CHOPPIES
Great value for your money!

Integrated Annual Report 2024

Choppies Group is the **largest employer** in Botswana after the government

Introduction

Understanding our business

How we create value

Our performance

Our ESG journey

Accountability

The consolidated and separate annual financial statements

Shareholders' information

Corporate information

(Registration number: BW00001142508)

BSE
ISIN: BW0000001072
Share code: CHOP-EQO
Bloomberg code: CHOPPIES BG EQUITY
Reuters code: CHOPP.BT
Listing date: January 2012

JSE
ISIN: BW0000001072
Share code: CHP
Listing date: May 2015
Total shares in issue: 1 824 461 674

01 Introduction

ABOUT THIS REPORT

Choppies adheres to integrated reporting's guiding principles and philosophy in order to **effectively address** important stakeholder issues and concerns and **produce long lasting value** for all parties.

SCOPE AND BOUNDARY

The Integrated Annual Report 2024 provides an overview of our business, growth strategy, and our potential to create sustainable value for our stakeholders in the short, medium, and long-term. It covers the period from 1 July 2023 to 30 June 2024. This Integrated Annual Report focuses on the issues that the Board believes are important to our stakeholders' understanding of the Company.

The disclosures encompass Choppies' operations across all regions of continuing operations. The consolidated and separate annual financial statements are presented in Botswana Pula ("BWP") (unless otherwise stated), which is considered the functional currency.

There was no change to any measurement techniques nor were there any restatements of previously reported information.

The boundary has been extended beyond financial reporting to encompass the material interests attributed to or associated with our key stakeholders in analysing the risks, opportunities, and outcomes that significantly impact the Group's potential to create value for its stakeholders.

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REPORTING FRAMEWORKS

This Integrated Annual Report is prepared in accordance with IFRS Accounting Standards, the BSE Listings Requirements, the JSE Listings Requirements, the Botswana Companies Act, and the International Integrated Reporting Framework. Choppies complies in all material respects with the principles contained in the BSE Code of Best Practice on Corporate Governance as well as the King IV™ * report, as encapsulated in the applicable regulations.

ASSURANCE

The Company's external auditor, Forvis Mazars, who is independent to the Group has audited the consolidated and separate annual financial statements for the year ended 30 June 2024. Their audit report is set out on pages 103 to 107.

Business process	Nature of assurance	Assurance provider
Consolidated and separate annual financial statements	External audit	Forvis Mazars
Internal audit	Independent outsourced	BDO Services (Pty) Limited
Health, safety and environmental audits	Compliance reviews	Encyclo Investment (Pty) Limited
BSE Listings Requirements	Compliance reviews	Motswedi Securities (Pty) Limited
JSE Listings Requirements	Compliance reviews	PSG Capital
Lender due diligence	Legal and compliance reviews	Managed internally by the investment committee
Insurance due diligence	Independent risk reviews	Alpha Direct Insurance Company (Pty) Limited

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report contains forward-looking statements that, unless otherwise indicated, reflect Choppies' expectations as at year-end. Actual results may differ materially from the Group's expectations. The Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these. The Group disclaims any intention and assumes no obligation to revise any forward-looking statement even if new information becomes available, other than as required by the BSE Listings Requirements and the JSE Listings Requirements or any other applicable regulations.

ABOUT THIS REPORT continued

SIX CAPITALS AND MATERIALITY

Through the effective and balanced use of essential resources and stakeholder relationships, or "capitals," as described by the International Integrated Reporting Council's International <IR> Framework, we produce long-term sustainable value for stakeholders. We increase, decrease, or transform the six capitals through the execution of our business activities, as outlined in our business model on pages 29 and 30.

While this report is primarily aimed at our present and potential shareholders, it also takes the information demands of our vast and diverse range of stakeholders into account who are critical to the Group's long-term value development.

While no formal materiality assessment has been conducted, during the year the company conducted an independent ESG benchmark assessment against its peers. In terms of the findings Choppies' ESG materiality disclosure is ahead of its peers.

OUR STAKEHOLDERS

For further information, please see pages 35 to 37.

Customers	Shareholders	Communities
Financiers	Employees	Media
Suppliers	Regulators and government	Employee representation

BOARD RESPONSIBILITY STATEMENT

The Board confirms its responsibility for the integrity of the Integrated Annual Report, the content of which has been collectively assessed by the directors who believe that all material issues have been addressed and are fairly presented.

The Board believes that the Integrated Annual Report was prepared in accordance with the <IR> Framework. The report, which remains the ultimate responsibility of the Board, is prepared under the supervision of senior management and subject to external assurance. The report is submitted to the audit and risk committee, which reviews and recommends it to the Board for approval having reviewed the contents, as well as the collation process, and with reliance on the assurance provided on the various reporting elements.

The Board confirms that Choppies complies with the provisions of the Botswana Companies Act or laws of establishment, specifically relating to its incorporation and is operating in conformity with its constitution and/or relevant constitution documents.

Uttum Corea
Chairman

Ramachandran Ottapathu
CEO

Minnesh Rajcoomar
CFO

FEEDBACK

More information is available on our website: **www.choppiesgroup.com**. This year's Integrated Annual Report is available on www.choppiesgroup.com. On request, shareholders can obtain a physical copy of the report at no cost.

We are committed to improving this report year on year. Therefore, we appreciate and encourage constructive feedback. Please forward comments to **vidya@choppiesbotswana.co.bw**.

For additional contact details please see page 174.

FY2024 SALIENT FEATURES

FINANCIAL HIGHLIGHTS

Group retail sales up **31.8%** to **BWP8 477 million** (2023: BWP6 433 million)

Group adjusted EBITDA up **15.8%** to **BWP566 million** (2023: BWP489 million)

Group earnings before interest and tax up **17.2%** to **BWP321 million** (2023: BWP274 million)

Earnings before interest and tax excluding Zimbabwe up **15.5%** to **BWP335 million** (2023: BWP290 million)

Group profit after tax continuing operations up **9.3%** to **BWP164 million** (2023: BWP150 million)

Profit after tax excluding Zimbabwe up **23.4%** to **BWP195 million** (2023: BWP158 million)

Group EBITDA up **33.2%** to **BWP622 million** (2023: BWP467 million)

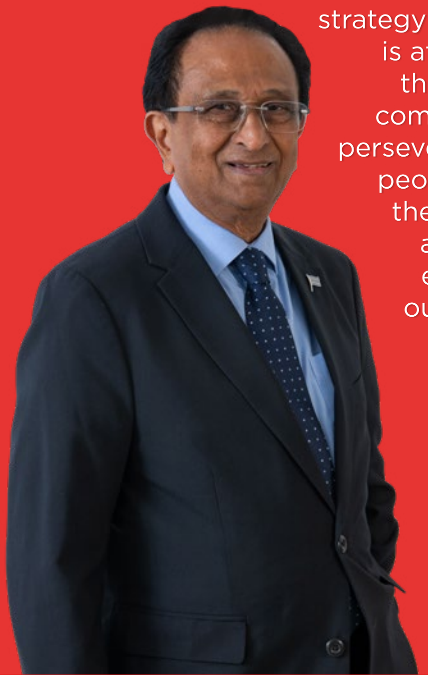
Adjusted EBITDA excluding Zimbabwe up **21.1%** to **BWP596 million** (2023: BWP492 million)

Choppies Group continues **to progress** on its strategy and vision

OPERATIONAL HIGHLIGHTS

- Opened **eight** (net) new stores across **four** countries.
- **BWP3.4 million** spent on training and development
- **Footfall** up **17.8%,** up **12.3%** excluding Kamoso, and **up 24.0%** excluding Zimbabwe.
- Group **funding** covenants **complied** with.
- **Robust performance** in all segments except Zimbabwe segment.
- Group **gross profit margin reduced 50 basis points** due to the dilutionary impact of the lower margin Kamoso Group.
- **Final dividend of 1.4 thebe declared** (subject to withholding tax), bringing the total dividend for the year to **3.0 thebe** (2023: nil thebe) per ordinary share.
- **First dividend declared since 2017,** marking a key milestone in the performance of the Group and the return of value add to shareholders.
- We provided jobs for **1 610 new employees** and a living for their families.
- The Group's total net non-IFRS 16 **debt reduced from last year's BWP289 million to BWP287 million this year,** despite taking on the Kamoso net non-IFRS 16 debt of BWP190 million.

A REFLECTION FROM OUR CHAIRMAN



The Group's ability to remain resilient in an increasingly volatile market while advancing its strategy and purpose is attributable to the unrelenting commitment and perseverance of our people to deliver the best service and shopping experience to our customers.

Uttum Corea
Chairman

Notwithstanding macroeconomic challenges, Choppies has performed well, proving to be steadfast in the face of inflation and a severe drought that had an impact on our farmers and our operations across different regions. We have to give credit where it is due and thank our management and staff, led by our CEO for their exceptional efforts and hard work throughout these difficult conditions.

Delivering results that are guided by our strategy

We remain confident in our ability to execute our strategy effectively in a manner that is guided by sound risk management principles that account for the long-term sustainability of the business. Our focus is on ensuring that we deliver on our promise to reduce debt in the business while expanding on our service and retail offering, which we believe are well on track. An important part of this involves divestment from loss-making regions and operations.

This will be possible through the integration of data into our day-to-day operations. This data analytics approach will prove to be essential in our ability to identify important customer trends that we as a Group need to respond to in a timely manner. The first step was the rollout of a system that helps us track our customer's activities within our shops. This looks at spending habits at various times of the day and week. The second step will require our staff to accurately use the data to tailor our offering based on the outcome of the analysis.

Below are some of the objectives from Choppies' previous five-year strategy which have all been advanced during the year:

- Slow and managed expansion in profitable regions
- Divestment from loss-making regions
- Improved corporate governance
- Improved stakeholder relationships
- Continued focus on debt restructure and reduction
- Developing a shared-value strategy, which is the DNA of the Group, to achieve our ESG goals.

Our goal is to replicate our successful growth model in all the countries in which we operate. This includes our continuous development of new products and services. We will also be evaluating e-commerce going forward as part of our drive to make Choppies a one stop shop. Our goal is for our customers to have the ability to order Choppies products online even when outside of Botswana.

Dividend

Notably we paid an interim dividend of 1.6 thebe which was our first since 2017. We also declared a final dividend of 1.4 thebe taking the total dividend to 3.0 thebe. This marks a key milestone in our performance and the return of value-add to shareholders.

Kamoso Africa acquisition

We view the acquisition of Kamoso as a success and are currently in the process of fully embedding the Group into our operations. This will allow us to extend our retail offering while further unlocking value for our stakeholders. We reviewed the Group and chose to dispose of companies that do not complement our existing operations. This will be essential for our backward integration strategy which looks to combine production and packaging with our retail service offering. This gives us an opportunity to get closer to our customers through an increased offering at competitive rates for select products. A great example of this is how owning a milling plant will allow us to produce our own brands and bring them to shelves at a lower rate as opposed to having sourced them externally. This applies to products such as maize, sorghum and toilet paper. Nonetheless, we will still stock competitor brands as consumers want choice and variety.

The Kamoso integration also gives us an opportunity to provide retail offerings not previously found within the Group such as liquor and hardware through Liquorama and Builders Mart. Liquorama currently has 75 stores with more to be opened in Botswana, Zambia and Namibia to eventually match the stores we have in those regions. An increase in home building and renovating has resulted in a rise in demand for homeware

A REFLECTION FROM OUR CHAIRMAN continued

and building materials not only in Botswana but also in Namibia and Zambia. We therefore see this as an opportunity to roll out more Builders Mart stores to meet the demand. There are currently 27 stores in Botswana, and we will be looking to expand the brand to complement certain Choppies stores in all regions. This will not only create but help retain a large number of jobs where we operate.

Liquorama and Builders Mart will also be used to sell electricity and airtime and for integrating our money transfer services. This forms part of our strategic intent to create one stop shops that are fintech driven.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our approach to ESG has not changed and we continue to build momentum from the progress we have made in previous years. During the year we conducted an ESG assessment by an independent consultant which demonstrated that we are doing well in terms of ESG disclosure as a result of our shared value strategy.

We are committed to our solar programme and will be looking to add solar energy to more sites. This will offset our reliance on grid energy and increase our green footprint. In addition, a number of stores in Botswana are currently running a pilot water recovery system to recover and recycle water from different sources. We continue to register new entrant farmers as suppliers and our specialised app remains popular with the tech savvy young farmers. All these initiatives and similar efforts have helped to cement our position as one of the companies leading in the shared value strategy and ESG in the country.

LOOKING AHEAD

Geopolitical tensions and climate change made the period difficult to navigate. Nonetheless, The Federal Reserve Bank in the USA and Central Banks around the world have begun to lower interest rates in response to subsiding inflation, which will stimulate economic growth and trigger a global recovery. China too is applying stimulus measures to energise its economy.

We remain cautiously optimistic about conditions in the countries in which we operate.

In Botswana inflation is already under control mainly due to the exchange differential with the South African Rand since most of our imports are sourced from or through South Africa. The Bank of Botswana has already started lowering interest rates. All this is timely as the slowdown in the world economy had affected diamond sales and mining revenue in Botswana. The IMF has forecast 1% GDP for Botswana this year, compared to an earlier forecast of 4.2%.

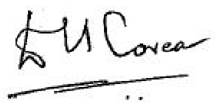
There are challenges and opportunities ahead with Botswana's diamond economy. Anglo American's stated intention to dispose of its 85% holding in De Beers (Botswana holds the balance 15%), the new diamond agreement between Botswana and De Beers, the threat from cheaper lab grown diamonds and the need to spend on marketing of natural diamonds, all come at the same time. This is probably the most critical period in the history of natural diamonds for Botswana, De Beers and the natural Diamond value chain. These challenges can be better addressed on the rising crest of a global recovery which hopefully would restore diamond sales and prices.

Operations in Zambia remain fairly stable and should improve significantly, following the ending of the drought and El Nino conditions which affected hydroelectric generation resulting in power cuts. Once Namibia reaches critical mass we believe the business will be profitable. Zimbabwe however, continues to be a challenging environment. The new Zig currency, which replaced the Zimbabwean Dollar has not as yet helped to stabilise the economy, and consequently the Zimbabwean operation has experienced a decline in performance. We are evaluating our operations in the country and will address the situation.

As the regional economy improves, we will be looking to continue with our strong performance which is driven by good in-store execution and improved customer engagement, as well as the inventory optimisation system. This will be enhanced by the additional offering from Kamoso which will help unlock additional value for consumers while positively impacting our revenue.

APPRECIATION

On behalf of the Board, we wish to express our appreciation to all our stakeholders for their contribution to growing the Choppies business and walking the journey with us. To my fellow directors, thank you for your guidance and counsel as we continue to drive the business to ensure that our strategic objectives are achieved. To our CEO and supportive management team, I want to express my gratitude for their unwavering commitment to the Choppies vision, mission, and purpose expressed in its shared-value approach, and managing the successful integration of Kamoso.



Uttum Corea

Chairman

25 September 2024

02 Understanding our business

WHO WE ARE

Choppies was initially established in Lobatse, Botswana in 1986 and has since grown into the largest retailer in Southern Africa, outside of South Africa, with 11 388 employees (10 289 Choppies, 1 099 Kamoso) in 287 stores (185 grocery retail, 75 liquor stores, 27 hardware stores) across Botswana, Namibia, Zambia and Zimbabwe with 10 distribution centres and a market capitalisation of BWP949 million. In 2023 Choppies diversified with the Kamoso acquisition adding liquor stores, hardware retailers, milling production and distribution, grain packaging operations, a tissue converting manufacturer and water bottling operations.

Choppies has a broad presence throughout Botswana and is growing its footprint in three other African countries. The Choppies brand value proposition which resonates well with our customers has been key in helping us to become a local brand of choice in each country in which we operate.

Everything we do is underpinned by a commitment to shared value which drives our approach to our people, customers, suppliers and all other stakeholders. Our team's exceptional sense of service and unfailing commitment to deliver the best customer experience has contributed to more customers choosing the Choppies brand in addition to the value and assortment we are known for.

A PEOPLE-FOCUSED BUSINESS

Choppies is the largest employer in Botswana after government and employs the largest proportion of differently abled people. Across our regions of operation, we are committed to upskilling our employees and transferring skills to the local communities with a strong focus on localisation.

Our stores provide employment on both a full time and part time basis providing local communities with varied employment opportunities. We also boast 51% female employment.

CUSTOMER-CENTRIC RETAIL OFFERING

We strive to bring modern retail to all, offering a product range that provides our customers with choice at the price they can afford. We aspire to be the preferred retailer in each region we serve and are growing the business by opening stores that reflect the changing habits and needs of our customers and which will help bring new customers and communities into the Choppies family.

We take pleasure in offering customers and communities in Southern Africa great value for money and a pleasant, modern shopping experience. Food, groceries, tobacco, beauty, and other general commodities, as well as value-added financial services, are all part of our product offering. Since many of our locations are in small rural towns, we have a wide choice of private label Choppies items as well as well-known brand products to suit any budget.

While we have strong and resilient brands, affordability is a growing constraint for consumers. This is why we continuously review our service offering to satisfy the needs of our growing number of higher and middle-income consumers while being able to efficiently service our lower-to-middle-income shoppers.

WORKING TOGETHER WITH OUR SUPPLIERS

We provide smaller suppliers with the opportunity to formalise their business and we also support over 5 100 farmers across all four operating countries ensuring we purchase most of the local produce. We work closely with suppliers and serve as a route to market. If we can carry a product in our stores, local manufacturers can invest in producing the item which in turn helps drive further industrialisation in the countries in which we operate.

Suppliers' portal

All significant purchase orders are routed through the suppliers' portal, eliminating paper and automating the process. Our suppliers prefer this, as they are in control (allowing them to download the purchase orders, at their convenience). We are continuously looking to add new features to the portal.

WHO WE ARE continued

KEY FACTS

Contributions per country (%)

BOTSWANA

Revenue (Choppies) 58%	FY24 revenue **BWP5 141 million**	
	6 767 Number of employees	
	4 New stores	**103** Number of stores

REST OF AFRICA

Revenue (Choppies) 28%	FY24 revenue **BWP2 457 million**	
	3 522 Number of employees	
	4 New stores	**82** Number of stores

KAMOSO

Revenue 14%	FY24 revenue **BWP1 289 million**
	1 099 Number of employees
	5 Number of manufacturing/grain packaging operations
	102 Number of retail stores

Stores per country

Grocery retail

Botswana	Namibia	Zambia	Zimbabwe	Total
103 stores (2023: 99)	**20** stores (2023: 14)	**32** stores (2023: 31)	**30** stores (2023: 33)	**185** stores (2023: 177)

Kamoso		Total
75 stores Liquorama	**27** stores Builders Mart	**102** stores

Fleet

Botswana	Namibia	Zambia	Zimbabwe	Kamoso	Total
435 fleet (2023: 421)	**22** fleet (2023: 11)	**34** fleet (2023: 21)	**61** fleet (2023: 61)	**130** fleet	**682** (2023: 514)

WHO WE ARE continued

ACCELERATING GROWTH LEVERAGING TECHNOLOGY

In 2023 Choppies launched its digital transformation strategy, QuantumRetail, aimed at modernising our technology infrastructure to drive sustainable business growth. By positioning technology as the fifth factor of production – alongside capital, entrepreneurship, labour and property, we are optimising data to stay ahead of evolving customer expectations and respond dynamically to a changing operating environment. This strategy embraces emerging technologies like blockchain, AI, and cloud computing to enhance efficiency and improve performance; moving away from outdated, slow traditional models. Further, we align business performance with investment appetite, while carefully managing the total cost of ownership.

Our vision is to transition into a paperless retail organisation, fully leverage our data, accelerate omnichannel commerce, and expand into digitised financial services. By using ABCDI technologies – AI, blockchain, cloud, data, and the Internet of Things – we aim to transform not only customer experiences but also the experiences of our suppliers and partners. A central component of this transformation is a shift in our company culture, towards being tech native, supported by personnel training and process improvements.

We are in the early foundational stages of a three-step process. This includes implementing new software, making process adjustments, and ultimately fostering a culture that embraces data-driven decision-making. A cornerstone of this transformation is the application of advanced data analytics to understand our customers better, while closely collaborating with our suppliers and other key stakeholders.

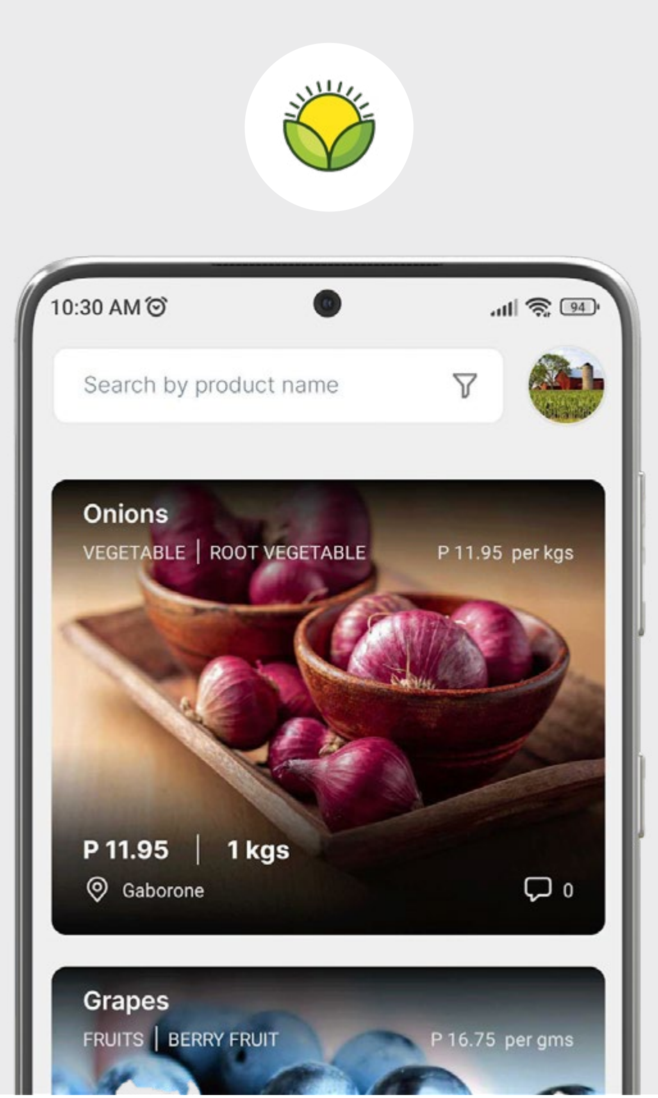
One of our key initiatives was the successful deployment of Slimstock, an inventory optimisation application. The benefits of the rollout in Botswana are already evident and it is being launched in Namibia and Zambia.

Additionally, we have launched innovative solutions such as:

- **Fruit and Veg – Farmers' app** – which helps small medium and micro-scale farmers discover buyers for their produce, and currently has 75 users. We are exploring ways to reduce data costs to make the app more accessible, including the development of low-data-intensive features
- **Suppliers' portal** – Over 90% of purchase orders are now processed centrally via our suppliers' portal, eliminating the need for paper-based processes. This digital transition offers greater flexibility, reducing confusion and improving efficiency for all parties involved.

Further, Choppies recently introduced **Payzana**, a digital wallet that enables customers to top up the wallet, pay for utilities, send money to others and make groceries purchases or cash withdrawals at Choppies stores. This is a step towards improving financial access and speaks to our commitment to reducing the payment friction and offering greater convenience.

Looking ahead, our digital transformation journey is far from over. We have a robust pipeline of initiatives aimed at fostering agility, embracing technological advancements (both software and hardware), and further empowering our employees. A key focus is on deepening our understanding of our suppliers and customers. By leveraging advanced data analytics and real-time insights, we aim to strengthen relationships with our suppliers, ensuring more efficient collaborations, while tailoring our offerings to meet the evolving needs of our customers more effectively. Ultimately, we aspire to drive down costs, enrich the community, and continue giving back as we grow.



WHO WE ARE continued

MEETING OUR CUSTOMERS' NEEDS

556	353	19	186
own-label housebrand SKUs	housebrand food products	new housebrands launched	confined brands

Housebrands and confined brands

The Choppies housebrands offer consumers product quality and value for money at an affordable price. This enables us to maintain certain price points and ensure our customers can afford to buy their essentials. In developing our housebrands we focus on pricing, quality, affordability and availability.

Our own label products contribute 22% to the business. Housebrand food products are the most favoured within the community stemming from the confidence and brand trust built by Choppies. Consistent supply of housebrands is our priority with the majority of them produced locally. Consumer trust and loyalty in the brand is evident in the volume of products sold.

Alongside our housebrand we have also developed a number of confined brands, which enable us to provide more value to consumers and provide a competitive edge. Our skin care brand Lumo continues to be popular and we launched one more additional Lumo product during the year. We aim to continuously introduce new confined brands and products to meet customers' needs and introduced a new frozen chicken brand – DI KOKO – and a detergent brand "Nino" during the year.

Enhancing the shopping experience

The consumer count has improved 17.8% over the past year with a footfall of 9.3 million shoppers per month across Choppies stores. This has been driven by a number of surprise promotional events which we conducted in partnership with our suppliers. These were run both in store and electronically and were underpinned by our continuous commitment to providing consumers with good value for money.

Our new Slimstock replenishment system also ensured fully stocked shelves at all times. Our improved supplier engagement with other regions including globally has seen new brands in shoppers' baskets. This provided our customers with good value and a wider selection.

Engaging customers

The past year was an important one for us as we celebrated 20 years of the Choppies Bonanza competition. We started the Choppies Big Birthday Bonanza in 2003 to show appreciation for our customers' unwavering support and loyalty and we have since extended the competition to all the countries in which we operate. This has been the biggest competition in Botswana with 200 lucky customers walking away with brand new cars since 2003. We do this because we are delighted and honoured that at least 188 million customers choose to walk through our doors every year and choose Choppies as their preferred retail store of choice.

Not only is the bonanza a great competition, but it is also our way of fulfilling our role of being a responsible corporate citizen by giving back to our communities. This was also extended to our staff members who have also walked away with cash prizes throughout the years.

INVESTMENT CASE

- **Market-leading** and **strong** brand
- **Largest private** employer in Botswana
- Significant **market share** in regions in which **we operate**
- **Strong private** label brand
- Economic **value** creation
- **Customer** and **shared-value** approach
- **Political** and **economic stability** in largest market
- **Return on capital** exceeds WACC
- **Optimised distribution** infrastructure and strong operational expertise
- Broad **consumer market** serving all income groups
- **Strong supplier** relationships supporting a **sustainable food** system
- **Diversified earnings** in terms of product categories and **currency earnings**
- **Digital journey** started for paperless retail
- Relentless **focus on product** and service improvement.

WHO WE ARE continued

TIMELINE

1986 Choppies established; **Wayside Supermarket** opened

1993 Opening of the **second store**

1999 Opened **first store** in **Gaborone** – Friendly Grocer

2003 **Choppies' retail brand consolidated and evolved**

2008
Choppies commenced operation in **South Africa**, **first store** opened

2012 Listing on the **BSE**

2013 Choppies commenced operations in **Zimbabwe**

2014 Opening of **distribution centres** in **South Africa** and **Zimbabwe**

2015 **Secondary** listing on the **JSE**

2016 Choppies introduced in **Zambia** and **Kenya**

2017
Opening of stores in **Tanzania** and **Mozambique**

2019
September – **new Board** formed

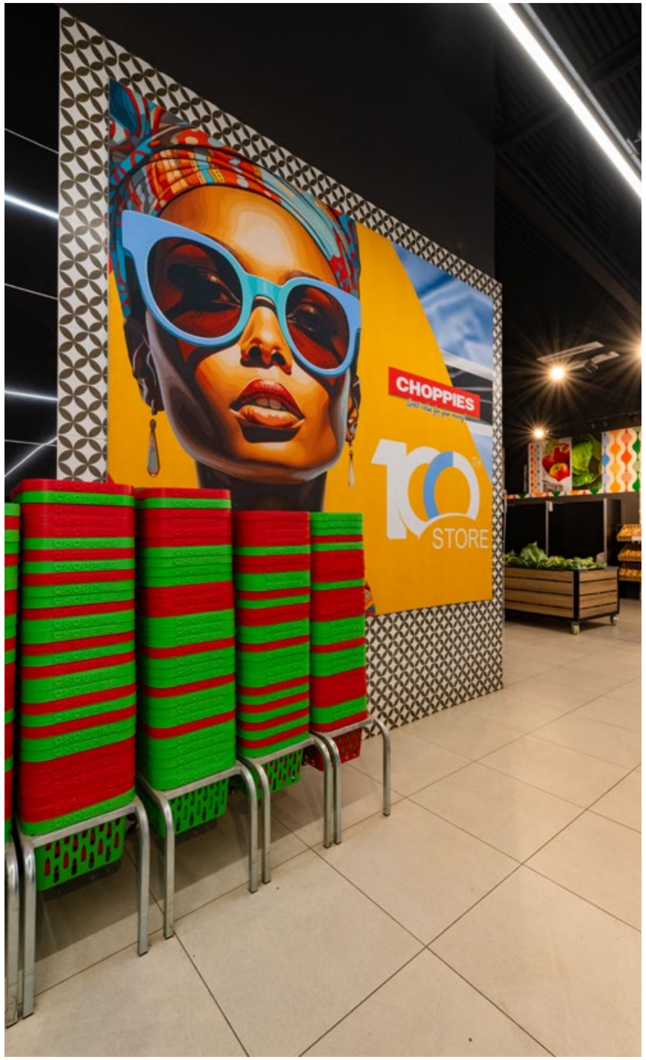
2020 **Divestment** from South Africa, Mozambique, Kenya and Tanzania

2022 **All countries** in Rest of Africa segment post-**EBITDA** profit

2023 Acquired **76%** stake in Kamoso Africa

2024
100th store milestone in Botswana

Successfully disposed of stake in Mediland Health Care Distributors



WHAT WE OFFER

Choppies has a total of **287 stores** under seven formats located in four different countries. Our stores are visited by an estimated **2.5 million customers** on a weekly basis.

Our aim is to cater to a diverse spectrum of customers in southern Africa, from low- and middle-income families to the wealthiest families. Our supermarkets, as well as convenient On the Go format, provide a selection of groceries, as well as a focused variety of general products, and value-added services. We also offer a number of financial services through the Monyglob brand. Through our new acquisition of Kamoso, we now also offer liquor and hardware. The acquisition has further added milling and tissue conversion as well as grain packaging operations.

Our approach to doing business enables us to address the socio-economic difficulties facing our customers by offering high-quality, affordable food to all customers while also creating significant job and economic opportunities throughout our value chain.

CHOPPIES GROCERY STORES

We operate across five store formats – **Choppies Hyper, Choppies Superstore, Choppies Valuestore, Hybrid and On The Go** – each providing a tailored offering to communities from lower- and middle-income families to the most affluent households.

GROCERIES

- In addition to the best international branded groceries, we have 556 SKUs of Choppies branded products ranging from fresh, frozen, canned, dry foods, snacks, ethnic specialities, health and beauty care, household as well as laundry products and toiletry products.

FRESH FRUIT AND VEGETABLES

- Good quality fresh fruits and vegetables sourced directly from market and farmers in Botswana, Namibia, Zambia and Zimbabwe
- Fruit and vegetable distribution centre unique in Botswana
- Strong support from farming community enables competitive pricing and stock availability.

BAKERY

- In-store bakeries provide customers with freshly baked goods daily including bread, cakes and pastries
- Bakery offering variety according to profile of store and region.

BUTCHERY

- Fresh meat and poultry delivered daily
- Local supply arrangements with farmers and abattoir owners in all regions ensure regular and consistent supply.

TAKEAWAYS

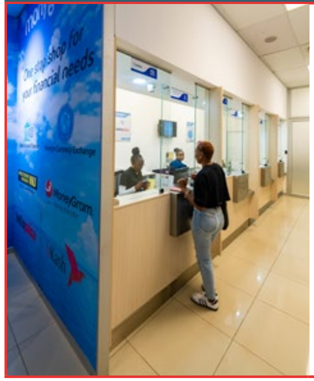
- Takeaway food offerings in all stores
- "Store-in-store takeaway" concept
- Choppies Fried Chicken
- Daily menu depending on customer profile in every location. Items include chips and curries.

CHOPPIES FRIED CHICKEN ("CFC")

- Available in 77 Choppies stores across four countries
- Included in all On The Go stores
- Plans to establish standalone stores.

WHAT WE OFFER continued

VALUE-ADDED/FINANCIAL SERVICES



- Mobile money, airtime, utilities payment, bus tickets, foreign exchange, satellite TV subscription.

CHOPPIES ON THE GO

Choppies On The Go is a convenience based joint venture at petrol station forecourts that offers 24-hour access to food and select products ranging from fresh, frozen, canned, dry foods, snacks, ethnic specialities, health and beauty care, household as well as laundry and toiletry products. We aim to open more stores at a rapid rate in various countries.

LIQUORAMA STORES

Liquorama is a liquor retail and wholesale operation offering a wide selection of alcohol products ranging from local and international beer to ciders, spirits and wines.

- High quality liquor brands which include domestic distilled spirits and imported scotch malts and a wide selection of wines sourced from vineyards in Napa Valley, Europe, Australia and South Africa
- Largest selection of beer styles along with different types of ale.

BUILDERS MART STORES

Builders Mart is a leading retailer of a range of building material and tools, hardware, plumbing materials and electrical items aimed at catering to the middle and lower middle class customer segment with a particular focus on the rural regions of Botswana.

- Builders Mart stocks its own house brand products such as paint, locks and taps
- Service delivery includes free delivery offered for products ordered within a 30-kilometre range.

OUR STORE FORMATS

CHOPPIES Hyper

"One stop shop"

- 3 000m² to 4 900m²
- 15 000 SKUs
- Spacious layout
- Urban areas
- More affluent consumers demanding greater variety.

CHOPPIES Superstore

Broad range supermarket

- 550m² to 2 300m², average 1 350m²
- Up to 12 000 SKUs
- Full supermarket offering (bakery, deli, fresh produce, financial services)
- LSM three to six customers.

CHOPPIES Valuestore

Convenience store for immediate needs

- Less than 500m², average 350m²
- 7 500 SKUs
- Based in rural areas with low levels of formal retail
- Target retail consumers in lower income brackets.

WHAT WE OFFER continued

NON-RETAIL OFFERING

Peacock Blue

Milling and packaging of maize.

Honey Guide

Milling and packaging of sorghum and mixed fowl feeds.

Ilo Industries

Packager of a number of staple foods such as rice, samp, beans and spices, flour, assorted beans, pulses and dried fruit.

RBV

Manufacturer of tissue and paper related products from virgin and recycled paper from its plants.

Real Plastic

Produces bottled water, soda water and empty plastic bottles.

WHERE WE OPERATE

- **287** stores across sub-Saharan Africa
- **103** stores in Botswana
- **20** stores in Namibia
- **32** stores in Zambia
- **30** stores in Zimbabwe
- **75** Liquorama stores in Botswana
- **27** Builders Mart stores
- **249 437m²** of grocery retail space
- **15 007m²** of liquor retail space
- **16 217m²** of builders' supply retail space

Choppies has a **flexible** business model that enables it to **operate and create value** in different regions.

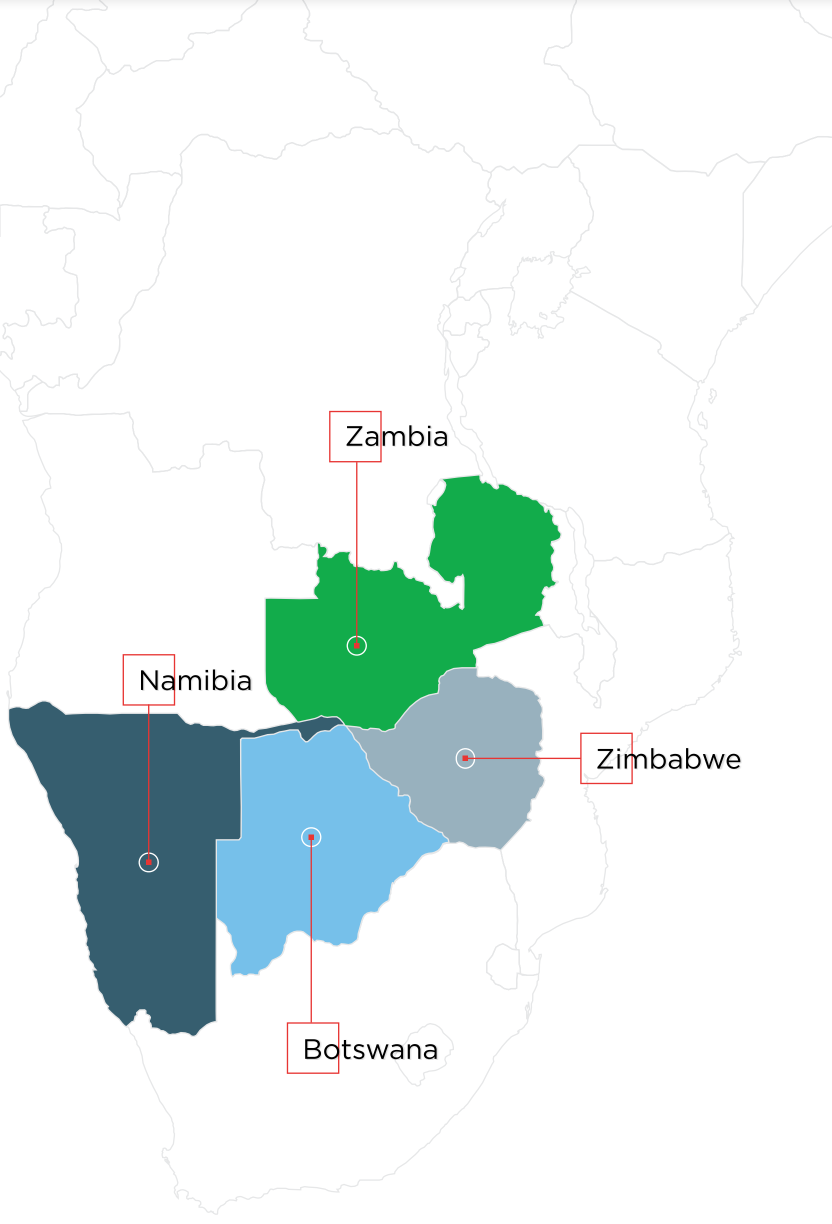
We currently hold a significant leading position in Botswana's retail sector and are the country's largest private sector employer. Increased operational flexibility, efficiency, and cost effectiveness has enabled Choppies to position itself for success across all its operations.

Our in-house logistics and distribution network is a key competitive advantage and is a driver of best value for money for our customers. The efficiency of our distribution centres enables us to provide a large product range and consistent supply of fresh, high-quality products ranging from dry foods to fresh and perishable products.

This has been further bolstered by the Kamoso acquisition which has ensured backward integration and further strengthened the supply chain with the addition of milling and tissue conversion. With the addition of our own manufacturing process we are able to avoid the middleman and add to the value chain. Not only can we cut costs but also better manage stock levels and supply. This value add is ultimately passed on to the end consumer.

Our expansion strategy is focused on growing the business by opening additional stores that match our customers' changing habits and needs, as well as bringing new customers and communities into the Choppies family and value chain. This includes conveniently positioning our stores close to where the communities we cater for live. This is all linked to our drive to provide grocery retail that is affordable and accessible.

The addition of the Kamoso group operations will further bolster this expansion. Previously Choppies Botswana was the only one of the four countries without a liquor business and was the only major grocery retailer in Botswana without a liquor business. The inclusion of the well-established Liquorama brand provides Choppies with a competitive edge and range in offering. In addition, the rapid urbanisation, which has resulted in the demand for housing and infrastructure has increased exponentially. This demand has provided Choppies an opportunity to grow the Builders Mart footprint in Botswana as well as the other countries in which it operates.



WHERE WE OPERATE continued

BOTSWANA

Number of stores (2023: 99) New stores **4**	**103**
Super (2023: 57) New stores **2**	**59**
Hyper (2023: 5) New stores **0**	**5**
Value (2023: 15) New stores **1**	**16**
On The Go (2023: 4) New stores **1**	**5**
Hybrid (2023: 18) New stores **0**	**18**
Liquorama	**75**
Builders Mart	**27**

ZAMBIA

Number of stores (2023: 31) New stores **1**	**32**
Super (2023: 30) New stores **0**	**30**
Hyper (2023: 1) New stores **0**	**1**
On The Go (2023: 0) New stores **1**	**1**

NAMIBIA

Number of stores (2023: 14) New stores **6**	**20**
Super (2023: 13) New stores **4**	**17**
Value (2023: 1) New stores **2**	**3**

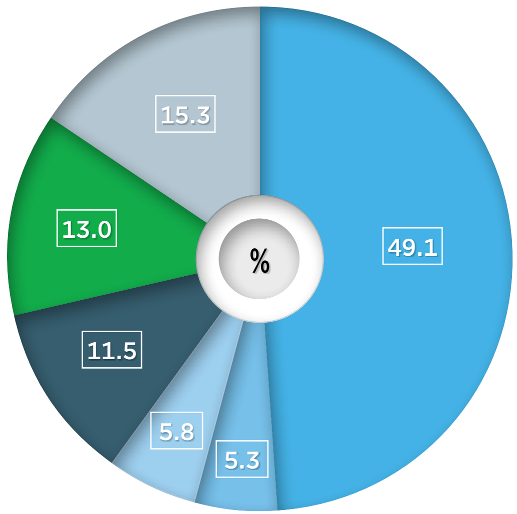
ZIMBABWE

Number of stores (2023: 33) Closed **4** New stores **1**	**30**
Super (2023: 29) Closed **4** New stores **1**	**26**
Value (2023: 4) New stores **0**	**4**

Distribution centres

	Number	m²
Botswana	5	25 319
Namibia	1	2 507
Zambia	2	3 360
Zimbabwe	2	8 096
Total	**10**	**39 282**

Store trading size (m²)



Botswana	**168 920**
Choppies	137 696
Liquorama	15 007
Builders Mart	16 217
Namibia	**32 214**
Zambia	**36 583**
Zimbabwe	**42 943**
TOTAL	280 660

Countries	4	**Value stores**	23
Store formats	7	**Hybrid stores**	18
Distribution centres	10	**On The Go**	6
Hyper stores	6	**Liquorama stores**	75
Super stores	132	**Builders Mart stores**	27

GROUP STRUCTURE

Choppies Enterprises Limited

- **Choppies Distribution Centre (Pty) Limited** – All Botswana operations – **100%**
  - Jexman Holdings (Pty) Limited – **100%**
    - Monyglob (Pty) Limited – **100%**
  - Kamoso Africa (Pty) Limited – **76%**
- **Nanavac Investments (Pvt) Limited** – All Zimbabwe operations – **100%**
  - Nestral Systems (Pvt) Limited – **100%**
- **Choppies Supermarkets Limited** – All Zambian operations – **90%**
- **Choppies Supermarket Namibia (Pty) Limited** – All Namibian operations – **93%**

OUR BOARD AND SENIOR EXECUTIVES

A Audit and risk committee | I Investment committee | ESG Environment, social and governance committee | R Remuneration and human resource committee | N Nominations committee

Directorate

Independent Non-executive Directors

Uttum Corea (77)
Chairman

FCA (SL), FCA (Bots), PIAM (Harvard)

ESG N

Appointed: 11 September 2019

Uttum served as President of the Botswana Institute of Chartered Accountants and is a former Board member of the Bank of Botswana and Botswana Insurance Holdings. He was appointed as the first Senior Partner of PricewaterhouseCoopers in Botswana after concluding a successful merger between Coopers & Lybrand and PricewaterhouseCoopers and later took office as Director General of the National Strategy Office of Botswana reporting directly to the Presidency from 2010 and served until 2019. He also served as the first Chairman of the Botswana Export Development and Investment Authority and as a founding member of the University of Botswana Foundation and the Mokolodi Wildlife Foundation.

Ranjith Priyalal De Silva (69)

ACMA (UK), FCA (Bots), FCA (SL)

A I ESG R

Appointed: 1 May 2023

Priyalal is a fellow member of the Botswana Institute of Chartered Accountants and Institute of Chartered Accountants of Sri Lanka and has an extensive amount of experience in auditing, accounting, tax planning, financial investigations, financial management and governance. He held the position of Chief Operating Officer of PwC Botswana from 1 July 2007 until his retirement on 30 June 2016 after serving PwC for 36 years (19 years as a partner). At PwC Botswana, he served a large portfolio of audit/tax clients and operated as the "Trusted Business Advisor" to a number of large privately-owned corporates.

Valentine Chitalu (60)

FCCA (UK), MPhil (UK), BACC (Zambia)

A I ESG R

Appointed: 5 August 2021

Valentine is the co-founder of Phatiswa Group, a sub-Saharan African private equity fund manager with assets under management of USD400 million. He currently holds several other Board positions in Zambia, South Africa, Australia and the United Kingdom. He is an entrepreneur with more than 15 years' experience in the private sector and has been actively involved in the development of private equity sector in both Zambia and the broader Southern African market. He has worked for CDC/Actis in London and Lusaka and was previously CEO at the Zambia Privatisation Agency.

