processes, as such, we are focused on achieving and maintaining zero injuries in all our operations by 2025.

To this end, we have committed to improving the working conditions and employee behaviour at our site through continual trainings and rigorous checks and balances that form part of our daily facilities management routines.

Voyager Plant Optimization (VPO)

The VPO is the global management system employed within our breweries that cultivates a culture of continuous improvement and is at the core of our dream of creating a future with more cheers.

Within the VPO system, the mission of the Safety Pillar is to provide and implement safety policies, procedures, and tools to reduce risk exposure to as low as practicable and to establish the behaviors necessary to sustain a safe and healthy working environment.

In the year under review, the company reported zero lost- time injuries (LTIs) and total recordable injuries (TRI). This performance demonstrates that we are well on our way to entrenching a "World Class Safety Culture" at KBL.

Distribution Process Optimization (DPO)

Under DPO, the management system used to ensure Logistics operations run efficiently, our distribution teams achieved stellar results.

Similarly, our production facilities, the company reported zero LTI and TRIs at its distribution centers countrywide. Further, the Gaborone Center attained "Sustainable Qualification" under the Safety Pillar.

Proudly part of ABInBev

Cultivating Change Beyond the Brew

In 2023, KBL launched the Beyond the Brew community outreach program, which saw the brewery re-define its strategy for giving back to the communities it serves. Initiatives carried out throughout the year include:

International Women's Day Brunch, which featured a panel of notable young women from various fields speaking on finding a voice and creating impact in a gender inequitable society. A percentage of proceeds from ticket sales and donation pledges by sponsors, including KBL, were made to Foodbank Botswana, a local NGO that seeks to materially enhance the availability and security of food in line with United Nations (UN) Global Sustainable Development Goals (SDGs).

A litter-picking and blankets donation event in Old Naledi, officiated by area Assistant Minister for State President and area Minister of Parliament, Hon. Dumezweni Meshack Mthimkhulu.

KBL further donated 100 food packs to 100 families at the Palapye Main Kgotla, in partnership with the Palapye social welfare office.

Lastly, KBL hosted a men's conference for men's social clubs to commemorate International Men's Day. The event included talks about male empowerment from influential figures in the Francistown area and a donation of gazebos to the different social clubs.

From "Ikgalemele" to "Ja Easy –" Committed to Creating a Future with More Cheers

KBL launched its new corporate social responsibility campaign, "Ja Easy," to shape the social norms of alcohol consumption in Botswana, so consumers not only adopt responsible consumption habits but become ambassadors and to enact measurable and sustainable behavioral change of alcohol consumers.

The campaign is premised on three pillar messages: to drink slowly and pace oneself, alternate one's drinks with food and water, and to designate a driver if one plans to drink. The campaign rollout included a 3-month radio segment on RB2, above the line advertising and social media content, among other things.

The campaign dovetails with AB-InBev's Smart Drinking Goals to improve alcohol health literacy and promote low alcohol beer products.

Sustainability Report

Committed to Being Part of the Solution

Beer is inclusive, natural, and local. From building a resilient and agile value chain to solidifying our role as a trusted partner, to identifying and capturing new sources of business value, sustainability plays a key role in fulfilling our company purpose and enabling our commercial vision.

And guided by the United Nations 2025 Sustainable Development Goals, KBL has developed a framework to drive holistic environment and social impact and transformation across our value chain.

Rewarding Consumers

KBL launched the "Win a Polo Vivo" brands promotion for the second year in a row.

For the second year in a row, KBL offered beer lovers a chance to win two brand new Polo Vivos, in partnership with its four main brands - St Louis Lager, Redd's Vodka Lemon, Carling Black Label, and Castle Lite.

The promotion ran from April 2023 to August 2023 and was well-received by loyal consumers of KBL's quality brands.

Making ESG a Priority

Empowering our Retailers to Grow

KBL has continually made a proactive and concerted effort to assist and invest in the communities we serve. In the year under review, KBL rolled out the retailer development program, Nanoga Mogwebi: G.R.I.T., with 240 participants from six regions across Botswana.

The program aims to promote entrepreneurship through knowledge and skills-sharing, to engender a culture of innovation and investment in one's community, to improve one's livelihood and the livelihoods of others.

To date, we have trained 540 participants from bars and bottle stores around the country and are committed to expand the program to other regions in the country in the coming future.

Water Stewardship:

Water is a critical resource for our business and for the wellbeing of our communities. So, daily we drive the highest level of internal water efficiency in our operations to measurably improve water quality and prevent over usage. In the year under review, water usage at our production facilities measured 3.86 hectoliter (hL)/hL versus a target of 3.34 hL/hL. While the company did not meet its water usage efficiency goals, KBL has attained year-on-year improvements, from 4.12hL/hL in 2022 and 4.17hL/hL in 2021.

These improvements are attained through modulation, a system of checks and balances put in place to ensure water usage matches the recommended or manualized volumes, as well as recycling.

Circular Packaging

KBL's goal is to ensure that 100% of our packaging will be returnable or made from majority recycled content by 2025. Taking a circular approach to packaging and improving the materials we use has the potential to deliver long-term financial benefits, provide our business with long-term packaging supply security and help eliminate waste.

To that end, to drive recycling and waste recovery efforts at our production and distribution facilities, waste is segregated from source with waste bins provided for plastic, paper, bottles, cans, boxes, and general waste. Further, at onsite waste collection points, there are additional depositories for spent grain and yeast, scrap metal, ash, empty malt bags and other by-products of our production activities.

Further, KBL has deliberately partnered with local companies that not only collect and recycle our waste but upcycle it. For instance, the brewery has contracted a supplier that produces refuse bags and bottles with our plastic waste – products the brewery then procures for reuse in our operations.

But the applications of our by-products extend beyond our walls. For instance, the spent grain and spent yeast collected are used as animal feed and kieselguhr as fertilizer, whereas empty malt bags are transformed into plastic chairs and ash into bricks.

MANAGEMENT TEAM


23
THE PASSION
EVOLVE . ENGAGE

FINANCIAL STATEMENTS

General information

for the year ended 31 December 2023

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Sechaba Brewery Holdings Limited ("the company") is an investment company with interests in two associates, Kgalagadi Breweries (Proprietary) Limited ("KBL"), and Coca-Cola Beverages (Botswana) (Proprietary) Limited ("CCBB").
Directors	Tabuya B Tau Modise B Mokone Meshack Tshekedi Boitumelo C Paya Jayaraman Ramesh Faith A Nteta Gorata T Dibotelo *(Appointed 1 July 2023)* Lorato C Morapedi *(Appointed 15 September 2023)*
Business address	Plot 54367 Central Business District P O Box 1956 AAD Gaborone Botswana
Bankers	Standard Chartered Bank Botswana Limited
Auditors	Ernst & Young 2nd Floor, Plot 22 Khama Crescent P O Box 41015 Gaborone Botswana
Secretary	Grant Thornton Business Services (Proprietary) Limited Acumen Park Plot 50370 Fairgrounds P O Box 1157 Gaborone Botswana
Transfer secretaries	Central Securities Depository Botswana
Sponsoring Brokers	Imara Capital Securities (Proprietary) Limited
Functional currency	Botswana Pula

Directors' Report

for the year ended 31 December 2023

The directors have pleasure in submitting their report on the annual financial statements of Sechaba Brewery Holdings Limited for the year ended 31 December 2023.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Botswana Companies Act (CAP 42:01). The financial statements incorporate accounting policies which are consistent with those applied in the prior year, except where otherwise stated.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements from page 68 to page 97.

