IMPORTANT NOTE TO USERS:
The audit opinion reproduced here as a standalone document has been extracted from the document titled *Furnmart Limited and its Subsidiaries Annual Financial Statements for the year ended 31 July 2022* (the "AFS"). The AFS include the consolidated and separate financial statements to which this audit opinion refers. Accordingly, this audit opinion should be read together with the AFS, which are available from Furnmart Limited's registered office.

Independent auditor's report

To the Shareholders of Furnmart Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Furnmart Limited (the "Company") and its subsidiaries (together the "Group") as at 31 July 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Furnmart Limited's consolidated and separate financial statements set out on pages 14 to 55 comprise:

- the consolidated and separate statements of financial position as at 31 July 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

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Our audit approach

Overview

Overall group materiality

- *Overall group materiality: BWP4,111,000, which represents 5% of consolidated profit before tax.*

Group audit scope

- *The Group consists of four subsidiaries, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and three of its subsidiaries. Limited audit procedures were performed with respect to the fourth subsidiary.*

Key Audit Matters

- *Allowance for expected credit losses on trade receivables.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*BWP 4,111,000*
How we determined it	*5% of consolidated profit before tax*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit- oriented companies operating in this industry.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and four subsidiaries, operating in Botswana, Namibia and South Africa. We performed full scope audits of the Company and three of its trading subsidiaries, as these were considered to be financially significant components. With respect to the the fourth subsidiary, which was not considered financially significant, we performed limited audit procedures with respect to two financial statement line items only.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we need to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

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

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	*How our audit addressed the key audit matter*
Allowance for expected credit losses on trade receivables	
At 31 July 2022, the Group recognised net trade receivables from customers of BWP535,645,000, after recognising an allowance for expected credit losses (the “ECL allowance”) of BWP213,634,000.	We performed the following audit procedures on the ECL allowance: • We assessed the accounting policies relating to the determination of the ECL

Key audit matter	*How our audit addressed the key audit matter*
The Group developed a model for calculation of the ECL allowance by applying the general approach under IFRS 9 - Financial Instruments ("IFRS 9") and – accordingly - measures the ECL allowance at an amount equal to the lifetime expected credit losses ("ECL's") of all trade receivables. Lifetime ECL's are based on probability weighted cash flows considering a range of possible outcomes and discounting these cash flows at the original effective interest rate. In determining the ECL allowance, the following key judgements were applied by the Group: • Determining criteria for transition events, which are used to summarise individual trade receivables into population states, and to predictthe likelihood of trade receivables transitioning between such population states (transition rates); • Establishing payment behaviour for population states, allowing for prediction of future payment behaviour of trade receivables; • Establishing segments of similar receivables for the purposes of measuring the ECL allowance on a collective basis; and • Establishing the number and relative weightings of forward-looking scenarios such as GDP outlook, interest rate and inflation rate forecasts for each type of product/market and the ECL allowance. We considered the ECL allowance on trade receivables to be a matter of most significance to the current year audit due to the significant judgement and estimation applied by management in determining the ECL allowance.	allowance with reference to the requirements of IFRS 9 and application thereof in the Group's industry. We identified no significant deviations from IFRS 9 and industry practice; • We utilised our actuarial expertise to assess the appropriateness of the model used by the Group with reference to the requirements of IFRS 9, and to assess whether the Group's model was consistently applied to all trade receivable portfolios. We noted no matters requiring further consideration in regard to the model used, and we noted no significant inconsistencies regarding the manner with which the model was applied across the trade receivable portfolios; • For a sample of trade receivables, we agreed the underlying information with respect to individual trade receivables, as well as portfolios of trade receivables utilised in the model, to the relevant accounting records and underlying documents. No material differences were noted; • Utilising our actuarial expertise we performed the following procedures: ○ Based on underlying information for individual trade receivables, we recomputed key judgemental inputs used by management in the model, including: ▪ the portfolio segmentation applied; ▪ the transition rates applied; and ▪ the predicted payment behaviour by population state. Based on our procedures performed, we did not identify

Key audit matter	*How our audit addressed the key audit matter*
Refer to the following disclosures in the consolidated financial statements for detail: • Summary of significant accounting policies note 9 "Financial Instruments" and note 14 “Trade Receivables”; Critical accounting estimates and judgements "Impairment losses on trade receivables"; • Financial risk management note (b) “Credit risk – Impairment of trade receivables"; and • Note 13 “Trade receivables".	any significant exceptions; ○ We independently calculated the ECL allowance (before forward-looking information) for each trade receivables portfolio and compared our results to those of the Group. We did not identify any significant differences; and ○ We performed an independent assessment of the impact of forward-looking information on the ECL allowance by applying available information such as Gross Domestic Product and Consumer Price Index outlooks to the ECL calculation, in order to independently determine a range of adjusted coverage percentages unique to each portfolio and each population state. We compared the additional ECL allowance determined based on these adjusted coverage rates, to the Group's forward-looking adjustments and found that the Group’s adjustments were not materially outside our range of independent expectations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Furnmart Limited and its Subsidiaries Annual Financial Statements for the year ended 31 July 2022”, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “Furnmart Limited and its subsidiaries Annual Report 2022”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing Member: Rudi Binedell (CAP003 2022)

31 October 2022
Gaborone