Carol-Jean Harward (38)

BFIN, MBA, CIIA®

A I R N

Appointed: 6 September 2019

Carol-Jean is the founder of Anandi Capital, a women-owned and led alternative investment firm and a member of the HRDC Board Finance and Audit Committee as well as the HRDC Board Funding Committee. She is currently an Investment Director at Norsad Capital, an impact investor and private credit provider to mid-sized businesses in sub-Saharan Africa. Carol-Jean has served as the vice-Chairperson of the Botswana Bond Market Association and has over 16 years' experience working as an investment professional in financial institutions such as the World Bank, Barclays Bank (now Absa), African Alliance Asset Management and Investec Asset Management.

Non-executive Directors

Farouk Ismail (71)
Deputy Chairman

N

Appointed: 2004

Farouk is a seasoned entrepreneur who co-founded Choppies in 1986. At the time of opening, the store was called Wayside Supermarket and was situated in Lobatse. His unwavering resilience, vision and drive have contributed immensely to the growth of the Group over the years.

Andrew Dondo Mogajane (54)

BAdmin Honours, Management Advanced Programme, Master Public Management

Appointed: 30 August 2023

Dondo is a former Director General at the National Treasury of South Africa and is Chairman of the Board of Trustees of the South African Government Employees Pension Fund, Chairman of the New Development Bank ("BRICS Bank"), Chief Executive Officer of the Moti Group of Companies, and Board Member of Chapter Zero Southern Africa and V&A Waterfront Holdings.

OUR BOARD AND SENIOR EXECUTIVES continued

Executive Director

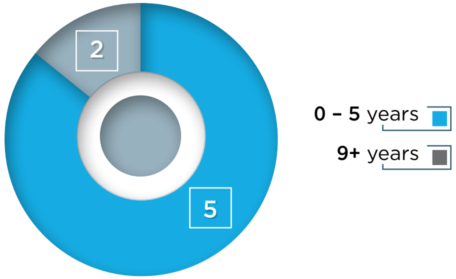
Ramachandran (Ram) Ottapathu (61)
Chief Executive Officer

BCom, CA (ICAI), FCA (Bots)
Appointed: 2004

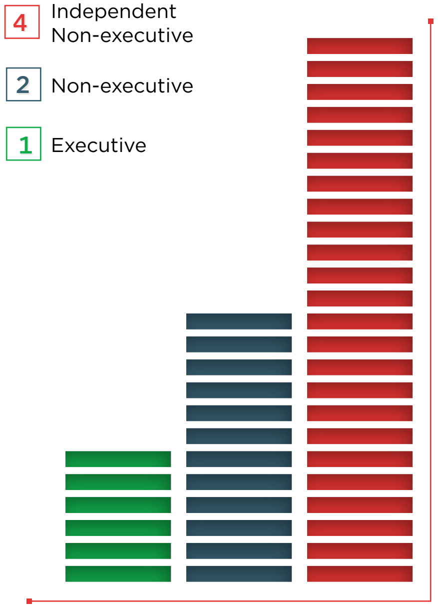
Ramachandran is a fellow member of the Institute of Chartered Accountants of India and fellow member of the Botswana Institute of Chartered Accountants. He has played a key role in the growth of Choppies both in the local Botswana market and in the international market having joined Choppies in 1992 and has been heading operations since 2000. He has over 35 years' experience working in finance and operations in various sectors such as manufacturing, packaging, milling, real estate developments and medical distribution.

Board diversity

Board tenure



Board independence



Senior executives

Vinod Madhavan (53)
Deputy Chief Executive Officer

PGDM (IIM-A), BTech (IIT-M)
Appointed: 15 October 2022

Vinod is a leader of multi-disciplinary and multi-cultural teams focused on delivering business outcomes, a banker with over 26 years of experience in trade, working capital finance and commercial banking. He was formerly Group Head Trade at Standard Bank in South Africa, Global Head, Local Corporates Product, Receivables and Supply Chain Finance at Standard Chartered in Singapore and has held positions in Deutsche Bank and Citibank, spanning roles in operations, product management, sales and business head roles, living and working from Singapore, India and South Africa.

Minnesh Rajcoomar (59)
Chief Financial Officer

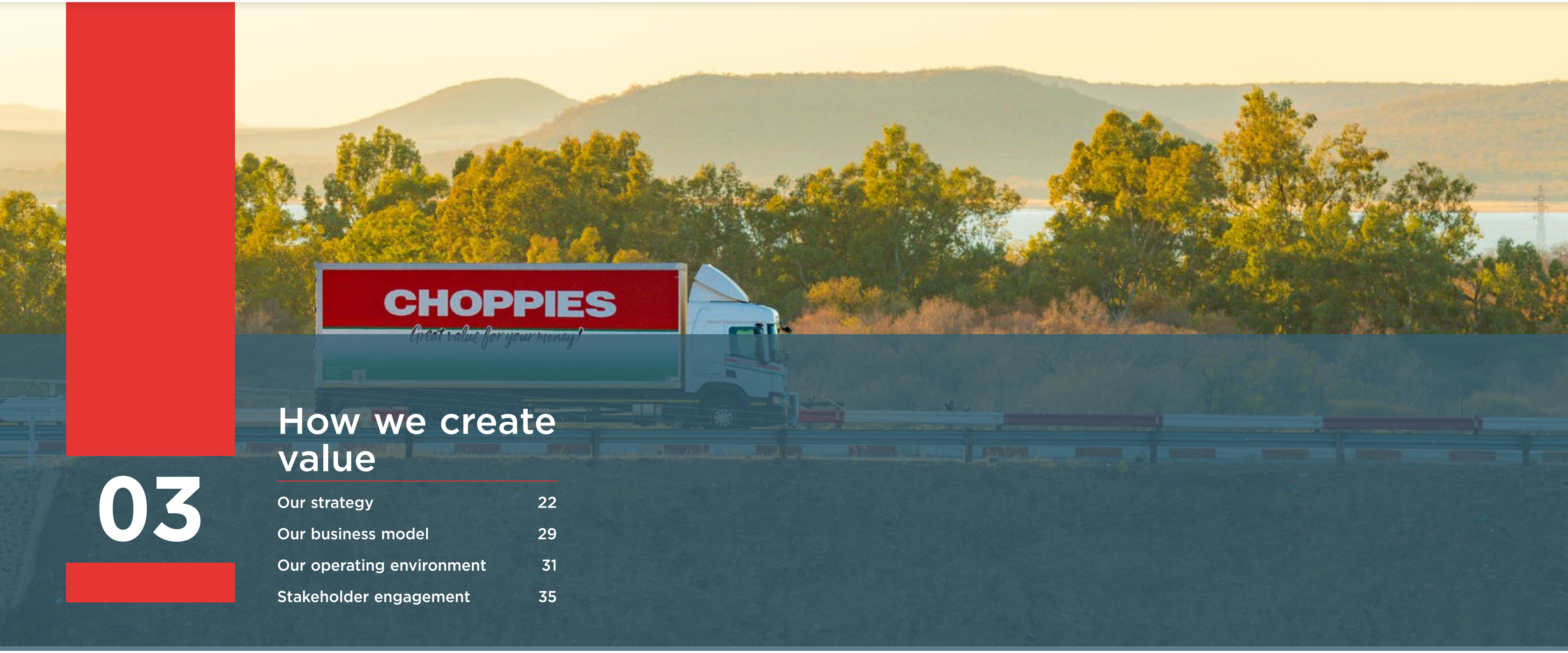
BCom (Hons), CA(SA), FCA (Bots)
Appointed: 1 May 2020

Minnesh is a fellow of the South African Institute of Chartered Accountants and of the Botswana Institute of Chartered Accountants with over 34 years' experience in accounting, finance, corporate restructuring and mergers and acquisitions. He has worked for Nampak, Edcon and has held the position of CFO at the Edgars division.

Vidya Sanooj (41)
Chief Compliance Officer/ Investor Relations

BCom, CA (ICAI), FCA (Bots)
Appointed: 19 December 2006

Vidya serves on a number of Boards, for both listed and unlisted companies. She is a fellow of the Institute of Chartered Accountants of India and of the Botswana Institute of Chartered Accountants. She has worked in a number of divisions at Choppies Group from management of accounts, advising on the listing-road map and investor relations. She has over 18 years' experience in retail accounting, finance, corporate restructuring and merger and acquisitions.



03

How we create value

OUR STRATEGY

Our purpose

Providing great value to customers, growing together with our communities and respectfully and sustainably contributing to their wellbeing.

Vision

Being the preferred 'one stop shop' retailer for mass grocery and financial services in the countries in which we operate.

Mission

Being the preferred one-stop-shop community hub in the countries in which we operate.

Choppies has established a purpose that drives its strategic aims and interactions with all stakeholders, guided by the ideals of shared value and conscious capitalism.

This is underpinned by Choppies' commitment to giving the best value to our customers. Our success and growth are inextricably tied to those of all of our stakeholders. We want to be known as a company that actually cares about and gives back to the communities where we do business. We cannot only fulfil our Company's goals but should also have a positive impact on all of our stakeholders by embodying this mission and forming partnerships with our communities, suppliers and employees.

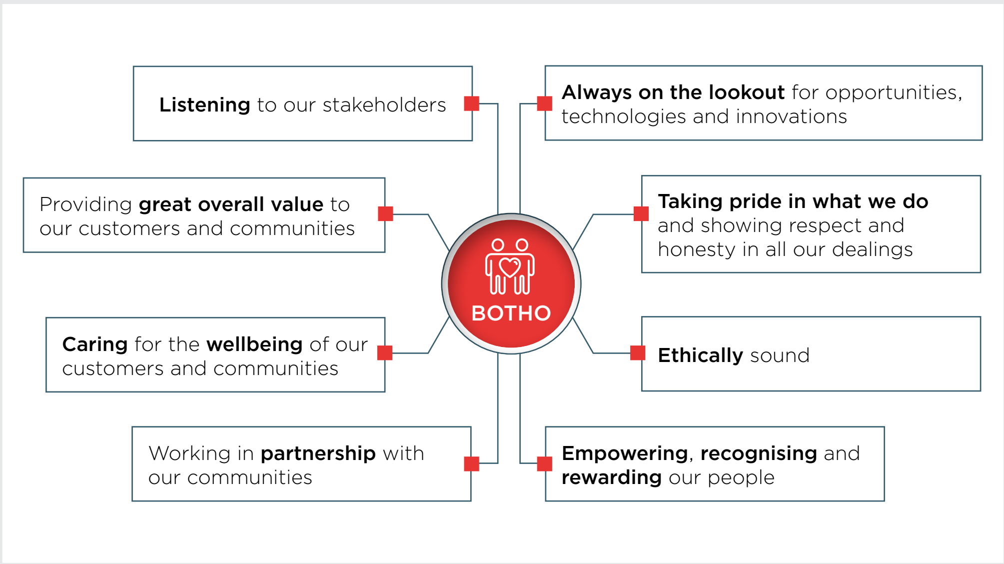
We live our purpose through three main pillars as set out below:

Access with best service	Cares and empowers	Works for and with you
Choppies provides its communities with constant access to a wide range of goods and services, as well as employment and purchasing capacity, all while providing exceptional customer service and the best overall value.	With its responsible behaviour, a retailer that cares for and empowers its communities to improve their wellbeing.	Choppies strives to improve with and for its stakeholders in order to grow together and create shared value.
• Access to large bouquet of products and services • One-stop-shop format • New opportunities for local producers to reach new markets (farmers' app) • Vast footprint reaching rural and urban communities • Best total value – fair and transparent deals • Improves inclusion in communities • Efficient services – saving time for customers.	• Long-lasting commitment to stakeholders providing support in difficult times • Respect for local culture embedded in offering • Health and safety • Committed to reducing carbon footprint • Empowers stakeholders to grow.	• Listens to stakeholders to customise offering • Informed decisions • Efficient value chain • Constantly evaluating opportunities, technologies and innovations to improve progress and efficiency • Working in partnership with local communities, suppliers, entrepreneurs and employees • Leverages capabilities and experience of various territories to improve Group-wide operations.

OUR STRATEGY continued

Our core values are derived from the concept of Botho, a Tswana word encapsulating the concept of Ubuntu or humanity and caring for the community.

CORE VALUES



CREATING SHARED VALUE

Our approach to shared value remains true to Choppies' success and purpose.

The Group has a vast distribution network particularly in Botswana with the intention that 90% of the population should be within a 10km radius of a Choppies store especially in underserved rural areas. This helps provide access to most citizens as consumers. The Group is therefore well positioned to engage in shared value projects with local communities to create economic value in a way that also creates value for society by addressing its needs and challenges.

Our commitment	Develop local businesses
What we do	• Support farmers' growth and quality by providing platforms and knowledge, while offering the necessary financial and technical expertise • Use Choppies' spare transportation capacity to help small producers reach new markets and provide the population with access to better products • Support local manufacturing and SMMEs.
Contributions/ objectives achieved	• Newly listed vegetable farmers 1 022 slightly under 25% increase from last year • More than 600 farmers supplying livestock and small stock in various parts of Botswana • 102 small stock breeders and 603 small scale manufactures introduced as suppliers • Farmers app operational with 75 active users
Targets for FY2025	• Develop the same model in all regions • Collaboration with female entertainers, entrepreneurs and suppliers.

OUR STRATEGY continued

Our commitment	Population upskilling
What we do	• Train the population throughout the country in both basic skills and crafts that can be used to accelerate the productivity of Choppies' employees • Partner with universities to provide advanced courses on critical areas for retail such as information technology and retail management.
Contributions/ objectives achieved	• 1 139 staff members completed training • 50 graduates trained in the Choppies Graduates Trainee programme • Sponsored post-graduate studies in India – Training programme extended to Liquorama and currently has 45 graduates who have started the programme – 63 people with disabilities employed.
Targets for FY2025	• Develop the same model in all regions • Continued active training programmes in Namibia, Zambia and Zimbabwe in addition to Botswana.

Our commitment	Care for the environment
What we do	• Develop distributed energy facilities using the stores' roofs and waste that provide energy directly to Choppies and to the community as well as the grid • Collect, separate and recycle own waste generated from food, packaging, and others as well as collect from the population and farmers to transport to own or third-party recycling plants or feed local biomass plants.
Contributions/ objectives achieved	• Solar installation completed in 12 stores in Namibia and the installation at a further three stores is ongoing and one further store is in the pipeline • Botswana solar installation at F&V distribution centre completed • Eight stores in Botswana running a pilot water recovery system • All stores in Botswana have been converted to energy saving LED lights • 99% of island freezers converted to less energy consuming self-contained fridges • Waste segregation is practiced in all stores. For more information please see page 64.
Targets for FY2025	• Green and renewable energy in countries we operate in • Setting of an environmental impact baseline to measure against in the coming year.

OUR STRATEGY continued

Our commitment	Population access
What we do	• In association with the Airborne Lifeline Foundation, we provide transportation facilities for doctors and other health professionals for healthcare visits to remote parts of the country • Further develop the financial services provided at Choppies stores, broadening its variety (insurance, personal loans) and improving convenience.
Contributions/ objectives achieved	• Hello Paisa and Malaicha platforms fully operational • Botswana in store pension distribution ongoing • Payzana E-wallet introduced.
Targets for FY2025	• Expanding financial services in all other regions in which we operate.

CHOPPIES CURRENT FIVE-YEAR STRATEGY

Strategy		Status for FY2024
Debt reduction	The reduction of the Group's accumulated debt, in terms of the debt reduction agreement with lenders, is a key strategic objective for at least the next three years and has been prioritised before cash outflows for growth aspirations.	Ongoing
Profitable growth strategy	The Group's growth strategy is based on a four-pronged approach: • Growth of the existing traditional business of mainly groceries • Expand the in-store offering by focusing on fresh and value-added products • Continue to expand the quasi banking/financial and other services • Expand the store footprint in profitable regions in which the Group operates.	Ongoing
Creating shared value	The Group remains well positioned to engage in shared value projects with local communities to create value by addressing consumer needs and challenges.	Ongoing
Operational excellence	Operational excellence is a key part of the Group's strategy to be successful and to deliver maximum performance and grow optimally.	Ongoing
Enhance performance culture	Choppies has identified the importance of a workforce who is dedicated to their work and determined to get results.	Ongoing
Eliminate negative equity of the Group	The main reason for the Group's negative equity situation was the losses incurred and closure costs for the now discontinued operations in South Africa, Kenya, Tanzania, and Mozambique. The profitability of recent years, together with the rights issue in June 2023 which raised BWP300 million, resulted in the negative equity being eliminated.	Achieved

Achieved

Ongoing

OUR STRATEGY continued

The Group's strategy is established around six strategic pillars which are designed to ensure sustainable growth in the long term and value creation for shareholders.

1. Debt reduction

The reduction of the Group's accumulated debt, in terms of the debt reduction agreement with lenders, is a key strategic objective for at least the next three years and has been prioritised before cash outflows for growth aspirations.

ACHIEVED IN FY2024

- The Group's total net non-IFRS 16 debt reduced from last year's BWP289 million to BWP287 million this year, despite taking on the Kamoso net non-IFRS 16 debt of BWP190 million.

TARGET MOVING FORWARD

Debt reduction to optimum level by 2026.

2. Profitable growth strategy

The Group's growth strategy is based on a four-pronged approach:

1. **Growth** of the existing traditional business of mainly groceries
2. **Expand** the in-store offering by focusing on fresh and value-added products.
3. **Continue to expand** the quasi banking/ financial and other services.
4. **Expand** the store **footprint** in profitable regions in which the Group operates.

Strategic objective	Status in FY2024	Target moving forward
Organic growth		
Increase housebrands/private label	22% of participating categories in Botswana and 16% for Group's sales	23%
Expand fresh, healthy, and value-added categories	2% increase in contribution except from fruit and vegetables	Maintain the same
Broaden range of financial and other services offerings	Ongoing	Replicate the same in all regions
Promote online services	Development ongoing	Ongoing
Optimise store formats	Store profiling completed	Ranging exercise ongoing
Expansion		
Continue slow and managed expansion in profitable regions		
Expand high performing stores while exiting underperforming stores	**Botswana:** Four new stores **Namibia:** Six new stores **Zambia:** One new store **Zimbabwe:** One new store Ongoing re-assessment of store viability as leases expire	**Botswana:** 12 new stores **Namibia:** Six new stores **Zambia:** 12 new stores

OUR STRATEGY continued

3. Creating shared value

True to its purpose and central to Choppies' success is its approach to shared value. The Group has a vast distribution network, particularly in Botswana, and intends to have 90% of the population within a 10km radius of a Choppies store especially in underserved rural areas.

The Group remains well positioned to engage in shared value projects with local communities to create value by addressing consumer needs and challenges.

Choppies sells more than 75% of all fresh produce in Botswana and continuously seeks opportunities to partner with farmers for bulk crop buying agreements to benefit the Group, farmers and customers.

ACHIEVED IN FY2024

- Introduced as suppliers: local women association as prepared food suppliers
- 102 small stock breeders
- 603 small scale manufacturers
- More than 5 100 registered farmers
- Partnered with more than 600 farmers for the supply of livestock and small stock
- 63 people with disabilities employed
- Financial support to unemployed women artists.

TARGET MOVING FORWARD

Develop the same model in all regions.

4. Operational excellence

It is imperative that Choppies keeps up to date with continuous changes in a fast-moving retail environment. Developments, especially technology, pose a challenge for any retailer to remain competitive.

Operational excellence is a key part of the Group's strategy to be successful and to deliver maximum performance and grow optimally.

Strategic objective	Status in FY2024	Target moving forward
Install a standard operating store infrastructural model throughout the Group	Operation model completed	Introduce the same model in all other regions
Focus on digital transformation	Launched Slimstock to focus on inventory optimisation and demand forecasting Introduced business intelligence and data analytics Developed concept of QuantumRetail and launched proof points such as suppliers' portal Payzana E-wallet introduced	Roll out foundational capabilities in operations Automated business processes Own and deliver on advanced data analytics (leveraging AI/ML) Leverage startups and fintech to roll out value-added services based on QuantumRetail principles
Upgrade IT infrastructure	Commenced with infrastructural changes to enhance IT performance	WAN modernisation and redundancy Desktop environment upgrade
Ongoing focus on cybersecurity	Renewed focus on cybersecurity	Review access control and enforce security measures Network segmentation to reduce vulnerability Security information and event management solution
Implement a system for stock optimisation and demand forecasting	Project completed in Botswana	Soon to be implemented in other countries
Customer service	Implemented mystery shopper to judge levels of customer service	Currently scoring 60–70%, target is 80–90% customer satisfaction

OUR STRATEGY continued

5. Enhance performance culture

To build and enhance a performance culture in the Group is essential to remain successful. Choppies has identified the importance of a workforce who is dedicated to their work and determined to get results. In addition, employing high-achieving employees will lead to greater business success.

The following initiatives have been identified:

Strategic objective	Status in FY2024	Target moving forward
Continue to strengthen the Group's management team	Head of bakery, butchery, takeaway and CFC appointed	Ongoing
Introduce performance based short and long-term incentive schemes	Both STI and LTI schemes in place	Enhance both schemes as required to meet future needs to drive business
Upskill HR department to train employees to keep abreast of fast-moving technology and new retail concepts	1 139 staff members completed training 50 graduates trained in the Choppies Graduates Trainee programme	Further training for regional managers and other staff and digitalisation of training
Enhance Group values among employees	Communication and training ongoing	New standard operating procedure implementation and digitalisation of training

6. Eliminate negative equity of the Group

The main reason for the Group's negative equity situation was the losses incurred and closure costs of BWP1.7 billion for the discontinued operations in South Africa, Kenya, Tanzania, and Mozambique. The profitability of recent years, together with the rights issue in June 2023 which raised BWP300 million, resulted in the negative equity being eliminated.

OUR BUSINESS MODEL

The Group's business model as a food retailer consists of acquiring goods via a **productive domestic and global supply chain** and reselling them to customers via a chain of **retail locations.**

Through the efficient and balanced use of our capitals as defined by the International Integrated Reporting Council's Framework, we have been able to achieve our strategic objectives for the period under review, as demonstrated by our business model, which also explains how we create long-term sustainable value for our stakeholders.

CAPITALS	INPUTS	OUTPUTS
FC – Financial capital Funding received from providers of capital and the financial resources available to the Group	• BWP287 million of borrowings • BWP1 225 million of unsecured, interest free current liabilities.	• Group EBITDA increased by 33.2% • The Group's total net non-IFRS 16 debt reduced from last year's BWP289 million to BWP287 million this year, despite taking on the Kamoso net non-IFRS 16 debt of BWP190 million • Non-IFRS 16 interest paid at BWP42 million, down from last year's BWP51 million • Market capitalisation at BWP949 million.
HC – Human capital Employee skills, capabilities, development and experience	• 10 289 full-time employees (Choppies) • 1 099 full-time employees (Kamoso) • Management expertise and skills • Well-trained employees.	• We provided jobs for 1 610 (including Kamoso acquisition) new employees and provide a living for 11 388 employees and their families • Commitment to providing living wage • Salaries paid of BWP606 million across the four countries • Economic upliftment • Socio-economic development • Skills transfer to local communities.
IC – Intellectual capital Skills and knowledge within the organisation and the enabling systems and processes	• Strong brand equity • Growing own brand offer and product development: private label items are available in almost every food and non-food category, fresh, frozen, canned, dry foods, snacks, ethnic specialities, health and beauty care, household as well as laundry products • Sophisticated IT systems • Data analytics to respond to shopper needs.	• Affordable and fresh groceries in underserviced urban, semi-urban and rural areas • Great value for money for consumers • Unique merchandise, distribution systems • Farmers' app • Footfall up 17.8%, up 12.3% excluding Kamoso, and up 24.0% excluding Zimbabwe.
MC – Manufactured capital We use physical infrastructure within our operations that includes our store estate, distribution capacity, and information technology platforms	• 185 grocery stores • Four support offices • 10 distribution centres • A strong and well spread-out transport infrastructure in all countries • In-house supply chain with regionalised distribution centres • Valued partnerships with transport logistics providers and own transport fleet • Milling production • Tissue conversion • Grain packing unit.	• In-house maintenance services • Master database management and contracts with technology services providing for systems support • Long-term alternate solar energy planning • Waste management.
NC – Natural capital Environmental resources used in our direct operations and in our supply chain which impact on our prosperity and sustainability	• Restrained, appropriate carbon footprint • Prudent consumption of resources: water, electricity • Eco-friendly refrigeration • Conscious focus on use of recyclable material • Minimising food wastage.	• Recycling • Solar installation at 12 stores in Namibia and one distribution centre in Botswana • 58 463 919kWh grid electricity used in Botswana • 180 782 kilolitres of water used in Botswana.
SRC – Social and relationship capital The relationships we have with our stakeholders, including our customers, suppliers, business partners, communities, and other stakeholders	• Customer-led long-term strategy with market research • Meaningful corporate social investment programme • Strong platforms for stakeholder engagement • Strong relationships with customers, suppliers, funders, communities and government • Support for farmers and local SMMEs.	• Business support for local suppliers and landlords – 75% of fresh produce in Botswana is distributed through Choppies • Choppies supports small-scale local manufacturers • Contracted farming fund advances food security for the nation • Business support with local farmers for buying sheep and goat.

OUR BUSINESS MODEL continued

BUSINESS ACTIVITIES

Providing the best value for money, convenience and a broad service offering, including bakery, butchery, fresh fruit and vegetables, takeaways, liquor, hardware and building materials and relevant financial services in urban, semi-urban and rural areas and shopping centres, close to residential areas and transport nodes. Milling and tissue conversion as well as grain packaging operations to support the value chain.

Providing consistent quality, across all products, supported by our superior in-house distribution and logistics capabilities. Fresh fruit and vegetables are sourced direct from farms.

TRADE-OFFS

In managing the six capitals, our material trade-offs include:

- Although we value and support local suppliers and local communities, we do rely on higher levels of imported goods and services, including employment of foreign nationals for rare and critical skills
- Determining which operating segment to prioritise in our expansion plans given our limited resources
- While we have set debt reduction as a strategic goal, we may need funding and additional equity to grow the business in the existing segments, expand into other countries, acquire new businesses, and invest in information technology
- We will invest in stock-piling key grocery lines to mitigate price inflation and scarcity to keep our prices low and ensure availability for the benefit of our customers
- We have managed prices due to higher cost inflation, for the benefit of customers and to remain competitive, resulting in a lower gross profit margin, although our longer-term plans are to improve the gross profit margin
- We are planning to embark on an update of most of our systems including a digital journey for a paperless business, all of which may result in a leaner support team in the medium term.

ADVANCING OUR BUSINESS MODEL DURING THE YEAR

- Providing technical and financial support to farmers to ease their adaptation to offer fruits, vegetables and meat that fulfil the requirements of the sophisticated consumer
- Improving displays of fresh produce to foster consumption of natural and healthy products and generating pride around the supply of local products
- Improving cold chain logistics to reduce waste and use residues as biomass that can transform into energy
- Focus on sustainable products with local produce, organic produce, fresh fruits and locally grown vegetables (using hydroponics), vegan and plant-based alternatives, among others
- Adding more services to the financial services offering including Payzana app for till point payments
- Focus on convenience with Choppies On The Go at filling stations.

OUR OPERATING ENVIRONMENT

Choppies services a broad range of customers and we therefore strive to better understand what drives our consumers' spending patterns. We use these insights to formulate responses that will help us play a role in actively alleviating any potential buying pressures our customers may be facing.

Botswana

Market overview

Real GDP growth in Botswana is expected to grow by 1% in 2024 according to new data from the IMF, from an estimated 2.7% in 2023. The economy remains heavily reliant on the mining sector. Diamond prices are set to rebound from a sharp drop due to a global oversupply caused by falling demand in key markets.

Stable energy prices will see inflation fall, boosting private consumption which is seen to be positive and is expected to increase over 2024, although at a much slower rate compared to 2023. Inflation fell to 2.9% in April 2024, which will prompt the Bank of Botswana to maintain a loose monetary policy stance in order to stimulate economic growth. This will reduce household exposure to elevated debt-servicing costs over 2024 and support stronger purchasing power.

Household spending is expected to grow by 4.7% in 2024 which is substantially above pre-Covid levels. Strong economic growth and declining rates of debt servicing and unemployment are set to additionally boost consumer activity. Slower and more controlled inflation will limit pressure on household incomes, supporting consumer spending, while reducing the likelihood of aggressive monetary tightening.

How we are responding

- Showed strong growth in an increasingly challenging economic environment with sales up 13.6% and like-for-like sales growth at 10.6%
- Retail sales increased to BWP5 078 million (2023: BWP4 470 million) supported by volume growth of 10.1% and price inflation of 3.1%
- Good in-store execution and improved customer engagement
- Well-developed and executed inventory optimisation system
- Our 20th Big Birthday Bonanza was an incredible success, which helped drive customers into the stores and improve engagement.

OUR OPERATING ENVIRONMENT continued

Namibia

Market overview

Real GDP growth in Namibia is expected to slow to 4.0% in 2024, from 4.2% in 2023 despite strong expansion of 4.7% in Q1 2024 due to the mining and quarrying sector, which includes oil and gas exploration activities.

Falling farmer incomes and high interest rates are forecast to severely impact private consumption. Maize output from Namibia's May to June 2024 harvest is expected to equal half year levels due to severe drought across Southern Africa. This will impact overall household purchasing power as the agricultural sector employs 22.0% of the workforce. Private consumption will rise by just 1.1%, adding 1.0% to GDP growth.

The Bank of Namibia policy rate remains at the highest level since April 2009 at 7.75% but there is an expectation that the bank will lower it by 25 basis points to 7.50% in Q4 of 2024. This will provide limited relief for consumers and mortgage holders' disposable incomes. Rising government spending and strong investment growth will provide relief in the short to medium term.

How we are responding

- Namibia experienced sales growth of 39.1% and like-for-like sales growth of 25.5%
- Six new stores opened despite elevated competition from both retailers and wholesalers.

OUR OPERATING ENVIRONMENT continued

Zambia

Market overview

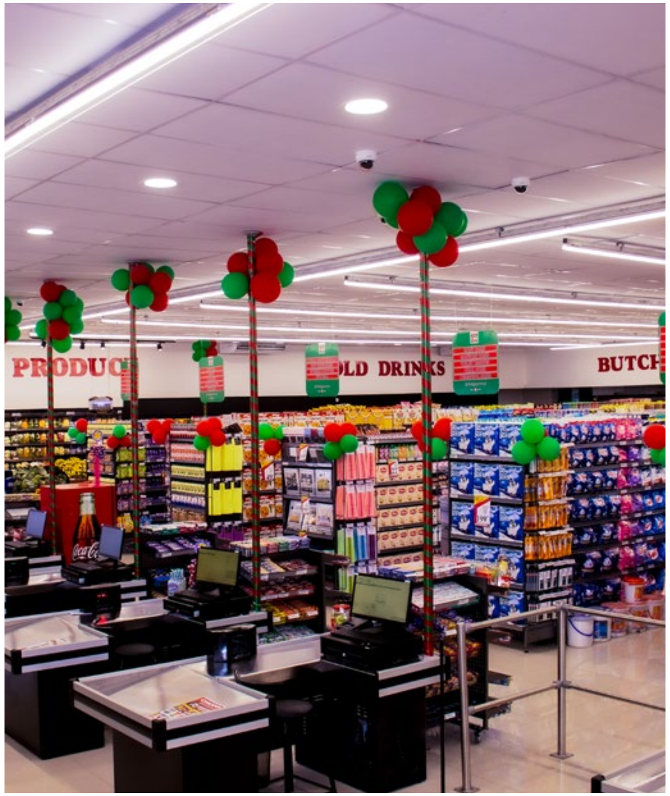
Real GDP growth in Zambia will decelerate to 4.7% in 2024, following stronger-than-expected growth of 5.8% in 2023 due to drought conditions as the economy remains closely tied to agriculture. Persistent drought conditions will also force the government to allocate more resources for relief, specifically to the Food Reserve Agency and the Farmer Input support programme. Low rainfall has led to widespread crop failures which has pushed domestic corn prices to record levels. Additionally, the low rainfall could also see water levels at the Kariba hydroelectric power plant fall to critical levels, increasing the likelihood of constant power outages.

Though the Bank of Zambia's aggressive monetary tightening cycle is beginning to pay off, inflation is expected to average 11.9% up from 10.9% in 2023. Inflationary pressures are only expected to abate in the second half of 2024 alongside a recovery in copper mining output. High inflation will continue to exert upward pressure on the wage bill and capital spending. Private consumption will contribute 1.6% to real GDP growth, down marginally from 1.7% in 2023. Growth will be driven by robust copper production growth, lower inflation and looser monetary conditions.

The need for fiscal consolidation will limit room for public investment over the short-to-medium term, weighing on economic growth. The president's commitment to business-friendly reforms is expected to attract investment that will boost economic growth, alleviating high unemployment and income inequality.

How we are responding

- Zambia continues to perform very well with sales growth of 14.9% in Pula value equating to growth of 48.1% in Kwacha value and like-for-like sales growth of 48.0% in Kwacha value
- One new store opened.



OUR OPERATING ENVIRONMENT continued

Zimbabwe

Market overview

Real GDP growth in Zimbabwe is 1.9% in 2024, down from an estimated 5.0% in 2023, largely due to declining agricultural output, ongoing exchange rate instability and persistent power cuts. Agricultural import requirements will likely increase, weighing on net exports. Ongoing exchange rate instability and persistent power outages will dampen private consumption.

Household spending is expected to stagnate with drought conditions having proved to be more severe than previously expected. Authorities have stated that maize output for 2024 is likely to be 77% down when compared to 2023 levels. This will reduce the incomes of farmers, which make up 53% of Zimbabwe's workforce, with knock-on impacts on the economy. Information Minister Jenfan Muswere announced that 45.3% of the population will require food assistance, including in urban areas, as food supply falls and prices increase. This will squeeze household finances and room for discretionary spending. On the upside, foreign remittances are likely to remain strong, as workers abroad seek to support struggling families in Zimbabwe, propping up consumption levels. Increased purchases of food aid by non-governmental humanitarian agencies will help to buoy private consumption.

Real government consumption is expected to increase by 4.7%, adding 2.0% to GDP growth. However, this is below growth rates of 31.3% in 2022 and an estimated 5.4% in 2023, as headwinds to revenues and higher interest payments limit space to boost consumption expenditure.

How we are responding

- The Group is weighing various options in Zimbabwe given the stress it is placing on our overall performance.

STAKEHOLDER ENGAGEMENT

We recognise the important impact stakeholder engagement has on our ability to create and preserve value and the immense contribution it has on our strategic objectives. We are committed to transparent communication and effective stakeholder interactions while identifying, engaging, and creating relationships with our stakeholders.

By involving our stakeholders, we can more clearly define our business strategy, make better choices, and enhance our performance in terms of the economy, the environment, and society. As a result, we seek to comprehend the viewpoints and needs of our stakeholders, set expectations for areas of shared concern, fulfil those expectations, and keep them informed of our development.

We engage with our stakeholders through a variety of channels, including but not limited to our website, bi-annual results releases, the Integrated Annual Report, regulatory pronouncements from the BSE and JSE, one-on-one meetings, customer surveys and continuous informal engagements.

Managing relationships with our stakeholders is critical to our long-term viability and informs our business plan. We continuously assess and improve our engagement tactics.

ENGAGEMENT ENABLES US TO:

Improve our awareness of stakeholders' expectations, aspirations and interests

Strengthen the transparency and accountability through which we have built valuable relationships

Consider stakeholders' concerns and interests when establishing our material issues and strategic response

Our key stakeholders and the issues that concern them are set out below:

Customers

Key interests

- Value for money
- High product quality
- Convenience – location and trading hours
- Competitive pricing structures
- High service levels
- Availability and variety of products
- Extensive relationship building.

Main issues in FY2024

- Increase in demand of customers.
- Non-availability of vegetables (e.g. potato) during off seasons
- Serious complaints on quality of fruit and veg due to the import ban
- Drought and import ban affecting the availability of rice and maize.

Engagement

- Customer-centric business model
- Feedback from customers informs enhancement of products
- Conscious effort to meet expectations where applicable
- Continual product and service quality monitoring
- Facilitation of promotions.

Financiers

Key interests

- Effective debt reduction and management
- Compliance with various loan covenants and undertakings
- Liquidity management for solvency
- Sustainable growth
- Debt reduction.

Main issues in FY2024

- Transactional cost increase.

Engagement

- Regular meetings
- Regular tracking of finance covenants
- Repayment of loans in terms of agreed timelines.

STAKEHOLDER ENGAGEMENT continued

Suppliers

Key interests

- Building relationships to ensure business continuity
- Fair pricing, transparent negotiation and transparent agreements
- Partnership for better product development
- Clear communication of expectations
- Effective and efficient administration
- Resource efficiency (including energy, water, waste and logistics).

Main issues in FY2024

- Suppliers not prioritising delivery to Botswana
- Port congestion and rail network unavailability affecting international supplies.

Engagement

- Regular contact and maintaining close relationships
- Enterprise and supplier development initiatives
- Implementing and monitoring service level agreements
- Sound commercial contracts
- New product testing and marketing
- Product support for healthy living
- Supplier portal
- Annual group meeting and dinner.

Employees

Key interests

- Job security and fair and reasonable working hours (with certainty of hours and shifts)
- Training and development
- Safe working environment
- Competitive remuneration
- Recognition of performance
- Transparent and regular communication
- Wellness programmes and work life balance
- Sustainable Group performance
- Working for a responsible and ethical corporate citizen.

Main issues in FY2024

- Skills and career development in a safe and healthy working environment especially blue-collar employees
- Growth and empowerment opportunities.

Engagement

- Regular staff engagement and communication, both at Group and segmental levels
- Training facilitated, based on individual goals and company-specific requirements
- Staff development initiatives
- Annual appraisals
- Code of ethics
- Whistleblowing function and improved governance policies
- Training to support skills development initiatives.

Shareholders

Key interests

- Board and management stability
- Earnings and sustainable growth
- Share price performance
- Risk and mitigation strategies
- Payment of dividends
- Diversified footprint and segments
- Strong management team
- Restructuring or selling failing businesses
- Sound governance
- Expanded financial disclosure (including disclosure on key ESG concerns in line with recognised frameworks).

Main issues in FY2024

- Engagement with stakeholders.

Engagement

- Results releases
- Annual General Meeting
- Regularly updated through SENS/XNews
- Integrated Annual Report
- Trading updates
- Website updates
- Roadshows
- Site visit.

STAKEHOLDER ENGAGEMENT continued

Regulators and government

Key interests
- Timeous compliance with all relevant laws and regulations
- Transparent reporting.

Main issues in FY2024
- Compliance with regulations
- Job and economic opportunity creation.

Engagement
- Regular contact with regulator, registrar, BSE and JSE.

Communities

Key interests
- Social licence to operate
- Employment opportunities
- Environmental sustainability
- Donating to local upliftment projects
- Shared value initiatives.

Main issues in FY2024
- Communities characterised by high unemployment and relatively low-income levels
- Higher demands from society.

Engagement
- Regular review and assessment of CSI projects
- Monitoring implementation of the Group's CSI strategy and projects
- Corporate social responsibility initiatives.

Media

Key interests
- Understanding the Choppies business
- Integrity of reporting.

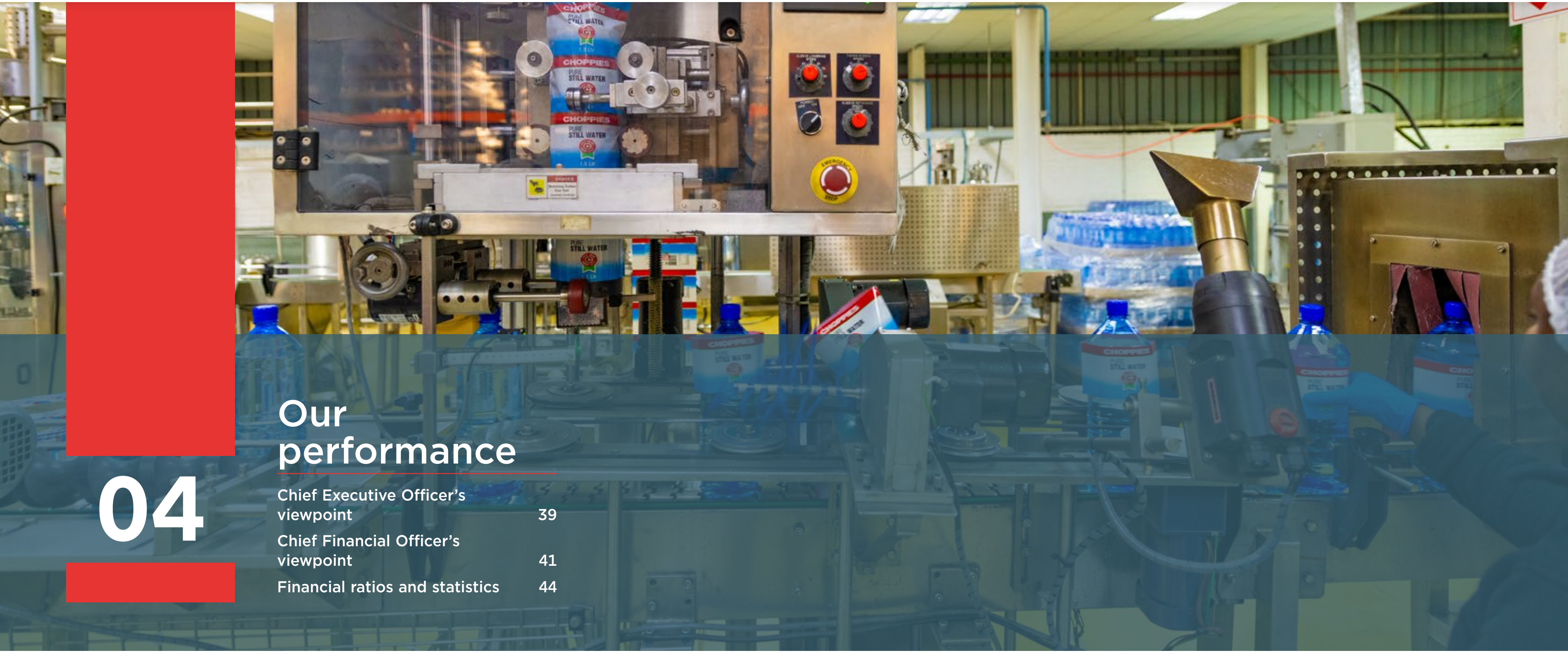
Engagement
- Circulation of press releases
- Media alerts through SENS/XNews announcements
- Specific direct engagements.

Employee representation

Key interests
- Advancing matters of mutual interest
- Change management programmes
- Partnering to effect workplace transformation.

Main issues in FY2024
- Wages, work scheduling practices for full-time and part-time employees, transportation and late trading hours (common features of the retail industry)
- Address the issues through the consultation process.

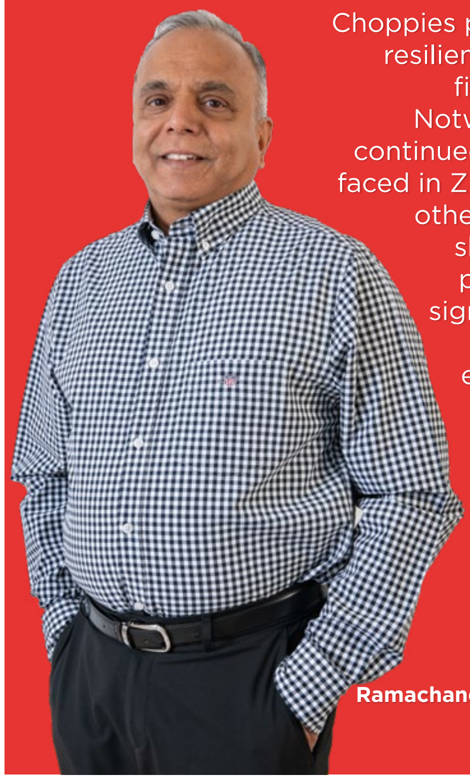
Engagement
- Regular consultation on reward and employment conditions
- Consultation on transformation
- Local economic development and corporate social investment
- Skills development.



04

Our performance

CHIEF EXECUTIVE OFFICER'S VIEWPOINT



Choppies proved to be resilient in the past financial year. Notwithstanding continued challenges faced in Zimbabwe, all other operations showed great potential and signs of growth which was encouraging.

Ramachandran Ottapathu
CEO

HIGHLIGHTS

- Stable and balanced growth with reduced debt
- Kamoso Group integration completed offering added retail offering and diversity
- Financial services gained traction.

OUR OPERATIONAL PERFORMANCE

Botswana

It has been a fairly good year with Botswana achieving double digit growth.

Our focus has been on bedding down the Kamoso acquisition. Given that approval was only received in July 2023, operations only kicked off properly in September which was soon followed by the December lull. This means we are only now seeing traction from our strategy implementation. The Kamoso business we acquired was facing its own challenges in operations and management and we sought to address these. The acquisition will add an immense amount of value to our retail offering and our aim going forward is to fully integrate and grow the business. We are happy with the improvement and traction we have seen and are very confident going forward that the business will add inherent value to shareholders.

Last year was the first year of fully adopting data in an appropriate manner to help achieve our desired business outcomes. We also rolled out applications such as the Slimstock software which focuses on the demand forecast. It has been used in Botswana for 12 months and the rollout in Namibia has already started. It will be rolled out in Zambia thereafter, allowing more suppliers to sign up.

Going forward we will be using data to track consumer trends. Basket and time analysis will be key in identifying these trends and we are currently in the process of familiarising our teams with these processes.

Botswana continues to be our largest market, and we have expanded our operations by adding four new stores in different locations to meet the increasing retail demand. In addition to our retail offering, financial services has continued to grow and is delivering commendable results.

