49 years of creating value

2023 Sefalana Integrated Annual Report

Sefalana GROUP

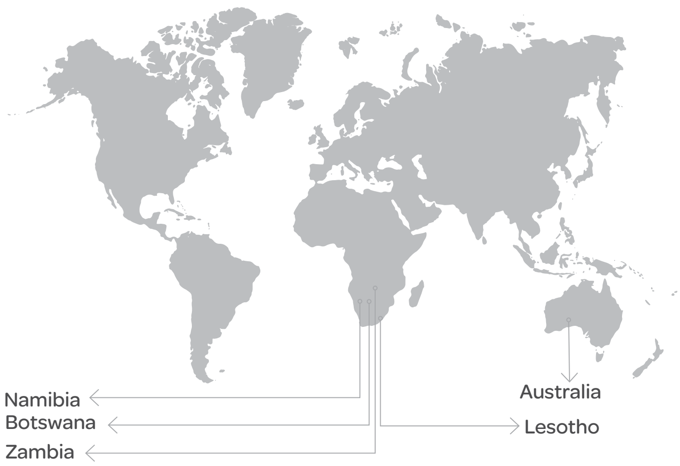
Your basket of opportunities


49
years
of creating
value

WELCOME TO OUR INTEGRATED ANNUAL REPORT

OUR INTEGRATED REPORT

Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth.



OUR VALUES

At Sefalana, our values underpin the way in which we operate and go about our day to day activities. They are the core of our existence, embedded in all our people.

OUR ACHIEVEMENTS

After decades of notable milestones, we celebrate 49 years of creating value.

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Our Integrated Report

Enhanced reporting

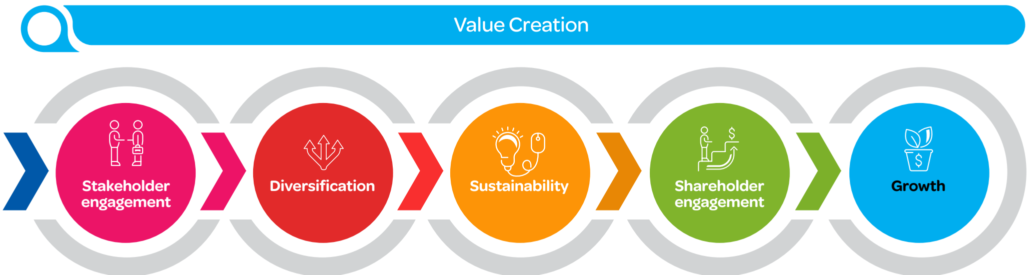
The International Integrated Reporting Council (IIRC) is a worldwide group of regulators, investors, companies, standard setters, accountants and Non - Governmental Organisations (NGOs). The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.

Over 75 countries currently have embraced this form of reporting to some extent. It's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.

The IIRC provides a universally accepted reporting framework known as the International Reporting Framework (IRF) to provide consistency in reporting structure to enhance conventional disclosure and communication with Shareholders and potential investors.

Enhanced reporting

Value creation is demonstrated both in terms of profitability and also in terms of long - term sustainable dividend policy.



Revisions to the IRF were published in January 2021 to endorse more decision useful reporting.

Focus continues to be on integrated thinking and reporting to be the global norm, building on the early adoption that was embraced by a number of large global corporates including Sefalana in previous years.

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

Constantly improving disclosure

Objectives of an Integrated Report

An Integrated Report should be a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the **creation of value** over the short, medium and long term.

We believe that our report enables our Shareholders and potential investors to gain an admiration for exactly this, as we implement and align to best practice each year, enhancing the manner in which we report.

Our Integrated Report
(continued)

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

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

OBJECTIVE
To improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital

RESPONSE
Each year we enhance the level of reporting in our Integrated Annual Report through additional disclosure, taking cognisance of the latest trends in worldwide Corporate Governance. We include the Combined Code (UK Corporate Governance Code) as one of our benchmarks together with King IV against which we measure our compliance as detailed in the Corporate Governance Report.

OBJECTIVE
To promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of the organisation to create value over time

RESPONSE
Material Matters to the Group are detailed later in this section of the report. Refer also to the Group Managing Director's report and the Group Finance Director's report which captures the material aspects of our business and sets out the key risks and factors affecting our ability to generate returns for our Shareholders.

OBJECTIVE
To enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their inter - dependencies

RESPONSE
This is entrenched in the way we do business. This is demonstrated in our business model on page 12. Interdependencies of the various forms of capital are illustrated on page 13.

OBJECTIVE
To support integrated thinking, decision – making and actions that focus on the creation of value over the short, medium and long term

RESPONSE
The Group has regular Strategy workshops to ensure the overall objectives of the Group are identified and articulated. All relevant stakeholders are taken into account and decisions are made accordingly. Shareholder value is therefore augmented in line with this overall strategy as it is inherent in the way we do business. Refer to the Group Finance Director's report for further analysis.

OBJECTIVE
To explain to Shareholders how an organisation creates value over time

RESPONSE
Formal detailed presentations are made to Shareholders every six months to provide an update on how the business is performing and to give an insight into the Group's plans for growth. Value creation is demonstrated both in terms of profitability and also in terms of long term sustainable dividend policy. The relative illiquidity on the Botswana Stock Exchange has posed a challenge for capital growth in share price but this is a common feature across the exchange. Our focus is therefore extended to softer matters of interest to Shareholders such as employment creation and building capacity in the countries in which we operate.

On two occasions in the last eight years we have carried out a Rights Issue program whereby a Circular was issued to Shareholders explaining our vision and plans for the Group. In both instances the Rights Issue shares were oversubscribed demonstrating the effectiveness of our communication to Shareholders regarding value creation and the confidence placed in the Executive team to consistently deliver growth and return on invested capital.

The International Sustainability Standards Board (ISSB)'s inaugural standards – IFRS S1 and IFRS S2 - mark the beginning of a new era of sustainability-related disclosures in capital markets worldwide. The ISSB Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions.

These Standards create a common language for disclosing sustainability-related risks and opportunities on a company's prospects. IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1.

The Integrated Reporting Framework, when used together with ISSB Standards, can support a holistic view of the value creation process through governance and business model disclosure to drive connections between financial statements and sustainability-related financial disclosures.

IFRS S1 already builds on concepts from the IRF which helps a company articulate how it uses and affects resources and relationships for creating and preserving value over time.

By referring to the important value creation process, a company will be better placed to explain how it is working within its business model and value chain to manage the sustainability-related risks and opportunities that can affect its performance and ability to deliver financial value for investors over the short, medium and long term.

We anticipate further work in this area in the ensuing years with further enhanced Integrated Reporting by Sefalana on all value creation and related ESG factors. Please refer to our ESG section of this Annual Report, for details on our ESG Journey.

How our Integrated Report comes together

We aspire to provide our stakeholders with the confidence and assurance that Sefalana is a well-managed and responsible company. This report provides an overview of our strategy and performance in the context of a volatile operating environment and shares our plans to position the business for the future.

Our integrated reporting covers the risks, opportunities and outcomes arising from our operations on an on-going basis.

How it all comes together

Objectives

Reporting performance transparently

Outlook

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives. Managing our business on a daily basis is critical to our performance, however focal strategic decisions are made in light of what we want our Group to evolve into for the next generation. As such, our objective is to position our Group for long-term success, through growing our business from its centre with all our key stakeholders in mind.

Material Matters

Matters that are considered to be "Material" are referred to as matters that substantially affect the Organisation's ability to create value over a short, medium and long term. Our materiality process identifies our key material matters considered Material to the Group and have been extracted from the Group's Risk Register which is used and reported on a regular basis to the Risk Committee.

Material Matters (page 14)

1	Government spending
2	Consumer spending and confidence
3	Foreign exchange fluctuations
4	Changing commodity prices
5	Succession planning
6	Recruitment and retention of key personnel
7	Effective capital structure
8	IT infrastructure
	Brand health and development (not a form of capital)

Board Responsibility Statement

The Board believes that this Annual Report considers all material matters which reflect the performance of the Sefalana Group of companies, and accordingly adopts an Integrated Reporting approach in line with best practice.

Jennifer Marinelli
Board Chair
Independent Non-Executive Director

Chandra Chauhan
Group Managing Director - Executive

Mohamed Osman
Group Finance Director - Executive

Keneilwe P Mere
Independent Non – Executive Director

Bryan Davis
Sefalana Cash and Carry Namibia
Managing Director – Executive

Ms Susanne Swaniker-Tettey
Independent Non – Executive Director

Paula Disberry
Independent Non-Executive Director

Gerhard Scheepers
Sefalana Cash and Carry Botswana
Managing Director – Executive

Mahube Mpugwa
Independent Non - Executive Director

Keith Jefferis
Independent Non - Executive Director

How our Integrated Report comes together
(continued)

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

Objectives

Risk management disclosure

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Reporting performance transparently

Chair's Report

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Group Managing Director's Report

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Group Finance Director's Report

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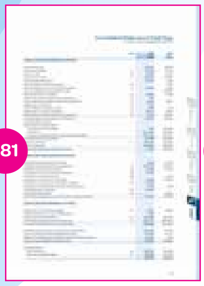
Statement of Cash Flows



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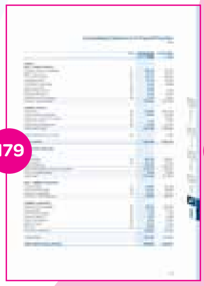
Statement of Financial Position



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Statement of Comprehensive Income

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Integrated **Annual** Reports

Enhanced disclosure every year

Our Business Model

Our business model is designed to enable the Group to achieve its objectives through recognising the various Material Matters (page 14) and also recognising the interdependencies of the various Forms of Capital

Governance structure

Main Board

Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee

Business Model

Performance reporting

Statement of comprehensive income

Statement of financial position

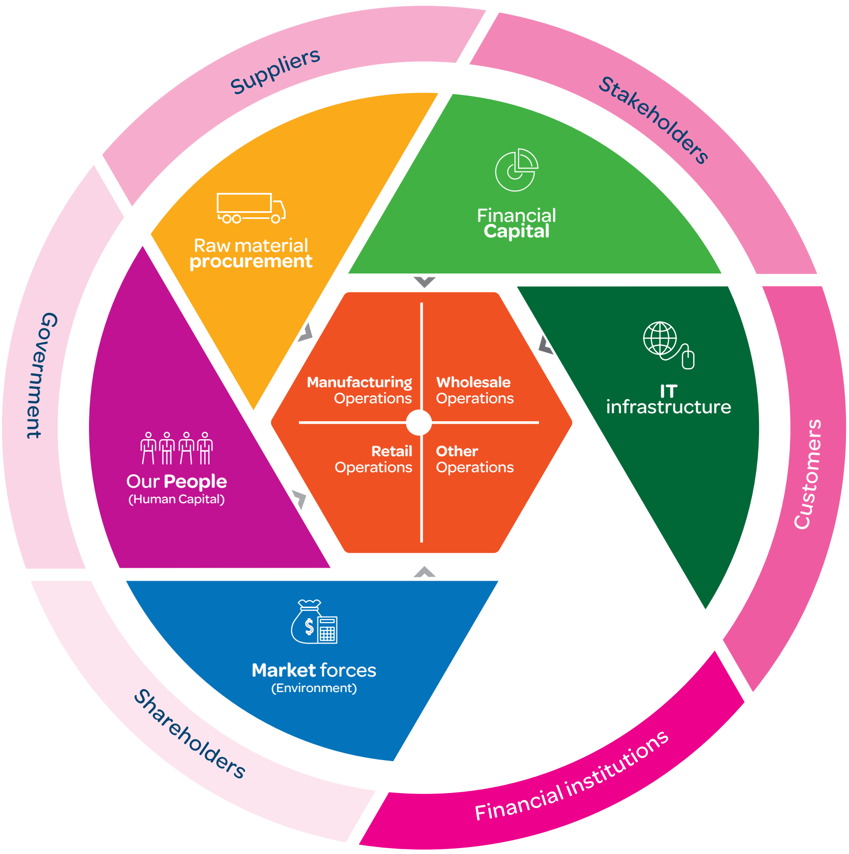
Statement of cash flows

Risk & opportunities evaluation

Risk register

Scoping of the Region for growth opportunities

Property investment & development



Strategy formulation and execution

Values Charter

Regular and effective use of information to support decision - making aligned to the way in which we wish to conduct ourselves

Forms of Capital

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

The inter-relationship between various forms of capital

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

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

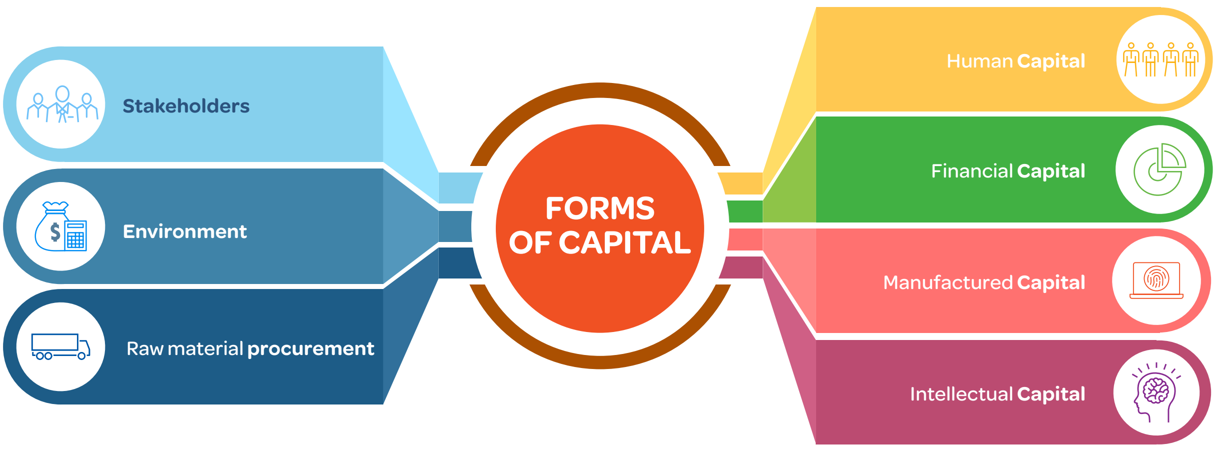
Material Matters

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

Our Material Matters are central to everything we do. Managing these effectively helps us ensure we maximise value for our business.

The following 8 matters that are linked to forms of capital and are considered Material to the Group in this regard and have been extracted from the Group's Risk Register which is used on an on-going basis by Internal Audit and the Risk Department, which then reports on a regular basis to the Audit Committee and Risk Committee respectively:

FORMS OF CAPITAL



1 Government spending

IMPACT

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

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

RISK MITIGATION

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

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

Raw materials are procured from reliable suppliers at the best possible prices thereby ensuring we are best placed to secure and deliver to any orders placed with us with little notice. Wherever possible raw materials are procured from local suppliers. Over the years we have supported a number of local farmers and provided them with a reliable market for their produce.

2 Consumer spending and confidence

IMPACT

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

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

RISK MITIGATION

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

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

Increasing basket size and offering a one - stop - shop helps retain market share. Online and other convenience shopping methods have been provided.

Material Matters
(continued)

3 Foreign exchange fluctuations

IMPACT

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

RISK MITIGATION

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

4 Changing commodity prices

IMPACT

The manufacturing businesses procure significant volumes of sorghum, soya and maize. These commodity prices can double or halve in any given financial year and this is largely driven by worldwide supply and demand. The onset of the Ukraine and Russia conflict has amplified this risk in the current period.

RISK MITIGATION

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

5 Succession planning

IMPACT

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

RISK MITIGATION

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

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

Formal succession planning has taken place during the year and will be further developed such that risk mitigation is optimized.

6 Recruitment and retention of key personnel

IMPACT

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

RISK MITIGATION

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

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

7 Effective capital structure

IMPACT

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

RISK MITIGATION

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

8 IT infrastructure

IMPACT

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

RISK MITIGATION

Computer software and hardware is updated on an ongoing basis.

The latest internet connections are installed in our stores to ensure data is captured quickly and accurately. An IT steering Committee was set up during the year to align the application of the strategy consistently across the Group.

Brand health and development (not a form of capital)

We have built up our brand over almost 50 years and it is critical that we leverage off this brand value to maximise returns.

Our rebranding program commenced in 2015 and has been rolled out throughout the Group. We have received very positive feedback in this area and this has helped consolidate and strengthen our Botswana brand.

We periodically carry out surveys to assess brand health and respond accordingly. We are proud to now being Botswana's leading home grown FMCG brand.


Water
raspberry
flavour
Clear
sparkling

2 OVERVIEW

Our timeline

1974

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

Sefalana
Sefalana Holding Company Limited

1975

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

1989

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

1994

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

2006

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

SEFALANA CASH & CARRY LTD

2009

Investment in property in **Zambia**

2020

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

2020

Launched our Wings & Things and rolled it out in our Shopper stores.

2021

Expanded our premium **Family Favorite** house brand range of products

2022

Money transfer | Bureau de Change

Opened our Sefalana Financial Services Company - trading as **SefRemit**.

SefRemit facilitates the seamless movement of money across the world, in a number of currencies and channels via multiple customer touch-points including retail stores.

2022

Foods Botswana purchased a water and juice bottling plant. We are now producing still, sparkling and flavoured water under the **Clear Water brand.**

49 years of creating *value*

2010

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

2013

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

2013

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

2015

Aquisition of 12 Metro stores **across Namibia**

2015

Refreshed and consolidated **our brand**

2016

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

2016

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

2016

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

2016

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

Launched **"Sefalana rewards"** loyalty program

2017

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

2020

Shopper division celebrates **10 years** of business

2020

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

Our Sefalana

The Sefalana Group is a leading multinational group with its headquarters in Botswana.

The Group was established in 1974 when it consisted of 6 wholesale stores and a maize mill, and a year later was the first company to list on the local Stock Exchange.

Whilst retaining the FMCG (Fast Moving Consumer Goods) business at the core of Sefalana, the Group has grown to include other complementary services and industries, making Sefalana a true basket of opportunities for its shareholders. The Group has business segments in manufacturing, wholesaling, fresh produce, distribution, automotives, property and financial services.

By developing this ecosystem of businesses, the Group is able to establish synergies to drive sustainable growth and improve customer satisfaction. Over the past 49 years, our FMCG business has grown to over 160 stores across 4 countries, and nearly 400 banner members across Southern Africa serving thousands of customers on a weekly basis.

Knowing that people are at the heart of our story, Sefalana is proud to report that the Group has over 6,600 staff members across the Group. Sefalana remains committed to providing growth, learning and development opportunities to our team, while continuing to attract new talent. By investing in our people through offering accredited training, courses, on-the-job coaching and ongoing reviews and interviews, Sefalana helps employees acquire new skills and foster new talents for ongoing success both for themselves and for the organisation.

Our strategy is to focus on our customers and offer value in line with their wants and needs. We hope to achieve this by driving innovations and improving efficiencies within our operations and using customer loyalty as a competitive advantage. We understand that by providing quality services and goods, in a way that helps improve our customers lives, we can build a relationship of trust with our customers.

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

After nearly 50 years, Sefalana knows that the secret to enduring success comes from a consistent gradual progress. At the Group, it is about more than serving customers; we are committed to acting responsibly to build sustainable businesses in the communities we work in, engaging with all of our stakeholders and fostering meaningful relationships to ensure that Sefalana remains the **Brand You Can Trust.**

Over the years, we have achieved a number of substantial milestones which include:

- Being the first company to list its shares on the Botswana Stock Exchange in 1975
- Employment of over 6,600 individuals from a mere 233 in 1974, making Sefalana an employer of choice in all regions in which we operate
- Growth from just 6 stores in Botswana to a total of over 160 stores across four countries
- Extension of manufacturing operations to include a wide range of products as we pride ourselves on feeding our Nation
- Diversification of our businesses to include the distribution of locally sourced fresh produce to both Sefalana stores and FMCG retailers across the country, motor dealerships (MAN, TATA and HONDA), property development, fuel stations under the Puma and Caltex franchise, our in-house takeaway 'Wings & Things', and the recent offering of financial services through bureau de change and money transfers.
- Developing omni-channel offerings, and being the first to market with new innovative solutions such as Online Shopping, Loyalty, and Bank your Change

We continue to deliver on our promise to our stakeholders by continuously unlocking value to expand our capabilities and deliver:

Our timeline section presented on pages 20 and 21 provides a synopsis of key achievements over the years.

Sefalana Group – Your basket of opportunities.

Through this integrated annual report, we provide a holistic overview of our performance and how we create value for our stakeholders and manage our culture while delivering on our Group strategy and cultivating investment opportunities on an on-going basis.

Corporate **information**

SEFALANA HOLDING COMPANY LIMITED

Sefalana Holding Company Limited is incorporated in Botswana - Company registration number BW00001731678

GROUP SECRETARY

Joanne Robinson
Email: companysecretary@sefalana.com

AUDITORS

Deloitte & Touche
Plot 64518, Fairgrounds Office Park,
P O Box 778, Gaborone, Botswana

SHARE TRANSFER SECRETARIES

Transaction Management Services (Proprietery) Limited
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Showgrounds Close, Fairgrounds,
Gaborone, Botswana,
P O Box 1583, AAD,
Gaborone, Botswana

BUSINESS ADDRESS

Private Bag 0080,
Gaborone, Botswana,
Telephone: (+267) 3913661,
Fax: (+267) 3907613

LAWYERS

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

BANKERS

Absa Bank of Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Nedbank Lesotho Limited
Standard Lesotho Bank
Standard Bank (Mauritius) Limited
Standard Bank Namibia Limited
First National Bank of Namibia Limited
First National Bank of South Africa Limited
Zambia National Commercial Bank
First Capital Bank Botswana Limited

Sefalana sa rona

Sefalana ke kompone e e dirang kgwebo mo mafatsheng a farologanyeng mme di ofisi kgolo tsa yone di mo Botswana

Kompone ya Sefalana e tlhamilwe ka ngwaga wa 1974 e simolola ka mabentlele ale marataro (6) a a rekisetsang dikgwebo le tshilo ya mmidi, morago ga ngwaga ya nna kompone ya ntlha go kwadisiwa mo Botswana Stock Exchange.

Lefa bokete jwa kgwebo ya Sefalana ele thekiso ya dijo, Kompane ya Sefalana ena le madirelo aa dirang dithoto tse di farologanyeng, jaaka go dira dijo, go rekisetsa mabentlele a mangwe dithoto, kgwebo ya go rekisa dikoloi, kgwebo ya go dira ka tsa madi le go hirisa dikago.

Mo go atoloseng kgwebo ka mehuta ee farologanyeng, kompone e kgonne go bona kgolo ee nametsang le go ka kgotsofatsa baji bareki ka go farologana ga bone. Mo dingwageng tse di masome mane le boferabongwe (49), mohama wa thekiso ya dithoto o bone kgolo e e fitlheletseng mabentlele a a fetang lekgolo lekgolo le masome marataro (160) mo kgaolong ya Borwa jwa Aferika le bagwebi ba ba botlana ba ba ikemetseng ka nosi ba ba ka tswarang makgolo mane (400) mo Borwa jwa Aferika . Ke ka moo Sefalana se fitlhelelang kgolo ya baji bareki ba ba fetang diketekete ka beke.

Ka go tlhaloganya le go itse gore batho ke bone boremelelo jwa kgwebo ya rona, re ipelafatsa ka go bo re kgonne go thapa babereki ba ba fetang dikete tse thataro le makgolo a marataro (6,600) mo dikomponeng tsotlhe tsa Sefalana. Re le kompone ya Sefalana, re itlamile gore retla tlhabolola babereki ba rona ka go ba neela dikitso tse di farologanyeng le go ba fa sebaka sa go ithuta ditiro tse di farologanyeng go fitlhelela maikaelelo a bone le kgolo ya kompone.

Maikaelelo a rona ke go kgotsofatsa moji moreki ka go mo neela ditirelo le ditlamelo tse a di tlhokang. Reka fitlhelela maikemisetso a, ka go tlhabolola madirelo a rona le go tshepha baji bareki gore itse rele mogwebi oo ikanyegang ka tsotlhe. Re tlhaloganya gore go neela baji bareki ditlamelo le ditirelo tsa maemo a ko godimo, ka fa go ka fetolang matshelo a bone, re ka aga botsalano bo bo tshephagalang le baji bareki.

“Lepotlapotla leja pudi, modikologa oja kgomo ee nonneng”. Re lemoga fa dikeletso tsa moji moreki ditsweletse ka go fetoga go tsamaelana le diphetogo tsa mabaka a kgwebo mo mebarakeng ya theko le thekiso . Ka kelotlhoko e e faphegileng le tshepho e e tseneletseng mo kgwebong ya rona, re ikaelela go tswelela re tokafatsa le go nonotsa bodiredi jwa rona go itepatepanya le dikeletso tsa moji moreki ka dinako tsotlhe.

Morago ga dingwaga dile masome mane le bofera bongwe (49) re le mokgwebong e, re dumela fa Motswana are “Lepotlapotla leja pudi, modikologa oja kgomo ee nonneng”.

Mo Komponeng ya Sefalana, re dumela thata mo go kgotsofatseng moji moreki le go tsaya boikarabelo jo bo tseneletseng mo go ageng dikgwebo tse di anameng le lefatshe ka bophara le go dirisanya le ba re dirang kgwebo le bone le go tlhomamisa fa kompone ya Sefalana e tshephega.

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

Gonna kgwebo ya ntlha go ikwadisa mo kompone ya diabe ya Botswana stock exchange ka ngwaga wa 1975

Go godisa kgwebo ya rona gotswa mo mabenkeleng ale marataro (6) goya ko go a a fetang lekgolo le masome marataro (160) mo mafatsheng ale mane.

Rene ra bona koketsego ya phiro ya babereki gonna go feta dikete tse thataro le makgolo a marataro (6600) gotswa mogo bale makgolo ale mabedi le masome a mararo le boraro (233) ka ngwaga wa 1974. Koketsego ya bodiredi , ene ya dira gore Sefalana enne mohiri yo o ratwang ke botlhe mo mafatsheng a releng mogo one.

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

Go bula madirelo aa dirang dijo kago farologana ga one gone ga dira gore re nne le ipelelo katlego e kgolo ya go kgona go jesa sechaba sa rona le go netefatsa gore Botswana o nna le dijo tsedi lekaneng.

Go aga mabentlele a rekisang dithoto tsotlhe kago harologana ga tsone le gonna bantlha go ipapatsa ka tlhabologo ya maranyane a a tshwanang le theko ka maranyane , dikarata tsa poelo ya theko ka moreki le go kgontsa moreki go boloka madi mo karateng ya moreki .

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

Karolwana ya 20 le 21 di nankola ka boripana di ntlha tsa botlhokwa tsa Katlego ya rona mo dingwageng ka go latelana.

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

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

Financial highlights

	2023 P'000	2022 P'000
Revenue	9 116 242	7 519 535
Profit for the year attributable to equity holders of the parent	299 570	219 612
Total comprehensive income attributable to equity holders of the parent	293 922	266 232
Shares in issue at beginning of year (number)	250 726 709	250 726 709
Basic earnings per share (thebe)	119.48	87.59
Total comprehensive income per share (thebe)	117.23	106.18
Dividends per share (thebe) - interim	12.00	10.00
Dividends per share (thebe) - special		10.00
Dividends per share (thebe) - final	50.00	30.00
Dividend cover (times) - ordinary	1.93	1.75
Net asset value per share (thebe)	934	867
Market price per share at year end (thebe)	979	947

Value added statement

	2023 P'000	2022 P'000
Wealth created		
Revenue	9 116 242	7 519 535
Payments to suppliers and providers of services	(8 214 922)	(6 782 346)
Value addition	901 320	737 189
Absorbed in operations of associated companies	(10 609)	(14 435)
Interest income from bank deposits and other loans	28 184	16 370
Dividends on preference shares	6 225	37 793
Total wealth created	925 120	776 917
Wealth distribution		
To employees	422 301	346 227
To providers of capital	155 870	122 157
Government for taxes	102 255	112 743
Total wealth distributed	680 426	581 127
Wealth retained in the business		
To maintain and develop operations of the Group	244 694	195 790
Number of employees of the Group	**6 623**	**5 619**

Shareholder information

Analysis of shareholders

	30 April 2023		24 April 2022	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers Fund	122 383 679	48.81%	121 780 674	48.57%
Motor Vehicle Accident Fund	22 574 824	9.00%	22 574 824	9.00%
Debswana Pension Fund	15 348 466	6.12%	15 118 158	6.03%
Chandra Chauhan	14 134 204	5.64%	14 134 204	5.64%
	174 441 173	69.57%	173 607 860	69.24%
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	229 405 294	91.50%	229 145 340	91.39%
Individuals and others	21 321 415	8.50%	21 581 369	8.61%
Total	250 726 709	100.00%	250 726 709	100.00%
Shares held by citizens (individuals and institutions)	242 701 617	96.80%	242 551 634	96.74%

Analysis of shares held by public and non-public shareholders	30 April 2023		24 April 2022	
	Public	Non Public	Public	Non Public
Number of shareholders	1 701	10	1 720	10
Number of shares held	236 102 910	14 623 799	236 104 169	14 622 540
Proportion (%)	94%	6%	94%	6%

Stock Market Information

	2023	2022
Number of shares traded (000)	4 439	13 656
Value of shares traded (P'000)	42 693	128 901
Share price for the period (thebe):		
Lowest	947	937
Highest	979	947
Closing	979	947
Market Capitalisation at year end (P'000)	2 454 614	2 374 382

Shareholders' calendar

Financial year end	30 April
Announcement of audited results	28 July 2023
Annual General Meeting	27 October 2023
Announcement of half year results	end of January 2024

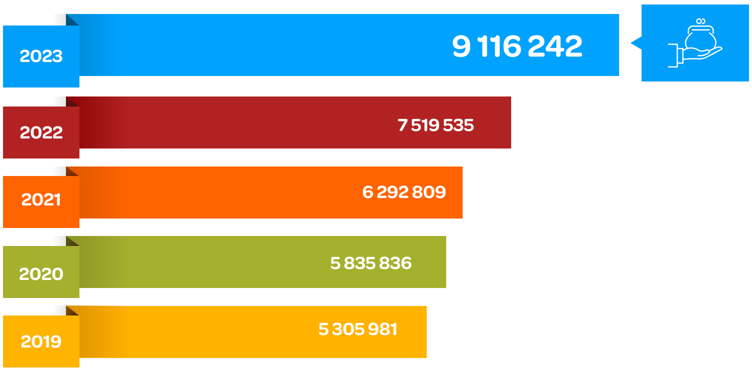
During the year, the Group paid its highest ever dividends to its Shareholders, distributing 52% of earnings.

Five year trending

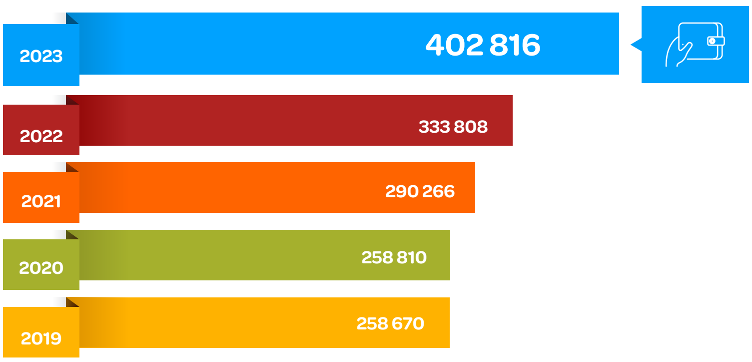
We are delighted to be able to once again, report to you our best results to date.

We have consistently been able to do this over the last 11 years (other than 2017).

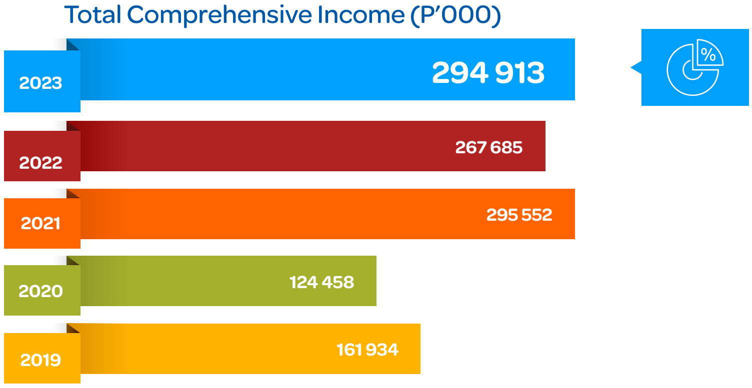
Revenue (P'000)



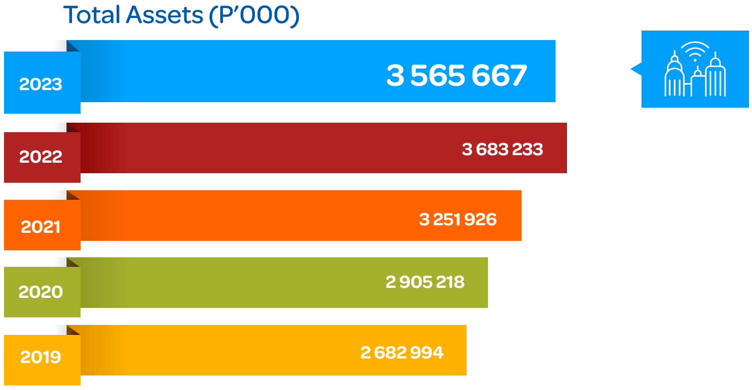
Total Profit Before Tax (P'000)



Total Comprehensive Income (P'000)



Total Assets (P'000)



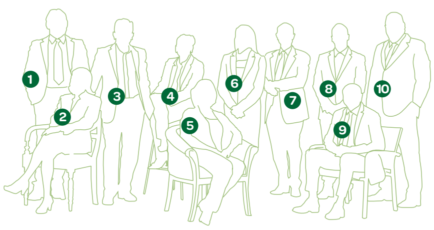
Record of financial performance

	For the 53 week period ended 30 April 2023 P'000	For the 52 week period ended 24 April 2022 P'000	For the year ended 30 April 2021 P'000	For the year ended 30 April 2020 P'000	For the year ended 30 April 2019 P'000
Comprehensive Income					
Revenue	9 116 242	7 519 535	6 292 809	5 835 836	5 305 981
Profit from operations	413 425	348 243	297 970	260 821	260 664
Share of results from associate and joint venture	(10 609)	(14 435)	(7 704)	(2 011)	(1 994)
Profit before tax	**402 816**	**333 808**	**290 266**	**258 810**	**258 670**
Income tax expense	(102 255)	(112 743)	(73 384)	(61 142)	(60 026)
Profit for the year	**300 561**	**221 065**	**216 882**	**197 668**	**198 644**
Other comprehensive (loss) income	(5 648)	46 620	78 670	(73 210)	(36 710)
Non - controlling interests	(991)	(1 453)	(684)	254	(216)
Total comprehensive income for the year attributable to equity holders of the parent	**293 922**	**266 232**	**294 868**	**124 712**	**161 718**
Earnings per share (thebe)	119.48	87.59	86.23	78.84	79.31
Total comprehensive income per share (thebe)	117.23	106.18	117.61	49.74	64.67
Dividends per share (thebe)	62.00	50.00	40.00	37.50	37.50

	As at 30 April 2023 P'000	As at 24 April 2022 P'000	As at 30 April 2021 P'000	As at 30 April 2020 P'000	As at 30 April 2019 P'000
Financial position					
Property, plant and equipment	936 374	857 355	790 504	756 867	641 720
Right of use assets	180 781	229 711	171 752	140 984	
Investment property	237 759	230 082	211 082	234 705	287 166
Intangible assets	110 138	123 426	127 141	119 915	134 546
Investment in associate	57 419	63 689	71 542		
Loan to associate	58 015				
Investment in preference shares		190 665	194 997	175 858	197 895
Deferred lease assets	4 606	4 734	4 404	3 842	2 656
Deferred tax assets	31 466	29 710	28 523	23 717	17 254
Trade and other receivables	4 647	6 320	7 207	2 473	
Current assets	1 944 462	1 912 791	1 620 816	1 446 857	1 401 757
Asset classified as held for sale		34 750	23 958		
Current liabilities	(868 860)	(1 126 168)	(888 722)	(774 222)	(689 113)
Non - current liabilities	(355 998)	(383 442)	(356 976)	(326 299)	(218 792)
Non - controlling interests	(20 189)	(16 548)	(15 095)	(14 981)	(16 064)
Equity attributable to equity holders of the parent	**2 320 620**	**2 157 075**	**1 991 133**	**1 789 716**	**1 759 025**

2 EXECUTIVE REPORTS

Board of Directors



1 **Gerhard Scheepers** - Sefalana Cash and Carry Botswana Managing Director – Executive
2 **Susanne Swaniker-Tettey** - Independent - Non – Executive Director
3 **Mohamed Osman** - Group Finance Director - Executive
4 **Keneilwe P Mere** - Independent - Non – Executive Director
5 **Jennifer Marinelli** - Board Chair - Independent Non - Executive Director

6 **Paula Disberry** - Independent Non - Executive
7 **Keith Jefferis** - Independent Non - Executive
8 **Mahube Mpugwa** - Independent Non - Executive
9 **Chandra Chauhan** - Group Managing Director - Executive
10 **Bryan Davis** - Sefalana Cash and Carry Namibia Managing Director - Executive

Chair's report

I would like to thank my fellow directors, for the invaluable insight and guidance they provide. I would also like to thank the senior management team, who diligently and purposefully drive the business forward, and all our stakeholders who continue to show us their support.

Our offering to our customers through our 'combos' gives exceptional value and has certainly contributed to our market growth. We look forward to further growth in this area in the ensuing year.

From a business development perspective, the focus has remained on growing the FMCG businesses across **the Group including the Manufacturing businesses which support the Wholesale and Retail operations.**

Our focus on growing branded products and our house brand range has helped us diversify our offering. The Group has done very well with this initiative during the current and previous year.

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

This year has seen considerable efforts in aligning the businesses across the Region, **with emphasis on a common approach to IT infrastructure and roadmaps.** This has enabled the Group to gain efficiencies from common learnings.

Chair's report
(continued)

I am truly overjoyed with what our Group has achieved this year despite the post-Pandemic uncertainty, and a constantly changing environment. The teams across the Group have, through sheer determination and commitment to the Group, been very effective in building our businesses.

A detailed review of each business's performance is included in the Group Managing and Group Finance Directors' reports.

Our strategic focus and emphasis on our core businesses of Fast-Moving Consumer Goods (FMCG), has aligned our leadership team in pursuing growth where it matters most. This was particularly important as the Group needed to replace the regular and significant preference share income that ceased, following the redemption of that investment early in this financial year.

We have grown phenomenally in all the territories. We remain leaders in our sector in Botswana, Namibia, and Lesotho and this makes us proud of what we have achieved over the last 49 years.

To replace this income, which represented approximately 10% of bottom-line profit for each of the last 5 years, was always going to be a challenge. The teams took up this challenge and more than adequately replaced this income stream with an overall growth in profit of 21% - a truly great achievement.

Strategic procurement of inventory has become increasingly important due to shortages in production in South Africa, where load-shedding has become a norm. The cost of manufacturing has increased, and manufacturers have persistently passed on these increases to the customer through Wholesalers and Retailers.

The Group has been able to respond accordingly benefitting from its strong cash position that allows quick decision-making. Foreign exchange spot and forward buying has further enhanced the margins given the large proportion of ZAR denominated procurement.

From a business development perspective, the focus has remained on growing the FMCG businesses across the Group including the Manufacturing businesses which support the Wholesale and Retail operations. The Botswana FMCG business has done exceptionally well this year, with meticulous attention being applied to margin management and basket mix. Our offering to our customers through our 'combos' gives exceptional value and has certainly contributed to our market growth. We look forward to further growth in this area in the ensuing year.

We value our strong relationships with our suppliers and in these difficult times where the supply chain is critical, we are grateful that our suppliers do their utmost to fulfil our orders, so that we are able to provide the customer with the range they expect. We have a strict policy of settling our liabilities in line with agreed terms. This has built up trust in us as a brand over time.

We have grown phenomenally in all the territories. We remain leaders in our sector in Botswana, Namibia, and Lesotho and this makes us proud of what we have achieved over the last 49 years. During the year we increased our store compliment across the Group by 9.

We value our strong relationships with our suppliers and in these difficult times where the supply chain is critical, we are grateful that our suppliers do their utmost to fulfil our orders, so that we are able to provide the customer with the range they expect.

Our manufacturing businesses which have historically been dependant on Government tender activity have evolved to becoming less reliant on a single customer, and our focus on growing branded products and our house brand range has helped us diversify our offering. The Group has done very well with this initiative during the current and previous year.

Sefalana will continue to look for further growth opportunities and will ensure we pursue our strategic objectives. We are very cognisant of the Government's focus areas for the development of the country, and where possible we look to identify opportunities which are aligned to those focus areas. We are confident that we have the right strategies in place to do this. During the previous year, some exciting new opportunities were identified, and these large projects are being progressed. We look forward to further announcements in this regard as we further investigate and develop these endeavours.

As a Group, we employed an additional 1,004 staff bringing our total staff compliment to 6 623. We are proud that our staff profiles reflect a good diversity of gender and ethnicity that our citizen employment rate is 99.4%.

This year has seen considerable efforts in aligning the businesses across the Region, with emphasis on a common approach to IT infrastructure and roadmaps. This has enabled the Group to gain efficiencies from common learnings. There has also been significant alignment from a Human Resources perspective.

The Remuneration benchmarking exercise for key Executives that commenced in 2022 was concluded in 2023 through the assistance of a third-party independent consultant firm in South Africa. The Remuneration Committee and Board is satisfied that the process followed was rigorous and conclusive.

As I conclude, I would like to thank my fellow directors, for the invaluable insight and guidance they provide. I would also like to thank the senior management team, who diligently and purposefully drive the business forward, and all our stakeholders who continue to show us their support. To our shareholders, we are very happy to have declared our largest dividend to date of 62 thebe per share. Thank you for having confidence in us and allowing us to make this Group the success it is today.

We reach our 50th anniversary next year. This is a proud milestone for us, and we look forward to engaging with our various stakeholders in the coming months, to celebrate the journey we have been on together for 5 decades.

Our AGM will take place on Friday, 27 October 2023. I look forward to seeing you at that forum.

