



SECHABA BREWERY
HOLDINGS LIMITED

The background of the cover is a detailed illustration of various beer-related items. In the center, there is a large glass of beer with a thick, white head of foam. To its left is a smaller glass filled with a pink beer. In front of the large glass is a can of beer. To the right is another glass of beer. The scene is surrounded by hops, wheat stalks, and wooden barrels. A brown bottle is visible in the upper left, and a yellow bottle is in the upper right. The entire illustration is set against a textured, brown background.

2020 ANNUAL
REPORT

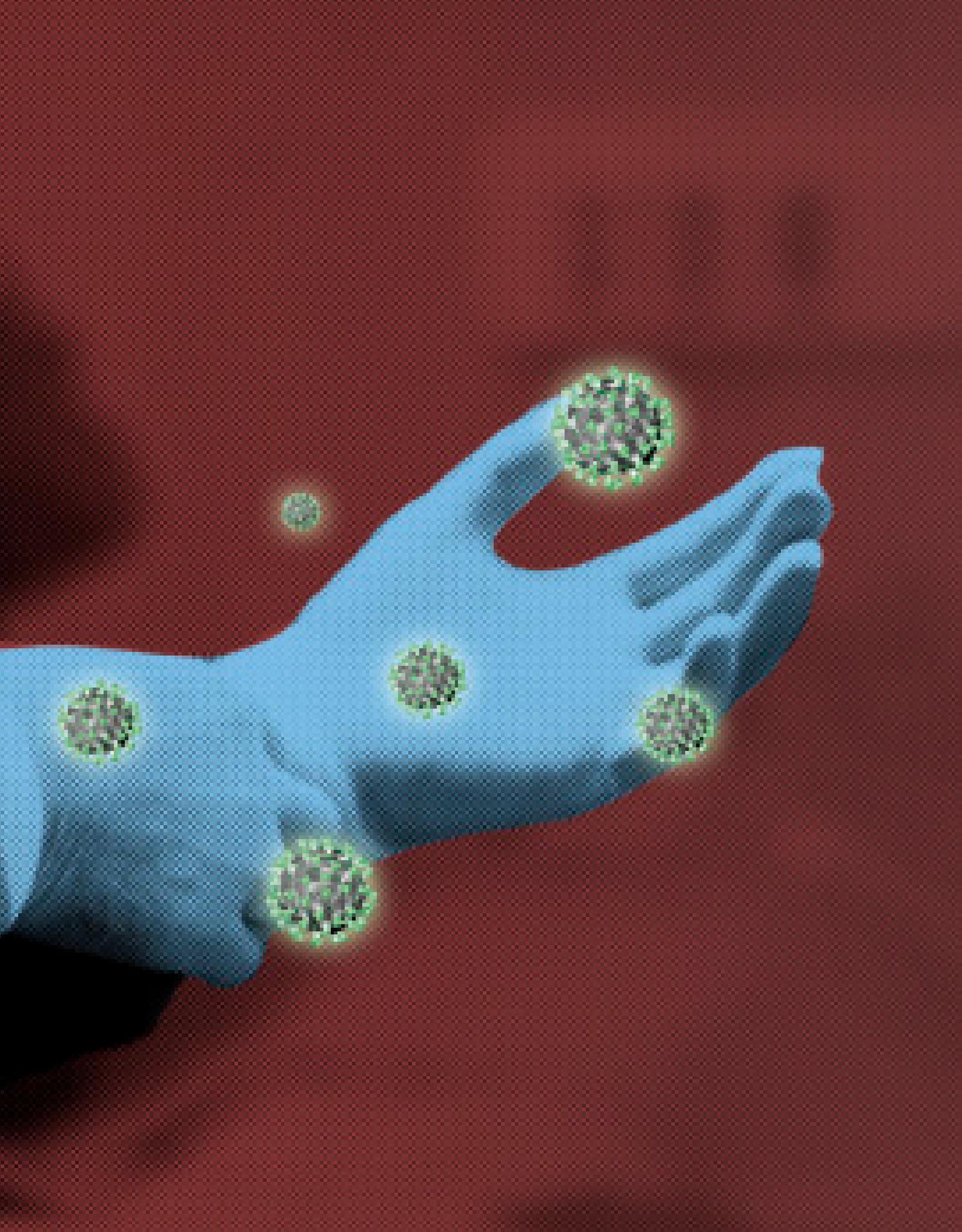


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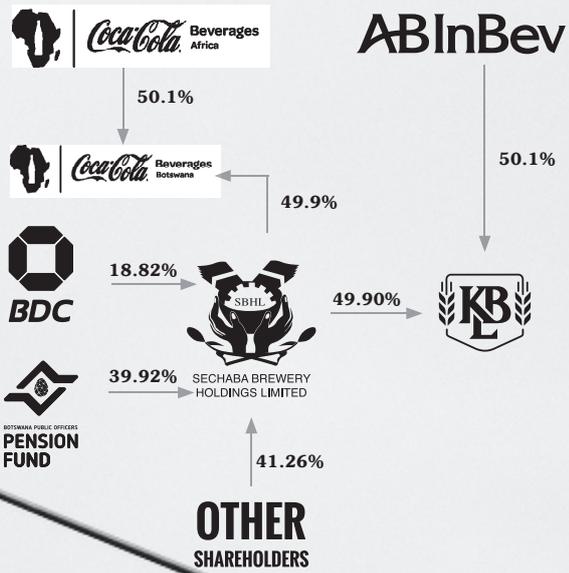


COMPANY PROFILE

Sechaba Brewery Holdings Limited (SBHL) is an investment company listed on Botswana Stock Exchange. Prior to 2018, SBHL's sole investment was in Kgalagadi Breweries Limited (KBL). In that year a decision was made to restructure Kgalagadi Breweries Limited (KBL) by separating the net assets of its Non-Alcoholic-Ready-To Drink (NARTD) business which eventually formed the Coca-Cola Beverages (Botswana) (Proprietary) Limited (CCBB).

SBHL now holds 49.90% shareholding in KBL, with Anheuser Busch InBev (AB InBev) holding the remaining shares. The SBHL also holds 49.90% in CCBB with Coca-Cola Beverages Africa holding the balance.

Ownership Structure







CHAIRMAN'S STATEMENT



BAFANA MOLOMO
CHAIRMAN OF THE BOARD

CHAIRMAN'S STATEMENT

A MESSAGE TO OUR SHAREHOLDERS

Like many businesses in Botswana and indeed across the world, Sechaba Brewery Holdings Limited (SBHL) was not immune to the adverse impacts of the Covid-19 pandemic in 2020. Our associates' businesses have been impacted by the Botswana Government's lauded efforts to contain the spread of the virus in the Country. Such efforts included a complete 'lockdown' in April and May 2020 when one of our associates, Kgalagadi Breweries Limited (KBL), was completely unable to sell any of its alcohol products.

Naturally, these measures negatively impacted the performance of associates, its employees, its shareholders – and indeed the Government itself in terms of lost tax revenues.

As such, SBHL and our associates have endeavoured to partner with the Government in finding responsible ways to enable business continuity whilst concurrently instituting measures that positively contribute to the fight against the scourge of Covid-19.

Business performance in 2020

The year 2020 was the first year where both our associates' businesses were able to make comparable prior year assessments of performance.

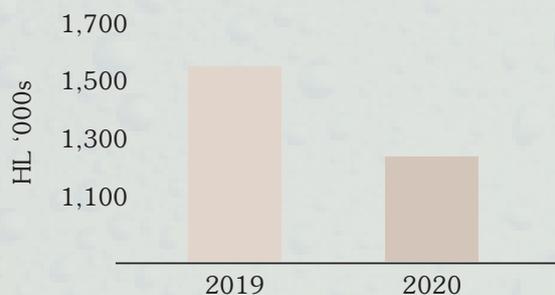
Coca-Cola Beverages Botswana (Proprietary) Limited (CCBB) sold 2% less volume in 2020 when compared to 2019 totaled at 962,1 hectolitres sold. This relatively flat performance was despite of the restrictions in trade caused by the Covid-19 measures instituted by the Botswana Government to limit movement during the year.

KBL volumes sold declined by 29% in the year under review. The company was especially affected in the months of April and May when there was a complete restriction on the sale of alcohol across the country.

CCBB Volume FY20 Performance



KBL Volume FY20 Performance



CHAIRMAN'S STATEMENT

Economic Overview

The International Monetary Fund estimated that global output contracted by 3.5% in 2020 but that it is expected to rebound and grow by 5.5 % in 2021. Output in advanced economies is estimated to have declined by 4.9% in 2020 but is now projected to grow by 4.3% in 2021.

The economy of Botswana grew in the second quarter of 2020 when many of the stringent measures to manage the Covid-19 pandemic were instituted. This growth was, however, 24.0 % lower than in the same period in 2019.

The April/May 2020 lockdown coupled with a sharp fall in international economic activity impacted primarily the Mining, Trade, Hotels & Restaurants, Construction, and Manufacturing sectors. On a more positive note, several sectors experienced a subsequent recovery, such that GDP was only 6.0% smaller in the third quarter of 2020 than in the same period in 2019. Overall, the domestic economy was projected to have contracted by 7.7% in 2020 as a whole, mainly due to significant contraction in the tourism and mining sectors.

The Ministry of Finance and Economic Development has projected that Botswana's economy will grow by 8.8% in 2021, but that this is dependent on the recovery of the global economy as well and the successful implementation of Government initiatives.

The development of effective vaccines to protect citizens against the Covid-19 virus is another positive development that should cause the global economy to recover sooner. This will, naturally, be premised on a successful rollout to all countries impacted by the virus as well as effective in-country vaccination programs. This must happen in Botswana too.

SBHL Performance

CCBB's profit after tax declined by 3% from P105.4 million at the end of 2019 to P102.3 million in 2020. KBL registered a profit after tax of P239.5 million in 2020 – a 21% drop from the P302.7 million registered at the end of 2019.

As a result of this performance, SBHL's share of associates' profit after tax declined by 15% as per BSE publication over the period under review.

Administration expenses increased by 14.5% during the period under review. This increase is mainly due to additional professional fees paid to set up appropriate governance structures in compliance with the BSE requirements.

Administration Expenses



Earnings per share for ordinary equity shareholders stood at 140.25 Thebe from 164.58 in the previous year.

CHAIRMAN'S STATEMENT



Our Business Outlook and Covid-19

We are encouraged by the seemingly successful rollout of various Covid-19 vaccines in various parts of the world. Botswana has also commenced its rollout and we fully expect it to gather pace in the coming months. Whilst the vaccines are not a cure for the virus, they do appear to offer the best hope for the world to return to some form of normality. We hope and trust that this will, in turn, enable the global economy and the local economy to rebound as businesses are allowed to trade as they were prior to the outbreak.

Assuming there are no similar measures taken by the Government similar to those taken in April and May of 2020 where there was a complete restriction in the sales of some of our products, the Group's associate companies continue to forecast growth in

2021. The Group continues to engage relationships with all stakeholders including staff and all others who add value across our value chains. We are also committed to continuing in our engagement with the Botswana Government to find solutions to keeping our business operations whilst keeping everyone safe. In that, the associate companies continue to manage the performance and business continuity risks.

Acknowledgments

I would like to thank my co-directors for the support and guidance they continue to provide in the execution of our fiduciary responsibilities. I would also like to thank the management teams of the associate companies for guiding our businesses through these challenging times. Gratitude also goes to the Government of Botswana, shareholders, wholesalers, retailers, and all other strategic partners for their patience and resilience during this time. Last but certainly not least, we want to thank the employees of our associate companies for their commitment, dedication, and sacrifices during this period. They are an integral part of our business and without them, none of this would be possible.

