Weathering the storm
Expansion through purpose

SEFALANA INTEGRATED ANNUAL REPORT 2021

Sefalana GROUP

Your basket of opportunities

Our Shareholders

Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth. Value creation is demonstrated both in terms of profitability but also in terms of capital growth in share price.

Our People

Over 99% of our staff in each country in which we operate, are local citizens. Equal opportunities are central to the Group and an open - door policy, fair employment practice and legal compliance gives us confidence in our management of relationships with our most important asset - our employees.

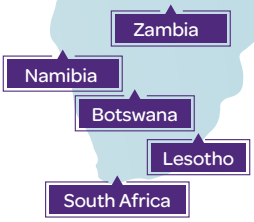
Our Values

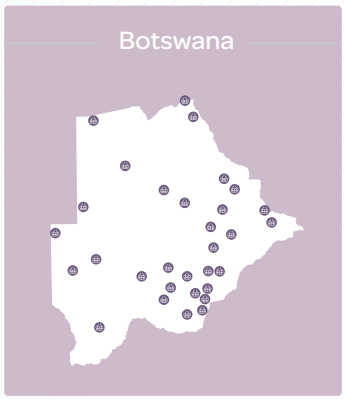
Our Values are entrenched in the manner in which we conduct ourselves, the way we relate with our stakeholders and how we are recognised in the market. This is what differentiates us.

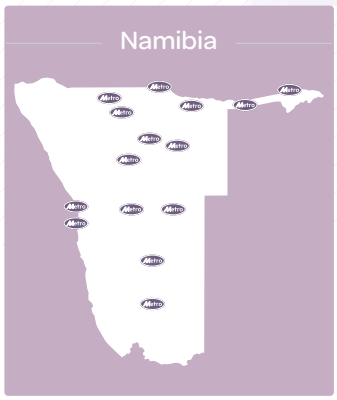
Our Thinking

There is no growth without change, and there is no profound change without risk. Sefalana is an embodiment of working intelligently, methodically measuring the risks and rewards of each and every investment opportunity.

WELCOME TO OUR **INTEGRATED ANNUAL REPORT**







Our expansion over the years

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Over the last few years, we have undertaken to develop our 35 000 sqm property in Setlhoa Village, situated along the A1 highway.

Our Setlhoa site is also home to ItalTile and CTM, offering a wide range of modern and artistic homeware solutions.

03

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We continue to work with a planned strategic approach, ensuring our tasks are done efficiently and are **communicated well to our colleagues and line managers allowing for any Covid-19 related setbacks to be quickly resolved.**

Sefalana's Integrated Report

Enhanced reporting

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and Non - Governmental Organisations (NGOs). The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting. Its vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. It has used the International Reporting Framework (IRF) to accelerate the adoption of Integrated Reporting across the world.

VALUE CREATION

Value creation is demonstrated both in terms of profitability

but also in terms of capital growth in share price.

What should an Integrated Report achieve?

An Integrated Report should be a concise communication about how an organisation strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. We believe that our report enables our shareholders and potential investors to gain an appreciation for exactly this, as we embrace best practice each year, enhancing the manner in which we report.

We are proud to be
one of the first companies in Botswana
to adopt **significant aspects** of this Framework, despite this not being a requirement under the current rules of the **Botswana Stock Exchange**

Revisions to the IRF were published in January 2021 to endorse more decision useful reporting. Focus continues to be on integrated thinking and reporting to be the global norm, building on the early adoption that was embraced by a number of large global corporates including Sefalana in previous years.

Companies around the world are being encouraged to further enhance this way of thinking and reporting. We have noted a select number of companies which are listed on the Johannesburg Stock Exchange (JSE), have moved towards this style of reporting as a result of their requirements under the JSE rules. At Sefalana we are proud to be leaders in Botswana for embracing this way of thinking .

The IIRC's focus is to enable more effective reporting through a call for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements, such that it becomes embedded within business practice and related reporting.

The IIRC's Framework's objectives can be summarised as follows:

OBJECTIVE	SEFALANA'S RESPONSE
To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital	Each year we enhance the level of reporting in our Integrated Annual Report through additional disclosure and with cognisance to latest trends in worldwide Corporate Governance. We have included the Combined Code (UK Corporate Governance Code) as one of our benchmarks together with King IV against which we measure ourselves as detailed in the Corporate Governance Report.
To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time	Material Matters to the Group are detailed later in this section of the report. Refer also to the Group Managing Director's report and the Group Finance Director's report which captures the material aspects of our business and highlights the key risks and factors affecting our ability to generate returns for our Shareholders.
To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies	This is entrenched in the way we do business. This is demonstrated in our business model on page 8. Interdependencies of the various forms of capital are illustrated on page 9.
To support integrated thinking, decision – making and actions that focus on the creation of value over the short, medium and long term	The Group has regular Strategy workshops to ensure the overall objectives of the Group are identified and articulated. All relevant stakeholders are considered and decisions are made accordingly. Shareholder value is therefore maximised in line with this overall strategy as it is inherent in the way we do business. Refer to the Group Finance Director's report for further analysis.
To explain to Shareholders how an organisation creates value over time	Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth. Value creation is demonstrated both in terms of profitability but also in terms of capital growth in share price. On two occasions in the last seven years we have carried out a Rights Issue program whereby a Circular was issued to Shareholders explaining our vision and plans for the Group. In both instances the Rights Issue shares were over subscribed demonstrating the effectiveness of our communication to Shareholders regarding value creation and the confidence placed in the Executive team to consistently deliver growth and return on invested capital.

How our Integrated Report comes together

Objectives

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Risk management disclosure

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Forms of Capital

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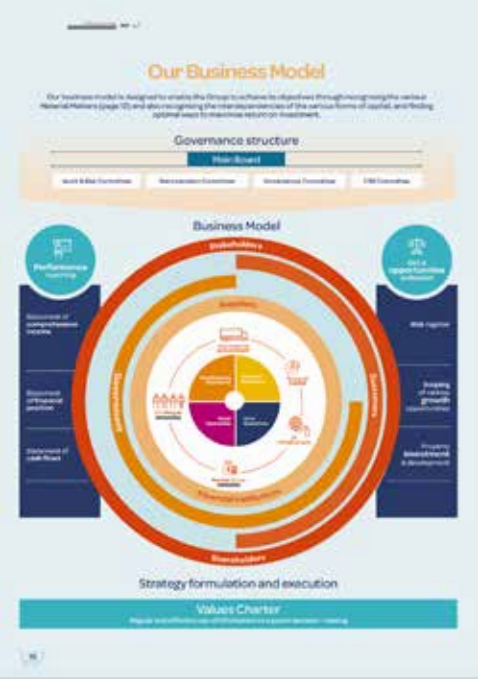
Our Business Model



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Values Charter

Reporting performance transparently

Page 36 — Chairperson's Report

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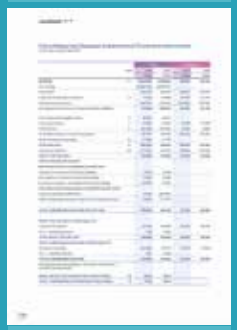
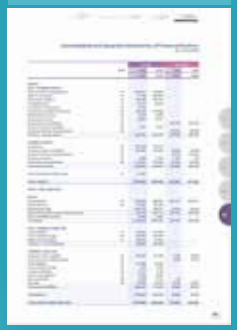


Page 195 — Statement of Financial Position



Page 197 — Statement of Cash Flows

Integrated Annual Reports

Enhanced disclosure every year

Our Business Model

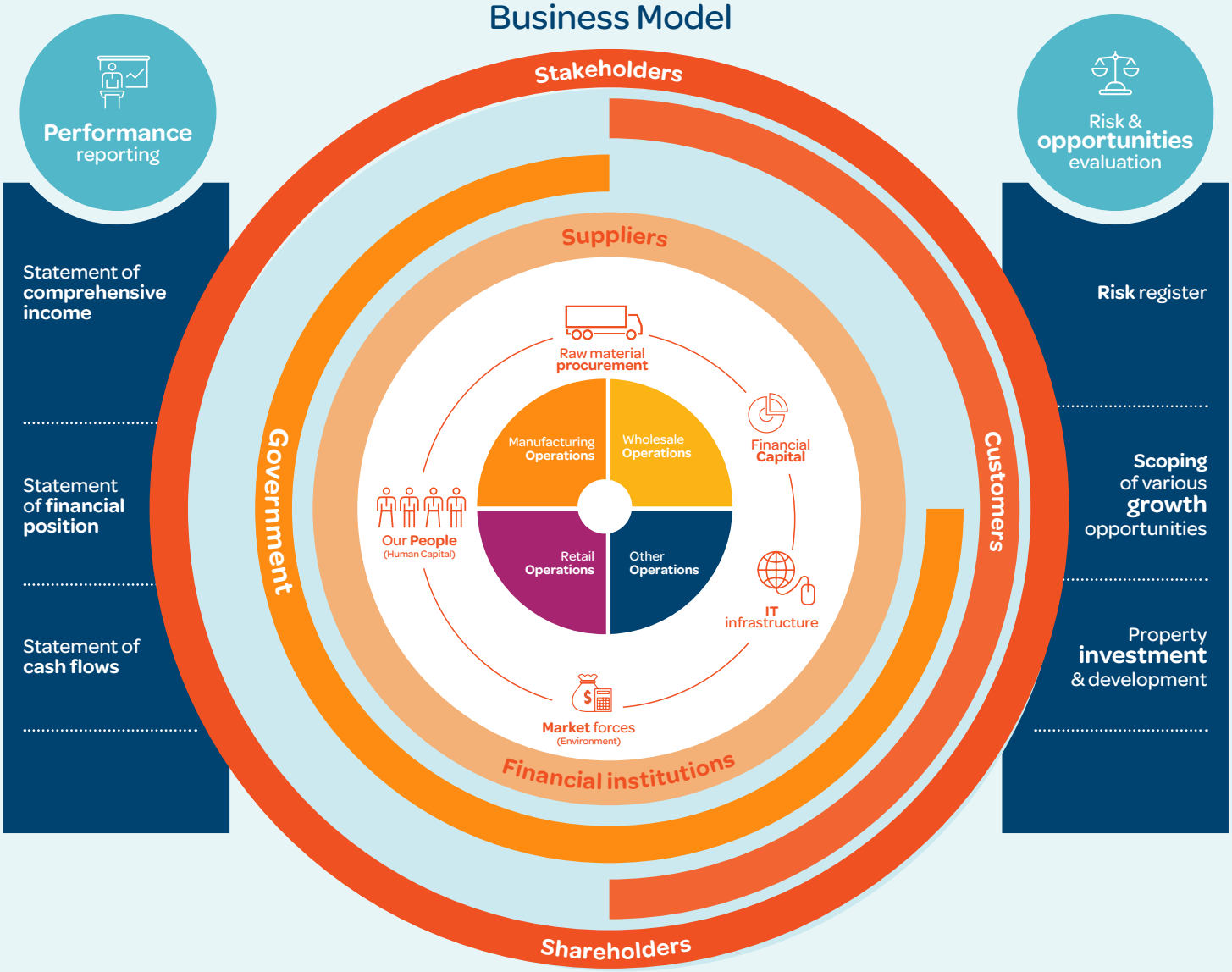
Our business model is designed to enable the Group to achieve its objectives through recognising the various Material Matters (page 10) and also recognising the interdependencies of the various forms of capital, and finding optimal ways to maximise return on investment.

Governance structure

Main Board

- Audit & Risk Committee
- Remuneration Committee
- Nominations Committee
- CSR Committee

Business Model



Strategy formulation and execution

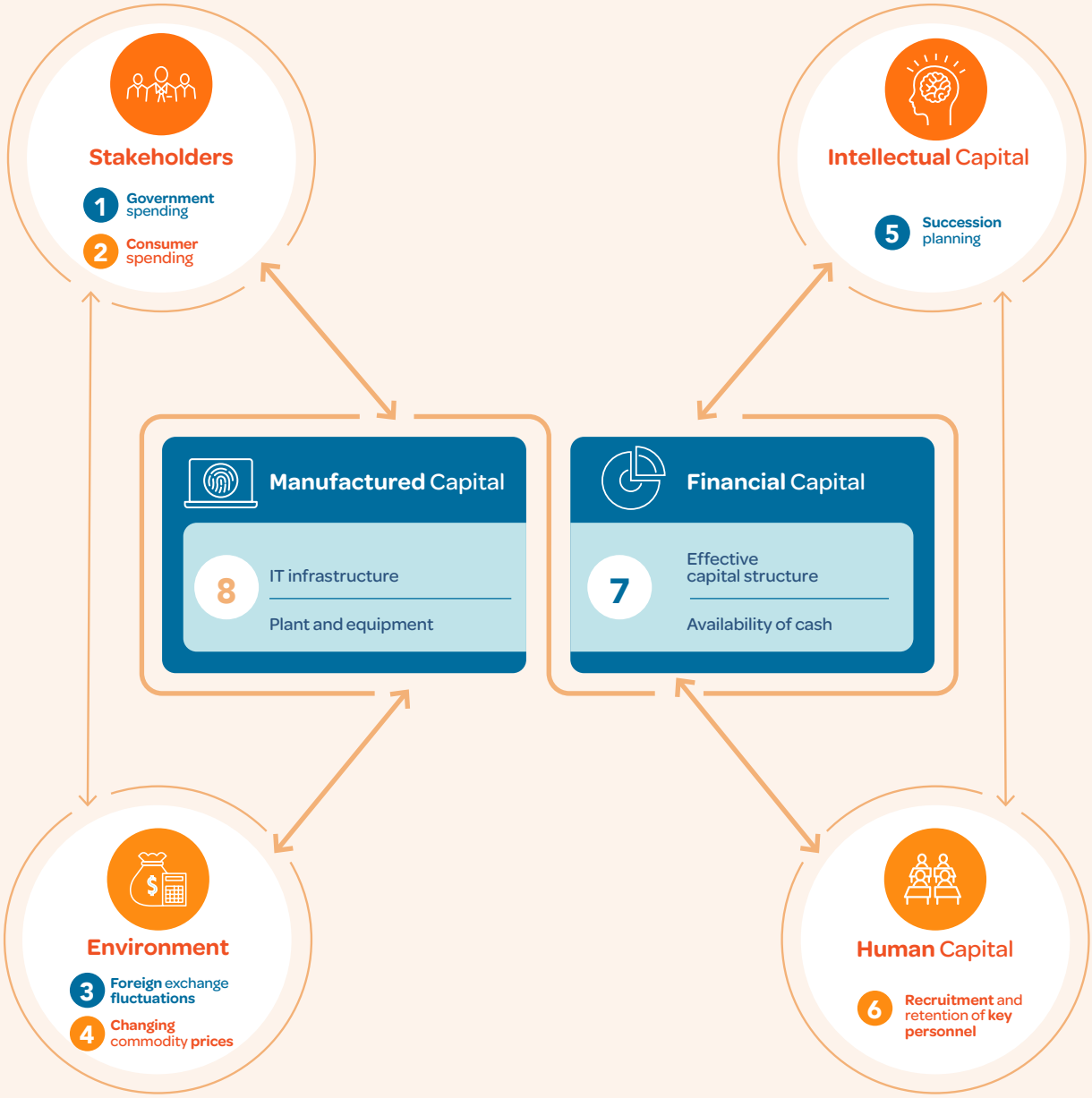
Values Charter

Regular and effective use of information to support decision - making

Forms of Capital

The IIRC sets out various forms of capital that together represent stores of value that are the basis of an organisation's value creation. Reporting on multiple capitals is a relatively new and evolving field. Sefalana embraces this way of reporting.

The inter-relationship between various forms of capital and their inter-dependency with 8 material matters (page 10) is presented below



The inter - dependencies and relationship between each form of capital are complex and constantly evolving.

The connectivity of each element relevant to the creation of value is expanded upon inherently in the Group Managing Director's and Group Finance Director's Reports.

Material Matters

The IIRC makes reference to the need to highlight in the Integrated Report, the matters that are considered to be "Material". These are referred to as matters that substantially affect the Organisation's ability to create value over a short, medium and long term.

The following 9 matters are considered Material to the Group in this regard and have been extracted from the Group's Risk Register which is used on an on-going basis by Internal Audit, which then reports on aregular basis to the Audit and Risk Committee:

FORMS OF CAPITAL

Stakeholders | Environment | Intellectual Capital | Human Capital | Financial Capital | Manufactured Capital | Raw material procurement

1 Government spending

IMPACT

Our manufacturing businesses rely significantly on Government tenders and levels of spend in relation to the Tsabana and Malutu feeding schemes along with the Children's UHT milk program.

These contracts usually run for no more than a 24-month period and therefore the sustainability of these manufacturing entities in our Group are largely dependent on successfully winning these orders at each tender date.

RISK MITIGATION

We continually obtain tender invitations and ensure we respond to all tenders we believe we are capable of servicing. Being aware of tenders issued is critical for these entities in our Group.

We have a strong track record for ensuring that where we have been awarded tenders, all quantities are delivered on time and that quality is not compromised.

Raw materials are procured from reliable suppliers at the best possible prices thereby ensuring we are best placed to secure and deliver to any orders placed with us with little notice. Wherever possible raw materials are procured from local suppliers.

2 Consumer spending and confidence

IMPACT

Customer spending and confidence is directly impacted upon by the level of employment and general economic sentiment.

During difficult economic times, this then results in increased pressure on margins as customers look for the best prices in the market.

RISK MITIGATION

The market is increasingly becoming price sensitive and therefore we need to ensure we are competitive.

Efficient and effective procurement from suppliers helps us pass on discounts to customers.

Increasing basket size and offering a one - stop - shop helps retain market share. Covid-19 has impacted buyer behavior. Online and other convenience shopping methods have been provided.

3 Foreign exchange fluctuations

IMPACT

The purchase of products from South Africa is a significant proportion of the Group's procurement spend. The volatility of the Rand over the last 12 months has increased our exposure to pricing. Our grain procurement is linked to movements in the USD. Our rental stream in Zambia is also based on an underlying USD value. Our latest investment in Australia introduces exposure to a hard currency. Our overall investment in foreign denominated businesses are retranslated at each reporting date.

RISK MITIGATION

Forward contracts are entered into where deemed to be appropriate and spot purchases of currency are carried out where a known cash outflow in a foreign currency is anticipated. A Group treasury function monitors foreign exchange movements on a daily basis and ensures appropriate transactions are entered into accordingly.

4 Changing Commodity prices

IMPACT

The manufacturing businesses procure significant volumes of sorghum, soya and maize. These commodity prices can double or halve in any given financial year and this is largely driven by worldwide supply and demand.

RISK MITIGATION

Forward contracts are entered into where deemed to be appropriate and spot purchases of grain is carried out when prices appear to be at a low point. This helps us maintain and grow manufacturing margins.

5 Succession planning

IMPACT

The Management team ensures that the objectives of the Group are achieved and that the success of the organisation is not reliant on one or a few key members of the organisation.

RISK MITIGATION

Recruitment of understudies is carried out for all significant positions and adequate training and mentoring is ensured on an on - going basis.

Our staff turnover rates are very low with a number of staff remaining with the Group for over 30 years.

6 Recruitment and retention of key personnel

IMPACT

Our people make our Group what it is. The culture that it fosters drives performance and to ensure this is in place the workforce needs to be motivated and aligned to the Group strategy.

RISK MITIGATION

The Group strategy is communicated throughout the organisation by means of workshops and seminars.

High calibre staff are actively recruited from universities and other institutions. These are deemed to be the leaders of the future and therefore attractive remuneration and retention policies are in place to reward exceptional performance.

7 Effective capital structure

IMPACT

In order to support the Group's plans for expansion, sufficient capital is required to ensure the net return to Shareholders is in line with their expectations.

RISK MITIGATION

Careful consideration is given to the issue of equity vs debt and a target capital ratio range is maintained at all times.

8 IT infrastructure

IMPACT

In a constantly evolving world, the use of technology is essential to provide an organisation with the speed and efficiency for success. IT can enable an organisation to offer innovative new products and services to its customer base.

RISK MITIGATION

Computer software and hardware is updated on an ongoing basis.

The latest internet connections are installed in our stores to ensure data is captured quickly and accurately.

9 Brand health and development (not a form of capital)

IMPACT

We have built up our brand over 47 years and it is critical that we leverage off this brand value to maximise returns.

RISK MITIGATION

Our rebranding program commenced in 2015 and has been rolled out throughout the Group. We have received very positive feedback on this area and this has helped consolidate and strengthen our Botswana brand. We periodically carry out surveys to assess brand health and respond accordingly. We are now one of Botswana's leading brand.


From our Bakery
Special
Cadbury
$2.50
Chilled
MANDARIN
$5.49
APPLES
PINK LADY
$6.69
PEEL
$3.00
SPECIAL
$2.99

02

OVERVIEW

Weathering the storm
Expansion through purpose

We entered the Australian market through an investment in a 40% associate company that operates in the FMCG sector. The Australian business, by the name of Seasons Group, consists of a chain of 8 supermarkets in the Brisbane area.

Our timeline

1974

Sefalana sa Botswana was formed to purchase the Botswana operations of **Bechmalt Holdings**, comprising **6 wholesale stores and a maize mill.**

1975

Sefalana Botswana became the **1st publicly listed** company in **Botswana**

1989

The management and administration functions were transferred to **Botswana from South Africa**

1994

Merged the Group's wholesale operations with the Botswana operations of Metro; formed **Metro Sefalana Cash & Carry Limited (Metsef)**, the formation being a predecessor to today's Sefalana Cash & Carry

2006

Acquired 55% of MF Holdings and acquired HJ Heinz Botswana, later renamed KSI Holdings. Acquired an additional 40% of Metsef equity and gained control of the entity, renaming it **Sefalana Cash & Carry Limited (Sefcash)**

2017

Acquired the remaining 30% minority shareholding in MF Holdings and additional 40% in Natural Value Foods Botswana **(subsequently renamed Sefalana Fresh Produce (Pty) Limited)**

2016

Launched **"Sefalana rewards"** loyalty program

2016

Launched **Botswana's first** FMCG online shopping site

2016

Acquired largest Cash & Carry in Maseru, **Lesotho**

2017

Entered the **South African market** via a preference share investment into an FMCG consortium

2018

Consolidated our investments, improved efficiencies and extracted **greater value** from existing assets

2020

Shopper division celebrates **10 years** of business

2009

Investment in property in **Zambia**

2010

Launched **"Shoppers"** supermarket chain. Acquired the remaining Sefcash shares and delisted Sefcash from the Botswana Stock Exchange

2013

Continued expansion of our **Shoppers chain** to 16 operational stores. Acquired an additional 15% stake in MF Holdings

Mechanised Farming Pty Ltd
COMMERCIAL MOTORS (PTY) LTD
YOUR MAN, HONDA & TATA DEALER

2013

Opened our first store outside Botswana in **Namibia**

2016

Expanded our **A - Star** house brand range of products

2015

Acquired a **UHT milk plant** and established our **beverages** manufacturing business

deltafresh®

2015

Sefalana GROUP
Your basket of opportunities

Refreshed and consolidated **our brand**

2014

Aquisition of 12 Metro stores **across Namibia**

Metro NAMIBIA Lush 'n Curvy

47 years of serving our Nation, your trust in the Sefalana brand **puts us in good standing everywhere we do business**

47 Years of creating value

2020

The BIG One

Setlhoa – First of its kind **- hybrid store**

2021

We entered the Australian market through an investment in a 40% **associate company that operates in the FMCG sector**.

Our Sefalana

The Sefalana Group first emerged in 1974 consisting of 6 wholesale stores and a maize mill. Over the 47 years since then, the Group has grown extensively and ventured into new industries and territories.

Over the last 18 months, the Group transcended through a global Pandemic, which brought on a unique set of challenges, but also its own opportunities. Despite lockdowns and restrictions on the sale of certain commodities, Sefalana continues to display resilience and provide a safe and secure shopping experience for our customers as we navigate through Covid-19.

During this year we were able to reflect on our existing operations and looked at ways to improve our offerings and efficiencies. Steered by our Group strategy and core values, we continuously aim to nurture elements that have a positive impact on our business and our Community.

We appreciate that customer demands are changing rapidly with advances being made in the retail environment every day. With a curious approach and confidence in our business model, we look to transform our Group to better cater for customers' changing needs.

In the last 47 years, we have achieved a number of substantial milestones which include:

- being the first company to list its shares on the **Botswana stock Exchange in 1975**
- growth from just 6 stores in Botswana to a total of over **90 stores across 4 countries**
- employment of over 5 100 individuals from a mere 233 in 1974, **making Sefalana an employer of choice in all regions in which we operate**
- extension of manufacturing operations to include a wide range of **products as we pride ourselves on feeding our Nation**
- diversification of our businesses to include the distribution of locally sourced fresh produce to both Sefalana stores and FMCG retailers across the country, motor dealerships **(MAN, TATA and HONDA), property development and recently the opening of our first filling station under the Puma franchise**
- expansion into 4 additional **countries in search of new markets.**

We took a bold step forward, extending our African footprint across the ocean and settling on Australian soil during this financial year. We are confident that we will continue to identify new and exciting opportunities for further growth and expansion.

Our timeline section presented on pages 14 and 15 provides a synopsis of key achievements over the years.

A promise we make to our stakeholders is to continue unlocking value to expand our capabilities and deliver....

- the quality service and **solutions requested by our customers**
- a safe and conducive **working environment for our people**
- positive, sound returns **for our investors and shareholders**
- a trusted household name, **a brand of choice for future generations**
- transparency in the form of interactive **communication and open access to information**

Sefalana Group – Your basket of opportunities.

Through this Integrated Annual Report, we provide a holistic overview of our performance and how we create value for **our stakeholders, and manage our culture while delivering on our Group strategy and taking advantage of investment opportunities on an on-going basis.**

CORPORATE INFORMATION

SEFALANA HOLDING COMPANY LIMITED
Sefalana Holding Company Limited is incorporated in Botswana - Company registration number BW00001731678

GROUP SECRETARY
Gofaone Senna
Email: companysecretary@sefalana.com

AUDITORS
Deloitte & Touche
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BUSINESS ADDRESS
Private Bag 0080,
Gaborone, Botswana,
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Fax: (+267) 3907613

LAWYERS
Osei - Ofei Swabi & Co
First Floor, Unit 18, Kgale Mews,
Gaborone, International Finance Park,
P O Box 403506, Gaborone, Botswana

Sefalana sa rona

Kompone ya Sefalana e nnile teng ka ngwaga wa 1974 ena le madirelo ale marataro (6) le tshilo ya mmidi. Go feta dingwaga dile masome a mane le bosupa (47) Kompone ya Sefalana e godile ka go anama ka bophara le go tsena mo kgwebong tse dingwe tse di farologaneng.

Go feta dikgwedi di le lesome le boferabobedi (18), Kompone e raletse seemo se se apereng mafatshe ka bophara, se se tsileng ka dikgwetlho, go ntse go le jalo, gona le ditshono . Le fa gone gona le kiletso mesepele le kiletso ya thekiso ya tse dingwe, Sefalana ene ya tswelela ka go ikokotlela le go tsisa tshireletsego mo baji bareking fa re raletse segajaja sa mogare wa Covid-19.

Mo ngwageng ona rene ra lebisisa mo madirelong a ntseng ale teng le go tla ka metlhala ya go tsisa kgolo le boikarabelo. Ka ponelepelo ya mananeo, re tsweletse ka maikaelelo le maikarabelo mo kgwebong le Sechaba sa rona.

Re lemoga fa dikeletso le ditsholofelo tsa baji bareki di fetoga ka dipaka tsotlhe go tsamaelana le ditlhabologo tsa mohama wa papadi. Ka manontlhotlho a a tseneletseng mo go tsa go tsamaisa kgwebo, re ikaelela go tlhabolola dikompone tsa Sefalana gore di kgone go neela baji bareki ditirelo tsa tlhwatlhwa .

Mo dingwageng tse di masome mane le bosupa, re kgonne tse di latelang :

- Gonna kgwebo ya ntlha go ikwadisa mo komponeng ya **diabe ya Botswana stock exchange ka ngwaga wa 1975**
- go godisa kgwebo ya rona gotswa mo mabenkeleng ale marataro (6) goya ko go ale masome **a ferabangwe (90) mo mafatsheng ale mane.**
- rene ra bona koketsego ya phiro ya babereki gonna dikete di le tlhano le lekgolo (5100) gotswa mogo bale makgolo ale mabedi le masome a **mararo le boraro (233) ka ngwaga wa 1974. Koketsego ya bodiredi , ene ya dira gore Sefalana enne mohiri yo o ratwang ke botlhe mo mafatsheng a releng mogo one.**
- go bula madirelo aa dirang dijo kago farologana ga one gone ga dira gore re nne le **ipelelo katlego e kgolo ya go kgona go jesa sechaba sa rona le go netefatsa gore Botswana o nna le dijo tsedi lekaneng.**

Kabakanyo ya kgwebo e akaretsang theko ya maugo le merogo tsa bo leng jo bo ko godimo go tswa mo gae go di anamisa le mabentle otlhe a Sefalana lefatshe ka bophara , kgwebo ya madirelo **a dikoloi tsa MAN , TATA le HONDA, kgwebo ya khiriso ya dikago le go bula madirelo a rona a ntlha a thekiso ya leokwane la dikoloi ka tirisanyo le ba Puma.**

Katoloso kgwebo go **ya mo mafatsheng a mangwe a le mane**

Re tsere maitlamo a matona a go tswela ko moseja ga mawatle go fitlha ko lefatsheng la Australia kwa re tlhomileng dikgwebo teng mono ngwaga. Re na le tshepo ee tseneletseng ya go tswelela re senka mafelo a mangwe a masha go godisa kgwebo ya rona.

Karolwana ya 14 le 15 di nankola ka boripana di ntlha tsa botlhokwa tsa katlego ya rona mo dingwageng ka go latelana.

Re rurifatsa ebe re itlama mo ba beeletsing ba rona gore retla tswelela ka go dira ka manontlhotlho go godisa bokgoni jwa rona le go ntsha maduo aa latelang.

- maduo a maemo a ntlha aa **kgotsofatsang dikeletso tsa baji bareki**
- madirelo aa babalesegileng **le tikologo ee siameng**
- kgolo ya itsholelo ya **ba beeletsi le bagwebi ba rona**
- go nna kgwebo ya leina le le **itsegeng ebile le tshephagala go ya go ileng**
- go direla dilo mo pontsheng ka therisanyo le buamaruri le go **nolofatsa phitlhelelo ya melaetsa le dikitsiso**

Kompone ya Sefalana ke mma moratwa wa gago oo ikanyegang go go tsisetsa bokamoso jo bontle.

Ka pego ya ngwaga le ngwaga, re supa ka bophara ditiro tsa rona le go bontsha kafa re okeditseng **ka teng dipoelo tsa ba beeletsi ba rona le go tshegetsa maitlamo a bodiredi jwa rona le go tswelela re batla ditshono ka nako tsotlhe.**

01 02 03 04 05

SHARE TRANSFER SECRETARIES
Transaction Management Services (Proprietery) Limited
t/a Corpserve Botswana Transfer Secretaries
Unit 206, Building 1, Plot 64516,
Showgrounds Close, Fairgrounds,
Gaborone, Botswana,
P O Box 1583, AAD,
Gaborone, Botswana

REGISTERED OFFICE
Plot 10038,
Corner of Nelson Mandela Drive and Kubu Road,
Broadhurst Industrial, Gaborone, Botswana

BANKERS
African Banking Corporation of Botswana Limited
Absa Bank of Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Nedbank Lesotho Limited
Standard Lesotho Bank
Afrasia Bank Limited
Standard Bank (Mauritius) Limited
Standard Bank Namibia Limited
First National Bank of Namibia Limited
First National Bank of South Africa Limited
Zambia National Commercial Bank

Sefalana -working amidst Covid-19

With Covid-19 well into its third wave in most parts of the world, we at Sefalana have become accustomed to new ways of working – working safely – while the Pandemic tenaciously lingers on.

After being declared a Pandemic by the World Health Organisation (WHO) in March 2020, we have been obliged to think twice about our day-to-day activities, the public places we visit and the way we do business, all with the interest of keeping ourselves and those around us safe.

This has had a significant impact on the way in which we operate, providing a secure and safe working environment for our staff and offering our customers a contemporary shopping experience while ensuring we maintain the quality and service expected of us as Sefalana.

How have we addressed operating under Covid-19 conditions?

In early 2020, we responded quickly to our changing environment and developed a number of measures to ensure limited impact of the Pandemic on our staff, our business and the communities we serve. We prioritized these measures into four main categories:

After 18 months of operating in accordance with these measures, we have achieved the following:

1 Looking after our people and the wider community

	Action	18 months later....
Contribution to the Botswana Covid-19 Relief Fund	A donation of P1 million was made towards this fund as a means of support and a show of solidarity to our country in its efforts to combat Covid-19. This was in the form of much needed groceries and healthcare items.	We have continued supporting the communities around us and local schools through the donation of additional sanitisers and groceries.
Limiting and avoiding international travel	In late February 2020, we advised all staff to avoid international travel where possible. This was in response to heightened international travel restrictions and the increase in positive cases in neighbouring countries. Corporate travel was discontinued unless approved by the CEO. Skype and alternative tele-conferencing facilities were encouraged to minimize social interactions.	Teleconferencing through the use of Microsoft Teams and related platforms has now become the norm and is the preferred meeting method. Physical meetings are kept to a minimum.
Educating staff on self-care and social distancing	Staff at all business units were provided with hand sanitizers and disinfectants. Notices were put up in our stores and offices on the importance of washing hands and how this can be done effectively. All meetings of more than ten staff members were converted to telecons / virtual meetings to avoid social interaction. All bio-metric scanning at business premises were temporarily suspended as an added safety measure. Government communications and advice was followed as soon as it was circulated.	Covid-19 coordinators and task teams were set up at all our businesses in order to provide staff with support and regular updates on the Pandemic. Hand sanitisers and disinfectants are regularly provided to staff and can be located in all common office areas. Fumigations are done on a regular basis at all business units as a safety protocol. We have had some positive Covid-19 cases amongst our staff throughout our Group. All but three members have made a full recovery.
Constant communication with Stakeholders	We maintained open and regular communication with our staff, shareholders, investors and other stakeholders, ensuring we provided a sense of ease and attended to any queries and concerns raised.	The set up of Covid-19 task teams has assisted significantly with ensuring staff are adequately assisted and issues addressed as soon as they arise.

Sefalana -working amidst Covid-19
(continued)

Improved safety measures at all business premises have allowed staff to return to work from the office.

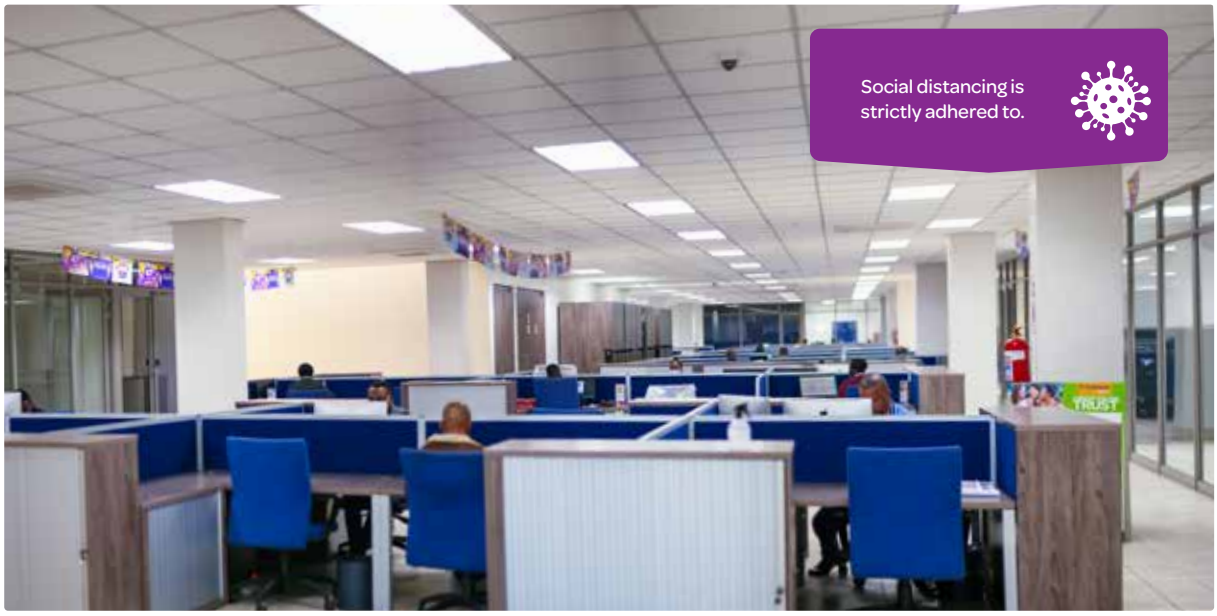
Social distancing is strictly adhered to and physical interaction between staff is discouraged.

2 Remote working and team management

	Action	18 months later....
Encouraging remote working	We encouraged staff to work from home in order to limit social interaction and motivate a 'stay home, stay safe' motto.	Improved safety measures at all business premises have allowed staff to return to work from the office. Social distancing is strictly adhered to and physical interaction between staff is discouraged. Where necessary, facilities have been provided to enable remote working.
Development of a 3-month work plan	This was done to foster a sense of responsibility by each staff member, ensuring staff remained busy over the lockdown period and managed their time and deadlines well. A 3-month plan also ensured workplans and deliverables were clear should the 28 day lockdown period be extended. Constant feedback and communication with line managers also enabled an easy transfer of tasks should any staff member fall ill.	We continue to work with a planned strategic approach, ensuring our tasks are done efficiently and are communicated well to our colleagues and line managers allowing for any Covid-19 related setbacks to be quickly resolved.
Investment in IT infrastructure	A significant investment was made in terms of purchasing laptops for staff that used desktops, and Wi-Fi devices to enable remote working. Improvements were made to our cyber security to limit the impact of ransomware attacks as these have risen in recent months due to hackers taking advantage of the Pandemic and remote working conditions. Microsoft Teams was installed on all laptops to ensure easier and timely communication between employees.	The use of virtual meeting methods is now a preferred method of communication across the Group. Improvements in IT is a continuous process, and a Group IT Steering Committee was established to assist with ensuring the best solutions and safety methods are adopted across the Group.

3 Cash and liquidity management

	Action	18 months later....
Deferral of capital expenditure	All non-essential capital expenditure had been put on hold until further notice. This is to limit unwarranted cash outflows and ensure adequate liquidity management.	Capital expenditure is still restricted with certain Group projects being postponed in order to ensure optimum cash management and focus on critical projects.
Supply chain management	Regular communication with suppliers to ensure minimal disruption in the supply chain.	Meetings and reviews with suppliers are conducted regularly to ensure the impact of any unforeseen border closures, product shortages and supply chain interruptions are limited.
Review of banking covenants in place	Confirmation of all banking facilities in place to ensure these are accessible should the need arise	A review of banking facilities is done on an annual basis, and we are comfortable that optimum use is made of these facilities.
Development of revised cashflow forecasts for next 12 months	Exercise completed to ensure all business units catered for the impact of Covid-19 and how this may alter their cash position in the coming year including remediation plans.	Cashflow forecasts and budgets have been prepared with the assumption that COVID will continue to impact our operations for the forthcoming year. These are reassessed as required, taking into consideration any changes in operation.
Close monitoring of accounts receivables	To ensure default rates are managed and that payments are received as and when due to limit cashflow constraints.	This is an on-going process in all business units. A review of our expected credit losses and debtors' provisions at the year end is proof of adequate controls and close monitoring of the receivables book.



Sefalana - working amidst Covid-19
(continued)

4 Business Continuity - crisis management and response

	Action	18 months later....
Insurance cover	Existing insurance cover was revisited and enhanced to mitigate any additional risk.	Our insurance cover was revisited again during the year, ensuring optimum and aprropriate coverage.
Business Disaster Recovery	A framework was developed with a Big 4 accounting firm to ensure the Group has appropriate measures in place in the unlikely event that the impact of Covid-19 results in severe disruptions to our business.	The business continuity plan is enhanced on an on-going basis.

Business Disaster Recovery

A business continuity policy helps facilitate a structured approach to **disaster recovery and related risk mitigating measures**

It is unlikely that this Pandemic will disappear in the next 12 months, but we are committed to ensuring we do everything **in our power to grow our businesses and support the people within our Organisation**

How has Covid-19 affected our operations?

Over the last year, we have seen a decline in profitability in some of our non-core business units. As our core business relates to that of Fast-Moving Consumer Goods (FMCG), we were fortunate enough to be classified as an Essential Services Provider, however, restrictions on the sale of certain commodities such as liquor and cigarettes together with the generally cautious customer, did impact our trade.

Some of our staff members have been affected by Covid-19 through having contracted the virus or having family members who have contracted the virus. Opportunities to work remotely and adhere to the required isolation period have been provided to all staff. We are happy to confirm that all staff that were affected by Covid-19 across our Group, whether directly or indirectly have made a full recovery, save for the unfortunate loss of two staff members in Namibia and one in Botswana.

We have seen an increase in non-attendance at work, due to self-isolation and quarantine protocols. In total, during the year, our Group has lost over 100 000 working hours due to Covid-19 related absences. Our policy has been to be very cautious and to ensure all contact traced individuals receive counseling from our HR team and that any risk of further infection to other staff members is minimized.

Regular lockdowns, restricted moment, curfews and an attempt to avoid infection have all affected consumer buying patterns. We have done well however in ensuring we have made shopping easy and convenient to the public such that overall margins and profitability have been preserved and grown in many instances.

We continue to uphold strict levels of health and safety measures, providing a secure environment for our staff and customers through ensuring all FMCG stores have a minimum of three staff members that underwent Safety, Health and Environment (SHE) training. This helped to ensure that all protocols for the prompt identification and isolation of possible and confirmed cases are followed and that the spread of infection to other employees, our customers and all other stakeholders is prevented.

We will continue to work hard in ensuring that safety protocols remain a priority for us and that wherever possible our staff are kept safe. It is unlikely that this Pandemic will disappear in the next 12 months, but we are committed to ensuring we do everything in our power to grow our businesses and support the people within our Organisation, our most important assets, that make this Group the success it is today.

Sefalana in partnership with FNBB Foundation gives P1 million of groceries **towards the Government's Covid-19 relief programme**

FNBBFOUNDATION
In Partnership with the Community

Sefalana in partnership with
PST Sales & Distribution gives
P1 million of hygiene products and food towards the Government's Covid-19 relief programme

PST
SALES & DISTRIBUTION

Working together
to make a difference

Financial highlights

Headline performance

for the year ended	2021 P'000	2020 P'000
Revenue	6 292 809	5 835 836
Profit for the year attributable to equity holders of the parent	216 198	197 922
Total comprehensive income attributable to equity holders of the parent	294 868	124 712
Shares in issue at beginning and end of year (number)	250 726 709	250 726 709
Basic and diluted earnings per share (thebe)	86.23	78.94
Total comprehensive income per share (thebe)	117.61	49.74
Dividends per share (thebe) - ordinary - paid	10.00	10.00
Dividends per share (thebe) - ordinary - proposed	30.00	27.50
Dividend cover (times)	2.16	2.11
Net asset value per share (thebe)	800	720
Market price per share at year end (thebe)	937	902

Value added statement

	2021 P'000	2020 P'000
Wealth created		
Revenue	6 292 809	5 835 836
Payments to suppliers and providers of services	(5 640 463)	(5 260 396)
Value addition	652 346	575 440
Share of results from associate	(7 704)	(2 011)
Interest income from bank deposits and other loans	12 398	18 372
Dividends on preference shares	35 486	37 528
Total wealth created	692 526	629 329
Wealth distribution		
To employees	311 410	276 266
To providers of capital	116 976	119 677
Government for taxes	73 384	61 142
Total wealth distributed	501 770	457 085
Wealth retained in the business		
To maintain and develop operations of the Group	190 756	172 244
Number of employees of the Group	5 126	4 076

Shareholder information

Analysis of shareholders

	30 April 2021		30 April 2020	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers Fund	114 082 827	45.50%	114 941 599	45.84%
Motor Vehicle Accident Fund	25 083 138	10.00%	25 083 138	10.00%
Debswana Pension Fund	16 401 979	6.54%	15 044 406	6.00%
Chandra Chauhan	14 134 204	5.64%	13 860 448	5.53%
	169 702 148	67.68%	168 929 591	67.38%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	228 898 418	91.29%	228 762 265	91.24%
Individuals and others	21 828 291	8.71%	21 964 444	8.76%
Total	250 726 709	100.00%	250 726 709	100.00%
Shares held by citizens (individuals and institutions)	242 472 714	96.71%	237 732 456	94.82%

Analysis of shares held by public and non-public shareholders	30 April 2021		30 April 2020	
	Public	Non Public	Public	Non Public
Number of shareholders	1 713	9	1 653	8
Number of shares held	211 091 856	39 634 853	211 375 612	39 351 097
Proportion (%)	84%	16%	84%	16%

Stock Market Information

Number of shares traded (000)	6 678	7 865
Value of shares traded (P'000)	61 867	69 924
Share price for the period (thebe):		
Lowest	902	855
Highest	937	902
Closing	937	902
Market Capitalisation at year end (P'000)	2 349 309	2 261 555

Over the last five years, the Group has generated over P1 billion in profits for its shareholders largely through its expansion and distributed 50% of this in the form of dividends.

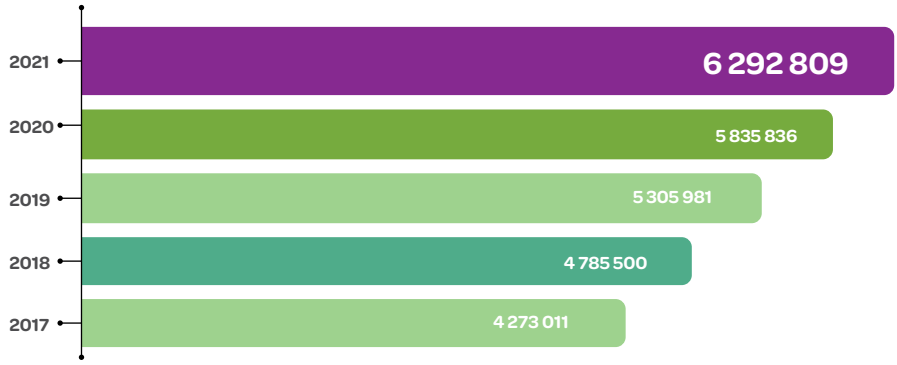
This year we paid our highest ever dividend to date.