2. Stated capital

There have been no changes to the issued share capital during the year under review. The total number of ordinary shares issued and fully paid is 110 617 000 amounting to P194 548 000 (2022: P194 548 000).

3. Events after the reporting period

Material events after the reporting date up to the date of this report are included in note 23. Other than these, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The Board of Directors have assessed the company's ability to continue as a going concern taking into account all available information about the future including an analysis of the possible impact on the company operations and those of its associates.

During the assessment, a determination was made that there are sufficient cash resources available to settle the company's obligations up to twelve months from the date of the approval of these financial statements. The financial statements have thus been prepared based on accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities.

5. Dividends declaration

Gross dividends amounting to P157 million (2022: P137 million) were declared and paid during the year.

6. Directorate

The following persons acted as directors of the company during the period under review and up to the date of approval of these financial statements:

Directors

Tabuya B Tau
Modise B Mokone
Meshack Tshekedi
Boitumelo C Paya
Jayaraman Ramesh
Faith A Nteta
Gorata T Dibotelo *(Appointed 1 July 2023)*
Lorato C Morapedi *(Appointed 15 September 2023)*

Directors' responsibility statement and approval

for the year ended 31 December 2023

The directors of the Company are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of financial statements in accordance with International Financial Reporting Standards and in a manner required by the Botswana Companies Act (CAP42:01).

The Company maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Company assets. The directors are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the period under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Financial Statements:

The Financial Statements of Sechaba Brewery Holdings Limited for the year ended 31 December 2023, which appear on pages 68 to 97 were approved for issue by the Board of Directors on the 22 March 2024 and are signed on their behalf by:

Director

Director

Building a better working world

Firm of Chartered Accountants
2nd Floor
Plot 22, Khama Crescent
PO Box 41015
Gaborone, Botswana

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Registration No: 10829
VAT No: P03625401112
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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 68 to 97, 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
Assessment for the impairment of Investments In associates 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. 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. 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. 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. Refer to Note 1.2 - Summary of significant accounting policies and Note 14 - Investment in associates.	The following audit procedures, amongst others, were performed: • We assessed the valuation methodology against the industry norms and the requirements of International Financial Reporting Standards. • We evaluated the accuracy of the forecasts and expectations of future cash flows with reference to internal and market data. • 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. • We considered the reasonability of the economic assumptions applied against independent market data. • 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. • We also assessed the adequacy of the disclosures regarding the associates in the financial statements to determine they were in accordance with IFRS.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 97-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 and 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.

Building a better working world

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.

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.

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

28 March 2024

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

	Note	2023 P'000	2022 P'000
Share of profit after tax of associate companies	5	303 147	265 887
Interest income	6	3 797	2 196
Other Income	7	-	2
Administration and other expenses	8	(4 093)	(3 672)
Profit before taxation		302 851	264 413
Taxation	9	(31 139)	(41 318)
Profit after taxation for the year		271 712	223 095
Total comprehensive income for the year		271 712	223 095
Earnings per share information			
Basic and diluted earnings per share (thebe)	11	245.63	201.68

The accounting policies and notes on pages 72 to 97 form an integral part of the financial statements.

Statement of financial position

as at 31 December 2023

	Note	2023 P'000	2022 P'000
Assets			
Non-current assets			
Investment in associates	14	830 020	998 106
Office equipment	15	44	12
		830 064	998 118
Current assets		311 721	45 255
Other receivables	16	440	255
Cash and cash equivalents	17	311 281	45 000
Total assets		1 141 785	1 043 373
Equity and liabilities			
Capital and reserves		1 078 603	964 299
Stated capital	18	194 548	194 548
Hedging reserves		-	388
Retained earnings		884 055	769 363
Non-current liabilities			
Deferred taxation	13	53 847	70 656
Current liabilities		9 335	8 418
Other payables	19	513	452
Dividend payable	12	8 188	7 745
Current taxation payable	10	634	221
Total equity and liabilities		1 141 785	1 043 373

The accounting policies and notes on pages 72 to 97 form an integral part of the financial statements.

Statement of cash flows

for the year ended 31 December 2023

	Note	2023 P'000	2022 P'000
Cash flow from operating activities			
Net cash utilised in operations	20	(4 210)	(3 473)
Interest received*	6	3 797	2 196
Income taxation paid	10	(47 535)	(13 156)
Net cash utilised in operating activities		**(47 948)**	**(14 433)**
Cash flow from investing activities			
Dividends received	14	471 233	128 682
Purchase of office equipment	15	(39)	(12)
Net cash generated from investing activities		**471 194**	**128 670**
Cash flow from financing activities			
Dividends paid to shareholders	12	(156 965)	(136 731)
Cash utilised in financing activities		**(156 965)**	**(136 731)**
Net movement in cash and cash equivalents for the year		**266 281**	**(22 494)**
Cash and cash equivalents at the beginning of the year		45 000	67 494
Cash and cash equivalents at end of the year	17	**311 281**	**45 000**

**During the year cash generated from operating activities in the statement of cash flows has been updated to include interest received in line with the requirements of IAS 7. Prior year comparatives have been updated accordingly. The change only affects the amounts presented under cash generated from operations and cash generated from investing activities, but does not affect the total cash movement for the year, for both the current and previous year.*

The accounting policies and notes on pages 72 to 97 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 December 2023

	Attributable to equity holders of the company			
	Stated capital P'000	**Hedging reserves P'000**	**Retained earnings P'000**	**Total P'000**
Balance at 01 January 2022	**194 548**	**388**	**683 433**	**878 369**
Profit for the year	-	-	223 095	223 095
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**223 095**	**223 095**
Dividends paid	-	-	(137 165)	(137 165)
Total transactions with shareholders	**-**	**-**	**85 930**	**85 930**
Balance at 31 December 2022	**194 548**	**388**	**769 363**	**964 299**
Profit for the year	-	-	271 712	271 712
Total comprehensive income	**-**	**-**	**271 712**	**271 712**
Transfer from hedging reserves	-	(388)	388	-
Dividends paid	-	-	(157 408)	(157 408)
Total transactions with shareholders	**-**	**(388)**	**114 692**	**114 304**
Balance at 31 December 2023	**194 548**	**-**	**884 055**	**1 078 603**

The accounting policies and notes on pages 72 to 97 form an integral part of the financial statements.