Namibia

Namibia remains a key expansion priority. Due to various reasons we did not meet the target number of store openings for the past year. Notwithstanding, we remain confident that the number of stores we have planned to add will eventually lead to profitability in the long-term once we achieve critical mass. We opened six new stores in the past financial year and have budgeted for more expansions.

Zambia

Zambia has a good story and continues to show signs of further growth potential. We added one store and have identified several future sites. The necessary work is currently underway to get these future sites ready for operation. The businesses that are in operation demonstrated profitability notwithstanding the high inflation and weaker currency. Our outlook on the Zambian market remains positive.

Zimbabwe

The economic challenges in Zimbabwe including high inflation, high unemployment levels and a shortage of foreign currency continued to impact our operations. Due to the continued risk posed to the Group, the Company is weighing various options in Zimbabwe given the stress on the Group's financials.

ADVANCING OUR STRATEGY

We are happy with the progress we have seen regarding the implementation of our strategy and are confident that it will continue to unlock value for shareholders going forward as we have expanded our retail offering. The acquisition of the Kamoso Group contains a strategic element of liquor and hardware retail. These two retail offerings fit perfectly in our strategy of long-term segmental growth in retail. We have plans to roll out the hardware retail in Namibia and Zambia.

CHIEF EXECUTIVE OFFICER'S VIEWPOINT continued

The Kamoso Group acquisition has not only expanded our retail offering but also provided an opportunity for backward integration with milling and packaging. This provides us with additional control over our value chain, ensuring efficiencies, cost savings and steady supply. We expect to see significant growth once the business stabilises and is fully integrated. We are starting to see some light on the horizon as we move forward.

Our financial services platform Monyglob, is also doing well and we intend to grow it substantially, expanding the service offering into Namibia and Zambia.

Our On The Go format added new stores and is performing well. We have opened the first one in Zambia and are looking at more sites in the country.

Our commitment to shared value and working with communities continued to advance. We improved our relationships with farmers in Namibia and Zambia and have over 500 registered farmers in Zambia alone. We remain hopeful that Zambia and Namibia will add more value into the Group.

The long-term focus of our strategy is to reduce debt. We have exited all loss-making areas apart from Zimbabwe which is something we are currently considering. We are also looking into expansion plans throughout the Group.

DIVIDEND

We are pleased to declare our first dividend since 2017 at interims and have again declared a final dividend of 1.4 thebe per share, bringing the total dividend for the year to 3.0 thebe (2023: nil Thebe) per ordinary share.

OUR COMMITMENT TO GOVERNANCE

We have remained steadfast in our commitment to uphold good governance and continue to incorporate sustainable practices into our day-to-day operations. Our practice of good governance is guided by King IV which is embedded in our ethical culture of good corporate citizenship.

ADVANCING OUR ESG INITIATIVES

We have made good progress with our solar projects with 13 solar projects completed (12 sites in Namibia and one in Botswana) to date. We are currently in the process of signing up another six or seven sites. Our aim is to continue with the installation of solar and we hope to have 10% to 20% of our sites using solar energy by the end of 2025.

OUR PEOPLE

Our people are critical to the long-term success of the business and therefore we continue to train and upskill our staff members to ensure operational sustainability and a good overall performance of the business. Our graduate training programme and agreements with educational institutions in Botswana as well as India are instrumental in achieving this.

We are also proud to announce that we have significantly improved wages to align with the living wage. The wage bill for our blue-collar workers increased by 30% in Botswana and Zambia.

During the year we appointed a new Head of Bakery, Butchery and Home Meal Replacement.

OUTLOOK AND PROSPECTS

We are planning to expand our footprint in Botswana by strategically placing stores in areas where we currently do not have a presence, which would add beneficial value to the Group. We are also looking to strengthen the Kamoso Group's operations, as we believe this will give us good mileage in terms of revenue and profitability.

We are well on course to become a debt free and balanced organisation.

We look to continue to remain resilient as we mitigate the challenges of global inflation along with the severe drought we experienced in Botswana, Zambia and Zimbabwe. Climate change is becoming a more prevailing concern in our business and we are responding accordingly.

In Botswana, the challenge of commodity prices dropping, particularly diamonds, are a concern as it is a major driver of the economy. We look to navigate and counter these challenges by sourcing products beyond traditional suppliers at affordable transfer rates. This is also achieved through crossloads and backloads by ensuring trucks are full when delivering between countries and stores to reduce costs. Three of the countries in our portfolio are landlocked, therefore logistics is the biggest cost and we are therefore focused on optimising this.

APPRECIATION

I want to express my gratitude for the hard work and determination of our management, staff, and all who contributed to our positive results. I also thank our Board for their astute guidance and counsel. I would also like to express my gratitude to our stakeholders, clients, vendors, and farmers for their continued support and contribution to creating shared value.

Ramachandran Ottapathu

CEO

25 September 2024

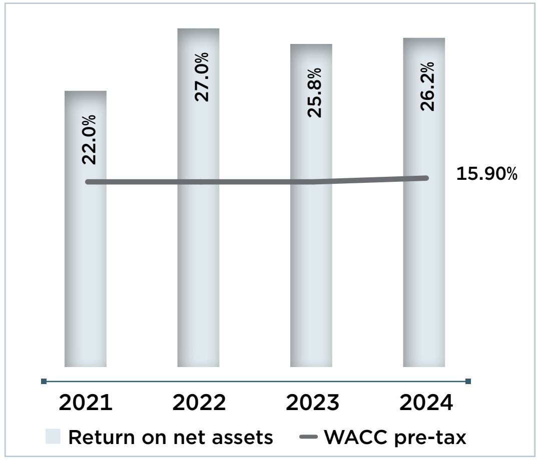
CHIEF FINANCIAL OFFICER'S VIEWPOINT

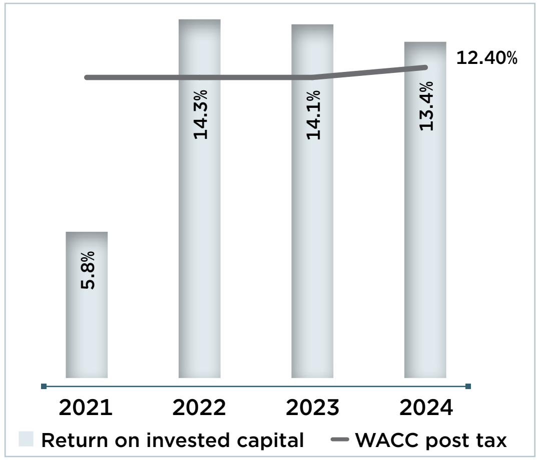
HIGHLIGHTS

- First dividend declared since 2017, marking a key milestone in the performance of the Group and the return of value add to shareholders
- The Group's total net non-IFRS 16 debt reduced from last year's BWP289 million to BWP287 million this year, despite taking on the Kamoso net non-IFRS 16 debt of BWP190 million
- Return on net assets and return on invested capital remains above the weighted average cost of capital.

SHARHOLDERS RETURNS

Our return on net assets ("RONA") at 26.2%, remains well above our pre-tax weighted average cost of capital ("WACC") of 15.9%. The current year's return is trending towards the returns achieved a decade ago during Choppies' peak share performance. Our return on invested capital ("ROIC") at 13.4% is above the WACC of 12.4%.



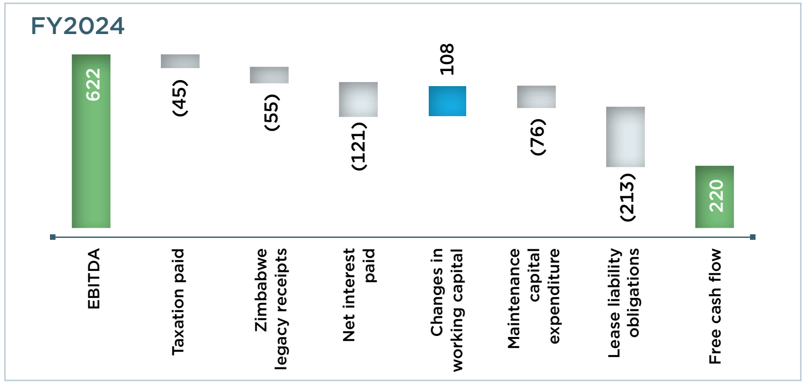


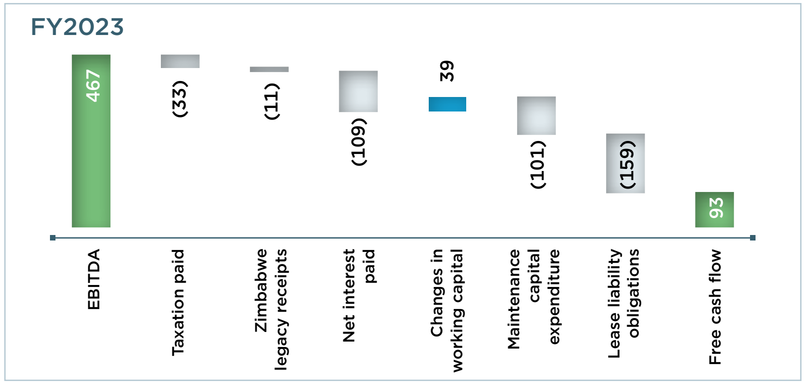
DIVIDEND

Final dividend of 1.4 thebe declared (subject to withholding tax), bringing the total dividend for the year to 3.0 thebe (2023: nil thebe) per ordinary share. The total Pula dividend for the financial year will be BWP55 million.

CASH FLOW PERFORMANCE

The Group's free cash flow improved from BWP93 million last year to BWP220 million this year. Year-end payables are higher than last year due to June 2024 month-end falling on a weekend resulting in a delay in payments. Adjusting for this, working capital inflows reduces from the disclosed BWP108 million inflow to a BWP58 million inflow. Free cash flow, adjusted for this timing difference, reduces from the disclosed BWP220 million to BWP170 million.





CHIEF FINANCIAL OFFICER'S VIEWPOINT continued

Statement of profit or loss and segmental report

The Group results for the period were positively impacted by the Kamoso acquisition while the economic situation facing the Choppies Zimbabwe segment negatively impacted results. The growth in the key performance indicators is set out below as follows: excluding Kamoso, excluding Zimbabwe and excluding both Kamoso and Zimbabwe.

	As reported			As reported – excluding Kamoso			As reported – excluding Zimbabwe			As reported – excluding Kamoso and Zimbabwe		
BWP millions	June 2024	June 2023	% Growth	June 2024	June 2023	% Growth	June 2024	June 2023	% Growth	June 2024	June 2023	% Growth
Revenue	**8 541**	6 486	32%	**7 252**	6 486	12%	**8 000**	6 083	32%	**6 711**	6 083	10%
Sales	**8 477**	6 433	32%	**7 192**	6 433	12%	**7 939**	6 032	32%	**6 654**	6 032	10%
EBIT	**321**	274	17%	**294**	274	7%	**335**	290	16%	**308**	290	6%
Adjusted EBIT	**280**	245	14%	**269**	245	10%	**334**	252	33%	**323**	252	28%
Profit before tax	**207**	165	25%	**194**	165	18%	**229**	182	26%	**215**	182	18%
Profit after tax – continuing operations	**164**	150	9%	**153**	150	2%	**195**	158	23%	**184**	158	16%
Profit after tax – discounted operations	**(28)**	–	–	**–**	–	–	**(28)**	–	–	**–**	–	–
Profit after tax – total operations	**136**	150	(9%)	**153**	150	2%	**167**	158	9%	**184**	158	20%
EBITDA	**622**	467	33%	**544**	467	16%	**597**	479	25%	**519**	479	8%
Adjusted EBITDA	**566**	489	16%	**504**	489	3%	**596**	492	21%	**534**	492	9%

Notwithstanding the weak performance from the Zimbabwe segment as well as excluding the Kamoso acquisition, the Group's performance was strong. The discontinued operations relate to businesses acquired as part of the Kamoso acquisition and discontinued in the current financial year.

The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the reporting period.

The gross profit margin declined by 50 basis points to 20.6% (2023:21.1%), as a result of lower margins in the Choppies segments due to competitor discounting and the dilutionary impact of the Kamoso acquisition which has lower margins. Choppies Botswana, Choppies Zambia and Choppies Zimbabwe experienced lower gross profit rates while Choppies Namibia's gross profit rate improved.

In Pula terms, gross profit increased by 28.4% to BWP1 745 million (2023: BWP1 359 million) despite the competitive and challenging economic environment.

Expenses increased by 30.8% due to new stores, inflation, and the acquisition of Kamoso. Expenses excluding the following items increased 37.3%: foreign exchange losses on lease liabilities of BWP17 million (2023: BWP31 million) and foreign exchange gains on Zimbabwean legacy debt receipts of BWP55 million (2023: BWP 1 million), the profit on sale of the Mediland business of BWP16 million and impairment of goodwill in the Zimbabwe segment of BWP5 million.

Operating profit (EBIT) increased by 17.2% from BWP274 million to BWP321 million. In contrast, Adjusted EBIT, which excludes foreign exchange gains and losses on lease liabilities, movements in credit loss allowances and Zimbabwean legacy debt receipts, the profit on sale of the Mediland business of BWP16 million and impairment of goodwill in the Zimbabwe segment of BWP15 million increased by 26.6%.

Net finance costs were higher than last year due to the inclusion of finance costs relating to Kamoso. Choppies segments net finance costs reduced by BWP11 million due to lower borrowings offset by higher interest on leases due to new stores.

The effective tax rate of 20.8% (2023: 9.1%) is higher than last year due to the impairment of Choppies Zimbabwe's deferred tax asset of BWP9 million (2023: raised BWP9 million deferred tax asset) and Botswana becoming more profitable. The rate of 20.8% is lower than the standard rate mainly due to the legacy debt receipts from Zimbabwe that are exempt from income tax and the raising of deferred tax on carried forward tax losses in the Choppies Zambia segment. We raised a further deferred tax asset of BWP12 million (2023: BWP15 million) for Zambia as we are confident that this segment will generate taxable profits in the foreseeable future.

Statements of financial position and cash flows

The Group continues to manage its cash resources and liquidity prudently with a net reduction of BWP 153 million in non-IFRS 16 debt from June 2024. Non-IFRS 16 debt reduction of BWP78 million paid out of internally generated funds and the balance of BWP75 million paid out of the proceeds of the June 2023 rights issue. We raised non-IFRS 16 debt of BWP 41 million to fund new stores and motor vehicles. The Kamoso acquisition added net non-IFRS 16 debt of BWP173 million of which BWP17 million was short-term.

Capital expenditure of BWP162 million (2023: BWP181 million) was allocated to investing in new stores and maintaining the distribution fleet.

Group funding covenants were complied with, and the Group has sufficient headroom in the covenants to cushion any shocks.

CHIEF FINANCIAL OFFICER'S VIEWPOINT continued

We are being thoughtful and balanced about inventory levels by category and expenditure as we work and position ourselves for the next year. Year-end payables are higher than last year due to June 2024 month-end falling on a weekend resulting in a delay in payments. Adjusting for this, the movement in trade and other payables reduces from the disclosed BWP210 million inflow to a BWP160 million inflow.

The Choppies segments have successfully increased its negative working capital from BWP202 million to BWP322 million and Kamoso added BWP19 million in positive working capital.

The Group's net debt position, as detailed in the table below, has significantly improved over the last period, despite the acquisition of Kamoso.

BWP millions	June 2024 Choppies	June 2024 Kamoso	June 2024 Group	June 2023 Group
Net debt analysis				
Non-IFRS 16 debt				
Borrowings	**216**	**80**	**296**	369
Shareholders loans (in Kamoso)	**–**	**51**	**51**	–
Instalment sale leases	**65**	**–**	**65**	63
Bank overdrafts	**54**	**27**	**81**	79
Gross debt	**335**	**158**	**493**	511
Cash on hand	**(181)**	**(25)**	**(206)**	(222)
Net non-IFRS 16 debt	**154**	**133**	**287**	289
IFRS 16 debt	**797**	**115**	**912**	765
Total debt	**952**	**247**	**1 199**	1 054
EBITDA	**546**	**76**	**622**	469
Adjusted EBITDA	**506**	**60**	**566**	490
Net non-IFRS 16 debt to EBITDA	**0.3**	**1.8**	**0.5**	0.6
Net non-IFRS 16 debt to adjusted EBITDA	**0.3**	**2.2**	**0.5**	0.6
Total debt to EBITDA	**1.7**	**3.3**	**1.9**	2.2
Total debt to adjusted EBITDA	**1.9**	**4.1**	**2.1**	2.2

The shareholders loans in Kamoso are from the Botswana Development Corporation (BWP43 million) and the Choppies CEO (BWP8 million). These loans were made to Kamoso before the acquisition and are entirely subordinated in favour of the Kamoso debt.

FY2025 OUTLOOK

Zimbabwe

The economic situation in Zimbabwe continues to be a threat to the Choppies Zimbabwe segment.

There are sufficient cash reserves to settle all liabilities for which Choppies has provided guarantees. We do not expect to provide any material cash support to the Zimbabwean segment from Botswana or any other segment.

Subsequent to the year end, the government of Zimbabwe ended the obligated payment of blocked funds with a lump sum payment of US$1.8 million made after year end.

The Group is weighing various options in Zimbabwe given the stress it is placing on our overall performance.

Loss-making businesses

Choppies Namibia and Builders Mart made losses in FY2024. We will focus on eliminating these losses.

Our fintech journey

We have commenced with the replacement of our point of sale ("POS") and financial systems with LS Retail for POS and Dynamics 365 Business Central for financials.

Headwinds

Our customers disposable incomes are under enormous pressure and there is an increasing need for us to sustain our focus on the lowest prices and best value across our various store formats.

We expect continued uncertainty in our business and the Southern African economy due to the duration and intensity of global credit conditions, military conflicts in the Middle East and Ukraine, slower economic growth, surging prices for energy and commodities, renewed supply-chain disruption, financial market volatility, volatility in employment trends and consumer confidence, all of which may impact our results. Despite the headwinds the Group remains optimistic due to its footprint and experience in the urban and rural African market.

Minnesh Rajcoomar

CFO

25 September 2024

FINANCIAL RATIOS AND STATISTICS

		2024	2023	2022	2021	2020	2019
Profit information							
Retail sales	BWP million	**8 477**	6 433	6 042	5 331	5 421	5 359
Gross profit	BWP million	**1 745**	1 359	1 307	1 189	1 253	1 216
Gross profit margin	%	**20.59**	21.13	21.6	22.3	23.1	22.7
Operating profit	BWP million	**321**	274	279	226	208	92
Operating profit margin	%	**3.79**	4.26	4.6	4.2	3.8	1.7
Profit/(loss) for year	BWP million	**136**	150	145	60	(371)	(428)
Headline earnings/(loss) for year	BWP million	**160**	148	162	84	(199)	(337)
Financial position information							
Total assets	BWP million	**2 827**	2 177	1 886	1 703	1 841	2 187
Total equity	BWP million	**136**	42	(341)	(448)	(467)	(80)
Total liabilities	BWP million	**2 691**	2 135	2 227	2 152	2 308	2 267
Net assets	BWP million	**1 382**	1 129	1 030	1 002	1 054	764
Profitability and asset management							
Return on total assets	%	**12.8**	13.5	15.5	12.8	10.3	3.5
Return on equity	%	**100**	350	Neg	Neg	Neg	Neg
Return on net assets ("RONA")	%	**26**	25	27.5	22.0	22.9	8.2
Net asset turn	times	**6.8**	6	5.9	5.2	6.0	4.8
Shareholders' ratios							
Earnings per share	thebe	**7.6**	10.9	10.7	5.2	(25.3)	(30.2)
Headline earnings per share	thebe	**8.8**	11.10	12.4	6.5	(15.3)	(25.9)
Dividend per share	thebe	**3.0**	—	—	—	—	—
Stock exchange statistics							
Market value per share ("BSE")							
– At year end	thebe	**52**	64	49	60	60	60
– Highest	thebe	**64**	67	60	61	69	69
– Lowest	thebe	**47**	49	49	60	60	60
Number of shares issued	million	**1 824**	1 824	1 304	1 304	1 304	1 304
Number of transactions		**1 113**	1 878	2 549	3 426	Sus	8 281
Number of shares traded	'000	**24 822**	44 563	29 129	169 443	Sus	235 459
Value of shares traded	BWP million	**12**	21	15	103	Sus	152
Closing market capitalisation based on issued shares	BWP million	**949**	1 168	639	782	782	782

Notes

[1] *Neg – Ratio is negative.*

[2] *Sus – Indicate year share trading was suspended (November 2018 to July 2020).*

Definitions

Operating profit margin

Operating profit before interest and tax as a percentage of revenue.

Net assets

Net assets are defined as non-current assets plus trade and sundry debtors plus inventories less trade and sundry creditors (accruals and provisions). For clarification Income and deferred tax balances are excluded. Net assets also exclude any cash, interest-bearing liabilities and liabilities relating to leases in terms of IFRS 16.

Return on total assets

Operating profit as a percentage of average total assets.

Return on equity

Net profit attributable to ordinary shareholders as a percentage of average ordinary shareholders' interest.

Return on net assets

Operating profit before interest and income tax as a percentage of average net assets.

Net asset turn

Revenue divided by average net assets.

Basic earnings per share

Net profit for the year divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares).

Headline earnings per share

Headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares).

Headline earnings

Net profit for the year adjusted for profit/loss on sale of property, plant and equipment, and investments.

05 Our ESG journey

OUR PEOPLE

Our **vision** as a company is to move towards being a **technology driven business** and aim to incorporate **technology advancements** into our day-to-day operations as a measure to improve efficiency. This will also be embedded into our Human Resource department's processes.

Our people are valued across the company and their skills, talent and drive enable us to build a thriving customer-focused business. These qualities are also critical to the successful execution of our strategy and the long-term sustainability and success of the business. Through our human capital commitments, we endeavour to create an environment that values diversity, allows our people to thrive and ensures equal opportunity while respecting human rights.

Choppies espouses a people-focused approach which looks to build an employee value proposition that will empower, recognise and reward the talent needed to achieve its objectives. We are the second largest employer after government in Botswana which is why we continue to place a premium on providing excellent working conditions as well as ample possibilities for employee advancement and development.

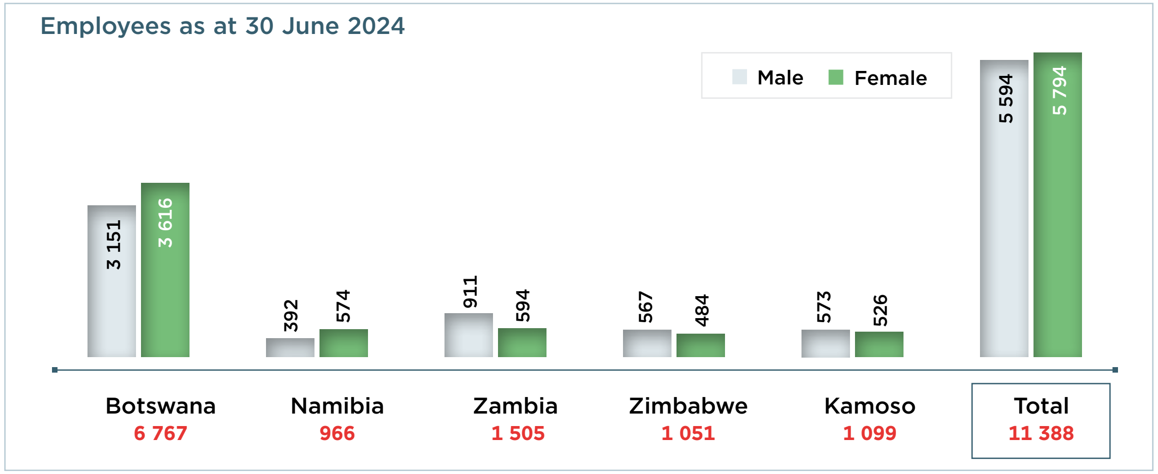
We treat employees equally across all operations and business segments and ensure we provide them with similar opportunities. Our workforce for Choppies currently stands at 10 289 people across four countries and 1 099 people in Kamoso. We employ the largest contingent of people with disabilities in Botswana and encourage this in our other countries of operation.

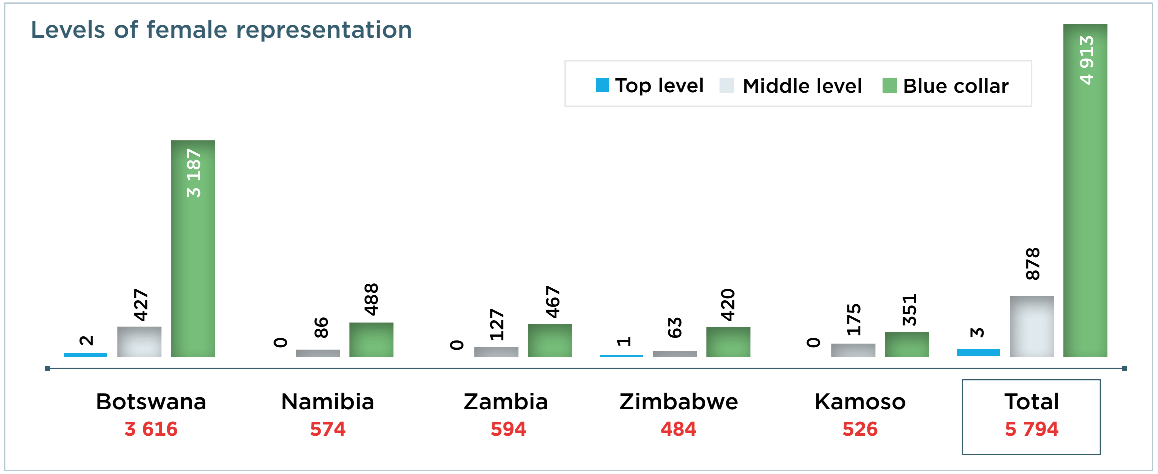
One of our key strengths is the training and upskilling of our people with a significant annual training spend of approximately BWP3.4 million. Employees are also provided with a clear career path with many having started as shelf packers and now working as regional managers.

Our employees are part of a pension scheme administered by Alexander Forbes. We as the employer contribute 7% and the employee 6%. Monthly contributions stand at an average BWP1.9 million (employer BWP1.1 million and employee BWP900 000). As it stands the total investment value in this fund is more than BWP105 million.

No incidences of discrimination and labour unrest were reported during the year.

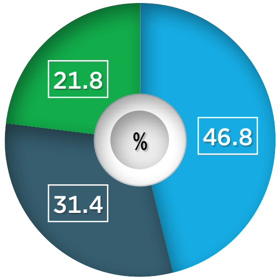
Employees by job level and gender





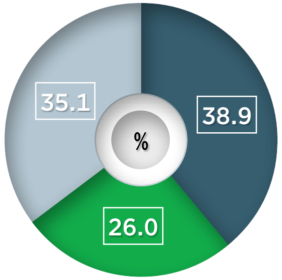
OUR PEOPLE continued

Total number of jobs created during the year (Choppies Retail)



Company	
Botswana	410
Namibia	275
Zambia	191
Zimbabwe	0
TOTAL	876

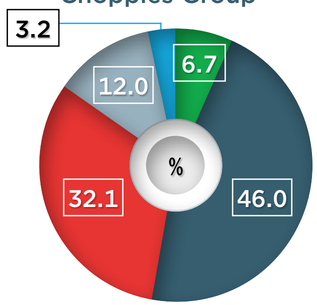
Employees represented by unions (9% of total employees)



Company	
Botswana	–
Namibia	365
Zambia	244
Zimbabwe	329
TOTAL	938

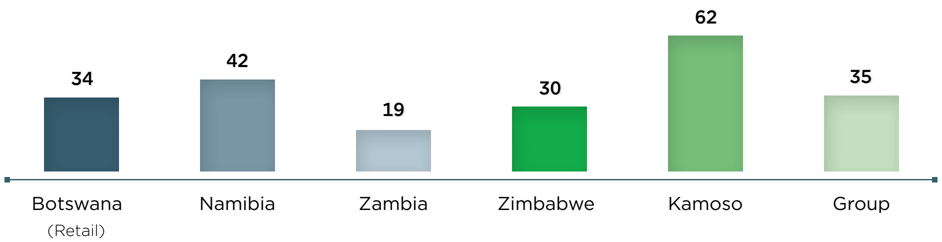
Total number of employees during the reporting period by age group

Choppies Group



Age group	
18-21 years	765
22-30 years	5 240
31-40 years	3 653
41-50 years	1 365
51-60 years	365
TOTAL	11 388

Employee turnover ratio (%)



REMOTE WORKING

Due to nature of the business Choppies currently does not have a remote work policy in place.

SKILLS DEVELOPMENT AND TRAINING

We provide skills development and training opportunities to facilitate career development for our employees.

Learning programmes have been developed to enhance employee knowledge and understanding of the Group's strategic growth drivers, customer relations, stock management, revenue expansion and regulatory requirements.

OUR PEOPLE continued

TRAINING CONDUCTED DURING THE YEAR

	Botswana	Namibia	Zambia	Zimbabwe	Total
Total spend (BWP)	3 244 081	137 888	Nil	5 197	3 387 166
Number of participants	954	109	Nil	76	1 139
Training hours	15 264	1 488	Nil	608	17 360

We spent BWP3.4 million on training in FY2024 and upskilled 1 139 employees. Out of the above training hours, 5 160 hours (5 136 hours for Botswana and 24 hours for Namibia) are for health and safety training.

Choppies also provides on-the-job training on the code of conduct. Each training programme should:

- Be relevant to Choppies
- Ensure measurable outcomes
- Ensure the employee can demonstrate the training learnings at the workplace.

We aim to ensure that every person in the organisation receives at least 10-hours of training every two years. The company has, through external service providers accredited 11 modules aimed at addressing training needs.

Skills development remains one of the 15 objectives set forward by top management as part of a five-year plan.

The human resources office led by the head of Human Resources is in charge of skills development and training.

During the year training programmes covered a range of topics including discipline and grievance handling, occupational health and safety, first aid, firefighting and prevention, forklift operation, Excel, finance for non-financial managers, store management and stock control, customer service, labour law and the code of conduct.

OUR PEOPLE continued

SUPPORTING EMPLOYEES ON POST-GRADUATE PROGRAMME FOR MASTER'S DEGREES IN INDIA

In our continued effort to advance training and development, Choppies management supported two employees who won the ICCR scholarships through the Indian Embassy in Botswana.

We are proud to confirm that one of our employees completed their Master of Business Administration ("MBA") postgraduate degree and has been promoted to an executive position as trainee regional manager. Additionally, the second employee completed their BCom post year end and will be provided with a new position upon their return.

CHOPPIES GRADUATE TRAINEE PROGRAMME

We have established a graduate training programme in partnership with several universities including the University of Botswana. The Choppies Graduate Trainee Programme exposes graduates to opportunities in the retail industry, providing formal training in all areas of the fast-moving consumer goods market. A specific agreement is in place with the University of Botswana targeting ICT graduates to align with the Company's focus on applying technology in the business.

The training programme ran from February 2023 to February 2024. During 2023, 50 graduates benefited from the programme and 25 candidates were absorbed as permanent employees. 50 additional graduates were enrolled in March 2024 to kick off the training programme.

The Graduate Trainee Programme has also been extended to Liquorama and is set to run from September 2024 to August 2025. This covers 45 graduates from various disciplines, including supply chain management, finance, business administration and computer systems. This is in addition to the 50 graduates who commenced their training in March 2024 joining Choppies Operations. Our end goal is to extend the training programme to all companies within the Kamoso Group.

We have also secured a partnership with a university in India to enroll employees for data mining and data analytics courses. Four employees from the IT department have been successfully enrolled for this scholarship.

CREATING LOCAL EMPLOYMENT

We place an emphasis on employing people from the local community and since 2010 have implemented a localisation plan. At present, all branch manager positions are localised.

DISABILITY POLICY

In line with our policy, Choppies commits to standing against discrimination of people living with a disability. The Group upholds that disability is not an inability and has demonstrated this over the years. We are the leading employer of people living with disability in Botswana, employing 63 people (31 female and 32 male).

HEALTH AND SAFETY

Choppies is committed to ensuring the health, safety and welfare of its employees. We subscribe to a zero-harm policy and are committed to preventing accidents that may affect our employees, customers, equipment or facilities. We train our staff on occupational health and safety including training on first aid and managing various injury scenarios.

There were no major accidents or injuries during the year. As the number of injuries is minimal, the lost-time injury frequency rate is not material.

The process of reviewing and updating the safety, health, and environment ("SHE") policies is completed and the revised SHE policy was approved by the Board.

Choppies has again engaged an external agency to conduct an external review and internal hygiene audits. The audits commence towards the end of the financial year.

BDO conducted a risk assessment based on ISO 45001 requirements (although Choppies is not ISO certified) and all areas identified for improvement are addressed in the revised SHE policy.

A team of 30 personnel continually monitor operations and sanitary standards through video surveillance. Each store has a dedicated SHE representative who receives specific SHE training. All staff also receive occupational health and safety ("OHS") training.

Similar to safety audits, hygiene audits are done on request and are used to maintain the element of randomness. Live monitoring is done through the use of cameras to ensure that all parameters are followed and action is taken as soon as an incident is identified.

We have created an OHS reporting system to encourage employees to report any potential hazards or incidents, thereby creating an open culture to facilitate early detection of any potential safety issues.

WHISTLEBLOWING

We have a whistleblowing system in place with 24-hour hotline number managed by an independent third party. During the year we received a total of 52 complaints during the year with all of these being addressed.

OUR COMMUNITIES

The Group has a vast distribution network especially in Botswana and has a stated aim that 90% of the population should be within a 10km radius of a Choppies store especially in underserved rural areas, providing access to great value groceries to most citizens. The Group is therefore well positioned to engage in shared value projects with local communities to create economic value in a way that also creates value for society.

LOCAL PROCUREMENT

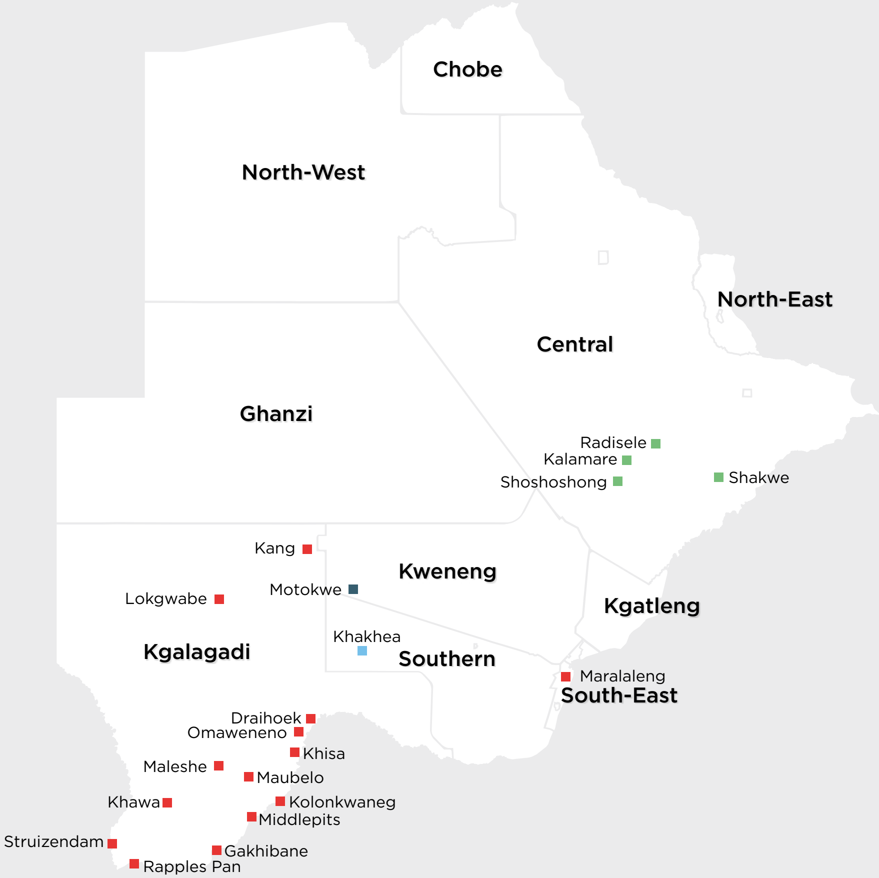
In Botswana 85% of suppliers are local and 15% are foreign suppliers.

PARTNERSHIPS WITH FARMERS

Livestock and small stock farmers

Choppies has partnered with more than 600 farmers in Kgalagadi, Kweneng, Central and Ngawaketsi districts for the supply of goats, sheep, and cattle. The average monthly purchases ranges between BWP3 million to BWP4 million. During FY2024, 1 627 livestock and 3 065 small stock were purchased from these local farmers. Apart from the above we have regular supplies of butchery stock from more than 100 local farmers in different parts of Botswana for an approximate monthly total of BWP8 million.

LIVESTOCK AND SMALL STOCK PURCHASES FY2024



Buying points

Livestock (cattle)	1 627
Motokwe	Kang
Shakwe	Kisa
Radisele	Rapples Pan
Kalamare	Struizendam
Shoshoshong	Middlepits
Khakhea	Lokgwabe
Maralaleng	Maubelo
Omaweneno	Gakhibane
Draihoek	

Small stock (goats and sheep)	3 065
Khawa	Middlepits
Maralaleng	Kolonkwaneng
Omaweneno	Maubelo
Draihoek	Gakhibane
Kisa	Maleshe

District: Kweneng   Ngwaketsi   Central   Kgalagadi

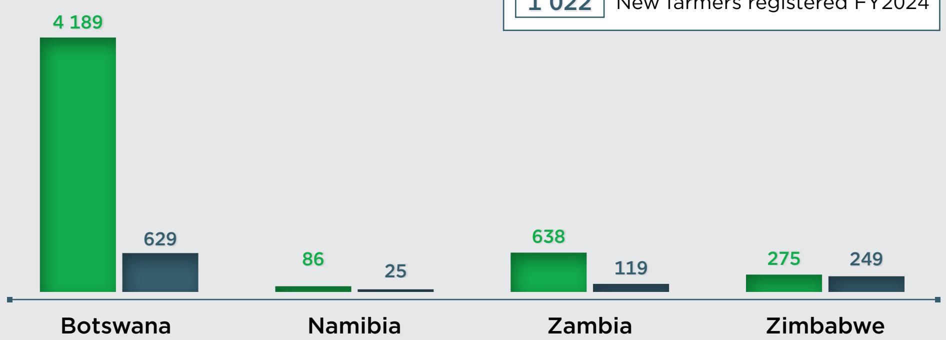
OUR COMMUNITIES continued

Fruit and vegetable farmers

We have established longstanding partnerships with fruit and vegetable farmers across Botswana as well as Namibia, Zambia and Zimbabwe. This ensures not only support for the farmer but also that we can supply fresh produce to our stores with minimal transport.

Farmers registered with Choppies

Total	
5 188	Total registered farmers
1 022	New farmers registered FY2024



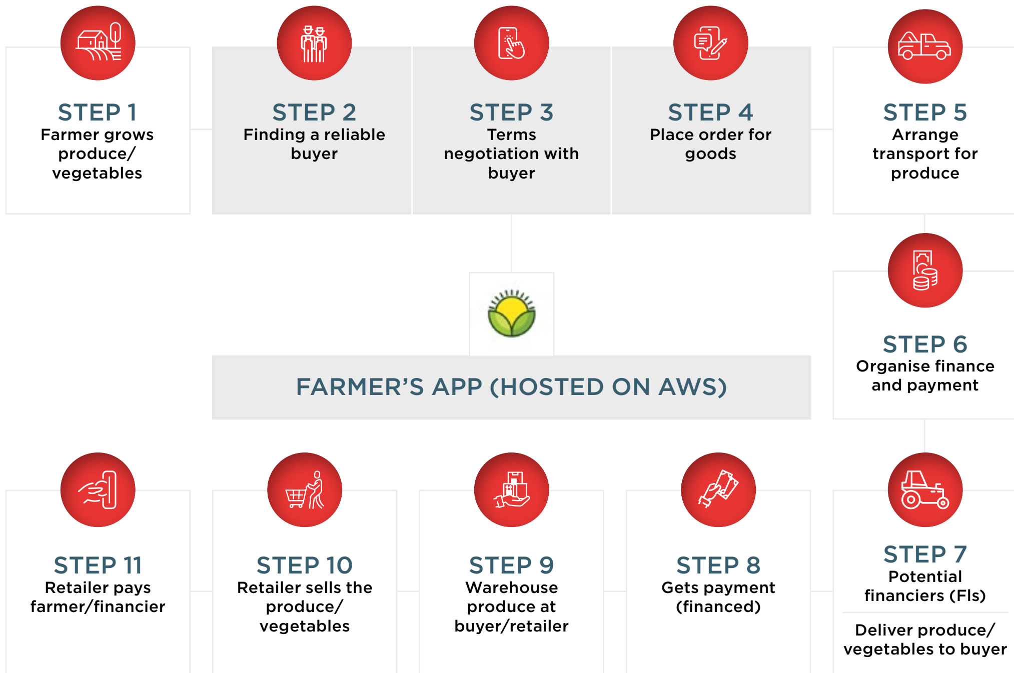
Fruit and Veg – our farmers' app

During 2023, we launched our unique cloud-based app aimed at farmers in Botswana. Fresh fruit and produce are Choppies' primary products and buying from local producers is emphasised in Botswana.

The app aims to:

- Ease the buyer/order discovery phase for a farmer in Botswana
- Connect farmers (especially MSME farmers) with Choppies
- Enable farmers to share the pictures of their produce/vegetables/fruits with Choppies
- Allow an easy way to negotiate pricing/agree location of delivery
- Store the final committed purchase onto a private blockchain to enable financing (collaborating with potential financiers).

A typical farmer's journey has 11 steps and the farmers' app aims to assist the farmer in a part of the typical farmer's journey, as highlighted below:



OUR COMMUNITIES continued

Choppies aims to facilitate steps two to four, which are finding a reliable buyer, negotiating with the buyer and placing an order for goods. Choppies is perfectly positioned with locations throughout the country, thereby conveniently offering farmers a local buyer. Storing the transaction on a private blockchain reduces the operational risk. We are engaging financiers (commercial banks, as well as quasi-governmental bodies) in a bid to make finance available for farmers. This is a key requirement, especially in the MSME sector.

To date, more than 70 farmers have registered on the app. We plan to grow the app further as well as roll it out into other markets.

Farmers' stories

B & B AGRI FARM

Produce: Tomatoes and red cabbage
Adding this year: cauliflower and broccoli

Employees: 6

We want to express our sincere gratitude for your tremendous support. Your unwavering assistance has been invaluable to our growth and success. Your continued support is crucial to our on-going achievements.

We deeply appreciate the various ways in which you support us including efficiently moving our stock and ensuring prompt payment. We are proud to be a part of your journey and look forward to continuing our fruitful collaboration.

GREEN VIEW FARM

Produce: Cabbage

Employees: 18

We sincerely appreciate the support provided by Choppies over the past 14 years. Our operations started as a small-scale farming venture with limited crops such as rape and spinach and has since grown significantly with Choppies' invaluable support. Over the years we have expanded our business and diversified our produce to include cabbage, lettuce, tomatoes, broccoli, and beetroots among other vegetables.

Choppies' assistance has been crucial in contributing to feeding the nation and expanding our business. We extend our heartfelt thanks to the Choppies Group for their continued partnership and support.

LESECON AND M ENTERPRISES

Produce: Lettuce

Employees: 18

Besides being hit by natural disasters this past cropping season, our existing relationship with Choppies continues to be instrumental. Over the past ten years our reliability, honesty and loyalty in maintaining good relations has been key in us supplying Choppies with vegetables.

Thank you Choppies for all your support.

OUR COMMUNITIES continued

LUCERNE FIELDS (PTY) LIMITED

Produce: Carrots and beetroots

Employees: 220 *(62% female)*

B-Fresh carrots and beetroot are produced by a team of 220 at Lucerne Fields Farm in the Tuli Block. We thank Choppies for choosing our Batswana-grown products allowing us to contribute to the economic welfare of many families in the surrounding villages.

We thank and appreciate Choppies for their continued support. We look forward to this year.

SPRING BLOSSOM FARM

Produce: Cucumber and introducing button mushrooms

Employees: 12 *(5 Female)*

Part-time employees: 7

Choppies has been supportive in us growing and sustaining our business and we are really grateful for their initiative to support local farmers.

As Spring Blossom Farm (Pty) Limited we are committed to producing high quality, safe and fresh produce. Choppies has diligently assisted us to reach the quality that is demanded by customers, and we look forward to the continued long-term relationship with Choppies retail.

Thank you Choppies for the partnership, we are now confident of our ability to feed the nation.

REQUEST TULI FRESH

Produce: Potatoes

Employees: 112 *(85 female and 27 male)*

Request Tuli Fresh has been working hand in hand with Choppies for 17 years. Choppies has provided motivation and suggestions when we have faced challenges. Not once did we feel alone in this journey because we knew Choppies has our backs.

Together with the opportunity to plant and produce for the biggest retailer in Botswana, Choppies, we help feed the nation. We are proud to be part of this remarkable challenge to ensure food security within this beautiful country.

Our mission and goal every year is to produce a product that we can be proud of. Every customer buying our 'yellow bag' can rest assured that they will get good quality wholesome food on their tables feeding their loved ones.

We are proud to give 112 citizens an opportunity to generate an income and provide for their families. From this 112, a total of 85 is women and 27 are men. We also provide opportunities for those seeking more experience.

