

SECHABA BREWERY
HOLDINGS LIMITED
ANNUAL REPORT 2022





**“Inside every seed is
the potential for an
incredible harvest”**

Farrah Gray



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Company Profile

“Our job is not the harvest, our job is the seed.”

Carl Lentz



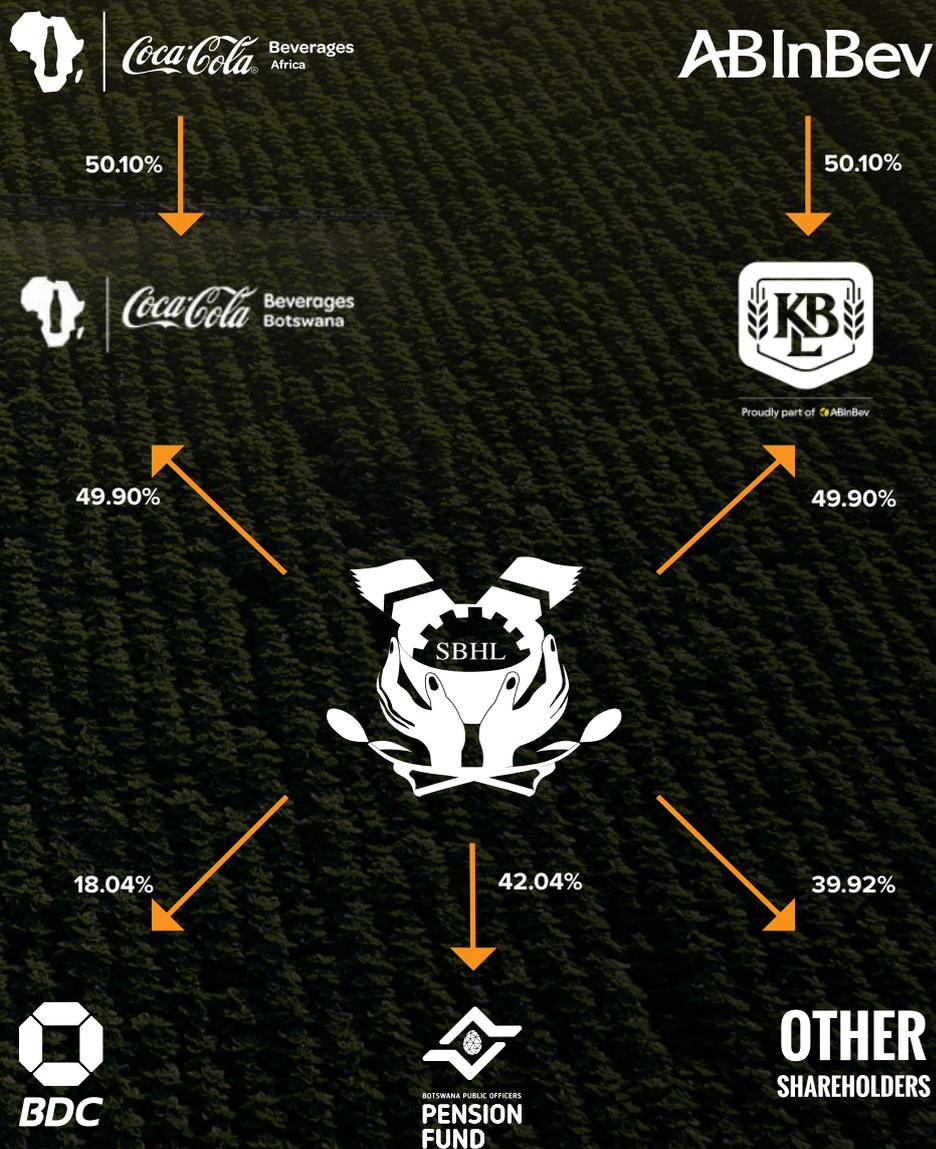
About Sechaba Brewery Holdings Ltd

Sechaba Brewery Holdings Ltd (SBHL) boasts of a long-lasting legacy and success. The company listed on the Botswana Stock Exchange in 1989 and has continued to prosper and uphold the tradition of financial capitalism and wealth creation. Sechaba Brewery Holdings Limited (SBHL) is an investment company listed on the Botswana Stock Exchange. Prior to 2018, SBHL's sole investment was in Kgalagadi Breweries Proprietary Limited (KBL).