Material accounting policies

for the year ended 31 December 2023

Corporate information

Sechaba Brewery Holdings Limited is an investment Company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL) and Coca-Cola Beverages (Botswana) (Proprietary) Limited (CCBB). The financial statements have been approved by the Board of Directors on 22 March 2024.

The Company is a public limited company, which is listed on the Botswana Stock Exchange and incorporated and domiciled in Botswana. The address of its registered office is Plot 50370, Acumen Park Fairgrounds, Gaborone.

1. Summary of material 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, unless otherwise stated. Accounting policies are material and must be disclosed if they can reasonably be expected to influence the decisions of users of the financial statements. Information is material if users of an entity's financial statements would need it to understand other material information in the financial statements.

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. These financial statements are the economic interest financial statements of the Company, which includes the equity accounted results of its associates.

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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in the "Significant judgements and sources of estimation uncertainty" section. The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

All amounts in the notes are shown in Pula, unless otherwise stated. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

1.2 Investments in associates

Associates are all entities over which the Company has significant influence but not control or joint 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. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition in profit or loss and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Material accounting policies (continued)

for the year ended 31 December 2023

1.2 Investments in associates (continued)

The Company's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equal or exceeds its interest in the associates, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Company and its associates are recognised profit or loss and other comprehensive income in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company. Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss and other comprehensive income.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate' in the statement of profit or loss.

1.3 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. The estimates are based on historical performance, budgets and discounted cashflows which incorporate prevailing market conditions at the time of projection. The resulting accounting estimates will, by definition, seldom equal the related actual results.

1.3.1 Impairment of investments in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An investment's recoverable amount is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for each investment in associates unless the investment does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Management compares the carrying values of the investments in equity accounted investees with the respective fair value of the investments using discounted cash flow analysis. Management also takes into consideration information available at the reporting date which may have contributed to the current performance, or which is expected to improve future performance of the equity accounted investees companies. The assessment of these investments for impairment therefore requires the application of judgment and the use of significant assumptions in determining future profitability and the current value of assets held by the equity accounted investees companies. The entity bases its impairment assessment calculation on most recent budgets and forecasts, which are prepared separately for each investment. The group has long term investments therefore the budgets and discounted cashflows are done on a ten-year period. A long-term growth rate which is entity specific is used and this is reviewed against the applicable GDP growth rate. The country specific equity risk premium rate is used for discounted future cash flows. (Refer to note 14 – Investment in associates)

Material accounting policies (continued)

for the year ended 31 December 2023

1.4 Dividend distribution

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

1.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments (a financial asset and financial liability) are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest rate method and is included in profit or loss.

The application of the effective interest rate method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Material accounting policies (continued)

for the year ended 31 December 2023

1.5 Financial instruments (continued)

Impairment

The Company 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 Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Write off policy

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in risk management note (note 3).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk.

Refer to note 3 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Material accounting policies (continued)

for the year ended 31 December 2023

1.6 Cash and cash equivalents

Classification, Recognition and measurement, Impairment and derecognition
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The company does not have any Bank overdrafts.

Cash and cash equivalents are classified as financial assets subsequently measured at am--ortised cost. The amortised cost approximates its fair value due to the short-term nature of these instruments.

They are measured at initial recognition, at fair value plus transaction costs, if any, and are subsequently measured at amortised cost.

The Company measures the loss allowance for cash and cash equivalent at an amount equal to 12 month expected credit loss, unless a significant increase in risk is noted, in which case lifetime expected credit losses would be determined, which represents the expected credit losses that will result from all possible non- recovery of the cash and cash equivalent balance.

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The company does not have any Bank overdrafts.

1.7 Stated capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.8 Dividend income

Dividend income is recognised when the right to receive payment is established. Dividends received included in the cash flow statement relates to equity accounted investments.

1.9 Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.10 Related parties

Related parties comprise directors of the Company, its associates and companies with common control or significant influence. Transactions with related parties are in the normal course of business and on normal commercial terms.

Material accounting policies (continued)

for the year ended 31 December 2023

1.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax liabilities arising from taxable temporary differences between the tax bases and carrying amounts of investments in associates are recognised, except to the extent that the Company can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

1.12 Segmental reporting

The Company operates as an investment holding Company, currently holding two investment companies. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. In this capacity, the Board monitors the overall financial results and financial positions of the associates, and its ability to pay dividends to the Company.

The key financial indicators and performance of this investment as monitored by the Board of Directors are clearly presented in the annual financial statements of the Company, specifically through disclosures of dividend income and detailed disclosures of the summarised statement of profit or loss and other comprehensive income and statement of financial position of the associates in note 14.

1.13 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.

1.14 Employee benefits

The Company is an investment holding company and has no permanent and pensionable staff of its own and as such, the Company does not operate any employee pension schemes. The qualifying members of the staff of its associates contribute to a defined contribution plan.

Material accounting policies (continued)

for the year ended 31 December 2023

1.15 Property, plant and equipment

During the year the company acquired computer equipment disclosed in note 15 and adopted the equipment accounting policy below.

All equipment is measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, to estimated residual values.

The company useful lives of items of office equipment have been assessed as follows;

Item	Depreciation method	Useful life
Office furniture and fittings	Straight line	10 years
Computer equipment	Straight line	4 years
Other Assets	Straight line	2 years

The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following rates were used during the period to depreciate equipment on a straight-line basis to estimated residual values.

An item of equipment is derecognised upon disposal, scrapped or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period the asset is recognised.

Notes to the financial statements

for the year ended 31 December 2023

2. New Standards and Interpretations

2.1 Standards and interpretations not relevant to the company

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 - Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The company does not have liability arising from insurance services hence the standard did not have any impact on the company's financial statements.

2.2 Standards and interpretations effective and adopted in the current year

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendment to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

These amendments did not have any impact on the company's financial statements. The company did not have any deferred tax arising from a single transaction such as initial recognition of a lease and decommissioning.

Notes to the financial statements (continued)

for the year ended 31 December 2023

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations effective and adopted in the current year (continued)

Interest Rate Benchmark Reform – Phase 2
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments)

Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the statement of profit or loss. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform.

The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. The following disclosures will also be necessary:

- the nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform and how it manages those risks; and
- the company's progress in completing its transition to alternative benchmark rates and how it is managing that transition.

The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

This standard has not had any impact on the company's financial statements since the company does not have material transactions falling under the reform nor have any hedging relationships.

Disclosure Initiative: Accounting Policies
(Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the company's financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2023

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations effective and adopted in the current year (continued)

Amendments to IAS 8: Definition of accounting estimates

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

Notes to the financial statements (continued)

for the year ended 31 December 2023

2. New Standards and Interpretations (continued)

2.3 New standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following are new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2023, and have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date: on or before	Expected Impact
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	Unlikely there will be a material impact
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024	Unlikely there will be a material impact
Lack of exchangeability – Amendments to IAS 21	1 January 2025	Unlikely there will be a material impact

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments have been deferred until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The company will evaluate and apply this accounting policy in the financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2023

2. New Standards and Interpretations (continued)

2.4 New standards and interpretations issued but not yet effective

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

After the commencement date in a sale and leaseback transaction, the lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the financial statements. The company will evaluate and apply this accounting policy in the financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendment specifies the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to necessitate disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The company will evaluate and apply this accounting policy in the financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2023

2. New Standards and Interpretations (continued)

2.5 New standards and interpretations issued but not yet effective

Amendments to IAS 7 and IFRS 7: Disclosures: Supplier Finance Arrangements

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The company will evaluate and apply this accounting policy in the financial statements.

