

# CHOPPIES

**CHOPPIES ENTERPRISES LIMITED**

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements  
for the year ended 30 June 2023

# Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	Retail sales - supermarket
<b>Directors</b>	R Ottapathu - CEO DKU Corea - Chairman FE Ismail CJ Harward V Chitalu R P De Silva (Appointed 15 May 2023) D Mogajane (Appointed 30 August 2023) T Pritchard (Resigned 1 May 2023)
<b>Registered office</b>	Plot 50371 Fairgrounds Office Park Gaborone Botswana
<b>Business address</b>	Plot 169 Gaborone International Commerce Park Gaborone Botswana
<b>Postal address</b>	Private Bag 00278 Gaborone Botswana
<b>Bankers</b>	Absa Bank of Botswana Limited Absa Bank Kenya Plc Absa Bank South Africa Limited Absa Bank Zambia Plc Absa Bank of Zimbabwe Limited Bank Windhoek Limited - Namibia Central African Building Society ("CABS") Limited - Zimbabwe FBC Bank Limited - Zimbabwe First Capital Bank Botswana Limited First National Bank Botswana Limited Stanbic Bank Botswana Limited Steward Bank Limited - Zimbabwe ZB Bank Limited - Zimbabwe
<b>Auditors</b>	Mazars
<b>Secretary</b>	BP Consulting Services (Proprietary) Limited
<b>Company registration number</b>	BW00001142508

# Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

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# Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

## Directors' Responsibilities and Approval

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The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Choppies Enterprises Limited, comprising the statements of financial position as at 30 June 2023 and the statements of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the year ended 30 June 2023, the accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards ("IFRS"), Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, the Botswana Stock Exchange, Johannesburg Stock Exchange Listings Requirements and requirements of the Botswana Companies Act.

The directors are also responsible for such internal controls they deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. In addition, the directors are responsible for the preparation and presentation of the other information accompanying the financial statements.

The directors have assessed the ability of the Company and its subsidiaries to continue as going concerns (refer to note 41) and, based on management's assessment, have no reason to believe these businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with the International Financial Reporting Standards ("IFRS").

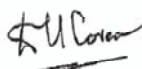
### Approval of the consolidated and separate financial statements

Having considered the unmodified audit opinion of the auditors as set out on pages 4 to 11, for the year 30 June 2023, the Board of directors approved the consolidated and separate financial statements of Choppies Enterprises Limited, as identified in the first paragraph, on 20 September 2023 and these are signed on their behalf by:



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**R Ottapathu**  
Chief Executive Officer



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**DKU Corea**  
Chairman

## Chief Executive Officer and Chief Financial Officer Responsibility Statement

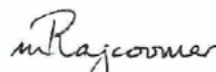
The members of management, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 12 to 73, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executives with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



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**R Ottapathu**  
Chief Executive Officer



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**M Rajcoomar**  
Chief Financial Officer

# Independent Auditor's Report

For the year ended 30 June 2023

*To the Shareholders of Choppies Enterprises Limited*

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

### Opinion

We have audited the consolidated and separate financial statements of Choppies Enterprises Limited and its subsidiaries ("Choppies Group") set out on pages 12 to 73 which comprise the consolidated and separate statement of financial position as at 30 June 2023, 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 2023, 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 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 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

**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 1.19 – 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;
- 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 1.19 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 37 – 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 37 (Related Parties) of the financial statements.

**Matter #03**

**IFRS 16 – Leases Accounting Standard**

*Description of Key Audit Matter*

As of June 30, 2023, right-of-use assets in the amount of P635 million (2022: P597 million) and lease liabilities in the amount of P772 million (2022: P744 million) were recognized in Choppies Enterprises Limited’s Financial Statements. Right-of-use assets accounts for 29% of total assets with an associated lease liability approximating 36% 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 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 financial statements on the following notes:

- Note 16 – Right-of-use assets
- Note 31 – Lease liabilities
- Accounting Policy Note 1.4 – Right-of-Use Assets
- Accounting Policy Note 1.6 - Leases

*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 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 Financial Statements (Note 31 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 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 2023", 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 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 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, 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 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibility 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 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 financial statements.

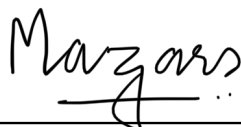
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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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**Mazars**  
**Certified Auditors**  
**Practicing member: Shashikumar Velambath**  
**Membership number: CAP 022 2023**

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**Date: 21 September 2023**  
**Gaborone**

# Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula million	Note(s)	Group		Company	
		2023	2022	2023	2022
Revenue	4	6 486	6 097	-	-
Retail sales	4	6 433	6 042	-	-
Cost of sales	5	(5 074)	(4 735)	-	-
<b>Gross profit</b>		<b>1 359</b>	<b>1 307</b>	-	-
Other operating income	4	53	55	-	-
Profit/(loss) on disposal of plant and equipment	6	4	(2)	-	-
Movement in credit loss allowances	7	(6)	(7)	-	(30)
Administrative expenses	8	(978)	(834)	(3)	-
Selling and distribution expenses	9	(22)	(35)	-	-
Foreign exchange (losses)/gains on lease liability	7	(31)	28	-	-
Contingent consideration on sale of South African operations	36	-	(20)	-	-
Foreign exchange gains on Zimbabwean legacy debt receipts	11	18	15	-	-
Other operating expenses	10	(115)	(220)	-	-
Commission on Zimbabwean legacy debt receipts	11	(7)	-	-	-
Net monetary loss on Zimbabwe entities		(1)	(8)	-	-
<b>Operating profit/(loss)</b>	7	<b>274</b>	<b>279</b>	<b>(3)</b>	<b>(30)</b>
Finance costs	12	(109)	(99)	-	-
<b>Profit/(loss) before taxation</b>		<b>165</b>	<b>180</b>	<b>(3)</b>	<b>(30)</b>
Taxation	13	(15)	(35)	-	-
<b>Profit/(loss) for the year</b>		<b>150</b>	<b>145</b>	<b>(3)</b>	<b>(30)</b>
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified to profit or loss:</b>					
Exchange differences on translating foreign operations		(96)	(113)	-	-
Exchange differences on translating foreign operations in hyperinflationary currency		43	75	-	-
<b>Total items that may be reclassified to profit or loss</b>		<b>(53)</b>	<b>(38)</b>	-	-
<b>Other comprehensive loss for the year net of taxation</b>		<b>(53)</b>	<b>(38)</b>	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>97</b>	<b>107</b>	<b>(3)</b>	<b>(30)</b>
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		147	140	(3)	(30)
Non-controlling interest		3	5	-	-
		<b>150</b>	<b>145</b>	<b>(3)</b>	<b>(30)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		94	103	(3)	(30)
Non-controlling interests		3	4	-	-
		<b>97</b>	<b>107</b>	<b>(3)</b>	<b>(30)</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share (thebe)	14	10.9	10.4*	-	-

\* The previous year's basic earnings and diluted earnings have been restated to account for the adjusted weighted average number of shares as a result of the rights offer as detailed in note 26.

# Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Pula million	Note(s)	Group			Company	
		2023	2022 Restated *	2021 Restated *	2023	2022
<b>Non-Current Assets</b>						
Property, plant and equipment	15	632	538	507	-	-
Right-of-use assets	16	635	597	580	-	-
Goodwill	17	17	48	60	-	-
Intangible assets	18	8	4	5	-	-
Investment in subsidiaries	20	-	-	-	74	74
Deferred tax	32	31	-	-	-	-
Investments in new projects	19	7	8	8	-	-
		<b>1 330</b>	<b>1 195</b>	<b>1 160</b>	<b>74</b>	<b>74</b>
<b>Current Assets</b>						
Inventories	21	441	461	341	-	-
Amounts due from related parties	22	3	4	5	464	164
Advances and deposits	23	71	56	44	-	-
Trade and other receivables	24	100	75	65	-	-
Taxation refundable		10	10	10	-	-
Restricted cash		-	-	5	-	-
Cash and cash equivalents	25	222	85	74	3	-
		<b>847</b>	<b>691</b>	<b>544</b>	<b>467</b>	<b>164</b>
<b>Total Assets</b>		<b>2 177</b>	<b>1 886</b>	<b>1 704</b>	<b>541</b>	<b>238</b>
<b>Equity Attributable to Equity Holders of Parent</b>						
Stated capital	26	1 207	906	906	1 207	906
Treasury shares	27	(32)	(30)	(30)	-	-
Hyper inflationary reserve	28	312	269	194	-	-
Foreign currency translation reserve	29	(682)	(586)	(474)	-	-
Accumulated loss		(664)	(811)	(951)	(671)	(668)
		141	(252)	(355)	536	238
Non-controlling interest		(99)	(102)	(106)	-	-
		<b>42</b>	<b>(354)</b>	<b>(461)</b>	<b>536</b>	<b>238</b>
<b>Non-Current Liabilities</b>						
Borrowings	30	216	530	616	-	-
Lease liabilities	31	660	587	572	-	-
Deferred tax	32	23	16	19	-	-
		<b>899</b>	<b>1 133</b>	<b>1 207</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>						
Trade and other payables	34	785	733	584	5	-
Amounts due to related parties	33	31	44	44	-	-
Borrowings	30	153	87	86	-	-
Lease liabilities	31	168	157	150	-	-
Current tax payable		20	18	26	-	-
Bank overdraft	25	79	68	68	-	-
		<b>1 236</b>	<b>1 107</b>	<b>958</b>	<b>5</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2 135</b>	<b>2 240</b>	<b>2 165</b>	<b>5</b>	<b>-</b>
<b>Total Equity and Liabilities</b>		<b>2 177</b>	<b>1 886</b>	<b>1 704</b>	<b>541</b>	<b>238</b>

\* Refer to note 42

## Choppies Enterprises Limited

(Registration number BW00001142508)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023

### Statement of Changes in Equity

	Stated capital	Treasury shares	Foreign currency translation reserve	Hyper inflationary translation reserve	Accumulated loss	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
Figures in Pula million								
<b>Group</b>								
Opening balance as previously reported	906	(30)	(474)	194	(938)	(342)	(106)	(448)
Prior year adjustments - CEO gratuity provision*	-	-	-	-	(13)	(13)	-	(13)
<b>Restated Balance at 01 July 2021 as restated</b>	<b>906</b>	<b>(30)</b>	<b>(474)</b>	<b>194</b>	<b>(951)</b>	<b>(355)</b>	<b>(106)</b>	<b>(461)</b>
Profit for the year	-	-	-	-	140	140	5	145
Other comprehensive income	-	-	(112)	75	-	(37)	(1)	(38)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(112)</b>	<b>75</b>	<b>140</b>	<b>103</b>	<b>4</b>	<b>107</b>
Opening balance as previously reported	906	(30)	(586)	269	(798)	(239)	(102)	(341)
Prior year adjustments - CEO gratuity provision*	-	-	-	-	(13)	(13)	-	(13)
<b>Balance at 01 July 2022 as restated</b>	<b>906</b>	<b>(30)</b>	<b>(586)</b>	<b>269</b>	<b>(811)</b>	<b>(252)</b>	<b>(102)</b>	<b>(354)</b>
Profit for the year	-	-	-	-	147	147	3	150
Other comprehensive income	-	-	(96)	43	-	(53)	-	(53)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(96)</b>	<b>43</b>	<b>147</b>	<b>94</b>	<b>3</b>	<b>97</b>
Issue of stated shares	307	(2)	-	-	-	305	-	305
Stated capital issue expenses	(6)	-	-	-	-	(6)	-	(6)
<b>Balance at 30 June 2023</b>	<b>1 207</b>	<b>(32)</b>	<b>(682)</b>	<b>312</b>	<b>(664)</b>	<b>141</b>	<b>(99)</b>	<b>42</b>
Note(s)	26	27	29	28				

\* Refer to note 42

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### Statement of Changes in Equity

	Stated capital	Treasury shares	Foreign currency translation reserve	Hyper inflationary translation reserve	Accumulated loss	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
Figures in Pula million								
<b>Company</b>								
<b>Balance at 01 July 2021</b>	<b>906</b>	-	-	-	<b>(638)</b>	<b>268</b>	-	<b>268</b>
Loss for the year	-	-	-	-	(30)	(30)	-	(30)
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>(30)</b>	<b>-</b>	<b>(30)</b>
<b>Balance at 01 July 2022</b>	<b>906</b>	-	-	-	<b>(668)</b>	<b>238</b>	-	<b>238</b>
Loss for the year	-	-	-	-	(3)	(3)	-	(3)
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
Issue of stated shares	307	-	-	-	-	307	-	307
Stated capital issue expenses	(6)	-	-	-	-	(6)	-	(6)
<b>Balance at 30 June 2023</b>	<b>1 207</b>	-	-	-	<b>(671)</b>	<b>536</b>	-	<b>536</b>
Note(s)	26	26	29					