Bafana Molomo
Chairman of the Board

BOARD OF DIRECTORS



BAFANA MOLOMO
Chairman of the Board of Directors

Mr. Molomo joined the Board on the 25th of September 2015 as an independent non-executive director and was appointed Chairman of the Board on the 1st of January 2020. He is co-founder and Managing Partner at Aleyo Capital, a Botswana-based private equity fund manager. He was previously the Chief Investment Officer at the Botswana Development Corporation (BDC) having joined BDC from Vantage Capital – a leading mezzanine fund manager based in Johannesburg and operating across Sub Saharan Africa. At Vantage Capital, Mr. Molomo was a Senior Associate originating and structuring deals in South Africa, Botswana, Namibia, and Mozambique. Prior to that, he was with Venture Partners Botswana as a senior investment professional in their private equity team in Botswana and Namibia. Mr. Molomo who began his career as an investment analyst and has extensive experience in private equity, corporate finance, strategy, and project finance, has held several Board roles in Hospitality, Healthcare, ICT, Property, Fast Moving Consumer Goods (FCMG), and Beverage companies. He holds a Bachelor of Commerce (Economics and Finance) and a Master of Business Administration (MBA) both from the University of Cape Town. He also earned a Post-graduate Diploma in Business from the University of Pretoria's Gordon Institute of Business Science.

Ms. Sekgororoane joined the Board on 29 October 2014 as an independent nonexecutive director. Having held senior positions at Cresta Hospitality (Pty) Ltd, Botswana Post, Botswana Tourism Organisation, and Fairground Holdings (Pty) Ltd; she currently holds the position of Chief Executive Officer of the Botswana Tourism Organisation. Ms. Sekgororoane also serves as a non-executive director of Lion Park Amusement Centre (Pty) Ltd, Fairground Holdings (Pty) Ltd, and as Trustee of the First National Bank of Botswana Foundation. Her professional background is in the Hospitality and Tourism industry as well as having attained several executive management development courses.



MYRA SEKGOROROANE
Board Member



MODISE MOKONE
Board Member

Mr. Mokone joined the Board on the 12th March 2019 as a non-executive director. He holds a Bachelor of Commerce (Banking, Finance and Risk Management) and a Chartered Financial Analyst (CFA®) – Level 1. He currently serves as the Investment Principal at the Botswana Development Corporation (BDC) having previously served as the Head of Structured Finance at the Citizen Entrepreneurial Development Agency (CEDA) and has held other senior positions at the CEDA and Stanlib Investment Management Services (SIMS).

BOARD OF DIRECTORS

Mrs. Tau joined the Board on the 1st January 2020 as an independent, non-executive director. She is also the chairperson of the Finance and Audit Committee. She is currently the Group Chief Financial Officer of Hollard Botswana having joined Hollard Botswana from First National Bank of Botswana (FNBB), the largest commercial bank in the country. At FNBB she held the roles of Deputy Chief Financial Officer, Senior Manager Finance, and Treasury Accountant over a period of ten years as well as a role as Financial Manager at Letshego Holdings Limited, a listed micro lender. She holds a Bachelor of Commerce degree from the University of Witwatersrand, various management and leadership training including a Senior Management Development Program from the University of Stellenbosch. She is currently in the final stage of her Masters in Business Administration from Henley Business School. She is an executive director of Hollard Insurance Botswana and Hollard Life Botswana. She also previously held the role of non-executive director of Botswana Postal Services.



TABUYA TAU

Chairman of the Board FAC & Board Member



THABO MATTHEWS

Managing Director

Mr. Matthews joined the Board on 6 March 2015 as an independent non-executive director. He was appointed as Chairman of the Board on 25 September 2015 and later relinquished this position to take up that of Managing Director on the 1st January 2020. He holds a BA (Economics and Computer Science, Joint Major). He has held several senior positions in various companies including Barclays Bank of Botswana (Head of Retail), Mascom Wireless (Chief Commercial Officer), Accenture (Senior Manager), and Deloitte (Head of Consulting). In 2014, Mr. Matthews left Deloitte to establish himself as an independent contractor providing management consulting services under the brand MConsulting. He also serves on two other Boards of Directors of private sector firms.

BOARD OF DIRECTORS



JAYARAMAN RAMESH
Board Member

Mr. Ramesh joined the Board on 1 March 2021 as an independent non-executive director. He is the co-founder and the current non-executive chairperson of the Board of Botho University, Botswana's Leading Private University with additional campuses in Lesotho, Eswatini, Namibia, and its first Secondary school, Enko Botho, in Gaborone. Jay is also the current chairperson of the Government Audit Committee, a committee formed under the Public Finance Management Act of the Government of Botswana. He was previously the non-executive chairperson, Managing Partner, and Partner at Grant Thornton Botswana during his 36-year career at Grant Thornton that began in July 1984. During this period, he founded Grant Thornton's iconic Private Business Growth Award. He also has experience at Grant Thornton International initially as a Board member of Grant Thornton International and later as the Regional Leader for Africa from April 2010 to April 2020, strengthening the presence of Grant Thornton on the African continent. He graduated with a Bachelor of Commerce degree from the University of Madras, India, and then qualified as a Chartered Accountant. He is a Fellow Chartered Accountant of the Botswana Institute of Chartered Accountants and is a Past President of BICA. He is also an Alumnus of Oxford University's Said Business School where he completed the senior leadership programme, Organisational leadership, while at Grant Thornton International.

Ms. Paya, is a finance professional and strategic leader, is currently the Chief Financial Officer for Botswana Telecommunications Corporation Limited, responsible for providing the strategic financial direction to the Company, its Executive, and the Board as well as providing oversight of the management of financial forecasting and budgeting. She also provides oversight of the preparation of all financial reporting and analysis and advisory on long-term business and financial planning. Boitumelo has over 20 years of work experience in financial management including financial integration, business transformation, financial planning & analysis, audit and assurance, strategic decision support, investor relations, and Mergers & Acquisitions support. She has held various senior positions in several companies namely; Finance Director - Kgalegadi Breweries (Pty) Limited; Finance Director - Malawi Beverages Limited; and Finance Executive - SABMiller plc in the United Kingdom. She is a Fellow Member of the Association Chartered Certified Accountants (ACCA) as well as a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). She also holds a Master of Business Administration (MBA) from the University of Derby. She has previously undertaken a Management Development Programme through the Gordon Institute of Business Science (GIBS).



BOITUMELO PAYA
Board Member

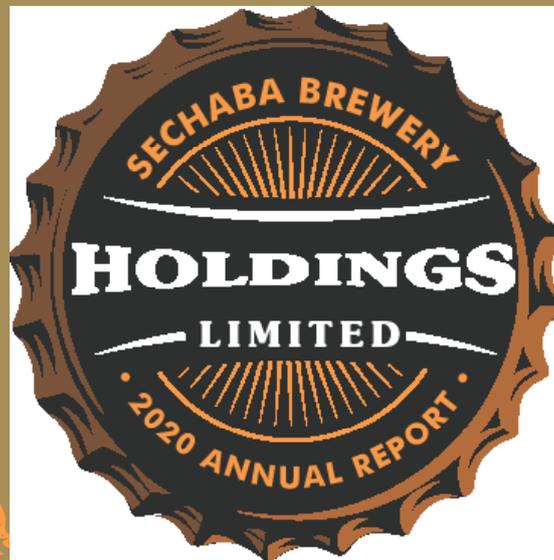
BOARD OF DIRECTORS

Mr. Tshekedi joined the Board on 1 March 2021 as an independent non-executive director. He is the Chief Executive Officer of Botswana Oil Limited (BOL). With over 19 years of professional and strategic experience, Mr. Tshekedi is responsible for leading the BOL to ensure the security of supply of petroleum products in the country, manage the country's strategic reserves and petroleum infrastructure, and leading the transformation of the sector to ensure meaningful participation of citizens in the sector. He leads the implementation of the company's strategic plan through a suitable business model for the benefit of the shareholder and the country. He was previously the General Manager, Acting Chief Operating Officer (COO), and Acting CEO for 2 years and was subsequently appointed into the position of CEO. Prior to that, he was the acting CEO for Botswana Investment and Trade Centre (BITC), where he was initially recruited as the COO to lead the transformation of the BITC. Before then he held various leadership roles which include Group Supply Chain Director for Zambia Breweries Group, MD for MRI Botswana, Group Supply Chain Director for Kgalagadi Breweries. He holds a Bachelor of Science in Economics and Chemical Engineering as well as a Master of Science in Engineering. He brings a wealth of local and regional experience from various industries including Oil & Gas, FMCG, Mining, Engineering, Emergency Medical Services, Investment & Export promotion as well as Supply Chain Management where he held a senior leadership position.



MESHACK TSHEKEDI
Board Member





GOVERNANCE REPORT

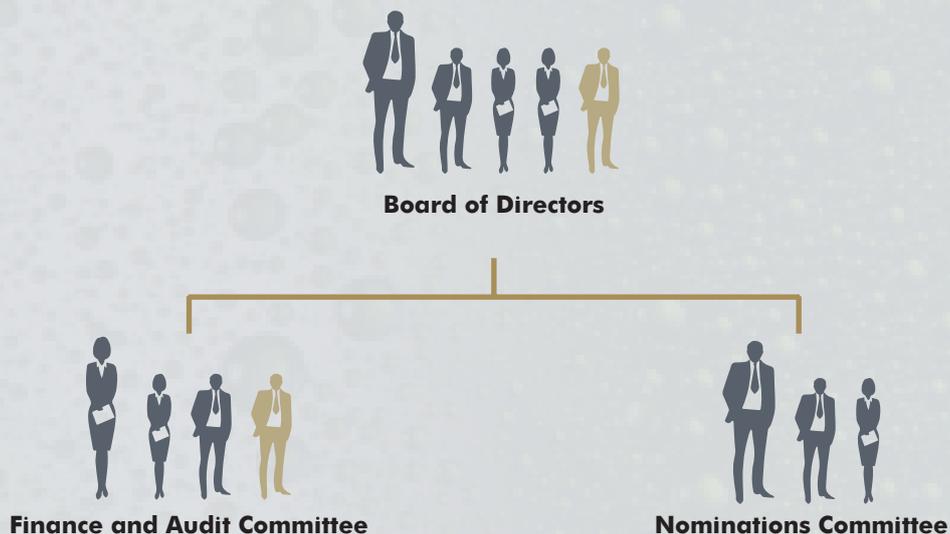
BOARD OF DIRECTORS

The Directors provide guidance, leadership, and strategic oversight to create a controlled environment for the business that will enhance shareholder value. The Directors of Sechaba Brewery Holdings Limited (SBHL) continue to provide leadership and strategic direction in their quest to deliver improved returns to all shareholders. Directors have a collective responsibility to demonstrate that they are aware of their fiduciary duties towards all stakeholders. The Directors' report outlines the approach to corporate governance.

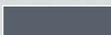
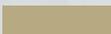
Statement of Compliance

Sechaba Brewery Holdings Limited and its associate companies are committed to observing the highest standards of best practice in corporate governance. The Group endeavours to entrench the principles of good governance in all its daily operations.