Amendments to IAS 21: Lack of exchangeability

IAS 21 sets out the exchange rate that an entity uses when it reports foreign currency transactions in the functional currency or translates the results of a foreign operation in a different currency. Until now, IAS 21 set out the exchange rate to use when exchangeability between two currencies is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2025.

The amendments are not expected to have a material impact on the company's financial statements since it has no significant foreign exchange transactions. The company will evaluate and apply this accounting policy in the financial statements.

Notes to the financial statements (continued)

for the year ended 31 December 2023

3. Risk management

Financial instruments risk management objectives and policies
Market risk

Financial risk factors
The Statement of financial position includes assets and liabilities, which are subject to market risks, credit and liquidity risks. Details of these assets and liabilities are set out in the notes to the financial statements. The Company'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 Company.

Capital risk management
The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital employed is calculated as equity. There are no externally imposed capital requirements other than to meet solvency requirements per Section 58 of the Companies Act prior to declaration of dividends. This has been met.

The capital structure of the company as at the reporting date was as follows:

	P'000	P'000
Other payables	513	452
Dividend payable	8 188	7 745
Tax payable	634	221
Cash and cash equivalents	(311 281)	(45 000)
Net cash position	**(301 946)**	**(36 582)**
Equity	1 078 603	964 299

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

Foreign exchange risk
In the normal course of business, the Company may enter into transactions denominated in foreign currencies. During the year, the Company did not have foreign currency assets and liabilities and therefore was not exposed to foreign currency risk.

Price risk
The Company's financial results and position are not exposed to equity or security price risk or commodity price risks. Due to the nature of their operations, the Company's associates are exposed to significant commodity price risks through their procurement of raw materials on international commodities markets. These are managed and monitored by the associates.

Cash flow and fair value interest rate risk
The Company may from time-to-time have interest-bearing assets and liabilities. The Company management ensures that cash resources are placed with financial institutions giving the best interest rates to mitigate any significant changes in interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. There were no significant interest-bearing assets or liabilities during the financial period.

Notes to the financial statements (continued)

for the year ended 31 December 2023

3. Risk management (continued)

Financial instruments risk management objectives and policies (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted. Management has assessed the expected credit loss on Cash and cash equivalent and noted no material impairment.

The table below shows cash and cash equivalents and other receivables at their carrying value respectively as at the reporting date:

	Fully performing P'000	Past Due P'000	Total P'000
31 December 2023			
Other receivables	391	-	391
Cash and cash equivalents	311 281	-	311 281
	311 672	**-**	**311 672**
31 December 2022			
Other receivables	221	-	221
Cash and cash equivalents	45 000	-	45 000
	45 221	**-**	**45 221**

There were no assets at fair value through the profit and loss, liabilities at fair value through the profit and loss, derivatives used for hedging or available for sale financial instruments as at period end. None of the financial assets that are fully performing has been renegotiated during the period.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Management monitors rolling forecasts of the company's liquidity reserve (comprises cash and cash equivalents) based on expected cash flows to ensure that the company has sufficient reserves available to meet its obligations as those arise in the ordinary course of business.

Surplus cash balances are required for working capital management and is invested in interest bearing current and time deposits accounts, choosing instruments to provide sufficient headroom as determined by the above- mentioned forecasts. At the reporting date, the company held liquid cash assets of P311 million (31 December 2022: P45 million) for managing liquidity risk. In addition, cash for expansion or dividends pay-outs to shareholders is fully funded through dividends receipts from the associates.

Notes to the financial statements (continued)

for the year ended 31 December 2023

3. Risk management (continued)

Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

The table below shows maturity analysis for cash and cash equivalents and other receivables as at the reporting date:

	Less than 1 year P'000	Total P'000
31 December 2023		
Cash and cash equivalents	311 281	311 281
	311 281	**311 281**
31 December 2022		
Cash and cash equivalents	45 000	45 000
	45 000	**45 000**

In the current year we have included maturity analysis of financial assets that are held to manage liquidity risk. The disclosure has been updated for the prior year to comply with the requirements of International Financial Reporting Standards. This has not resulted in any other changes or impact on the financial statements.

Maturity analysis based on contractually undiscounted amounts

The table below analyses the company's liabilities that will be settled on gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year P'000	Total P'000
31 December 2023		
Dividends payable	8 188	8 188
Other payables	513	513
	8 701	**8 701**
31 December 2022		
Dividends payable	7 745	7 745
Other payables	452	452
	8 197	**8 197**

Notes to the financial statements (continued)

for the year ended 31 December 2023

4. Categories of financial instruments

Note 1.6 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Total P'000
Categories of financial assets 31 December 2023			
Other receivables	391	-	391
Cash and cash equivalents	311 281	-	311 281
	311 672	**-**	**311 672**
Categories of financial liabilities 31 December 2023			
Other payables	-	513	513
Dividends payable	-	8 188	8 188
	-	**8 701**	**8 701**
Categories of financial assets 31 December 2022			
Other receivables	221	-	221
Cash and cash equivalents	45 000	-	45 000
	45 221	**-**	**45 221**
Categories of financial liabilities 31 December 2022			
Other payables	-	452	452
Dividends payable	-	7 745	7 745
	-	**8 197**	**8 197**

Notes to the financial statements (continued)

for the year ended 31 December 2023

		2023 P'000	2022 P'000
5	**Share of results of associate companies**		
	Share of profits		
	Kgalagadi Breweries (Proprietary) Limited	272 134	224 254
	Coca-Cola Beverages (Botswana) (Proprietary) Limited	31 013	41 633
		303 147	**265 887**
6	**Interest income**		
	Interest income on investments and short-term deposits		
	Interest income using the effective interest method	3 797	2 196
7	**Other income**		
	Tender fees	-	2
8	**Administrative Expenses**		
	Advertising	(87)	(61)
	Audit fees	(417)	(709)
	Bank charges	(14)	(12)
	Board expenses	(27)	(23)
	Directors' fees	(1 217)	(670)
	Insurance	(19)	(17)
	Management fees	(744)	(818)
	Professional fees	(229)	(187)
	Publish annual report	(89)	(64)
	Salaries	(449)	(449)
	Stock exchange fees	(332)	(321)
	Telephone and internet charges	(5)	(2)
	Transfer costs	(241)	(254)
	Postage and couriers	(2)	(1)
	Lease rental	(121)	-
	Computer expenses	(54)	(82)
	Depreciation	(6)	-
	Office maintenance	(24)	-
	Utilities	(16)	-
		(4 093)	**(3 672)**