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## Statement of Cash Flows

Figures in Pula million	Note(s)	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Profit (loss) before taxation		165	180	(3)	(30)
<b>Adjustments for:</b>					
Depreciation and amortisation	7	193	241	-	-
(Losses)/profit on disposals of assets	6	(4)	2	-	-
Finance costs	12	109	99	-	-
Foreign exchange gains/(losses) on lease liability		31	(28)	-	30
Restricted cash movements		-	5	-	-
<b>Changes in working capital:</b>					
Movement in inventories		20	(120)	-	-
Movement in trade and other receivables		(24)	(10)	-	4
Movement in advances and deposits		(15)	(12)	-	-
Movement in amount due from related entities		1	1	(300)	-
Movement in amount due to related entities		(13)	-	-	-
Movement in trade and other payables		70	149	5	(4)
CEO gratuity relating to prior years*		(16)	-	-	-
<b>Cash generated from (used in) operations</b>		<b>517</b>	<b>507</b>	<b>(298)</b>	-
Tax paid		(33)	(44)	-	-
<b>Net cash from operating activities</b>		<b>484</b>	<b>463</b>	<b>(298)</b>	-
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	15	(181)	(120)	-	-
Proceeds on disposal of property, plant and equipment		13	7	-	-
Purchase of other intangible assets	18	(4)	(2)	-	-
<b>Net cash from investing activities</b>		<b>(172)</b>	<b>(115)</b>	-	-
<b>Cash flows from financing activities</b>					
Proceeds on share issue	26	301	-	301	-
Lease liabilities raised	35	50	36	-	-
Repayment of borrowings	35	(132)	(96)	-	-
Repayment of shareholders loans	35	(113)	-	-	-
Lease capital payments - right-of-use assets	35	(177)	(170)	-	-
Finance costs	12	(109)	(94)	-	-
<b>Net cash from financing activities</b>		<b>(180)</b>	<b>(324)</b>	<b>301</b>	-
<b>Total cash movement for the year</b>		<b>132</b>	<b>24</b>	<b>3</b>	-
Cash at the beginning of the year		17	6	-	-
Effect of exchange rate movement on cash balances		-	-	-	-
Effect of foreign currency translation on foreign currency balances		(6)	(13)	-	-
<b>Total cash at end of the year</b>	25	<b>143</b>	<b>17</b>	<b>3</b>	-

\* Refer to note 42

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## Accounting Policies

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### Corporate information

Choppies Enterprises Limited (CEL, the Company) is a public limited company incorporated and domiciled in the Republic of Botswana and listed on the Botswana Stock Exchange. The Company has a secondary listing on the Johannesburg Stock Exchange. The Company registration number is BW00001142508. The consolidated and separate annual financial statements comprise the Company and its subsidiaries (collectively referred to as "the Group").

The business of the Group is concentrated in the retail supermarket industry.

#### 1. Significant accounting policies

The consolidated and separate annual financial statements ("the financial statements") are prepared in accordance with the International Financial Reporting Standards ("IFRS"), the Botswana Companies Act, the Botswana Stock Exchange, the Johannesburg Stock Exchange requirements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The financial statements were approved by the board of directors on 20 September 2023.

##### 1.1 Basis of preparation

The Group and Company financial statements are presented in Botswana Pula, which is also the functional currency of the Company and the presentation currency of the Group. All amounts have been rounded to nearest millions, except where otherwise stated.

Certain individual companies in the Group have different functional currencies and are translated on consolidation.

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value and Zimbabwean operations translated on a current cost basis as required by IAS 29 "Financial Reporting in a Hyperinflationary Economies". The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year, except as otherwise indicated.

Judgements made by the board in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in significant judgements and sources of estimation uncertainty in note 1.25

##### 1.2 Consolidation

###### Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Transaction costs are expressed as incurred except if it refers to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment (refer to note 17).

###### Goodwill

All goodwill is acquired through business combinations and initially measured at fair value of the consideration transferred. The goodwill consists of the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to the individual cash-generating units and is tested annually for impairment. An impairment loss is recognised if the present value of the estimated future cash flows arising from the identified units is exceeded by the carrying amount of the assets and liabilities of the unit including goodwill or the fair value less the cost of disposal of the cash-generating unit exceeds the carrying amount of goodwill. An impairment loss is recognised in the statement of profit or loss in the year in which it is identified. An impairment loss in respect of goodwill is not reversed.

###### Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiaries are measured at cost less accumulated impairment losses in the Company financial statements.

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## Accounting Policies

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### 1.2 Consolidation (continued)

#### Transactions elimination on consolidation

Intragroup balances, and income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Non-controlling interest ("NCI")

NCIs are disclosed separately in the Group statement of financial position and statement of profit or loss and other comprehensive income. NCIs are viewed as equity participants of the Group and all transactions with NCIs are therefore accounted for as equity transactions and included in the Group statement of changes in equity.

NCIs are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

#### Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### Changes in Group's interests in subsidiaries

Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

### 1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life in 2023	Average useful life in 2022 and prior years
Leasehold improvements	Straight line	Over the lease term	Over the lease term
Plant and machinery	Straight line	5 - 25 years	4 - 20 years
Furniture and fixtures	Straight line	10 - 14 years	6 - 29 years
Motor vehicles	Straight line	5 - 15 years	4 - 5 years
Office equipment	Straight line	5 - 15 years	3 - 10 years
Aircraft	Straight line	30 years	20 years
Computer hardware and accessories	Straight line	5 - 8 years	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

During the financial year the Group reassessed useful lives by reference to actual usage and relative to our maintenance plans which help extend useful lives. As a low cost retailer, we sweat our assets but perform regular maintenance to maintain high standards of customer service.

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## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

The impact on the current year depreciation is as follows:-

Depreciation expense at last year's rate	P91 million
Reassessment	(P51 million)
Depreciation expense for current year	P40 million

The Group's depreciation expense will be impacted in future periods by similar amounts.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### Investments in new projects

Investments in new projects relates to capital expenditure incurred with regard to new stores to be opened in the following financial year. Investments in new projects is stated at cost. The amounts are transferred to respective asset classes when the assets are available for their intended use. Depreciation commences when the assets are ready for their intended use.

### 1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight line	5 - 10 years

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### 1.5 Impairment of non-financial assets

The carrying values of non-financial assets (except for deferred tax assets and inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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## Accounting Policies

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### 1.5 Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For non-financial assets, such as goodwill, which have indefinite useful lives and are not subject to depreciation or amortisation, or that are not yet available for use, the recoverable amount is estimated at each reporting date.

Impairment losses recognised in the prior periods are assessed at each reporting date for any indication that these losses have decrease or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment was recognised.

### 1.6 Leases

#### Group as lessee

The Group considers whether a contract is, or contains a lease.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets (BWP 60 000) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

#### Group as a lessor

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. Lease classification is made at inception and is only reassessed if there is a lease modification.

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## Accounting Policies

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### 1.6 Leases (continued)

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15, using relative standalone selling prices for the different components.

#### Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Operating lease income is included in other income (note 4).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

### 1.7 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:

- Amortised cost

Note 39 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

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.

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

#### Amounts due from related entities at amortised cost

##### Classification

Amounts due from related entities (note 24) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these amounts due from related parties give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these amounts.

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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Recognition and measurement

Amounts due from related parties are recognised when the Group becomes a party to the contractual provisions of the amounts due. Amounts due from related parties are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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

#### Impairment

A loss allowance is recognised for all amounts due from related entities, in accordance with IFRS 9 Financial Instruments by applying the simplified approach, and is monitored at the end of each reporting period. Amounts due from related entities are written off when there is no reasonable expectation of recovery, for example, when a related entity is placed or has been placed under liquidation. Amounts due from related entities which have been written off are not subject to enforcement activities.

#### Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

#### Definition of default

For purposes of internal credit risk management purposes, the Group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Write off policy

The Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries/reversals made are recognised in the statement of profit or loss and other comprehensive income as a movement in credit loss allowance (note 7).

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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### 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 forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in material operating items requiring separate disclosure in profit or loss as a movement in credit loss allowance (note 7).

#### Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 39).

#### Derecognition

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

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in impairment.

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 24).

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

##### Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at transaction price in accordance with IFRS 15.

They are subsequently measured at amortised cost.

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



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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Application of the effective interest method

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

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit-impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

#### Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating expenses (note 6).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 24).

#### Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

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

#### Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 24.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in profit or loss as a movement in credit loss allowance (note 7).

#### Write off policy

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

#### Credit risk

Details of credit risk are included in the trade and other receivables note (note 24) and the financial instruments and risk management note (note 39).

# Choppies Enterprises Limited

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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Derecognition

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

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss.

#### Borrowings and loans from related parties

##### Classification

Amounts due to related entities (note 22) and borrowings (note 30) are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 12.)

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 39 for details of risk exposure and management thereof.

#### Derecognition

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

#### Trade and other payables

##### Classification

Trade and other payables (note 34), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

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

They are subsequently measured at amortised cost using the effective interest method.

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.

If trade and other payables contain imputed interest, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 12).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 39 for details of risk exposure and management thereof.

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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses)/gains (note 6).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 39).

#### Derecognition

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

Any gains or losses arising on the derecognition of trade and other payables is included in profit or loss in impairment.

#### Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms. Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with IFRS 15 Revenue from contracts with customers.

With reference to Note 30, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position as well as maximum exposure amounts relating to financial guarantee contracts.

Refer to note 36.1 for details of financial guarantee contracts.

#### Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost which is deemed to be fair value.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

#### Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Derecognition

##### 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 party. 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.

##### Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Reclassification

##### Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

##### Financial liabilities

Financial liabilities are not reclassified.

### 1.8 Inventories

Inventories comprise merchandise for resale and consumables. Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

The cost of inventories is based on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, including distribution costs, and is stated net of relevant purchase incentives. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

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## Accounting Policies

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### 1.9 Tax and deferred taxation

#### Deferred tax assets and liabilities

Deferred taxation is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is recognised in the profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, (in which case it is recognised directly in equity or other comprehensive income) or a business combination. The effect on deferred tax of any changes in tax rates is recognised in the statement of profit or loss, except to the extent that it relates to items previously recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improve. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

#### Tax expenses

Taxation comprises current and deferred taxation. Taxation is recognised in the profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, after taking account of income and expenditure which is not subject to taxation, and any adjustment to tax payable/refundable in respect of previous years.

#### Dividends withholding tax

Dividends withholding tax is a tax on shareholders and is applicable on all dividends declared. Withholding tax applicable in Botswana for both residents and non-residents is 10%. Dividends payable to non-exempt shareholders registered on the Johannesburg Stock Exchange are subject to 20% withholding tax in accordance with the South African Income Tax Act 58 of 1962, unless varied in accordance with any relevant Double Tax Agreement.

### 1.10 Stated capital and equity

Ordinary shares (with no par value) are classified as stated capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary shares are classified as equity.

Other components of equity include the following:

- Foreign currency translation reserve - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into Botswana Pula.
- Retained (loss) profit - includes all current and prior period retained (loss) profits.
- Treasury shares - refer to accounting policy 1.11
- Hyperinflationary reserve - this is the effect of all components of shareholders equity that are restated by applying a general price index from the beginning period or dates on which those items arose.

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## Accounting Policies

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### 1.11 Treasury shares

The Group operates a share incentive scheme classified as treasury shares and these are presented as a deduction from equity. Dividend income on treasury shares are eliminated on consolidation.

### 1.12 Employee benefits

#### Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Employee entitlements to annual leave, bonuses, medical aid and housing benefits are recognised when they accrue to employees and an accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date.

#### Severance benefits

Employees who are not members of an approved pension scheme or entitled to gratuities per their employee contracts, are entitled to severance benefits as regulated by the Botswana Labour Laws. An accrual is recognised for the estimated liability for services rendered by the employees up to reporting date, this is related to other long term employee benefits.

#### Gratuity

The Group operates a gratuity scheme for expatriates in terms of employment contracts and a gratuity is not considered to be a retirement benefit plan as the benefits are payable on completion of the employment contract period of continuous employment or on termination of employment at the option of the employee. The expected gratuity liability is provided in full by way of accrual.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to approved defined contribution plans are recognised as personnel expenses in the profit or loss in the periods during which the related services were rendered.

### 1.13 Revenue from contracts with customers

Revenue arises mainly from the sale of goods. Revenue is measured based on the transaction price specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or goods to a customer, generally upon the customer collecting the goods.

To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Company's products and goods, for example for the sale of consumer goods. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers. The Group does not consider the financing component since the transfer of goods and related payments are not more than 12 months apart.

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## Accounting Policies

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### 1.14 Translation of foreign currencies

#### Transactions in foreign currencies

Transactions in foreign currencies are translated to Botswana Pula at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities designated in foreign currencies are subsequently translated to Botswana Pula at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities are consistently translated at rates of exchange ruling at acquisition dates. Foreign exchange differences arising on translation are recognised in the profit or loss.