Board Structure



Colour Key

-  Independent Non-Executive
-  Executive

GOVERNANCE REPORT

Composition and Independence

The Board of Directors is chaired by Mr. Bafana Molomo, who joined the Board on the 25th of September 2015 but was appointed as Chairman on 01 January 2020. The majority of the Board are independent non-executive directors. The size and composition of the Board is determined by the Company's Articles of Association which stipulates that the number of directors should be not more than twelve and not less than four.

Membership of the Board of Directors as of 31 December 2020

#	Name	Designation	Status	Appointment Date
1	Bafana Molomo	Chairman	Non-Executive, Independent	25 September 2015
2	Thabo Matthews	Managing Director	Executive	06 May 2015
3	Myra Sekgororane	Director	Non-Executive, Independent	29 October 2013
4	Modise Mokone	Director	Non-Executive, Independent	12 February 2019
5	Tabuya Tau	Director	Non-Executive, Independent	01 January 2020

Composition of the Board

Non-Executive 4

Independence of Non-Executives

Independent 3

Mr. Jayaraman Ramesh, Ms. Boitumelo Paya, and Mr. Meshack Tshekedi were appointed to the Board of Directors on 1 March 2021. Their appointments are subject to approval by shareholders at the upcoming Annual General Meeting scheduled for June 2021.

There were no additions or resignations from the Board of Directors during the year ended 31 December 2020.

Board Meetings and Attendance

During the year under review, the Board met for all its scheduled meetings. The attendance register is shown below:

Name	24th March 2020	22nd September 2020	08th December 2020	Overall Attendance
Bafana Molomo	✓	✓	✓	100%
Thabo Matthews	✓	✓	✓	100%
Myra Sekgororane	X	✓	✓	67%
Modise Mokone	✓	✓	✓	100%
Tabuya Tau	✓	✓	✓	100%

GOVERNANCE REPORT

BOARD OF DIRECTORS

Matters Reserved for the Board

The Board has a schedule of matters reserved for its attention and these are dealt with at each meeting. These include, but are not limited to, the approval of budgets and profit forecasts, annual financial statements, and capital expenditure budgets. Management provides regular reports to the Board on the operating and financial performance of the Company and its associates. The Board is also informed of changes in relevant laws and any new legislation that may affect the business.

Board Induction

An induction programme is in place to acquaint incoming Directors with their responsibilities. This induction programme consists of documentation provided to members on constitutional and other matters, and minutes of the previous meetings and visits to KBL and CCBB production sites. A presentation is made on various policies such as the Risk Policy and Dividend Policy. Directors are also made aware of their fiduciary duties as per the Company's Act.

Retirement of Directors

New Directors are subject to election at the first annual general meeting following their appointment, and directors are subject to retirement and re-election by shareholders every three years.

Nominations Committee

The Committee meets as required to review and evaluate the balance of gender representation, skills, knowledge and experience of the Board and its Sub-Committees and makes recommendations to the Board. The Committee will develop a gender diversity policy in 2021 that will assist in the promotion of gender diversity in the Board.

GOVERNANCE REPORT

BOARD SUB-COMMITTEES

Finance and Audit Committee

The Finance and Audit Committee reviews and makes recommendations to the Board regarding, inter alia, strategic financial plans, and the annual operating budgets; the integrity of the financial information including audited financial statements; the oversight of the executive finance function including the execution of financial policies and procedures as well as its internal and external audit functions; investment management activities; and the documentation and monitoring of relevant policies, plans, and processes.

The Committee also ensures compliance with the statutory duties of the committee as contained in relevant legislation, applicable regulations, and King III Code of Compliance Governance and provides oversight on integrated reporting, thereby reviewing the contents of the summarized financial information, engaging the external auditors to provide assurance or review on the summarized financial information as

Committee Structure



Composition

The Finance and Audit Committee (FAC) is chaired by Tabuya Tau and comprises four Members, all four of whom are also Members of the Main Board. Two of the four Finance and Audit Committee Members are Independent including the Chairman.

Attendance

During the year under review, the Committee met for all its scheduled meetings. The attendance register is shown below:

Name	17th March 2020	15th September 2020	01st December 2020	Overall Attendance
Tabuya Tau	✓	✓	✓	100%
Thabo Matthews	✓	✓	✓	100%

The Country Directors, Finance Directors, Internal Audit Managers of the associate companies, and the External Auditors are invited to Finance and Audit Committee meetings as and when deemed necessary.

GOVERNANCE REPORT

TERMS OF REFERENCE

The Finance and Audit Committee performed the following duties:

- a. Monitored the integrity of the financial statements of the Company and any announcements of the Company's financial performance, reviewing significant financial reporting judgments contained in them, reviewed and recommended for board, and shareholders' approval, quarterly, half-year, and annual financial statements;
- b. Reviewed the Company's internal control, internal audit, compliance, and risk management systems;
- c. Reviewed and satisfied itself regarding the expertise and experience of the outsourced service provider engaged to provide services in the execution of the financial director functions;
- d. Made recommendations to the board, for it to put to the shareholders for their approval in the Annual General Meeting (AGM), on the election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders;
- e. Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- f. Invited external auditors to appropriate Finance and Audit Committee meetings and discussed audit-related issues;
- g. Reviewed the effectiveness of the system for monitoring compliance with laws and regulations;
- h. Reviewed both associate companies work towards delivering zero harm to the health and safety of employees, the general public and the environment.

Nominations Committee

The Nominations Committee meets as required to review and evaluate the balance of skills, knowledge, and experience of the Board and its Sub-Committees and makes recommendations to the Board.

Committee Structure



BAFANA MOLOMO
Chairman



MYRA SEKGOROROANE
Director



MODISE MOKONE

Composition

The Nominations Committee consists of three Members, two of whom are Independent Directors.

GOVERNANCE REPORT

Attendance

The Committee met once during the year under review, and Members duly attended as illustrated below:

Name	22nd November 2020	Overall Attendance
Bafana Molomo	X	0%
Myra Sekgororane	✓	100%

Directors Remuneration

The remuneration (sitting allowance) paid to Board Members during the year is tabulated below. Executive directors are not paid sitting allowances for their attendance.

Director Sitting Allowances (main Board and Sub-Committees) for the Year (SBHL and Associate Boards)

Bafana Molomo	P95,000.00
Myra Sekgororoane	P72,000.00
Modise Mokone	P112,000.00
Tabuya Tau	P100,000.00
Oteng Keabetswe**	P48,000.00

* Thabo Matthews received P360,000 in the financial year 2020 as compensation for his role as Managing Director of SBHL

** Oteng Keabetswe is a member of the CCBB Board of Directors and CCBB Finance and Audit Committee

Directors' Declaration of Interests

Directors declared their interests at every meeting throughout the year.

Company Secretary

The Company Secretary is responsible for ensuring Board compliance to all statutes, procedures, and regulations necessary for the business of the Company. The Company Secretary acted as secretary of the Board and its committees and attended all meetings during the year under review. The Company Secretary is also responsible for Director training and ensures continuous enhancement of skills and understanding of Sechaba's business operations.

In as far as the Board is aware that the Company Secretary has the appropriate competence and experience to fulfil this role and that the relationship between the Board and the Company Secretary is an arms-length relationship.

GOVERNANCE REPORT

OUR MANAGEMENT TEAM

In the financial year ended 31 December, 2020 SBHL had only one employee - Thabo Matthews who was engaged as the Managing Director for the Company in January 2020. Mr. Matthews is supported by the Botswana Development Corporation which is currently engaged as the Financial Administrator for the

MANAGING DIRECTOR



THABO MATTHEWS

Key responsibilities

- oversees Company affairs on a part-time basis ensuring compliance with governance and regulatory requirements;
- in conjunction with the Financial Administrator ,manages the day-to-day needs of the Company
- acts as the primary contact person with the

ADMINISTRATOR



Key responsibilities

- Ad-hoc financial transaction processing i.e. capturing of receipts and payments in the cashbook
- Facilitation of budgeting process with the Board of directors
- Maintenance of the General ledger and preparation of management accounts
- Liaison with stakeholders, shareholders and regulators
- Procurement of professional services providers;
- in conjunction with the Corporate Secretary, coordinate meetings of the Company

A team of individuals provides Financial Administration services to SBHL. On a day-to-day basis, this team is led by Ms. Benedicta Abosi. Ms. Abosi is the full-time Chief Financial Officer for BDC and is an Associate Member of the Institute of Chartered Accountants of England and Wales (ICAEW), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Certified Internal Auditor of the Institute of Internal Auditors (IIA) and a fellow member of the Botswana Institute of Chartered Accountants.

GOVERNANCE REPORT

KING III COMPLIANCE

The following abridged checklist has been prepared in terms of King Report on Governance (King III). The checklist outlines SBHL's application of King III principles on the various areas of governance.

KEY:

✓ - **Compliant** | U - **Under review** | X - **Not compliant** | P - **Partially compliant** | N/A - **Not applicable**

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The board should provide effective leadership based on an ethical foundation.	✓	
The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓	
The board should ensure that the company's ethics are managed effectively.	✓	

BOARD AND DIRECTORS

The board should act as the focal point for, and custodian of corporate governance	✓	
The board should appreciate that the strategy, risk performance and sustainability are inseparable	✓	
The board should provide effective leadership based on an ethical foundation	✓	
The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	
The board should ensure that the company's ethics are managed effectively	✓	
The board should ensure that the company has an effective and independent audit committee	✓	
The board should be responsible for the governance risk	✓	
The board should be responsible for information technology (IT) governance	N/A	Note 1
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes, and standards	✓	
The board should ensure that there is an effective risk-based internal audit	✓	
The board should appreciate that stakeholder's perceptions affect the company's reputation	✓	
The board should ensure the integrity of the company's integrated annual report	✓	
The board should report on the effectiveness of the company's system of internal controls	✓	
The board and its directors should act in the best interest of the company	✓	
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the act	✓	
The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of chairman of the board	✓	
The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	
The board should compromise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓	
Directors should be appointed through a formal process	✓	

GOVERNANCE REPORT

KING III COMPLIANCE

The induction of and ongoing training and development of directors should be conducted through formal processes	✓	
The board should be assisted by a competent, suitably qualified, and experienced company secretary	✓	
The evaluation of the board, its committees, and the individual directors should be performed every year	X	Note 2
The board should delegate certain functions to well-structured committees but without abdicating its responsibilities	✓	
A governance framework should be agreed upon between the group and its subsidiary boards	✓	
Companies should remunerate directors and executives fairly and responsibly	✓	
Companies should disclose the remuneration of each individual director and certain senior executives	✓	
Shareholders should approve the company's remuneration policy	✓	

AUDIT COMMITTEE

The board should ensure that the company has an effective and independent audit committee	✓	
Audit committee members should be suitably skilled and experienced independent non-executive directors	✓	
The audit committee should be chaired by an independent non-executive director	✓	
The audit committee should oversee integrated reporting	✓	Note 3
The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	
The audit committee should satisfy itself with the expertise, resources, and experience of the company's finance function	✓	
The audit committee should be responsible for overseeing of internal audit	N/A	Note 1
The audit committee should be an integral component of the risk management process	✓	
The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	
The audit committee should report to the board and shareholders on how it has discharged its duties	✓	

THE GOVERNANCE OF RISK

The board should be responsible for the governance of risk	✓	
The board should determine the levels of risk tolerance	✓	
The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	
The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	
The board should ensure that risk assessments are performed on a continual basis. Board and audit committee are responsible for risks	✓	Note 4
The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks	✓	

GOVERNANCE REPORT

KING III COMPLIANCE

The board should ensure that management considers and implements appropriate risk responses	✓	
The board should ensure continual risk monitoring by management	✓	
 The board should receive assurance regarding the effectiveness of the risk management process	✓	
The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	

COMPLIANCE WITH LAWS, RULES, CODES, AND STANDARDS

The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes, and standards	✓	
The board and its individual directors should have a working understanding of the effect of the applicable laws, rules, codes, and standards on the company and its business	✓	
 Compliance risk should form an integral part of the company's risk management process	✓	
The board should delegate to management the implementation of an effective compliance framework and process	✓	

INTERNAL AUDIT

The board should ensure that there is an effective risk-based internal audit	N/A	Note 1
The board should follow a risk-based approach to its plan	N/A	
 Internal audit should provide a written assessment of the effectiveness of the company's system control and risk management	N/A	
The audit committee should be responsible for overseeing internal audit	N/A	
Internal audit should be strategically positioned to achieve its objectives	N/A	

GOVERNING STAKEHOLDER RELATIONSHIPS

The board should appreciate that stakeholder perceptions affect a company's reputation	✓	
The board should delegate to management to proactively deal with stakeholder relationships, stakeholders and the outcomes of these dealings	✓	
The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the interests of the company	✓	
 Companies should ensure the equitable treatment of shareholders	✓	
 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	
The board should ensure that disputes are resolved as efficiently and expeditiously as possible	✓	

Notes:

- Note 1:** The processes and practices in place concerning this governance principle are managed at the associate company level.
- Note 2:** An evaluation is scheduled for 2021 and planned for every year going forward.
- Note 3:** The company does not use integrated reporting.
- Note 4:** The risk assessments will be undertaken from 2021
- Note 5:** Sustainability reporting and disclosure are reported at the associate company level.





