CHOPPIES

Great value for your money!

22’

Abridged Audited Group Financial Results for the year ended **30 June 2022**

Our Shared Value Journey

CONTENTS

Registered office
Plot 50371,
Fairgrounds Office Park,
Gaborone, Botswana

Company secretary
DPS Consulting Services (PTY) Ltd
Plot 28892 (portion of plot 50370),
Twin Towers, West Wing, first floor,
Fairground, Gaborone

Sponsors
BSE: Stockbrokers Botswana
JSE: PSG Capital

Auditors
Mazars
Plot 139
Finance Park
Gaborone, Botswana

For and on behalf of the Board

D. K. U. Corea
Chairman

R. Ottapathu
CEO

20 September 2022

Reaping rewards for investing in Africa in an unusual environment

- **Rest of Africa moved into profitability with EBIT of BWP 88 million from last year's EBIT loss of BWP 21 million.**
- **Supporting local farmers in all four countries.**
- **Headwinds remain, due to the Russia-Ukraine military conflict.**

Corporate information
(Registration number: BW00001142508)

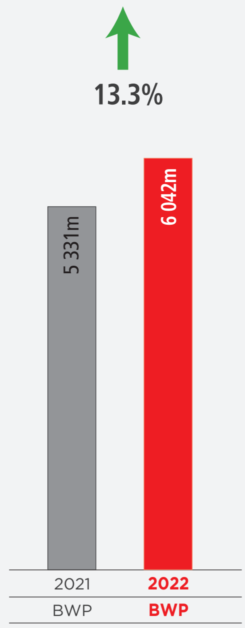
The Company's primary listing is on the BSE, and its secondary listing is on the JSE.

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

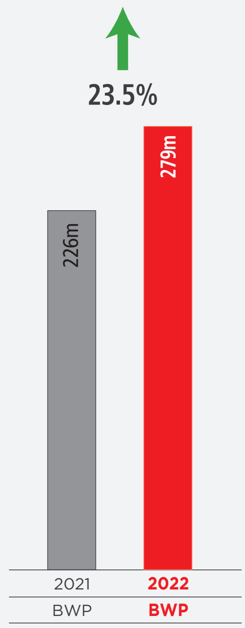
JSE
ISIN: BW0000001072
Share code: CHP
Listing date: May 2015
Total shares in issue: 1 303 628 341