#### Foreign operations

The assets and liabilities of foreign operations, which are not entities operating in a hyperinflationary economy, including goodwill and fair value adjustments arising on acquisition, are translated at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at the weighted average rate of exchange for the year, except to the extent that the translation differences are allocated to NCI. Profits or losses arising on the translation of assets and liabilities of foreign entities are recognised in other comprehensive income and presented within equity and shown separately in a foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the statement of profit or loss as part of the gain or loss on disposal.

#### Translation of foreign operations in hyperinflationary economies

The fiscal and monetary policy pronouncements made in October 2018 led to the directors' reassessment of the functional currency of the Group's Zimbabwe operations and a justification to conclude that, under IAS 21 Effects of Changes in Foreign Exchange Rates, there was a change in the functional currency from the United States Dollar to the Zimbabwe Dollar.

The results of the Zimbabwe operations are translated at the closing rate on 30 June 2023 as per IAS 21 paragraph 42(a).

### 1.15 Determination of functional currency in Zimbabwe

The fiscal and monetary policy pronouncements made in October 2018 led to the directors' reassessment of the functional currency of the Group's Zimbabwe operations and a justification to conclude that, under IAS 21 Effects of Changes in Foreign Exchange Rates, there was a change in the functional currency from the United States Dollar to the Zimbabwe Dollar. The results of the Zimbabwe operations are translated at the closing rate on 30 June 2023 as per IAS 21 paragraph 42(a).

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Zimbabwean subsidiary is the Zimbabwean Dollar (ZWL\$) which became legal tender on 24 June 2019. The Group has concluded that the functional currency of the Zimbabwean economy remains the Zimbabwean Dollar (ZWL\$). During the year, the Group noted that there was still constrained exchangeability between the Zimbabwe Dollar (ZWL\$) and the major foreign currencies such as the United States Dollar (US\$) and the Botswana Pula (BWP). A lack of or constrained exchangeability arises if an entity is unable to readily exchange a currency for another currency through the legal exchange mechanism within a reasonably short period of time. In order to address the lack of exchangeability of the ZWL\$ towards major currencies, on 23 June 2020, the Reserve Bank of Zimbabwe introduced a market based foreign exchange trading platform in the form of a foreign currency auction system in order to bring transparency and efficiency in the trading of foreign currency in the Zimbabwean economy. The Company has managed to submit bids on the foreign exchange auction and was successful in some of them leading the directors to decide that the published weighted average closing auction foreign exchange rate is appropriate for the translation of the results of operations of the Zimbabwean Subsidiary.

#### Accounting for hyper-inflationary subsidiary

The Zimbabwean economy has continued to be hyper-inflationary and the results of operations of the Zimbabwean subsidiary has been prepared in accordance with IAS 29 "Financial Reporting in Hyper-inflationary Economies" (IAS 29). IAS 29 requires that financial statements prepared in the currency of a hyper-inflationary economy be stated in terms of a measuring unit current at the reporting date and the corresponding figures for the previous periods be stated in the same terms to the latest reporting date. The restatement has been calculated by means of conversion factors derived from month on month consumer price index (CPI) prepared by the Zimbabwe Statistical Agency for the period to January 2023.

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## Accounting Policies

### 1.15 Determination of functional currency in Zimbabwe (continued)

From February 2023, the government of Zimbabwe through Statutory instrument 27 of 2023, legislated the publication of blended CPI rates which took into account general price changes in both the US\$ currency and the ZW\$ currency. In order to comply with International Accounting Standard (IAS) - "Financial Reporting in Hyperinflationary Economies" in the preparation of its consolidated financial statements, the Group estimated and applied inflation rates for the period February to June 2023 based on the Total Consumption Poverty Line (TCPL) published by ZIMSTAT. TCPL represents the total income needed for an individual as a minimum for them not to be deemed poor. TCPL is considered appropriate as the baskets of goods and services includes items regularly sold by Choppies and therefore it is an appropriate estimation. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The indices and conversion factors used to restate the financial statements as at 30 June 2023 are as follows:

Date	Indices	Conversion factor
30 June 2023	4 6077.70	1.00
30 June 2022	8 707.40	5.291

#### Sensitivity of functional currency

The Group translated the Zimbabwe results by applying the closing exchange rate as at 30 June 2023 specified by Reserve Bank of Zimbabwe, which was BWP 1.00 : ZWL 424.74 (2022: ZWL 29.45) (in line with the requirement of the provision of IAS 21 for the translation of hyperinflationary economies). The effect if the Group had applied a weaker closing exchange rate to translate the result of its Zimbabwean subsidiary on 30 June 2023, is presented in the table below. We assumed that the closing exchange rate was weaker by ZWL 1.00.

#### Summarised statement of profit or loss and other comprehensive income for the year ended 30 June 2023

Revenue  
Loss after tax

ZWL to BWP at closing rate	ZWL to BWP at closing rate plus ZWL 1.00	Net impact
401	400	1
(8)	8	-

#### Plant and equipment

The original cost of plant and equipment is restated from the date of purchase of each item to the reporting date using the applicable general price index. The depreciation charge for the current period is calculated on the basis of the restated plant and equipment. Opening accumulated depreciation is also calculated on the basis of the restated plant and equipment.

Additions to plant and equipment are restated using the relevant conversion factors from the date of the transaction to the reporting date. For disposals, the original date of purchase and the historical cost is determined and the restated balance is deducted from the plant and equipment. There are no plant and equipment purchased prior to the financial year 2009.

The restated plant and equipment are assessed for impairment of assets in accordance with IAS 36.

#### Inventories

Inventories are restated based on the ageing of the items using the increase in the general price index for the period from purchase dates to the reporting date.

All items in the statement of profit or loss and other comprehensive income are restated by applying the relevant monthly conversion factors.

#### Shareholders' Equity

All components of shareholders equity are restated by applying a general price index from the beginning period or dates on which those items arose. Current year restated net income is added to the balance of restated opening retained earnings.



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## Accounting Policies

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### 1.15 Determination of functional currency in Zimbabwe (continued)

Comparative financial statements are restated by applying the general price index in terms of the measuring unit at the reporting date.

The effect of inflation on the net monetary position is included in the statement of profit or loss and other comprehensive income as a monetary gain or loss on the monetary position

All items in the statement of cash flow are expressed in terms of the measuring unit current at the reporting date.

### 1.16 Operating expenses

Operating expenses are recognised in the profit or loss upon utilisation of the service or as incurred.

### 1.17 Deferred tax

Commission from rendering of financial services and agency services is recognised over time as the services are provided in accordance with the terms of the agency agreement and is included in other income.

### 1.18 Dividend income

Dividend income is recognised when the Group's right to receive payment is established. This is on the "last day to trade" for listed shares, and on the "date of declaration" for unlisted shares.

### 1.19 Rebates from suppliers

Consistent with standard industry practice, 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. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Group performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning.

Rebates from suppliers is recognised when earned by the Group, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Group at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories.

Amounts due relating to rebates from suppliers are recognised within trade and other receivables, except in cases where the Group currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised. Accrued rebates are recognised within accrued income when rebates earned have not been invoiced at reporting date.

### 1.20 Finance income

Interest income is recognised as it accrues in the profit or loss using the effective interest method.

### 1.21 Finance cost

Interest cost is recognised in the profit or loss in the period in which these expenses are incurred using the effective interest method.

### 1.22 Operating segments

The Group discloses segmental financial information which is being used internally by the entity's chief executive officer ("CEO") in order to assess performance and allocate resources. Operating segments are individual components of an entity that engage in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the entity's CEO and for which discrete financial information is available. Operating segments, per geographical regions, are aggregated for reporting purposes. The aggregated businesses in each region have similar economic characteristics. They engaged in similar activities of retail trade.

# Choppies Enterprises Limited

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## Accounting Policies

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### 1.23 Dividend per share

Dividends per share are calculated based on the dividends declared during the year compared to the number of ordinary shares in issue at the time of declaration.

### 1.24 Basic earnings and Headline earnings per share

The Group presents basic and diluted earnings per share ("EPS") and headline earnings per share ("HEPS") information for its ordinary shares. Basic EPS is calculated by dividing the profit or loss after taxation attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss after taxation attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Headline earnings are calculated in accordance with Circular 1/2021 issued by the South African Institute of Chartered Accountants as required by the Johannesburg Stock Exchange Listings Requirements.

### 1.25 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Key sources of estimation uncertainty

##### Impairment of trade receivables

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period (refer to note 24).

##### Allowance for slow moving, damaged and obsolete inventory

The Group assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales note 5.

##### Fair value estimation

Several assets and liabilities of the Group are either measured at fair value or disclosure is made of their fair values.

The carrying value of trade receivables (less expected credit losses) and trade payables are assumed to approximate their fair values. Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 39.

##### Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, the Company determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

##### Useful lives of property, plant and equipment

The Group assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of buildings, plant and equipment, office equipment, furniture and fixtures, motor vehicles, IT equipment, leasehold improvements and aircraft are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful lives of property, plant and equipment is assessed annually based on a combination of comparison to industry, assessment of operational plans and strategies, actual experience and taking cognisance of advice from external experts.

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## Accounting Policies

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### 1.25 Significant judgements and sources of estimation uncertainty (continued)

#### Restricted cash

We no longer consider cash deposits relating to the Zimbabwe operations as restricted as we are able to expatriate funds to Botswana.

#### Business combinations

The Group uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquiree's future profitability.

#### Use of adjusted measures

Adjusted EBITDA in the operating segmental information is EBITDA excluding foreign exchange rate differences on IFRS16 lease liabilities, profit or loss on sale of assets, reassessment adjustment for depreciation, Zimbabwean legacy debt receipts (see note 11) as well as income or expenditure of a capital nature.

The Adjusted EBITDA measure is shown as management believes them to be relevant to the understanding of the Group's financial performance. This measure is used for internal performance analysis and provide additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

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## Operating segment information

Figures in Pula million

### 2. Segment results

Operating segments are identified based on financial information regularly reviewed by the Choppies Enterprises Limited Chief Executive Officer (identified as the chief operating decision maker of the Group for IFRS 8 reporting purposes) for performance assessments and resource allocations.

The Group has four continuing operating segments (2022: four) as described below, which are the Group's strategic divisions. Operating segments are disclosed by geographical regions.

Performance is measured based on EBITDA, Adjusted EBITDA and Adjusted EBIT as the board believes that such information is the most relevant in evaluating the results of the segments against each other and other entities which operate within the retail industry.

Botswana – retail of fast-moving consumer goods in Botswana.

Rest of Africa - retail of fast-moving consumer goods in Namibia, Zambia and Zimbabwe.

30 June 2023

Statement of profit or loss and other comprehensive Income	Rest of Africa comprises of Namibia, Zambia and Zimbabwe					Total Group
	Botswana	Rest of Africa	Namibia	Zambia	Zimbabwe	
Revenue	4 499	1 987	443	1 141	403	6 486
Retail sales	4 459	1 974	440	1 133	401	6 433
<b>Adjusted EBITDA</b>	<b>405</b>	<b>84</b>	<b>12</b>	<b>75</b>	<b>(3)</b>	<b>489</b>
Loss on disposal of plant & equipment	4	-	-	-	-	4
Movement in credit loss allowance	(6)	-	-	-	-	(6)
Foreign exchange gains/(losses) on lease liability	-	(31)	-	(11)	(20)	(31)
Foreign exchange gains on Zimbabwean legacy debt receipts	-	11	-	-	11	11
<b>EBITDA</b>	<b>403</b>	<b>64</b>	<b>12</b>	<b>64</b>	<b>(12)</b>	<b>467</b>
Depreciation and amortisation	(145)	(48)	(14)	(30)	(4)	(193)
<b>Operating profit/(loss) (EBIT)</b>	<b>258</b>	<b>16</b>	<b>(2)</b>	<b>34</b>	<b>(16)</b>	<b>274</b>
Depreciation reassessment (refer to note 1.3)	(39)	(12)	(4)	(8)	-	(51)
Adjustments as above*	2	20	-	11	9	22
<b>Adjusted EBIT</b>	<b>221</b>	<b>24</b>	<b>(6)</b>	<b>37</b>	<b>(7)</b>	<b>245</b>
<b>Statement of financial position</b>						
Assets	1 510	667	201	344	122	2 177
Liabilities	1 656	479	133	270	76	2 135

\*Adjusted EBITDA and adjusted EBIT in the operating segmental information is EBITDA and EBIT excluding foreign exchange rate differences on IFRS16 lease liabilities, profit or loss on sale of assets, reassessment adjustment for depreciation, Zimbabwean legacy debt receipts (see note 11) as well as income or expenditure of a capital nature.