Shareholders' calendar

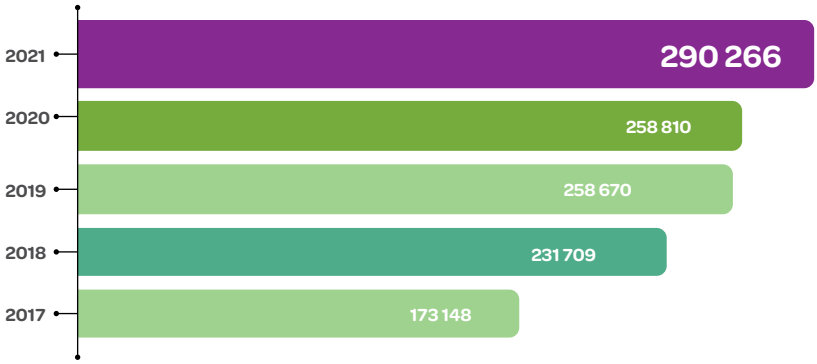
Financial year end	30 April
Announcement of audited results	30 July 2021
Annual General Meeting	29 October 2021
Announcement of half year results	end of January 2022

Five year trending

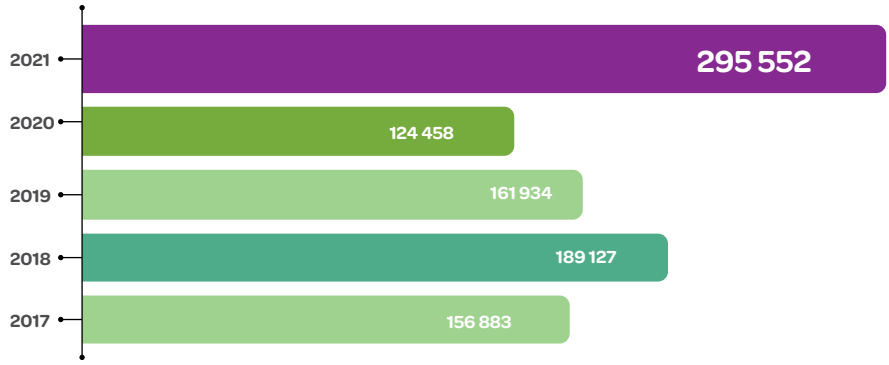
Revenue (P'000)



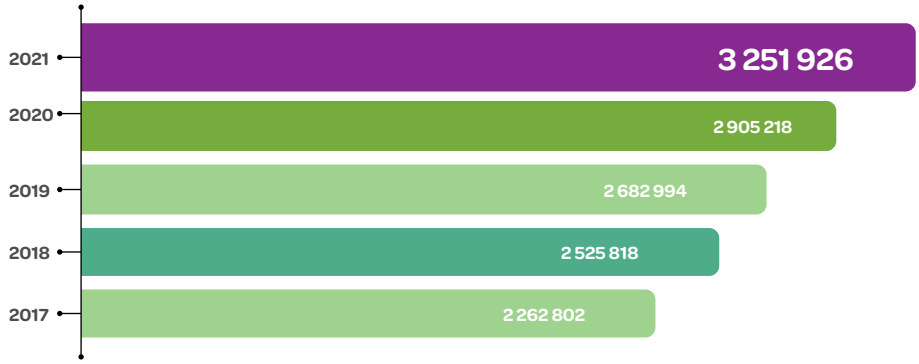
Total Profit Before Tax (P'000)



Total Comprehensive Income (P'000)



Total Assets (P'000)



For the last 10 years (other than in 2017) we have consistently reported improved results year on year.

We are proud of our sustained growth, achieved through perseverance and continued identification of suitable investment opportunities.

Record of financial performance

	30 April 2021 P'000	30 April 2020 P'000	30 April 2019 P'000	30 April 2018 P'000	30 April 2017 P'000
Comprehensive Income					
Revenue	6 292 809	5 835 836	5 305 981	4 785 500	4 273 011
Profit from operations	297 970	260 821	260 664	232 452	172 512
Share of results from associates	(7 704)	(2 011)	(1 994)	(743)	636
Profit before tax	**290 266**	**258 810**	**258 670**	**231 709**	**173 148**
Income tax expense	(73 384)	(61 142)	(60 026)	(54 035)	(44 845)
Profit for the year	**216 882**	**197 668**	**198 644**	**177 674**	**128 303**
Other comprehensive income / (loss)	78 670	(73 210)	(36 710)	11 453	28 580
Non - controlling interests	(684)	254	216	(1 803)	(3 356)
Total comprehensive income for the year attributable to equity holders of the parent	**294 868**	**124 712**	**162 150**	**187 324**	**153 527**
Earnings per share (thebe)	86.23	78.94	79.31	70.14	53.35
Total comprehensive income per share (thebe)	117.61	49.74	64.67	74.71	65.33
Dividends per share (thebe)	40.00	37.50	37.50	33.00	30.00

	30 April 2021 P'000	30 April 2020 P'000	30 April 2019 P'000	30 April 2018 P'000	30 April 2017 P'000
Financial position					
Property, plant and equipment	790 504	756 867	641 720	617 064	543 765
Right of use assets	171 752	140 984			
Investment property	211 082	234 705	287 166	260 685	262 923
Intangible assets	127 141	119 915	134 546	145 823	150 332
Investment in associates	71 542			2 616	5 030
Investment in joint venture					1 314
Investment in preference shares	194 997	175 858	197 895	198 114	
Deferred lease assets	4 404	3 842	2 656	1 090	2 033
Deferred tax assets	28 523	23 717	17 254	16 708	13 546
Trade and other receivables	7 207	2 473			
Current assets	1 620 816	1 446 857	1 401 757	1 283 718	1 275 859
Asset classified as held for sale	23 958				8 000
Current liabilities	(888 722)	(774 222)	(689 113)	(609 590)	(434 218)
Non - current liabilities	(356 976)	(326 299)	(218 792)	(220 332)	(215 714)
Non - controlling interests	(15 095)	(14 981)	(16 064)	(16 280)	(47 100)
Equity attributable to equity holders of the parent	**1 991 133**	**1 789 716**	**1 759 025**	**1 679 616**	**1 565 770**

03 EXECUTIVE REPORTS

Weathering the storm
Expansion through purpose

Board of Directors

Chandra Chauhan
Group Managing Director
Executive

Jennifer Marinelli
Board Chairperson
Independent Non-Executive Director

Mohamed Osman
Group Finance Director
Executive

Keneilwe P Mere
Independent Non – Executive Director

Bryan Davis
Sefalana Cash and Carry Namibia
Managing Director – Executive

Mr Moatlhodi Sebabole
Independent Non – Executive Director

Ms Susanne Swaniker-Tettey
Independent Non – Executive Director

Board of Directors
(continued)

Jennifer Marinelli (63)
Board Chairperson (Independent Non-Executive Director)
Main Board Attendance *2/4

Jennifer Marinelli is a fellow member of the Botswana Institute of Chartered Accountants and the Institute of Chartered Accountants of Zimbabwe. Mrs Marinelli holds a Bachelor of Accounting Science from UNISA. She has over twenty-two years' experience employed at Deloitte & Touche where she was an Audit Partner. She currently runs a successful consulting business. Jenny is also a Board member of Stanbic Bank Botswana. She served on the Board of Sefalana from 2001 to 2015.

*Jennifer re - joined Sefalana on 1 December 2020 as Board Chairperson. She is also the Chairperson of the Board Nominations Committee and the Board Social Responsibility Committee and is a member of the Remuneration Committee.

Chandra Chauhan (59)
Group Managing Director – Executive
Main Board Attendance: 4/4

Chandra is a Chartered Accountant who trained and qualified with KPMG in the United Kingdom. A Zambian by birth, he became a naturalised citizen of Botswana and has over the years become a very successful entrepreneur and respected businessman. He is currently the Group Managing Director, having been appointed to the Board in August 2002. He has been responsible for turning around and restructuring Sefalana and has seen its market capitalisation increase from P64 million in 2004 to its current capitalisation of just under P3 billion. He is also a Non - Executive Director of Botswana Insurance Holdings Limited, a company listed on the Botswana Stock Exchange having been appointed to its Board in April 2009 and he is the Chairman of the Board of Botswana Life Insurance Limited. Mr. Chauhan has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and FCA (Botswana).

Mohamed Osman (44)
Group Finance Director – Executive
Main Board Attendance: 4/4

Mohamed is a Fellow Chartered Accountant who trained with KPMG and Ernst and Young in the UK for over 10 years. He joined Sefalana as the Deputy Group Finance Director in March 2012 and was promoted to the position of Group Finance Director in January 2014. He worked closely with a number of Retail and Manufacturing businesses in the UK having spent 15 years away from Botswana. Mohamed graduated with a BCom (Hons) degree from the University of Birmingham in the UK and qualified under the Institute of Chartered Accountants of England and Wales (ICAEW). He has an MBA in International Management from Edinburgh University in Scotland and has attended Executive Leadership courses at Harvard Business School Cambridge Massachusetts, and MIT Sloan School of Management in Boston. He has also completed the Expert course under the Institute of Mergers and Acquisitions (IM&A) given his keen interest in business development and growth.

Mohamed also serves as the Principal Officer of the Sefalana Group Pension Fund and is the Botswana representative for the ICAEW.

Keneilwe P Mere (48)
Independent Non – Executive
Main Board Attendance: 4/4

Keneilwe is an attorney of the High Court of Botswana with over 18 years of experience. She is one of the founding partners of Moribame Matthews, a law firm whose services include civil litigation, corporate and commercial law, intellectual property, conveyancing and alternative dispute resolution. She attained her Bachelor of Law degree (LLB) with the University of Botswana in 2001. After a short period with Lesetedi & Company in 2001 she joined Collins Newman & Company as a Pupil Attorney and left in 2007 as a Senior Associate Attorney. Keneilwe's specialty lies in civil litigation and commercial law with specific clientele in the finance, insurance, mining and property industries.

Keneilwe is member of the Law Society of Botswana and a member of the International Bar Association. She is a Board member of Kgare Insurance Brokers (Pty) Ltd. She is also the past Vice Chairperson of the Cancer Association of Botswana. Keneilwe is passionate about female empowerment and the advancement of youth in the economic sphere. As an active member of the Law Society of Botswana, Keneilwe's focus is on the progression of women attorneys in private commercial legal practice. She joined the Sefalana Holding Company Board of Directors on 25 January 2017.

Keneilwe is the Chairperson of the Remuneration Committee, and a member of both the Audit and Risk Committee and the Board Nominations Committee.

Bryan Davis (63)
Sefalana Cash and Carry Namibia – Managing Director – Executive
Main Board Attendance: 4/4

Bryan joined the Board of Sefalana Holding Company Limited on 1 July 2018 as an Executive Director having been appointed in 2014 as the Managing Director of Sefalana Cash & Carry Namibia (t/a Metro Namibia) which saw the expansion of Sefalana into the region.

Bryan has over 40 years of experience in the wholesale and retail sectors through his various roles in Metro Cash & Carry in South Africa, Lesotho, Botswana and Namibia, Retail Market in India, Checkers South Africa and Grand Bazaars. He was also previously the Managing Director of the Cash & Carry business in Botswana up until 2009.

Bryan holds an MDP (Management Development Program) from the Free State University, South Africa.

Ms Susanne Swaniker-Tettey (46)
Independent Non – Executive
Main Board Attendance: *3/4

Susanne is a Fellow Chartered Accountant who possesses practical knowledge in Financial Management with core competencies in Financial Reporting, Financial Analysis, Strategic Planning, Governance and Compliance, among others. She is currently the Chief Financial Officer (CFO) of De Beers Global Sightholder Sales (Pty) Ltd and a former CFO of Okavango Diamond Company (Pty) Ltd and Boteti Mining(Pty) Ltd now Lucara Botswana.

Susanne holds an MBA from Oxford Brooks University and an M.Sc. in Accounting from University of Glamorgan (Wales, UK) . She is a Fellow Chartered Accountant of Botswana Institute of Chartered Accountants (BICA) and a Fellow of the Association of Certified Chartered Accountants (UK). She was awarded "Woman of the Decade in Finance and Leadership" by All Ladies League & Women Economic Forum (New Dheli) in 2017.

She is currently Treasurer of BICA, Chairperson of Morula Capital Partners and a Board member of Mount Pleasant School.

*Susanne joined the Board of Sefalana on 1 October 2020 and is the Chairperson of the Sefalana Audit and Risk Committee and is a member of the Remuneration Committee.

Mr Moatlhodi Sebabole (34)
Independent Non – Executive
Main Board Attendance: *3/4

Moatlhodi is the Chief Economist of First National Bank Botswana, where he conducts macroeconomic forecasts and analysis, and also provides insight and synergy between the bank's strategy and economic developments. He is a former Finance Lecturer at the University of Botswana and also taught Quantitative Finance at the University of Essex, UK. Moatlhodi previously worked at Stanbic Bank in Risk Management, as well as at the Botswana Stock Exchange in Product Development.

Moatlhodi holds an M.Sc. in Finance & Investment from University of Essex and a Bachelor of Finance from University of Botswana. Among his accolades, he received the 50 Young Batswana Change-makers award under the Leadership & Business track in 2016 and completed the 2017 Mandela-Washington fellowship at Case Western Reserve University at Cleveland, Ohio (US).

He is currently the Chairperson of the Botswana National Transformation Strategy Team appointed by the President of Botswana.

*Moatlhodi joined the Board of Sefalana on 1 October 2020 and is a member of the Audit and Risk Committee, Board Nominations Committee and the Board Corporate Social Responsibility Committee.

Nomination Committee
Remunaration Committee
Audit & Risk Committee
CSR Committee

All Non-Executive Directors are independent

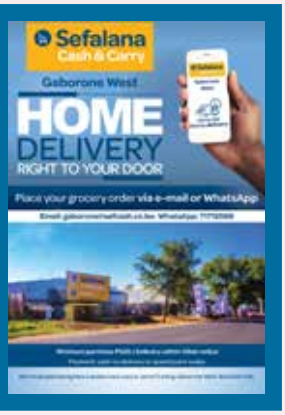
Chairperson's report

The Board considers its performance an integral part of good governance,

as such it carries out annual Board evaluations to assess its performance in discharging its duties.

The purpose of the evaluation is to assess **Board effectiveness** through interrogating governance, accountability and Board processes.

Our customers demand a **value-added shopping experience** AND EXPECT TO BE ABLE TO SHOP WITH US USING A VARIETY OF PLATFORMS; in-store, home delivery, collection from store, online and through their mobile phones, all at a time that suits them.



Number of **Employees**

5 126

97% of Sefalana shares **are held by BOTSWANA INSTITUTIONS** or Botswana citizens

97%

A heartfelt thank you to my fellow directors,

the senior management team, our customers and most importantly our front-line staff WHO WORK TIRELESSLY TO ENSURE OUR SHELVES ARE WELL STOCKED

and that customers receive a clean, safe, and efficient shopping experience despite the challenges imposed by the current environment.

Following a long and retentive history with Sefalana, and currently in my short time as Chairperson, I have been deeply impressed by Sefalana's passion **and commitment to providing our customers with exceptional and innovative service delivery every day,** AND HAVING SHAREHOLDER VALUE AT THE FOREFRONT OF ALL INVESTMENT DECISIONS. This has been pivotal to theGroup's **success story** over the years.

As always, we maintain our promise of being a truly home-grown company, OWNED BY THE PEOPLE OF BOTSWANA **through giving back a healthy return** to our shareholders in the form of dividends.

Chairperson's report

(continued)

I am elated to have joined the Sefalana Board once again. I do so at a time of global crisis – a time of economic uncertainty brought on by the Covid-19 Pandemic.

Following a long and retentive history with Sefalana, and currently in my short time as Chairperson, I have been deeply impressed by Sefalana's passion and commitment to providing our customers with exceptional and innovative service delivery every day, and having shareholder value at the forefront of all investment decisions. This has been pivotal to the Group's success story over the years.

Our customers demand a value-added shopping experience and expect to be able to shop with us using a variety of platforms; in-store, home delivery, collection from store, online and through their mobile phones, all at a time that suits them. We work hard to deliver this and recognise that our customer tomorrow will expect an even better experience.

2020/21 has been a challenging year, testing our processes for quick and effective decision-making and management, in an uncertain climate requiring a constantly changing way in which we live, work and interact. Together, we are working to create a better tomorrow, for our people, our customers and for our wider community.

We embraced our position as a leader in the FMCG industry and came forward to assist our communities. We actively partook in the presidential Covid-19 relief campaign, assisting disadvantaged members of our community and providing support through food hampers and donations of essential hygiene products.

Although this was a uniquely different year where many entities were hesitant to move ahead with new ventures, we remained optimistic and commenced our year with an investment in a chain of FMCG stores across the ocean in Australia, a new territory, as we move forward with our strategy to grow our core FMCG business and diversify our revenue streams. This investment was preceded by careful evaluation over a period of 18 months, a strong balance sheet and sound capital management. We are now embarking on the second phase of this investment through which we will gain a stronger presence in that country. This investment is a long term investment and the real returns will be evident in a few years' time, once we have established our critical mass and optimum structure. We believe this

diversification into a hard currency will put our Group in a favourable position for sustainable growth.

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives. We are very cognisant of the Government's focus areas for the development of the country, and where possible we look to identify opportunities which are aligned to those focus areas. We are confident that we have the right strategy in place to do this.

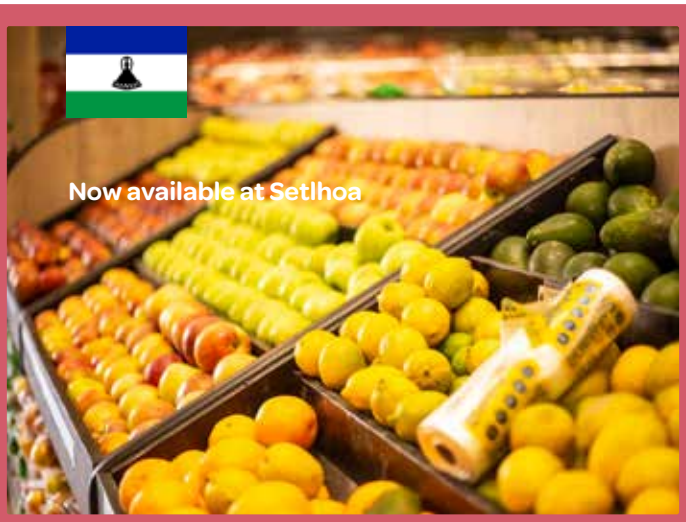
As I conclude, a heartfelt thank you to my fellow directors, the senior management team, our customers and most importantly our front-line staff who work tirelessly to ensure our shelves are well stocked and that customers receive a clean, safe, and efficient shopping experience despite the challenges placed by the current environment.

During Dr. Kedikilwe's five year tenure as Chairman, the Sefalana Group progressed from strength to strength in terms of expansion and diversity. We thank him for his invaluable support and guidance. I look forward to continuing this course as we navigate across the unprecedented challenges which invariably will not disappear until many years down the line.

To our shareholders, we look forward to your continued support in the coming year with our promise to provide you with a fruitful, safe and secure basket of investment opportunities.

Our AGM will take place virtually on Friday, 29 October 2021 in a similar manner to the previous year. We look forward to engaging with you at that forum.

J M Marinelli
Chairperson



2020/21 has been a challenging year, testing **our processes for quick and effective decision-making and management,**

in an uncertain climate requiring a constantly changing way in which we live, work and interact.

Together, we are working to create a better tomorrow, for our people, our customers and for our **wider community.**

The Sefalana Group first emerged in 1974 consisting of 6 wholesale stores and a maize mill.

Over the 47 years since then, the Group has grown extensively

and ventured into new industries and **territories.**

Select your packed or individual fruit and vegetables in-store

Farm Fresh
Fruit & Vegetables

47 Years of creating value

Group Managing Director's report

The desire for a one-stop shop is very much apparent and we have **responded accordingly through offering a wider variety of goods and services in-store.**

Although it has been a challenging year during which the Pandemic has remained an obstacle and distraction for business and economic growth, **we have tirelessly and actively worked to overcome these challenges, through finding new ways of doing business.**

Our manufacturing operations which support the FMCG businesses have performed well **and further expansion is expected in the coming 12 months with certain projects being considered and evaluated.**

Although it has been a challenging year during which the Pandemic has remained an obstacle and distraction **for business and economic growth, we have tirelessly and actively worked to overcome these challenges, through finding new ways of doing business.**

Our Fruit and Vegetable business that procures and supports the Botswana FMCG businesses has performed exceptionally well this year. **Improved quality and pricing have enhanced our overall in-store offerings. This business has dramatically improved performance ever since it became a fully owned subsidiary company from its previous joint venture status.**

We entered the Australian market through an investment in a 40% associate company that operates in the FMCG sector. **The Australian business, by the name of Seasons Group, consists of a chain of 8 supermarkets in the Brisbane area.**

Our Namibian business has done particularly well **this year and has remained strong despite the local economy taking some level of strain.**

We have also benefited from the third tranche of returns **from our South African investment which is performing broadly in line with plan.**

We are the leader in Cash & Carry in Lesotho. No additional stores were opened during the year. **We have a total of 4 stores across the country.**

Group Managing Director's report
(continued)

For the last 10 financial reporting years, with the exception of the April 2017 year end, we have consistently reported improved results each and every year. We are extremely pleased to report once again, our best ever results to date, despite the challenges we have been facing.

We generated a profit before tax ("PBT") of P290 million! This is on the back of reporting our best ever PBT for the half year ended 31 October 2020 of P149 million.

Although it has been a challenging year during which the Pandemic has remained an obstacle and distraction for business and economic growth, we have tirelessly and actively worked to overcome these challenges, through finding new ways of doing business; and maintaining and growing market share wherever possible in each of our segments.

Our Group had put in place measures as early as November 2019 to prepare for the unknown impact of the Pandemic, and this has helped us prepare and navigate through these difficult times. On an on-going basis we look at ways in which we are able to mitigate these adverse impacts, for example by providing our customers with alternative ways of shopping, or by offering a wider range of products and services.

Financial highlights

For the year ended 30 April 2021, the Group's:

Revenue was
P6.3 billion
up 8% on prior year

8%

Gross profit was
P454 million
up 17% on prior year

17%

Our greatest strategic focus has been for some time now, on the core Fast Moving Consumer Goods (FMCG) business **where we have placed considerable efforts to enhance margins and relative contribution to Group results. This has applied not just to Botswana but also to Namibia and Lesotho.**

Earnings before interest, tax and amortization ("EBITA") was **P279 million** up 18% on prior year

18%

Profit before tax was **P290 million** – up 12% on prior year

12%

Final dividend of
30 thebe per share
paid to our Shareholders.
Our highest ever dividend to date!

We also endeavour to continually deliver and exceed expectations of our various stakeholders through careful planning and execution of operational matters. We have managed to do this through dedication and perseverance by our motivated teams across the business. We are pleased to report that we did not retrench any of our staff during the Pandemic and ensured all our staff throughout the Group were fully paid. We also applied pay increases wherever possible to assist our staff during these troubled times.

Our greatest strategic focus has been for some time now, on the core Fast Moving Consumer Goods (FMCG) business where we have placed considerable efforts to enhance margins and relative contribution to Group results. This has applied not just to Botswana but also to Namibia and Lesotho. As a result these sectors have done well during the year and have contributed 60% of the Group's reported PBT.

Our Namibian business has done particularly well this year and has remained strong despite the local economy taking some level of strain. Through improved in-store offering and gaining further market share, this segment has contributed 30% of the Group's PBT for the year.

Group Managing Director's report
(continued)

Our manufacturing operations which support the FMCG businesses have performed well and further expansion is expected in the coming 12 months with certain projects being considered and evaluated.

We have also benefited from the third tranche of returns from our South African investment which is performing broadly in line with plan. The fourth tranche was received subsequent to the year end on 1 July 2021. The five-year period relating to this preference share investment ends in July 2022. Further details to follow later in this report.

Our expansion into Australia

As previously reported, and effective 7 May 2020, we entered the Australian market through an investment in a 40% associate company that operates in the FMCG sector. The Australian business, by the name of Seasons Group, consists of a chain of eight supermarkets in the Brisbane area. Total purchase consideration for Sefalana's investment in this business amounted to AUD 10.5 million (P83 million), which is considered its fair value. Performance from this business is broadly in line with plan and is already generating positive earnings before interest, tax, depreciation and amortisation (EBITDA) in its first year.

The Australian market is accustomed to relatively long lease periods of 15-20 years and in accordance with IFRS 16 – Leases, the Right of Use Asset and related Lease Liabilities are therefore significant. This results in a front-loaded depreciation and interest charge in the earlier years of the leases. As a consequence, the positive EBITDA of AUD 4.7 million (P39 million) has been eroded by related lease charges. In the latter lease period however, this is expected to unwind, such that the reported PBT figures for this investment will grow significantly. This is aligned to our intention to re-invest in that business for the first five years before dividends are declared to shareholders.

The return on this investment will be seen in the medium to long term. During the short term, our presence in the market is increasing as we move towards achieving our target of 12 stores which will provide the critical mass to optimize on economies of scale and profitability. The Group's share of losses, which includes once-off startup costs relating to this associate, amounted to P5.5 million for the year.

The performance of each segment is expanded upon in more detail later in this report.

Segmental Reporting

The Group's business and geographical segments are reported separately. Inter-segment transactions are eliminated, and costs of shared services are accounted for in a separate ("Inter-segment or Unallocated") segment. All transactions between segments are at fair value and arm's length.

Review of operations

Botswana Business units - 61% of Group profits

Overall Botswana business units have generated P177 million of PBT for the year, up 31% on the prior year. From the three main territories in which we are present, this location has experienced the greatest impact of the Pandemic. We have done exceptionally well this year to combat this.

Trading – consumer goods

In the latter half of the previous financial year the impact of Covid-19 restrictions became apparent and this continued into the current financial year. Whilst consumers have begun to visit stores more often than during the initial phase of the Pandemic, it is not yet at the levels we have seen in the past. The consumer is still somewhat cautious and tends to focus more on necessities rather than luxuries. The desire for a one-stop shop is very much apparent and we have responded accordingly through offering a wider variety of goods and services in-store.

The most significant negative impact experienced, predominantly during the first half of the financial year on this business unit, was the restrictions on liquor sales which had been in place for the entire six month period. This resulted in approximately P8 million of lost profit during that period. Restrictions were lifted during the second half of the financial year as the liquor industry as a whole had been deeply affected. Whilst liquor sales have not normalized yet, the adverse impact was reduced in the second half to around P5 million.

In order to make shopping easier for our customers, we relaunched our online offering through the popular Yamee application (previously MyFoodness). We offer both groceries and liquor through this medium and will look to introduce additional offerings in the coming year including fruit and vegetables. Customers are keen to purchase online and the number of customers in this space increases every month. Phone orders and WhatsApp orders are also accepted from customers who had become used to this facility during the lock-down.

The FMCG business during this year, looked for alternative ways in which to improve margins and maximise bottom line profits. More aggressive buying activity and basket mix optimization, along with overhead cost reductions helped contribute to the overall strong performance. We are now looking to roll out solar panels in many of our larger stores where additional savings can be made.

Sefalana Cash & Carry Limited contributed 54% and 27% of the Group's revenue and PBT for the year, respectively. Turnover amounted to just under P3.4 billion, which was up 2% on the prior year. Given the significant drop in liquor sales, we are very pleased with this overall result.

At the beginning of the financial year, Sefalana Cash & Carry operated four Hyper Stores ("Sefalana Hyper"), 25 Cash & Carry stores ("Sefalana Cash & Carry") and 29 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total of 58 stores in Botswana. In the first half of the financial year, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Shakawe, a Sefalana Liquor outlet in Tlokweng, and a refurbishment of our Sefalana Shopper Molepolole store. In the second half of the year we further expanded our presence with a Sefalana Shopper in Sebina and Metsimothlabe. This created close to an additional 300 jobs. In May 2021 we opened a Sefalana Shopper in Ramotswa and look forward to our second Sefalana Shopper "The Big One" at Molapo Crossing in August. This will bring with it an additional 180 jobs.

We remain committed to giving back to the Community. For the third year running, as part of our annual birthday promotion, our Cash & Carry business gave away 29 mobile kiosks empowering Batswana to start their own businesses. Total cost of these kiosks amounted to just under P2 million. We are proud to have empowered local entrepreneurs to run their own businesses. Our Retail birthday promotion focused on giving away P1.8 million in the form of cash. This generated a lot of excitement in the market as we found a number of our retail customers preferred cash rather than prizes in kind. With total prizes amounting to just under P4 million, this is one of our largest annual customer engagement events.

As expected, our Sefalana Catering division was impacted adversely by the restrictions placed on the Hospitality sector during the Pandemic. This division focuses on serving an end-to-end solution to that industry with ambient and frozen foods in wholesale size units. This business offers over 2,000 additional different product lines not previously sold within the Sefalana group and is expected to make a sizable contribution to the Botswana FMCG business in the next three years as soon as the impact of the Pandemic is behind us and tourism and entertainment businesses are normalized.

Overall a very pleasing performance by this division in the context of the difficult trading environment.

Trading – others

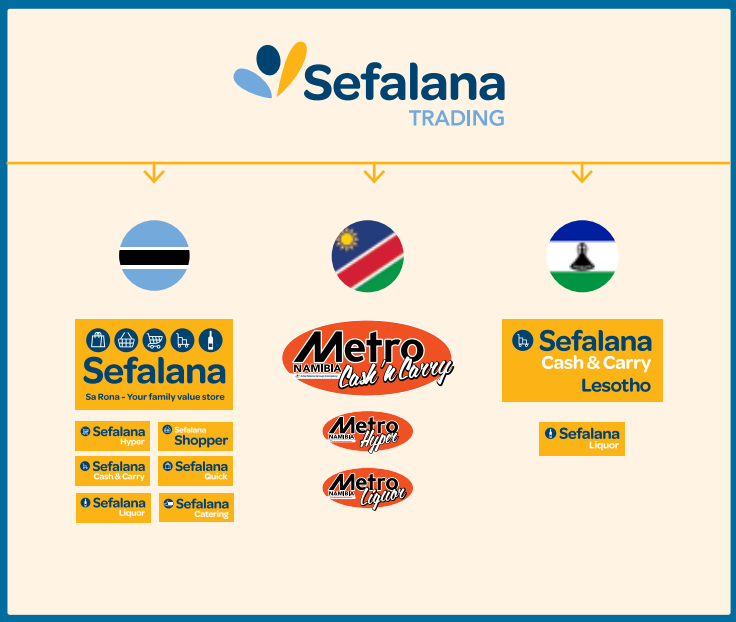
This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 1.5% and 1% to Group turnover and PBT, respectively. This remains a relatively small Group segment in line with our focus on the core business of FMCG.

CML historically relied on tender business, and over recent years has been focusing on growing its private sales as a result of a general decline in tenders. During the current year, the business secured the sale of a number of vehicles to the private sector to mitigate against the reduced tender activity. Activity was however significantly below our expectations due to the reduced appetite for new vehicles during the uncertainty introduced by the Pandemic.

MFL continues to focus on the supply of services and equipment to Botswana Railways and made a modest contribution to overall Group results.

Manufacturing

Foods Botswana (Pty) Limited ("FB") contributed 4% and 11% to Group turnover and PBT for the year, respectively. The profitability of this business is largely dependent on the timing of orders placed by Government in respect of the various feeding schemes and also availability of raw materials.


Sefalana
TRADING
Sefalana
Sa Rona - Your family value store
Sefalana Hyper
Sefalana Shopper
Sefalana Cash & Carry
Sefalana Quick
Sefalana Liquor
Sefalana Catering
Metro Namibia Cash 'n Carry
Metro Namibia Hyper
Metro Namibia Liquor
Sefalana Cash & Carry Lesotho
Sefalana Liquor

Our greatest strategic focus has been for some time now, on the core Fast Moving Consumer Goods **(FMCG) business where we have placed considerable efforts to enhance margins and relative contribution to Group results.**

Zambia
Namibia
Botswana
Lesotho
South Africa
Australia

Operating Divisions

Our investment in South Africa

The Consortium currently owns 17 stores across the country which are well located in areas where there is a strong population to support its trade. For all target chains acquired to date, performance has improved post take-over.

Our investment in Australia

In April 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, consists of a chain of eight supermarkets in the Brisbane area.

Sefalana MOTORS

Cm Commercial Motors

Sefalana INDUSTRIES

Fb Foods Botswana

Sefalana PROPERTIES

Mi Meybeernick Investments

Sz Sefalana Zambia

Group Managing Director's report
(continued)

Milling Division

During the year FB manufactured and supplied in full its commitment to Government for all 12 months; however the business was only awarded one third of the total contract volumes in respect of the 24 month contract issued in April 2020. We await further instruction from Government should additional volumes be required from us as we are aware that not all suppliers have fulfilled their expected delivery volumes.

We have in the meantime continued to focus on the manufacture and supply of branded products to utilise factory capacity and to avoid unemployment. Growth in this area is positive and showing an upward trend. Our house brands have increasingly become a popular household name and a preferred choice in many regions across the country.

From a raw materials perspective, we have procured and entered into contracts to procure adequate grain to fulfil any additional volumes that Government might require from us. We have done this through securing P57 million of grain from BAMB in support of local farmers towards the end of the prior year. In addition, a further P20 million of grain was sourced directly from the farmers. We are proud to be such a large supporter of locally produced grain.

Beverages Division

This division is heavily dependent on the manufacture and supply of milk to Government for the children's feeding scheme. In 2019 we were pleased to be awarded the 24 month tender which we completed in June 2021.

Raw material shortages in the Region have resulted in a slowdown in production volumes. We are in constant discussions with our suppliers in South Africa in an attempt to increase procurement, but due to a reduced herd of dairy cows during the Pandemic, where focus was placed by farmers on meat production rather than dairy, there is a catch up underway to reinstate the dairy cow population.

In June 2021 there was once again, an outbreak of Foot and Mouth Disease in South Africa and this has resulted in further milk shortages. We are expecting shortages to continue for some time as local farmer production volumes is well below requirement, and reliance on importation is still strong. We have embarked on a project to enhance local production of raw milk, and this is expected to reduce our reliance on imported milk in the ensuing year.

Government tenders for 2021/22 onwards will now no longer be centralized. We have submitted our tenders to local authorities and await their allocations whilst we attempt to secure additional raw milk as soon as restrictions are lifted.

Our focus also continues on building the Delta Fresh brand which has increased by over 30% year on year, and ensuring our distribution is maximised. Delta Fresh milk has been available throughout Botswana in most retailers but again, raw material shortages in the Region is impacting our current ability to service the increased demand in the market.

Despite these challenges, this sector has performed very well with an 82% growth in PBT year on year.

Properties

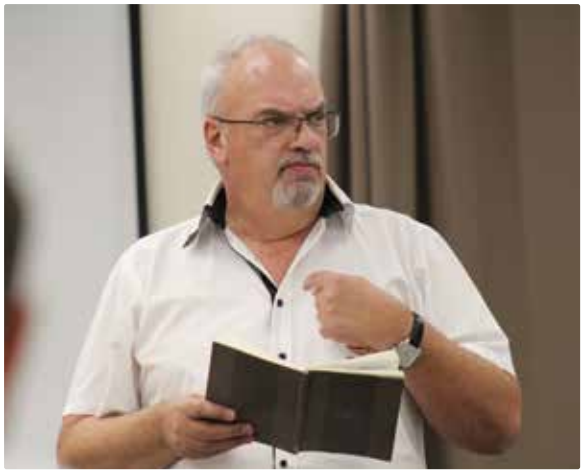
Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 22% to Group revenue and PBT respectively. Almost all properties are tenanted, and leases are in place for between two and five years with option periods in some. Profit of P63 million was generated compared to P40 million in the prior year, mainly due to improved rental streams in some of our larger premises which resulted in additional income and also fair value gains on those properties. A full valuation was carried out by an independent third party on all properties owned by the Group.

> The KSI property development of 5,000 sqm of warehouse space **continues to be fully let with on-going demand for the sites.**

Towards the end of 2017, we commenced the development of four plots at our Setlhoa site. The site is now complete, with our Sefalana Shopper store, our own petrol station and space let out to Italtile and CTM. Just over 20,000 sqm of land remains vacant. We initially earmarked this land for our Motor Dealership but have subsequently decided against this and anticipate building warehouse units to optimize our return from that property.

The P100m loan taken out for the purpose of developing property will begin its five year repayment period in 2025.



Namibia was the single largest **contributor to Group profits for the year.**

Our operations in Namibia continue to grow despite evidence of stress in the economy, largely through **margin focus and cost curtailment. This business continues to make a significant contribution to overall Group results each year.**

Regional operations and foreign exchange exposure

Our diversification into the neighbouring countries over the last five years has helped us maintain and grow the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our business model has been tailored to suit each economy accordingly.

Diversification into the Region brings with it foreign exchange exposure. For the year, we have recorded a retranslation gain of P62 million largely relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated. Our expansion into Australia allows us to mitigate the exposure to the ZAR investments. A foreign exchange loss of P86 million, predominantly in respect of the ZAR devaluation, was recorded in the prior year. These retranslation gains and losses are largely temporary and are recorded in other comprehensive income and losses in line with IFRS.

Foreign Business units

Metro (Sefalana) Namibia – 30% of Group profit

Metro Namibia contributed 32% and 30% of revenue and PBT for the year, respectively. Turnover amounted to P2 billion, a growth of 17% on the prior year. PBT amounted to P87 million, up an impressive 63% from the prior year including the impact of a positive foreign exchange movement. Our operations in Namibia continue to grow despite evidence of stress in the economy, largely through margin focus and cost curtailment. This business continues to make a significant contribution to overall Group results each year.

At the start of the year, we had 21 stores across the country. During the period there were no new store openings. We have now met our medium-term target of 20 stores and we will look at new locations only if the sites are exceptional. Growth will be cautious given the economic environment. We believe the current store compliment is adequate to generate a respectable level of return for the full year.

This business was the single largest contributor to Group profits for the year.

Group Managing Director's report
(continued)

Sefalana Lesotho

We have now been operating in Lesotho for five years and have been focusing on increasing our presence in the country through the opening of two stores in Maputsoe last year. We are the leader in Cash & Carry in Lesotho. No additional stores were opened during the year.

We have a total of four stores across the country. Profit of P7 million was generated compared to P1 million in the prior year.

We have a long standing matter with the Lesotho Revenue Authorities (LRA) to recover VAT due and payable to Sefalana. We are hopeful of full recovery of this in the coming months, and are working closely with our legal representatives and the LRA to ensure cash flow for our business is not impacted for much longer. This is inhibiting further growth in Lesotho for the Group.

Our investment in South Africa

We invested into a South African consortium in July 2017. Under this transaction, Sefalana invested R250 million and earns a fixed annual return of R50 million for five years, after which point we have an option to convert this investment into a 30% equity stake in the consortium, or to redeem the investment. The consortium has been established with experienced players in the FMCG market in South Africa.

The aim of the consortium is to acquire a number of existing chains and grow the store compliment such that this is a significant business within a ten year period. We are pleased to report that this consortium is performing well and that four years into its operations, the future prospects remain very positive. Our reported results include P35 million of income pertaining to this investment. This has been recorded under "investment income". A fair value loss of P5 million has been recorded for this segment in respect of its carrying value in accordance with IFRS.

The Consortium currently owns 17 stores across South Africa which are well located in areas where there is a strong population to support its trade. For all target stores acquired to date, performance has improved post take-over.

Zambia property

There has been a significant increase in supply of warehouse space in Lusaka over the last three years. Consequently, we had had a number of tenant rotations. Replacement tenants have been secured in some cases albeit at lower rentals. Our current occupancy rate is around 60%. We continue to look for suitable tenants for the remaining space. Performance by this segment has accordingly been below that of the previous year.

Our investment in South Africa

We invested into a South African consortium in July 2017. Under this transaction, Sefalana invested R250 million and earns a fixed annual return of R50 million for five **years, after which point we have an option to convert this investment into a 30% equity stake in the consortium, or to redeem our investment.**

Namibia property portfolio

Since our entry into Namibia in 2013, we have focused on establishing a property portfolio similar to the one developed over the years in Botswana. In previous years the new head office site in Windhoek was secured, along with an additional property in Keetmanshoop where we erected a purpose-built warehouse for our new cash and carry.

No capital investment took place during the year as we decided as a Group to cut back on additional spend until the impact of the Pandemic is better understood. In doing so we preserved cash flow to support operations.

Prospects

South African investment

Our Preference share arrangement in South Africa is due to mature in July 2022. A decision will be made prior to 31 December 2021 regarding our appetite to convert this preference share into a 30% equity investment or to simply redeem this investment. There are a number of moving parts to consider and we will notify shareholders in due course on further developments as they arise.

National Lottery

Our 40% interest in Grow Mine Africa (Pty) Limited, (the entity applying for the National Lottery bid) remains in place. Further updates will be provided in due course.

Directors

Dr Keith Jefferis resigned from the Board on 31 May 2020 as previously reported, in order to pursue a role in the Ministry of Finance and Economic Development.

Mr Elias Dewah and Mr Reginald Motswaiso retired from the Board on 31 October 2020 after serving their maximum permissible term.

Mr Moatlhodi Sebabole and Mrs Susanne Swaniker-Tettey were appointed to the Board on 1 October 2020 as Non-Executive Directors.

On 31 October 2020, Dr PH Kedikilwe retired from his position of Chairman of the Group following completion of his five year term.

Mrs Jennifer Marinelli was appointed to the Board as Non-Executive Director and Chairperson of the Group on 1 December 2020.

There were no other changes to Directorships in the second half of the financial year.

Dividends

On 26 July 2021, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 30 (thirty) thebe per ordinary share - our highest ever dividend paid.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or around Wednesday 25 August 2021 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Tuesday 17 August 2021, with an ex-dividend date of Friday 13 August 2021.

Chandra Chauhan
(Group Managing Director)

Clean and freshly packed meat available in-store

Botswana business units make up **61% of Group profits**

DIVERSITY THROUGH EXPANSION

Botswana

Group Finance Director's Report

10 YEAR GROWTH STORY

We have seen an impressive annual growth in revenue
over the last 10 years and this has been accelerated by our **REGIONAL EXPANSION**.

Our Namibian business experienced double digit growth over the first few years of trading, and despite the strain in the economy that has been felt, **this business continues to experience top line growth well ahead of inflation.** THE BUSINESS NOW ACCOUNTS FOR JUST OVER 30% OF GROUP REVENUE.

The Covid-19 Pandemic set-in during the latter part of the previous financial year and
this brought with it a lot of uncertainty
REGARDING THE IMPACT THIS WOULD HAVE ON THE CURRENT FINANCIAL YEAR.

This year we achieved an overall PBT 12%
ahead of the prior year

12%

Our investment in the South African market through a preference share model.
This is one of our highest yielding investments ever,
IN WHICH WE WILL DOUBLE OUR INVESTMENT IN A FIVE YEAR PERIOD

The average annual growth rate over the 10 year period has been

13%

well ahead of inflation and indicative of the
GROWTH IN OUR MARKET SHARE.

Having put in place a plan, in May 2020, we consumated our investment in
40% of the share capital of our Australian business consisting of seven stores.

Group Finance Director's Report
(continued)

I am delighted with what we have managed to achieve this year. We report our best ever results in our 47 year history, despite probably the most challenging environment we have had to endure, imposed on us by the Pandemic.

We have been able to do this largely as a result of the amazing team we have in the Group. This is our true differentiator which others are unable to replicate.

So I would like to start my report with a huge "Thank You" to each and every one in the Team who have made this a reality. These are results we can all be very proud of!

Overview

The Covid-19 Pandemic set-in during the latter part of the previous financial year and this brought with it a lot of uncertainty regarding the impact this would have on the current financial year. At the time of setting our budgets we were very mindful of the possible negative impact this could have had on our business and this drove us to think hard about how best to navigate around the challenges. For each business unit we came up with a detailed action plan on how we would deal with various scenarios and what mitigating measures we would put into place so that we are able to respond quickly to any change in circumstances.

Government restrictions were placed in many areas, including the sale of liquor and as a result we focused on other goods and services to compensate any lost margins. Trading hours were restricted due to curfews and this impacted our Retail stores the most, as evening shopping times were significantly shortened. Convenience shopping, whatsapp orders and deliveries were introduced to ensure customers were able to shop in one form or another. New stores were opened where we had an on-going commitment with a landlord. Staff numbers were maintained and grown with no retrenchments despite the need to curtail overheads. Salary increments were awarded to staff to help them during these troubled times.

Through carefully planned and executed measures we closed the year with a profit before tax (PBT) of P290 million which was 12% up on the prior year. A sterling effort at a time where other Botswana listed Groups have been reporting a decline in earnings. In the FY 2019/20, we exceeded the P5.5 billion revenue threshold, and this year we exceeded the P6 billion threshold with total Group turnover of P6.3 billion. The results of each business unit is expanded upon in the Group Managing Director's report. In my report I present a 10 year look back on performance, how we have grown over the last decade and how the results reported today have been possible.

For 10 years in a row, with the exception of 2017,

we have reported growth in bottom line profit.

A TRULY IMPRESSIVE TRACK RECORD THAT WE ARE HUGELY PROUD OF.

Group Finance Director's Report
(continued)

Our expansion **into Retail**

In 2010 we launched our Retail arm in response to a change in the Wholesale arena where other retailers were entering into our space.

10 years later we have established a strong foot-print across Botswana WITH SOME OF THE COUNTY'S LARGEST AND MOST POPULAR STORES.

Our most recent 10 year growth story

Sefalana, being the first company to be listed on the Botswana Stock Exchange (BSE) was previously very much focused on growth and expansion in Botswana. The business was heavily weighted towards Wholesaling in the Fast Moving Consumer Goods (FMCG) sector with some level of manufacturing. Other parts of the business were relatively small.

In 2010 we launched our Retail arm in response to a change in the Wholesale arena where other retailers were entering into our space. This expansion into Retail enabled our Group to be one of the first Botswana based businesses to offer both bulk and unit sales to our customers. 10 years later we have established a strong foot-print across Botswana with some of the county's largest and most popular stores.

It soon became evident to us that the Botswana market was becoming saturated and if we wanted to grow our business beyond inflation, we would need to evaluate other markets. In 2013 we commenced this evaluation phase and acquired our first store outside Botswana in Katima Mulilo, Namibia. A year later we acquired an additional 12 stores across Namibia. This was the start of our carefully executed strategy of diversification to enhance our presence in the Region.

Based on our success in Namibia and the contribution this gave to the annual results of the Group, we evaluated additional locations and progressed this expansion drive. Some locations were not considered viable and therefore not pursued. We also identified new manufacturing opportunities to build on existing businesses as this supports the supply chain into our FMCG sector.

We are proud to now have a presence in five countries including Australia, **and are able to generate consistent growth in earnings as a result of this diversification. I am truly proud to be a part of this Group.**

Group Finance Director's Report
(continued)

Below is a summary of key performance indicators and related trends over the last decade with commentary on what has led to these trends.

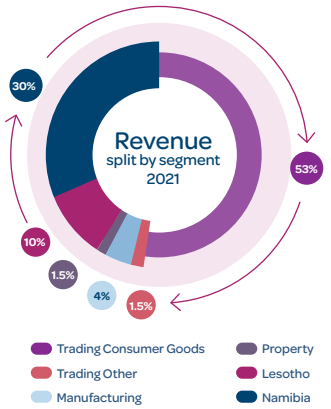
1 Revenue

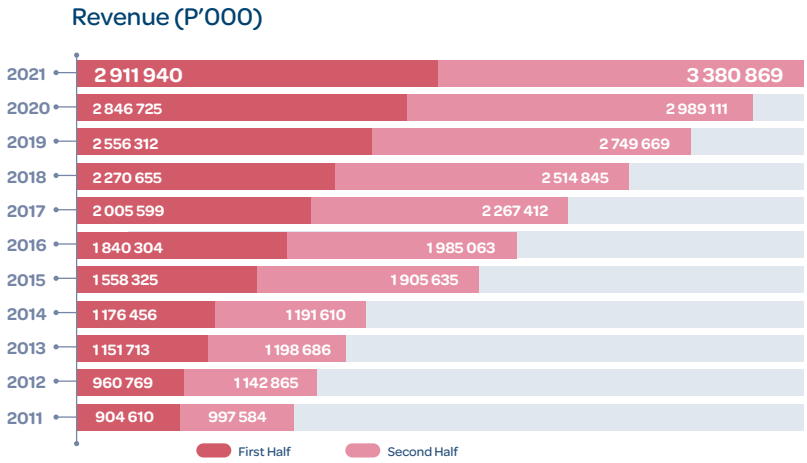
Revenue of P6.3 billion – tripled over the last 10 years ....

Revenue is a key measure in our Industry and is indicative of relative size. We have seen an impressive annual growth in revenue over the last 10 years and this has been accelerated by our Regional expansion.
In 2011, we reported revenue of P1.9 billion and 10 years later we have more than tripped this at P6.3 billion.

10 YEAR GROWTH STORY

Our revenue sources across the Group are very well diversified now, putting us in good stead for the next ten years.





The average annual growth rate over the 10 year period has been 13%, well ahead of inflation and indicative of the growth in our market share. We have become a favoured household brand that can be trusted to serve its Stakeholders.

The Botswana FMCG sector (Wholesale and Retail combined) has previously accounted for over 70% of total revenue however our diversification into the Region has allowed us to place less reliance on this segment. In the current financial year this segment represents only 53% of total Group revenue.