Notes to the financial statements (continued)

for the year ended 31 December 2023

		2023 P'000	2022 P'000
9	**Tax per statement of profit and loss**		
	Current		
	Botswana Company tax - Current year	(825)	(477)
	Botswana Company tax - Prior year	-	(18)
	Withholding tax on dividends received	(47 123)	(12 868)
		(47 498)	**(13 363)**
	Deferred		
	Outside basis deferred tax on investment in associates	16 809	(27 955)
		(31 139)	**(41 318)**
	Tax expense reconciliation		
	Profit before tax	302 851	264 413
	Tax expenses at applicable 22% tax rate	66 627	58 171
	Tax effect of expenses that are not deductible for tax purposes	890	802
	Effect of deferred tax liability recognised on investment in associate (10%)	(16 809)	27 955
	Prior year income tax	-	18
	Withholding tax on dividend paid at different rate (10%)	47 123	12 868
	Income not subject to tax – share of profit	(66 692)	(58 496)
	Tax per statement of profit or loss	**31 139**	**41 318**
	Effective tax rate	**10.3%**	**15.6%**
10	**Taxation paid**		
	Balance at the beginning of the period	(221)	(14)
	Current taxation for the period recognised in profit or loss	(47 948)	(13 363)
	Balance at the end of the period	634	221
		(47 535)	**(13 156)**
11	**Earnings per share**		
	Basic and diluted earnings per share (thebe)	245.63	201.68
	Reconciliation of profit for the period to basic earnings		
	Net profit attributable to shareholders (P'000)	271 712	223 095
	Weighted average number of ordinary shares in issue (thousands)	110 617	110 617
12	**Dividends paid**		
	Opening dividends balance	(7 745)	(7 311)
	Dividends for the year	(157 408)	(137 165)
	Closing dividends balance	8 188	7 745
	Dividends paid	**(156 965)**	**(136 731)**
	Dividends per share (thebe)	141.90	123.61

Notes to the financial statements (continued)

for the year ended 31 December 2023

	2023 P'000	2022 P'000
13 Deferred Taxation		
Deferred tax liability		
Investment in associates	(53 847)	(70 656)
Reconciliation of deferred tax liability		
At beginning of year	(70 656)	(42 701)
Deferred tax credit on investment in associates	16 809	(27 955)
Deferred tax carried forward	**(53 847)**	**(70 656)**

14 Investments in associates

Material associates

The following table lists all material associates to the company

	Country of incorporation	Method	% Ownership interest 2023	% Ownership interest 2022
Coca-Cola Beverages (Botswana) (Pty) Ltd ("CCBB")	Botswana	Equity	49.90%	49.90%
Kgalagadi Breweries Limited (Pty) Ltd ("KBL")	Botswana	Equity	49.90%	49.90%

KBL is involved in the manufacture, import, distribution and marketing of a portfolio of clear beers, alcoholic fruit beverages and traditional beers. CCBB is involved in the manufacturing, import, distribution and marketing of a portfolio of soft drink, purified water and other non-alcoholic beverages.

Movement in investment in associates is as follows:

	KBL P'000	CCBB P'000	Total P'000
Opening cost of investment as at 01 January 2023	839 513	158 593	998 106
Equity accounted share of profit	272 134	31 013	303 147
Share of dividend received	(438 621)	(32 612)	(471 233)
Closing cost of investment as at 31 December 2023	**673 026**	**156 994**	**830 020**
Opening cost of investment as at 01 January 2022	698 592	162 309	860 901
Equity accounted share of profit	224 254	41 633	265 887
Share of dividends received	(83 333)	(45 349)	(128 682)
Closing cost of investment as at 31 December 2022	**839 513**	**158 593**	**998 106**

Notes to the financial statements (continued)

for the year ended 31 December 2023

14 Investments in associates (continued)

Summarised Statement of Profit or Loss or Other Comprehensive income as at 31 December	Coca-Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Revenue	1 123 520	998 790	2 590 324	2 362 879
Income and other expenses	(1 049 682)	(899 359)	(1 935 302)	(1 826 917)
Profit before tax	73 838	99 431	655 022	535 962
Tax expense	(11 687)	(15 999)	(109 664)	(86 556)
Profit from continuing operations	**62 151**	**83 432**	**545 358**	**449 406**
Other comprehensive income	-	-	-	-
Total comprehensive income	**62 151**	**83 432**	**545 358**	**449 406**

Summarised Statement of Financial position as at 31 December	Coca-Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Assets				
Non-current	470 854	421 920	653 532	726 578
Current	343 873	338 203	1 056 633	1 283 637
Total assets	**814 727**	**760 123**	**1 710 165**	**2 010 215**
Liabilities				
Non-current	145 369	133 104	64 627	64 868
Current	354 746	309 202	478 564	444 721
Total liabilities	**500 115**	**442 306**	**543 191**	**509 589**
Total net assets	**314 612**	**317 817**	**1 166 974**	**1 500 626**

Note: There was movement in Kgalagadi Breweries Limited financial year 2022 statement of financial position; total assets (previously reported P2 040 539), current assets (previously reported P1 313 961), current liabilities (previously reported P475 045) and total liabilities (previously reported P539 913) the changes were due to audit adjustments relating to inventory. The changes did not affect net assets.

Notes to the financial statements (continued)

for the year ended 31 December 2023

14 Investments in associates (continued)

Reconciliation of net assets to equity accounted investments in associates

	KBL P'000	CCBB P'000	Total P'000
31 December 2023			
Total net assets of the associate	**1 166 974**	**314 612**	**1 481 586**
Share of net assets of associates 49.9%	582 326	156 994	739 320
Goodwill	90 700	-	90 700
Carrying value	**673 026**	**156 994**	**830 020**
Reconciliation:			
Investment as at 01 January 2023	839 513	158 593	998 106
Share of profit	272 134	31 013	303 147
Share of dividend received from associates	(438 621)	(32 612)	(471 233)
Investment as at 31 December 2023	**673 026**	**156 994**	**830 020**
31 December 2022			
Total net assets of the associate	**1 500 626**	**317 817**	**1 818 443**
Share of net assets of associates 49.9%	748 813	158 593	907 406
Goodwill	90 700	-	90 700
Carrying value	**839 513**	**158 593**	**998 106**
Reconciliation:			
Investment as at 01 January 2022	698 592	162 309	860 901
Share of profit	224 254	41 633	265 887
Share of dividend received from associates	(83 333)	(45 349)	(128 682)
Investment as at 31 December 2022	**839 513**	**158 593**	**998 106**

An assessment of the impairment of investment in associates was performed to determine the impact of Russia – Ukraine conflict on the investment valuation and no objective evidence of impairment was noted. Refer note 1.5.

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the company and the associates.