Financial highlights

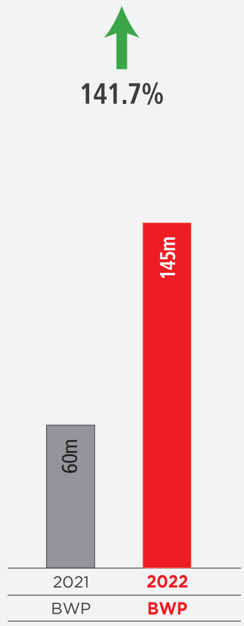
Group retail sales



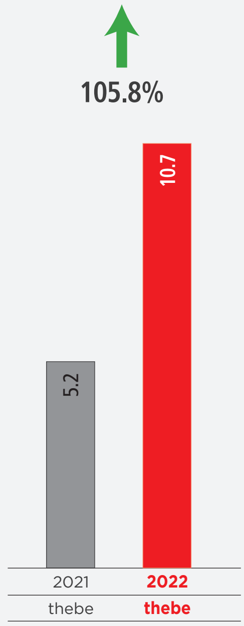
Group operating profit



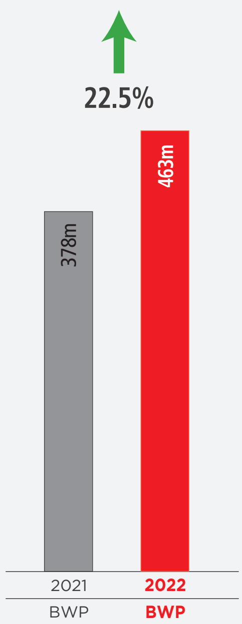
Group profit after tax



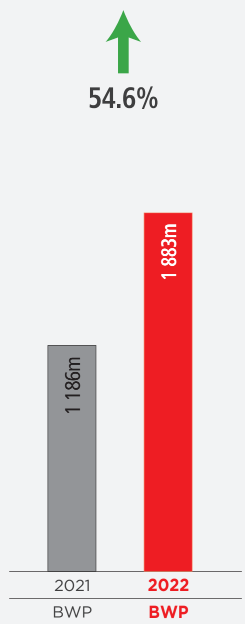
Group basic EPS



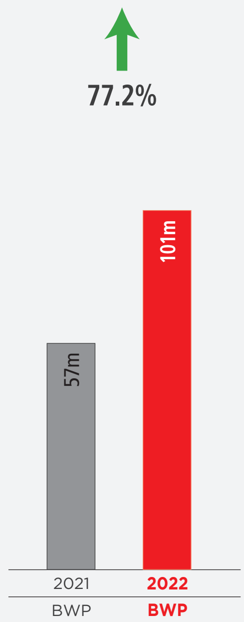
Group net cash generated from operating activities



Rest of Africa – Retail sales



Rest of Africa – adjusted EBITDA



Rest of Africa – EBIT

Other highlights

- Footfall **up** by **11.1%**.
- Pula gross profit **increased** by **9.9%.**
- Negative equity **reduced** by BWP 107m (23.9%).
- Reaping rewards for **investing in Africa.**
- Headline earnings per share **increased** by **90.8%.**
- Group **funding** covenants **complied** with.
- Our teams demonstrated their **sense of service** and **unfailing commitment.**
- **Satisfactory results** in all regions in an incredibly challenging and **competitive economic** environment.

Number of stores	FY22	FY21
Group	**161**	154
Botswana	**92**	90
Namibia	**9**	6
Zambia	**28**	26
Zimbabwe	**32**	32
Group square metres	**221 059**	212 909
Group number of employees	**9 177**	9 767

mazars

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

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2022

TO THE SHAREHOLDERS OF CHOPPIES ENTERPRISES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate annual financial statements of Choppies Enterprises Limited and its subsidiaries ("Choppies Group") set out on pages 12 to 84 which comprise the consolidated and separate statement of financial position as at 30 June 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Choppies Group as at 30 June 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 37 on the financial statements, which indicates that as at 30 June 2022 the Group's total liabilities exceeded its total assets by BWP 341 million (2021: BWP 448 million), the total current liabilities exceed its total current assets by BWP 403 million (2021: BWP 402 million) and the Group incurred accumulated losses of BWP 798 million (2020: BWP 938 million), and as at that date, Group's total liabilities exceeded its total assets by BWP 341 million (2021: BWP 448 million) and the total current liabilities exceed its total current assets by BWP 403 million (2021: BWP 402 million). As stated in Note 37 of the consolidated and separate financial statements, these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Certified Auditors

A full list of national partners is available on request or at www.mazars.co.bw

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2022

Key Audit Matters

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

Matter #01	**Accounting for Supplier Rebate Income**
Description of Key Audit Matter	The Group has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. As such, the group recognises other income or a reduction in cost of sales because of amounts receivable from suppliers. We regarded the recognition of supplier rebates to be a matter of most significance to the audit as there is a risk that rebates may be materially misstated due to the significant magnitude thereof, the varying terms with the suppliers and the judgements made in accruing for rebates as at year- end in relation to the nature and level of fulfilment of the group's obligation under the supplier agreements. Such agreements typically allow for various adjustments to the original selling price of goods subsequent to delivery of the goods, including (but not limited to) trade rebates, volume discounts (often measured using purchases over an extended period of time), early settlement discounts, advertising, and other allowances (collectively, "rebate income"). The disclosure associated with supplier rebates is set out in the financial statements on the following note: • Accounting policy 1.21 – Rebates from suppliers
How we addressed the Key Audit Matter	We assessed the systems used to calculate rebates as well as the controls implemented by management over the accuracy of the calculation of rebates. We have tested the inputs used in calculating the supplier rebates by performing, among other, the following procedures for a sample of rebates: • We reviewed the major supplier agreements to understand their terms; • We assessed management's conclusion as to whether the rebate relates to a specific and genuine service, and consequently the treatment of the rebate in relation to the measurement of the cost of inventory at year end, through comparison to prior year treatment and evaluation of the types and terms of rebates received with reference to contractual terms; • We recalculated and assessed the rebate amounts recognised and the period in which they were recognised. This was based on the review of contractual performance obligations on a sample of contracts with suppliers to assess the conditions required for supplier rebates to be recognised and whether or not these had been met; • We assessed the recognition and classification of the rebates and other income and related costs in terms of the requirements of IAS 2, Inventories; and • We have assessed and evaluated the presentation and disclosure of the above matter, as set out in the note 1.21 of the financial statements (Rebates from suppliers).