J M Marinelli
Chair


Seasons
SUPERMARKETS
IGA


Meat Market

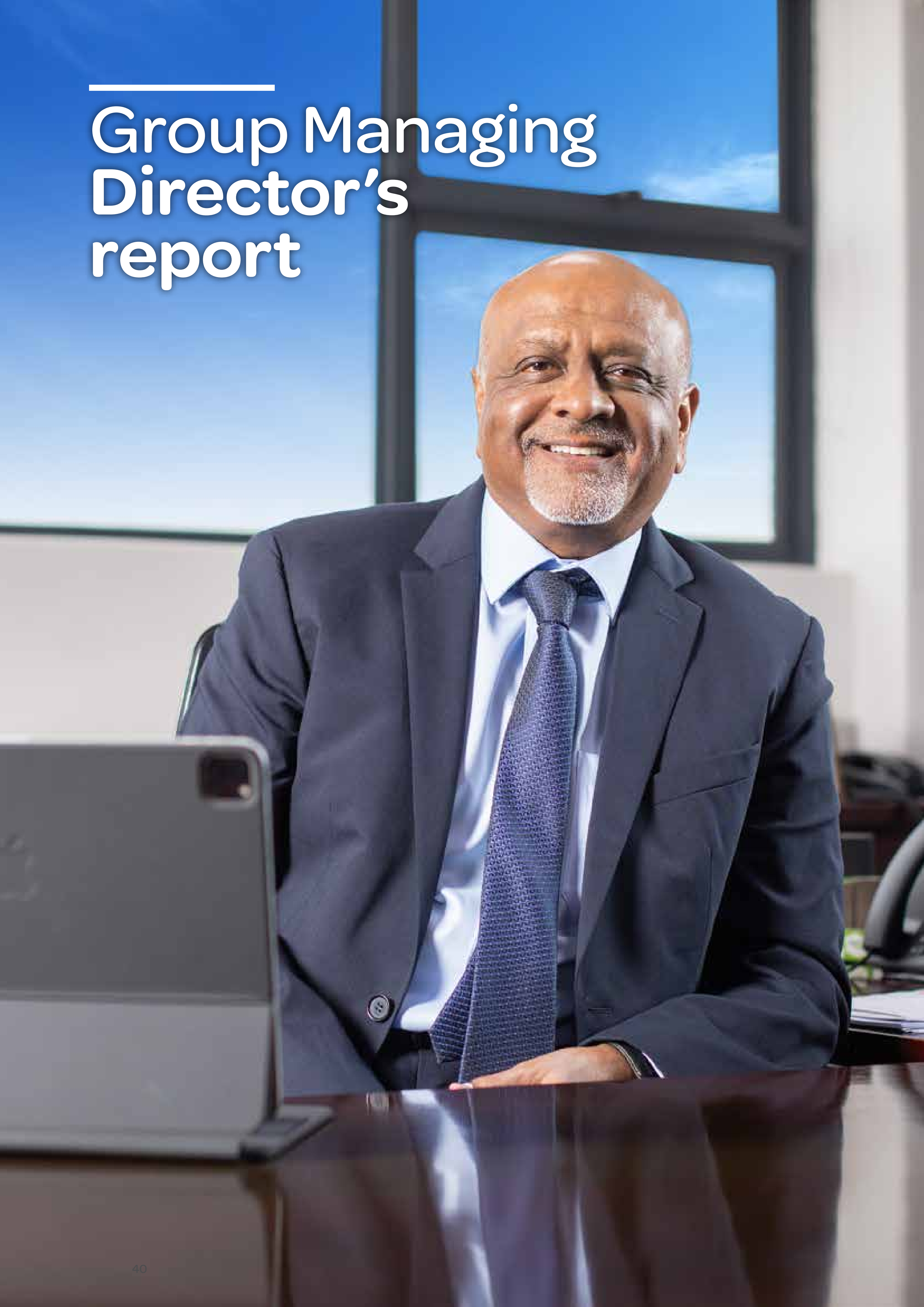
Seasons Australia

In May 2020, we were elated to welcome our very first offshore FMCG business to the Sefalana family.

The Seasons Group emerged with a single standalone store in Brisbane, Queensland Australia in 2019 which quickly developed into a chain of four stores across the Brisbane area

We now have a total of 11 stores in the Queensland area.

Group Managing Director's report



Our diversification into neighbouring countries over the last 9 years has helped us maintain the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our model of doing business has been tailored to each economy accordingly.

Botswana

We are proud to note our core underlying Botswana business has experienced the most significant growth this year from all our segments.

Australia

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position. We currently operate 11 stores across Brisbane under the Seasons IGA brand.

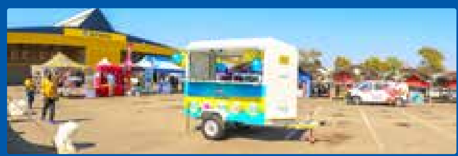
Namibia

This business still makes a significant contribution to overall Group results each year. **We remain the largest FMCG business in Namibia.**

Lesotho

We have been operating in Lesotho for 7 years and the underlying business is performing well. We remain the largest FMCG business in the country.

Our cash position remains strong at April 2023, and was largely used to settle creditors shortly after the year end. Overall, our working capital position remains strong and allows us to make quick and strategic decisions without the need to source additional funding.



As part of our annual birthday promotion, our Cash & Carry business has for the past 4 years rolled out its empowerment program and given away a total of 144 mobile kiosks to Batswana to start their own businesses.

In March 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers.

Our focus continues on building the Delta Fresh brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity.

Group Managing Director's report
(continued)

Record breaking results!

During this financial year, we have noted significant recovery from the effects of the Pandemic, which has been the centre of all trading activities and decision making across the Group over the last 3 years. During that period, we have worked tirelessly to ensure we remain resilient and respond quickly and appropriately to the uncertain and continuously changing environment.

Each business sector, and each geographical region, has brought with it its unique circumstances and challenges. Due to the complex nature of the sectors in which we operate, navigating those challenges has not been easy; but we have managed to do so, successfully.

We are pleased and proud to report to you, our best set of results to date. This is on the back of reporting our best half year results to date, and full year results to 30 April 2023. Our diversification across sectors and territories has helped enable us to consistently deliver better results year on year for our Shareholders.

Financial results of the Group – key factors to highlight

With challenges, comes opportunities, and there are a number of new projects which we are pursuing, to support a long-term sustainable profit stream for the Group. These new opportunities are aimed at enhancing shareholder value. Some of these projects have taken longer than expected to materialize, due to factors and limitations beyond our control. We do, however, look forward with optimism and will keep our stakeholders informed of any developments in respect of these projects as soon as we are able to do so.

In respect of our existing businesses, our greatest focus has for some time now, been on the core Fast Moving Consumer Goods (FMCG) businesses where we have placed considerable efforts to enhance margins and relative contribution to Group results. Margin pressure continues especially during inflationary times where disposable income is under strain. We have noted this trend worldwide. We are faced with constant price escalations from suppliers in South Africa who have experienced significant load shedding which has impacted volumes produced and ultimately pricing. Through regular dialogues with our suppliers, and through strategic procurement, we are pleased to have maintained, and in many instances enhanced, overall margins despite these on-going challenges.

Our manufacturing operations which support the FMCG businesses are also key focus areas for us. These have performed well during the year despite certain challenges relating to procurement and import restrictions.

It is within this context, that we are pleased and proud to report to you, our best set of results to date. Our diversification across sectors and territories has helped enable us to consistently deliver better results year on year for our Shareholders.

For the year under review, the Group generated a profit before tax ("PBT") of P403 million, up 21% on the prior year. The effective tax rate for the year of 25% is significantly lower than that of the prior year of 34% due to the payment in 2022 of accelerated withholding tax on dividends declared by subsidiary companies to Sefalana Holding Company Limited, prior to the increase in

Financial highlights

For the 53-week period to 30 April 2023, the Group's:

Revenue	21% ^	Revenue was **P9.1 billion** – up 21% on prior year;
Gross profit	29% ^	Gross profit was **P676 million** – up 29% on prior year;
EBITA	27% ^	**Earnings before interest**, tax and amortisation ("EBITA") was **P412 million**; up 27% on prior year;
Profit before tax	21% ^	**Profit before tax** was **P403 million** – up 21% on the prior year;
ROCE	16% ^	**ROCE of 15.8%** - up from 13.4% in the prior year; and
Final dividend	50t	Final dividend of **50 thebe** per share to be paid to our Shareholders, - up 67% on prior year.

Our net assets position at 30 April 2023 amounted to P2.3 billion, net of dividend paid to shareholders during the year. The market capitalisation of the Group at 30 April 2023 amounted to P2.5 billion and our business is the largest in the Retail and Wholesale sector listed on the Botswana Stock Exchange.

Botswana withholding tax rates on 1 July 2021. This will allow a significant element of future dividends to our shareholders to be paid net of little, or no further tax.

Our share price at P9.79 has not seen significant movement during the year, predominantly because of the

illiquid nature of our stock, where our large institutional shareholders opt to hold on to their holdings in Sefalana despite an overweight position. Our consistent dividend policy of paying out approximately 50% of earnings in the form of dividends has provided a regular and sustained income stream for our shareholders for many years. Third party valuations have suggested a share price value in excess of P12.50 illustrating an upside capital growth potential.

During the year, we invested significantly in inventory to ensure supply constraints were minimized. This has enabled us to avoid stock-outs and provide our customer base with a consistent product offering. There have been a number of significant price increases from suppliers in South Africa over the last 18 months, and where possible we have increased procurement to mitigate against these increases. In doing so, we have been able to delay price increases to our end consumer wherever possible.

Our cash position remains strong at April 2023, and was largely used to settle creditors shortly after the year end. Overall, our working capital position remains strong and allows us to make quick and strategic decisions without the need to source additional funding.

Group Managing Director's report
(continued)

We are pleased to report that with this continued level of growth, our Group has created employment for an additional 1,004 staff during the year taking our total number of staff to 6,623 representing an 18% increase. We are pleased to be one of the largest private sector employers in the country. Of the 1,004 additional staff, 546 related to the Botswana businesses. Our citizen employment rate in Botswana remains just over 99.4%.

Segmental Reporting

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

Review of operations

Botswana Business units – 64% of Group PBT

Overall Botswana business units have generated P259 million of PBT for the year, compared to P192 million in the prior year. The most significant growth has been the Trading consumer goods sector, with an impressive turnaround in both the Wholesale and Retail business.

Trading – consumer goods

The Botswana FMCG businesses had been adversely affected for much of the last 2 years by the trading restrictions that had been in place. These restrictions have largely been lifted and consequently there has been a solid recovery of performance by this segment. There remain however, a number of import restrictions on confectionary, fruit and vegetables, but we have managed to mitigate the downside impact of this through diversification into wider product and service offerings. We have also assisted a selection of local farmers with short-term working capital funding to enable them to grow their produce.

Consumers have begun to visit stores more often and basket sizes that had reduced significantly, have begun to increase. The consumer is still somewhat cautious and tends to focus more on value packs, necessities, and private label products, rather than luxuries. The desire for a one-stop shop is very much apparent and we have responded accordingly.

Due to the changes in legislation relating to liquor licensing, the business now classifies and monitors liquor outlets as separate stores. Consequently, at the end of the year, the Botswana FMCG business consisted of 4 hyper stores ("Sefalana Hyper"), 25 cash and carry stores ("Sefalana Cash & Carry"), 31 supermarket retail stores ("Sefalana Shopper"), 58 liquor stores ("Sefalana Liquor"), 4 convenience stores ("Sefalana Quick"), and one catering outlet ("Sefalana Catering"), giving the Group a total of 123 stores in Botswana.

On an on-going basis we are in search of suitable sites for further growth. There are a number of locations in the pipeline where progress is being made with landlords. We estimate an average rate of 5 new stores a year for the foreseeable future. We are, however, mindful of the level of saturation in the country and will only open new stores where there is a sound business case to do so. During the year we opened 5 additional liquor stores across Botswana.

As part of our annual birthday promotion, our Cash & Carry business has for the past 4 years rolled out its empowerment program and gave away a total of 144 mobile kiosks to Batswana to start their own businesses. This year, in order to reach a wider number of winners, we introduced our scratch card promotion where our customers stand a chance to win cash prizes. The benefit to our customers was in excess of P3 million.

Our Retail birthday promotion once again benefited our customers with more than P2 million in the form of cash and mobile phone prizes. This generated a lot of excitement in the market meeting the needs of our retail customers who prefer cash rather than prizes in kind, during these challenging inflationary times.

Our loyalty card continues to be popular with our customers and its usage has increased considerably during the year. In the ensuing year we look to enhance the offering further by the introduction of added benefits. These will be communicated to our customer base in the coming months.

Sefalana Cash & Carry Limited contributed 54% and 38% of the Group's revenue and PBT for the year, respectively. Revenue amounted to just under P4.9 billion, which was an impressive 24% up on the prior year.

Overall, a sterling performance by this division which this year, reports its best ever results to date. We are proud to note our core underlying Botswana business has experienced the most significant growth this year from all our segments.

Group Managing Director's report
(continued)

Operating Divisions

Our diversification strategy across both trade sectors and countries over recent years has helped maintain our Group performance and support sustained long term growth.

Sefalana GROUP

Your basket of opportunities

Operating FMCG Divisions

Sefalana TRADING

Sefalana – Sa Rona – Your family value store

Sefalana Hyper | Sefalana Shopper | Sefalana Liquor

Sefalana Cash & Carry | Sefalana Quick | Sefalana Catering

Sfp – Sefalana Fresh Produce – A Sefalana Group Company

Metro Hyper

Metro Liquor

Sefalana Cash & Carry Lesotho

Sefalana Liquor

Our investment in Australia

In April 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, consists of a chain of 11 supermarkets in the Brisbane area.

Other Operating Divisions

Sefalana MOTORS

Cm – Commercial Motors

Sefalana INDUSTRIES

Fb – Foods Botswana

Sefalana PROPERTIES

Mi – Meybeernick Investments

Sz – Sefalana Zambia

Sefalana FINANCIAL SERVICES

SefRemit – Money transfer | Bureau de Change

Group Managing Director's report
(continued)

Trading – others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 1.1% to both Group turnover and PBT. This is a relatively small Group segment in line with our focus on the core business of FMCG.

CML historically relied on tender business, and over recent years has been focusing on growing its private sales due to a general decline in tender activity. The move of the dealership to the new site last year has provided greater visibility and has helped promote our 3 brands. Performance of this segment is below our expectation and may be considered for disposal in due course as it is not core to our operations.

MFL focuses almost exclusively on the supply of components to Botswana Railways. This business no longer sells to walk-in customers and is not a primary focus for the Group.

Manufacturing

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

Milling Division

In the first 3 months of the year, FB successfully and in time, completed its previous tender to Government. There was then a 5-month waiting period before the interim 4-month contract was awarded to FB. We completed the supply of the interim contract in April 2023. As a result, this sector of business was only available to FB for a total of 7 months.

> **To avoid downtime in the factory, we continued to focus on the manufacture and supply of branded products to optimise factory capacity and to avoid unemployment. Growth in this area is positive and showing an upward trend. The Sechaba range of products has increasingly become a popular household name and a preferred choice for many regions across the country.**

In November 2022 we employed just over 60 staff to create an internal sales and merchandising team to help promote and deliver the sale of our branded products across the country. This team will also be responsible for the portfolio of Beverages products. We are actively growing this area, to reduce the level of dependence on tenders.

We are pleased to report that in June 2023, we were awarded two-thirds of the 24-month tenders for both Tsabana and Malutu. From a raw materials perspective, we have procured adequate grain to fulfil all the volumes that Government has requested from us and we anticipate that once again we will be able to successfully complete this tender. Our grain procurement focuses firstly on Botswana producers and thereafter external suppliers.

Further procurement of grain is required to support the branded products. We will be securing suitable supplies in the coming months.

Beverages Division

This division is heavily dependent on the manufacture and supply of milk to Government for the children's feeding scheme. In March 2019 we were awarded the 24 month supply tender which was successfully completed in June 2021. This was the last tender before Government procurement decentralization took place. Government tenders now require separate bids to be submitted for each region. Individual councils provide orders based on the number of schools in their region.

Our focus continues on building the Delta Fresh brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity. A new refreshed packaging of this brand was launched in November 2022 which has been well received in the market.

We are pleased to report that the majority of the current tenders have been awarded to us, most of which are for a 12 or 24 month period. There have however, been delays in the award of some regional tenders due to additional administration. Post decentralisation quantities have unfortunately almost halved on a month-to-month basis compared to the previous tenders. All orders received during the year were successfully completed and delivered.

Raw material milk shortages in the Region over the last 18 months have resulted in a slowdown in production volumes and as a result we have not been able to supply the Trade consistently with the required volumes, due to repeated outbreaks of Foot and Mouth Disease in South Africa. Having explored various options, we have now put in place measures for the importation of pasteurised milk into Botswana. This is more expensive than raw milk but allows a regular supply. This has consequently caused an erosion of margins.

Our focus continues on building the Delta Fresh brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity. A new refreshed packaging of this brand was launched in November 2022 which has been well received in the market. We have also made a change to the 500ml pack into a base format which is the preferred package type for Botswana.

> **In December 2022, Foods Botswana purchased a secondhand water and juice bottling plant for a total consideration of P3.9 million. This extension of the Beverages business had been approved and planned for 2019 but put on hold at the onset of Covid. We are now producing still, sparkling and flavoured water under the Clear Water brand. Our A-Star water production will be brought in-house towards the end of 2023. Fruit juice production is expected to follow in 2024.**

We are currently in the process of establishing another potential manufacturing business in Botswana. Details of this potential venture will be provided to Shareholders as soon as we are able to do so.

Properties

Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 14% to Group revenue and PBT respectively. Almost all properties are tenanted, and leases are in place for periods between 2 and 5 years.

During the prior year, the sectional title sale of the Italtile property in Setlhoa Gaborone took place for a consideration of P35m. The necessary regulatory approvals were being received and the final administrative steps were completed during the year. This transaction has now been completed.

In early 2022, we commenced the construction of a 3,000 sqm warehouse at Foods Botswana Beverages to accommodate growth. This development is now completed and required an outlay of P19 million. Our water plant is utilizing some of the new warehouse storage space. The remaining space is supporting bulk storage for the remaining FB business.

The KSI property development of 5,000 sqm of warehouse space remains fully let with on-going demand for the sites. With the closure of the KSI soap plant, the factory property has been upgraded to increase the size and quality of the lettable space. This will further enhance the return from that site.

Group Managing Director's report
(continued)

We are in the process of developing plans for certain of our other properties, including the old Sefcash Head Office and Commercial Motors site in Broadhurst. These properties will be converted to warehousing space to support our FMCG businesses.

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

Regional operations and foreign exchange exposure

Our diversification into neighbouring countries over the last 9 years has helped us maintain the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our model of doing business has been tailored to each economy accordingly.

Diversification into other regions brings with it foreign exchange exposure. We have recorded a retranslation loss of P28 million largely relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated which has weakened against the Pula. This compares to a gain of P27 million in the prior year. These currencies constantly fluctuate and therefore the retranslation gains and losses are largely temporary and are recorded in other comprehensive income and losses in line with IFRS.

Since July 2020 we include exposure to the Australian Dollar. This hard currency exposure often offsets the exposure on the ZAR and serves as a partial hedge. We will continue to invest in harder currencies to protect the overall Pula return for our shareholders.

Our diversification into neighbouring countries over the last 9 years has helped us maintain the Group's overall performance.

Metro (Sefalana) Namibia

Metro Namibia contributed 33% and 32% of revenue and PBT for the year respectively. Turnover amounted to just over P3 billion, a growth of 21% on the prior year. PBT amounted to P130 million, up 10% on the prior year. Our operations in Namibia continue to grow despite indications of stress in the economy, albeit at a slower rate than in the past. We have noted significant pressure on margins largely as a result of the supply constraints from South Africa, the local competitive pressure and the unemployment rates that remain high. Disposable income is now being directed towards necessity products and away from luxury, higher margin products.

This business still makes a significant contribution to overall Group results each year. We remain the largest FMCG business in Namibia. At the start of the year, we had 21 stores across the country. During the year a new Cash & Carry store and a stand-alone liquor store were opened.

We continue to look for new suitable locations for store openings as we have now met our medium-term target of 20 stores. Expansion will be cautious given the current economic environment. Other revenue streams and models are being evaluated and will be introduced in due course.

Sefalana Lesotho

We have been operating in Lesotho for 7 years and the underlying business is performing well. We have 2 stores located in Maseru and 2 in Maputsoe. We remain the largest FMCG business in the country. We offer the widest range of products and our stores are well positioned to be accessible to the entire country. This business is expected to continue to grow and perform well.

Our discussions are on-going with the Lesotho Revenue Authority for the settlement of VAT due to us. This process has taken longer than anticipated, but we are hopeful for a favourable outcome. For some time now this matter has meant the business has experienced cash flow constraints and has required Group support to assist during peak times. A settlement will eliminate this pressure and allow us to progress with further growth and employment in the country.

Turnover of P0.9 billion has been achieved for the year, which is 14% up on the prior year, and a contribution of 10% to total Group revenue. A PBT of P21m was generated, an increase of 66% on the prior year. This business has a lot of further potential which we look forward to in the coming years.

Redemption of Preference shares

During the year, we received our fifth and final tranche of returns from our South African Preference share investment. As previously reported, we carefully monitored the performance of the business over the last 12 months and the likely forward looking economic trends, and considered several other critical matters, and concluded that it was in the Group's interest not to exercise our conversion option.

We continue to look for new suitable locations for store openings as we have now met our medium-term target of 20 stores. Expansion will be cautious given the current economic environment.

We redeemed our investment of R250 million in full in August 2022. This investment has been one of the Group's highest earning investments to date and we are pleased with our annual 20% return for the 5-year term. Our dividend to earnings ratio over that period has resulted in approximately 50% of this return being paid to our Shareholders in the form of a dividend.

In the spirit of further rewarding our Shareholders, and the receipt of related cash from the redemption, we declared a special once-off dividend of 10 thebe per share which was paid in December 2022.

The funds released from this redemption are being utilized to assist working capital and strategic inventory procurement along with foreign exchange spot purchases to enhance overall margins. This has enabled us to meet customer requirements and build market share, particularly in Botswana where our FMCG business has excelled as a result. The remaining funds are being invested in high yielding fixed deposits until the projects we are pursuing, are at a stage where investment will be required.

Group Managing Director's report
(continued)

In March 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers. This new and exciting service offering has been well received by the market in a very short space of time.

Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, we have experienced a number of changes in our tenant composition. Our current occupancy is at around 75% and we actively look for suitable tenants for the remaining space.

Namibia property portfolio

Since our entry into Namibia in 2013, we have aspired to establish a property portfolio similar to the one developed over the years in Botswana. Our experience supports operating our large businesses from our own properties. In the previous years, we acquired the new Head office site in Windhoek and some additional property in Keetmanshoop.

We are looking at potential further investments in prime property across Namibia and will make these investments if they are suitable. Further updates will be provided in due course.

Australian investment

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position. We currently operate 11 stores across Brisbane under the Seasons IGA brand.

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As indicated previously, it is the norm in Australia for long leases of 20 years or more to be entered into on properties. In accordance with IFRS 16, this results in a front-loaded interest and depreciation charge in the earlier years of the lease. As a consequence, the positive EBITDA is eroded by the related lease charges. In the latter period of the leases, this is expected to unwind, such that the reported PBT figures for this investment will grow significantly. This is aligned to our intended strategy to re-invest in that business for the first five years before dividends are declared to shareholders. The Group's share of results from this associate (inclusive of interest earned on loans advanced to the business) for the year amounted to a loss of P8 million compared to P12 million in the prior year.

Financial Services – SefRemit

In March 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers. This new and exciting service offering has been well received by the market in a very short space of time. We currently operate from 10 branches. We anticipate rolling out our kiosks in a further 20 of our stores over the next 24 months. Our latest site is at the Maun International Airport.

We are due to introduce other revenue streams as we grow this new part of the business. Further updates to be provided in due course.

Directors

There were no changes to Directorships during the year. Dr Keith Jefferis was re-appointed to the Board on 1 July 2023 following his resignation in 2020 when he took up a senior role with the Government of Botswana. We look forward to Keith's participation and contribution to our Group's future success.

Shareholder returns and dividends

We are pleased to report a Return on Capital Employed (ROCE) (defined as operating profit divided by opening capital employed) of 15.8% compared to 13.4% in the prior year. This is well in excess of inflation which is currently around 6%.

Share price increased by 3.4% during the year despite its illiquid nature.

An interim dividend of 12 thebe per share (P30 million payment) and a special dividend of 10 thebe per share (P25 million payment) was paid during the year.

On 25 July 2023, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 50 (fifty) thebe per ordinary share (P125 million payment). This is an increase of 67% on the prior year final dividend.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or about Wednesday 23 August 2023 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 11 August 2023, with an ex-dividend date of Wednesday 9 August 2023.

Total dividend payments therefore amounted to P180 million and is the highest payment to our Shareholders in our Group's history. This represents 52% of earnings for the year.

CD Chauhan
(Group Managing Director)

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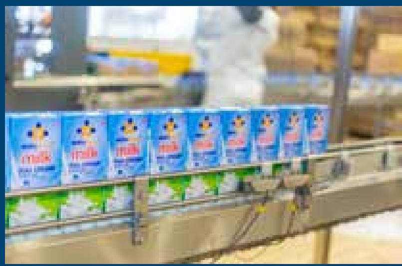
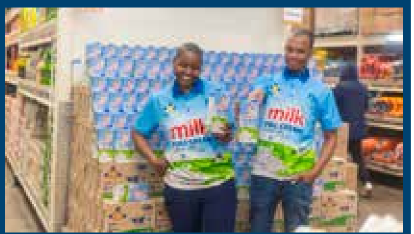
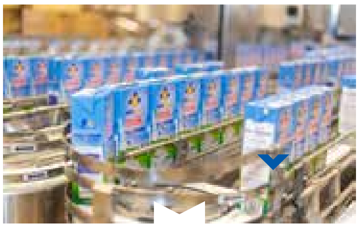




Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity. A new refreshed packaging of this brand was launched in November 2022 which has been well received in the market. We have also made a change to the 500ml pack into a base format which is the preferred package type for Botswana.

OUR UHT MILK PRODUCTION FACTORY



Group Finance **Director's report**

FMCG revenue contribution amounts to 97% of total Group revenue and from a PBT perspective, **represents 74% of Group results**

For the current year, we have been working tirelessly to generate profits to replace the return from the Preference share. We are ecstatic to have successfully done this.

The **Botswana FMCG sector** (Wholesale and Retail combined) historically accounted for over **70% of total Group revenue,** but now represents approximately half, following effective diversification.

1,004 new jobs created during the year

93% of our Shareholders are citizens or citizen-based institutions.

In the current year, our thinking has evolved further to that of ESG. We have made considerable progress in this area and expect to make greater progress in the ensuing years.

Over the last 10 years, we are proud to have maintained an average **dividend to earnings ratio of just over 50%.**

Group Finance Director's report
(continued)

Sustainable shareholder value creation is at the core of what we do, and we are pleased to report that we have consistently delivered to this mandate despite continued strain in the various economies in which we operate.

This year we declared our highest ever dividend payment of 62 thebe per share which amounted to a dividend to earnings ratio of 52%.

We hit the **P9 billion revenue** mark and the **P400 million PBT mark** – we are now the **largest FMCG business** in **Botswana**

Overview

It is with great pleasure that we report our best results to date despite the tough economic environment and the challenges we have faced following the impact of the recent Pandemic. With world politics and wars having a far-reaching impact on countries all over the world, uncertainty has manifested itself in a number of areas for all of us.

As a Group, we have had to manage these uncertainties and make calculated and carefully considered decisions to safeguard our Group against any downside impacts. We have managed to do this well and as a result, achieved a total Revenue of P9.1 billion, a staggering 21% increase on the prior year, and a profit before tax of P403 million, also 21% up on the prior year.

Key milestones

Revenue exeeded	P9 Billion
Botswana FMCG Revenue	P5 Billion
Namibia FMCG Revenue	P3 Billion
Lesotho FMCG Revenue	P1 Billion
PBT exceeded	P400 Million
163 stores across 4 countries	163 Stores

Market cap of	P2.5 Billion
Employees	6 623

Macro-economic environment

Covid no longer a key factor impacting business but has changed buying behaviour

Raw material shortages, volatility in commodity pricing and general inflationary pressures

Consumer spend is recovering but still cautious with greater focus on value packs, necessities and private labels away form luxury items

Enhanced competition and margin pressures mainly in Namibia and Botswana

Fluctuating exchange rates in the Region due to the worldwide and regional events (eg war, load-shedding etc)

Zar

Bwp

Government spending and tender activity not yet recovered

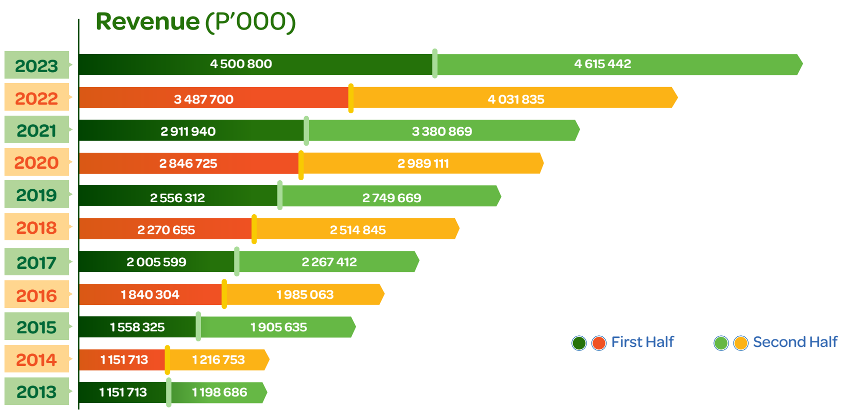
Group Finance Director's report
(continued)

Performance reporting by business unit is included in the Group Managing Director's report. Below is a summary of key performance indicators and related narratives using the segmental splits as a basis of further analysis and discussion.

1 Revenue
and relative market share

Revenue of **P9.1 billion** – up **21%** on the prior year

Revenue is a key measure in the Fast-Moving Consumer Goods (FMCG) Industry and is indicative of relative size. We have seen an impressive annual growth in revenue over the last 10 years and this has been accelerated by our Regional expansion. In 2013, we reported revenue of P2.4 billion and 10 years later we have more than tripled this at P9.1 billion. Our short-term target is P10 billion which we intend to achieve by 2025.



The average annual growth rate over the 10-year period has been 15%, well ahead of inflation and indicative of the growth in our market share. We have become the preferred household brand in each of the territories where we are present.

The Botswana FMCG sector (Wholesale and Retail combined) historically accounted for over 70% of total Group revenue, however our diversification into the Region has allowed us to place less reliance on this territory, and as a consequence, this part of the business represented approximately half of the Group turnover in recent years.

In the current financial year however, the Botswana business did exceptionally well with a top line growth of 24%. As a result, this business represented approximately 54% of total Group revenue for the year. We remain optimistic about the Botswana business despite the relative saturation in the market. We anticipate 5 additional store openings in the ensuing year.

Our Namibian business experienced double-digit growth over the first few years of trading, and despite the strain in the economy that has been felt, this business continues to experience top line growth well ahead of inflation. We are focusing on customer services and promotion, and a one-stop-shop offering to further enhance this part of the business which now accounts for just over 33% of Group revenue. We anticipate 5 additional store openings in Namibia the ensuing year.

Our Lesotho business continues to improve and now represents 10% of Group revenue. We anticipate contribution from this segment to increase at a steady rate as we look to potentially open additional outlets in the country should suitable opportunities arise.

We are proud to be the leaders in FMCG in Botswana, Namibia and Lesotho. FMCG revenue contribution amounts to 97% of total Group revenue reflecting our focus on this as our core segment.

The **average annual revenue growth rate** over the 10-year period has been 15%

15%

Relative Revenue contribution

Group Finance Director's report
(continued)

2 Profit before tax (PBT)

Profit before tax (PBT) of **P403 million** – up **21% on the prior year**

Although top line growth is very important to us, bottom line profitability is where we place greatest emphasis as this drives our ability to make dividend payments to our Shareholders. This year we achieved an overall PBT of P403 million which was 21% ahead of the prior year. It has been a journey and these results have been possible largely because of how we responded to hurdles along the way.

2017 was a difficult year for the Group largely due to the unemployment caused by the shutdown of certain mines in Botswana. Spending power and consumer confidence fell, and uncertainty set-in. We saw this directly translate into smaller basket sizes and a shift towards essential products and away from luxury spending thereby reducing overall margins. We responded to this by looking for new ways of doing business to extend our customer base. We also looked at new profit generating opportunities.

Our Preference share investment

In 2017 after careful evaluation of the South African market, we entered into our Preference share arrangement in which we invested R250 million into a well-established buying group which also owns a number of retail stores across South Africa.

The idea behind this investment was to have a 5 year "honeymoon period" where both parties could understand one another and determine if a long-term relationship would be suitable. During the 5-year term, Sefalana earned an impressive 20% annual return on the investment. We received R50 million in dividends each and every year and this helped boost Group results by approximately P35 million annually. By July 2022, we had received all 5 tranches and effectively doubled our investment. This was one of the Group's highest yielding investments to date.

In December 2021, towards the end of the honeymoon period, for a number of reasons, the Board determined that it was not in the interest of the Group to exercise its option to convert the Preference share investment into a 30% equity stake. The preference share was therefore fully redeemed in August 2022.

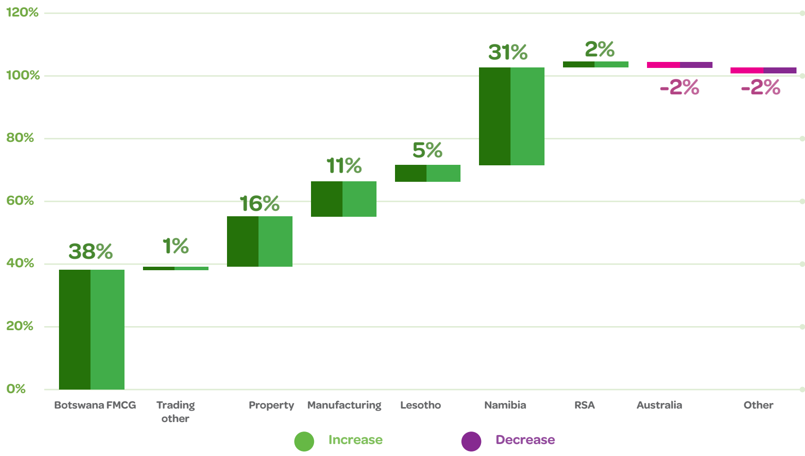
Refer to note 19 for more information.

Our Investment in Australia is still at an early stage. Our plan is to re-invest into this business for the first 5 years during which the front-loaded impact of IFRS 16 on leases will start to reverse.

Significant profit growth over the years

In 2013 we reported a PBT of P147 million and 10 years later we have generated a PBT of P403 million. Our regional expansion has added an additional P150 million to the bottom line and represents almost 40% of Group profit.

Segmental contribution to PBT

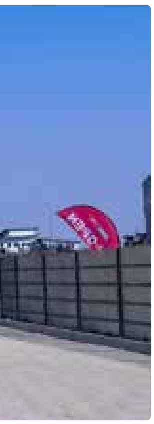


In the current year the greatest growth has come from our Botswana FMCG business that achieved P154 million PBT, up a incredible 54% on the prior year. Focus on margin management and growing market share has transformed this business and brought it back into the largest single contributor to Group profit.

Our Namibian business has consistently grown profits for the Group since its acquisition in 2014 and each year increasing its relative contribution. In 2018 and again in 2021 this was the largest Group segment, ahead of the Botswana FMCG business despite indications of a strain in the economy.

Our Investment in Australia is still at an early stage. Our plan is to re-invest into this business for the first 5 years during which the front-loaded impact of IFRS 16 on leases will start to reverse. This accounting standard results in a negative impact on earning despite a positive EBITDA and cash generation. The fairly new accounting standard is mandatory for adoption and results in a significant lease depreciation and interest charges in the early years of the lease. Since property leases in Australia tend to be 15-20 years, this results in a large Right of Use Asset and corresponding lease liability. As a consequence, our 40% share of loss will continue until our 5th year of trading. After that point we expect to see a turnaround and a positive contribution to Group results. We are very excited to see this business grow in the coming few years.

As indicated above, FMCG revenue contribution amounts to 97% of total Group revenue and from a PBT perspective, represents 74% of Group results.



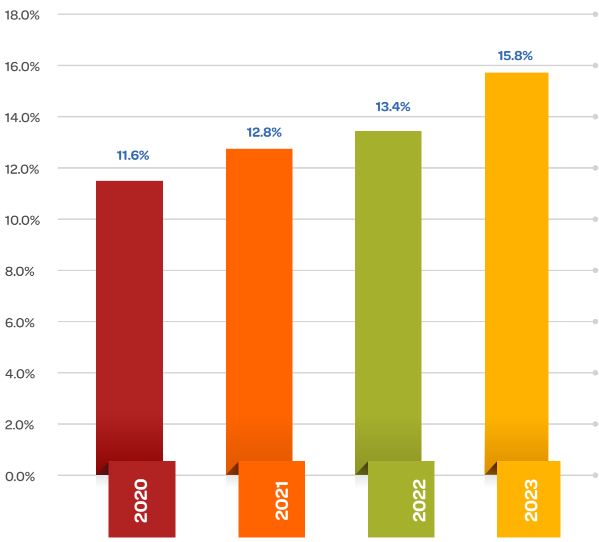
Group Finance Director's report
(continued)

3 Shareholder value and return

The fundamental objective of our business is to maximize Shareholder return. This return emanates from a number of areas.

ROCE of 16%
Shareholder value enhancement year on year

Return on Capital Employed



Return on Capital Employed (ROCE)

This is defined as Operating income divided by opening equity. We are pleased to report a return of 16%, well above the current inflation rate of 5%. This is also well in excess of other FMCG businesses in the Region. Our ROCE has been on an upward trajectory year on year, illustrating enhanced returns.

Segmental Results

	Revenue			PBT		
P 'm	2022/23	2021/22	Movement	2022/23	2021/22	Movement
Trading consumer goods	4 883.6	3 951.6	24%	154.3	100.3	54%
Trading – other	98.3	100.6	(2)%	4.6	10.0	(53)%
Manufacturing	337.6	240.0	41%	42.4	21.2	99%
Property	64.1	65.0	(2)%	62.5	54.7	14%
Lesotho	891.7	782.7	14%	21.2	12.8	65%
Namibia	3 037.9	2 518.6	21%	129.8	117.5	10%
South Africa				6.2	31.7	(80)%
Australia				(8.0)	(11.9)	33%
Inter - segment	(197.0)	(139.0)		(10.3)	(2.5)	
TOTAL GROUP	9 116.2	7 519.5	21%	402.7	333.8	21%

Dividends

Over the last 10 years, we are proud to have maintained an average dividend to earnings ratio of just over 50%.

For the current year we considered it suitable to pay an interim dividend of 12 thebe per share and a final dividend of 50 thebe per share to our Shareholders. This was our highest payout to date and amounted to P155 million and 52% of earnings.

Foreign generated profits are largely repatriated to Botswana to support the dividend payments. All the R250 million preference share dividends were brought back to Botswana.

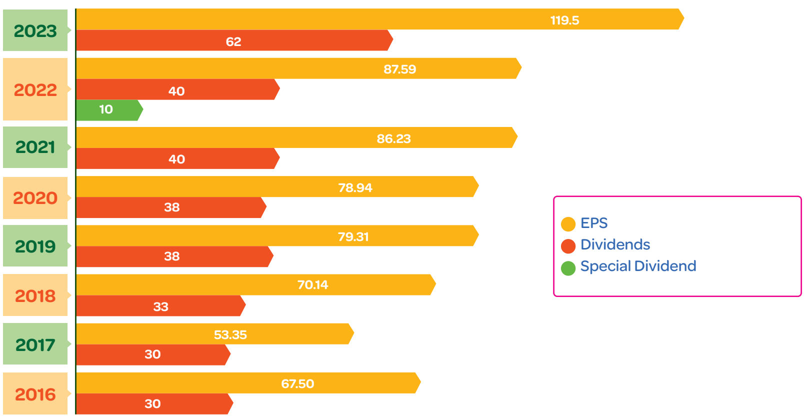
Dividends originating from Botswana subsidiary companies suffer withholding tax borne by the Group. When distributed to shareholders of Sefalana Holdings Company Limited, no further tax is suffered by the shareholder. Where dividends originate outside of Botswana, the proportion of total dividends relating to these foreign sources, do attract tax payable by shareholders. Wherever possible, Botswana based dividends are utilised in our distributions.

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

With large volumes of shares held by Institutional investors, our strong performance over the last 10 years has resulted in a desire to retain these shares. As a consequence, the Sefalana share is relatively illiquid with many investors struggling to secure additional shares to increase their portfolio.

Foreign generated profits are largely repatriated to Botswana to support the dividend payments. All the R250 million preference share dividends were brought back to Botswana.

52% of current year earnings paid in dividends



It is for this reason that we aim to maintain a long-term dividend payout ratio of approximately 50%. 93% of our Shareholders are citizens or citizen-based institutions.

Share price capital growth

Institutional shareholders, majority of which are Pension Funds, tend to value the certainty of the dividend stream their receive from the Group. As a result, there are usually more Buyers than Sellers in the market, making the Sefalana share relatively illiquid.

We closed the year with a share price of P9.79. This was up 3% on prior year despite the illiquid nature of the share. Third party valuations have been in the region of P12.50 per share suggesting upside potential.

Group Finance Director's report
(continued)

4 Balance sheet strength

We continue to maintain balance sheet strength through low leverage and minimal debt. This is a critical success factor for our business as we mainly operate on a cash basis. We have maintained our debt of P106 million which allows for adequate headroom should we need to raise funding quickly. This also means a lower fixed cost of operating our business.

We have paid our highest dividends to date to our Shareholders. We have also invested some P134 million in plant and equipment to support the growth in the businesses. Our net cash position as a result, fell P47 million year on year.

During the year we have placed additional emphasis on ensuring stock-outs are minimized throughout the Group. As a result, we have invested in an additional P127 million in inventory. Our cash position has enabled us to strategically procure inventory and maximise gross margins.

We have paid our highest dividends to date to our Shareholders. We have also invested some P134 million in plant and equipment to support the growth in the businesses. Our net cash position as a result, fell P47 million year on year.

Our working capital ratio (defined as the relationship between current assets and current liabilities) was 2.24 at April 2023 demonstrating effective cash management and our ability to easily cover our short-term obligations.

We pride ourselves on having one of the strongest balance sheets in the country on the Botswana Stock Exchange (BSE), and one of the few counters with a "BUY" recommendation.

This Group brings with it a lot of excitement as we look for new ways of making money for our Shareholders.

5 ESG – the new emphasis

Sefalana has always prided itself to be a significant player in the CSR arena, making a difference to the lives of those in need in our Community. CSR then evolved to a wider Sustainability approach. This was articulated in our previous Integrated Annual Reports.

In the current year, this thinking has evolved further to that of ESG. We have made considerable progress in this area and expect to make greater progress in the ensuing years. Refer to our ESG section of this Annual Report for further details.

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

Sefalana – Your basket of opportunities.

Mohamed Osman
Group Finance Director

Our Strategic Intent

Our Vision
The leading brand of choice for customers, employees and capital

A summary of our Balanced Score Card is presented below:

Strategic Objectives 2021 – 2025

Financial Perspective	F1 Optimise Profit Before Tax as a percentage of turnover	F2 Optimise return on surplus cash	F3 Enhance real growth in EPS	F4 Increase revenue
Customer	C1 Drive corporate citizenship	C2 Retain and grow customer base	C3 Grow local & regional presence	
Internal Processes	P1 Create innovative solutions and products	P2 Improve process efficiencies		
Development	D1 Develop, motivate and retain multi-skilled and high-performance workforce	D2 Institute Talent Management		

We are committed to creating value for our stakeholders while maintaining a strong focus on responsible and ethical business practices. As we continue with our 5-year strategy that was set in 2021, we reflect on the past year, and acknowledge that we have made significant progress towards achieving our strategic objectives despite the challenges posed by different global events.

Our strategic intent remains to be a diversified regional group that delivers superior stakeholder value while growing locally and regionally. The emphasis being on empowering our people, pursuing excellence in delivery and exceeding customer expectation.

The Group has embraced technology and is consequently developing a variety of innovative tools that will enable operation and learning optimization. The advancement of human capital is still deemed of utmost priority by the Board with the aim to develop our people, while attracting cutting edge intellectual and entrepreneurial technology and talent.

Our strategy is focused on achieving sustainable growth through innovation, operational brilliance, and consumer focus. We remain committed to delivering long-term value for our stakeholders and we are confident that our strategy will enable us to succeed in an ever-changing and challenging business environment.

Our Values

Our Mission...

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

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

At Sefalana, our values underpin the way in which we operate and go about our day to day activities.

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

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

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

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

Excellence
Exceeding **expectations**

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

Commitment
Devotion, adherence as well as loyalty to the organisation and its mandate. It is a reciprocal exchange between Sefalana and its stakeholders

The willingness to give one's time and energy consistently

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

Sustainability and E.S.G. report

Sustainability – looking after what's around us and ensuring we play our part

Environmental, Social and Governance (ESG) principles have been at the heart of the Sefalana Group's activities in some shape or form, ever since we commenced operations in 1974. The principles of ESG are enshrined in our organizational values and we are truly committed to being a responsible, sustainable and value-adding corporate citizen of the communities within which we are privileged to operate.