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### Operating segment information

Figures in Pula million

30 June 2022

Statement of profit or loss and other comprehensive Income	Botswana	Rest of Africa	Namibia	Zambia	Zimbabwe	Total Group
Revenue	4 254	1 843	276	786	781	6 097
Retail sales	4 209	1 833	275	783	775	6 042
<b>Adjusted EBITDA</b>	<b>405</b>	<b>101</b>	<b>5</b>	<b>59</b>	<b>37</b>	<b>506</b>
Movement in credit loss allowance	(2)	(5)	-	-	(5)	(7)
Loss on disposal of plant & equipment	(2)	-	-	-	-	(2)
Foreign exchange gains/(losses) on lease liability	-	28	-	28	-	28
Losses relating to South African operations	(20)	-	-	-	-	(20)
Foreign exchange gains on Zimbabwean legacy debt	-	15	-	-	15	15
<b>EBITDA</b>	<b>381</b>	<b>139</b>	<b>5</b>	<b>87</b>	<b>47</b>	<b>520</b>
Depreciation and amortisation	(190)	(51)	(14)	(21)	(16)	(241)
<b>Operating profit/(loss) (EBIT)</b>	<b>191</b>	<b>88</b>	<b>(9)</b>	<b>66</b>	<b>31</b>	<b>279</b>
Adjustments as above	(24)	38	-	28	10	14
<b>Adjusted EBIT</b>	<b>215</b>	<b>50</b>	<b>(9)</b>	<b>38</b>	<b>21</b>	<b>265</b>
<b>Statement of financial position</b>						
Assets	1 223	663	141	260	262	1 886
Liabilities	1 121	1 106	200	394	512	2 227

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## Notes to the Consolidated and Separate Annual Financial Statements

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### 3. New Standards and Interpretations

#### 3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>Reference to the Conceptual Framework: Amendments to IFRS 3</li></ul>	01 January 2022	The impact of the amendments is not material.
<ul style="list-style-type: none"><li>Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9</li></ul>	01 January 2022	The impact of the amendments is not material.
<ul style="list-style-type: none"><li>Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16</li></ul>	01 January 2022	The impact of the amendments is not material.
<ul style="list-style-type: none"><li>Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37</li></ul>	01 January 2022	The impact of the amendments is not material.

#### 3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2023 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information &amp; IFRS S2 - Climate-related Disclosures</li></ul>	01 January 2024	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</li></ul>	01 January 2024	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>IAS 1 Presentation of Financial Statements - Classification of Long-term Debt Affected by Covenants</li></ul>	01 January 2024	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Amendments to IAS 21 – The effects of changes in foreign exchange rates – Lack of exchangeability</li></ul>	01 January 2025	Impact is currently being assessed
<ul style="list-style-type: none"><li>Lease liability in a sale and leaseback</li></ul>	01 January 2024	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12</li></ul>	01 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.</li></ul>	01 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Definition of accounting estimates: Amendments to IAS 8</li></ul>	01 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Classification of Liabilities as Current or Non-Current - Amendment to IAS 1</li></ul>	01 January 2024	Unlikely there will be a material impact

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Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 4. Revenue

#### Revenue from contracts with customers

Sale of goods	6 433	6 042	-	-
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#### Revenue other than from contracts with customers

Commission received on financial services	31	32	-	-
Rental income	3	4	-	-
Transportation income	12	11	-	-
Miscellaneous income	7	3	-	-
Effect of hyper-inflation accounting	-	5	-	-
	<b>53</b>	<b>55</b>	-	-
	<b>6 486</b>	<b>6 097</b>	-	-

#### Disaggregation of revenue from contracts with customers by segment

The Group disaggregates revenue from customers as follows:

#### Sale of goods

Botswana	4 459	4 209	-	-
Namibia	440	275	-	-
Zambia	1 133	783	-	-
Zimbabwe	401	775	-	-
	<b>6 433</b>	<b>6 042</b>	-	-

### 5. Cost of sales

Sale of goods	5 074	4 735	-	-
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Sale of goods include foreign exchange losses of BWP 8 million (2022: gain BWP 2 million)

### 6. Other operating (losses)/gains

#### Losses on disposals

Property, plant and equipment	4	(2)	-	-
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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022
<b>7. Operating profit (loss)</b>				
Operating profit/(loss) for the year is stated after charging (crediting) the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	6	8	-	-
<b>Consulting and professional fees</b>				
Consulting and professional service fees	13	14	2	-
Legal fees	4	1	1	-
	<b>17</b>	<b>15</b>	<b>3</b>	<b>-</b>
<b>Employee costs</b>				
Basic	414	377	-	-
Retirement benefit plans	12	12	-	-
Share-based payments	-	1	-	-
	<b>426</b>	<b>390</b>	<b>-</b>	<b>-</b>
<b>Leases</b>				
Variable lease payments	2	8	-	-
Gain on rental concession	(4)	(9)	-	-
	<b>(2)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	39	84	-	-
Depreciation of right-of-use assets	153	154	-	-
Amortisation of intangible assets	1	3	-	-
	<b>193</b>	<b>241</b>	<b>-</b>	<b>-</b>
<b>Movement in credit loss allowances</b>				
Trade and other receivables	6	7	-	30
<b>Foreign exchange (losses)/gains</b>				
Foreign exchange (losses)/gains	(31)	28	-	-

These (losses)/gains relate to lease liabilities that are US Dollar denominated and are valued at the spot rate at the reporting period resulting in a loss or gain.



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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022
<b>8. Administration expenses</b>				
Auditors remuneration	6	8	-	-
Bank charges	47	49	-	-
Computer expenses	28	25	-	-
Consulting and professional fees	13	14	2	-
Depreciation of right-of-use assets	153	154	-	-
Donations	2	1	-	-
Electricity and water charges	119	109	-	-
Employee costs	426	390	-	-
Effect of hyper-inflation accounting	51	(25)	-	-
Insurance	18	16	-	-
Legal fees	4	1	1	-
Motor vehicle expenses	44	35	-	-
Other expenses	31	23	-	-
Security	38	35	-	-
Gain on rental concession	(4)	(9)	-	-
Variable lease payments	2	8	-	-
	<b>978</b>	<b>834</b>	<b>3</b>	<b>-</b>
<b>9. Selling and distribution expenses</b>				
Advertising	26	20	-	-
Effect of hyper-inflation accounting	(13)	10	-	-
Travel and accommodation	6	5	-	-
Other	3	-	-	-
	<b>22</b>	<b>35</b>	<b>-</b>	<b>-</b>
<b>10. Other expenses</b>				
Amortisation	1	3	-	-
Depreciation	39	84	-	-
Effect of hyper-inflation accounting	19	83	-	-
Repairs and maintenance	56	50	-	-
	<b>115</b>	<b>220</b>	<b>-</b>	<b>-</b>
<b>11. Foreign exchange gains on Zimbabwean legacy debt receipts</b>				
Foreign exchange gains on Zimbabwean legacy debt receipts	18	15	-	-

In February 2009, the Government of Zimbabwe introduced the multicurrency system which had the United States Dollar (US\$) as its base currency. As time progressed, the Zimbabwe economy started experiencing foreign currency shortages on the market as there was an increase in the use of electronic settlement platforms namely, Real Time Gross Settlement (RTGS) platforms. A monetary policy measure introduced in October 2018 directing the separation of foreign currency accounts (FCAs) into two categories namely RTGS FCA and Nostro FCA at a parity rate of 1:1.

The Government of Zimbabwe through another policy measure issued Statutory Instrument 33 (SI 33 of 2019) which introduced the RTGS Dollar which physical denominations in bond notes and coins at a base rate of US\$1: ZWL\$2.5. The introduction of the currency and its addition to the multicurrency basket brought about the interbank market which was to function on a willing buyer, willing seller basis. The enacting instrument gave a legal requirement for accounting treatment of local assets and liabilities denominated in United States Dollars (US\$) to be transferred to Zimbabwe Dollars (ZWL\$) at parity.

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 11. Foreign exchange gains on Zimbabwean legacy debt receipts (continued)

One of the safeguards introduced by the Monetary Policy Statement in order to maintain stability in the Zimbabwean foreign currency market was that all foreign liabilities or legacy debts due to suppliers and service providers, as well as declared dividends would be treated separately. These foreign liabilities or legacy debts transactions would be registered with the Reserve Bank of Zimbabwe Exchange Control Division for the purposes of providing the Reserve Bank sufficient information to determine the roadmap to expunge them in an orderly manner. In order to operationalise the Monetary Policy Statement, the Reserve Bank issued Exchange Control Directive RU28/2019 which provided the Blocked Funds Framework that contained guidelines to be followed in the registration of foreign liabilities or legacy debts. Exchange Control Directive RU102/2019 published in September directed banking institutions to transfer all RTGS\$ balances in relation to registered legacy debts to the Reserve Bank.

In 2021, the Government of Zimbabwe assumed the obligation to settle these Blocked Funds in terms of Part XIII of the Finance Act No. 7 of 2021. The Group proceeded to transfer the ZWL equivalent of the legacy debt at a rate of US\$/ZWL1:1 to the RBZ as per requirement of the Exchange Control directive RU 28 of 2019 amounting to ZWL\$29,624,114.07. In this regard, the Group received communication from the Reserve Bank of Zimbabwe dated 4 May 2022 to the effect that an amount of US\$29,624,114.07 had been successfully registered with the Bank's Exchange Control division as blocked funds to be paid in instalments of US\$125,000 per week until it has been paid in full, which is expected to be August 2027.

### 12. Finance costs

Shareholders loans	7	6	-	-
Lease liabilities	61	56	-	-
Bank overdraft	41	37	-	-
<b>Total finance costs</b>	<b>109</b>	<b>99</b>	<b>-</b>	<b>-</b>

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 13. Taxation

#### Major components of the tax expense

##### Current

Income tax - current period	30	38	-	-
Income tax - prior period	8	-	-	-
	<b>38</b>	<b>38</b>	-	-

##### Deferred

Originating and reversing temporary differences	(23)	(3)	-	-
	<b>15</b>	<b>35</b>	-	-

#### Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit/(loss)	165	180	(3)	(30)
Tax at the applicable tax rate of 22% (2022: 22%)	36	40	(1)	(7)

#### Tax effect of adjustments on taxable income

Unrecognised deferred tax asset	(4)	(15)	-	-
Deferred tax asset raised	(26)	-	-	-
Prior period income tax	8	-	-	-
Disallowed expenses	7	4	1	7
Effects of different tax rates	(6)	6	-	-
Relating to CEO gratuity	3	-	-	-
Transferred to retained loss at 30 June 2021	(3)	-	-	-
	<b>15</b>	<b>35</b>	-	-

The tax losses carried forward for certain subsidiaries are P 260 million (2022: P 225 million) which can be claimed by these subsidiaries to reduce future tax payments. These losses cannot be offset across different legal entities and can be carried forward no longer than 5 years.

The tax losses carried forward per expiry date are as follows:

2023	30	-	-	-
2022	16	16	-	-
2021	86	86	-	-
2020	77	77	-	-
2019	51	51	-	-
2019 and prior	-	25	-	-
	<b>260</b>	<b>255</b>	-	-

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 14. Earnings per share

Basic and diluted earnings per share - thebe	10.9	10.4*	-	-
Profit/(loss) for the year attributable to equity holders of the parent	147	140	(3)	(30)

### Headline earnings and diluted headline earnings per share

The calculation of headline earnings and diluted headline earnings per share is based on the weighted average number of ordinary shares in issue during the year.

Headline earnings and diluted headline earnings per share - thebe	11.1	12.0*	-	-
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\* The previous year's basic earnings and diluted earnings have been restated to account for the adjusted weighted average number of shares as a result of the rights offer as detailed in note 26 .

### Headline earnings reconciliation

Group	2023			2022		
	Gross	Income tax effect	Net	Gross	Income tax effect	Net
Profit for the year attributable to owners of the Company			147			140
<b>Re-measurement:</b>						
(Profit)/loss of disposal of property, plant and equipment	(4)	1	(3)	2	-	2
Contingent consideration on sale of South African operations	-	-	-	20	-	20
Impairment losses	6	(1)	5			
<b>Headline earnings/(loss)</b>			<b>149</b>			<b>162</b>

### Adjusted for:

#### Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share

Weighted average number of ordinary shares used for basic earnings per share - 000's	1 344 959	1 342 319 *	-	-
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\* 2022 restated for the rights offer as detailed in note 26.