In that year a decision was made to restructure Kgalagadi Breweries Proprietary 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. SBHL also holds 49.90% in CCBB with Coca-Cola Beverages Africa holding the balance.

Ownership Structure





**“To plant a garden is to
believe in tomorrow.”**

Audrey Hepburn



CHAIRMAN'S REPORT

CHAIRMAN OF THE BOARD



Ms Tabuya Tau



**'Bending in the Breeze'
Our Strategic Outlook**



Fostering long term prosperity

“According to the seed sown will be the harvest.” – Ellen G. White

The overarching purpose of SBHL is to support the delivery of the organisations strategic priorities that are aimed at fostering its long term prosperity.

“The SBHL Mission is to accelerate and extend these priorities into more future-focused transformational impact areas that will facilitate the ‘big picture’ thinking is critical to the organisations long term prosperity. Even more importantly our identified priorities enable us to engage and implement strategies that will build capability in ways that are connected, meaningful and which deliver real benefits to shareholders.”

▲ The share of profit increased by 19% due to an increase in investments in associates which improved by 16%.

▲ Interest income also increased by 2611% at P2.2 million from P81 thousand.

Dear Shareholders

With rising energy and food costs, increasing inflation rates, fluctuating markets, and, of course, the lingering consequences of COVID-19, Sechaba Brewery Holdings Ltd (SBHL) like many companies, has experienced the effects of global economic unpredictability. However, just like a strong crop of wheat, we have withstood the test of time and been able to “bend in the breeze”.

Despite the fact that all of these situations and the resulting adverse effects that have had a significant impact on our business, we believe strong investment firms like ours do not stand still in a fast-changing world and environment. We cannot stay fixated in how we have always done things and expect to continuously succeed and maintain a strong stock. Organisational strategies transform in patterns depending on the global and local dynamics of the time.

As a result, we have developed a three-year strategic plan wherein our purpose remains unchanged in so far as ensuring and maximizing shareholder return and making a positive impact in our world and communities. The strategy however is future focused and designed to purposefully move us forward in delivering greater value and setting forth how we will advance the investment company in the communities we serve and beyond. The Strategic Plan presents the vision, mission, values and guiding principles of SBHL as they serve clearly identified stakeholders and shareholders.

The Plan also includes strategic initiatives and key performance indicators (KPIs) that will measure the progress of the strategic objectives and guide SBHL towards a more sustainable, resilient and confident future. The Plan will be reviewed periodically and, if needed, adjusted to reflect changes in the investment operating environment. The plan embraces the adoption of new technologies to ensure full compliance to the ever increasing and complex regulatory requirements and highest levels of good corporate governance. It is time that SBHL develops new ways of creating value, identifying new problems that need to be solved and bring various stakeholders and shareholders into the organisations’ ecosystem to derive new opportunities.

Our vision is to “To be a successful value creating Investment Company in the Region” and we intend “To enable Growth in a responsible and sustainable way for increased shareholder returns. We are excited about what the future holds and our 2022- 2025 strategic priorities focus on moving to a rapid growth phase with goals, objectives, and key results which allow the organisation to operate within the structured transformation framework, but with the flexibility required to adapt to complex and changing environments.

Fostering long term prosperity

2022 Performance Results

Looking back over the past year, one consistent theme emerges: our Associates' persistent commitment to serving clients, communities, and nurturing productive and engaged employees.