This year, Sefalana has embarked on an ESG Enhancement Initiative (the "Initiative") that will see alignment over time of our Group's ESG practices with globally accepted standards and frameworks as a basis. To this end, we will be developing components of this ESG Initiative including adoption of an appropriate ESG framework and development of relevant ESG metrics for implementation in the ensuing years.

Every business unit within Sefalana contributes towards the overall ESG initiatives. In 2021, the Group adopted 12 of the 17 United Nations Sustainable Development Goals (SDGs) into our corporate social responsibility strategic pillars. The SDGs were deemed an appropriate framework for guiding our ESG initiatives on appreciation that all the geographies within which we operate are UN member states and are committed to furtherance of the espoused goals.

We have tentatively concluded that the Sustainability Accounting Standards Board (SASB) is the most relevant framework for the Group.

This Initiative will go a long way in advancing the principles of responsible investment and credible corporate citizenship. It should be emphasized again, that ESG is not a new concept to Sefalana. We believe our manner of doing business has for many years exemplified the ethos of good corporate citizenship long before "ESG" as a term gained global prominence.

The sustainability landscape, however, is continuously evolving, with various institutions worldwide developing guiding frameworks on sustainability reporting. Botswana does not currently have a preferred framework, so we have studied similar businesses across the world to identify the most suitable framework for us.

Having referred to and considered a number of these frameworks, we have tentatively concluded that the Sustainability Accounting Standards Board (SASB) is the most relevant framework for the Group. The SASB is an affiliate of the body which develops the financial reporting standards to which we are already compliant. The SASB is due to release the first set of sustainability standards in January 2024. We await the release of these standards before formerly adopting this framework for ESG reporting.

Sefalana Group has traditionally concentrated it's efforts towards four key pillars of giving back, these are closely aligned to 12 of the 17 United Nations Sustainable Development Goals. In the current year this has been enhanced to the three E-S-G pillars that are consistent with MSCI ESG measurement metrics applied by organizations across the world.

Our ESG Timeline

- **2022** — Adoption of CSR pillars and United Nations Sustainable Development goals
- **2023** — CSR committee renamed to ESG steering committee and formulation of terms of reference. Development of ESG Road map
- **2024** — Submission of ESG Policy and recommended sustainability framework including sustainability reporting for consideration by Board of directors.

  Governance upskilling as necessary for key stakeholders in the process
- **2025** — Development of comprehensive ESG short and long term targets underpinned by metrics and road map to zero harm
- **2026** — **2026 and Beyond** Full adoption and reporting of metrics identified towards zero harm

Our ESG Journey

As indicated earlier, we have for many years been focusing on various aspects of Sustainability. With the relatively recent focus on ESG, in particular in Botswana, our journey will now involve formalizing and further developing our thinking in this area.

> **We have been consulting with a number of experts in the ESG area, and are in the process of confirming the most suitable framework for us to structure our ESG activities around. Once we have completed this exercise, we will be looking to identify and define KPIs and metrics on which we will be able to provide progress reports.**

ESG Governing Structures

Sefalana Group Board of Directors

↑ Sustainability Steering Committee

↑ Regional Business Units | Botswana Business Units

Addressing the E, the S and the G

Through our Sustainability Committee (previously the CRS Committee) we have identified a number of areas where we have focused our efforts. These span a range of sectors and disciplines.

Social
- Human capital development
- Human capital - **Health, Safety and Wellness**
- Human capital **- Inclusion and Diversity**
- Labour management **- Fair employment practices**
- Product liability **- product safety and quality**

Governance
- Corporate Governance – King IV compliance
- Board Diversity
- Fair pay practices
- Tax transparency
- Business Ethics

Environment
- Natural resources **- Water stress**
- Environment opportunity **- Renewable energy**
- Natural resources **- Biodiversity and Ecosystems**
- Pollution and waste **- packaging material & waste management**
- Pollution and waste **- Electronic waste management**
- Natural resources **- Raw material sourcing**
- Climate change **- carbon emissions**

Sustainability and E.S.G. report
(continued)

E

Environmental

The company is committed to proactively promoting awareness throughout the Sefalana Group and maintaining proper standards of environmental management wherever possible.

We are conscious that our operational activities may inadvertently have adverse impacts on the environment. Whether these are carbon emissions from our fleet, electricity usage from our many stores across the various geographies, or biodiversity concerns emanating from the sale of plastics, we remain conscious of the potential impact of our operations have on the environment.

The company is committed to proactively promoting awareness throughout the Sefalana Group and maintaining proper standards of environmental management wherever possible.

Our policy is to ensure that Sefalana operations utilize environmentally acceptable practices that benefit the environment, our shareholders, employees and the community at large. Where possible we will minimize the use of water and energy, our emissions, and more generally all other types of waste.

We strive to achieve this through our commitment, both at Board and business unit level, to:

- Comply with relevant environmental legislation, regulation and local standards and codes of practice applicable to our operations;
- Identify significant environmental aspects relevant to our operations, and to develop and implement appropriate environmental strategies where necessary;
- Develop environmental awareness across the Group through training and leading by example;
- Set and use objectives and targets where necessary;
- Measure and monitor compliance with applicable legislation and regulation on performance against any objectives and targets set;
- Monitor new developments in environmental control and technology relevant to our operations; and
- Adopt environmental management as a key strategic objective.

Environment opportunity - **Renewable energy**

The Group has deployed the installation of solar power systems at most of our stores in Namibia, and now has begun the rollout in Botswana to reduce the reliance on traditional energy sources.

The head office premises is also fitted with energy saving and motion censored lighting which has reduced the electricity usage considerably, thereby contributing to reduction of our overall carbon footprint.

As part of our future initiatives, the Group intends on developing a documented transition plan that will incapsulate the desired mix of renewable and non-renewable energy. The implementation and monitoring of this transition will be underpinned by specific metrics that will be appraised and reported on a regular basis. This is, however, a long term objective of the Group.

Natural resources - **Water stress**

Climate change is expected to increase water stress across the globe. Our milk manufacturing plant uses contemporary water recovery systems to re-channel and recycle a portion of the water used in the manufacturing process for outdoor gardening.

Pollution and waste - **Electronic waste management**

The Group has engaged third parties with specialized expertise in recycling of electronic materials to dispose of our electronic waste. Due to the number of staff we employ, there is a constant need to responsibly replace IT equipment.

Natural resources - **Biodiversity and Ecosystems**

Sefalana does not operate any sites that are situated within the vicinity of areas of high biodiversity. Should future plans and expansion necessitate this, the Group is committed to putting aside the necessary capital to rehabilitate and offset any negative impacts of our operations on biodiversity and ecosystems.

Natural resources - **Raw material sourcing**

Sefalana, under its Foods Botswana subsidiary, owns two food production plants in Botswana; one milling plant and one beverage plant. Every effort is made to ensure that the raw materials procured as part of the production process are obtained from fully organic sources and where possible, sourced from local farmers. In this way we are able to help uplift of local communities.

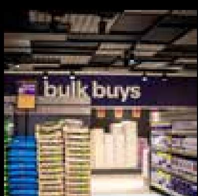
Climate change - **carbon emissions**

The already mentioned solar installation project that was rolled out in Botswana resulted in a saving of 609 tons of Carbon-dioxide emissions, this is an equivalent of 1627 trees saved in the current year. In Namibia total savings in Carbon-dioxide emissions amounted to 2 356 tons and is equivalent to 6 290 trees saved.

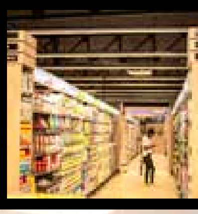

Sefalana
Shopper


fish

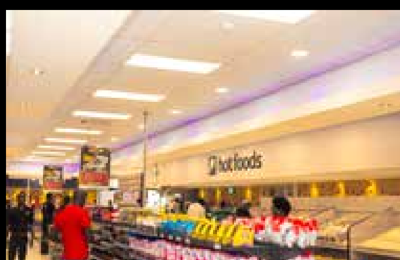

produce


bulk buys


bakery




Sefalana


hot foods

Green energy solar power project - Botswana

5 sites in Botswana have been earmarked to convert to solar power of which 1, Sefalana Shopper Setlhoa was completed in June 2022.

Sustainability and E.S.G. report
(continued)

S

Social

In Botswana, we continue to contribute towards addressing the shortage of citizen Chartered Accountants in the country by participating in the Botswana Institute of Chartered Accountants ("BICA") qualification program.

Human capital development

Over 5,800 hours were invested in training our employees in various disciplines during the year. This buttresses the Group's commitment to assisting workers in attaining their professional aspirations and dreams. In Botswana, we continue to contribute towards addressing the shortage of citizen Chartered Accountants in the country by participating in the Botswana Institute of Chartered Accountants ("BICA") qualification program. The Group Finance Director is the Qualified Person Responsible for the Training ("QPRT") of these students and ensures the students gain satisfactory mentorship and on-the-job training to ensure they graduate as Chartered Accountants upon completion of their program. He is also the Botswana representative of the Institute of Chartered Accountants of England and Wales ("ICAEW") thereby helping ensure the local BICA qualified personnel are getting the best guidance and support available to them as they progress their careers. BICA and the ICAEW have a reciprocal support agreement cementing this relationship.

Other initiatives aimed at human capital development in the broader community included:

Lesotho Defence Force: Youth Empowerment and Education Seminar

Sefalana Cash and Carry in Lesotho, provided various supplies to support a Youth Empowerment and Education Seminar hosted by Lesotho Defence Force, to educate and empower young people surrounding critical issues of substance abuse, gang related crimes and gender-based violence.

Lesotho Schools Music Association

We assisted schools to enhance and develop the arts curriculum and empowering children through the arts, by sponsoring trophies and medals.

Human capital - **Health, Safety and Wellness**

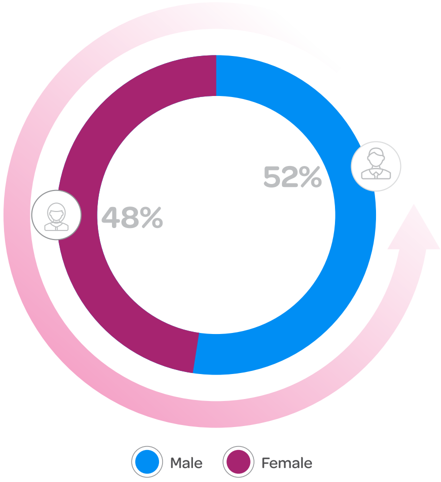
We continue to be steadfast in our commitment to ensure safety at work for all employees. We believe working in a safe and healthy environment is directly related to enhanced productivity and engagement. In the aftermath of the COVID pandemic, the lessons learnt on the importance of workplace safety and the value of human life remain fresh in our minds. We continue to provide facilities for employees to practice workplace hygiene and encourage employees to carry out a healthy and balanced lifestyle. The health and wellness programs that were introduced at the head office in 2021 continue to be administered and this year this included:

- Fitness programs such as Sefalana running club and football teams
- Basic health screening of employees
- Optional administering of flu vaccinations

Human capital **- Inclusion and Diversity**

Our total staff complement grew by 18% during the year to just over 6,600 employees across the Group with a 48% female and 52% male gender ratio. Sefalana strives to ensure members of local communities benefit from the labour practices. To this end, 99% of our staff for each county in which we operate are local citizens.

Gender mix Male / Female



Labour management **- Fair employment practices**

Sefalana prides itself on a fair and equal opportunities workplace, with zero tolerance for discrimination on the grounds of race, gender, religion, class, sexual orientation or creed. We have cultivated a highly diverse and inclusive workplace where employees freely express themselves and a high-performance culture is instilled.

Product liability **- product safety and quality**

The Group procurement practice is to acquire goods from credible suppliers who adhere to the highest of standards. Our rigorous supplier pre-screening process also requires that we procure only from entities whose practices, ethical standpoint and company values are aligned to our own. All food manufacturing processes are in full compliance with the Botswana Bureau of Standards and there is continuous end-to-end quality assurance.

Sustainability and E.S.G. report
(continued)

Opportunities in nutrition & health **- general feeding schemes**

Sefalana is proud to be operating in an industry that is closely inclined to nutrition & health. Across the geographies of the Sefalana Group, our subsidiaries have undertaken initiatives to better the lives of people by providing food and sustenance. Some of these projects are outlined below:

Community Outreach – **Care4Humanity Botswana**

We partnered with a local charity organization, Care4Humanity to sponsor food hampers for families in need.

Orphanage in Lesotho
– the provision of 50 food hampers

Footprints of Hope – Lesotho

Empowering the less fortunate and vulnerable members of the community by helping to feed 20 families through food hampers.

Omake Charity Organization in Otjiwarongo **- Namibia**

Food assistance to a charity organization that helps feed the needy and elderly community members in Otjiwarongo. The handover was carried out at the new store opening in Otjiwarongo where we donated food and groceries valued at N$100,000 to the Omake Charity Organization.

Office of the Mayor of Eenhana **- Namibia**

Feeding approximately 70 people living in deprived conditions in Eenhana's informal settlement areas through the Office of the Mayor.

Ondobe Secondary School in Eenhana **- Namibia**

In support of young learners, Metro Namibia helped to feed 100 students at the Ondobe Secondary school hostel.

Khomas Homeless Development Trust in Windhoek **- Namibia**

Food was donated to the non-profit organization who provide the homeless and needy with basic needs and training to become self-sufficient, to assist with their mandate.

Namibia Federation of the Visually Impaired in Windhoek - **Namibia**

We assisted with food donations to help feed students at the school after their financial support ended in December 2021.

Namibia Youth Worship Team in Groot Aub - **Namibia**

In trying to help bring change to local communities, and increasing the likelihood of breaking the cycle of poverty by taking care of orphans, we helped provide food for the children at an orphanage.

Maria Modise in Klein Aub – **Namibia**

In providing support for the underprivileged members of the community, we provided food to a small soup kitchen in Klein Aub.

Other initiatives

Ramotlabaki Primary School in Kgatleng

Sefalana Cash & Carry Limited (Botswana) donated 150 pairs of shoes to school children.

Louw Memorial School

The Government Aided Primary School mainly caters for children who come from underprivileged families from the nearby rural villages. These children travel long distances to school and depend mostly on school resources. Assistance was sought to celebrate students at the prize giving and promote continued education through the event. To further assist in the development of the school, Sefalana collaborated with the PTA to fund a guard house.

Community Development with Banner Group Members

Banner Group Members in collaboration with Sefalana Cash & Carry came together to donate a structure in Matebeleng village at the villagate clinic by the pediatric section, to provide shelter to day patients waiting assistance. A second structure was erected at Moshupa village for the YWCA Creche to provide shelter for the children at their playground.

GM's Charity Walk (Debswana)

Sefalana donated to the OLDMs GM Annual Sponsored Walk, which raises awareness for the socio-economic needs of the Boteti Sub-District, to raise money for different deserving community-based interventions.

Office of the President: Wheelchair Donation

Sefalana Cash & Carry donated 10 wheelchairs through the Office of the President to provide mobility assistance for those living with disabilities.

Sefalana Feed-

Mogoditshane District Council

Sefalana donated 100 food hampers to the Mogoditshane District Council for distribution to deserving communities in the area the Council serves, in order to uplift the community. This is part of our "Feed the Nation" initiative which will involve the distribution of 1,200 hampers in total across Botswana.

Lentsweletau

Sefalana's Feed-the-Nation drive gathered pace recently, as the Group handed over another 100 food hampers at Lentsweletau Kgotla in the presence of Kgosi Kgosidintse of Lentsweletau, Honourable Councillor Kgatitswe and representatives from the Social Welfare & Community Development offices.

Louw Memorial School

Sefalana donated food items to Louw Memorial School towards preparing meals for learners on prize giving day.

-the-Nation drive

Bosele Primary School

Sefalana Cash & Carry Broadhurst - as part of Sefalana Group's strategy to give back to the community - handed over 45 Physical Education kits and food hampers to Bosele Primary school learners. Each kit comprised of a T-shirt, shorts, socks, trainers and sanitary pads as well as food hampers.

UB Disability Support Services Unit

25 students with varying disabilities, and 5 caretakers travelled to the University of Limpopo for benchmarking exercises on improved learning opportunities. Food and toiletry hampers assisted in their welfare during the trip.

Polokong Elderly Care Centre

Sefalana Group contributed towards 165 Christmas hampers to the elderly of Polokong Elderly Care Centre in Maun.

Sustainability and E.S.G. report
(continued)

Sefalana Rewards

Sefalana rewards

Giving back to you every time you shop with us

Sefalana Rewards - giving back to customers

During the year our customers redeemed 7.7 million (2022: 6.4 million) loyalty points.

Mabeleapodi house donation

Through a collaborative effort, we helped to construct a house for a family in the Mabeleapodi community, a small village situated in central Botswana. The family identified has 14 family members, and did not have a suitable dwelling.

Shopper Retail birthday promotion

Our Retail birthday promotion once again benefited our customers with more than P2 million in the form of cash and mobile phone prizes. This generated a lot of excitement in the market meeting the needs of our retail customers who prefer cash rather than prizes in kind, during these challenging inflationary times.

Cash & Carry Birthday Promotion

As part of our annual birthday promotion, our Cash & Carry business, in order to reach a wider number of winners, introduced our scratch card promotion where our customers stand a chance to win cash prizes. The benefit to our customers was in excess of P3 million.

Taung Junior School Ramotswa

Sefalana Cash & Carry Ramotswa donated sanitary pads to learners at nearby Taung Junior School recently. The school was appreciative of the good gesture - pointing out sanitary-ware in particular was amongst some of the most important supplies needed for the girl child's uninterrupted access to education.

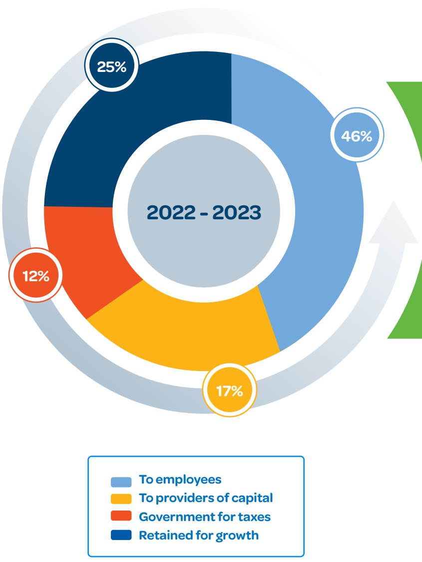
Sefalana Hyper Francistown

On June 16 - day of the Afican child - team Sefalana Hyper Francistown donated sanitaryware to a nearby local school

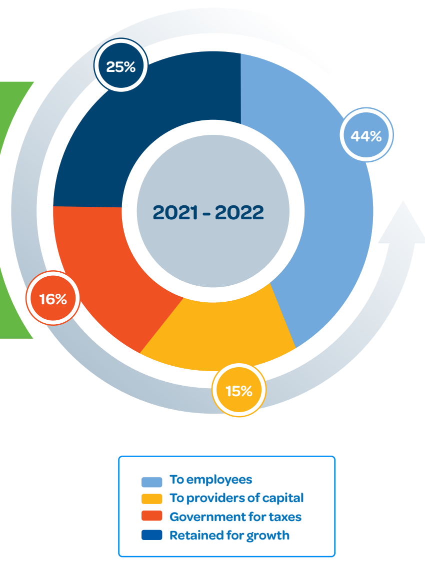
Sustainability and E.S.G. report
(continued)

Value added statement

	2023 P'000	2022 P'000
Wealth created		
Revenue	9 116 242	7 519 535
Payments to suppliers and providers of services	(8 214 922)	(6 782 346)
Value addition	901 320	737 189
Absorbed in operations of associated companies	(10 609)	(14 435)
Interest income from bank deposits and other loans	28 184	16 370
Dividends on preference shares	6 225	37 793
Total wealth created	925 120	776 917
Wealth distribution		
To employees	422 301	346 227
To providers of capital	155 870	122 157
Government for taxes	102 255	112 743
Total wealth distributed	680 426	581 127
Wealth retained in the business		
To maintain and develop operations of the Group	244 694	195 790
Number of employees of the Group	**6 623**	**5 619**



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

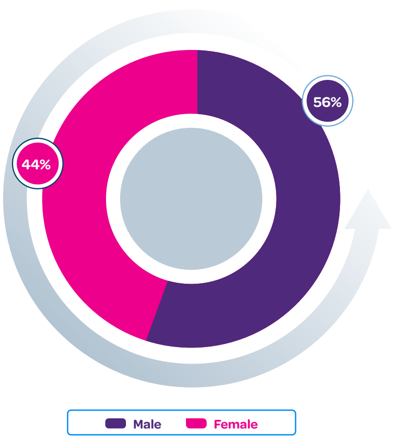


G

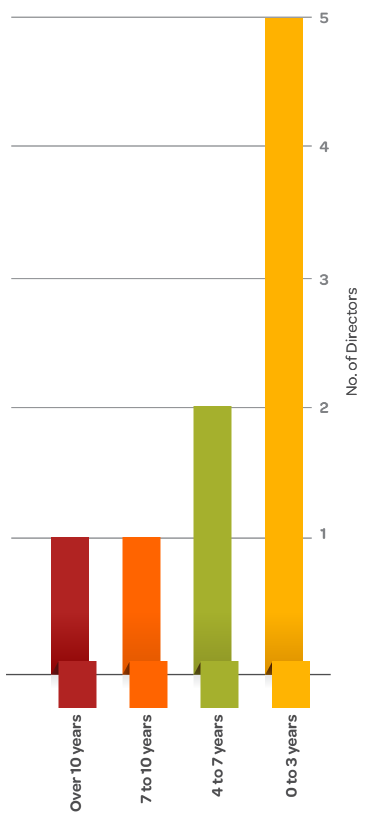
Governance

The Group Internal Audit department conducts internal audit reviews through-out the year at all subsidiaries. These are pre-approved by the Board Audit Committee.

Board Gender Mix



Board Tenure Mix



Board Diversity

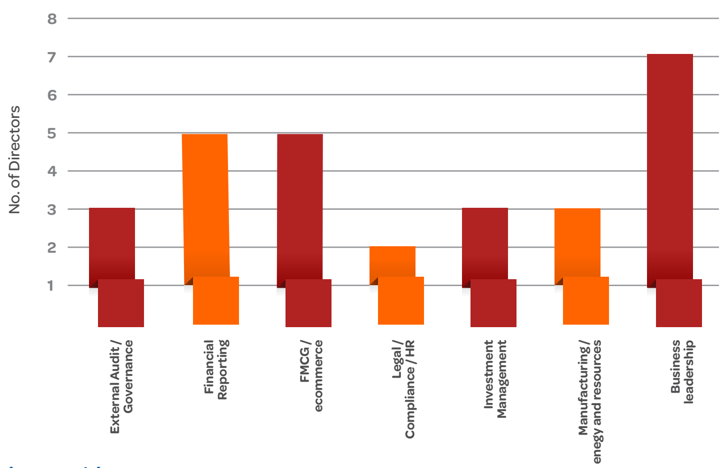
The Group is committed to attaining broad gender balance and suitable age, tenure and skills mix at Board level. There is a good gender parity in the composition of the Board and the strong diversity in skills, industry experience and qualifications.

Fair pay practices

During the year and previous year, the Remuneration Committee has commissioned a benchmarking exercise for Executive pay. Refer to the Remuneration Report for more details.

Negotiations with Trade Unions takes place annually and a mutually accepted pay increase is put in place. We are proud to be paying well above the minimum wage. We were also able to award pay increases and bonus awards to our staff during the Pandemic.

Skills Mix of Board of Directors



Business Ethics

The Group has adopted the following initiatives among others to ensure that the highest standards of business ethics are instilled across all operations:

Internal audit function that reports directly to the Board Audit Committee

The Group Internal Audit department conducts internal audit reviews through-out the year at all subsidiaries. These are pre-approved by the Board Audit Committee. Ad-hoc assignments are also carried out by internal audit as and when requested by the Board.

Group wide whistleblowing policy

All subsidiaries are aware of this policy and how to report through it.

Tax transparency

The Group is a compliant taxpayer in all the jurisdictions within which it operates. All related party transactions are fully disclosed to tax authorities. A Group Transfer Pricing framework has been developed and applied which aligns with global standards and has been approved by the relevant tax authorities.

We regularly commission Tax experts to provide us with Tax Health Checks, in order to ensure compliance at all times.

Corporate Governance Report

Governance Overview

The Board is committed to high standards of corporate governance. In addition to aligning itself with the principles of King IV, the Company has applied the guidelines as entrenched in the Botswana Stock Exchange ("BSE") Listing Rules. The Board endeavours to embed corporate governance principles in the corporate culture of the organisation to deliver sustainable development of the Group.

The Group focuses on integrity, accountability, and transparency in its conduct and is led by an effective and committed Board, who provide central oversight, governance and direction to the various entities of the Group. Through the implementation of homogeneous Group-wide policies, the Group is effectively governed and directed towards common performance objectives, whilst still allowing for operational responsibility and management at subsidiary level. With a number of entities within the Group being defined as Public Interest Entities ("PIEs"), the need for good corporate governance structures throughout the Group is essential to the sustainability of the organization.

The Board of Sefalana Holding Company Limited promotes principles of Good Governance and recognizes that these principles are essential for business integrity, delivering sustainable value to shareholders and to protect the interest of stakeholders. Sefalana's governance philosophy is outcome based and seeks to achieve the following benefits;

1. Ethical Culture
2. Effective Control
3. Good Performance
4. Legitimacy

The Board believes that this Annual Report considers all material matters which reflect the performance of the Sefalana Group of companies, and accordingly adopts an Integrated Reporting approach in-line with best practice.

The Group also, on an on-going basis, looks at other regions in the World to determine best practice in Governance, to guide and improve the way in which it operates. Over the past 5 years, an additional reference has also been made to the UK Corporate Governance Code, as a complimentary means of ensuring adherence to international best practice in the realm of corporate governance, which is laid out later in this report.

The Board accordingly operates within the parameters of these various Corporate Governance frameworks, and this report is produced within the guidelines of King IV, adopting the "apply and explain" regime for the benefit of shareholders and stakeholders alike.

Governance Outcome:

1 Ethical Culture

Our outstanding market position as a leading FMCG Group, and the strength of our brand enables us to respond robustly to competitive threats.

1.1. Sefalana Group Ethics

The Board reaffirms its commitment to ethical leadership, exemplified by integrity, competence, responsibility, accountability, and fairness & transparency within the governing body. Sefalana Holding Company Limited, together with its subsidiaries are dedicated to ethical decision-making.

The business is focussed on achieving a group ethical culture by demonstrating strong ethical leadership. Strong ethical leadership develops and fosters a greater level of trust between the Group and all its stakeholders, through policy implementation and appropriate governance structures. The members of the Board individually and collectively have, during the year acted in good faith and the best interest of the company and avoided conflicts of interest. The Board takes careful consideration to table and monitor its interest register to ensure that there is no actual or perceived conflict in its deliberations.

Monitoring
The Board has oversight, through reports received from the Audit Committee, Risk Committee and Remuneration Committee, of the consequences imposed on employees for ethical and unethical behaviour, ensuring fair treatment. The Board is also able to reinforce the Group's commitment to ethical standards at top and middle management, and non-management positions through policy reviews, placing emphasis on improving awareness of ethical standards in the Group.

Areas of focus during the year
The business is committed to preventing the use of its products, services, technologies and channels for financial crimes, money laundering and terrorist financing. We have adopted an Anti-Money Laundering & Counter Terrorist Financing Policy. The Group will continue to review its internal policies and structures, to ensure compliance with developments in legislation and international best practice.

Focus areas going forward
For the ensuing year, the Board will review its Charter together with the Group Ethics Policy, to ensure they continue to reflect the strong ethical leadership in-line with Group Values. The Group plans to strengthen and further entrench responsible and ethical leadership by the continued training and cascading of its policy aspirations.

1.2. Directors' declaration of interest

The Sefalana Board of Directors as the focal point and custodian of corporate governance in the Group, are compelled to lead effectively and ethically. The Board are aware of and adhere to their fiduciary duties to act in good faith, in the best interests of the company, unclouded and unaffected by extraneous matters. The Directors, as part of a standing agenda item for every Board meeting, declare their direct and/or indirect interests. Each Director is expected to abstain from voting on resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions. If appropriate, authorization is given by the remainder of the Board members, where such conflict exists, any such authorizations are minuted, and the Company Secretary maintains and updates the interest register regularly.

Corporate Governance Report
(continued)

1.3. Dealings in the Company Securities

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

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

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

Director	Number of shares controlled as at the year-end date
Mrs Jennifer Marinelli	50,000 (2022: 50,000)
Mr Chandra Chauhan	14,134,204 (2022: 14,134,204)
Mr Bryan Davis	Nil (2022: Nil)
Mrs Keneilwe Mere	Nil (2022: Nil)
Mr Mohamed Osman	233,028 (2022: 231,769)
Mrs Susanne Swaniker-Tettey	Nil (2022: Nil)
Ms Paula Disberry	Nil (2022: Nil)
Mr Gerhard Scheepers	Nil (2022: Nil)
Mr Mahube Mpugwa	14,764 (2022: 14,764)
Dr Keith Jefferis	34,804 (2022: 34,804)

Governance Outcome:

2

Effective Control

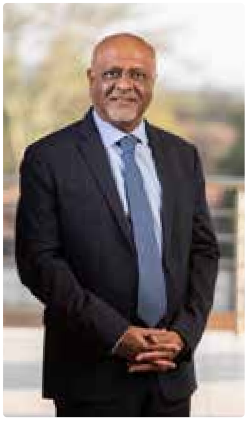
The Board members are aware of and adhere to their fiduciary duties to act in good faith, in the best interests of the company, unclouded and unaffected by extraneous matters.

2.1. The Board of Directors

Jennifer Marinelli (65)
Board Chair
Independent - Non - Executive Director
Main Board Attendance 4/4

Jennifer Marinelli is a fellow member of the Botswana Institute of Chartered Accountants and the Institute of Chartered Accountants of Zimbabwe. Mrs Marinelli holds a Bachelor of Accounting Science from UNISA. She has over twenty-two years' experience employed at Deloitte & Touche where she was an Audit Partner. She currently runs a successful consulting business. Jenny is also a Board member of Stanbic Bank Botswana Ltd. She served on the Board of Sefalana from 2001 to 2015 and was re-appointed to the board on 1 December 2021.

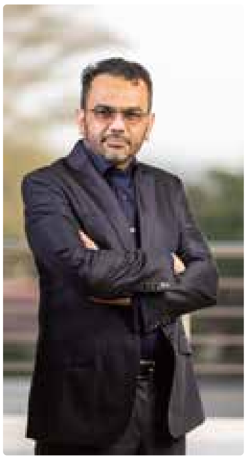
She is also the Chair of the Board Nominations Committee and is a member of the Remuneration Committee.



Chandra Chauhan (61)
Group Managing Director – Executive
Main Board Attendance: 4/4

Chandra is a Chartered Accountant who trained and qualified with KPMG in the United Kingdom. A Zambian by birth, he became a naturalised citizen of Botswana and has over the years become a very successful entrepreneur and respected businessman. He is currently the Group Managing Director, having been appointed to the Board on 30 August 2002. He has been responsible for turning around and restructuring Sefalana and has seen its market capitalisation increase from P64 million in 2004 to its current capitalisation of just under P3 billion. He is also a Non - Executive Director of Botswana Insurance Holdings Limited, a company listed on the Botswana Stock Exchange having been appointed to its Board in April 2009 and he is the Chairman of the Board of Botswana Insurance Fund Management. Mr. Chauhan has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and FCA (Botswana).

Each Director is expected to abstain from voting on resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions.



Mohamed Osman (46)
Group Finance Director – Executive
Main Board Attendance: 4/4

Mohamed is a Fellow Chartered Accountant who trained with KPMG and Ernst and Young in the UK for over 10 years. He joined Sefalana as the Deputy Group Finance Director in March 2012 and was promoted to the position of Group Finance Director on 23 January 2014. He worked closely with a number of Retail and Manufacturing businesses in the UK having spent 15 years away from Botswana. Mohamed graduated with a BCom (Hons) degree from the University of Birmingham in the UK and qualified under the Institute of Chartered Accountants of England and Wales (ICAEW). He has an MBA in International Management from Edinburgh University in Scotland, and has attended Executive Leadership courses at Harvard Business School Cambridge Massachusetts, and MIT Sloan School of Management in Boston.

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

Mohamed previously held the position of Non - Executive Director on the Board of Absa Bank Botswana (formally Barclays Bank Botswana), where he was also the Chairman of the Audit Committee.

Corporate Governance Report
(continued)

Keneilwe P Mere (50)
Independent - Non – Executive and Lead Independent Director
Main Board Attendance: **4/4**

Keneilwe is an attorney with 20 years professional experience as a private Legal Practitioner. She has a strong background in Corporate Law, Regulatory matters, Labour law, Commercial Civil Litigation and Alternative Dispute Resolution. She is one of the founding partners of Moribame Matthews (a Collaborating firm with Andersen Global) a successful boutique law firm established over 15 years ago in Gaborone. She is responsible for the Corporate and Civil Litigation divisions of the firm. She attained her Bachelor of Law degree (LLB) with the University of Botswana in 2001 and immediately joined Lesetedi & Company. Keneilwe then joined Collins Newman & Company as a pupil attorney until her departure in 2007 to establish Moribame Matthews. Keneilwe's clientele cuts across industries including finance, insurance, banking, mining, utilities and property industries.

Keneilwe is member of the Law Society of Botswana, where she sits on the Disciplinary Committee, and a member of the International Bar Association. She is a Board member of Kgare Insurance Brokers (Pty) Ltd. Keneilwe also serves as the Vice President of the Competition and Consumer Tribunal. Keneilwe is the past vice-chairperson of the Cancer Association of Botswana. She is passionate about the economic upliftment of women in the community and the advancement of youth in the economic sphere. As an active member of the Law Society of Botswana, Keneilwe's focus is on the progression of women attorneys in private commercial legal practice particularly in transactional and infrastructure projects. She joined the Sefalana Holding Company Board of Directors on 25 January 2017.

Keneilwe is the Lead Independent Director, Chairperson of the Remuneration Committee, and a member of the Audit Committee and Risk Committee.

Bryan Davis (65)
Sefalana Cash and Carry Namibia – Managing Director – Executive
Main Board Attendance: **3/4**

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

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

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

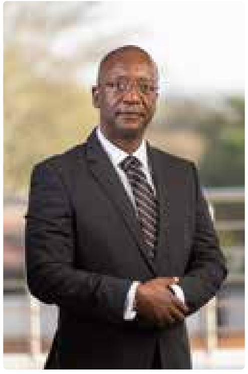
Ms Susanne Swaniker-Tettey (48)
Independent - Non – Executive
Main Board Attendance: **3/4**

Susanne is a Fellow Chartered Accountant who possesses practical knowledge in Financial Management with core competencies in Financial Reporting, Financial Analysis, Strategic Planning, Governance and Compliance, amongst others. She is currently the Chief Financial Officer (CFO) of De Beers Global Sightholder Sales (Pty) Ltd, a former CFO of Okavango Diamond Company (Pty) Ltd as well as former CFO of several other mining companies in Botswana.

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

She is currently the Treasurer of BICA and sits on several other Boards and Audit Committees.

Susanne joined the Board in 2020 and is the Chair of the Audit Committee and is a member of the Nominations Committee



Mahube Mpugwa (56)
Independent - Non - Executive
Main Board Attendance: **4/4**

Mahube holds 25 years' experience in the oil and retail industry in Botswana. He has held several directorships, pioneering various business development programs with the petroleum industry. Mahube is passionate about developing a workforce culture that drives impactful outcomes and will play a critical role in the Group's diversification and expansion strategies.

Mahube graduated with a BA (Hons) from the University of Windsor in 1994. Mahube acquired a Certificate in Business Leadership in 2002 from UNISA Graduate School of Business Leadership. He has an MBA from the University of Strathclyde Graduate School of Business and participated in the Executive Leadership Development Programme at HEC Paris in 2016.

Mahube joined the Board on 1 March 2022 and is the Chair of the Risk Committee and is a member of the Audit Committee.

Gerhard Scheepers (63)
Sefalana Cash and Carry Botswana – Managing Director – Executive
Main Board Attendance **4/4**

Gerhard has over 36 years of experience in the FMCG industry within Southern Africa. He provides insight on the regional FMCG business environment, drawing on his wealth of practical knowledge and experience. Gerhard has a deep understanding and appreciation for the fundamental components that create a successful FMCG business, which lies at the core of the Group. He has a strong background in operations and business development and will continue to add value in enhancing efficiencies and profitability within the Group.

Gerhard began his career with the Sefalana Group in 2016, where he played a key role in building the Lesotho business that has been acquired as part of the Group's expansion into the Region. He joined Sefalana Cash & Carry as the Country Wholesale Executive in 2018 and was appointed as the Chief Executive Officer for Sefalana Cash & Carry in August 2021. Gerhard was appointed to the Board on 1 March 2022.

Paula Disberry (55)
Independent - Non - Executive
Main Board Attendance: **4/4**

With over 30 years of senior executive-level retail and FMCG experience across the globe, Paula brings her unique leadership, commercial and advisory expertise to driving the strategic direction of the group.

Paula graduated with a BA and MA from Cambridge University in 1989. She has held key leadership positions in a number of multinational Retail and FMCG blue-chip companies such as British Petroleum, Colgate Palmolive, Tesco, Woolworths, South Africa and Pick n Pay, and has 15 years of experience in Africa. She is currently the Retail Advisor to Tana Africa and Phatisa Private Equity, sits on the Board of Pepkor, and is an executive mentor. She is based in Cape Town.

Paula is passionate about building organizational capability, customer centricity and sustainability. She has played an instrumental role in driving product innovation, e-commerce, customer and people strategies, and sustainability, which will add immense value shaping the future direction of the business.

Paula was appointed to the Board on 1 March 2022 and is a member of the Risk Committee and Remuneration Committee.

Corporate Governance Report
(continued)

2.2. Roles and Responsibilities of the Board and its Committees

2.2.1 Role of the Board

The Board is the governing body of the Group. It ensures the effective discharge of its duties through the establishment of its own Board Committees, who exercise delegated authority, in accordance with the clearly defined Terms of Reference for the respective committees. The Committees report to the Board, to ensure proper oversight.

The Board Charter also outlines fiduciary duties of Directors according to the Companies Act and as recommended by King IV.

> **Matters not specifically reserved for the Board are delegated to the Group Managing Director, who focuses on the daily operational affairs of the business and execution of the Group Strategy, as set by the Board. This brings an independent judgement on all strategic matters.**

The Board fulfils its functions in line with the Board Charter. The purpose of the Board Charter is to clearly outline the structure of the Board and to define its role, focusing on strategic leadership, performance management, investor relations, risk management and governance. The Board Charter also outlines fiduciary duties of Directors according to the Companies Act and as recommended by King IV. The Board reviews the Charter annually to ensure that it is current, and effective in-line with legislative developments and standards of governance practice. No significant changes were made to the Charter during the reporting period.

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

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

The Board reviews the Charter annually to ensure that it is current, and effective in line with legislative developments and standards of governance practice.

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

The 2022 Board Evaluations considered the following;

The results of the evaluation demonstrate continued satisfactory performance by the Board. The Board noted that there was a gap for insight from an Economics perspective following the passing of Mr Sebabole. Consequently, the Nominations Committee upon appropriate evaluation and consideration proposed the appointment of Dr. Keith Jefferis to the Board effective 1 July 2023.

2.2.2 Board Meetings

Every year the Board has four scheduled meetings, and additional meetings may be called as and when required.

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

2.2.3 Board Committees

The Board is supported by well - structured Committees. The delegation of authority to these Committees allows for the effective exercise of authority and responsibilities throughout the Group The Committees constitute an integral part of the governance process and are established with clearly defined formal terms of reference. The terms of reference are reviewed and approved annually, to ensure they are current and relevant to the changing legal and governance matrix.

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

Nominations Committee	
Membership and meeting attendance ▷ Mrs JM Marinelli (Chair) (1/1) ▷ Mrs S Swaniker-Tettey (1/1) ▷ Mr Mahube Mpugwa (1/1)	The Nominations Committee regularly meets for the purpose of discussing and guiding succession planning for Directors and other senior executives, together with evaluating Board membership on an annual basis. The Committee also identifies various skill development courses of relevance and benefit to the Board. The purpose of the evaluation is to review growth in the Board members' skill sets, as well as to identify where additional expertise would be advantageous to the Board. The Nominations Committee is tasked with identifying suitable candidates, whose knowledge and experience set compliment effective and appropriate leadership for the Group. It is through the deliberations and contributions of the Nominations Committee that Dr. Keith Jefferis was identified as a suitable candidate for nomination to the Board. The Nomination Committee is satisfied that it has fulfilled its responsibilities in line with its Terms of Reference.

Corporate Governance Report

(continued)

Audit Committee

Membership and meeting attendance

- Mrs S Swaniker-Tettey (Chair) (3/3)
- Mrs KP Mere (3/3)
- Mr M Mahube (3/3)

The Audit Committee provides independent oversight and assessments, with the view to ensuring effective systems of internal controls, and policies to further the Combined Assurance Model, providing comfort to stakeholders.

The Committee liaises with the internal and external auditors. The Committee reports to the Board on recommendations, including the consideration of the external auditors engagement and their remuneration. The Audit Committee also reports to the Board in approving the financial statements, and formal announcements regarding performance.

During the period under review, the Committee held closed sessions with the internal auditor, to appropriately consider and evaluate the measures adopted to create an appropriate framework to address potential risks to the business practice. The Committee considered matters relating to the rotation of the External Auditors, in-line with international best practice and BAOA requirements, dividend proposals, the Group IT roadmap, disaster recovery plans, emergency response training and the Group annual financial statements.

The Audit Committee invites Group Officers as and when it is necessary to provide direct feedback on areas of internal audit, IT and security.

Risk Committee

Membership and meeting attendance

- Mr M Mpugwa (Chair) (3/3)
- Mrs KP Mere (3/3)
- Ms P Disberry (3/3)

The purpose of the Risk Committee is to determine the levels of risk tolerance considering risk factors in both the external and internal business environment. It further governs risk management for the Group, maintaining an effective ongoing risk assessment process across the Group and the respective subsidiaries. Its functions require the Committee to coordinate with the Audit Committee to understand the internal audit work plan in relation to the identified risks. The Risk Committee reports to the Board on developments in the risk matrix.

During the year, the Committee has focused on developing the Group culture of risk management through implementing regular risk reporting across the Group, developing and developing its scenario planning matrix. In the coming period, the Committee will focus on developing the business continuity preparedness of the Group and how this inter-relates with scenario planning.

The purpose of the Risk Committee is to determine the levels of risk tolerance considering risk factors in both the external and internal business environment.

	Remuneration Committee	
	Membership and meeting attendance ▷ Mrs KP Mere (Chair) (2/2) ▷ Mrs JM Marinelli (2/2) ▷ Ms P Disberry (2/2) Additional adhoc meetings took place during the year to conclude the Executive remuneration benchmarking exercise.	The Remuneration Committee reviews and adopts the Group's remuneration policy, to ensure that remuneration packages are fair and provide responsible rewards in order to attract and retain quality personnel, to develop and grow the Group through its human capital. The Committee meets annually to review and determine various remuneration levels and benefits across the board, to ensure good performance is appropriately rewarded. The Committee also ensures through its policies' and reports that the Group remunerates fairly, responsibly and transparently in order to achieve strategic outcomes. The Committee considered and focused on Executive Directors remuneration, and their incentive structure. The Committee looked at employee remuneration and associated benefits, as well as Group reward structures. The Committee's mandate was widened to consider additional HR related matters. During the year the Committee appointed a third party expert in South Africa to review and benchmark the Group Managing Director's and Group Finance Director's remuneration packages as this had not been done in detail for some time. Further information is contained in the Remuneration Report.