OPERATIONS & SUSTAINABILITY REPORTS

OPERATIONS REPORT

COCA-COLA BEVERAGES BOTSWANA (CCBB)

2020 was a turbulent year for businesses across the globe and CCBB was no different. Despite the massive challenges CCBB is proud of the achievements it delivered and the manner in which the business pivoted to protect profitability and move back to growth.

For the full year, CCBB declined 2.4% on 2019 volume, whilst growing 10.9% in quarter 4 2020, achieving record sales volumes for December 2020. This led to Revenue also dropping 2% for the full year. Through tight cost controls and recovering volume in quarter 4, CCBB managed to limit the Earnings Before Interest and Tax to a 7.7% decline.

The lockdown and related regulations in place on people movement caused close to a 30% reduction in overall volumes sold in the months affected. The Company preempted the lockdown and had moved employees to be able to work from home, where possible, had installed hygiene and Covid safety protocols, and was ready when the lockdown came.

To protect profitability, a strong cost management view was taken by freezing spend where possible. CCBB did give salary increases in the year, and protected jobs, however, froze further recruitment, cut various operational expenses and cut CAPEX considerably from the plan. CCBB has decided to support the trade with stock expiries owing to the slowdown and we believe this support gave confidence to its customers to invest back into its brands as the Country moved out of lockdown.

With the landscape and purchasing habits changing to more enjoyment at home, the pack mix shifted towards our 2L pack that grew 8% in 2020, however, conversely, the 330ml Can declined by 22%.

CCBB is very proud of the commitment and effort made by its employees to not only survive a year under Covid but grow and deliver better customer service than ever before. The Company looks forward to maintaining this momentum through into 2021 and delivering growth at full potential

Categories:

Sparkling Soft Drinks (SSD)

SSD declined only 0.2% in 2019 with Brand Coke and has shown great resilience growing marginally in 2020. Coke without Sugar was a priority pack and focus area for 2020 and grew 18% as availability was improved across channels.

CCBB ran exciting promotions in Q4 that extended into Q1 2021. These provided great engagement with Brand Coke in a festive period in the year.

Water:

Water was the most affected by the lockdowns and the difficult trading conditions. Source Water ended 51% down on 2019 volumes. Towards quarter 4 CCBB saw the slow return to the category, however, CCBB was further affected by capacity constraints, which affected the ability to return the category to growth.

Cordial:

Mazoe declined 4.8% on 2019 volumes, however, much of this was due to the unavailability of the product in Q1. Mazoe grew 16% in quarter 4 with an exciting promotional Mazoe jug giveaway giving the brand great momentum as CCBB entered 2021.

Juice:

Juice declined in 2020 as the business focused on SSD and other key initiatives. Brand plans had to take a back seat due to cuts but 2021 has plans in place to revive the juice category for the business.

Energy:

CCBB maintained focus on energy growing after launch in late 2019 with Monster and Predator brands both growing in quarter 4 cycling the launch and for the full year. Monster launched an exciting promotion in quarter 4 with a Yamaha motorbike giveaway that more than doubled the volume of the brand over the period. Energy continues to be a focus area with even more brand plans in place for 2021.

SUSTAINABILITY REPORT

COCA-COLA BEVERAGES BOTSWANA

OUR EVOLUTION TOWARDS A TOTAL BEVERAGE COMPANY-CCBB

People everywhere want new beverages and experiences throughout their day and, as a franchised bottler of The Coca-Cola Company, Coca-Cola Beverages Botswana (CCBB) is innovating to give people more of what they want while actively encouraging informed choices and balanced lifestyles. In some cases, that means adding vitamins and minerals or rethinking our recipes to reduce sugar while keeping the great tastes people love.

We know that what we put in our bottles is only half of the story. We have to go beyond what's inside the bottle to make a real difference. People today expect to have more information and more control over what they eat and drink. That's why we provide smaller, more convenient packages, making it easier to control sugar intake. And we voluntarily offer clear, easy-to-find calorie information on our packaging, so people can make informed choices.

INSIDE THE BOTTLE

Reducing sugar

Around the world, eating and drinking less sugar is an increasingly important issue for many people, so we're acting to help them drink less sugar. We support the current recommendation by the World Health Organisation, that people

should limit their intake of added sugar to no more than 10% of their total energy consumption. We've begun a journey toward this goal.

We're rethinking many of our recipes to reduce sugar because while sugar in moderation is fine, too much of it isn't good for anyone. We're making low and no-sugar versions of the drinks people love easier to find in more places. We're shifting some of our marketing budgets to make people more aware of these low and no-sugar options. We're exploring and bringing to market new sugar alternatives that help us keep the great tastes people love, but with less sugar and fewer calories.

No matter what, we are fully committed to helping consumers better control the amount of sugar they get from our drinks without giving up the great tastes they know and love.

Evolving recipes

We're looking for ways to make many of our beverages better and more nutritious whenever we can by providing vitamins, minerals, and electrolytes that help fuel active bodies. We're also adding new, sophisticated flavours to help us keep up with consumers' rapidly evolving taste preferences.

Providing different drinks

We realize that everyone doesn't drink sparkling soft drinks, so we're also producing Source Water which is also very much appreciated by our consumers.



SUSTAINABILITY REPORT

COCA-COLA BEVERAGES BOTSWANA

OUTSIDE THE BOTTLE



Providing convenient, smaller packages

We're providing smaller, more convenient packages, making it easier to control sugar intake.



Increasing accessible information

People want straightforward, accessible information about what they are drinking. We voluntarily display clear, easy-to-find calorie information on our products enabling consumers to make informed choices.



Not targeting children under 12 with advertisements

We're diligently following our longstanding policy not to target advertising to children under age 12. While we cannot control everything every child sees, we will consistently and proactively push the industry to advertise responsibly by being careful and thoughtful about any media placement where children are a significant percentage of the audience.



Doing Business, the Right Way

At CCBB, we are a proud industry leader in developing increasingly sustainable ways to manufacture, distribute and sell our products. We aim to create greater shared opportunities for the business and the communities we serve across the value chain. Opportunity is more than just money, it's about a better future for people and their communities everywhere on the African continent.

People matter. Our planet matters. We believe in

doing business the right way by following our values and working toward solutions that benefit us all. When we grow our business the right way, not just the easy way, we help create opportunities for our communities, our customers, our employees, and our shareholders.

Part of our commitment is to help recycle a can or bottle for everyone we produce as we aim to lead the industry to create a World Without Waste. We have created a partnership with the community in Kopong village and have clean-up campaigns where we sensitize the community on the importance of a clean environment while also targeting PET collection.



Human Rights

Respect for human rights is fundamental to the sustainability of The Coca-Cola Company and the communities in which we operate. In our Company and across our system, we are committed to ensuring that people are treated with dignity and respect. The Coca-Cola Company's Human Rights Policy is guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact,zz and the United Nations Guiding Principles on Business and Human Rights.

The Human Rights Policy applies to The Coca-Cola Company, the entities that it owns, the entities in which it holds a majority interest, and the facilities that it manages. The Company is committed to working with and encouraging our bottling partners to uphold the principles in this Policy and to adopt similar policies within their businesses. The Supplier Guiding Principles apply to our bottling partners and our suppliers and are aligned with the expectations and commitments of this Policy.

SUSTAINABILITY REPORT

COCA-COLA BEVERAGES BOTSWANA

COPA STOREROOM HAND OVER

As a company that cares about a clean environment, Coca-Cola ran a competition of PET collection amongst 22 Junior secondary schools around Gaborone. The school that collected the highest tonnage of PET won prize money US \$ 4000.

G-west Junior Secondary School used that money to build a sports equipment store-room for their school.



TSETSENG VILLAGE RED-CROSS DONATION

CCBB continued to assist the Government by donating to vulnerable communities access to water, sanitizers, and food parcels. The community of Tsetseng was one of the beneficiaries.



NATIONAL BLOOD TRANSFUSION SERVICE

CCBB visited the National Blood Transfusion Service (NBTS) centre to donate 30 soft drink cases given to blood donation volunteers. Our CCBB representatives had the opportunity to sit with the NBTS senior officers who gave us a synopsis of the urgency and need for blood donations from our citizens.

Coca-Cola continues to play its part in **doing the right thing** for our communities, taking responsibility, making the effort, and taking the initiative to help our health community where we can. Mr. Kereng of the NBTS stated that they have a national target to collect 45, 000 pints yearly, and were in a dire and desperate situation to meet that target this year, as a Covid-stricken 2020 saw the blood transfusion centre only manage to accumulate only 27, 000 pints. So far, numbers stand at 23, 000 pints of blood donated, with about 250 volunteer donors coming in every week!

There has been a national call-to-action request by the Botswana Government, NGOs, hospitals, clinics & other firms for citizens to urgently assist by donating as often as they can. The national blood drive campaign has seen increased mobility and unity by Batswana who have made their way to the Gaborone Main Mall to play their part.

Do the right thing. Play your Part. Donate Blood & Save a life today.

OPERATIONS REPORT

KGALAGADI BREWERIES LIMITED

Kgalagadi Breweries Limited (KBL) was significantly impacted by the bans on the sale of alcohol in 2020 which resulted in a double-digit volume decline. The first total ban began on the 28th of March 2020 and lasted until 2nd June 2020. In June and August, the business experienced a partial alcohol ban, during which trade was restricted in the Greater Gaborone area only. The latter ban was preceded by a second total sales ban announced on the 5th of August 2020. The full category was down 29.4% versus the prior year and -32.4% versus budget. Kgalagadi Breweries faced recovery challenges whilst the other companies were on a growth track.