It is obvious that the reasons for this ability to maintain this consistency and commitment is their sound financial management, continued investments in innovation, and ongoing positioning of products and services. It is indeed commendable that amidst micro, macroeconomic and geopolitical upheavals, Sechaba Brewery Holdings Ltd (SBHL) has managed to stay the course in its quest for growth through its associates. We are proud to have performed well while operating within the given constraints for the year ended 31 December 2022. SBHL achieved an 11% increase in profit after tax, from P200 million to P223 million, mainly driven by the performance of the underlying associates.

The share of profit increased by 19% due to an increase in investments in associates which improved by 16%. Interest income also increased by 2611% at P2.2 million from P81 thousand in alignment with the implementation of a robust investment strategy.

On the administration expenses side, there was a reduction of 5% due to cost management measures such as negotiated contracts plus prudent cost effective administration and procurement. On the Statement of Financial Position, total assets increased by 12%, cash and cash equivalents declined by 33% mainly due to P128.7 million dividends received whilst P136.7 million was paid out. From a liquidity position, the company continues to operate as a going concern and the audited financial statements have been prepared as such in line with International Financial Reporting Standards (IFRSs).

The ongoing investments in our Associates people, processes, and products, made in both prosperous and difficult economic periods continues to strengthen organisational capabilities.

In addition to advancing our company's chances for the future, these significant investments will put us in a position for long-term growth and success. We are united by the fundamental tenets and values of Sustainability, Ethics & Governance, Stakeholder and Shareholder Focus, Shareholder value creation, Social Consciousness and corporate citizenship, Winning Mindset and Partnerships & collaborations.

These values found in our strategic plan 2025, will help create and sustain our organisation, including upholding a fortress balance sheet, continuously fostering talent at Associate level, fully satisfying regulators, continuously improving risk management, governance, and controls, providing for clients and customers, and uplifting communities.

Fostering long term prosperity

Regardless of how we may see the complexity, hazards, and opportunities in the world, our company's prosperity depends on having a robust team with unquestionable qualities of courage, integrity, immense capability, and high standards of professional excellence.

As I look back on the Financial Year 2022, I would like to thank the SBHL Board and Management, the Executive Leadership of Kgalagadi Breweries Ltd and Coca Cola Beverages Botswana and their employees for their outstanding work in making sure that the company fulfils its commitment to all of its stakeholders and shareholders. In the medium to long term, I am optimistic about a more robust and consistent performance.

I appreciate everyone who supported the organisation in various ways. In order to maximise value creation for everyone, I ask for your continuing support.



Ms. Tabuya Tau
Chairman of the Board



“The day of fortune is like a harvest day; we must be busy when the corn is ripe.”

Torquato Tasso

FINANCE AND AUDIT COMMITTEE CHAIRMAN'S REPORT



Ms Boitumelo
Carolyn Paya



"To forget how to dig the
earth and to tend the soil
is to forget ourselves."

-Mahatma Gandhi

Finance And Audit Committee Chairman's Report

This report is prepared in compliance with the requirement of providing documentary evidence of the Finance and Audit Committee (FAC) accountability to the Sechaba Brewery Holdings Limited's (SBHL) Board of Directors. It is my pleasure to present to you as part of this accountability, the SBHL Audited Financial Statements for the year ended 31 December 2022. These financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs).

Corporate Governance and Regulatory Compliance

The overall purpose of the Finance and Audit Committee (FAC) entails assisting the SBHL Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of governance, internal controls, risk management, values and ethics and the external audit functions. The FAC is governed by provisions of the SBHL Board Charter and the Finance Risk and Audit Committee Charter which guides the Committee in terms of its purpose, authority, composition, meetings, and responsibilities.

The Committee is also guided by regulations and requirements of the Botswana Stock Exchange (BSE), King III code of conduct, Botswana Accountancy Oversight Authority (BAOA) and Companies Act of Botswana (Cap 42:01).