Executive Directors attend all Board-Sub-committee meetings by invitation except for the Remuneration Committee which is attended only by the Non-Executive committee members. The Group Internal Auditor and the External Auditors attend all Audit Committee meetings.

Each committee considers its effectiveness through an annual review of its activities, measured against the approved terms of reference. Through the Board Evaluation process, the Committees of the Board have satisfied themselves that they have fulfilled their responsibilities in terms of their terms of reference for the period under review.

2.2.4 The Board Chairperson and the Group Managing Director

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

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

The Chairperson is an independent Non-Executive member of the governing body, who is free of any conflict of interest. Given the nature and structure of the Board and its sub-committees, the Board is satisfied that the Chair provides appropriate direction for an effective Board. **During the year, Mrs. Keneilwe Mere was appointed as the Lead Independent Director, who, in the event of the independence of the Chairperson becoming impaired or questioned may resolve the matter at hand.**

2.3 Skills Matrix

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

Corporate Governance Report
(continued)

Our Board appointments are formal, transparent and a matter for the Board as a whole, assisted by the Nomination Committee.

Through the Nominations Committee, the Board carries out regular evaluations to review the existing skills composition of the Board and to identify areas for enhancement of the Board. The skills matrix evaluation system strengthens our overall governance practices by identifying the current skills, knowledge and experience of the Board as well as to make future plans for skills diversity. With the unfortunate passing of Mr. Sebabole, the Nominations Committee highlighted the need for expertise in Economics. It is through this gap analysis that Dr. Jefferis was identified and proposed to the Board for nomination.

2.4 Board diversity and balance

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

> **The Board of Sefalana promotes gender diversity at Board level as a policy and has set a target of achieving a minimum of at least one third of its membership to be female Non-Executive Directors. The Board has met this target.**

2.5. Changes in the Board Structure

2.5.2. New Appointments

Dr. Keith Jefferis was appointed to the Board on 1 July 2023. This appointment is subject to ratification by the shareholders at the Annual General Meeting to be held in October 2023.

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

The Board is satisfied with its composition following this recent appointment. Succession planning will now be formalised for the Board and its Chair following this full composition.

2.6 Board Tenure

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

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

Governance Outcome:

3

Delivering Good Performance

The Board is mindful of Sefalana's strategy, governance requirements, risk management matrix, and how they come together to impact the performance of the Group.

The Board is committed to driving good performance within the Group. There are established structures within the Group to ensure the Board has appropriate assurance and oversight over the strategic direction and performance of the Group. The Board is mindful of Sefalana's strategy, governance requirements, risk management matrix, and how they come together to impact the performance of the Group.

Remaining conscious of these pillars enables the Group to achieve and report on the positive achievements in line with strategic goals, use of capital, and how the Group operates within the triple context of the economy, society, and environment. The Board's effective control, through the decisions taken, and progressive action plans are set out in detail throughout this report.

Remaining conscious of these pillars enables the Group to achieve and report on the positive achievements in line with strategic goals, use of capital, and how the Group operates within the triple context of the economy, society, and environment.

Governance Outcome:

4

Legitimacy

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

4.1. Relations with Stakeholders

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

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

The Annual General Meeting (AGM) of Sefalana Holding Company was held on Friday 28 October 2022 at 16h00.

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

The Board uses the Annual General Meeting to communicate with Shareholders and potential investors and encourage their participation.

Corporate Governance Report
(continued)

Shareholders present in person and / or by proxy were 204,015,845 representing 81.4% of the total issued share capital. All but one of the resolutions was passed by a majority of the votes exercised. The shareholders voted against the Ordinary Resolution 4, which gave rise to a review of the Remuneration reporting and disclosure which has been enhanced in this year's report.

During the past year, the Risk committee was established, to provide enhanced report and oversight on compliance governance. Our Risk Officer reports periodically to the Board through the Risk Committee.

Special General Meeting - 2022

During the year, the Company introduced a revised Company Constitution replacing the somewhat out of date previous version. Through active engagement with various asset managers and shareholders, the Board was able to take on board the various valued input of its stakeholders. As a result of this ongoing engagement, the Company revoked its Memorandum and Articles of Association and introduced its new Constitution at the Special General Meeting held on Friday 31 March 2023 at 15h00. The Special General Meeting proceedings were conducted in accordance with the Companies Act and the, then in force, Memorandum & Articles of Sefalana Holding Company Limited. There were no restrictions on any shareholder casting votes on the resolution.

Shareholders present in person and by proxy were 226,241,242 representing 90.3% of the total issued share capital. The Board is pleased to report that the special resolution was passed by a unanimous vote.

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

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

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

4.2. Compliance Management

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

The Board assumes the responsibility for governing compliance in a way that supports being an ethical and good corporate citizen. Through the Compliance Policy, the Board sets out the arrangements for governing and managing compliance with non-binding rules, codes and standards adopted by the Group.

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

During the year, the Risk and Compliance team introduced their internal reporting decks, collating information regarding compliance with applicable laws, non-binding rules, codes and standards across the subsidiaries.

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

4.3. COMPLIANCE WITH CORPORATE GOVERNANCE CODES

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

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

4.3.1. KING IV

	PRINCIPLE	ASSESSMENT
1	**The governing body should lead ethically and effectively**	The governing body of the Group is the Board of Directors. All Directors are fully aware of their fiduciary duties and ensure that at all times these are being adhered to with an overall objective of leading the Group ethically and effectively. Through its Nomination Committee, the Board ensures the appropriate skill sets are in place and that independence is maintained through quarterly declarations of interests by Board members. The Terms of Reference for the Main Board and its sub- committees are annually reviewed and updated in line with best practice. Closed period restrictions are put in place at appropriate times and regular communication is carried out to all stakeholders, with the intent of demonstrating enhanced transparency.
2	**The governing body should govern the ethics of Sefalana in a way that supports the establishment of an ethical culture**	The Board is governed by a Board Charter incorporating effective and responsible leadership. The Group's ethics are managed through the Audit Committee. The Committee also reviews the Group's whistleblowing arrangements, and its reporting and investigation process to ensure that arrangements are in place for proportionate and independent investigation of matters. Sefalana's Value Charter regulates guiding principles that set out internal conduct as well as relations with various stakeholders. During the reporting period, the Board sought additional insight on HR practices, to fully appreciate how the ethics policy is implemented throughout the Group.

Corporate Governance Report
(continued)

3	**The governing body should ensure that Sefalana is and is seen to be a responsible corporate citizen**	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2019-2023. One of the values entrenched in the strategy is to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment. The Board ensures that the Company supports and invests in the wellbeing of the economy, society and the natural environment and in particular, supports income generating initiatives for those in need. During the reporting period, the Board expanded mandate of the CSR Management Committee, becoming the Sustainability Management Committee. The focus is both on quantitative and qualitative measures, implementing a combination of CSR and ESG initiatives. Further information regarding these measures is included in the sustainability report. The Sustainability Management Committee meets on an ad-hoc basis, and at least once a quarter, reporting to the Board at least on a bi-annual basis. The future focus area is to measure and identify a base point of the Group's "Sustainability Footprint" considering the triple context, before beginning on the roadmap.
4	**The governing body should appreciate that Sefalana's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**	The Board monitors the implementation of strategy through the Group Strategy Coordinator who reports to the Board at quarterly meetings. The Group Internal Auditor also reports to the Audit Committee at all its meetings. The Risk Officer reports to the Risk Committee. The inter - dependencies and relationship of human, financial, manufacturing capital, intellectual capital and other externalities are reported in the Group Managing Director's and Group Finance Director's reports and the Annual Financial statements. During the reporting period, a Strategy session was convened by the Group and attended by all subsidiaries and the Board. At the session, the Group reviewed its performance against the Strategic Objectives, assessed areas of realignment, and discussed future plans. Sefalana's focus continues to be adopting sustainability practices in integrating environmental and social issues in the business strategy of the company so as to create value for the stakeholders. Sefalana also engages in innovative practices in its products and business processes in order to enhance the business strategy. Refer to page 72 on how this Integrated Report features these critical areas.
5	**The governing body should ensure that reports issued by Sefalana enable stakeholders to make informed assessments of Sefalana's performance, and its short, medium and long term prospects.**	Sefalana through its annual reports provides detailed commentary of the Group's performance in the context of the external environment, demonstrated through a wide range of activities, interactions and relationships. In addition, detailed information on each business unit's performance is provided in the half year results publications. The Sefalana social media sites allow for an improved level of interaction with various stakeholders. We encourage strong engagement with investors and other stakeholders through our planned program of investor relations activities, as well as responding to queries from shareholders and analysts throughout the year. The Sefalana website also hosts historical annual reports, for access by stakeholders to gauge the Group's growth throughout the years.

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

The Board ensures that there is an appropriate balance of power and authority in its composition. All Non - Executive Directors are independent. The Chairperson of the Board is considered to be independent. The Nominations Committee meets from time to time to consider the diversity and appropriateness of the Board.

Corporate Governance Report
(continued)

10	**The governing body should ensure that the appointment of, and delegation to, Management contribute to role clarity and the effective exercise of authority and responsibilities.**	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Company Secretary maintains a register of Director's interests. Succession planning is an ongoing focus area as the Board ensures that the success of the organization is not reliant on one or few key members of the organization. The role of CEO and Chairman are performed by separate individuals. The CEO is given certain decision-making power. Decisions over a set threshold are considered by the Board. This ensures effective and timely decision - making. Procedures of appointment to the Board are formal and transparent and are a matter of the whole Board on recommendation by the Nominations Committee, subject to Shareholder approval. The Board gains access to professional corporate governance services through the Company Secretary. The Company Secretary provides periodic reports to the Board and its committees, on legal developments and their impact on the Group, and governance matters. The Company Secretary provides support to the Board as the custodian for Group governance material, and collating information and resources to support the Board in the discharge of its Corporate Governance responsibilities. The Board believes these arrangements are effective. The appointment of the Company Secretary is a matter of the Board. The Board has direct and unfettered access to the Company Secretary. The Company Secretary is not a member of the Board and maintains an arms-length relationship with the Board. The Board considered the competencies, qualifications and experience of the Company Secretary and determined that the Company Secretary has the necessary competence, gravitas, and objectivity to provide independent guidance and support to the Board.
11	**The governing body should govern risk in a way that supports Sefalana in setting and achieving its strategic objectives**	The Audit and Risk Committees play a key role in ensuring that the Company's Internal Audit function and Risk and Compliance functions, respectively have the necessary resources, budget standing and authority within the Company to enable it to discharge its functions. The Head of Internal Audit reports directly to the Audit Committee. The Group Risk and Compliance Officer reports directly to the Risk Committee. These two committees act in accordance with their statutory duties and the delegated authority of the Board in terms of their respective Terms of Reference. The Risk Committee is an integral component of the risk management process and oversees the development of policies. Risk assessments are conducted on a continuous basis and reported to the Board through the Risk Committee. The Risk Committee provides oversight over risk management. Assurance of good governance is achieved through the regular measurement and reporting of risk management. To achieve this, recent risk management initiatives included: ▷ A documented, approved Risk Management Policy, Framework and Plan. ▷ Board and Executive management assessment of risks impacting on the Group's strategic objectives. A strategic risk register with core risks is maintained and these are monitored on a continuous basis by the Board.

12	**The governing body should govern technology and information in a way that supports Sefalana in setting and achieving its strategic objectives**	The Board has endorsed the Group IT Policies and procedures. The Group IT manager reports to the Audit Committee at all its meetings. The Board ensures that the IT strategy is integrated into the Sefalana Group's strategic and business processes, and that IT is in alignment with the achievement of the Group's business objectives. Group Management is mandated by the Audit Committee to guide IT governance framework within the Group. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT related risk. An IT roadmap was developed during the year. IT is represented at Audit Committee meetings by the Head of Corporate Services and the Group IT Manager. Detailed feedback is made to the Audit Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
13	**The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports Sefalana being ethical and a good corporate citizen**	The Company complies with applicable laws and non-binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time. Through the establishment of the separate Risk Committee, and regular reporting to it by the Risk & Compliance Officer, the Board is able to monitor the effectiveness of compliance management. During the year, the Company has focused on sustainability, and incorporating the legislation surrounding improving sustainability and resilience within Botswana into Group policies. The Company also drove the amendment of its constituting documents, through the registration of its revised Constitution in March 2023. The Board plans to realign its good corporate citizenship practices within its new Sustainability Policy and ESG roadmap. As the Group's operations extend beyond Botswana's borders the focus is to ensure continued compliance with laws and regulations in the countries the Group and its subsidiaries operate in, and Group adherence to international best practice through cascading compliance policies.
14	**The governing body should ensure that Sefalana remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**	The Company has adopted remuneration practices which create value for the Company and are aligned with the Company's strategy. The Remuneration Committee assists the Board in its responsibility for setting and administering the remuneration policy. Directors' fees are disclosed in the annual report and tabled for Shareholders' approval at Annual General Meetings. The Board is committed to paying fair, competitive and market-related remuneration to ensure that the Company is able to attract, retain and motivate talented employees. Targets are set relative to budget and in reference to prior year results and contain a performance range to incentivize out performance and set minimum performance levels to ensure that poor performance is not rewarded.

Corporate Governance Report
(continued)

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

We support a culture of zero tolerance to fraud and corruption in all activities of the Group. A comprehensive anti-fraud program incorporating all elements of prevention, detection, investigation and resolution is coordinated through Internal Audit.

4.3 The UK Corporate Governance Code

Appointments and succession plans are based on merit and objective criteria, and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Although not a requirement, Sefalana has endeavoured to encapsulate the UK Corporate Governance Code formerly known as the Combined Code in its governance framework while adhering to local legislation.

In the light of recent local and global corporate governance failures and misconduct, it is vital that Sefalana utilises enhanced corporate governance codes to strengthen its governance frameworks to deliver long-term sustainable performance. The adoption of the UK Corporate Governance Code from amongst several governance codes is due to similar legal systems as well as the similarity of governance models being the Shareholder model of ownership and control. The UK Corporate Governance Code sets out the standards of good practice for listed companies. Similar to the King Code the overarching principles of the Code are leadership, capability, accountability, sustainability and integrity. Below is an expansion of the principles to which Sefalana has aligned itself:

Board Leadership and Company Purpose

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

Division of Responsibilities

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

Composition, Succession and Evaluation

Appointments and succession plans are based on merit and objective criteria, and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. The Nomination Committee's remit will be broadened in this context to oversee the development of a diverse pipeline for succession. Succession planning was a focus area during the year and will be further developed over the ensuing year.

Audit, Risk and Internal Control

The remuneration responsibilities will include reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting executive director remuneration.

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

Remuneration

The remuneration responsibilities include reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking them into account when setting executive director remuneration. A recommended minimum vesting and post-vesting holding period for executive share awards of three years to encourage focus on longer-term outcomes. Remuneration schemes and policies make provision for Boards to override formulaic remuneration outcomes.

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

Sefalana **Private-Brand** Range

Quality we are proud to call our own

In the last few years, we expanded our private brand range of products by introducing a new brand, Family Favorite. Together, these 2 private label brands offer more than 40 different product variables to our customers and widening the range of products available at competitive prices.

A-star Long Life Milk

A-star Long Life Milk is 100% cow milk, pasteurised and hygienically packed at our modern plant in Block 3 industrial - Gaborone, for you to enjoy enriched flavour that is fresh, rich and nutritious. A-star Long Life Milk: delight yourself in the delicious goodness of nature. Available in 1 Litre and 500ml cartons

FULL CREAM milk LONG LIFE

Remuneration report

The overall remuneration structures are designed to be in alignment with shareholder value creation, whilst at the same time providing adequate motivational and retention value for key personnel to continue excelling and delivering against targets set.
In order to achieve the best results, both a short - term and a deferred element of remuneration is in place for the Group Managing Director (GMD) and Group Finance Director (GFD) given their essential role for sustainable long-term growth of our Group.

Considerable updates to the remuneration structure for the GMD and GFD have taken place during the year incorporating feedback from Asset Managers representing our Shareholders and also from third party experts in the field of Executive Remuneration.

Our focus over the last year has been to review the Executive Remuneration Policy to ensure it remains appropriate and aligned to our strategy and also to global best practice

Executive Directors

Benchmarking exercise

During the previous financial year, a benchmarking exercise was carried out in respect of the GMD and GFD packages. The benchmarking was initially based on BSE listed entities, however, due to the lack of directly comparable entities that have similar sector exposures, this benchmarking review was extended to information pertaining to 120 JSE listed entities.

The review ("2022 Benchmark exercise") was based on detailed analysis by two of the Big 4 auditing firms in South Africa. The one report focused on Total Guaranteed Packages (TGP) and the other on Total Overall Packages (TOP).

The outcome of this review suggested that for both the GMD and the GFD, their TGP, and their TOP were below that of the relevant comparatives in both the lower quartiles and median values.

As a result, the Remuneration Committee undertook to align these packages over the 2022/23 and 2023/24 financial years.

During the current financial year, and following recommendations from certain of our Shareholders, a further benchmarking exercise ("2023 Benchmark exercise") was carried out. This was done through the appointment of Remuneration experts in South Africa (Bowmans SA). This expert has extensive experience in HR related matters and Executive pay across the Region.

The exercise largely corroborated the conclusions arrived at from the 2022 Benchmark Exercise but was specific to the Sefalana Group, its nature of operations and relevant comparatives.

Whilst the overall total packages suggested were broadly in-line with those suggested from the 2022 Benchmark exercise, the 2023 Benchmark review emphasised a need to increase the proportion of the deferred component of remuneration in the TOP. It also recommended a revision to the metrics applied in the incentive model.

The Remuneration Committee and the Board are satisfied that the 2022 and 2023 Benchmarking exercises have resulted in a more market-based remuneration package for the GMD and GFD, and that the revised metrics are better aligned to current best practice and Shareholder value creation.

These recommendations have been incorporated in the 2023 year-end remuneration awards.

The Remuneration structure for the Executive Directors is as follows:

a) Total Guaranteed Package (TGP)

Monthly salary

All Executive Directors are paid a salary for services rendered to the Group. These are market based and are determined by the Remuneration Committee after taking into account the detail of the role, the responsibilities assumed, and individual performance. Salaries are reviewed annually, with appropriate increases applied (with inflation as a basic guideline).

Benchmarking is done periodically and at least every 5 years. The next detailed benchmarking exercise will take place in 2029 unless a need for it arises before then.

Any proposed changes to structure are put forward to the main Board for final approval.

For the GMD and GFD, this component will represent approximately 1/3 of TOP in a year where all relevant targets are met.

This component of remuneration usually represents between 1/3 to 1/2 of TOP each year for Executive Directors other than the GMD and GFD.

Other benefits

All Executive Directors receive a pension contribution made by the company (at between 7.0% and 7.5% of the salary amount) into the Sefalana Group Staff Pension Fund.

b) Incentives (performance awards)

In addition to the TGP, Executive Directors are entitled to an annual bonus award, provided certain financial (turnover and profit before tax) threshold percentages are achieved.

In the event that these thresholds are not met, the Executive Directors are not entitled to a bonus for that year. The Remuneration Committee does however retain the ability to award a discretionary amount should it feel there is sufficient justification to do so.

In the event that the Executive Director is entitled to a bonus for the respective year, the amount due to the Executive Director is determined by a set formula.

Remuneration report
(continued)

For the GMD and the GFD, due to the fact that they oversee the performance of a wider number of subsidiary companies spanning a range of industries and complexities, their incentive formula is based on a number of additional metrics relating to the statement of comprehensive income and the statement of financial position of the Group.

These metrics were updated in the current financial year following the Benchmarking exercises carried out by Bowmans.

The metrics applied in arriving at annual incentives for the GMD and GFD for the current year are:

Metric	Weighting
Revenue growth	30%
PBT growth	30%
EPS growth	10%
ROCE (operating profit / opening capital employed)	10%
Sustainability measures (being developed)	20%

The purpose of including these additional metrics is to emphasise the importance of the consolidated Group results being aligned to Shareholder value creation. By focusing on these Key Performance Indicators, the Remuneration Committee is satisfied that this alignment is in place.

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

This component of remuneration usually averages 1/2 to 1/3 of TOP each year for Executive Directors other than the GMD and GFD.

The Incentive for the GMD and GFD is split into Short - Term Incentives and Long-Term Incentives.

(i) Short Term Incentive – STI

Executive Directors (other than the GMD and GFD) are paid their full incentives in cash.

For the GMD and GFD, approximately 50% of the total Incentive award for any year is paid in cash as the STI. The balance is deferred.

This component will approximate to 1/3 of TOP each year in a year where all relevant targets are met.

(ii) Long Term (Deferred) Incentive (LTI)

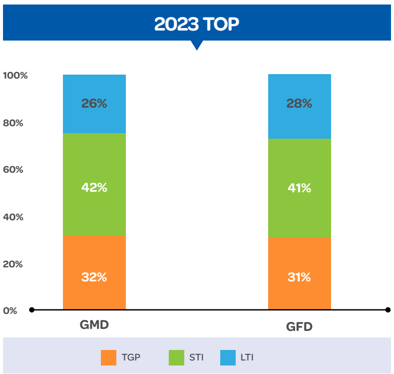
50% of the total Incentive for the GMD and GFD is deferred as the LTI which vests after a three-year period. This component is linked to the Enterprise Value of the Group and will increase or decrease accordingly during that vesting period.

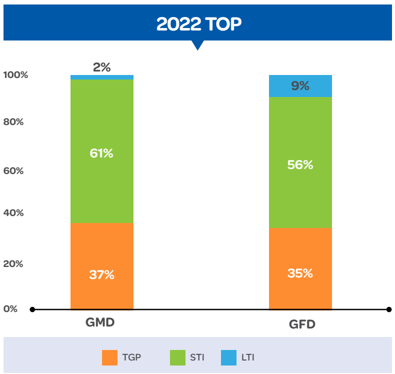
This deferred remuneration is designed to retain those considered to be critical to the Leadership team and incentivizes the drive for long - term growth and value creation for Shareholders.

The LTI is payable on completion of the 3-year service post award. The vesting of the deferred shares is not subject to the satisfaction of any additional performance conditions.

The LTI will approximate to 1/3 of TOP each year (assuming "on target" performance). In previous years, this component constituted less than 1/5 of the TOP. This relative increase in the proportion of deferred consideration is consistent with recommendations received from certain of our Shareholders.

The split of TOP for the current year and the prior year is shown below illustrating the shift towards a greater portion being deferred to the LTI.





TOP for the Executive Directors is presented on page 115.

Explanation of performance measures

The measures selected for Executive Directors running the FMCG businesses are based on the two most relevant measures in the industry, that of Revenue and Profit Before Tax. These have always been the Key Performance Indicators for our business and is used by the majority of similar organisations worldwide. We have found these two measures to be the most appropriate and have resulted in a solid track record of growth over the years.

For the GMD and GFD, who not only support the growth of the FMCG businesses, but also the other sector businesses (eg property, motor etc), and are responsible for business development and evaluating prospective new opportunities, the Board is of the view that a wider set of measures are applicable, both from a financial and an Environmental, Social and Governance (ESG) perspective.

The Benchmarking exercises of 2022 and 2023 have assisted in identifying those best practice measures which are now encompassed in the incentive formula going forward. ESG measures are still being developed as suitable baseline measures need to be established. These ESG related measures may be extended to other Executive Director scorecards in due course.

'Target' performance is typically set in line with the business plan for the year, with threshold to stretch targets set around this based on a sliding scale which takes account of relevant commercial factors.

'Stretch' performance relates to exceptional growth or attainment and results in a larger incentive award. This is typically set at between 5% and 20% above the Target depending on the measure.

'Threshold' targets are set at levels below which no incentive would be payable. This is typically set at between 5% and 20% below the Target depending on the measure.

When setting performance targets, the Committee will take into account a number of different reference points, which may include the Group's business plans and strategy, external forecasts and the wider economic environment.

The Committee retains discretion to amend the bonus pay-out if any formulaic outcome is not reflective of the Committee's assessment of overall business performance over the relevant performance period.

The weighted average score for all measures meeting Target would amount to 100%. At the Threshold this would be 50% and at the Stretch it would be 150%. This would be the maximum possible score. The weighted average score driving the Incentives for the current year amounted to 139% reflecting the exceptional performance for the year.

Remuneration report
(continued)

Malus and clawback

Malus and clawback clauses have been introduced into the Remuneration contracts for the GMD and GFD in the current year.

Some circumstances in which malus and clawback may be operated are as follows:

- **A material misstatement in the financial results;**
- **A material error in the assessment of performance;**
- **An intentional misleading of financial information and performance; and;**
- **Misconduct.**

The detailed terms and conditions are set out in the revised Executive Incentive Policy.

Non-Executive Directors

Benchmarking exercise

The Non-Executive Director (NED) fees were also reviewed in the previous financial year and benchmarked against similar organizations. The outcome of the review suggested a need for an upward adjustment to align with prevailing market rates. This increase is being done over a two year period.

The following summarises the adjustments made:

	Board Chair monthly retainer	NED Monthly retainer	Sitting fee	Sitting fee for Chair of sub-committee
Pre 1 March 2022 (P) (remained unchanged for 5 years)	33 000	6 600	12 650	13 915
Post 1 March 2022 (P)	33 000	8 500	13 750	15 000
Effective 1 May 2023 (P)	36 300	12 000	15 125	16 500

Chair of Audit Committee sitting fee of P17 500 to reflect the length of the meeting and complexity of the committee matters.

Remuneration structure for Non - Executive Directors

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

In addition, Non – Executive Directors are paid sitting fees in respect of each meeting held. Details of the frequency of these meetings are included on page 91 - 93 of this Report.

Benchmarking is done periodically. Any proposed changes are put forward to the main Board for final approval.

Non - Executive Directors' Emoluments

Non- Executive Directors remuneration is presented on page 115.

General pay increase across the Group

Where staff have demonstrated an increase in assumed responsibilities, pay increases of up to 28% have been awarded during the year. Sefalana is proud to reward performance and maintains a very low staff attrition rate.

Pay is reviewed annually for all staff, taking into account personal performance and contribution, roles and responsibilities, company performance, Group performance and any other relevant factors. A number of trade unions represent our staff. We are pleased to engage in amicable and productive negotiations with the Unions. In the current year, average pay increase between 8% and 10% were agreed, and the entry level pay was set at P1900 per month in Botswana. This is well above the minimum wage of P1300.

An additional 1 004 staff members were employed during the year bringing the Group staff compliment to 6 623 at April 2023.

Executive Directors remuneration

2023

	C Chauhan	M Osman	B Davies	G Scheepers	Total
	P'000	P'000	P'000	P'000	P'000
Total Guaranteed Pay					
Salary	5 400	3 944	1 992	1 911	13 247
Retirement benefits	385	286	133	175	979
Short - term Incentives	7 517	5 563	1 908	2 250	17 238
Long - term Incentives	4 763	3 759			8 522
	18 065	**13 552**	**4 033**	**4 336**	**39 986**

2022

	C Chauhan	M Osman	B Davies	G Scheepers	Total
	P'000	P'000	P'000	P'000	P'000
Total Guaranteed Pay					
Salary	4 321	3 255	1 895	315	9 786
Retirement benefits	319	241	125	14	699
Short - term Incentives	7 557	5 680	2 440	1 500	17 177
Long - term Incentives	245	878			1 123
	12 442	**10 054**	**4 460**	**1 829**	**28 785**

Non-Executive Directors remuneration

2023

	J Marinelli	P Disberry	K Mere	S Swaniker - Tettey	M Mpugwa	Total
	P'000	P'000	P'000	P'000	P'000	P'000
Monthly retainer	396	102	102	102	102	804
Sitting fees	113	151	211	99	140	714
	509	**253**	**313**	**201**	**242**	**1 518**

2022

	J Marinelli	P Disberry	K Mere	S Swaniker - Tettey	M Mpugwa	M Sebabole	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Monthly retainer	396	17	83	83	17	33	629
Sitting fees	54	28	144	107	42	25	400
	450	**45**	**227**	**190**	**59**	**58**	**1 029**

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

Enterprise Risk Management

Our Approach to Risk Management

The environments of risks involve more than just the physical environment that we operate in with its threats and uncertainty. It includes social, political, technology and legal risks.

To ensure that the Group achieves its strategic and operational objectives while operating in these different environments, there is a need for sound risk management processes to be in place which must be adequate and effective.

The Group recognises effective management of risk involves an enterprise-wide approach to ensure that every aspect of the business is in - line with the Group's overall risk management philosophy. This approach has seen the closer alignment of our risk appetite and strategy in order to close the loop between the strategic initiatives and day to day operational performances and decision making.

In principle, enterprise risk management has enabled the Group to progress towards its goals in the most direct , economical and effective way ensuring that business opportunities are identified and maximized where appropriate.

Our view is that effective risk management is critical to maintaining sustainable Shareholder value, the confidence of stakeholders, brand image and good governance. The Group remains dedicated to establish itself as a responsible and trustworthy participant in the market.

Overview of Risk Governance

The Sefalana Group's Board is committed to overseeing risk governance as an integral part of our corporate governance framework. The Board works closely with management to establish clear risk management policies and procedures, and ensures that adequate resources are provided for their implementation and monitoring.

Regular reviews of the Group's risk management practices are conducted to ensure that they are aligned with our strategy and objectives. Management is held accountable for maintaining an effective risk management program, and a culture of risk management is encouraged throughout the organization. The Group believes that efficient risk governance is essential to achieving our long-term success.

Group Risk Management Framework

Risk Management Policy and Guidelines

Principal Risks

Board, Risk Committee and Audit Committee

Combined Assurance - Three lines of Defence

1st line	2nd line	3rd line
Owns and manages risk of Individual Business Units • Business and Functional units	**Oversees and sets frameworks and standards** • Group Risk and Loss Control • Group Finance	**Independent assurance of frameworks and controls effectiveness** • Group Internal Audit • External Audit

Business Units

Business Unit Risks

Our established Risk Management Framework which, together with the governance structure, is designed to provide a sound platform for managing the material risks of conducting business.

The risk management framework has regard to relevant regulations, standards and guidelines such as the King IV Corporate Governance Principles and Recommendations and includes the Group Risk Management Policy.

The Group's Risk Management Framework sets out the different components that are essential for successful risk management. These include governance, risk assessment and treatment, recording and reporting, as well as assurance.

The Group's combined assurance approach is also part of the Risk Management Framework. This adopts the 'three lines of defence' model in determining the focus of assurance providers on key risks. In the implementation, distinctions are made between functions that own and manage risk, functions that oversee risk, and functions that provide independent assurance. Appropriate segregation of duties is maintained to avoid risk of self review.

Culture and leadership play a critical role in the risk management framework of the Group. The Group's risk culture promotes a proactive approach to risk identification and management, with employees taking ownership of risks within their area of responsibility. Effective leadership also plays a crucial role in risk management, as leaders are responsible for setting the strategic direction of the Group and ensuring that risk management practices are embedded in our overall business strategy.

Risk Appetite and Tolerance

The Group's risk appetite and tolerance framework outlines the level of risk the Group is willing to accept in pursuit of its business objectives. This is governed and overseen by our Board. The framework acts as a mechanism to support the execution of the Group strategy. The risk appetite parameters are informed by our business strategy, our risk management objectives, and our stakeholder expectations.

Enterprise Risk Management
(continued)

Strategic focus areas

Optimise Profit Before Tax as a percentage of turnover	Optimise return on surplus cash	Enhance real growth in EPS	Increase Revenue	Drive Corporate Citizenship	Retain and grow customer base
	Institute talent management	Develop, motivate and retain a multi-skilled and high performance workforce	Improve Process Efficiency	Create Innovative Solutions and products	Grow local and Regional presence

Monitoring the effectiveness of Risk Management

Effective risk management requires ongoing monitoring to ensure that the Group's risk mitigation strategies are performing as intended and risks are addressed in a timely manner. The Group's risk management process involves procedures to monitor the efficiency of our risk management practices, including;

- Risk reporting mechanisms that track and report on the status of our risks. Regular updates are provided to management and the Board through risk registers and dashboards;
- KPI's that are aligned with our strategic objectives and measure the effectiveness of the risk management practices;
- Internal audits that are conducted by our internal audit team and provide an independent assessment of our risk management practices; and
- Continuous Improvement through evaluation of our risk management practices based on the results of our monitoring and assessment activities.

Areas of future focus

At Sefalana, we recognize that the business environment is constantly evolving, and new risks may emerge over time. We have identified several areas of future focus that we will prioritize in our risk management practices to ensure that we are effectively managing emerging risks and staying ahead of the curve.

Scenario planning is a critical area of focus in risk management that can assist the Group to prepare for and mitigate potential risks. By analysing various scenarios and their potential outcomes, strategies can be developed to address risks and capitalize on opportunities. Recent and past global events have motivated the Group to increasing their focus on scenario planning for a comprehensive analysis of possible events that could impact our business including economic, environmental, social, and geopolitical factors; and develop contingency plans that would allow us to adapt quickly to changing circumstances.

The Group is also particularly focused on Technology risks

With technology evolving at a rapid pace, and new risks emerging as a result of this, the Group will continue to focus on managing technology risks, including cybersecurity, data privacy, and the use of emerging technologies such as artificial intelligence.

Our top priorities and risks

We recognize that there are a variety of risks that could impact our ability to achieve business objectives, however, we determined our principal risks through a review process that analyses the risks facing business units in relation to the overall Sefalana strategy and key priorities. The material issues are those issues that could materially impact our value chain, cause deviation from expected strategic outcomes and negatively influence our reputation.

Key risk movements

The principal and emerging risks are monitored to identify changes to the risk landscape that could impact the Company's strategic objectives. Risk movements are analysed in order to proactively manage risks and make informed decisions. An annual review is conducted to update the risk details and mitigation actions of our principal risks and assess whether the level of risk associated with each of the principal risks is increasing or decreasing compared to the previous financial year.

Principle Risks

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

Risk no.	Business Continuity
1	Disaster recovery strategies have been established to minimize the impact of natural disasters
	Risk Trending: No Change; Residual Risk: Low

Risk description	Mitigating actions
Business continuity risk refers to the potential harm that a disruption or failure of business operations could cause to the Group's ability to continue its core functions and meet its obligations to stakeholders. This risk can arise from a variety of sources, including natural disasters, cyberattacks, pandemics, geopolitical instability, supply chain disruptions, and other unforeseen events.	The following key actions have been undertaken for business continuity; ▷ We have developed a comprehensive Business Continuity Policy to ensure that we can continue to provide our products and services in the event of a disruption or failure of critical business functions; ▷ A robust cybersecurity program that includes regular vulnerability assessments, security awareness training for employees, and incident response procedures to mitigate the risk of cyberattacks, has been implemented; and ▷ Disaster recovery strategies have been established to minimize the impact of natural disasters.

Enterprise Risk Management
(continued)

Risk no.	Systems and Solutions
2	Particular focus on cyber risk during the year with the adoption of detection software and platforms

Risk Trending | Residual Risk

Risk description	Mitigating actions
Disruptions in our systems could harm our ability to conduct our operations. Given the number of individual transactions we have each year, it is crucial that we maintain uninterrupted operation of our business-critical information systems. **Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security breaches (cyberattacks), catastrophic events such as fires, tornadoes, earthquakes and hurricanes, and usage errors.**	Our information security teams monitor and continue to enhance the IT environment in the following ways: ▷ We continue to strengthen our cyber-control framework and improve our resilience and cybersecurity capabilities, including threat detection and analysis, encryption, network security, access controls, system security, payment systems controls back-up and recovery; ▷ Developing a risk-based security testing approach across Group to identify ongoing vulnerabilities; ▷ Compliance with obligations associated with new privacy laws enacted to protect and regulate the collection, use, retention, disclosure and transfer of personal information, which include statutory liability for security breaches; ▷ Greater emphasis on IT governance with a focus on data security and privacy to provide appropriate and sustainable IT; and ▷ Particular focus on cyber risk during the year with the adoption of detection software and platforms.

Risk no.

3

Procurement and strategic sourcing

Identifying opportunities for bulk buys and discounts such that availability gaps are minimised and margins are optimised

Risk Trending

Residual Risk

Risk description	Mitigating actions
The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. We expect our suppliers to comply with applicable laws, including safety, anti-corruption and environmental laws, and to otherwise meet our required supplier standards of conduct. Our ability to find qualified suppliers who uphold our standards, and to access products in a timely and efficient manner and in the large volumes we may demand, is a significant challenge, especially with respect to suppliers located and goods sourced outside Botswana. **There have also been supply chain challenges in the past year that were brought on by various global events; as well as certain trade restrictions that were introduced. These challenges led to price increases, supplier delays, non- availability of certain items; and in turn affected our ability to cater for market demands in a timely manner.**	We continue to monitor and improve our controls to further reduce this risk through: ▷ Identifying opportunities for bulk buys and discounts such that availability gaps are minimised and margins are optimised; ▷ Ensuring adherence to product standards, policies and guidance covering both food and non-food, ensuring that products are safe, legal and of the required quality; ▷ Expecting our suppliers to comply with applicable regulatory requirements, including responsible sourcing and quality standards; and ▷ Given the recent global events and the impact this has had on commodities and their relative availability and pricing, strategic decisions have needed to be made to minimise stock-outs in each of the countries in which we operate.

Enterprise Risk Management
(continued)

Risk no. 4 — Market position

Our outstanding market position as a leading FMCG Group, and the strength of our brand enables us to respond robustly to competitive threats.

Risk Trending | Residual Risk

Risk description	Mitigating actions
Failure to deliver an effective, coherent and consistent strategy to respond to our competitors and changes in market conditions, resulting in poor turnover, loss of market share and failure to improve profitability. **The trading environment continues to be competitive, driven by new entrants, as well as being affected by changing customer needs and expectations. We must be able to compete in changing markets.**	▷ Our Board develops and regularly challenges the strategic direction of our business to enhance our ability to remain competitive on price, range and service; ▷ Our Executive and operational management regularly review markets, trading opportunities, competitor strategy and activity. We engage in market scanning and competitor analysis to refine our customer proposition; ▷ Our outstanding market position as a leading FMCG Group, and the strength of our brand enables us to respond robustly to competitive threats; and ▷ Our key business enhancement objective is to ensure that the Group is able to respond more effectively, efficiently and competitively to the changing dynamics of our local and regional marketplace.

Risk no. 5 — Governance and Regulatory Compliance

We continue to monitor and improve our controls to ensure we comply with legal and regulatory requirements across the Group.

Risk Trending | Residual Risk

Risk description	Mitigating actions
The Group operates in an increasingly complex regulatory environment requiring investment in compliance management systems. **Compliance is also required to uphold the Group's status as a trusted and reputable brand.** **Compliance failures may result in fines, criminal penalties, consequential litigation and an adverse impact on our reputation, financial results, and/or our ability to do business.**	▷ Our Code of Business Conduct is supported by annual compliance reviews and other tools such as our whistleblowing hotline; ▷ We continue to monitor and improve our controls to ensure we comply with legal and regulatory requirements across the Group; and ▷ Communication and strong tone from the top concerning compliance with laws and regulations and encourage transparency and accountability.

Risk no.

6

Diversification and growth

Establishment of a Data Analytics Hub for better use of information to assist in decision making.

Risk Trending | Residual Risk

Risk description	Mitigating actions
As we continue to transform our businesses, the successful delivery of our business transformation programmes is critical. There is a risk that we could be unsuccessful in maximising opportunities to execute our expansion strategy.	▷ Establishment of a Data Analytics Hub for better use of information to assist in decision making; and ▷ Developing a diversification strategy that involves expanding into new markets, developing new products or services, or partnering with other entities to broaden the scope of the business.

Risk no.

7

Technology and Data Management

We change and evolve to meet the needs of our customers through our digital strategy and technology developments, through listening to our customers.

Risk Trending | Residual Risk

Risk description	Mitigating actions
Failure of our IT infrastructure or key IT systems result in loss of information, inability to operate effectively, financial or regulatory penalties, and negatively impacts our reputation. Our focus is on enhancing customer experience by providing seamless and continuous customer service through delivery of leading digital solutions, core platform capabilities, underlying IT services required to support the Group's overall strategy for driving profitable growth. A significant IT Strategy implementation failure could impact on our ability to provide leading technology solutions in our markets and therefore impacting on our competitiveness, our ability to provide a superior customer experience and associated impact on quality and operational efficiency.	▷ We change and evolve to meet the needs of our customers through our digital strategy and technology developments, through listening to our customers; ▷ Significant investment in re-engineering some of our legacy retail systems, while building redundancy for key business systems. Our technology security programme continues to build security capabilities to strengthen our infrastructure and Information Technology General Controls ("ITGC"), and ▷ Continued investment in technology and data analysis remains a priority as the Group strategically positions itself for optimising the business to create new opportunities and grow into new markets.

Enterprise Risk Management
(continued)

Risk no.	Value based employee culture
8	We monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate.

Risk Trending | Residual Risk

Risk description	Mitigating actions
Failure to attract and retain the required resources and skill sets. **Our ability to successfully execute organizational changes, including management transitions within the Company's senior leadership, and to effectively motivate and retain the required capability are critical to our business success. If we are unable to locate, attract or retain qualified personnel, or manage leadership transition successfully, the quality of service we provide to our customers may decrease and our financial performance may be adversely affected.**	▷ Market competitiveness continues to affect our ability to attract and retain key specialist talent; ▷ We aim to be an employer of choice, with engaged, proactive employee relationships. Over the past year, we revised our Group HR strategy in response to employee and business needs. We aim to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement; ▷ We continue to monitor workforce capacity and capability requirements in line with the Group growth strategy and any emerging issues in the markets in which we operate; ▷ The Group has a stable and diverse leadership team in place. We have invested in developing our management teams and employed a diverse team of leaders over the past year. Our team members bring industry knowledge, depth of experience and a fresh view. The same rules of transformation and diversity are applied to the Board of Directors. Employment equity remains a priority in all employment considerations; ▷ We monitor workforce capacity and capability requirements in - line with the Group growth strategy and any emerging issues in the markets in which we operate; ▷ The Group's employment policies and remuneration and benefits packages are regularly reviewed and are designed to be competitive with other companies, fair and consistent, as well as providing colleagues with fulfilling career opportunities; and ▷ Our HR strategy aims to attract, develop, retain and reward talent, and to strengthen our customer-first culture through employee engagement.

Risk no.	Business Strategy

9

Ongoing monitoring of business as usual performance to determine indicators of potential negative performance so corrective measures can be taken swiftly.

Risk Trending | Residual Risk

Risk description	Mitigating actions
Failure of our business value proposition to adequately cater for customer demands may impact results from operations and future growth.	▷ The Group has a robust and capable Board of Directors, fully attuned to Sefalana business strategy, material risks and opportunities; ▷ The Board and Executive management are focussed on strategy and are mindful of the risks, illustrating strong direction and commitment from the top; and ▷ Ongoing monitoring of business as usual performance to determine indicators of potential negative performance so corrective measures can be taken swiftly.

Risk no.	Environment and sustainability

10

The Sustainability Committee oversees the impact of Sefalana's corporate responsibility and sustainability strategy.

Risk Trending | Residual Risk

Risk description	Mitigating actions
The environment and sustainability are core to Sefalana values. Significant environmental and social impacts resulting from factors such as unsustainable consumption of natural resources, uncontrolled release of emissions and waste – coupled with environmental practices across the Group and its value chain – can lead to environmental, social, financial, regulatory and reputational risks for the business.	▷ Group sustainability functions are working to embed sustainability principles and practices into the Group's operations and supply chain to address social and environmental issues with a focus on food security, packaging, water and climate change; ▷ Set reduction targets to support carbon footprint and water usage management across main office buildings. Carbon emissions, electricity, water consumption, and waste generation are measured, monitored and reported against set targets annually; ▷ The Sustainability Committee oversees the impact of Sefalana's corporate responsibility and sustainability strategy; and ▷ A combined assurance framework which includes internal assurance providers is in place to manage and report on risk and compliance.