Clear Beer

The beer category declined -23.6% and -27.3% versus the prior year and budget, respectively. These declines were due to a lack of activity over the alcohol ban months and the restricted trading hours. Prior to the first alcohol ban, clear beer sales were growing 13.0% versus 2019 and 6.7% vs budget. Recovery following the first alcohol ban was very tough as the market was faced with fears of future lockdowns, expiries, and reduction in inventory holdings at outlets. This, therefore, meant that June registered the highest decline in all the trading months at -31.9% and July at -0.7%. Despite the initial uncertainty/ challenges, sales improved in subsequent months during which alcohol sales were allowed, with an overall decline of 1.5%.

The clear beer category also experienced a market shift towards the more affordable and less profitable returnable bulk packs. This resulted in a heavy reliance on consumers returning the empties and a more than the normal injection of new returnable empty bottles as these were lost in the trade. The situation was exacerbated, unfortunately, by the 'Dinwele Dladleng' campaign encouraging Batswana to drink from home. This resulted in a heavy reliance on consumers returning empties and a more than normal injection of new returnable empties to replace those lost to trade.



The clear beer market could not fully recover, as the more than 120 days of no sales were very difficult to make up for during the trading months as the deficit was too much.

Despite the challenges experienced in 2020, Q4 presented some opportunities with some brands registering strong growth. Carling black label which is the largest contributor in volume registered a 16.5% growth. We finished off 2020 with Corona finding its space within the clear beer space as it also managed to grow by 93.6% in Q4.

OPERATIONS REPORT

KGALAGADI BREWERIES LIMITED

Fruit Alcoholic Beverage (FAB)

The Fruit Alcoholic Beverages declined -38.0% and -47.4% versus the previous year and budget, respectively. This category experienced a much steeper decline as compared to clear beer due to continued pressure from competitors and a market shift towards the clear beer category. The overall contribution in the beer market shifted towards the more affordable clear beer category as compared to Flying Fish.

Despite the challenges in the FAB category, KBL have strengthened to index up this category by driving growth with a near-beer product, Flying Fish. The improved focus and distribution in Flying Fish resulted in the brand experiencing a peak growth of 72.2% in the months of November and December, giving hope to the category.



Traditional African Beer (TAB)

Chibuku performed similarly to the rest of the beer categories, posting -37,1% versus prior year and -37.8% versus our budget. The Traditional African Beer market experienced a much steeper decline as compared to the Clear Beer category due to the closure of some of the outlets, more restrictive trading hours, and loss in trading days. The Q4 trading hours for Chibuku were limited to 3 days per week for offsite drinking only. The misalignment between the trading hours of the distributors and the depots further contributed to the volume decline. Q4 trading hours for Chibuku were limited to 3 days a week for off-site drinking only. Moreover, distributors could open from Thursday to Saturday following the August lockdown. This misalignment of distributor and depot trading hours further contributed to the volume decline.

Chibuku is also sold in powder form and can easily be brewed at home following a simple process. Because it was aligned to restrictions/ guidance for drinking at home, this Chibuku alternative recovered much faster than its liquid counterpart, showing a strong Q4 performance of 48.3% growth.



SUSTAINABILITY REPORT

KGALAGADI BREWERIES LIMITED

Marketing Activities

We started the year with great enthusiasm and anticipation for high volume projections and brand power growth, but nothing had prepared us for the impact of the Covid-19 pandemic.

Despite this unforeseen global challenge, we were able to adapt and develop an innovative marketing campaign for our most celebrated local beer, St Louis Lager - Mo Ke Botswana campaign. The campaign was intended to create a new narrative around Botswana by showcasing a holistic view of the country that goes beyond tourism and diamonds. It aimed to highlight the different elements that makeup Botswana, touching on urban, cultural, economic, and traditional elements, representative of the brands' pillars, which are derived from how we like to express ourselves as Batswana. These elements are music, food, art, sports, and fashion.

To achieve our campaign objectives, St. Louis Lager collaborated with local artists in different professions. These include artists Rexx Mautle and Fifie Wale, who painted expressive murals across the country; various Botswana musicians favorites, whom we collaborated with to host the nation's first-ever St. Louis Lager Virtual concert; social media influencers such as Joan Richardson and Nde Uyapo, to engage consumers and grow brand presence on social media.

In addition to the above, we ended the year with a trade promotion that saw 20 winners who were taken on an all-expenses-paid trip to Kasane to truly enjoy the Mo Ke Botswana experience courtesy of Botswana's Refreshing Beer.



One of our big bets was to grow the High-End and Alcoholic Flavored Beverages (AFB) portfolios through availability & premiumization. As part of our strong portfolio strategy, we positioned Corona as the Hero brand in the High-End category through availability, brand-house partnership (TwoSixSeven Restaurant & Bar), and aggressive in-store promotions which saw brand volume growth of 1.67% versus 2019.

In a highly competitive AFB category, Flying Fish, which was previously not the focus brand has since shown steady growth of 28% in usage, gains, and equity. This came as a result of targeted marketing efforts which include availability and trade collateral to enhance brand awareness & visibility.



SUSTAINABILITY REPORT

KGALAGADI BREWERIES LIMITED

NAVIGATING THE 'NEW NORMAL'

In 2020, the world ground to a halt following the emergence and uncontrolled spread of Covid-19. When the World Health Organization declared the Covid-19 outbreak a pandemic in early March, the Botswana Government enacted measures to secure the safety of Botswana. Measures intended to limit the movement and interactions of the public, which from the outset impacted operations in the beer and alcohol industry at large period.



Following an initial two-month total ban on the sale of alcohol, from 28th March to 2nd June 2020, the Government would impose various other trade stoppages and restrictions, creating an atmosphere of uncertainty and lack of security, beyond the dangers presented by Covid-19 itself. The regulatory environment within which KBL, and the alcohol industry as a whole, was eventually forced to operate during the year under review, necessitated a stakeholder engagement strategy to influence the Government to enact regulations that balanced saving lives and protecting livelihoods.

Where before Covid-19, KBL sustainability efforts encompassed adopting strategies that met the needs of the business and its stakeholders while also protecting the communities/ environment within which it operates, in 2020 and the regulatory environment that emerged, KBL sustainability became about ensuring the company's operability and continuity within a changing world. It also became about protecting the approximately 50,000 people directly and indirectly employed in the industry and the 200,000 lives and livelihoods it supports.

As such, KBL invested heavily in donations to its communities – 24,000L of hand sanitizer, 6400 face shields; and Covid-19 compliance kits and grocery vouchers to our retail outlets.

KBL additionally executed a multimedia education and awareness campaign alone and one in concert with the Botswana Alcohol Industry Association “#DinweleDladleng” – the aims of which were to encourage and ingrain within Botswana, specifically traders and consumers of beer, the importance of abiding by all Covid-19 protocols and regulations set out by the Government.

Moreover, KBL engaged regularly with various stakeholder associations impacted by the new regulatory environment, specifically the Botswana Alcohol Industry Association, Business Botswana, Botswana Beverage Association, among others, with whom they held frequent meetings with the Government throughout the year under review. As a result of these consultations, KBL was also permitted to produce and distribute its products to its warehouses during trade stoppages, and given access to the essential service and interzonal permit portal.

However, we would be remiss if we neglected to mention that amidst the loss and uncertainty, KBL was able to carry out some of the more standard sustainability efforts that align with our Better World strategy.

SUSTAINABILITY REPORT

KGALAGADI BREWERIES LIMITED

Re-defining Entrepreneurial Empowerment - Kickstart

KBL suspended the Kickstart program for the year under review because of the impact of the Covid-19 pandemic. The budget allotted to the youth development program was redirected to aid the Government Covid-19 response.

As of the end 2020, Kickstart has trained 350 youths in Business Skills and funded 85 businesses, 70% of which are still operational and thriving. Aligned with the Government's Citizen Economic Empowerment policy to increase the participation of Batswana in economic activities, Kickstart is a youth entrepreneurial development programme for youth aged between 18 and 40. Founded in 2004, the program enables eligible youths wanting to start or expand their businesses to win grants ranging from P10,000 to P200,000, receive fundamental entrepreneurial skills training, as well as mentoring for a period of 12 months.



As at end 2020, Kickstart had trained 350 individuals in Business Skills and funded 85 entrepreneurs

70% of which are still operational and growing.

Encouraging Covid-19 Preparedness at Trade

In order to minimize the impact of frequent trade stoppages instated in response to Covid-19, KBL donated to approximately 1650 small-to-medium-sized retail outlets Covid-19 PPE kits and two grocery vouchers worth P250 each for employees.

CONSERVATION

The Value of Water

Water is the number one ingredient in beer, and as such we have committed to making water conservation a sustainable practice to not only benefit the business, but to improve water access and security in our communities.

During 2020, KBL implemented several initiatives to improve the usage of recycled water and improve efficiencies in production processes. As such, water usage dropped significantly from 4.65 hectoliters (hL) of water per hectoliter of beer in 2019 to 3.98hL/hL in 2020. This means KBL used 0.67hL less water for every hL of beer produced.

Bringing Water to Local Communities

Given the importance of water to communities irrespective of the pandemic, KBL loaned to the Water Utilities Corporation (WUC) a 65,000L potable water bowser. The bowser has been used to carry water to areas of low supply in the Kweneng District including schools and hospitals.

Reduce, Reuse, Recycle

Climate change remains the single greatest threat to the environment. When 2020 began, KBL completed the installation of collection cages at alcohol retail outlet clusters in and around Gaborone, for the segregation and disposal of nonrecyclable bottles and reduction of environmental pollution. This initiative is part of an ongoing partnership with a local environmental NGO, Somarelang Tikologo, to collect, crush and resell nonrecyclable bottles. The NGO would be responsible for engaging members of the community and incentivize them to maintain and ensure proper usage of the cages, for a minimal fee, while they would profit from selling the crushed bottles.

SUSTAINABILITY REPORT

KGALAGADI BREWERIES LIMITED

Rethinking packaging

Packaging is one of the most significant components of our beer's carbon footprint. We use a lot of glass and aluminum and have a responsibility to promote circular packaging methods of these materials. We are constantly looking for ways to increase recycled materials in our packaging, support recovery and re-use of packaging, and reduce the amount of material in our packaging through actions such as light-weighting of containers.

Beyond our packaging, we seek to minimize the amount of waste we send to the landfill from our brewery, through recycling initiatives. KBL has upped its recycling initiatives; the company currently recycles 83% of the total waste generated on its sites.

Drinking Responsibly and from a Distance

It is KBL's mission to make a tangible contribution to the reduction of harmful use of alcohol in the communities it serves. Influencing social norms and individual behaviours to reduce the harmful use of alcohol entails. As such KBL executed a multimedia smart drinking campaign that highlighted smart drinking tips to influence positive interactions with beer. Tips such as, "don't drink and drive," "select a designated driver," "pace yourself with water," and more were shared on radio, social media, and in print.

Depicting habits and behaviours that constitute responsible consumption

2020 saw the inception of Zero Hero – a glorification of the everyday men and women who choose to have a positive experience with beer. The Zero Hero has adopted the standard smart drinking tips, particularly that of using a designated driver. The campaign slogan, "Stick to Zero and Be the Hero," encourages zero consumption of alcohol when

charged with designated driver duty.

Responsible Consumption During Covid-19

In 2020, we saw fit to incorporate Covid-19 prevention protocols in our smart drinking messaging. This is because the United Nations Sustainable Development Goals, which form the basis of our smart drinking goals, speak to promoting good and well-being; and the aim of responsible drinking messaging within the ambit of the Covid-19 protocols is to protect one's health.

As such, our responsibility messaging evolved to include messages such as, "drink at home" and denounced behaviours such as drinking at car washes or in parking lots, to align with contemporary Government regulations and concerns. Our highest-impact message was an influencer video that featured well-known individuals in our community.