## Choppies Enterprises Limited

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### Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

#### 15. Property, plant and equipment

Group	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	72	(21)	51	57	(23)	34
Plant and machinery	609	(332)	277	603	(350)	253
Furniture and fixtures	185	(123)	62	189	(131)	58
Motor vehicles	235	(95)	140	208	(116)	92
Office equipment	109	(81)	28	107	(80)	27
Computer hardware and accessories	152	(113)	39	149	(110)	39
Aircraft	58	(23)	35	58	(23)	35
<b>Total</b>	<b>1 420</b>	<b>(788)</b>	<b>632</b>	<b>1 371</b>	<b>(833)</b>	<b>538</b>

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### Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

#### 15. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Group - 2023

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	Computer hardware and accessories	Aircraft	Total
<b>Opening balance</b>								
Cost	57	603	189	208	107	149	58	1 371
Accumulated depreciation and impairment	(23)	(350)	(131)	(116)	(80)	(110)	(23)	(833)
<b>Net book value at 01 July 2022</b>	<b>34</b>	<b>253</b>	<b>58</b>	<b>92</b>	<b>27</b>	<b>39</b>	<b>35</b>	<b>538</b>
Additions	25	57	13	69	2	15	-	181
Disposals and scrappings - cost	-	(10)	(5)	(37)	(1)	(4)	-	(57)
Disposals and scrappings - accumulated depreciation	-	10	5	27	1	4	-	47
Hyperinflation - cost	5	14	4	2	1	3	-	29
Hyperinflation - accumulated depreciation	(3)	(11)	(3)	(2)	(1)	(2)	-	(22)
Foreign exchange movements - cost	(15)	(55)	(16)	(7)	-	(11)	-	(104)
Foreign exchange movements - accumulated depreciation	7	36	10	6	-	1	-	60
Depreciation	(2)	(17)	(4)	(10)	(1)	(6)	-	(40)
<b>Net book value at 30 June 2023</b>	<b>51</b>	<b>277</b>	<b>62</b>	<b>140</b>	<b>28</b>	<b>39</b>	<b>35</b>	<b>632</b>
<b>Made up as follows:</b>								
Cost	72	609	185	235	109	152	58	1 420
Accumulated depreciation and impairment	(21)	(332)	(123)	(95)	(81)	(113)	(23)	(788)
	<b>51</b>	<b>277</b>	<b>62</b>	<b>140</b>	<b>28</b>	<b>39</b>	<b>35</b>	<b>632</b>

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 15. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Group - 2022

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	Computer hardware and accessories	Aircraft	Total
<b>Opening balance</b>								
Cost	54	554	184	199	107	127	58	1 283
Accumulated depreciation and impairment	(20)	(316)	(116)	(123)	(73)	(106)	(22)	(776)
<b>Net book value at 01 July 2021</b>	<b>34</b>	<b>238</b>	<b>68</b>	<b>76</b>	<b>34</b>	<b>21</b>	<b>36</b>	<b>507</b>
Additions	3	34	12	48	-	23	-	120
Disposals and scrappings - cost	-	-	-	(31)	-	-	-	(31)
Disposals and scrappings - accumulated depreciation	-	-	-	22	-	-	-	22
Hyperinflation - cost	12	31	6	(2)	-	5	-	52
Hyperinflation - accumulated depreciation	(5)	(18)	(7)	(4)	-	3	-	(31)
Foreign exchange movements - cost	(12)	(16)	(13)	(6)	-	(6)	-	(53)
Foreign exchange movements - accumulated depreciation	5	20	4	5	-	4	-	38
Depreciation	(3)	(36)	(12)	(16)	(7)	(11)	(1)	(86)
<b>Net book value at 30 June 2022</b>	<b>34</b>	<b>253</b>	<b>58</b>	<b>92</b>	<b>27</b>	<b>39</b>	<b>35</b>	<b>538</b>
<b>Made up as follows:</b>								
Cost	57	603	189	208	107	149	58	1 371
Accumulated depreciation and impairment	(23)	(350)	(131)	(116)	(80)	(110)	(23)	(833)
	<b>34</b>	<b>253</b>	<b>58</b>	<b>92</b>	<b>27</b>	<b>39</b>	<b>35</b>	<b>538</b>

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Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 15. Property, plant and equipment (continued)

#### Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings note 30:

The Group entered into a Loan Facilities Agreement during the 2021 reporting period which was secured by a cross-company guarantee issued by Choppies Enterprises Limited and its subsidiaries and a deed of hypothecation in favour of the lenders over movable assets limited to BWP 636 million issued by Choppies Enterprises Limited and its subsidiaries. At the reporting date BWP 446 million (2022: BWP 516 million) of these facilities were utilised. Refer to notes 25 and 30 for further disclosure of the facilities.

#### Impairment and reversal of impairment

During the current year no impairment indicators were identified relating to buildings and plant and machinery. There is no impairment for the period under review for buildings (2022: P Nil) and plant and machinery P Nil (2022: P Nil).

### 16. Right-of-use assets

Group	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use - buildings	1 219	(584)	635	1 046	(449)	597

#### Reconciliation of right-of-use asset

	Group		Company	
	2023	2022	2023	2022
	1 046	902	-	-
	(449)	(322)	-	-
Net book value at 01 July	597	580	-	-
Additions	237	162	-	-
Foreign exchange movements - cost	(81)	(6)	-	-
Foreign exchange movements - accumulated depreciation	17	(6)	-	-
Effects of hyperinflation - cost	17	34	-	-
Effects of hyperinflation - accumulated depreciation	(2)	(12)	-	-
Depreciation	(150)	(155)	-	-
	<b>635</b>	<b>597</b>	-	-

#### Comprising of:

Cost	1 219	1 046	-	-
Accumulated depreciation	(584)	(449)	-	-
	<b>635</b>	<b>597</b>	-	-

#### Other disclosures

Interest expense on lease liabilities	61	56	-	-
Gain on rental concession	(4)	(9)	-	-
Variable lease payments	10	8	-	-



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	2023	2022	2023	2022

### 17. Goodwill

Group	2023			2022		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	17	-	17	48	-	48

	Group		Company	
	2023	2022	2023	2022
Cost	48	60	-	-
Effects of hyperinflation accounting	17	31	-	-
Effects of movement in exchange rates	(48)	(43)	-	-
	<b>17</b>	<b>48</b>	-	-

The valuation of goodwill at the reporting date was determined by comparing the value in use of the cash generating units ("CGUs"), that the goodwill is allocated to, the carrying amounts of the assets and liabilities within the CGUs. The value in use is determined by comparing the present value of estimated incremental future cash flows to the carrying amount. This was based on five-year cash flow projections based on the most recent budgets approved by the Board and extrapolations of cash flows. The growth rates incorporated in the projections do not exceed the average long-term growth rates for the market in which the CGU operates.

No Impairment indicators were identified relating to goodwill.

	Group		Company	
	2023	2022	2023	2022

**Goodwill is allocated to the CGUs (mainly individual stores) of the main operations as follows:**

#### Goodwill

Nanavac Investments (Pvt) Limited (Zimbabwe)	17	48	-	-
--	----	----	---	---

The following assumptions were applied in the evaluation of goodwill discount rate is 28.2% (2022: 22%).

	Group		Company	
	2023	2022	2023	2022

#### Average sales growth rate

In Zimbabwe	20	30		
Terminal value growth rate	2.0	2.4		

	Group		Company	
	2023	2022	2023	2022

#### Five year average inflation rate

In Zimbabwe	17	50		
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	2023	2022	2023	2022

### 17. Goodwill (continued)

Figures in Pula million	Group		Company	
	2023	2022	2023	2022

#### Five year gross profit margin

In Zimbabwe - percentage

Group		Company	
2023	2022	2023	2022
23	21.0		

The value-in-use calculations and impairment reviews are sensitive to changes in key assumptions, particularly relating to discount rates and cash flow growth. A sensitivity analysis has been performed based on changes in key assumptions. The following key assumptions would need to change by the amounts as disclosed below, assuming all other assumptions remained constant, in order for the estimated recoverable amounts of the CGUs to equal their carrying amounts:

- an increase in the discount rate between 40% and 70% depending on the CGU;
- a decrease in terminal value growth rate between 100% and 130% depending on the CGU.

### 18. Intangible assets

Group	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	36	(28)	8	32	(28)	4

#### Reconciliation of intangible assets - Group

	Group		Company	
	2023	2022	2023	2022
Cost	32	30	-	-
Accumulated amortisation	(15)	(12)	-	-
Accumulated impairment	(13)	(13)	-	-
Net book value at 01 July	4	5	-	-
Additions	4	2	-	-
Amortisation	-	(3)	-	-
	<b>8</b>	<b>4</b>	-	-

#### Comprising of:

Cost	36	32	-	-
Accumulated amortisation	(15)	(15)	-	-
Accumulated impairment	(13)	(13)	-	-
	<b>8</b>	<b>4</b>	-	-

### 19. Investments in new projects

These amounts relate to capital expenditure incurred with regard to new stores to be opened in the following financial year. The amounts are non-current in nature and will be transferred to plant and equipment when the store opens.

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	2023	2022	2023	2022
<b>19. Investments in new projects (continued)</b>				
<b>Investments in new projects is reconciled as follows:</b>				
Balance at the beginning of the year	8	8	-	-
Amounts reclassified as additions to property, plant and equipment during the year	-	(15)	-	-
Capital advanced during the year	-	13	-	-
Effects of exchange rates	(1)	2	-	-
	<b>7</b>	<b>8</b>	-	-

### 20. Investment in subsidiaries

The following table lists the entities which are controlled directly by the Company, and the carrying amounts of the investments in the Company's separate financial statements.

#### Company

Name of company	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Choppies Distribution Centre (Pty) Limited	100 %	100 %	74	74
Choppies Supermarkets Namibia (Pty) Limited	2.5 %	100 %	-	-
Choppies Supermarkets Tanzania Limited	75 %	75 %	13	13
Choppies Supermarkets Tanzania Limited-Impairment			(13)	(13)
Choppies Enterprises Kenya Limited	75 %	75 %	179	179
Choppies Enterprises Kenya Limited - impairment	-	-	(179)	(179)
Choppies Distribution Centre Kenya Limited	75 %	75 %	-	-
Choppies Supermarket Mozambique Limitada	90 %	90 %	34	34
Choppies Supermarket Mozambique Limitada - impairment	-	-	(34)	(34)
Choppies Supermarkets Limited (Zambia)	30 %	90 %	-	-
Nanavac Investments (Pvt) Limited	100 %	100 %	-	-
			<b>74</b>	<b>74</b>

The holding Company's shareholding reduced as indicated as Choppies Distribution Centre (Pty) Limited converted loans to equity for the following subsidiaries.

#### Company

Choppies Distribution Centre (Pty) Limited	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Choppies Supermarkets Namibia (Pty) Limited	97.5 %	- %	84	-
Choppies Supermarkets Limited (Zambia)	60 %	- %	158	-
			<b>242</b>	<b>-</b>

As Choppies Distribution Centre (Pty) Limited is a wholly owned subsidiary of the Company, the Company retains majority control over these subsidiaries.

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	2023	2022	2023	2022

### 20. Investment in subsidiaries (continued)

#### Assessment of investments in subsidiaries for impairment

The Company assesses investments in subsidiaries for potential impairment when their impairment indicators have been identified. The Company assesses the current and future financial performance of these subsidiaries, taking into account the Company's business model (5 year projection). An impairment loss is recognised if a subsidiary does not show a cumulative profitable return over the next five years from the year end. All investments in subsidiaries are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the investments' recoverable amount exceeds its carrying amount. Future performance was assessed based on cash flow projections for the Group's subsidiaries below and the following key assumptions:

The Group reviewed the projections and operations of the regions, namely Botswana, Namibia and Zambia and remains optimistic of the region as it is showing good growth and value add to the Group. As a result, the Group did not impair these investments in the financial year 2023 due to the expected positive EBIDTA and increase in value based on future projections.

### 21. Inventories

Merchandise	462	472	-	-
Goods in transit	1	1	-	-
	463	473	-	-
Provision for inventory obsolescence	(22)	(12)	-	-
	<b>441</b>	<b>461</b>	-	-
Cost of sale recognised as expense during the year	5 074	4 735	-	-

### 22. Amounts due from related parties

Amounts due from related entities - other related parties	3	4	464	164
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Transactions with related entities are carried out on mutually agreed terms and conditions in the normal course of business on an arm's length basis. Refer to note 37 for the details of related party balances and transactions.

All amounts are short-term. The carrying values of amounts due from related entities are considered to be a reasonable approximation of fair value.

#### Exposure to credit risk

Amounts due from related entities inherently expose the Group to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

A loss allowance is recognised for all amounts due from related entities, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. Amounts due from related entities are written off when there is no reasonable expectation of recovery, for example, when a related entity is placed or has been placed under liquidation. Amounts due from related entities which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for amounts due from related parties by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on amounts due from related parties is determined as the lifetime expected credit losses on amounts due from related parties. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of amounts due from related parties but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. The lifetime ECL (Expected Credit Loss) is expected to be immaterial or almost nil based on past experience as a result of low risk of default and no amounts are past due.

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	2023	2022	2023	2022

### 22. Amounts due from related parties (continued)

At the Company level, an impairment loss from related parties (subsidiaries) is recognised based on management's assessment of the related party's inability to repay the amounts advanced in the near future.

### 23. Advances and deposits

Prepaid expenses	5	7	-	-
Rent deposits	9	9	-	-
Other deposits	3	1	-	-
Electricity deposits	3	3	-	-
Advance to suppliers	32	31	-	-
Other advances	5	5	-	-
Kamoso Africa Proprietary Limited*	14	-	-	-
	<b>71</b>	<b>56</b>	-	-

Advances to suppliers are prepayments for inventory and services.