Sefalana rewards

Giving back to you every time you shop with us

Information Management
and Information Technology (IT) Governance

Overview

The Board has the ultimate responsibility and accountability for the management and governance of IT infrastructure across the Group. IT management and governance are deemed essential for Sefalana to achieve its strategic objectives. The Board exercises oversight and directs the strategic and operational use of technology and information because effective governance over technology and information is critical for business success.

Its IT governance approach is complemented by the strengths of the Group's business model by delegating IT decision-making to the appropriate individuals or clusters of individuals. In this way, the strategic and operational use and management of IT is carried out within an acceptable level of risk. IT governance capacity and awareness are continuously monitored within the clusters and business units.

The IT function aims to create business value through innovation and continuously improving information, communication and technology services. The Board acknowledges the need for approved IT governance frameworks, policies and strategies as recommended in the Code of Governance Principles, King IV. Work carried out during the year has been aligned to further enhancing these aspects of IT governance. An IT Steering Committee was recently established and sits monthly to discusses progress in this area, ensuring alignment and consistency across the Group. It is through this process that the overall IT General Control environment has been enhanced resulting in reliance being placed by the auditors on the key IT platforms of the Group.

Key developments and areas of focus during the reporting period:

1. Information Security

Our information systems are essential to our business operations, including the processing of transactions, management of our business, facilities, logistics, inventories, physical stores and our online operations. Disruptions in our systems could harm our ability to conduct our operations. Our information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, worms, other malicious computer programs, denial-of-service attacks, security incidents and breaches (including through cyberattacks, which may be from cybercriminals) and catastrophic events such as fires.

Growth in cyber and emerging technology risks globally and, attacks against information systems and devices (whether our own or those of our third-party service providers) increasing the risk of cybersecurity incidents, including ransomware, malware, or phishing incidents.

Information Management
and Information Technology (IT) Governance (continued)

Mitigation and remediation recommendations continue to evolve, and addressing vulnerabilities is a priority for us. As part of our efforts to maintain uninterrupted operation of our business-critical information systems and to respond to these threats; the Group has taken the following measures.

Invested in information security defence infrastructure and systems to improve the Group's information security posture, including: a security operations centre, identity and access management, information management security, vulnerability management, unified endpoint management, network security, and incident problem management system.

Penetration tests - Group IT has entrusted independent third party service providers specialising in Information Security threat management with performing external security assessments and penetration tests to gain visibility of the state of vulnerabilities affecting our external, internet facing systems and applications.

Cybersecurity user awareness - Our Cybersecurity user awareness program continues to be our core self-paced training platform for all our computer users. Group IT conducts a user awareness program on a monthly basis to all departments and Subsidiaries across the Group. The awareness program sensitizes our system users of prevalent cyberattacks and creates a cyber-apt community of users.

IT threat management to improve threat detection, incident management and management of IT vulnerabilities across the Group, we have deployed a variety of next generation tools including Artificial Intelligence and Machine Learning capabilities to reduce information security incidents and vulnerabilities. Some of the tools implemented include:

- Vulnerability Management Systems.
- AI & Machine Learning Endpoint Security & Encryption
- Cyber Security Awareness tool.
- AI Systems to Prevent, Detect, Respond and rectify Cyber disruptions across the enterprise
- O365 Advance Threat Protection (ATP)

2. Review of Group IT policies

Group IT Security Policies & Procedures were reviewed and updated during the year to Operationalize groupwide User IT policies, standards and procedures in the security category. These policies are monitored, and action is taken against individuals found to be in breach thereof.

The cyber security and risk management framework is in place and provides a holistic approach to the assessment and management of all significant IT risks, including disaster recovery and other IT practices.

The Data protection policy was developed during the year and sets out standards on personal information protection and the legal conditions that must be satisfied in relation to the obtaining, handling, processing, storage, transportation and destruction of personal information.

3. Disaster Recovery and Business Continuity

We continuously upgrade our cloud services to provide business continuity services. With the upcoming addition of independent failover capabilities as well as application high availability with clustering, the focus shifts to business continuity, even in the face of unforeseen events. Service-level agreements and cost options will be defined for our groupwide systems to make use of the enterprise asset.

ICT Roadmap – was developed in-line with our Group IT Strategy. To achieve our Strategic objectives, a new Target Operating Model has been developed to better our IT Infrastructure delivery for our user community.

4. The ICT Roadmap also outlines the investment that will be required to meet the future direction of the Group, for the areas listed below, what technology changes and investments will be needed, and in which forecast year, for each area of focus;

- Datacentres, Datacentre Networks & Core Networks
- End User Experience Modernisation
- Cyber Protection & Security
- Service Improvement and Innovation

The driving ambition is to provide a suite of common tools across the Group and standardised methods of monitoring and managing our core Data Centres, networks and devices to provide efficiency in operation and security protections.

5. IT Audits

IT reviews are included as part of the internal audit plan to provide independent assurance on the effectiveness of technology controls, information systems and governance. Independent assurance reviews on the technology supporting the Group's technology and information arrangements are also performed by the external auditors as appropriate. IT reports to the Audit Committee & Risk Committee on various aspects including compliance with relevant governance frameworks and results of internal audit reviews including some of the below:

IT SLA review	User Access Management - Application Systems and Databases	Penetration testing	Database security review

During the year, the Internal Audit team recruited and appointed an IT auditor to enhance their capabilities. This resource will, on an on-going basis, review and challenge the IT platforms and conduct computer aided testing techniques.

Information Management
and Information Technology (IT) Governance (continued)

6. **IT Strategy** is fully integrated into the Group strategic planning process which ensures alignment in the achievement of the Group's business objectives and includes assessment of technology architecture and new technology investments to align to business strategy objectives;

7. **As indicated above,** the IT Steering Committee has been established to direct, review, and approve IT strategic plans, and oversees major initiatives. The committee meets monthly to report on various matters including governance of technology, significant IT investments, compliance with relevant frameworks and assessing Group entities progress in meeting the objectives defined in the Group IT strategic plans and identifying best practices for shared or consolidated services;

- Ensuring technology projects are selected based on their potential impact and risk to the Group, as well as their strategic value;
- Ensuring that executive branch at Subsidiaries maintain sufficient tools to assess the value and benefits of technology initiatives; and
- Assisting the Group IT Manger in developing Group IT standards and policies in line with Cobit, King IV and other adopted standards; and continue to refine governance processes for IT projects and, in conjunction with the executive, further institutionalize the process into the annual budget request process, enabling the integration of information into the Group's overall IT strategic plans and roadmaps.

Planned area of future focus

Identify SOI (Service Oriented Infrastructure) under the preliminary categories of network, security, governance, data management, unified communications, and shared services, and aligned with strategic benchmarks;
Continually enhancing our critical technology processes, and cyber control frameworks and standards supported by investment in technologies, systems, infrastructure, and capabilities to provide secure and stable platforms;
Establishing new management and governance forums to build upon and connect key privacy and data management capabilities. These forums will help set and support privacy and data management strategy, priorities and direction for the Group as well as developing and enhancing the operating model and controls;
Formalising the technology third-party risk management framework to enable us to assess and monitor third parties' general technology and cyber security controls; and
Replacing obsolete technology assets and migrating legacy applications into our cloud infrastructure.

Audit Committee
Chair's Report

On behalf of the Audit Committee, I am pleased to present my report for the 53 week period ended 30 April 2023 ("the year"). This report outlines how the Committee discharged its responsibilities during the year in relation to oversight of financial reporting, internal controls, the Internal Audit function and our relationship and interaction with the External Auditor.

During the reporting period, three meetings were held. Meetings are scheduled to coincide with the key dates in the Group's financial reporting and audit cycle.

Reports routinely considered by the Committee at these meetings included the Group Finance Report, the report of the Internal Audit Department (including its plan coverage and IT audit activities), and the Information Technology Governance (IT) Report.

Summary of work carried out during the year

- Reviewed the Group's periodic, half-yearly, and annual financial reports and related results announcements to ensure integrity, transparency and consistency of the financial disclosures
- Reviewed, with both the External auditor and management, the audit approach and methodology applied, in particular the Key Audit Matters included in the Auditor's Report
- **Approved revisions to the Group Internal Audit Charter**
- Approved the Internal Audit plan for 2022/23 and monitored the Internal Audit activities
- Reviewed the results of the External consultant's report on the External Quality Assurance Review of Group Internal Audit and approved the implementation plan for their (minor) recommendations
- Reviewed control observations raised by Internal and External Audit, and management's response to their recommendations
- Reviewed the adequacy and effectiveness of the Group's internal control systems and its accounting, financial reporting, and Internal Audit functions
- Reviewed the continuing connected transactions and the related disclosures in the Annual Report
- Approved amendments to the Group IT Policy
- Reviewed and monitored the relationship with the External Auditor, including overseeing its appointment, independence, remuneration, tenure, and consideration of the need for rotation of the engagement partner
- Reviewed the effectiveness of the External audit process
- Approved the terms and conditions of the 2022/23 External audit engagement including their fees
- Reviewed the Audit Committee's terms of reference

Audit Committee Chair's Report
(continued)

Reviewed the Audit Committee's terms of reference

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

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

EXTERNAL AUDIT

On behalf of the Board, the Audit Committee has primary responsibility for overseeing the relationship with, and performance of, the External Auditor. This includes making recommendations to the Board on the appointment, re-appointment and removal of the External auditor, assessing their independence and effectiveness and approving audit fees.

The Committee reviewed the planning report from Deloitte in March 2023 and approved the final audit plan and fee, having given due consideration to the audit approach, materiality level and audit risks. The Committee received updates during the year on the audit process.

Audit Effectiveness

The Audit Committee is satisfied with the effectiveness and appropriateness of the key audit matters reported on by the External Auditors. In assessing the effectiveness of the External auditor, the Audit Committee considered the following:

- The quality of presentations to the Board and Audit Committee;
- The technical insights provided relevant to the Group;
- Key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and
- Their demonstration of a clear understanding of the Group's business and key risks.

Independence and provision of non-audit services

The Committee is responsible for ensuring that the External auditor is independent and for implementing appropriate safeguards where the External auditor also provides non-audit services to the Group.

Audit firm rotation and Audit partner rotation is carried out in-line with best practice and guidance.

The committee remains fully satisfied with the ongoing independence, impartiality, competence, resources, service levels and objectivity of the firm. The consistently high levels of financial reporting maintained by the Group, and the Group's robust internal control environment, further indicate that the audit process and the assurance it provides remain sound.

INTERNAL AUDIT

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the Group Internal Audit function's charter and annual plan;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Head of Internal Audit on the delivery of the 2022/23 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- ensured that the Head of Internal Audit had regular meetings with the Chair of the Audit Committee and the Committee met with the Head of Internal Audit without the presence of Executive Management; and
- ensured co-ordination between Group Internal Audit and the External auditor to maximise the benefits from clear communication and co-ordinated activities.

In order to comply with the Institute of Internal Auditors (IIA) requirements, an independent third-party firm was engaged to conduct an independent External quality assessment of the Internal Audit function during 2022. The objective of this assessment was to independently assess the effectiveness of the function in line with the International Standards for the Professional Practice Framework (IPPF) of the IIA and to benchmark it against best practice and peer organizations.

> **We are pleased to report that the overall assessment concluded general conformance with the Institute of Internal Auditors Standards and that the function is overall effective.**

The assessment concluded that Internal Audit is a professional function, incorporating expected industry good practice in line with its peers and conforms with the vast majority of the IIA standards. The assessment contained some minor housekeeping recommendations to be considered to further evolve and strengthen the function's effectiveness.

On the basis of the above, the Committee concluded that the Internal Audit function operated effectively and is satisfied that the quality, experience and expertise of the function is appropriate for the Group. The Committee has further satisfied itself that the Internal Audit function was appropriately independent.

Group Finance Director and finance function's expertise, resources and experience

Based on a consideration of the qualifications, participation in continuing professional education and the nature, duration and relevance of the experience of key managers in the Group's finance department, as well as a review of the staff complement, functional responsibilities of and information systems available to the department, the committee reports in terms of King IV that it is satisfied as to the appropriateness of the collective expertise, experience and effectiveness of the Group's finance functions. The performance of the Group Finance Director, who is responsible for the overall Group's finance function, is annually assessed, and the Committee is pleased and satisfied with his performance.

Internal financial control

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

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

> **The Audit Committee performed its duties with prudence and provided independent assurance in the best interests of the Group without any restriction in the obtaining of data, resources, and the full cooperation of the Group.**

Focus areas for the ensuing year

The Committee's focus in the ensuing year will be to develop the reporting on the emerging topics of Environmental Social and Governance (ESG) reporting which is becoming increasingly important.

We will continue to focus on further enhancing the integrity of the financial controls, management systems, governance of information and technology and robustness of the Group's cyber security arrangements, to ensure that they reflect the changing risks of our high-growth business.

The Committee will also provide oversight of management attention to optimisation of the combined assurance arrangements, and enhancing their effective application across the Group.

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

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

On behalf of the Audit Committee

Mrs Susanne Swaniker- Tettey
Audit Committee Chair
(Independent Non- Executive Director)


CONSTELLATION
Super White
Nature's Best
Sechaba
super
MAIZE MEAL

4 COMPANY PROFILES

49 years of creating value

Our Management teams

Our Sefalana Head Office team

Chandra Chauhan
Group Managing Director (GMD)

Mohamed Osman
Group Finance Director (GFD)

Omphemetse Mokgosi
Personal Assistant to GMD and GFD

Saju Peter
Group Financial Controller

Bofitlhile Malesela
Group Property Accountant

Daniel Mompati
Senior Group Accountant

Otsile Johwa
Group Human Resources Manager

Obert Mooketsane
Group HR Assistant Officer

Joanne Robinson
Group Company Secretary

Dikitso Tsonope
Group Data Analyst

Nthabiseng Thabo
Group Data Analyst

Kgositsile Setumo
Messenger

Sefalana GROUP
Your basket of opportunities

Lorato Radiposo
Head of Internal Audit

Billy Motlakadibe
Group IT Auditor

Yule Madikwe
Group Internal Auditor

Humairaa Kara
Subsidiary Finance Manager

Michael Simaye
Group IT Manager

Libu Brown
Group Risk & Compliance Officer

Tapiwa Muzembe
Group Brand Custodian

Keletso Segwagwe
Group Marketing

Otsile Maoba
Office Cleaner

Mosetsana Disela
Receptionist

Gaolathe Solomon
Receptionist

Our Management teams
(continued)

Our Sefalana Cash & Carry Wholesale & Retail team

Gerhard Scheepers
Chief Executive Officer

Moagi Buzwani
Country Head of Wholesale

Sunil Urath
Country Head of Retail

Delores Adul
Head of Merchandise

Shane Colloty
Merchandise Executive

Chris Bam
General Manager - Sefalana Catering & DC

Sefalana
Sa Rona - Your family value store

David Levin
Head of Corporate Services

Mike Makin
Sefalana Cash & Carry - Finance Director

Godfrey Ndwapi
Head of Risk

Mmapula Pilane
Head of Human Resources

Suvin Sukumar
IT Executive

Suresh Balaraman
Retail Development Executive

Our Management teams
(continued)

Our Metro Cash & Carry team

Bryan Davis
Metro Cash & Carry Namibia - Managing Director

Eswee van Wyk
Deputy Managing Director

Sinsikus Amwiigidha
Finance Director

Hebertus van Zyl
Sales & DC Executive

Lucas van den Berg
Fresh & Perishables Executive

Amand du Preez
OPS Executive Retail

Rhyno van Rooyen
Risk Executive

Jade Rickerts
ICT & Corporate Service Executive

Kobus Boshoff
Marketing and Merchandise Executive

Vincent Taylor
Human Resources Executive

Vic Goosen
OPS Executive Wholesale

Our Management teams
(continued)

Our Lesotho Cash & Carry team

Devin Serfontein
Country Director

Rapelang Maubelle
Finance Manager

Andre du Toit
Maseru Branch Manager

Sadik Patel
Senior Buyer

Owais Nikoria
Buyer - Private Label Ambassador

Keabetsoe Makha
Maseru Cash & Carry
Administration Manager

Sefalana Cash & Carry Lesotho

Etienne Botha
Maputsoe Branch Manager

Lehlohonolo Maine
Maseru Liquor Branch Manager

Mohau Lebeko
Maputsoe Liquor Branch Manager

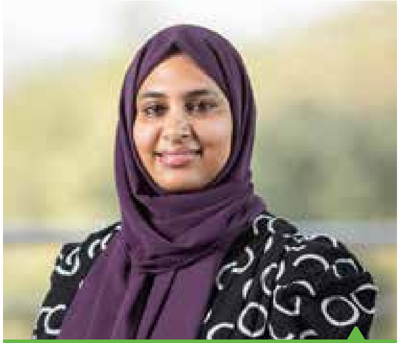
Mota Khahliso
Maputsoe
Adminstration Manager

Mantoa Sebophe
Maseru Liquor
Adminstration Manager

Our Management teams
(continued)

Our Foods Botswana Beverages team

Foods Botswana Beverages
A Sefalana Group Company



Zeenat Malek
General Manager

Scharl Varnfield
Operations Manager

Keitumetse Ngwako
Human Resources Officer

Murtuza Bengaliwalla
Sales Manager

Mabedi Ranna
Finance Manager

Kgakgamatso Monare
Production Foreman

Kebadilwe Kepadisa
Water Production Supervisor

Lucy Evans
Senior Lab Technician

Boikago Discharge
Warehouse Supervisor

David Radipeo
UHT Senior Tech

Mosweu Tsumake
UHT Processing Supervisor

Marang Tiro
SHE Officer

Our Foods Botswana Milling team

Oaitse Goitsemang
General Manager - Production

Patrick Muzhingi
Finance Manager

Mavis Manyaapelo
Human Resources Officer

Randas Siziba
Miller

Our Management teams
(continued)

Our Commercial Motors team

Commercial Motors
A Sefalana Group Company

Akhtar Nanuck
General Manager

Khumo Christos
Finance Manager

Nazim Shaikh
Parts Manager

Sanjeev Kumar
Workshop Manager (MAN)

Upul Kalansooriya
Workshop Manager (Francistown)

Rejesh Kumar
Workshop Manager (Tata & Honda)

Sefalana Fresh Produce
A Sefalana Group Company

Our Sefalana Fresh Produce team

Sunil Urath
Country Head of Retail

Praveen Veliyath
Retail Business Manager

Sophie Montshiwa
Finance Accountant

Penny Orman
Branch Manager

Ezekiel Masigo
Warehouse Assistant Manager

Our Management teams
(continued)

Our Seasons - Australia team

Dustin Pereira
Chief Executive Officer

Warren Lovell
Chief Finance Officer

SefRemit
Money transfer | Bureau de Change

Our SefRemit team

Tahera Mhaisker
Head of Financial Services

Humairaa Kara
Finance Manager

Rorisang Lebuso Sekhuthe
Operations Co - ordinator

Segolame Audrey Mokoba
Accounts Assistant

Sefalana Cash & Carry Limited

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

During the year we dedicated our attention to enhancing our Mahalapye and Francistown Hyper stores, implementing renovations that included the addition of service departments such as a butchery and bakery to offer our valued customers a much needed wider shopping experience. Revamps are still ongoing at our Sefalana Hyper Gaborone branch with the aim of providing a vibrant and fresh shopping experience for our loyal customers.

Following the immense success of our flagship Setlhoa Shopper store, 'The BIG One' which opened in 2019, we have been on the lookout for suitable locations in which to open new stores with a similar format to Setlhoa. We are delighted to have opened our second flagship store at Molapo Crossing in August 2021. We anticipate a further similar store opening in Serowe in early 2024.

Looking back at our history, our operations commenced in 1974 when Sefalana Sa Botswana was formed and took over the operations of Bechmalt Holdings which included six wholesale stores. Over the last 49 years, our FMCG operations have expanded throughout the country making Sefalana a house-hold name and a trusted Botswana brand.

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

- **Launch of Botswana's first FMCG online shopping site 'Sefalana Online' in 2016.** This platform allows customers to purchase goods online and have these delivered or held for collection in store. We have recently relaunched our Online Shopping platform with enhanced features.
- **Launch of Sefalana Rewards in 2016, making Sefalana the first local entity to introduce a loyalty program to its customers**, allowing customers to earn points on current purchases which can be redeemed at a later date. We improved this offering to include an option to 'Bank Your Change' which is proving popular with customers.
- Launch of Sefalana's first fuel station under the Puma franchise in Setlhoa in 2019, offering an added convenience to our customers as they are able to re-fuel their vehicles while shopping for groceries on their way home.
- **Launch our very own chicken franchise, Wings & Things, in 2020 competing directly with leading fast food chains.** Wings & Things now has presence in 25 stores. This new offering is becoming increasingly popular as our range of offerings expands.

- **Launch of our first hybrid store in 2019 (Sefalana Shopper Setlhoa, ' The BIG One').** This store offers an extensive range of fresh fruit and vegetables, a butchery, a bakery, a hot foods deli, an in-store pharmacy, a fresh seafood section, a 'grab and go' corner for quick meals and an Eastern delicacies section offering Asian spices and herbs.

We are represented across the country in the following formats:

- Cash & Carry outlets trading as "Sefalana Cash & Carry"
- Retail supermarkets trading under the name "Sefalana Shopper"
- Convenience stores under the name 'Sefalana Quick',
- Hyper Stores located in Gaborone, Francistown and Mahalapye, operating as "Sefalana Hyper",
- Retail Hybrid stores under the name 'The BIG One'
- Liquor stores called 'Sefalana Liquor'

- Cigarette distribution outlet trading as "Capital Tobacco"
- Fuel stations under the Puma and Caltex franchise and
- Distribution centres nationwide

Sefalana TRADING

Sefalana

Sa Rona - Your family value store

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

In addition, the Company has just under 400 voluntary retail franchise members located throughout Botswana who trade under the names Supa 7, Supa Deal, Citi Saver, Bonanza, Pula Value and Triple Seven Liquor. A new franchise Saveway was launched in 2020 and has registered a number of members already. This initiative supports the Group's vision of improving the lives of Batswana through promoting entrepreneurship.

Sefalana Cash & Carry Limited
(continued)

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

Sefalana
Sa Rona - Your family value store

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

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

Our 'A Star' range of branded products continues to gain popularity and is a top seller in our stores, proving to be a preferred brand for customers. A second private label brand, Family Favorite, was relaunched in the market in 2021. Together we have over 50 different private label products our brand ranges from perishables such as milk and flour to household toiletries and canned products. This has allowed us to offer our customers quality products at competitive prices.

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

Sefalana continues to be an employer of choice and this is why we have long - serving employees, some of which have been with us from the very beginning. We believe in investing in our human capital and providing continuous development programs for our staff. All training programs are BQA accredited and enable career progression. Sefalana also has an affiliation with the University of Stellenbosch for the development of store level staff. We are also proud of having the best Graduate Trainee program in the FMCG market which is one of the most sought after programs in the country. We have recently launched an inhouse e-learning platform to give better access to training, and an intranet that provides staff with a plethora of useful and relevant information related to their employment.

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

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

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

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

With our commitment to quality, convenience, and customer satisfaction, we are ready to cater to your culinary needs.

Sefalana Cash & Carry Namibia
(Proprietary) Limited ("Metro")

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

Led by a well experienced management team in Windhoek, Namibia and a staff compliment of just over 1,200 employees, our Namibian business has achieved tremendous success over the years. Our mission is aligned with our core values as we build a sustainable basket of opportunities for our shareholders, employees and customers. We strive to exceed customer expectations through provision of a pleasant and affordable experience driven by innovation and data driven decision-making.

We are pleased to have extended our presence in new localities across Namibia, serving more customers closer to their homes. During the year, we opened 2 new stores, in Windhoek and Kongola, further expanding our footprint in the country and exceeding our medium term goal of 22 stores. We have also revamped the Metro store located in Walvis Bay which is a developing harbour in Namibia. We continue to look for suitable sites to make the brand more accessible to customers and identify opportunities to revamp existing stores, providing a new look and feel for our customers

We pride ourselves in offering a wide choice of products at the best possible prices to the consumer and members of staff. In line with this, we have extended our offering at key stores in the country through the introduction of instore fruit & veg department, bakeries and butcheries making our stores a one-stop shopping experience for our customers. As part of our store enhancements, we have introduced water refill stations and take away departments to selected locations.

We offer nationwide Delivery and Telesales services, reaching even the most remote areas of the country. Each of our stores is equipped with a dedicated Telesales person who is readily available to assist customers with bulk orders. Additionally, our team of Metro Representatives operates in various regions across the country, ensuring that shoppers have convenient access to all major brands.

During the year, we are proud to have introduced a range of Sefalana's private label range of products (Family Favourite) to the Namibian market through collective cross country efforts with Botswana and Lesotho to offer our customers quality products at affordable prices.

Over the years, the Metro business has registered over 500 Banner members under the Lucky 7 and The Rainbow Franchise program. We continue to provide to support through advertising, branding and pricing to support local business owners. These establishments have been deeply rooted in various local communities for many decades, enjoying a well-established presence and a high level of familiarity among the local residents. These initiatives are aligned to the Group's objective of driving entrepreneurship and improving the lives of the communities we serve.

Our stores provide a range of additional customer service offerings, such as:

Banking Kiosks: Our partnership with Banks allows us to offer convenient banking services through dedicated kiosks located within our stores. Customers can perform various transactions and access banking services in a seamless and accessible manner.

ATMs: To ensure easy access to cash and banking services, we have installed ATMs in all our stores. Customers can conveniently withdraw money, check balances, and perform other banking functions at their convenience.

Self-Service Vending Machines: Our stores feature self-service vending machines, including Airtime City, where customers can purchase airtime and mobile data packages. This allows for quick and hassle-free top-ups without the need for assistance from store staff.

We are very excited to have launched our Metro Loyalty Rewards Program in 2022 The program is a first of its kind in the Namibian market offering customers instant discount, cashback, bank your change and automated competition entries. We aim to leverage the customer insights gained through the tool to offer customers targeted communications and promotions to influence their shopping behaviour We are actively working towards achieving our target of 200,000 members.

Our dedicated efforts to establish a unique hybrid atmosphere have resulted in an enhanced customer experience, making both retail and wholesale customers feel at ease, and showcasing improved branding throughout our stores.

Metro is focussed on developing the workforce for tomorrow. We have a number of training programs available empowering the youth of Namibia and developing our staff through continuous coaching and mentorship opportunities. Our primary focus for the next year will revolve around enhancing customer service and investing in staff development.

Sefalana Trading Lesotho

T/A Sefalana Cash & Carry Lesotho

On 1 November 2016, Sefalana entered the Lesotho market through a takeover of the country's largest distribution and logistics company, TFS Wholesalers, Distribution and Logistics in Maseru. The acquisition provided us with the opportunity to achieve a strong presence in the market in a short space of time, making Sefalana a market leader in the country. In order to meet the growing market demand, an additional warehouse was secured in 2017 and in 2018 we opened our doors to the largest liquor wholesale in the country. This year marks 6 years of operations in Lesotho.

Sefalana Cash & Carry Lesotho

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

Our stores offer an extensive range of products and services, making us a house-hold name over the last six years. Through continuous engagement with customers, we are able to understand local buying trends and customer spending patterns. This has allowed us to maintain our title of the largest retailer in the country.

During the year no new stores were opened as we focused on maintaining current operational levels and providing a safe environment for our staff and customers. We continue to renovate our stores to provide both our customers and our locations with a renewed ambiance and atmosphere.

Due to national lockdowns and border closures experienced with the pandemic between 2020 and 2022, we were able to further extend and retain our customer base as we noted that customers who previously purchased inventory from across the border in South Africa, have now begun to purchase from us. We aim to build a hybrid model in our stores attracting high value retail customers who also bulk buy. We have improved the ranges and pack sizes offered to cater for this new market extension.

Our store compliments consists of the following in the Maseru & Maputsoe region:

- **2** Cash and Carry outlets trading as "Sefalana Cash and Carry"
- **2** liquor stores called 'Sefalana Liquor"

We have relaunched our Banner Group program supporting the Group's vision of supporting entrepreneurship and improving the lives of the communities we serve. We have registered 152 members in a space of a year.

We continue to launch our Housebrand ranges, A Star and Family Favourite to the market to offer our customers quality products at affordable prices. We look forward to drive this area of the business in conjunction with our counterparts in Botswana and Namibia over the coming months.

Over the years, we have introduced a number of solutions to improve our offerings instore. We pride ourselves in making various platforms available to Basotho. We launched our MPesa program in 2020 and this has become a preferred payment method by many customers. In addition, we have introduced EcoCash, an alternate mobile money solution. These payment methods have enabled our customers a risk free payment option at every one of our stores. We have also established a social media platform to effectively communicate our promotions to customers and facilitate interaction with them.

We were the first business in Lesotho to offer speed point payments attracting a higher LSM customer. These solutions enable risk - free transactions attracting the high unbanked population. We continue to expand our offering making shopping more convenient and accessible to our customers.

In the coming year we look forward to expanding our market share through the introduction of innovative solutions, inspired by the advancements made in other parts of our well diversified Group.

Seasons Group - Australia

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

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

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

We now have a total of 11 stores in the Queensland area.

Sefalana's investment in the Australian business is at a 40% shareholding and has been treated as an associate entity.

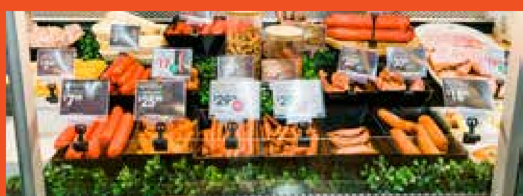
With a close-knit team of nearly 900 dedicated employees, Seasons IGA supermarkets are committed to bringing our customers a wide range of their favourite brands.

Our deep connection with the community drives our passion for supporting local producers, suppliers, and charitable causes. This allows us to curate a diverse assortment of top-quality grocery items at affordable prices, catering to your every need. Whether you're looking for fresh, succulent fruits, vibrant vegetables, mouthwatering snacks, thirst-quenching beverages, convenient takeaway options, essential personal care products, home goods, or on-the-go meals, you can find it all at Seasons IGA. We are committed to delivering exceptional customer service and ensuring that every shopping experience with us is truly memorable. With our competitive prices, you can enjoy the convenience of one-stop shopping without breaking the bank. At Seasons IGA, we take pride in serving our valued locals and creating a shopping environment that feels like a home away from home.

Seasons IGA Cleveland, our newly renovated and spacious store, is located at the vibrant center of a bustling shopping center that offers a myriad of attractions to entice customers. The store is renowned for its unwavering dedication to the local community, exemplified by its active participation in initiatives like the Meat the Need project in collaboration with the Redland Community Centre. In recognition of its exceptional commitment to quality, the store has been nominated for the coveted Produce Department of the Year award.

Seasons IGA Garnet Street, another recently renovated store radiates freshness and innovation. The store proudly showcases an incredible selection of fresh produce, complemented by a tantalizing assortment of oils, including the likes of avocado and olive oil. Bringing a touch of gourmet elegance to Cooroy, this store has garnered rave reviews from customers who have described it as a beloved destination.

At Seasons IGA Supermarkets, we take immense pride in being a dedicated sponsor of various community groups and local schools. We firmly believe in the significance of supporting the community our valued customers belong to. Additionally, we actively engage in company-wide campaigns to raise funds and extend our support to the community, demonstrating our unwavering commitment to making a positive difference.



Foods Botswana

(Proprietary) Limited ("Foods Botswana")

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

Foods Botswana Milling

A Sefalana Group Company

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

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

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

Through its 40 years since inception, Foods Botswana has grown into a reliable producer of quality products for the Nation, and is accredited by the Botswana Bureau of Standards. With a staff compliment of just under 170 full time employees, the entity is one of Serowe's largest employers, and continues to supply the Government with Tsabana and Malutu.

In addition to the above, Foods Botswana produces a range of housebrand products for Sefalana Cash & Carry and other leading FMCG companies. These include mabele, samp and maize meal under the A Star and Econo brands. The Milling division also offers a range of legumes to the market which includes cow peas, samp and beans and black eyed beans.

The Company continues to support its local community through social contributions and supporting farmers through the purchase of Sorghum. Foods Botswana encourages local farmers to increase production enabling them to be the Mill's first choice in sorghum selection rather than sourcing grain from outside the country. We strive to create a mutually beneficial relationship that empowers farmers, strengthens local economies and to provide them with a reliable market for their sorghum crops.

Effective and strategic grain procurement policies, together with ample working capital allows the Company to reduce the risk of constantly shifting commodity prices thereby sourcing grain at a reasonable cost. This has allowed us to reasonably price our products, making them affordable for our customers.

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

Foods Botswana Beverages
A Sefalana Group Company

This division started off with 54 employees which were retrenched by Delta Diaries. We are pleased to have re - employed these people who would have otherwise lost their jobs. Since then, and despite the COVID-19 pandemic, we are pleased to have increased the total number of employees to 83.

During the year, the business successfully acquired a water bottling plant. This acquisition represents a significant milestone in the company's growth strategy and expanding its operational capabilities in the Beverage division. We offer a range of bottle sizes and water flavours, which is sold in all our Sefalana Stores and also other retailers.

In late 2016, the division commenced production for the Government milk feeding scheme. In addition to the Government feeding scheme, we supply a number of commercial chains in Botswana. We are focused on growing our instore presence making our products more accessible and attractive to customers. We also manufacture house brands for leading commercial chains and look forward to expanding this offering to other chains.

We continue on focus on strategic procurement of milk, building relationships with South African and Batswana dairy farmers to mitigate shortages in supply of raw milk. We have partnered with local farmers to ensure consistent supply of milk and look forward to providing capital and infrastructure support to increase their outputs.

Commercial Motors

(Proprietary) Limited ("CML")

As the official franchised local representative for MAN - heavy commercial vehicles, HONDA -passenger vehicles and motorcycles, TATA - light and heavy commercial vehicles and Daewoo – heavy commercial vehicles in Botswana, Commercial Motors remains a relatively small but important and integral component of the Sefalana Group.

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

Our dealership relocated to a new site adjacent to the Sefalana Head Office on Kubu Road in Broadhurst Industrial, Gaborone in August 2021. The objective was to improve visibility, accessibility and to enhance brand awareness of our brands. The new modern show rooms offer a state-of-the-art customer experience. We now have a bigger workshop improving our service capacity and overall turnaround times. We have the latest equipment and tooling at hand for diagnostic purposes, servicing and repairs of every vehicle.

We continue to provide a service network point in Francistown making servicing of vehicles and trucks more accessible to our valued customers in the Northern areas of Botswana.

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

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

MAN (heavy commercial motor vehicles)

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

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

In 2022, we introduced the new MAN Truck Generation. This model offers maximum driving comfort, optimised vehicle and fleet availability, the best possible efficiency and economy, excellent safety and assistance. This model has been developed for short and long-haul distribution as well as construction, offering a heavy duty cab chassis with comfort and safety in mind.

Tata (light and heavy commercial motor vehicles)

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

Our Tata range of trucks predominantly specialises in construction and distribution vehicles. Our Tata buses offer three models with seating capacity for 28, 38 and 65 passengers. Our Daewoo range which operates under the TATA dealership also specialises in the truck segment giving our customers a wider range of choice. These trucks have set the benchmark in lifecycle costs, design and technology, offering comfort, reliability and safety at an affordable price.

Honda (passenger vehicles)

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

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

We offer the new Honda Fit which has proven to be popular with customers as Honda continues to provide premium comfort, efficiency and reliability.

During the year we launched the HR-V and the 7 seater BR-V and we are eager to launch the upgraded CR-V towards the end of 2023.

Honda motorcycles continue to be recognised as the leading brand in this segment both locally and abroad. From producing commuter models to fun-to-ride dynamic sports models, Honda provides the convenience and pleasure of riding to customers world-wide. With a rise in remote shopping and the increased demand for deliveries, we have seen a tremendous demand for delivery bikes, making them our top sellers.

Mechanised Farming
(Proprietary) Limited

Mechanised Farming is situated in Broadhurst Industrial and for many years was primarily focused on the sale and servicing of farming equipment. As a result of reduced Government spending on the agricultural sector and lower levels of rainfall over the last few years, we noted a drop in the performance of this entity and its overall contribution to the Group. This is a non-core segment of our Group.

Mechanised Farming
A Sefalana Group Company

A strategic decision to downscale the operations of this business and eliminate retail sales to customers was therefore made in 2018. Since then, focus has been placed on the supply and delivery of parts and equipment to Botswana Railways (BR) as our primary customer to contribute to the smooth and efficient operation of the nation's railways. We are proud to support the Government to maintain and improve the railway infrastructure, and we will continue to be a trusted supplier in the industry.

We are no longer open to walk in trade.

Sefalana Properties
(Proprietary) Limited

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

Sefalana PROPERTIES

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

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

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

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

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

Sefalana Fresh Produce
(Proprietary) Limited

Sefalana Fresh Produce (Pty) Limited (SFP), previously known as Natural Value Foods Botswana (Pty) Limited (NVF) joined the Group in 2014 as a joint venture between Sefalana and Natural Value Foods (Pty) Limited (South Africa). In an effort to improve profitability of this business and gain additional control, the entity was restructured to operate as a 90% subsidiary of Sefalana Holding Company Limited in 2018. The entity operates from Gaborone North and employs just under 50 staff.

Sfp
Sefalana Fresh Produce
A Sefalana Group Company

SFP began as a wholesaler of fresh fruit and vegetables and supplied its produce to Sefalana stores throughout the country. SFP has since expanded its customer base and now supplies fruit and vegetables to leading wholesalers, retailers and restaurants in the country.

In addition, in 2021 we opened our doors to everyday hawkers who have become regular customers. We are grateful to support these small businesses, empowering the lives of Batswana and promoting entrepreneurship and look forward to further developing these relationships.

Fresh produce is purchased from both local and South African farmers alike. In the last few years, we have built strong relationships with local farmers, enabling the production of high quality fruit and vegetables and purchasing these local harvests. With the demand of local produce increasing, we have partnered with several farmers providing capital and infrastructure support to enable consistent supply of produce for Sefalana stores and other customers. This approach has proven to support local agriculture in Botswana and reduce the dependence on imports.

We have noted a significant improvement in both the quality of fresh fruit and vegetables supplied by SFP as well as profitability of the business. SFP has prioritized delivering produce that is carefully selected, ensuring optimal ripeness, flavour and nutritional value. This has enabled us to offer a more favourable price to our customers and be more competitive in the local fruit and vegetable market.

With the focus on expanding operations and diversifying sales, the business has begun updating its product offerings to reflect seasonal availability and market demand. This has proven to be successful in light of the import restrictions and strain on local supply.

During the year this division has done exceptionally well despite challenges faced with supply of fresh produce and we look forward to an even greater contribution from this business as we expand our FMCG business and fresh produce client base.

SefRemit
(Proprietary) Limited

In May 2022 we were excited to launch our first Financial Services offering. This business trades under the name Sefremit (Pty) Limited ("Sefremit") and is regulated and licenced by the Bank of Botswana. SefRemit is a diversified global provider of financial solutions and services. We facilitate the seamless movement of money across geographies and currencies via multiple customer touchpoints including retail stores. Customer-centricity is at the heart of everything we do at SefRemit.

SefRemit
Money transfer | Bureau de Change
A Sefalana Group Company

We strive to provide our customers with secure and simplified one-stop solutions attuned to their schedule and lifestyle.

Our investments in people, processes and technology enable us to deliver exceptional customer experiences that combine convenience, speed and value. We have been operating for just over a year and have already built - up market share and a loyal customer base.

We commenced operations with 6 branches and have successfully opened an additional 4 branches. We are currently present in 10 of our Sefalana stores and at the Maun international Airport.

Sefremit has established strategic partnerships with trusted financial institutions, agents, and payment service providers worldwide. This extensive network enables us to offer widespread coverage and reliable money transfer services across multiple countries and regions. Some of the agents include, Western Union, Mukuru & Hello Paisa.

Services Offered:

Currency Exchange - we provide currency exchange services, allowing customers to convert one currency into another. We offer competitive rates for a wide range of currencies such as ZAR,GBP,USD,EUR. Our team ensures a seamless exchange process for travellers, individuals and businesses with foreign currency needs.

Instant Money Transfer - we specialize in instant money transfers, allowing individuals to send and receive funds domestically and internationally in a matter of minutes.

Cash Pickup Services - we offer cash pickup services, enabling recipients to collect their funds at designated locations in various countries. Our extensive network allows us to provide convenient cash pickup options, ensuring recipients can access their money quickly and securely.

Bank Account Transfer - we specialize in International bank transfers, enabling customers to send money across borders directly to their beneficiary's bank account. The advance state of the art technology ensures that the money reaches the beneficiary's bank account fast and safely.

Sefremit operates in-line with regulatory guidelines and anti-money laundering measures. We prioritize the security and confidentiality of customer information and transactions. Our dedicated team undergoes regular training to stay updated on compliance requirements and provide a safe and transparent environment for currency exchange and money remittance.

We have plans to expand our presence in the financial services industry in the coming years. With a clear vision, our expansion plans are designed to capitalize on emerging opportunities and meet the evolving needs of our customers.


The BIG One
Sefalana
TRADING HOURS
TRADING TIMES

5 ANNUAL FINANCIAL STATEMENTS

49 years of creating value

WELCOME TO OUR **ANNUAL FINANCIAL STATEMENTS**

Directors' statement of responsibility

The directors of Sefalana Holding Company Limited are responsible for the preparation and fair presentation of the consolidated annual financial statements of Sefalana Holding Company Limited and its subsidiaries ("the Group"), comprising the consolidated statement of financial position as at 30 April 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 53 week period then ended ("the financial year/the year"), and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards ("IFRS").

The directors have reviewed the Group budgets and cash flow forecasts for the 52 week period to 28 April 2024 and the period 29 April 2024 to 31 August 2024. On the basis of this review, and in the light of the current financial position and existing borrowing facilities of the Group, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS.

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

The consolidated financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these consolidated financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the directors endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently reviewing and reporting on the consolidated financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 172 to 176.

Directors' approval of the financial statements

Against this background, the Board of directors accepts responsibility for the consolidated and separate financial statements on pages 178 to 238 which were approved on 25 July 2023 and signed on its behalf by:

JM Marinelli
Chairperson

CD Chauhan
Group Managing Director

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Sefalana Holding Company Limited

Deloitte.