Choppies is not only our business partner, but rather family.

Thank you Choppies for supporting us, for guiding us, for giving us this opportunity and most importantly for trusting us to supply you with the best quality vegetable.

OUR COMMUNITIES continued

VEGI BLOCK

Produce: Onions

Employees: 150 *(80% female and 20% male)*

Vegi Block (Pty) Limited is a company trading with fresh produce and has been proudly supplying Botswana with fruits and vegetables for about five years. We are proud to confirm that we are going to expand even further in the near future.

Choppies is a very important role player in our company's success story. They have always supported us with very professional interaction, impeccable service and reasonable deals during every season of the company's timeline. It is really a great honor to be a Choppies supplier and to have such a great relationship with these important role players in the market.

Thanks to the reliable Choppies team, we are able to produce and sell our produce at very reasonable prices, which enabled us to grow to where we are today. We are very quality orientated, and Choppies is one of the few role players in Botswana who appreciates that.

OUR COMMUNITIES continued

CSR INITIATIVES

Supporting sport and wellness initiatives

Going for gold – Choppies awards Olympic athletes with **BWP2 450 000**

Post-year-end Choppies was a proud supporter of Botswana's Olympic medallists at the Paris 2024 Olympics. The Botswana men's 4x400m relay team of Letsile Tebogo, Bayapo Ndori, Busang Collen Kebinatshipi and Anthony Pesela won silver in Paris. This was on the back of Letsile's inspiring gold medal in the 200m.

Choppies provided each relay athlete **BWP150 0000** as a reward with Letsile receiving an additional **BWP1 million** and one year of groceries for his gold medal. Choppies also donated **BWP300 000** and grocery vouchers to the coaches for their hard work and dedication.

OUR COMMUNITIES continued

Team Botswana Welcome and Award Ceremony

In September 2023, Choppies sponsored Botswana Athletics Association ("BAA") with snacks and beverages for the welcoming ceremony of team Botswana that had performed well at the World Athletics competition 2023. The athletics team included record-breaking athlete Letsile Tebogo. As an incentive, he was awarded an amount of BWP250 000 for performing exceptionally well at the world athletics games.

Additionally, Choppies sponsored the Ramotswa Mogobane village development committee sports day aimed at assisting the old and the young to practice healthy habits amidst a growing trend of non-communicable diseases.

Run Gabz by night

Choppies provided a t-shirt sponsorship to the "Run Gabz by night" 10-kilometre marathon which was the first ever marathon to take place at night. The aim of the marathon was to raise awareness on the increasing crime rate and how the public can combat crime while staying healthy.

Orapa Half Marathon

Choppies Botswana was the proud medal sponsor of the Orapa half marathon held in Zowa Letlhakane in 2023 which was attended by the vice president of Botswana.

Botswana Basketball Botessa Games

The University of Botswana hosted the Botessa games in October 2023 where Choppies provided sponsorship as the designated hydration partner.

Matlolapata Soccer Tournament

Choppies sponsored the annual Matlolapata tournament for the fifth conservative year. The tournament is held annually in celebration of the festive holidays in the Mogoditshane area in Botswana. Choppies assisted with football soccer kits and refreshments for the participants and the public.

Botswana Football Association

In an effort to help sustain football development efforts driven by the Botswana football association, Choppies provided funding to the under 17, 18 and 19 national soccer team's development training. These funds were used to assist teams with groceries and toiletries during camp in preparation for national and international competitions.

OUR COMMUNITIES continued

Botswana Motor Sport Karting Cup

Choppies Botswana sponsored the Motorsport Botswana team's Africa Karting Cup participation. Choppies assisted with the funding required for the rental of the karts used by participants in the karting challenge.

MISA Botswana Golf Day

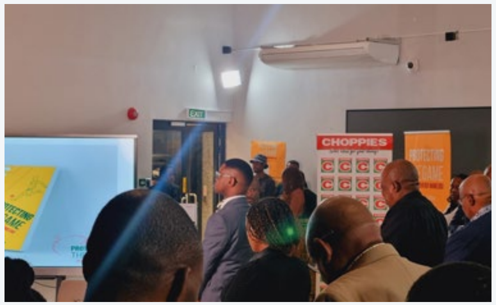
Choppies sponsored the inaugural MISA Golf Day, which focuses on raising funds for charity. Choppies was the proud hydration sponsor of the golf tournament.

Gaborone United Ladies Team

Choppies Botswana was the proud sponsor of the Gaborone United ladies team for the annual soccer tournament against other local women's soccer teams. Choppies sponsored the prizegiving with shopping vouchers.

Ashford Mamelodi's Book Launch

Choppies sponsored the official book launch of Ashford Mamelodi, a football legend in Botswana by supplying the event with refreshments. His book focuses on his life in the Botswana football landscape from being a player to an administrator.



Botswana National Sport Commission Awards

Choppies sponsored the annual Botswana National Sport Commission awards for 2024, which were officiated by the President, Dr Eric Keabetswe Masisi.

Clash of Legends

Choppies sponsored the Clash of Legends soccer tournament held in Gaborone where legendary soccer players come together to compete for charity.

OUR COMMUNITIES continued

Empowering communities

We Are One Organization

In July 2023, the We Are One Organization, a non-profit organisation approached Choppies to assist with food hampers to help the community. The hampers were distributed to disadvantaged youth in the community.

Keno Suits Man of the Year Competition

In an effort to diversify the scope of donation and sponsorship, Choppies Botswana sponsored a local powerhouse fashion label called Keno Suits in their 2023 Keno Suits Man of the Year competition. Every year, Keno Suits hosts a competition to uplift youth who wish to participate in the fashion business in Botswana and beyond. For this competition, Choppies sponsored the competition winner with grocery hampers for a year.

Gambling Authority Botswana IAGR Conference

Gambling Authority Botswana hosted the International Association of Gaming Regulators 2023 Conference. Choppies sponsored the event with refreshments.

Kagisong Society Health Day

The Kagisong Society in Molepolole, Botswana held an event to raise awareness around health and safety. Choppies provided refreshments on the day.

Botho University Graduation

In October 2023, Botho University held a graduation ceremony for students and Choppies sponsored the event with awards for the best-performing students in various categories.

Jwaneng Town Council

Choppies sponsored the Jwaneng Town Council with refreshments for the final year students counselling session hosted by the Jwaneng town mayor.

Glitz and Glam Awards

Choppies sponsored the second annual Glitz and Glam Botswana Celebrity Awards held at the Grand Palm Resort. The awards are aimed at celebrating Botswana's celebrities that have done well throughout the year.

OUR COMMUNITIES continued

National Housing Appeal Initiative

Choppies donated 11 houses in various villages for the less privileged and disabled in support of the government's national housing appeal initiative. Choppies has been the leading FMCG company in support of the initiative since its inception and has built over 200 houses for various beneficiaries in Botswana.

Choppies BBS Store Donation

Choppies has made it a custom to donate food parcels to a community where it opens a store for the first time. As such, Choppies BBS donated parcels that were distributed among community members with the assistance of the area councillor. The donation was to assist the less privileged in the area where Choppies BBS conducts business.

Brave Heart Benefit Concert

Choppies sponsored Brave Heart's Make a Difference concert held in Mogobane. Unlike most music events, the Make a Difference concert attendants had to bring a food parcel or hamper to enter the event. Choppies assisted with providing additional food parcels. The hampers were donated to the less privileged within the village and surrounding areas.

Kedia Village Food Hamper Donation

Choppies donated food hampers to the less privileged residents of Kedia in the Boteti region under the invitation of the Vice President. The food hampers were used at the village Christmas gathering in Kgotla.

Bana Ba Kgwele Dikhwaere

Choppies sponsored the Bana Ba Kgwele choir team from the Mogoditshane district for the 2023 December competition. This is a choir competition hosted annually every festive holiday in the spirit of community building.

Breaking the Bread Podcast

As part of its plan to diversify the Company sponsorship portfolio, Choppies sponsored the Breaking the Bread podcast, which is a unique podcast run by young people, focusing on modern issues affecting Botswana.

Y Care 88th Annual Charity Walk

Choppies sponsored the 88th Marokolwane annual charity walk as a hydration partner. The Y Care walk is an initiative that raises funds for charity.

OUR COMMUNITIES continued

Ministry of Labour and Home Affairs ARLAC Conference

As part of its commitment to strengthen stakeholder relationships, Choppies sponsored a team of delegates to attend the African Regional Labour Administration Centre Golden Jubilee Celebrations.

Mabaila Foundation Clap and Tap

Choppies assisted the Mabaila Foundation by sponsoring their ticketing system in preparation of their annual music concert. Choppies helped by allowing the organisation to sell tickets through *choppiest* at no cost, an exercise that would accrue a 5% commission fee on a normal basis.

Mochudi East-Oliphant's Drift Fish Farming

Choppies Botswana for the second time partnered with the Mochudi East district for the annual Fish Farming Festival. The aim of the festival is to bring focus and attention to the economic benefits that come from farming and selling fish. Choppies assisted by providing different refreshments and water.

Bakgatla-Ba-Kgafela Leobo Launch

In celebration of culture and tradition, Choppies joined the Bakgatla Tribe in celebrating the official launch of their Leobo, also known as a traditional meeting place. For this event, Choppies assisted with food parcels and beverages.

Trade Lights Human Resource Expo

Choppies sponsored the annual Trade Lights Human Resource Expo by buying tickets for the expo competition that took place prior to the event.

Seanokeng Music Festival

Choppies sponsored the annual Seanokeng Music Festival that showcased cultural diversity and inclusion by various musical performances and acts. The festival is held annually and Choppies sponsored payment of some of the headliner performing artists.

World Safety and Health Commemoration Day

Choppies sponsored the commemoration of World Day for Safety and Health in Maun by providing refreshments for the event.

OUR COMMUNITIES continued

Mmamatlakala Bus Crash Tragedy Donation – Molepolole

In an effort to show solidarity, compassion and community responsibility, Choppies Botswana donated food hampers to the Molepolole district council for the families affected by the Mmamatlakala bus crash tragedy. Food hampers were donated to all 45 families in Molepolole.

Business Weekly and Review Newspaper 10th Anniversary

Choppies provided sponsorship to the Business Weekly and Review newspaper's 10th anniversary gala dinner. The dinner was held to celebrate the newspaper's achievements in the last decade and to celebrate Choppies as a corporate partner.

Choppies Support Rehabilitation

In support of the rehabilitation centre for ex-offenders conference, which is held to help shed light on circumstances facing ex-offenders, Choppies stepped in to help with the sponsorship of refreshments.

Duma FM Cleaning Campaign

Duma FM, a radio partner with Choppies, held their annual clean-up campaign in Morwa in the Kgatleng district. Choppies provided water and refreshments for the campaign.

Bikwe Hike

As part of our efforts to support the local community, Choppies ventured into sponsoring the Bikwe Hike held in Bikwe Village. This is an annual event that focuses on charity and wellness.

Yarona FM 25 Acts of Kindness

Choppies sponsored Yarona FM's 25 acts of kindness CSR drive as the radio station celebrated its 25th birthday. Yarona FM donated food hampers to SOS Children's Home that were provided with the assistance of Choppies.

Mokolodi June 16 Commemoration

Choppies sponsored the commemoration of the African Child's Day held at Mokolodi by the Brazilian embassy and Mokolodi Game Reserve. Children from different communities were treated to various lessons about animal life and the history surrounding 16 June.

OUR COMMUNITIES continued

Choppies Magadi

Choppies Botswana, through the Choppies valentines promotion donated magadi cows and décor for a local couple in Maun. The couple had sent in a request for assistance through the Choppies valentines promotion to help them carry out the Magadi celebrations.

Bull Donation

In July 2023, Choppies donated 15 bulls for the villagers in one of the rural regions of Botswana.

Hawkers Market

Choppies helped to build selling sheds in Kanye to support hawkers.

Department of Broadcasting Services

Choppies partnered with the Department of Broadcasting Services to donate food hampers to a former DBS employee who had lost all their belongings in a fire.

Maunatlala Food Hamper Donation

Choppies assisted with food hampers and refreshments in an effort to aid the elders' year end food supplement in Maunatlala Village.

Botswana Police College of Education

The Botswana Police College of Education team donated a house to a disadvantaged family in the Jwaneng area. Choppies assisted by sponsoring the family with food hampers.

The Broadcasting Organisation

Choppies sponsored The Broadcasting Organisation with food hampers for their 10th anniversary gala dinner. The Broadcasting Organisation is an NGO that focuses on assisting disadvantaged youth with educational initiatives.

OUR COMMUNITIES continued

Airborne Lifeline Foundation

Choppies signed a memorandum of understanding with the Airborne Lifeline Foundation, a non-profit organisation operating in Botswana, to enable the Airborne Lifeline Foundation to use the Choppies aircraft at a reduced cost to transport health professionals conducting outreach healthcare visits to remote parts of the country.

Since inception, 195 medical specialists ranging from paediatricians, obstetrics, gynaecologists, orthopaedic surgeons, neurologists, neo-natal nurses, general surgeons and oncologists have travelled to treat a total of 3 111 patients across the country using the Choppies aircraft.

Awareness campaigns

WORLD BREAST CANCER DAY

At Choppies, we believe in spreading awareness regarding health. We believe this is important for timely medical intervention, which can help save millions of lives. This was our primary motive in creating an online campaign for the public about breast cancer awareness. To get a better participation from the public, we did an online giveaway contest in partnership with ZTE Mobiles. The aim of the contest was to boost our social media presence along with spreading awareness of this medical condition.

WORLD AIDS DAY

Choppies in collaboration with UNAIDS embarked on a groundbreaking initiative to harness the influence of the private business sector in strengthening the HIV and AIDS response. The collaboration represented a significant stride in leveraging the private enterprises participation in the last mile to end AIDS by 2030. At no cost to UNAIDS, Choppies utilised its existing platforms to integrate and disseminate pre-packaged messages to its staff members and the public.

This initiative emphasises Choppies' efforts in creating awareness in the response to HIV and AIDS. The Group also encouraged agents through opportunities of economic empowerment:

- Providing messaging in the daily shopping experience
- Making in-store radio announcements and providing branded t-shirts and caps to wear in-store
- Providing information, education and communication materials
- Participation at the World AIDS Day ("WAD").

In total, Choppies spent BWP4.2 million (FY2023: BWP2 million) on community initiatives for the past financial year.

ENVIRONMENTAL SUSTAINABILITY AND INNOVATION

At Choppies, **environmental sustainability** is not only a responsibility but a **core strategic driver of innovation** and **long-term growth**. Our commitment to reducing environmental impact, increasing efficiency, and enhancing resilience aligns with our vision of leading in **sustainable business practices**.

Guided by global sustainability frameworks, including the United Nations Sustainable Development Goals ("SDGs"), and our internal Choppies medium-term strategy combined with shared value initiatives and guidance from the Board and management, we continually implement initiatives to achieve measurable environmental outcomes.

Choppies' approach to ESG is underpinned by the Board's commitment to these principles. The Board attended ESG training during the year.

At all times we assess our shared value in terms of sustainability and in particular in relation to climate change as it impacts agriculture.

KEY ACHIEVEMENTS AND INNOVATIONS

- **Solar power expansion:** Our renewable energy focus saw successful solar installations at multiple stores in Namibia and our fruit and vegetable distribution centre in Botswana (Plot 888). Since its activation in May 2023, our solar system in Botswana has generated over 815MWh of electricity, reducing carbon emissions by 387.42 tonnes and saving 326.25 tonnes of coal, equivalent to planting 530 trees
- **Water efficiency systems:** We are piloting a water recovery system in eight Botswana stores to reclaim and recycle water from multiple sources. This innovation helps conserve this vital resource in water-scarce regions
- **Energy-efficient refrigeration:** 99% of our island freezers have been converted to energy-efficient, self-contained units, significantly reducing our energy consumption. Further energy savings have been achieved by installing LED lighting across all Botswana stores, coupled with optimisation software that reduces unnecessary usage
- **Sustainable supply chain practices:** We extend our sustainability commitment to our entire logistics network, working with partners to uphold eco-friendly practices across upstream and downstream operations
- **Waste management initiatives:** Comprehensive waste segregation in all stores ensures responsible disposal and recycling of paper, plastic, biodegradable, and hazardous materials. In line with our zero-waste ambitions, we have introduced biodegradable checkout bags and innovative inventory management systems to minimise food waste.

ENVIRONMENTAL PERFORMANCE METRICS

Choppies actively tracks its environmental performance across five key segments: **water usage, energy efficiency, waste reduction, packaging optimisation, and logistics**. These metrics are critical to our strategy and form part of our long-term environmental targets for 2025. By measuring, managing, and improving these areas, we align our operations with global sustainability standards.

We are cognisant that suppliers in our value chain impact CO_2 emissions and we are working on measuring and monitoring our carbon footprint in terms of our supply chain.

We are currently assessing measuring our fleet emissions.

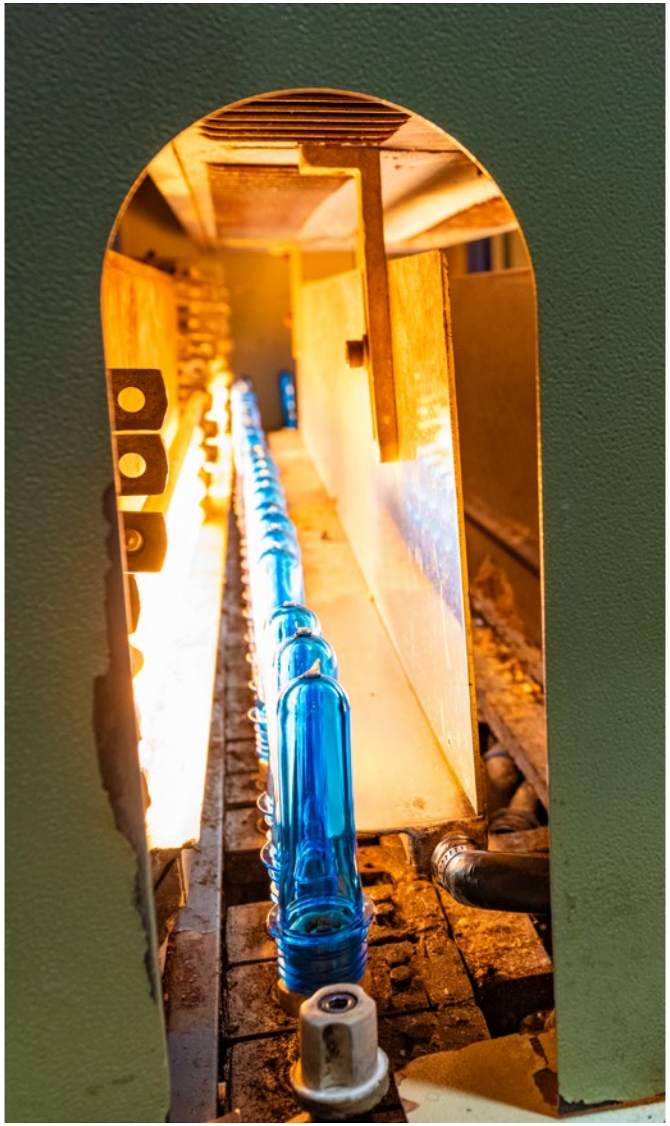
We are working on transition targets and KPIs for Choppies and will set these for emission reduction once our CO_2 impact has been measured.

FUTURE-FOCUSED INITIATIVES

We acknowledge that sustainable development is an evolving journey, and we are committed to scaling our efforts:

- **Water conservation:** Our focus on reducing water usage aligns with SDG 6 (Clean Water and Sanitation). We are expanding our water recycling initiatives by reclaiming condensation from refrigeration and air conditioning systems, with a goal to extend this across all operational sites
- **Energy transformation:** Transitioning our energy consumption to renewables remains a priority. The ongoing rollout of photovoltaic solar systems across our stores is expected to reduce our energy demand from conventional sources, contributing to a greener footprint
- **Waste-to-energy projects:** New initiatives, such as using biodegradable waste for energy production, are being explored, with a view to further reducing landfill reliance and promoting circular economy principles.

ENVIRONMENTAL SUSTAINABILITY AND INNOVATION continued



- Solar installation completed at multiple stores in Namibia. Botswana solar installation at F&V distribution centre (Plot 888) completed and has been generating power since May 2023. Since going live, we have generated over 815MWh of power from the Solar PV unit (equivalent to planting 530 trees, 326.25t of coal saved and 387.42t of CO_2 avoided)
- Eight stores in Botswana are currently running a pilot water recovery system to try and recover water from different sources and recycle
- 99% of the island freezers, which contributes to high energy consumption were converted to energy efficient self-contained fridges
- A condensate return system is being trialled to reroute the condensate from the fridge lines to the ablution facility
- Refrigeration systems are being redesigned to reduce the amount of refrigerants in the system
- All stores in Botswana have been converted to energy saving LED lights. Optimisation software was also used to reduce the number of lights
- We also understand that there are a number of stakeholders in the downstream and upstream logistics network. We consistently strive to ensure that the partners in the network uphold sustainability principles in their operations
- Waste segregation is practiced in all stores. Paper, plastic, biodegradable waste and hazardous waste are separated and handled accordingly
- An e-waste agreement is in place with the supplier to ensure all e-waste is disposed of in line with Choppies' IT policy
- Choppies has shown full commitment to the agreement signed with water utilities corporations on the quality of liquid effluents
- Replaced 12 old trucks thereby reducing carbon emissions
- Introduction of recipe books which helps to reduce food wastage
- Introduction of inventory management system which helps to forecast the optimum level of inventory, thereby also helping to reduce food wastage
- We now offer biodegradable checkout bags as an alternative to plastic bags in selected stores
- We also provide community education and training.

ENVIRONMENTAL KEY PERFORMANCE SEGMENTS

Choppies has started measuring its environmental impact by using key performance measures.

Five environmental key performance segments ("KPSs") have been identified:

- Water usage
- Energy usage
- Waste generation and management
- Packaging material optimisation
- Logistics optimisation.

Currently these are measured in our largest operation being Botswana grocery retail.

Measurement systems have been implemented for the first three areas and targets have been developed to be achieved by 2025.

The KPSs are aligned to four of the UN SDGs.

The nature of our business results in impacts on the environment which cannot be avoided. Sourcing of food and non-food products, manufacturing activities within the stores, storage, distribution and waste generation have their own impacts. We are committed to minimising such impacts and wherever possible, reversing the impacts.

We are also happy to note that, there is an increasing demand from our customers for organic products and they have implicitly valued sustainable practices in their buying decisions. This will give us clear direction in the future.

ENVIRONMENTAL SUSTAINABILITY AND INNOVATION continued

GUIDING PRINCIPLES

Our environmental initiatives are based on three broad aspects, one of which is external and two of which are internal:

1. UN SDGs
2. Shared value initiative
3. Choppies medium term strategy.

UN SDGs

Among these, Choppies has considered guidelines and projects for the purpose of the environment in the following areas.

SDG 6

We operate in regions which consider water as an important resource. Pula, which is the currency of Botswana also means rain. Hence it is all the more important to be as thrifty as possible in working on this resource.

The following initiatives are in place or being considered against SDG 6.

- Recycling water generated in the refrigeration process. Estimation is currently being done to determine the amount of water which can be generated from condensation and air conditioners on an arid and humid day
- Recycling water from the filters used inside kitchens and from the water dispensers on the sales floor
- Ensuring clean drinking water for all the employees.
- Using tap fittings to reduce the use of water for ablution purposes.

SDG 12

Production is an integral part of most of our stores. Striving for efficiency in cooking and baking is an ongoing exercise.

The following initiatives are in place:

- Managing raw material to minimise waste generation
- Reengineering cooking gas lines to ensure complete combustion
- Optimising heat exchanger and fuel combustion systems in bakery ovens and conversion of ovens away from fossil fuels wherever possible
- Reusing food products into other usable forms
- Centralising production facilities to improve efficiency.

SDG 7

The following initiatives are in place under affordable and clean energy:

- Phased conversion of about 250KW of load per store to photo voltaic solar energy. It has commenced in Namibia and Botswana and will be rolled out to other regions in a phased manner. All stores which have the roof loading capacity will be converted to solar which can generate on average five hours of energy consumption with or without feeding back to the grid
- Conversion of all lights to energy saving lights
- Converted almost all island freezers to energy conserving self-contained ones
- Repositioning cold rooms and freezer rooms to enhance productivity
- Introducing capacitor banks to improve power factor and hence the life of equipment.

SDG 13

The nature of our business makes it impossible for us to stay away from activities which have the potential to impact the environment.

The following actions are in place to manage SDG 13:

- Paper and plastic is being separated and sent for recycling
- A special project is being conceived to create collection stations for waste paper. This initiative is intended to reduce the amount of quantity going into the land fill, reduce harmful effects on domestic animals and create a revenue generation avenue for citizens. Collected paper will be sent to the first ever paper mill in Botswana
- Project conceived for using biodegradable waste and to generate energy for production purpose from the same
- Conversion of refrigerants to environment friendly ones.

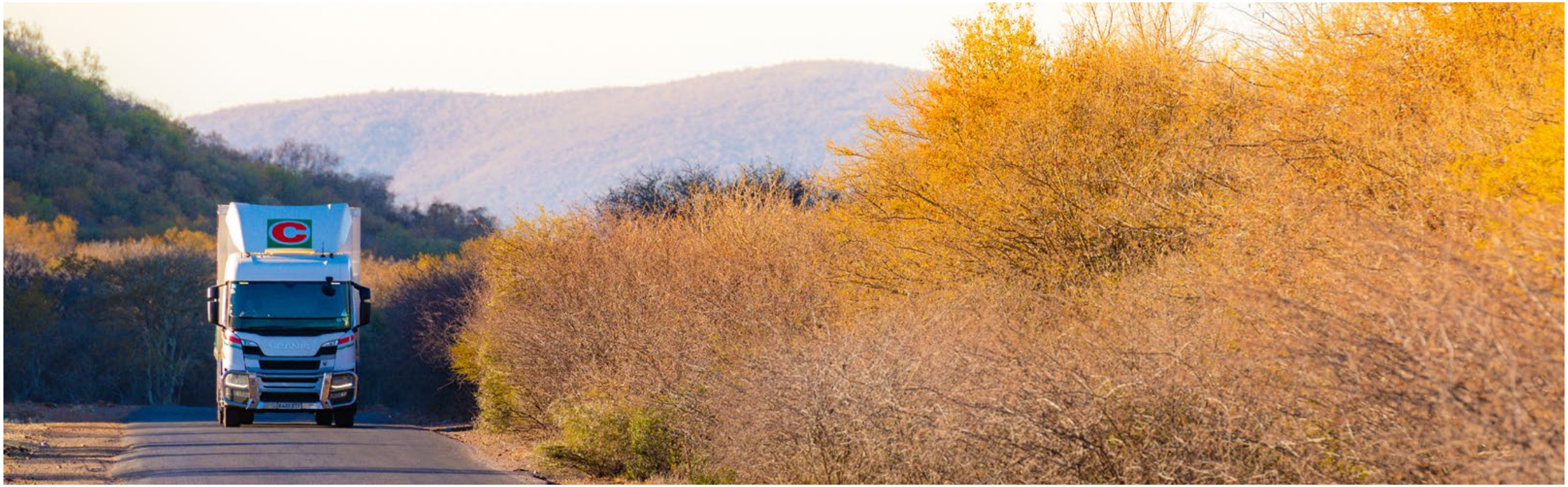
ENVIRONMENTAL SUSTAINABILITY AND INNOVATION continued

KEY PERFORMANCE MEASURES ("KPMs")

	2024	2023	Units
Total direct energy consumption from non-renewable fuels burned	9 778 424	9 027 476	KWh
Total volume of electricity purchased	58 463 919	54 562 662	KWh
Total volume of electricity consumed	68 242 343	63 590 138	KWh
Carbon emissions			
Total carbon emissions	Not measuring currently		
Water			
Total volume of water consumed	180 782	194 271	KL
Waste			
Total volume of waste sent for recycling	2 592	1 872	Tonne
Total volume of waste disposed sent to landfill	18 290	18 735	m³
Total volume of hazardous waste disposed	58	55	m³

SUSTAINABILITY IN ACTION

Our sustainability journey is built on collaboration, innovation, and leadership. As we forge ahead, we are guided by the principles of shared value - balancing profitability with positive societal and environmental impact. Choppies remains committed to being a force for good in the regions we serve, addressing the challenges of climate change, resource depletion, and social responsibility head-on.



06

Accountability

GOVERNANCE REPORT

Choppies is a **committed corporate citizen** and **adheres to sound corporate governance standards**, which serve as the cornerstone on which investors' trust is founded.

Corporate governance promotes justice, accountability, responsibility, and openness across organisations like Choppies in accordance with the universal principles in King IV. Corporate governance procedures safeguard managers and staff as they carry out their responsibilities, and effective governance inspires stakeholder confidence in the organisation.

Choppies is dedicated to following and upholding sound corporate governance standards as outlined in the Botswana Companies Act, King IV, the BSE Listings Requirements (primary listing), and the JSE Listings Requirements (secondary listing). The Board is aware that corporate governance procedures must be suitable for the size, nature, and complexity of the Company's operations while fostering sound procedures in the light of financial performance. Choppies is dedicated to upholding the highest governance standards and applies rigorous compliance procedures.

The Company believes that its governance practices are sound and, in all material respects, conform to the principles embodied within King IV. Application of the King IV principles is set out on page 90.

ETHICAL LEADERSHIP

Key to the corporate governance of the Group is the "Code of Business Conduct and Ethics". This code was drawn up from best practices in the corporate world. It is intended to nurture a culture of integrity, responsibility, accountability, transparency and fairness, and to sustain the confidence and trust of all the company's stakeholders. Compliance with the code is mandatory by all employees and stakeholders of the Company. Among others, the code covers the following:

- Compliance with laws and regulations
- Policy on human rights
- Conflict of interest
  - Outside activities, employment and directorships
  - Nepotism
  - Relationships with clients, customers and suppliers
  - Gifts, hospitality and favours
  - Solicitation of gifts, sponsorships and money
  - Personal investments
- Anti-corruption and bribery policies
- Safety, health and environmental responsibility
- Political support and government relations
- Protecting Company funds and assets
- Accurate and timeous record keeping
- Dealing with outside persons and organisations
- Privacy and confidentiality of information
- Contravention of the code – implications
- Tip-off anonymous.

The Board accepts overall responsibility for the adherence to the code and has no reason to believe that there have been any material instances of non-adherence during the year under review.

The Group also has a supplier code of practice in place outlining the ethical practices and policies of Choppies. All suppliers are required to adhere to this policy.

Whistleblowing measures

Choppies has implemented a whistleblowing process to enable employees and third parties to report any perceived or alleged irregular or unethical behaviour in a confidential and controlled environment. A 24-hour anonymous ethics hotline is managed by an independent external service provider and can be accessed telephonically or via email.

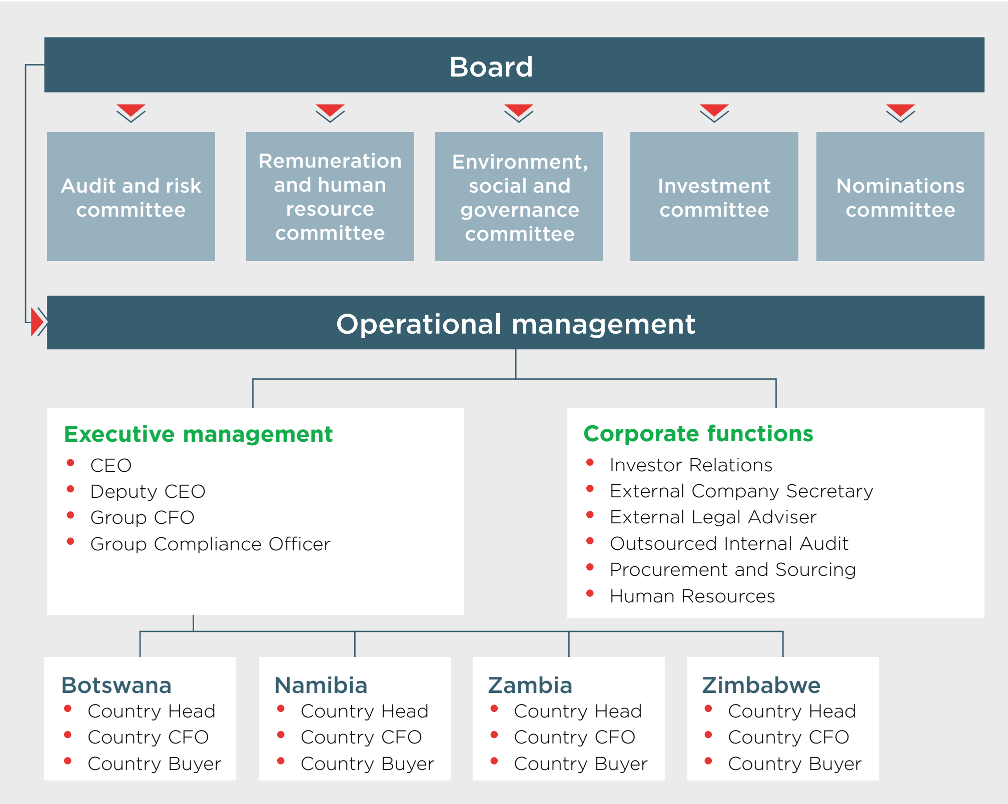
Reports are monitored and managed with feedback to the audit and risk committee.

Refer to the ARC report on page 100 for a summary of matters reported and action taken where necessary.

GOVERNANCE REPORT continued

GOVERNANCE STRUCTURE

The Board acts in the best interests of the Company and takes ultimate responsibility for the Company. The Board is supported by the five Board committees as set out in the organogram below. These committees have delegated responsibility to assist in specific matters and report to the Board. The delegated responsibility and the powers, limits and authorities attached to Board committees are approved by the Choppies Board, and such powers, limits and authorities are limited as determined by the Board from time to time. Each committee has its own charter which sets forth its purpose, composition and duties.



The Board delegates to executive management by way of a formal approvals framework, which it reviews regularly. This framework deals with decision-making, including which matters are reserved for the Board, delegated to Board committees, and delegated to executive management.

THE BOARD

The Board is governed by a formally approved charter, which sets out its role and responsibilities, including:

- The Chairman of the Board must be an independent Non-executive Director
- A formal orientation programme for new directors must be followed
- Specific policies must exist regarding conflicts of interest and the maintenance of a register of directors' interests
- The Board must conduct a self-evaluation every second year
- Directors must have access to staff, records and outside professional advice where necessary
- Succession planning for executive management must be in place and must be updated regularly
- Strategic plans and an approvals framework must be in place and reviewed regularly
- Policies to ensure the integrity of internal controls and risk management must be in place
- Ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly.

During FY2024, the Board comprised seven directors, including four Independent Non-executive Directors, two Non-executive Director ("NED") and the Chief Executive Officer ("CEO"). The roles of Chairman and CEO are separate and distinct. The composition of the Board ensures a balance of power and authority and negates individual dominance in decision-making processes. The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

An Independent Non-executive Chairman leads the Board. The Chairman presides over meetings of the Board, guiding the integrity and effectiveness of the Board's governance process. This includes ensuring that no individual dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions.

The Company actively solicits on an ongoing basis from its directors' details regarding their external shareholdings and directorships, which potentially could create conflicts of interest while they serve as directors on the Board. The declarations received are closely scrutinised and are tabled at the beginning of each Board meeting. When applicable, directors are requested to table their interests in material contracts and, if necessary, are requested to recuse themselves from discussions in meetings. No interests in material contracts were reported during the 2024 year.

Operational management is the responsibility of the CEO. His responsibilities include, among others, developing and recommending to the Board a long-term strategy and vision that will generate satisfactory stakeholder value, annual business plans and budgets that support the

GOVERNANCE REPORT continued

long-term strategy, and managing the affairs of the Group in accordance with its values and objectives as well as the general policies and specific decisions of the Board. The succession plan for the CEO position is regularly reviewed and his employment contract aligns his remuneration to the performance of the Group.

A complete list of Board members and their CVs is disclosed in this Integrated Report on page 19. In terms of the Company's constitution, all new NEDs appointed during the year, as well as one-third of the existing NEDs, must retire on a rotational basis each year but may offer themselves for re-election. Ms Carol-Jean Harward and Mr Farouk Ismail will be retiring by rotation at the upcoming Annual General Meeting and being eligible will offer themselves for re-election.

The Board is required to undergo an induction programme including store visits to familiarise itself with all aspects of the business.

The Board is accountable for the actions of management and has retained full and effective control of the organisation over the past year. The Board defines levels of materiality, reserving specific powers to itself, and delegates other matters to management. The Board is satisfied that the delegation of authority framework contributes to role clarity and effective exercise of authority. The Board meets at least quarterly to review strategy, planning, operational performance risks, acquisitions, disposals, shareholder communications and other material aspects pertaining to the achievement of the Group's objectives.

Procedures for appointment to the Board are formal and transparent and are vested in the Board and include detailed screening of nominees to ensure that they meet the eligibility requirements as laid down in the Companies Act, the BSE and the JSE Listings Requirements. The Board will conduct assessments of each director at least every second year based on several factors including expertise, objectivity, judgement, understanding the Group's business, willingness to devote the time needed to prepare for and participate in committee deliberations. The next round of assessments is due in FY2025.

Strategic planning meetings take place at least every second year, and progress on strategic objectives are reviewed at Board meetings.

Attendance at Board meetings for FY2024 was as follows:

Board

Name of director	Position	30 Aug 2023	20 Sept 2023	26 Nov 2023	03 Dec 2023	27 Feb 2024	20 March 2024	23 May 2024	19 June 2024
U Corea	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
CJ Harward	Independent Non-executive	✓	✓	✓	✓	✓	✓	✓	✓
F Ismail	Non-executive	✓	✓	✓	✓	✓	✓	✓	×
R Ottapathu	CEO	✓	✓	✓	×	✓	✓	✓	✓
V Chitalu	Independent Non-executive	✓	✓	✓	✓	✓	✓	✓	✓
RP de Silva	Independent Non-executive	✓	✓	✓	✓	✓	✓	✓	✓
A Dondo Mogajane*	Non-executive		✓	✓	✓	✓	✓	✓	×

* *Appointed 30 August 2023.*

The Board believes that the Group has applied all significant governance principles and is compliant with all significant Listings Requirements of the BSE and JSE Limited. The Group has not breached any regulatory requirements and has complied with all its statutory obligations.

Board committees

To enable the Board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to Board committees. All Board committees are chaired by an Independent Non-executive Director. All committees' charters are reviewed annually to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance as well as any new requirements, which may arise from time to time.

The Board has access to the advice of the Company Secretary and may seek independent and professional advice about the affairs of the Company at the Company's expense.

These committees do not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The following Board committees have been established:

Audit and risk committee ("ARC")

It is not a legal requirement in Botswana to establish an audit committee, but in the spirit of good governance and in terms of the Listings Requirements of the Company on the BSE and JSE it has been considered appropriate to constitute such a committee.

The ARC has an independent role with accountability to both the Board and the shareholders.

GOVERNANCE REPORT continued

The main functions of the ARC as per its charter and King IV are to:

- Recommend the appointment of the external auditor and oversee the external audit process
- Determine the fees to be paid to the auditor and the auditor's terms of engagement
- Pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Company
- Oversee integrated reporting
- Review the Annual Financial Statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- Review the expertise, resources and experience of the Company's finance function
- Consider and satisfy itself annually of the appropriateness of the expertise and experience of the Company's CFO
- Oversee the internal audit function, including the approval of the internal audit plan
- Oversee the risk management function and review the risk areas of the Company's operations
- Review the technology governance and ensure that prudent steps are taken to ensure the integrity of the Company's information and information technology systems
- Prepare a report, to be included in the Annual Financial Statements for the financial year: (i) describing how the audit and risk committee carried out its functions, (ii) stating whether the audit and risk committee is satisfied that the auditor was independent of the Company, and (iii) commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company
- Receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to: (i) the accounting practices and internal audit of the Company, (ii) the content or auditing of the Company's financial statements, (iii) the internal financial controls of the Company, or (iv) any related matter
- Make submissions to the Board on any matters concerning the accounting policies, financial controls, accounting records and reporting
- Perform any other oversight functions required by the Board.

The ARC charter makes provision for at least three Independent Non-executive Directors as members. Mr De Silva chairs the committee, which further comprises of Ms Harward and Mr Chitalu. The Chairman of the Board and other directors attend the meetings by invitation but do not have voting rights. Furthermore, the CEO, CFO, internal and external auditors attend meetings of the ARC by invitation. Other executives may be requested to attend some sections of meetings as required.

The opportunity is created at meetings for discussion with the external and internal auditors without the presence of management. The members of the committee are knowledgeable about the affairs of the Group and have extensive experience in finance, accounting, legal and risk management practices.

Attendance by members at meetings during FY2024 was as follows:

Name of director	Position	19 Sep 2023	27 Feb 2024	19 March 2024	22 May 2024
RP de Silva	Chairman	✓	✓	✓	✓
CJ Harward	Member	✓	✓	✓	✓
V Chitalu	Member	✓	✓	✓	✓

See pages 100 to 102 for the ARC report on the FY2024 financial results.

Remuneration and human resource committee

The remuneration and human resource committee assists the Board in discharging its responsibilities for the development of the Group's general policy on executive and senior management remuneration and to determine specific remuneration packages including but not limited to basic salary, benefits in kind, bonuses, performance-based incentives, retention incentives, share incentives, retirement and other benefits. The committee determines criteria necessary to measure the performance of management in discharging their functions and responsibilities and proposes fees for Non-executive Directors for shareholder approval. The committee is also responsible for matters relating to human resources.

GOVERNANCE REPORT continued

The committee's charter makes provision for at least three Independent Non-executive Directors as members. The committee is chaired by Mr De Silva, with Ms Harward and Mr Chitalu as members. The Chairman of the Board and other directors attend the meetings by invitation but do not have voting rights. The committee has an independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval.

Attendance at committee meetings during FY2024 was as follows:

Name of director	Position	19 Sep 2023	05 Nov 2023
RP de Silva	Chairman	✓	✓
CJ Harward	Member	✓	✓
V Chitalu	Member	✓	✓

The report of the committee is set out on page 81.

Environment, social and governance committee (previously social and ethics committee)

As is the case with an audit committee, it is not a legal requirement in Botswana to establish a environment, social and governance committee, but in the spirit of good governance as well as the Listings Requirements of the Company on the BSE and JSE it has been considered appropriate to constitute such a committee.

The committee consists of three Non-executive Directors, namely Mr Corea who is the Chairman, Mr De Silva and Mr Chitalu.

Attendance during FY2024 at the one committee meeting was as follows:

Name of director	Position	13 Mar 2024
U Corea	Chairman	✓
V Chitalu	Member	✓
RP de Silva	Member	✓

The report of the committee is set out on page 87.

Investment committee

The investment committee assists the Board in evaluating opportunities that present themselves to the Group, advises the Board on such investment opportunities in a transparent manner, and ensures that sufficient consideration has been afforded to such opportunities. However, the Board is responsible for the final decision on all such investments.

The committee comprises three independent NEDs, Mr De Silva, Mr Chitalu and the Chairperson, Ms Harward.

During the year, the committee focused on the disposal of shares held in Mediland Health Care Distributors.

Attendance at committee meetings for FY2024 is set out below:

Name of director	Position	29 Aug 2023	19 Mar 2024	11 Jun 2024	15 Jun 2024
CJ Harward	Chairperson	✓	✓	✓	✓
V Chitalu	Member	✓	✓	✓	✓
RP de Silva	Member	✓	✓	✓	✓

The report of the committee is set out on page 88.

Nominations committee

The primary duty of the committee in terms of the nomination process, is to ensure that the procedures for appointments to the Board are formal and transparent, by making recommendations to the Board on all new Board appointments and reviewing succession planning for directors and senior executive management. The committee also evaluates all candidates for the position of director on the basis of skill and experience. Thorough background checks are conducted.

Attendance at committee meetings during FY2024 is set out below:

Name of director	Position	09 Aug 2023
U Corea	Chairman	✓
CJ Harward	Member	✓
F Ismail	Member	✓

The committee is chaired by the Chairman of the Board, Mr Corea, with two other Non-executive Directors, being Ms Harward and Mr Ismail as members.

GOVERNANCE REPORT continued

THE COMPANY SECRETARY

The Company appointed BP Consulting Services (Pty) Limited as its Company Secretary. Their main duties are to take minutes at Board meetings and to attend to administrative matters. The Group Compliance Officer assists the Company Secretary in fulfilling their duties in terms of the Companies Act. The Board assessed the company secretarial function for the year under review and confirmed that BP Consulting Services continues to demonstrate the requisite level of knowledge and experience to carry out all duties. The Company Secretary is confirmed to be competent, suitably qualified, and experienced. Further the Board is comfortable that Company Secretary maintains an arm's length relationship with the Board at all times.

As far as advice to the Board and individual directors regarding legal matters including compliance with fiduciary duties are concerned, the services of its legal adviser, Neill Armstrong, is used.

TRANSFER SECRETARY

Grant Thornton Capital Security Services no longer serves as the nominated transfer secretaries of the Company. The Central Security Depository Botswana ("CSDB") will remain the Company's transfer secretaries in line with the requirements of the Securities Act of 2014 and will continue with the mandate of keeping an up-to-date register of the Company's shareholders, the transfer of shares, and other related activities.