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

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

Matter #04	Goodwill impairment
Description of Key Audit Matter	As disclosed in note 17, the value of the Nanavac Investments (Private) Limited (Zimbabwe) Goodwill arose when the Group assumed control of Nanavac Investments (Private) Limited (Zimbabwe). It arose from the acquisition of Nanavac Investments (Private) Limited (Zimbabwe) and is allocated to the cash generating units (CGUs) which are individual operating stores in Zimbabwe. In line with IAS 36 *Impairment of Assets*, management performs an impairment test on the recoverable amount of goodwill on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired. The recoverable amount of the goodwill has been determined by management using the higher of fair value less cost to sell and value in use calculations. In this instance, the recoverable amount was determined based on value in use, by using the discounted cash flow model. The valuation techniques applied by management involves a significant amount of estimation and judgement. The most significant judgements and assumptions used in determining the valuation of the recoverable amounts include among others: • Short- and long-term revenue growth; • Discount rate; • Capitalisation rates; • Net operating costs; • Working capital movement; and • Capital outlay. The significant of the estimates and judgements involved, coupled with the high number of individual estimates performed, could result in a material misstatement, and therefore warrant specific audit focus. The disclosure associated goodwill is set out in the annual financial statements on the following notes: • Note 17 – Goodwill • Accounting policy Note 1.2 – Consolidation
How we addressed the Key Audit Matter	We performed substantive tests of detail on the lowest level of cash generating units to which the goodwill has been allocated. We performed the following substantive procedures: • We challenged management with respect to the budgets and forecasts by comparing the Group's historical forecast growth rates and gross margins with actual results to determine whether they are reasonable and supportable; • We evaluated the appropriateness of the valuation methodology applied by management to calculate the recoverable amount of each CGU. We considered the principles and integrity of the discounted cash flow models against the requirements of the IAS 36 and acceptable industry standards; • We evaluated the appropriateness of the Group's discount rates used in each discounted cash flow model, by comparing these discount rates against external industry data and assessing the reasonableness of specific risk premium inputted into the calculation of the discount rates; • We reperformed the arithmetical accuracy of the calculations contained in management's model verifying that all formulae therein were applied accurately; and • We evaluated the completeness and accuracy of disclosures relating to the impairment assessment in the consolidated financial statements, to assess the compliance with the requirements of IAS 36 *Impairment of Assets*.

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2022

Other information

The directors are responsible for other information. The other information comprises the information included in the document titled "Choppies Enterprises Limited Consolidated and Separate Annual Financial statements for the year ended 30 June 2022", which includes the Directors' Responsibilities and Approval of the Consolidated and Separate Financial Statements and the Chief Executive Officer and Chief Financial Officer Responsibility Statement, which we obtained prior to the date of this report, and the Annual Integrated Report, which is expected to made available to us after that date. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

