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

Independent Auditor's Report

For the year ended 30 June 2022

To the Shareholders of Choppies Enterprises Limited

Report on the Audit of the Consolidated and Separate Annual Financial Statements

Opinion

We have audited the consolidated and separate annual financial statements of Choppies Enterprises Limited and its subsidiaries ("Choppies Group") set out on pages 12 to 84 which comprise the consolidated and separate statement of financial position as at 30 June 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement 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 present fairly, in all material respects, the consolidated and separate financial position of the Choppies Group as at 30 June 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate annual financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of consolidated and separate annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 44 on the financial statements, which indicates that as at 30 June 2022 the Group's total liabilities exceeded its total assets by BWP 341 million (2021: BWP 448 million), the total current liabilities exceed its total current assets by BWP403 million (2021: BWP 401 million) and the Group incurred accumulated losses of BWP 798 million (2021: BWP 938 million). As stated in Note 44 of the consolidated and separate financial statements, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Matter #01	**Accounting for Supplier Rebate Income**
Description of Key Audit Matter	The Group has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. As such, the group recognises other income or a reduction in cost of sales because of amounts receivable from suppliers. We regarded the recognition of supplier rebates to be a matter of most significance to the audit as there is a risk that rebates may be materially misstated due to the significant magnitude thereof, the varying terms with the suppliers and the judgements made in accruing for rebates as at year-end in relation to the nature and level of fulfilment of the group's obligation under the supplier agreements. Such agreements typically allow for various adjustments to the original selling price of goods subsequent to delivery of the goods, including (but not limited to) trade rebates, volume discounts (often measured using purchases over an extended period of time), early settlement discounts, advertising, and other allowances (collectively, "rebate income"). The disclosure associated with supplier rebates is set out in the financial statements on the following note: • Accounting policy 1.21 – Rebates from suppliers
How we addressed the Key Audit Matter	We assessed the systems used to calculate rebates as well as the controls implemented by management over the accuracy of the calculation of rebates. We have tested the inputs used in calculating the supplier rebates by performing, among other, the following procedures for a sample of rebates: • We reviewed the major supplier agreements to understand their terms;

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• We assessed management's conclusion as to whether the rebate relates to a specific and genuine service, and consequently the treatment of the rebate in relation to the measurement of the cost of inventory at year end, through comparison to prior year treatment and evaluation of the types and terms of rebates received with reference to contractual terms; • We recalculated and assessed the rebate amounts recognised and the period in which they were recognised. This was based on the review of contractual performance obligations on a sample of contracts with suppliers to assess the conditions required for supplier rebates to be recognised and whether or not these had been met; • We assessed the recognition and classification of the rebates and other income and related costs in terms of the requirements of IAS 2, Inventories; and • We have assessed and evaluated the presentation and disclosure of the above matter, as set out in the note 1.21 of the financial statements (Rebates from suppliers).

Matter #02	**Accuracy and Completeness of Related Party Transactions**
Description of Key Audit Matter	The Group has undertaken transactions with numerous related parties. These include sales of goods to related parties, as well as purchase of goods from related parties. We have identified accuracy and completeness of the related party transactions as a key audit matter due to the significance of related party transactions; the risk that transactions are entered into on a non-arm's length basis, and the risk that such transactions remain undisclosed. The disclosure associated with related parties is set out in the financial statements on the following notes: • Accounting policy note 1.7– Financial Instruments (IFRS 9) – Amounts due from related parties • Note 39 – Related Parties
How we addressed the Key Audit Matter	Our procedures relating to related party relationships, transactions and balances included, amongst others: • We inquired from management and those charged with governance, and performed other risk assessment procedures considered appropriate, to obtain an understanding of the controls, if any, established to identify, account for, and disclose related party relationships and transactions in the financial statements; • We maintained alertness for related party information when reviewing records and other supporting documents during the fieldwork phase of the audit. We reviewed an extensive list of business documents and compiled a list of related parties and related party transactions independently. • Where management asserted that the transactions are in fact at arm's length, we assessed this assertion by: - Comparing the terms of the related party transactions to those of an identical or similar transaction with one or more non-related parties.

	- Comparing the terms of the transaction to known market terms for broadly similar transactions on an open market. - Considering the appropriateness of management's process for supporting the assertion. - Verifying the source of the internal or external data supporting the assertion, and testing the data to determine their accuracy, completeness, and relevance; and - Evaluating the reasonableness of any significant assumptions on which the assertion is based. • We have assessed and evaluated the presentation and disclosure of the above matter, as set out in the note 1.7 (Financial Instruments (IFRS 9) – Amounts due from related parties) and note 39 (Related Parties) of the financial statements.