COMPANY SPONSOR

The Company has appointed Motswedi Securities (Pty) Limited as its new BSE sponsor, replacing Stockbrokers Botswana Limited.

RESTRICTION ON SHARE DEALINGS

Directors and employees are prohibited from dealing in Choppies shares during price sensitive periods. Closed periods extend from 31 December and 30 June, being the commencement of the interim and year-end reporting dates, up to the date of announcement of interim and year-end results and include any other period during which the Company is trading under a cautionary announcement. All directors are required to obtain written permission from the Chairman before dealing in any Choppies shares to protect them against possible and unintentional contravention of the insider trading laws and stock exchange regulations.

GENDER DIVERSITY

Choppies supports the principles and aims of gender diversity at Board level. We are in the process of developing a broad diversity policy, which will promote the diversity of gender, race, culture, age, field of knowledge, skills and experience.

COMPLIANCE

Compliance with laws, rules, regulations and relevant codes is integral to the Group's risk and opportunities management process. The ARC is responsible for, inter alia, ensuring that an appropriate compliance framework and register are in place, that non-compliance is reported, and reviewing any major breach of relevant legal and regulatory requirements.

The ARC report sets out the compliance processes and new policies adopted during the year as well as its assessment of the effectiveness of the compliance function.

GOVERNANCE REPORT continued

COMBINED ASSURANCE

The Board is ultimately accountable for ensuring that an effective and efficient system of internal control is designed and implemented within the Group. The Board has delegated this responsibility to the ARC who, through a combined assurance model oversees the effectiveness of the Group's internal control environment and that it underpins the integrity of the Group's internal and external reporting.

Details on the combined assurance model and risk management are outlined in the risk report as well as the ARC report on pages 76 and 100, respectively.

INVESTOR RELATIONS

The Group is committed to ensuring compliance with all legislation, regulation and voluntary codes in relation to disclosure, communication and dissemination of information, while limiting reputational risk for management and the Group. Management is committed to engaging with analysts and fund managers to enable informed decisions about investing in Choppies. The CEO is the designated investor spokesperson, and all investor meetings are attended by at least two people.

The Company identifies key stakeholders with legitimate interests and expectations relevant to the Company's strategic objectives and long-term sustainability, and strives to have transparent, open and clear communications with them. Reports, announcements and meetings with investment analysts and journalists, as well as the Company's website, are useful conduits for information.

The Chairmen of the Board and the Board committees are expected to attend the Company's Annual General Meeting, and shareholders can use this opportunity to direct any questions to them that they may have. A summary of the proceedings of general meetings and the outcome of voting on the items of business is available on request.

INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The Board has delegated responsibility for IT to the audit and risk committee but retains overall accountability.

Management has the responsibility for the management of IT and the governance framework, which includes:

- An IT steering committee to monitor and manage IT governance
- Formulating IT policies and procedures to regulate the management of all IT functions.

All IT acquisitions fall within the same capital approval processes as other capital expenditure projects and are therefore, based on value, submitted to the Board for approval. The audit and risk committee evaluates the effectiveness of the IT structure of the Group, including network security and threats related to cybercrime. The audit and risk committee report is set out on pages 100 to 102.

The IT steering committee is responsible for all high-level IT governance decisions and is chaired by the CEO and further comprises the CFO, Chief Compliance Officer and Deputy CEO. We continue to comply to the IT charter and policies adopted in July 2023.

During the current financial year, IT continued to enforce the IT policies and evaluate its effectives through the IT department assessments as well as through the comprehensive internal audit covering the IT governance framework and security management. The external audit of IT encompassed the newly implemented practices verifying compliance with ISA 315R and other universally accepted as de facto IT and IT audit frameworks.

The IT department continued to upgrade the security measures and strengthen our IT infrastructure capabilities to ensure our readiness to adopt new technologies. Considering the increase in cybercrimes, the IT department has also embarked on conducting cybersecurity awareness training for key departments using critical business systems and handling sensitive data.

RISK MANAGEMENT REPORT

INTRODUCTION

The Group adopted a structured and consistent approach to risk management, by aligning strategy, processes, people, technology and knowledge for the purpose of evaluating and managing the uncertainties and risks Choppies faces in creating shareholder value.

Further, the Group's risk management framework outlines the processes and procedures to be followed and has been approved by the Board. Additionally, risk appetite and tolerance levels were also determined and approved by the Board.

ROLES AND RESPONSIBILITIES

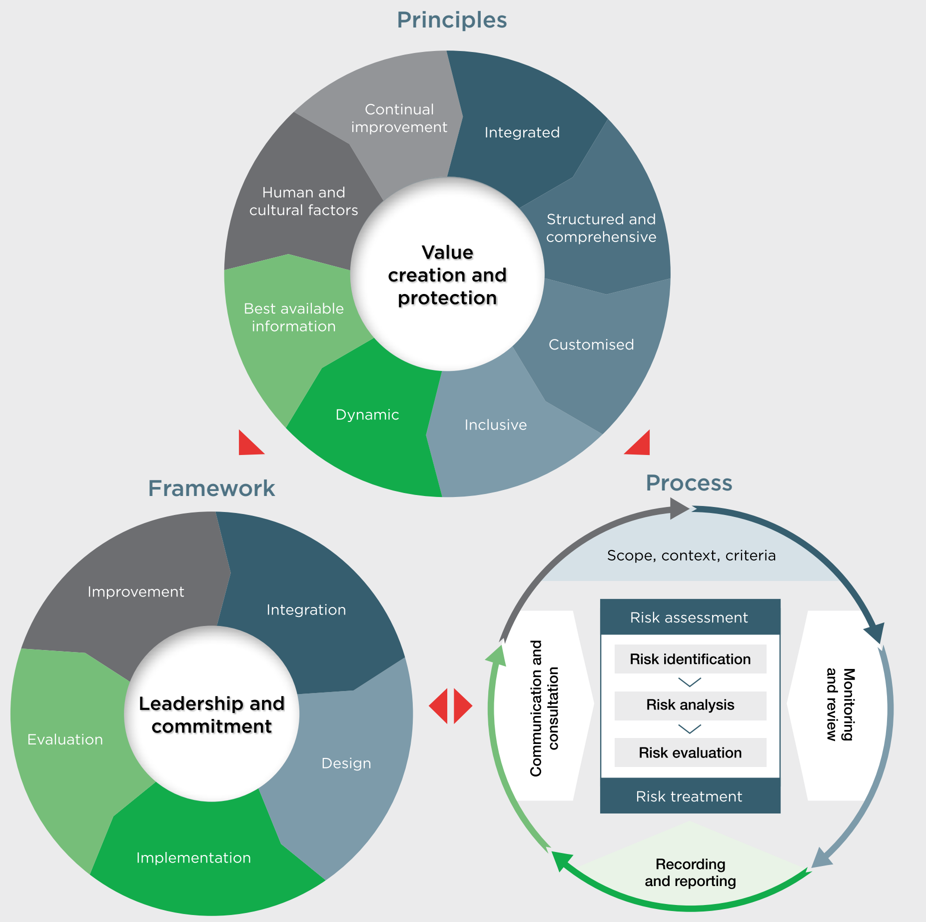
The CEO drives the culture of risk management and the Board has overall responsibility for the governance of risk within the Group. ARC assists the Board by monitoring the effectiveness of the control and risk management implemented by management.

The roles and responsibilities of the different role players are set out below:

Board/executive management	• Communicate the risk management approach to all levels of the organisation • Develop policies and procedures around risk that are consistent with the organisation's strategy and risk appetite • Promote an organisational culture that supports risk management.
Audit and risk committee	• Monitor risk management, including identifying areas of risk, which may impact the Group and suggesting appropriate controls for mitigation.
Group internal audit	• Assess the effectiveness of the overall risk management process • Review the adequacy, effectiveness and efficiency of controls implemented to mitigate risk.
Management	• Responsible for the implementation of the risk management system and processes within their functions.
All staff	• Responsible for managing risk within their area/function of the organisation.

RISK MANAGEMENT FRAMEWORK

The following framework, which aligns to ISO 31000:2018 has been used to set out Choppies' response to managing risk across the Group.



- Principles – the essential qualities for risk management
- Framework – the components necessary for effective risk management
- Process – the key steps that need to be followed to ensure effective risk management within the Group.

RISK MANAGEMENT REPORT continued

RISK MANAGEMENT PROCESS

Communication and consultation

Communication and consultation are key to the implementation and execution of the risk management process. This component is relevant for all steps in the process and the Board and management should communicate and consult with external and internal stakeholders throughout the process.

Risk assessment

Risk identification

This is the identification of what could prevent Choppies from achieving its objectives. The risks are captured in a risk register to ensure they are continually assessed and monitored.

Risk analysis

This involves understanding the sources and causes of the identified risks; studying probabilities and consequences given the existing controls, to identify the level of residual risk. Key considerations include the likelihood of the risk occurring, potential impacts of the risks if they do occur after considering existing controls and factors that could increase or decrease the risk. In assessing the relevant controls, the current controls are identified, the adequacy of the controls assessed and opportunities for improvement identified. For each risk identified the impact and likelihood of the risk are determined resulting in a rating of the risk. All risks that have been identified are documented in the risk register.

Risk evaluation

The risk analysis results are assessed to determine whether the residual risk is tolerable. The significance of the risk against the organisational objectives is determined to assign a priority to the risk. The higher the risk the more resources would be allocated to mitigating the risk.

Risk response/risk treatment

Risk response is the process of developing strategic options, and determining actions, to enhance opportunities and reduce threats to Choppies' objectives.

The following table contains examples in determining the appropriate treatment to the identified risk:

Risk response	Description
Avoid	Change the strategy or plans to avoid the risk
Reduce	Take action to reduce the likelihood or impact
Transfer	Transfer the risk to a third party such as insurance
Accept	Take no further action and decide to accept the risk

MONITORING AND REVIEW

It is essential to monitor risks, the effectiveness of the plan and strategies and controls that have been implemented to mitigate unacceptable risks.

Monitoring, review and update of the framework

The audit and risk committee is responsible for the annual monitoring, reviewing and updating of the risk management framework when there are changes to the guidelines or legislation that affect this framework.

Scope and implementation

The above risk management framework and process are filtered into the daily operations and the way the Group does business. In order for risk management to be effective specific responsibilities all aimed at embedding risk management practices into everyday business.

In order to assure the continuing focus on risk management the review and update of the risk register forms part of the agenda of executive management meetings.

Risk is not only viewed from a negative perspective. The assessment process also identifies areas of opportunity, for example where effective risk management can be turned into a competitive advantage, or where taking certain risks could result in reward for the Group. Any risk taken is considered within the Group's risk appetite and tolerance, which are reviewed and updated annually.

Risk appetite

Risk appetite is defined as the amount and type of risk that the Group is willing to pursue or retain. Risk appetite allows the Group to determine how much risk it is willing to take (including financial and operational impacts) to innovate in pursuit of its objectives.

The Board has determined the level of acceptable risk and requires management to manage and report on risk accordingly. Issues and circumstances that could materially affect the Group's reputation constitute unacceptable risk.

A system of internal control is implemented in all key operations and is tailored to each business' characteristics. It provides reasonable, rather than absolute, assurance that the Group's business objectives will be achieved within prescribed risk tolerance levels. The associated risk areas and control processes are monitored and reported on across the Group.

The Group also maintains a comprehensive insurance programme to ensure that material financial consequences of risk events do not result in undue financial impact on Group businesses.

RISK MANAGEMENT REPORT continued

Key business risks

The current key identified risks and their respective mitigations are set out below:

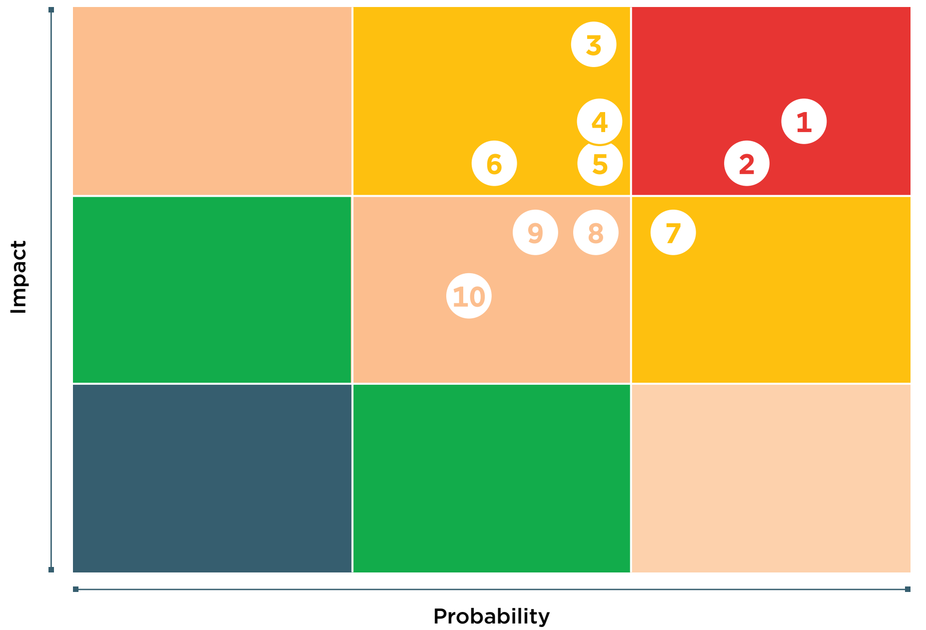
2024	2023	Risk	Description	Mitigation
1		**Foreign exchange, interest rates and commodity prices**	Negative impact of foreign exchange fluctuations on the Group's performance resulting in forex losses.	• All imports are hedged by exchange contracts • No foreign currency debt other than the lease contracts.
2	2	**Dependence on key executives and skilled employees**	Continuity of key executive and skilled employees is critical in geographies with low availability of skilled resources.	• Succession planning for all key positions • Competitive/attractive remuneration and incentives both STI and LTI and benchmarking against market and industry trend • Entrenching a culture of rewards and recognition • Investment in skills through internal and external training and workshops • Sponsoring higher studies for selected resources.
3	4	**Sub-Saharan Africa power crisis, climate change, etc. affecting business continuity**	Climate change can disrupt food availability, reduce access to food, and affect food quality. For example, projected increases in temperatures, changes in precipitation patterns, changes in extreme weather events, and reductions in water availability may all result in reduced agricultural productivity. Increased load shedding in Zambia is a major concern for the Company's stability.	• Backup provisioning of water and fuel in compliance with standard operating procedures • Solar project going on in phased manner • Backup generators in place.
4	3	**Cash flow and liquidity risks**	Lack of required funding for business growth.	• Generation of profits/cash for further investment • Prioritise investment opportunities • Continued operational excellence • Pro-active engagement with lenders • Optimise credit terms with suppliers.
5	5	**Information technology ("IT") risks**	IT system is key to ensuring availability of accurate, reliable, and timely information for informed decision-making. Exposure to cybersecurity events.	• Continued investment in technology to keep abreast of new developments • Cybersecurity, anti-virus, and backup processes in process of being addressed • Aligning security controls with best industry practice • Focus on IT governance ongoing • IT policy has been rolled out and effectively communicated to the employee.

RISK MANAGEMENT REPORT continued

2024	2023	Risk	Description	Mitigation
6	8	**African legislation and supplier risk**	Ensuring consistent and timely supply from a defined group of suppliers.	• Central monitoring of all transactions with key suppliers • Using distribution centres to mitigate supplier dependence • Keeping number of suppliers within each category within stipulated levels • Supply agreements with local farmers • Arrangement with suppliers for Group buying for our other operating countries for better deals and buying power.
7	7	**Working capital**	Poor working capital management will impact cash flow and profits	• Budget and monthly monitoring and reporting • Focus on stock shrinkages • Strong physical security in place • Regular wall-to-wall stock counts • Recommended order quantity ("ROQ") model in place for stock ordering.
8	10	**Fraud/theft/corruption risk/ stock losses/wastage**	Internally risk of fraud and theft by employees. Externally risk through collusion, misappropriation of assets such as cash and inventory (shrinkage), and third-party fraud, armed robberies and theft.	• Relevant policies on financial controls especially cash-handling and inventory controls in place and covered in training programmes • Strict security controls at all locations • Continuous oversight by internal audit • Whistleblowing hotline managed by an independent third party in place • Clear guidelines on anti-bribery and corruption • Full stock count at regular intervals • Continuous monitoring through centralised control room.
9	6	**Macroeconomic conditions in particular countries**	Some economies remain volatile due to a stressed socio-political situation. • Restriction on importation of certain foodstuffs • Non-availability of containers in South Africa for imported product.	• Continually assess investment in all countries in which the Group operates • High degree of localisation in each geography • Supply agreements with local farmers • Investigating imports through other ports than South Africa.
10	8	**Food safety risk**	Food safety and quality are integral to maintaining customer trust and brand equity. Inferior product quality, non-compliance with product safety standards and failing to meet customer expectations may potentially result in harm to customers, claims, regulatory scrutiny, penalties, or significant reputational damage.	• Strict quality control systems through recipe management and standard operating procedures • Uniformity in product offering and quality across country regions • Regular monitoring by executive management • Ongoing food safety audits • Buying team ensure all products comply with regulatory requirements • Conducting lab testing for in house brand product if required.

RISK MANAGEMENT REPORT continued

Heat map



Impact:

HIGH
Would impact business. Threatens viability of breakthrough innovation

MEDIUM
Risks can be understood provided potential benefits outweigh costs

LOW
Exposure is well understood. Amenable to low-cost mitigation

Probability:

MANAGEABLE
A regular occurrence for this business

POSSIBLE
A rare occurrence for this business

AVOIDABLE
Happened elsewhere but no known occurrence in this business

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT

INTRODUCTION

In accordance with the requirements of the King IV report, this report is divided into three sections:

Section 1: Background statement

Section 2: Remuneration philosophy, policy and framework

Section 3: Implementation and disclosure of individual executive management's remuneration

SECTION 1: BACKGROUND STATEMENT

Introduction

The remuneration and human resource committee ("Remcom") assists the Board in discharging its oversight responsibilities relating to the Group's remuneration policy and practices. Remcom ensures the remuneration policy is aligned with the Group's strategic objectives and goals, determines the remuneration of Executive Directors and Prescribed Officers, and proposes fees for Non-executive Directors for shareholder approval.

Shareholder approval

In terms of the Companies Act, the constitution of a Company may provide that the Board has the power to authorise the remuneration and benefits payable by a Company to its directors. The Choppies' constitution does so authorise the Board. King IV, however, recommends a process including separate non-binding votes by shareholders on the remuneration policy and interpretation thereof. The Board, being cognisant of the principles of good corporate governance, has decided not to authorise remuneration on its own, as it is entitled to do, but to put the remuneration policy and implementation report, as set out in sections two and three, respectively, to shareholders for approval at the Annual General Meeting.

Fair and responsible remuneration

As a responsible corporate citizen and, apart from government, the major employer in Botswana, the Company is committed to adopting fair and responsible remuneration practices. The Group continues to strive to improve employment conditions across the business and implement initiatives that will, over time, realise the concept of fair and reasonable remuneration.

SECTION 2: REMUNERATION PHILOSOPHY, POLICY AND FRAMEWORK

POLICY AND PHILOSOPHY

The Group's remuneration philosophy is that employees are remunerated appropriately for their contribution to the delivery of the Group's strategy. The remuneration policy framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high-calibre employees. The Group aims to encourage high levels of performance that are sustainable and aligned with the purpose, strategic direction and specific value drivers of the business. The way the Group remunerates employees reflects the dynamics of the market, as well as the social, economic and environmental context in which the Group operates.

The employment and remuneration arrangements of employees who either form part of a bargaining unit or are independent contractors are governed by separate agreements.

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT continued

REMUNERATION FRAMEWORK

The key elements of the Group's remuneration framework and structure can be summarised as follows:

	Executive management ("Exco")	
	Senior corporate executives	**Country executives**
Guaranteed remuneration ("GR") being basic salary + benefits all covered under total cost to company	Salary, retirement, medical, housing, and vehicle benefit	Salary, retirement, medical, housing, and vehicle benefit
Short-term incentive ("STI")		
1. Financial targets	100% Group EBITDA	100% country EBITDA
2. STI as a % of GR	4% – 58%	4% – 58%
3. STI stress target	Exceptional performance, as judged by the Remcom for Exco and by the CEO for other management. Amount for Exco members to be limited to 20% of the STI vested as in 2 above.	
4. STI salient points	• The STI is self-funding in that the threshold for the financial target is calculated after taking into account the cost of the STI • Payment of STI bonuses (if any) will only be made to those qualifying employees in the employ of the Company on 31 October 2024, therefore • The STI, if any, will become payable after the Board approves the June 2024 Audited Annual Financial Statements • After 30 June 2024 good/bad leaver provisions will apply • Malus and clawback policy applies • Maximum STI not to exceed 10% of Group EBIT inclusive of the amount of the STI • Zimbabwe legacy debt receipts not to be included for STI purposes in EBIT or RONA	

FINANCIAL PERFORMANCE CONDITIONS FOR 2025 STI

The financial performance conditions for executive management in 2025 are as follows:

	Threshold (0% vesting)	Target (100% vesting)
EBITDA	Below 90% budget achievement	100% budget achievement

Linear vesting to apply between threshold and target.

LONG-TERM INCENTIVE ("LTI") SCHEME

The LTI scheme was introduced in FY2023. The Share Plan was designed following thorough market research and independent professional advice. The Share Plan was used for awards in the 2023 financial year and was approved at the annual general meeting in November 2022.

The rules of the Share Plan are available on request from the company secretary and the salient features of the Share Plan are set out below.

Feature	Detail
Aim	The Share Plan aims to incentivise the Group's eligible employees to meet strategic objectives that will help deliver value to shareholders, achieve alignment between the participants' remuneration and the interests of the Company's shareholders and act as an attraction/retention mechanism.
Type of awards	The Share Plan will enable the award of Performance Conditional Shares and Restricted Conditional Shares.
Eligibility	Remcom will consider participation on an ad hoc or annual basis to any person holding full-time salaried employment with any member of the Group. In practice, annual Performance Conditional Share awards will be made to the executive committee and Restricted Conditional Share awards will be focused on key talent (generally below the executive committee level) or for sign-on awards to compensate new employees for the value forfeited from their previous employer.

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT continued

Feature	Detail
Performance conditional shares	The vesting of Performance Conditional Shares will be subject to: i) the achievement of performance condition(s), determined by Remcom ("the Performance Conditions"), and; (ii) continued employment with the Group for the duration of the vesting period ("the Employment Condition"). Annual awards of Performance Conditional Shares will be made as a percentage of a participant's guaranteed pay, initially at 25% to 33%. While acknowledging that these award levels are below market benchmarks, it is the intention that the awards will increase towards market benchmarks when the Company performance and increases in the share price merit such awards. The CEO elected not to receive an award in FY2024. Performance conditions for the first award will be as follows:

Condition	Notes	Weight	Threshold	Target
Vesting percentage			30%	100%
HEPS in FY2025		65.0%	15 thebe	22 thebe
Post-tax RONA (average of FY2024, FY2025 and FY2026)	1	25.0%	WACC + 12.5%	WACC + 15%
ESG conditions		10.0%	Management to propose	
		100%		

For each performance condition:
- 0% will vest for performance below threshold
- 30% will vest for performance at threshold
- 100% will vest for performance at target

There will be linear vesting between threshold and target.

[1] *WACC is the weighted average cost of capital averaged over the performance period.*

Feature	Detail
Restricted Conditional Shares	The vesting of Restricted Conditional Shares is subject to the Employment Condition.
Setting of performance and employment periods	Remcom will set appropriate Performance Conditions measured over set performance periods ("the Performance Period"), and Employment Conditions measured over set employment periods ("the Employment Period"), as relevant, on an annual basis, considering the business environment at the time of making the awards, and where considered necessary, in consultation with shareholders. Initially, upon the commencement of the Share Plan, the Performance Period will be three years and the Employment Period will be three to five years, with one-third vesting each year.
Dividend equivalents	Participants will not be entitled to any shareholder rights before the settlement of awards. However, participants may be entitled to dividend equivalents on settlement of vested awards.
Manner of settlement	Due to the tightly held nature of the Company's shares, settlement could be by means of an issue of new shares or using treasury shares (built-up judiciously over the Performance Period). Market purchases could also be used on vesting to avoid dilution but only where these purchases can be made without excessive influence on the share price. As a fallback provision only, Remcom may direct settlement of awards in cash.
Company limit	The aggregate number of shares which may at any one time be settled in terms of the Share Plan shall not exceed 65 000 000 shares to all participants (approximately 5% of the issued share capital of the Company). In calculating this limit, new shares issued, or treasury shares used in settlement will be included. Awards settled by shares purchased in the market or settled in cash, and shares which do not subsequently vest because of forfeiture will be excluded in determining the limit. The Company limit must be adjusted in the event of a sub-division or consolidation of shares.

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT continued

Feature	Detail
Individual limit	The maximum number of shares which may be allocated to an individual participant in respect of all unvested awards may not exceed 6 500 000 shares. The individual limit may be adjusted in the event of a capitalisation issue, special distribution, rights issue, or reduction in capital of the Company.
Termination of employment	Where the employment of a participant is terminated due to breach of contract due to absence from work; serious misconduct; incompatibility; retirement before the normal retirement date; or resignation, all unvested shares will be forfeited and cancelled unless Remcom determines otherwise.
	Where the employment of a participant is terminated due to death; ill health; disability; injury; redundancy; subject to Remcom's discretion, retirement at the normal retirement age; or the employer Company ceasing to be a member of the Group, the awards will vest early on a pro-rated basis as follows: • In the case of Performance Conditional Shares, to reflect the number of months served of the employment period, and the extent to which the Performance Conditions have been satisfied. The remainder of the award will lapse, or, at the discretion of the Remcom, the participant's unvested award(s) shall vest on the original vesting date specified in the award letter, as if the participant's employment had not terminated • In the case of Restricted Conditional Shares, to reflect the number of months served of the employment period. The remainder of the award will lapse, or, at the discretion of the Remcom, the participant's unvested award(s) shall vest on the original vesting date specified in the award letter, as if the participant's employment had not terminated. Remcom may exercise its discretion to determine the fault or no-fault status of participants and permit awards to be settled at the normal vesting date, without time pro-rating, but subject to applicable performance conditions, as if the participant's employment was not terminated.

Feature	Detail
Malus and clawback	All awards will be subject to malus and clawback provisions, in line with market practice.
Corporate transactions	In the event of a change of control, awards will vest early on a pro-rata basis based on the proportion of the Employment Period served and the extent to which the Performance Conditions (if any) have been achieved. The balance of the awards will continue in force, on the basis of the original terms and conditions, unless the Remcom determines that this is not feasible, and in this case, they will be adjusted or converted for replacement awards provided that the participant is no worse off as a result of such adjustment or replacement. Remcom may, where necessary, adjust the Company limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the shares of the Company. Such adjustment should give a participant entitlement to the same proportion of the equity capital as that to which they were previously entitled. Remcom may, where required, adjust the individual limit to take account of a capitalisation issue, a special distribution, a rights issue, or reduction in capital of the Company. Such adjustment should give a participant: entitlement to (i) the same proportion of equity capital as that to which they were previously entitled in terms of an existing award or (ii) the 0.5% (half a percent) of the number of issued shares in the share capital of the Company.
FY2023 and 2024 awards	The FY2023 awards were deferred and took place in FY2024. Remcom decided to defer awards for FY2024 to FY2025.

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT continued

Service contracts

The Board entered into contracts with all Non-executive Directors.

Executive management is subject to the Company's standard terms and conditions of employment where the notice period varies from six months (in the case of the CEO) to one calendar month. In line with the Group policy, no executive member is compensated for the loss of office, and nobody has special termination benefits or is entitled to balloon payments.

There are no restraint of trade provisions in place for any executive management.

Non-executive directors' fees

Non-executive Directors are paid an annual retainer, on a monthly basis, as well as an attendance fee per meeting. The Company draws on the experience, skills and knowledge of the Non-executive Directors with the result that they are also performing consultative services but are not paid a separate fee for these services. In this regard, extensive work has been done by the independent Non-executive Directors during the past years that otherwise would have resulted in high external consulting fees. The fee structure is evaluated regularly based on public surveys and internal benchmarking, taking into account the additional services rendered, the complexity and the responsibilities assumed.

No increase in fees is proposed for 2024. The table below sets out the retainer portion of the Non-executive Director's fees:

	Fixed fee per annum	
	2024 Actual BWP'000	2025 Recommended BWP'000
Chairman of the Board	**660**	660
Chairman of the ARC/Remcom	**500**	500
Chairperson of the investment committee	**360**	360
Other members of the Board	**300**	300

In addition to the above retainers, sitting fees of BWP33 333 per Board and committee meeting is paid.

Non-executive Directors do not qualify for share options, nor do they participate in any variable pay incentive schemes, to preserve their independence.

SECTION 3: IMPLEMENTATION AND DISCLOSURE OF REMUNERATION POLICY

This section of the report explains the implementation of the remuneration policy and provides details of the remuneration paid to Executive Directors (the CEO is the only Executive Director), prescribed officers and Non-executive Directors for the financial year ended 30 June 2024.

Annual salary increases

The average salary increase effective 1 July 2024 for executive management is as follows:

	2025	2024
CEO*	0%	0%
Executive management (excluding CEO)	8.86%	8.6%

* *The gross remuneration of the CEO remained unchanged over the last few years but is in line with benchmarks.*

Executive remuneration

The remuneration of the CEO and Prescribed Officers* is reflected in the following table:

					Total remuneration	
Name	Designation	GR BWP'000	STI BWP'000	Share-based payments BWP'000	**2024 BWP'000**	2023 BWP'000
R Ottapathu	CEO	7 487	1 250		**8 737**	6 965
V Madhavan	Deputy CEO	6 880	1 250	4 281	**12 411**	4 737
M Rajcoomar	CFO	3 584	699	365	**4 648**	3 093
V Sanooj	Group Compliance Officer	2 304	351	316	**2 971**	2 035

* *Prescribed officer is defined as senior members of management that report directly to the CEO.*

REMUNERATION AND HUMAN RESOURCE COMMITTEE REPORT continued

Non-executive directors' fees

Non-executive Directors' emoluments were as follows:

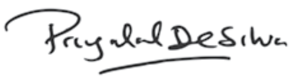
	BOARD		COMMITTEES					TOTAL FEES	
Name	Retainer fees BWP'000	Sitting fees BWP'000	Audit and risk BWP'000	Investment BWP'000	Remuneration and human resource BWP'000	Environment, social and governance BWP'000	Nomination BWP'000	**2024 BWP'000**	2023 BWP'000
DKU Corea	660	333				33	33	**1 060**	1 159
F Ismail	300	300					33	**633**	700
CJ Harward	360	333	133	133	67		33	**1 060**	1 126
V Chitalu – Company	300	333	133	133	67	33		**1 000**	1 066
V Chitalu – Subsidiary*	361							**361**	318
RP de Silva	500	333	133	133	67	33		**1 200**	316
AD Mogajane^	171	267						**438**	0
T Pritchard^^								**0**	917
								5 752	5 602

* *Fees paid to Mr Chitalu as Chairperson of the Company's Zambian subsidiary.*

^ *Appointed 30 August 2023.*

^^*Resigned 1 May 2023.*

On behalf of Remcom



RP de Silva

Remuneration and human resource committee Chairman

25 September 2024

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE REPORT

BACKGROUND

The Board supports and endorses the committee, which operates independently of management and is free of any organisational restraint or pressure. The committee consists of not less than three members, and the majority of the members must be Independent Non-executive Directors.

ROLE AND RESPONSIBILITY

The role of the environment, social and governance committee is to assist the Board in all matters relating to organisational ethics, responsible corporate citizenship, health and safety, sustainable development, environmental awareness and stakeholder relationships including overseeing the Group's shared value programme and initiatives in addition to the human resource function of the Group.

The key objectives and responsibilities of the committee are aligned with King IV, the 10 principles set out in the United Nations Global Compact as well as the OECD recommendations regarding corruption.

ACTIVITIES DURING THE PAST YEAR

During the past year the committee reviewed the following:

- Environment, social and governance committee charter
- Code of business practice and ethics
- Code of supplier conduct
- Anti-bribery and corruption policy
- Whistleblowers report and policy
- Anti-money laundering and KYC policy
- Safety Health and Environment ("SHE") programme
- Environmental awareness initiatives
- Shared value initiatives relating to:
  - Number of farmers being assisted
  - Local manufacturing
  - Individuals living with disabilities
  - Women empowerment
  - Staff training and upskilling
  - Donations and sponsorships.

FUTURE OUTLOOK

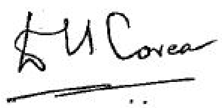
The committee will continue to review and assess all policies on an annual basis to assess their relevance. This will help determine whether any updates will be required due to changes in legislation or the emergence of new governance trends.

In FY2025, the committee will continue to build on the foundation laid during the past couple of years to ensure that policies and programmes are in place to maintain high standards of good corporate citizenship and address the needs of internal and external stakeholders, and strong consumer relations.

Additionally, the committee will monitor the Group's activities relating to its responsibilities as outlined in the constitutions of Botswana and any other jurisdiction where the Group has established operations.

CONCLUSION

No material non-compliance with legislation and regulations, nor material regulatory fines or penalties relevant to the areas within the committee's mandate, have been brought to its attention during the reporting period.



Uttum Corea

Chairman environment, social and governance committee

25 September 2024

INVESTMENT COMMITTEE REPORT

The investment committee ("IC") **plays a pivotal role in our corporate governance**, ensuring transparency, rigor, and sound decision-making across all investment activities.

Comprising three fully Independent Non-executive Directors – Ms CJ Harward (Chair), Mr V Chitalu, and Mr RP de Silva – the IC is appointed by the Board and operates with full autonomy. This structure aligns with our commitment to strong governance, adhering strictly to the committee's charter, which mandates its independence.

While the Chairman of the Board and other directors may attend IC meetings by invitation, they do not hold voting rights. Key executives such as the CEO, Deputy CEO, CFO, Chief Compliance Officer ("CCO"), and the Company's legal representative are called in as needed, along with other experts, to provide insights on specific matters. A detailed record of meeting attendance for FY2024 is set out on page 73.

PURPOSE AND ROLE

The investment committee's primary responsibility is to act as an expert advisory body to the Board, meticulously evaluating investment opportunities and ensuring that every decision is underpinned by thorough analysis and transparency. While the IC makes recommendations, ultimate decision-making authority rests with the Board.

Before any investment opportunity is greenlit, the IC follows a robust, multi-stage process designed to ensure:

1. **Complete transparency:** Every negotiation and process is open and transparent.
2. **Thorough risk assessment:** Risks are evaluated in line with the Group's overall risk appetite.
3. **Comprehensive due diligence:** Legal, technical, and financial due diligence is rigorously conducted.
4. **Legal safeguards:** Agreements undergo full legal review.
5. **Continuous Board updates:** The Board is kept informed of all significant developments, ensuring smooth, timely decision-making.

NOTEWORTHY TRANSACTIONS REVIEWED

1. Core retail platform transformation

The need to modernise our technology infrastructure has become increasingly apparent. Our existing Choppies retail platform, nearly two decades old, has limited capabilities that have stifled decision-making at all levels of management. Recognising this, Choppies has already taken steps to modernise critical business processes, yielding impressive results.

In January 2023, we introduced Slimstock, an advanced inventory optimisation and demand forecasting system. This revolutionised our centralised replenishment and order management processes, dramatically improving stock availability and driving operational efficiencies across our outlets. It has also helped mitigate fraudulent practices in the ordering process, freeing up resources to focus on revenue-generating activities.

In April 2023, we launched Power BI as our business intelligence platform. This tool, integrated with our existing ERP, has been transformative, delivering data-driven insights that empower senior management to make informed decisions, driving both profitability and sustainable growth.

However, these advancements highlighted the necessity for a full overhaul of our Core Retail Platform ("CRP"), an essential enabler for future business growth. The new ERP system will serve as the backbone of Choppies' operations, benefiting everyone from frontline staff to senior executives. Key benefits of the new ERP system include:

- **Enhanced business agility:** The ERP fosters a culture of adaptability, empowering employees to embrace change and adopt new skills and processes
- **Data-driven culture:** Real-time insights will allow employees at all levels to make smarter, more informed decisions, transforming our culture into one focused on analytics and data-driven performance
- **Cross-departmental collaboration:** By breaking down silos, the ERP promotes a more integrated view of the organization, encouraging a broader understanding of how actions impact the whole Company
- **Increased employee productivity:** Employees will be empowered to take greater ownership of their roles, streamlining operations and reducing redundancy
- **Reduced operational costs and focus on value delivery:** By optimising processes and managing inventory more efficiently, the ERP will enable a sharper focus on delivering value to customers and driving continuous innovation.

2. Sale of Mediland

In a strategic move to strengthen our operations, Choppies Distribution Centre (Pty) Limited acquired a 76% controlling stake in Kamoso Africa after the 2023 fiscal year. One of Kamoso's divisions, Mediland, primarily deals with the distribution of medical equipment and pharmaceuticals. However, Mediland has been an underperforming, non-core subsidiary, sustaining significant losses with no prospect of recovery in its current form.

Facing ongoing losses and technical insolvency, the IC recommended the sale of Kamoso's entire stake in Mediland to its current management for a nominal consideration of BWP100. Under the terms of the transaction, the incoming shareholders assume Mediland's existing loan obligations of BWP40 million, to be repaid over five years with interest. No dividends will be declared by Mediland during the repayment period.

INVESTMENT COMMITTEE REPORT continued

The rationale for this disposal includes:

- **Eliminating ongoing losses:** By divesting Mediland, the Group will immediately stop the BWP8 million in annual losses that have been dragging down its financial performance
- **Recovering a significant portion of invested funds:** Without this transaction, Kamoso would face the potential complete loss of the BWP40 million it had invested in Mediland. Through this strategic management buyout, Kamoso will recover approximately BWP26 million in present value, mitigating the financial impact
- **Securing jobs:** The disposal ensures the retention of around 30 Mediland employees, protecting jobs and supporting operational continuity under the new ownership
- **Refocusing on core profit drivers:** This transaction enables the Group to offload a non-core, loss-making subsidiary, allowing it to refocus on its core business areas that drive profitability and long-term growth.

3. Strategic store expansion

In line with our measured growth strategy, the Group opened 12 new grocery retail stores (net eight) during the year. These were strategically positioned to strengthen our footprint in key markets, with four stores launched in Botswana, one in Zimbabwe, one in Zambia, and six in Namibia. There were four stores closed as well in Zimbabwe.

CONCLUSION

The investment committee is pleased to report that it has fulfilled all its statutory duties as assigned by the Board during the reporting period. Under the leadership of Ms Harward, the committee has maintained a high standard of oversight and governance, with regular updates provided to the Board to ensure full accountability.

CJHarward

Ms Carol-Jean Harward

Investment committee Chairperson

25 September 2024

APPLICATION OF KING IV PRINCIPLES

The various **principles of King IV** are embodied in the different sections of the Integrated Report. The **Listings Requirements of the BSE**, however, require a **full disclosure** as an annexure in the Annual Report and, for that reason, the below has been prepared for inclusion in the Integrated Report.

The Group complies with the King IV principles as explained below:

LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

Principle 1

Leadership

The Board should lead ethically and effectively.

The Board leads ethically and effectively, adhering to the duties of a director by acting with due care and diligence and maintaining a sufficient working knowledge of Choppies and its industry and remaining informed about matters for decision-making.

The Board is competent to steer and set the strategic direction of the Group and oversee the implementation of approved strategies by management, ensuring accountability for the Group's performance. The Board is mindful of the impact of the Group's activities on society and the environment, considering key risks and opportunities, and seeks to ensure sustained value creation for all stakeholders.

The Board charter sets out the role and responsibilities of directors. The charter also outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the Company, which is done in accordance with legislation and BSE and JSE Listings Requirements, and further supported by a share dealing policy.

Each director signs a declaration at Board meetings, declaring any interests or potential conflicts, or confirming that there are no conflicts of interest.

The Board, its committees, its chair and individual members are subject to a formal evaluation process at least every two years. The results are discussed and actioned by all concerned.

Principle 2

Organisational ethics

The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The Board ensures that Choppies' ethics are managed effectively and provides effective leadership based on an ethical foundation.

An ethical corporate culture is promoted and sustained by:

- Endorsing the values of the Group documented in the code of business conduct and ethics
- The code is published on the website and incorporated by reference in employee contracts
- Endorsing internal policies, specifically around anti-bribery and corruption, gifts and entertainment and whistleblowing to tackle practices inimical to ethical conduct more efficiently
- Monitoring and reporting on the measures taken by the Group to achieve adherence thereof (through the environment, social and governance, and audit and risk committees)
- All business conducted by the Board and management aligns with the values of the Group.

APPLICATION OF KING IV PRINCIPLES continued

Principle 3

Responsible corporate citizenship

The Board should ensure that the Company is and is seen to be a responsible corporate citizen.

The implementation and execution of the code of business conduct and ethics and related policies are delegated to management.

The Board ensures that the Group is, and is seen to be, a responsible corporate citizen. The Board endorse the values, strategy and conduct, which are congruent with being a responsible corporate citizen.

The Board assesses the consequences of the Group's activities by monitoring performance against measures and targets in the following areas:

- Workplace (including, but not limited to, employment equity, fairness of remuneration principles, development of and the health and safety of employees)
- Economy (including, but not limited to, economic transformation, fraud and corruption practices and policies, approving a responsible and transparent tax policy)
- Society (including, but not limited to, public health and safety, consumer protection, protection of human rights)
- Environment (including, but not limited to, responsibilities in respect of pollution and waste disposal).

The monitoring of above activities is delegated to the environment, social and governance committee.

STRATEGY, PERFORMANCE AND REPORTING

Principle 4

Strategy and performance

The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The Board appreciates that strategy, risk, performance and sustainability are inseparable and gives effect to this in the following manner:

- Providing strategic direction by assessing and approving the Group's strategy submitted by top management
- In approving the Group strategy, the Board challenges it constructively with reference to, among others, the timelines and parameters which determine the meaning of short, medium and long term, respectively, availability of resources and relationships connected to the various forms of capital, and the expectations of material stakeholders
- Assessing the impact (risk and opportunities) of the short, medium and long-term strategy and responding to negative consequences on the economy, society and environment
- Approving policies and plans to implement the strategy, including key performance measures for assessing the achievement of the strategic objectives
- Upon approval, the Board empowers top management to implement the said strategy and to provide it with timely, accurate and relevant feedback on progress.

APPLICATION OF KING IV PRINCIPLES continued

Principle 5

Reporting

The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

The Board delegates the governance and approval of the Integrated Report to the audit and risk committee.

The audit and risk committee discharges its duties by:

- Ensuring that the Group issues a report annually
- Assessing the integrity of external reports (including the nature, scope and extent of assurance, legal requirements, intended user)
- Approving the reporting frameworks adopted by management
- Ensuring that all issued reports (online or printed) comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders
- Approving the threshold of materiality used for purposes of disclosing information or not
- Overseeing the assurance provided by the internal audit department on sustainability reporting and disclosure.

GOVERNING STRUCTURES AND DELEGATION

Principle 6

Primary role and responsibilities of the Board

The Board should serve as the focal point and custodian of corporate governance in the organisation.

The Board is the custodian of corporate governance in the Group. The Board has adopted a charter setting out its responsibilities, duties and accountability towards Choppies. The charter is reviewed annually.

Choppies' governance practices are disclosed on page 69 of this Integrated Report.

Principle 7

Composition of the Board

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

An Independent Non-executive Chairman leads the Board. The Board comprises a balance of Executive and Non-executive members, with the majority being Non-executive of whom most are independent.

Directors are appointed through a formal process. The nominations committee identifies suitable candidates and final approval of appointment resides with the entire Board. All effort is taken to ensure the composition of the Board comprises the appropriate mix of knowledge, skills and experience (business, commercial and industry) which is sufficient to deliver on strategies and create long-term shareholder value. The Board comprises of a minimum of four directors with no maximum number.

In terms of the Company's constitution all new Non-executive Directors appointed during the year, as well as one-third of the existing Non-executive Directors, must retire on a rotational basis each year but may offer themselves for re-election. The nominations committee makes recommendations regarding the re-election of the retiring directors considering performance, meeting conduct, etc.

A formal induction programme exists for all new directors. Upon their appointment new directors receive an induction pack consisting of, inter alia, agendas and minutes of the previous Board and sub-committee meetings, the latest Integrated Report, relevant insurance information, strategic documents, relevant policies and charters, and are informed of their fiduciary duties in terms of the Companies Act and BSE/JSE Listings Requirements. They also visit various sites and distribution centres and have meetings with executive management.

The roles and responsibilities of the Chair and the CEO are separated.

The Board ensures that succession plans are in place for the Board and senior management.

APPLICATION OF KING IV PRINCIPLES continued

Principle 8

Committees of the Board

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board has delegated particular roles and responsibilities to Board committees, which operate under Board approved charters, setting out the nature and extent of the responsibilities delegated and decision-making authority. These charters are reviewed annually. The Board ensures that each Board committee has the necessary skills, experience and knowledge to discharge its duties effectively.

The delegation by the Board of its responsibilities does not constitute a discharge of its accountability.

Each committee comprises of majority independent Non-executive Directors.

A summary of each committee's terms of reference are contained in the corporate governance section of the Integrated Report. The number of meetings and attendance are published in the Integrated Report under corporate governance. Each committee has a section in the Integrated Report where the committee expresses its views regarding its satisfaction on the fulfilment of its responsibilities.