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

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

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

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

Mazars

Mazars
Certified Auditors

Practicing member: Shashikumar Velambath
Membership number: CAP 022 2022

Date: 20 September 2022
Gaborone

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

Figures in Pula millions	**Audited 12 Months ended 30 June 2022 BWPm**	Audited 12 Months ended 30 June 2021 BWPm
Continuing operations		
Revenue	**6 097**	5 376
Retail sales	**6 042**	5 331
Cost of sales	**(4 735)**	(4 142)
Gross profit	**1 307**	1 189
Other operating income	**55**	45
Expenditure	**(1 083)**	(1 008)
Loss on disposal of plant and equipment	**(2)**	–
Expected credit loss movement	**(7)**	17
Administrative expenses	**(834)**	(857)
Selling and distribution expenses	**(35)**	(16)
Foreign exchange gains/(losses) on lease liability	**28**	(19)
Contingent consideration on sale of South African operations	**(20)**	–
Foreign exchange gains on Zimbabwean legacy debt receipts	**15**	–
Other operating expenses	**(220)**	(134)
Net monetary loss on Zimbabwe entities	**(8)**	1
Operating profit before interest	**279**	226
Finance costs	**(99)**	(110)
Profit before taxation	**180**	116
Taxation	**(35)**	(34)
Profit from continuing operations	**145**	82
Loss from discontinued operations	**–**	(22)
Total profit/(loss) for the period	**145**	60
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	**(113)**	(75)
Exchange differences on translating foreign operations in hyperinflationary currency	**75**	34
	(38)	(41)
Total comprehensive income for the year	**107**	19
Profit/(loss) for the period attributable to:		
Owners of the parent	**140**	69
Non-controlling interest	**5**	(9)
	145	60

Figures in Pula millions	**Audited 12 Months ended 30 June 2022 BWPm**	Audited 12 Months ended 30 June 2021 BWPm
Total comprehensive income/(loss) for the year attributable to		
Owners of the parent		
From continuing operations	**140**	85
From discontinued operations	**–**	(16)
	140	69
Non-controlling interests		
From continuing operations	**5**	(3)
From discontinued operations	**–**	(6)
	5	(9)
Total comprehensive income/(loss) attributable to		
Owners of the parent	**103**	25
Non-controlling interests	**4**	(6)
	107	19
Basic earnings/(loss) per share (thebe)		
Continuing operations	**10.7**	6.5
Discontinuing operations	**–**	(1.3)
	10.7	5.2
Diluted earnings/(loss) per share (thebe)		
Continuing operations	**10.7**	6.5
Discontinuing operations	**–**	(1.3)
	10.7	5.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

Figures in Pula millions	**Audited 30 June 2022 BWPm**	Audited 30 June 2021 BWPm
ASSETS		
Non-current assets	**1 195**	1 160
Property, plant and equipment	**538**	507
Right-of-use assets	**597**	580
Goodwill	**48**	60
Intangible assets	**4**	5
Investments in new projects	**8**	8
Current assets	**691**	544
Inventories	**461**	341
Amounts due from related entities	**4**	5
Advances and deposits	**56**	44
Trade and other receivables	**75**	65
Current tax receivable	**10**	10
Restricted cash	**–**	5
Cash and cash equivalents	**85**	74
Total assets	**1 886**	1 704
EQUITY AND LIABILITIES		
Equity	**(341)**	(448)
Stated capital	**906**	906
Treasury shares	**(30)**	(30)
Hyperinflationary reserve	**269**	194
Foreign currency translation reserve	**(586)**	(474)
Retained loss	**(798)**	(938)
Non-controlling interests	**(102)**	(106)
Non-current liabilities	**1 133**	1 207
Long-term borrowings	**530**	616
Lease liabilities	**587**	572
Deferred taxation liabilities	**16**	19
Current liabilities	**1 094**	945
Trade and other payables	**717**	568
Amounts due to related entities	**44**	44
Current portion of long-term borrowings	**87**	86
Current portion of lease liabilities	**157**	150
Current tax payable	**21**	29
Bank overdraft	**68**	68
Total liabilities	**2 227**	2 152
Total equity and liabilities	**1 886**	1 704

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

Figures in Pula millions	Stated capital	Treasury shares	Foreign currency translation reserve	Hyper-inflationary reserve	Retained earnings/ (loss)	Attri-butable to equity holders	Non-controlling Interest	Total
Balance as at 1 July 2020 (Audited)	906	(30)	(396)	160	(1 007)	(367)	(100)	(467)
Total comprehensive (loss)/income for the period	–	–	(78)	34	69	25	(6)	19
Profit/(loss) for the year	–	–	–	–	69	69	(9)	60
Other comprehensive (loss)/income	–	–	(78)	34	–	(44)	3	(41)
Balance as at 30 June 2021 (Audited)	906	(30)	(474)	194	(938)	(342)	(106)	(448)
Total comprehensive (loss)/income for the period	–	–	(112)	75	140	103	4	107
Profit for the year	–	–	–	–	140	140	5	145
Other comprehensive (loss)/income	–	–	(112)	75	–	(37)	(1)	(38)
Balance as at 30 June 2022 (Audited)	906	(30)	(586)	269	(798)	(239)	(102)	(341)