\*Choppies acquired 76% (seventy six percent) of the Kamoso Group for P2.00 (two Pula) and took cession of shareholders loans to the value of P22 million on 19th July 2023. As at 30th June 2023, P13.8 million was held in trust by the seller. This amount together with the balance of the P22 million was paid to the sellers on the 20th July 2023.

### 24. Trade and other receivables

#### Financial instruments:

Trade receivables	9	15	-	-
Loss allowance	(3)	(10)	-	-
Trade receivables at amortised cost	6	5	-	-
Rebate receivable	39	29	-	-
Other receivable	47	32	-	-

#### Non-financial instruments:

Value added tax	8	9	-	-
<b>Total trade and other receivables</b>	<b>100</b>	<b>75</b>	-	-

Other receivables include balances relating to counterparties for transacting in money transfers, electricity and satellite television subscriptions.

#### Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	92	66	-	-
Non-financial instruments	8	9	-	-
	<b>100</b>	<b>75</b>	-	-

#### Exposure to credit risk

Trade and other 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.

Trade receivables arise from retail sales. Retail trade is located in Botswana, Namibia, Zambia and Zimbabwe. Credit risk is assessed and monitored internally along these risk concentrations.

The Company is exposed to credit risk if counterparties fail to make payments as they fall due.

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	2023	2022	2023	2022

### 24. Trade and other receivables (continued)

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company uses a provision matrix to measure the expected credit loss (ECL) of trade receivables from various customer groups. Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on type of clients and products.

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. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

#### Credit risk on rebate receivable

These rebates receivable are recovered from supplier payments and the Group does not expect any credit loss. Rebate receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

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 due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2023	2023	2022	2022
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate:</b>				
Not past due: 3% (2022: 71%)	3	-	7	(5)
More than 91 days past due: 100% (2022: 100%)	3	(3)	5	(5)
<b>Total</b>	<b>6</b>	<b>(3)</b>	<b>12</b>	<b>(10)</b>

#### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses (ECL)) for lease receivables:

<b>Opening balance in accordance with IFRS 9</b>	<b>10</b>	<b>3</b>	-	-
Provision for ECL current year	-	7	-	-
Provisions reversed on settled trade receivables	(7)	-	-	-
<b>Closing balance</b>	<b>3</b>	<b>10</b>	-	-

#### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

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	2023	2022	2023	2022
<b>25. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash on hand	222	10	-	-
Bank balances	-	75	3	-
Bank overdraft	(79)	(68)	-	-
	<b>143</b>	<b>17</b>	<b>3</b>	<b>-</b>
Current assets	222	85	3	-
Current liabilities	(79)	(68)	-	-
	<b>143</b>	<b>17</b>	<b>3</b>	<b>-</b>

The Company had a cash balance of BWP 437 530 at 30 June 2022.

The Group has the following facilities:

- Facility D - raised with a consortium of banks as described under note 30. Facility D is a BWP 80 million overdraft facility from Absa Bank Botswana Limited, Stanbic Bank Botswana Limited and First National Bank Botswana Limited, secured by a cross-company guarantee of BWP 80 million issued by Choppies Enterprises Limited and its subsidiaries and a deed of hypothecation in favour of the lenders over movable assets limited to BWP 80 million issued by Choppies Enterprises Limited and its subsidiaries. At the reporting date BWP 77 million (2022: BWP 68 million) of this facility was utilised.
- Nanavac Investments (Pvt) Limited (Zimbabwe) 13 - - -  
At the reporting date BWP 2 million (2022: BWP -) of this facility was utilised.

## 26. Stated capital

### Issued ordinary shares - '000s

At the beginning of the year	1 303 628	1 303 628	1 303 628	1 303 628
Issued through rights offer	520 834	-	520 834	-
<b>At end of the year</b>	<b>1 824 462</b>	<b>1 303 628</b>	<b>1 824 462</b>	<b>1 303 628</b>

### issued stated capital - Pula millions

At the beginning of the year	906	906	906	906
Issued through rights offer	300	-	300	-
Foreign exchange gain on Rand valued shares	7	-	7	-
Share issue expenses	(6)	-	(6)	-
	<b>1 207</b>	<b>906</b>	<b>1 207</b>	<b>906</b>

The Company released a circular, relating to the partially underwritten, renounceable rights offer of ordinary no par value shares in Choppies.

In terms of the rights offer, Choppies offered a total of 520 833 333 ordinary shares for subscription, by way of renounceable rights, at the rights offer price of P0.576 or R0.82368 (based on the applicable Pula/Rand exchange rate as at close of trade on 31 May 2023, being R1.43 to the Pula) per ordinary share on the basis of 1 rights offer shares for every 2.50297 ordinary shares held by qualifying Choppies shareholders.

The rights offer was partially underwritten by Ivygrove Holdings Proprietary Limited and Export Marketing (BVI) Limited.

The rights offer closed at 12:00 Botswana / South African time on Wednesday, 28 June 2023 and the full BWP300 000 000 was raised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank pari passu with regard to the Company's residual assets.

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	2023	2022	2023	2022
<b>27. Treasury shares</b>				
The Group operates an employee share incentive scheme.				
Shares granted in terms of the scheme meet the definition of an equity-settled share-based payments.				
Total number of shares held as treasury shares - '000s	15 570	12 000	-	-
Value of treasury shares held by Choppies Distribution Centre (Pty) Ltd	32	-	-	-
Value of shares held by the Share Trust	-	30	-	-
<b>28. Hyperinflationary translation reserve</b>				
This reserve is used to report the exchange differences on translating subsidiaries which is based in hyperinflationary economy. The Zimbabwe Dollar (ZWS) functional currency in which one of the subsidiaries operates continues to be hyper-inflationary and the results of its operations have been prepared in terms of the IAS 29 "Financial Reporting in Hyper-inflationary Economies".				
Opening balance	269	194	-	-
Exchange differences on translating foreign operations in hyperinflationary economy	43	75	-	-
	<b>312</b>	<b>269</b>	-	-
<b>29. Foreign currency translation reserve</b>				
This reserve is used to record exchange differences arising from the translation of the results of foreign subsidiaries.				
Opening balance	(586)	(474)	-	-
Exchange differences on translating foreign operations	(96)	(113)	-	-
Exchange differences on translating foreign operations attributable to non-controlling interest	-	1	-	-
	<b>(682)</b>	<b>(586)</b>	-	-
Foreign currency translation reserve comprises of:				
Foreign currency translation reserve - continuing operations	(682)	(586)	-	-
<b>30. Borrowings</b>				
<b>Held at amortised cost</b>				
<b>Secured</b>				
First National Bank Botswana Limited	47	56	-	-
Absa Bank Botswana Limited	203	255	-	-
Stanbic Bank Botswana Limited	119	143	-	-
ABSA Bank South Africa Limited	-	3	-	-
Absa Bank Kenya Plc	-	10	-	-
<b>Unsecured</b>				
Shanta Retail Holding Limited	-	37	-	-
Loan from shareholders	-	113	-	-
	<b>369</b>	<b>617</b>	-	-



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	2023	2022	2023	2022

### 30. Borrowings (continued)

#### Split between non-current and current portions

Non-current liabilities	216	530	-	-
Current liabilities	153	87	-	-
	<b>369</b>	<b>617</b>	-	-

Refer to note 35 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 39 Financial instruments and financial risk management for the fair value of borrowings.

The lenders have made available three term facility loans: -

- Facility A1 is repayable by way of monthly equal instalments commencing in March 2021 and ended in February 2023.
- Facility B is repayable by way of monthly equal instalments commencing in March 2023 and ending in February 2026.
- Facility C is repayable in by way of a lump sum in March 2026.

Facility A1 is part of a basket of facilities including the Absa Bank of SA loan (facility A2) and Absa Bank of Kenya loan (facility A3) as detailed in the notes below and the Bank Overdraft (facility D) as detailed in note 25.

Interest is calculated based on the rate of interest on each loan per annum which is the aggregate of the applicable: (a) margin and: (b) the reference rate, their reference rate being the Botswana prime lending rate. Interest accrues on a day-to-day basis and is calculated based on 365 days and the actual number of days elapsed on a 365 days per basis. Interest shall accrue on each facility on each interest payment date. The first interest period shall begin at the utilisation date of each loan.

Absa South Africa Bank Limited

The lenders have made available a term facility loan: -

Facility A2 is repayable by way of monthly equal instalments commencing in March 2021 and ended in January 2023.

Interest is calculated based on the rate of interest on each loan per annum which is the aggregate of the applicable: (a) margin and: (b) the reference rate, their reference rate being the South African prime lending rate. Interest accrues on a day-to-day basis and is calculated based on 365 days and the actual number of days elapsed on a 365 days per basis. Interest shall accrue on each facility on each interest payment date. The first interest period shall begin at the utilisation date of each loan.

Facility A3 is repayable by way of monthly equal instalments commencing in March 2021 and ending in February 2023.

Interest is calculated based on the rate of interest on each loan per annum which is the aggregate of the applicable: (a) margin and: (b) the reference rate, their reference rate being the Libor lending rate. Interest accrues on a day-to-day basis and is calculated based on 365 days and the actual number of days elapsed on a 365 days per basis. Interest shall accrue on each facility on each interest payment date. The first interest period shall begin at the utilisation date of each loan.

Facility loans A to C are subject to financial covenants. Under the terms of the major borrowing facilities, the Botswana Group\* is required to comply with the following financial covenants, calculated on the basis that IAS 17 - Leases is still applied:

- Botswana Group gross debt to EBITDA ratio must not exceed 1.75 times (2022: 2.0 times);
- Botswana Group interest cover ratio (EBITDA divided by finance charges) must be minimum of 5.0 times;
- Botswana debt service cover ratio (free cash flow divided by the debt service costs) must be a minimum of 1.2 times.

The covenants are measured quarterly.

\*The Botswana Group consists of the parent Company and the Botswana subsidiary - Choppies Distribution Centre (Pty) Ltd.

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	2023	2022	2023	2022

#### 30. Borrowings (continued)

The Botswana Group has complied with these covenants throughout the reporting period. As at the reporting date, these ratios measure as follows:-

	2023	2022
• Gross debt to EBITDA	1.5	1.5
• Interest Cover ratio	8.2	5.4
• Debt service cover ratio	1.6	1.7

#### Shanta Retail Holding Limited

In August 2019, the Group obtained a short-term loan from the minority shareholder Shanta Retail Holding Limited for USD 4 million to further finance the working capital requirements of Choppies Enterprises Kenya Limited. The loan was interest free and was settled in full during the year.

#### Loan from founding shareholders

The founding shareholders effected a payment of BWP 100 million on 19 October 2019 to the company. The capital of the loan bears interest at a rate equal to 0.5% below the average rate of interest paid by Choppies Enterprises Limited to the lenders under various finance documents as defined in the intercreditor agreement. The loan was repaid during the year.

#### At the reporting date, borrowings payables were as follows:

##### Cash flows within one year

Capital repayments	153	87	-	-
Interest	22	33	-	-
	<b>175</b>	<b>120</b>	-	-

##### Cash flows within two to five years

Capital repayments	216	530	-	-
Interest	20	60	-	-
	<b>236</b>	<b>590</b>	-	-

##### Total

Capital repayments	369	617	-	-
Interest	42	93	-	-
	<b>411</b>	<b>710</b>	-	-

#### 31. Lease liabilities

##### Minimum lease payments due

- within one year	242	206	-	-
- in second to fifth year inclusive	613	545	-	-
- later than five years	191	149	-	-
	1 046	900	-	-
less: future finance charges	(218)	(156)	-	-
<b>Present value of minimum lease payments</b>	<b>828</b>	<b>744</b>	-	-

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<b>31. Lease liabilities (continued)</b>				
<b>Present value of minimum lease payments due</b>				
- within one year	168	157	-	-
- in second to fifth year inclusive	470	405	-	-
- later than five years	190	182	-	-
	<b>828</b>	<b>744</b>	-	-
Non-current liabilities	660	587	-	-
Current liabilities	168	157	-	-
	<b>828</b>	<b>744</b>	-	-

Refer to note 35 Changes in liabilities arising from financing activities for details of the movement in the lease liabilities.

### Details of leases

The Group has leases for the stores it operates in Botswana, Zambia, Namibia and Zimbabwe. With the exception of short-term leases, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 15).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a termination fee. Most leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

### Scania Finance Southern Africa (Pty) Limited

#### Finance lease liabilities

These lease liabilities are secured over motor vehicles with a net book value of BWP 127 million (2022: BWP 30 million). These liabilities bear interest at the South African prime lending rate less 0.5%-1% per annum and are repayable in 24-36 monthly instalments.

### Alensy Energy Solutions (Pty) Ltd

These lease liabilities are secured over solar equipment with a net book value of BWP 1 million (2022: BWP 2 million). These liabilities bear interest at the South African prime lending rate plus 2% per annum and are repayable in 36 monthly instalments.

### Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

Gain on rental concession	(4)	(9)	-	-
Variable lease payments	2	8	-	-
	<b>(2)</b>	<b>(1)</b>	-	-

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset. Variable lease payments are expensed in the period they are incurred.