Opinion

We have audited the consolidated financial statements of Sefalana Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 178 to 238, which comprise the consolidated statements of financial position as at 30 April 2023, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

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

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

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

Other Information

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

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT to the Shareholders of Sefalana Holding Company Limited (continued)

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

27 July 2023
Gaborone

Deloitte & Touche

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

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Consolidated Statement of Comprehensive Income

For the 53 week / 52 week period ended

	Note	53 weeks ended 30 April 2023 P'000	52 weeks ended 24 April 2022 P'000
REVENUE	**5**	**9 116 242**	**7 519 535**
Cost of sales		(8 440 466)	(6 996 384)
Gross profit		675 776	523 151
Other income and gains	8	47 747	51 549
Administrative expenses		(311 729)	(251 645)
Earnings before interest, tax and amortisation (EBITA)		**411 794**	**323 055**
Amortisation of intangible assets	17	(7 285)	(7 108)
Investment income	7	34 409	54 163
Finance costs	9	(25 493)	(21 867)
Profit before share of results of associates		413 425	348 243
Share of loss of associates	18	(10 609)	(14 435)
Profit before tax	**11**	**402 816**	**333 808**
Income tax expense	10	(102 255)	(112 743)
PROFIT FOR THE YEAR		**300 561**	**221 065**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net gain on revaluation of land and buildings		22 743	19 217
Gross gain on revaluation of land and buildings		29 324	25 479
Income tax on gain on revaluation of land and buildings		(6 581)	(6 262)
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(30 766)	27 403
Reclassification of foreign currency translation to profit or loss	28	2 375	
Other comprehensive (loss) / income for the year (net of tax)		(5 648)	46 620
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**294 913**	**267 685**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		299 570	219 612
Non - controlling interests		991	1 453
TOTAL PROFIT FOR THE YEAR		**300 561**	**221 065**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		293 922	266 232
Non - controlling interests		991	1 453
TOTAL COMPREHENSIVE INCOME		**294 913**	**267 685**
Earnings per share attributable to the equity holders of the Company during the year:			
BASIC AND DILUTED EARNINGS PER SHARE (THEBE)	**13**	**119.48**	**87.59**

Consolidated Statement of Financial Position

As at

	Note	30 April 2023 P'000	24 April 2022 P'000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	936 374	857 355
Right of use assets	15	180 781	229 711
Investment property	16	237 759	230 082
Intangible assets	17	110 138	123 426
Investment in associates	18	57 419	63 689
Loan to associate	18	58 015	
Deferred lease assets	20	4 606	4 734
Deferred tax assets	21	31 466	29 710
Trade and other receivables	24	4 647	6 320
Total non - current assets		1 621 205	1 545 027
CURRENT ASSETS			
Inventories	23	1 110 986	1 007 390
Trade and other receivables	24	301 973	327 828
Investment in preference shares	19		190 665
Current tax assets	10	6 135	2 333
Cash and cash equivalents	25	525 368	575 240
Total current assets		1 944 462	2 103 456
Asset classified as held for sale	26		34 750
TOTAL ASSETS		**3 565 667**	**3 683 233**
EQUITY AND LIABILITIES			
EQUITY			
Stated Capital	27	686 354	686 354
Other reserves	28	252 033	257 681
Retained earnings		1 382 233	1 213 040
Equity attributable to owners of the parent		2 320 620	2 157 075
Non - controlling interest		20 189	16 548
Total equity		2 340 809	2 173 623
NON - CURRENT LIABILITIES			
Lease liabilities	15	132 802	160 762
Loans and borrowings	29	104 231	105 833
Deferred tax liabilities	21	118 965	116 847
Total non - current liabilities		355 998	383 442
CURRENT LIABILITIES			
Trade and other payables	30	619 894	862 363
Lease liabilities	15	73 092	93 270
Loans and borrowings	29	1 736	1 735
Contract liabilities	34	15 837	14 992
Current tax liabilities	10	9 992	33 792
Bank overdrafts	25	49 048	44 639
Accruals	35	99 261	75 377
Total current liabilities		868 860	1 126 168
Total liabilities		1 224 858	1 509 610
TOTAL EQUITY AND LIABILITIES		**3 565 667**	**3 683 233**

Consolidated Statement of Changes in Equity

For the 53 week period ended 30 April 2023

		Attributable to owners of the parent					
		Stated capital	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
	Note	P'000	P'000	P'000	P'000	P'000	P'000
At 26 April 2021		686 354	211 061	1 093 718	1 991 133	15 095	2 006 228
Profit for the year				219 612	219 612	1 453	221 065
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			19 217		19 217		19 217
Currency translation differences			27 403		27 403		27 403
Dividends paid - 2022 interim and 2021 final				(100 290)	(100 290)		(100 290)
At 24 April 2022		**686 354**	**257 681**	**1 213 040**	**2 157 075**	**16 548**	**2 173 623**
At 25 April 2022		686 354	257 681	1 213 040	2 157 075	16 548	2 173 623
Profit for the year				299 570	299 570	991	300 561
Increase in investment by minority						2 650	2 650
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			22 743		22 743		22 743
Currency translation differences			(30 766)		(30 766)		(30 766)
Reclassification of foreign currency translation to profit or loss			2 375		2 375		2 375
Dividends paid - 2023 interim and 2022 final				(130 377)	(130 377)		(130 377)
At 30 April 2023		**686 354**	**252 033**	**1 382 233**	**2 320 620**	**20 189**	**2 340 809**

Other reserves consist of land and buildings revaluation reserve, currency translation reserve, and other gains on purchase of minority interests as set out in note 28.

Consolidated Statement of Cash Flows

For the 53 week period ended 30 April 2023

	Note	2023 P'000	2022 P'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		300 561	221 065
Income tax expense	10	102 255	112 743
Finance costs	9	25 493	21 867
Investment income	7	(34 409)	(54 163)
Net exchange differences		(9 207)	1 692
Fair value loss on preference shares	19		6 101
Fair value (gain) / loss on investment property	8	(4 845)	6 056
Gain on revaluation of asset held for sale			(10 522)
Share of loss from associates	18	10 609	14 435
Impairment of property, plant and equipment	14	601	
Gain on disposal of property, plant and equipment	8	(603)	(460)
Impairment of goodwill	17	2 393	
Amortisation of intangible assets	17	7 285	7 108
Depreciation on right of use assets	15	66 944	61 255
Depreciation of property, plant and equipment	14	76 156	69 360
Cash generated by operating activities before working capital changes		543 233	456 537
Movements in working capital:			
Trade and other receivables		7 168	(58 193)
Inventories		(127 068)	(136 885)
Accruals, contract liabilities, trade and other payables		(217 750)	145 007
Cash generated by operations		205 583	406 466
Finance costs paid	9	(25 493)	(21 867)
Income taxes paid		(134 983)	(99 682)
Net cash generated by operating activities		45 107	284 917
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and other dividends received		31 875	54 163
Purchase of property, plant and equipment	14	(134 230)	(118 380)
Additions to investment property	16	(6 618)	(1 472)
Proceeds from sale of investment property	26	34 750	
Additions to asset held for sale	26		(270)
Purchase of computer software rights	17	(1 583)	(2 592)
Redemption of investment in preference shares	19	185 936	
Proceeds from sale of property, plant and equipment		3 592	1 332
Additional loan to associate	18	(11 650)	
Investment in associate	18		(3 351)
Net cash flows generated by / (utilised in) investing activities		102 072	(70 570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan and borrowings	29	(1 601)	(1 684)
Transaction with non - controlling interests		2 650	
Repayment of lease liabilities	15	(64 588)	(60 021)
Cash dividend paid to owners of the parent	13	(130 377)	(100 290)
Net cash flows utilised in financing activities		(193 916)	(161 995)
Net (decrease) / increase in cash and cash equivalents		(46 737)	52 352
Cash and cash equivalents at beginning of year		530 601	474 737
Effects of exchange rate changes on cash and cash equivalents		(7 544)	3 512
Cash and cash equivalents at end of year		**476 320**	**530 601**
Represented by:			
Bank overdrafts	25	(49 048)	(44 639)
Cash and cash equivalents	25	525 368	575 240
		476 320	**530 601**

Notes to the financial statements

For the year 53 week period ended 30 April 2023

1 GENERAL INFORMATION

Sefalana Holding Company Limited is a Company incorporated in the Republic of Botswana and listed on the Botswana Stock Exchange. The addresses of its registered office and principal places of business are disclosed in the introduction to the annual report. The consolidated financial statements include the financial results and financial position of Sefalana Holding Company Limited and its subsidiaries. The consolidated Group and separate Company's financial statements for the year ended 30 April 2023 were authorised for issue by the Board of Directors on 25 July 2023.

The Group's largest segments are those of Fast Moving Consumer Goods (FMCG). In line with common practice across the world, the FMCG businesses have historically followed a Retail calendar with a financial period of 52 weeks or 364 days. This is in contrast to calendar year of 365 days. On the basis that this has resulted in a one day difference each year which is caught up every 6 years with a 53rd week, the Group has emphasised its disclosure of this fact in these financial statements.

For all other subsidiaries of the Group, the results are for the calendar year ended 30 April 2023 (prior year calendar year ended 30 April 2022). Where there are material transactions between the two reporting dates, appropriate adjustments are made in the consolidated financial statements.

2 BASIS OF PREPARATION

(i) Compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

(ii) Historical cost convention

The consolidated financial statements are prepared under the historical cost convention except for land and buildings and investment property which are carried at fair value.

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the annual reporting period commencing 25 April 2022:

- Amendments to IFRS 3 – Business Combinations
- Amendments to IAS 16 – Property, Plant and Equipment
- Amendment to IAS 37 – Onerous Contracts- Cost of Fulfilling a Contract
- Annual Improvements to IFRS 2018-2020

These new standards and amendments have not resulted in any material changes to the group's accounting policies and have had a minimal impact on the current period, any prior period and are not likely to affect future periods. The details on new standards and interpretations are explained below;

(iv) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are applicable to the group with an effective date after the date of these financial statements, have not been applied in preparing these consolidated financial statements. These include:

Amendments to IAS 1 – Presentation of Financial Statements- Classification of Liabilities as Current or Non-current, effective for annual periods beginning on or after 1 January 2023

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The amendment to the standard is not expected to have a material effect on the financial statements of the group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Presentation of Financial Statement and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies, effective for finance periods beginning on or after 1 January 2023

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendment to the standard is not expected to have a material effect on the financial statements of the group.

Amendments to IAS 8 – Definition of Accounting Estimates, effective for finance periods beginning on or after 1 January 2023

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.

The amendment makes a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendment to the standard is not expected to have a material effect on the financial statements of the group.

Amendments to IAS 12 - Income taxes, effective for annual periods beginning on or after 1 January 2023

The amendment specifies changes to 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'. Under this amendment, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendment to the standard is not expected to have a material effect on the financial statements of the group.

IFRS 10 - Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective date deferred indefinitely by the IASB

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors do not anticipate that the application of the amendments in the future will have an impact on the group's consolidated financial statements.

IFRS 17 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlies a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost if that uncertainty. It takes into account market interest rates and the impact of policyholders options and guarantees.

IFRS 17 must be applied retrospectively unless impracticable, In which case the modified retrospective approach or the fair value approach is applied. The amendment to the standard is not expected to have a material effect on the financial statements of the group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the company has control. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

Notes to the financial statements

For the year 53 week period ended 30 April 2023 (continued)

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interests. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

When the company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required by IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Associates

Associates are all entities over which the Company or its subsidiaries have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The company's shareholding in associates is as disclosed in note 18.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee in profit or loss, and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the company and its associates and joint ventures are eliminated to the extent of the company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.7.

(v) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Sefalana Holding Company Limited.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

(vi) Investment in subsidiaries

The Group accounts for its investment in subsidiaries at cost, which includes transaction costs, less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Investments in subsidiaries are assessed for impairment when indicators of impairment are identified. Such impairment indicators include, but are not limited to, for example:

- Sustained deterioration in financial results of operations and / or financial position of the subsidiary;
- Changes in the operating environment of a subsidiary, including regulatory and economic changes, market entry by new competitors, etc.; and
- Inability of a subsidiary to obtain finance required to sustain or expand operations.

Where impairment indicators are identified, the recoverable value of the subsidiary is measured at the lower of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the subsidiary.

Once an impairment loss has been recognised, the group assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the subsidiary is remeasured and the impairment loss reversed or partially reversed as may be the case.

Where the recoverable value of a subsidiary is below the carrying amount, the carrying amount is reduced to the recoverable value through an impairment loss charged to the statement of comprehensive income.

3.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Botswana Pula, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'net foreign exchange gains'.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.3 Property, plant and equipment

Land and buildings comprise mainly wholesale and retail outlets, offices and residential buildings. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Buildings capitalised under leases comprise retail outlets which were designed and developed specifically for the group's use and are leased by the group under long-term lease agreements. These buildings are accounted for at cost (being the present value of the minimum committed lease payments at inception of the respective lease contracts) less accumulated depreciation and accumulated impairment adjustments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Properties in the course of construction for production or supply of goods or services, or for administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in terms of the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings:	50 years
Leasehold buildings:	remaining period of lease
Buildings capitalised under leases	15 years, being initial lease period
Plant, fixtures and equipment:	4 to 20 years
Motor vehicles:	4 to 6 years
Fixtures and equipment:	4 to 10 years
Right of use assets:	5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases in the carrying amount arising on revaluation of land and buildings are charged to other comprehensive income and debited against other reserves directly in equity. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

3.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date on an appropriate valuation basis, which may include internal valuation models, valuations by independent professional valuers and comparison to recent market transactions and values. Where valuations from these sources indicate a range of reasonable fair values estimates, considered judgement is applied to determine the most reliable estimate of fair value. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be reliably determined, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non – standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit and loss for the period in which it arises. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss for the period in which it arises within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is re-classified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

3.5 Lease rights

Lease rights represent rights covered by contract or similar arrangement to occupy, lease out or otherwise utilise property. Separately acquired lease rights are shown at historical cost. Lease rights acquired in a business combination are recognised at fair value at the acquisition date.

Where land rights are acquired directly through agreement with Government, the group records these at nominal amounts at the inception of the underlying lease / rental agreements or when such agreements are renewed.

Lease rights have a finite useful life based on the underlying contractual agreement assigning such rights to the consignee and are recognised in the consolidated statement of financial position as a right-of-use asset and lease liability, initially measured at the present value of future lease payments.

3.6 Non-Current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale. When the group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate that will be disposed of is classified as held for sale. The group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continue to be accounted for using the equity method.

Notes to the financial statements

For the year 53 week period ended 30 April 2023 (continued)

3.7 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Brands, trademarks and customer contracts

Separately acquired brands or trademarks are recognised at cost. Brands, trademarks, and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation of brands, trademarks and customer contracts is calculated using the straight-line method to allocate their cost to their respective residual values over their useful lives as follows:

Brands:	25 years.
Customer contracts:	10 years.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives (three to five years) on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Leasing

The group as lessor

The group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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For the year 53 week period ended 30 April 2023 (continued)

The group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Some of the leases of buildings contain extension and termination options exercisable by the group before the end of the non-cancellable contract period. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. For some of the property leases, the extension and termination options held are exercisable only by the group and not by the respective lessor. At lease commencement date, the group assesses whether it is reasonably certain to exercise the extension options.

The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Covid-19 pandemic has led to come lessors providing relief to lessees by deferring or relieving them of amounts that would otherwise be payable. This has been obtained by the group through negotiations with lessors which has resulted in a change in lease payments. When there is a change in lease payments, which IFRS 16 defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

In March 2021, the Board issued Covid-19 Related Rent Concessions beyond 30 June 2021 that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The group has not received rental concessions as a result from the COVID-19 Related rent Concessions.

3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income for the period in which they are incurred.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.11 Employee benefits

Pension obligations

The Sefalana Group Staff Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time. The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both 30 April 2022 and 2023.

Gratuities and severance plans

The group does not provide pension benefits for all its employees, but operates a gratuity scheme for expatriates in terms of employment contracts, and a severance benefit scheme for citizens in terms of section 28 of the Botswana Employment Act. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each 60 month period of continuous employment, at the option of the employee. The expected gratuity and severance benefit liability is provided in full by way of a provision.

Profit - sharing and bonus plans

The group recognises a liability and an expense for staff bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in equity. In this case, tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised for loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax of 10% is payable on the gross value of dividends on behalf of the shareholder, in accordance with the Botswana Income Tax Act.

3.13 Inventories

Inventories comprising fast moving consumer goods for resale are valued at the lower of cost and net realisable value. Cost on these goods is determined on the weighted average basis and is the net of the invoice price, insurance, freight, customs duties, trade discounts, rebates and settlement discounts. Rebates and other incentives received from suppliers are accounted for in the period to which these relate.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to the net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories comprising vehicles and equipment for resale are also stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on the first-in first-out basis.

Work in progress arising from rendering of services of vehicles and equipment is valued with costs of materials used and excludes labour or overhead components. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

3.14 Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.14.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group did hold debt instruments that satisfy the requirements for subsequent measurement at fair value through other comprehensive income (FVTOCI).

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets at FVTPL
Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains

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or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Refer note 8 for 'other income and gains / (losses)'.

Dividends and interest earned on financial assets measured at FVTPL are recognised in profit or loss as part of investment income (note 7) from continuing operations when the group's right to receive payment is established.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less reduction for expected credit losses. 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. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. Where applicable, these lifetime expected credit losses are estimated using a provision matrix. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion be considered.

Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forwardlooking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward - looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Impairment assessment of trade receivables is described in note 24.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Foreign exchange gains and losses
Translation differences relating to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. Translation differences on non-monetary securities are recognised in other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.14.2 Financial liabilities and equity

Classification
The group only has financial liabilities that are classified as 'financial liabilities at amortised cost'

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

Derecognition of financial liabilities
The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

3.15 Accruals

The group recognises accrued expenses at the time of the transaction and before actual payment. A corresponding amount is recognised as a liability. On settlement of the expense, the payment is credited against the liability accrued.

3.16 Warranties

Provisions for warranty costs are recognised at the date of the sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the group's obligation.

3.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue from the principal activities of retailing and associated activities. For the majority of revenue streams, there is a low level of judgement applied in determining the consideration or the timing of transfer of control.

The group recognises revenue when the group satisfies its performance obligations in terms of the related customer contract. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental Income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Sale of goods – merchandise
Merchandise sales are recognised when control of the goods has transferred, being at the point the customer purchases/consumes the goods. Payment of the transaction price is due immediately at the point the customers purchase/consume the goods.

Payment is generally received via cash, debit card, credit card or cheque, or through charge to a line of credit granted to the customer.

Under the group's standard contract terms, customers have a right of return within seven days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the group has a right to recover the product when customers exercise their right of return. Consequently, the group recognises a right to returned goods as assets and a corresponding adjustment to cost of sales. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is

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considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. No material right of return assets and corresponding refund liabilities were held by the group at the end of the current financial year.

A loyalty program is offered to customers which enables customers to purchase goods in future at a discounted price through the use of loyalty cards. The card holder cannot redeem points without future purchases. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer.

The loyalty points provide a material right to customers that they would not receive without entering into a contract with the group. Accordingly, the promise to provide points to the customer is identified as separate performance obligation. The transaction price is allocated to the product and the points using a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer, as evidenced by the group's historical experience. The stand-alone selling price of the product sold to the customer is estimated on the basis of its retail price.

Sales of goods – others

Revenue from sale of other goods is recognised when control of the goods has transferred, being at the point the customer purchases / consumes the goods. Payment of the transaction price is due immediately at the point the customers purchases / consumes the goods.

Sales of services

Revenue from the provision of services is recognised when the group satisfies its performance obligations, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Payment for sales services is not due until the services are complete.

Included in the transaction price for the sale of vehicles is an after-sales service. This service relates to maintenance work that may be required to be carried out on the vehicles for a period that varies with customer requirements and the service interval. This period can then be extended if the customer requires additional years of maintenance services. The renewal of services after the agreed period will be for the price at which these are sold by the group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

The maintenance service is considered to be a distinct service as it is both regularly supplied by the group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material.

Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs that are specifically chargeable to the customer under the terms of the contract.

3.19 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Group's shareholders.

3.20 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, that make strategic decisions. The costs of shared services are accounted for in a separate ("unallocated") segment. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue being eliminated through a separate adjustment to revenue.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. All inter-segment transactions are on an arms-length basis and are eliminated on consolidation.

The group's areas of operations were limited to the Republic of Botswana, the Republic of Namibia, the Kingdom of Lesotho, the Republic of South Africa, the

Republic of Zambia, Mauritius and the Commonwealth of Australia during the reporting periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements and applying the group's accounting policies, the entity has made certain key judgements and estimates in order to present balances and amounts in these financial statements. The following is a summary of those key judgements and key sources of estimation uncertainty at the reporting date, which has the most significant effect on the carrying amounts of assets and liabilities included in the financial statements:

4.1 CRITICAL JUDGEMENTS IN APPLYING THE GROUP ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Consolidation of KSI Holdings Proprietary Limited

The group has a 50% equity ownership in KSI Holdings Proprietary Limited ("KSI"), and on the basis that all the shareholders of KSI have unilaterally given control to Sefalana Holding Group Limited, through a shareholder agreement, to make all necessary strategic decisions pertaining to the KSI business, including decisions relating to the management of the business and its relevant activities, control is deemed to be held by Sefalana in accordance with IFRS 10 ("Consolidated Financial Statements"). KSI is therefore classified as a subsidiary group and has been consolidated in the group's financial statements accordingly.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Fair value of land and buildings and investment properties

The group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 30 April 2021. At 30 April 2023 , an update was performed in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as 30 April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties. Resulting fair value gains and losses have been recognised in the statement of comprehensive income. Market values for developed property have been determined based on rental yields. A capitalisation factor has been applied to each property depending on its location and condition. Capitalisation rates applied in the recent valuation range from 9.0% to 18.0% (2022: 9.0% to 15.0%)

A 10 basis point increase in the capitalisation rate would result in a P1.1 million (2022: P0.8million) reduction in overall portfolio value. A 10 basis point decrease in capitalisation rate would result in a P1.1 million (2022: P0.8 million) increase in overall portfolio value. Undeveloped land has been valued based on recent market data on similar properties transacted on an arm's length basis. Refer to notes 14 and 16 respectively for fair value disclosure.

4.2.2 Impairment of goodwill

The company tests annually whether goodwill (as disclosed in note 17) has suffered any impairment, in accordance with its accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined by the Directors based on forecast pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates, the most significant of which are assumptions of a growth rate and discount rates (refer note 17).

The impairment calculations performed by the company at the current year-end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

4.2.3 Inventory provisions

Unit cost adjustments
The group adjusts recorded unit costs for rebate income and settlement discount. Unit cost is recorded gross of rebate income and the adjustment is thus required to bring the unit cost to a post-rebate level. The company also adjusts inventory by foreign exchange difference to account for the variance between standard exchange rates utilised in the unit cost calculation and actual achieved exchange rates.

Provision for shrinkage
Shrinkage is estimated as a percent of sales for the period from the last inventory date to the end of the fiscal period. Physical inventories are taken at least quarterly and inventory records are adjusted accordingly. The shrinkage rate from the most recent physical inventory, in combination with current events and historical experience, is used as the standard for the shrinkage accrual rate for the next inventory cycle.

Inventory net realisable value allowances
The group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Allowances are made against slow moving, obsolete and damaged items. Damaged inventories are identified and written down through inventory verification processes.

Allowance for slow moving and obsolete inventories
In making an allowance for slow moving and obsolete items, the company determines the ageing of the inventory held at the year-end date based on historical

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sales quantities, its estimate of the likely sales discounts (below original cost), which the company may have to offer in order to sell slow-moving items, and the extent of losses which the company may incur when writing off obsolete items.

The determination of the allowance for slow-moving and obsolete retail inventories involves a fair amount of judgement and estimation. Management has concluded that the stock included in more than 365 days is at a higher risk of becoming obsolete. The provision percentage applied in determining the stock obsolescence is sensitive to future sales and a movement of 1% could result in an increase/decrease of P13 million in either direction.

Provision for warranties

One of the subsidiary companies gives a warranty on vehicles sold by it; most of the warranty costs are met by the initial suppliers of these vehicles, but there is an element of cost that will be borne by the Group. Based on the Directors' knowledge of the industry and previous practices a provision has been made to account for future warranty costs on vehicles sold.

4.2.4 Fair Value of Investment in Preference Shares

The group has made judgements and assumptions concerning the valuation of the preference shares. These preference shares were redeemed during the current financial year and nothing was outstanding at the end of the current year.

4.2.5 Determination of the lease term and discount rate

The measurement of the right-of-use assets and lease liabilities is inherently judgmental and relies on management's best estimate based on key inputs, namely: the determination of the lease term and the discount rate (interest rate implicit in the lease or incremental borrowing rate).

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant for the group's leases of buildings:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the year the group early adopted the Amendments to IFRS 16 which provided rental concessions to some leases. The impact of this amendment has resulted in a reduction of the lease liability, however as only a limited number of leases benefited from this amendment, the impact is immaterial.

The discount rate is determined as the interest rate implicit in the lease, or if the rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

		2023	2022
		P'000	P'000
5	**REVENUE**		
	An analysis of the Group's revenue is as follows:		
	Revenue from trading and manufacturing	9 096 951	7 499 374
	Property rental income	19 291	20 161
		9 116 242	7 519 535

Included in the above is P13.4 million (2022: P12.3 million) relating to loyalty points redeemed by customers and P2.4 million (2022: P5.2 million) relating to utilisation of the maintenance service plan by customers (note 34).

Total service revenue included in total revenue above amounts P9.8 million (2022: P11.3 million).

	2023	2022
Property rental income comprises:		
Contractual rental income	19 163	19 831
Straight - line lease rental adjustment	128	330
	19 291	20 161

6 SEGMENTAL ANALYSIS

The Company's Board of Directors acts as the Chief Operating Decision Maker of the Group and it assesses the performance of the operating units based on the measure of earnings before interest, tax and amortisation (EBITA) and also on profit before tax (PBT).

These measurement bases assess performance on the bases of recognition and measurement which are consistent with the accounting policies of the Group. Performance is monitored based on business and geographical segments.

The Group's operating businesses are organised and managed separately according to the nature of products and services offered by each segment representing a strategic business unit. All transactions between reported segments are at arm's length. The accounting policies of the reportable segments are the same as the Group's accounting policies described.

The Group is organised into five principal business areas and these make up four reportable operating segments as follows:

Trading - consumer goods:
Wholesale and retail distribution of fast moving consumer goods (FMCG). The segments for the Botswana, Namibia and Lesotho businesses are presented separately.

Trading - others:
Sale of automotive products, equipment for construction and agricultural related sectors including after-sale services.

Manufacturing:
Milling, production and sale of sorghum, soya and maize based extruded food products and the manufacture of Ultra High Temperature (UHT) milk.

Property:
Holding of commercial and industrial properties for own use as well as for generating income from lease arrangements with external tenants, along with capital appreciation in value.

With the exception of Trading others and Manufacturing segments, revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

Revenue from Trading - others and Manufacturing operating segments is derived largely from various Government departments following the award of tenders.

The Group's most significant operations are in Botswana, Namibia and Lesotho where the Group engages in the wholesale and retail distribution of fast moving consumer goods. The Group also operates a property company in Zambia with operating leases in place with third party tenants. The operational results and financial position of the Lesotho, Namibian and Zambian businesses are reported as separate geographical segments. There is no single external customer whose revenue transactions amount to 10% or more of the Group's revenue.

Investment in Preference Shares
In July 2017, the Group invested in a consortium of companies that own a chain of retail stores in South Africa. The Sefalana Group does not own any of these stores but had invested in a preference share arrangement (note 19). The return on this investment is shown in a separate segment (South Africa) given its significant contribution to the Group's results. This preference share investment was redeemed in full at the end of its five year term in August 2022.

Investment in Australian associate
In May 2020, the Group invested in a chain of supermarkets in Queensland Australia. This investment is an associate investment in which the Group holds a 40% shareholding. The returns on this investment is shown in a separate segment (Australia).

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

6 SEGMENTAL ANALYSIS (continued)

Segment results

2023	Botswana			
	Trading	Trading others	Manufacturing	Property
	P'000	P'000	P'000	P'000
Revenue	4 883 569	98 282	337 645	59 354
Cost of sales	(4 606 894)	(77 871)	(249 262)	
Gross profit	276 675	20 411	88 383	59 354
Other income and gains / (losses)	19 805	5 539	1 698	17 611
Administrative expenses	(125 268)	(21 002)	(44 973)	(11 436)
Earnings before interest, tax and amortisation (EBITA)	**171 212**	**4 948**	**45 108**	**65 529**
Amortisation	(753)			
Investment income	3 172	660	3 017	505
Finance costs	(19 327)	(988)	(5 572)	(8 638)
Profit before share of results from associates	154 304	4 620	42 553	57 396
Share of results from associates				
Profit before tax	**154 304**	**4 620**	**42 553**	**57 396**
Total segment results above include:				
Revenue from external customers	4 879 925	96 302	191 089	14 598
Revenue from internal customers	3 644	1 980	146 556	44 756
Total revenue	4 883 569	98 282	337 645	59 354
Depreciation and amortisation	69 850	3 008	5 769	15 267

Segment assets and liabilities

	Botswana			
	Trading	Trading others	Manufacturing	Property
2023	P'000	P'000	P'000	P'000
Property, plant and equipment	174 436	18 468	79 126	2 662
Right of use assets	151 825	9 949	907	
Investment property				628 502
Intangible assets	3 957			
Other non-current assets	26 374	5 705		10 173
Non-current assets	356 592	34 122	80 033	641 337
Current assets	812 662	53 546	241 259	49 749
Liabilities	(642 529)	(30 724)	(34 331)	(201 402)
Inter-group balances	(116 747)		(90 722)	(110)
Capital expenditure during the year	56 781	350	11 982	25 656

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	**Trading consumer goods**	**Trading consumer goods**	**Investment in preference shares ***	**Investment in associate**	**Inter- segment or unallocated**	**Consolidated**
P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
4 694	891 719	3 037 915			(196 936)	9 116 242
	(839 033)	(2 856 686)			189 280	(8 440 466)
4 694	52 686	181 229			(7 656)	675 776
2 228	1 220	17 644			(17 998)	47 747
(1 882)	(22 365)	(42 520)			(42 283)	(311 729)
5 040	**31 541**	**156 353**			**(67 937)**	**411 794**
	(1 567)	(4 965)				(7 285)
14	283	9 232	6 225	2 607	8 694	34 409
	(8 987)	(30 833)			48 852	(25 493)
5 054	21 270	129 787	6 225	2 607	(10 391)	413 425
				(10 609)		(10 609)
5 054	**21 270**	**129 787**	**6 225**	**(8 002)**	**(10 391)**	**402 816**
4 694	891 719	3 037 915				9 116 242
					(196 936)	
4 694	891 719	3 037 915			(196 936)	9 116 242
	6 976	49 380			135	150 385

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	**Trading consumer goods**	**Trading consumer goods**	**Investment in preference shares ***	**Investment in associate**	**Inter- segment or unallocated**	**Consolidated**
P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
	6 437	198 030			457 215	936 374
	5 472	78 615			(65 987)	180 781
50 452					(441 195)	237 759
	6 664	77 030			22 487	110 138
141	4 997				108 763	156 153
50 593	23 570	353 675			81 283	1 621 205
3 764	162 016	529 742			91 724	1 944 462
(1 178)	(44 349)	(554 179)			283 834	(1 224 858)
	(97 756)	(224 147)			529 482	
	2 316	44 212			1 134	142 431

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

6 SEGMENTAL ANALYSIS (continued)

Segment results

	Botswana			
	Trading	Trading others	Manufacturing	Property
2022	**P'000**	**P'000**	**P'000**	**P'000**
Revenue	3 951 562	100 576	240 020	61 274
Cost of sales	(3 763 986)	(77 986)	(175 670)	
Gross profit	187 576	22 590	64 350	61 274
Other income and gains / (losses)	16 318	6 727	1 222	19 258
Administrative expenses	(87 970)	(21 463)	(43 689)	(10 646)
Earnings before interest, tax and amortisation (EBITA)	**115 924**	**7 854**	**21 883**	**69 886**
Amortisation	(617)			
Investment income	2 675	2 399	1 053	101
Finance costs	(17 982)	(345)	(1 565)	(9 144)
Profit before share of results from associates	100 000	9 908	21 371	60 843
Share of results from associates				
Profit before tax	**100 000**	**9 908**	**21 371**	**60 843**
Total segment results above include:				
Revenue from external customers	3 949 767	97 439	150 869	16 374
Revenue from internal customers	1 795	3 137	89 151	44 900
Total revenue	3 951 562	100 576	240 020	61 274
Depreciation and amortisation	60 491	995	5 040	552

Segment assets and liabilities

	Botswana			
	Trading	Trading others	Manufacturing	Property
2022	**P'000**	**P'000**	**P'000**	**P'000**
Property, plant and equipment	154 346	18 622	73 382	1 502
Right of use assets	207 437	11 864	2 021	
Investment property				591 845
Intangible assets	6 387			
Other non-current assets	23 527	7 656		10 670
Non-current assets	391 697	38 142	75 403	604 017
Current assets	793 931	58 205	150 636	44 085
Liabilities	(895 868)	(35 452)	(39 517)	(189 067)
Inter-group balances	(116 747)	(6 639)	(27 412)	(20 629)
Capital expenditure during the year	47 566	1 143	6 555	10 148

* Refer to note 19 on redemption of preference shares in August 2022.

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	Trading consumer goods	Trading consumer goods	Investment in preference shares *	Investment in associate	Inter- segment or unallocated	Consolidated
P'000	P'000	P'000	P'000	P'000	P'000	P'000
3 787	782 747	2 518 552			(138 983)	7 519 535
	(741 014)	(2 362 396)			124 668	(6 996 384)
3 787	41 733	156 156			(14 315)	523 151
(9 065)	146	21 519	(6 101)		1 525	51 549
(977)	(18 803)	(40 874)			(27 223)	(251 645)
(6 255)	**23 076**	**136 801**	**(6 101)**		**(40 013)**	**323 055**
	(1 590)	(4 901)				(7 108)
	111	4 253	37 793	1 965	3 813	54 163
	(8 735)	(18 568)			34 472	(21 867)
(6 255)	12 862	117 585	31 692	1 965	(1 728)	348 243
				(13 915)	(520)	(14 435)
(6 255)	**12 862**	**117 585**	**31 692**	**(11 950)**	**(2 248)**	**333 808**
	-					
3 787	782 747	2 518 552				7 519 535
					(138 983)	
3 787	782 747	2 518 552			(138 983)	7 519 535
	8 044	42 753			15 026	132 901

Zambia	Lesotho	Namibia	South Africa	Australia	Group	
Property	Trading consumer goods	Trading consumer goods	Investment in preference shares *	Investment in associate	Inter- segment or unallocated	Consolidated
P'000	P'000	P'000	P'000	P'000	P'000	P'000
	5 817	180 606			423 080	857 355
	10 220	103 304			(105 135)	229 711
45 897					(407 660)	230 082
	8 662	85 893			22 484	123 426
137	4 899			63 689	(6 125)	104 453
46 034	29 598	369 803		63 689	(73 356)	1 545 027
2 449	200 610	477 111	190 665		185 764	2 103 456
(946)	(102 866)	(578 735)			332 841	(1 509 610)
	(97 984)	(134 419)			403 830	
	768	56 264				122 444

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

		Note	2023 P'000	2022 P'000
7	**INVESTMENT INCOME**			
	Interest income from:			
	Bank deposits		24 316	11 705
	Other loans and receivables		3 868	4 665
	Dividends from preference share investment	41	6 225	37 793
			34 409	**54 163**
8	**OTHER INCOME AND GAINS / (LOSSES)**			
	Fair value loss on investment in preference shares	19		(6 101)
	Reclassification of foreign currency translation from other comprehensive income	28	(2 375)	
	Gain on disposal of property, plant and equipment	11	603	460
	Fair value gain / (loss) on investment property	16	4 845	(6 056)
	Gain on revaluation of property classified as held for sale	26		10 522
	Net effect of straight line - rental adjustment		(128)	(330)
	Net foreign exchange gains	11	2 845	8 184
	Gain on disposal of investment property			377
	Recovery from impaired asset			2 475
	Insurance recoveries		3 744	4 958
	Promotional activities		15 832	17 545
	Commission		12 511	9 343
	Other		9 870	10 172
			47 747	**51 549**
9	**FINANCE COSTS**			
	Interest paid on:			
	Bank overdrafts and loans		10 941	9 277
	Lease obligations	15	14 203	12 411
	Other		349	179
			25 493	**21 867**

The weighted average cost of borrowing for the Group is 7.5 % (2022: 6.6 %).

	2023 P'000	2022 P'000
10 INCOME TAX EXPENSE		
Current tax		
Basic Company Tax	102 119	81 085
Withholding tax on dividend and interest	5 473	31 826
Adjustment in respect of prior years	(211)	(177)
Total current tax	**107 381**	**112 734**
Deferred tax		
Origination and reversal of temporary differences (note 21)	(5 126)	9
Total deferred tax	**(5 126)**	**9**
Income tax expense	**102 255**	**112 743**

At the reporting date in the books of Sefalana Holding Company Limited, unutilised tax losses of P14.0 million existed. The ageing of these carry forward tax losses are as follows: 2023: P1.8 million, 2022: P5.2 million, 2021: P6.5 million and 2020: P0.4 million. No deferred tax has been recognised in respect of these losses and these losses can be carried forward for a period of five years from the year of origination.

The Group has used the single corporate tax rate of 22% for calculating the current and deferred income taxes at the current and previous financial year end for the non - manufacturing entities in Botswana. For manufacturing entities, the current and deferred taxation rate applied is 15%. The Namibian corporate tax rate of 32% has been applied for the operations in Namibia. The tax rate in Zambia is a fixed final tax of 12.5% on total rental income and the applicable tax rate of 25% and 15% has been applied to operations in Lesotho and Mauritius respectively.

The charge for the year can be reconciled to the accounting profit as follows:

	2023 P'000	2022 P'000
Profit before tax	**402 816**	**333 808**
Tax calculated at current tax rates - 22%	88 620	73 438
Tax effect of share of results of associates	2 334	3 175
Effect of differential tax rates and income not subject to tax	4 053	8 928
Expenses not deductible for tax purposes (**)	3 098	2 020
Adjustment in respect of prior years	(211)	(177)
Final tax on dividend and interest income	5 473	25 359
Tax effect of income not subject to tax	(1 112)	
Income tax expense per statement of comprehensive income	**102 255**	**112 743**

(**) Expenses not deductible for tax purposes include the tax effect of fair value losses and donations.

Current tax assets and liabilities

	2023 P'000	2022 P'000
Current tax assets:		
Income tax refund receivable	6 135	2 333
Current tax liabilities:		
Income tax payable	9 992	33 792

In the previous financial year, the Group accelerated its dividend declaration from subsidiary companies to take advantage of the 7.5% withholding tax rate applicable only until 30 June 2021. From this date onwards, the applicable withholding tax rate on dividend declarations in Botswana is 10%. The Group's effective tax rate therefore increased accordingly in the prior year and has normalised in the current financial year.

	2023	2022
Effective tax rate	**25.4%**	33.8%
Impact of accelerated dividend declaration		(7.6)%
Underlying effective tax rate	**25.4%**	26.2%

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

	Note	2023 P'000	2022 P'000
11 PROFIT BEFORE TAX			
Profit for the year has been arrived at after charging / (crediting):			
Auditors' remuneration		4 308	4 074
Amortisation of intangible assets	17	7 285	7 108
Cost of inventories expensed		7 907 192	6 576 951
Depreciation of property, plant and equipment	14	76 156	69 360
Depreciation of right to use asset	15	66 944	61 255
Impairment of property, plant and equipment	14	601	
Directors and employee benefits		422 301	346 227
Impairment of goodwill	17	2 393	
Expected credit losses on receivables	24	3 026	1 874
Operating lease costs: properties			1 917
Fair value (gain) / loss on investment property	16	(4 845)	6 056
Gain on revaluation of property held for sale	26		(10 522)
Fair value loss on investment in preference shares	19		6 101
Gain on disposal of property, plant and equipment	8	(603)	(460)
Net foreign exchange gain	8	(2 845)	(8 184)

12 DIRECTORS EMOLUMENTS

Emoluments of the Directors of Sefalana Holding Company Limited from the Company and its subsidiaries:

	2023 P'000	2022 P'000
Fees for services as Non - Executive Directors	1 518	1 029
Managerial services	39 986	28 785
Number of Directors at reporting date		
Non-Executive Directors	5	5
Executive Directors	4	4

For the duration of the current year, all four Executive Directors, were in place. For the previous year, one Director was appointed partway through the period. (Refer to Board of Directors section of the Annual Report).

		2023	2022
13	**EARNINGS AND COMPREHENSIVE INCOME PER SHARE**		
	Profit attributable to owners of the parent (P'000)	**299 570**	**219 612**
	Total comprehensive income attributable to owners of the parent (P'000)	**293 922**	**266 232**
	Shares in issue at end of year (number)	**250 726 709**	**250 726 709**

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue by any share options in force assuming conversion of all dilutable potential ordinary shares. No share options are in place at the year end or previous year end.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Shares in issue at beginning and end of year (number)	250 726 709	250 726 709
Weighted average shares in issue during the year (number)	**250 726 709**	**250 726 709**
Basic and diluted earnings per share (thebe)	**119.48**	**87.59**
Total comprehensive income per share (thebe)	**117.23**	**106.18**
DIVIDENDS		
Declared and paid during the year:		
Interim 2023: 12 thebe per share, special dividend of 10 thebe per share and final 2022: 30 thebe per share; (Interim 2022: 10 thebe per share and final 2021: 27.5 thebe per share)	130 377	100 290
Final 2023:50 thebe per share; (Final 2022: 30 thebe per share)	125 363	75 218

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under leases	Plant, fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
Cost or valuation					
At 26 April 2021	547 598	11 798	460 542	54 538	1 074 476
Additions	26 960	956	79 263	11 201	118 380
Transfer from investment property (note 16)		7 107			7 107
Gain on revaluation	25 479				25 479
Reversal of depreciation on revaluation	(16 177)				(16 177)
Currency translation	694		1 065	116	1 875
Reclassification	(6 434)	6 434	133		133
Transfer to investment property (note 16)	(15 458)				(15 458)
Disposals			(203)	(1 318)	(1 521)
At 24 April 2022	**562 662**	**26 295**	**540 800**	**64 537**	**1 194 294**
At 25 April 2022	562 662	26 295	540 800	64 537	1 194 294
Additions	16 593	799	101 491	15 347	134 230
Regrouping	5 912	(3 981)	(2 179)	248	
Gain on revaluation	29 324				29 324
Reversal of depreciation on revaluation	(14 677)				(14 677)
Currency translation	(5 686)		(7 967)	(764)	(14 417)
Impairment			(601)		(601)
Transfer from investment property (note 16)	6 144				6 144
Disposals			(403)	(4 209)	(4 612)
At 30 April 2023	**600 272**	**23 113**	**631 141**	**75 159**	**1 329 685**
Depreciation and impairment					
At 26 April 2021		11 798	239 846	32 328	283 972
Depreciation charge for the year	16 177	878	46 776	5 529	69 360
Disposals				(645)	(645)
Currency translation			413	16	429
Elimination of depreciation previously charged	(16 177)				(16 177)
At 24 April 2022		**12 676**	**287 035**	**37 228**	**336 939**
At 25 April 2022		12 676	287 035	37 228	336 939
Depreciation charge for the year	14 677	1 035	52 343	8 101	76 156
Disposals				(1 624)	(1 624)
Currency translation			(3 003)	(480)	(3 483)
Elimination of depreciation previously charged	(14 677)				(14 677)
At 30 April 2023		**13 711**	**336 375**	**43 225**	**393 311**
Carrying amount					
At 30 April 2023	**600 272**	**9 402**	**294 766**	**31 934**	**936 374**
At 24 April 2022	562 662	13 619	253 765	27 309	857 355

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Transfer to investment property arose due to certain previously self-occupied properties becoming vacant during the period. Transfer from investment property arose due to a previously vacant property becoming self occupied during the period,

Fair value of land and buildings

The following table analyses the non - financial assets carried at fair value, by revaluation method. The different levels have been defined as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2023 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			43 294
Retail sale outlets - Botswana			377 170
Manufacturing sites - Botswana			80 605
Retail sale outlet and employee houses - Namibia			89 913
Retail - Lesotho			9 290
			600 272

There were no transfers between levels during the year.

	Fair value measurements at 24 April 2022 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			42 207
Retail sale outlets - Botswana			367 680
Manufacturing sites - Botswana			57 200
Retail sale outlet and employee houses - Namibia			85 508
Retail - Lesotho			10 067
			562 662

There were no transfers between levels during the year.