The fundamental role of the Committee, therefore, is to support the Board in fulfilling its oversight responsibilities in the following main areas, financial reporting, budgeting, quality assurance of the internal control systems, risk management, best corporate governance practices and compliance. In addition to the functions alluded to above, the Committee communicates to shareholders through a report in the financial statements to ensure transparency.

We remain committed to maintaining the highest standards of corporate governance and compliance. The Finance and Audit Committee has actively reviewed and monitored our compliance with applicable laws, regulations, and accounting standards. We have also ensured transparency and accountability within the organisation, ensuring that ethical practices and responsible behavior are ingrained in our corporate culture and fully embedded in our policies and procedures.

The Committee is composed of independent, non-executive members who possess appropriate qualifications and a balance of skills and experience to discharge their responsibilities. The Committee met four times during the 2022 financial year.

Financial Performance

For financial year 2022, SBHL achieved financial growth. The share of results of our associates increased by 19% compared to the previous year. The Associates experienced improved financial performance relative to financial year 2021 due to improved productivity. The company remains committed to enhancing profitability through growth in revenue, efficiencies and effectiveness.

External Audit process

I would like to welcome our new external auditors Ernst & Young (EY) who audited the company for the first time during the financial year. The Finance and Audit Committee collaborated closely with the external auditors throughout the year to ensure a thorough and independent audit process. EY took over from PricewaterhouseCoopers (PwC) whose audit term ended with the 2021 financial year audit.

The auditors conducted a comprehensive examination of our financial statements, internal controls, and compliance procedures. I can confidently state that the audit process was conducted with the highest level of professionalism and integrity.



We have also ensured transparency and accountability within the organisation.

Finance And Audit Committee Chairman's Report

This conclusion was arrived at after considering the following:

- the representations made by the auditors to the audit committee with regards to the 2022 financial results.
- the fact that the auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the company or its associates.
- the fact that the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by them.
- the fact that criteria specified for independence were met.

The audit committee has performed its statutory duties, including re-evaluating the performance of the external auditors and agreeing on the terms of the audit plan, budget, and terms of engagement. The audit committee is satisfied with the financial statements, accounting policies and the internal financial controls of the company.

Furthermore, the audit committee is satisfied with the expertise, resources, and experience of the company's finance and administration function.

The committee is satisfied that it has executed its duties during the past financial year in accordance with relevant legislation as regulated by the Botswana Stock Exchange (BSE), Botswana Accountancy Oversight Authority (BAOA) and Companies Act of Botswana (Cap 42:01).

Looking ahead

As we move into the next financial year, the Finance and Audit Committee will continue to play a critical role in overseeing and upholding financial discipline, maintaining risk management, and improving governance controls. Complying with regulations, maintaining corporate governance, communication, trust, respect, and transparency remain the top priority of the Finance and Audit Committee.

I would like to express my appreciation to my fellow committee members, the Board of Directors, the management team, and all business partners for their dedication and diligence throughout the year. I would also like to extend our gratitude to our shareholders for their continued support.

On behalf of the Audit Committee



**Ms. Boitumelo
Carolyn Paya**
Finance and Audit Committee
Chairman



**“Always do your best.
What you plant now, you
will harvest later.”**

Og Mandino

MANAGING DIRECTOR'S STATEMENT



**Ms Faith
Mabu Nteta**



"The only thing that endures over time is the 'Law of the Farm.' You must prepare the ground, plant the seed, cultivate, and water if you expect to reap the harvest."

Stephen Covey

Managing Director's Statement



Implementing Strategy, Relentlessly Pursuing Organisational effectiveness, Good Governance and Compliance

Financial Year 2022 marked my first full year with the privilege of serving as SBHL Managing Director and also the year in which we implemented renewed service provider agreements and partnerships across finance and administration, transaction management services, audit, secretarial support to mention but a few.

“What has also been exciting and challenging is being part of the meaningful dynamic strategic thinking in SBHL, which opened new ways of looking at the business environment, the industry, market, and the dynamics that may influence future success.”