Management performed an investment impairment assessment based on ten-year discounted cashflows using 6.35% (8.01% 2022) country specific equity premium rate given that the company capital is mainly composed equity. A 3.8% (5% 2022) growth rate for the expected cashflows from the associates was used in line with the GDP growth rate. Assessment results and sensitivity analysis based on the shareholding of 49.9% are as follows:

Investment in Associates			**KBL 2023**	**CCBB 2023**	**KBL 2022**	**CCBB 2022**
	Growth Rate	**DCF**	**P'000**	**P'000**	**P'000**	**P'000**
Carrying value			673 026	156 994	839 513	158 593
Present Value	3.8%	6.35%	1 815 986	399 335	1 375 298	395 099
Sensitivity analysis						
Present Value (-5%)	0%		1 479 915	342 108	1 127 713	323 972
Present Value (+5%)	8.8%		2 134 161	493 348	1 692 306	486 170
Present Value (-5%)		1.35%	2 377 310	520 391	1 781 713	511 855
Present Value (+5%)		11.35%	1 429 680	315 746	1 092 734	313 923

Notes to the financial statements (continued)

for the year ended 31 December 2023

15. Office equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
	P'000	P'000	P'000	P'000	P'000	P'000
Furniture and fixtures	32	(3)	29	-	-	-
IT equipment	12	(3)	9	12	-	12
Other assets	7	(1)	6	-	-	-
Total	**51**	**(7)**	**44**	**12**	**-**	**12**

Reconciliation of office equipment - 2023

	Opening balance	Additions	Depreciation	Total
	P'000	P'000	P'000	P'000
Furniture and fixtures	-	32	(3)	29
IT equipment	12	-	(3)	9
Other assets	-	7	(1)	6
	12	**39**	**(7)**	**44**

Notes to the financial statements (continued)

for the year ended 31 December 2023

	2023 P'000	2022 P'000
16. Other receivables		
Other receivables	391	221
Non-financial instruments		
Prepayments	49	34
	440	**255**
17. Cash and cash equivalents		
Cash and cash equivalents comprise of:		
Bank balances	5 528	1 733
Investment in Bank (short term deposits)	305 753	43 267
	311 281	**45 000**
18. Stated capital		
Reconciliation of number of shares issued		
At the beginning and end of the year	110 617	110 617
Issued		
110 616 859 ordinary shares of no-par value - fully paid	194 548	194 548
19. Other payables		
Other payables	513	452
	513	**452**
20. Cash utilised in operations		
Profit before tax	302 851	264 413
Adjustments for:		
Share of profit from associates	(303 147)	(265 887)
Finance income	(3 797)	(2 196)
Computer equipment depreciation	7	-
Changes in working capital:		
Other receivables	(185)	(236)
Other payables	61	433
	(4 210)	**(3 473)**

Notes to the financial statements (continued)

for the year ended 31 December 2023

	2023 P'000	2022 P'000
21. Related parties		
Related parties comprise directors of the company, the company's Associates and entities under common control and ownership. Transaction with related parties carried out during the year are:		
Relationships		
Associates		
Kgalagadi Breweries (Proprietary) Limited		
Coca-Cola Beverages (Botswana) (Proprietary) Limited		
Shareholder		
Botswana Development Corporation Limited		
Related party balances		
There were no outstanding balances due to or from related parties at the end of the year (2022: P'Nil)		
Related party transactions		
Dividends received		
Kgalagadi Breweries (Proprietary) Limited	438 621	83 333
Coca-Cola Beverages (Botswana) (Proprietary) Limited	32 612	45 349
	471 233	**128 682**
Management fees		
*Botswana Development Corporation Limited	-	137
	-	**137**
Dividends paid		
Botswana Development Corporation Limited	-	20 396
(There were no related party transactions with Botswana Development Corporation during financial year 2023 (related party transactions for three months in 2022).		
Key management remuneration		
Directors' fees (executive)	449	449
Directors' fees (non-executive) *	1 217	670
	1 666	**1 119**

**Some of the Non-Executive Directors represent the entity on the board of directors of the associates and are paid directors' fees by Sechaba Brewery Holdings Limited.*

Notes to the financial statements (continued)

for the year ended 31 December 2023

22. Going Concern

Sechaba Brewery Holdings Limited Board of Directors have assessed the company's ability to continue as a going concern taking into account all available information about the future including an analysis of the possible impact on the company operations and those of its associates. During the assessment, a determination was made that there are sufficient cash resources available to settle the company's obligations up to twelve months from the date of the approval of these financial statements. The financial statements have thus been prepared based on accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities.

23. Events after the reporting period

The company is expecting to receive P171.56 million dividends from its associates in April 2024.

Dividends declared

A dividend of 424.4 thebe per share constituting special dividend of 251.7 thebe per share and final dividend of 172.7 thebe per share was recommended and declared by the Board of Directors on the 22 March 2024 subject to approval by the shareholders at the Annual General Meeting.

There have been no other events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these annual financial statements or the notes thereto.

Shareholder Information
For The Year 2023

Rank	Name	Total shares held	% Holding
1	SCBN (PTY) LTD RE: BPOPF LEA PORTFOLIO CO AG	26,868,357	24.29%
2	BOTSWANA DEVELOPMENT CORPORATION LIMITED	15,825,162	14.31%
3	FNB BOTSWANA NOMINEES RE: BIFM - BPOPF ACT MEM & DP EQ	13,969,379	12.63%
4	FNB BOTSWANA NOMINEES RE: MVA FUND	5,059,564	4.57%
5	SCBN (PTY) LTD RE: SSB 001/216	4,428,317	4.00%
6	STANBIC NOMINEES BOTSWANA RE ALLAN GRAY DEBSWANA PF	4,053,727	3.66%
7	SCBN (PTY) LTD RE: JPM 064/03	4,014,427	3.63%
8	FNBB NOMINEES RE: VUNANI BPOPF	3,518,624	3.18%
9	STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP	2,546,402	2.30%
10	STANBIC NOMINEES BOTSWANA RE NINETY-ONE DPF (LOCAL EQ)	2,243,547	2.03%
11	STANBIC NOMINEES BOTSWANA RE BIFM PLEF	2,097,067	1.90%
12	STANBIC NOMINEES BOTSWANA RE MORULA DPF	2,049,635	1.85%
13	STANBIC NOMINEES BOTSWANA RE BPOPF NON PROFIT-MCP	1,999,590	1.81%
14	STANBIC NOMINEES BOTSWANA RE BIFM MLF	1,841,172	1.66%
15	FNBBN (PTY) LTD RE:NINETY ONE BOBDCSPF	1,146,872	1.04%
16	SCBN (PTY) LTD RE: NINETYONE 030/30 METROPOLITAN LIFE BW POL	1,140,162	1.03%
17	STANBIC NOMINEES BOTSWANA RE:NINTEY-ONE BW MANGED FUND	1,129,528	1.02%
18	SCBN (PTY) LTD RE: BIFM 028914400011 UB DC PF	1,068,893	0.97%
19	SCBN (PTY) LTD RE: SSB 001/81 PARAMETRIC TAX-MAN E M F	975,629	0.88%
20	GUARANTEED LOANS INSURANCE FUND	966,613	0.87%
21	SCBN(PTY)LTD RE: KC ALEXANDER FORBES RF	795,927	0.72%
22	SCBN (PTY) LTD RE: AG 216/001 ALEXANDER FORBES RF	578,178	0.52%
23	STANBIC NOMINEES BOTS RE:FIRST LIGHT MULTI MANAGER GROWTH F	539,265	0.49%
24	SCBN (PTY) LTD RE: AG 028922700004 AG UB DF CON PF	483,424	0.44%
25	STANBIC NOMINEES BOTSWANA RE: BURS EMPLOYEE PF	472,296	0.43%
	TOTAL	**99,811,757**	**90.23%**