Valuation process

An independent valuation of the Group's land and buildings was performed by a professional third party valuer in April 2021. The valuer has recent experience in the location and categories of the said properties. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

In April 2023 and in April 2022, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as in April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurements using significant un - observable inputs (Level 3)

	2023 P'000	2022 P'000
Fair value at start of year	562 662	547 598
Additions	16 594	26 960
Reclassification / transfers / currency translation	6 370	(21 198)
Gain on revaluation recognised in other comprehensive income	29 323	25 479
Reversal of depreciation on revaluation	(14 677)	(16 177)
Fair value at end of year	600 272	562 662

2023

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 30 April 2023 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	600 272	Income capitalisation	P15 per sqm to P76 per sqm (weighted average of P52 per sqm) and capitalisation factor range from 9% to 14% with a weighted average of 12%	The higher the price per square meter, the higher the value of the property

2022

Fair value measurement using significant un - observable inputs (level 3)

Description	Fair value at 24 April 2022 P'000	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	562 662	Income capitalisation	P20 per sqm to P65 per sqm (weighted average of P50 per sqm) and capitalisation factor range from 7% to 14% with a weighted average of 11%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease / increase the overall valuation by P0.7 million (2022: P0.6 million).

Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in the Statement of Comprehensive Income.

Depreciation expenses of P53.6 million (2022: P47.4million) and P22.4 million (2022: P21.9 million) are charged to "cost of sales" and "administrative expenses" respectively in the Statement of Comprehensive Income.

If land and buildings were stated on the historical cost basis the amounts would be as follows:

	2023 P'000	2022 P'000
Cost	227 406	204 669
Accumulated depreciation	(49 453)	(43 768)
Net carrying amount	**177 953**	**160 901**

15 RIGHT OF USE ASSETS AND LEASE LIABILITIES

	P'000
Right of use asset	
At 26 April 2021	171 752
Additions during the year	118 550
Depreciation	(61 255)
Currency translation	664
At 24 April 2022	**229 711**
At 25 April 2022	229 711
Additions during the year	24 400
Depreciation	(66 944)
Currency translation	(6 386)
At 30 April 2023	**180 781**
Lease liabilities	
At 26 April 2021	194 757
Additions during the year	118 550
Payments during the year	(72 432)
Lease interest (note 9)	12 411
Currency translation	746
At 24 April 2022	**254 032**
At 25 April 2022	254 032
Additions during the year	23 624
Payments during the year	(78 791)
Lease interest (note 9)	14 203
Currency translation	(7 174)
At 30 April 2023	**205 894**

Depreciation and interest charges incurred during the year in the statement of profit or loss and other comprehensive income are presented above.

The Group has property lease agreements of typically 5 years and sometimes this includes option periods. Where there is a highly probable likelihood of renewal, relevant cash flows have been considered. A discount rate ranging from 5.5% to 8.5% was applied in arriving at the Right of use asset and related liabilities. No restrictive covenants are imposed by the leases in place and there are no variable components.

The maturity of the lease liabilities are set out in the note below. The Group does not face a significant liquidity risk with regards to its lease liabilities.

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15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities - under IFRS 16

Maturity analysis of lease liabilities

	2023		2022	
	Future minimum lease payments	Present value of capital payments	Future minimum lease payments	Present value of capital payments
Finance lease liabilities are payable as follows:	P'000	P'000	P'000	P'000
Within one year	81 389	73 093	104 063	93 270
Between two and five years	144 428	130 313	178 825	157 318
Beyond five years	3 452	2 488	4 748	3 444
	229 269	205 894	287 636	254 032
Unearned finance charges	(23 375)		(33 604)	
	205 894	205 894	254 032	254 032

	2023	2022
	P'000	P'000
Long term portion	132 802	160 762
Current portion	73 092	93 270
	205 894	254 032

The cash payments for the principal portion of the lease liabilities have been recognised under financing activities in the statement of cash flows while cash payments for interest on lease liabilities and short term leases are classified as operating activities within the statement of cash flows.

		2023 P'000	2022 P'000
16	**INVESTMENT PROPERTY**		
	Freehold and leasehold land and buildings at fair value	242 360	234 812
	Straight - line lease rental adjustment	(4 601)	(4 730)
	Balance at end of year	**237 759**	**230 082**
	Reconciliation of fair value:		
	Fair value at start of year	230 082	211 082
	Additions during the year	6 618	1 472
	Transfer (to) / from property, plant and equipment (note 14)	(6 144)	15 458
	Currency translation and regrouping	2 486	15 563
	Transfer to building capitalised under leases (Note 14)		(7 107)
	Gain / (loss) on revaluation of properties (note 8)	4 845	(6 056)
	Straight - line lease rental adjustment	(128)	(330)
	Fair value at end of year	**237 759**	**230 082**

Land and buildings are encumbered as details per note 29.

Fair value of land and buildings

The following table analyses the investment property carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2023		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			127 376
Office buildings - Zambia			50 444
Retail sale outlets - Botswana			19 647
Manufacturing site - Botswana			40 292
			237 759

There were no transfers between levels during the year.

	Fair value measurements at 24 April 2022		
	Level 1 P'000	Level 2 P'000	Level 3 P'000
Recurring fair value measurements			
Office buildings - Botswana			127 578
Office buildings - Zambia			45 897
Retail sale outlets - Botswana			17 307
Manufacturing site - Botswana			39 300
			230 082

There were no transfers between levels during the year.

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For the 53 week period ended 30 April 2023 (continued)

16 INVESTMENT PROPERTY (continued)

Fair value measurements using significant un - observable inputs (level 3)

2023

	Botswana properties P'000	Zambia property P'000	Total P'000
Fair value at start of year	184 185	45 897	230 082
Additions	6 618		6 618
Transfer to property, plant and equipment (note 14)	(6 144)		(6 144)
Currency translation and regrouping		2 486	2 486
Gain on revaluation of properties	2 535	2 310	4 845
Straight - line lease rental adjustment and others	(243)	115	(128)
Fair value at end of year	**186 951**	**50 808**	**237 759**

Fair value measurements using significant un - observable inputs (level 3)

2022

	Botswana properties P'000	Zambia property P'000	Total P'000
Fair value at start of year	174 102	36 980	211 082
Additions	1 472		1 472
Transfer to property, plant and equipment (note 14)	15 458		15 458
Currency translation and regrouping	(1 505)	17 068	15 563
Transfer to building capitalised under leases (Note 14)	(7 107)		(7 107)
Gain / (loss) on revaluation of properties	2 210	(8 266)	(6 056)
Straight - line lease rental adjustment and others	(445)	115	(330)
Fair value at end of year	**184 185**	**45 897**	**230 082**

Valuation process

An independent valuation of the Group's land and buildings was last performed by a professional third party valuer in April 2021. The valuer has recent experience in the location and categories of the said properties. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on arm's length basis. These valuations were performed using the Income Return Method (discounted cash flow method) which is based on individual property capitalisation rates.

In April 2023 and in April 2022, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as in April 2021. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

16 INVESTMENT PROPERTY (continued)

Information about fair value measurements using significant unobservable inputs (level 3)

2023

Description	Fair value at 30 April 2023	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
	P'000			
Investment property (Botswana)	187 314	Income capitalisation method	P20 per sqm to P90 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 9% to 18% with a weighted average of 12%	The higher the price per square meter, the higher the value of the property
Investment property (Zambia)	50 444	Income capitalisation method	Market price per square meter	The higher the price per square meter of a comparable property, the higher the value of the property
Total	**237 759**			

Information about fair value measurements using significant unobservable inputs (level 3)

2022

Description	Fair value at 24 April 2022	Valuation technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
	P'000			
Investment property (Botswana)	184 185	Income capitalisation method	P38 per sqm to P80 per sqm (weighted average of P55 per sqm) and capitalisation factor range from 9 % to 15% with a weighted average of 12%	The higher the price per square meter, the higher the value of the property
Investment property (Zambia)	45 897	Income capitalisation method	P22 per sqm to P79 per sqm (weighted average of P44 per sqm) and capitalisation factor of 11%	The higher the price per square meter of a comparable property, the higher the value of the property
Total	**230 082**			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P0.4 million (2022: P0.2 million).

Revaluation surpluses relating to investment property is included in other income and gains (note 8).

	2023 P'000	2022 P'000
Contractual rental income from investment property	**19 163**	19 831
Expenses directly attributable to investment property	**(1 693)**	(1 612)

Lease agreements exist for all let properties and range from 12 months to 10 years with options to renew.

No contingent rentals are charged. Most leases include escalation clauses which approximate to expected average inflation rates over the period of the respective leases.

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For the 53 week period ended 30 April 2023 (continued)

17 INTANGIBLE ASSETS

	Goodwill	Brand Value	Computer Software	Customer contract	Total
	P'000	P'000	P'000	P'000	P'000
Cost					
At 26 April 2021	50 223	87 674	20 945	19 913	178 755
Additions			2 592		2 592
Disposals			(33)		(33)
Currency translation	202	796	57	321	1 376
At 25 April 2022	50 425	88 470	23 561	20 234	182 690
Additions			1 583		1 583
Currency translation	(1 250)	(4 931)	(585)	(1 120)	(7 886)
At 30 April 2023	**49 175**	**83 539**	**24 559**	**19 114**	**176 387**
Amortisation and impairment					
At 26 April 2021	443	23 964	17 089	10 118	51 614
Currency translation		249	39	254	542
Charge during the year		3 507	1 603	1 998	7 108
At 25 April 2022	443	27 720	18 731	12 370	59 264
Currency translation		(1 653)	(283)	(757)	(2 693)
Impairment*	2 393				2 393
Charge during the year		3 450	1 105	2 730	7 285
At 30 April 2023	**2 836**	**29 517**	**19 553**	**14 343**	**66 249**
Carrying amount					
At 30 April 2023	**46 339**	**54 022**	**5 006**	**4 771**	**110 138**
At 24 April 2022	49 982	60 750	4 830	7 864	123 426

Goodwill

The impairment assessment performed by the Directors at the year - end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

*The entire goodwill related to historical purchase of certain stores at Sefalana Cash & Carry Limited, Botswana, was impaired during the year.

Brand value

Brand value arose on the acquisition of the trading business of Metro Cash and Carry Namibia in July 2014. This value is being amortised over 25 years on straight - line basis. Its useful life is reviewed at each reporting date.

Computer software rights

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The useful lives of software are reviewed at each reporting date.

Customer contracts

This arises from the long standing contractual agreements in place with credit customers of Sefalana Cash & Carry (Namibia) (Proprietary) Limited and Sefalana Trading (Proprietary) Limited, Lesotho.

17 INTANGIBLE ASSETS (continued)

For the purpose of impairment testing, goodwill is attached to the following cash generating units:

	2023 P'000	2022 P'000
Sefalana Cash and Carry Limited	21 375	23 768
Sefalana Cash and Carry (Namibia) (Proprietary) Limited	22 254	22 254
Sefalana Trading (Proprietary) Limited, Lesotho	1 371	1 371
PWT Properties (Proprietary) Limited Namibia	90	90
MF Holdings (Proprietary) Limited	3 794	3 794
Currency translation	(2 545)	(1 295)
Total	**46 339**	**49 982**

Key assumptions used in the calculation of recoverable amounts are discount rates and growth rates as follows:

	2023				2022			
	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"
Discount rates	14.51%	14.51%	14.51%	14.51%	14.65%	14.65%	14.65%	14.65%
Growth rates	3.50%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

The table below shows the amount that these assumptions are required to change individually in order for the estimated recoverable amount to equal its carrying amount.

	2023				2022			
	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"	"Sefalana Cash and Carry Limited"	"Sefalana Cash and Carry (Namibia) (Pty) Limited"	"Sefalana Trading (Pty) Limited, Lesotho"	"MF Holdings (Pty) Limited"
Discount rates	14.51%	14.51%	14.51%	14.51%	14.65%	14.65%	14.65%	14.65%
Growth rates	(11.95)%	1.43%	(18.90)%	(13.05)%	(12.35)%	(14.85)%	(20.00)%	(12.75)%

Management used a 3 year projected cashflow based on approved financial budgets / forecasts of each cash generating unit to determine the recoverable amounts.

Analysis of amortisation of intangible assets

	2023 P'000	2022 P'000
Computer software	1 105	1 603
Brand value	3 450	3 507
Customer contracts	2 730	1 998
Total	**7 285**	**7 108**

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For the 53 week period ended 30 April 2023 (continued)

18 INVESTMENT IN ASSOCIATES

	Seasons Group Australia				
	D & G Dream Finance Trust	D & G Dream Investment Holdings Proprietary Limited	Grow Mine Africa (Proprietary) Limited	Kgalagadi Soap Industries (Proprietary) Limited- (discontinued)	Total
	P'000	P'000	P'000	P'000	P'000
Investments at cost					
At 26 April 2021	25 496	57 403	6 620	2 616	92 135
Additions	3 351				3 351
At 24 April 2022	28 847	57 403	6 620	2 616	95 486
At 25 April 2022	28 847	57 403	6 620	2 616	95 486
At 30 April 2023	28 847	57 403	6 620	2 616	95 486
Impairment provision and other movements					
At 26 April 2021	1 517	9 840	6 620	2 616	20 593
Share of loss for year		13 915		520	14 435
Currency translation gain	(640)	(2 071)			(2 711)
Transfer to receivables (note 24)				(520)	(520)
At 24 April 2022	877	21 684	6 620	2 616	31 797
At 25 April 2022	877	21 684	6 620	2 616	31 797
Share of loss for year		10 609			10 609
Currency translation gain	(3 077)	(1 262)			(4 339)
At 30 April 2023	(2 200)	31 031	6 620	2 616	38 067
Carrying value as at 30 April 2023	**31 047**	**26 372**			**57 419**
Carrying value as at 24 April 2022	27 970	35 719			63 689

Seasons Group Australia

On 7 May 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods sector. This Australian business, by the name of Seasons Group, now consists of a chain of 11 supermarkets in the Brisbane area. This business is controlled by a consortium of shareholders (Unitrade Investments Australia (Proprietary) Limited), many of whom are also consortium members in the South African business in which Sefalana previously had a preference share interest.

Total purchase consideration for Sefalana's investment in Australia amounted to AU$10.5 million (P83 million), and was considered its fair value. The effective date of investment was 7 May 2020. This investment has been treated as an investment in an associate, in which Sefalana exerts significant influence, and is therefore equity accounted. Sefalana entered into this agreement in order to pursue its Group strategy to diversify its income stream and foreign exchange exposure.

18 INVESTMENT IN ASSOCIATES (continued)

	AU$'000	P'000	AU$'000	P'000
	2023	2023	2022	2022
7 287 360 shares in D & G Dream Investment Holdings Pty Ltd	7 287	57 403	7 287	57 403
3 612 600 shares in D & G Finance Trust	3 613	28 847	3 613	28 847
40 shares in D & G Dream Finance				
Equity investment	10 900	86 250	10 900	86,250
Loan to D & G Dream Investment Holdings Pty Ltd				
At start of year	4 997	43 328	2 085	17 566
Additional loan advanced	1 333	11 650	2 950	25 578
Transferred to equity			(400)	(3 351)
Interest receivable capitalised			337	2 922
Expense capitalised	18	158	25	214
Currency translation		344		399
At end of year	6 348	55 480	4 997	43 328
Interest receivable	290	2 535	21	178
Total loan and interest receivable	6 638	58 015	5 018	43 506

At the previous year end, given the level of cash and expected cash generation in the following 12 months by the associate business, there was reasonable expectation that the amount receivable of P43.5 million (AU$5.0 million) would be substantially settled within 12 months. Thus the loan receivable from the associate for the previous year was included in trade and other receivable (note 24). During the current year however, the business utilized existing cash to invest in the acquisition of its largest store in its portfolio, for a consideration of AU$ 10 million. The business continues to generate additional cash through its trade, however repayments against these shareholder loans (other than outstanding interest) are not expected within the next 12 months. The loan balances attracts a 5% interest charge.

Unitrade Investments Australia (Proprietary) Limited holds 60% of the equity in above entities.

Since all the above companies are private entities, no quoted market prices are available for their shares.

Set out below are the summarised financial information for Seasons Group Australia which are accounted for using the equity method.

Summarised consolidated statement of comprehensive income of D & G Dream Investment Holdings Pty Limited

	AU$'000	P'000	AU$'000	P'000
	2023	2023	2022	2022
Revenue	157 384	1 373 471	112 996	942 465
Gross profit	45 295	395 280	31 439	262 220
Operating loss before impact of IFRS 16 and once off items	(368)	(3 211)	(1 504)	(12 545)
Additional charge in respect of IFRS 16	(1 614)	(14 079)	(2 129)	(17 758)
New store acquisition costs	(1 795)	(15 663)		
Disposal of plant and equipment on refurbishments			(2 406)	(20 068)
Loss before tax	(3 777)	(32 953)	(6 039)	(50 371)
Tax credit	737	6 431	1 868	15 581
Loss after tax	(3 040)	(26 522)	(4 171)	(34 790)
Share of loss at 40%	(1 216)	(10 609)	(1 668)	(13 915)

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18 INVESTMENT IN ASSOCIATES (continued)

Summarised Consolidated Statement of Financial Position of D & G Dream Investment Holdings Pty Limited

	2023 AUD'000	2023 P'000	2022 AUD'000	2022 P'000
Non - current assets				
Plant and equipment	30 224	264,158	22 912	198 369
Right of use assets	59 361	518,815	49 123	425 305
Goodwill	13 289	116,146	6 335	54 847
Intangible assets	10 934	95,563	9 521	82 433
Deferred tax asset	1 414	12,358	7 275	62 990
Total non - current assets	115 222	1 007 040	95 166	823 944
Current assets				
Cash and cash equivalents	3 350	29 279	3 461	29 965
Inventories	10 193	89 087	7 129	61 725
Other current assets	1 380	12 061	1 134	9 816
Total current assets	14 923	130 427	11 724	101 506
Assets classified as held for sale			1 184	10 251
Total current assets	14 923	130 427	12 908	111 757
Non - current liabilities				
Lease liabilities	60 419	528 062	50 711	439 058
Redeemable preference shares	9 032	78 940	9 032	78 195
Borrowings	31 929	279 059	19 883	172 148
Deferred tax	3 681	32 172	5 912	51 185
Total non-current liabilities	105 061	918 233	85 538	740 586
Current liabilities				
Trade and other payables	15 344	134 107	10 966	94 948
Other current liabilities	5 741	50 176	4 531	39 229
Total current liabilities	21 085	184 283	15 497	134 177
Net equity	**3 999**	**34 951**	**7 039**	**60 938**

Seasons Group Australia consists of 11 supermarkets in the Queensland State of Australia. Each supermarket has a lease in respect of its premises with a third-party landlord. Leases in Australia tend to contain long lease periods of between 10-15 years. As a result, and due to the requirements of IFRS 16 Leases, a significant right to use asset and corresponding liability is recognised. The amortisation of this asset and related interest charge results in a relatively larger charge in the earlier years of the leases and a relatively lower charged in the latter periods of the lease term. As a consequence, the above results include occupancy costs (recorded as finance charges in accordance with IFRS 16 Leases) which are greater than the amount actually paid to the landlord. This has been a significant contributor to the current year and prior year loss reported.

Other information pertaining to the associate company include:

Country of incorporation	Australia
Financial year end	31 March
31 March has been used for the company's year-end to align with the calendar quarters which is typical for Retailers in Australia.	
Effective interest in stated capital	40%
Principal activity	FMCG retail

18 INVESTMENT IN ASSOCIATES (continued)

Summarised Consolidated Statement of Financial Position of D & G Dream Finance Trust

	2023 AUD'000	2023 P'000	2022 AUD'000	2022 P'000
Non - current assets				
Investment in Class B of Seasons Supermarkets	9 032	69 925	9 032	78 195
Total non - current assets	9 032	69 925	9 032	78 195
Foreign currency translation		7 693		(8 270)
Net assets	**9 032**	**77 618**	**9 032**	**69 925**
Represented by:				
60% units held by Unitrade Investments Australia Proprietary Limited	5 419	46 571	5 419	41 955
40% units held by Sefalana Mauritius Proprietary Limited	3 613	31 047	3 613	27 970
	9 032	**77 618**	**9 032**	**69 925**

Grow Mine Africa (Proprietary) Limited

On 23 October 2017 Sefalana Holding Company Limited entered into a consortium arrangement whereby it holds 40% of the share capital of Grow Mine Africa (Proprietary) Limited. The business was set up for the sole purpose of submitting a tender for the Botswana National Lottery.

On 4 June 2020, the Gambling Authority declared its decision to award Grow Mine (Proprietary) Limited ("Grow Mine") as its Preferred Applicant in respect of the Botswana National Lottery. Following a series of unsuccessful negotiations with the Gambling Authority, Grow Mine's status as the Preferred Applicant was revoked on 26 July 2021. The Gambling Authority has since invited the Reserve Applicant to commence negotiations on the terms of the lottery licence should it be awarded to it. Grow Mine has challenged this decision by the Gambling Authority, and the matter remains before the courts to consider. The outcome is uncertain and Sefalana' s investment remains impaired at the reporting date.

The summarised results of this entity have not been presented on the basis that activities have not yet commenced at 30 April 2023.

Kgalagadi Soap Industries (Proprietary) Limited

As at reporting date in 2023 and 2022 the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P nil following an impairment provision to reflect the potential realisable loss of its net investment in the assets of the business, including any loss incurred to date.

Kgalagadi Soap Industries (Proprietary) Limited is a private company and there is no quoted market price available for its shares. This business ceased its operations in May 2020. There are no contingent liabilities relating to the Group's interest in the associate.

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18 INVESTMENT IN ASSOCIATES (continued)

Set out below are the summarised financial information for Kgalagadi Soap Industries (Proprietary) Limited which are accounted for using the equity method.

Summarised Statement of Financial Position

	2023 P'000	2022 P'000
Non - current assets		
Plant and equipment	3 600	3 600
Total non - current assets	3 600	3 600
Current assets		
Cash and cash equivalents	614	596
Other current assets	5 557	5 725
Total current assets	6 171	6 321
Current liabilities		
Financial liabilities	(7 340)	(7 199)
Other current liabilities	(11 239)	(11 213)
Total current liabilities	(18 579)	(18 412)
Net liabilities	**(8 808)**	**(8 491)**

18 INVESTMENT IN ASSOCIATES (continued)

	2023 P'000	2022 P'000
Summarised Statement of Comprehensive Income		
Revenue		786
Interest expense		(198)
Loss before tax	(317)	(1 331)
Total comprehensive loss for the year	(317)	(1 331)
Share of loss for the year	(159)	(666)
Impairment of loan receivable		(520)

Reconciliation of summarised financial information

	2023 P'000	2022 P'000
Loan receivable		
At start of year		520
Associate loss		(520)
At end of year (note 24)		

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital at KSI Holdings (Proprietary) Limited level	50%
Effective interest in stated capital at Sefalana Holding Company Limited level	25%
Principal activity	Manufacture and distribution of soaps and oil products

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For the 53 week period ended 30 April 2023 (continued)

	2023 P'000	2022 P'000
19 INVESTMENT IN PREFERENCE SHARES		
At beginning of year	190 665	194 997
Redemption of investment	(185 936)	
Foreign exchange retranslation	(4 729)	1 769
Fair value loss (note 11)		(6 101)
At end of year		190 665

The Group entered into a Preference Share subscription agreement with Set to Run Trade and Invest (Proprietary) Limited, renamed UIH Investment Holdings (Proprietary) Limited ("UIH") with an effective date of 1 July 2017.

The Group earned a fixed annual return of 20% on the invested amount of R250 million for a 5 year period, at which time the preference shares could either be redeemed at face value or, at the Group's election, be converted to ordinary shares in UIH representing up to 30% of the issued share capital of UIH. Conversion could have however been blocked at a pre-agreed amount payable to Sefalana, by the majority ordinary shareholder of UIH through the exercise of a call option.

The investment was assessed to be a financial instrument at fair value through profit or loss in accordance with the IFRS 9 treatment of compound instruments.

30 April 2023

The preference share instrument was redeemed in full in August 2022 at its carrying value. A foreign exchange loss of P 4.7 million was recorded in the current year.

24 April 2022

In December 2021, the Group notified UIH of its intention not to exercise its option to convert this preference share investment into an equity shareholding. This decision was made following an extensive evaluation and consideration of a number of relevant factors which lead the Board to conclude that it was not in the Group's best interest to convert to an equity shareholding. The face value of the preference share, amounting to R250 million (P190.7 million) was therefore repaid to the Group in August 2022 in accordance with the terms of the agreement. An impairment charge of R8 million (P 6.1 million) in respect of the value of the conversion option had been recorded in the previous year to arrive at the instrument's fair value as at the reporting date.

Following the communication to the issuer of the Group's intention not to convert, the Directors were of the view that the fair value of the financial instrument approximated its redemption value of R250 million (P190.7 million) receivable in two months time as of the previous year end. Due to the length of the period remaining to maturity and also due to the fact that communication to the issuer effectively eliminated the conversion feature embedded in the preference share agreement, the Directors were of the view that the fair value of the preference shares was not sensitive to any input factor as it was based on the redemption value (exit price). To this end no sensitivities were performed for the inputs into the fair valuation as at the 2022 reporting date.

The instrument was classified as a current asset in the previous year due to redemption. The Directors were not aware of any facts and circumstances of the issuer that could result in the redemption proceeds being deferred beyond twelve months subsequent to the reporting date.

20 DEFERRED LEASE ASSETS

	2023 P'000	2022 P'000
At beginning of year	4 734	4 404
Movement during the year	(128)	330
At end of year	4 606	4 734

Deferred lease assets relate to investment properties and deferred letting commission and represents the unamortised lease rentals arising from straight - lining of lease charges and unamortised letting commission over the lease term.

21 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation	Revaluation of land and buildings	Inventory net realisable value adjustments	Other*	Total
	P'000	P'000	P'000	P'000	P'000
At 26 April 2021	(23 788)	(93 200)	24 626	11 634	(80 728)
Current year movement	(5 495)	(1 982)	3 930	3 556	9
Currency translation	(157)				(157)
Gain on revaluation of land and building included in Other Comprehensive Income		(6 261)			(6 261)
At 24 April 2022	**(29 440)**	**(101 443)**	**28 556**	**15 190**	**(87 137)**
At 25 April 2022	(29 440)	(101 443)	28 556	15 190	(87 137)
Current year movement	317	(3 062)	3 512	4 359	5 126
Currency translation	319			774	1 093
Gain on revaluation of land and building included in Other Comprehensive Income		(6 581)			(6 581)
At 30 April 2023	**(28 804)**	**(111 086)**	**32 068**	**20 323**	**(87 499)**

* includes tax asset arising from lease liability and accruals.

	2023	2022
	P'000	P'000
Disclosed as:		
Deferred tax assets	31 466	29 710
Deferred tax liabilities	(118 965)	(116 847)
	(87 499)	**(87 137)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and labilities on a net basis.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

22 NON - CONTROLLING INTEREST

KSI Holdings (Proprietary) Limited

The Group holds a 50% equity interest in KSI Holdings (Proprietary) Limited and controls the management and decision making function of the business based on an agreement between the shareholders. KSI Holdings (Proprietary) Limited controls a 100% equity interest in Refined Oil Products (Proprietary) Limited, a property company and 50% equity interest in Kgalagadi Soap Industries (Proprietary) Limited (Note 18).

Set out below are the summarised group results for KSI Holdings Proprietary Limited

Summarised Statement of Financial Position

	2023 P'000	2022 P'000
Non - current assets		
Investment property	48 436	42 000
Total non - current assets	48 436	42 000
Current assets		
Cash and cash equivalents	678	1 555
Other current assets	1 166	880
Total current assets	**1 844**	**2 435**
Non-current liabilities		
Borrowings	(4 231)	(5 833)
Deferred tax	(1 765)	(2 349)
Total non-current liabilities	(5 996)	(8 182)
Current liabilities		
Financial liabilities	(1 736)	(1 735)
Other current liabilities	(2 176)	(1 448)
Total current liabilities	(3 912)	(3 183)
Net equity	**40 372**	**33 070**

Summarised statement of comprehensive income

	2023 P'000	2022 P'000
Revenue	3 039	4 048
Interest income	3	101
Interest expense	(538)	(518)
Recovery from previously impaired loans		2 475
Profit before tax	1 760	3 746
Income tax credit / (charge)	222	(322)
Total comprehensive profit for the year	1 982	3 424
		.
Share of profit	991	1 712

	2023 P'000	2022 P'000
23 INVENTORIES		
Purchased for resale	1 140 138	1 055 513
Finished goods	12 968	7 891
Raw materials	100 699	65 803
Work in progress	1 717	1 203
Less: inventory provisions	(144 536)	(123 020)
	1 110 986	**1 007 390**

Inventory stated at net realisable value amount to P nil (2022: P nil). Inventory written off during the year amounted to P nil (2022: P nil).

Inventory provisions include the allowance for slow-moving and obsolete retail inventory of P66.6 million (2022: P58.8 million), shrinkage provision of P9.6 (2022: P7.9 million) and provision for inventory unit cost adjustments of P68.3 million (2022: P56.3 million).

24 TRADE AND OTHER RECEIVABLES

	2023 P'000	2022 P'000
Trade receivables	229 039	199 537
Expected credit losses	(23 087)	(20 061)
	205 952	179 476
Prepayments	29 676	14 984
Advances	2 435	2 944
Dividends on preference shares		31 760
Loan and interest receivable (note 18)		43 506
VAT and other refund receivable	30 084	39 827
Other receivables	38 473	21 651
	306 620	334 148
Trade receivables		
Non-current portion	4 647	6 320
Current portion	301 973	327 828
	306 620	334 148

Non-current portion of P4.6 million (2022: P6.3 million) relates to outstanding lease payments due on vehicles sold on credit. Interest of P1.2 million (2022: P0.6 million) will be earned in future periods in respect of these vehicles.

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR1.6 million (2022: ZAR43.7 million) which equates to P1.1 million (2022: P 33.3 million), Namibian Dollar, N$42.9 million (2022: N$52.3 million) which equates to P 30.9 million (2022: P39.9 million) , United States Dollar, US$0.69 million (2022: US$0.049 million), which equates to P9.1million (2022: P0.6 million), Zambian Kwacha, K0.07 million (2022: K0.08 million), which equates to P0.05 million (2022: P0.06 million), Australian Dollar, AUD 6.6 million (2022: AUD 5.0 million), which equates to P58.1 million (2022: P43.4 million) and Lesotho Loti, LSL82.7 million (2022: LSL93.7 million), which equates to P59.6 million (2022: P71.5 million).

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

24 TRADE AND OTHER RECEIVABLES (continued)

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due. In order to mitigate the risk of financial loss from defaults, the Group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. Trade receivables comprise of retail customers, Government entities or parastatals, wholesale customers and tenants from retail and commercial properties. The trade receivables are spread across different revenue streams with no specific significant concentration of credit risk to a group of trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9: Financial Instruments, and is monitored at the end of each reporting period. The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented.

The expected loss rate per provision matrix has been developed by making use of past due default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. The estimation techniques explained have been applied, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past statistics without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Estimated credit loss allowance working for the year ended 30 April 2023

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	3.10%	7.11%	11.30%	49.29%	44.63%	
Gross carrying amount (P'000)	130 980	57 153	11 274	9 934	19 698	229 039
Loss allowance (P'000)	**4 060**	**4 065**	**1 274**	**4 896**	**8 792**	**23 087**

Estimated credit loss allowance working for the year ended 24 April 2022

	Current	30 days	60 days	90 days	120 days plus	Total
Expected loss rate	3.27%	5.20%	13.61%	48.36%	48.32%	
Gross carrying amount (P'000)	126 061	39 290	7 546	2 791	23 849	199 537
Loss allowance (P'000)	**4 118**	**2 042**	**1 027**	**1 350**	**11 524**	**20 061**

	2023 P'000	2022 P'000
Movement in allowances for expected credit losses:		
At start of the year	20 061	19 883
Expected credit losses recognised during the year	3 026	1 874
Amounts written off as uncollectible		(1 696)
At end of year	**23 087**	**20 061**

		2023 P'000	2022 P'000
25	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	37 696	19 503
	Bank balances	193 778	363 246
	Short term deposits	293 894	192 491
	Bank overdraft	(49 048)	(44 639)
		476 320	**530 601**
	Cash and cash equivalents represented by:		
	Cash on hand and bank balances	525 368	575 240
	Bank overdraft	(49 048)	(44 639)
		476 320	**530 601**

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. In addition, there has been no default in prior years. As a result, no impairment provision has been recognised.

The credit quality of cash at bank and short term deposits that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates. Short term deposits earn interest rates from 4.3% to 8.5% based on the money market interest rates and are redeemable on demand. The bank term deposits have original maturities less than 90 days.

		2023 P'000	2022 P'000
26	**NON - CURRENT ASSET HELD FOR SALE**		
	Asset classified as held for sale		34 750
	At start of year	34 750	23 958
	Additions during the year		270
	Disposal	(34 750)	
	Fair value gain		10 522
	At end of year		34 750

A portion of lot 77806 in Setlhoa Village was previously held for sale penning certain administrative procedures. These procedures were completed during the year. Its sale price approximated to its fair value held resulting in no gain or loss being recognised in the year.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

	2023 Number of shares	2022 Number of shares	2023 P'000	2022 P'000
27 STATED CAPITAL				
Issued and fully paid				
At 24 April 2022	250 726 709	250 726 709	686 354	686 354
At 30 April 2023	250 726 709	250 726 709	686 354	686 354

The Company has one class of ordinary shares of no par value which carry no right to fixed income.

28 OTHER RESERVES

	Land and buildings revaluation P'000	Currency translation P'000	Total P'000
At 26 April 2021	281 506	(70 445)	211 061
Gain on revaluation of land and buildings (net of tax)	19 217		19 217
Currency translation differences and other movements		27 403	27 403
At 24 April 2022	**300 723**	**(43 042)**	**257 681**
At 25 April 2022	300 723	(43 042)	257 681
Gain on revaluation of land and buildings (net of tax)	22 743		22 743
Reclassification of foreign currency translation to profit or loss		2 375	2 375
Currency translation differences and other movements		(30 766)	(30 766)
At 30 April 2023	**323 466**	**(71 433)**	**252 033**

Land and buildings reserve relates to the revaluation of property, plant and equipment.

The currency translation reserve comprises differences arising from the translation of foreign denominated assets and liabilities to the reporting currency at the year end. These assets and liabilities relate to the Namibian, Lesotho, Mauritius and Zambian entities. The cumulative amount will be retransferred to profit or loss in the event that the net investment is disposed.

Foreign currency translation gain of P2.4 million was reclassified from the currency translation reserve to profit or loss upon reduction of shares in a foreign subsidiary.

	2023 P'000	2022 P'000
29 LOANS AND BORROWINGS		
Long term portion	104 231	105 833
Current portion	1 736	1 735
	105 967	107 568

Loans and borrowings include the following:

The Group had entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited, with a draw-down period from March 2014 to May 2016. This facility, which is currently fully draw-down, will be fully repaid in five equal annual instalments of P20 million (2025 to 2029). Interest is charged at 8.1% per annum. This arrangement is being utilised to fund the Group's capital projects.

The Group has complied with the financial covenants of its borrowing facilities during the current and previous year.

A second term loan from First National Bank of Botswana Limited for P15 million bears interest at prime lending rate plus 0.85%, and is repayable over 120 months commencing October 2016. This loan is secured by a first Covering Mortgage Bond of P18 million over Plot 10247/50, Broadhurst Industrial, Gaborone, Botswana and by letter of suretyships from Sefalana Holding Company Limited and the minority shareholders of KSI Holdings (Proprietary) Limited.

30 TRADE AND OTHER PAYABLES

	2023 P'000	2022 P'000
Trade payables	529 236	791 058
Accrued expenses	35 313	48 277
Advances from customers	3 524	2 826
Other payables	38 479	17 692
Unclaimed dividends	3 109	2 510
VAT payable	10 233	
	619 894	**862 363**

Included above are liabilities denominated in foreign currencies being ZAR153.4 million (2022: ZAR192.7 million) which equates to P110.4 million (2022: P147.0 million), Namibian Dollar, N$278.7 million (2022: N$353.9 million) which equates to P200.7 million (2022: P269.9 million), US$ 0.33 million (2022: US$ 0.33 million) which equates to P4.0 million (2022: P4.0 million), and Lesotho Loti, LSL45.1 million (2022: LSL116.2 million) which equates to P32.5 million (2022: P88.6 million).

The average credit period for certain service cost liabilities is 30 days (2022: 30 days). Other payables are settled as and when they fall due. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

	2023 P'000	2022 P'000

31 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the Group and Company are classified as follows:

Category - financial assets at fair value through profit and loss

	2023 P'000	2022 P'000
Preference shares		190 665

Category - financial assets at amortised cost

	2023 P'000	2022 P'000
Trade and other receivables (excluding prepaid expenses)	246 860	279 337
Cash and cash equivalents	525 368	575 240
	772 228	**854 577**

32 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the Group and Company are classified as follows:

Category - financial liabilities at amortised cost

	2023 P'000	2022 P'000
Trade and other payables	609 661	862 363
Loans and borrowings	105 967	107 568
Lease obligations	205 894	254 032
Bank overdrafts	49 048	44 639
	970 570	**1 268 602**

33 SHORT TERM BANKING FACILITIES

The short term banking facilities of the Group are presented below. The term loan facilities available to the Group are detailed in note 38.

Bank	Facility	Currency	Limit in foreign currency	Limit in equivalent reporting currency (P)
First National Bank of Botswana Limited	Overdraft	P	N/A	80.0 million
	Letters of credits	USD	0.3 million	3.9 million
	Guarantee	P	N/A	40.2 million
Standard Bank Namibia Limited	Overdraft	N$	30.0 million	21.6 million
Standard Bank Lesotho Limited	Overdraft	LSL	20.0 million	14.4 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipment floor plan	P	N/A	10.0 million

There are cross suretyships between companies within the same Group proportionate to shareholdings.

The Group's unutilised facilities at the end of the year is equivalent to approximately P111 million (2022: P121 million).

34 CONTRACT LIABILITIES

	Maintenance service plan	Customer loyalties	Total
	P'000	P'000	P'000
At 26 April 2021	9 135	8 342	17 477
Revenue recognised	(5 168)	(12 307)	(17 475)
Payments received in advance against performance obligations / liabilities accrued	268	14 722	14 990
At 24 April 2022	**4 235**	**10 757**	**14 992**
At 25 April 2022	4 235	10 757	14 992
Revenue recognised	(2 384)	(13 441)	(15 825)
Payments received in advance against performance obligations / liabilities accrued		16 670	16 670
At 30 April 2023	**1 851**	**13 986**	**15 837**

Maintenance Service Plan

Revenue relating to maintenance services is recognised over time. The customer pays up front in full for these services resulting in a contract liability being recognised for revenue relating to the maintenance services at the time of the initial sales transaction. The liability is recognised as revenue over the service period.

Customer Loyalties

The Sefalana Cash and Carry Limited loyalty program, Sefalana Rewards enables customers to purchase goods in future at a discounted price. The cardholder cannot redeem points without future purchases. The above contract liability relates to un-redeemed points at any given time.

35 ACCRUALS

	Accruals for employee benefit
	P'000
At 26 April 2021	67 646
Currency translation	237
Arising during the year	54 651
Utilised during the year	(47 157)
At 24 April 2022	**75 377**
At 25 April 2022	75 377
Currency translation	(1 248)
Arising during the year	80 394
Utilised during the year	(55 262)
At 30 April 2023	**99 261**

Accruals for employee benefits represents annual leave and severance benefit entitlements as applicable.

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36 OPERATING LEASE ARRANGEMENTS

Group as lessor

Operating leases relate to property owned by the Group with lease terms of between 12 months to 10 years, with an option to extend for a further negotiated period. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew.

No lessee has an option to purchase the property at the expiry of the lease period.

	2023 P'000	2022 P'000
Maturity analysis of amounts receivable under operating leases:		
Within one year	18 405	17 772
Within two to five years	49 056	66 281
Beyond five years	7 623	10 711
	75 084	94 764

37 RETIREMENT BENEFIT ASSETS

Up until 30 September 2010, the Group operated two defined contribution retirement benefit plans, namely:

a) the Sefalana Pension Fund: Members of this Fund were the qualifying employees of Sefalana Holding Company

b) the Sefcash Retirement Fund: Members of this Fund were the qualifying employees of Sefalana Cash and Carry Limited.

Effective from 1 October 2010 the Sefalana Pension Fund and the Sefcash Retirement Fund were amalgamated to form the Sefalana Group Staff Pension Fund.

The assets of these pension funds are held separately from those of the Group's businesses, in funds under the control of respective Board of Trustees represented equally by representative of employers and members, and have operated as one Fund since 1 October 2010.

The administration of the Fund was managed by an independent professional body, Fiducia Services (Proprietary) Limited.

The Sefalana Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time.

This Employer Reserve, which shares in the returns of underlying Fund assets, will continues to exist in the amalgamated Fund, and under rules for this amalgamated Fund, and was utilised to fund employer contributions to the pension Fund, and to meet certain other expenses of the amalgamated Fund.

Details of the Fund, although not coterminous with the Group's financial year have been included in this annual report for information purposes only. The Funds year end is 31 January. The Directors and Trustees are comfortable that there has been no significant movement in the valuation of the Fund and its assets between 31 January and 30 April of respective financial years.

The amalgamated Fund had fully utilised the Employer Reserve available to the participating employers at both reporting periods. This reserve may at a later date receive a distribution from other Reserves under certain circumstances. This surplus would then be utilised once again to fund employer contributions to the Pension Fund as was previously the case.

37 RETIREMENT BENEFIT ASSET (continued)

	2023 P'000	2022 P'000
Plan assets consist of the following at fair value:		
Property occupied by the Group	59 500	58 000
Equity securities	38 666	31 861
Managed funds	292 671	273 419
Cash	6 864	2 228
Other assets	50	173
	397 751	**365 681**
Plan liabilities consist of the following:		
Payables	(13 033)	(7 318)
Net surplus	**384 718**	**358 363**
Represented by:		
Members Funds	349 739	322 435
Pensioners' Reserves	34 979	35 928
	384 718	**358 363**

38 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the relative debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of long term borrowings, bank overdrafts and equity attributable to equity holders of the parent.

Gearing ratio

The Board of Directors reviews the capital structure on an on - going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group aims to minimise net borrowings on a Group basis but will incur debt for expansion of operations where necessary. The Group has a target maximum gearing ratio of 20% determined as the proportion of net debt to equity. At the year end, the Group's cash and cash equivalents exceeded the borrowings from banks.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk management policies are approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Company's Board of Directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of supplies throughout the Group. Market risk exposures in the prices of grain used by Foods (Botswana) (Proprietary) Limited are managed by securing contracts for bulk purchases of grain.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

38 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. The most significant foreign exchange exposure arise from South African Rand denominated purchases of goods for the Trading - Consumer Goods and Manufacturing operating segments. These obligations are generally settled within 30 days of delivery of goods, thus limiting the Group's exposure. Furthermore, anticipated changes in foreign exchange rates are considered in the sales pricing of such goods.

The Trading - Other operating segment attracts exposure to foreign currency exchange risk to the Euro and United States Dollar through importation of vehicles and equipment from foreign suppliers. The Group manages these risks through securing appropriate deposits in the underlying currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 2023 000	Assets 2022 000	Liabilities 2023 000	Liabilities 2022 000
South African Rand (ZAR)	70 819	86 984	153 410	192 690
Namibian Dollar (N$)	321 726	205 156	278 743	353 868
Lesotho Loti (LSL)	93 786	123 042	45 122	116 167
United States Dollars (US$)	1 458	1 721	588	331
Zambian Kwacha (K)	485	21		1 322
Euro (EUR)	13	44		
Australian Dollar (AUD)	6 710	5 022		
Pula equivalent	395 578	381 567	322 827	510 392

Foreign currency sensitivity analysis

The Group is exposed to the South African Rand, Namibian Dollar and Lesotho Loti through its regional buying and selling operations; the Euro, as a result of a holding deposits in that currency; United States Dollar through a long term borrowing facility and regional and international buying operations and Australian Dollar through FMCG operations in Australia. The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax and other equity where the Pula strengthens 10% against the relevant currency. For a 10% weakening of the Pula against the relevant currency, there would be an equal and opposite impact on the profit before tax and other equity.