Gender-based Violence: A Nation in Crisis

As a manufacturer of beer, KBL acknowledges that harmful consumption of alcohol can be a contributing factor to instances of GBV. Consequently, we launched a tripartite campaign with the Ministry of Nationality, Immigration and Gender Affairs (MNIG) and the United Nations Development Programme (UNDP), to educate the public about GBV in Botswana and provide critical information to victims looking to escape toxic environments.

Campaign execution involved the distribution of posters and social distancing stickers that provided the Botswana Police Service's GBV helpline, statistics about the prevalence of GBV in the country, and asked Botswana to take a stand against GBV. Materials were installed in KBL retail outlets nationwide.





FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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GENERAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

Country of incorporation and domicile Botswana

Nature of business and principal activities

Sechaba Brewery Holdings Limited (the “Company”) is an investment holding company with interests in Kgalagadi Breweries (Proprietary) Limited (“KBL”), and Coca-Cola Beverages (Botswana) (Proprietary) Limited (“CCBB”).

Directors
 BK Molomo
 TK Matthews
 M Sekgororoane
 MB Mokone
 TB Tau

Business address
 Fairscape Precinct
 Plot 70667
 Fairgrounds Office Park
 Gaborone
 Botswana

Bankers Standard Chartered Bank Botswana Limited

Auditors
 PricewaterhouseCoopers
 Plot 50371
 Fairgrounds Office Park
 P O Box 294
 Gaborone
 Botswana

Secretary Grant Thornton Business Services (Proprietary) Limited

Transfer Secretaries Corpserve Botswana Ltd

Sponsoring Brokers Imara Capital Securities (Proprietary) Limited

Functional currency Botswana Pula

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of the Company are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of financial statements in accordance with International Financial Reporting Standards.

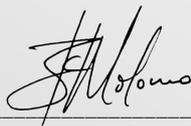
The Company maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Company assets. The directors are also responsible for the design, implementation, maintenance, and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the period under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Financial Statements:

The Financial Statements of Sechaba Brewery Holdings Limited, as identified in the first paragraph, were approved by the directors on 22 March 2021 and are signed on their behalf by:



Director



Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020



Independent auditor's report

To the shareholders of Sechaba Brewery Holdings Limited

Our opinion

In our opinion, the economic interest financial statements give a true and fair view of the financial position of Sechaba Brewery Holdings Limited (the "Company") as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Sechaba Brewery Holdings Limited's economic interest financial statements set out on pages 48 to 71 comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the economic interest financial statements section of our report*.

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

Independence

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

Our audit approach

Overview



Overall materiality

- Overall materiality: P8,300,000, which represents 5% of profit before tax for the year.

Audit scope

- Comprised full scope audits of Sechaba Brewery Holdings Limited and its associates, Kgalagadi Breweries (Pty) Limited and Coca-Cola Beverages (Botswana) (Proprietary) Limited.

Key Audit Matters

- No key audit matter.

PricewaterhouseCoopers, Plot 50377, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana, T: (+267) 395 2021, F: (+267) 397 3902, www.pwc.com/bw

Country Partner/Partner: @ D P M M
Partners: R Mwedel, A B M M M M M M, L M M M M M, @ K M M M M M

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Materiality

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

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

Overall materiality	P8,300,000.
How we determined it	5% of the profit before tax.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark. We chose 5.00%, which is consistent with the quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the economic interest financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company and its associate companies operate.

In establishing the overall approach to the audit, we determined the extent of the work that is needed to be performed by us, as the engagement team and by component auditors from other network firms operating under our instruction, in order to issue our audit opinion on the economic interest financial statements of the Company. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the economic interest financial statements as a whole.

Key audit matters

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

We have determined that there are no key audit matters to communicate in our audit report with regard to the audit of the economic interest financial statements of the Company of the current period.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sechaba Brewery Holdings Limited Financial Statements for the year ended 31 December 2020", which we obtained prior to the date of this auditor's report, and the document titled "Sechaba Brewery Holdings Limited 2020 Annual Report", which is expected to be made available to us after that date. The other information does not include the economic interest financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the economic interest financial statements

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

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

Auditor's responsibilities for the audit of the economic interest financial statements

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

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

- Identify and assess the risks of material misstatement of the economic interest 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

- 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 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 economic interest 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 economic interest financial statements, including the disclosures, and whether the economic interest 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 Company to express an opinion on the economic interest financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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



Individual Practicing Member: Lalithkumar Mahesan
Registration Number: 20030046

Gaborone
25 March 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	2020 P'000	2019 P'000
Share of profits after tax of associate companies	5	170 541	199 363
Interest income	6	229	98
Administration and other expenses	7	(2 815)	(2 458)
Profit before taxation		167 955	197 003
Taxation	8	(12 818)	(14 951)
Profit after taxation for the year		155 137	182 052
Other comprehensive income		-	-
Total comprehensive income for the year		<u>155 137</u>	<u>182 052</u>
Earnings per share information			
Basic and diluted earnings per share (thebe)	10	<u>140.25</u>	<u>164.58</u>

The notes on pages 51 to 71 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>Note</i>	2020 P'000	2019 P'000
Assets			
Non-current assets			
Investment in associates	13	733 777	652 755
Current assets			
Trade and other receivables	14	30 456	12 089
Cash and cash equivalents	15	26	12
		30 430	12 077
Total assets		764 233	664 844
Equity and liabilities			
Capital and reserves			
Stated capital	16	723 490	630 298
Hedging reserves		194 548	194 548
Retained earnings		388	388
		528 554	435 362
Non-current liabilities			
Deferred taxation	12	33 161	27 091
Current liabilities			
Trade and other payables	17	7 582	7 455
Dividend payable	11	102	-
Current taxation payable	9	7 466	7 448
		14	7
Total equity and liabilities		764 233	664 844

The notes on pages 51 to 71 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 P'000	2019 P'000
Cash flow from operating activities			
Net cash utilised in operations	18	(2 727)	(2 826)
Income taxation paid	9	(6 741)	(13 676)
Net cash utilised in operating activities		(9 468)	(16 502)
Cash flow from investing activities			
Dividends received		89 520	182 362
Interest received	6	229	98
Net cash generated from investing activities		89 749	182 460
Cash flow from financing activities			
Dividends paid to shareholders	11	(61 928)	(156 673)
Cash utilised in financing activities		(61 928)	(156 673)
Net movement in cash and cash equivalents for the year		18 353	9 285
Cash and cash equivalents at the beginning of the year		12 077	2 792
Cash and cash equivalents at end of the year	15	30 430	12 077

The notes on pages 51 to 71 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the company			
	Stated capital P'000	Hedging reserves P'000	Retained earnings P'000	Total P'000
Balance at 01 January 2019	194 548	388	410 386	605 322
Profit for the year	-	-	182 052	182 052
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	182 052	182 052
Dividends paid	-	-	(157 076)	(157 076)
Total transactions with shareholders	-	-	(157 076)	(157 076)
Balance at 31 December 2019	194 548	388	435 362	630 298
Profit for the year	-	-	155 137	155 137
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	155 137	155 137
Dividends paid	-	-	(61 945)	(61 945)
Total transactions with shareholders	-	-	(61 945)	(61 945)
Balance at 31 December 2020	194 548	388	528 554	723 490

The notes on pages 51 to 71 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Corporate information

Sechaba Brewery Holdings Limited is an investment Company with interests in Kgalagadi Breweries (Proprietary) Limited (KBL) and Coca Cola Beverages (Botswana) (Proprietary) Limited (CCBB). The financial statements have been approved by the Board of Directors on 22 March 2021.

The Company is a public limited company, which is listed on the Botswana Stock Exchange and incorporated and domiciled in Botswana. The address of its registered office is Plot 70667, Fairscape Precinct, Gaborone.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention. These financial statements are the economic interest financial statements of the Company which includes the equity accounted results of its associates.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in the "Significant judgements and sources of estimation uncertainty" section.

All amounts in the notes are shown in Pula, unless otherwise stated. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

1.2 Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition in profit or loss and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equal or exceeds its interest in the associates, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.2 Investments in associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Company and its associates are recognised profit or loss and other comprehensive income in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the company. Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss and other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Given the nature of the Company's operations, there are no key sources of estimation uncertainty at year end.

1.4 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved and declared by the Company's directors.

1.5 Impairment of investment in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment in associates' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

During the year ended 31 December 2020, there was a global pandemic in the form of a Corona Virus Disease (COVID-19). Government efforts to control the spread of the virus included such measures as lockdowns which limited activities of the associate companies. This event was seen to be an indicator for impairment. Management has assessed the investment for impairment and determined that sufficient headroom between the recoverable amount and the carrying amount is available and that no impairment is required to be recognised. In applying sensitivities, we noted sufficient headroom between the implied fair value arising from enterprise value and the carrying value.

1.6 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (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 achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.6 Financial instruments (continued)

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

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 14).

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 Company'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 Company becomes a party to the contractual provisions of the receivables. They 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 receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest rate method and is included in profit or loss.

The application of the effective interest rate 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.6 Financial instruments (continued)

Application of the effective interest method (continued)

- 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.

Impairment

The Company 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 Company 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.

Write off policy

The Company 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 bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in risk management note (note 3).

Derecognition

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

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Trade and other payables

Classification

Trade and other payables (note 17), 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 Company 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 rate method.

The effective interest rate 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 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. Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk.

Refer to note 3 for details of risk exposure and management thereof.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.6 Financial instruments (continued)

Derecognition

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

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The company does not have any Bank overdrafts.

Derecognition

Financial assets

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company 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 noncash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

1.7 Cash and cash equivalents

Classification, Recognition and measurement, Impairment and derecognition

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The company does not have any Bank overdrafts.

Cash and cash equivalents are classified as financial assets subsequently measured at amortised cost. The amortised cost approximates its fair value due to the short-term nature of these instruments.

They are measured, at initial recognition, at fair value plus transaction costs, if any and are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.7 Cash and cash equivalents (continued)

The Company measures the loss allowance for cash and cash equivalent at an amount equal to 12 month expected credit loss, unless a significant increase in risk is noted, in which case lifetime expected credit losses would be determined, which represents the expected credit losses that will result from all possible non-recovery of the cash and cash equivalent balance.

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

1.8 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.9 Stated capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.10 Dividend income

Dividend income is recognised when the right to receive payment is established. Dividends received included in the cash flow statement relates to equity accounted investments

1.11 Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

1.12 Related parties

Related parties comprise directors of the Company, its associates and companies with common control or significant influence. Transactions with related parties are in the normal course of business and on normal commercial terms.

1.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax liabilities arising from taxable temporary differences between the tax bases and carrying amounts of investments in associates are recognised, except to the extent that the Company can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.14 Segmental reporting

The Company operates as an investment holding Company, currently holding two investment companies. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers.

The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. In this capacity, the Board monitors the overall financial results and financial positions of the associates, and its ability to pay dividends to the Company.

The key financial indicators and performance of this investment as monitored by the Board of Directors are clearly presented in the annual financial statements of the Company, specifically through disclosures of dividend income and detailed disclosures of the summarised statement of profit or loss and other comprehensive income and statement of financial position of the associates in note 13.

1.15 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

1.16 Employee benefits

The Company is an investment holding company and has no staff of its own and as such, the Company does not operate any employee pension schemes. The qualifying members of the staff of its associates contribute to a defined contribution plan.