Our collaborative approach coupled with our strong focus on building value driven and mutually beneficial partnerships, demonstrated great ability to meet the demands of an increasingly demanding and complex business environment. From an organisational effectiveness, compliance and governance perspective, SBHL has made significant progress over the first year of its strategy cycle. We completed a number of significant strategic initiatives as we worked to fulfil our mission of future-proofing the organisation.

Some of these initiatives included leveraging new technologies to provide more efficient and improved ways of operating, ensuring strong financial controls and conducting Board matters in a value adding and effective manner.

The SBHL' 2025 strategic priorities represent the rise of a new paradigm and long term thinking that highlights the organisation's capacity for innovation and ability to seize possibilities and opportunities for increased value creation. The strategic priorities inclusive of inter alia increase in shareholder value through the diversification of income and growth, improved corporate governance, value creation and corporate social investment together with enhanced stakeholder and shareholder engagement. This will ensure SBHL remains focused credible, aligned to the compliance and governance regulatory framework within which it operates.

The operationalization of the strategic priorities in 2022 also resulted in the initiation of work to pursue CSI initiatives that portray genuine concern for communities served and in alignment with our associates, core products and services. We continued to ensure that our operations are in full alignment with making a positive impact on the environment and will going forward monitor the objective of propagating an ESG culture in collaboration with our associates.

The ongoing implementation of a shareholder and stakeholder engagement strategy to understand SBHL stakeholders, identify the urgency they feel for their issues, the legitimacy of their interest and the power they have to impact on the organisation remained a priority for SBHL.

The impressive financial performance highlighted in the Chairman's report has been made possible by the dedication, talent and creativity of our Associates. The excellent work done by their business development staff, marketing professionals, logistics and other enabling departments has taken the performance of SBHL to the next level. As resilient companies with the potential to deliver sustainable dividend growth, our Associates' ability to quickly and continuously adapt and evolve, as well as the strength of their dominant spirits cannot go unnoticed. Our Associates will continue to pursue operational excellence and follow through our long-term growth strategies as we strive towards our vision. SBHL's sustainability journey is central to our strategy most notably with our commitment to contribute embedding of strong ESG principles at our Associates. We are confident that SBHL will grow from strength to strength for many years to come. We are also well-poised to pursue growth opportunities and enter the new year trusting that we will excel, drive sustainable growth, and deliver enduring value to our stakeholders.

Ms. Faith Mabu Nteta
Managing Director

A close-up photograph of a hand holding a stalk of wheat. The background is a vast field of golden wheat under a bright, hazy sky. The lighting is warm and golden, creating a soft, ethereal atmosphere. The hand is positioned in the lower right foreground, with the thumb and index finger gently holding a single stalk of wheat. The rest of the field and sky are softly blurred, emphasizing the hand and the wheat stalk.

BOARD OF DIRECTORS



“Before the reward there must be labor. You plant before you harvest. You sow in tears before you reap joy”

Ralph Ransom

BOARD OF DIRECTORS



Ms. Tabuya Tau joined the Board on the 20th December 2019 as an independent, non-executive director. She was also the Chairman of the Finance and Audit Committee before taking over as the Chairman of the Board. She is an experienced and transformational leader with extensive experience in the financial service industry, experience which spans over 20 years. At First National Bank Botswana (FNBB) she held the roles of Deputy Chief Financial Officer, Senior Manager Finance, and Treasury Accountant over a period of 10 years. She also held a role as Financial Manager at Letshego Holdings Limited, a listed micro lender.

Ms. Tau holds a Masters in Business Administration from Henley Business School, is a fellow member of the Association of Chartered Certified Accountants (ACCA) and of the Botswana Institute of Chartered Accountants (BICA). She holds a Bachelor of Commerce Degree from the University of Witwatersrand. She has attended various management and leadership programmes including a Senior Management Development programme from the University of Stellenbosch. She has also previously held the role of non-executive Director at Botswana Postal Services. Ms. Tau currently holds the position of Managing Director at Hollard Insurance Botswana.