Our Namibian business experienced double digit growth over the first few years of trading, and despite the strain in the economy that has been felt, this business continues to experience top line growth well ahead of inflation. We are focusing on customer services and promotion, and a one-stop-shop offering to further enhance this part of the business which now accounts for just over 30% of Group revenue.

Our Lesotho business is now picking up momentum and represents 10% of Group revenue. We anticipate contribution from this segment to increase at a steady rate.

We are proud to be the leaders in FMCG in Botswana, Namibia and Lesotho.

Our revenue sources across the Group are well diversified now, putting us in good stead for the next ten years.

>2 Profit before tax

Profit before tax (PBT) of P290 million – 4.2x what is was 10 years ago...

Although top line growth is very important to us, bottom line profitability is where we place greatest emphasis as this drives our ability to make dividend payments to our Shareholders. This year we achieved an overall PBT of P290 million which was 12% ahead of the prior year.

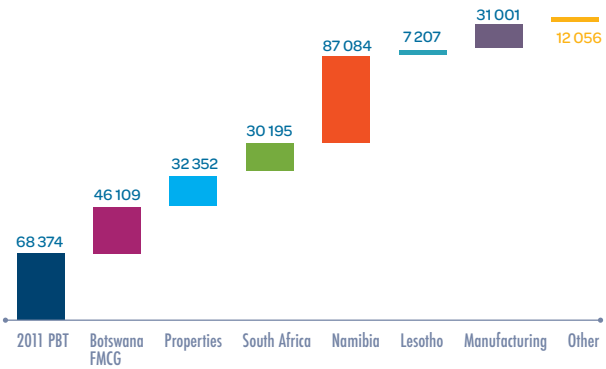
10 YEAR GROWTH STORY

We achieved an overall PBT of

P290m

which was 12% ahead of the prior year

Diversification of earnings over 10 years (P'000)



In 2011 we reported PBT of P68 million. In 2015 this had grown to P191 million (180% growth over three years), largely boosted by our Namibian acquisition of the Metro chain of 12 stores. This was one of our largest investments up until then, which was funded by a Rights Issue. We promised our shareholders a pay-back period of five years on this deal and delivered it over a three year period.

Our Namibian business has consistently grown profits for the Group since its acquisition and each year increasing its relative contribution. In 2018 and again in 2021 this was the largest Group segment, ahead of the Botswana FMCG business despite indications of a strain in the economy. To provide context, Namibia consists of 21 stores whilst Botswana has a store complement of 63 stores.

Since our Regional expansion phase commenced, we have added an additional P100 million to the bottom line. This has been achieved through not only the growth of existing businesses but also the expansion into Lesotho in 2016 where we now own 4 stores. This was done via the acquisition of the country's largest Cash & Carry business which allowed us to quickly achieve critical mass in that location.

Group Finance Director's Report
(continued)

In 2017 we entered into the South African market through a preference share model, which has contributed approximately P35 million to PBT annually. This is one of our highest yielding investments ever, in which we will double our investment in a five year period. This investment was also funded through a second Rights Issue program. Both programs were heavily oversubscribed illustrating the level of confidence shown by our shareholders in us.

A notable contributor to profit growth over the years has also been the expansion of our Manufacturing businesses. The Tsabana and Malutu tenders usually make a very positive contribution to PBT and since 2016, our UHT milk plant acquisition has enabled us to supply the Government with the children's feeding scheme and this has helped boost the performance of that business. Our branded products grew by over 30% two years in a row and we continue to place further focus on this segment going forward.

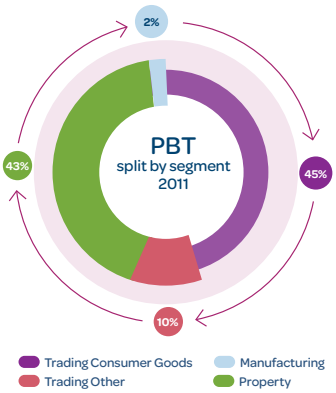
It is clearly evident that our Regional expansion and diversification strategy has been very successful and propelled the Group over the last 10 years. Each area of diversification has made a sizeable contribution.

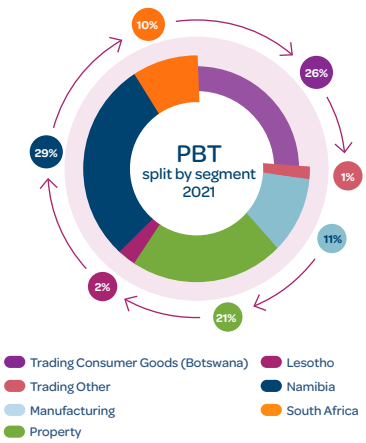
2017 was a once-off year where the local economy had taken strain following the closure of mines in Botswana and a general decline in the economy. Whilst we grew top line, we were forced to give away margin in an ever increasingly competitive market where consumer spending and confidence were at an all-time low. We are pleased to have put in place remedial measures which enabled us to weather the storm and come out strong.

Our most recent expansion has gone beyond the Region, into Australia. Further details follow later in this report.

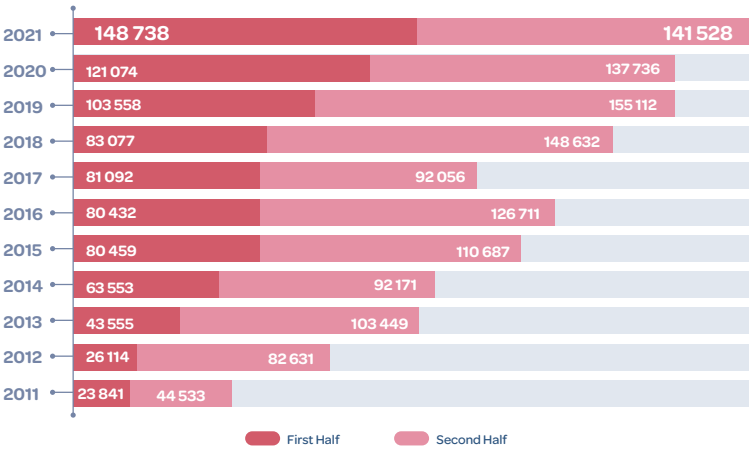
In 10 years we are generating **more than 4 times the profit we did in 2011**

Our diversification of our profit streams has progressed significantly over the decade as presented below:





Profit before tax



Our branded products grew by over

30%

two years in a row

3 Shareholder value and return

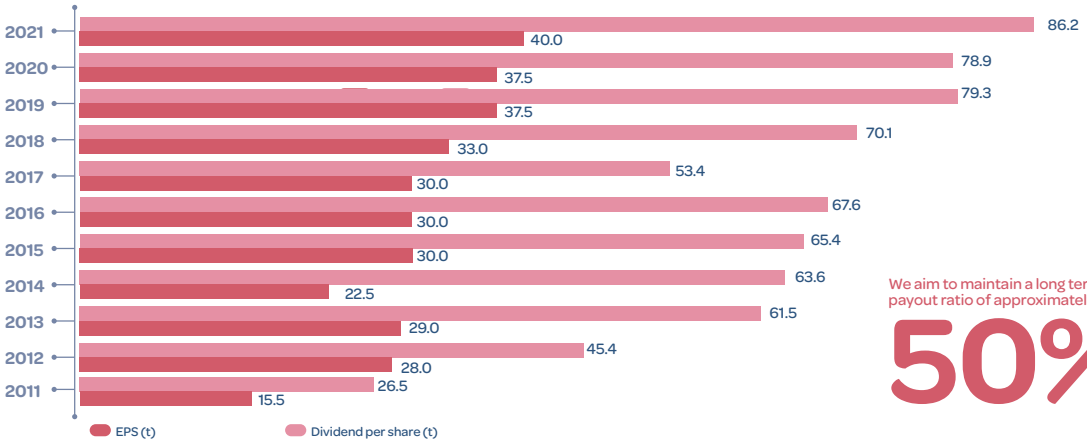
The fundamental objective of our business is to maximize shareholder return. Over the last 10 years, we are proud to have maintained an average dividend to earnings ratio of 48%.

10 YEAR GROWTH STORY

Despite the Pandemic, we felt it suitable to pay a dividend to our shareholders of 40 thebe per share in 2021, which was our highest payout ever.

We are hopeful that our Shareholders and potential investors see value in our business and our approach to generating wealth for them, and that this confidence is reflected in the share price going forward.

With large volumes of shares held by Institutional investors, our strong performance over the last 10 years has resulted in a desire to retain these shares. As a consequence the Sefalana share is relatively illiquid with many investors struggling to secure additional shares to increase their portfolio. It is for this reason that we aim to maintain a long term dividend payout ratio of approximately 50%.



We aim to maintain a long term dividend payout ratio of approximately

50%

Segmental results

	Revenue			PBT		
P million	**2021**	**2020**	**Movement**	**2021**	**2020**	**Movement**
Trading consumer goods	3 397.8	3 330.0	2%	79.2	68.0	16%
Trading other	93.7	115.9	(19%)	2.7	10.1	(73%)
Manufacturing	251.0	205.8	22%	32.6	17.9	82%
Property	66.6	60.2	11%	64.1	51.3	25%
Namibia	1 991.5	1 707.3	17%	87.1	53.3	63%
Lesotho	647.2	529.4	22%	7.2	1.2	501%
South Africa				30.2	37.5	(19%)
Inter - segment	(154.9)	(112.7)		(12.8)	19.5	
	6 292.8	**5 835.9**	**8%**	**290.3**	**258.8**	**12%**

Group Finance Director's Report
(continued)

4 Balance sheet strength

We continue to maintain balance sheet strength through low leverage and minimal debt. This is a critical success factor for our business as we mainly operate on a cash basis. We have maintained our debt of P109 million which allows for adequate headroom should we need to raise funding quickly.

Our working capital ratio (defined as the relationship between current assets and current liabilities) was 1.82 at April 2021 demonstrating effective cash management and our ability to easily cover our short term obligations. This ratio has remained fairly stable for a number of years.

We pride ourselves on having one of the strongest balance sheets in the country on the BSE which has made us very favourable with our Shareholders.

We are also one of the few counters on the BSE with a "BUY" recommendation.

We just don't see to people,

we care
we reward

good customer loyalty

we serve

wearing
a smile

Group Finance Director's Report
(continued)

In order to mitigate against potential exposure, the Group looked to territories outside the SACU region for
a stronger economy and a more stable currency and identified Australia as a market with a lot of potential for us.

Expansion into Australia

Investment and expansion into the Region over the years has provided the Group with profitable growth and diversification, and this has propelled us significantly, but this comes with foreign exchange exposure since we report our results in our functional currency, the Pula. Virtually all our foreign owned businesses were ZAR denominated and with the recent economic difficulties experienced in South Africa, and the subsequent depreciation of the ZAR, the Group's Pula returns are exposed to retranslation losses and volatility.

In order to mitigate against this potential exposure, the Group looked to territories outside the SACU region for a stronger economy and a more stable currency and identified Australia as a market with a lot of potential for us. This economy is well established, and is supported by a relatively hard currency that tends to offset negative movements in the ZAR. Return from this investment therefore provides a form of hedge on our foreign earnings.

Evaluation of this territory took over 18 months of careful examination. Meetings were held with potential vendors of businesses, audit and advisory firms, legal practitioners and existing businessmen who had also ventured into Australia from Africa and made a success of their investments.

We were very mindful of a South African business that had expanded into Australia and failed, and so we examined those failures and identified root causes. We then developed a model that would avoid those factors and give us the best chance of success.

Having put in place a plan, in May 2020, we consumated our investment in 40% of the share capital of our Australian business consisting of seven stores. Our partners have been known to the Group for a number of years and we have built up a common respect and trust for one another. A key feature of the model was the emigration of key personnel to Australia to drive the business. We have found that in a partnership arrangement, the greatest success comes from a business that is spearheaded by a group of individuals who themselves have "skin in the game'.

One year into existence, the business consisting of eight stores is generating a positive Earnings before Interest Tax, Depreciation and Amortization (EBITDA).The business is also generating positive cash flow which will be used to re-invest in further growth.

One year into existence, the business consisting of

eight stores is generating a positive Earnings before Interest Tax, Depreciation and Amortization (EBITDA).

Our intention is to keep re-investing profits for five years, until such time we reach critical mass and the number of stores (target of 15) is fully utilising the supporting infrastructure. Dividends will therefore most likely be paid only in year five onwards.

A key consideration which impacted our five year model is the tendency for long property leases of 15 to 20 years in Australia. This is in contrast to five or ten year leases in Southern Africa. This long term lease results in a relatively large IFRS 16 Right to Use asset and related liability being recorded on the balance sheet. The asset amortization charge and interest on liabilities charge (together constituting the occupancy costs) are front loaded in the earlier years of the lease and as a result deplete positive EBITDA results. (This is in contrast to previous accounting standards that would have smothered the charge over the lease term). In the latter years of the lease, the impact of the IFRS 16 charge will reverse with a relatively lower occupancy cost. The alignment of the re-investment period with the earlier part of the lease term, allows for very promising results in five years' time.

In doing this, we are "investing now, for a return tomorrow " so that over a long term period we will generate sustainable growth for our Shareholders.

In closing, I would like to thank our Shareholders and the Investor Community for supporting us over the years and continuing to have confidence is what we believe is a strong and sustainable model for growth.

Mohamed Osman
Group Finance Director

Raising the bar with each new store opening

We entered the Australian market through an investment in a 40% **associate company that operates in the FMCG sector.**

Australia

The Australian business, by the name of Seasons Group, consists of a chain of eight supermarkets in the Brisbane area. **Total purchase consideration for Sefalana's investment in this business amounted to AUD 10.5 million (P83 million), which is considered its fair value.**

Our Values...

Botho
Being respectful, **having humility towards others** and conducting one's self in a dignified manner

Integrity
Doing what is right **at all times**

Accountability
Accepting **responsibility** for our own and our team's **actions and decisions** towards our stakeholders

Transparency
Allowing **interactive communication** and open access to information

Excellence
Exceeding **expectations**

Responsibility
Securing and sustaining the future of Sefalana and the countries in which we operate; by actively taking part in acts of social responsibility and environmental considerations

Commitment
Devotion, adherence as well as loyalty to the organisation and its mandate. It is a reciprocal exchange between Sefalana and its stakeholders
The willingness to give one's time and energy consistently

Innovation
Actively seeking and sharing **solutions and creative ideas** towards growing sefalana

Our Mission...

Our Mission is aligned with our core values as we work tirelessly to deliver a basket, filled with opportunities to our stakeholders.

Exceeding our customer expectations through provision of a pleasant and affordable experience in FMCG, Manufacturing, Automotive and Property, served by highly motivated and empowered staff, delivering superior shareholder value that exhibits profitability and sustainability.

Corporate Social Responsibility Report

The world around us is constantly changing, impelling us to change with it – to better ourselves, to better our services and to better what we can give back to our community and our environment.

Now more than ever with the Covid-19 Pandemic, change is evident, and we have no choice but to adapt accordingly. This has caused us to realign our objectives, to prioritise security and safety in our homes and workplace and to do what is required for our valued customers across all our stores and business units.

This transformation has presented us with the opportunity to look deeper into the specific needs of our people and our community, and to identify ways of making a meaningful change in their lives.

Our focus on CSR for the year

This year we placed focus on providing a safe and secure working environment for our staff through educating them on Covid-19 and safety protocols. We established a system of social distancing for both staff and customers alike in order to minimise physical interaction and at the same time maintain our position as an employer and retailer of choice in the market.

Covid-19 **Pandemic**

While the Pandemic remains a fervent part of our every day, we have built on our six key **strategic pillars which guide our corporate social responsibility objectives**

Corporate Social Responsibility Report

(continued)

Key strategic pillars

1 Regional Growth

Build and grow our presence in markets we operate in, becoming a resilient business that is diversified and offers the best and most suitable products to customers

Our store expansion remains cautious with more emphasis on maximising return by store rather than store numbers.
We will not open a store that will canibalise one of our other stores.

Key Consideration

Seizing new business opportunities
to maximise Shareholder value

Achieved through....

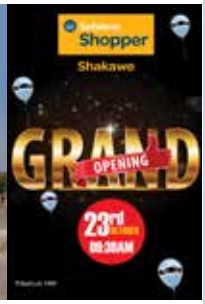
- focusing on our core businesses and providing our customers with a large range of offerings both in and out of our stores. In-store offerings include excellent customer service and transforming Sefalana into a one-stop-shop through the provision of alternative shopping methods such as online, mobile, collection at store and home delivery, bringing us closer to our end consumer.
- Sefalana Rewards loyalty scheme allows our customers to purchase more for less and benefit from loyalty promotions. The offering of a Bank your Change option was made available to customers this year, allowing them to add change to their rewards balance on their loyalty cards.
- withdrawing cash at our till points is proving popular as our customers no longer have to walk long distances to the nearest ATM or bank.
- expanding our manufacturing businesses to include a new range of lentils and poultry feeds to our list of offerings.
- focusing on obtaining good rental streams through optimal letting of our premises and the recent development of our Setlhoa site.
- exceeding expectations through continuously identifying new opportunities for growth in our business – this year, this was achieved through our exciting expansion into the Australian FMCG market.

Key Consideration

Expanding our store
footprint for the Community

Achieved through....

- aligning all existing stores to reflect the Sefalana identity and a continuous search for potential new store sites. We are proud of our presence in the majority of urban and pre-urban areas across Botswana, Namibia, and Lesotho. We are pleased to be present in a number of communities and work towards improving the standard of living through providing additional employment wherever possible.



- we opened a new Sefalana Shopper store in Shakawe, a liquor store in Tlokweng and refurbished our Molepolole Shopper store this year, reaching out further to be close to our customers while providing a superior shopping experience.
- our flagship Setlhoa site is a preference for customers, and we were delighted to open our second 'Big One' in a similar store format in August.

2 Supply Chain Optimisation

Improving efficiencies within our Supply Chain to deliver quality products at a competitive price to our customers, thus improving our profitability

Key Consideration

Benefiting from economies of scale

Achieved through....

- providing favourable pricing to our customers through leveraging our buying power and obtaining competitive pricing from our suppliers.
- benefiting through vertical integration in our manufacturing division, thereby reducing the costs of production.
- Identifying ways in which our various business units can work together and/or compliment one another's offerings.

3 People Development

Developing and attracting the best talents in the region by providing both professional and personal growth opportunities

Key Consideration

Attracting, retaining and developing the right people

Achieved through....

- our ability to identify suitable talent and provide the ideal working environment for our staff, providing opportunities for promotion and allowing them to fulfil their potential. Growth opportunities are provided to staff through on – the - job training with progressive internal management development programs and accredited external training initiatives.
- providing attractive remuneration structures to motivate staff and to extract and reward performance.

Key Consideration

Maintaining the Sefalana Culture

Achieved through....

- a gradual process of self-discovery, cultural engagement and change management. Our strategy undertakes to identify and understand cultural barriers and develop techniques to overcome these barriers thereby enhancing operational effectiveness.
- through respecting change and diversity and encouraging teamwork, we achieve a strong support structure between colleagues.

Corporate Social Responsibility Report

(continued)

Key Consideration

Succession planning

Achieved through....

- the inclusion of succession planning as an integral part of our Board Charter – We believe it is vital to bring in and invest in the right people. Developing staff, allowing them to pursue their aspirations and offering them a chance to grow with Sefalana sanctions sustainability in leadership and the timely transfer of knowledge.
- Board oversight ensures sufficient focus is placed on this area such that a forward-looking plan is in place to enable the effective hand over of key positions to enable sustainable growth of our Group.

4 Customer Experience

Offer the best customer experience, adapting to customer needs and trends and leveraging insights from data and surveys

Key Consideration

Safety at our stores and sites

Achieved through....

- frequent store visits and adherence to strict health and safety regulations. All our stores have internal security measures in place which are monitored on an on - going basis. Staff undergo continuous training and development enabling them to act should a health and safety hazard arise. General on-the-job training is provided, empowering staff for growth and promotion.
- we enhanced our health and safety practices this year due to the Covid-19 Pandemic. Staff have been educated on good hygiene practices and flexible working arrangements were encouraged to advocate social distancing.
- safety equipment such as masks and sanitizers are constantly replenished at all our sites, ensuring our front-line workers are always well protected .
- rotational cleaning of service areas and isles is monitored to reduce the risk of transfer of any germs and bacteria.
- our operations in Botswana, Namibia and Lesotho regularly go through fumigation providing a safe environment and physical interaction with suppliers and customers kept to a bare minimum.

Key Consideration

Advancement of **strategic Retail skills**

Achieved through....

> ensuring our branch managers and staff receive regular training on store management and customer relations and are up to date with the latest trends in the FMCG industry. We believe our staff are the first point of contact for our customers and are a reflection of our business and the Sefalana strategy. Continuous on-the-job training allows for motivated staff that are well versed with the Sefalana culture and strategy.

> the use of Industry experts wherever possible to maximize effectiveness and to introduce modern and innovative thinking. Dedicated teams are in place to run our online shopping facility as well as our Sefalana Rewards Program. This allows staff to have the necessary skills set to easily assist customers and provide them with an efficient service delivery.

Key Consideration

Feedback and **marketing**

Achieved through....

> persistent advertising of our products and maintaining positive relationships with our suppliers and customers. The provision of alternative shopping avenues, especially over the last year such as online, WhatsApp, collection at store and home delivery has demonstrated Sefalana's ability to meet the requirements of the cautious, modern consumer – keeping our customers safe while we willingly take the risk and offer our best service.

> we endeavour to involve our customers with what is happening at Sefalana through being available and addressing any queries through our social media presence on Facebook and Instagram. Increased focus has been placed on marketing as we grow this function and identify different ways to advertise the Sefalana brand and reach our customers.

> our loyalty scheme, Sefalana Rewards has assisted in growing and retaining our customer base through direct communication with our customers and understanding their shopping habits.

Corporate Social Responsibility Report

(continued)

5 Corporate Citizenship

Making a positive difference in the communities and environments we operate in

Key Consideration

Listening to the community and responding to their needs through providing **support, encouragement and the steppingstone needed to achieve that next step of success.**

Key Consideration

Making a positive impact **in our community**

- our Corporate Social Responsibility (CSR) committee considers and evaluates all applications received and reports its recommendations directly to the Board. This Committee meets on a quarterly basis to consider potential CSR projects and determining how best our support of these projects will benefit the wider community.
- listening to the community and responding to their needs through providing support, encouragement and the steppingstone needed to achieve that next step of success.
- provision of Covid-19 assistance through supporting the Presidential Relief Fund and other charities .

Key Consideration

Taking care of **our environment**

- we recycle the majority of our waste, being cardboard boxes and paper allowing it to be converted into toilet tissue and related products.
- used oil from our in-store Deli's and motor dealership is collected and reprocessed for use by a third party.
- the majority of our stores in Namibia have converted to the use of solar power reducing their electricity consumption. We have embarked on rolling this out at a number of our Botswana stores over the next 12 months.

6 Innovation and Technology

Be at the forefront of innovation and technology and responding to global trends first

Key Consideration

Investing in value **adding technology**

- investment of high-quality, innovative IT solutions is a priority in order to provide our staff and businesses with streamline, efficient working opportunities.
- introduction of online and mobile shopping facilities to our cautious customers, limiting the need for them to physically come to the store for their essential shopping.

- collaborating with solution providers such as the Yamee phone App, providing another safe and secure, remote shopping experience for customers.

Key Consideration

IT security

- the move to remote working and e-transactions has increased the risk of cyber crime which is combatted through investment in digital solutions to mitigate these attacks and avoid the negative impact on our business. We have further enhanced our security measures during the year.

Key Consideration

Introduction of **Cloud services and solutions**

Achieved through....

- provision of bespoke remote working opportunities for staff, ensuring high internet speeds, data security and the ability to have access to and share relevant system information required to work remotely. This is currently being rolled out across all our regions as we move towards contemporary working methods.

Corporate Social Responsibility Report

(continued)

Critical focus areas

Productive, Worthwhile Community Engagements ...

In addition to working on our strategic pillars, Sefalana has over the years concentrated its efforts towards fostering four critical, key areas;

1 Productive People

ensuring we hire and retain **motivated, efficient people**

2 Worthwhile Wealth distribution

ensuring our wealth **distribution is value driven**

fostering **four critical,** key areas

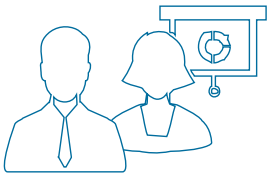
3 Our Community

ensuring we give back **to our community**

4 Engaging with our environment

ensuring we move towards **sustainability in our operations**

With over 5 000 team members across our business, we pride ourselves in having an all-inclusive culture that celebrates respect and diversity. **It is with this diversity that we are able to be a leading brand of choice, creating memorable experiences for our customers.**



Productive People

1 ensuring we hire and retain **motivated, efficient people**

Our people are the backbone of our business. We believe that having the right people in our team is the difference between success and failure. As a provider of essential services, now more than ever, we have seen the dedication of our staff, who willingly risk their health and wellbeing and continue servicing our customers through direct interaction. Our staff work through lockdowns and curfews to ensure our stores are well stocked with the necessities required by our customers.

With over 5 000 team members across our business, we pride ourselves in having an all-inclusive culture that celebrates respect and diversity. It is with this diversity that we are able to be a leading brand of choice, creating memorable experiences for our customers.

It is our people who deliver our strategy and maintain strong relationships with our customers, suppliers and stakeholders. Through a rigorous and careful selection process, we ensure that the right people join the Group and remain a key part of the Sefalana family, where comprehensive training and skills development is provided throughout their career with us.

Our workforce

As our business grows, employment opportunities are provided to more and more people across all regions in which we operate. During the year, we created over 1 000 new jobs through additional store openings and our expansion into Australia, bringing our total staff content to 5 126 employees. We are proud to be regarded as an employer of choice providing a safe working environment and providing equal opportunities to all our staff.

We believe in supporting the local communities in which we have a presence through providing additional employment wherever possible, and improving the living standards of residents and their families.

Workforce distribution by country

Australia | Botswana | Namibia | Lesotho

Corporate Social Responsibility Report

(continued)

Training and Development

We believe that growing and developing skills on a continuous basis is critical for both the individual and the business.

Sefalana supports local graduates and interns through providing employment opportunities and investing in further education.

Sponsoring BICA students in Botswana

Over the years, we have employed a number of students who are studying the BICA (Botswana Institute of Chartered Accountants) qualification. Sefalana is an Approved Training Employer of this program and is a provider of suitable work experience that is required for students wishing to complete this professional qualification. We are pleased to be able to support this Botswana based qualification which has been aligned to the UK based Institute of Chartered Accountants in England & Wales (ICAEW) qualification. Our Group Finance Director is the country representative for the ICAEW in Botswana.

Providing internship opportunities to university students in Namibia

Our Metro business in Namibia continues to support university students in the country through offering internships to students from the Namibia University of Science and Technology. Some of these students were given full time placement on completion of their studies. Through our agreement with the university, a three month internship opportunity is provided in phases to groups of five students. This exposure provides them with an opportunity to develop appropriate skills and work in a professional environment in one of the largest FMCG chains in the country with the prospect of full time employment on completion of their internship. We are pleased with this initiative and look forward to further supporting the university and other local educational institutions in years to come.

During the year, we partnered with the Namibian Training Authority and have committed to provide internship opportunities to ten students a year from various local universities with future employment opportunities.

Partnerships with Maccauvlei Learning Academy and the University of Stellenbosch

Every year, Sefalana invests in the future development of motivated and talented employees through offering the opportunity of further education and partake in senior management development programs. Selected staff work in groups and complete diverse projects as part of leadership and strategy training.

Providing employment to disabled students from the University of Botswana

Sefalana has developed a strong relationship with the University of Botswana's Disability Support Services Department and over the years and continues to support this department through sponsoring laptops and IT equipment for visually impaired students. Employment opportunities have also been offered to these students on completion of their studies.

Internal training and development programs

Management Development programs are offered to our staff with the objective of exposing trainees to a wide range of aspects of the retail and wholesale business. Trainees gain experience in the operation of all divisions of a store and are given the opportunity to demonstrate their managerial and supervisory competencies. During the year 22 individuals were put through these programs. We are proud to be one of the leading training providers for staff in the sector.

Training programs for growth and development are advanced on an ongoing basis. Our people are treated with respect and a zero-tolerance policy to discrimination is maintained.

A performance management system is used as a means of rewarding our top performers who portray the potential for growth. Retention of knowledge and skills in Botswana's highly competitive market remains a vital focus point for our Group. This has resulted in a number of our employees opting to stay committed and grow their careers with us. We are proud to have long term staff that have been with us for more than 30 years.

We aim to build a robust, efficient workplace that displays a true demographic profile in each of the regions in which we operate.

We believe that a safe, healthy working **environment is directly related to enhanced productivity**

Over 99% of our staff in each country in which we operate, are local citizens. Equal opportunities are central to the Group and **an open - door policy, fair employment practice and legal compliance gives us confidence in our management of relationships with our employees.**

Health and Wellness

We believe that a safe, healthy working environment is directly related to enhanced productivity and engagement levels. Sefalana commits to a high level of health and safety practices through providing our employees with a safe, stable and healthy environment in which to work. Health and safety form a crucial part of the food industry and are therefore monitored, managed and assessed on an on - going basis through the Group's risk management framework. Providing a prudent and hygienic place to work improves the morale and performance of our staff.

Our spacious head-office has allowed for adequate social-distancing of staff, ensuring each member has their own space in which to work safely. Regular meetings are conducted with staff to provide updates on the Covid-19 Pandemic. These meetings act as a constant reminder for the need to socially distance ourselves from one another and maintain high levels of hygiene. Sanitisers have been placed through-out the office and all staff are provided with masks and their own personal sanitisers. We have also eliminated the use of bio-metric scanning to avoid the spread of germs.

We have implemented the Government approved register for recording movement in and out of our stores and business premises and checking temperatures of staff and customers alike.

Some of our staff members have been affected by Covid-19 through having contracted the virus or having family members who have contracted the virus. Opportunities to work remotely and adhere to the required isolation period were provided to all staff. We are happy to confirm that all staff but three that were affected by Covid-19, whether directly or indirectly have made a full recovery. We continue to uphold strict levels of health and safety, providing a secure working environment for our staff.

Health and Safety, Basic Food Hygiene and First Aid training courses are conducted on a regular basis at our stores. The main elements covered in this training include emergency planning, security, fire, transportation and general health and safety.

All our staff are provided with medical aid benefits, ensuring their health comes first and is covered. Staff in Botswana, Namibia and Lesotho are encouraged to join the Group staff pension scheme as a means of safeguarding their future.

Communication

Over 99% of our staff in each country in which we operate, are local citizens. Equal opportunities are central to the Group and an open - door policy, fair employment practice and legal compliance gives us confidence in our management of relationships with our employees. Clear, coordinated management of employee rights and responsibilities helps ensure that the Group's risk is mitigated, and that continuity is maintained.

Staff is informed of upcoming events throughout the year through our monthly Moremogolo newsletter, Seformation broadcasts and regular staff meetings. Our people are the first to know of any changes in our business that may affect them, this in turn allows them to do the right thing and deliver an outstanding service to customers.

Corporate Social Responsibility Report

(continued)

Worthwhile **Wealth distribution**

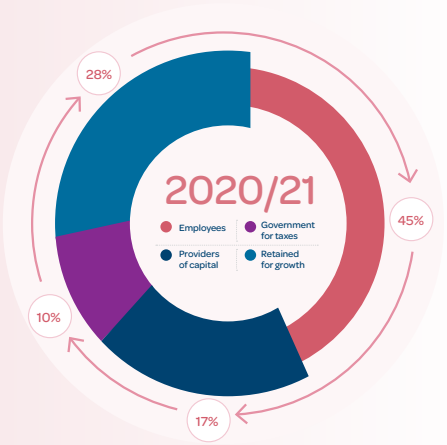
2 ensuring our wealth **distribution is value driven**

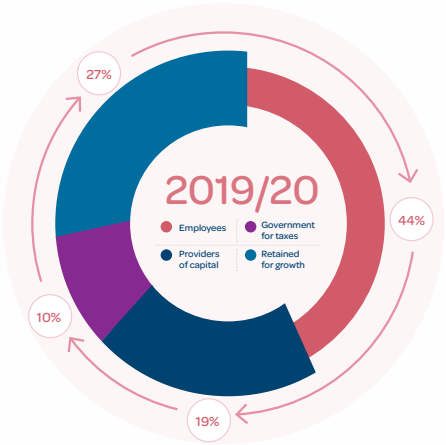
Every company within Sefalana contributes towards the overall CSR activities of the Group and giving a part of our wealth back to society. Our FMCG businesses in Botswana and Namibia are the largest contributors to Group revenue and profit. The scale of this business permits us to leverage our purchasing power as well as maximise process and cost efficiencies.

We protect our reputation, which holds our wealth, through our efforts to be a good corporate citizen. We remain steadfast in ensuring compliance with all applicable laws and regulations. Our trade is fair and transparent, giving the business community a long-term partner that can be trusted and held in good faith. We are proud of the reputation we have built over the last 5 decades and this is vitally important for our continued success both across Botswana and in other regions in which we operate.

We protect our reputation, which holds our wealth, through our efforts to be a good corporate citizen. **We remain steadfast in ensuring compliance with all applicable laws and regulations.**

Almost 50% of wealth created is disseminated to employees in the form of salaries, wages **and other staff benefits. The remainder is allocated across other key stakeholders.**





Adding Value

Our Value-Added Statement below illustrates how we have created wealth through our operations and how this wealth has been distributed amongst our various stakeholders.

Value added statement	2021 P'000	2020 P'000
Wealth created		
Revenue	6 292 809	5 835 836
Payments to suppliers and providers of services	(5 460 463)	(5 260 396)
Value addition	652 346	575 440
Share of results from associates	(7 704)	(2 011)
Interest income from bank deposits and other loans	12 398	18 372
Dividends from preference shares	35 486	37 528
Total wealth created	692 526	629 329
Wealth distribution		
To employees	311 410	276 266
To providers of capital	116 976	119 677
Government for taxes	73 384	61 142
Total wealth distributed	501 770	457 085
Wealth retained in the business		
To maintain and develop operations of the Group	190 756	172 244
Number of employees of the Group	5 126	4 076

Corporate Social Responsibility Report

(continued)

Our Community

3 ensuring we give back **to our community**

By operating responsibly, we not only promote and secure the future of our business but extend these rewards to benefit the communities in which we operate. We achieve this through providing our customers with good quality, safe and affordable products in a shopping environment that suits their liking and lifestyle; instore, online and through home delivery.

Giving back to our Customers

Sefalana is committed to delivering value to its customers through improving quality, ensuring we are competitively priced and giving back through our loyalty program, Sefalana Rewards. We know that our customers expect a wide range of products and practical offerings at a consistent high quality – products that are fresh and readily available.

Our duty as a **good corporate citizen**

In the last few years, we expanded our 'A Star' house brand range of products, offering more than 40 different product variables to our customers and widening the range of products available at competitive prices. This has been well supported by our customers, as we continue to see an increased trend in the purchase of housebrand products as compared to other brands on offer. We look to expand the offering in our Namibia and Lesotho businesses this coming year when we will be introducing and expanding on our Family Favourite house brand. We have found that with the additional pressures imposed on us by the Pandemic, the appetite for house brand products has increased.

Our duty as a good corporate citizen does not end at the point of delivery to our customers. We uphold a moral obligation to ensure the goods and produce we supply are fresh and of high quality as failure to do so would result in a direct negative impact on our service quality and ultimately our reputation. This factor formed a key consideration when developing our house brand range.

Our commitment to providing safe, high quality and reliable products is key to our business, and we do this through working closely with our suppliers to ensure our supply chain is both resilient and efficient. This has led to the formation of a best practice code that is used on a daily basis as we extract value from our supply chain. Constant communication is maintained with our manufacturers and suppliers to ensure levels of product quality and safety are not compromised.

We pledge that every product that leaves our shelves, stores and silos is backed by a quality team working persistently to ensure that our consumers get the best possible product, being quality compliant, selectively sourced and priced competitively.

Our products and services are our pride, and foster trust in our brand. Products that are manufactured by our Group are lab tested, quality inspected and preferentially selected to meet all Botswana Bureau of Standards requirements. Service levels are renewed by continued training and evaluation.

Through our UHT milk plant in Gaborone and maize plant in Serowe, we have been able to bring in – house, **parts of the supply chain, enabling the Group to internally enforce efficient supply chain initiatives and better price our products to customers.**

Corporate Social Responsibility Report

(continued)

Giving back to our Community

The underlying motivation for our CSR activities is to make a positive impact in our Community. Our Corporate Social Responsibility (CSR) committee considers and evaluates all applications received and reports its recommendations directly to the Board. This Committee meets on a quarterly basis to consider potential CSR projects and determining how best our support of these projects will benefit the wider community.

Over the last three years, we have focused our attention on the Education sector, focusing our efforts towards enriching the learning environment of children who are less fortunate and who live in mostly rural areas.

This year, our focus shifted to help those in our communities most affected by the Covid-19 Pandemic and ensure they had the basic necessities required during periods of lockdown. We did however also maintain our approach towards to Education sector in the current year and provided various support to young learners country wide.

Some of the causes supported during the year are set out below:

BIRRO (Botswana Institute of Rehabilitation **& Re-integration of Offenders)**

improved living

Sefalana Cash & Carry Limited donated groceries to be used during BIRRO's bootcamp held in November 2020. The bootcamp was geared towards instilling good morals in young people, deterring criminality and rehabilitating them from drug and substance abuse. The main goal was to mould them into responsible and law-abiding individuals that could one day make a positive contribution to society.

We@KIDZ **Pre-School**

Education

Sefalana Cash & Carry Limited donated hampers to We@ KIDZ Pre-School which included masks, sanitizers and Christmas cards. Hampers were shared among the less privileged pre-school children in Old Naledi and Tsholofelo Communities in Gaborone. The event was hosted in December 2020.

Hand **Sanitizers**

Covid-19

We donated boxes of hand sanitizers to Motsholapheko school at Sefophe, Botswana

Masupe Primary School - **Maunatlala**

Education

Sefalana Cash & Carry Limited donated a Poultry Project in collaboration with Banner Group Customers to Masupe Primary School's Special Education Unit. The Poultry Units consisted of three coops, stocked with Guinea Fowls, Broilers and Layers. The total cost of the Project was P60 000 and was aimed at assisting learners with disabilities acquire life-skills. It is envisaged that they would be employed in the project to put into practice what they have learnt and make it a profitable self-sustaining unit. The handover was done in Maunatlala village in February 2021.

Due to Covid-19 restrictions we have not been onsite to these **locations during the year and therefore images have not been captured**

Support of local **rugby clubs**

Sports

Our Australian associate company, Seasons Group supports local sports clubs across the Brisbane area through monthly food and drink hampers and donating snacks at tournaments.

SOS **Childrens Village**

improved **living**

Over the years, we have supported the SOS Children's Village through food hampers and donations and continued to support them during the Covid-19 Pandemic. We currently support five families through monthly food hampers and look towards additional contributions in future years.

Childline Botswana

improved **living**

We continue to supply monthly hampers of diapers and baby products from our Hyper Store to Childline Botswana as a means of aiding their initiative to care for abused and under privileged children.

Ledumang **Kgotla Shelter**

improved **living**

We supported the shelter through the provision of plastic chairs, filing cabinets and steel tables obtained from our Mogoditshane Hyper Store.

Donations towards **City of Windhoek**

Covid-19

We supported the City of Windhoek through the donation of food relief during the lockdown period.

SOS Children's **Village – Lesotho**

improved **living**

In support of the Queen of Lesotho's outreach program to underprivileged children, we support the SOS Children's Village through providing towards the hygiene needs of young girls at the shelter.

Lesotho soccer **team donations**

improved **living**

The soccer team leads by example through making food donations in every village in which a corporate league match is played.

Presidential Covid-19 **relief campaign**

We donated P1 million towards this campaign as a means of **support and show of solitary with the country in response to the Covid-19 Pandemic.**

Corporate Social Responsibility Report

(continued)

Presidential **Christmas appeal**

improved **living**

We are pleased to report that over and above a number of on-going CSR initiatives, we donated P1 million worth in the form of hampers to the Presidential Christmas appeal. We have also contributed to this worthy cause in the previous years. These hampers are distributed to our uniformed galant civil servants working during the festive season.

Sefalana Cash & Carry **Birthday Promotion**

improved **living**

We remain committed to giving back to the Community. For the third year running, as part of our annual birthday promotion, our Cash & Carry business gave away 29 mobile kiosks empowering Batswana to start their own businesses. Total cost of these kiosks amounted to just under P2 million. We are proud to have empowered local entrepreneurs to run their own businesses.

Sefalana Shopper **Birthday Promotion**

improved **living**

Our Retail birthday promotion focused on giving away P1.8 million in the form of cash. This generated a lot of excitement in the market as we found a number of our retail customers preferred cash rather than prizes in kind. **With total prizes amounting to just under P4 million, this is one of our largest annual customer engagement events.**

Corporate Social Responsibility Report

(continued)

Ketshwerebothata **Primary school**

improved **living**

We supported the school through provision of a printer and two-year warranty service.

Commercial Motors **Blood Donation**

improved **living**

We hosted Botswana National Blood Transfusion Services for a blood drive and free health screening

Sefalana **Mother's Day celebration**

improved **living**

Sefalana gave away Mother's Day hampers and Sefalana Hyper cash voucher to lucky customers.

Sefalana **Rewards giving back to customers**

improved **living**

During the year our customers redeemed P5.8 million (2020: P5.4 million) loyalty points.

Corporate Social Responsibility Report

(continued)

4 Engaging with our environment

ensuring we move towards **sustainability in our operations**

Masses of cardboard boxes and paper are used and discarded on a daily basis in our retail and manufacturing operations. In our efforts to give back to our environment, we recycle the majority of our waste, allowing it to be converted into toilet tissue and related products.

Recyling

All scrap cardboard boxes from our stores are collected for recycling by a third-party contractor and converted into toilet tissue and related products for reuse.

We are also actively promoting the use of reusable shopping bags through offering three variants of Sefalana branded bags which are increasingly becoming popular with the ban on plastic bags being put in force in Botswana.

E - environment

Our staff are encouraged to limit printing and use of paper wherever possible. We strive towards a paperless environment for the future.

Water conservation

Our Head Office is fitted with a water reservoir that collects rain water from gutters used to wash company vehicles and other amenities. **We have also put in place a number of boreholes to reduce the amount of municipal water used.**

Energy saving lights

Our Head Office is fitted with energy saving lights, which has reduced our carbon emission considerably. We have recently installed motion detectors to further reduce excess power usage.

Used cooking oil

All used cooking oil from our delis and bakeries is collected and safely disposed by a third party contractor.

Cash & Carry Namibia - Green energy solar power project

Over the years, we invested in the use of solar power in our Namibian stores. We are happy to report that most of our stores across Namibia now use solar power panels to run their daily operations. In some locations savings up to 30% are being made.

Super White

Nature's Best

Sechaba super MAIZE MEAL

Enriched with Vitamins

Fb
Foods Botswana

THE BEST
TASTE IN TOWN

ALWAYS FRESH, RICH AND CREAMY TASTE

BuyLocal

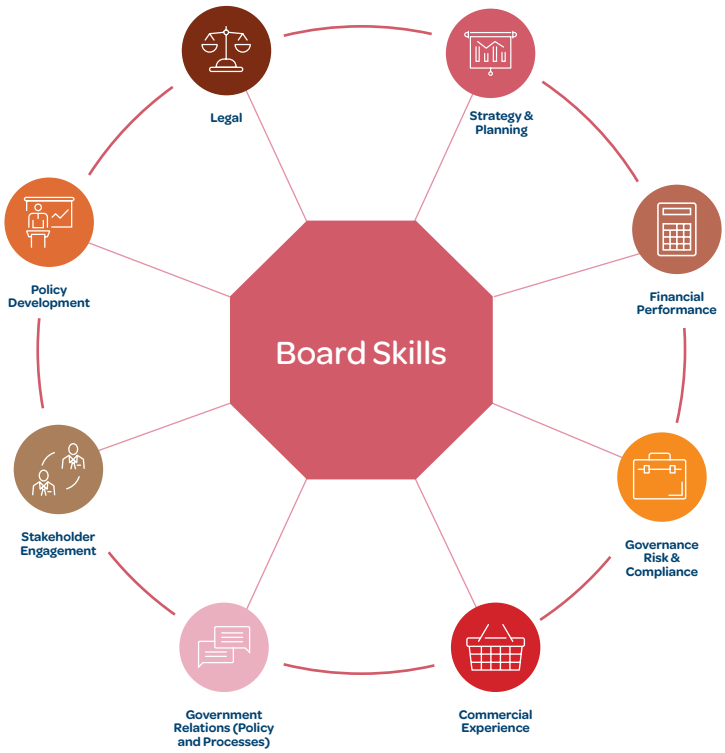
Foods Botswana

deltafresh®

Corporate Governance Report

Governance Overview

Sefalana has always been proud of its strong governance culture and for being the first publicly listed company in Botswana. This culture has assisted us in positively contributing to the country's growth, as the economy largely depends on the drive and efficiency of its larger organisations.



The essence of any system of corporate governance is to freely drive a company forward whilst exercising that freedom within the framework of accountability and transparency. The Board is committed to high standards of Corporate Governance, which it considers critical to business integrity, and as such has adopted the concepts of ethical leadership, sustainable development, integrated reporting, corporate citizenship and stakeholder inclusivity as stipulated in the King IV report on Corporate Governance for South Africa 2016 (King IV). Sefalana's governance philosophy is outcome based and seeks to achieve the following benefits;

- Ethical Culture;
- Effective Control;
- Good Performance; and
- Legitimacy

The Board of Directors

Jennifer Marinelli (63)
Chair person
Non - Executive

Chandra Chauhan (59)
Group Managing Director
Executive

Mohamed Osman (44)
Group Finance Director
Executive

Keneilwe P Mere (48)
Non - Executive

The Board believes that this Annual Report considers all material matters which reflect the performance of the

Sefalana Group of companies, and accordingly adopts an Integrated Reporting approach in line with best practice.

Sefalana strives to align itself to good corporate governance with reference to King IV that builds on the same foundations as King III but raises the importance of ethical and effective leadership with an objective of achieving an ethical culture, better performance, effective control and legitimacy. The Company has applied the guidelines as entrenched in the Botswana Stock Exchange ("BSE") listing rules.

The Group also, on an on-going basis, looks at other regions to determine best practice in Governance, to guide and improve the way in which it operates. For the last three years, an additional reference point used was the UK Corporate Governance Code which is discussed later in this report.

The Board is therefore very much committed to the highest standards of business integrity, ethical values and governance at all times. This we believe differentiates us in our market.

Bryan Davis (63)
Sefalana Cash and Carry Namibia
Managing Director - Executive

Mr Moatlhodi Sababole (34)
Non - Executive

Susanne Saniker-Tettey (46)
Non - Executive

- Nomination Committee
- Remunaration Committee
- Audit & Risk Committee
- CSR Committee

Corporate Governance Report

(continued)

Governance Outcome: Ethical Culture

Sefalana Group Ethics

Sefalana Holding Company Limited together with its subsidiaries ("The Group") is committed to doing what is right and upholding high standards and ethical leadership. This is of utmost importance to us.

The Board and its Management adopted a Group Ethics Policy which sets out the ideals to which the Group aspires, as well as behaviours that are mandatory for the Group and its employees.

The Group's focus area is to promote ethical behaviour and adoption of the Group Values through policy implementation and setting of appropriate governance structures.

The Board of Sefalana leads and conducts its self in an ethical manner and has during the year acted in good faith and the best interest of the company and avoiding conflicts of interest. The Board takes careful consideration to table and monitor its interest register to ensure that there is no actual or perceived conflict in its deliberations.

The Group is committed to preventing the use of its products, services, technologies and channels for financial crimes, money laundering and terrorist financing. In this regard the Group has adopted an Anti-Money Laundering & Counter Terrorist Financing Policy.