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2021 or later periods:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are effective from 1 January 2023 but are not expected to have any material impact on the company's financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective from 1 January 2022 but are not expected to have any material impact on the company's financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendments are effective from 1 January 2023 but is not expected to have an material impact on the company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. New Standards and Interpretations (continued)

2.2 New and amended standards adopted by the company

The company financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised Standards which had no impact on the company's financial statements:

Definition of a business - Amendments to IFRS 3

The amendment:

- confirmed that a business must include inputs and a process and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets

Presentation of Financial Statements: Disclosure initiative

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

3. Risk management

Financial risk management

Market risk

Financial risk factors

The Statement of financial position includes assets and liabilities which are subject to market risks, credit and liquidity risks. Details of these assets and liabilities are set out in the notes to the financial statements. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital employed is calculated as equity.

There are no externally imposed capital requirements other than to meet solvency requirements per Section 58 of the Companies Act prior to declaration of dividends. This has been met.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. Risk management (continued)

Financial risk management (continued)

Market risk (continued)

Foreign exchange risk

In the normal course of business, the Company may enter into transactions denominated in foreign currencies. During the year, the Company did not have foreign currency assets and liabilities and therefore was not exposed to foreign currency risk.

Price risk

The Company's financial results and position are not exposed to equity, security or commodity price risks. Due to the nature of their operations, the Company's associates are exposed to significant commodity price risks through their procurement of raw materials on international commodities markets. These are managed and monitored by the associates.

Cash flow and fair value interest rate risk

The Company may from time-to-time have interest-bearing assets and liabilities. The Company management ensures that cash resources are placed with financial institutions giving the best interest rates to mitigate any significant changes in interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. There were no significant interest-bearing assets or liabilities during the financial period.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted. Management has assessed the expected credit loss on Cash and cash equivalent and noted no material impairment.

The table below shows cash and cash equivalents and other receivables at their carrying value respectively as at the reporting date:

	Fully performing P'000	Past Due P'000s	Total
31 December 2020	22	-	22
Other receivables	30 430	-	30 430
Cash and cash equivalents	30 452	-	30 452
31 December 2019			
Other receivables	8	-	8
Cash and cash equivalents	12 077	-	12 077
	12 085	-	12 085

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. Risk management (continued)

Financial risk management (continued)

Credit risk (continued)

There were no assets at fair value through the profit and loss, liabilities at fair value through the profit and loss, derivatives used for hedging or available for sale financial instruments as at period end. None of the financial assets that are fully performing have been renegotiated during the period.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Management monitors rolling forecasts of the company's liquidity reserve (comprises cash and cash equivalents) based on expected cash flows to ensure that the company has sufficient reserves available to meet its obligations as those arise in the ordinary course of business.

Surplus cash balances are required for working capital management and is invested in interest bearing current and time deposits accounts, choosing instruments to provide sufficient headroom as determined by the above-mentioned forecasts.

At the reporting date, the company held liquid cash assets of P30.5 million (31 December 2019: P 12.1 million) for managing liquidity risk. In addition, cash for expansion or dividends pay-outs to shareholders is fully funded through dividends receipts from the associates.

Maturity analysis based on contractually undiscounted amounts

The table below analyses the Company's liabilities that will be settled on gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year P'000s	Total P'000s
31 December 2020	7 466	7 466
Dividends payable	102	102
Other payables	7 568	7 568
31 December 2019		
Dividends payable	7 448	7 448
Other payables	-	-
	7 448	7 448

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4. Categories of financial instruments

Note 1.6 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total P'000s
Categories of financial assets 31 December 2020			
Other receivables	22	-	22
Cash and cash equivalents	30 430	-	30 430
	30 452	-	30 452
Categories of financial liabilities 31 December 2020			
Other payables		102	102
Dividends payables		7 466	7 466
	-	7 568	7 568

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total P'000s
Categories of financial assets 31 December 2019			
Other receivables	8	-	8
Cash and cash equivalents	12 077	-	12 077
	12 085	-	12 085
Categories of financial liabilities 31 December 2019			
Dividends payables		7 448	7 448
	-	7 568	7 568

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5. Share of results of associate companies

	2020 P'000	2019 P'000
Share of profits		
Kgalagadi Breweries (Proprietary) Limited	119 507	146 743
Coca cola Beverages (Botswana) (Proprietary) Limited	51 034	52 620
	170 541	199 363
Share of other comprehensive income		
Kgalagadi Breweries (Proprietary) Limited	-	-
Coca cola Beverages (Botswana) (Proprietary) Limited	-	-

6. Interest income

Interest income on investments and short-term deposits

Interest on call deposits	229	98
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7. Administrative Expenses

Advertising	(43)	(112)
Audit fees	(156)	(235)
Bank Charges	(2)	(13)
Board Expenses	-	(3)
Directors' Fees	(431)	(337)
Insurance	(17)	(12)
Management fees	(1 132)	(917)
Professional fees	(430)	(144)
Publish Annual Report	(203)	(201)
Stock Exchange Fees	(242)	(188)
Transfer Costs	(159)	(296)
	(2 815)	(2 458)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8. Taxation

Current

Botswana Company tax
Withholding tax on dividends received

2020 P'000	2019 P'000
-	-
(6 748)	(13 676)
(6 748)	(13 676)

Deferred

Outside basis deferred tax on investment in associates

-	-
(6 070)	(1 275)
(12 818)	(14 951)

Tax expense reconciliation

Profit before tax

167 955 197 005

Tax expenses at applicable 22% tax rate

36 950 43 341

Tax effect of expenses that are not deductible for tax purposes

618 540

Effect of deferred tax liability recognised on investment in associate at different rate (7.5%)

6 071 1 275

Withholding tax on dividend paid at different rate (7.5%)

6 714 13 677

Income not subject to tax – share of profit

(37 536) (43 882)

Tax per income statement

12 818 14 951

9. Taxation paid

Balance at the beginning of the period

(7) (7)

Current taxation for the period recognised in profit or loss

(6 748) (13 676)

Balance at the end of the period

14 7

(6 741) (13 676)

10. Earnings per share

Basic and diluted earnings per share (thebe)

140.25 164.58

Reconciliation of profit for the period to basic earnings

Net profit attributable to shareholders (P'000)

155 137 182 052

Weighted average number of ordinary shares in issue (thousands)

110 617 110 617

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. Dividends paid

	2020 P'000	2019 P'000
Opening dividends balance	(7 448)	(7 045)
Dividends for the year	(61 945)	(157 076)
Closing dividends balance	7 466	7 448
Dividends paid	(61 928)	(156 673)
Dividends per share (thebe)	55.98	141.64

12. Deferred Taxation

Deferred tax liability

Investment in associates	(33 161)	(27 091)
--------------------------	----------	----------

Reconciliation of deferred tax liability

At beginning of year	(27 091)	(25 816)
Deferred tax credit on investment in associates	(6 070)	(1 275)
Deferred tax carried forward	(33 161)	(27 091)

13. Investments in associates

Material associates

The following table lists all material associates to the company

	Country of incorporation	Method	% ownership interest	
			2020	2019
Coca cola Beverages (Botswana) (Pty) Ltd ("CCBB")	Botswana	Equity	49.90%	49.90%
Kgalagadi Breweries Limited (Pty) Ltd ("KBL")	Botswana	Equity	49.90%	49.90%

KBL is involved in the manufacture, import, distribution and marketing of a portfolio of clear beers, alcoholic fruit beverages and traditional beers. CCBB is involved in the manufacturing, import, distribution and marketing of a portfolio of soft drinks, purified water and other non-alcoholic beverages.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investments in associates (continued)

Movement in investment in associates is as follows:

	KBL P'000	CCBB P'000	Total P'000
Opening cost of investment as at 01 January 2020	526 569	126 186	652 755
Equity accounted share of profit	119 507	51 035	172 542
Share of dividend received	(49 900)	(39 620)	(89 520)
Closing cost of investment as at 31 December 2020	596 176	137 601	733 777
Opening cost of investment as at 01 January 2019	542 501	93 253	653 754
Equity accounted share of profit	146 743	52 620	199 363
Share of dividend received	(162 675)	19 687	(182 362)
Closing cost of investment as at 31 December 2019	526 569	126 186	652 755

	Coca Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd	
Summarised Statement of Profit or Loss or Other Comprehensive Income as at 31 December	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Revenue	733 468	747 117	1 484 241	1 947 714
Income and other expenses	(610 564)	(611 807)	(1 197 930)	(1 586 852)
Profit before tax	122 904	135 310	286 311	360 862
Tax expense	(20 631)	(29 860)	(46 819)	(68 455)
Profit from continuing operations	102 274	105 450	239 492	292 407
Profit after tax from discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	102 274	105 450	239 492	292 407

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Summarised Statement of Financial Position as at 31 December	Coca Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Assets				
Non-current	216 217	203 991	750 916	783 749
Current	263 976	228 275	646 871	562 457
Total assets	480 193	432 266	1 397 787	1 346 206
Liabilities				
Non-current	18 023	12 624	63 527	57 327
Current	186 419	166 766	321 282	415 393
Total liabilities	204 442	179 390	384 809	472 720
Total net assets	275 751	252 876	1 012 978	873 486

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investments in associates (continued)

Reconciliation of net assets to equity accounted investments in associates

	KBL P'000	CCBB P'000	Total P'000
31 December 2020			
Total net assets of the associate	1 012 978	275 75	1 288 729
Share of net assets of associates 49.9%	505 476	137 601	643 077
Goodwill	90 700	-	90 700
Carrying value	596 176	137 601	733 777
Reconciliation:			
Investment as at 01 January 2020	526 569	126 186	652 755
Share of profit	119 507	19 687	(182 362)
Share of dividend received from associates	(49 900)	(39 620)	(89 520)
Investment as at 31 December 2020	596 176	137 601	733 777
31 December 2019			
Total net assets of the associate	873 486	252 876	1 126 362
Share of net assets of associates 49.9%	435 869	126 186	562 055
Goodwill	90 700	-	90 700
Carrying value	526 569	126 186	652 755
Reconciliation:			
Investment as at 01 January 2019	542 501	93 253	635 754
Share of profit	146 743	52 620	199 363
Share of OCI	-	-	-
Share of dividend received from associates	(162 675)	(19 687)	(182 362)
Investment as at 31 December 2019	526 569	126 186	652 755

An assessment of the impairment of investment in associates was performed to determine the impact of COVID-19 on the investment valuation and no objective evidence of impairment was noted. Refer note 1.5.

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the company and the associates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14. Trade and other receivables	2020 P'000	2019 P'000
Other receivables	22	8
Non-financial instruments	4	4
Prepayments	26	12
15. Cash and cash equivalents		
Cash and cash equivalents comprise of:		
Bank balances	30 430	1 077
Investment in Money Market instrument	-	11 000
	30 430	12 077
16. Stated capital		
Reconciliation of number of shares issued		
At the beginning and end of the year	110 617	110 617
Issued		
110 616 859 ordinary shares of no par value - fully paid	194 548	194 548
17. Trade and other payables		
Other payables	102	-
18. Cash utilised in operations		
Profit before finance income and income tax	167 647	196 905
<i>Adjustments for:</i>		
Share of profit from associates	(170 462)	(199 363)
<i>Changes in working capital:</i>		
Trade and other receivables	(14)	(11)
Trade and other payables	102	(357)
	(2 727)	(2 826)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20. Going Concern (continued)

The recently introduced sugar tax will also impact CCBB. Notwithstanding, the associates are confident that the global and national efforts to rid the world of COVID-19 will bear fruit in 2021 and that the businesses will be able to operate normally towards the end of the year and going into 2022. The ban on alcohol sale was lifted effective 01 March 2021.