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	2023	2022	2023	2022

### 31. Lease liabilities (continued)

Additional information on the leased assets by class of assets is as follows:

#### 30 June 2023

	Carrying amounts	Depreciation expense	Impairment	
Buildings	635	150	-	
Motor vehicles	127	6	-	
Solar equipment	1	-	-	
	<b>763</b>	<b>156</b>		<b>-</b>

#### 30 June 2022

	Carrying amounts	Depreciation expense	Impairment	
Buildings	597	154	-	
Motor vehicles	30	3	-	
Solar equipment	2	-	-	
	<b>629</b>	<b>157</b>		<b>-</b>

The leased assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

### 32. Deferred tax asset and liability

Movement in deferred tax is analysed as follows:

#### Reconciliation of deferred tax asset / (liability)

At beginning of year	(16)	(19)	-	-
Charge to profit /(loss)	23	3	-	-
Foreign exchange differences	1	-	-	-
	<b>8</b>	<b>(16)</b>		<b>-</b>

#### Deferred tax liability

Accelerated capital allowances	(43)	(37)	-	-
Right of use asset	(97)	(93)	-	-
Unrealised foreign exchange loss	(1)	(1)	-	-
<b>Total deferred tax liability</b>	<b>(141)</b>	<b>(131)</b>		<b>-</b>

#### Deferred tax asset

Lease liabilities	118	113	-	-
Tax losses carried forward	31	2	-	-
<b>Total deferred tax asset</b>	<b>149</b>	<b>115</b>		<b>-</b>

Deferred tax liability	(141)	(131)	-	-
Deferred tax asset	149	115	-	-
<b>Total net deferred tax asset (liability)</b>	<b>8</b>	<b>(16)</b>		<b>-</b>

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	2023	2022	2023	2022
<b>32. Deferred tax asset and liability (continued)</b>				
Deferred tax relating to tax losses shown separately under non-current assets	31	-	-	-
Deferred tax liability shown separately under non-current liabilities	(23)	-	-	-
	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Recoverability of deferred tax assets

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's operations where there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise the tax losses carried forward by the specific company to which it relates. Management has carefully assessed the entities' ability to generate future taxable profits against which the recognised tax losses can be utilised. Such assessments are based on the approved budgets and the forecasts of the entities including their ability to raise funding to maintain and support their operations.

### 33. Amounts due to related parties

Amounts due to related entities	31	44	170	-
---------------------------------	----	----	-----	---

These balances are trade related, unsecured, interest free and are repayable under normal trading terms. Refer to note 37 for the details of related party balances and transactions.

All amounts are short-term. The carrying values of amounts due to related entities are considered to be a reasonable approximation of fair value.

### 34. Trade and other payables

#### Financial instruments:

Trade payables	616	585	-	-
Other payables	147	139*	5	-

#### Non-financial instruments:

Withholding tax payable	8	2	-	-
Vat payables	14	7	-	-
	<b>785</b>	<b>733</b>	<b>5</b>	<b>-</b>

\*Restated refer to note 42.

#### Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	763	724	5	-
Non-financial instruments	22	9	-	-
	<b>785</b>	<b>733</b>	<b>5</b>	<b>-</b>

Trade and other payables are interest-free and have payment terms of up to 30 days.

#### Fair value of trade and other payables

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value. Information of the Group's exposure to currency and liquidity risks is included in note 39.

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	2023	2022	2023	2022

#### 35. Changes in liabilities arising from financing activities

##### Reconciliation of liabilities arising from financing activities - Group - 2023

	Opening balance	Foreign exchange movements	New leases	Repayments	Accrued Interest	Closing balance
Borrowings	467	-	-	(98)	-	369
Shareholders loan	113	-	-	(120)	7	-
Shanta	37	(3)	-	(34)	-	-
Lease liabilities - financed assets	31	-	50	(18)	-	63
Lease liabilities - right-of-use assets	713	(32)	243	(159)	-	765
<b>Total liabilities from financing activities</b>	<b>1 361</b>	<b>(35)</b>	<b>293</b>	<b>(429)</b>	<b>7</b>	<b>1 197</b>

Repayment of borrowings of BWP 132 million consists of borrowings of BWP 98 million and Shanta of BWP 34 million. Lease capital repayments of BWP 177 million consists of finance leases of BWP 18 million and leases of BWP 159 million.

The new leases for right-of-use assets of BWP 243 million is not a cash flow.

##### Reconciliation of liabilities arising from financing activities - Group - 2022

	Opening balance	Foreign exchange movements	New leases	Repayments	Accrued Interest	Closing balance
Borrowings	551	-	-	(84)	-	467
Shareholders loan	107	-	-	-	6	113
Shanta	44	5	-	(12)	-	37
Lease liabilities - financed assets	2	-	36	(7)	-	31
Lease liabilities - right-of-use assets	720	44	112	(163)	-	713
<b>Total liabilities from financing activities</b>	<b>1 424</b>	<b>49</b>	<b>148</b>	<b>(266)</b>	<b>6</b>	<b>1 361</b>

#### 36. Contingencies

The Group has the following contingent liabilities at the reporting date:

**36.1** Choppies Enterprises Limited has the guarantees issued for Nanavac Investments (Pvt) Limited valued at BWP 116 million (2022: BWP 72 million)

**36.2** Choppies Enterprises Limited has guarantees issued for Choppies Supermarkets Tanzania Limited: valued at BWP 0.1 million (2022: BWP 0.1 million).

The guarantees are callable on demand.

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	2023	2022	2023	2022

### 37. Related parties

Relationships

Subsidiaries

Refer to note 20

The Group's related parties include its key management, companies with common directors and ownership.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

#### Related party balances - net

##### Amounts due from related entities (subsidiaries)

Choppies Distribution Centre (Pty) Ltd	-	-	437	137
Nanavac Investments (Pty) Ltd	-	-	35	35
Nanavac Investments (Pty) Ltd - impairment	-	-	(18)	(18)
Choppies Supermarkets Limited (Zambia)	-	-	10	10
	-	-	<b>464</b>	<b>164</b>

The balances are unsecured, interest-free and repayable on demand. No other impairment losses have been recognised during the financial year.

Related entities are third parties in which one or both of the founding shareholders or their immediate family members have significant control through ownership or directorship.

These balances are trading related, are based on mutually agreed terms and conditions, unsecured and interest-free and are payable under normal trading terms. A detailed list of entities is available on request.

##### Amounts due from related entities (third parties)

<b>3</b>	<b>4</b>	-	-
----------	----------	---	---

The balances are trading related, are based on mutually agreed terms and conditions, unsecured and interest free and repayable under normal trading terms. A detailed list of entities is available on request.

##### Amounts due to related entities (third parties)

<b>31</b>	<b>44</b>	-	-
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#### Related party transactions

##### Sale of stock to related entities

<b>42</b>	<b>38</b>	-	-
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##### Purchase of goods or services from related entities

<b>463</b>	<b>499</b>	-	-
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##### Rent paid to related parties

The FaR Property Company Ltd\*

64	62	-	-
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\*Rent paid is the actual rental payments as per lease agreements. Included in the statement of profit or loss and other comprehensive income is an interest expense of BWP 14 million (2022: BWP 15 million) relating to the right-of-use asset.

##### Interest paid to related parties

O Ottapathu	6	5	-	-
FE Ismail	1	1	-	-
	<b>7</b>	<b>6</b>	-	-

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	Group		Company	
	2023	2022	2023	2022

### 38. Directors' and prescribed officers' emoluments

The table below provides key management personnel compensation during the year including directors. These amounts are included in employee costs in note 7.

#### Directors fees - BWP Thousands

##### Non-executive directors

FE Ismail	433	100	-	-
CJ Harward	767	433	-	-
DKU Corea	533	300	-	-
T Pritchard	500	467	-	-
V Chitalu	767	433	-	-
R P De Silva	267	-	-	-
	<b>3 267</b>	<b>1 733</b>	-	-

#### Salaries - BWP Thousands

##### Executive- directors

R Ottapathu	6 965	10 146	-	-
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#### Gratuity relating to prior years

R Ottapathu	16 300	-	-	-
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Disclosed in retained loss at 30 June 2021 - refer to note 42.

#### Retainer fees - BWP Thousands

##### Non - executive directors

FE Ismail	300	300	-	-
T Pritchard	417	500	-	-
DKU Corea	660	660	-	-
CJ Harward	360	360	-	-
V Chitalu	618	640	-	-
R P De Silva	83	-	-	-
	<b>2 438</b>	<b>2 460</b>	-	-

#### Salaries - BWP Thousands

##### Related to other key management personnel

V Madhavan	4 737	-	-	-
M Rajcoomar	3 093	3 721	-	-
V Sanooj	2 035	2 279	-	-
S Kolazhy	1 550	1 793	-	-
	<b>11 415</b>	<b>7 793</b>	-	-



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### 39. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

#### Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Amounts due from related parties	22	3	3	3
Trade and other receivables	24	92	92	92
Cash and cash equivalents	25	222	222	222
		<b>317</b>	<b>317</b>	<b>317</b>

#### Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Amounts due from related parties	22	4	4	4
Trade and other receivables	24	66	66	66
Cash and cash equivalents	25	85	85	85
		<b>155</b>	<b>155</b>	<b>155</b>

#### Company - 2023

	Note(s)	Amortised cost	Total	Fair value
Amounts due from related parties	22	464	464	464
Trade and other receivables	24	2	2	2
Cash and cash equivalents	25	3	3	3
		<b>469</b>	<b>469</b>	<b>469</b>

#### Company - 2022

	Note(s)	Amortised cost	Total	Fair value
Amounts due from related parties - net	22	164	164	164

Carrying value is a reasonable approximation of fair value.

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### 39. Financial instruments and risk management (continued)

#### Categories of financial liabilities

##### Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	34	763	763	763
Amounts due to related parties	33	31	31	31
Borrowings	30	369	369	369
Lease liabilities	31	828	828	828
Bank overdraft	25	79	79	79
		<b>2 070</b>	<b>2 070</b>	<b>2 070</b>

##### Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	34	724	724	724
Amounts due to related parties	33	44	44	44
Borrowings	30	617	617	617
Lease liabilities	31	744	744	744
Bank overdraft	25	68	68	68
		<b>2 197</b>	<b>2 197</b>	<b>2 197</b>

Carrying value is a reasonable approximation of fair value because of the short-term nature or market related terms of the liabilities.

#### Capital risk management

The capital structure and gearing ratio of the Group at the reporting date was as follows:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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## Notes to the Consolidated and Separate Annual Financial Statements

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### 39. Financial instruments and risk management (continued)

#### Financial risk management

##### Overview

The Group is exposed to credit, liquidity, interest rate and foreign currency risk due to the effects of changes in debt, exchange rates and interest rates experienced in the normal course of business. The Group's objective is to effectively manage each of the risks associated with its financial instruments in order to minimise the potential adverse effect on the financial performance and position of the Group.

##### Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's board of directors through the audit and risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

##### Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- amounts due from related entities;
  - trade and other receivables;
  - cash and cash equivalents; and
  - advances and deposits.
- financial guarantee contracts at a Company level

The Group limits the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. The Group has no significant concentration of credit risk, and exposure to third parties is monitored as part of the credit control process.

Reputable financial institutions are used for investing and cash handling purposes. All money market instruments and cash equivalents are placed with financial institutions registered with banks registered in the geographical areas where the Group operates. Banks in Botswana are not rated, but most of the banks are subsidiaries of major South African or United Kingdom registered institutions.

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables that have similar characteristics are grouped together and assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and according to the geographical location of customers where applicable.

In determining the level of likely credit losses on write-off of trade receivables, the Group has taken cognisance of historical collections from external debt collection processes and delayed settlement arrangements with debtors, as well as the impact which the expected future development of macro-economic indicators (specifically Gross Domestic Product) may have on historical collection and default rates, including the possible impact of the Russia-Ukraine war on its business and collection.

Trade receivables are considered irrecoverable where:

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### 39. Financial instruments and risk management (continued)

- the customer has not made any payment within 180 days from the date of invoice (at which stage amounts are considered in full default);
- no alternative payment arrangements have been made and adhered to by the customer during the first 90 days after date of invoice; and
- alternative collection efforts (mainly through external debt collection agencies), initiated once the invoice has been outstanding for more than 90 days, have failed.

On the above basis the expected credit loss for trade receivables as at 30 June 2023 was determined as follows, (refer to note 24).