In future the Group plans to strengthen and further entrench responsible and ethical leadership by the continued training and cascading of its policy aspirations throughout the various business units.

Directors declaration of interest

The Sefalana Board of Directors provide effective leadership, based on ethical foundations as articulated above. The Directors act with intellectual uprightness and an unfettered mind, in the best interest of the company and its stakeholders. The Directors declare their direct and indirect financial, economic and other interest at the beginning of every Board meeting. Each Director is expected to abstain from voting on resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions unless resolved otherwise by the remainder of the Board members. The Company Secretary maintains an interest register and updates it regularly. This interest register is tabled at each Board meeting.

Dealings in the Company Securities

Directors and certain executive staff members are not permitted to transact in the company's shares in any way during closed periods. There are other occasions where the Directors impose a closed period on themselves; when there is price sensitive information that the Board is aware of that is not publicly available.

The Directors and Executive management are mandated to declare to the Company Secretary all personal dealings in the securities of the company and the same is disclosed to shareholders through the Botswana Stock Exchange Limited and tabled at the subsequent Board meeting.

Director's direct and indirect interest in the issued shares of the Company as at the year-end is as disclosed in the table below:

Director	Number of shares controlled as at the year–end date
Mrs Jennifer Marinelli	Nil
Mr Chandra Chauhan	14 134 204 (2020: 13 860 448)
Mr Bryan Davis	Nil (2020: Nil)
Mrs Keneilwe Mere	Nil (2020: Nil)
Mr Mohamed Osman	223 708 (2020: 223 708)
Mrs Susanne Swaniker-Tettey	Nil
Mr Moatlhodi Sebabole	Nil

Governance Outcome: Effective Control

Role of the Board

The Board provides leadership for the Group, directly and through properly constituted Board Committees. Leadership is also excised through the delegated authority to the Group Managing Director. This brings an independent judgement on all strategic matters.

The Board has in place a Board Charter to clarify roles of the Board and to enhance its decision-making processes. The purpose of the Board Charter is to clearly outline the structure of the Board and to define its role, focusing on strategic leadership, performance management, investor relations, risk management and governance. The Board Charter also outlines fiduciary duties of Directors according to Section 130 of the Companies Act and as recommended by King IV. The Board reviews the Charter annually to ensure that it is in line with recent changes in the law and standards of governance practice. No significant changes were made to the Charter during the reporting period.

The Board's ultimate responsibility is for the supervision of the Group's activities. It has the following principal duties:

Formulating and monitoring implementation of the Group's long-term business strategy;
Identification of key risks that threaten the Group's ability to achieve its strategy;
Approval of the Group's investment plans, budgets and forecasts;
Review of reports submitted to the Board for approval;
Review of the business operations of the Group;
Establishing sound accounting and financial control principles, as well as principles of financial planning;
Ensuring compliance with legal and ethical standards;
Ensuring that the Managing Director and other members of the Senior Management team are competent, and that an effective succession strategy and plan is adopted for the Group's senior executive positions; and
Review of Board sub- committees for purposes of delegation of power and duties in order to enhance the overall effectiveness of the Board

Board Meetings

Every year the Board has four scheduled meetings, and additional meetings may be called as and when required. Four meetings were held during the year with an additional Board Strategy Session.

Considerable planning goes into setting the agendas for the Board and sub - committee meetings. The Board has an annual work plan which is agreed with Executive management. This is to ensure that duties as set out in the respective Charters are carried out effectively, and that the Board and its committees are focused on relevant matters.

All directors attended 100% of Board and Board Sub-Committee meetings held within the period of their appointment.

Governance structure

Main Board

Audit & Risk Committee	Remuneration Committee	Nominations Committee	CSR Committee

Corporate Governance Report

(continued)

Board Committees

The Board delegates certain functions to well - structured Committees without relinquishing its own responsibilities. The Committees constitute an integral part of the governance process and are established with clearly defined formal terms of reference. In order to keep up to date with any recent changes in the law and governance principles, the terms of reference are reviewed and approved annually.

Sefalana Holding Company Limited comprises of four sub – committees, which membership, attendance, roles and responsibilities are outlined as per table below;

Name of Board Committee	Membership & Meeting Attendance	Main Responsibilities	Focus areas for the year under review
Nominations Committee	Mrs JM Marinelli (Chair) ***1/2** Mrs KP Mere **2/2** Mr M Sebabole ***1/2** Dr PHK Kedikilwe **** 1/2** Mr RM Motswaiso ****1/2**	To review the structure, size and composition (including the skills, knowledge and experience) required of the Board; Succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the company, and what skills and expertise are needed on the Board in future; Identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; Review the leadership needs of the organisation, both executive and non-executive, with a view to ensure the continued ability of the organisation to compete effectively in the market place.	• Review of the structure, size and composition of the Board • Board Skills Matrix • Board Tenure • Annual Board Evaluations • Appointment of New Directors • Annual Review of the Committee Terms of reference
Remuneration Committee	Mrs KP Mere* (Chair) Mrs JM Marinelli* Mrs S Swaniker-Tettey* Mr EM Dewah (former Chair) **** 1/1** Mr RM Motswaiso **** 1/1**	To ensure that the Group adopts and implements appropriate policies and procedures that provide the framework for remuneration on a competitive and equitable basis; To set the Group's grading and remuneration levels each year; To ensure alignment of the compensation and incentive plans with the Group's strategy and values charter.	• Executive Directors' remuneration • Executive Directors' incentive structure • Group Reward Structures

Name of Board Committee	Membership & Meeting Attendance	Main Responsibilities	Focus areas for the year under review
Corporate Social Responsibility Committee	JM Marinelli (Chair) * **1/2** Mr M Sebabole ***1/2** Mr MS Osman **2/2** Dr PHK Kedikilwe (former Chair) ** **1/2** Mr EM Dewah ** **1/2**	To review, agree and establish the Company's corporate strategy to ensure that corporate social responsibility ("CSR") is and remains an integral part of the strategy and its implementation in practice and that the Group's social, environmental and economic activities are aligned; To develop and recommend for acceptance by the Board CSR policies and activities undertaken by the Group; Develop and support the activities necessary to convert CSR policies into an effective plan for implementation across the Group and to agree a programme of specific CSR activities and focus for each financial year, supported by appropriate targets and key performance indicators; Evaluate and oversee on an ongoing basis the quality and integrity of any reporting to external stakeholders concerning CSR matters.	• Corporate Social Investment Strategies • Corporate Social Responsibility budget allocation • Oversight of Corporate Social Responsibility activities.
Audit & Risk Committee	Mrs S Swaniker-Tettey (Chair) * **2/3** Mrs KP Mere **3/3** Mr M Sebabole * **2/3** Mr RMM Motswaiso (former Chair) ****1/3** Mr EM Dewah ****1/3**	To direct internal assurance planning and programme execution, to deliver risk identification, monitoring and mitigation; To oversee that Management has established effective systems of internal controls; and to further oversee Management's arrangements to establish combined assurance and the relationship with the external auditor; To report to the Board on decisions taken, including approval of the annual financial statements and any formal announcements relating to the company's performance.	• Review and approval of Financial information (Annual & Interim) • Providing oversight of the Assurance function (Internal & External) • Consideration and review of the Internal Auditor's reports • Oversight of Risk Management

*Board member appointed during the course of the financial year
** Board member retired during the course of the financial year

Introducing...

BANK YOUR CHANGE

Sefalana rewards

Your Sefalana Rewards card has a new exciting Bank-Your-Change feature which offers our customers a chance to budget and save for future grocery purchases. Simply ask the cashier at the till-point to transfer all or some of your change onto your Sefalana Reward card. Load up to P2 000, buy groceries at any Sefalana store and pay with the card. It's safe and secure.

Sefalana

Sa Rona - Your family value store

Sefalana MOTSHELO DEALS

Open your Motshelo account now and reap the rewards and benefits. We offer unbeatable Motshelo deals. Available nation-wide.

Open your account with friends, family, workmates or as an individual. All you need is your Omang. No minimum amount required. No minimum or maximum number of people, even an individual can open a Motshelo account. No waiting period, one can deposit today and start buying immediately if they so choose.

Sefalana

Sa Rona - Your family value store

Corporate Governance Report

(continued)

Executive Directors attend all Board-subcommittee meetings by invitation except for the Remuneration Committee which is attended only by the Non-Executive committee members. The Group Internal Auditor and the External Auditors attend all Board Audit Committee meeetings. Other senior managers are invited to necessary Board Committees to table reports relevant Board Committees.

Through the Board Evaluation process, the Committees of the Board have satisfied themselves that they have fulfilled their responsibilities in terms of their terms of reference for the period under review and have identified areas of growth.

The Board Chairperson and the Group Managing Director

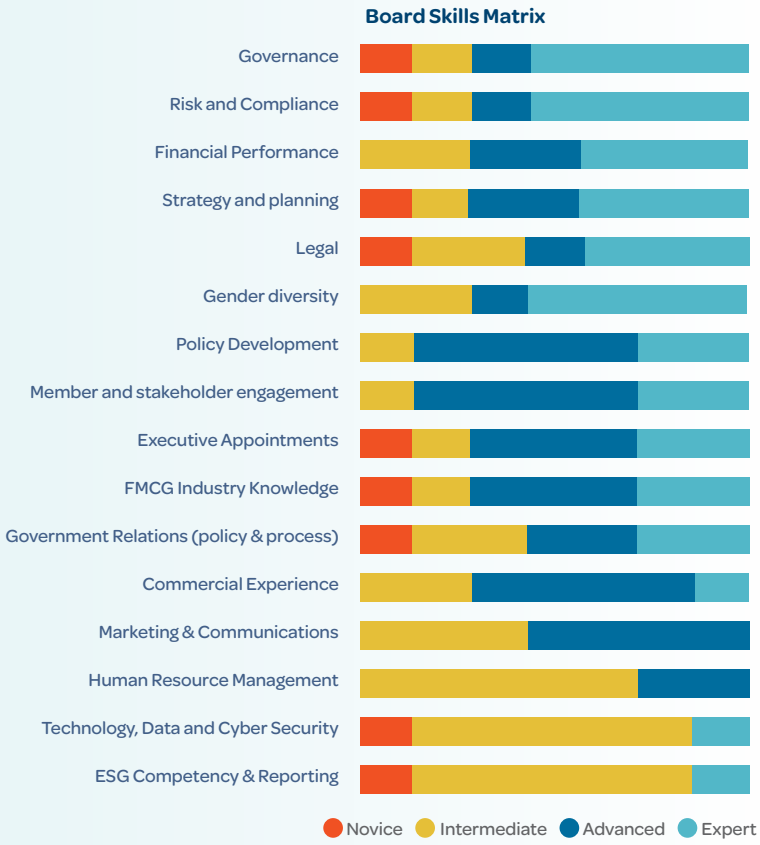
The role of the Chairperson and the Group Managing Director are two distinct and separate roles. The Chairperson has the primary responsibility of running the Board, whilst the Group Managing Director has the executive responsibilities for the operations of the business. These roles are formally set out in the Board Charter.

Role of the Board Chairperson	Role of the Group Managing Director
• Presides over the Board • Ensures that directors play a full and constructive role in the affairs of the Company • Facilitates Board discussions to ensure that core matters are addressed • Promotes consultative and respectful relations between the Board and Executive management • Ensures efficiency of the Board Composition	• Presides over Senior Management • Accountable to the Board • Operationalizes the Group Strategy • Optimizes resources to increase Group Profitability • Ensures business growth and sustainability

Skills Matrix

The Board comprises of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation. The skills and attributes of the Board can be broadly categorised into Governance skills (skills directly relevant to performing the Board's key functions) and Industry skills (skills relevant to the industry). The skills matrix strengthens our overall governance practices by identifying the current skills, knowledge and experience of the Board and to make future plans for skills diversity.

Through the Nominations Committee, the Board carried out its skills assessment to ensure appropriate composition accordingly.



Board diversity and balance

Sefalana Holding Company Limited enhances the decision-making of its Board by ensuring that the Board of Directors comprises a balance of power. The majority of the Board members are Non - Executive Directors, and are independent. This ensures that no one individual or block of individuals dominate the Board's decision - thereby promoting objectivity. Non - Executive Directors bring objective judgement and experience to the deliberations of the Board.

The Board of Sefalana Holding Company Limited comprises astute individuals of different backgrounds, experience and qualifications. Having a Board with diverse perspectives is critical to its decision-making as it brings objective judgement and experience to the deliberations carried out. The background and qualifications of the Directors are disclosed under the Board of Directors' profile section.

The Board of Sefalana promotes gender diversity at Board level. The Board has set a target of achieving a minimum of at least one third of board seats to female Non-Executive Directors. Currently 75% of Non-Executive Directors are female.

Changes in the Board Structure

Resignation and retirement

The Board considers, on an on-going basis the appropriateness of the mix of skills, experience, diversity and independence of each of its members. During the year the Dr Keith Jeferris resigned from the Board on 31 May 2020 to pursue a role with the Ministry of Finance, whilst Mr Reginald Motswaiso and Mr Elias Dewah, both having served in the Board for more than nine years retired by rotation and did not offer themselves for re-election. Dr Ponatshego Kedikilwe having served a term as the Board Chairman also retired from the Board on 30 October 2020. The Board would like to thank them all dearly, for their diligent service to the Company.

New Appointments

During the year the Board appointed Ms Susanne Swaniker-Tettey and Mr Moatlhodi Sebabole on 1 October 2020, these appointments were ratified at the Annual General Meeting on 30 October 2020.

Mrs Jennifer Marinelli was appointed to the Board on 1 December 2020 to fill a casual vacancy, her appointment is subject to ratification of the shareholders at the Annual General Meeting to be held in October 2021.

The Board of Sefalana has adopted a Board Nomination and appointment policy which sets out procedures of appointment to the Board. Our Board appointments are formal and transparent and approved by the Board as a whole, through the assistance of the Nomination Committee.

Board Tenure

Every year, the Board undergoes a staggered rotation of its Non-Executive Directors. Rotation of Board members ensures retention of valuable skills, maintaining continuity of knowledge and experience and introduction of people with new ideas and expertise.

Our policy on Board tenure is aligned to principles of good corporate governance. Board membership is limited to a maximum of three, three year terms, totalling nine years. A director may then retire or continue for a further three year term subject to a rigorous review of independence by the Board.

Governance Outcome: Delivering Good Performance

The Board considers its performance an integral part of good governance, as such it carries out annual Board evaluations to assess its performance in discharging its duties. The purpose of the evaluation is to assess Board effectiveness through interrogating governance, accountability and Board processes. The Board evaluations are the responsibility of the Board Chairperson. Through the office of the Company Secretary, a questionnaire is sent to the directors to unanimously evaluate the Board's performance. The results of the assessment are tabled at the Board meeting for consideration by the Board, where areas of improvement are discussed and resolved.

The 2021 Board Evaluations mainly focused on the following themes;

- Board effectiveness and Composition
- Oversight of the Company's Financial Condition and Reporting
- Governance and Accountability
- Relations with Management
- Relations with Stakeholders
- Board Committees
- Director Self-Assessment

The overall results of the evaluation were positive, showing strong performance of the Board. As most of the Board members were recently appointed to the Board, future focus areas include Board Succession Planning and Board Training The Board is satisfied that the evaluation process enhances their effectiveness.

The Board is assisted by a suitably qualified Company Secretary. The Company Secretary attends all board meetings and discharges her duties accordingly. The Board considered the competencies, qualifications and experience of the Company Secretary and found them to be suitable.

Governance Outcome: Legitimacy

Relations with Stakeholders

The Board emphasises stakeholder engagements and ensures that satisfactory dialogue with shareholders takes place. The Board uses the Annual General Meeting to communicate with Shareholders and potential investors and to encourage their participation. Frequent announcements through the press, the Botswana Stock Exchange News Services and mailing of information for the attention of Stakeholders are practiced wherever required. The Company circulates with every Notice of General Meetings, a summary of the procedures governing voting at General Meetings.

The Chairman of the Audit and Risk, Remuneration, Corporate Social Responsibility and Nominations Committees, as well as the external auditors are present and available to answer questions at the Annual General Meeting and Special General Meetings, if so requested by the Chairperson of the Board.

Corporate Governance Report

(continued)

The Annual General Meeting (AGM) proceedings are conducted in accordance with the Companies Act and the Memorandum and Articles of Sefalana Holding Company Limited. There are no restrictions on any shareholder casting votes on any of the resolutions at the AGM.

Shareholders present in person and by proxy at the October 2020 AGM were 150 279 906 representing 60% of the total issued share capital. The Board of directors is pleased to announce that at all proposed resolutions were duly passed by a majority of the votes exercised.

The next AGM is to be held on Friday 29 October 2021 at 16h00 by Microsoft Teams.

The Board also discloses to Shareholders through trading announcements, all proposed corporate transactions, which if entered into, would materially alter or vary the Group's net asset base or share price.

Sefalana hosts, biannually, a presentation of the Groups' annual and half year financial results. This is an interactive session with all stakeholders, including but not limited to shareholders, asset managers, bankers, institutional investors and the media. An open questions and answer session is held for the stakeholders to freely interrogate management on all areas of the business.

In this way, the Board ensures all relevant information is effectively communicated to the Company's Stakeholders and on a timely basis.

Compliance Management

The Board reviewed and approved the Group Compliance Policy, which sets out the philosophy and approach to Compliance Risk Management. Sefalana seeks to approach Compliance Risk Management in an objective, independent and pragmatic manner, that enables business to do the right business, the right way.

The Board assumes the responsibility for the governance of compliance and its Compliance Policy, and articulates and gives direction on compliance with non-binding rules, codes and standards adopted by the Group.

Sefalana, being a company regulated by the Botswana Stock Exchange (BSE) has key requirements, frameworks and best practice codes including the Botswana Stock Exchange Equity Listing Requirements, and the King IV Report on Corporate Governance for South Africa 2016 and also International Financial Reporting Standards.

The responsibility for implementation and execution of effective compliance management has been delegated to Executive Management.

In the coming year, the intention is to form a separate Risk and Compliance Committee of the Board to bring greater focus and oversight to monitoring Compliance. This was previously covered by the Audit and Risk Committee.

Sefalana hosts, biannually, a presentation of the Groups' annual and half year financial results.

This is an interactive session with all stakeholders, including but not limited to shareholders, asset managers, bankers, institutional investors and the media. An open questions and answer session is held for the stakeholders to freely interrogate management on all areas of the business.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

In order to ensure that the highest standards of Corporate Governance are observed, Sefalana operates within the King IV governance code which we believe identifies all the elements of a sound approach to governance and responsibility. Our endeavour is to provide our shareholders and other stakeholders with the confidence and assurance that Sefalana is a well-managed and responsible company.

The governing body should lead ethically and effectively

The governing body of the Group is the Board of Directors. All Directors are fully aware of their fiduciary duties and ensure that at all times these are being adhered to with an overall objective of leading the Group ethically and effectively.

Sefalana has carried out an assessment of its compliance to King IV and sets out the outcomes of such compliance in the table below;

	PRINCIPLE	ASSESSMENT
1	**The governing body should lead ethically and effectively**	The governing body of the Group is the Board of Directors. All Directors are fully aware of their fiduciary duties and ensure that at all times these are being adhered to with an overall objective of leading the Group ethically and effectively. Through its Nomination Committee, the Board ensures the appropriate skill sets are in place and that independence is maintained through quarterly declarations of interests by Board members. The Terms of Reference for the Main Board and its sub- committees are annually reviewed and updated in line with best practice. Closed period restrictions are put in place at appropriate times and regular communication is carried out to all stakeholders, with the intent of demonstrating enhanced transparency.

Corporate Governance Report

(continued)

	PRINCIPLE	ASSESSMENT
2	**The governing body should govern the ethics of Sefalana in a way that supports the establishment of an ethical culture**	The Board is governed by a Board Charter incorporating effective and responsible leadership. The Group's ethics are managed through the Audit and Risk Committee. The Committee also reviews the Group's whistleblowing arrangements, and its reporting and investigation process to ensure that arrangements are in place for proportionate and independent investigation of matters. Sefalana's Value Charter regulates guiding principles that set out internal conduct as well as relations with various stakeholders.
3	**The governing body should ensure that Sefalana is and is seen to be a responsible corporate citizen**	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2019-2023. One of the values entrenched in the strategy is to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment. The Board through its Corporate Social Responsibility ("CSR") Committee ensures that the Company supports and invests in the wellbeing of the economy, society and the natural environment and in particular, supports income generating initiatives for those in need. Further information regarding our CSR activities is included in our CSR report.
4	**The governing body should appreciate that Sefalana's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**	The Board monitors the implementation of strategy through the Group Strategy Coordinator who reports to the Board at quarterly meetings. The Group Internal Auditor also reports to the Audit and Risk Committee at all its meetings. The inter-dependencies and relationship of human, financial, manufacturing capital, intellectual capital and other externalities are reported in the Group Managing Director's and Group Finance Director's reports and in the Annual Financial statements. Sefalana's focus continues to be adopting sustainability practices throughintegrating environmental and social issues in the business strategy of the company so as to create value for the stakeholders. Sefalana also engages in innovative practices in its products and business processes in order to enhance the business strategy. Refer to page 6 on how this Integrated Report features all these critical areas.
5	**The governing body should ensure that reports issued by Sefalana enable stakeholders to make informed assessments of Sefalana's performance, and its short, medium and long term prospects**	Sefalana through its annual reports provides detailed understanding of the Group's performance in the context of the external environment, demonstrated through a wide range of activities, interactions and relationships. In addition, detailed information on each business unit's performance is provided in the half year results publications. The Sefalana Facebook and Instagram pages allows for an improved level of interaction with various stakeholders. We encourage strong engagement with investors and other stakeholders through our planned program of investor relations activities, as well as responding to queries from shareholders and analysts throughout the year.

	PRINCIPLE	ASSESSMENT
6	**The governing body should serve as the focal point and custodian of corporate governance in the Group**	The Group is headed by a Board that directs, governs and is in effective control of the Company as embedded in the Board Charter. For effective control the Board delegates some of its duties to its Board sub - committees which are also governed by committee charters. The Board meets at least four times a year. At these meetings, all subsidiary companies are discussed, and adequate consideration is given to all matters of significance. This includes any governance matters. The Board works according to an annual Board plan which ensures a structured and formal approach to governance. In advance of each Board meeting, members are provided with ample context, information and reports to be able to ensure that the Group acts ethically, performs according to expectations, maintains the necessary controls and is being perceived as a responsible corporate citizen. Board meeting attendance is high and additional conversations between Board members are encouraged for updates or when pertinent decisions require more deliberation. The Board is satisfied that it has fulfilled its responsibilities in accordance to the Board Charter during the year.
7	**The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**	The Board ensures that there is an appropriate balance of power and authority in its composition. The majority of Non - Executive Directors are independent. The chairperson of the Board is considered to be independent. The Nominations Committee meets from time to time to consider the diversity and appropriateness of the Board. The focus area for the Committee in the coming year will be facilitating a transition process for retiring directors. The Board member profiles in the annual report summarises the qualifications and experience of each Board member.
8	**The governing body should ensure that its arrangements for delegation with its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties**	The Board has well developed committees which have been established with clear mandates and reporting procedures. The Committee Charters are reviewed annually. The committees are satisfied that they have fulfilled their responsibilities in accordance with the Terms of Reference for the year.
9	**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**	Board evaluations are done annually which interrogate the past year Board's collective and individual performance. It measures its respective performances and its committees, and presents to the Board the results of those self-assessments. Our Board evaluations aim to assess Board performance against established best practice, reflect on the role of the Board, its objectives and efficacy, create the opportunity to enhance Board effectiveness and identify future development needs.

Corporate Governance Report

(continued)

Risk assessments are conducted on a continuous **basis and reported to the Board through the Audit & Risk Committee.**

	PRINCIPLE	ASSESSMENT
10	**The governing body should ensure that the appointment of and delegation to, Management contribute to role clarity and the effective exercise of authority and responsibilities**	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Company Secretary maintains a register of Director's interests. Succession planning is an ongoing focus area as the Board ensures that the success of the organization is not reliant on one or few key members of the organization. The role of CEO and Chairperson are performed by separate individuals. The CEO is given certain decision-making power. Decisions over a set threshold are considered by the Board. This ensures effective and timely decision - making. Procedures of appointment to the Board are formal and transparent and are a matter of the whole Board on recommendation by the Nominations Committee, subject to Shareholder approval. The appointment of the Company Secretary is a matter of the Board.
11	**The governing body should govern risk in a way that supports Sefalana in setting and achieving its strategic objectives**	The Audit and Risk Committee plays a key role in ensuring that the Company's Internal Audit function has the necessary resources, budget standing and authority within the Company to enable it to discharge its functions. The Head of Internal Audit reports directly to the Audit and Risk Committee. The Audit and Risk Committee acts in accordance with its statutory duties and the delegated authority of the Board in terms of governance of risk. The Audit and Risk Committee is an integral component of the risk management process and oversees the development of policies. Risk assessments are conducted on a continuous basis and reported to the Board through the Audit and Risk Committee. The Audit and Risk Committee provides oversight over risk management. Assurance of good governance is achieved through the regular measurement and reporting of risk management. To achieve this, recent risk management initiatives included: An annual assessment of the Risk Management Policy, Framework and Plan; > Board and Executive management assessment of risks impacting on the Group's strategic objectives; and > Re-assessment of the strategic risk register.

	PRINCIPLE	ASSESSMENT
12	**The governing body should govern technology and information in a way that supports Sefalana in setting and achieving its strategic objectives**	The Board has endorsed the Group IT Policies and procedures. The Group IT manager reports to the Audit and Risk Committee at all its meetings. The Board ensures that the IT strategy is integrated into the Sefalana Group's strategic and business processes, and that IT is in alignment with the achievement of the Group's business objectives. Group Management is mandated by the Audit and Risk Committee to guide IT governance framework within the Group. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT related risk. IT is represented at Audit and Risk Committee meetings by the Head of Corporate Services and Group IT Manager. Detailed feedback is made to the Audit and Risk Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
13	**The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Sefalana being ethical and a good corporate citizen**	The Company complies with applicable laws and non-binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time. As the Group's operations extend beyond Botswana's borders the aim remains to observe compliance with laws and regulations in the country the Group and its subsidiaries operate in.
14	**The governing body should ensure that Sefalana remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**	The Company has adopted remuneration practices which create value for the Company and are aligned with the Company's strategy. The Remuneration Committee assists the Board in its responsibility for setting and administering the remuneration policy. Directors' fees in aggregate are disclosed in the annual report and tabled for Shareholders' approval at Annual General Meetings. The Board is committed to paying fair, competitive and market-related remuneration to ensure that the Company is able to attract, retain and motivate talented employees. Targets are set relative to budget and in reference to prior year results and contain a performance range to incentivize out performance and set minimum performance levels to ensure that poor performance is not rewarded.

Group Management is mandated by the Audit and Risk Committee to guide IT governance framework within the Group. The framework supports effective and efficient management and decision making **around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT related risk.**

Corporate Governance Report

(continued)

	PRINCIPLE	ASSESSMENT
15	**The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of Sefalana's external reports**	The Audit and Risk Committee ensures comprehensive implementation of and adherence to internal controls. Internal Audit provides a written assessment on the effectiveness of internal controls to the Audit and Risk Committee each year. There is a sound collaboration between assurance providers. The Internal Audit team has been enhanced during the year and shall ensure more reliance is placed on Internal Audit work by External Audit. We support a culture of zero tolerance to fraud and corruption in all activities of the Group. A comprehensive anti-fraud program incorporating all elements of prevention, detection, investigation and resolution is coordinated through Internal Audit. Instances of fraud are reported through the Anonymous tip–off line and these are investigated, and the outcome reported to the Audit and Risk Committee. The Board has assigned oversight of the Group's risk management function to a well-established Audit and Risk Committee. This Committee approves the annual internal audit plan. The Group Internal Auditor and the Risk Manager report to the Committee at all its meetings.
16	**In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time**	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Group's strategic objectives and long -term sustainability. The Board not only encourages proactive stakeholder engagement through attending Annual General Meetings, but also through informal processes such as direct contact, advertising and press releases. The Sefalana website provides on-going information about the Group. The social media sites helps improve interaction with various stakeholders. Sefalana endeavors to engage regularly with its various stakeholders ranging from suppliers, employees, consumers, Governments, local communities and institutional investors as part of a vital condition for good corporate governance practices. Institutional investors engage directly with the Board about their request for governance reforms and are also advanced during Annual General meetings. Sefalana encourages strong engagement with various stakeholders including shareholders, suppliers, employees and the public through various forums.

Instances of fraud are reported through the anonymous tip-off line – and these are **investigated, and the outcome reported to the Audit and Risk Committee.**

THE UK CORPORATE GOVERNANCE CODE

Although not a requirement, Sefalana has endeavoured to benchmark against the UK Corporate Governance Code formerly known as the Combined Code in its governance framework while also adhering to local legislation (King Code).

Board Leadership and Company Purpose

Directors must act with integrity, lead by example and promote the desired culture. The Board should ensure that workforce policies and practices are consistent with the **company's values and support its long-term sustainable success, and that the workforce should be able to raise any matters of concern.**

In the light of recent local and global corporate governance failures and misconduct, it is vital that Sefalana utilises enhanced corporate governance codes to strengthen the its governance frameworks to deliver long-term sustainable performance. The UK Corporate Governance Code sets out the standards of good practice for listed companies. Similar to the King Code the overarching principles of the Code are leadership, capability, accountability, sustainability and integrity. Below is an expansion of the principles to which Sefalana has aligned itself:

Board Leadership and Company Purpose

It is the Board's responsibility to embody and promote the desired corporate culture. The Board establishes the company's purpose, values and strategy, and satisfies itself that these and its culture are aligned. Directors must act with integrity, lead by example and promote the desired culture. The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success, and the workforce should be able to raise any matters of concern. Further, the Board is to ensure effective engagement with, and encourage participation from, shareholders and stakeholders.

Division of Responsibilities

The Board should include an appropriate combination of Executive and Non-Executive Directors such that no one individual or a group of individual dominates Board's decision making. There should be a clear division between of responsibilities between the leadership of the Board and executive leadership of the company's business. Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Corporate Governance Report

(continued)

Composition, Succession and Evaluation

Appointments and succession plans are based on merit and objective criteria, and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Nomination Committee's remit will be broadened in this context to oversee the development of a diverse pipeline for succession.

Audit, Risk and Internal Control

The Board establishes formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial statements. Further the Board should present a fair, balanced and understandable assessment of the company's position and prospects. The Board establishes procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Remuneration

The remuneration responsibilities include reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting Executive Director remuneration. Remuneration schemes and policies make provision for the Remuneration Committee to override formulaic remuneration outcomes. Pension contribution rates for Executive Directors, are aligned with those available to the workforce.

The above principles are very much consistent with the King IV rules and by adhering to these general principles of corporate governance, Sefalana as a leading listed company strengthens the control of its business, public accountability and transparency, and therefore meets the international standards of corporate governance whilst retaining the essential spirit of enterprise.

Remuneration Report

The Remuneration Committee's responsibilities includes reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture, taking them into account when setting Executive Director remuneration.

> In order to achieve the best results, both a short term and a deferred element of remuneration for Executive Management **is in place as we feel this helps ensure alignment with the Group's overall strategy to reward strong performance, and to retain and motivate these who drive the growth of the business.**

These structures have been in place for some years now and directly correlates to the continued enhanced performance of the Group. Our key Executive team are essential for sustainable long-term growth.

Remuneration structure for Executive Directors

An appropriate split is maintained between guaranteed remunaration (salary) and reward for performance (incentives).

Monthly salary

All Executive Directors are paid a salary for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the detail of the role, the responsibilities assumed, and performance. Salaries are reviewed annually. Any proposed changes are put forward to the main Board for final approval.

This component of remuneration usually averages 30 - 40% of total remuneration each year.

Incentives

(i) Cash bonus

In addition to the monthly salary, Executive Directors are entitled to an annual bonus, provided a threshold percentage of budgeted profit is achieved. In the event that this threshold is not met, the Executive Directors are not entitled to a bonus for that year, unless discretionally awarded.

In the event that the Executive Director is entitled to a bonus for the respective year, the amount due to the Executive Director is determined by a set formula which incorporates a number of matrix relating to the statement of comprehensive income (revenue and profit measures) and the statement of financial position (net assets and gearing ratios), and a three-year look-back period to eliminate any abnormal once-off spikes or dips.

This cash bonus usually averages 30-40% of total remuneration awarded each year.

The Remuneration Committee may recommend to the Board a discretionary cash amount to be paid to any of the Executive Directors should it consider it appropriate to do so.

(ii) Deferred remuneration – retention component linked predominantly to share price movement

The Group Managing Director is entitled to a deferred shadow share reward of equal value to the cash bonus payment referred to above. At the point of award, this amount is converted into a notional number of shares based on the share price as at the respective year end. The deferred shadow payment is payable after three years have lapsed and is only payable in the event that the Group Managing Director is still employed by the Group. The amount payable is the growth in value attributable to the notional shadow shares during the three-year period. This component is therefore very much aligned to shareholder value growth.

The Group Finance Director is also entitled to a deferred remuneration component, similar to that of the Group Managing Director.

The deferred remuneration component was designed using worldwide best practice and was put in place to retain those considered to be critical to the Leadership team. **This has worked well for the Group over the years and has helped ensure continued growth. This deferred component usually represents 20 - 30% of the total remuneration each year.**

The Sefalana share has remained one of the best performing shares on the Botswana Stock Exchange **and has consistently outperformed the Index each year.**

The Remuneration Committee, and ultimately the Board is satisfied that the current remuneration structures remain suited to the Group.

Key matrix applied in arriving at annual incentive awards for Executive Directors

		Weighting
1.	Share price movement over 3 years	30%
2.	Profit growth over 3 years	50%
3.	Revenue growth over 3 years	20%
4.	Net asset growth over 3 years	20%
5.	Growth in leverage over 3 years	(20%)

Executive Directors' Emoluments

	2021 (P)			2020 (P)		
	Salary	Incentive	Total	Salary	Incentive	Total
Total Executive remuneration	8 890 178	14 077 813	22 967 991	8 320 282	12 105 303	20 425 585

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

Remuneration structure for Non - Executive Directors

All Non - Executive Directors are paid a monthly retainer for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the complexity of the role and the responsibilities assumed.

In addition, Non – Executive Directors are paid sitting fees in respect of each meeting held. Details of the frequency of these meetings are included on page 102 and 103 of this Report.

Departing Non – Executive Directors are paid an additional once-off fee equivalent to one year's retainer and Main Board sitting fees. During the year a number of Directors retired resulting in a additional P785 400 paid to the departing Directors and included within the retainer fee presented below.

Fees relating to Non – Executive Directors are reviewed periodically. Any proposed changes are put forward to the main Board for final approval.

Non - Executive Directors' Emoluments

	2021 (P)			2020 (P)		
	Retainer	Sitting fees	Total	Retainer	Sitting fees	Total
Total Non - Executive remuneration	1 405 800	645 150	2 050 950	712 800	387 091	1 099 891

The above amounts are included within Administrative expenses in the Statement of Comprehensive Income.

Our own fried chicken brand becoming increasingly popular

Scrumptious, crunchy chicken done right!

wings & things

47 Years of creating value

Enterprise Risk Management

Our Approach to Risk Management

The Group recognises that risk management is inextricably woven into our strategy, as effective risk management is essential to achieving the Group's strategic and operational objectives. This also helps us ultimately achieve sustainable shareholder value, protecting the brand and ensuring good governance.

Sefalana manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's risk management framework encompasses internal control in an integrated manner and is tailored to the specific businesses and functions. The Sefalana management systems, organisational structures, processes, standards, code of conduct and values and behaviours together govern how Sefalana conducts its business and manages associated risks.

The Board is accountable for governance oversight of the Executive team's management and mitigation of enterprise-wide risk and compliance risks, to enable achievement of the Group's strategic objectives. The Audit and Risk Committee approves the Group-wide policies, processes and procedures that give effect to risk and compliance management principles.

Group Risk Management Framework

Sefalana Group has an Enterprise Risk Management framework which, together with the governance structure, is designed to enable managing the material risks of conducting business.

The risk management framework has regard to relevant regulations, standards and guidelines including the King IV corporate governance principles and recommendations.

The risk management framework includes both the Group Risk Management Policy and the Enterprise Risk Management Framework. The Group Risk Management Policy reflects the overall principles of Sefalana Group's approach to risk management, and the roles and responsibilities for risk management within Sefalana Group. The Enterprise Risk Management Framework sets out the standards for identifying, assessing, responding, managing and reporting of risks impacting the success of strategic objectives and operating plans.

The design of the Group's risk management framework was reviewed and endorsed for approval by the Audit and Risk Committee during the reporting period.

The risk function facilitates an annual top-down review of risks with the Board and Group executives. A similar exercise is performed with each of our business units, identifying and assessing its risks; measuring them against defined criteria; and considering the likelihood of occurrence and potential business impact. These risk perspectives are combined to create a consolidated Group risk profile which facilitates oversight over the Group's material risks. The Group level risk exposures are measured against formalised risk appetite statements that are further aligned to the Group strategic objectives. Risk appetite and tolerance are core considerations for our risk response plans as they consider the relationship between the potential impact of key risks and the effectiveness of mitigating controls or management actions. The Audit and Risk Committee receives regular feedback from management on all risk-related activities.

Risk appetite and tolerance

Risk appetite and tolerance are a core consideration of our enterprise risk management approach. The Group's risk appetite and tolerance framework set out the levels of risk that the Group is prepared to assume in pursuit of its business objectives. Risk appetite acts as a mechanism to support the execution of the Group strategy. The risk appetite parameters are a set of guardrails for risk based decision-making in the context of strategy. They set out the inherent constraints that must be considered when deciding how much risk to assume, and which risks the Group will tolerate in order to achieve its value creation and preservation opportunities.

Continuous assurance through the three lines of defence

The Group's combined assurance framework adopts the 'three lines of defence' model in determining the focus of assurance providers on key risks. In the implementation, distinctions are made between assurance providers or functions that own and manage risk, functions that oversee risk, and functions that provide independent assurance.

1st Line of defence

Business and functional units owns and manages risk of individual business units

2nd Line of defence

- Oversees and sets frameworks and standards
- Group Risk and Loss Control
- Group Finance

3rd Line of defence

- Independent assurance of frameworks and controls effectiveness
- Group Internal Audit
- External Audit

Strategic Focus Areas

1. Optimise Profit Before Tax as a percentage of turnover
2. Optimise return on surplus cash
3. Increase Revenue
4. Drive Corporate Citizenship
5. Retain and grow customer base
6. Create innovative solutions and products
7. Improve Process efficiency
8. Develop, motivate and retain a multi-skilled and high performance workforce
9. Institute talent management

Enterprise Risk Management

(continued)

Our top priorities and risks

We determined our principal risks through a review process that analyses the risks facing business units in relation to Group strategy and key priorities. The material issues are those issues which could materially impact our value chain, cause deviation from expected strategic outcomes and negatively influence reputation.

Key risk movements

The principal and emerging risks are monitored throughout the year to identify changes to the risk landscape. Risks are reviewed in line with the company's strategic objectives.

We annualy review and update the descriptions and mitigating actions of our principal risks to reflect new emerging external risks and any new strategic priorities that have been announced. We assess whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year.

The most significant principal risks identified by the Board, and the corresponding mitigating controls, are set out below:

Risk status key			Risk movement key		
HIGH: Risk management activities have not resulted in demonstrated improvement in the inherent risk exposure	**MEDIUM:** Risk management activities have begun to demonstrate improvement	**LOW:** Risk management activities have resulted in demonstrated improvement to adequately address or exceed inherent risk	↔ No Change	↑ Increase	↓ Decrease

RISK NO 1	RISK NAME	RISK TRENDING	RESIDUAL RISK
	COVID -19 Pandemic	↑	●

Risk Description

The impact of the Covid-19 Pandemic on our business, financial position and results of operations is in many respects unpredictable, and we may be unable to sustain our growth rate.

Risk Mitigation

The following key actions have been undertaken to manage the impact of the pandemic on our business;

- Immediate response to the guidance as provided by Government and implementing travel restrictions, social distancing measures, as well as working from home for all non-essential employees;
- Operational activities have been adapted and continue to be updated to comply with guidance provided by Government to prioritise the safety of our people and our customers;
- Development of robust protocols to deal with a myriad of events such as store closures;
- Introduced social distancing and hygiene measures in stores, distribution centres, and head offices to keep our people and our customers safe;
- Management and crises teams have met at an increased frequency throughout the crisis, with management monitoring and responses to events on a daily basis;
- Prioritising safety and security in our workplaces and shopping environments. Our aim is to maintain the Group's reputation for quality and to move towards zero tolerance for any safety threats; and
- Co-ordination of activities across the Wholesale, Retail, HR, IT and Finance teams to help ensure that, in the event of a disaster, appropriate mitigations are in place to reduce the impact on customers, supply chains and employees. These activities specifically relate to five key areas of risk:
  - Communication risks
  - Business and operational risks
  - Employee risks
  - Cyber risks
  - Infrastructure risk

Prioritising safety and security in our workplaces and shopping environments.

Our aim is to maintain the Group's reputation for quality and to move towards zero tolerance for any safety threats

Enterprise Risk Management

(continued)

RISK NO 2	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Information Security	←→	●

Risk Description

Disruptions in our systems could harm our ability to conduct our operations. Given the number of individual transactions we have each year, it is crucial that we maintain uninterrupted operation of our business-critical information systems. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches (cyberattacks), catastrophic events such as fires, tornadoes, earthquakes and hurricanes, and usage errors.

Mitigating actions

Our information security teams monitor and continue to enhance the IT environment in the following ways:

- Strengthing our cyber-control framework to improve resilience and cybersecurity capabilities, including threat detection and analysis, encryption, network security, access controls, system security, payment systems controls back-up and recovery;
- Developing a risk-based security testing approach across Group to identify ongoing vulnerabilities;
- Compliance with obligations associated with new privacy laws enacted to protect and regulate the collection, use, retention, disclosure and transfer of personal information, which include statutory liability for security breaches; and
- Greater emphasis on IT governance with a focus on data security and privacy to provide appropriate and sustainable IT governance.

Covid -19 Impact

The increased use of remote work infrastructure due to the Covid-19 pandemic has also increased the risk of attacks. Some of our systems and third-party service providers' systems have experienced limited security breaches or incidents and although they did not have a material adverse effect on our operating results.

RISK NO 3	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Procurement and strategic sourcing	↔	●

Risk Description

The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including safety, anti-corruption and environmental laws, and to otherwise meet our required supplier standards of conduct. Our ability to find qualified suppliers who uphold our standards, and to access products in a timely and efficient manner and in the large volumes we may demand, is a significant challenge, especially with respect to suppliers located and goods sourced outside Botswana.

Mitigating actions

We continue to monitor and improve our controls to further reduce this risk though:

- Identifying opportunities for bulk buys and discounts such that availability gaps are minimised and margins are optimised;
- Ensuring adherance to product standards, policies and guidance covering both food and non-food, ensuring that products are safe, legal and of the required quality; and
- Expecting our suppliers to comply with applicable regulatory requirements, including responsible sourcing and quality standards.

Covid -19 Impact

Customer demand for certain products has fluctuated as the Pandemic has progressed and customer behaviours have changed, which has challenged our ability to anticipate and/or adjust inventory levels to meet that demand. These factors have inevitably resulted in higher out-of-stock positions in certain products.

Ensuring adherance to product standards, policies and guidance covering both food and non-food,
ensuring that products are safe, legal and of the required quality

Enterprise Risk Management

(continued)

Procurement and Strategic Sourcing

Our Board develops and regularly challenges the strategic direction of our **business to enhance our ability to remain competitive on price, range and service.**

RISK NO 4	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Market position	←→	●

Risk Description

Failure to deliver an effective, coherent and consistent strategy to respond to our competitors and changes in market conditions, resulting in poor turnover, loss of market share and failure to improve profitability.

The trading environment continues to be competitive, driven by new entrants, as well as being affected by changing customer needs and expectations. We must be able to compete in changing markets.

Mitigation Actions

- Our Board develops and regularly challenges the strategic direction of our business to enhance our ability to remain competitive on price, range and service.
- Our Executive and operational management regularly review markets, trading opportunities, competitor strategy and activity. We engage in market scanning and competitor analysis to refine our customer proposition.
- Our outstanding market position as a leading FMCG Group, and the strength of our brand enables us to respond robustly to competitive threats.
- Our key business enhancement objective is to ensure that the Group is able to respond more effectively, efficiently and competitively to the changing dynamics of our local and regional marketplace.

Covid -19 Impact

Covid-19 introduced new challenges and additional, unplanned expenses. It also added to already high unemployment numbers which will have an impact on levels of consumer spending.

A variety of opportunities arose during the financial year despite the adverse trading conditions as a result of Covid-19. The business adapted well and managed to create employment with new store openings.
A changing business environment provides the opportunity to use our scale, experience and agility to stay abreast and ahead of market trends, to adapt quickly and efficiently.

RISK NO 5	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Governance and Regulatory Compliance	↔	●

Risk Description

The Group operates in an increasingly complex regulatory environment requiring investment in compliance management systems.

Compliance is also required to uphold the Group's status as a trusted and reputable brand.

Engagement with regulators played a critical role in the correct and timeous implementation of Covid-19-related regulations and increased emphasis on health and safety laws.

Compliance failures may result in fines, criminal penalties, consequential litigation and an adverse impact on our reputation, financial results, and/or our ability to do business.

Mitigating actions

- Our Code of Business Conduct is supported by annual compliance reviews and other tools such as our whistleblowing hotline.
- We continue to monitor and improve our controls to ensure we comply with legal and regulatory requirements across the Group.
- Communication and strong tone from the top concerning compliance with laws and regulations.

Covid -19 Impact

Sefalana is committed to supplying high-quality products and a safe shopping and working environment. The Covid-19 Pandemic placed additional pressure on us to deliver on this. We prioritise safety and security throughout our operations, ensuring effective quality control in our sourcing and throughout our supply chain and safeguarding our retail environments from crime and occupational health and safety risks.

We have zero-tolerance approach towards any safety threats, including crime.

Enterprise Risk Management

(continued)

RISK NO 6	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Diversification and growth	↔	●

Risk Description

As we continue to transform our businesses, the successful delivery of our business transformation programmes is critical. There is a risk that we could be unsuccessful in maximising opportunities to execute our expansion strategy.

Mitigating actions

- Establishment of a Data Analytics team to better use information to assist in decision making.
- Investment in Data Analytics tools so that we are at the forefront of modern day use of data.

RISK NO 7	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Technology and data management	↔	●

Risk Description

Failure of our IT infrastructure or key IT systems result in loss of information, inability to operate effectively, financial or regulatory penalties, and negatively impacts our reputation.

Our focus is on enhancing customer experience by providing seamless and continuous customer service through delivery of leading digital solutions, core platform capabilities, underlying IT services required to support the Group's overall strategy for driving profitable growth.

A significant IT Strategy implementation failure could impact on our ability to provide leading technology solutions in our markets and therefore impacting on our competitiveness, our ability to provide a superior customer experience and associated impact on quality and operational efficiency.

Mitigating actions

- We change and evolve to meet the needs of our customers through our digital strategy and technology developments, through listening to our customers.
- Significant investment in re-engineering some of our legacy retail systems, while building redundancy for key business systems. Our technology security programme continues to build security capabilities to strengthen our infrastructure and Information Technology General Controls.
- Continued investment in technology and data analysis remains a priority as the Group strategically positions itself for optimising the business to create new opportunities and grow into new markets.

RISK NO 8	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Value based employee culture	↔	●

Risk Description

Failure to attract and retain the required resources and skill sets.

Mitigating actions

- Market competitiveness continues to affect our ability to attract and retain key specialist talent.
- We aim to be an employer of choice, with engaged, proactive employee relationships. Over the past year, we revised our Group HR strategy in response to employee and business needs. We aim to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.
- We continue to monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate.
- The Group has a stable and diverse leadership team in place. We have invested in developing our management teams and employed a diverse team of leaders over the past year. Our team members bring industry knowledge, depth of experience and a fresh view. The same rules of transformation and diversity are applied to the Board of Directors. Employment equity remains a priority in all employment considerations.