HEADLINE EARNINGS PER SHARE COMPUTATION

Figures in Pula millions	**Audited 12 Months ended 30 June 2022 BWPm**	Audited 12 Months ended 30 June 2021 BWPm
Basic earnings	**140**	69
Loss on disposal of asset	**2**	2
Impairment losses on non-current assets	**–**	14
Contingent consideration on sale of South African operations	**20**	–
Headline earnings	**162**	85
Number of shares for basic earnings	**1 303 628 341**	1 303 628 341
Weighted average number of shares	**1 303 628 341**	1 303 628 341
Diluted weighted average number of shares	**1 304 603 341**	1 303 628 341
Basic HEPS – thebe	**12.4**	6.5
Diluted HEPS – thebe	**12.4**	6.5

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2022

Figures in Pula millions	**Audited 12 Months ended 30 June 2022 BWPm**	Audited 12 Months ended 30 June 2021 BWPm
Cash flows from operating activities		
Profit before taxation	**180**	116
Adjustments for	**319**	396
Depreciation, write-off and amortisation	**241**	259
Losses on disposals of plant and equipment	**2**	–
Finance costs	**99**	110
Foreign exchange gains/(losses) on lease liability	**(28)**	19
Restricted cash movements	**5**	8
Changes in working capital	**8**	(69)
Movement in inventories	**(120)**	(35)
Movement in trade and other receivables	**(10)**	(9)
Movement in advances and deposits	**(12)**	(6)
Movement in trade and other payables	**149**	20
Movement in amount due to related entities	**1**	(39)
Cash generated from operations	**507**	443
Taxation paid	**(44)**	(22)
Cash flows of discontinued operations	**–**	(43)
Net cash generated from/(consumed by) operating activities	**463**	378
Cash flows from investing activities		
Net cash (used in)/generated from investing activities	**(115)**	(60)
Purchase of property, plant and equipment	**(120)**	(46)
Proceeds on disposal of property, plant and equipment	**7**	5
Purchase of intangible assets	**(2)**	(3)
Purchase of business	**–**	(6)
Investment in new projects	**–**	(10)
Cash flows from financing activities		
Net cash used in financing activities	**(324)**	(225)
Financing obtained from third parties	**36**	502
Capital payments of long-term liabilities	**(96)**	(429)
Lease payments	**(170)**	(162)
Discontinued operations	**–**	(38)
Finance costs	**(94)**	(98)
Net movement in cash and cash equivalents	**24**	93
Cash and cash equivalents at beginning of the year	**6**	(88)
Cash balances from discontinued operations	**–**	2
Effect of translation of foreign entities	**(13)**	(1)
Cash and cash equivalents at end of the year	**17**	6