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is summarised as follows:

Group	2023			2022			
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost	
Amounts due from related parties	22	3	-	3	4	-	4
Trade and other receivables	24	95	(3)	92	76	(10)	66
Cash and cash equivalents	25	222	-	222	85	-	85
		<b>320</b>	<b>(3)</b>	<b>317</b>	<b>165</b>	<b>(10)</b>	<b>155</b>

Company	2023			2022			
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost	
Amounts due from related parties - net	22	464	-	464	164	-	164
Trade and other receivables	24	2	-	2	-	-	-
Cash and cash equivalents	25	3	-	3	-	-	-
		<b>469</b>	<b>-</b>	<b>469</b>	<b>164</b>	<b>-</b>	<b>164</b>

### Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

#### Group - 2023

		Less than 1 year	2 to 5 years	Over 5 years	Contractual cash flows	Carrying amount
<b>Non-current liabilities</b>						
Borrowings	30	-	236	-	236	216
Lease liabilities	31	-	613	191	804	660
<b>Current liabilities</b>						
Trade and other payables	34	763	-	-	763	763
Borrowings	30	175	-	-	175	153
Lease liabilities	31	242	-	-	242	168
Bank overdraft	25	79	-	-	79	79
		<b>1 259</b>	<b>849</b>	<b>191</b>	<b>2 299</b>	<b>2 039</b>

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#### 39. Financial instruments and risk management (continued)

##### Group - 2022

		Less than 1 year	2 to 5 years	Over 5 years	Contractual cash flows	Carrying amount
<b>Non-current liabilities</b>						
Borrowings	30	-	590	-	590	530
Lease liabilities	31	-	545	149	694	587
<b>Current liabilities</b>						
Trade and other payables	34	724	-	-	724	724
Borrowings	30	120	-	-	120	87
Lease liabilities	31	206	-	-	206	157
Bank overdraft	25	68	-	-	68	68
		<b>1 118</b>	<b>1 135</b>	<b>149</b>	<b>2 402</b>	<b>2 153</b>

##### Company - 2023

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Current liabilities</b>						
Trade and other payables	34	5	-	-	5	5
Guarantees	36	116	-	-	116	-
		<b>121</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>5</b>

Choppies Enterprises Limited has financial guarantees issued for Nanavac Investments (Pvt) Limited valued at BWP116 million (2022: BWP72 million) and Choppies Supermarkets Tanzania Limited valued at BWP0.1 million (2022: BWP0.1 million). Management has assessed the probability of these entities defaulting as low, and any loss given default as insignificant based on their financial position and the fair value of the underlying property provided as security on these loans. On this basis the liability for financial guarantees was determined to be BWPnil in the years presented.

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	2023	2022	2023	2022

### 39. Financial instruments and risk management (continued)

#### Foreign currency risk

##### Exposure in Pula

The net carrying amounts, in Pula, of the various exposures, are denominated in the following currencies. The amounts have been presented in Pula by converting the foreign currency amounts at the closing rate at the reporting date:

##### US Dollar exposure:

###### Current assets:

Trade and other receivables	24	5	1	-	-
Cash and cash equivalents	25	8	-	-	-

###### Liabilities:

Trade and other payables	34	(18)	(1)	-	-
Loan -Borrowings	25	-	(1)	-	-

##### Net US Dollar exposure

		<b>(5)</b>	<b>(1)</b>	-	-
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##### ZAR exposure:

###### Current assets:

Trade and other receivables	24	25	52	-	-
Cash and cash equivalents	25	186	77	-	-

###### Current liabilities:

Trade and other payables	34	(260)	(230)	-	-
Loans		-	(4)	-	-

##### Net ZAR exposure

		<b>(49)</b>	<b>(105)</b>	-	-
--	--	-------------	--------------	---	---

##### Net exposure to foreign currency in Pula

		<b>(54)</b>	<b>(106)</b>	-	-
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##### Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

##### US Dollar exposure:

###### Current assets:

Trade and other receivables	24	0	8	-	-
Cash and cash equivalents	25	1	4	-	-

###### Current liabilities:

Trade and other payables	34	(1)	(14)	-	-
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##### Net US Dollar exposure

		-	<b>(2)</b>	-	-
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##### ZAR exposure:

###### Current assets:

Trade and other receivables	24	30	39	-	-
Cash and cash equivalents	25	246	59	-	-

###### Current liabilities:

Trade and other payables	34	(348)	(174)	-	-
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Figures in Pula million	Group		Company	
	2023	2022	2023	2022
<b>39. Financial instruments and risk management (continued)</b>				
Loan	25	-	(3)	-
<b>Net ZAR exposure</b>		<b>(72)</b>	<b>(79)</b>	-
<b>GBP exposure:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	25	-	2	-
<b>Exchange rates</b>				
<b>Year end exchange rates:</b>				
South Africa Rand		1.3977	1.3211	-
United States Dollar		0.0740	0.0804	-
British Pound Sterling		0.0584	0.0663	-
<b>Average exchange rates:</b>				
South Africa Rand		1.3610	1.3240	-
United States Dollar		0.0762	0.0862	-
British Pound Sterling		0.0634	0.0665	-

### Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the 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 amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company	2023	2023	2022	2022
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss before tax:</b>				
South African Rand denominated assets - banks	17	(17)	4	(4)
United States Dollar denominated assets- banks	8	(8)	1	(1)
British Pound Sterling denominated assets- banks	0	0	0	0
South African Rand denominated assets - receivables	2	(2)	7	(7)
United States denominated assets - receivables	5	(5)	-	-
South African Rand denominated liabilities	(24)	24	(19)	19
United States Dollar denominated liabilities	(18)	18	(2)	2
	<b>(10)</b>	<b>10</b>	<b>(9)</b>	<b>9</b>

A 10% strengthening of the Botswana Pula against the above mentioned currencies at the reporting date would have had an equal but opposite effect on the Group's profit before taxation and equity to the amounts disclosed above.

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The Company expects its foreign exchange contracts to hedge foreign exchange exposure.

### Interest rate risk

The Group's interest rate risk arises from borrowings, cash and cash equivalents and loans. Fixed rate borrowings expose the Group to fair value interest rate risk. Variable rate borrowings, loans and cash and cash equivalents results in cash flow interest rate risks. Other than ensuring optimum money market rates for deposits, the Group does not make use of financial instruments to manage this risk.

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### 39. Financial instruments and risk management (continued)

The Group invests with reputable institutions and has obtained borrowings and overdraft facilities, which are subject to normal market interest rate risk. The effective annual interest rates on the Group's call deposits, long-term borrowings and bank overdrafts at year-end were as follows:

#### Interest rate profile

The following are the Pula equivalent of the balances susceptible to interest rate risk:

	Note	Average effective interest rate		Carrying amount	
		2023	2022	2023	2022
<b>Assets</b>					
Call accounts denominated in Pula		4.00% to 6.00%	4.00% to 6.00%	2	1
Fixed deposits with banks		5.50% to 7.00%	5.50% to 7.00%	8	5
				<b>10</b>	<b>6</b>
<b>Liabilities</b>					
Borrowings	30	6.00 %	6.00 %	(446)	(744)
<b>Net variable rate financial instruments</b>				<b>(436)</b>	<b>(738)</b>

#### Interest cost

	2023	2022
Botswana		
Absa Bank of Botswana Limited (overdraft)	Prime plus 0.17%	Prime plus 0.17%
Stanbic Bank Botswana Limited (overdraft)	Prime plus 0.17%	Prime plus 0.17%
First National Bank Botswana Limited (overdraft)	Prime plus 0.17%	Prime plus 0.17%
Absa Bank of Botswana Limited (term loan)	Prime plus 0.17%	Prime plus 0.17%
Stanbic Bank Botswana Limited (term loan)	Prime plus 0.81%	Prime plus 0.81%
First National Bank Botswana Limited (term loan)	Prime plus 0.81%	Prime plus 0.81%
Absa Bank Kenya PLC	-	Libor plus 3%
Shanta Retail Holding Limited		
Absa Bank of Botswana Limited	Prime plus 2%	Prime plus 2%
Alensy Energy Solutions (Pty) Ltd	Prime plus 2%	Prime plus 2%
Scania Finance Southern Africa	Prime plus 2%	Prime plus 2%

#### Interest rate sensitivity analysis

With average interest rates as noted, an increase/decrease of 0.5% (2022: 0.5%) in the current interest rates during the reporting period would have increased/decreased the Group's profit before taxation and equity as disclosed below:

Group	2023	2023	2022	2022
	Increase	Decrease	Increase	Decrease
<b>Increase or decrease in rate by 0.5% (2022: 0.5%)</b>				
<b>Impact on pre-tax profit</b>				
Interest paid	8	(8)	7	(7)



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Figures in Pula million	Group		Company	
	2023	2022	2023	2022

### 40. Financial support

Choppies Distribution Centre (Pty) Ltd, a wholly owned subsidiary of Choppies Enterprises Ltd, has pledged its continued financial and operational support to certain subsidiaries of Choppies Enterprises Limited in order for these companies to continue operating as going concerns in the foreseeable future. Each of these companies is technically insolvent with their liabilities exceeding their assets.

The financial support provided by the Company will continue for each individual Company until such time as the equity and assets, fairly valued, exceed the liabilities for each of the respective individual companies.

Based on the ability of Choppies Distribution Centre (Pty) Ltd to continue providing such support, the individual financial statements of these technically insolvent companies have been prepared on the going concern assumption. The shareholders' surplus / (deficits) at the reporting date for each of the companies are summarised as follows:

#### Foreign subsidiaries in BWP million

Choppies Supermarkets Namibia (Pty) Limited	-	-	14	(59)
Choppies Supermarkets Limited (Zambia)	-	-	48	(134)
Nanavac Investments (Pvt) Limited	-	-	(309)	(250)
	-	-	<b>(247)</b>	<b>(443)</b>

### 41. Going concern

The Board evaluated the going concern assumption up to the date of signing of these financial statements, considering the current financial position and their best estimate of the cash flow forecasts and considered it to be appropriate in the presentation of the consolidated annual financial statements.

The Board has reviewed the cash flow forecast for the next 12 months as prepared by management and is of the opinion that the Group has more than sufficient liquidity to adequately support its working capital requirements and consequently, is satisfied with the Group's ability to continue as a going concern for the foreseeable future. Furthermore, it is expected that the Russia-Ukraine war will have less of an impact on the Group during the next financial year.

The Board, relying on managements assessment, is satisfied that the Group is a going concern and therefore continue to apply the going concern assumption in the preparation of these financial statements.

### 42. Prior period error

The Group has restated certain figures in the comparative financial statements for the year ended 30 June 2022, due to an error identified after the issuance of the prior year's financial statements. The error relates to gratuity, which according to the Botswana Employment Act, was payable to the Chief Executive Officer (CEO) but was not accrued or paid up to 1 July 2018. The gratuity is a statutory requirement applicable to all employees who are not a member of a pension fund, and this was duly accrued and paid to all other eligible employees, but had been omitted in the case of the CEO. The gratuity was accrued after 1 July 2018 to 30 June 2023.

This gratuity liability was calculated to be BWP16 million as at 1 July 2018. The error has been corrected retrospectively as the amount related to compensation of key management and was therefore considered to be qualitatively material.

As this error was made in a reporting period prior to the comparative period, the Statement of Financial Position balances as at 30 June 2021 were restated as follows:

Accrual of gratuity	BWP16 million
Income tax thereon	(BWP3 million)
Net charge to equity	BWP13 million

The trade payables balance at 30th June 2021 was restated to include the P16 million and Taxation Payable at 30th June 2021 was reduced by P3m.

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### 42. Prior period error (continued)

In addition, the Statement of Financial Position balances were still understated as at 30 June 2022, so this error resulted in the restatement of the following line items for the year ended 30 June 2022:

The trade payables balance at 30th June 2022 was restated to include the P16 million and Taxation Payable at 30th June 2022 was reduced by P3m.

### 43. Events after the reporting period

On the 19th July 2023, Choppies acquired 76% (seventy six percent) of the Kamoso Group for BWP2.00 (two Pula) and took cession of shareholders loans to the value of BWP22 million. The Botswana Development Corporation (BDC) will retain its 24% stake.

The initial accounting for this business combination was provisionally completed at the time the Group annual financial statements were approved. The figures disclosed as the fair value of assets acquired and liabilities assumed at the date of signature are provisional and subject to the finalisation of the valuations used in the determination of the fair values.

#### Fair value of assets acquired and liabilities assumed

	<b>BWP millions</b>
Property, plant and equipment	80
Intangible assets	114
Goodwill from subsidiaries	39
Deferred tax	8
Inventories	122
Trade and other receivables	109
Taxation refundable	12
Operating lease liability	(124)
Shareholder loans	(47)
Trade and other payables	(202)
Current tax payable	(3)
Bank overdraft	(131)
Contingent liability	(26)
Total identifiable net liabilities	<u>(49)</u>
Non-controlling interest	12
Goodwill	59
<b>Purchase consideration*</b>	<u><b>22</b></u>

\*The cash payment was sourced from cash on hand.

#### Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitles their holders to a proportionate share of the entities' net assets in the event of liquidation, is measured at the present ownership interests proportionate to the acquiree's identifiable net assets.

#### Acquisition-related costs

The acquisition-related costs incurred during financial year June 2023 are immaterial and are included in administration expenses. Transaction costs incurred after year-end will be expensed in administration expenses in the new financial year.