RISK NO 9	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Business strategy	↓	●

Risk Description

Failure of our business value proposition to adequately cater to customer demands may impact results from operations and future growth.

Mitigating actions

- The Group has a robust and capable Board of Directors, fully attuned to Sefalana business strategy, material risks and opportunities.
- The Board and Executive management are focussed on strategy and are mindful of the risks, illustrating strong direction and commitment from the top.
- Ongoing monitoring of business as usual performance to determine indicators of potential negative performance so corrective measures can be taken swiftly.

Covid -19 Impact

The Group monitors the impact on staff's mental and psychological wellbeing due to the changes in the working envronment. There is also an increased risk of staff feeling disconnected from their colleagues which in turn may impact productivity.

Enterprise Risk Management

(continued)

RISK NO 10	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Knowledge, capacity and culture	↓	●

Risk Description

Our ability to successfully execute organisational changes, including management transitions within the Company's senior leadership, and to effectively motivate and retain the required capability are critical to our business success. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.

Mitigating actions

- We continue to monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate.
- The Group's employment policies and remuneration and benefits packages are regularly reviewed and are designed to be competitive with other companies, fair and consistent, as well as providing colleagues with fulfilling career opportunities.
- Our HR strategy aims to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.

Covid -19 Response

Engagement with employees and teams on a regular basis regarding their wellbeing. Scheduled wellness sessions which are open for all staff to attend. Encouraging staff to take leave where this might have been neglected.

RISK NO 11	RISK NAME	RISK TRENDING	RESIDUAL RISK
	Environment and sustainablity	↓	●

Risk Description

The environment and sustainability are core to Sefalana values. Significant environmental and social impacts resulting from factors such as unsustainable consumption of natural resources, uncontrolled release of emissions and waste – coupled with environmental practices across the Group and its value chain – can lead to environmental, social, financial, regulatory and reputational risks for the business.

Mitigating actions

- Group sustainability functions are working to embed principles and practices into the Group's operations and supply chain to address social and environmental issues with a focus on food security, packaging, water and climate change.
- Set reduction targets to support carbon footprint and water usage management across main office buildings. Carbon emissions, electricity and water consumption, and waste generation are measured, monitored and reported against set targets annually.
- The Corporate Responsibility and Sustainability Committee oversees the impact of Sefalana's corporate responsibility and sustainability strategy.
- A combined assurance framework which includes internal assurance providers is in place to manage and report on risk and compliance.

Exclusive to Sefalana stores - our A-Star family of products.

Giving customers an alternative to **established brands at affordable prices.**

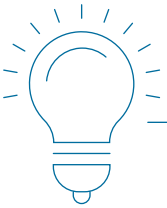
Rich & Nutritious Quality Sefalana is proud of

Quality we are
proud to call our own

Sefalana's own brand of A Star products
are becoming increasingly popular

Audit and Risk Committee Chairperson's Report

The Group Audit and Risk Committee is pleased to present its report in terms of the King Code of Governance ("King IV") requirements for the financial year ended 30 April 2021. The committee has conducted its work in accordance with the written terms of reference approved by the Board.



The members of the Audit Committee appreciate the crucial role the Committee plays in helping the Board to discharge its overall responsibility to protect as far as possible the long-term success of Sefalana by appropriately managing the risks to the business. We do this by monitoring, reviewing and challenging the effectiveness of the Group's systems of control and processes in areas such as financial reporting, risk management, business continuity, and business assurance on critical topics including cyber security, fraud and corruption.

The Committee also monitors and reviews the appointment of Sefalana external and internal auditors, the nature and scope of their work, and their independence and effectiveness. It is vital that we as a Committee assess what processes and systems make Sefalana more effective, robust and sustainable in the long term, while preserving and fostering the business' agility, adaptability and growth.

Internal Financial Control

We have considered the reports of management, internal audit and external audit in arriving at our conclusion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements.

The Audit Committee confirms that the Company has established appropriate financial reporting procedures and that those procedures are operating effectively. No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

External audit

The Audit and Risk Committee makes recommendations to the Board on the selection, appointment, re-appointment or replacement of the external auditor. The Board is satisfied that the Company has adequate policies and safeguards in place to ensure that our External Auditors Delloite, maintain their objectivity and independence. The External Auditors report to the Audit Committee annually on their independence.

The Audit Committee has considered and is satisfied with the appropriateness of the Key Audit Matters reported on by the external auditors.

Internal audit

The Committee has satisfied itself that the internal audit function was appropriately independent. The internal audit charter was approved by the Committee. The Committee has responsibility for overseeing, reviewing and providing assurance on the adequacy of the internal control environment across the Group's operations and approves the annual internal audit plan, which follows a risk-based approach. The head of Internal Audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the Committee at each meeting.

The Head of Internal Audit has direct access to the Audit Committee members, through the Chairperson of the Committee, and reports to the Committee in relation to any incidents of alleged fraud and corruption reports. The Committee is satisfied that appropriate interventions have been put in place to deal with these.

Risk Management

The Committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto.

The Committee is also responsible for:

- obtaining independent assurance on the **effectiveness of the IT internal controls;**
- overseeing the value delivery on IT and monitoring **the return on investments on significant IT projects; and**
- ensuring that IT forms an integral **part of the Company's risk management.**

The onset of the Covid-19 pandemic introduced the need for heightened risk identification and risk monitoring activity – in particular, business resilience and business continuity management – as part of proper positioning of the Group's risk response strategies to address several significant risk and compliance management challenges. No material or repeated regulatory penalties, sanctions or fines were imposed on the Group or on Board members for contraventions of, or non-compliance with, statutory obligations.

The Committee provided strategic direction on establishing and further enhancing effectiveness of the Group risk and compliance management functions, including the systems, policies and processes.

The Committee reviewed management reporting on monitoring internal control effectiveness, and results of internal assurance applied. The Committee is satisfied that the risk management and internal controls systems for all parts of the business operated effectively for the financial year to 30 April 2021 and up to and including the date of this report.

Combined assurance

The Committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

Expertise of the Group Financial Director and Finance Function

The Committee has reviewed the current performance and future requirements for the financial management of the Group and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. The committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole.

Our priorities for the year ahead

During the forthcoming year, the Committee will continue to focus on the integrity of the financial controls, risk management systems, governance of information and technology and robustness of the Company's cyber security arrangements, to make sure they reflect the changing risks of our high-growth business. The security of our customer data will be a key focus in the financial year ahead, and this will be regularly monitored by the Committee. The Committee will also provide oversight of management attention to optimisation of the combined assurance arrangements, and enhancing their effective application across the Group.

The Committee is satisfied that it has carried out its legal, regulatory and other responsibilities in alignment with its annual work plan.

Following the review of the financial statements, the Audit Committee is of the opinion that, in all material respects they comply with the relevant provisions of the Companies Act and IFRS and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and that they fairly present in all material respects, the results of operations, cash flows and financial position of the company and the Group for the year then ended. The Audit Committee has recommended to the Board the Integrated Report for approval.

On behalf of the Audit Committee
Mrs Susanne Swaniker- Tettey
Audit Committee Chair

Information Management and Information Technology (IT) Governance

The Board has the ultimate responsibility and accountability for the management and governance of IT. IT management and governance are deemed essential for Sefalana Group to achieve its strategic objectives. The Board exercises oversight and directs the strategic and operational use of technology and information. The Board's IT governance approach is complemented by the strengths of the Group's federal business model by delegating IT decision - making to the appropriate cluster and/or business units. In this way, the Board directs the strategic and operational use and management of IT to ensure that benefits are realised within an acceptable and articulated level of risk. IT governance capacity and awareness are continuously monitored by the Audit and Risk Committee and the Board. The Sefalana Board of Directors acknowledges the need for approved IT Governance Frameworks, Policies and Strategies as recommended in the Code of Governance Principles, King IV.

The governance of the cyber and information security strategy and shared infrastructure is centralised. The role and responsibilities of Board and the relevant committees in respect of IT governance, includes among others, the following:

- The Sefalana Group IT Steering committee reports to the Group Executive committee and co-ordinates the development and implementation of IT-related frameworks and policies.
- The Audit and Risk committee is responsible for IT governance as well as overseeing the management of Sefalana's top technology and information related risks based on materiality and in alignment with the Group's risk appetite. The committee also oversees the Group's technology strategy, establishes cyber-resilience, and oversees technology architecture and operational excellence of the shared IT infrastructure.
- Management provides assurance to the Audit and Risk Committee that effective IT governance practices are in place in the Sefalana Group and that material risks are mitigated appropriately.
- External and internal audit perform assessments as part of their audits of IT management, governance, and of the general IT environment.
- All significant technology, governance and information related audit findings are reported to the Audit and Risk Committee, which ensures that these are addressed accordingly. This process is aligned to the application of the Group's combined assurance model.

The Audit and Risk committee is responsible for IT governance as well as overseeing the

management of Sefalana's top technology and information related risks based on materiality and in alignment with the Group's risk appetite.

IT oversight relates to the following elements:

- IT governance frameworks, **Policies and Charters**
- The information security charter, which defines **the Information Security management system**

These IT governance elements are supported by the following Group-wide policies:

- Cloud and **technology outsourcing**
- Information **security management**
- Cyber-resilience
- Digital behaviour and **information security for users**
- Various lower level / end-user **information security policies**

IT is regarded as strategic and deeply entrenched in the way the Group conducts its business. For this reason, the Group acknowledges the pivotal role that IT governance plays in conducting business in a highly competitive environment.

The Group's IT governance framework and reporting system, enables the Board to reinforce and verify that value is derived through the appropriate use of IT and that IT change initiatives are aligned with business strategy and implemented within an acceptable level of risk. The framework continues to holistically make provision for centralised oversight and guidelines, in alignment with the broader Group governance framework.


PERISHABL

04 COMPANY PROFILES

Weathering the storm
Expansion through purpose

Our Management Teams

Our Sefalana Head Office team

Chandra Chauhan
Group Managing Director (GMD)

Mohamed Osman
Group Finance Director (GFD)

Omphemetse Mokgosi
Personal Assistant to GMD and GFD

Saju Peter
Group Financial Controller

Bofitlhile Malesela
Group Property Accountant

Izdihar Salim
Group Financial Accountant

Zeenat Mia
Group Data Analyst and Strategy Co-ordinator

Michael Simaye
Group IT Manager

Tapiwa Muzembe
Group Brand Custodian

Sefalana GROUP
Your basket of opportunities

Gofaone Senna
Group Company Secretary

Otsile Johwa
Group Human Resources Manager

Lorato Radiposo
Head of Internal Audit

Yule Madikwe
Group Internal Auditor

Chedza Mothebe
Trainee Internal Auditor

Kgositsile Setumo
Messenger

Otsile Maoba
Office Cleaner

Mosetsana Disela
Receptionist

Gaolathe Solomon
Receptionist

Our Management Teams
(continued)

Our Sefalana Cash & Carry Wholesale & Retail team

Gerhard Scheepers
Chief Executive Officer

Moagi Buzwani
Country Head of Wholesale

Sunil Urath
Country Head of Retail

Shane Colloty
Merchandise Executive

Delores Adul
Head of Merchandise

Coenraad Albertyn
General Manager - Sefalana Catering

Sefalana
Sa Rona - Your family value store

David Levin
Head of Corporate Services

Mike Makin
Sefalana Cash & Carry - Finance Director

Godfrey Ndwapi
Head of Risk

Mmapula Pilane
Head of Human Resources

Our Management Teams
(continued)

Our Metro Cash & Carry team

Bryan Davis
Metro Cash & Carry Namibia - Managing Director

Sinsikus Amwiigidha
Finance Director

Philip Nel
HR Executive

Kobus Boshoff
Merchandise Executive

Jan Rauwerda
National Buyer

Vic Goosen
Regional General Manager - South

Zelda Rauwerda
Regional General Manager - Central

Eswee van Wyk
Operations Executive

Amand du Preez
IT and Systems Executive

Rhyno van Rooyen
Risk Executive

Amanda Philander
Retail Development Manager

Jade Rickerts
Corporate Services Executive

Hebertus van Zyl
Sales Executive

Rosalia Samuel
HR and Training Administrator

Our Management Teams
(continued)

Our Lesotho Cash & Carry team

Sefalana Cash & Carry Lesotho

Devin Serfontein
Country Head

Lehlohonolo Maine
Maseru Liquor Branch Manager

Rapelang Maubelle
Finance Manager

Sadik Patel
Senior Buyer

Consolata Pheko
Maseru Cash & Carry
Administration Manager

Etienne Botha
Maputsoe Branch Manager

Mohau Lebeko
Maputsoe Liquor
Branch Manager

Keabetsoe Makha
Maputsoe
Adminstration Manager

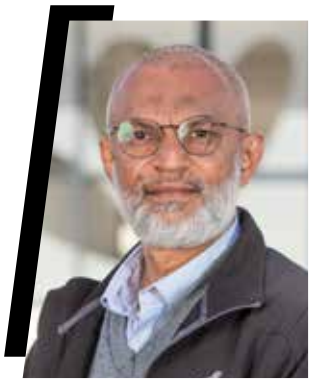
Mantoa Sebophe
Maseru Liquor
Adminstration Manager

Our Commercial Motors team

Cm Commercial Motors

Akhtar Nanuck
Dealer Principal

Khumo Christos
Finance Manager



Nazim Shaikh
Parts Manager

Rudolf Kroukamp
MAN Workshop Manager

Upul Kalansooriya
Honda Workshop Manager

Rejesh Kumar
Tata Workshop Manager

Our Mechanised Farming team

Mf Mechanised Farming

Akhtar Nanuck
Dealer Principal

Khumo Christos
Finance Manager

Dintle Selepe
Sales Executive

Our Management Teams
(continued)

Our Foods Botswana Beverages team

Foods Botswana Beverages
A Sefalana Group Company

Zeenat Malek
Finance Manager

Scharl Varnfield
Operations Manager

Keitumetse Ngwako
Human Resources Officer

Kgakgamatso Monare
Production Foreman

Lucy Evans
Senior Lab Technician

Marang Tiro
SHE Officer

Our Foods Botswana Milling Team

Foods Botswana Milling
A Sefalana Group Company

Oaitse Goitsemang
General Manager - Production

Patrick Muzhingi
Finance Manager

Mavis Manyaapelo
Human Resources Officer

Randas Siziba
Miller

Our Management Teams
(continued)

Our Sefalana Fresh Produce Team

Sfp
Sefalana Fresh Produce
A Sefalana Group Company

Sunil Urath
Country Head of Retail

Praveen Veliyath
Retail Business Manager

Sophie Montshiwa
Finance Accountant

Penny Orman
Branch Manager

Our Seasons - Australia Team

Dustin Pereira
Chief Executive Officer

Charles Gregory Weiss
Chief Operations Officer

Warren Lovell
Chief Finance Officer

Our commitment to providing safe, high quality and reliable products is key to our business

Our premium
house brand range

Family Favorite

family favorite

Sefalana Cash & Carry
Limited

Sefalana TRADING

Sefalana
Sa Rona - Your family value store

Sefalana Hyper
Sefalana Shopper
Sefalana Cash & Carry
Sefalana Quick
Sefalana Liquor
Sefalana Catering

Sefalana House-Brand Range

AStar

Quality we are proud to call our own

Rich & Nutritious Quality Sefalana is proud of

25

Cash & Carry
trading under the name
"Sefalana Cash & Carry"

Sefalana Cash & Carry

29

retail supermarkets
trading under the name
"Sefalana Shopper"

Sefalana Shopper

400

voluntary retail **franchise members**

Sefalana Cash and Carry Limited operates in the fast - moving consumer goods **("FMCG") sector. The Company's store portfolio is spread strategically across Botswana.**

In addition, the Company has just under 400 voluntary **retail franchise members located throughout Botswana who trade under the names Supa 7, Supa Deal, Citi Saver,** Bonanza, Pula Value and Triple Seven Liquor

1 filling station **under the Puma franchise**

4

4 Hyper stores located in **Gaborone, Francistown and Mahalapye,** operating as "Sefalana Hyper"

Sefalana Hyper

4

convenience stores **under the name** 'Sefalana Quick',

Sefalana Quick

6

Liquor stores called 'Sefalana Liquor' and **1 cigarette** distribution outlet trading as "Capital Tobacco"

Sefalana Liquor

Sefalana Cash & Carry
(continued)

During the year we opened our very first store in Shakawe, moving closer to our valued customers. We also opened a Sefalana Liquor outlet in Tlokweng and refurbished our Molepolole store, providing a vibrant and fresh shopping experience for our customers.

Following the immense success of our flagship Setlhoa Shopper store, 'the Big One', we have been on the lookout for suitable locations in which to open new stores with a similar format to Setlhoa. We are delighted to have found a suitable location and look forward to opening our second flagship store in Gaborone later this year.

Looking back at our history, our operations commenced in 1974 when Sefalana Sa Botswana was formed and took over the operations of Bechmalt Holdings which included six wholesale stores. Over the last 47 years, our FMCG operations have expanded throughout the country making Sefalana a household name and a trusted local brand.

Over the years, Sefalana Cash and Carry has evolved to meet the needs of the modern-day customer. Through astute leadership and a devoted staff compliment, we have been able to bring forth a number of 'Firsts' to the Botswana market. These include:

- Launch of Botswana's first FMCG online shopping site 'Sefalana Online' in 2016. This platform allows customers to purchase goods online and have these delivered or held for collection in store. We are currently upgrading this site to enhance its features.
- Launch of Sefalana Rewards in 2016, making Sefalana the first local entity to introduce a loyalty program to its customers, allowing customers to earn points on current purchases which can be redeemed at a later date. We improved this offering to include an option to 'Bank Your Change' which is proving popular with customers.
- Launch of Sefalana's first petrol station under the Puma franchise in Setlhoa in 2019, offering an added convenience to our customers as they are able to re-fuel their vehicles while shopping for groceries on their way home.
- Launch of our first hybrid store in 2019 (Sefalana Shopper Setlhoa, the "Big One"). This store offers an extensive range of fresh fruit and vegetables, , a butchery, a bakery, a hot foods deli, an in-store pharmacy, a fresh seafood section, a 'grab and go' corner for quick meals and an Eastern delicacies section offering Asian spices and herbs.

We pride ourselves in being a one-stop-shop for our customers and providing a wide range of quality products and services at competitive prices. Our focus continues to be enhancing the shopping experience for our customers through improved product displays, a diversity of new products, well stocked isles and a better store layout.

Our dedicated store management team is always keen to provide a helping hand to customers and is supported by a team of Regional Managers and a central leadership structure. Store managers focus on running their stores, meeting consumers and supporting communities in line with providing the highest levels of quality and care that customers expect from a brand they have come to believe in.

We are pleased to have been able to go a step further and offer our customers a home delivery service in response to the Covid-19 pandemic and lockdowns. Customers are now able to place orders through Whatsaap, telephone, email services as well as through the popular Yamee phone application. We have been able to quickly adapt to the fast changing environment around us and ensure our customers are well attended to while keeping safe at home. Over the year, we have noted a growing trend in remote shopping.

We are increasingly becoming a preferred alternative to other chains in the market through our hard work and dedication to quality customer service. We focus on ensuring our supply chains are efficient and reliable and that our service standards are monitored closely and continually improved, increasing efficiency and achieving optimal levels of inventory in store.

Our 'A Star' range of branded products continues to gain popularity and is a top seller in our stores, providing to be a preferred brand for customers.

With over 40 different A Star products our brand **ranges from perishables such as milk and flour to household toiletries and canned products. This has allowed us to offer our customers quality products at competitive prices.**

Our 'A Star' range of branded products continues to gain popularity and is a top seller in our stores, providing to be a preferred brand for customers. With over 40 different A Star products our brand ranges from perishables such as milk and flour to household toiletries and canned products. This has allowed us to offer our customers quality products at competitive prices.

The market share of our retail division continues to grow as we move from catering for the lower-medium income earning market to including the more affluent, modern consumer. We aim to further contribute to the market through enhancing our product offering, modernising the layout of our stores and creating more modern stores.

Sefalana continues to be an employer of choice and this is why we have long standing employees, some of which have been with us from the very beginning. We believe in investing in our human capital and providing continuous development programs for our staff. All training programs are BQA accredited and enable career progression. Sefalana also has an affiliation with the University of Stellenbosch for the development of store level staff.

We partnered with the Botswana Institute of Chartered Accountants (BICA) and are a BICA Accredited Training Employer (ATE) offering approved practical experience towards the BICA qualification. We are proud of this accreditation and are happy to have BICA trainees under our employment, developing future leaders.

Our Catering Division, Sefalana Catering commenced operations in 2018 and is now well into its third year of operations. This business is located in Gaborone West Industrial. This division is focused on the supply and delivery of frozen food and related catering equipment to the local hospitality industry, offering over 2000 new product lines not previously sold by our stores. Using a fleet of new, multi-temperature vehicles and freezer facilities, we ensure all products are delivered in a safe manner, ensuring the best quality at affordable prices.

It has been a challenging year for this division given the decline in the hospitality industry as a result of the Covid-19 Pandemic. Nonetheless, we have persevered and developed our offering such that when the sector recovers, we are best placed to meet its needs. Sefalana Catering aims to be the preferred supplier to the Hotel, Restaurant, Lodge and Catering industry in all corners of Botswana, offering a full range of frozen, chilled and ambient products and equipment.

Our large, modern freezers are also open to walk in customers and we are able to offer a fantastic range of ready-made cakes, desserts, frozen French fries, ribs, chicken and seafood, to name but a few. Our extensive ambient products are suitable for any size kitchen, from the large industrial kitchens catering for thousands of people to the passionate home kitchen, where quality, price and a large range is important to the consumer.

Sefalana Cash & Carry Namibia
Limited

Sefalana TRADING

Metro NAMIBIA Cash 'n Carry

Metro NAMIBIA Hyper

Metro NAMIBIA Liquor

Seven years ago, in December 2013, Sefalana embarked on its Regional expansion journey and took the bold step of opening our first store outside of our borders in Katima Mulilo, Namibia. Within a year, we took over Metro, one of the largest FMCG chains in Namibia with 12 stores spread across the country. **This enabled us to carve our footprint deep into Namibian soil and make a name for ourselves in the local market.**

20

We are also proud to have achieved our medium term **target of operating 20 stores across the country**

Metro NAMIBIA Cash 'n Carry

3

3 Liquor outlets **across the country**

Metro NAMIBIA Liquor

Improved bottom line which has increased five-fold over the last seven **years, making Metro the single largest contributor to Group profits for the year.**

Metro House-Brand Range

family favorite

Quality we are proud to call our own

Rich & Nutritious Quality Sefalana is proud of

Remarkable support and growth of our customer **base which has allowed the Metro brand to be a brand of choice in Namibia, encouraging store growth and expansion into new areas of the country.**

> 829

employees

Providing employment to over 800 Namibian nationals, an increase of over 350 employees from inception. We look towards adding on to our staff compliment through additional store openings

Sefalana Cash & Carry Namibia

(continued)

Led by a well experienced team and a large staff compliment, our Namibian business has achieved tremendous success over the years, which include:

Remarkable support and growth of our customer base which has allowed the Metro brand to be a brand of choice in Namibia, encouraging store growth and expansion into new areas of the country.

Providing employment to 800 Namibian nationals, an increase of over 350 employees from inception. We look towards adding on to our staff compliment through additional store openings.

Various store revamps including improved signage, providing a new look and feel for our customers.

Improved bottom line which has increased five-fold over the last seven years, making Metro the single largest contributor to Group profits for the year.

Roll out of the Arch data management system to all stores which has enabled operational optimisation and an enhanced performance in all stores.

We are pleased to have created a name for ourselves in new localities across Namibia, serving more customers closer to their homes. We are also proud to have achieved our medium term target of operating 20 stores across the country. Over the coming years we aim to achieve the following objectives:

Further enhance the range of goods and services in store which will include Sefalana's own brand of A Star products that will be offered to the Namibian market for the first time.

Continue with our store relocation program, repositioning some of our stores to larger premises accommodating the increased footfall and wider range of products on offer.

Moving closer to our customers through opening new stores in areas in which we do not have a presence.

From inception, we have monitored the property market in Namibia and have purchased properties in Strategic locations, including Windhoek and Keetmanshoop. Due to the Covid-19 pandemic, no new stores were opened in the current year, however we look towards growing our property portfolio in a manner similar to what we have done in Botswana and are constantly on the lookout for well placed, reasonably priced locations for new store openings.


Sefalana
Sefalana
RELAY


entrance

Turnover amounted to P2 billion, a growth of 17% on the prior year.





Boosted Group profits since 2014 **and now a significant subsidiary**

Namibia

Our operations in Namibia continue to grow despite evidence of stress in the economy, largely through margin **focus and cost curtailment. This business continues to make a significant contribution to overall Group results each year.**




Sefalana Trading Lesotho

T/A Sefalana Cash & Carry Lesotho

On 1 November 2016, Sefalana entered the Lesotho market through a takeover of the country's largest distribution and logistics company, TFS Wholesalers, Distribution and Logistics in Maseru. The acquisition provided us with the opportunity to achieve a strong presence in the market in a short space of time, making Sefalana a market leader in the country. **In order to meet the growing market demand, an additional warehouse was secured in 2017 and in 2018 we opened our doors to the largest liquor wholesale in the country.**

During the year no new stores were opened as we focused on maintaining current operational levels and providing a safe environment for our staff and customers. **We used the quiet, lockdown periods to renovate our stores and increase parking space, providing ample social distancing for our customers as well as a rejuvenated look and feel to our stores.**

We continue to ensure our staff receive continuous on-the-job training and have promoted **a number of staff through our internal succession planning program.**

Our MPesa program launched last year continues to offer a risk free payment platform and has become a **preferred payment method by customers. Our Facebook page continues to gain popularity with a total of 12 300 followers.**

Our stores offer an extensive range of products and services, making us a house-hold name over the last five years. **Understanding local buying trends and customer spending patterns has allowed us to maintain our title of the largest retailer in the country.**

Through understanding the needs of the local population and developing the Sefalana brand name in Lesotho, we gained the trust of small **retailers and business owners. This allowed us to further expand operations and we opened a new cash and carry store and liquor wholesale in Maputsoe in 2018.**

Due to national lockdowns and border closures we were able to further extend our customer base as we noted that customers who **usually purchase stock from across the border in South Africa are now purchasing from us.**

In the coming year we look forward to introducing our very own Sefalana A Star **house brand products to the market and providing catering and hospitality solutions to our valued customers.**

Our Lesotho business is led by a strong management team with 180 full time staff. A significant number of new jobs were created this year through the opening of our Maputsoe cash and carry and liquor stores.

We are proud to be the leaders in FMCG in Botswana, Namibia and Lesotho.

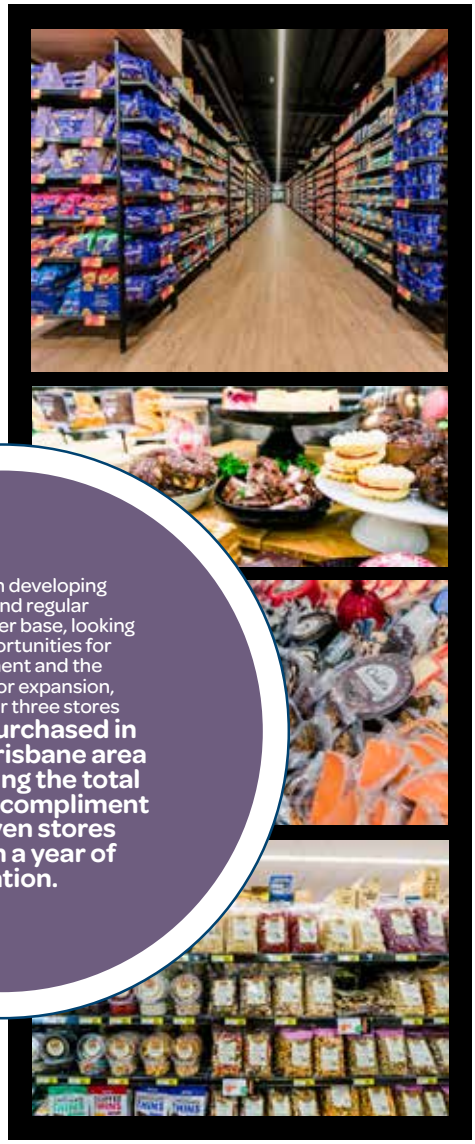
Lesotho

Our Lesotho business is now picking up **momentum and represents 10% of Group revenue.**

Seasons Group - Australia

The Seasons Group emerged with a single standalone store in Brisbane, Queensland Australia in 2019 which quickly developed into a chain of four stores across the Brisbane area. This was achieved through understanding the local market and providing a largely bespoke offering to the community.

Sefalana's investment in the Australian business is at a 40% shareholding and has been treated as an associate entity. **Further details of this new business is included in the Group Managing Director's and Group Finance Director's report.**



In May 2020, we were elated to welcome our very first offshore FMCG business to the Sefalana family. This was after a careful **evaluation period of over 18 months and based on a need to diversify our income stream and foreign exchange exposure.**

Through developing a loyal and regular customer base, looking for opportunities for investment and the desire for expansion, a further three stores were **purchased in the Brisbane area bringing the total store compliment to seven stores within a year of operation.**

We recently opened our eighth store in a brand new building in Burpengary, Queensland, extending the Seasons offering even further. **Our medium term target is 12 stores and in July 2021 we embarked on our Phase 2 phase of acquisitions which is anticipated to enable us to reach that target by end of 2022.**

Wide range of service counters in-store

Delicatessen

Seasons - Australia

47 Years of creating value

Foods Botswana (Pty) Limited

("Foods Botswana")

Foods Botswana Milling was established in 1981 and operates a factory in Serowe. It was felt that the central location of Serowe, together with its growing population, abundant **water supplies and power source through the Moruple Colliery located nearby were an added advantage to operating a production plant in the area.**

313

Staff compliment of 313 **employees**

Overall, through enhanced marketing efforts at both the milling and beverages divisions, we have managed to list our products in the **majority of fast moving consumer goods stores countrywide, improving our presence and product availability for our customers.**

Delicious & Nutritious

Foods Botswana produces the following range of products sold to the general public:

- Sarona Samp
- Sechaba Mabele
- Phala Beer Power (instant beer powder)
- Tholo Malt
- Soya Sorghum enriched Foods (Malutu) for all age groups above 3 years
- Soya Sorghum Weaning Food (Tsabana) for infants up to 3 years
- Tsabotlhe (soya sorghum extruded product)
- Sechaba (enriched maize meal product)

Foods Botswana (Proprietary) Limited

(continued)

Foods Botswana Milling

A Sefalana Group Company

With a workforce of only 20 employees at the time, the plant commenced production of sorghum, malt and beer powder. In 1989 together with the Government of Botswana and international NGO's, the entity embarked on a research and development project that led to the production of a nutritious supplementary weaning food known today as Tsabana.

Over the next few years extruders were installed to enable production of Tsabana and a modern, pneumatic plant was constructed. In 1993, the Government awarded Foods Botswana its first contract to supply Tsabana and an additional wholesome product, Malutu, a pre-cooked fortified maize meal, to vulnerable groups across the country.

In 2015, operational capacity was increased through the commissioning of two additional silos and a new maize plant in Serowe. This has enabled a better grain storage facility, improved the quality and value of our products and allowed for increased production.

Through its 40 years since inception, Foods Botswana has grown into a reliable producer of quality products for the Nation, and is accredited by the Botswana Bureau of Standards. With a staff compliment of just over 120 full time employees, the entity is one of Serowe's largest employers, and continues to supply the Government with Tsabana and Malutu. During the year a new poultry feed by the name 'Koko Feeds' was introduced into the market and is proving popular with both domestic and commercial farmers. We also introduced packaged cow peas under the brand name 'Tswana beans' in December 2020.

We previously reported that we were looking forward to the assembly of a new wheat plant in Serowe in 2021. Due to the Covid-19 pandemic and further assessments of the feasibility of this investment, this project has been suspended. Instead, a samp milling plant was installed earlier this year reducing our dependence of purchasing samp as we are now able to mill this in-house. This has improved production capacity and has allowed us to meet the existing market demand.

We are currently working on a new range of legumes and dry beans that will be packaged and sold to the public in the near future.

The Company continues to support its local community through social contributions and supporting farmers through the purchase of Sorghum. Foods Botswana encourages local farmers to increase production enabling them to be the Mill's first choice in sorghum selection rather than sourcing grain from outside the country.

Effective and strategic grain procurement policies, together with ample working capital allows the Company to reduce the risk of constantly shifting commodity prices thereby sourcing grain at a reasonable cost. This in turn allows us to reasonably price our products, making them affordable for our customers. We also continue to support the SOS Village and numerous schools within the vicinity through sponsoring fund raisers, supporting events and football clubs.

Foods Botswana Beverages
A Sefalana Group Company

Our Beverages division has just completed five years of operation after being purchased from the liquidated Delta Dairies business in 2015. The division operates from its milk processing plant in Broadhurst Industrial and produces long life, UHT milk under the brand names of Delta Fresh and A Star.

This division started off with 54 employees which were retrenched by Delta Diaries. We are pleased to have reemployed these people who would have otherwise lost their jobs. Since then and despite the Covid-19 pandemic, we are pleased to have increased the total number of employees to 70.

For the first few months post takeover, our main focus was restoration of the milk plant which had remained switched off for over 18 months. In 2016, we commenced manufacture of our house brand A Star milk and re-launched the Delta Fresh brand which was well received by the public. Both brands are available in 500ml and 1 litre cartons.

In late 2016, the division commenced production of milk for the Government milk feeding scheme and in 2018 low fat and skim milk variants were introduced to meet the needs of our growing customer base.

Our expansion into the manufacture of fruit juice, dairy blends and bottled water has been deferred by a year as we placed focus on current operations while combating Covid-19. This new product range will be produced through preserving eco-friendly production methods and bio-degradable packaging.

Overall, through enhanced marketing efforts at both the milling and beverages divisions, we have managed to list our products in the majority of fast moving consumer goods stores countrywide, improving our presence and product availability for our customers.

improving our presence and product availability

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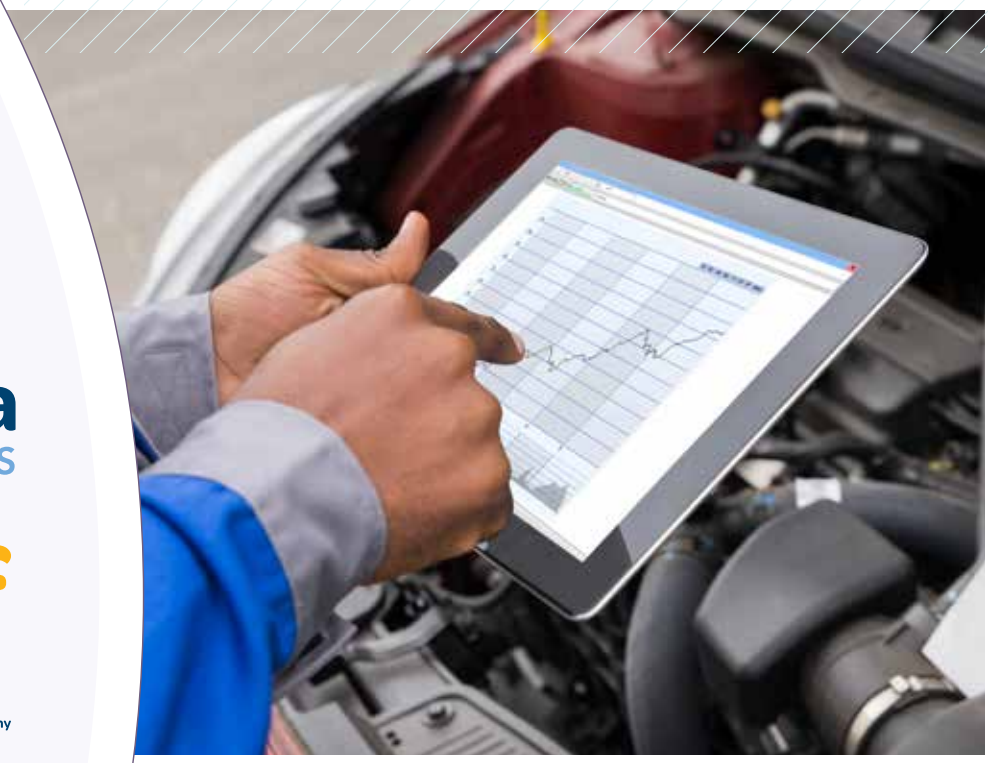
Commercial Motors

(Proprietary) Limited "CML"



Sefalana MOTORS

Cm Commercial Motors — A Sefalana Group Company

Mf Mechanised Farming — A Sefalana Group Company

The TATA Group operates in more than 150 countries worldwide and has a consumer base of over 600 million customers. **All TATA vehicles sold by CML are manufactured in South Africa and come with a five year warranty.**

MAN strives to make its transportation models safer, more efficient and environmentally friendly through **focusing on three core initiatives; automated driving, connectivity and climate-friendly drives.**

As the official franchised local representative for MAN (Heavy commercial vehicles), HONDA (Passenger vehicles and motorcycles) and TATA **(Light and heavy commercial vehicles) in Botswana, Commercial Motors remains an important and integral component of the Sefalana Group.**

We are in the process of relocating our Dealership to the old NTT site next to our Head Office in Broadhurst. **This is a more prominent location that will provide additional visibility for our brands.**

81

Staff compliment of 81 **employees**

Commercial Motors (Proprietary) Limited

(continued)

Commercial Motors started off with just a hand full of staff in 1998 with the objective of introducing the MAN and TATA range of vehicles to the Botswana market. Five years later in 2003, the entity took over the HONDA dealership in Botswana and became the official dealership of all three brands in the country, offering vehicle sales, parts and service.

The Company has impressive showrooms and workshops in the Broadhurst Industrial area of Gaborone and continues to offer its growing customer base a first-class service. Our dealership is now being relocated to a more suitable location with enhanced showrooms and improved visibility. This site is adjacent to our Group's Head Office..

Commercial Motors historically placed its focus on supplying vehicles to Government through tenders placed in the market. This strategy worked well for the entity and has seen the business grow from just five staff members in 1998 to its current count of over 80 full time employees.

In the last few years, the entity shifted its focus from relying on tenders placed in the market and steered towards growing private sales as we noted a reduction in Government tenders. Through the use of latest technology, support from a well experienced management team and dealership principals in South Africa, Commercial Motors has succeeded to international service standards and extended its customer base.

MAN possesses a history of producing innovative vehicles

that have proved to be favoured over a number of its competitors.

MAN (heavy commercial motor vehicles)

MAN is one of the world's leading international suppliers of vehicles and transport solutions with a wide range of trucks, special - purpose vehicles and buses of impeccable quality. As Germany's oldest listed Company, MAN possesses a history of producing innovative vehicles that have proved to be favoured over a number of its competitors. Focused on key technology, the company offers a variety of pioneering commercial vehicles, diesel and gas engines as well as passenger and freight transportation services.

MAN strives to make its transportation models safer, more efficient and environmentally friendly through focusing on three core initiatives; automated driving, connectivity and climate-friendly drives.

This year we introduced the MAN TGX26.540 model which is a preferred solution for long-haul distribution of heavy loads. Offering a heavy duty cab chassis with premium specifications this MAN provides notable driver comfort.

Our Tata range predominantly specialises in the construction,

sales and after - sales service of Tata Buses and Tata Trucks

Tata (light and heavy commercial motor vehicles)

Tata Motors Limited is India's largest automobile company and is the market leader in commercial vehicles and amongst the top three in passenger vehicles in India. The TATA Group operates in more than 150 countries worldwide and has a consumer base of over 600 million customers. All TATA vehicles sold by CML are manufactured in South Africa and come with a five year warranty.

Our Tata range predominantly specialises in the construction, sales and after - sales service of Tata Buses and Tata Trucks. Tata Buses and Trucks surpass many of their competitors in power, speed, carrying capacity and operating economy. Tata Trucks have set the new benchmark in life - cycle costs, design and technology, offering first class features, comfort, reliability and safety at an affordable price. Our Tata buses offer three models with seating capacity for 28, 38 and 65 passengers.

During the year, we promoted the **new Daewoo Truck which has sparked significant customer interest.**

Honda (passenger vehicles)

Honda commenced manufacturing motor vehicles in 1964 and has become a key player in the market through using its motto 'The Power of Dreams' to excel at producing modern, safe, fuel-efficient and award winning vehicles.

For nearly four decades Honda has challenged to exceed universal automobile requirements and became the first automaker to meet the Clean Air Acts standard in the 1970's. Honda exhibits a full range of cars, from its best-selling Civic and HR-V global models to country specific models such as the Ridgeline pick-up truck for North America and the N-BOX mini for the Japanese market. Honda engines are renowned for their fuel-efficient engines using the popular i-VTEC engine.

We introduced the new Honda Ballade and Honda WR-V crossover into our showroom this year which is proving popular with customers as Honda continues to provide premium comfort, efficiency and reliability.

From producing commuter models to fun-to-ride dynamic sports models, **Honda provides the convenience and pleasure of riding to customers world-wide.**

Honda (motorcycles)

Honda motorcycles continue to be recognised as the leading brand in this segment both locally and abroad. From producing commuter models to fun-to-ride dynamic sports models, Honda provides the convenience and pleasure of riding to customers world-wide.

For nearly four decades Honda has challenged to exceed universal automobile requirements and became **the first automaker to meet the Clean Air Acts standard in the 1970's.**

Mechanised Farming

(Proprietary) Limited ("Mechanised Farming")

Mechanised Farming

A Sefalana Group Company

Mechanised Farming is situated in Broadhurst Industrial and for many years was primarily focused on the sale and servicing of farming equipment. As a result of limitations in Government spend on the agricultural sector and due to reduced rainfall over the last few years, we noted a drop in the performance of this entity and its overall contribution to the Group.

A strategic decision to downscale the operations of this business and eliminate retail sales to customers was therefore made in 2018. Since then, focus has been placed on the supply and delivery of parts and equipment to Botswana Railways (BR) as our primary customer.

We have noted an improved performance of the entity and continue to support BR with the supply of spares for their locomotives. Mechansied Farming is pleased to be the local representative for Electro-Motive Diesel (EMD) and are the sole authorised dealer for supply of imported diesel electric locomotives and spares.

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Sefalana Properties

Sefalana holds just under 800 000 square meters of land, of which 165 000 square meters is developed property. Sefalana and its subsidiaries occupy approximately 75% of the developed property with the remaining 25% let out to third party tenants.

Our local properties are spread throughout Botswana and include office blocks, workshops, factories, and warehouses. Our undeveloped land provides the Group with a remarkable potential for future investment and capital appreciation.

Over the last few years, we have undertaken to develop our 35 000 sqm property in Setlhoa Village, situated along the A1 highway. In November 2019, we opened our flagship, hybrid retail store under the name Sefalana Shopper, the 'Big One' in Setlhoa. This store offers a significantly wider range of products and liquor in the 3000 sqm building. Adjacent to this store is our first petrol station offering Puma fuel in 6 lanes, and our very own Sefalana Quick convenience store.

We are pleased with these developments and the traffic it has brought to the Setlhoa area. Our Setlhoa site is also home to ItalTile and CTM, offering a wide range of modern and artistic homeware solutions. We look forward to further development of these plots, offering an illustrious shopping experience for our customers.

We have also invested in properties outside of Botswana in Zambia, Namibia and Lesotho which complement our operations in these areas.

We continue to evaluate investment projects in the countries we have presence as we look to grow our Group property portfolio.

Over the last few years, we have undertaken to develop our 35 000 sqm property in Setlhoa Village, situated along the A1 highway. In November 2019, we opened our flagship, hybrid retail store under the name Sefalana Shopper, the 'Big One' **Adjacent to this store is our first petrol station offering Puma fuel in 6 lanes, and our very own Sefalana Quick convenience store.**

Kgalagadi Soap Industries

(Proprietary) Limited ("KSI")

Kgalagadi Soap Industries

KSI was established over 30 years ago in 1988 and was one of Botswana's oldest manufacturing companies, producing laundry and bath soaps under the brand names Marang, Olga and Fusion.

In 2014, the Group entered into an agreement with a strategic partner and diluted its shareholding in the manufacturing company. This entity which was previously a 50% owned subsidiary, has since been accounted for as an associate company with an effective 25% interest. This has for some time now, represented only a very small segment in the Group. As a result, this business was discontinued during the year, as it was no longer considered core to the Group's activities.

Our focus continues to be the KSI property portfolio that owns warehouse space in Broadhurst, Gaborone. Rental income from these properties is by far the largest income stream for the KSI group. Sefalana controls the relevant activities of this business through the KSI holding company in which the Sefalana Group still maintains a 50% shareholding.

Our focus continues to be the KSI property portfolio that owns warehouse space in Broadhurst, **Gaborone. Rental income from these properties is by far the largest income stream for the KSI group.**

Sefalana Fresh Produce

(Proprietary) Limited

Sefalana Fresh Produce
A Sefalana Group Company

Sefalana Fresh Produce (Pty) Limited (SFP), previously known as Natural Value Foods Botswana (Pty) Limited (NVF) joined the Group in 2014 as a joint venture between Sefalana and Natural Value Foods (Pty) Limited (South Africa). In an effort to improve profitability of this business and gain additional control, the entity was restructured to operate as a 90% subsidiary of Sefalana Holding Company Limited in 2018.

The entity operates from Gaborone North and employs just under 40 staff. **We have noted a significant improvement in both the quality of fresh fruit and vegetables supplied by SFP as well as profitability of the business.**

SFP is a wholesaler of fresh fruit and vegetables and supplies its produce to Sefalana retail and wholesale stores throughout the country. Fresh produce is purchased from both local and South African farmers alike. In the last few years, we have built strong relationships with local farmers, enabling the production of high quality fruit and vegetables and purchasing these local harvests.

The entity operates from Gaborone North and employs just under 40 staff. We have noted a significant improvement in both the quality of fresh fruit and vegetables supplied by SFP as well as profitability of the business. This has enabled us to offer a more favourable price to our customers and be more competitive in the local fruit and veg market. In addition to supplying large retailers, we have opened our doors to everyday hawkers who have become regular customers. We are grateful to support these small businesses and look forward to further developing these relationships.

During the year this division has done exceptionally well and we look forward to an even greater contribution from this business as we expand our FMCG business and fresh produce client base.


REWARDS
MEMBERS PAY LESS
Join today and start saving instantly
KOUT
03
CHECKOU
MEMBERS PAY LESS
PLEASE

05 ANNUAL FINANCIAL STATEMENTS

Weathering the storm
Expansion through purpose

One year into existence, the Australian business consisting of 8 stores is generating a positive Earnings before Interest Tax, Depreciation and Amortization (EBITDA).The business is also generating positive cash flow which will be used to re-invest in further growth.

WELCOME

TO OUR **ANNUAL FINANCIAL REPORT**

Directors' statement of responsibility

The directors of Sefalana Holding Company Limited are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Sefalana Holding Company Limited and its subsidiaries ("the Group"), comprising the consolidated and separate statements of financial position as at 30 April 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate changes in equity and consolidated and separate cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS").

The directors have reviewed the Group and Company budgets and cash flow forecasts for the year to 30 April 2022 and the period 1 May 2022 to 31 July 2022. On the basis of this review, and in the light of the current financial position, existing borrowing facilities of the Group and the effects of COVID-19 (Note 4.1.2 and 42), the directors are satisfied that Sefalana Holding Company Limited and the Group are a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS.

The directors are responsible for the preparation and fair presentation of these consolidated and separate 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 and separate financial statements that are free from material misstatements, whether due to fraud or error.

The consolidated and separate financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated and separate financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the directors endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the consolidated and separate financial statements. The financial statements have been examined by the external auditors and their report is presented on pages188 to 192.