OPERATING SEGMENTAL INFORMATION

Figures in Pula millions	Botswana	Rest of Africa	Namibia	Zambia	Zimbabwe	Total for continuing operations
JUNE 2022 (Audited)						
Statement of profit or loss and other comprehensive Income						
Revenue	**4 254**	**1 843**	**276**	**786**	**781**	**6 097**
Retail sales	**4 209**	**1 833**	**275**	**783**	**775**	**6 042**
Adjusted EBITDA	**405**	**101**	**5**	**59**	**37**	**506**
Movement in credit loss allowance	**(2)**	**(5)**	**–**	**–**	**(5)**	**(7)**
Loss on disposal of plant and equipment	**(2)**	**–**	**–**	**–**	**–**	**(2)**
Foreign exchange gains/(losses) on lease liability	**–**	**28**	**–**	**28**	**–**	**28**
Contingent consideration on sale of South African operations	**(20)**	**–**	**–**	**–**	**–**	**(20)**
Foreign exchange gains on Zimbabwean legacy debt receipts	**–**	**15**	**–**	**–**	**15**	**15**
EBITDA	**381**	**139**	**5**	**87**	**47**	**520**
Depreciation and amortisation	**(190)**	**(51)**	**(14)**	**(21)**	**(16)**	**(241)**
Operating profit/(loss) (EBIT)	**191**	**88**	**(9)**	**66**	**31**	**279**
Statement of financial position						
Assets	**1 223**	**663**	**141**	**260**	**262**	**1 886**
Liabilities	**1 121**	**1 106**	**200**	**394**	**512**	**2 227**
JUNE 2021 (Audited)						
Statement of profit or loss and other comprehensive income						
Revenue	4 188	1 188	154	495	539	5 376
Retail sales	4 145	1 186	154	495	537	5 331
Adjusted EBITDA	431	56	4	40	13	487
Movement in credit loss allowance	17	–	–	–	–	17
Foreign exchange gains/(losses) on lease liability	–	(19)	–	(19)	–	(19)
EBITDA	448	37	4	21	12	485
Depreciation and amortisation	(201)	(58)	(10)	(38)	(10)	(259)
Operating profit/(loss) (EBIT)	247	(21)	(6)	(17)	2	226
Statement of financial position						
Assets	1 225	479	100	151	228	1 704
Liabilities	1 198	954	144	336	474	2 152

The Zambian and Zimbabwean operating segments are now identified as a reportable segment in the current period due to their contribution to revenue exceeding the quantitative threshold of ten percent. The prior period segment data presented for comparative purposes have been restated to reflect the new reportable segments. By default, the Namibia operating segment is disclosed despite its contribution to revenue not exceeding the quantitative threshold of ten percent. The prior-period segment data presented for comparative purposes have been restated to reflect Adjusted EBITDA. 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, Zimbabwean legacy debt receipts as well as income or expenditure of a capital nature.

COMMENTARY

We have performed well in an unusual environment marked by rapid increases in food prices – an important part of consumer spending – and the increases in fuel prices and food insecurity in a context where most food items are imported.

1. NATURE OF BUSINESS

Choppies Enterprises Limited ("the Company") 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 are food and general merchandise retailing as well as financial service transactions supported by centralised distribution channels through distribution and logistical support centres.

Each week, approximately 1.8 million customers visit 161 stores across four formats in four countries. With annual revenue of BWP 6.1 billion, Choppies employs over 9 000 people and is the largest grocery retailer in Southern Africa, outside of South Africa.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged consolidated financial results and financial position of the Group are extracted from the audited Group annual financial statements prepared in accordance with the requirements of the BSE Limited ("BSE Listings Requirements") and JSE Limited ("JSE Listings Requirements"), as well as the requirements of the Botswana Companies Act, as amended.

The reports have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS").

The accounting policies used in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous year and the methods of computation are consistent with those of the previous annual financial statements.

Any investment or similar decisions by stakeholders should be based on the consideration of the complete Group annual financial statements, which are available for inspection at the Company's registered office.

3. DIRECTORS' RESPONSIBILITY FOR THE CONDENSED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the abridged audited Group financial results and financial position of the Company in accordance with BSE and JSE Listings Requirements and the Companies Act of Botswana.

4. GOING CONCERN

Due mainly to trading profits, the Group's negative equity reduced from BWP 448 million as at June 2021 to BWP 341 million as at June 2022.

In ensuring the ability of the Group to operate as a going concern for at least the following 12 months, the Board considered the detailed cash flow forecasts as prepared by management, undertakings of financial support by the founding shareholders, the economic outlook of the countries in which it operates as well as the intensity of global credit conditions which have turned more negative.

The Board, relying on the presentations by management, concluded that the Group would be a going concern for the foreseeable future.

5. GROUP RESULTS

The Group's retail sales increased by 13.3% to BWP 6 042 million (2021: BWP 5 331 million), driven by seven new stores coupled with strong volume and price growth in the Rest of Africa. The Group's like-for-like sales growth was 10.2%.

In spite of the challenging trading conditions, Botswana continued to show a modest sales growth.