	2023						2022					
	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000	ZAR impact P'000	N$ impact P'000	LSL impact P'000	USD impact P'000	EUR impact P'000	AUD impact P'000
On liabilities:												
Profit if Pula strengthens by 10%	11 048	20 074	3 249	777			14 696	26 988	8 860	402		
Loss if Pula weakens by 10%	(11 048)	(20 074)	(3 249)	(777)			(14 696)	(26 988)	(8 860)	(402)		
On assets:												
Profit if Pula weakens by 10%	5 100	23 169	6 754	1 926	19	5 864	6 634	15 646	9 384	2 086	53	4 348
Loss if Pula strengthens by 10%	(5 100)	(23 169)	(6 754)	(1 926)	(19)	(5 864)	(6 634)	(15 646)	(9 384)	(2 086)	(53)	(4 348)

38 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long - term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non - derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay the liability. The table includes both interest and principal cash flows.

	Less than 1 year P'000	Between 2 - 5 years P'000	Beyond 5 years P'000
At 24 April 2022:			
Trade and other payables	862 363		
Loans and borrowings	9 835	68 198	54 046
Lease obligations	93 270	157 318	3 444
Bank overdraft	44 639		
Total	1 010 107	225 516	57 490
At 30 April 2023:			
Trade and other payables	619 883		
Loans and borrowings	9 836	107 600	21 620
Lease obligations	81 389	144 428	3 452
Bank overdraft	49 048		
Total	760 156	252 028	25 072

	2023 P'000	2022 P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdraft	66 952	73 161
Wesbank floor plan	10 000	4 750
Letters of credit and guarantee	41 864	43 280

The Group will finance cash flows to settle the above obligations through utilisation of unused banking facilities and future operating cash flows.

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Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

38 FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure of financial instruments to interest rates at the reporting date. For floating rate liabilities denominated in the reporting currency, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit after tax for the year ended April 2023 would decrease / increase by P1 241 000 (2022: decrease / increase by P1 066 000).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On - going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit - ratings assigned by international credit - rating agencies.

The carrying amount of financial assets recorded in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

Financial assets exposed to credit risk at end of year

	2023 P'000	2022 P'000
Trade and other receivables (excluding prepaid expenses)	246 860	319 164
Bank and short term deposits with:		
Access Bank of Botswana Limited		7
Absa Bank of Botswana Limited	3 343	1 141
Bank Windhoek Limited	65 619	
BIFM Unit Trusts (Proprietary) Limited	33 221	192 491
First Capital Bank of Botswana Limited	678	4
First National Bank of Botswana Limited	70 578	128 848
First National Bank of Namibia Limited	5 952	229
First National Bank of South Africa Limited	21 467	19 349
Morula Capital Fund*	10 098	
Nedbank Namibia Limited	1 028	
Standard Bank Lesotho	556	18 714
Stanbic Bank Botswana Limited	153 355	11 379
Standard Chartered Bank Botswana Limited	18 704	33 521
Standard Bank Namibia Limited	46 995	102 175
Standard Bank Mauritius	3 413	1 688
Zambia National Commercial Bank	3 601	2 195
	685 468	**830 905**

* Related party due to a common directorship with Sefalana Holding Company Limited.

39 CONTINGENT LIABILITIES

a) Pending litigations against the companies within the Group are summarised below:

	Number of cases pending	Approximate claim value	Number of cases pending	Approximate claim value
	2023		2022	
		P'000		P'000
Commercial Motors (Proprietary) Limited	2	2 944	3	3 883
Foods Botswana (Proprietary) Limited	1	17		
Sefalana Cash and Carry Limited	1	3 061	1	3 061
Sefalana Holding Company Limited			1	95

During the period, one of the claim against Commercial Motors (Proprietary) Limited was dismissed by the Court.

b) Bank guarantees issued in the ordinary course of business are as stated below and are in place to facilitate supply of products and services to the respective entities within the Group.

	Currency	Amount	Currency	Amount
		'000		'000
Commercial Motors (Proprietary) Limited	P	225		
Foods Botswana (Proprietary) Limited	P	940	P	9 528
Mechanised Farming (Proprietary) Limited	P	80	P	80
Meybeernick Investments (Proprietary) Limited	P	769	P	
Sefalana Cash and Carry Limited	P	97	P	147

c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14,16 and 29.

d) Sefalana Holding Company Limited and its subsidiaries have issued letters of suretyships to support various banking facilities enjoyed by the companies within the Group.

	2023	2022
	P'000	P'000
40 CAPITAL COMMITMENTS		
Capital expenditures approved by the Directors:		
Contracted for	29 300	12 500
Not contracted for	87 661	129 660
	116 961	**142 160**

The Group will procure third party financing for the major capital commitments before they are incepted.

Notes to the financial statements

For the 53 week period ended 30 April 2023 (continued)

	2023 P'000	2022 P'000
41 RELATED PARTY BALANCES AND TRANSACTIONS		

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

	2023 P'000	2022 P'000
Amount due from related party / affiliate (common directorship)		
UIH Investment Holdings (Proprietary) Limited		190 665
Dividend on preference shares from related party / affiliate		
UIH Investment Holdings (Proprietary) Limited (note 7)	6 225	37 793
Rent paid		
Sefalana Group Staff Pension Fund	6 634	6 363
Contribution to pension fund		
Sefalana Group Staff Pension Fund	12 703	11 378

Refer to note 18 for investment in associate and related loan receivable.

Remuneration paid to Executive Directors is presented in note 12, and in the Remuneration Report.

42 GOING CONCERN ASSESSMENT

Covid - 19 no longer has significant adverse risk impact on the Group.

Based on the Group's level of profitability, its significant net asset position and its strong cash flows, the Directors consider the Group a going concern.

43 SUBSEQUENT EVENTS

Subsequent to the year end, Foods (Botswana) Proprietary Limited was awarded two thirds of the Government tender for its feeding scheme (Tsabana and Malutu). This is a 24 month tender with production and supply having commenced in July 2023.

Bank guarantees issued in the ordinary course of business to facilitate supply of products and services, increased by P60 million subsequent to the year end.

There were no other significant events subsequent to the year end that impact results or disclosures reported as at the reporting date.

Intentionally left blank

Notes

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Sefalana Holding Company Limited will be held at the Head Office of the company, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Gaborone on Friday 27 October 2023 at 16H00 for the purpose of transacting the following business:

Ordinary business

1 **Ordinary Resolution 1:**
To adopt the Notice and Agenda of the meeting.

2 **Ordinary Resolution 2:**
To receive, consider and adopt the Group's audited consolidated financial statements for the 53-week period ended 30 April 2023 together with the Directors' and Auditor's reports thereon.

3 **Ordinary Resolution 3:**
To ratify the dividends declared and paid during the period being an interim gross dividend of 12 thebe per ordinary share paid to shareholders in February 2023, and the final gross dividend of 50 thebe per ordinary share paid to shareholders in August 2023. The Special gross dividend of 10 per ordinary share paid in December 2022, was approved at the previous AGM.

4 **Ordinary Resolution 4:**
To approve the remuneration of the Executive Directors for the 53-week period ended 30 April 2023 as detailed in note 12 of the financial statements and in the Remuneration Report.

5 **Ordinary Resolution 5:**
To approve the remuneration of the Non-Executive Directors for the 53-week period ended 30 April 2023 as detailed in note 12 of the financial statements and in the Remuneration Report.

6 **Ordinary Resolution 6:**
To approve the remuneration of the Auditors for the 53-week period ended 30 April 2023 as disclosed in note 11 of the financial statements.

7 **Ordinary Resolution 7:**
To approve the appointment of Deloitte & Touche as Auditors for the ensuing financial year.

8 **Ordinary Resolution 8:**
To ratify the appointment of Dr. K. Jefferis as an Independent Non-Executive Director with effect from 1 July 2023. (Refer to page 242).

9 **Ordinary Resolution 9:**
To re-elect Ms. Susanne Swaniker- Tettey who retires by rotation, in accordance with the Constitution, and being eligible, offers herself for re-election.

10 **Ordinary Resolution 10:**
To re-elect Mrs. Keneilwe Mere who retires by rotation, in accordance with the Constitution, and being eligible, offers herself for re-election.

11 **Any Other Business:**
To transact such other business as may be transacted at an Annual General Meeting.

Non - Executive Director's Appointment

Dr Keith Jefferis (66)
Independent Non – Executive

Keith is a Development Macro-economist and a financial sector specialist. He is the Managing Director of Econsult Botswana (Pty) Ltd, and is a former Deputy Governor of the Bank of Botswana. From June 2020 to May 2023 he worked as Senior Policy Advisor in the Botswana Ministry of Finance. His current activities include work on a range of macro-economic, financial and other development policy issues in Botswana, elsewhere in Sub - Saharan Africa and Asia. He has consulted for international organisations such as the World Bank, the African Development Bank, USAID, UNIDO and UNDP. He has served on the Committee of the Botswana Stock Exchange, the Board of Botswana Insurance Holdings Limited, and the Botswana Insurance Fund Management Investment Committee. Keith holds a BSc. in Economics and Statistics from the University of Bristol, MSc. in Economics from the University of London and a PhD in Economics from the Open University (UK). He was appointed to the Board of Sefalana in June 2023.

Keith is a member of the Nominations Committee and the Remuneration Committee.

Voting and Proxies

A member entitled to attend and vote at the afore-mentioned meeting is entitled to appoint a proxy to attend and speak and, on a poll, to vote in his / her/ its stead. A proxy need not be a member of the Company.

Proxy forms must be deposited or received at Sefalana Head Office, Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone, not less than 48 hours before the meeting.

Meeting Procedures:
Shareholders who wish to attend and participate are requested to provide details to the Group Company Secretary, as per participation form below. For administration purposes shareholders are requested to submit the participation form no later than Monday 23 October 2023. Please note that each AGM participant will be verified by the Transfer Secretaries.

Please complete the Participation form and email it to: companysecretary@sefalana.com

PARTICIPATION FORM

Name of registered shareholder	
Omang/ID/Company Number	
Shareholders CSD account number/ broker account number/custodian account number	
Name of Broker where shares are not dematerialized	
Number of shares held	
Full Name of 2023 AGM Participant	
Email address of the AGM Participant	

By order of the board

Joanne Robinson
Group Company Secretary
29 September 2023

Notes to Form of Proxy

Please read the accompanying notes.

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

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

3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

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

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

6. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.

7. The authority of a person signing the form of proxy under a power of attorney or on behalf of a Company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

8. Where Ordinary Shares are held jointly, all joint Shareholders must sign.

9. A minor must be assisted by his / her guardian, unless the relevant documents establishing his / her legal capacity are produced or have been registered by the Company.

10. Proxy forms must be received either at the Registered office at Plot 10038, corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone or at the Transfer Secretaries Office at Unit 206, Building 1, Showgrounds Close, Plot 64516, P. O. Box 1583 AAD, Poso House, Gaborone, Botswana.

Notes

Botswana

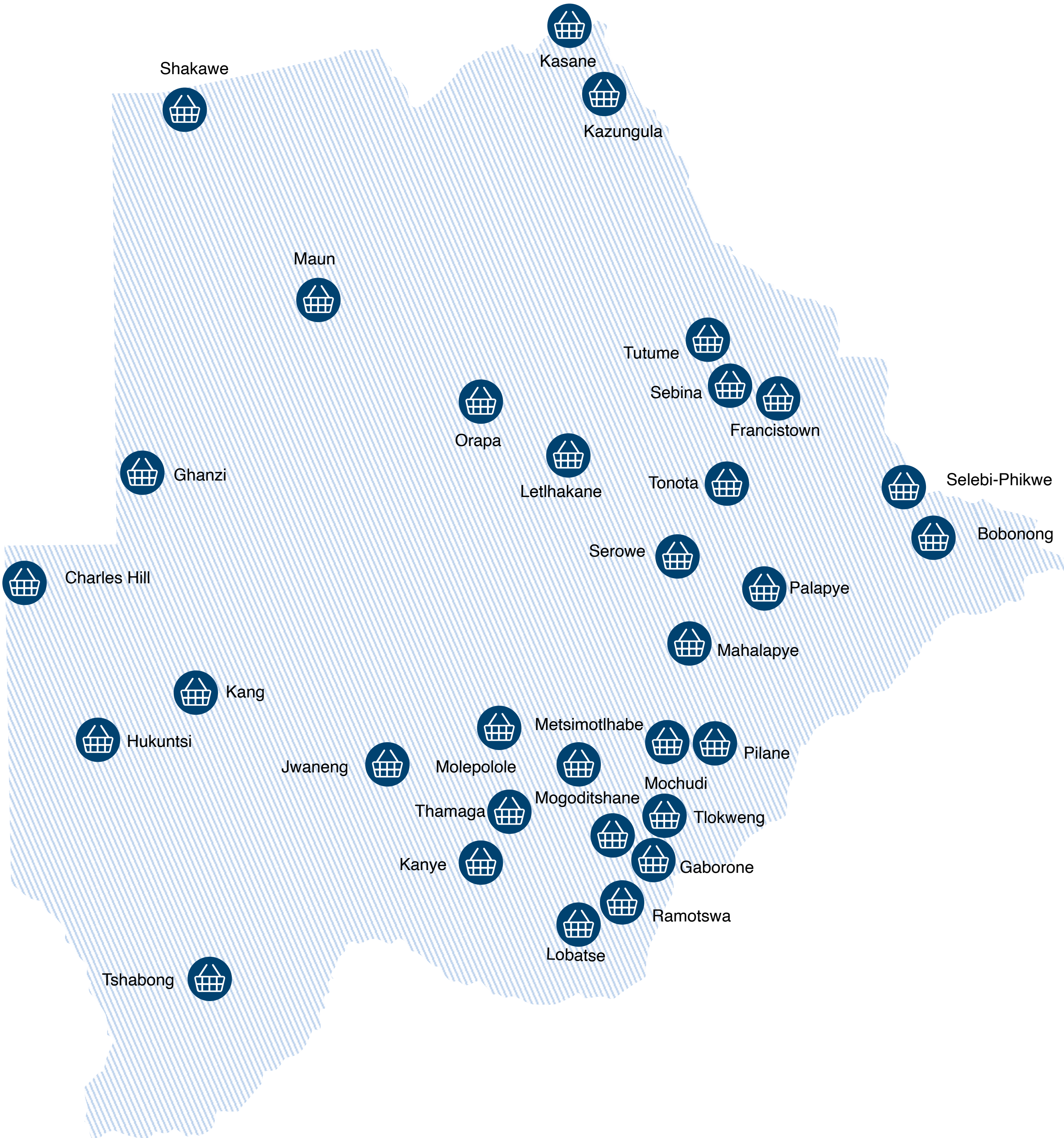
SEFALANA GROUP CONTACT DETAILS				
Branch	**Postal Address**	**Physical Address**	**Telephone**	**Fax**
SEFALANA GROUP COMPANY HEAD OFFICES				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913-661	3907-614
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10038, Broadhurst, Gaborone	3681-700	3907-614
Meybeernick Investments (Pty) Limited	Private Bag 0080, Gaborone	Plot 10038, Broadhurst, Gaborone	3913-661	3907-614
Foods Botswana (Pty) Limited - Milling	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630-268	4630-965
Foods Botswana (Pty) Limited - Beverages	Private Bag 1403 AAD, Gaborone	Plot 25433, Block 3 Industrial, Gaborone	3913-056	3913-057
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 5664, Broadhurst, Gaborone	3952-652	3952-643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974-336	3959-086
Kgalagadi Soap Industries (Pty) Limited	Private Bag BR 33, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3912-791	3973-590
Sefalana Fresh Produce	PO Box 47296, Gaborone	Plot # 31357/8, Gaborone North	3186-935	3186-987
Sefalana Catering	P/Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911-800 / 3937-188	3937-189
SEFALANA HYPER STORES				
Gaborone Hyperstore	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass	3973-866 / 3182-406	3932-487
Francistown Hyperstore	P O Box 61, Francistown	Plot 22053, Donga	2402-222 / 2402-235	2402-250
Mahalapye Hyperstore	P O Box 122, Mahalapye	Botalaote Ward	4710-452 / 4710-356	4710-591
Mogoditshane Hyperstore	P/Bag 00422 Gaborone	Plot 5512, Mogoditshane	3186-300 / 3186-315	3186-316
SEFALANA CASH & CARRY STORES				
Bobonong Cash & Carry	P O Box 1240, Bobonong	Sebaila Ward	2629-555 / 2629-555	2629-542
Broadhurst Cash & Carry	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road	3912-361 / 3975-760	3973-093
Charleshill Cash & Carry	P O Box 197, Charleshill	Plots 6/7/8, Main Street	6592-225 / 6592-223	6592-224
Francistown Cash & Carry	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road. Light Indus Area, Francistown	2412-161 / 2414-404	2412-151
Gaborone West Cash & Carry	P O Box 269, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3953-241 / 3914-964	3952-058
Hukuntsi Cash & Carry	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road	6510-206 / 6510-206	6510-049
Jwaneng Cash & Carry	P O Box 792, Jwaneng	Plot 2303, Industrial Sites	5880-327 / 5880-953	5880-878
Kang Cash & Carry	Private Bag 9, Kang	Plot 35, Gamonyemana Ward	6518-114 / 6517-400	6517-044
Kanye Cash & Carry	Private Bag MH4, Kanye	Plot 771, Mafhikana Ward	5440-160 / 5440-912	5440-484
Kasane Cash & Carry	Private Bag K11, Kasane	Plot 732/733/734, Kazungula Main Rd	6250-248 / 6250-311	6250-195
Letlhakane Cash & Carry	P/Bag F43, Letlhakane	Nkosho Ward	2978-770 / 2978-832	2976-221
Lobatse Cash & Carry	P O Box 11189, Lobatse	Plot 336, Mokgosi Avenue	5332-588 / 5330-815	5306-781
Maun Cash & Carry	P O Box 426, Maun	Plot 15, Nthayagodimo Ward	6860-936 / 6862-530	6860-566
Molepolole Cash & Carry	P O Box 1436, Molepolole	Thamaga Road, Industrial Site	5920-404 / 5921-070	5921-600
Palapye (New) Cash & Carry	Private Bag 87, Palapye	Plots 343/344, New Industrial Site	4920-013 / 4921-180	4920-019
Palapye (Old) Cash & Carry	P O Box 173, Palapye	Plots 6/7/29, Old Industrial Site	4920-273 / 4921-617	4920-402
Pilane Cash & Carry	Private Bag 20, Mochudi	Plot 200, Industrial Site	5729-500 / 5729-132	5729-772
Ramotswa Cash & Carry	Private Bag 00422, Gaborone	Plot 106, Ramotswa Station, Taung	5391-955 / 5391-923	5391-964
Serowe Cash & Carry	P O Box 139, Serowe	Rasebolai Drive, Mere Ward, Swaneng	4630-315 / 4633-679	4630-848
Selebi-Phikwe Cash & Carry	P O Box 21, Selebi Phikwe	Plot 12385, Industrial Site	2610-711 / 2611-381	2611-052
Thamaga Cash & Carry	P/Bag 00422, Gaborone	Plot 130, Marang Ward	5999-117 / 5999-398	5999-397
Tonota Cash & Carry	P O Box 182, Shashe	Plot 23, Semotswane Ward, Shashe	2480-193 / 2480-193	2480-192
Tsabong Cash & Carry	P/Bag 0027, Tsabong	Plot 538, Ikageng Ward	6540-077 / 6540-077	6540-850
Tutume Cash & Carry	P O Box 340, Tutume	Magapatona Ward	2987-826 / 2987-828	2987-825
DISTRIBUTION CENTRES				
Capital Tobacco	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911-800 / 3937-188	3937-189
Gaborone Distribution Centre	P/Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road	3911-800 / 3937-188	3937-189
Letlhakane Shopper Distribution Centre	Private Bag 00422, Gaborone	Plot 150/C374, Industrial Letlhakane	76000-650	
Maun Shopper Distribution Centre	Private Bag 00422, Gaborone	Plot 15, Nthayagodimo Ward, Maun	76000-644	
Palapye Shopper Distribution Centre	Private Bag 00422, Gaborone	Plots 6/7/29, Old Industrial Site, Palapye	492-409	
SEFALANA SHOPPER "The BIG One" STORES				
Shopper Molapo "The BIG One"	P/Bag 00422, Gaborone	Plot 54463, Gaborone	3166-028	316-6005
Shopper Setlhoa "The BIG One"	P/Bag OO422, Gaborone	Plot 77806, Setlhoa Village	3910-119 / 3910-515	3910-423

SEFALANA SHOPPER STORES

Branch	Postal Address	Physical Address	Telephone	Fax
Broadhurst Quick Caltex	P O Box: 2276, Gaborone	Plot 5664, Broadhurst, Gaborone	3911-231	3911-231
Broadhurst Quick	P/Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst	3937-043 / 3191-912	3937-041
Charleshill Shopper & Liquor	P/Bag 00422, Gaborone	Plot 56, Charleshill shopping Centre	6597-357	6597-285
Gaborone West Shopper	P/Bag 00422, Gaborone	Plot 17872, Phase 1, G-West	3187-606 / 7	3187-606
Ghanzi Shopper	P/Bag 00422, Gaborone	Shop # 1, Plot 32, Ghanzi	6597-192 / 6597189	6597-170
Hukuntsi Shopper & Liquor	P/Bag 00422, Gaborone	Macheng Mall, Unit G04a	6510-414	6510-412
Kanye 1 Shopper	P/Bag 00422, Gaborone	Plot 751, Main Road	5480-632	5480-631
Kanye 2 Shopper	P/Bag 00422, Gaborone	Mahube Mall, Tloung Ward	5443-702	5443-712
Kazungula Shopper & Liquor	P/Bag 00422, Gaborone	Tribal Plot 1461 - Duncan Plaza	6251-186 / 62511-87	6251-790
Letlhakane 1 Shopper	P/Bag 45, Letlhakane	Plot 1602, Tawana Ward	2976-277	2976-702
Letlhakane 2 Shopper	P/Bag 00422, Gaborone	Tribal Plot 10408, Letlhakane	2910-313	2910-312
Mahalapye # 1 Shopper	P/Bag 00422, Gaborone	Plot 3848, Botalaote Ward	4720-508	4720-505
Mahalapye # 2 Shopper	P/Bag 00422, Gaborone	Plot 1278, Main Mall	4720-485	4711-774
Maun # 1 Shopper	P/Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward	6863-305	6863-309
Maun # 2 Shopper	P/Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864-784 / 6864-941	6864-926
Maun Shopper & Liquor	P/Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864-017 / 6864-090	6864-082
Metsimotlhabe Shopper & Liquor	P/Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165-364 & 3165-368 (Liquor)	3165-369
Mochudi Shopper	P/Bag 00422, Gaborone	Plot 979, Rammopyama Ward,	5777-510	5777-517
Mogoditshane Quick & Liquor	P/Bag 00422, Gaborone	Shop # 3, Plot 13779, Block 5	3182-757	3182-748
Mogoditshane Shopper 2	P/Bag 00422, Gaborone	Plot 6672	3917-454	3917-456
Molepolole Shopper	P/Bag 00422, Gaborone	Plot 1728, Borakalalao Ward	5910-550	5910-552
Nkoyaphiri Shopper	P/Bag 00422, Gaborone	Shop # 4, Plot 12011, Nkoyaphiri	3947-957 / 3947-961	3947-937
Orapa Shopper	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2971-414 / 2970-268	2970-210
Palapye Shopper	P/Bag 00422, Gaborone	Lot 1077, Old Mall	4924-608 / 4924-609	4922-303
Puma FS & Quick Setlhoa	P/Bag 00422, Gaborone	Plot 77806, Setlhoa Village	3960-237	
Ramotswa Shopper	P/Bag 00422, Gaborone	Plot 15200, Ramotswa Village	3165-364 / 3165-368	5390-013
Sebina Shopper & Liquor	P/Bag 00422, Gaborone	Plot 796, Nznga Ward	2981-050 / 2981-057	298-1055
Selebi-Phikwe Shopper	P/Bag 00422, Gaborone	Plot 7062, Main Mall	2610-088 / 2610-000	2610-095
Shakawe Shopper	P/Bag 0422, Gaborone	Tribal Lot 1461	6875-203 / 6875-205	6875-204
Tlokweng Shopper	P/Bag 00422, Gaborone	Plot 8KO, Tlhakong Ward, Tlokweng; Shop Porion #2	3104-961 / 3104-960	3104-962
Tlokweng Shopper & Liquor	P/Bag 00422, Gaborone	Plot 10009, Royal Aria	3164-280	3164-270
Tlokweng Quick 2	P/Bag 00422, Gaborone	Old Mall, Tribal Plots 158/159	3971-599	3971-598
Tsabong Shopper	P/Bag 00422, Gaborone	Plot 316, TM Complex, Mothupi Ward	6540-643	6540-637
Tonota Shopper& Liquor	P/Bag 00422, Gaborone	Plot 4594, Molebatsi Ward	2484-869 / 2484-870	2484-850
UB Shopper& Bakery	P/Bag 00422, Gaborone	Plot 4775, Ext.15, Student Centre [Unit 34]	3951-174	3907-095

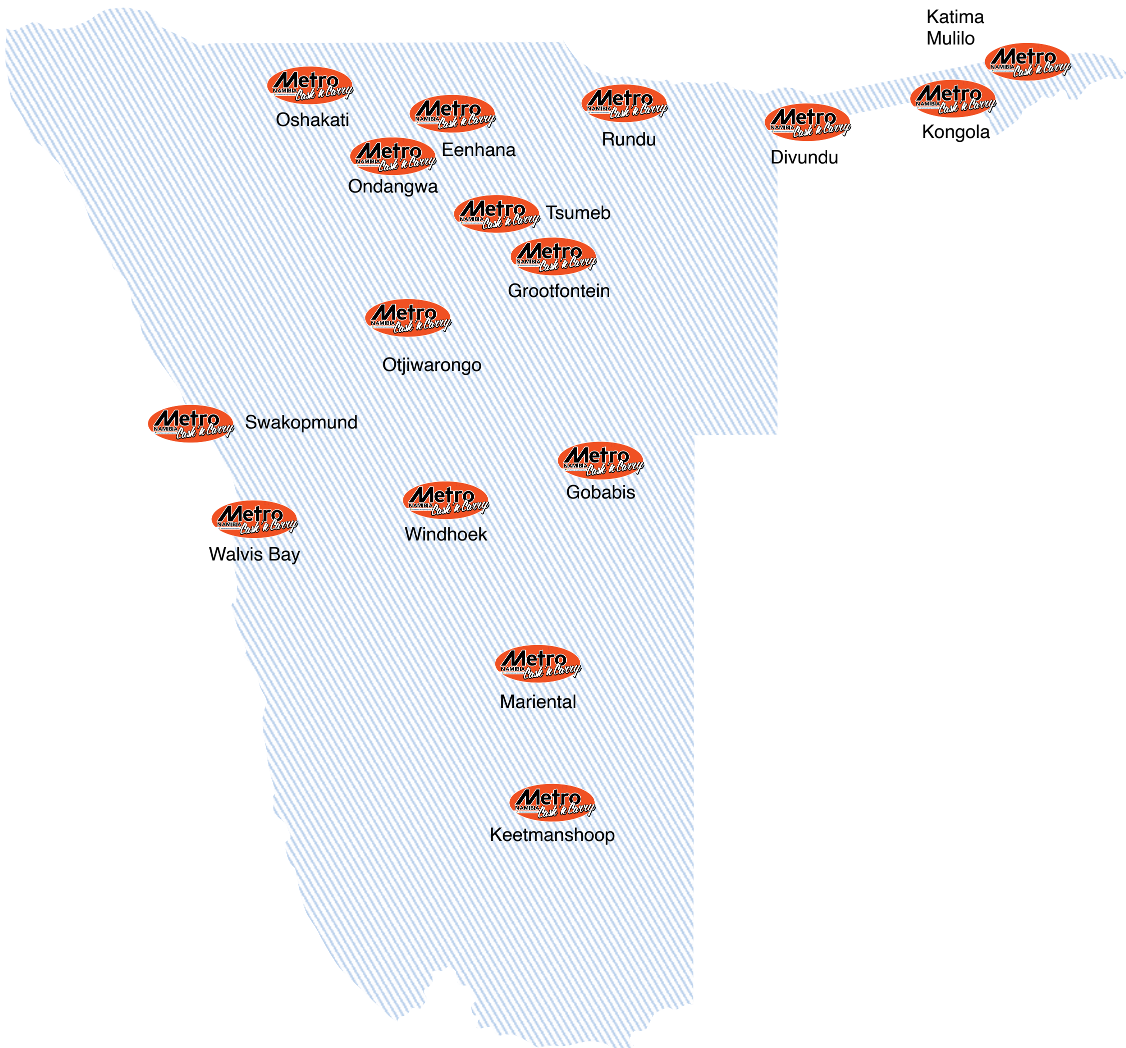
Botswana

SEFALANA LIQUOR STORES				
Branch	**Postal Address**	**Physical Address**	**Telephone**	**Fax**
Charleshill Shopper Liquor	Private Bag 00422, Gaborone	Plot 56, Charleshill Shopping Mall, Charleshill	6597357	6597285
Ghanzi Shopper Liquor	Private Bag 00422, Gaborone	Shop no. 1, Plot 32, Ghanzi	6597192 / 6597189	6597170
Gaborone Liquor, Block 5	P/Bag OO422, Gaborone	Plot 54615, Block 5 Gaborone	3969-931	
Gaborone Liquor, Block 8	P/Bag OO422, Gaborone	Plot 34969, Block 8, gaborone	3924-399	
Hukuntsi Shopper Liquor	Private Bag 00422, Gaborone	Macheng Mall, G04a4b, Tribal Lot 158	6510416	6510412
Hukuntsi Cash & Carry Liquor	Private Bag 00422, Gaborone	Macheng Mall, G04a4b, Tribal Lot 158	6510-416	6510-412
Kazungula Shopper Liquor	Private Bag 00422, Gaborone	Plot 1461, Duncan Plaza, Kazungula	6521186 / 87	6252790
Jwaneng Liquor	P/Bag OO422, Gaborone	Unit 14, plot 3761, 5422, 5423	5880-362	
Maun Liquor	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward	6864-017 / 6864-090	6864-082
Metsimotlhabe Liquor	Private Bag 00422, Gaborone	Plot 65, Metsimotlhabe	3165-364 / 3165-368	3165-369
Mogoditshane Liquor	Private Bag 00422, Gaborone	Shop no. 4, Plot 13779, Block 5	3182-747	3182-748
Mogoditshane Liquor, Block 2	P/Bag OO422, Gaborone	Plot 11956, Block 2, Mogoditshane	3960-269	
Mogoditshane Liquor, Block 4	P/Bag OO422, Gaborone	Plot 11838, Block 4 Mogoditshane	3969-047	
Nkoyaphiri Liquor	Private Bag 00422, Gaborone	Plot 12011, Nkoyaphiri, Mogoditshane	3947-957 / 61	3972-835
Orapa Liquor	Private Bag 00422, Gaborone	Unit 1, Sable Avenue, Orapa	2971414 / 2970268	2970210
Ramotswa Liquor	Private Bag 00422, Gaborone	Plot 15200, Ramotswa Village	5390054	
Sebina Shopper Liquor	Private Bag 00422, Gaborone	Plot 796, Nznga Ward	2981050 / 2981057	2981055
Setlhoa Liquor	Private Bag 00422, Gaborone	Plot 77806, Setlhoa Village, Gaborone	3163095	3910423
Shakawe Shopper Liquor	Private Bag 00422, Gaborone	Tribal Lot 1461	6875203 / 6875205	6875204
Tlokweng Liquor	Private Bag 00422, Gaborone	Plot 10009 Royal Aria, Tlokweng	3164-280	3164-270
Tonota Shopper Liquor	Private Bag 00422, Gaborone	Plot 4594, Molebatsi Ward	2484870	2484850
Tsabong Shopper Liquor	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex	6540643	6540637


Kasane
Shakawe
Kazungula
Maun
Tutume
Sebina
Francistown
Orapa
Ghanzi
Letlhakane
Tonota
Selebi-Phikwe
Bobonong
Serowe
Charles Hill
Palapye
Mahalapye
Kang
Metsimotlhabe
Hukuntsi
Pilane
Jwaneng
Molepolole
Mochudi
Mogoditshane
Thamaga
Tlokweng
Kanye
Gaborone
Ramotswa
Lobatse
Tshabong

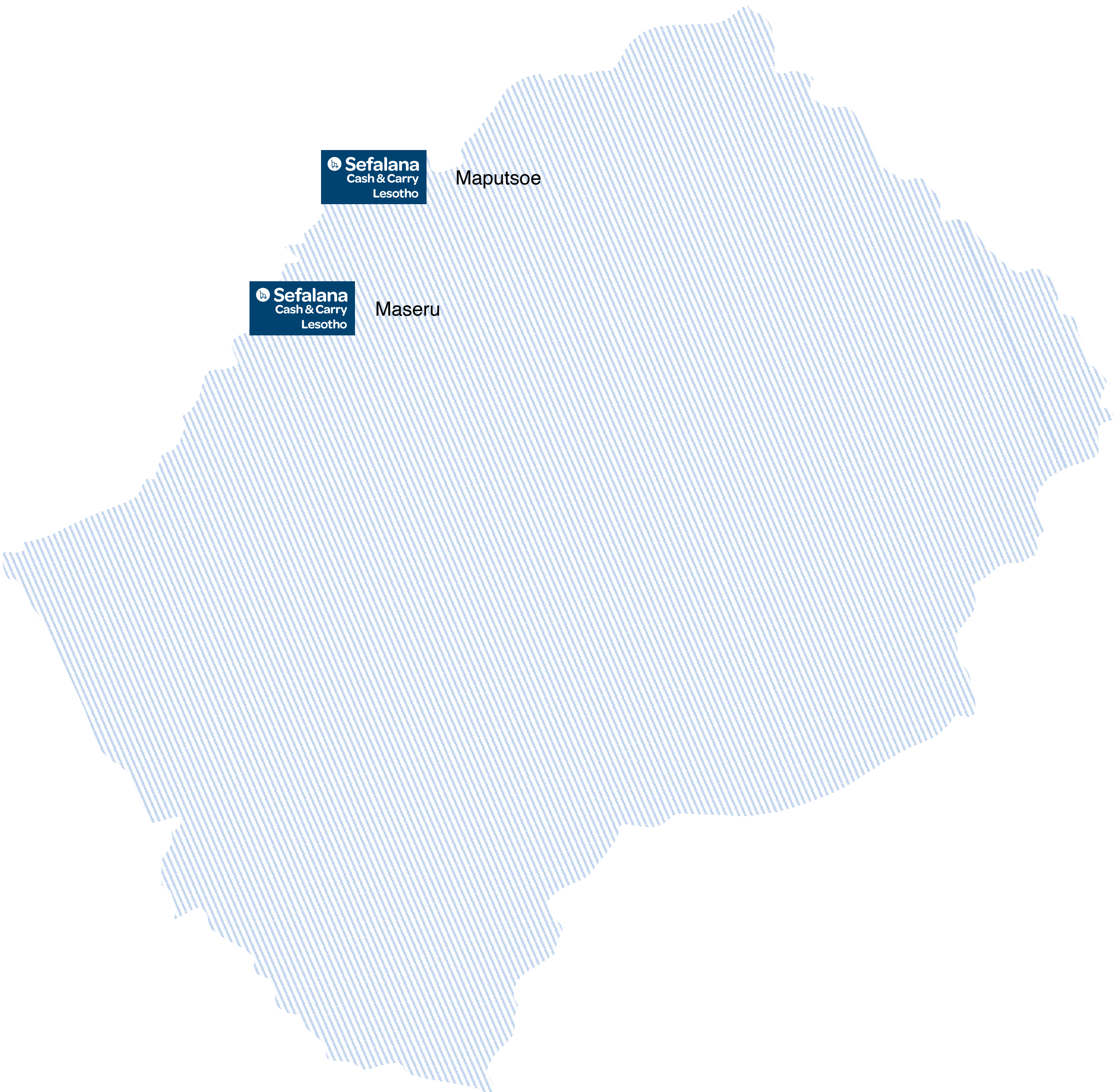
Namibia

METRO NAMIBIA STORE CONTACT DETAILS				
Location	**Postal Address**	**Physical Address**	**Telephone**	**Email Address**
METRO HEAD OFFICES				
Head Office - Namibia	Box 1417, Windhoek	11 van der Bijl street, Northern Industrial, Windhoek	084 - 000-2000	marketing@metro.com.na
METRO STORES				
Metro Divundu	Box 1417, Windhoek	Erf 298 Divundu, Main Road to Katima	083-332-2015	div359@metro.com.na ; divorders@metro.com.na
Metro Eenhana	Box 1417, Windhoek	unit 25, Greenwell Complex, Eenhana	083-332-2017	een371@metro.com.na ; eenorders@metro.com.na
Metro Gobabis	Box 400. Gobabis	Kalahari Highway, Gobabis	083-332-2007	gob359@metro.com.na ; goborders@metro.com.na
Metro Grootfontein	Box 1417, Windhoek	754, Sam Nujoma Drive, Grootfontein	083-332-2018	goo372@metro.com.na ; goooders@metro.com.na
Metro Hyper Liquor Store Windhoek	Box 80783, Windhoek	Cnr Frankie Fredricks & Chasie Str, Klien Kuppe	083-332-2003	hyporder@metro.com.na
Metro Hyper Windhoek	Box 80783, Windhoek	Cnr Frankie Fredricks & Chasie Str, Klien Kuppe	083-332-2003	hlq776@metro.com.na
Metro Keetmanshoop	Box 715, Keetmanshoop	Cnr Ferro & 5th Ave, Keetmanshoop	083-332-2004	kee317@metro.com.na ; keeorders@metro.com.na
Metro Kongola	Box 1417, Windhoek	Main Road, Katima	083-332-2022	kon375@metro.com.na ; konorders@metro.com.na
Metro Mariental	Box 215, Mariental	C/o Mark & Park Street, Mariental	083-332-2006	mar316@metro.com.na ; marorders@metro.com.na
Metro Mega Katima	Box 1952, Katima Mulilo	Lifasi 599, Katima Mulilo	083-332-2016	kat356@metro.com.na ; katorders@metro.com.na
Metro Mega Swakopund	Box 993,Swakopmund	Cnr Hidipo Hamuntenya & Watt Str, Swakopund	083-332-2009	meg357@metro.com.na ; megorders@metro.com.na
Metro Okuryangava	Box 1417, Windhoek	Erf 1012, Ondota Street	083-332-2023	oku759@metro.com.na
Metro Ondangwa	Box 2349, Ondangwa	Main Road, Ondangwa	083-332-2012	ond322@metro.com.na ; ondtelesales@metro.com.na
Metro Oshakati	Box 15116, Oshakati	Endola Road, Plot 1344, Oshakati	083-332-2013	osh304@metro.com.na ; oshorders@metro.com.na
Metro Otjiwarongo Foods	Box 185, Otjiwarongo	C/O Rikubi Kandanka Str And 1st Avenue	083-332-2010	otj353@metro.com.na ; otjorders@metro.com.na
Metro Otjiwarongo Liquor	Box 185, Otjiwarongo	1st Avenue Otjiwarongo	083-332-2019	otj354@metro.com.na
Metro Rundu	Box 1744, Rundu	Erf 1080, Main Road	083-332-2014	run323@metro.com.na ; runorders@metro.com.na
Metro Swakopund CC	Box 993,Swakopmund	McHugh Street, Swakopund	083-332-2020	swa320@metro.com.na ; swaorders@metro.com.na
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	083-332-2011	tsu355@metro.com.na ; tsuorders@metro.com.na
Metro Walvis bay	Box 511, Walvis Bay	Circumferential, Walvis bay	083-332-2008	wal309@metro.com.na ; walorders@metro.com.na
Metro Windhoek	Box 1417, Windhoek	van der Bijl Street Northern Industrial, Windhoek	083-332-2001	windhoekcc@metro.com.na ; windorders@metro.com.na
Metro Windhoek Liquor	Box 1417, Windhoek	van der Bijl Street Northern Industrial, Windhoek	083-332-2002	windhoekliq@metro.com.na
Metro Zambezi Katima	Box 1417, Windhoek	Erf 3884-3887 unit 10-12 Zambezi Shopping Centre	083-332-2004	zam374@metro.com.na ; zamorders@metro.com.na


Katima
Mulilo
Oshakati
Eenhana
Rundu
Divundu
Kongola
Ondangwa
Tsumeb
Grootfontein
Otjiwarongo
Swakopmund
Gobabis
Windhoek
Walvis Bay
Mariental
Keetmanshoop

Lesotho

SEFALANA LESOTHO STORE CONTACT DETAILS				
Location	**Postal Address**	**Physical Address**	**Telephone**	**Email Address**
Maseru Sefalana Cash & Carry	P O Box 0436, Maseru West, Maseru 100, Lesotho	2 Lioli Road, Maseru West, Station Area, Lesotho	(00266) 2232 6223	A.dutoit@sefalana.co.ls
Maseru Sefalana Liquor	P O Box 0436, Maseru West, Maseru 100, Lesotho	Plot 12774 - 011, Corner of Makoanyane & Motsoene Roads, Industrial Area, Maseru, Lesotho	(00266) 2231 6714	lehlohonolo@sefalana.co.ls
Maputsoe Sefalana Cash & Carry	P O Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091	etienne@sefalana.co.ls
Maputsoe Sefalana Liquor	P O Box 772, Maputsoe, Lesotho	A1 Road, Site #23134 - 017 Ha Nyenye Maputsoe Urban	(00266) 2243 1091	mohau@sefalana.co.ls



Australia

AUSTRALIA STORE CONTACT DETAILS				
Seasons Group of Companies	**Abn:**	**Store Name**	**Address**	**Telephone**
Seasons Supermarkets 1 Pty Ltd	19 631 836 701	Seasons IGA Clontarf	14-20 Elizabeth Ave, Clontarf, QLD, 4019	(07) 3284 4644
Seasons Supermarkets 2 Pty Ltd	71 633 445 637	Seasons IGA Caloundra	Village Shopping Centre, cnr Bingera Tce & Ormuz St, Caloundra Qld 4551	(07) 5491 4966
Seasons Supermarkets 3 Pty Ltd	95 635 019 500	Seasons IGA Greenslopes	3 Chatsworth Rd, Greenslopes, QLD, 4120	(07) 3457 1900
Seasons Supermarkets 3 Pty Ltd	95 635 019 500	Seasons IGA Garnet St.	5 Garnet Street, Cooroy	(07) 3555 6360
Seasons Supermarkets 4 Pty Ltd	86 635 019 902	Seasons IGA Noosa	Shop 1 Noosa Junction Plaza, 81 Noosa Drive, Noosa Heads, QLD, 4567	(07) 5447 2777
Seasons Supermarkets 5 Pty Ltd	34 639 496 209	Seasons IGA Cleveland	Cnr Shore St West & Wellington St, Cleveland, QLD, 4163	(07) 3488 1988
Seasons Supermarkets 6 Pty Ltd	70 639 498 801	Seasons IGA East Brisbane	33 Lytton Rd, East Brisbane, QLD, 4169	(07) 3393 2344
Seasons Supermarkets 7 Pty Ltd	38 644 078 375	Seasons IGA Burpengary	3-7 Burpengary Road, Burpengary, 4505	(07) 3886 0557
Seasons Supermarkets 8 Pty Ltd	36 645 247 132	Seasons IGA Yandina	1 Old Gympie Road, Yandina, QLD, 4561	(07) 5446 8400
Seasons Supermarkets 10 Pty Ltd	53 657 877 257	Seasosn IGA Maleny	26 Maple Street, Maleny, QLD, 4552	(07) 5447 6061
Seasons Supermarkets 9 Pty Ltd	29 653 861 968	IGA Cooroy	3 EMERALD STREET, COOROY	(07) 5454 2257

Notes

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