Directors' approval of the financial statements

Against this background, the Board of directors accepts responsibility for the consolidated and separate financial statements on pages 194 to 256 which were approved on 26 July 2021 and signed on its behalf by:

JM Marinelli
Chairperson

CD Chauhan
Group Managing Director

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited

Deloitte.

Opinion

We have audited the consolidated and separate financial statements of Sefalana Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 194 to 256, which comprise the consolidated and separate statements of financial position as at 30 April 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 30 April 2021, and their consolidated and separate 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 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 and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have not identified any key audit matters related to the separate financial statements.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

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. The carrying value of investment properties as at 30 April 2021 was P211 million and the fair value adjustment recorded in profit before tax in respect of investment properties amounted to P8 million for the financial year. The carrying value of land and buildings as at 30 April 2021 was P548 million and the gross gain on revaluation of land and buildings recorded in other comprehensive income amounted to P21 million. The Group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 30 April 2021. 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 matter of more significance to the current year audit and therefore 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: • Assessed the design and implementation of relevant controls over the fair valuation of investment property and land and buildings; • Assessed the competence, objectivity and capabilities of the Group's independent valuers through a consideration of their qualifications and past experience. In addition, we discussed the scope of their work with management 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; • We assessed the reasonableness of the capitalisation rates used in the valuation model, in particular discussing with the property valuers and evaluating the reasonableness of assumptions mode to take into account the effect of Covid-19 on the capitalisation rates; • Confirmed that the valuation approaches used by the independent valuers are consistent with IFRS requirements and industry norms; • Tested a selection of data inputs underpinning the investment property and land and buildings valuation, including rental income, property operating costs, vacancy rates, tenancy schedules, escalation rates and discount rates; • Compared the capitalisation rates utilised in the valuation to those generally used in the market, rates used in the historical valuations and general market factors, such as comparable long-term bond yield rates; • Discussed with our internal property specialists the impact of Covid-19 on the property market and any further questions and clarification required to be asked in the meeting with the external property valuers; • Performed sensitivity analyses on the capitalisation rates to evaluate the impact of changes in capitilisation rates on the fair values 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.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

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 deterioration in value due to slow moving, and obsolete items. In making an allowance for slow moving and obsolete items, the Group determines the estimated loss rates for slow moving and obsolete items held in inventory based on historical sales quantities, its 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, this is considered to be a key audit matter. The disclosures relating to the inventory allowance are 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 controls around the process followed to quantify the estimate for slow moving and obsolete retail inventory; • Reviewed and evaluated the Group's provisioning policy for reasonableness and appropriateness, including the validity of the assumptions applied; • Re-performed the computations to ensure the arithmetical accuracy of the estimate; • Independently re-computed the ageing of inventory at year end based on sales records for the past twelve months to assess the likelihood of inventory items becoming slow moving or obsolete through the use of our internal data analytic tools; performing a comparison of the current year age analysis versus prior year. Analysed causes for movements in the ageing buckets and assessed their related impact on the applied loss rates; • Analysed the inventory ageing profile 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; and • Reviewed 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.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

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 the other parts of the Sefalana Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and/or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Deloitte & Touche
Certified Auditors
Practicing Member: M J Wotherspoon (CAP 0032 2021)

Gaborone
29 July 2021

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Consolidated and Separate Statements of Comprehensive Income

For the year ended 30 April 2021

	Note	Group		Company	
		2021	2020	2021	2020
		P'000	P'000	P'000	P'000
REVENUE	5	**6 292 809**	**5 835 836**	**88 648**	**164 562**
Cost of sales		(5 838 779)	(5 448 817)		
Gross profit		454 030	387 019	88 648	164 562
Other income and gains / (losses)	8	41 746	40 996	27 409	(17 347)
Administrative expenses		(216 421)	(191 331)	(33 848)	(25 753)
Earnings before interest, tax and amortisation (EBITA)		**279 355**	**236 684**	**82 209**	**121 462**
Amortisation of intangible assets	17	(6 315)	(6 107)		
Investment income	7	47 885	55 900	18 738	24 306
Finance costs	9	(22 955)	(25 656)	(906)	(508)
Profit before share of results of associates		297 970	260 821	100 041	145 260
Share of results of associates	18	(7 704)	(2 011)		
Profit before tax	**11**	**290 266**	**258 810**	**100 041**	**145 260**
Income tax expense	10	(73 384)	(61 142)	(6 022)	(10 005)
PROFIT FOR THE YEAR		**216 882**	**197 668**	**94 019**	**135 255**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Net gain on revaluation of land and buildings		16 279	12 599		
Gross gain on revaluation of land and buildings		21 362	15 384		
Income tax on gain on revaluation of land and buildings		(5 083)	(2 785)		
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		62 391	(85 809)		
Other comprehensive income / (loss) for the year (net of tax)		78 670	(73 210)		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**295 552**	**124 458**	**94 019**	**135 255**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		216 198	197 922	94 019	135 255
Non - controlling interests		684	(254)		
TOTAL PROFIT FOR THE YEAR		**216 882**	**197 668**	**94 019**	**135 255**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		294 868	124 712	94 019	135 255
Non - controlling interests		684	(254)		
TOTAL COMPREHENSIVE INCOME		**295 552**	**124 458**	**94 019**	**135 255**
Earnings per share attributable to the equity holders of the Company during the year:					
BASIC AND DILUTED EARNINGS PER SHARE (THEBE)	13	**86.23**	**78.94**		
TOTAL COMPREHENSIVE INCOME PER SHARE (THEBE)	13	**117.61**	**49.74**		

Consolidated and Separate Statements of Financial Position

As at 30 April 2021

	Note	Group		Company	
		2021	2020	2021	2020
		P'000	P'000	P'000	P'000
ASSETS					
NON - CURRENT ASSETS					
Property, plant and equipment	14	790 504	756 867		
Right of use assets	15	171 752	140 984		
Investment property	16	211 082	234 705		
Intangible assets	17	127 141	119 915		
Investment in associates	18	71 542			
Investment in preference shares	19	194 997	175 858		
Deferred lease assets	20	4 404	3 842		
Deferred tax assets	21	28 523	23 717		
Investment in subsidiaries	22			601 739	523 755
Trade and other receivables	24	7 207	2 473		
Amounts due from related parties	25			133 210	116 962
Total non - current assets		1 607 152	1 458 361	734 949	640 717
CURRENT ASSETS					
Inventories	23	870 505	725 613		
Trade and other receivables	24	269 268	344 180	22 269	21 990
Amounts due from related parties	25			53 701	127 652
Current tax assets	10	2 782	5 046	1 027	1 014
Cash and cash equivalents	26	478 261	372 018	49 423	83 079
Total current assets		1 620 816	1 446 857	126 420	233 735
Asset classified as held for sale	27	23 958			
TOTAL ASSETS		**3 251 926**	**2 905 218**	**861 369**	**874 452**
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	28	686 354	686 354	686 354	686 354
Other reserves	29	211 061	132 391		
Retained earnings		1 093 718	970 971	151 183	151 185
Equity attributable to owners of the parent		1 991 133	1 789 716	837 537	837 539
Non-controlling interests		15 095	14 981		
Total equity		2 006 228	1 804 697	837 537	837 539
NON - CURRENT LIABILITIES					
Lease liabilities	15	140 091	119 948		
Loans and borrowings	30	107 634	109 335		
Deferred tax liabilities	21	109 251	97 016		
Total non - current liabilities		356 976	326 299		
CURRENT LIABILITIES					
Trade and other payables	31	722 602	651 149	2 756	10 284
Amounts due to related parties	25			5 066	13 142
Lease liabilities	15	54 666	39 319		
Loans and borrowings	30	1 618	1 490		
Contract liabilities	35	17 477	17 191		
Current tax liabilities	10	21 189	10 166		
Bank overdrafts	26	3 524	6 143	36	
Accruals	36	67 646	48 764	15 974	13 487
Total current liabilities		888 722	774 222	23 832	36 913
Total liabilities		1 245 698	1 100 521	23 832	36 913
TOTAL EQUITY AND LIABILITIES		**3 251 926**	**2 905 218**	**861 369**	**874 452**

Consolidated and Separate Statements of Changes in Equity

For the year ended 30 April 2021

		Attributable to owners of the parent					
		Stated capital	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
	Note	P'000	P'000	P'000	P'000	P'000	P'000
Group							
At 1 May 2019		686 354	205 353	867 318	1 759 025	16 064	1 775 089
Profit for the year				197 922	197 922	(254)	197 668
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			12 599		12 599		12 599
Currency translation differences			(85 809)		(85 809)		(85 809)
Transactions with non-controlling interests			248	(248)		(829)	(829)
Dividends paid - 2020 interim and 2019 final	13			(94 021)	(94 021)		(94 021)
At 30 April 2020		686 354	132 391	970 971	1 789 716	14 981	1 804 697
At 1 May 2020		686 354	132 391	970 971	1 789 716	14 981	1 804 697
Profit for the year				216 198	216 198	684	216 882
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			16 279		16 279		16 279
Currency translation differences			62 391		62 391		62 391
Transactions with non-controlling interests				570	570	(570)	
Dividends paid - 2021 interim and 2020 final	13			(94 021)	(94 021)		(94 021)
At 30 April 2021		686 354	211 061	1 093 718	1 991 133	15 095	2 006 228

Other reserves consist of land and buildings revaluation reserve, currency translation reserve, and other gains on purchase of minority interests as set out in note 29.

		Stated capital	Retained earnings	Total equity
	Note	P'000	P'000	P'000
Company				
At 1 May 2019		686 354	109 951	796 305
Profit for the year			135 255	135 255
Dividends paid - 2020 interim and 2019 final	13		(94 021)	(94 021)
At 30 April 2020		686 354	151 185	837 539
At 1 May 2020		686 354	151 185	837 539
Profit for the year			94 019	94 019
Dividends paid - 2021 interim and 2020 final	13		(94 021)	(94 021)
At 30 April 2021		**686 354**	**151 183**	**837 537**

Consolidated and Separate Statements of Cash Flows

For the year ended 30 April 2021

	Note	Group 2021 P'000	Group 2020 P'000	Company 2021 P'000	Company 2020 P'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		216 882	197 668	94 019	135 255
Income tax expense	10	73 384	61 142	6 022	10 005
Finance cost	9	22 955	25 656	906	508
Investment income	7	(47 885)	(55 900)	(18 738)	(24 306)
Net exchange differences		17 122	(18 782)	(17 991)	13 705
Fair value loss on derivative financial instruments			17 315		8 112
Fair value loss on investment in preference shares	19	5 291			
Gain on revaluation of investment property	8	(7 559)	(12 616)		
Share of loss from associates	18	7 704	2 011		
Impairment of investment in associate	8		2 627		2 127
Impairment of property, plant and equipment	14	550	600		
(Gain) / loss on disposal of property, plant and equipment	8	(21)	19		
Amortisation of intangible assets	17	6 315	6 107		
Depreciation on right of use assets	15	51 547	39 618		
Depreciation of property, plant and equipment	14	62 265	56 260		
Cash generated by operating activities before working capital changes		408 550	321 725	64 218	145 406
Movements in working capital:					
Trade and other receivables		(14 975)	5 391	(279)	(1 796)
Inventories		(144 892)	(117 973)		
Accruals, contract liabilities, trade and other payables		90 623	29 860	(5 041)	(3 234)
Movement in amounts due to subsidiary companies				(8 076)	(27 109)
Movement in amounts due from subsidiary companies				(1 115)	18 853
Cash generated by operations		339 306	239 003	49 707	132 120
Finance cost	9	(22 955)	(25 656)	(906)	(508)
Income taxes paid		(59 173)	(66 191)	(6 035)	(12 271)
Net cash generated by operating activities		257 178	147 156	42 766	119 341
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and other dividends received	7	47 885	55 900	18 738	24 306
Purchase of property, plant and equipment	14	(56 924)	(107 086)		
Additions to investment property	16	(6 044)	(14 944)		
Purchase of computer software rights	17	(1 179)	(2 873)		
Loan advanced to third party	24		(98 464)		
Loan advanced to subsidiary company					(98 464)
Proceeds from sale of property, plant and equipment		723	2 525		
Investment in associate	18		(2 127)		(2 127)
Loan to associate	18		(2 038)		
Net cash flows (utilised in) / generated by investing activities		(15 539)	(169 107)	18 738	(76 285)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings and finance lease obligations	30	(1 573)	(3 570)		
Repayment of lease liabilities	15	(49 644)	(36 269)		
Cash dividend paid to owners of the parent	13	(94 021)	(94 021)	(94 021)	(94 021)
Net cash flows utilised in financing activities		(145 238)	(133 860)	(94 021)	(94 021)
Net increase / (decrease) in cash and cash equivalents		96 401	(155 811)	(32 517)	(50 965)
Cash and cash equivalents at beginning of year		365 875	532 241	83 079	133 094
Effects of exchange rate changes on cash and cash equivalents		12 461	(10 555)	(1 175)	950
Cash and cash equivalents at end of year		474 737	365 875	49 387	83 079
Represented by:					
Bank overdrafts	26	(3 524)	(6 143)	(36)	
Cash and cash equivalents	26	478 261	372 018	49 423	83 079
		474 737	**365 875**	**49 387**	**83 079**

Notes to the financial statements

For the year ended 30 April 2021

1 GENERAL INFORMATION

Sefalana Holding Company Limited is a Company incorporated in the Republic of Botswana and listed on the Botswana Stock Exchange. The addresses of its registered office and principal places of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries ("the Group") are described under the Company profile section. The consolidated financial statements include the financial results and financial position of Sefalana Holding Company Limited and its subsidiaries as disclosed in note 22. The consolidated Group and separate Company's financial statements for the year ended 30 April 2021 were authorised for issue by the Board of Directors on 26 July 2021.

2 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(ii) Historical cost convention

The consolidated and separate financial statements are prepared under the historical cost convention except for land and buildings, investment property and the investment in preference shares which are carried at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 May 2020:

- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to IFRS 3 – Business Combinations;
- Amendments to IAS 1 and IAS 8 – Definition of Material;
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions (early adopted).

These new standards and amendments have not resulted in any material changes to the Group's accounting policies and have had a minimal impact on the current period, any prior period and are not likely to affect future periods.

(iv) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are applicable to the Group with an effective date after the date of these financial statements, have not been applied in preparing these consolidated and separate financial statements. These include:

Amendments to IFRS 3 – Business Combinations, effective for annual periods beginning on or after 1 January 2022.

The IASB has issued 'Reference to the Conceptual Framework' (Amendments to IFRS 3) which effects the following changes to the standard:

- Requirement for an acquirer to identify the liabilities it has assumed in a business combination for transactions and other events within the scope of IAS 37 or IFRIC 21;
- Addition of an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 16 – Property, Plant and Equipment, effective for annual periods beginning on or after 1 January 2022.

The IASB has issued 'Proceeds before intended use' (Amendments to IAS 16) to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity recognises the proceeds from selling such items, and the cost of producing those items in profit or loss. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendment to IAS 37 – Provisions, Contingent Assets and Contingent Liabilities, effective for annual periods beginning on or after 1 January 2022.

The amendment specifies changes to 'Onerous Contracts – Costs of Fulfilling a Contract' which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Such costs can either be incremental costs of fulfilling that contract (direct labour, materials) or an allocation of other costs that relate directly to fulfilling the contract (such as the allocation of depreciation charge for an item of property plant and equipment used in fulfilling the contract). The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 1 – Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2023.

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The change in classification affects only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

Amendments to IAS 1 – Disclosure of Accounting Policies, effective for annual periods beginning on or after 1 January 2023.

The Board is developing amendments to paragraphs 117-122 of IAS 1 Presentation of Financial Statements to require entities to disclose their material accounting policies rather than their significant accounting policies. To support this amendment the Board is also developing guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2 Making Materiality Judgements to accounting policy disclosures. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

Amendments to IAS 8 – Definition of Accounting Estimates, effective for annual periods beginning on or after 1 January 2023.

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.

The amendment makes a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendment to the standard is not expected to have a material effect on the financial statements of the Group.

IFRS 10 - Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective date deferred indefinitely by the IASB.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may

Notes to the financial statements

For the year ended 30 April 2021

initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required by IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Associates

Associates are all entities over which the Company or its subsidiaries have significant influence but not 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 and are initially recognised at cost. The Group's shareholding in associates is as disclosed in note 18.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.7.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Sefalana Holding Company Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

(v) Investment in subsidiaries

The Company accounts for its investment in subsidiaries at cost, which includes transaction costs, less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Investments in subsidiaries are assessed for impairment when indicators of impairment are identified. Such impairment indicators include, but are not limited to, for example:

- Sustained deterioration in financial results of operations and / or financial position of the subsidiary;
- Changes in the operating environment of a subsidiary, including regulatory and economic changes, market entry by new competitors, etc.; and
- Inability of a subsidiary to obtain finance required to sustain or expand operations.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

Where impairment indicators are identified, the recoverable value of the subsidiary is measured at the lower of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the subsidiary.

Once an impairment loss has been recognised, the Group assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the subsidiary is remeasured and the impairment loss reversed or partially reversed as may be the case.

Where the recoverable value of a subsidiary is below the carrying amount, the carrying amount is reduced to the recoverable value through an impairment loss charged to the statement of comprehensive income.

3.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Botswana Pula, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'net foreign exchange gains'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.3 Property, plant and equipment

Land and buildings comprise mainly wholesale and retail outlets, offices and residential buildings. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Buildings capitalised under leases comprise retail outlets which were designed and developed specifically for the Group's use and are leased by the Group under long-term lease agreements. These buildings are accounted for at cost (being the present value of the minimum committed lease payments at inception of the respective lease contracts) less accumulated depreciation and accumulated impairment adjustments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Properties in the course of construction for production or supply of goods or services, or for administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in terms of the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the financial statements

For the year ended 30 April 2021

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Leasehold buildings	remaining period of lease
Buildings capitalised under finance leases	15 years, being initial lease period
Plant, fixtures and equipment	4 to 20 years
Motor vehicles	4 to 6 years
Fixtures and equipment	4 to 10 years
Right of use assets	5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases in the carrying amount arising on revaluation of land and buildings are charged to other comprehensive income and debited against other reserves directly in equity. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date on an appropriate valuation basis, which may include internal valuation models, valuations by independent professional valuers and comparison to recent market transactions and values. Where valuations from these sources indicate a range of reasonable fair values estimates, considered judgement is applied to determine the most reliable estimate of fair value. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be reliably determined, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non – standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit and loss for the period in which it arises. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss for the period in which it arises within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is re-classified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.5 Lease rights

Lease rights represent rights covered by contract or similar arrangement to occupy, lease out or otherwise utilise property. Separately acquired lease rights are shown at historical cost. Lease rights acquired in a business combination are recognised at fair value at the acquisition date.

Where land rights are acquired directly through agreement with Government, the Group records these at nominal amounts at the inception of the underlying lease / rental agreements or when such agreements are renewed.

Lease rights have a finite useful life based on the underlying contractual agreement assigning such rights to the consignee and are recognised in the consolidated statement of financial position as a right-of-use asset and lease liability, initially measured at the present value of future lease payments.

Depreciation of the right-of-use asset and interest on lease liability is recognised in the consolidated statement of profit or loss over the estimated useful life based on contractual assignment terms.

3.6 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brands, trademarks and customer contracts

Separately acquired brands or trademarks are shown at historical cost. Brands, trademarks, and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation of brands, trademarks and customer contracts is calculated using the straight-line method to allocate their cost to their respective residual values over their useful lives as follows:

Brands:	25 years
Customer contracts:	10 years

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives (three to five years) on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result

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of developing software and an appropriate portion of relevant overheads.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Leasing

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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For the year ended 30 April 2021 (continued)

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Some of the leases of buildings contain extension and termination options exercisable by the Group before the end of the non-cancellable contract period. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. For some of the property leases, the extension and termination options held are exercisable only by the Group and not by the respective lessor. At lease commencement date, the Group assesses whether it is reasonably certain to exercise the extension options.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Covid-19 pandemic has led to some lessors providing relief to lessees by deferring or relieving them of amounts that would otherwise be payable. This has been obtained by the Group through negotiations with lessors which has resulted in a change in lease payments. When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 Leases defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

Early adoption of IFRS 16, Covid-19 related rental concessions has therefore provided the Group with an exemption from assessing whether a Covid-19 rental rent concession is a lease modification. This exemption has been applied retrospectively in accordance with IAS 8.

3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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All other borrowing costs are recognised in the statement of comprehensive income for the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.10 Employee benefits

Pension obligations
The Sefalana Group Staff Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time. The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both 30 April 2020 and 2021.

Gratuities and severance plans
The Group does not provide pension benefits for all its employees, but operates a gratuity scheme for expatriates in terms of employment contracts, and a severance benefit scheme for citizens in terms of section 28 of the Botswana Employment Act. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each 60 month period of continuous employment, at the option of the employee. The expected gratuity and severance benefit liability is provided in full by way of a provision.

Profit - sharing and bonus plans
The Group recognises a liability and an expense for staff bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in equity. In this case, tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise 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, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised for loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax of 7.5% is payable on the gross value of dividends on behalf of the shareholder, in accordance with the Botswana Income Tax Act.

3.12 Inventories

Inventories comprising fast moving consumer goods for resale are valued at the lower of cost and net realisable value. Cost on these goods is determined on the weighted average basis and is the net of the invoice price, insurance, freight, customs duties, trade discounts, rebates and settlement discounts. Rebates and other incentives received from suppliers are accounted for in the period to which these relate.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to the net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories comprising vehicles and equipment for resale are also stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on the first-in first-out basis.

Work in progress arising from rendering of services of vehicles and equipment is valued with costs of materials used and excludes labour or overhead components. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

3.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.13.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group did hold debt instruments that satisfy the requirements for subsequent measurement at fair value through other comprehensive income (FVTOCI).

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Refer note 8 for 'other income and gains / (losses)'.

Dividends and interest earned on financial assets measured at FVTPL are recognised in profit or loss as part of investment income (note 7) from continuing operations when the Group's right to receive payment is established.

As at the reporting date, the only financial asset measured at FVTPL was the investment in preference shares (note 19).

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion be considered.

Notes to the financial statements

For the year ended 30 April 2021

Writeoff policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forwardlooking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forwardlooking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Impairment assessment of trade receivables is described in note 24.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Foreign exchange gains and losses

Translation differences relating to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. Translation differences on non-monetary securities are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.13.2 Financial liabilities and equity

Classification

The Group only has financial liabilities that are classified as 'financial liabilities at amortised cost'

The effective interest 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 and points 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

3.14 Accruals

The Group recognises accrued expenses at the time of the transaction and before actual payment. A corresponding amount is recognised as a liability. On settlement of the expense, the payment is credited against the liability accrued.

3.15 Warranties

Provisions for warranty costs are recognised at the date of the sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

3.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue from the principal activities of retailing and associated activities. For the majority of revenue streams, there is a low level of judgement applied in determining the consideration or the timing of transfer of control.

The Group recognises revenue when the Group satisfies its performance obligations in terms of the related customer contract. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods – merchandise
Merchandise sales are recognised when control of the goods has transferred, being at the point the customer purchases/consumes the goods. Payment of the transaction price is due immediately at the point the customers purchase/consume the goods.

Payment is generally received via cash, debit card, credit card or cheque, or through charge to a line of credit granted to the customer.

Under the Group's standard contract terms, customers have a right of return within seven days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognises a right to returned goods as assets and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. No material right of return assets and corresponding refund liabilities were held by the Group at the end of the current financial year.

A loyalty program is offered to customers which enables customers to purchase goods in future at a discounted price through the use of loyalty cards. The card holder cannot redeem points without future purchases. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer or when they expire. Revenue for the points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

The loyalty points provide a material right to customers that they would not receive without entering into a contract with the Group. Accordingly, the promise to provide points to the customer is identified as separate performance obligation. The transaction price is allocated to the product and the points using a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. The stand-alone selling price of the product sold to the customer is estimated on the basis of its retail price.

Sales of goods – others
Revenue from sale of other goods is recognised when control of the goods has transferred, being at the point the customer purchases / consumes the goods. Payment of the transaction price is due immediately at the point the customers purchases / consumes the goods.

Sales of services
Revenue from the provision of services is recognised when the Group satisfies its performance obligations, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Payment for sales services is not due until the services are complete.

Dividend and interest income
Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the financial statements

For the year ended 30 April 2021

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs that are specifically chargeable to the customer under the terms of the contract.

3.18 Dividend distribution

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

3.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, that make strategic decisions. The costs of shared services are accounted for in a separate ("unallocated") segment. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue being eliminated through a separate adjustment to revenue.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. All inter-segment transactions are on an arms-length basis and are eliminated on consolidation.

The Group's areas of operations were limited to the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho, the Republic of South Africa, the Republic of Zambia, Mauritius and the Commonwealth of Australia during the reporting periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements and applying the Group's accounting policies, the entity has made certain key judgements and estimates in order to present balances and amounts in these financial statements. The following is a summary of those key judgements and key sources of estimation uncertainty at the reporting date, which has the most significant effect on the carrying amounts of assets and liabilities included in the financial statements:

4.1 CRITICAL JUDGEMENTS IN APPLYING THE GROUP ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Consolidation of KSI Holdings Proprietary Limited

The Group has a 50% equity ownership in KSI Holdings Proprietary Limited ("KSI"), and on the basis that all the shareholders of KSI have unilaterally given control to Sefalana Holding Company Limited, through a shareholder agreement, to make all necessary strategic decisions pertaining to the KSI business, including decisions relating to the management of the business and its relevant activities, control is deemed to be held by Sefalana in accordance with IFRS 10 ("Consolidated Financial Statements"). KSI is therefore classified as a subsidiary company and has been consolidated in the Group's financial statements accordingly.

4.1.2 Impact of Covid-19

IFRS requires that all material effects of Covid-19 are appropriately recognised, measured and disclosed as at the reporting date. Management has closely monitored the development of this pandemic and judgement has been exercised in considering the impacts that this pandemic has had, or may have on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be any significant uncertainties with respect to events or conditions which may impact the Group as at the reporting date or subsequently as a result of the Covid-19 pandemic.

Please refer to note 42 for additional disclosure on Going Concern in relation to Covid-19.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Fair value of land and buildings and investment properties

The Group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 30 April 2021. Resulting fair value gains and losses have been recognised in the statement of comprehensive income. Market values for developed property have been determined based on rental yields. A capitalisation factor has been applied to each property depending on its location and condition. Capitalisation rates applied in the recent valuation range from 8.0% to 15.0% (2020: 8.0% to 13.0%)

A 10 basis point increase in the capitalisation rate would result in a P8.3 million reduction in overall portfolio value. A 10 basis point decrease in capitalisation rate would result in a P7.6 (2020: P8.3 million) increase in overall portfolio value. Undeveloped land has been valued based on recent market data on similar properties transacted on an arm's length basis. Refer to notes 14 and 16 respectively for fair value disclosure.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

4.2.2 Impairment of goodwill

The Group tests annually whether goodwill (as disclosed in note 17) has suffered any impairment, in accordance with its accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined by the Directors based on forecast pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates, the most significant of which are assumptions of a growth rate and discount rates (refer note 17).

The impairment calculations performed by the Group at the current year-end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

4.2.3 Inventory adjustments

Unit cost adjustments
The Group adjusts recorded unit costs for rebate income and settlement discount. Unit cost is recorded gross of rebate income and the adjustment is thus required to bring the unit cost to a post-rebate level. The Group also adjusts inventory by foreign exchange difference to account for the variance between standard exchange rates utilised in the unit cost calculation and actual achieved exchange rates.

Provision for shrinkage
Shrinkage is estimated as a percent of sales for the period from the last inventory date to the end of the fiscal period. Physical inventories are taken at least quarterly and inventory records are adjusted accordingly. The shrinkage rate from the most recent physical inventory, in combination with current events and historical experience, is used as the standard for the shrinkage accrual rate for the next inventory cycle.

Inventory net realisable value allowances
The Group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Allowances are made against slow moving, obsolete and damaged items. Damaged inventories are identified and written down through inventory verification processes.

In making an allowance for slow moving and obsolete items, the Group determines the ageing of the inventory held at the year-end date based on historical sales quantities, its estimate of the 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.

Provision for warranties
One of the subsidiary companies gives a warranty on vehicles sold by it; most of the warranty costs are met by the initial suppliers of these vehicles, but there is an element of cost that will be borne by the Company. Based on the Directors' knowledge of the industry and previous practices a provision has been made to account for future warranty costs on vehicles sold.

4.2.4 Fair Value of Investment in Preference Shares

The Group has made judgements and assumptions concerning the valuation of the preference shares. These are detailed in note 19 to the financial statements.

4.2.5 Determination of the lease term and discount rate

The measurement of the right-of-use assets and lease liabilities is inherently judgmental and relies on management's best estimate based on key inputs, namely: the determination of the lease term and the discount rate (interest rate implicit in the lease or incremental borrowing rate).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant for the Group's leases of buildings:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the year the Group early adopted the Amendments to IFRS 16 which provided rental concessions to some leases. The impact of this amendment has resulted in a reduction of the lease liability, however as only a limited number of leases benefited from this amendment, the impact is immaterial.

The discount rate is determined as the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the financial statements

For the year ended 30 April 2021

	Group	
	2021	2020
	P'000	P'000
5 REVENUE		
An analysis of the Group's revenue is as follows:		
Revenue from trading and manufacturing	6 272 313	5 815 402
Property rental income	20 496	20 434
	6 292 809	5 835 836

Included in the above is P5.8 million (2020:P5.4 million) relating to loyalty points redeemed by customers and P2.8 million (2020: P0.9 million) relating to utilisation of the maintenance service plan by customers (note 35).

Total service revenue included in total revenue above amounts to P10.6 million (2020: P11.3 million)

Property rental income comprises:		
Contractual rental income	19 934	19 248
Straight - line lease rental adjustment	562	1 186
	20 496	20 434

	Company	
	2021	2020
	P'000	P'000
Dividend income (note 25)	66 760	143 269
Management cost recoveries (note 25)	21 888	21 293
	88 648	164 562

6 SEGMENTAL ANALYSIS

The Company's Board of Directors acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of earnings before interest, tax and amortisation (EBITA) and also on profit before tax (PBT).

These measurement bases assess performance on the bases of recognition and measurement which are consistent with the accounting policies of the Group. Performance is monitored based on business and geographical segments.

The Group's operating businesses are organised and managed separately according to the nature of products and services offered by each segment representing a strategic business unit. All transactions between reported segments are at arm's length. The accounting policies of the reputable segments are the same as the Group's accounting policies described.

The Group is organised into five principal business areas and these make up four reportable operating segments as follows:

Trading - consumer goods:

Wholesale and retail distribution of fast moving consumer goods. The segments for the Botswana, Namibia and Lesotho businesses are presented separately.

Trading - others:
Sale of automotive products, equipment for construction and agricultural related sectors including after-sales services.

Manufacturing:
Milling, production and sale of sorghum, soya and maize based extruded food products and the manufacture of Ultra High Temperature (UHT) milk.

Property:
Holding of commercial and industrial properties for own use as well as for generating income from lease arrangements with external tenants, along with capital appreciation in value.

With the exception of Trading others and Manufacturing segments, revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer. Revenue from Trading - others and Manufacturing operating segments is derived largely from various Government departments following the award of tenders.

The Group's most significant operations are in Botswana, Namibia and Lesotho where the Group engages in the wholesale and retail distribution of fast moving consumer goods. The Group also operates a property company in Zambia with operating leases in place with third party tenants. The operational results and financial position of the Lesotho, Namibian and Zambian businesses are reported as separate geographical segments. There is no single external customer whose revenue transactions amount to 10% or more of the Group's revenue.

Investment in Preference Shares
In July 2017, the Group invested in a consortium of companies that own a chain of retail stores in South Africa. The Sefalana Group does not own any of these stores but has invested in a preference share arrangement (note 19). The return on this investment is shown as a separate segment (South Africa) given its significant contribution to the Group's results.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

6 SEGMENTAL ANALYSIS (continued)

Investment in Australian business

In May 2020, the Group invested in a chain of supermarkets in Queensland, Australia. This investment is an associate investment in which the Group holds a 40% shareholding. At this stage the results of this associate do not yet make a significant contribution to the Group's results and have therefore not been presented as a separate segment (note 18).

Segment results

2021	Botswana				Zambia	Lesotho	Namibia	South Africa	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	3 397 750	93 696	250 969	62 864	3 687	647 214	1 991 532		(154 903)	6 292 809
Cost of sales	(3 235 968)	(72 923)	(184 318)			(613 865)	(1 872 028)		140 323	(5 838 779)
Gross profit	161 782	20 773	66 651	62 864	3 687	33 349	119 504		(14 580)	454 030
Other income and gains / (losses)	10 206	4 232	1 971	17 155	(228)	55	12 949	(5 291)	697	41 746
Administrative expenses	(79 488)	(22 827)	(36 617)	(9 338)	(1 817)	(16 105)	(24 667)		(25 562)	(216 421)
Earnings before interest, tax and amortisation (EBITA)	**92 500**	**2 178**	**32 005**	**70 681**	**1 642**	**17 299**	**107 786**	**(5 291)**	**(39 445)**	**279 355**
Amortisation	(437)					(1 488)	(4 390)			(6 315)
Investment income	4 478	615	735	749			1 880	35 486	3 942	47 885
Finance costs	(17 370)	(100)	(135)	(8 929)		(8 604)	(18 192)		30 375	(22 955)
Profit before share of results from associates	79 171	2 693	32 605	62 501	1 642	7 207	87 084	30 195	(5 128)	297 970
Share of results from associates									(7 704)	(7 704)
Profit before tax	**79 171**	**2 693**	**32 605**	**62 501**	**1 642**	**7 207**	**87 084**	**30 195**	**(12 832)**	**290 266**
Total segment results above include:										
Revenue from external customers	3 395 910	92 319	145 016	17 131	3 687	647 214	1 991 532			6 292 809
Revenue from internal customers	1 841	1 376	105 952	45 733					(154 902)	
Total revenue	3 397 751	93 695	250 968	62 864	3 687	647 214	1 991 532		(154 902)	6 292 809
Depreciation and amortisation	56 662	1 009	5 986	13 494		8 155	34 821			120 127

Segment assets and liabilities

2021	Botswana				Zambia	Lesotho	Namibia	South Africa	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Property plant and equipment	132 215	17 987	71 711	1 376		7 039	132 580		427 596	790 504
Right of use assets	219 626	15	379			14 607	59 081		(121 956)	171 752
Investment property				587 078	36 979				(412 975)	211 082
Intangible assets	5 944					10 174	88 536		22 487	127 141
Other non-current assets	21 559	9 817		8 986	26	4 352		194 997	66 936	306 673
Total non-current assets	379 344	27 819	72 090	597 440	37 005	36 172	280 197	194 997	(17 912)	1 607 152
Current assets	731 037	40 873	175 892	51 228	1 764	154 492	389 226		100 262	1 644 774
Liabilities	(741 440)	(21 759)	(27 627)	(198 119)	(696)	(79 251)	(461 311)		284 505	(1 245 698)
Inter-group balances	(1 451)					(91 037)	(133 210)		225 698	
Capital expenditure during the year	41 097	685	1 597	8 585		1 276	10 907			64 147

Notes to the financial statements

For the year ended 30 April 2021

6 SEGMENTAL ANALYSIS (continued)

Segment results

2020	Botswana				Zambia	Lesotho	Namibia	South Africa	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	3 329 879	115 893	205 779	55 532	4 661	529 399	1 707 326		(112 633)	5 835 836
Cost of sales	(3 185 560)	(90 795)	(157 785)			(503 870)	(1 622 065)		111 258	(5 448 817)
Gross profit	144 319	25 098	47 994	55 532	4 661	25 529	85 261		(1 375)	387 019
Other income and gains / (losses)	7 524	5 620	2 158	3 458	8 575	80	14 938		(1 357)	40 996
Administrative expenses	(68 533)	(21 293)	(32 710)	(10 331)	(1 620)	(14 544)	(23 051)		(19 249)	(191 331)
Earnings before interest, tax and amortisation (EBITA)	**83 310**	**9 425**	**17 442**	**48 659**	**11 616**	**11 065**	**77 148**		**(21 981)**	**236 684**
Amortisation	(261)					(1 516)	(4 330)			(6 107)
Investment income	2 976	815	764	470	21	3 941	3 255	37 528	6 130	55 900
Finance costs	(18 051)	(125)	(306)	(9 506)		(12 265)	(22 807)		37 404	(25 656)
Profit before share of results from associate	67 974	10 115	17 900	39 623	11 637	1 225	53 266	37 528	21 553	260 821
Share of results from associate									(2 011)	(2 011)
Profit before tax	**67 974**	**10 115**	**17 900**	**39 623**	**11 637**	**1 225**	**53 266**	**37 528**	**19 542**	**258 810**
Total segment results above include:										
Revenue from external customers	3 328 944	114 595	134 472	16 439	4 661	529 399	1 707 326			5 835 836
Revenue from internal customers	936	1 297	71 489	39 093					(112 815)	
Total revenue	3 329 880	115 892	205 961	55 532	4 661	529 399	1 707 326		(112 815)	5 835 836
Depreciation and amortisation	50 349	1 307	7 274	12 248		4 097	26 709			101 984

Segment assets and liabilities

2020	Botswana				Zambia	Lesotho	Namibia	South Africa	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Property plant and equipment	120 460	18 041	76 057	1 572		7 533	119 436		413 768	756 867
Right of use assets	237 396	225	2 351			5 002	57 144		(161 134)	140 984
Investment property				587 407	50 364				(403 066)	234 705
Intangible assets	5 681					10 198	81 548		22 489	119 915
Other non-current assets	18 093	2 751		5 436	162	2 862		175 858	728	205 890
Total non-current assets	381 630	21 017	78 408	594 415	50 526	25 595	258 128	175 858	(127 216)	1 458 361
Current assets	685 842	50 899	142 937	9 467	2 773	120 016	239 627		195 296	1 446 857
Liabilities	(724 472)	(27 403)	(29 177)	(199 917)	(1 124)	(132 151)	(244 576)		258 299	(1 100 521)
Inter-group balances			6 636	1 440		(74 248)	(116 962)		183 134	
Capital expenditure during the year	34 737	460	5 797	22 051		5 141	56 717			124 903

Notes to the financial statements

For the year ended 30 April 2021 (continued)

		Note	Group 2021 P'000	Group 2020 P'000	Company 2021 P'000	Company 2020 P'000
7	**INVESTMENT INCOME**					
	Interest income from:					
	Bank deposits		10 165	16 634	3 012	4 903
	Related party loans	25			15 726	19 403
	Other loans and receivables		2 234	1 738		
	Dividends from preference share investment	25	35 486	37 528		
			47 885	**55 900**	**18 738**	**24 306**
8	**OTHER INCOME AND GAINS / (LOSSES)**					
	Fair value loss on investment in preference shares	19	(5 291)			
	Gain / (loss) on disposal of property, plant and equipment		21	(19)		
	Gain on revaluation of investment property	16	7 559	12 616		
	Net effect of straight line - rental adjustment		(562)	(1 186)		
	Net foreign exchange gains / (losses)		12 887	5 819	27 409	(15 220)
	Impairment of investment in associate	18		(2 627)		(2 127)
	Insurance claims, rent and rebates		18 233	19 823		
	Other		8 899	6 570		
			41 746	**40 996**	**27 409**	**(17 347)**
9	**FINANCE COSTS**					
	Interest paid on:					
	Bank overdrafts and loans		9 246	12 912	69	40
	Lease obligations	15	13 619	12 526		
	Related party loans	25			837	468
	Other		90	218		
			22 955	**25 656**	**906**	**508**

The weighted average cost of borrowing for the Group is 8.0% (2020: 8.9 %).

Notes to the financial statements

For the year ended 30 April 2021

	Group		Company	
	2021	2020	2021	2020
	P'000	P'000	P'000	P'000
10 INCOME TAX EXPENSE				
Current tax				
Basic Company Tax	65 813	48 113	1 575	1 611
Withholding tax on dividend and interest	6 932	12 937	4 447	8 394
Adjustment in respect of prior years	(287)	275		
Total current tax	**72 458**	**61 325**	**6 022**	**10 005**
Deferred tax				
Origination and reversal of temporary differences	926	(183)		
Total deferred tax	**926**	**(183)**		
Income tax expense	**73 384**	**61 142**	**6 022**	**10 005**

The Group has used the single corporate tax rate of 22% for calculating the current and deferred income taxes at the current and previous financial year end for the non - manufacturing entities in Botswana. For manufacturing entities, the current and deferred taxation rate applied is 15%. The Namibian corporate tax rate of 32% has been applied for the operations in Namibia. The tax rate in Zambia is a fixed final tax of 10% on rental income and the applicable tax rate of 25% and 15% has been applied to operations in Lesotho and Mauritius respectively. The charge for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	2021	2020	2021	2020
	P'000	P'000	P'000	P'000
Profit before tax	**290 266**	**258 810**	**100 041**	**145 261**
Tax calculated at current tax rates - 22% / 15%(*) (2020: 22% / 15%(*))	63 859	56 938	22 009	31 957
Tax effect of share of results of associates	659	442		
Effect of differential tax rates and income not subject to tax	1 630	(9 748)	(20 434)	(30 347)
Expenses not deductible for tax purposes (**)	591	526		
Adjustment in respect of prior years	(287)	275		
Final tax on dividend and interest income	6 932	12 709	4 447	8 395
Income tax expense per statement of comprehensive income	**73 384**	**61 142**	**6 022**	**10 005**

(*) On 1 August 2017 the Company was granted IFSC status and accordingly the applicable tax rate of 15% applies on all qualifying profits since that date.

(**) Expenses not deductible for tax purposes includes the tax effect of fair value losses and donations.

Current tax assets and liabilities

Current tax assets:				
Income tax refund receivable	2 782	5 046	1 027	1 014
Current tax liabilities:				
Income tax payable	21 189	10 166		

Notes to the financial statements

For the year ended 30 April 2021 (continued)

	Note	Group 2021 P'000	Group 2020 P'000	Company 2021 P'000	Company 2020 P'000
11 PROFIT BEFORE TAX					
Profit for the year has been arrived at after charging / (crediting):					
Auditors' remuneration		3 758	3 488	458	408
Amortisation of intangible assets	17	6 315	6 107		
Cost of inventories expensed		5 710 751	5 011 382		
Depreciation of property, plant and equipment	14	62 265	56 260		
Depreciation of right to use asset	15	51 547	39 618		
Impairment of property, plant and equipment	14	550	600		
Directors and employee benefits		305 896	276 266	31 945	24 393
Impairment of receivables	24	4 537	7 859		
- properties			32 895		
- motor vehicles		224	2 075		
Gain on revaluation of investment property	16	(7 559)	(12 616)		
Fair value loss on investment in preference shares	19	5 291			
(Gain) / loss on disposal of property, plant and equipment	8	(21)	19		
Net foreign exchange (gain) / loss	8	(12 887)	(5 819)	(27 409)	15 220

12 DIRECTORS EMOLUMENTS

Emoluments of the Directors of Sefalana Holding Company Limited from the Company and its subsidiaries:

Fees for services as Non - Executive Directors	2 051	1 100	2 051	1 100
Managerial services	22 968	20 426	19 172	17 891
Total	**25 019**	**21 526**	**21 223**	**18 991**

In respect of subsidiary companies	3 796	2 535		
In respect of the Company	19 172	17 891	19 172	17 891
Fees for services as Non - Executive Directors	2 051	1 100	2 051	1 100
Total	**25 019**	**21 526**	**21 223**	**18 991**

Notes to the financial statements

For the year ended 30 April 2021

	2021	2020
13 EARNINGS AND COMPREHENSIVE INCOME PER SHARE		
Profit attributable to owners of the parent (P'000)	**216 198**	**197 922**
Total comprehensive income attributable to owners of the parent (P'000)	**294 868**	**124 712**
Shares in issue at end of year (number)	**250 726 709**	**250 726 709**

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue by any share options in force assuming conversion of all dilutable potential ordinary shares.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Shares in issue at beginning and end of year (number)	250 726 709	250 726 709
Weighted average shares in issue during the year (number)	**250 726 709**	**250 726 709**
Basic and diluted earnings per share (thebe)	**86.23**	**78.94**
Total comprehensive income per share (thebe)	**117.61**	**49.74**

	2021	2020
DIVIDENDS	**P'000**	**P'000**
Declared and paid during the year:		
Interim 2021: 10 thebe per share and final 2020: 27.5 thebe per share; (Interim 2020: 10 thebe per share and final 2019: 27.5 thebe per share)	94 021	94 021
Final 2021: 30 thebe per share; (final 2020: 27.5 thebe per share)	75 218	68 950

Notes to the financial statements

For the year ended 30 April 2021 (continued)

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under finance leases	Plant, fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost or valuation					
At 1 May 2019	442 271	11 798	339 233	40 939	834 241
Additions	24 625		69 940	12 521	107 086
Gain on revaluation	15 384				15 384
Reversal of depreciation on revaluation	(12 912)				(12 912)
Currency translation	(6 399)		(6 039)	(538)	(12 976)
Regrouping to right of use assets (note 15)			(1 428)		(1 428)
Regrouping	1 040		(1 040)		
Transfer from investment property (note 16)	64 409				64 409
Disposals			(1 316)	(3 517)	(4 833)
At 30 April 2020	**528 418**	**11 798**	**399 350**	**49 405**	**988 971**
At 1 May 2020	528 418	11 798	399 350	49 405	988 971
Additions	2 259		49 810	4 855	56 924
Gain on revaluation	21 362				21 362
Reversal of depreciation on revaluation	(14 178)				(14 178)
Currency translation	9 590		11 536	1 310	22 436
Transfer from investment property (note 16)	147				147
Disposals			(154)	(1 032)	(1 186)
At 30 April 2021	**547 598**	**11 798**	**460 542**	**54 538**	**1 074 476**
Depreciation and impairment					
At 1 May 2019		11 798	157 907	22 816	192 521
Depreciation charge for the year	12 912		38 574	4 774	56 260
Impairment loss			600		600
Disposals			(94)	(2 196)	(2 290)
Currency translation			(1 833)	(242)	(2 075)
Elimination of depreciation previously charged	(12 912)				(12 912)
At 30 April 2020		**11 798**	**195 154**	**25 152**	**232 104**
At 1 May 2020		11 798	195 154	25 152	232 104
Depreciation charge for the year	14 178		40 946	7 141	62 265
Impairment loss			550		550
Disposals			(113)	(371)	(484)
Currency translation			3 309	406	3 715
Elimination of depreciation previously charged	(14 178)				(14 178)
At 30 April 2021		**11 798**	**239 846**	**32 328**	**283 972**
Carrying amount					
At 30 April 2021	**547 598**		**220 696**	**22 210**	**790 504**
At 30 April 2020	528 418		204 196	24 253	756 867

Notes to the financial statements

For the year ended 30 April 2021

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value of land and buildings

The following table analyses the non - financial assets carried at fair value, by revaluation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2021 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			42 207
Retail sale outlets - Botswana			372 874
Manufacturing sites - Botswana			55 993
Retail sale outlet and employee houses - Namibia			66 548
Warehouse - Lesotho			9 976
			547 598

There were no transfers between levels during the year.

	Fair value measurements at 30 April 2020 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			67 503
Retail sale outlets - Botswana			349 799
Manufacturing sites - Botswana			55 550
Retail sale outlet and employee houses - Namibia			45 930
Warehouse - Lesotho			9 636
			528 418

There were no transfers between levels during the year.

Valuation process

An independent valuation of the Group's land and buildings was performed by a professional third party valuer on 30 April 2021. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

Fair value measurements using significant un - observable inputs (Level 3)

	2021	2020
	P'000	P'000
Opening fair value	528 418	442 271
Additions	2 259	24 625
Reclassification / transfers / currency translation	9 737	59 050
Gain on revaluation recognised in other comprehensive income	21 362	15 384
Reversal of depreciation on revaluation	(14 178)	(12 912)
Closing fair value	547 598	528 418

Notes to the financial statements
For the year ended 30 April 2021 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

2021

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 30 April 2021 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	547 598	Income capitalisation	P20 per sqm to P65 per sqm (weighted average of P50 per sqm) and capitalisation factor range from 9% to 14% with a weighted average of 11%	The higher the price per square meter, the higher the value of the property

2020

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 30 April 2020 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	528 418	Income capitalisation	P25 per sqm to P62 per sqm (weighted average of P45 per sqm) and capitalisation factor range from 8% to 13% with a weighted average of 9%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease / increase the overall valuation by P5.6 million (2020: P6.1 million).

Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in the Statement of Comprehensive Income.

Depreciation expenses of P46.2 million (2020: P 37.0 million) and P19.1 million (2020: P19.6 million) are charged to "cost of sales" and "administrative expenses" respectively in the Statement of Comprehensive Income.

If land and buildings were stated on the historical cost basis the amounts would be as follows:

	2021 P'000	2020 P'000
Cost	193 166	190 907
Accumulated depreciation	(38 651)	(33 818)
Net carrying amount	**154 515**	**157 089**

Notes to the financial statements

For the year ended 30 April 2021

15 RIGHT OF USE ASSETS AND LEASE LIABILITY

	P'000

Right of use asset

On transition the Group recognised right of use assets (net of the opening operating lease liability) and related liabilities as follows:

At 1 May 2019	195 536
Transfer from property, plant and equipment (note 14)	1 428
Less opening deferred lease obligations	(17 653)
	179 311
Depreciation	(39 618)
Currency translation	1 291
At 30 April 2020	**140 984**

At 1 May 2020	140 984
Additions during the year	75 358
	216 342
Depreciation	(51 547)
Currency translation	6 957
At 30 April 2021	**171 752**

Lease liability

At 1 May 2019	195 536
Payments during the year	(48 795)
Lease interest (note 9)	12 526
At 30 April 2020	**159 267**

At 1 May 2020	159 267
Additions during the year	75 358
Payments during the year	(63 263)
Lease interest (note 9)	13 619
Currency translation	9 776
At 30 April 2021	**194 757**

Depreciation and interest charges incurred during the year in the Statement of Comprehensive Income are presented above.

The Group has property lease agreements of typically five years but also often include option periods. Where there is a highly probable likelihood of renewal, relevant cash flows have been considered. A discount rate of 6.5% was applied in arriving at the Right of use asset and related liabilities. No restrictive covenants are imposed by the leases in place and there are no variable components.

The maturity of the lease liabilities are set out in the note on the next page. The Group does not face a significant liquidity risk with regards to its lease liabilities.

Notes to the financial statements
For the year ended 30 April 2021 (continued)

15 RIGHT OF USE ASSETS AND LEASE LIABILITY (continued)

Lease liability - under IFRS 16

Group

Maturity analysis of lease liabilities

	2021		2020	
	Future minimum lease payments	Present value of capital payments	Future minimum lease payments	Present value of capital payments
Finance lease liabilities are payable as follows:	P'000	P'000	P'000	P'000
Within one year	64 893	54 666	50 224	39 319
Between two and five years	149 882	133 677	138 537	119 948
Above five years	6 643	6 414		
	221 418	194 757	188 761	159 267
Unearned finance charges	(26 661)		(29 494)	
	194 757	194 757	159 267	159 267

	2021	2020
	P'000	P'000
Long term portion	140 091	119 948
Current portion	54 666	39 319
	194 757	159 267

The cash payments for the principal portion of the lease liability have been recognised under financing activities in the statement of cash flows while cash payments for interest on lease liability and short term leases are classified as operating activities within the statement of cash flows.

Notes to the financial statements

For the year ended 30 April 2021

16 INVESTMENT PROPERTY

	2021 P'000	2020 P'000
Group		
Freehold and leasehold land and buildings at fair value	215 486	238 548
Straight - line lease rental adjustment	(4 404)	(3 843)
Balance at end of year	**211 082**	**234 705**
Reconciliation of fair value:		
Opening fair value	234 705	287 166
Additions during the year	6 044	14 944
Transfer to property, plant and equipment (note 14)	(147)	(64 409)
Asset classified as held for sale (note 27)	(23 958)	
Currency translation differences	(12 559)	(14 426)
Gain on revaluation of properties	7 559	12 616
Straight - line lease rental adjustment	(562)	(1 186)
Closing fair value	**211 082**	**234 705**

Land and buildings are encumberred as detail per note 30.

Fair value of land and buildings

The following table analyses the investment property carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2021		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			119 634
Office buildings - Zambia			36 980
Retail sale outlets - Botswana			16 868
Manufacturing site - Botswana			37 600
			211 082

There were no transfers between levels during the year.

	Fair value measurements at 30 April 2020		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			129 349
Office buildings - Zambia			50 526
Retail sale outlets - Botswana			24 430
Manufacturing site - Botswana			30 400
			234 705

There were no transfers between levels during the year.

Notes to the financial statements
For the year ended 30 April 2021 (continued)

16 INVESTMENT PROPERTY (continued)

Fair value measurements using significant un - observable inputs (level 3)

2021

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value	184 180	50 525	234 705
Additions	6 044		6 044
Transfer to property, plant and equipment (note 14)	(147)		(147)
Asset classified as held for sale (note 27)	(23 958)		(23 958)
Regrouping	142	(142)	
Currency translation		(12 559)	(12 559)
Gain on revaluation of properties	8 519	(960)	7 559
Straight - line lease rental adjustment and others	(678)	116	(562)
Closing fair value	**174 102**	**36 980**	**211 082**

Fair value measurements using significant un - observable inputs (level 3)

2020

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening fair value	230 446	56 720	287 166
Additions	14 944		14 944
Transfer to property, plant and equipment (note 14)	(64 409)		(64 409)
Regrouping	(953)	953	
Currency translation differences		(14 426)	(14 426)
Gain on revaluation of properties	5 400	7 216	12 616
Straight - line lease rental adjustment and others	(1 248)	62	(1 186)
Closing fair value	**184 180**	**50 525**	**234 705**

Valuation process

An independent valuation of the Group's investment properties was performed by a professional third party valuer on 30 April 2021. The valuer has recent experience in the location and categories of the said properties. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

Notes to the financial statements

For the year ended 30 April 2021

16 INVESTMENT PROPERTY (continued)

Information about fair value measurements using significant unobservable inputs (level 3)

2021

Description	Fair value at 30 April 2021 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Investment property (Botswana)	174 102	Income capitalisation method	P7 per sqm to P90 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 9 % to 15% with a weighted average of 12%	The higher the price per square meter, the higher the value of the property
Investment property (Zambia)	36 980	Income capitalisation method	Market price per square meter	The higher the price per square meter of a comparable property, the higher the value of the property
Total	**211 082**			

Information about fair value measurements using significant unobservable inputs (level 3)

2020

Description	Fair value at 30 April 2020 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Investment property (Botswana)	184 180	Income capitalisation method	P9 per sqm to P90 per sqm (weighted average of P60 per sqm) and capitalisation factor range from 9% to 13% with a weighted average of 10%	The higher the price per square meter, the higher the value of the property
Investment property (Zambia)	50 525	Income capitalisation method	Market price per square meter	The higher the price per square meter of a comparable property, the higher the value of the property
Total	**234 705**			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P2.0 million (2020: P2.2 million).

Revaluation surpluses relating to investment property is included in other income and gains (note 8).

	2021 P'000	2020 P'000
Contractual rental income from investment property	19 934	19 248
Expenses directly attributable to investment property	(1 535)	(1 462)

Lease agreements exist for all let properties and range from 12 months to 10 years with options to renew.

No contingent rentals are charged. Most leases include escalation clauses which approximate to expected average inflation rates over the period of the respective leases.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

17 INTANGIBLE ASSETS

	Goodwill	Brand value	Computer software	Customer contract	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost					
At 1 May 2019	49 958	86 626	16 534	19 675	172 793
Additions			2 873		2 873
Disposals			(15)		(15)
Currency translation	(2 445)	(9 646)	(344)	(2 191)	(14 626)
At 1 May 2020	47 513	76 980	19 048	17 484	161 025
Additions			1 179		1 179
Currency translation	2 710	10 694	718	2 429	16 551
At 30 April 2021	**50 223**	**87 674**	**20 945**	**19 913**	**178 755**
Amortisation and impairment					
At 1 May 2019	443	16 748	15 196	5 860	38 247
Currency translation		(2 143)	(276)	(825)	(3 244)
Charge during the year		3 357	652	2 098	6 107
At 1 May 2020	443	17 962	15 572	7 133	41 110
Currency translation		2 709	366	1 114	4 189
Charge during the year		3 293	1 151	1 871	6 315
At 30 April 2021	**443**	**23 964**	**17 089**	**10 118**	**51 614**
Carrying amount					
At 30 April 2021	**49 780**	**63 710**	**3 856**	**9 795**	**127 141**
At 30 April 2020	47 070	59 018	3 476	10 351	119 915

Goodwill

The impairment assessment calculations performed by the Directors at the year - end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

Brand value

Brand value arose on the acquisition of the trading business of Metro Cash and Carry Namibia in July 2014. This value is being amortised over 25 years on a straight - line basis. Its useful life is reviewed at each reporting date.

Computer software rights

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The useful lives of software are reviewed at each reporting date.

Customer contracts

This arises from the long standing contractual agreements in place with credit customers of Sefalana Cash & Carry (Namibia) (Proprietary) Limited and Sefalana Trading (Proprietary) Limited, Lesotho.

Notes to the financial statements

For the year ended 30 April 2021

17 INTANGIBLE ASSETS (continued)

For the purpose of impairment testing, goodwill is attached to the following cash generating units:

	2021	2020
	P'000	P'000
Sefalana Cash and Carry Limited	23 768	23 768
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	22 254	22 254
Sefalana Trading (Proprietary) Limited, Lesotho	1 371	1 371
PWT Properties (Proprietary) Limited, Namibia	90	90
MF Holdings (Proprietary) Limited	3 794	3 794
Currency translation	(1 497)	(4 207)
Total	**49 780**	**47 070**

Key assumptions used in the calculation of recoverable amounts are discount rates and growth rates as follows:

	2021				2020			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited
Discount rates	14.50%	14.50%	14.50%	14.50%	14.00%	14.50%	14.50%	14.00%
Growth rates	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%

The table below shows the amount that these assumptions are required to change individually in order for the estimated recoverable amount to equal its carrying amount.

	2021				2020			
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	Sefalana Trading (Pty) Limited, Lesotho	MF Holdings (Pty) Limited
Discount rates	14.50%	14.50%	14.50%	14.50%	14.00%	14.50%	14.50%	14.00%
Growth rates	(1.20)%	(10.50)%	(10.00)%	0.75%	(0.69)%	(11.75)%	(34.00)%	2.20%

Management used a three year projected cashflow based on approved financial budgets / forecasts of each cash generating unit to determine the recoverable amounts.

Analysis of amortisation of intangible assets

	2021	2020
	P'000	P'000
Computer software	1 151	652
Brand value	3 293	3 357
Customer contracts	1 871	2 098
Total	**6 315**	**6 107**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

18 INVESTMENT IN ASSOCIATES

	Seasons Group Australia				
	D & G Dream Finance Trust	D & G Dream Investment Holdings Proprietary Limited	Grow Mine Africa (Proprietary) Limited	Kgalagadi Soap Industries (Proprietary) Limited (discontinued)	Total
	P'000	P'000	P'000	P'000	P'000
Investments at cost					
At 1 May 2019			4 493	2 616	7 109
Additions during the year			2 127		2 127
At 30 April 2020			6 620	2 616	9 236
At 1 May 2020			6 620	2 616	9 236
Additions during the year	25 496	57 403			82 899
At 30 April 2021	25 496	57 403	6 620	2 616	92 135
Impairment provision and other movements					
At 1 May 2019			4 493	2 616	7 109
Impairment charge during the year			2 127	500	2 627
Current year loss				2 011	2 011
Transfer to receivables (note 24)				(2 511)	(2 511)
At 30 April 2020			6 620	2 616	9 236
At 1 May 2020			6 620	2 616	9 236
Current year loss		5 450		2 254	7 704
Currency translation loss	1 517	4 390			5 907
Transfer to receivables (note 24)				(2 254)	(2 254)
At 30 April 2021	1 517	9 840	6 620	2 616	20 593
Carrying value as at 30 April 2021	**23 979**	**47 563**			**71 542**
Carrying value as at 30 April 2020					

Seasons Group Australia

On 7 May 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, consists of a chain of eight supermarkets in the Brisbane area. This business is controlled by a consortium of shareholders (Unitrade Investments Australia (Proprietary) Limited), many of whom are also consortium members in the South African business in which Sefalana has a preference share interest.

Total purchase consideration for Sefalana's investment in Australia amounted to AUD10.5 million (P83 million), and is considered its fair value. The effective date of investment was 7 May 2020. This investment has been treated as an investment in an associate, in which Sefalana exerts significant influence, and is therefore equity accounted. Sefalana entered into this agreement in order to pursue its Group strategy to diversify its income stream and foreign exchange exposure.

Notes to the financial statements

For the year ended 30 April 2021

	AUD'000	P'000
18 INVESTMENT IN ASSOCIATES (continued)		
7 287 360 shares in D & G Dream Investment Holdings Proprietary Limited	7 287	57 403
3 212 600 shares in D & G Finance Trust	3 213	25 496
40 shares in D & G Dream Finance		
Equity investment	10 500	82 899
Loan to D & G Dream Investment Holdings Proprietary Limited	2 085	17 566
Interest receivable	170	1 432
Total loan and interest receivable (note 24)	2 255	18 998

Unitrade Investments Australia (Proprietary) Limited holds 60% of the equity in the above entities.

Since all the above companies are private entities, no quoted market prices are available for their shares.

Set out below are the summarised financial information for Seasons Group Australia which are accounted for using the equity method.

Summarised Consolidated Statement of Financial Position of D & G Dream Investment Holdings Proprietary Limited

	2021 AUD'000	2021 P'000
Non - current assets		
Plant and equipment	20 841	175 585
Right of use assets	46 627	392 832
Goodwill	6 000	50 550
Intangible assets	8 622	72 640
Deferred tax asset	962	8 105
Total non - current assets	83 052	699 712
Current assets		
Cash and cash equivalents	2 491	20 987
Inventory	5 414	45 614
Other current assets	2 041	17 195
Total current assets	9 946	83 796
Non - current liabilities		
Lease liabilities	46 470	391 510
Redeemable prefence shares	8 032	67 670
Borrowings	11 132	93 787
Deferred tax	1 420	11 964
Total non - current liabilities	67 054	564 931
Current liabilities		
Trade and other payables	9 065	76 373
Other current liabilities	5 387	45 385
Total current liabilities	14 452	121 758
Net assets	**11 492**	**96 819**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

	2021 AUD'000	2021 P'000

18 INVESTMENT IN ASSOCIATES (continued)

Summarised consolidated Statement of Comprehensive Income of D & G Dream Investment Holdings Proprietary Limited

Revenue	77 196	640 958
Depreciation and amortisation	(5 804)	(48 191)
Interest income	21	174
Interest expense	(2 199)	(18 258)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	4 735	39 315
Loss before tax	(2 051)	(17 032)
Income tax credit	410	3 406
Loss after tax	(1 641)	(13 626)
Share of loss at 40%	**(656)**	**(5 450)**

Seasons Group Australia consists of eight supermarkets in the Queensland State of Australia. Each supermarket has a lease in respect of its premises with a third party landlord. Leases in Australia tend to contain long lease periods of between 10-15 years. As a result, and due to the requirements of IFRS 16 Leases, a significant Right to use asset and corresponding lease liability is recognised. The amortisation of this asset and related interest charge results in a relatively larger charge in the earlier years of the leases and a relatively lower charge in the latter periods of the lease term. As a consequence, the above results include occupancy costs (recorded as finance charges in accordance with IFRS 16 Leases) which are greater than the amount actually paid to the landlord. This has been a significant contributor to the current year loss reported.

Other information pertaining to the associate company include:

Country of incorporation	Australia
Financial year end	31 March

31 March has been used for the company's year-end to align with the calendar quarters which is typical for retailers in Australia.

Effective interest in stated capital	40%
Principal activity	FMCG retail

Summarised Consolidated Statement of Financial Position of D & G Dream Finance Trust

	2021 AUD'000	2021 P'000
Non - current assets		
Investment in Class B shares of Seasons Supermarkets	8 032	67 645
Total non - current assets	8 032	67 645
Foreign currency translation		(8 550)
Net assets	**8 032**	**59 095**
Represented by:		
60% units held by Unitrade Investments Australia Proprietary Limited	4 819	35 457
40% units held by Sefalana Mauritius Proprietary Limited	3 213	23 638
	8 032	59 095

Notes to the financial statements

For the year ended 30 April 2021

18 INVESTMENT IN ASSOCIATES (continued)

Grow Mine Africa (Proprietary) Limited

On 23 October 2017 Sefalana Holding Company Limited entered into a consortium arrangement whereby it holds 40% of the share capital of Grow Mine Africa (Proprietary) Limited. The business was set up for the sole purpose of submitting a tender for the Botswana National Lottery.

On 4 June 2020 the Gambling Authority announced its award of the Botswana National Lottery to Grow Mine (Proprietary) Limited as its preferred applicant. Sefalana Holding Company Limited and its fellow shareholders in Grow Mine (Proprietary) Limited will continue to negotiate the formal license agreement with the Gambling Authority over the coming months. Given there are still a number of matters to attend to before the license is awarded to Grow Mine (Proprietary) Limited, the investments made by Sefalana Group in respect of this tender remains impaired until such time as there is certainty over the award of the licence.

The summarised results of this entity have not been presented on the basis that activities have not yet commenced at 30 April 2021.

Kgalagadi Soap Industries (Proprietary) Limited

As at 30 April 2021 and 2020 the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P nil following an impairment provision to reflect the potential realisable loss of its net investment in the assets of the business, including any loss incurred to date.

Kgalagadi Soap Industries (Proprietary) Limited is a private company and there is no quoted market price available for its shares. This business ceased its operations in May 2020. There are no contingent liabilities relating to the Group's interest in the associate.

Set out below are the summarised financial information for Kgalagadi Soap Industries (Proprietary) Limited which are accounted for using the equity method.

Summarised Statement of Financial Position

	2021 P'000	2020 P'000
Non - current assets		
Plant and equipment	3 498	3 653
Total non - current assets	3 498	3 653
Current assets		
Cash and cash equivalents	5 722	3 370
Other current assets	6 154	15 343
Total current assets	11 876	18 713
Current liabilities		
Financial liabilities	(12 328)	(13 654)
Other current liabilities	(10 206)	(11 426)
Total current liabilities	(22 534)	(25 080)
Net liabilities	**(7 160)**	**(2 714)**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

18 INVESTMENT IN ASSOCIATE (continued)

	2021 P'000	2020 P'000
Summarised statement of comprehensive income		
Revenue	5 975	12 177
Depreciation and amortisation	(156)	(281)
Interest income	52	7
Interest expense	(580)	(582)
Loss before tax	(4 508)	(4 022)
Total comprehensive loss for the year	(4 508)	(4 022)
Share of loss for the year	(2 254)	(2 011)

Reconciliation of summarised financial information

	Loan
At 1 May 2019	4 812
Additional loan advanced	2 038
Share of loss from associate transferred to loan receivable	(2 011)
	4 839
Impairment provision	(500)
Net loan receivable as at 30 April 2020 (note 24)	4 339
At 1 May 2020	4 339
Interest accrued	340
Repayment of loan	(1 905)
Share of loss from associate transferred to loan receivable	(2 254)
Net loan receivable at 30 April 2021 (note 24)	520

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital at KSI Holdings (Proprietary) Limited level	50%
Effective interest in stated capital at Sefalana Holding Company Limited level	25%
Principal activity	Manufacture and distribution of soaps and oil products

Notes to the financial statements

For the year ended 30 April 2021

	2021	2020
	P'000	P'000
19 INVESTMENT IN PREFERENCE SHARES		
Group		
1 May	175 858	197 895
Investment in preference shares		
Foreign exchange retranslation	24 430	(22 037)
Fair value loss	(5 291)	
30 April	**194 997**	**175 858**

The Group entered into a Preference Share subscription agreement with Set to Run Trade and Invest (Proprietary) Limited, renamed UIH Investment Holdings (Proprietary) Limited ("UIH") with an effective date of 1 July 2017. UIH consists of third parties in South Africa who have come together with the overall objective of acquiring a number of independent chains in the fast moving consumer goods sector in South Africa. The largest member is Unitrade Management Services (Proprietary) Limited ("UMS / a "Buying Group") which services over 350 members across the country. Sefalana ha been a member of this Buying Group for a number of years and procures a significant proportion of its products through this entity thereby establishing economies of scale.

Under this agreement, UIH is expected to acquire a number of stores in the fast moving consumer goods sector in South Africa in accordance with an overall agreed ten year business plan.

The cashflows expected to be generated through implementation of this business plan underpin the Group's R250 million investment in preference shares issued by UIH. The Group earns a fixed annual return of 20% on the invested amount of R250 million for a five year period, at which time the preference shares will either be redeemed at face value or, at the Group's election, may be converted to ordinary shares in UIH representing up to 30% of the issued share capital of UIH. Intention for such conversion must be communicated to UIH between 1 July 2021 and 31 December 2021. Conversion can however, be blocked at a pre-agreed amount payable to Sefalana, by the majority ordinary shareholder of UIH through the exercise of a call option.

Through operation of the agreement, should actual cash flows generated by the UIH Group be below those forecasted, the Sefalana Group remains entitled to the original capital amount invested. However, should actual cash flows exceed those as originally forecasted and agreed, the Group may be required to invest additional amounts upon conversion of the preference shares. The subscription price of R250 million was funded out of the Rights Issue program carried out in November 2016. Under this program 1 share was issued for every 8 shares held at an exercise price of P12.50. Total proceeds of P351 million were raised net of expenses. The remaining proceeds were utilised for the Group's acquisition into the Lesotho market.

The investment is assessed to be a financial instrument at fair value through profit or loss in accordance with the IFRS 9 treatment of compound instruments.

The fair value of the preference share investment was determined by the Group in accordance with IFRS 13; Fair value measurements, using the Discounted Cash Flow Method and is based on the business plans and forecasted cash flows of UIH as originally agreed between the parties. Since the start of UIH's business operations in December 2017, there have been no indicators that these plans or forecasts would change significantly over the five year term of the instrument. As expected, Covid-19 has had a negative impact on the business and the economy as a whole, but the overall results remain within 10% of the cumulative planned results to date. This has been reflected in the revaluation as at 30 April 2021.

As time lapses and the redemption date of 30 June 2022 approaches, or if the performance and cash flows of UIH deviate significantly from originally anticipated, or if there is a significant change in interest rates, any changes to fair value of the preference shares will be determined based on all information available at that time. However, the fair value of the preference shares will not be lower than the initial investment of R250 million, unless there is impairment due to credit risk, as the initial investment would be redeemed.

The valuation methodology applied at the year end remains consistent with that of the prior year and previous reporting periods.

Valuation technique: Discounted Cash Flow (DCF - Income Method) as this is a commonly used methodology by the market.

A P/E multiple is also used to corroborate the output values from the DCF model.

Notes to the financial statements
For the year ended 30 April 2021 (continued)

19 INVESTMENT IN PREFERENCE SHARES (continued)

The fair value measurement is a Level 3 fair value measurement with the following observable and unobservable inputs:

Input	Assumptions used in year-end valuation
Term date	1 July 2017 to 30 June 2022
Dividend payout policy	50%
PE minimum	5.00
PE maximum	8.00
South African inflation rate	3.1%
Discount rate	19.0%
EBITDA	Actual and forecast
Average Equity valuation	R 850 million

The most significant input in the model is EBITDA and the expected rate of return. For every 5% change in the average annual EBITDA the value of the instrument would change by R3.7 million, and for every 1% change in the expected rate of return (discount rate), the value of the investment instrument would change in the opposite direction by R 1.9 million.

Inter-relationships between these inputs exist in as far as macro-economic factors impact one another, for example, changes in inflation rates result in changes in interest rates.

The range of valuations based on reasonable sensitivities of each input is however, not considered material to the financial statements as a whole.

20 DEFERRED LEASE ASSETS

	2021 P'000	2020 P'000
Group		
At beginning of year	3 842	2 656
Movement during the year	562	1 186
At end of year	**4 404**	**3 842**

Deferred lease assets relate to investment properties and deferred letting commission and represents the unamortised lease rentals arising from straight - lining of lease charges and unamortised letting commission over the lease term.

Notes to the financial statements

For the year ended 30 April 2021

21 DEFERRED TAX ASSETS AND LIABILITIES

Group

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation	Revaluation of land and buildings	Inventory net realisable value adjustments	Other	Total
	P'000	P'000	P'000	P'000	P'000
At 1 May 2019	(11 628)	(82 369)	20 785	1 518	(71 694)
Current year movement	(3 423)	(410)	1 486	2 530	183
Currency translation	1 150			(153)	997
Gain on revaluation of land and building included in Other Comprehensive Income		(2 785)			(2 785)
At 30 April 2020	**(13 901)**	**(85 564)**	**22 271**	**3 895**	**(73 299)**
At 1 May 2020	(13 901)	(85 564)	22 271	3 895	(73 299)
Current year movement	(8 278)	(2 553)	2 355	7 550	(926)
Currency translation	(1 609)			189	(1 420)
Gain on revaluation of land and building included in Other Comprehensive Income		(5 083)			(5 083)
At 30 April 2021	**(23 788)**	**(93 200)**	**24 626**	**11 634**	**(80 728)**

	2021	2020
	P'000	P'000
Disclosed as:		
Deferred tax assets	28 523	23 717
Deferred tax liabilities	(109 251)	(97 016)
	(80 728)	(73 299)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

22 INVESTMENT IN SUBSIDIARIES

Company	2021 % holding	2020 % holding	2021 P'000	2020 P'000
Held directly:				
Cebay Investments (Proprietary) Limited	100	100		
Foods (Botswana) (Proprietary) Limited	100	100	32 524	32 524
KSI Holdings (Proprietary) Limited	50	50	4 250	4 250
Meybeernick Investments (Proprietary) Limited	100	100	1 504	1 504
MF Holdings (Proprietary) Limited	100	100	31 961	31 961
Sefalana Fresh Produce (Proprietary) Limited *	100	90	1 517	1 517
Sefalana Cash and Carry Limited	100	100	109 524	109 524
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	100	100	48 802	48 802
Sefalana sa Botswana Limited	100	100		
Sefalana Mauritius (Proprietary) Limited **	100	100	361 035	283 051
Sefalana Property Company Limited, Zambia	100	100	10 561	10 561
Sefalana Cash and Carry Limited, Zambia	100	100	61	61
			601 739	**523 755**

Notes to the financial statements
For the year ended 30 April 2021 (continued)

22 INVESTMENT IN SUBSIDIARIES (continued)

	% holding by the controlling entity	
	2021	2020
Held indirectly, through :		
KSI Holdings (Proprietary) Limited		
Refined Oil Products (Proprietary) Limited	100	100
Kgalagadi Soap Industries (Proprietary) Limited - Associate	50	50
Sefalana Cash and Carry Limited		
Welcome Serowe (Proprietary) Limited	100	100
MF Holdings (Proprietary) Limited		
Commercial Motors (Proprietary) Limited	100	100
Ellerry Holdings (Proprietary) Limited	100	100
Mechanised Farming (Proprietary) Limited	100	100
Sefalana Mauritius (Proprietary) Limited		
Sefalana Lesotho (Proprietary) Limited	100	100
Sefalana Properties (Lesotho) (Proprietary) Limited	100	100
Sefalana Trading (Proprietary) Limited	100	100

The principal activities of the subsidiaries are described in the Group Managing Director's report and Company Profiles. Wherever control is established through operation of shareholders agreement, those companies are deemed subsidiaries.

* On 8 September 2020, the Company acquired acquired the minority shareholdings, being 10% of the issued share capital, of Sefalana Fresh Produce (Proprietary) Limited, the net effect of this transaction is disclosed in the Statement of Changes in Equity. On the basis of this being an insignificant amount in the context of these financials statements as a whole, no additional disclosures has been made in respect of this transaction.

** On 7 May 2020, the Company invested P78 million (AUD9.9 million) in the equity of Sefalana Mauritius (Proprietary) Limited and also provided a loan of AUD2.6 million (P20.5 million) to fund the investment in Seasons Group Australia. Sefalana Mauritius (Proprietary) Limited in turn invested P83 million (AUD10.5 million) in the equity shares of Seasons Group Australia and advanced P17.6 million (AUD2.1 million) as a shareholder loan to Seasons Group Australia (note 18).

KSI Holdings (Proprietary) Limited

The Group holds a 50% equity interest in KSI Holdings (Proprietary) Limited and controls the management and decision making function of the business based on an agreement between the shareholders. KSI Holdings (Proprietary) Limited controls a 100% equity interest in Refined Oil Products (Proprietary) Limited, a property company and 50% equity interest in Kgalagadi Soap Industries (Proprietary) Limited (note 18).

Notes to the financial statements

For the year ended 30 April 2021

22 INVESTMENT IN SUBSIDIARIES (continued)

Set out below are the summarised group results for KSI Holdings Proprietary Limited

Summarised Statement of Financial Position

	2021 P'000	2020 P'000
Non - current assets		
Investment property	42 000	42 070
Total non - current assets	42 000	42 070
Current assets		
Cash and cash equivalents	2 402	1 815
Other current assets	2 420	4 794
Total current assets	4 822	6 609
Non-current liabilities		
Borrowings	(7 634)	(9 335)
Deferred tax	(3 291)	(3 597)
	(10 925)	(12 932)
Current liabilities		
Financial liabilities	(5 099)	(6 536)
Other current liabilities	(1 152)	(1 093)
Total current liabilities	(6 251)	(7 629)
Net equity	**29 646**	**28 118**
Summarised statement of comprehensive income		
Revenue	4 733	4 713
Interest income	345	470
Interest expense	(819)	(1 150)
Profit before tax	1 909	84
Income tax	(382)	(1 021)
Total comprehensive income / (loss) for the year	1 527	(937)
Share of profit / (loss)	764	(469)

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital	50%
Principal activity	Property rental and manufacture and distribution of soaps and oil products

23 INVENTORIES

	2021 P'000	2020 P'000
Group		
Purchased for resale	863 596	741 227
Finished goods	3 296	6 537
Raw materials	108 114	74 092
Work in progress	1 493	1 790
Less: provision for obsolescence	(105 994)	(98 033)
	870 505	725 613

Inventory stated at net realisable value amount to P nil (2020: P nil). Inventory written off during the year amounted to nil (2020: nil).

Notes to the financial statements

For the year ended 30 April 2021 (continued)

24 TRADE AND OTHER RECEIVABLES

	2021 P'000	2020 P'000
Group		
Trade receivables	188 580	161 490
Impairment provision	(19 883)	(18 760)
	168 697	142 730
Prepaid expenses	13 955	11 686
Advances	1 427	1 693
Dividends on preference shares	31 474	27 651
Related party receivables (note 18)	520	4 339
Loan and interest receivable (note 18)	18 998	98 464
Other receivables	41 404	60 090
	276 475	346 653

Included in other receivables is P20.9 million (2020: P18.3 million) relating to rebates receivable.

Trade receivables

Non-current portion	7 207	2 473
Current portion	269 268	344 180
	276 475	346 653

Non-current trade and other receivables relate to long term receivables that have entered into repayment agreements of between two to five years. The related future interest receivable is P0.7 million (2020: P0.6 million).

The average credit period on sale of goods is 40 days (2020: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR42.2 million (2020: ZAR43.3 million) which equates to P31.9 million (2020: P 28.8 million), Namibian Dollar, N$36.7 million (2020: N$53.2 million) which equates to P 27.8 million (2020: P35.2 million) , United States Dollar, US$0.16 million (2020: US$0.20 million), which equates to P1.7 million (2020: P2.4 million), Zambian Kwacha, K0.5 million (2020: K1.1 million), which equates to P0.3 million (2020: P0.7 million), Australian Dollar, AUD 2.3 million (2020: AUD 12.5 million), which equates to P19 million (2020: P98.5 million) and Lesotho Loti, LSL71.8 million (2020: LSL72.0 million), which equates to P54.3 million (2020: P47.8 million).

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due. In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The expose to credit risk and the creditworthiness of customers is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables comprise of retail customers, Government entities or parastatals, wholesale customers and tenants from retail and commercial properties. The trade receivables are spread across different revenue streams with no specific significant concentration of credit risk to a group of trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9: Financial Instruments, and is monitored at the end of each reporting period. The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented on the next page.

Notes to the financial statements

For the year ended 30 April 2021

24 TRADE AND OTHER RECEIVABLES (continued)

The expected loss rate per provision matrix has been developed by making use of past due default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. The estimation techniques explained have been applied, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past statistics without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Estimated credit loss allowance working for the year ended 30 April 2021

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	2.56%	8.05%	11.53%	23.24%	43.22%	
Gross carrying amount (P'000)	115 591	29 604	6 619	10 575	26 191	188 580
Loss allowance (P'000)	**2 959**	**2 383**	**763**	**2 458**	**11 320**	**19 883**

Estimated credit loss allowance working for the year ended 30 April 2020

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	3.80%	5.51%	18.98%	34.65%	60.55%	
Gross carrying amount (P'000)	96 692	32 288	8 846	10 427	13 237	161 490
Loss allowance (P'000)	**3 674**	**1 779**	**1 679**	**3 613**	**8 015**	**18 760**

	2021 P'000	2020 P'000
Movement in allowances for impairment:		
Group		
At 1 May 2020	18 760	13 007
Impairment losses recognised during the year	4 537	7 859
Amounts written off as uncollectible	(3 414)	(2 106)
At 30 April 2021	**19 883**	**18 760**
Company		
Trade and other receivables	381	566
Receivables from related parties	21 888	21 424
	22 269	**21 990**

Related party receivables relate to management fees receivable from Group entities as disclosed per note 25.

Credit risk is not considered to be significant at Company level due to the nature of the items held within trade receivables and prepaid expenses and therefore no impairment provision is considered necessary.

Notes to the financial statements
For the year ended 30 April 2021 (continued)

25 RELATED PARTY BALANCES AND TRANSACTIONS

There is no impairment provision in respect of amounts owed by related parties at the end of the reporting year. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates to ensure provisions are made if necessary.

The majority of related party loans arise through the Group's Treasury function and bear interest linked to the prime bank rate, which represents the Company's borrowing rate from its main banker in Botswana.

There are no fixed terms for repayment and no collateral is held for the receivables (related party).

Refer to note 22 for a list of subsidiaries.

	2021 P'000	2020 P'000
Group		
Amount due from related party / affiliate (common directorship)		
UIH Investment Holdings (Proprietary) Limited	194 997	175 858
Company		
Amount due from local subsidiaries:		
KSI Holdings (Proprietary) Limited	1 741	2 501
Amounts due from foreign subsidiaries:		
Sefalana Mauritius (Proprietary) Limited	38 755	114 446
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	133 210	116 962
Sefalana Trading (Proprietary) Limited	13 205	10 705
Total amounts due from related parties	**186 911**	**244 614**
Non - current assets	133 210	116 962
Current assets	53 701	127 652
Total	**186 911**	**244 614**

All amounts due from related parties are performing according to established credit terms, and no default or loss on account of impairment is anticipated based on available forecasts and business plans. The terms of the loan agreement between Sefalana Holding Company Limited and Sefalana Cash and Carry (Namibia) (Proprietary) Limited has resulted in the entire amount related to loan receivable from Namibia being classified as non - current.

Amounts due to local subsidiaries:		
Cebay Investments (Proprietary) Limited	10	10
Foods (Botswana) (Proprietary) Limited		6 636
Meybeernick Investments (Proprietary) Limited		1 440
Sefalana sa Botswana Limited	5 056	5 056
Total amounts due to related parties (current liabilities)	**5 066**	**13 142**

All amounts due to related parties are in line with agreed credit terms and are repayable on demand.

Amounts paid during the year
Refer to note 12 for amounts paid to Directors during the year.

Security
Collateral held by Sefalana Holding Company Limited in respect of amounts due from related parties consists of the equity shares held in the respective legal entity.

Notes to the financial statements

For the year ended 30 April 2021

	2021 P'000	2020 P'000
25 RELATED PARTY BALANCES AND TRANSACTIONS (continued)		
Group		
Dividend on preference shares from related party / affiliate		
UIH Investment Holdings (Proprietary) Limited (note 7)	35 486	37 528
Rent paid		
Sefalana Group Staff Pension Fund	5 984	5 984
Contribution to pension fund		
Sefalana Group Staff Pension Fund	10 321	8 862

Refer to note 18 and note 24 for investment in associate and loan receivable form related party.

Company		
Interest income from loans to subsidiaries (note 7)		
KSI Holdings (Proprietary) Limited	89	95
Meybeernick Investments (Proprietary) Limited		245
Sefalana Cash and Carry Limited		472
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	13 269	16 775
Sefalana Mauritius (Proprietary) Limited	1 100	1 100
Sefalana Trading (Proprietary) Limited	1 268	716
	15 726	19 403
Interest paid on loans from subsidiaries		
Foods (Botswana) Proprietary Limited	433	468
Meybeernick Investments Proprietary Limited	404	
	837	468
Dividends from subsidiaries (note 5)		
MF Holdings Proprietary Limited		22 200
Sefalana Cash and Carry (Namibia) Proprietary Limited		61 043
Sefalana Property Company Limited, Zambia	2 360	9 508
Sefalana Cash and Carry Limited	35 000	22 000
Sefalana Mauritius Proprietary Limited	29 400	28 518
	66 760	143 269
Management fees charged to subsidiaries (note 5)		
Commercial Motors (Proprietary) Limited	2 000	2 682
Mechanised Farming (Proprietary) Limited	173	173
Foods (Botswana) (Proprietary) Limited	4 058	4 008
Meybeernick Investments (Proprietary) Limited	2 100	1 343
Sefalana Cash and Carry Limited	5 040	4 221
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	8 517	8 866
Sefalana Trading (Proprietary) Limited		
	21 888	21 293
Contribution to pension fund		
Sefalana Group Staff Pension Fund	994	921

Notes to the financial statements

For the year ended 30 April 2021 (continued)

	2021 P'000	2020 P'000
26 CASH AND CASH EQUIVALENTS		
Group		
Cash on hand	17 205	14 930
Bank balances	229 765	247 393
Short term deposits	231 291	109 695
Bank overdraft	(3 524)	(6 143)
	474 737	**365 875**
Cash and cash equivalents represented by:		
Cash on hand and bank balances	478 261	372 018
Bank overdraft	(3 524)	(6 143)
	474 737	**365 875**
Company		
Cash on hand		
Bank balances	19 151	15 257
Short term deposits	30 272	67 822
Bank overdraft	(36)	
	49 387	83 079
Cash and cash equivalents represented by:		
Cash on hand and bank balances	49 423	83 079
Bank overdraft	(36)	
	49 387	83 079

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. In addition, there has been no default in prior years. As a result, no impairment provision has been recognised.

The credit quality of cash at bank and short term deposits that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates. Short term deposits earn interest rates from 1.25% to 4.25% based on the money market interest rates and are redeemable on demand.

Cash and cash equivalents represented by:		
Cash on hand and bank balances	49 423	68 559
Bank overdraft	(36)	(24 194)
	49 387	**44 365**

27 NON - CURRENT ASSET HELD FOR SALE		
Asset classified as held for sale	23 958	

During the current financial year, a portion of Lot 77806, in Setlhoa Village has been classified as held for sale. The Directors expect the section title sale of this property to be completed within the next 12 months. As at the reporting date an agreement has been entered into with a third party for the sale of this property, awaiting regulatory approval.

Notes to the financial statements

For the year ended 30 April 2021

28 STATED CAPITAL

	2021 Number of shares	2020 Number of shares	2021 P'000	2020 P'000
Group and Company				
Issued and fully paid				
At 1 May 2020	250 726 709	250 726 709	686 354	686 354
At 30 April 2021	**250 726 709**	**250 726 709**	**686 354**	**686 354**

The Company has one class of ordinary shares of no par value which carry no right to fixed income.

29 OTHER RESERVES

Group	Land and buildings revaluation P'000	Currency translation P'000	Total P'000
At 1 May 2019	252 628	(47 275)	205 353
Gain on revaluation of land and buildings (net of tax)	12 599		12 599
Currency translation differences and others		(85 809)	(85 809)
Transfer from retained earnings		248	248
At 30 April 2020	**265 227**	**(132 836)**	**132 391**
At 1 May 2020	265 227	(132 836)	132 391
Gain on revaluation of land and buildings (net of tax)	16 279		16 279
Currency translation differences and others		62 391	62 391
At 30 April 2021	**281 506**	**(70 445)**	**211 061**

Land and buildings reserve relates to the revaluation of property, plant and equipment.

The currency translation reserve comprises differences arising from the translation of foreign denominated assets and liabilities to the reporting currency at the year end. These assets and liabilities relate to the Namibian, Lesotho and Zambian entities. The cumulative amount will be retransferred to profit or loss when the net investment is disposed.

30 LOANS AND BORROWINGS

	2021 P'000	2020 P'000
Group		
Long term portion	107 634	109 335
Current portion	1 618	1 490
	109 252	**110 825**

Notes to the financial statements
For the year ended 30 April 2021 (continued)

	2021 P'000	2020 P'000
30 LOANS AND BORROWINGS (continued)		
Company		

The company had no loans and borrowings in the current year and previous year.

Loans and borrowings include the following:

Group

The Group had entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited with a draw-down period from March 2014 to May 2016. This facility will be fully repaid in five equal annual instalments of P20 million (2025 to 2029). Interest is charged at 8.1% per annum. This arrangement is being utilised to fund the Group's capital projects. As at 30 April 2020, the facility has been fully drawed down.

The Group has complied with the financial covenants of its borrowing facilities during the current and previous year.

A second term loan from First National Bank of Botswana Limited for P15 million bears interest at prime lending rate plus 0.85% and is repayable over 120 months commencing October 2016. This loan is secured by a first Covering Mortgage Bond of P18 million over Plot 10247/50, Broadhurst Industrial, Gaborone, Botswana and by letter of suretyships from Sefalana Holding Company Limited and the minority shareholders of KSI Holdings (Proprietary) Limited.

	2021 P'000	2020 P'000
31 TRADE AND OTHER PAYABLES		
Group		
Trade payables	666 616	579 475
Accrued expenses	21 619	34 376
Advances from customers	2 280	2 641
Other payables	29 930	33 032
Unclaimed dividends	2 157	1 625
	722 602	**651 149**

Included above are liabilities denominated in foreign currencies being ZAR206.2 million (2020: ZAR174.2 million) which equates to P155.8 million (2020: P115.7 million) Namibian Dollar N$284.1 million (2020: N$252.4 million) which equates to P214.7million (2020: P167.5 million) US$ 0.94 million (2020: US$ 0.15 million) which equates to P 1 million (2020: P 1.8 million) and Lesotho Loti LSL117.9 million (2020: LSL118.6 million) which equates to P89.2million (2020: P78.7 million).

The average credit period for certain service cost liabilities is 30 days (2020: 30 days). Other payables are settled as and when they fall due. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Company		
Trade payables		11
Accrued expenses	419	360
Other payables	180	8 287
Unclaimed dividends	2 157	1 626
	2 756	**10 284**

Derivative Financial Instruments

Included in the payables are derivative financial instruments valued P nil (2020: P17.3 million (Company P nil (2020: P8.1 million). The Group enters into foreign exchange contracts with its main Bankers, to purchase currency to match its procurement cashflows. This is part of the Group's foreign exchange risk management process to maximise margins and limit its exposure to fluctuating exchange rates. It was particularly important during the Pandemic when significant volatility occurred in the market.

These forward exchange contracts are not designated as hedging instruments and consequently are recognised as derivative instruments under liabilities in the Statement of Financial Position. The fair value adjustments arising from valuation is recognised in the profit or loss. As at 30 April 2020, the Group had ZAR forward exchange contracts of ZAR 490 million. (Company: ZAR 175 million) to cover purchases over the next six months. Included in the profit before tax for 2020 are fair value losses amounting to P17.3 million (Company: P8.1 million).

Notes to the financial statements

For the year ended 30 April 2021

	2021	2020
	P'000	P'000

32 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the Group and Company are classified as follows:

Category - financial assets at fair value through profit and loss

Group		
Preference shares (note 19)	194 997	175 858

Category - financial assets at amortised cost

Group		
Trade and other receivables (excluding prepaid expenses) (note 24)	262 520	321 423
Cash and cash equivalents (note 26)	478 261	372 018
	740 781	**693 441**

Company		
Amounts due from related parties (note 25)	186 911	244 614
Trade and other receivables (excluding prepaid expenses) (note 24)	22 269	21 934
Cash and cash equivalents (note 26)	49 423	83 079
	258 603	**349 627**

33 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the Group and Company are classified as follows:

Category - financial liabilities at amortised cost

Group		
Trade and other payables (note 31)	722 602	651 149
Loans and borrowings (note 30)	109 252	110 825
Lease obligations	194 757	159 267
Bank overdrafts (note 26)	3 524	6 143
	1 030 135	927 384

Company		
Amounts due to related parties (note 25)	5 066	13 142
Trade and other payables (note 31)	2 756	10 284
Bank overdrafts (note 26)	36	
	7 858	**23 426**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

34 SHORT TERM BANKING FACILITIES

The short term banking facilities of the Group are presented below. The term loan facilities available to the Group are detailed in note 30.

Group				
Banker	**Facility**	**Currency**	**Limit in foreign currency**	**Limit in equivalent reporting currency (P)**
Standard Chartered Bank Botswana Limited	Overdraft	P	N/A	149.6 million
	Letters of credits	ZAR	3.0 million	2.3 million
	Letters of credits	USD	1.2 million	13.0 million
	Guarantee	P	N/A	37.7 million
Standard Bank Namibia Limited	Overdraft	N$	30.0 million	22.7 million
Standard Bank Lesotho Limited	Overdraft	LSL	20.0 million	15.1 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipment floor plan	P	N/A	4.8 million
First National Bank of Botswana Limited	Guarantee	P	0.1 million	0.1 million

The average interest rate on overdraft facilities utilised by the Group is at the commercial banks' prime rate less 2%. The Wesbank floor plan facility is secured over vehicles and equipment under the floor plan.

There are cross suretyships between companies within the same Group proportionate to shareholdings.

The Group's unutilised facilities at the end of the year is equivalent to approximately P224 million (2020: P217 million).

35 CONTRACT LIABILITIES

	Maintenance service plan	Customer loyalties	Total
	P'000	P'000	P'000
Group			
At 1 May 2019	9 798	4 321	14 119
Reclassification		398	398
Revenue recognised	(907)	(5 459)	(6 366)
Payments received in advance against performance obligations / liabilities accrued	1 772	7 268	9 040
At 30 April 2020	**10 663**	**6 528**	**17 191**
Group			
At 1 May 2020	10 663	6 528	17 191
Revenue recognised	(2 787)	(5 821)	(8 608)
Payments received in advance against performance obligations / liabilities accrued	1 259	7 635	8 894
At 30 April 2021	**9 135**	**8 342**	**17 477**

Maintenance Service Plan

Revenue relating to maintenance services is recognised over time. The customer pays up front in full for these services resulting in a contract liability being recognised for revenue relating to the maintenance services at the time of the initial sales transaction. The liability is recognised as revenue over the service period.

Customer Loyalties

The Sefalana Cash and Carry Limited loyalty program, Sefalana Rewards enables customers to purchase goods in future at a discounted price through use of loyalty cards. The cardholder cannot redeem points without future purchases. The above contract liability relates to un-redeemed points at any given time. Loyalty points have an expiry term of one year after which the liability is eliminated.