	Names	Total Shares	% Holding
	SCBN (PTY) LTD RE: BPOPF LEA PORTFOLIO CO AG	26,868,357	24.29%
	BOTSWANA DEVELOPMENT CORPORATION LIMITED	15,825,162	14.31%
	FNB BOTSWANA NOMINEES RE: BIFM - BPOPF ACT MEM & DP EQ	13,969,379	12.63%

Shareholder Information
For The Year 2023

	Number of shareholders	Total Shares	% Holding
Total	1,620	110,616,859	100.00%
Public shareholders	1,619	94,791,697	85.69%
Non Public shareholders	1	15,825,162	14.31%
Analysis of non public shareholders			
BOTSWANA DEVELOPMENT CORPORATION LIMITED		15,825,162	14.31%

Spread by number of shares

	Number of shareholders	Percentage of Shareholders (%)	Total Shares	% Holding
< 2,000	1, 308	80.74%	641,445	0.58%
2,001 - 5,000	135	8.33%	468,587	0.42%
5,001 - 10,000	52	3.21%	374,277	0.34%
10,001 - 50,000	45	2.78%	1,053,924	0.95%
50,001 - 100,000	22	1.36%	1,564,800	1.41%
100,001 - 500,000	35	2.16%	7,657,789	6.92%
> 500,000	23	1.42%	98,856,037	89.37%
	1,620	**100.00%**	**110,616,859**	**100.00%**

BSE performance	
Total number of shares traded FY 2023	7,049,246
As a % of shares in issue	6.37%
Total value of shares traded	P154,172,834.58
Total number of trades	206
Average trade size (number of shares)	34,220
Share price 31 December 2022	P19.82
Share price 31 December 2023	P22.65
Growth in share price	14.28%
DCI 31 December 2022	7,726.39
DCI 31 December 2023	8,929.63
Growth in DCI	15.57%

Shareholder's Diary

Financial Year End – 31th December 2023
Preliminary Annual Results Announcements – 29th March 2024
Annual Report Posted – 12th June 2024
Annual General Meeting – 28th June 2024
Preliminary Half year results announcement – On or before 30th September 2024

Dividends

	Declared	Paid
Interim	September	October
Final	March	May

Notice And Agenda Of The 2024 Annual General Meeting

SECHABA BREWERY HOLDINGS LIMITED NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 2024 Annual General Meeting of SECHABA BREWERY HOLDINGS LIMITED will be held at 14:00hrs on Friday, 28 June 2024 via Microsoft Teams

Agenda:

1. To read notice convening the meeting

2. Welcome and opening remarks by the Chairman.

3. Adoption of Agenda

A. Ordinary Resolutions

4. Resolution 1 - To receive consider and adopt the Audited Financial Statements for the year ended 31 December 2023 together with the Auditors Report.

5. Resolution 2 - To consider and ratify the distribution of dividend declared for the year ended 31 December 2023 at 434.7 thebe per share composed of annual dividend of 183 thebe per share and special dividend of 251.7 thebe per share.

6. Resolution 3 - To confirm the re-election of the following Directors of the company:

   i. Tabuya B. Tau
   ii. Modise B. Mokone

7. Resolution 4 - To ratify the appointment of the following Directors of the company:

   i. Gorata T. Dibotelo
   ii. Lorato C. Morapedi

8. Resolution 5 - To ratify the remuneration paid to Non-Executive Directors for the year ended 31 December 2023.

9. Resolution 6 - To ratify the remuneration paid to the auditors, Ernst & Young for the year ended 31 December 2023.

10. Resolution 7 - To appoint Ernst & Young as auditors for the ensuing year and authorize the Directors to fix their remuneration.

11. To close the meeting.

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf and such a proxy need not be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company at Acumen Park, Plot 50370 Fairgrounds, Gaborone not less than 48 hours before the meeting.

By order of the Board

Grant Thornton Business Services (Pty) Ltd
Company Secretary

04 June 2024

REGISTERED OFFICE:
Plot 50370, Acumen Park, Fairgrounds
P O Box 1157
Gaborone

Proxy Form

Please read the notes overleaf before completing this form

For use at the Annual General Meeting of shareholders of the company to be held virtually at 14:00 hours on Friday 28th June 2024.

I/We
(Name in block letters) ____________________
Of (address) ____________________

Hereby appoint ____________________
Or failing him/her ____________________
Or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the 2024 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name in accordance with the following instruction.

NUMBER OF SHARES				
		For	Against	Abstain
Ordinary resolution 1	Agenda No 4			
Ordinary resolution 2	Agenda No 5			
Ordinary resolution 3 i. Tabuya B. Tau	Agenda No 6			
ii. Modise B. Mokone				
Ordinary resolution 4 i. Gorata T. Dibotelo	Agenda No 7			
ii. Lorato C. Morapedi				
Ordinary resolution 5	Agenda No 8			
Ordinary resolution 6	Agenda No 9			
Ordinary resolution 7	Agenda No 10			
Ordinary resolution 8	Agenda No 11			

Signed at: ....

Date: ....

Signature: ....

Assisted by (where applicable)

Notice And Agenda Of The 2024 Annual General Meeting

Each Shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the Shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 -7 on the reverse side hereof

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting.

4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.

5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.

7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.

Annexure
Directors Profiles

Tabuya B. Tau

Ms. Tau joined the SBHL Board on the 20th December 2019 as an independent, non-executive director. She was also the Chairman of the Finance and Audit Committee before taking over as the Chairman of the Board. She is an experienced and transformational leader with extensive experience in the financial service industry; experience which spans over 20 years. At First National Bank Botswana (FNBB) she held the roles of Deputy Chief Financial Officer, Senior Manager Finance, and Treasury Accountant over a period of 10 years. She also held a role as Financial Manager at Letshego Holdings Limited, a listed micro lender. Ms. Tau holds a Masters in Business Administration from Henley Business School, is a fellow member of the Association of Chartered Certified Accountants (ACCA) and of the Botswana Institute of Chartered Accountants (BICA). She holds a Bachelor of Commerce Degree from the University of Witwatersrand. She has attended various management and leadership programmes including a Senior Management Development programme from the University of Stellenbosch. She has also previously held the role of non-executive Director at Botswana Postal Services. Ms. Tau currently holds the position of Managing Director at Hollard Insurance Botswana.