Matter #03	**IFRS 16 – Leases Accounting Standard**
Description of Key Audit Matter	As of June 30, 2022, right-of-use assets in the amount of P597 million (2021: P580 million and lease liabilities in the amount of P744 million (2021: P722 million were recognized in Choppies Enterprises Limited's Annual Financial Statements. Right-of-use assets accounts for 32% of total assets with an associated lease liability approximating 33% of total liabilities and thus have a material impact on the group's net assets and financial position. The calculation of the lease term and the incremental borrowing rates used as discount rates can be discretionary and based on estimates. In addition, extensive data from the leases must be recorded to calculate the effects of IFRS 16 and the development of lease liabilities and right-of-use assets in accordance with the standard. This data is the basis for the measurement and recognition of the lease liabilities and right-of-use assets. There is a risk that the lease liabilities and right-of-use assets are not recognised in full in the annual statement of financial position. Furthermore, there is a risk that the lease liabilities and right-of-use assets have not been measured correctly. Due to the significance of the estimates and judgements involved which could result in a material misstatement this has been deemed a key audit matter. The disclosure associated with right-of-use assets and lease liabilities is set out in the annual financial statements on the following notes: • Note 16 – Right-of-use assets • Note 32 – Lease liabilities
How we addressed the Key Audit Matter	We critically evaluated the computations and assumptions relating to the IFRS 16 accounting standard. Our evaluation included the following procedures: • We analysed the accounting instructions underlying the completeness and conformity with IFRS 16; • We performed detailed testing on a sample basis, which was chosen in part on a representative and in part on a risk-oriented basis, and

	reviewed the accuracy and completeness of the lease contracts and that the correct inputs have been applied; • To the extent that discretionary decisions were made regarding the lease term, we reviewed whether, in light of the market conditions and risks in the industry, the underlying assumptions are plausible and consistent with other assumptions made in the Annual Financial Statements; and • We reproduced the group's calculations of the carrying amounts of the lease liabilities and right-of-use assets. To this end, we evaluated the measurement and recognition of lease liabilities and right-of-use assets for selected leases, chosen in part on a representative and in part on a risk-oriented basis. The risk-based assessment included an evaluation of proper measurement in the case of changes to or reassessments of the underlying contract; We assessed the appropriateness of the Group's disclosures of the impact of the IFRS 16 accounting standard and the application in the notes to the Annual Financial Statements (Note 32 Lease liabilities and Note 16 on Right-of-Use Assets).

Matter #04	**Goodwill impairment**
Description of Key Audit Matter	As disclosed in note 17, the value of the Nanavac Investments (Private) Limited (Zimbabwe) Goodwill arose when the Group assumed control of Nanavac Investments (Private) Limited (Zimbabwe). It arose from the acquisition of Nanavac Investments (Private) Limited (Zimbabwe) and is allocated to the cash generating units (CGUs) which are individual operating stores in Zimbabwe. In line with IAS 36 *Impairment of* Assets, management performs an impairment test on the recoverable amount of goodwill on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired. The recoverable amount of the goodwill has been determined by management using the higher of fair value less cost to sell and value in use calculations. In this instance, the recoverable amount was determined based on value in use, by using the discounted cash flow model. The valuation techniques applied by management involves a significant amount of estimation and judgement. The most significant judgements and assumptions used in determining the valuation of the recoverable amounts include among others: • Short – and long – term revenue growth; • Discount rate; • Capitalisation rates; • Net operating costs; • Working capital movement; and • Capital outlay

	The significant of the estimates and judgements involved, coupled with the high number of individual estimates performed, could result in a material misstatement, and therefore warrant specific audit focus. The disclosure associated goodwill is set out in the annual financial statements on the following notes: • Note 17– Goodwill • Accounting policy Note 1.2 – Consolidation
How we addressed the Key Audit Matter	We performed substantive tests of detail on the lowest level of cash generating units to which the goodwill has been allocated. We performed the following substantive procedures: • We challenged management with respect to the budgets and forecasts by comparing the Group's historical forecast growth rates and gross margins with actual results to determine whether they are reasonable and supportable; • We evaluated the appropriateness of the valuation methodology applied by management to calculate the recoverable amount of each CGU. We considered the principles and integrity of the discounted cash flow models against the requirements of the IAS 36 and acceptable industry standards; • We evaluated the appropriateness of the Group's discount rates used in each discounted cash flow model, by comparing these discount rates against external industry data and assessing the reasonableness of specific risk premium inputted into the calculation of the discount rates; • We reperformed the arithmetical accuracy of the calculations contained in management's model verifying that all formulae therein were applied accurately; and • We evaluated the completeness and accuracy of disclosures relating to the impairment assessment in the consolidated financial statements, to assess the compliance with the requirements of IAS 36 *Impairment of Assets*.

Other information

The directors are responsible for other information. The other information comprises the information included in the document titled "Choppies Enterprises Limited Consolidated and Separate Annual Financial statements for the year ended 30 June 2022", which includes the Directors' Responsibilities and Approval of the Consolidated and Separate Financial Statements and the Chief Executive Officer and Chief Financial Officer Responsibility Statement, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to made available to us after that date. The other information does not include the consolidated and separate annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with the consolidated and separate annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are

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inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual 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, related safeguards. 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 latter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Certified Auditors
Practicing member: Shashikumar Velambath
Membership number: CAP 022 2022

Date: 20th September 2022
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