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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SEFALANA HOLDING COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Sefalana Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 79, which comprise the consolidated statements of financial position as at 30 April 2023, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2023, and their consolidated financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

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

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Partners: CV Ramatlapeng (Botswana) P Naik (Zimbabwe) MJ Wotherspoon (South Africa)

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties and land and buildings (Group)	
The Group accounts for investment properties and land and buildings at fair value. As disclosed in Note 16, the carrying value of investment properties as at 30 April 2023 was P238 million and the fair value adjustment recorded in profit before tax in respect of investment properties amounted to P5 million for the financial year. As disclosed in Note 14, the carrying value of land and buildings as at 30 April 2023 was P600 million and the gross gain on revaluation of land and buildings recorded in other comprehensive income amounted to P29 million. The portfolio includes retail, industrial, commercial and residential properties. The Group periodically engages an external expert to value its property portfolio. The last full scope evaluation was carried out at 25 April 2021. At 30 April 2023, an update was performed in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as at 25 April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties. Judgement is required to determine the fair value of investment properties and land and buildings. The valuation is specifically dependent on the judgement made around sustainable rental income and the significant judgement (based on associated sensitivities) of the capitalisation rates and we have therefore considered the valuation of these assets to be a Key Audit Matter. The disclosures relating to fair value assessments are set out in the financial statements in the following notes: • Note 4.2.1 - Critical judgements and key sources of estimation uncertainty; • Note 14 - Property, Plant and Equipment; and • Note 16 - Investment Property.	We performed the following audit procedures at each full scope audit: • Assessed the design and implementation of relevant controls over the fair valuation of investment property and land and buildings; • Understood the scope of management's valuers work and reviewed the terms of the engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them; • Assessed the competence, objectivity and capabilities of management's external valuer through consideration of their qualifications and past experience; • Met with our internal property specialists and management's specialist and discussed the overall valuation process, significant assumptions and critical judgement areas; • Confirmedwith our internal property specialists that the valuation approaches used by the independent valuers are consistent with acceptable valuation principles; • Compared the current year properties and in particular their value, capitalisation rates and rental income to the prior year information to obtain a better understanding of the most significant movements in the current year; • Assessed the integrity of information used in the desktop valuation by selecting a sample of properties from the desktop valuation schedule and testing a selection of data inputs for these properties, including rental incomeand tenancy schedules; • Requested our internal specialists to assess the reasonability of the capitalisation rates utilised in the desktop valuation for a sample of properties by comparing them to those generally used in the market; • Performed sensitivity analyses on the capitalisation rates to evaluate the impact of the changes to the capitalisation rates on the fair values of the properties and assessed the appropriateness of the Group's disclosures relating to these sensitivities; and • Reviewed the related disclosures for compliance with the requirements of IAS 1 – *Presentation of Financial Statements,* IAS 16 – *Property, Plant and Equipment*, IAS 40 – *Investment Property* and IFRS 13 – *Fair Value Measurement.* In conclusion, we considered the judgements and estimates, and model used for the valuation of the investment properties and land and buildings and related disclosures to be appropriate.

Key Audit Matter	How the matter was addressed in the audit
Allowance for slow moving and obsolete retail inventory (Group)	
The Group's retail trading systems record the unit costs of inventory before allowances for net realisable value due to slow moving and obsolete items. In making an allowance for slow moving and obsolete items, Management and the Directors determines the estimated loss rates for slow moving and obsolete items held in inventory based on: • historical sales quantities; • the estimate of likely sales discounts (below original cost), which the Group may have to offer in order to sell slow-moving items; and • the extent of losses which the Group may incur when writing off obsolete items. Due to the subjective judgement and estimates involved in determining the allowance for slow moving and obsolete retail inventory, coupled with the absence of a reliable stock ageing report, this is considered to be a Key Audit Matter. The disclosures relating to the inventory allowance is set out in the financial statements in the following notes: • Note 4.2.3 - Critical accounting judgements and key sources of estimation uncertainty; and • Note 23 – Inventories.	We performed the following audit procedures: • Evaluated the design and implementation of relevant manual controls around the process followed to quantify the estimate for slow moving and obsolete retail inventory; • Assessed the Company's provisioning policy for reasonableness, including the validity of the assumptions applied; • Re-performed the computations to ensure the arithmetical accuracy of the estimate; • Requested our internal data analytic specialists to assess the logic and integrity of the script used by management to determine the aging of inventory items as at year-end; • Performed a comparison of the current year age analysis versus prior year. Analysed the causes for movements in the ageing buckets and assessed their related impact on the applied loss rates; • Analysed the inventory ageing profile where relevant per store type/format, i.e., Shopper, Hyper and Cash and Carry, to incorporate the nature of inventory types and inventory holding cycles and their respective impact on the loss rates; • Used this analysis and our understanding of likely value of loss rates based on our experience in the industry to form an independent view of a range of appropriate loss rates for slow moving and obsolete items; • Developed a point estimate for the allowance for slow-moving and obsolete inventory and compared it to management's estimate; • Performed sensitivity analyses on the expected obsolescence rates, as a percentage of the inventory balance, to evaluate the impact of the changes to the expected obsolescence loss rates on the allowance for slow-moving stock and assessed the appropriateness of the Group's disclosures relating to these sensitivities; and • Assessed the related disclosures for compliance with the requirements of IAS 1 – *Presentation of Financial Statements* and IAS 2 – *Inventories.* In conclusion, we considered the judgements and estimates used in the determination of the allowance for slow moving and obsolete retail inventory and related disclosures to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises Corporate Information and the Statement of Directors' Responsibility and Approval, which we obtained prior to the date of this report, and sections of the Sefalana Integrated Annual Report, which are expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

The directors are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF SEFALANA HOLDING COMPANY LIMITED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated 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.

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27 July 2023
Gaborone

Deloitte & Touche
Firm of Certified Auditors
Practicing Member: Magritha Juanita Wotherspoon (CAP 0032 2023)