Notes to the financial statements

For the year ended 30 April 2021

36 ACCRUALS

	Accruals for employee benefits P'000
Group	
At 1 May 2019	48 474
Currency translation	(4 786)
Arising during the year	31 031
Utilised during the year	(25 955)
At 30 April 2020	**48 764**
At 1 May 2020	48 764
Currency translation	1 496
Arising during the year	48 724
Utilised during the year	(31 338)
At 30 April 2021	**67 646**
Company	
At 1 May 2019	14 434
Arising during the year	9 833
Utilised during the year	(10 780)
At 30 April 2020	**13 487**
At 1 May 2020	13 487
Arising during the year	15 214
Utilised during the year	(12 727)
At 30 April 2021	**15 974**

Accruals for employee benefits represents annual leave and severance benefit entitlements as applicable.

37 OPERATING LEASE ARRANGEMENTS

Group as lessor

Operating leases relate to property owned by the Group with lease terms of between 12 months to 10 years, with an option to extend for a further negotiated period. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew.

No lessee has an option to purchase the property at the expiry of the lease period.

	2021 P'000	2020 P'000
Maturity analysis of amounts receivable under operating leases:		
Within one year	14 885	16 855
Within two to five years	43 257	55 300
Over five years	14 916	23 150
	73 058	**95 305**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

38 RETIREMENT BENEFIT ASSETS

Up until 30 September 2010, the Group operated two defined contribution retirement benefit plans, namely:

a) the Sefalana Pension Fund: Members of this Fund were the qualifying employees of Sefalana Holding Company Limited and Foods Botswana; and

b) the Sefcash Retirement Fund: Members of this Fund were the qualifying employees of Sefalana Cash and Carry Limited.

Effective from 1 October 2010 the Sefalana Pension Fund and the Sefcash Retirement Fund were amalgamated to form the Sefalana Group Staff Pension Fund.

The assets of these pension funds are held separately from those of the Group's businesses, in funds under the control of respective Board of Trustees represented equally by representative of employers and members, and have operated as one Fund since 1 October 2010.

The administration of the Fund is managed by an independent professional body, Fiducia Services (Proprietary) Limited.

The Sefalana Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time.

This Employer Reserve, which shares in the returns of underlying Fund assets, will continues to exist in the amalgamated Fund, and under rules for this amalgamated Fund, and was utilised to fund employer contributions to the pension Fund, and to meet certain other expenses of the amalgamated Fund.

Details of the Fund, although not coterminous with the Group's financial year have been included in this annual report for information purposes only. The Funds year end is 31 January. The Directors and Trustees are comfortable that there has been no significant movement in the valuation of the Fund and its assets between 31 January and 30 April of the respective financial years.

The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both 30 April 2020 and 2021. This reserve may at a later date receive a distribution from other Reserves under certain circumstances. This surplus would then be utilised once again to fund employer contributions to the Pension Fund as was previously the case.

	2021 P'000	2020 P'000
Plan assets consist of the following at fair value		
Property occupied by the Group	57 000	56 900
Equity securities	29 689	32 431
Managed funds	237 376	199 962
Cash	1 299	13 561
Other assets	2 150	758
	327 514	**303 612**
Plan liabilities consist of the following:		
Payables	(4 135)	(6 091)
Net surplus	**323 379**	**297 521**
Represented by:		
Members Funds	290 367	265 838
Pensioners' Reserves	33 012	31 683
	323 379	**297 521**

Notes to the financial statements

For the year ended 30 April 2021

39 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the relative debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of long term borrowings, bank overdrafts and equity attributable to equity holders of the parent.

Gearing ratio

The Board of Directors reviews the capital structure on an on - going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group aims to minimise net borrowings on a Group basis but will incur debt for expansion of operations where necessary. The Group has a target maximum gearing ratio of 20% determined as the proportion of net debt to equity. At the year end, the Group's cash and cash equivalents exceeded the borrowings from banks.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk management policies are approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Company's Board of Directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of supplies throughout the Group. In the current year there were no outstanding forward exchange contracts as at 30 April 2021 (note 31). Market risk exposures in the prices of grain used by Foods (Botswana) (Proprietary) Limited are managed by securing contracts for bulk purchases of grain.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. The most significant foreign exchange exposure arise from South African Rand denominated purchases of goods for the Trading - Consumer Goods and Manufacturing operating segments. These obligations are generally settled within 30 days of delivery of goods, thus limiting the Group's exposure. Furthermore, anticipated changes in foreign exchange rates are considered in the sales pricing of such goods.

The Trading - Other operating segment attracts exposure to foreign currency exchange risk to the Euro and United States Dollar through importation of vehicles and equipment from foreign suppliers. The Group manages these risks through securing appropriate deposits in the underlying currencies.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

39 FINANCIAL INSTRUMENTS (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 2021 000	Assets 2020 000	Liabilities 2021 000	Liabilities 2020 000
South African Rand (ZAR)	87 988	173 923	207 847	174 291
Namibian Dollar (N$)	194 478	73 495	284 101	257 733
Lesotho Loti (LSL)	85 646	74 774	122 484	4 608
United States Dollars (US$)	1 727	1 529	94	147
Zambian Kwacha (K)	23	53		
Euro (EUR)	47	46		
Australian Dollar (AUD)	4 410	12 951		
Pula equivalent	334 416	335 019	465 523	291 526

Foreign currency sensitivity analysis

The Group is exposed to the South African Rand, Namibian Dollar and Lesotho Loti through its regional buying and selling operations; the Euro, as a result of a holding deposits in that currency; United States Dollar through a long term borrowing facility and regional and international buying operations and Australian Dollar through FMCG operations in Australia. The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax and other equity where the Pula strengthens 10% against the relevant currency. For a 10% weakening of the Pula against the relevant currency, there would be an equal and opposite impact on the profit before tax and other equity.

	2021						2020					
	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000
On liabilities:												
Profit if Pula strengthens by 10%	15 709	21 472	9 257	102			11 566	17 104	306	177		
Loss if Pula weakens by 10%	(15 709)	(21 472)	(9 257)	(102)			(11 566)	(17 104)	(306)	(177)		
On assets:												
Profit if Pula weakens by 10%	6 650	14 699	6 473	1 869	61	3 714	11 542	4 877	4 962	1 839	60	10 219
Loss if Pula strengthens by 10%	(6 650)	(14 699)	(6 473)	(1 869)	(61)	(3 714)	(11 542)	(4 877)	(4 962)	(1 839)	(60)	(10 219)

Notes to the financial statements

For the year ended 30 April 2021

39 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long - term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non - derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay the liability. The table includes both interest and principal cash flows.

	Less than 1 year	Between 2 - 5 years	Above 5 years
	P'000	P'000	P'000
Group			
At 30 April 2020:			
Trade and other payables	651 149		
Loans and borrowings	9 590	41 904	128 080
Lease obligations	39 319	149 442	
Bank overdraft	6 143		
Total	**706 201**	**191 346**	**128 080**
At 30 April 2021:			
Trade and other payables	722 602		
Loans and borrowings	9 718	69 080	54 222
Lease obligations	54 666	133 677	6 414
Bank overdraft	3 524		
Total	**790 510**	**202 757**	**60 636**

	2021	2020
	P'000	P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdraft	183 911	180 113
Wesbank floor plan	4 750	4 750
Letters of credit and guarantee	35 171	31 076

The Group will finance cash flows to settle the above obligations through utilisation of unused banking facilities and future operating cash flows.

Notes to the financial statements

For the year ended 30 April 2021 (continued)

39 FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure of financial instruments to interest rates at the reporting date. For floating rate liabilities denominated in the reporting currency, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit after tax for the year ended 30 April 2021 would decrease / increase by P614 000 (2020: decrease / increase by P480 000).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On - going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit - ratings assigned by international credit - rating agencies.

The carrying amount of financial assets recorded in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

Notes to the financial statements

For the year ended 30 April 2021

39 FINANCIAL INSTRUMENTS (continued)

Financial assets exposed to credit risk at end of year

	2021 P'000	2020 P'000
Group		
Trade and other receivables (excluding prepaid expenses)	262 520	321 423
Bank balances with:		
African Banking Corporation Limited		237
Absa Bank of Botswana Limited	3 682	4 957
BIFM Unit Trusts (Proprietary) Limited	134 383	109 695
First National Bank of Botswana Limited	35 106	22 396
First National Bank of Namibia Limited	67 325	523
First National Bank of South Africa Limited	7 161	21 073
Nedbank Lesotho		61
Standard Lesotho Bank	7 119	
Stanbic Bank Botswana Limited	22 889	6 272
Standard Chartered Bank Botswana Limited	127 167	168 409
Standard Bank Namibia Limited	39 954	8 147
Standard Bank Mauritius	20 859	18 071
Vunani Money Market	1 588	
Zambia National Commercial Bank, Lusaka, Zambia	1 438	1 903
	731 191	**683 167**
Company		
Trade and other receivables	381	566
Amount due from related parties	186 911	244 614
Bank balances with:		
BIFM Unit Trusts (Proprietary) Limited	30 273	66 769
First National Bank of Botswana Limited	450	6
Standard Chartered Bank of Botswana Limited	18 499	1 364
Stanbic Bank Botswana Limited	195	199
	236 709	**313 518**

Notes to the financial statements

For the year ended 30 April 2021 (continued)

40 CONTINGENT LIABILITIES

a) Pending litigations against the companies within the Group are summarised below:

	Number of cases pending	Approximate claim value	Number of cases pending	Approximate claim value
		2021		2020
		P'000		P'000
Commercial Motors (Proprietary) Limited	1	531	1	531
Foods Botswana (Proprietary) Limited	1	2 304	1	2 461
Sefalana Cash and Carry Limited	2	3 993	2	4 116

b) Bank guarantees issued in the ordinary course of business are as stated below and are in place to facilitate supply of products and services to the respective entities within the Group.

	Currency	Amount	Currency	Amount
		2021		2020
		'000		'000
Foods Botswana (Proprietary) Limited	P	9 528	P	17 928
Mechanised Farming (Proprietary) Limited	P	80	P	80
Mechanised Farming (Proprietary) Limited	US$	5	US$	5
Sefalana Cash and Carry Limited	P	147	P	147
Commercial Motors (Proprietary) Limited	ZAR	3 000	ZAR	3 000

c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14,16 and 30.

d) Sefalana Holding Company Limited and its subsidiaries have issued letters of suretyships to support various banking facilities enjoyed by the companies within the Group.

The Group will procure third party financing for the major capital commitments before they are incepted.

41 CAPITAL COMMITMENTS

	2021	2020
	P'000	P'000
Capital expenditures approved by the Directors:		
Contracted for		7 481
Not contracted for	69 655	57 416
	69 655	**64 897**

Notes to the financial statements

For the year ended 30 April 2021

42 GOING CONCERN ASSESSMENT

Impact of Covid-19 on Sefalana Group

On 11 March 2020, the World Health Organisation (WHO) officially declared Covid-19, the disease caused by a novel corona virus, a Pandemic. This Pandemic has developed rapidly in 2020 and continued into 2021 with a significant number of cases worldwide. The necessary measures taken by various Governments in the territories in which we are present, have invariably affected general economic activity as well as the Group's operations. This has led to a notable impact on the business in the following ways:

1 Local restrictions on operating hours together with legislative constraints on the sale of liquor have resulted in up to a 30% decline in activity in our core FMCG business in some of these locations, for the duration of the restrictions. This trend is likely to continue until these restrictions are lifted.

2 Whilst we have seen a reduction in the sales volumes of liquor, we have noted a trend towards a greater spend on essential goods and services. We have also observed many of our customers purchasing larger baskets as they reduce their frequency of store visits.

3 A reduction in the availability of raw milk in the Region has led to reduced production of long-life milk at our manufacturing business. This has arisen due to a number of farmers slaughtering their dairy cows to meet the increased demand (and price) for meat during the Pandemic.

4 A reduced level of activity has been noted in our motor dealership division as customers have postponed purchases in luxury goods such as a new vehicle during the Pandemic. Government spend has also moved its attention to supporting essential products and services.

5 Recoverability of receivables has been impacted by the ability of our credit customer base across the Group being able to sustain themselves during the economic downturn. In most instances there has not been a significant worsening in the quality of the credit book. Appropriate impairments have been made where deemed necessary.

6 A decline in property valuations has been noted in some locations, due to a lower demand for property. Certain existing tenants have requested for rental concessions and we have faced some difficulty in obtaining new tenants to occupy vacant spaces.

Management has taken a number of initiatives to monitor and mitigate the effects of Covid-19 which include but are not limited to:

1 Securing larger volumes in the supply of goods and raw materials that are essential to our operations to limit operational and manufacturing inefficiencies and delays;

2 Provision of a secure and clean work environment for staff through adherence to strict health and safety regulations and ensuring our staff are well informed on all local updates relating to the Pandemic. No redundancies were made in the period despite reduced financial performance;

3 Rental concessions were negotiated with landlords to alleviate difficult trading conditions in certain businesses;

4 Investment in IT equipment and infrastructure to enable remote working. This included ensuring secure remote connections, limitations on the loss of data and enhanced restrictions on user access and data protection; and

5 Restrictions placed on non-urgent capital expenditure to maintain working capital across the Group.

Management continues to closely follow the various Government policies and advice and, in parallel, will do our utmost to continue our operations in the best and safest way possible without jeopardising the wellbeing of our staff.

Depending on the duration of the Covid-19 crisis, the roll-out of vaccinations in the Region, and the speed at which the virus is contained, the Group may continue to experience these challenges. The impact of these challenges cannot accurately be predicted.

On the basis that our Group is predominantly in the essential services sector, the impact has been manageable thus far, and is not expected to impact on its ability to continue as a Going concern. The Group continues to generate a strong level of profit and has adequate cash resources to meet its obligations. Where individual subsidiary companies require financial support, the holding company has sufficient resources to support these entities for at least the forthcoming 12 months.

43 SUBSEQUENT EVENTS

Seasons Group Australia

On 12 May 2021 the Group increased its investment in this associate company by advancing an additional loan of AUD2.4 million (P19.9 million). Unitrade Investments Australia (Proprietary) Limited made an advance of AUD3.5 million as its share of funding. These shareholder loans will be used to fund further expansion of the business with a medium term target of 12 stores in total.

Botswana National Lottery

On 22 July 2021, following a series of negotiations between the relevant parties, the Gambling Authority notified Grow Mine Africa (Proprietary) Limited that its Preferred Applicant status had been withdrawn as a result of a number of matters that remained unresolved during the negotiation phase. These developments have no impact on the financial statements of the Sefalana Group as at the year end, as all investments made in this associate company had previously been fully impaired due to the inherent uncertainty of the outcome of the negotiations.

There are no other events after the reporting date that impact the financial statements for the year.

Notes

Notes

Notice of Annual General Meeting (AGM)

Notice is hereby given that the Annual General Meeting of Sefalana Holding Company Limited will be held virtually via Microsoft Teams, on Friday 29 October 2021 at 16H00 for purpose of transacting the following business:

Ordinary business

1. **Ordinary Resolution 1:**

   To adopt the Notice and Agenda of the meeting.

2. **Ordinary Resolution 2:**

   To receive, consider and adopt the Group's audited consolidated financial statements for the year ended 30 April 2021 together with the Directors' and Auditor's reports thereon.

3. **Ordinary Resolution 3:**

   To ratify the dividends declared and paid during the period being a gross interim dividend of 10 thebe per ordinary share paid to shareholders on 24 February 2021 and a gross final dividend of 30 thebe per ordinary share paid to shareholders on 25 August 2021.

4. **Ordinary Resolution 4:**

   To approve the remuneration of the Executive Directors for the year ended 30 April 2021 as required by the Articles of Association and as detailed in note 12 of the financial statements and in the Corporate Governance Report.

5. **Ordinary Resolution 5:**

   To approve the remuneration of the Non-Executive Directors for the year ended 30 April 2021 as required by the Articles of Association and as detailed in note 12 of the financial statements and in the Corporate Governance Report.

6. **Ordinary Resolution 6:**

   To approve the remuneration of the Auditors for the year ended 30 April 2021 as disclosed in note 11 to the financial statements.

7. **Ordinary Resolution 7:**

   To approve the appointment of Deloitte & Touche as Auditors for the ensuing financial year.

8. **Ordinary Resolution 8:**

   To ratify the appointment of Mrs Jennifer Marinelli who filled a casual vacancy as an Independent Non-Executive Director with effect from 1 December 2021.

9. **Ordinary Resolution 9:**

   To re-elect Mrs Keneilwe Mere who retires by rotation, in accordance with the Articles of Association and being eligible, offers herself for re-election.

10. **Any Other Business**

    To transact such other business as may be transacted at an Annual General Meeting.

Voting and Proxies

A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his / her/ its stead. A proxy need not be a member of the Company.

Proxy forms must be deposited or received at Sefalana Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone, not less than 48 hours before the meeting.

Meeting Procedures

Shareholders who wish to attend and participate are requested to provide details to the Group Company Secretary, as per participation form below. For administration purposes shareholders are requested to submit the participation form no later than Monday 25 October 2021. Please note that each AGM participant will be verified by the Transfer Secretaries, once verified a link will be provided to you, wherein you may join the meeting.

Please complete the Participation form and email it to companysecretary@sefalana.com

PARTICIPATION FORM

Name of registered shareholder	
Omang / Passport / Company Number	
Shareholders CSD account number / broker account number / custodian account number	
Name of Broker where shares are not dematerialized	
Number of shares held	
Full Name of 2021 AGM Participant	
Email address of the AGM Participant	

By order of the board

Gofaone Senna
Group Company Secretary
29 September 2021

Notes

Form of Proxy

For completion by holders of ordinary shares

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

For use at the Annual General Meeting of ordinary shareholders of Sefalana Holding Company Limited to be held virtually via Microsoft Teams on Friday 29 October 2021 at 16H00

I/We

(name/s in block letters)

of

(address)

Appoint (see note 1):

1. _____ or failing him / her, _____

2. _____ or failing him / her, _____

3. the Chairman of the Meeting, _____

as my / our proxy to act for me / us at the General Meeting which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for or against the resolutions and / or abstain from voting in respect of the ordinary shares registered in my / our name in accordance with the following instructions (see note 2):

		Number of ordinary shares		
		For	Against	Abstain
1.	Ordinary resolution number 1			
2.	Ordinary resolution number 2			
3.	Ordinary resolution number 3			
4.	Ordinary resolution number 4			
5.	Ordinary resolution number 5			
6.	Ordinary resolution number 6			
7.	Ordinary resolution number 7			
8.	Ordinary resolution number 8			
9.	Ordinary resolution number 9			

Signed at on 2021

Signature _____

Assisted by (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the company) to attend, speak and vote in place of that shareholder at the General Meeting.

Please read the accompanying notes.

Notes

Notes to Form of Proxy

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

2. A Shareholder's instructions 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 authorise the proxy to vote at the General Meeting as he / she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chair, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A Shareholder or his / her/ its proxy is obliged to use all the votes exercisable by the Shareholder or by his / her / its proxy.

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

4. The Chair of the 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 is satisfied as to the manner in which the Shareholder concerned wishes to vote.

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

6. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.

7. The authority of a person signing the form of proxy under a power of attorney or on behalf of a Company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

8. Where Ordinary Shares are held jointly, all joint Shareholders must sign.

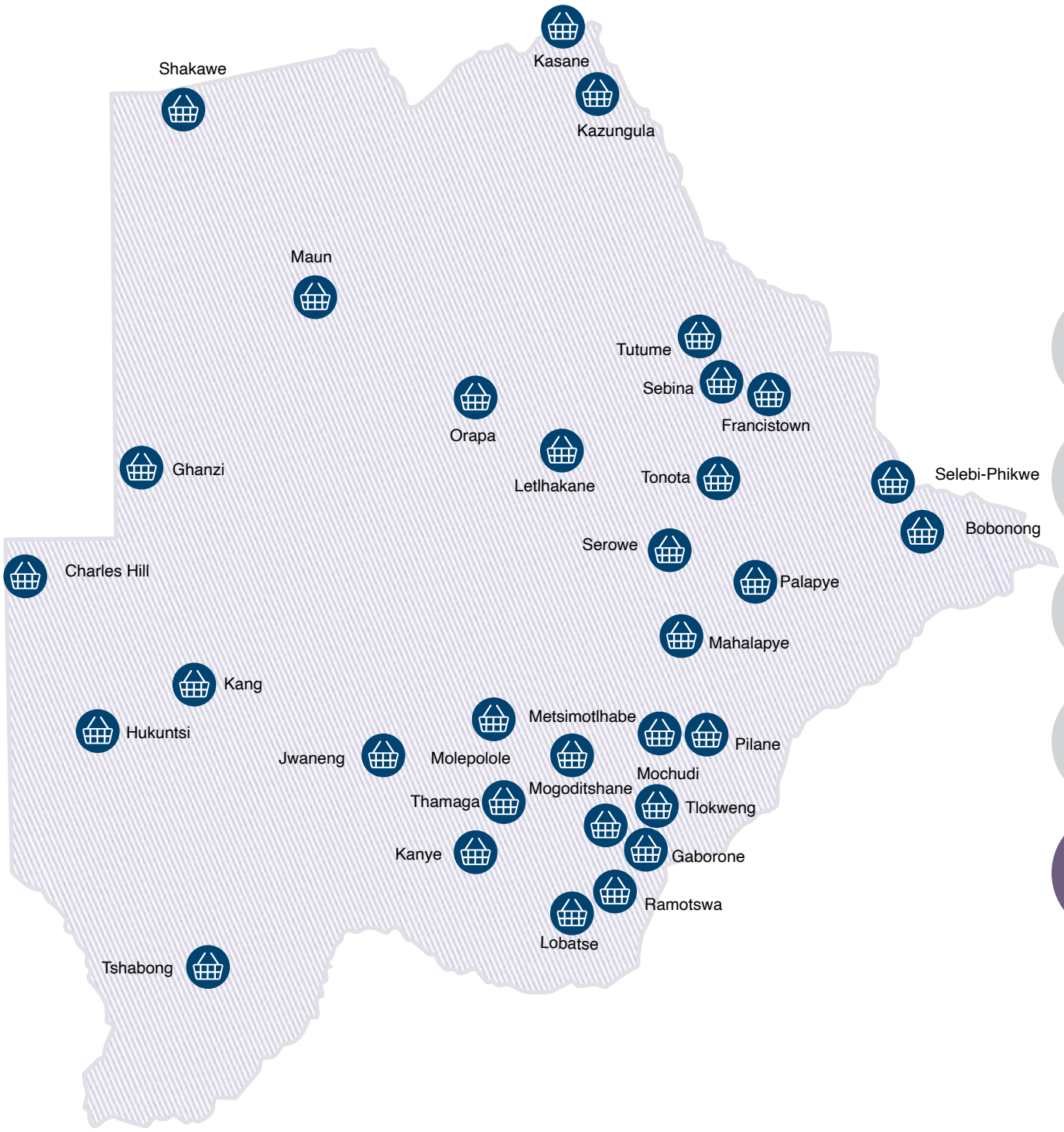
9. A minor must be assisted by his / her guardian, unless the relevant documents establishing his / her legal capacity are produced or have been registered by the Company.

10. Proxy forms must be received either at the Registered office at Plot 10038, corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone or at the Transfer Secretaries Office at Unit 206, Building 1, Showgrounds Close, Plot 64516, P. O. Box 1583 AAD, Poso House, Gaborone, Botswana.

SEFALANA GROUP CONTACT DETAILS

LOCATION	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
SEFALANA GROUP COMPANY HEAD OFFICES				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913661	3907614
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10038, Broadhurst, Gaborone	3681700	3907614
Meybeernick Investments (Pty) Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913661	3907614
Foods Botswana (Pty) Limited - Milling	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630268	4630965
Foods Botswana (Pty) Limited - Beverages	Private Bag 1403 AAD, Gaborone	Plot 25433, Block 3 Industrial, Gaborone	3913056	3913057
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 5664, Broadhurst, Gaborone	3952652	3952643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974336	3959086
Kgalagadi Soap Industries (Pty) Limited	Private Bag BR 33, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3912791	3973590
Sefalana Property Co. Limited, Zambia	Private Bag 0080, Gaborone	Stand no: 5032, Lusaka, Zambia	3913661	3907614
Sefalana Fresh Produce (Pty) Limited	P O Box 47296, Gaborone	Plot 313557 / 8 Gaborone North, Gaborone	3186935 / 3186946	3186987
Sefalana Catering	Private Bag 0080, Gaborone	Plot 1712 Nkurumah Road, Gaborone West	3160140	3163645
SEFALANA HYPER STORES				
Francistown	P O Box 61, Francistown	Plot 22053, Donga, Francistown	2402222 / 2402235	2402250
Gaborone	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass, Gaborone	3973866 / 3182406	3932487
Mogoditshane	Private Bag 00422, Gaborone	Plot 5512, Mogoditshane	3186300 / 3186315	3186316
Mahalapye	P O Box 122, Mahalapye	Botalaote Ward, Mahalapye	4710452 / 4710356	4710591
SEFALANA CASH & CARRY STORES				
Bobonong	P O Box 1240, Bobonong	Sebaila Ward, Bobonong	2629555	2629542
Broadhurst	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road, Broadhurst, Gaborone	3912361 / 3975760	3973093
Charleshill	P O Box 197, Charleshill	Plots 6/7/8, Main Street, Charleshill	6592225 / 6592223	6592224
Francistown	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road. Light Indus Area, Francistown	2412161 / 2414404	2412151
Gaborone West	P O Box 269, Gaborone	Plot 14398, Gaborone West	3953241 / 3914964	3952058
Hukuntsi	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road, Hukuntsi	6510206	6510049
Jwaneng	P O Box 792, Jwaneng	Plot 2303, Industrial Sites, Jwaneng	5880327 / 5880953	5880878
Kang	Private Bag 9, Kang	Plot 35, Gamonyemana Ward, Kang	6517400 / 6518114	6517044
Kanye	Private Bag MH4, Kanye	Plot 771, Mafhikana Ward, Kanye	5440160 / 5440912	5440484
Kasane	Private Bag K11, Kasane	Plot 732/733/734, Kazungula Main Road, Kasane	6250248 / 6250311	6250195
Letlhakane	Private Bag F43, Letlhakane	Nkosho Ward, Letlhakane	2978770 / 2978832	2976221
Lobatse	P O Box 11189, Lobatse	Plot 336, Mokgosi Avenue, Lobatse	5332588 / 5330815	5306781
Maun	P O Box 426, Maun	Plot 15, Nthayagodimo Ward, Maun	6860936 / 6862530	6860566
Molepolole	P O Box 1436, Molepolole	Thamaga Road, Industrial Site, Molepolole	5920404 / 5921070	5921600
Palapye # 1	P O Box 173, Palapye	Plots 6/7/29, Old Industrial Site, Palapye	4920273 / 4921617	4920402
Palapye # 2	Private Bag 87, Palapye	Plots 343/344, New Industrial Site, Palapye	4920013 / 4921180	4920019
Pilane	Private Bag 20, Mochudi	Plot 200, Industrial Site, Pilane	5729500 / 5729132	5729772
Ramotswa	Private Bag 00422, Gaborone	Plot 106, Ramotswa Station. Taung, Ramotswa	5391955 / 5391923	5391964
Serowe	P O Box 139, Serowe	Rasebolai Drive, Mere Ward, Swaneng, Serowe	4630315 / 4633679	4630848
Selebi-Phikwe	P O Box 21, Selebi-Phikwe	Plot 12385, Industrial Site, Selebi-Phikwe	2610711 / 2611381	2611052
Thamaga	Private Bag 00422, Gaborone	Plot 130, Marang Ward, Thamaga	5999117 / 5999398	5999397
Tonota	P O Box 182, Shashe	Plot 23, Semotswane Ward, Shashe, Tonota	2480193	2480192
Tsabong	Private Bag 0027, Tsabong	Plot 538, Ikageng Ward, Tsabong	6540077	6540850
Tutume	P O Box 340, Tutume	Magapatona Ward, Tutume	2987826 / 2987828	2987825
Capital Tobacco	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3911800 / 3937188	3937189
SEFALANA SHOPPER STORES				
Quick Broadhurst	Private Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst	3937043 / 3191912	3937041
Quick Mogoditshane	Private Bag 00422, Gaborone	Shop # 3, Plot 13779, Block 5	3182757	3182748
Quick Tlokweng	Private Bag 00422, Gaborone	Plot 158/159 Tlokweng	3971599	3971598
Quick Setlhoa	Private Bag 00422, Gaborone	Plot 77806, Setlhoa Village, Gaborone	3960237	3960234
Shopper Setlhoa	Private Bag 00422, Gaborone	Plot 77806, Setlhoa Village, Gaborone	3910515 / 16 / 17	3910423
Shopper Molapo Crossing	Private Bag 00422, Gaborone	Plot 54463, Gaborone	3166028	3166005
Shopper Mogoditshane	Private Bag 00422, Gaborone	Plot 6672, Mogoditshane	3917454	3917456
Shopper Gaborone West	Private Bag 00422, Gaborone	Plot 17872, Phase 1, G-West	3187607	3187606
Shopper Ghanzi	Private Bag 00422, Gaborone	Shop no. 1, Plot 32, Ghanzi	6597192 / 6597189	6597170
Shopper Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, Unit G04a	6510414	6510412
Shopper Kanye 1	Private Bag 00422, Gaborone	Plot 751, Main Road	5480632	5480631
Shopper Kanye 2	Private Bag 00422, Gaborone	Mahube Mall, Tloung Ward	5443715	5443712
Shopper Letlhakane 1	Private Bag 45, Letlhakane	Plot 1602, Tawana Ward	2976277	2976702
Shopper Letlhakane 2	Private Bag 00422, Gaborone	Plot 10408, Letlhakane	2910313	2910312
Shopper Mahalapye 1	Private Bag 00422, Gaborone	Plot 3848, Botalaote Ward	4720508	4720505
Shopper Mahalapye 2	Private Bag 00422, Gaborone	Plot 1278, Main Mall	4720485	4711774
Shopper Maun 1	Private Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward	6863305	6863309
Shopper Maun 2	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864784 / 6864941	6864926
Shopper Metsimotlhabe	Private Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165364	3165369
Shopper Mochudi	Private Bag 00422, Gaborone	Plot 979, Rammopyama Ward	5777510	5777517
Shopper Molepolole 1	Private Bag 00422, Gaborone	Plot 1728, Borakalalao Ward	5910550	5910552
Shopper Nkoyaphiri	Private Bag 00422, Gaborone	Shop # 4, Plot 12011, Nkoyaphiri	3947957 / 3947961	3947937
Shopper Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2971414 / 2970268	2970210
Shopper Palapye	Private Bag 00422, Gaborone	Lot 1077, Old Mall	4924608 / 4924609	4922303
Shopper Ramotswa	Private Bag 00422, Gaborone	Plot 15200, Ramotswa Village	5390012 / 5390054	
Shopper Selebi-Phikwe	Private Bag 00422, Gaborone	Plot 7062, Main Mall	2610088 / 2610000	2610095
Shopper Tlokweng	Private Bag 00422, Gaborone	Plot 8KO, Tlhakeng Ward, Tlokweng; Shop Porion No. 2	3104961 / 3104960	3104962
Shopper Tonota	Private Bag 00422, Gaborone	Plot 4594, Molebatsi Ward	2484869 / 2484870	2484850
Shopper Sebina	Private Bag 00422, Gaborone	Plot 796, Nznga Ward	2981050 / 2981057	2981055
Shopper Tsabong	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex	6540643	6540637
Shopper UB Campus	Private Bag 00422, Gaborone	Plot 4775, Ext.15, Student Centre [Unit 34]	3951174	3907095
Shopper Shakawe	Private Bag 00422, Gaborone	Tribal Lot 1461	6875203 / 6875205	6875204
Shopper Charleshill	Private Bag 00422, Gaborone	Plot 56, Charleshill Shopping Mall, Charleshill	6597357 / 6592983	6597285
Shopper Kazungula	Private Bag 00422, Gaborone	Plot 1461, Duncan Plaza, Kazungula	6521186/87	6252790

Botswana

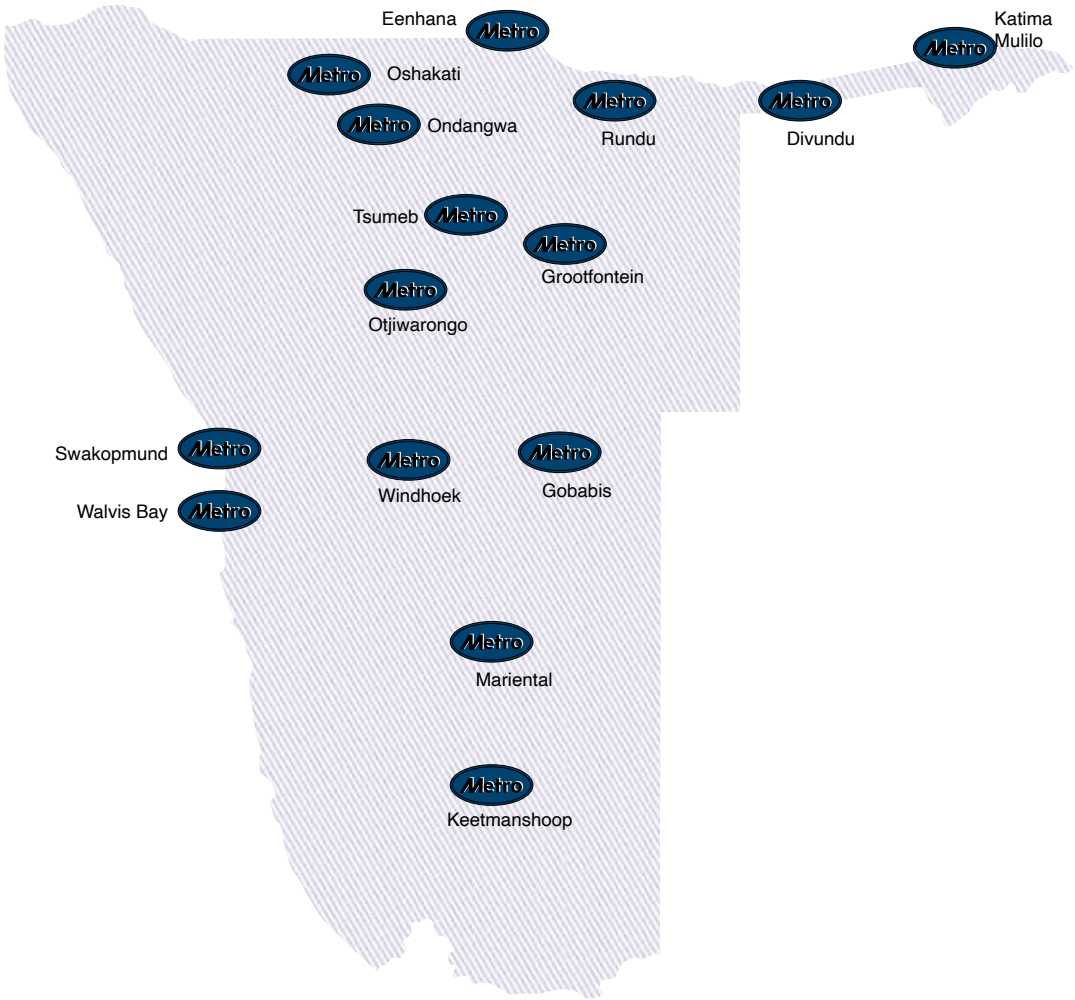


DISTRIBUTION CENTRE				
Shoppers Distribution Centre	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911800 / 3937188	3937189
LIQUOR STORES				
Liquor Shop Hukuntsi	Private Bag 00422, Gaborone	Macheng Mall, G04a4b, Tribal Lot 158	6510416	6510412
Liquor Shop Maun	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864017 / 6864090	6864082
Liquor Metsimotlhabe	Private Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165364 / 3165368	3165369
Liquor Shop Nkoyaphiri	Private Bag 00422, Gaborone	Plot 12011, Nkoyaphiri, Mogoditshane	3947957 / 61	3972835
Liquor Shop Mogoditshane	Private Bag 00422, Gaborone	Shop no. 4, Plot 13779, Block 5	3182747	3182748
Welcome Bottle Store	P.O. Box 139, Serowe	Tribal Lot 223 - Main Mall, Serowe	4631530	
Liquor Shop Tlokweng	Private Bag 00422, Gaborone	Plot 10009 Royal Aria, Tlokweng	3164280	3164270

Notes

Namibia

METRO NAMIBIA STORE CONTACT DETAILS			
LOCATION	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Head Office - Namibia	Box 1417, Windhoek	11 van der Bijl street, Northern Industrial, Windhoek	084 - 000-2000
Metro Hyper Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	084-000-2003
Metro Hyper Liquor Store Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	084-000-2003
Metro Windhoek	Box 1417, Windhoek	Erf 5461 Northern Industrial Windhoek	084-000-2001
Metro Windhoek Liquor	Box 1417, Windhoek	Erf 5461 Northern Industrial Windhoek	084-000-2002
Metro Ondangwa	Box 2349 Ondangwa	Main Road, Ondangwa	084-000-2012
Metro Oshakati	Box 15116, Oshakati	Endola Road, Plot 1344, Oshakati	084-000-2013
Metro Rundu	Box 1744, Rundu	Erf 1080, Main Road, Rundu	084-000-2014
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	084-000-2011
Metro Otjiwarongo	Box 185, Otjiwarongo	1st Av, Otjiwarongo	084-000-2010
Metro Keetmanshoop	Box 715, Keetmanshoop	Erf 1388 Cnr Ferro Street and 5th Avenue	084-000-2004
Metro Mariental	Box 215, Mariental	Cnr Mark & Park Street, Mariental	084-000-2006
Metro Gobabis	Box 400, Gobabis	Kalahari Highway, Gobabis	084-000-2007
Metro Swakopmund	Box 993, Swakopmund	McHugh Street, Industrial Area Swakopmund	084-000-2020
Metro Mega Store Swakopmund	Box 993, Swakopmund	Erf 3935, Cnr Hidipo Hamutenya & Watt Street	084-000-2009
Metro Walvis Bay	Box 511, Walvis Bay	Circumferential Steet, Walvis Bay	084-000-2008
Metro Mega Katima Mulilo	Box 1952, Ngweze, Katima Mulilo	Lifasi Street, Katima Mulilo	084-000-2016
Metro Divundu	Box 1417, Windhoek	Erf 298, Main Road, Divundu	084-000-2015
Metro Eenhana	Box 1417, Windhoek	Unit 25, Greenwell Complex, Eenhana	084-000-2017
Metro Grootfontein	Box 1417, Windhoek	Erf 754, Sam Nujoma Drive, Grootfontein	084-000-2018



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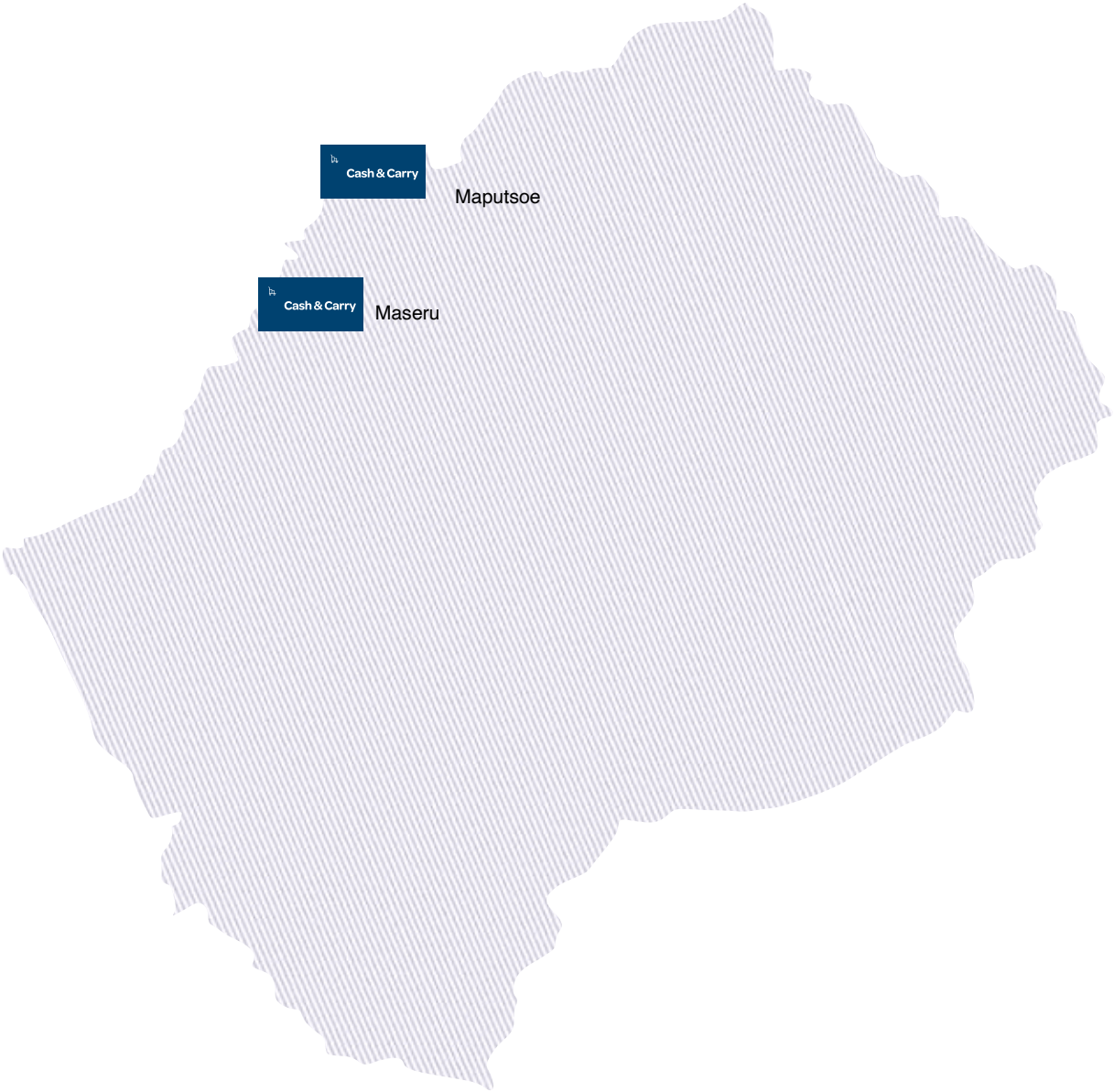
Lesotho

SEFALANA LESOTHO STORE CONTACT DETAILS			
LOCATION	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Sefalana Cash & Carry Maseru	P.O. Box 0436, Maseru West, Maseru 100, Lesotho	2 Lioli Road, Maseru West, Station Area, Lesotho	(00266) 2232 6223
Sefalana Liquor Maseru	P.O. Box 0436, Maseru West, Maseru 100, Lesotho	Plot 12774 - 011, Corner of Makoanyane & Motsoene Roads, Industrial Area, Maseru, Lesotho	(00266) 2231 6714
Sefalana Cash & Carry Maputsoe	P.O. Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091
Sefalana Liquor Maputsoe	P.O. Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091



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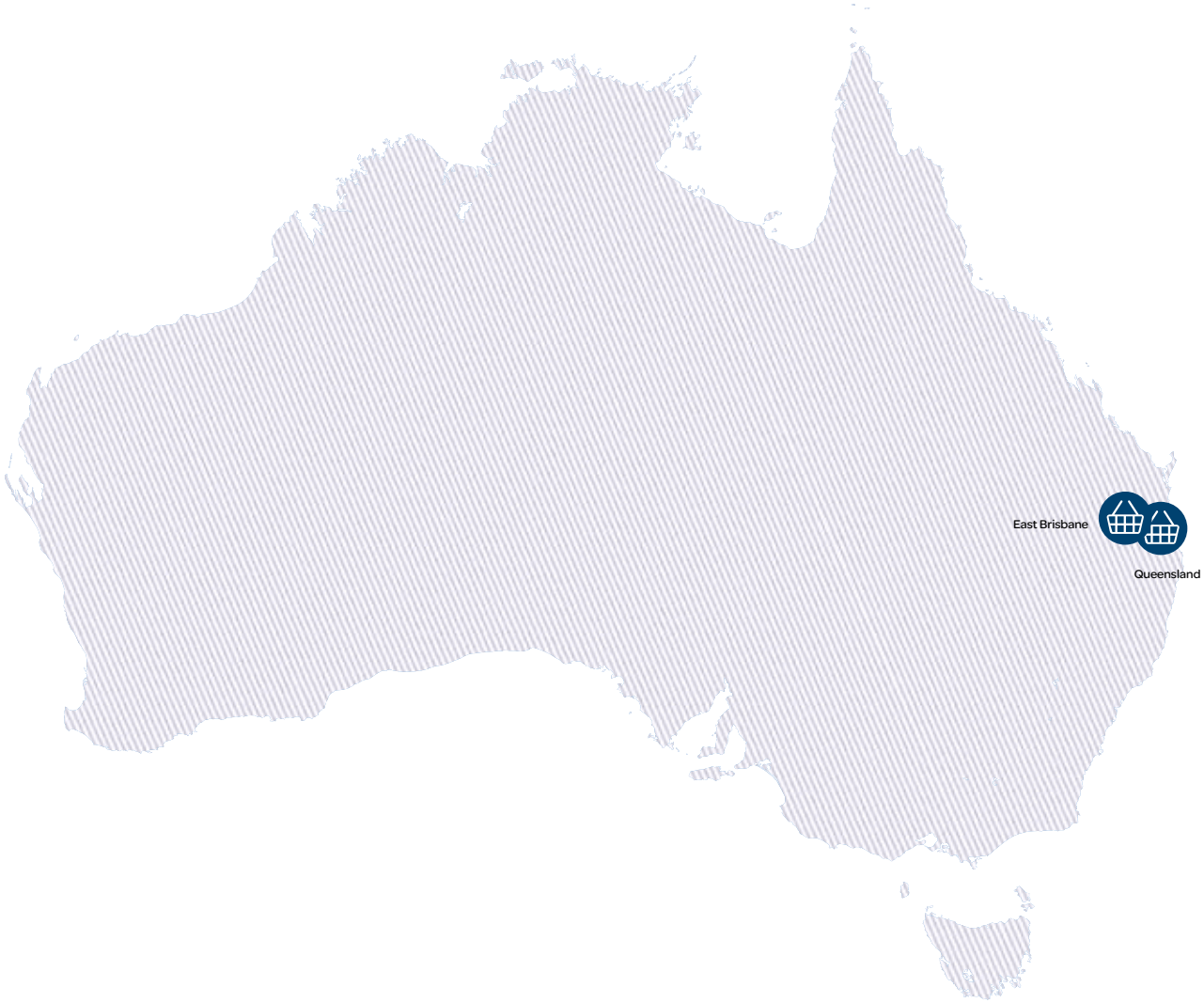
Australia

AUSTRALIA STORE CONTACT DETAILS			
LOCATION / STORE NAME	**POSTAL ADDRESS**	**PHYSICAL ADDRESS**	**TELEPHONE**
Seasons Redcliffe IGA	82-89 Anzac Ave, Redcliffe, Queensland (4020)	82-89 Anzac Ave, Redcliffe, Queensland (4020)	0732833566
Seasons Clontarf IGA	105 Elizabeth Avenue, Clontarf, Queensland (4019)	105 Elizabeth Avenue, Clontarf, Queensland (4019)	0732844644
Seasons Greenslopes IGA	3 Chatsworth Road, Greenslopes, Queensland (4120)	3 Chatsworth Road, Greenslopes, Queensland (4120)	0734571900
Seasons Cleveland IGA	Cnr Shore Street / Wellington Street, Cleveland, Queensland (4163)	Cnr Shore Street / Wellington Street, Cleveland, Queensland (4163)	0734881988
Seasons East Brisbane IGA	33 Lyntton Road, East Brisbane, Queensland (4169)	33 Lyntton Road, East Brisbane, Queensland (4169)	0733932344
Seasons Caloundra IGA	1 Bingera Terrace, Caloundra, Queensland (4551)	1 Bingera Terrace, Caloundra, Queensland (4551)	0754914966
Seasons Noosa IGA	Sunshine Beach Road, Noosa Heads, Queensland (4567)	Sunshine Beach Road, Noosa Heads, Queensland (4567)	0754472777



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South Africa