The Board of Directors has assessed that there are sufficient cash resources available to settle the Company's obligations up to 12 months from the date of the approval of these financial statements. The Board will continue to monitor the impact of COVID-19 on the company and reflect the consequences as appropriate in the accounting and reporting. The financial statements have thus been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. Events after the reporting period

Except as disclosed in note 20 above, there has been no material events after the reporting date, which would require disclosure or adjustment to the financial statements for the year ended 31 December 2020.

SHAREHOLDER INFORMATION

FOR THE YEAR 2020

Top 25 Shareholders			
	Names	Total Shares	% Holding
1	FNB BOTSWANA NOMINEES (PTY) LTD RE:AG BPOPF EQUITY	27,469,830	24.83%
2	BOTSWANA DEVELOPMENT CORPORATION LIMITED	20,812,462	18.82%
3	MOTOR VEHICLE ACCIDENT FUND	6,324,455	5.72%
4	FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BPOPF EQUITY	5,098,672	4.61%
5	FNBBN (PTY) LTD RE: AG BPOPF EQUITY PORTFOLIO B	4,834,024	4.37%
6	FNB BOTSWANA NOMINEES (PTY) LTD RE:BIFM BPOPF-EQUITY	4,723,516	4.27%
7	SCBN (PTY) LTD RE: SSB 001/216	4,256,949	3.85%
8	STANBIC NOMINEES BOTSWANA RE ALLAN GRAY DEBSWANA PF	4,052,757	3.66%
9	SCBN (PTY) LTD RE: JPM 064/03	4,014,427	3.63%
10	STANBIC NOMINEES BOTSWANA RE NINETY-ONE DPF (LOCAL EQ)	2,419,948	2.19%
11	FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - AG	2,026,301	1.83%
12	STANBIC NOMINEES BOTSWANA RE BIFM MLF	1,454,397	1.32%
13	STANBIC NOMINEES BOTSWANA RE BIFM PLEF	1,278,773	1.16%
14	STANBIC NOMINEES BOTSWANA RE MORULA RD DPF	1,147,054	1.04%
15	SCBN (PTY) LTD RE: SSB 001/114	1,098,655	0.99%
16	SCBN (PTY) LTD RE: IAM 030/30 METROPOLITAN LIFE BW POLICY	1,094,819	0.99%
17	SCBN (PTY) LTD RE: SSB 001/81 PARAMETRIC TAX-MAN E M F	1,086,400	0.98%
18	SCBN (PTY) LTD RE: BIFM 028914400011 UB DC PF	1,025,953	0.93%
19	STANBIC NOMINEES BOTSWANA RE:NINTEY-ONE BW MANAGED FUND	998,509	0.90%
20	GUARANTEED LOANS INSURANCE FUND	966,613	0.87%
21	FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BOBDCSPF	824,825	0.75%
22	SCBN (PTY) LTD RE: AG 216/001 ALEXANDER FORBES RF	578,178	0.52%
23	SCBN (PTY) LTD RE: AG 028922700004 AG UB DF CON PF	483,424	0.44%
24	STANBIC NOMINEES BOTSWANA RE: BURS EMPLOYEE PF	472,296	0.43%
25	SCBN(PTY) LTD RE:BIFM WUC STAFF PENSION FUND	469,949	0.42%
	Total	99,013,186	89.51%

Majority Shareholders	Total Shares	% Holding
BOTSWANA PUBLIC OFFICERS PENSION FUND HELD WITH VARIOUS FUND MANAGERS	26,862,494	39.92%
BOTSWANA DEVELOPMENT CORPORATION LIMITED	21,605,420	18.81%
MOTOR VEHICLE ACCIDENT FUND	5,824,455	5.72%

SHAREHOLDER INFORMATION

FOR THE YEAR 2020

Shareholder Information

Spread by Number of Shares

	Number of shareholders	% of Shareholders	Total Shares	% Holding
< 2,000	1,323	80.28%	663,509	0.60%
2,001 - 5,000	147	8.92%	501,191	0.45%
5,001 - 10,000	46	2.79%	334,112	0.30%
10,001 - 50,000	50	3.03%	1,194,170	1.08%
50,001 - 100,000	25	1.52%	1,898,494	1.72%
100,001 - 500,000	35	2.12%	8,437,866	7.63%
> 500,000	22	1.33%	97,587,517	88.22%
	1,648	100.00%	110,616,859	100.00%

Shareholder spread (public/non public)

	Number of shareholders	Total Shares	% Holding
Total	1,648	110,616,859	100%
Public shareholders	1,646	89,793,653	81.18%
Non Public shareholders	2	20,823,206	18.82%

BSE performance

Total number of shares traded FY 2020	3,568,258
As a % of shares in issue	3.23%
Total value of shares traded	77,973,979
Total number of trades	139
Average trade size (number of shares)	25,671
Share price 31 December 2019	22.05
Share price 31 December 2020	20.65
Growth in share price	-6.35%
DCI 31 December 2019	7,494.55
DCI 31 December 2020	6,879.35
Growth in DCI	-8.21%

Shareholder's Diary

Financial Year End – 31 December 2020

Preliminary Annual Results Announcements – 26 March 2021

Annual Report Posted – 25th May 2021

Annual General Meeting – 29th June 2021

Preliminary Half year results announcement – On or before 30 September 2021

Dividends

	Declared	Paid
Interim	-	-
Final	March	May

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2020

Notice of Annual General Meeting

Notice is hereby given that the 2021 Annual General Meeting of Sechaba Brewery Holdings Limited will be held at 11:00 hrs on Tuesday 29, June 2021 Via Microsoft – Teams.

A. Ordinary Resolutions

1. To read the notice convening the meeting.
2. Welcome and opening remarks by the Chairman
3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2020 together with the Directors and Auditors report thereon.
4. To consider and ratify the distribution of dividend declared for the year ended 31 December 2020 at 25thebe per share.
5. To confirm the appointment of the following individuals as Non-Executive Directors of the Company in terms of Article 55 of the Memorandum and Articles of Association:
 - Jayaraman Ramesh
 - Boitumelo Paya
 - Meshack Tshekedi
6. To re-elect the following Directors to the company in terms of Article 55 of the Memorandum and Articles of Association:
 - Tabuya Tau
 - Modise Mokone
7. To note the retirement of the following Directors who retire by rotation in terms of Article 55 of the Memorandum and Articles of Association and being unavailable, do not offer themselves for re-election.
 - Bafana Molomo
 - Myra Sekgororoane
 - Thabo Matthews
8. To ratify the remuneration paid to Independent Directors for the year ended 31 December 2020.
9. To consider and approve the Remuneration to be paid to Independent Directors for the ensuing year ending 31 December 2021:
 - 9.1. Chairman of the Board to receive a sitting fee of P15 000 per meeting and Board Members to receive a sitting fee of P12 000 per meeting.
 - 9.2. Members of Sub-Committees receive a sitting fee of P10 000 per meeting.
 - 9.3. Board Members and Members of the Sub-Committees of Subsidiary Companies to receive a sitting fee of P8000 per meeting.

10. To ratify the remuneration paid to the auditors, PricewaterhouseCoopers for the year ended 31 December 2020.

11. To appoint KPMG as auditors for the ensuing year ending 31 December 2021 and authorise the Directors to fix their remuneration.

B. Special Business

12. To approve the recommendation by the Board of Directors to revoke the existing Memorandum and Articles of Association and replace the same with a Constitution in line with the Companies Act.
13. The Constitution approved above will include the following clause with regards the treatment of the unclaimed dividends:

“Any dividend unclaimed for a period of three years from its declaration may, provided notice of the declaration has been given by advertisement to the person entitled thereto and sent to his last registered address, be forfeited by resolution of the directors for the benefit of the Company”.

C. Any Other Business

14. To answer any questions raised by shareholders in respect of the affairs and the business of the company.
15. To close the meeting

Voting and Proxies

Any member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The proxy form must be forwarded at or posted to reach the Registered office at the below stated address not less than 48 hours before the meeting. The recipient of the Proxy Forms is authorized to receive and count postal votes.

By order of the Board

Company Secretary
Grant Thornton Business Services (Pty) Ltd
Acumen Park
Plot 50370, Fairgrounds Office Park
P. O. Box 1157
Gaborone

8 June 2021

PROXY FORM

FOR THE YEAR 2020

SECHABA BREWERY HOLDINGS LIMITED

I/We*(name in block letters) _____
of address _____

being a holder of ordinary shares in Sechaba Brewery Holdings Limited, hereby appoint

_____ of failing him/her
_____ of failing him/her
_____ of failing him/her

the Chairman of the meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company, to be held on be held at 11:00 hrs on Tuesday 29, June 2021 Via Microsoft – Teams, to transact the following business;

		For	Against	Abstain
1	To read the notice convening the meeting			
2	To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2020 together with the Directors and Auditors report thereon			
3	To consider and ratify the distribution of dividend declared for the year ended 31 December 2020 at 25thebe per share			
4	To confirm the appointment of the following individuals as Non-Executive Directors of the Company in terms of Article 55 of the Memorandum and Articles of Association:			
	- Jayaraman Ramesh			
	- Boitumelo Paya			
	- Meshack Tshekedi			
5	To re-elect the following Directors to the company in terms of Article 55 of the Memorandum and Articles of Association:			
	- Tabuya Tau			
	- Modise Mokone			
6	To note the retirement of the following Directors who retire by rotation in terms of Article 55 of the Memorandum and Articles of Association and being unavailable, do not offer themselves for re-election.			
	- Bafana Molomo			
	- Myra Sekgororoane			
	- Thabo Matthews			
7	To ratify the remuneration paid to Independent Directors for the year ended 31 December 2020.			
8	To consider and approve the Remuneration to be paid to Independent Directors for the ensuing year ending 31 December 2021:			
	8.1 Chairman of the Board to receive a sitting fee of P15 000 per meeting and Board Members to receive a sitting fee of P12 000 per meeting			
	8.2 Members of Sub-Committees to receive a sitting fee of P10000 per meeting.			
	8.3 Board Members and Members of the Sub-Committees of Subsidiary Companies to receive a sitting fee of P8000 per meeting.			
9	To ratify the remuneration paid to the auditors, PricewaterhouseCoopers for the year ended 31 December 2020.			
10	To appoint KPMG as auditors for the ensuing year ending 31 December 2021 and authorize the Directors to fix their remuneration.			

Signed: _____ on this _____ day of _____ 2021

Note:

- Each member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak in his/her stead. A proxy need not be a member of the Company.
- Any alteration or correction made on this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
- This form of proxy should be signed and returned so as to reach the Registered Office of the Company, Acumen Park, Plot 50370, Fairgrounds Gaborone Botswana, not later than 48 hours before the time fixed for holding of the meeting. By hand delivery or, E-mail (contactus@corpservebotswana.com)



**SECHABA BREWERY
HOLDINGS LIMITED**

Business Address

Fairscape Precinct
Plot 70667, Fairgrounds Office Park, Gaborone
Botswana

Auditors

PricewaterhouseCoopers
Plot 50371, Fairgrounds Office Park,
P O Box 294, Gaborone
Botswana

Corporate Secretary

Grant Thornton Business Services (Proprietary) Limited

Transfer Secretaries

Corpserve Botswana

Sponsoring Brokers

Imara Capital Securities (Proprietary) Limited

Functional Currency

Botswana Pula