Principle 9

Evaluations of the performance of the Board

The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.

The Board 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. A performance evaluation of the Chairman, individual directors, the Board as a whole and the Board committees are subject to a formal evaluation process, either externally facilitated or self-evaluation at least every two years. The nominations committee leads the evaluation process.

Each director is required to comment on the Board structure and responsibilities, processes, practices and culture of the Board, overall performance, the structure, resources and performance in respect of statutory duties of the committees.

The results of the evaluations are discussed with the Board as a whole and suggested changes and comments are actioned.

Principle 10

Appointment and delegation to management

The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The Board is responsible for the appointment of the CEO and evaluates the CEO's performance annually against agreed performance measures and targets.

The Board has approved a delegations of authority matrix, which details the powers and matters reserved for itself and those to be delegated to management through the CEO.

The Group's CEO is responsible for leading the implementation and execution of the Group's strategy, policies and operational plans and reports to the Board. The Board ensures that key management functions are led by a competent and appropriately authorised individual and are adequately resourced.

GOVERNANCE FUNCTIONAL AREAS

Principle 11

Risk governance

The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board is the ultimate custodian of risk governance. To this end, the Board has approved the risk management policy and framework upon the recommendations by the audit and risk committee.

Management continuously identifies, assess, mitigates and manages risks within the existing operating environment. Mitigating controls are put in place to address these risks. The Board is apprised of the Group's top risks; the audit and risk committee is responsible for ensuring a comprehensive risk register is tabled at Board meetings and lessons learnt are taken into consideration when formulating appropriate measures for mitigating the potential negative impact of the top risks on the achievement of the Group's strategic objectives.

Choppies' top risks are disclosed on page 78 of this Integrated Report.

APPLICATION OF KING IV PRINCIPLES continued

Principle 12

Technology and information governance

The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board understands the importance, relevance and inherent risks in information technology ("IT"). It oversees the governance of IT and information. The Board delegated to the audit and risk committee the authority to ensure appropriate compliance structures are in place.

The audit and risk committee monitors IT governance and approves the IT strategy.

The Chief Information Officer is responsible for implementing and executing effective technology and information management systems.

Principle 13

Compliance governance

The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Chief Compliance Officer is responsible for guiding the Board in discharging its regulatory responsibilities. The audit and risk committee as well as the environment, social and governance committees monitor the process implemented by management to ensure legal compliance.

The Group's compliance function ensures that processes are in place and are continuously improved to mitigate the risk of non-compliance with laws, and to ensure appropriate responses to changes and developments in the regulatory environment.

The Group has adopted a combined assurance model based on three lines of defence, whereby reliance is placed on various internal and external assurance providers to ensure the Group's compliance with applicable laws, codes and standards.

The audit and risk committee oversees the application of the combined assurance model on an ongoing basis.

The Board discloses details on how it discharged its responsibility towards governing and managing compliance, areas of focus, and inspections by authorities as well as material or repeated instances of non-compliance in the Integrated Report. See page 69.

Principle 14

Remuneration governance

The Board should ensure that the organisation 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 Group's Remcom is tasked by the Board to independently approve and oversee the implementation of a remuneration policy. The committee has considered the internal and external factors that influence remuneration in formulating a policy.

The policy is designed to attract, motivate, reward, and retain human capital, and to promote the achievement of the Group's strategic objectives. Furthermore, the Group's approach towards remuneration aims to ensure that an appropriate balance is achieved between the interests of shareholders, the operational and strategic requirements of the Group and providing attractive and appropriate remuneration packages to employees. The remuneration of the directors and top management is considered on an annual basis and benchmarked against peer groups to ensure fair remuneration.

The Group discloses the remuneration of each director and top management in the Integrated Report. The Remuneration Report, including the Implementation Report and the remuneration policy are set out on pages 81 to 86 of the Integrated Report.

The remuneration policy and the Implementation Report are tabled annually at the Annual General Meeting as separate votes.

APPLICATION OF KING IV PRINCIPLES continued

Principle 15

Assurance

The Board 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 the organisation's external reports.

The Board has adopted a combined assurance model to obtain assurance from various assurance providers that internal controls are efficient and effective, including internal and external audit, regulatory authorities, line functions, etc.

Assurance services are overseen by the audit and risk committee. The committee is responsible for, among other things:

- Reviewing the adequacy and effectiveness of the financial reporting process and system of internal control
- Approving the Integrated Report, Annual Financial Statements, interim reports and media releases and recommending to the Board for final approval
- Overseeing the internal audit function and approving the annual work plan
- Making recommendations to the shareholders for the appointment of the external auditors and confirming their independence
- Reviewing the expertise, resources and experience of the Company's finance function
- Ensuring that the financial reporting procedures are appropriate and that those procedures are effective.

The internal audit function is outsourced to an independent professional firm.

The report of the audit and risk committee is set out on pages 100 to 102 of the Integrated Report.

STAKEHOLDER RELATIONSHIPS

Principle 16

Stakeholders

In the execution of its governance role and responsibilities, the Board 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.

An overview of stakeholder relationships and engagement are provided on page 35 of the Integrated Report.

The Board is committed to providing timely, relevant and transparent information on corporate strategy and financial performance.

The Board, through the environment, social and governance committee, governs stakeholder relationships, communication and reporting and delegates to management the responsibility for execution.

Shareholders are encouraged to attend and actively participate in the Annual General Meeting. The Board ensures that the Chairpersons of the Board's committees and the designated external auditor are present at the Annual General Meeting to respond to questions from shareholders.

07

The consolidated and separate annual financial statements

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board is responsible for the preparation and fair presentation of the consolidated and separate financial statements of Choppies Enterprises Limited, comprising the statements of financial position as at 30 June 2024 and the statements of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the year ended 30 June 2024, the accounting policies and the notes to the financial statements, in accordance with IFRS® Accounting Standards, the Botswana Stock Exchange, Johannesburg Stock Exchange Listings Requirements and requirements of the Botswana Companies Act.

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

The Directors have assessed the ability of the Company and its subsidiaries to continue as going concerns (refer to note 45) and, based on management's assessment, have no reason to believe these businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate Annual Financial Statements are fairly presented in accordance with the IFRS Accounting Standards.

APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Having considered the unmodified audit opinion of the auditors as set out on pages 103 to 107, for the year 30 June 2024, the Board of Directors approved the consolidated and separate financial statements of Choppies Enterprises Limited, as identified in the first paragraph, on 25 September 2024 and these are signed on their behalf by:

R Ottapathu
Chief Executive Officer

Uttum Corea
Chairman

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

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

- The Annual Financial Statements set out on pages 108 to 165, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the Annual Financial Statements of the Company
- The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executives with primary responsibility for implementation and execution of controls
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies
- We are not aware of any fraud involving Directors

R Ottapathu
Chief Executive Officer

M Rajcoomar
Chief Financial Officer

25 September 2024

CERTIFICATE OF THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the Company has lodged with the Companies and Intellectual Property Authority, all such returns as are required of a public company in terms of the Botswana Companies Act, and all such returns are true, correct and up-to-date.

BP Consulting Services (Pty) Limited
Company Secretaries

25 September 2024

DIRECTORS' REPORT

for the year ended 30 June 2024

The Board of Directors ("directors") are pleased to submit their report on the financial statements of Choppies Enterprises Limited ("the Company") for the year ended 30 June 2024.

1. LISTING INFORMATION

Choppies Enterprises Limited is a Botswana-based investment holding company operating in the retail sector in Southern Africa. Dual-listed on the Botswana Stock Exchange ("BSE") and JSE Limited ("JSE"). The Company registration number is BW00001142508.

2. NATURE OF BUSINESS

Choppies Enterprises Limited is a Botswana-based investment holding company operating in the retail sector in Southern Africa. Dual-listed on the Botswana Stock Exchange ("BSE") and Johannesburg Stock Exchange ("JSE"), its operations include food, liquor and general merchandise retailing as well as milling, manufacturing and financial services transactions supported by centralised distribution channels through distribution and logistical support centres.

3. REVIEW OF FINANCIAL RESULTS

The financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS Accounting Standards"), the requirements of the BSE Limited ("BSE Listings Requirements") and JSE Limited ("JSE Listings Requirements") and the requirements of the Companies Act of Botswana.

Full details of the financial position, results of operations and cash flows of the Group and Company are set out in these financial statements, pages 108 to 165.

4. STATED CAPITAL

Issued	2024 BWP	2023 BWP	2024 Number of shares	2023 Number of shares
Ordinary shares	**1 207 052 841**	1 207 052 841	**1 824 461 674**	1 824 461 674

DIRECTORS' REPORT continued

for the year ended 30 June 2024

5. DIVIDENDS

An interim cash dividend (number 07) of 1.6 thebe per share was paid on 16 April 2024. The Board has declared a final dividend (number 08) of 1.4 thebe per share, payable on Monday, 28 October 2024, thus bringing the total dividend for the year to 3.0 thebe (2023: nil thebe) per ordinary share.

6. DIRECTORATE

Details of directors and movements during the year is given on page 19 of the Integrated Annual Report.

7. DIRECTOR'S INTERESTS IN SHARES

As at 30 June 2024, the directors held direct and indirect beneficial interests in 46.15% (2022: 46.15%) of its issued ordinary shares as set out on page 167 of the Integrated Annual Report.

8. SHAREHOLDERS

Details of major shareholders are set out on page 167 of the Integrated Annual Report.

9. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events, except for those stated in note 46 of the Integrated Annual Financial Statements, which occurred after the reporting date and up to the date of this report.

10. GOING CONCERN

The directors, relying on management's assessments, believe that the Company and Group will continue as going concerns for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis. More details about the going concern assessment has been provided in note 45 of the Annual Financial Statements.

11. COMPANY SECRETARY

BP Consulting Services (Pty) Limited
Plot 28892, Twin Towers, West Wing
First Floor, Fairground
Gaborone, Botswana

12. INDEPENDENT AUDITORS

Forvis Mazars
Plot 139, Finance Park
Gaborone, Botswana

13. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 108 to 165, were approved by the Board on 25 September 2024.

REPORT OF THE AUDIT AND RISK COMMITTEE ("ARC")

for the year ended 30 June 2024

INTRODUCTION

The background to this Board committee, its main functions, composition, and attendance by members, are set out on pages 70 to 75 of the governance report. This section deals with the activities of the ARC during FY2024.

COMBINED ASSURANCE

For combined assurance to be effective, it involves a process that will take time to become an integral part of the Group's overall control environment.

The ARC plays its role in embedding combined assurance in the Group by inviting the assurance providers, internal and external, to all of its meetings, which goes a long way in laying the groundwork ensuring the necessary culture is created for an effective combined assurance model.

The ARC is, however, satisfied that the framework is in place for a combined assurance model in the Group and that satisfactory progress has been made during the past year.

RISK MANAGEMENT

A structured approach to risk management and a risk management framework and policy are in place, the details of which are set out in the risk management report on page 76. The ARC maintains oversight of this process.

During the year, the ARC reviewed the risk register, which is updated on a continual basis. The committee is satisfied that all key risks are identified and monitored. The top 10 risks facing the Group are listed in the risk management report.

The updated risk register and mitigation proposals have been approved by the Board.

COMPLIANCE

Management continues to make good progress in its compliance model. This model lists and analyses all applicable laws and regulations that have an impact on the Group's activities including the BSE and JSE Listings Requirements. The ARC reviewed this model and is satisfied that the Group complies with all the laws and regulations listed therein.

Internally, several governance policies and committee charters were drawn up during the last few years and have been reported, especially in the previous integrated report. The ARC was instrumental in drafting these policies and is satisfied that the framework for a world-class governance system is in operation in the Choppies Group. These policies and charters are reviewed on a regular basis.

The ARC has recommended to the Board that King IV refresher courses be held for directors and senior management during the next year.

FINANCE FUNCTION

Progress has been made to strengthen the finance staff at country level with the appointments of chartered accountants for Zambia and Zimbabwe. Further appointments are in the pipeline which are necessary to strengthen the finance department at a senior level.

The preparation of financial reports, including the Annual Financial Statements, were prepared under the supervision of Mr Minnesh Rajcoomar CA(SA), the Group CFO. In terms of section 5.11(h) of the BSE Listings Requirements, the committee reviewed the experience and expertise of Mr Rajcoomar and is satisfied that he is suitable to head up the Group's finance function.

INFORMATION TECHNOLOGY ("IT")

To thrive in an ever-changing digital world, it is essential for an organisation to establish a technology governance framework while ensuring risks are identified and managed. Deploying technologies to assist with quality assurance and remove the risk of human error from critical operational and financial data is essential to enable effective decision-making and quality reporting. Information security is essential to protect our own and third-party information.

At Choppies, the ARC embraces the above statements as well as the recommendations of the King IV report and use these as a guide to oversee IT processes delegated to it by the Board. An established IT steering committee as well as the in-house CIO ensure that all IT frameworks and policies are adhered to and are up to date. Governance processes are managed through an IT charter setting out the functions, responsibilities and procedures of the steering committee.

All IT acquisitions fall within the same capital approval processes as other capital expenditure projects and would thus, based on value, be submitted to the Board for approval.

REPORT OF THE AUDIT AND RISK COMMITTEE ("ARC") continued

for the year ended 30 June 2024

The need for a standardised ERP solution throughout the Group's operations is becoming increasingly important to cater for the ever-changing environment. This is especially relevant in countries, other than Botswana, where too much manual intervention can compromise the accuracy and timing of information. After a careful evaluation process the Group has identified a suitable system and the Board recently approved its acquisition and implementation.

No incidents of breaches in cybersecurity were reported during FY2024.

WHISTLEBLOWING MEASURES

The ARC reviewed the reports from whistleblowers during the past year. No incidents of irregular or unethical behaviour were reported.

COMPANY SECRETARY

BP Consulting Services (Pty) Limited is the appointed company secretaries. The Board conducted an evaluation of their performance post year-end.

INTERNAL AUDIT

Good progress has been made in bedding down the internal audit function by the independent audit firm, BDO. The internal audit plan is risk-based, identifying risk areas covered on a rotation basis.

In addition, all stores in the Group are covered by a physical audit at least once a year.

The ARC is satisfied with the approach and work of internal audit and considers it as an essential element in a combined assurance model. In addition, the ARC is satisfied that the internal audit function is independent, has unrestricted access to the ARC, and has the necessary resources to enable it to discharge its duties.

GOING CONCERN

In assessing whether the Company and the Group could operate as a going concern for at least the ensuing 12 months, the ARC considered the work done by management as set out in note 45 of the annual financial statements. Having reviewed this work, the ARC concluded to recommend to the Board that the Company and Group can operate as going concerns for at least the next year to September 2025.

EXTERNAL AUDITORS AND AUDIT REPORT

It was noted that there was no disagreement between the auditors and management during the audit. Regular meetings between ARC members and the auditors with and without management took place.

In accordance with best practice guidelines, audit partner rotation for the Company was implemented in FY2024 as the former engagement partner of CEL Audit had completed five years in that role by 2023. The audit firm rotation will be effected after 10 years from the initial engagement of the current auditors.

The ARC accepts the representations by the auditors on their independence.

EXTERNAL AUDIT FEES

Fees non-audit services

The external auditors, Forvis Mazars, were not tasked with any non-audit services.

Fees – audit services

Fees for audit services that were approved by the ARC and Board for the respective years below can be summarised as follows:

	2024	2023
Choppies Botswana	**3 766 875**	4 100 000
Choppies Zimbabwe	**615 825**	1 160 000
Choppies Zambia	**568 750**	550 000
Choppies Namibia	**371 739**	303 571
Kamoso	**2 891 875**	3 225 000
Monyglob	**76 000**	67 000

The above fees require a confirmatory vote by shareholders.

REPORT OF THE AUDIT AND RISK COMMITTEE ("ARC") continued

for the year ended 30 June 2024

INTERNAL FINANCIAL CONTROLS

Management is accountable to the Board for the design, implementation, monitoring and integrating of internal financial controls for the day-to-day running of the Group, focusing on the efficiency and effectiveness of operations, safeguarding the Group's assets, legal and regulatory compliance, business sustainability and reliable reporting, including financial reporting.

The ARC is satisfied that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements following reviews and reports made by the independent internal and external auditors as well as management.

No findings have come to the attention of the committee to indicate that any material breakdown in internal controls has occurred during the past financial year.

INTEGRATED REPORT

The ARC evaluated the integrated report of the Group for the year ended 30 June 2024 and based on the information provided to the committee, considers that the Group complies in all material respects with the requirements of the Companies Act and IFRS, and the ARC recommended the integrated report to the Board for approval.

Key focus areas

The focus of the committee for FY2025 will include the enhancement of the role of internal audit and enhancement of reporting on the emerging topics of ESG which is becoming very topical and relevant.

CONCLUSION

Throughout FY2024 the ARC members have acted independently and with due regard to their fiduciary responsibilities as Independent Non-executive Directors. We trust that this report allowed shareholders an insight into the Company in terms of our charter.

Pryalal De Silva

RP de Silva

Audit and risk committee Chairman

25 September 2024

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2024

forvis mazars

To the Shareholders of Choppies Enterprises Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Choppies Enterprises Limited and its subsidiaries ("Choppies Group") set out on pages 108 to 165 which comprise the consolidated and separate statement of financial position as at 30 June 2024, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Choppies Group as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis of opinion

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

Key audit matters

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

MATTER #01	ACCOUNTING FOR SUPPLIER REBATE INCOME
Description of Key Audit Matter	This key audit matter relates the consolidated financial statements. Refer to the following note to the consolidated financial statements for detail: Accounting policy Note 1.19 – Rebates from suppliers As described in the group's accounting policy in note 1.19, the group recognises a reduction in cost of sales with regards to rebates agreements with suppliers. The reduction in cost of sales primarily comprises rebates from suppliers in relation to: • Volume-related allowances, • Promotional and marketing allowances, and • Various other fees and discounts. These rebates are received in connection with the purchase of goods for resale from those suppliers. The recognition of supplier rebates has been considered to be a matter of most significance to the audit as there is a risk that rebates may be materially misstated due to the significant magnitude thereof, the varying terms with the suppliers and the judgements made in accruing for rebates as at year-end in relation to the nature and level of fulfilment of the group's obligation under the supplier agreements. Such agreements typically allow for various adjustments to the original selling price of goods subsequent to delivery of the goods, including (but not limited to) trade rebates, volume discounts (often measured using purchases over an extended period of time), early settlement discounts, advertising, and other allowances (collectively, "rebate income").

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2024

MATTER #01	ACCOUNTING FOR SUPPLIER REBATE INCOME

How we addressed the Key Audit Matter	We performed the following audit procedures, amongst others:
	• Evaluated the systems used to calculate rebates as well as evaluating the design, implementation and testing the operating effectiveness of the controls implemented by management over the accuracy of the calculation of rebates.
	• Tested the inputs used in calculating the supplier rebates by performing, among other, the following procedures for a sample of rebates:
	  – Reviewed the major supplier agreements to understand their terms;
	  – Evaluated management's conclusion as to whether the rebate relates to a specific and genuine service, and consequently the treatment of the rebate in relation to the measurement of the cost of inventory at year end, through comparison to prior year treatment and evaluation of the types and terms of rebates received with reference to contractual terms;
	  – Recalculated and assessed the rebate amounts recognised and the period in which they were recognised. This was based on the review of contractual performance obligations on a sample of contracts with suppliers to assess the conditions required for supplier rebates to be recognised and whether these had been met;
	• Evaluated the appropriateness of the recognition and classification of the rebates and other income and related costs in terms of the requirements of IAS 2, *Inventories*; and
	• Assessed and evaluated the presentation and disclosure of the above matter, as set out in the note 1.19 of the financial statements (Rebates from suppliers).

MATTER #02	GOODWILL IMPAIRMENT
Description of Key Audit Matter	This key audit matter relates to the consolidated financial statements. Refer to the following notes to the consolidated financial statements for details: • Accounting policy Note 1.2 – Consolidation; • Accounting policy Note 1.2 – Goodwill; • Accounting policy Note 1.22 – Significant judgements and sources of estimation uncertainty • Note 18 – Goodwill As required by both the applicable accounting standards and the group's accounting policy (note 1.2), goodwill is tested for impairment by assessing the recoverable amount of the cash-generating units (CGUs) to which the goodwill relates. The recoverable amount of each CGU that includes goodwill is determined as the higher of value in use, using a discounted cash flow model, and fair value less cost to sell, where applicable. There are several assumptions made in estimating the expected future cash flows, in calculating discount rates and perpetuity growth rate used in the forecast model. Assumptions by their nature are a significant area of judgement. We have determined the above to be a key audit matter, due to the extensive audit effort to evaluate the assumptions and judgements applied by management with regard to projected cash flow forecasts.

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2024

MATTER #02	GOODWILL IMPAIRMENT
How we addressed the Key Audit Matter	We obtained the value-in-use calculations on the lowest level of CGUs and performed the following procedures: • Compared the future projected cash flows used in the models against historical achieved results to assess the appropriateness and reasonability; • Compared the future projected cash flows used in the models against actual results achieved after year-end; • Evaluated the valuation methodology applied by management for appropriateness against the requirements of the IAS 36 and acceptable industry practices; • Reviewed the reasonability and appropriateness of the discount rates by assessing the assumptions made by management in relation to current market data; • Reviewed the reasonability of specific risk premium inputted into the calculation of the discount rates; • Reviewed the reasonability of the perpetuity growth rate by assessing the assumptions made by management in relation to current market data; • Recalculated the recoverable amount of each CGU to ensure mathematical accuracy; and • Evaluated the completeness and appropriateness of disclosures against the requirements of IAS 36, *Impairment of Assets*.

MATTER #03	IFRS 3 – *BUSINESS COMBINATIONS*
Description of Key Audit Matter	This key audit matter relates to the consolidated financial statements. Refer to the following notes in the consolidated financial statements: • Accounting policy Note 1.2 – Consolidation • Note 42 – Business combination On 19 July 2023, Choppies Distribution Centre Proprietary Limited, a fully owned subsidiary of Choppies Enterprise Limited, obtained control of Kamoso Africa Proprietary Limited (Kamoso) after concluding agreements to acquire 76% of the shareholding in Kamoso. The purchase price amounted to BWP2.00 (two Pula) and took over shareholders' loans amounting to BWP22 million. The business acquisition is accounted for in accordance with IFRS 3, *Business Combinations*. The assets and liabilities to be acquired were stated at their fair values which were determined in the course of the purchase price allocation performed. This resulted in identifiable net liabilities measured at fair value to the amount of BWP109 million and the recognition of goodwill in the amount of BWP105 million. The purchase price allocation requires management to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on fair values. We considered the business combination to be of the most significance due to the level of estimation uncertainty and judgement applied by management in performing the purchase price allocation.

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2024

MATTER #03	IFRS 3 – BUSINESS COMBINATIONS
How we addressed the Key Audit Matter	We performed the following audit procedures on the acquisition of Kamoso: • Obtained the purchase price allocation (PPA) report performed by management; • Evaluated the appropriateness of the valuation methodologies used to determine the fair value of assets and liabilities at the acquisition date; • Evaluated the appropriateness and reasonability of the key assumptions applied PPA report; and • Evaluated the completeness and appropriateness of disclosures against the requirements of IFRS 3, *Business Combinations*.

OTHER INFORMATION

The directors are responsible for other information. The other information comprises the information included in the document titled "Choppies Enterprises Limited Consolidated and Separate Annual Financial statements for the year ended 30 June 2024", which includes the Directors' Responsibilities and Approval of the Consolidated and Separate Financial Statements and the Chief Executive Officer and Chief Financial Officer Responsibility Statement, which we obtained prior to the date of this auditor's report, and the "Choppies Enterprises Limited Annual Integrated Report 2024", which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2024

- 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, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the latter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars

Forvis Mazars
Certified Auditors

Practicing member: **Devaprasad Arakkal**
Membership number: CAP 036 2024

25 September 2024
Gaborone

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2024

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
Continuing operations					
Revenue	4	**8 541**	6 486	**–**	–
Retail sales	4	**8 477**	6 433	**–**	–
Cost of sales	5	**(6 732)**	(5 074)	**–**	–
Gross profit		**1 745**	1 359	**–**	–
Other operating income	4	**64**	53	**–**	–
Profit on disposal of plant and equipment	6	**3**	4	**–**	–
Expected credit loss movement	7	**(1)**	(6)	**–**	–
Administrative expenses	8	**(1 342)**	(978)	**(2)**	(3)
Selling and distribution expenses	9	**(33)**	(22)	**–**	–
Foreign exchange losses on lease liability	7	**(17)**	(31)	**–**	–
Net impairment losses	7	**(15)**	–	**–**	–
Zimbabwean legacy debt receipts	11	**55**	11	**–**	–
Other operating expenses	10	**(154)**	(115)	**–**	–
Net monetary loss on Zimbabwe entities		**–**	(1)	**–**	–
Profit on sale of business	6	**16**	–	**–**	–
Operating profit/(loss)	7	**321**	274	**(2)**	(3)
Investment income	12	**4**	–	**–**	–
Finance costs	13	**(118)**	(109)	**–**	–
Profit/(loss) before taxation		**207**	165	**(2)**	(3)
Taxation	14	**(43)**	(15)	**–**	–
Profit/(loss) from continuing operations		**164**	150	**(2)**	(3)
Discontinued operations					
Loss from discontinued operations	43	**(28)**	–	**–**	–
Profit/(loss) for the year		**136**	150	**(2)**	(3)

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations		**(35)**	(96)	**–**	–
Exchange differences on translating foreign operations in hyperinflationary currency		**–**	43	**–**	–
Total items that may be reclassified to profit or loss		**(35)**	(53)	**–**	–
Other comprehensive loss for the year net of taxation		**(35)**	(53)	**–**	–
Total comprehensive income/(loss) for the year		**101**	97	**(2)**	(3)
Profit/(loss) attributable to:					
Owners of the parent		**138**	147	**(2)**	(3)
Non-controlling interest		**(2)**	3	**–**	–
		136	150	**(2)**	(3)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME continued

for the year ended 30 June 2024

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
Profit/(loss) attributable to:					
Owners of the parent					
From continuing operations		**159**	147	**(2)**	(3)
From discontinued operations		**(21)**	–	**–**	–
		138	147	**(2)**	(3)
Non-controlling interests:					
From continuing operations		**5**	3	**–**	–
From discontinued operations		**(7)**	–	**–**	–
		(2)	3	**–**	–
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**106**	94	**(2)**	(3)
Non-controlling interests		**(5)**	3	**–**	–
		101	97	**(2)**	(3)
Earnings per share					
Basic earnings per share (Thebe)	15	**8.8**	10.9	**–**	–
Basic loss per share (Thebe) – from discontinued operations	15	**(1.2)**	–	**–**	–
		7.6	10.9	**–**	–
Diluted earnings/(loss) per share					
Diluted earnings per share (Thebe) – from continuing operations	15	**8.6**	10.9	**–**	–
Diluted loss per share (Thebe) – from discontinued operations	15	**(1.1)**	–	**–**	–
		7.5	10.9	**–**	–

STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

Figures in Pula million	Note(s)	Group 2024	Group 2023	Company 2024	Company 2023
Non-current assets					
Property, plant and equipment	16	**754**	632	**–**	–
Right-of-use assets	17	**754**	635	**–**	–
Goodwill	18	**108**	17	**–**	–
Intangible assets	19	**7**	8	**–**	–
Investment in subsidiaries	21	**–**	–	**74**	74
Amounts due from related parties	23	**40**	–	**–**	–
Investments in new projects	20	**9**	7	**–**	–
Deferred tax assets	33	**32**	31	**–**	–
		1 704	1 330	**74**	74
Current assets					
Inventories	22	**664**	441	**–**	–
Amounts due from related entities	23	**3**	3	**427**	464
Advances and deposits	24	**71**	71	**–**	–
Trade and other receivables	25	**165**	100	**1**	–
Taxation refundable		**14**	10	**–**	–
Cash and cash equivalents	26	**206**	222	**4**	3
		1 123	847	**432**	467
Total assets		**2 827**	2 177	**506**	541

Figures in Pula million	Note(s)	Group 2024	Group 2023	Company 2024	Company 2023
Equity and liabilities					
Equity attributable to equity holders of parent					
Stated capital	27	**1 207**	1 207	**1 207**	1 207
Treasury shares	28	**(32)**	(32)	**–**	–
Hyperinflationary reserve	29	**312**	312	**–**	–
Foreign currency translation reserve	30	**(714)**	(682)	**–**	–
Accumulated loss		**(512)**	(664)	**(702)**	(671)
		261	141	**505**	536
Non-controlling interest		**(125)**	(99)	**–**	–
		136	42	**505**	536
Non-current liabilities					
Long-term borrowings	31	**243**	216	**–**	–
Lease liabilities	32	**736**	660	**–**	–
Deferred tax liabilities	33	**33**	23	**–**	–
		1 012	899	**–**	–
Current liabilities					
Trade and other payables	35	**1 202**	785	**1**	5
Amounts due to related entities	34	**23**	31	**–**	–
Long-term borrowings	31	**104**	153	**–**	–
Lease liabilities	32	**241**	168	**–**	–
Taxation payable		**28**	20	**–**	–
Bank overdraft	26	**81**	79	**–**	–
		1 679	1 236	**1**	5
Total liabilities		**2 691**	2 135	**1**	5
Total equity and liabilities		**2 827**	2 177	**506**	541

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

Figures in Pula million	Stated capital	Treasury shares	Foreign currency translation reserve	Hyper-inflationary translation reserve	Accumulated loss	Total attributable to equity holders of the Group/ Company	Non-controlling interest	Total equity
Group								
Balance at 1 July 2022	906	(30)	(586)	269	(811)	(252)	(102)	(354)
Profit for the year	–	–	–	–	147	147	3	150
Other comprehensive income	–	–	(96)	43	–	(53)	–	(53)
Total comprehensive income for the year	–	–	(96)	43	147	94	3	97
Issue of stated shares	307	(2)	–	–	–	305	–	305
Stated capital issue expenses	(6)	–	–	–	–	(6)	–	(6)
Total contributions by and distributions to owners of Company recognised directly in equity	301	(2)	–	–	–	299	–	299
Balance at 1 July 2023	1 207	(32)	(682)	312	(664)	141	(99)	42
Profit for the year	**–**	**–**	**–**	**–**	**138**	**138**	**(2)**	**136**
Other comprehensive income	**–**	**–**	**(32)**	**–**	**–**	**(32)**	**(3)**	**(35)**
Total comprehensive income for the year	**–**	**–**	**(32)**	**–**	**138**	**106**	**(5)**	**101**
Acquisition of Kamoso Africa Group – note 42	**–**	**–**	**–**	**–**	**22**	**22**	**(26)**	**(4)**
Disposal of subsidiary – note 43	**–**	**–**	**–**	**–**	**15**	**15**	**5**	**20**
Share-based payments	**–**	**–**	**–**	**–**	**6**	**6**	**–**	**6**
Dividends	**–**	**–**	**–**	**–**	**(29)**	**(29)**	**–**	**(29)**
Balance at 30 June 2024	**1 207**	**(32)**	**(714)**	**312**	**(512)**	**261**	**(125)**	**136**
Note(s)	27	28	30	29				

STATEMENT OF CHANGES IN EQUITY continued

for the year ended 30 June 2024

Figures in Pula million	Stated capital	Accumulated loss	Total attributable to equity the Group/ Company	Total equity
Company				
Balance at 1 July 2022	906	(668)	238	238
Loss for the year	–	(3)	(3)	(3)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	(3)	(3)	(3)
Issue of stated shares	307	–	307	307
Stated capital issue expenses	(6)	–	(6)	(6)
Total contributions by and distributions to owners of Company recognised directly in equity	301	–	301	301
Balance at 1 July 2023	1 207	(671)	536	536
Loss for the year				
Other comprehensive income	**–**	**(2)**	**(2)**	**(2)**
Total comprehensive loss for the year	**–**	**(2)**	**(2)**	**(2)**
Dividends	**–**	**(29)**	**(29)**	**(29)**
Balance at 30 June 2024	**1 207**	**(702)**	**505**	**505**
Note(s)	27			

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
Cash flows from operating activities					
Profit/(loss) before taxation		**207**	165	**(2)**	(3)
Adjustments for:					
Depreciation and amortisation	7	**287**	193	**-**	–
Profit on disposals of plant and equipment	6	**(5)**	(4)	**-**	–
Finance income		**(4)**	–	**-**	–
Finance costs	13	**118**	109	**-**	–
Foreign exchange gains/(losses) on lease liability		**17**	31	**-**	–
Share-based payments		**6**	–	**-**	–
Impairment of goodwill					
Changes in working capital		**15**	–	**-**	–
Movement in inventories		**(104)**	20	**-**	–
Movement in trade and other receivables		**9**	(24)	**(1)**	–
Movement in advances and deposits		**-**	(15)	**-**	–
Movement in amount due from related entities		**1**	1	**37**	(300)
Movement in amount due to related entities		**(8)**	(13)	**-**	–
Movement in trade and other payables		**210**	70	**(4)**	5
CEO gratuity relating to prior years		**-**	(16)	**-**	–
Cash generated from operations		**749**	517	**30**	(298)
Interest income		**4**	–	**-**	–
Dividends		**(29)**	–	**(29)**	–
Tax paid		**(45)**	(33)	**-**	–
Net cash from operating activities		**679**	484	**1**	(298)

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
Cash flows from investing activities					
Purchase of property, plant and equipment	16	**(163)**	(181)	**-**	–
Proceeds on disposal of property, plant and equipment		**13**	13	**-**	–
Purchase of other intangible assets	19	**(2)**	(4)	**-**	–
Discontinued operations		**(14)**	–	**-**	–
Acquisition of Kamoso Africa Group net of cash on acquisition	42	**(119)**	–	**-**	–
Net cash from investing activities		**(285)**	(172)	**-**	–
Cash flows from financing activities					
Proceeds on share issue	27	**-**	301	**-**	301
Financing obtained from third parties	36	**41**	50	**-**	–
Capital payments of borrowings	36	**(153)**	(132)	**-**	–
Borrowings raised	36	**80**	–	**-**	–
Repayment of shareholders loans	36	**-**	(113)	**-**	–
Lease capital payments – right-of-use assets	36	**(253)**	(177)	**-**	–
Interest paid on borrowings	13	**(121)**	(109)	**-**	–
Net cash from financing activities		**(406)**	(180)	**-**	301
Total cash movement for the year		**(12)**	132	**1**	3
Cash at the beginning of the year		**143**	17	**3**	–
Cash on acquisition		**-**	–	**-**	–
Effect of foreign currency translation on foreign currency balances		**(6)**	(6)	**-**	–
Total cash at end of the year	26	**125**	143	**4**	3

ACCOUNTING POLICIES

for the year ended 30 June 2024

CORPORATE INFORMATION

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated and separate Annual Financial Statements ("the financial statements") are prepared in accordance with the IFRS; Accounting Standards, the Botswana Companies Act, the Botswana Stock Exchange, and the Johannesburg Stock Exchange requirements.

1.1 Basis of preparation

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

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

The financial statements are prepared on the historical cost basis, except for certain financial instruments which are measured at fair value and during last year the Zimbabwean operations were translated on a current cost basis as required by IAS 29 *Financial Reporting in Hyperinflationary Economies*. During the reporting period, we changed the functional currency of the Zimbabwean segment from Zimbabwean Dollar to United States Dollar as the Zimbabwean economy was approximately 80% dollarised, including the retail industry. As a result, we no longer account for hyperinflation and the procedures under foreign operations are now applied. The financial statements incorporate the following accounting policies which are consistent with those applied in the previous year, except as otherwise indicated.

Judgements made by the Board in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in significant judgements and sources of estimation uncertainty in note 1.22.

1.2 Consolidation

Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred except if it refers to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment (refer to note 18).

Goodwill

All goodwill is acquired through business combinations and initially measured as the excess of cost over the net fair value of the identifiable assets and liabilities acquired.

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

Investment in subsidiaries

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.2 Consolidation continued

Transactions elimination on consolidation

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

Non-controlling interest ("NCI")

NCIs are viewed as equity participants of the Group and all transactions with NCIs are therefore accounted for as equity transactions and included in the Group statement of changes in equity.

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

Loss of control

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

Changes in the Group's interests in subsidiaries

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

1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost.

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group.

Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Leasehold improvements	Straight-line	Over the lease term
Plant and machinery	Straight-line	5 – 25 years
Furniture and fixtures	Straight-line	10 – 14 years
Motor vehicles	Straight-line	5 – 15 years
Office equipment	Straight-line	5 – 15 years
Aircraft	Straight-line	30 years
Computer hardware and accessories	Straight-line	5 – 8 years

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

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

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

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

Investments in new projects

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.4 Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

1.5 Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

1.6 Leases

Group as lessee

At inception of the contract, the Group considers whether a contract is, or contains a lease.

Measurement and recognition of leases as a lessee

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

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

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.6 Leases continued

Group as lessee continued

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

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

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

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

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

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

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

Operating leases

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

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

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

1.7 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 *Financial Instruments*. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

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

Financial liabilities:

- Amortised cost

Note 41, Financial instruments and risk management, presents the financial instruments held by the Group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.7 Financial instruments continued

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

Amounts due from related entities at amortised cost

Classification

Amounts due from related entities (note 23) are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

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

Significant increase in credit risk

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

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

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

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

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

Definition of default

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

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

Write-off policy

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.7 Financial instruments continued

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

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

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

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

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

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 41).

Derecognition

Refer to the 'derecognition' section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of a loan receivable are included in profit or loss in impairment.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 25).

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

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

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.7 Financial instruments continued

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating expenses (note 7).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 25).

Expected credit losses

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

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix are presented in note 25.

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

Write-off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 25) and the financial instruments and risk management note (note 41).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of trade and other receivables are included in profit or loss.

Borrowings and loans from related parties

Classification

Amounts due to related entities (note 34) and borrowings (note 31) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 13.)

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 41 for details of risk exposure and management thereof.

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.7 Financial instruments continued

Trade and other payables

Classification

Trade and other payables (note 35), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain imputed interest, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 13).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 41 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables is determined in the foreign currency. The carrying amount is then translated to the Pula equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating (losses)/gains (note 7).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 41).

Financial guarantee contracts

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

With reference to note 38, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of recognising the financial guarantee liability. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the amounts disclosed in the maturity analysis in note 41.

Refer to note 38 for details of financial guarantee contracts.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost which is deemed to be fair value due to their short-term nature.

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

Bank overdrafts

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.7 Financial instruments continued

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

1.8 Inventories

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

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

1.9 Tax and deferred taxation

Deferred tax assets and liabilities

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

Deferred tax is not recognised for:

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

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

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

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

Tax expenses

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

Dividends withholding tax

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.10 Stated capital and equity

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

Ordinary shares are classified as equity.

Other components of equity include the following:

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

1.11 Treasury shares

Treasury shares are held by Choppies Distribution Centre (Pty) Limited and these are presented as a deduction from equity. Dividend income on treasury shares is eliminated on consolidation.

1.12 Employee benefits

Short-term employee benefits

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

Severance benefits

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

Gratuity

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

Defined contribution plans

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

1.13 Revenue from contracts with customers

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

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

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

The Group often enters into transactions involving a range of the Company's products and goods, for example for the sale of consumer goods. In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Payment terms in contracts with customers range from seven days to 30 days.

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.14 Translation of foreign currencies

Transactions in foreign currencies

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

Foreign operations

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

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

Translation of foreign operations in hyperinflationary economies

During the reporting period, we changed the functional currency of the Zimbabwean segment from Zimbabwean Dollar to United States Dollar as the Zimbabwean economy was approximately 80% dollarised including the retail industry. As a result, we no longer account for hyperinflation and the procedures under foreign operations are now applied.

The results of the Zimbabwe operations are translated at the closing rate on 30 June 2024 as per IAS 21 paragraph 42(a).

1.15 Agency fees and commission

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

1.16 Rebates from suppliers

Consistent with standard industry practice, the Group has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Group performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning.

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

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

1.17 Finance income

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.18 Finance cost

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

1.19 Operating segments

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

1.20 Dividend per share

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

1.21 Basic earnings and headline earnings per share

The Group presents basic and diluted earnings per share ("EPS") and headline earnings per share ("HEPS") information for its ordinary shares. Basic EPS is calculated by dividing the profit or loss after taxation attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss after taxation attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Headline earnings are calculated in accordance with Circular 1/2023 issued by the South African Institute of Chartered Accountants as required by the Johannesburg Stock Exchange Listings Requirements.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all ordinary shares with dilutive potential. Full share grants have dilutive potential. The full share grants are assumed to have been converted into ordinary shares. It has no effect on net profit and therefore no adjustment is made to net profit for full share grants.

1.22 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

Expected credit loss on trade receivables

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period (refer to note 25).

Allowance for slow-moving, damaged and obsolete inventory

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

Fair value estimation

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

The carrying value of trade receivables (less expected credit losses) and trade payables are assumed to approximate their fair values due to their short-term nature. Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 41.

ACCOUNTING POLICIES continued

for the year ended 30 June 2024

1.22 Significant judgements and sources of estimation uncertainty continued

Impairment testing

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

Useful lives of property, plant and equipment

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

Use of adjusted measures

Adjusted EBITDA in the operating segmental information is EBITDA excluding foreign exchange rate differences on IFRS 16 lease liabilities, profit or loss on sale of assets, reassessment adjustment for depreciation, Zimbabwean legacy debt receipts (see note 11) as well as income or expenditure of a capital nature.

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

OPERATING SEGMENT INFORMATION

for the year ended 30 June 2024

2. SEGMENT RESULTS

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

The Group has six continuing operating segments (2023: four) as described below, which are the Group's strategic divisions. The additional two segments are due to the acquisition of the Kamoso Group. (Refer note 42.)

Performance is measured based on EBITDA, operating profit ("EBIT"), adjusted EBITDA and adjusted EBIT as the Board believes that such information is the most relevant in evaluating the results of the segments against each other and other entities which operate within the retail industry.

Botswana, Namibia, Zambia and Zimbabwe – retail of fast-moving consumer goods in the respective country. Kamoso Liquor – retail and whole liquor business in Botswana

Rest of Kamoso – milling, manufacturing of tissue and bottled water, and hardware retail.

30 June 2024

(Audited) – BWP millions	Choppies Botswana	Choppies Namibia	Choppies Zambia	Choppies Zimbabwe	Kamoso Liquorama Botswana	Rest of Kamoso Botswana	Inter-segment or unallocated	Total Group
Statement of profit or loss and other comprehensive income								
Revenue	5 141	613	1 303	541	855	434	(346)	8 541
Retail sales	5 078	612	1 302	538	854	431	(338)	8 477
Gross profit	1 122	100	205	124	119	76	–	1 746
Adjusted EBITDA	461	5	70	(30)	41	21	(2)	566
Profit/(loss) on disposal of plant and equipment	3	–	–	–	–	–	–	3
Movement in credit loss allowance	(1)	–	–	–	–	–	–	(1)
Foreign exchange (losses) on lease liability	–	–	(17)	–	–	–	–	(17)
Profit on sale of business	–	–	–	–	–	16	–	16
Zimbabwean legacy debt receipts	–	–	–	55	–	–	–	55
EBITDA	463	5	53	25	41	37	(2)	622
Depreciation and amortisation	(170)	(19)	(26)	(24)	(27)	(24)	4	(286)
Impairment of goodwill	–	–	–	(15)	–	–	–	(15)
Operating profit/(loss) (EBIT)	293	(14)	27	(14)	14	13	2	321
Adjustments as above*	(2)	–	17	(40)	–	(16)	–	(41)
Adjusted EBIT	291	(14)	44	(54)	14	(3)	2	280
Statement of financial position								
Assets	1 578	271	323	128	274	253	–	2 827
Liabilities	1 613	220	238	122	141	357	–	2 691

* *Adjusted EBITDA and adjusted EBIT in the operating segmental information are EBITDA and EBIT excluding foreign exchange rate differences on IFRS 16 lease liabilities, profit or loss on sale of assets, reassessment adjustment for depreciation, Zimbabwean legacy debt receipts (see note 11), as well as income or expenditure of a capital nature.*

OPERATING SEGMENT INFORMATION continued

for the year ended 30 June 2024

30 June 2023

BWP millions	Choppies Botswana	Choppies Namibia	Choppies Zambia	Choppies Zimbabwe	Kamoso Liquorama Botswana	Rest of Kamoso Botswana	Inter-segment or unallocated	Total Group
Statement of profit or loss and other comprehensive income								
Revenue	4 511	443	1 141	403	–	–	(12)	6 486
Retail sales	4 470	440	1 133	401	–	–	(11)	6 433
Gross profit	1 013	69	192	96	–	–	(11)	1 359
Adjusted EBITDA	405	12	75	(3)	–	–	–	489
Profit on disposal of plant and equipment	4	–	–	–	–	–	–	4
Movement in credit loss allowance	(6)	–	–	–	–	–	–	(6)
Foreign exchange (losses) on lease liability	–	–	(11)	(20)	–	–	–	(31)
Zimbabwean legacy debt receipts	–	–	–	11	–	–	–	11
EBITDA	403	12	64	(12)	–	–	–	467
Depreciation and amortisation	(145)	(14)	(30)	(4)	–	–	–	(193)
Operating profit/(loss) (EBIT)	258	(2)	34	(16)	–	–	–	274
Depreciation reassessment	(39)	(4)	(8)	–	–	–	–	(51)
Adjustments as above	2	–	11	9	–	–	–	22
	221	(6)	37	(7)	–	–	–	245
Statement of financial position								
Assets	1 510	201	344	122	–	–	–	2 177
Liabilities	1 655	134	270	76	–	–	–	2 135

Adjustment above

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations effective and adopted in the current year

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

International tax reform – Pillar Two model rules: amendments to IAS 12

The amendments incorporate into IAS 12, taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. As an exception, deferred tax assets and liabilities shall not be recognised, nor information about them disclosed related to Pillar Two income taxes. Disclosures about applying this exception to deferred tax are required. Any current tax income or expense related to Pillar Two income taxes is required to be disclosed separately. In addition, where the legislation is enacted or substantively enacted, but not yet in effect, management is required to disclose known or reasonably estimable information about the entity's exposure to Pillar Two taxes arising from that legislation.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The Group has adopted the amendment for the first time in the 2024 consolidated and separate Annual Financial Statements. The impact of the amendment is not material as the Group is not subjected to any global minimum tax rules.

Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The Group has adopted the amendment for the first time in the 2024 consolidated and separate Annual Financial Statements. The impact of the amendment is not material.

Disclosure of accounting policies – amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate Annual Financial Statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The Group has adopted the amendment for the first time in the 2024 consolidated and separate Annual Financial Statements. All policies were reassessed and determined to be material policies.

Definition of accounting estimates – amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as 'monetary amounts in consolidated and separate Annual Financial Statements that are subject to measurement uncertainty'.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The Group has adopted the amendment for the first time in the 2024 consolidated and separate Annual Financial Statements.

The impact of the amendment is not material as the principles are already applied.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3.2 Standards and interpretations not yet effective continued

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2024 or later periods:

Lack of exchangeability – amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 1 January 2025.

The Group expects to adopt the amendment for the first time in the 2026 consolidated and separate Annual Financial Statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate Annual Financial Statements.

Supplier finance arrangements – amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The Group expects to adopt the amendment for the first time in the 2025 consolidated and separate Annual Financial Statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate Annual Financial Statements.

Non-current liabilities with covenants – amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least 12 months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The Group expects to adopt the amendment for the first time in the 2025 consolidated and separate Annual Financial Statements.

The Group has borrowings that are subject to covenants and these covenants are assessed on a quarterly basis. As the current contractual terms require covenant testing at the end of June each year, the borrowings classification as current and non-current is not required by this amendment. The Group will be required to make additional disclosures in the notes to the financial statements around the covenants that will be tested at dates other than reporting date.

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 1 January 2024.

The Group expects to adopt the amendment for the first time in the 2025 consolidated and separate Annual Financial Statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate Annual Financial Statements.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3.2 Standards and interpretations not yet effective continued

Classification of liabilities as current or non-current: amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2024.

It is unlikely that the amendment will have a material impact on the Company's consolidated and separate Annual Financial Statements as the Company currently applies these principles when assessing classification.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

- The governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities
- The entity's strategy for managing sustainability-related risks and opportunities
- The processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities
- The entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation

The effective date of the standard is for years beginning on or after 1 January 2024. The impact of this standard is currently being assessed.

IFRS S2 *Climate-related Disclosures*

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to:

- Climate-related risks to which the entity is exposed, which are climate-related transition risks
- Climate-related opportunities available to the entity

The effective date of the standard is for years beginning on or after 1 January 2024. The impact of this standard is currently being assessed.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

3.2 Standards and interpretations not yet effective continued

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 *Statement of Cash Flows*.

The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures)
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures)

The effective date of the standard is for years beginning on or after 1 January 2027.

A significant change to the primary financial statements is expected. The impact is still being assessed.

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
4. REVENUE				
Revenue from contracts with customers				
Sale of goods	**8 477**	6 433	**-**	-
Revenue other than from contracts with customers				
Commission received on financial services	**40**	31	**-**	-
Rental income	**4**	3	**-**	-
Transportation income	**14**	12	**-**	-
Miscellaneous income	**6**	7	**-**	-
	64	53	**-**	-
	8 541	6 486	**-**	-

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
The Group disaggregates revenue from customers as follows:				
Sales of merchandise and liquor	**8 384**	6 433	**-**	-
Milling and manufacturing	**431**	-	**-**	-
Commission received on financial services	**40**	31	**-**	-
Rental income	**4**	3	**-**	-
Transportation income	**14**	12	**-**	-
Miscellaneous income	**6**	7	**-**	-
Inter-segmental sales	**(282)**	-	**-**	-
Kamoso preacquisition (refer to note 42)	**(56)**	-	**-**	-
	8 541	6 486	**-**	-

Refer to note 42 for details of the Kamoso acquisition.

5. COST OF SALES				
Sale of goods	**6 732**	5 074	**-**	-

Sale of goods include foreign exchange losses of BWP6 million (2023: gains of BWP8 million).

6. OTHER OPERATING (LOSSES)/GAINS				
Gains on disposals				
Property, plant and equipment	**3**	4	**-**	-
Profit on sale of business	**16**	-	**-**	-

Refer to note 43 for the sale of business.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

7. OPERATING PROFIT/(LOSS)

Operating profit/(loss) for the year is stated after charging (crediting) the following, among others:

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Auditor's remuneration - external				
Audit fees	**9**	6	**-**	-
Consulting and professional fees				
Consulting and professional service fees	**14**	13	**2**	2
Legal fees	**2**	4	**-**	1
	16	17	**2**	3
Employee costs				
Basic	**585**	414	**-**	-
Retirement: defined contribution plans	**15**	12	**-**	-
Share-based payments	**6**	-	**-**	-
Total employee costs	**606**	426	**-**	-
Leases				
Variable lease payments	**8**	2	**-**	-
Gain on rental concession	**-**	(4)	**-**	-
	8	(2)	**-**	-
Depreciation and amortisation				
Depreciation of property, plant and equipment	**66**	39	**-**	-
Depreciation of right-of-use assets	**218**	153	**-**	-
Amortisation of intangible assets	**2**	1	**-**	-
Total depreciation and amortisation	**286**	193	**-**	-
Impairment losses				
Goodwill	**15**	-	**-**	-

These losses relate to the impairment of goodwill in the Zimbabwe segment (refer to note 18).

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Movement in credit loss allowances				
Trade and other receivables	**1**	6	**-**	-
Foreign exchange losses				
Foreign exchange losses	**(17)**	(31)	**-**	-

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

8. ADMINISTRATION EXPENSES

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Accounting fees and secretarial charges	**1**	-	**-**	-
Auditors remuneration	**9**	6	**-**	-
Bank charges	**69**	47	**-**	-
Computer expenses	**36**	28	**-**	-
Consulting and professional fees	**14**	13	**2**	2
Depreciation of right-of-use assets	**218**	153	**-**	-
Donations	**4**	2	**-**	-
Electricity and water charges	**168**	119	**-**	-
Employee costs	**606**	426	**-**	-
Effect of hyperinflation accounting	**-**	51	**-**	-
Insurance	**30**	18	**-**	-
Lease hires	**1**	-	**-**	-
Legal fees	**2**	4	**-**	1
Motor vehicle expenses	**64**	44	**-**	-
Other expenses	**52**	31	**-**	-
Security	**60**	38	**-**	-
Gain on rental concession	**-**	(4)	**-**	-
Variable lease payments	**8**	2	**-**	-
	1 342	978	**2**	3

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
9. SELLING AND DISTRIBUTION EXPENSES				
Advertising	**33**	26	**-**	-
Effect of hyperinflation accounting	**-**	(13)	**-**	-
Travel and accommodation	**11**	6	**-**	-
Unrealised foreign exchange losses	**(11)**	-	**-**	-
Other	**-**	3	**-**	-
	33	22	**-**	-
10. OTHER OPERATING EXPENSES				
Amortisation	**2**	1	**-**	-
Depreciation	**66**	39	**-**	-
Effect of hyperinflation accounting	**-**	19	**-**	-
Repairs and maintenance	**82**	56	**-**	-
Other expenses	**4**	-	**-**	-
	154	115	**-**	-
11. ZIMBABWEAN LEGACY DEBT RECEIPTS				
Zimbabwean legacy debt receipts	**83**	18	**-**	-
Commission paid on Zimbabwean legacy debt receipts	**(28)**	(7)	**-**	-
Net receipts	**55**	11	**-**	-

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

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

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

In 2021, the government of Zimbabwe assumed the obligation to settle these blocked funds in terms of Part XIII of the Finance Act 7 of 2021. The Group proceeded to transfer the ZWL equivalent of the legacy debt at a rate of US$/ZWL1:1 to the RBZ as per requirement of the Exchange Control directive RU 28 of 2019 amounting to ZWL$29 624 114.07. In this regard, the Group received communication from the Reserve Bank of Zimbabwe dated 4 May 2022 to the effect that an amount of US$29 624 114.07 had been successfully registered with the Bank's Exchange Control division as blocked funds to be paid in instalments of US$125 000 per week until it has been paid in full.

Subsequent to the year-end, the government of Zimbabwe ended the obligated payment of blocked funds with a lump sum payment of US$1.8 million made after year-end.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
12. INVESTMENT INCOME				
Interest income				
Investments in financial assets				
Bank	**4**	–	**–**	–
13. FINANCE COSTS				
Shareholders loans	**–**	7	**–**	–
Lease liabilities	**76**	61	**–**	–
Bank overdraft	**42**	41	**–**	–
Total finance costs	**118**	109	**–**	–
14. TAXATION				
Major components of the tax expense				
Current				
Income tax – current period	**47**	30	**–**	–
Income tax – prior period	**–**	8	**–**	–
	47	38	**–**	–
Deferred				
Originating and reversing temporary differences	**(4)**	(23)	**–**	–
	43	15	**–**	–

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit/(loss)	**207**	165	**(2)**	(3)
Tax at the applicable tax rate of 22% (2023: 22%)	**46**	36	**–**	(1)
Tax effect of adjustments on taxable income				
Unrecognised deferred tax asset	**(1)**	(4)	**–**	–
Deferred tax asset raised	**(19)**	(26)	**–**	–
Prior period income tax	**9**	8	**–**	–
Disallowed expenses	**9**	7	**–**	1
Effects of different tax rates	**(1)**	(6)	**–**	–
Relating to CEO gratuity	**–**	3	**–**	–
Transferred to retained loss at 30 June 2021	**–**	(3)	**–**	–
	43	15	**–**	–

The tax losses carried forward for certain subsidiaries are BWP70 million (2023: BWP260 million), which can be claimed by these subsidiaries to reduce future tax payments. These losses cannot be offset across different legal entities and can be carried forward no longer than five years.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
15. EARNINGS PER SHARE				
Number of shares for basic earnings	**1 824 461 674**	1 824 461 674	**–**	–
Weighted average number shares	**1 824 461 674**	1 344 958 813	**–**	–
Diluted weighted average number of shares	**1 852 580 135**	1 344 958 813	**–**	–
Basic earnings per share				
From continuing operations per share – Thebe	**8.8**	10.9	**–**	–
From discontinued operations per share – Thebe	**(1.2)**	–	**–**	–
	7.6	10.9	**–**	–
Diluted earnings per share				
From continuing operations per share – Thebe	**8.6**	10.9	**–**	–
From discontinued operations per share – Thebe	**(1.1)**	–	**–**	–
	7.5	10.9	**–**	–

Headline earnings and diluted headline earnings per share

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

	2024 Gross	2024 Income tax effect	2024 Net	2023 Gross	2023 Income tax effect	2023 Net
Continuing operations						
Profit for the year attributable to owners of the Company						
Basic earnings			**138**			147
Loss on disposal of asset	**(3)**	**1**	**(2)**	(4)	1	(3)
Impairment of goodwill in Zimbabwe	**15**	**–**	**15**			
Impairments	**–**	**–**	**–**	6	(1)	5
Profit on sale of business	**(16)**	**–**	**(16)**	–	–	–
Headline earnings			**135**			149

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Headline earnings per share				
From continuing operations per share – Thebe	**8.8**	11.1	**–**	–
From discontinued operations per share – Thebe	**(1.2)**	–	**–**	–
	7.6	11.1	**–**	–
Diluted headline earnings per share				
From continuing operations per share – Thebe	**8.6**	11.1	**–**	–
From discontinued operations per share – Thebe	**(1.1)**	–	**–**	–
	7.5	11.1	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. PROPERTY, PLANT AND EQUIPMENT

Group	2024 Cost	2024 Accumulated depreciation	2024 Carrying value	2023 Cost	2023 Accumulated depreciation	2023 Carrying value
Leasehold improvements	**76**	**(24)**	**52**	72	(21)	51
Plant and machinery	**689**	**(374)**	**315**	609	(332)	277
Furniture and fixtures	**260**	**(151)**	**109**	185	(123)	62
Motor vehicles	**283**	**(115)**	**168**	235	(95)	140
Office equipment	**109**	**(82)**	**27**	109	(81)	28
Computer hardware and accessories	**181**	**(133)**	**48**	152	(113)	39
Aircraft	**58**	**(23)**	**35**	58	(23)	35
Total	**1 656**	**(902)**	**754**	1 420	(788)	632

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment – Group – 2024

	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	Computer hardware and accessories	Aircraft	Total
Opening balance								
Cost	72	609	185	235	109	152	58	1 420
Accumulated depreciation and impairment	(21)	(332)	(123)	(95)	(81)	(113)	(23)	(788)
Net book value at 1 July 2023	51	277	62	140	28	39	35	632
Additions	9	62	23	48	–	17	–	159
Disposals and scrappings – cost	(4)	(17)	(22)	(37)	(1)	(2)	–	(83)
Disposals and scrappings – accumulated depreciation	–	16	16	25	1	1	–	59
Acquisition of subsidiary – fair value – note 42	–	30	39	11	2	3	–	85
Disposal of business – cost	–	(30)	(1)	(2)	–	(1)	–	(34)
Disposal of business – accumulated depreciation	–	22	1	2	1	–	–	26
Foreign exchange movements – cost	(2)	(33)	(4)	(3)	(7)	(8)	–	(57)
Foreign exchange movements – accumulated depreciation	–	15	6	1	5	6	–	33
Depreciation	(2)	(27)	(11)	(17)	(2)	(7)	–	(66)
Net book value at 30 June 2024	52	315	109	168	27	48	35	754
Made up as follows:								
Cost	76	689	260	283	109	181	58	1 656
Accumulated depreciation and impairment	(24)	(374)	(151)	(115)	(82)	(133)	(23)	(902)
	52	315	109	168	27	48	35	754

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment – Group – 2023

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

16. PROPERTY, PLANT AND EQUIPMENT continued

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings note 31:

The Group entered into a Loan Facilities Agreement during the 2021 reporting period which was secured by a cross-company guarantee issued by Choppies Enterprises Limited and its subsidiaries and a deed of hypothecation in favour of the lenders over movable assets limited to BWP636 million issued by Choppies Enterprises Limited and its subsidiaries. At the reporting date, BWP342 million (2023: BWP446 million) of these facilities were utilised. Refer to notes 26 and 31 for further disclosure of the facilities.

17. RIGHT-OF-USE ASSETS

Group	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Right-of-use – buildings	**1 632**	**(878)**	**754**	1 219	(584)	635

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Reconciliation of right-of-use asset				
Cost	**1 219**	1 046	**–**	–
Accumulated depreciation	**(584)**	(449)	**–**	–
Net book value at 1 July	**635**	597	**–**	–
Additions	**251**	237	**–**	–
Disposals – cost	**(30)**	–	**–**	–
Disposals – accumulated depreciation	**6**	–	**–**	–
Acquisition of subsidiary – net book value	**122**	–	**–**	–
Disposal of business – cost	**(2)**	–	**–**	–
Disposal of business – accumulated depreciation	**2**	–	**–**	–
Foreign exchange movements – cost	**(11)**	(81)	**–**	–
Foreign exchange movements – accumulated depreciation	**2**	17	**–**	–
Effects of hyperinflation – cost	**–**	17	**–**	–
Effects of hyperinflation – accumulated depreciation	**–**	(2)	**–**	–
Depreciation	**(221)**	(150)	**–**	–
	754	635	**–**	–
Comprising:				
Cost	**1 632**	1 219	**–**	–
Accumulated depreciation	**(878)**	(584)	**–**	–
	754	635	**–**	–

Refer to note 32 for details of the corresponding IFRS 16 *Leases* and note 36 for changes in lease liabilities arising from cash flow activities.

	Group 2024	Group 2023	Company 2024	Company 2023
Other disclosures				
Interest expense on lease liabilities	**76**	61	**–**	–
Gain on rental concession	**–**	(4)	**–**	–
Variable lease payments	**8**	10	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

18. GOODWILL

Group

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Goodwill	**122**	**(14)**	**108**	17	–	17

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Opening balance	**17**	48	**–**	–
Acquisition of Kamoso	**105**	–	**–**	–
Impairment – Zimbabwe	**(15)**	–	**–**	–
Effects of hyperinflation accounting	**–**	17	**–**	–
Effects of movement in exchange rates	**1**	(48)	**–**	–
	108	17	**–**	–

During the financial year, certain stores in the Zimbabwe segment became loss-making and as a result goodwill to the value of BWP15 million was impaired.

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

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Goodwill is allocated to the CGUs of the main operations as follows:				
Goodwill				
Nanavac Investments (Pvt) Limited (Zimbabwe)	**3**	17		–
Kamoso (Pty) Limited – note 42	**105**		**–**	–
	108	17	**–**	–
Nanavac Investments (Pvt) Limited (Zimbabwe)				
The following assumptions were applied in the evaluation of goodwill discount rate is 21.9% (2023: 28.2%).				
Average sales growth rate				
In Zimbabwe	**10%**	20%		
Terminal value growth rate	**2.0%**	2.0%		
Five-year average inflation rate				
In Zimbabwe	**10%**	17%		
Five-year gross profit margin				
In Zimbabwe – percentage	**20%**	23%		

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

- An increase in the discount rate of 2%
- A decrease in terminal value growth rate between 5% and 20%

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18. GOODWILL continued

Kamoso Africa (Pty) Limited – (Botswana)

Refer to note 42 for details of the acquisition.

The following assumptions were applied in the evaluation of goodwill discount rate is 12.4% (2023: not applicable).

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Average sales growth rate				
In Kamoso	**5%**	–	**–**	–
Terminal value multiple	**5 times**	–	**–**	–
Five-year average inflation rate				
In Kamoso	**6%**	–	**–**	–
Five-year gross profit margin				
In Kamoso – percentage	**15%**	–	**–**	–

In assessing sustainable cash flows, management has considered the risks specific to the cash-generating unit, inflation on input and operating costs and sales growth rates.

The average sales growth rate applied for the periods beyond 2025 takes into consideration the cost escalation rates which are linked to uncertainty created by negative global macrofactors and challenging local operating environment.

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, considering the current market conditions in Botswana. A post-tax weighted average cost of capital ("WACC") rate of 12.4% (2023: not applicable) was used.

The value-in-use calculations and impairment reviews are sensitive to changes in key assumptions, particularly relating to growth rates and the terminal value multiple. A sensitivity analysis has been performed based on changes in these key assumptions. With a 0% growth rate in sales and a terminal value multiple of zero, the estimated recoverable amount of the CGU exceeds their carrying amounts.

Kamoso acquisition goodwill and its allocation to cash-generating units

Goodwill obtained in the acquisition of the Kamoso Group is allocated to the individual CGUs that are expected to benefit from the synergies of the acquisition. On this basis, it was allocated as follows:

Liquorama segment	BWP62 million
Rest of Kamoso segment	BWP43 million
Total	BWP105 million

We used the discounted cash flows of each segment to determine the allocation of the total goodwill as this is most reflective of the synergies.

19. INTANGIBLE ASSETS

Group	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	Cost	Accumulated depreciation	Carrying value
Computer software	**23**	**(16)**	**7**	36	(28)	8

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Reconciliation of intangible assets – Group				
Cost	**36**	32	**–**	–
Accumulated amortisation	**(15)**	(15)	**–**	–
Accumulated impairment	**(13)**	(13)	**–**	–
Net book value at 1 July	**8**	4	**–**	–
Additions	**2**	4	**–**	–
Disposal – cost	**(1)**	–	**–**	–
Disposal – accumulated amortisation	**–**	–	**–**	–
Accumulated amortisation	**(2)**	–	**–**	–
	7	8	**–**	–
Comprising of:				
Cost	**22**	36	**–**	–
Accumulated amortisation	**(15)**	(15)	**–**	–
Accumulated impairment	**–**	(13)	**–**	–
	7	8	**–**	–

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Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023

20. INVESTMENTS IN NEW PROJECTS

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

Investments in new projects are reconciled as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
Balance at the beginning of the year	**7**	8	**–**	–
Additions	**4**	–	**–**	–
Work-in-progress movement	**(1)**	–	**–**	–
Effects of exchange rates	**(1)**	(1)	**–**	–
	9	7	**–**	–

21. INVESTMENT IN SUBSIDIARIES

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

Company

Name of Company	**% ownership interest 2024**	% ownership interest 2023	**Carrying amount 2024**	Carrying amount 2023
Choppies Distribution Centre (Pty) Limited	**100%**	100%	**74**	74
Choppies Supermarkets Namibia (Pty) Limited	**2.5%**	2.5%	**–**	–
Choppies Supermarkets Tanzania Limited	**75%**	75%	**13**	13
Choppies Supermarkets Tanzania Limited – impairment			**(13)**	(13)
Choppies Enterprises Kenya Limited	**75%**	75%	**179**	179
Choppies Enterprises Kenya Limited – impairment	**–**	–	**(179)**	(179)
Choppies Distribution Centre Kenya Limited	**75%**	75%	**–**	–
Choppies Supermarket Mozambique Limitada	**90%**	90%	**34**	34
Choppies Supermarket Mozambique Limitada – impairment	**–**	–	**(34)**	(34)
Choppies Supermarkets Limited (Zambia)				
Nanavac Investments (Pvt) Limited	**30%**	30%	**–**	–
	100%	100%	**–**	–
			74	74

Held by Choppies Distribution Centre (Pty) Limited

Name of Company	**% ownership interest 2024**	% ownership interest 2023	**Carrying amount 2024**	Carrying amount 2023
Choppies Supermarkets Namibia (Pty) Limited	**97.5%**	97.5%	**84**	84
Choppies Supermarkets Limited (Zambia)	**60%**	60%	**158**	158
Kamoso Africa (Pty) Limited (Botswana)	**76%**	–	**–**	–
Monyglob (Pty) Limited	**100%**	100%	**12**	6
			254	248

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

21. INVESTMENT IN SUBSIDIARIES continued

Subsidiaries with material non-controlling interests

	Kamoso Africa (Pty) Limited		Choppies Zambia (Pty) Limited		Total	
	2024	2023	**2024**	2023	**2024**	2023
Summarised statement of profit or loss and other comprehensive income						
Revenue	**1 175**	–	**1 302**	1 133	**2 477**	1 133
Other income and expenses	**(1 166)**	–	**(1 282)**	(1 106)	**(2 448)**	(1 106)
Profit from continuing operations	**9**	–	**20**	27	**29**	27
(Loss) from discontinued operations	**(28)**	–	**–**	–	**(28)**	–
Other comprehensive income	**(1)**	–	**(22)**	(2)	**(23)**	(2)
Loss from total operations	**(20)**	–	**(2)**	25	**(22)**	25
Profit/(loss) allocated to NCI	**(5)**	–	**5**	3	**–**	3
OCI allocated to NCI	**–**	–	**(5)**	–	**(5)**	–
Summarised statement of financial position						
Assets						
Non-current	**172**	–	**125**	192	**297**	192
Current	**250**	–	**175**	122	**425**	122
Total assets	**422**	–	**300**	314	**722**	314
Liabilities						
Non-current	**(265)**	–	**(53)**	(105)	**(318)**	105
Current	**(266)**	–	**(188)**	(161)	**(454)**	161
Total liabilities	**(531)**	–	**(241)**	(266)	**(772)**	266
Total net (liabilities)/asset	**(109)**	–	**59**	48	**(50)**	48
Summarised statement of cash flows						
Cash flows from operating activities	**40**	–	**66**	63	**106**	63
Cash flows from investing activities	**(13)**	–	**(9)**	(66)	**(22)**	(66)
Cash flows from financing activities	**23**	–	**(35)**	(3)	**(12)**	(3)
Net increase/(decrease) in cash and cash equivalents	**50**	–	**22**	(6)	**72**	(6)

Assessment of investments in subsidiaries for impairment

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

The Group reviewed the projections and operations of the regions, namely Botswana, Namibia and Zambia and remains optimistic about the region as it is showing good growth and value-add to the Group. As a result, the Group did not impair these investments in the financial year 2024 due to the expected positive EBITDA and increase in value based on future projections.

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
22. INVENTORIES				
Merchandise	**681**	462	**–**	–
Finished goods and raw materials	**30**	–	**–**	–
Goods in transit	**1**	1	**–**	–
	712	463	**–**	
Provision for inventory obsolescence	**(48)**	(22)	**–**	–
	664	441	**–**	–
Cost of sale recognised as expense during the year	**6 732**	5 074	**–**	–
23. AMOUNTS DUE FROM RELATED PARTIES				
Amounts due from related entities – other related parties	**3**	3	**427**	464
Amounts due from related entities – Mediland (Pty) Limited	**40**	–	**–**	–
	43	3	**427**	464

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

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23. AMOUNTS DUE FROM RELATED PARTIES continued

Transactions with related entities are carried out on mutually agreed terms and conditions in the normal course of business on an arm's length basis. Refer to note 39 for the details of related party balances and transactions.

All amounts are short-term except for Mediland (Pty) Limited loan. The carrying values of amounts due from related entities are considered to be a reasonable approximation of fair value.

The amounts were deemed recoverable and, as a result, no expected credit loss allowance was made.

The loan to Mediland is secured by a pledge over the shares in Mediland Healthcare Distributors (Pty) Limited and bears interest at 2.65% per annum and is repayable over five years.

Exposure to credit risk

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

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

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

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

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
24. ADVANCES AND DEPOSITS				
Prepaid expenses	**7**	5	**–**	–
Rent deposits	**14**	9	**–**	–
Other deposits	**2**	3	**–**	–
Electricity deposits	**4**	3	**–**	–
Advance to suppliers	**41**	32	**–**	–
Other advances	**3**	5	**–**	–
Kamoso Africa (Pty) Limited – pre-acquisition	**–**	14	**–**	–
	71	71	**–**	–

Advances to suppliers are prepayments for inventory and services.

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
25. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Trade receivables	**42**	9	**–**	–
Loss allowance	**(24)**	(3)	**–**	–
Trade receivables at amortised cost	**18**	6	**–**	–
Rebate receivable	**49**	39	**–**	–
Other receivable	**66**	47	**1**	–
Non-financial instruments				
Value-added tax	**32**	8	**–**	–
Total trade and other receivables	**165**	100	**1**	–

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

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

	Group		Company	
	2024	2023	**2024**	2023
At amortised cost	**133**	92	**1**	–
Non-financial instruments	**32**	8	**–**	–
	165	100	**1**	–

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25. TRADE AND OTHER RECEIVABLES continued

Exposure to credit risk

Trade and other receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

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

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

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

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

Credit risk on rebate receivable

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

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

The loss allowance provision is determined as follows:

Group *Figures in Pula million*	**2024 Estimated gross carrying amount at default**	**2024 Loss allowance (lifetime expected credit loss)**	2023 Estimated gross carrying amount at default	2023 Loss allowance (lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 10% (2023: 0%)	**10**	**(1)**	3	–
Past due 1 – 30 days: n/a (2023: 12.9%)	**2**	**–**	–	–
Past due 61 – 90 days: n/a (2023: 36.54%)	**1**	**–**	–	–
More than 91 days past due: 82% (2023: 100%)	**28**	**(23)**	3	(3)
Total	**41**	**(24)**	6	(3)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime ECL) for trade and other receivables:

Opening balance in accordance with IFRS 9	**(3)**	**(10)**	–	–
Provisions (raised)/reversed	**(3)**	**7**	–	–
On acquisition of subsidiary	**(18)**	**–**	–	–
Closing balance	**(24)**	**(3)**	–	–

Fair value of trade and other receivables

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

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Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
26. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	**14**	11	**–**	–
Bank balances	**192**	211	**4**	3
Bank overdraft	**(81)**	(79)	**–**	–
	125	143	**4**	3
Current assets	**206**	222	**4**	3
Current liabilities	**(81)**	(79)	**–**	–
	125	143	**4**	3

The Company had a cash balance of BWP550 597 at 30 June 2024 (2023: BWP437 530), not reflected above due to rounding.

The Group has the following facilities:

- **Choppies Distribution Centre (Pty) Limited**
  Facility D – raised with a consortium of banks as described under note 31. Facility D is a BWP50 million overdraft facility from Absa Bank Botswana Limited, Stanbic Bank Botswana Limited, and First National Bank Botswana Limited, secured by a cross-company guarantee of BWP50 million issued by Choppies Enterprises Limited and its subsidiaries and a deed of hypothecation in favour of the lenders over movable assets limited to BWP50 million issued by Choppies Enterprises Limited and its subsidiaries.

  At the reporting date, BWP46 million (2023: BWP77 million) of this facility was utilised.

- **Nanavac Investments (Pvt) Limited (Zimbabwe)**
  BWP4 million overdraft facility secured by a cross-company guarantee of BWP13 million issued by Choppies Enterprises Limited.

  At the reporting date, BWP2 million (2023: BWP2 million) of this facility was utilised.

- **Choppies Supermarkets (Pty) Limited**
  BWP15 million overdraft facility secured by a cross-company guarantee of BWP15 million issued by Choppies Enterprises Limited.

  At the reporting date, BWP7 million (2023: nil) of this facility was utilised.

- **Kamoso Africa (Pty) Limited**
  BWP30 million overdraft facility secured by a deed of hypothecation in favour of the lenders over movable assets limited to Kamoso Africa and limited to BWP30 million.

  At the reporting date, BWP26 million (2023: nil) of this facility was utilised.

	Group 2024	Group 2023	Company 2024	Company 2023
27. STATED CAPITAL				
Issued ordinary shares – '000s				
At the beginning of the year	**1 824 462**	1 303 628	**1 824 462**	1 303 628
Issued through rights offer	**–**	520 834	**–**	520 834
At end of the year	**1 824 462**	1 824 462	**1 824 462**	1 824 462
Issued stated capital – Pula millions				
At the beginning of the year	**1 207**	906	**1 207**	906
Issued through rights offer	**–**	300	**–**	300
Foreign exchange gain on Rand-valued shares	**–**	7	**–**	7
Share issue expenses	**–**	(6)	**–**	(6)
	1 207	1 207	**1 207**	1 207

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

	Group 2024	Group 2023	Company 2024	Company 2023
28. TREASURY SHARES				
Total number of shares held as treasury shares – millions	**15.6**	15.6	**–**	–
Value of shares at cost	**32**	32	**–**	–

The Group's treasury shares comprise the cost of the Company's shares held by Choppies Distribution Centre (Pty) Limited, a wholly owned subsidiary.

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28. TREASURY SHARES continued

Share-based payments

The Group issues equity-settled share options to certain employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the option. Fair value is measured using the Black Scholes model taking into account the terms and conditions upon which the options are granted. The risk-free rate, dividend yield, share price volatility and attrition rate key assumptions used in the valuation model are based on management's best estimate at the date of valuation.

At each reporting date, the estimate of the number of options that are expected to vest based on the non-market vesting conditions are revised. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

These share options vest and are exercisable in tranches of 33.3% on the first, second and third anniversary of the award. The vesting of the share options is dependent on the employee being employed within the Group at vesting date and exercising the option within the 30-day exercise period.

During the period under review, 28.1 million options were granted (2023: nil). The share-based payments relating to these options were valued at BWP6 million.

Reconciliation of share options for the year	Weighted average exercise price – Thebe	Number of option – millions
Outstanding options at beginning of year	**–**	**–**
Options issued during the financial year 2024	**0.52**	**28.9**
Outstanding options at end of year	**0.52**	**28.9**

The first tranche of the 2024 awards will vest in October 2024.

29. HYPERINFLATIONARY TRANSLATION RESERVE

This reserve is used to report the exchange differences in translating subsidiaries, which is based on hyperinflationary economy. The Zimbabwe Dollar (ZW$) functional currency in which one of the subsidiaries operated until 30 June 2023 was hyperinflationary and resulted in its operations having been prepared in terms of IAS 29 *Financial Reporting in Hyperinflationary Economies*. Effective 1 July 2023 the Zimbabwean operations changed their functional currency to the US$. Refer to note 1.24.

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Opening balance	**312**	269	**–**	–
Exchange differences on translating foreign operations in	**–**	43	**–**	–
	312	312	**–**	–

30. FOREIGN CURRENCY TRANSLATION RESERVE

This reserve is used to record exchange differences arising from the translation of the results of foreign subsidiaries.

	Group 2024	Group 2023	Company 2024	Company 2023
Opening balance	**(682)**	(586)	**–**	–
Exchange differences in translating foreign operation	**(32)**	(96)	**–**	–
	(714)	(682)	**–**	–
Foreign currency translation reserve comprises of:				
Foreign currency translation reserve – continuing operations	**(714)**	(682)	**–**	–

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	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
31. BORROWINGS				
Held at amortised cost				
Secured				
First National Bank Botswana Limited	**107**	200	**-**	–
Absa Bank Botswana Limited	**121**	50	**-**	–
Stanbic Bank Botswana Limited	**68**	119	**-**	–
	296	369		
Unsecured			**-**	–
Botswana Development Corporation	**43**	–	**-**	–
Loan from shareholders - Group CEO	**8**	–	**-**	–
	51	–	**-**	–
	347	369	**-**	–
Split between non-current and current portions				
Non-current liabilities	**243**	216	**-**	–
Current liabilities	**104**	153	**-**	–
	347	369	**-**	–

Refer to note 36: Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 41: Financial instruments and financial risk management for the fair value of borrowings.

The lenders have made available three-term facility loans:

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

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

Loan from Botswana Development Corporation

The loan of BWP18 million bears interest at a rate of prime plus 10% while the remaining loan of BWP25 million bears interest of prime. The loan is unsecured and fully subordinated in favour of other creditors.

Loan from shareholder – Group CEO

The loan bears interest at a rate equal to prime plus 10%. The loan is unsecured and fully subordinated in favour of other creditors.

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

- Botswana Group gross debt to EBITDA ratio must not exceed 1.50 times (2023: 1.75 times)
- Botswana Group interest cover ratio (EBITDA divided by finance charges) must be minimum of 5.0 times
- Botswana debt service cover ratio (free cash flow divided by the debt service costs) must be a minimum of 1.2 times

The covenants are measured quarterly.

* *The Botswana Group consists of the parent Company and the Botswana subsidiary – Choppies Distribution Centre (Pty) Limited.*

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

	2024	2023
Gross debt to EBITDA	**0.75**	1.5
Interest cover ratio	**17.8**	8.2
Debt service cover ratio	**2.4**	1.6

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Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
31. BORROWINGS continued				
At the reporting date, borrowings payables were as follows:				
Minimum payments due				
– Not later than one month	**8**	74	**–**	–
– Later than one month and not later than three months	**18**	19	**–**	–
– Later than three months and not later than one year	**96**	82	**–**	–
– 13 to 24 months	**157**	104	**–**	–
– 25 to 36 months	**23**	132	**–**	–
– 37 to 48 months	**26**	–	**–**	–
– 48 months and older	**100**	–	**–**	–
	428	411	**–**	
Less: future finance charges	**(81)**	(42)	**–**	–
Present value of minimum lease payments	**347**	369	**–**	–
Present value of minimum payments due				
– Not later than one month	**7**	72	**–**	–
– Later than one month and not later than three months	**15**	15	**–**	–
– Later than three months and not later than one year	**82**	66	**–**	–
– 13 to 24 months	**147**	89	**–**	–
– 25 to 36 months	**20**	127	**–**	–
– 37 to 48 months	**25**	–	**–**	–
– 48 months and older	**51**	–	**–**	–
	347	369	**–**	–

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
32. LEASE LIABILITIES				
Minimum lease payments due				
– Not later than one month	**28**	17	**–**	–
– Later than one month and not later than three months	**56**	42	**–**	–
– Later than three months and not later than one year	**227**	173	**–**	–
– 13 to 24 months	**263**	212	**–**	–
– 25 to 36 months	**212**	175	**–**	–
– 37 to 48 months	**226**	208	**–**	–
– 48 months and older	**184**	219	**–**	–
	1 196	1 046	**–**	–
Less: future finance charges	**(219)**	(218)	**–**	–
Present value of minimum lease payments	**977**	828	**–**	–
Present value of minimum lease payments due				
– Not later than one month	**21**	12	**–**	–
– Later than one month and not later than three months	**43**	29	**–**	–
– Later than three months and not later than one year	**176**	127	**–**	–
– 13 to 24 months	**212**	163	**–**	–
– 25 to 36 months	**177**	140	**–**	–
– 37 to 48 months	**193**	168	**–**	–
– 48 months and older	**155**	189	**–**	–
	977	828	**–**	–
Non-current liabilities	**736**	660	**–**	–
Current liabilities	**241**	168	**–**	–
	977	828	**–**	–

Refer to note 36: Changes in liabilities arising from financing activities for details of the movement in the lease liabilities.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

32. LEASE LIABILITIES continued

Details of leases

The Group has leases for businesses it operates in Botswana, Zambia, Namibia and Zimbabwe. With the exception of short-term leases, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 16).

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

Scania Finance Southern Africa (Pty) Limited

Finance lease liabilities

These lease liabilities are secured over motor vehicles with a net book value of BWP98 million (2023: BWP127 million). These liabilities bear interest at the South African prime lending rate less 0.5% to 1% per annum and are repayable in 24 to 36 monthly instalments.

Bank Windhoek

These liabilities are secured over equipment with a net book value of BWP20 million (2023: nil). These liabilities bear interest at the South African prime lending rate less 0.5% to 1% per annum and are payable in 24 to 36 monthly instalments.

Alensy Energy Solutions (Pty) Limited

These lease liabilities are secured over solar equipment with a net book value of BWP1 million (2023: BWP1 million). These liabilities bear interest at the South African prime lending rate plus 2% per annum and are repayable in 36 monthly instalments.

Lease payments not recognised as a liability

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

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
The expense relating to payments not included in the measurement of the lease liability is as follows:				
Gain on rental concession	**–**	(4)	**–**	–
Variable lease payments	**8**	2	**–**	–
	8	(2)	**–**	–

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

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

	Carrying amounts	Depreciation expense	Impairment
30 June 2024			
Buildings	**755**	**221**	**–**
Motor vehicles	**98**	**11**	**–**
Equipment	**20**	**1**	**–**
Solar equipment	**1**	**–**	**–**
	874	**233**	**–**
30 June 2023			
Buildings	635	150	–
Motor vehicles	127	6	–
Solar equipment	1	–	–
	763	156	–

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

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for the year ended 30 June 2024

33. DEFERRED TAX ASSET AND LIABILITY

Movement in deferred tax is analysed as follows:

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Reconciliation of deferred tax asset/(liability)				
At beginning of year	**8**	(16)	**-**	-
Charge to profit/(loss)	**4**	23	**-**	-
Foreign exchange differences	**(8)**	1	**-**	-
Acquisition of Kamoso Africa (Pty) Limited	**5**	-	**-**	-
Sale of business	**(10)**	-	**-**	-
	(1)	8	**-**	-
Deferred tax liability				
Accelerated capital allowances	**(70)**	(43)	**-**	-
Right of use asset	**(132)**	(97)	**-**	-
Unrealised foreign exchange loss	**7**	(1)	**-**	-
Total deferred tax liability	**(195)**	(141)	**-**	-
Deferred tax asset				
Other deferred tax asset	**3**	-	**-**	-
Lease liabilities	**165**	118	**-**	-
Deferred tax balance from temporary differences other than unused tax losses	**168**	118	**-**	-
Tax losses carried forward	**26**	31	**-**	-
	194	149	**-**	-
Total deferred tax asset	**194**	149	**-**	-
Deferred tax liability	**(195)**	(141)	**-**	-
Deferred tax asset	**194**	149	**-**	-
Total net deferred tax (liability)/asset	**(1)**	8	**-**	-
Deferred tax relating to tax losses shown separately under non-current assets	**32**	31	**-**	-
Deferred tax liability shown separately under non-current liabilities	**(33)**	(23)	**-**	-
	(1)	8	**-**	-

Deferred tax assets and liabilities are offset only if certain criteria are met.

Recoverability of deferred tax assets

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

34. AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Amounts due to related entities	**23**	31	**-**	-

These balances are trade-related, unsecured, interest-free and are repayable under normal trading terms. Refer to note 39 for the details of related party balances and transactions.

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

35. TRADE AND OTHER PAYABLES

	Group		Company	
Figures in Pula million	**2024**	2023	**2024**	2023
Financial instruments				
Trade payables	**921**	616	**-**	-
Other payables	**247**	147	**1**	5
Non-financial instruments				
Withholding tax payable	**8**	8	**-**	-
VAT payables	**26**	14	**-**	-
	1 202	785	**1**	5

Other payables include expenses payable, payroll liabilities, deposits and third-party payments liabilities.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
35. TRADE AND OTHER PAYABLES continued				
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	**1 168**	763	**1**	5
Non-financial instruments	**34**	22	**–**	–
	1 202	785	**1**	5
Minimum payments due				
Not later than one month	**650**	393	**–**	–
Later than one month and not later than three months	**338**	274	**–**	–
Later than three months and not later than one year	**214**	118	**–**	–
	1 202	785	**–**	–

Fair value of trade and other payables

All amounts are short term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value. Information on the Group's exposure to currency and liquidity risks is included in note 41.

36. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities – Group – 2024

	Opening balance	New	Acquisition	Repayments	Foreign exchange movements	Terminations	Closing balance
Borrowings	**369**	**80**	**76**	**(179)**	**–**	**–**	**346**
Lease liabilities	**828**	**294**	**136**	**(253)**	**(2)**	**(27)**	**976**
Total liabilities from financing activities	**1 197**	**374**	**212**	**(432)**	**(2)**	**(27)**	**1 322**

The capital repayments of BWP179 million include payments of BWP153 million as disclosed on the statement of cash flows, payments of BWP22 million paid towards the acquisition of Kamoso (refer note 42) and payment of interest of BWP4 million.

Lease capital repayments of BWP253 million consist of finance leases of BWP40 million and leases of BWP213 million. The new leases for right-of-use assets of BWP294 million is not a cash flow.

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Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
37. DIVIDENDS PER SHARE				
Dividend per share – Thebe				
Number 7 paid 16 April 2024 (2023: nil)	**1.600**	–	**–**	–
Dividends per share declared – Thebe				
Number 8 payable 28 October 2024 (2023: nil)	**1.400**	–	**–**	–

The Board ensures that it complies with the liquidity and solvency requirements of the Botswana Companies Act before any dividend payment.

38. CONTINGENCIES

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

38.1 Choppies Enterprises Limited has the guarantees issued for Nanavac Investments (Pvt) Limited valued at BWP116 million (2023: BWP116 million).

38.2 Choppies Enterprises Limited has guarantees issued for Choppies Supermarkets Tanzania Limited: valued at BWP0.1 million (2023: BWP0.1 million).

38.3 Choppies Enterprises Limited has guarantees issued for Choppies Supermarkets Namibia (Pty) Limited: valued at BWP36 million (2023: nil).

The guarantees are callable on demand.

39. RELATED PARTIES

Relationships

Subsidiaries — Refer to note 21

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

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

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Related party balances – net				
Amounts due from related entities (subsidiaries)				
Choppies Distribution Centre (Pty) Limited	**–**	–	**400**	437
Nanavac Investments (Pty) Limited	**–**	–	**35**	35
Nanavac Investments (Pty) Limited – impairment	**–**	–	**(18)**	(18)
Choppies Supermarkets Limited (Zambia)	**–**	–	**10**	10
	–	–	**427**	464

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

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

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

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Amounts due from related entities (third parties)	**43**	3	**–**	–

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

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Amounts due to related entities (third parties)	**23**	31	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

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Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
39. RELATED PARTIES continued				
Related party transactions				
Sale of stock to related entities	**29**	42	**–**	–
Purchase of goods or services from related entities	**431**	463	**–**	–
Rent paid to related parties				
The FAR Property Company Limited*	**74**	64	**–**	–

* *Rent paid is the actual rental payments as per lease agreements. Included in the statement of profit or loss and other comprehensive income is an interest expense of BWP17 million (2023: BWP14 million) relating to the right-of-use asset.*

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Interest paid to related parties				
O Ottapathu	**–**	6	**–**	–
FE Ismail	**–**	1	**–**	–
	–	7	**–**	–

40. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

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

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Directors fees – BWP thousands				
Non-executive Directors				
FE Ismail	**333**	400	**–**	–
CJ Harward	**700**	767	**–**	–
DKU Corea	**400**	500	**–**	–
T Pritchard	**–**	500	**–**	–
V Chitalu	**700**	767	**–**	–
RP de Silva	**700**	234	**–**	–
D Mogajane	**267**	–	**–**	–
	3 100	3 168	**–**	–

Figures in Pula million	Group 2024	Group 2023	Company 2024	Company 2023
Salaries – BWP thousands				
Executive Directors				
R Ottapathu	**8 737**	6 965	**–**	–
Gratuity relating to prior years				
R Ottapathu	**–**	16 300	**–**	–
Retainer fees – BWP thousands				
Non-executive Directors				
FE Ismail	**300**	300	**–**	–
T Pritchard	**–**	417	**–**	–
DKU Corea	**660**	660	**–**	–
CJ Harward	**360**	360	**–**	–
V Chitalu	**661**	618	**–**	–
RP de Silva	**500**	83	**–**	–
D Mogajane	**171**	–	**–**	–
	2 652	2 438	**–**	–
Salaries – BWP thousands				
Related to other key management personnel				
V Madhavan	**12 411**	4 737	**–**	–
M Rajcoomar	**4 648**	3 093	**–**	–
V Sanooj	**2 971**	2 035	**–**	–
	20 030	9 865	**–**	–
Share-based payments are included in the salaries as follows:				
V Madhavan	**4 281**	–	**–**	–
M Rajcoomar	**365**	–	**–**	–
V Sanooj	**316**	–	**–**	–
	4 962	–	**–**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

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41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

Figures in Pula million	Note(s)	Amortised cost	Total	Fair value
Group – 2024				
Amounts due from related parties	**23**	**43**	**43**	**43**
Trade and other receivables	**25**	**133**	**133**	**133**
Cash and cash equivalents	**26**	**206**	**206**	**206**
		382	**382**	**382**
Group – 2023				
Amounts due from related parties	23	3	3	3
Trade and other receivables	25	92	92	92
Cash and cash equivalents	26	222	222	222
		317	317	317

Figures in Pula million	Note(s)	Amortised cost	Total	Fair value
Company – 2024				
Amounts due from related parties	**23**	**427**	**427**	**427**
Trade and other receivables	**25**	**1**	**1**	**1**
Cash and cash equivalents	**26**	**4**	**4**	**4**
		432	**432**	**432**
Company – 2023				
Amounts due from related parties – net	23	464	464	464
Trade and other receivables	25	–	–	–
Cash and cash equivalents	26	3	3	3
		467	467	467

Carrying value is a reasonable approximation of fair value.