Modise B. Mokone

Mr. Modise B. Mokone joined the SBHL Board on the 12th February 2019 as a non-executive director. Mr. Mokone is a seasoned investment professional with over 15 years experience in asset management, venture capital, private equity and development finance. Mr Mokone is currently the Chief Investment Officer at the Minerals Development Company Botswana (MDCB) where he is responsible for leading the company's investment strategy and overseeing the full investment life cycle of the MDCB towards the implementation of its mandate to grow and optimise its mining and minerals investment portfolio. Mr Mokone previously served as an Investment Principal at the Botswana Development Corporation (BDC) and the Head of Structured Finance at the Citizen Entrepreneurial Development Agency (CEDA). Mr Mokone has held other senior positions at the CEDA and Stanlib Investment Management Services (SIMS), now Vunani Fund Managers Botswana. Mr Mokone holds a Bachelor of Commerce (Banking, Finance and Risk Management), a Chartered Financial Analyst (CFA) – Level 1, concluded a Global Executive Development Programme with GIBS and is pursuing his Masters in Finance and Investment. Mr Mokone has significant corporate governance experience having sat on several boards during his career.

Ms. Gorata T. Dibotelo

Ms. Dibotelo has a Bachelor of Laws Degree from the University of Botswana, a Master's in Commercial Law from the University of Cape Town and has also completed the Executive Development Programme at Stellenbosch University Business School. Gorata currently serves as Group General Counsel and Company Secretary at Letshego Africa Holdings Limited. Ms. Dibotelo also previously held the position of Head of Legal Services and Board Secretary at the Botswana Stock Exchange (BSE). Before going to the BSE, Gorata worked for Armstrongs Attorneys as a Senior Associate. Her familiarity with the Botswana's legal system positions her positively as an experienced expert in legal, compliance, and regulatory environment. Ms. Dibotelo has keen interest in Environmental, Social, and Governance (ESG) compliance and reporting.

Ms. Lorato C. Morapedi

Ms. Morapedi is a transformational leader who has successfully led strategic transformative projects both in the public and private sector. She is an astute business leader with 20 years executive management experience with 12 years of these as Chief Executive Officer at the National Development Bank with a key focus on governance, environment and sustainability. Some of the organisations she worked for include the Absa Bank (then Barclays Bank of Botswana), Citizen Entrepreneurial Development Agency (CEDA) and Botswana Examinations Council. She has also served as a non-executive director in several institutions including Export Credit Insurance and Guarantee Company Botswana (BECI), ABM University College, Youth Alliance for Leadership & Development in Africa (YALDA), Local Enterprise Authority (LEA), Botswana Institute of Bankers, Botswana Agricultural Science Professionals Association and The Business Place. She holds a MSc in Economics from the University of Illinois, USA, a Bachelor of Arts (Economics & Accounting) from the University of Botswana and she is also an Alumni of the London Business School. In recognition of her excellent leadership and contribution to the corporate world she was recognised as one of the 2019 Reset Global People Top 100 women CEOs in Africa and Botswana Celebrated Women in 2021.

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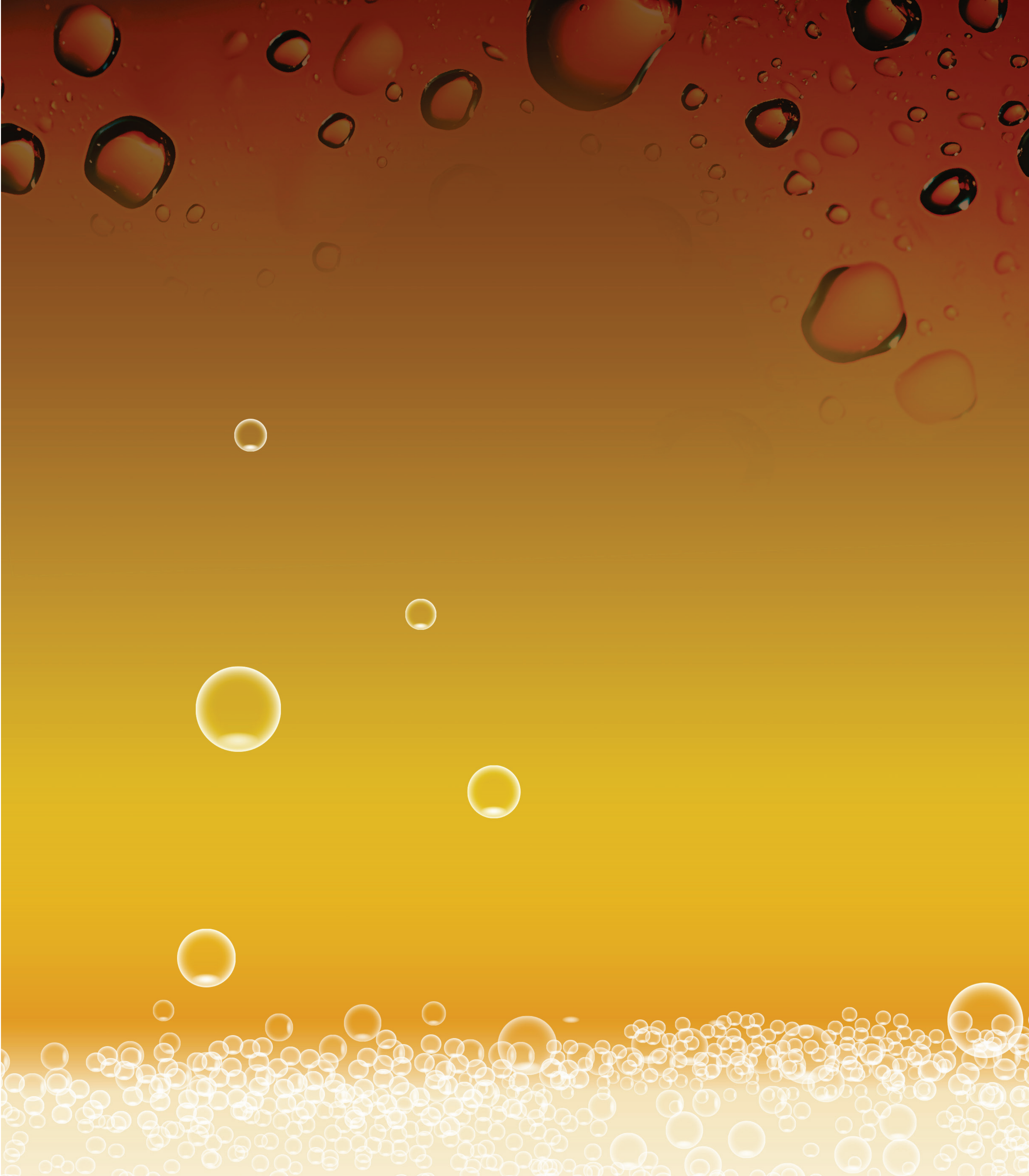

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