In Pula terms, gross profit grew by 9.9% to BWP 1 307 million (2021: BWP 1 189 million) despite the challenging economic environment. The gross profit margin decline was related to higher-than-expected supply chain costs, including fuel and managing prices due to higher cost inflation.

Total operating costs increased by 7.4%, mainly driven by new stores and hyperinflation in Zimbabwe.

Group EBITDA increased by 7.2% and adjusted EBITDA, which excludes foreign exchange gains and losses on lease liabilities from the Zambian operations, movements in credit loss allowances and Zimbabwean legacy debt receipts, increased by 3.7%.

Operating profit increased by 23.5% from BWP 226 million to BWP 279 million as costs grew at a slower rate than gross profit.

EBIT margins consequently improved from 4.2% to 4.6%.

The effective tax rate reduced from 29.3% to 19.4% due to unrecognised tax losses in Zambia.

The Group's negative equity reduced by BWP 107 million from BWP 448 million to BWP 341 million mainly due to trading profits.

The Group's inventory grew 35.2% reflecting the higher costs of goods due to inflation and increased inventory buys over the past quarter to address global supply chain constraints.

The Group continues to manage its cash resources and liquidity prudently with a reduction of BWP 62 million in net debt over the past 12 months. Net cash generated was BWP 458 million, up 23.8% from last year's BWP 378 million. Free cash flow of BWP 19 million (2021: BWP 85 million) was generated during the year. Capital expenditure increased to BWP 115 million (2021 BWP 60 million) as we invested in new stores and maintained our distribution fleet. The Group settled gross debt of BWP 103 million.

6. OPERATIONAL OVERVIEW

Botswana

Sales from Botswana increased by 1.5% as the business continued to show strong resilience in an increasingly challenging economic environment. The Botswana economy experienced elevated inflation, high unemployment, and lower economic growth.

Operating expenditure was managed well, increasing by 2.5% despite two new stores and decreasing by 0.1% after excluding once-off bad debt recoveries from last year's costs.

Due to highly challenging trading conditions, EBITDA reduced by 15.0% and by 6.0% after excluding once-off bad debt recoveries and the contingent consideration on the sale of South African operations. The EBIT margin remains healthy at 4.5% (2021: 6.0%).

Rest of Africa (Namibia, Zambia and Zimbabwe)

The segment has shown a significant improvement in EBIT moving into profitability of BWP 88 million from last year's EBIT loss of BWP 21 million. EBITDA grew by 275.7% and adjusted EBITDA, which excludes the foreign exchange gain and losses on lease liabilities and Zimbabwean legacy debt receipts, increased by 77.2%.

Sales increased by 54.6%, driven by five new stores, inflation and volume growth.

Operating expenditure grew 38.2%, driven by inflation in Zambia and Zimbabwe and five new stores.

The adjusted EBITDA margin is a healthy 5.5% versus the 4.8% for the prior period.

7. EVENTS AFTER REPORTING DATE

More stores were added in the various segments and all segments continue to do well in the challenging territories.

8. AUDIT OPINION

The Group's annual financial statements have been audited by Mazars who issued an unmodified audit opinion.

A copy of the auditor's review report is included on pages 3 to 9 and is available for inspection at the Company's registered office together with the financial information identified in the auditor's report.

The auditor's report does not necessarily report on all the information in these abridged financial statements. Shareholders are therefore advised that to obtain a complete understanding of the auditor's engagement, they should obtain a copy of the auditor's review report together with the accompanying financial information from the Company's registered office and on the Company website.

Mazars' report is published on XNews and SENS simultaneously with this abridged release of results and is also available on the Group's website: **https://choppiesgroup.com/investor-relations/**.

This abridged financial information has not been reviewed by the Group's external auditor and has been extracted from the audited annual financial statements.

9. CHANGES IN BOARD MEMBERS

As reported in our June 2021 Annual Integrated Report, the Company appointed a new independent non-executive director, Mr Valentine Chitalu, as recommended by the nominations committee and approved by the Board with effect from 5 August 2021. Mr Chitalu has also been appointed to the audit and risk committee, the investment committee, social and ethics committee and remuneration committee.

10. DIVIDEND

The board decided that it is prudent at this period not to declare a dividend (2021: Nil).

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