Categories of financial liabilities

Figures in Pula million	Note(s)	Amortised cost	Total	Fair value
Group – 2024				
Trade and other payables	**35**	**1 168**	**1 168**	**1 168**
Amounts due to related parties	**34**	**23**	**23**	**23**
Borrowings	**31**	**347**	**347**	**347**
Lease liabilities	**32**	**977**	**977**	**977**
Bank overdraft	**26**	**81**	**81**	**81**
		2 596	**2 596**	**2 596**
Group – 2023				
Trade and other payables	35	763	763	763
Amounts due to related parties	34	31	31	31
Borrowings	31	369	369	369
Lease liabilities	32	828	828	828
Bank overdraft	26	79	79	79
		2 070	2 070	2 070

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

Capital risk management

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Financial risk management

Overview

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

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

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

Market risk

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

Credit risk

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

- Amounts due from related entities
- Trade and other receivables
- Cash and cash equivalents
- Advances and deposits
- Financial guarantee contracts at a Company level

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

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

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

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

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

Trade receivables are considered irrecoverable where:

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

On the above basis, the expected credit loss for trade receivables as at 30 June 2024 was determined as per the following page (refer to note 25).

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41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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

Group

Figures in Pula million	Note(s)	2024 Gross carrying amount	2024 Credit loss allowance	2024 Amortised cost/ fair value	2023 Gross carrying amount	2023 Credit loss allowance	2023 Amortised cost/ fair value
Amounts due from related parties	23	**43**	**–**	**43**	3	–	3
Trade and other receivables	25	**157**	**(24)**	**133**	95	(3)	92
Cash and cash equivalents	26	**206**	**–**	**206**	222	–	222
		406	**(24)**	**382**	320	(3)	317

Company

Figures in Pula million	Note(s)	2024 Gross carrying amount	2024 Credit loss allowance	2024 Amortised cost/ fair value	2023 Gross carrying amount	2023 Credit loss allowance	2023 Amortised cost/ fair value
Amounts due from related parties – net	23	**427**	**–**	**427**	464	–	464
Trade and other receivables	25	**1**	**–**	**1**	–	–	–
Cash and cash equivalents	26	**4**	**–**	**4**	3	–	3
		432	**–**	**432**	467	–	467

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41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk

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

Group – 2024	Note(s)	Less than one month	Later than one month and not later three months	Later than three months and not later than one year	13 to 24 months	25 to 36 months	37 to 48 months	48 months and later	Total	Carrying amount
Non-current liabilities										
Borrowings	31	–	–	–	157	23	26	–	206	243
Lease liabilities	32	–	–	–	263	212	226	184	885	736
Current liabilities										
Trade and other payables	35	627	338	199	–	–	–	–	1 164	1 168
Loans from Group companies	34	23	–	–	–	–	–	–	23	23
Borrowings	31	9	17	96	–	–	–	–	122	104
Lease liabilities	32	28	56	277	–	–	–	–	361	241
Bank overdraft	26	81	–	–	–	–	–	–	81	81
		768	411	572	420	235	252	184	2 842	2 596

Group – 2023	Note(s)	Less than one year	Two to five years	Over five years	Total	Carrying amount
Non-current liabilities						
Borrowings	31	–	236	–	236	216
Lease liabilities	32	–	613	191	804	660
Current liabilities						
Trade and other payables	35	763	–	–	763	763
Borrowings	31	175	–	–	175	153
Lease liabilities	32	242	–	–	242	168
Bank overdraft		79	–	–		79
		1 259	849	191	2 299	2 039

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41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Company – 2024 *Figures in Pula million*	**Note(s)**	**Less than one month**	**Later than one month and not later three months**	**Later than three months and not later than one year**	**13 to 24 months**	**25 to 36 months**	**37 to 48 months**	**48 months and later**	**Total**	**Carrying amount**
Current liabilities										
Trade and other payables	**35**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Guarantees	**37**	**152**	**–**	**–**	**–**	**–**	**–**	**–**	**152**	**152**
		153	**–**	**–**	**–**	**–**	**–**	**–**	**153**	**153**

Company – 2023	Note(s)	Less than one year	Two to five years	Over five years	Total	Carrying amount
Current liabilities						
Trade and other payables	35	5	–	–	5	5
Guarantees		116	–	–	116	116

Choppies Enterprises Limited has financial guarantees issued for Nanavac Investments (Pvt) Limited valued at BWP116 million (2023: BWP116 million), Choppies Supermarkets Namibia (Pty) Limited valued at BWP36 million (2023: nil) and Choppies Supermarkets Tanzania Limited valued at BWP0.1 million (2023: BWP0.1 million). Management has assessed the probability of these entities defaulting as low, and any loss given default as insignificant based on their financial position and the fair value of the underlying property provided as security on these loans. On this basis, the liability for financial guarantees was determined to be nil in the years presented.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Foreign currency risk

Exposure in Pula

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

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
US Dollar exposure					
Current assets					
Trade and other receivables	25	**5**	5	**-**	–
Cash and cash equivalents	26	**13**	8	**-**	–
Current liabilities					
Trade and other payables	35	**(44)**	(18)	**-**	–
Net US Dollar exposure		**(26)**	(5)	**-**	–
ZAR exposure					
Current assets					
Trade and other receivables	25	**24**	25	**-**	–
Cash and cash equivalents	26	**17**	186	**-**	–
Current liabilities					
Trade and other payables	35	**(263)**	(260)	**-**	–
Net ZAR exposure		**(222)**	(49)	**-**	–
Net exposure to foreign currency in Pula		**248**	(54)	**-**	–

Exposure in foreign currency amounts

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

		Group		Company	
Figures in Pula million	Note(s)	**2024**	2023	**2024**	2023
US Dollar exposure					
Current assets					
Cash and cash equivalents	26	**1**	1	**-**	–
Current liabilities					
Trade and other payables	35	**(3)**	(1)	**-**	–
Net US Dollar exposure		**(2)**	–	**-**	–
ZAR exposure					
Current assets					
Trade and other receivables	25	**31**	30	**-**	–
Cash and cash equivalents	26	**21**	246	**-**	–
Current liabilities					
Trade and other payables	35	**(352)**	(348)	**-**	–
Net ZAR exposure		**(300)**	(72)	**-**	–
Exchange rates					
Year-end exchange rates					
South African Rand		**1.3390**	1.3977	**-**	–
United States Dollar		**0.0736**	0.0740	**-**	–
British Pound Sterling		**0.0582**	0.0584	**-**	–
Average exchange rates					
South African Rand		**1.3741**	1.3610	**-**	–
United States Dollar		**0.0736**	0.0762	**-**	–
British Pound Sterling		**0.0589**	0.0634	**-**	–

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company **Increase or decrease in rate**	**2024 Increase**	**2024 Decrease**	2023 Increase	2023 Decrease
Impact on profit or loss				
South African Rand-denominated assets – banks	**2**	**(2)**	17	(17)
United States Dollar-denominated assets – banks	**2**	**(2)**	8	(8)
South African Rand-denominated assets – receivables	**3**	**(3)**	2	(2)
United States-denominated assets – receivables	**–**	**–**	5	(5)
South African Rand-denominated liabilities	**(29)**	**29**	(24)	24
United States Dollar-denominated liabilities	**(1)**	**1**	(18)	18
	(23)	**23**	(10)	10

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

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

Interest rate risk

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

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

Interest rate profile

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

	Note	**Average effective interest rate**		**Carrying amount**	
		2024	2023	**2024**	2023
Assets					
Call accounts denominated in Pula		**2.00% to 4.00%**	4.00% to 6.00%	**2**	2
Fixed deposits with banks		**5.50% to 7.20%**	5.50% to 7.00%	**8**	8
				10	10
Liabilities					
Borrowings	31	**6.40 %**	6.00 %	**(436)**	(446)
Net variable rate financial instruments				**(436)**	(436)

Interest cost

	2024	2023
Absa Bank of Botswana Limited (overdraft)	**Prime plus 0.17%**	Prime plus 0.17%
Stanbic Bank Botswana Limited (overdraft)	**Prime plus 0.17%**	Prime plus 0.17%
First National Bank Botswana Limited (overdraft)	**Prime plus 0.17%**	Prime plus 0.17%
Absa Bank of Botswana Limited (term loan)	**Prime plus 0.17%**	Prime plus 0.17%
Stanbic Bank Botswana Limited (term loan)	**Prime plus 0.81%**	Prime plus 0.81%
First National Bank Botswana Limited (term loan)	**Prime plus 0.81%**	Prime plus 0.81%
Absa Bank of Botswana Limited	**Prime plus 2%**	Prime plus 2%
Alensy Energy Solutions (Pty) Limited	**Prime plus 2%**	Prime plus 2%
Scania Finance Southern Africa	**Prime plus 2%**	Prime plus 2%

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate sensitivity analysis

With average interest rates as noted, an increase/decrease of 0.5% (2023: 0.5%) in the current interest rates during the reporting period would have increased/decreased the Group's profit before taxation and equity as disclosed below:

Group	2024	2024	2023	2023
Increase or decrease in rate by 0.5% (2023: 0.5%)	Increase	Decrease	Increase	Decrease
Impact on profit or loss				
Interest paid	4	(4)	8	(8)

42. BUSINESS COMBINATIONS

During the current period, the Group acquired the Kamoso Group in order to increase its store footprint, diversify the Group and reduce reliance on related parties.

On 19 July 2023, Choppies acquired 76% (seventy-six percent) of the Kamoso Group for BWP2.00 (two Pula) and took over the existing shareholders loan and paid BWP22 million. The Botswana Development Corporation ("BDC") retained its 24% stake.

Kamoso was consolidated from 19 July 2023. The fair values of the identifiable assets and liabilities as at the date of the acquisition were:

	BWPm
Property, plant and equipment	87
Right-of-use assets	123
Deferred tax assets	5
Inventories	129
Trade and other receivables	86
Taxation refundable	17
Cash and cash equivalents	34
Long-term borrowings	(76)
Lease liabilities	(136)
Trade and other payables	(231)
Taxation	(16)
Bank overdraft	(131)
Total identifiable net liabilities acquired	(109)
Less: Non-controlling interest	26
Goodwill on acquisition	105
Purchase consideration	22
Add: Bank overdraft less cash acquired on acquisition	97
Net outflow on acquisition of subsidiary	119

The cash payment was sourced from cash on hand.

The goodwill compromises the value of expected synergies arising from the acquisition, which is not separately recognised. These synergies include expansion of product offerings, trade term agreements and overall availability of resources.

Non-controlling interest

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

Acquisition-related costs

The acquisition-related costs incurred during financial year June 2023 are immaterial and were included in administration expenses. There were no material transaction costs incurred during financial year 2024.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

43. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS

The Board decided to discontinue the operations of Skywalker South Africa, a liquor business, to discontinue the operations of Keriotic, a wholesale fast-moving consumer goods business and to dispose of Mediland, a medical supply business. The material assets of Skywalker and Keriotic were sold during the year. The shares in Mediland were sold.

At the end of the current financial year, we transferred any remaining assets and liabilities to continuing business. The remaining assets relating to the disposal group are BWP3 million, which are all considered recoverable. The remaining liabilities relating to the disposal group are BWP1 million, which will be settled by the Group in the ordinary course of business.

The operating losses until the date of discontinuation and assets and liabilities are summarised as follows:

	Consolidated	Skywalker	Keriotic	Mediland
Profit or losses				
Revenue	**116**	**28**	**4**	**84**
Gross profit	**12**	**3**	**3**	**6**
Other income	**1**	**–**	**–**	**1**
Expenses	**(45)**	**(5)**	**(6)**	**(34)**
Net interest	**(4)**	**–**	**–**	**(4)**
Tax	**8**	**–**	**–**	**8**
Net loss after tax	**(28)**	**(2)**	**(3)**	**(23)**
Assets and liabilities				
Non-current assets				
Property, plant and equipment	**–**	**–**	**–**	**8**
Deferred taxation assets	**–**	**–**	**–**	**10**
	–	**–**	**–**	**18**
Inventories	**–**	**–**	**–**	**9**
Trade and other receivables	**–**	**–**	**–**	**12**
Current tax receivable	**–**	**–**	**–**	**14**
	–	**–**	**–**	**35**
Long-term borrowings including short-term portion	**–**	**–**	**–**	**40**
Trade and other payables	**–**	**–**	**–**	**24**
Current tax payable	**–**	**–**	**–**	**10**
	–	**–**	**–**	**34**
Equity	**–**	**–**	**–**	**(20)**

	Consolidated	Skywalker	Keriotic	Mediland
Cash flow from discontinued operations				
Operating activities	**3**	**1**	**(2)**	**3**
Investing activities	**(1)**	**–**	**1**	**(1)**
Financing activities	**37**	**(1)**	**–**	**37**

43.2 Sale of subsidiary during the reporting period

Choppies Enterprises Limited entered into an agreement during June 2024 whereby Choppies Enterprises Limited sold the entire issued shares in and the loan accounts of Mediland (Pty) Limited.

The purchase consideration was BWP100 for all the issued shares held by Choppies Enterprises Limited in and all the claims of Choppies Enterprises Limited on the loan account of BWP40 million to Mediland.

A closing agreement, reflecting the result of the renegotiations was concluded on 19 June 2024 and the provisions for closing of the transfer of shares in and control of Mediland was affected as of 19 June 2024.

At the date of disposal, the subsidiaries' net assets were as follows:

	Group		Company	
	2024	2023	**2024**	2023
Property, plant and equipment	**8**	–	**–**	–
Deferred taxation assets	**10**	–	**–**	–
Inventories	**9**	–	**–**	–
Trade and other receivables	**12**	–	**–**	–
Current tax receivable	**14**	–	**–**	–
Long-term borrowings including short-term portion	**(40)**	–	**–**	–
Trade and other payables	**(23)**	–	**–**	–
Current tax payable	**(10)**	–	**–**	–
Total liabilities sold	**(20)**	–	**–**	–
Proceeds	**20**	–	**–**	–

The proceeds of BWP20 million are not a cash flow. The profit on disposal of business shown on the profit or loss relates to this transaction whereby Mediland forgave debt to the value of BWP16 million.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2024

44. FINANCIAL SUPPORT

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

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

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

	Group		Company	
	2024	2023	**2024**	2023
Foreign subsidiaries in BWP million				
Choppies Supermarkets Namibia (Pty) Limited	**-**	–	**(9)**	14
Choppies Supermarkets Limited (Zambia)	**-**	–	**60**	48
Nanavac Investments (Pvt) Limited	**-**	–	**(339)**	(309)
	-	–	**(288)**	(247)

45. GOING CONCERN

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

The Board has reviewed the cash flow forecast for the next 12 months as prepared by management and is of the opinion that the Group has more than sufficient liquidity to adequately support its working capital requirements and consequently, is satisfied with the Group's ability to continue as a going concern for the foreseeable future.

The forecasts prepared by management are by month up to September 2025. Management prepared both a base case and downside profit or loss and statements of cash flows. The base case considers latest trends and trading conditions.

The downside assumes a lower level of EBITDA and for each component of working capital we applied the financial year 2024 working capital movements to the financial years 2025 and 2026 downside and lowered working capital inflows to stress test.

The Group's current liabilities exceed its current assets. This is fairly normal for a largely cash business with less than 5% of sales on credit. The current financial assets will not necessarily be the sole source of settling our current financial liabilities. We will settle the current liabilities out of future profits.

The economic situation in Zimbabwe continues to be a threat to the Choppies Zimbabwe segment. The Zimbabwe segment is not being funded by the rest of the Group. The Group is weighing various options in Zimbabwe given the stress it is placing on our overall performance. There are sufficient cash reserves to settle all liabilities for which Choppies Enterprises has provided guarantees. We do not expect to provide any material cash support to the Zimbabwean segment from Botswana or any other segment.

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

46. EVENTS AFTER THE REPORTING PERIOD

There have been no material changes in the affairs or financial position of the Group and its subsidiaries from 1 July 2024 to the date of this report except for the matter disclosed under note 11.

08

Shareholders' information

SHAREHOLDERS' ANALYSIS

Shareholder spread	Number of shareholders 2024	Number of shares	% of total shareholdings
1 – 1 000	15 125	2 437 520	0.13
1 001 – 10 000	2 235	8 210 873	0.45
10 001 – 100 000	636	17 840 892	0.98
100 001 – 1000 000	121	38 213 836	2.09
Over 1 000 000	53	1 757 758 553	96.34
Total	**18 170**	**1 824 461 674**	**100.00**

Distribution of shareholders	Number of shareholders	Number of shares	% of total shareholdings
Companies	229	498 175 063	27.31
Share scheme	1	15 566 252	0.85
Individuals	17 842	80 795 748	4.43
Institutional investors	86	388 002 054	21.27
Directors	3	841 922 557	46.15
Total	**18 161**	**1 824 461 674**	**100.00**

Shareholders type	Number of shareholders	Number of shares	% of total shareholdings
Non-public shareholders	14	843 715 561	46.24
Public shareholders	18 156	980 746 113	53.76
Total	**18 170**	**1 824 461 674**	**100.00**

Directors	Number of shares	% of total shareholdings
Ramachandran Ottapathu (including indirect holdings)	528 428 123	28.96
Farouk Ismail (including indirect holdings)	313 358 587	17.18
Carol-Jean Harward	135 847	0.00
Don Kumaray U Corea	–	–
Andrew Dondo Mogajane	–	–
Valentine Chitalu	–	–
Ranjith Priyalal de Silva	–	–
Total	**841 922 557**	**46.15**

TOP 10 SHAREHOLDERS

Choppies share register 30 June 2024

Name of top 10 shareholders 2024	Number of shares held 2024	Percentage of holding 2024
Ramachandran Ottapathu	528 428 123	28.96
Farouk Ismail	313 358 587	17.18
Ivygrove Holdings (Pty) Limited	225 543 406	12.36
Marina IV L.P	131 291 985	7.20
Botswana Insurance Fund Management	140 698 779	7.71
Export Marketing (BVI) Limited	57 201 319	3.14
FNB Nominees Vunani BPOPF	52 407 654	2.87
Allan Gray	49 468 653	2.71
UBS Switzerland AG-Client Assets	47 439 557	2.60
Botswana Public Officers Pension Fund	42 910 832	2.35
Total	**1 588 748 895**	**87.08**

SHAREHOLDERS' DIARY

Financial year-end	30 June
2024 Annual General Meeting	28 November 2024
Interim results announcement and dividend declaration	March 2025
Interim FY2025 dividend payment	April 2025
FY2025 annual results announcement	September 2025
Final FY2025 dividend payment	October 2025

NOTICE OF ANNUAL GENERAL MEETING

Choppies Enterprises Limited
(Incorporated in the Republic of Botswana)
(Registration number: BW00001142508)
(BSE Share Code: CHOP-EQO)
(JSE Share Code: CHP) (ISIN: BW0000001072)
("**Choppies**" or the "**Group**" or the "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting ("AGM") of the Shareholders of Choppies Enterprises Limited ("Shareholders") will be held at Choppies Innovation Centre, Plot 196, Gaborone International Conference Park ("GICP"), Gaborone, Botswana, as well as by electronic means, at 14:00 on Thursday, 28 November 2024 ("AGM" or "the meeting") to:

1. To receive, consider and if deemed fit, approve the Group Audited Financial Statements for the year ended 30 June 2024 together with the Directors and Auditor's Reports thereon as well as the Integrated Annual Report.
2. To re-elect and confirm, if deemed fit, the appointment of Ms. Carol-Jean Harward, who retires by rotation in terms of Clause 20.9.1 of the Constitution of the Company, and being eligible, offers herself for re-election as an Independent Non-executive Director.
3. To re-elect and confirm, if deemed fit, the appointment of Mr. Farouk Ismail, who retires by rotation in terms of Clause 20.9.1 of the Constitution of the Company, and being eligible, offers himself for re-election as a non-executive Director.
4. To approve the remuneration policy set out in section 2 of the remuneration report – page 81 of the Integrated Annual Report.
5. To approve the implementation of the remuneration policy as per section 3 of the remuneration report – page 85 of the Integrated Annual Report.
6. To consider and if deemed fit, ratify the distribution of dividend of 1.6 thebe per share paid on Tuesday, 16 April 2024 and 1.4 thebe per share, payable on Monday, 28 October 2024 as set out on page 99 of the Integrated Annual Report.
7. To consider and if deemed fit, appointment of Forvis Mazars as auditors of the Company for the ensuing year.
8. To consider and if deemed fit, ratify the remuneration paid to auditors, Forvis Mazars for the year ended 30 June 2024 as set out on page 101 of the Integrated Annual Report.
9. To consider and if deemed fit, pass with or without amendment the following resolution as a special resolution: To specially resolve in terms of section 128 of the Companies Act Cap 42:01 to pre-approve the donations of the year ending 30 June 2025 subject to these being made in terms of the Company policy, for charitable purposes and in total not exceeding 1.5% of EBITDA for FY2025.
10. The answering by the Directors of questions put by Shareholders in respect of the affairs and the business of the Company in respect of the year ended 30 June 2024.

IMPORTANT INFORMATION REGARDING ATTENDANCE, PARTICIPATION AND VOTING AT THE AGM

Record dates

The date on which holders of shares listed on the Botswana Stock Exchange must be recorded as such in the register of Shareholders of the Company to be eligible to attend, participate and vote at the AGM is Friday, 22 November 2024.

The date on which holders of shares listed on the JSE Limited must be recorded as such in the register of Shareholders of the Company to be eligible to attend, participate and vote at the AGM is Friday, 22 November 2024, with the last day of trade on the JSE Limited being Tuesday, 19 November 2024.

PARTICIPATION

In-person participation

The AGM will be held in person for Shareholders who wish to participate in this manner.

Shareholders who choose not to attend in person but seek to appoint a proxy to attend the meeting, on their behalf can still submit their proxy forms. Proxy forms are to be delivered or sent by email to the Company Secretary, BP Consulting Services (Pty) Limited as provided for on the proxy form. Where a Shareholder has submitted a proxy form, the person attending the AGM on the Shareholder's behalf shall be presumed to vote in accordance with the instructions of voting set out in the proxy form.

Electronic participation

The AGM will also be held through electronic communication, via Zoom, by which all Shareholders participating in the meeting simultaneously hear each other throughout the meeting, as provided for in section 109 of the Companies Act and section 3(b) of the Second Schedule to the Companies Act. The Company's Constitution also permits such electronic communication at a meeting of shareholders.

NOTICE OF ANNUAL GENERAL MEETING continued

Shareholders who choose not to attend in person but seek to appoint a proxy to attend the meeting, on their behalf can still submit their proxy forms. Proxy forms are to be delivered or sent by email to the Company Secretary, BP Consulting Services (Pty) Limited ("BP Consulting Services") as provided for on the proxy form. Where a Shareholder has submitted a proxy form, the person attending the AGM on the Shareholder's behalf shall be presumed to vote in accordance with the instructions of voting set out in the proxy form.

Shareholders and the proxy of any Shareholder who wish to participate in the AGM by electronic means, will be required to submit the relevant duly completed electronic participation form which is annexed to the notice of the AGM, together with the relevant documents to BP Consulting Services, as provided for on the form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once the identity of a Shareholder seeking to attend the meeting and the authority of any person representing such a Shareholder (if the Shareholder is not an individual) or the proxy appointed by a Shareholder and the person seeking to attend the AGM has been verified by BP Consulting Services, the person seeking to attend the AGM will be provided with details on how to join the AGM via Zoom.

Shareholders who have not appointed a proxy, hence not set forth instructions of voting, and who intend to participate in the meeting, once the identity of the Shareholder has been verified, will be provided with a voting form together with instructions on how to join the AGM via Zoom. Shareholders or proxies for Shareholders attending the meeting are urged to send their duly completed voting forms to BP Consulting Services by delivery, or by email before the meeting.

Pursuant to article 13.3 of the Constitution of the Company, the Chairman has regulated the procedure to be adopted at the meeting:

- voting will be by poll;
- in terms of article 15.2 of the Constitution voting will be by way of submission of voting papers by Shareholders or proxies attending the meeting before the meeting or during but before the end of the meeting;
- pursuant to article 15.10 of the Constitution, the auditors, Forvis Mazars, will scrutinise the proxy forms, the voting forms and the results;
- pursuant to article 15.11 of the Constitution, the Chairman shall declare the result after receipt of a certificate from the auditors in terms of article 15.11 of the Constitution.

The Company shall publish the results of each meeting within 48 hours of the conclusion of the meeting.

VOTING INSTRUCTION

Nominee accounts (dematerialised Shareholders other than own-name registered Shareholders)

Shareholders whose shares are held in a nominee account must not complete the attached form of proxy.

If shares are held in a nominee account, then the nominee, Central Securities Depository Participant ("**CSDP**") or broker of such Shareholder should contact the Shareholder to ascertain how to cast votes at the AGM and thereafter cast the Shareholder's vote in accordance with its instruction.

If you have shares in the Company held in a nominee account and have not been contacted, it would be advisable for you to contact your nominee or CSDP or broker and furnish them with your instruction. If your nominee or CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them or, if the mandate is silent in this regard, to abstain from voting.

Unless you advise your nominee, CSDP or broker timeously in terms of your agreement by the cut off time advised by them that you wish to attend the AGM or send a proxy to represent you, your nominee, CSDP or broker will assume you do not wish to attend the AGM or send a proxy.

If a nominee, CSDP or broker is a company it may appoint a proxy provided that the proxy form is accompanied by a resolution of the nominee, CSDP or broker empowering the person acting on behalf of the nominee, CSDP or broker to appoint the proxy. Alternatively, such nominee, CSDP or broker may appoint by resolution, a person to represent it at a meeting; in such event, the resolution should be delivered to BP Consulting Services at least 48 hours prior to the holding of the meeting. The proxy or representative appointed by the nominee, CSDP or broker should complete the electronic participation form and deliver that to BP Consulting Services.

If you wish to participate in the AGM, you must request the necessary letter of representation from your nominee or CSDP or broker and submit this letter together with the electronic participation form to BP Consulting Services at least 48 hours prior to the holding of the meeting.

NOTICE OF ANNUAL GENERAL MEETING continued

Own name Shareholders (certificated and own-name registered dematerialised Shareholders)

"Own name" Shareholders who wish to participate at the AGM themselves by electronic means, should submit their duly completed electronic participation form together with an acceptable form of identification to BP Consulting Services at least 48 hours prior to the holding of the meeting. "Own name" Shareholders attending and participating the AGM in person shall be provided with a voting form upon registration at the meeting.

"Own name" Shareholders may also appoint a proxy to represent them at the AGM by completing the attached proxy form and returning it to BP Consulting Services at least 48 hours prior to the time and date of the meeting. If a Shareholder appoints someone other than the Chairman of the meeting as their proxy and wants the proxy to participate in the AGM, the proxy must complete and submit an electronic participation form to BP Consulting Services at least 48 hours prior to the holding of the meeting.

An Integrated Annual Report updating Shareholders on key issues pertaining to the Company, dealing with certain of the matters which are to be dealt with at the AGM, together with notice convening the meeting, proxy forms, and electronic participation forms (to enable participation of a Shareholder or a proxy in the electronic meeting) will be sent to Shareholders on or about Monday, 28 October 2024.

By order of the Board

BP CONSULTING SERVICES (PTY) LIMITED

Company Secretaries

28 October 2024

FORM OF PROXY

Choppies Enterprises Limited
(Incorporated in the Republic of Botswana)
(Registration number: BW00001142508)
(BSE Share Code: CHOP-EQO)
(JSE Share Code: CHP) (ISIN: BW0000001072)

I/we ________________ of ________________ being holder of ________________ ordinary shares of the Company,

hereby appoint ________________________________

or failing him/her ________________ or the Chairman of the meeting as my/our proxy to vote for me/us at the Annual General Meeting of the Company

to be held at 14:00 on Thursday, 28 November 2024 (the "AGM" or "meeting").

	For	Against	Abstain
Resolution 1 To receive, consider and if deemed fit, approve the Group Audited Financial Statements for the year ended 30 June 2024 together with the Directors and Auditor's Reports thereon as well as the Integrated Annual Report.			
Resolution 2 To re-elect and confirm, if deemed fit, the appointment of Ms Carol-Jean Harward, who retires by rotation in terms of clause 20.9.1 of the Constitution of the Company, and being eligible, offers herself for re-election as an Independent Non-executive Director.			
Resolution 3 To re-elect and confirm, if deemed fit, the appointment of Mr Farouk Ismail, who retires by rotation in terms of clause 20.9.1 of the Constitution of the Company, and being eligible, offers himself for re-election as a Non-executive Director.			
Resolution 4 To approve the remuneration policy set out in section 2 of the remuneration report – page 81 of the Integrated Annual Report.			
Resolution 5 To approve the implementation of the remuneration policy as per section 3 of the remuneration report – page 85 of the Integrated Annual Report.			
Resolution 6 To consider and if deemed fit, ratify the distribution of dividend of 1.6 thebe per share paid on 16 April 2024 and 1.4 thebe per share, payable on 28 October 2024 as set out on page 99 of the Integrated Annual Report.			
Resolution 7 To consider and if deemed fit, ratify the appointment of Forvis Mazars as auditors of the Company for the ensuing year.			
Resolution 8 To consider and if deemed fit, ratify the remuneration paid to auditors, Forvis Mazars, for the year ended 30 June 2024 as set out on page 101 of the Integrated Annual Report.			
Resolution 9 To consider and if deemed fit, pass with or without amendment the following resolution as a special resolution: To specially resolve in terms of section 128 of the Companies Act Cap 42:01 to pre-approve the donations of the year ending 30 June 2025 subject to these being made in terms of the Company policy, for charitable purposes and in total not exceeding 1.5% of EBITDA for FY2025.			

Each Shareholder who is entitled to vote at the AGM is entitled to appoint one or more persons as proxy to attend, speak and vote in place of the Shareholder at the AGM and the proxy appointed need not be a Shareholder of Choppies. Please read note 1 to 9 on the reverse side hereof.

Please indicate with an "X" how you wish your votes to be cast.

Signed on this ________________ day of ________________ 2024

Signature of Shareholder(s) ________________________________

Assisted by me (where applicable) ________________________________

FORM OF PROXY continued

Notes

1. A Shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the AGM as he/she deems fit in respect of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy. If the proxy form is signed under a power of attorney, it must be accompanied by a copy of the power of attorney and a signed notice of non-revocation of the power of attorney (unless the power of attorney has already been deposited with the Company).
2. The form appointing such a proxy must be deposited at the office of the Company Secretary, BP Consulting Services (Pty) Limited, Plot 28892 (Portion of plot 50370), Twin Towers, West Wing-First Floor Fairground, Gaborone, Botswana, or by email to kakale@butlerphirieinc.com not less than 48 hours before the meeting.
3. Proxies executed by companies/organisations should be accompanied by a resolution of the organisation appointing the representative to sign the proxy.
4. The completion and lodging of this instrument will not preclude the relevant Shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.
5. The Chairman of the AGM may reject or accept any form of proxy not completed and/or received other than in accordance with the instructions provided in the notice convening the meeting and these notes, provided that he is satisfied as to the manner in which the Shareholder concerned wishes to vote.
6. A form of proxy shall be valid for the AGM as well as for any adjournment thereof, unless the contrary is stated thereon.
7. 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 AGM or adjourned AGM at which the proxy is to be used.
8. Where ordinary shares are held jointly, all joint Shareholders must sign the proxy form.
9. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

ELECTRONIC PARTICIPATION FORM

Choppies Enterprises Limited

(Incorporated in the Republic of Botswana)
(Registration number: BW00001142508)
(BSE Share Code: CHOP-EQO)
(JSE Share Code: CHP) (ISIN: BW0000001072)

Shareholders or their proxies who wish to participate in the Annual General Meeting to be held at 14:00 on Thursday, 28 November 2024 ("the AGM" or "meeting") via electronic communication ("AGM participant") must notify the Company by delivering this form and supporting documents to the office of the Company Secretary BP Consulting Services (Proprietary) Limited, Plot 28892 (Portion of plot 50370), Twin Towers, West Wing-First Floor Fairground, Gaborone, PO Box 1453, Gaborone, or by email to kakale@butlerphirieinc.com as soon as possible but no later than 14:00 on Tuesday, 26 November 2024.

Shareholders are strongly encouraged to complete their verification well ahead of time.

Each AGM participant who has successfully been verified by BP Consulting Services (Proprietary) Limited will be provided with the details on how to join the AGM via Zoom. AGM participants who are a proxy for a Shareholder will be provided with a voting form and be presumed to vote at the meeting in accordance with the instructions for voting set out on the proxy form. AGM participants who are not proxies will be provided with a voting form. AGM participants who are not proxies are strongly encouraged to send their completed voting forms to BP Consulting Services (Pty) Limited before the meeting. AGM participants who have not sent completed voting forms to BP Consulting Services (Proprietary) Limited prior to the meeting will be able to complete the voting forms and submit the same to BP Consulting Services (Pty) Limited by email to kakale@butlerphirieinc.com during but no later than the close of the meeting.

Reference is made to the notice of the AGM for important information regarding participation and voting at the AGM.

Name of registered Shareholder	
Omang/ID/Passport number/Registration number of registered Shareholder	
Name and contact details of CSDP or broker (if shares are held in dematerialised form)	
Shareholder CSD account number/broker account number or own name account number or custodian account number	
Number of ordinary shares held	
Full name of AGM participant	
Omang/ID/Passport number of AGM participant	
Email address of AGM participant	
Cellphone number of AGM participant	

By signing this form, I/we agree and consent to the processing of my/our personal information above for the purposes of participation in the AGM and acknowledge the following:

1. The cost of joining the AGM is for the expense of the AGM participant and will be billed separately by the AGM participant's own internet service provider. The AGM participant is not permitted to share the link with a third party.
2. The Company, its agents and third-party service providers cannot be held accountable and will not be obliged to make alternative arrangements in the event of a loss or interruption of network activity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth, power outages or any other circumstances which prevents any AGM participant or proxy holder from participating in the AGM or voting.

Signed on this ______________________ day of ______________________ 2024

Signature of Shareholder(s) ______________________

Assisted by me (where applicable) ______________________

CORPORATE INFORMATION

Choppies Enterprises Limited

(Incorporated in Botswana
on 19 January 2004)
(Registration number: BW00001142508)
Plot 169
Gaborone International Commerce Park
Gaborone, Botswana

Registered address

Plot 28892
Twin Towers West Wing
First Floor, Fairgrounds
Gaborone, Botswana
Tel: +267 316 2062

Legal advisers

Armstrongs Attorneys
2nd Floor, Acacia House, Prime Plaza
Plot 74538, Western Commercial Road
Central Business District, Gaborone
Tel: +267 395 3481
Website: www.armstrongs.bw

Botswana Group auditor

Forvis Mazars
Plot 139, Finance Park
Gaborone, Botswana
Tel: +267 395 7466

Sponsoring broker

Motswedi Securities (Pty) Limited
Plot 113, Unit 30
Kgale Mews
Gaborone
Tel: (+267) 3188627/72108088

JSE sponsor

PSG Capital
1st floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
PO Box 7403
Stellenbosch, 7599
South Africa
Tel: +27 21 887 9602

Company Secretary

BP Consulting Services (Pty) Limited
Plot 28892, Twin Towers, West Wing
First Floor, Fairground
Gaborone, Botswana
Tel: +267 3162062

BANKERS

First Capital Bank Botswana Limited

Head Office: Capital House, Plot 17954
Old Lobatse Road
Gaborone, Botswana
Tel: +267 390 7801
Fax: +267 392 2818

Stanbic Bank Botswana Limited

Stanbic House, Plot 50672
off Machel Drive, Fairgrounds
Private Bag 00168
Gaborone, Botswana
Tel: +267 361 8110
Fax: +267 3618158
Website: www.stanbicbank.co.bw

Bank of Baroda (Botswana) Limited

Plot 1108, AKD House, Queens Road, The Mall
Gaborone, Botswana
PO Box 21559, Bontleng
Gaborone, Botswana
Tel: +267 3933773/3188878
Fax: +267 318 8879
Website: www.bankofbaroda.co.bw

First National Bank Botswana Limited

First Place, Plot 54362 CBD
Gaborone, Botswana
Tel: +267 370 6000

Absa Bank Botswana Limited

Plot 74358, Building 4 Prime Plaza
Central Business District, Gaborone
Tel: +267 395 2041/363 3900
Fax: +267 397 1373

Bank Gaborone

Plot 74768, c/o 2nd Commercial and Western
Commercial Road Central Business District
Private Bag 00325
Gaborone, Botswana
Tel: +267 367 1500/390 4007
Email: info@bankgaborone.co.bw
Website: www.bankgaborone.co.bw

Nedbank

135 Rivonia Road
Sandton, Johannesburg, 2196
South Africa
Tel: +011 294 1714
Website: nedbank.co.za

Absa Bank South Africa

3rd Floor, Absa Ridgeside Office Park
33 Richefond Circle, Umhlanga, 4319
South Africa
+27 31 534 4016
Website: cib.absa.africa

CORPORATE INFORMATION continued

Access Bank Botswana Limited
Plot 62433 Fairgrounds Office Park
Gaborone, Botswana
Tel: +267 3993300
Website: https://botswana.accessbankplc.com

First National Bank/RMB South Africa
1 Merchant Place
C/o Fredman Dr and Rivonia Rd
Sandton 2196, South Africa
Tel: +27 11 282 8000
Website: rmb.co.za

FBC Bank Limited
108 Jason Moyo Street
11th Avenue
Bulawayo, Zimbabwe
Tel: +263 292 71791/717927
Email: help@fbc.co.zw
Fax: +263 292 76224

Central African Building Society ("CABS")
Shop 1 and 2 Ascot Complex
Bulawayo, Zimbabwe
Tel: +263 29 75902/75991
Email: management@cabs.co.zw

Ecobank Zimbabwe Limited
5 Parkade Centre, c/o Fife Street
and 9th Venue
Bulawayo, Zimbabwe
Tel: 292 2278912/2278913
Email: ecobankenquiries@ecobank.com

BancABC Zimbabwe
Jason Moyo Branch
C/o Jason Moyo Street and 12th Avenue
Bulawayo, Zimbabwe
Tel: +263 9 69212-3/67147-8 Ext: 9032
Email: branchx@bancabc.com

ZB Bank
10 Birmingham Road Belmont
Bulawayo, Zimbabwe
Tel: 292 888507 Ext 3923

Steward Bank
7 King George Road
Harare, Zimbabwe
Tel: 086 770 04085
Email: customerservice@stewardbank.co.zw

First Capital Bank ("FCB")
625 Famona
97A Robert Mugabe Way
Bulawayo, Zimbabwe
Tel: 292 88304
Email: customerservice@firstcapitalbank.co.zw

Ecocash Zimbabwe
1906 Borrowdale Road, Borrowdale
Harare, Zimbabwe
Tel: +263 242 486121/6 114 (toll-free)
+263 4 486120/486867
Email: ecocashhelp@econet.co.zw

Stanbic Bank
59 Samora Machel Avenue
Harare
Tel: +263 4 759471/9 (toll-free)
Email: zimccc@stanbic.com

CBZ Bank
57 Samora Machel Avenue
Harare
Phone: (024) 2705031-3
customercare@cbz.co.zw

Bank Windhoek
2nd Floor, Capricorn House
119 Independence Avenue
Windhoek, Namibia
Tel: +261 61 299 1494
Email: HillL@bankwindhoek.com.na
Website: www.bankwindhoek.com.na

Standard Bank
PO Box 3327, Windhoek
Namibia
Tel: +264 67 304 191
friedae.albertse@standardbank.com.na
www.standardbank.com.na

First National Bank of Namibia Limited
RMB Namibia
130 c/o Independence Avenue
and Fidel Castro Street
Parkside, Windhoek
Namibia
Tel: +264 61 299 8899
robaking@rmb.com.na
www.rmb.com.na

First Capital Bank Zambia Limited
Plot 4604, Ground Floor
Kwacha Pension House, Tito Road
Lusaka, Zambia
Phone: 0211 368 75
Website: www.firstcapitalbank.co.zm

ABSA Bank Zambia
Stand numbers 4643 and 4644
Elunda Office Park
Addis Ababa Round About
Lusaka, Zambia
www.absa.co.zm
Tel: +260 (211) 366100
Tel: +260 (211) 366225

First National Bank
Thabo Mbeki Road
Lusaka
Tel: 0211 366800
Website: www.fnbzambia.co.zm

Zambia National Commercial Bank Plc
Head Office
PO Box 33611, Cairo Road
Lusaka, Zambia
Tel: 0211 228 979
Website: www.Zanaco.co.zm

Atlas Mara Bank
Atlas Mara House
Plot 746B, Ground Floor
Corner Church and Nasser Road
Lusaka, Zimbabwe
Phone: 0211 257 970
Website: https://atlasmarazambia.com

ABBREVIATIONS AND DEFINITIONS

AGM	Annual General Meeting
Annual report	Annual report as envisaged in section 215 of the Companies Act
ARC	Audit and risk committee
Basic earnings per share ("EPS") (thebe)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares calculated in thebe
BDO	Binder Dijker Otte, an international network of public accounting, tax, consulting and business advisory firms that provide professional services
BSE	Botswana Stock Exchange Limited
BWP	Botswana Pula, the functional currency of Botswana
CAPEX	Capital expenditure
CEO	Chief Executive Officer of Choppies Enterprises Limited
CFO	Chief Financial Officer of Choppies Enterprises Limited
CIO	Chief Information Officer
"Choppies", "the Company" or "the Group"	Choppies Enterprises Limited, listed on the BSE and JSE
CPI (%)	An index of prices used to measure the change in the cost of basic goods and services.
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
Diluted basic earnings per share	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share-based payments calculated in thebe
DC	Distribution centre
Diluted headline earnings per share	Headline earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share-based payments calculated in thebe
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, tax depreciation and amortisation
ESG	Environmental, social and governance
FMCG	Fast moving consumer goods
FOREX	Foreign exchange
FY2023	Financial year ended 30 June 2023
FY2024	Financial year ended 30 June 2024
GDP	Gross domestic product
Group	Choppies Enterprise Limited and its subsidiaries
Headline earnings	Determined in terms of the circular issued by the South African Institute of Chartered Accountants by excluding from reported earnings specific separately identifiable re-measurements net of related tax and non-controlling interests
Headline earnings per share ("HEPS")	Headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares)
HR	Human resources
IAS	International auditing standards
Integrated Annual Report	A report as required by King IV, the BSE and JSE Listings Requirements and in terms of the International Integrated Reporting Framework guidelines
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board
IT	Information Technology
JSE	JSE Limited/Johannesburg Stock Exchange
Kamoso	Kamoso Group Africa (Pty) Limited
King III	King Report on Corporate Governance for South Africa 2009
King IV or King IV Report	King Report on Corporate Governance for South Africa 2016
KPI	Key performance indicator
LSM	Living standards measure
MBA	Master of Business Administration
SA Companies Act	The South African Companies Act, 2008 ("Act 71 of 2008")
SENS	Stock Exchange News Service of the JSE
SKUs	Stock keeping units
Shares in issue (number)	The number of ordinary shares in issue as listed by the BSE and JSE
The Board	The Board of Directors of Choppies Enterprises Limited
The year	The year ended 30 June 2024
Weighted average number of shares (number)	The number of shares in issue at the beginning of a period, adjusted for shares cancelled, bought back, or issued during the period, multiplied by a time-weighting factor

www.choppiesgroup.com

Physical and postal address:
Choppies Enterprises Limited
Plot 169, Gaborone International
Commerce Park, Gaborone
Private Bag 00278, Gaborone, Botswana
Tel: +267 318 6657/58
Fax: +267 318 6656

Registered office:
BP Consulting Services (Pty) Limited
Plot 28892 (Portion of plot 50370)
Twin Towers, West Wing, First Floor
Fairground, Gaborone