Ms. Boitumelo Paya joined the Board on the 1st March 2021 as an independent non-executive director. She took over as the Chairman of Finance and Audit Committee in 2021. She is a finance professional and strategic leader. Ms. Paya 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 on the preparation of all financial reporting as well as analysis and advise on long-term business and financial planning. Ms. Paya 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 - Kgalagadi 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 of Chartered Certified Accountants (ACCA) as well as a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). She 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).



Ms. Faith Mabu Nteta joined SBHL on 1st July 2021 as a part time Managing Director and assumes full accountability to the board for all company operations. Ms. Nteta is a Principal Management Consultant and an experienced and solutions driven entrepreneur with experience in training, business turnaround and performance improvement. She has previously worked at the Botswana National Productivity Centre and thereafter founded Service Bridges Consulting where she provides business turnaround services. Her knowledge, expertise and experience in service excellence and customer experience management have earned her a strong and impactful local, regional, international reputation and brand. She holds a Bachelor of Arts (BA) degree, a Master's in Business Administration (MBA) degree. She possesses abilities in accurately identifying business problems, formulating strategic plans, facilitating and initiating change.

Ms. Nteta helps to design strategies for implementing organisations new processes in challenging and diverse environments. She has extensive experience in corporate governance and leadership from both a training, facilitation and board leadership perspective. She has held Directorship roles in private and parastatal organisations such as the National Development Bank, where she served as vice Chairman, Chairman of the Board Transformation Committee and member of the Board Human Resources Committee. Ms. Nteta also served on the Local Enterprise Authority (LEA) Board as Chairman of the Board. She currently serves on the First Mutual Reinsurance Board, Chairs its Human Resource Committee and Chairs the Board of Japhala Youth Development Organisation. She is a gender activist and is involved in various advocacy programmes to champion the rights of women and girls.



“Sow the seeds of hard work and you will reap the fruits of success. Find something to do, do it with all your concentration. You will excel.” **Israelmore Ayivor**



Mr. Meshack Tshakedi joined the Board on the 1st of March 2021 as an independent non-executive director. He is the Chief Executive Officer of Botswana Oil Limited (BOL). He was previously the General Manager, Acting Chief Operating Officer (COO), and Acting CEO for 2 years and was subsequently appointed to 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. With over 19 years of professional and strategic experience, Mr. Tshakedi 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 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 and Gas, FMCG, Mining, Engineering, Emergency Medical Services, Investment and Export promotion as well as Supply Chain Management where he held a senior leadership position.



Mr. Jayaraman Ramesh joined the Board on 1 March 2021 as an independent non-executive director. He is the co-founder and the current non-executive Chairman 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. Mr. Ramesh was the 1st Chairman of the Government Audit Committee and completed his 5 year tenure in June 2021. He was previously the non-executive Chairman, 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.



Mr. Modise Mokone is a seasoned investment professional with over 15 years experience in asset management, private equity and development finance. He holds a Bachelor of Commerce (Banking, Finance and Risk Management), a Chartered Financial Analyst (CFA®) – Level 1 and concluded a Global Executive Development Programme with GIBS. He has significant corporate governance experience having sat on several boards during his career. Mr. Mokone joined the SBHL Board on the 12th February 2019 as a non-executive director representing Botswana Development Corporation (BDC) where he was responsible for leading the Corporations investment strategy as an Investment Principal.

Before BDC, Mr. Mokone 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). Mr. Mokone currently serves as the Chief Investment Officer of the Minerals Development Company Botswana (MDCB) leading and overseeing the full investment life cycle of the MDCB towards the implementation of its mandate to grow and optimise its minerals and mining investment portfolio.

GOVERNANCE REPORT





**“It is only the farmer
who faithfully plants
seeds in the Spring, who
reaps a harvest in the
Autumn.”**

B. C. Forbes

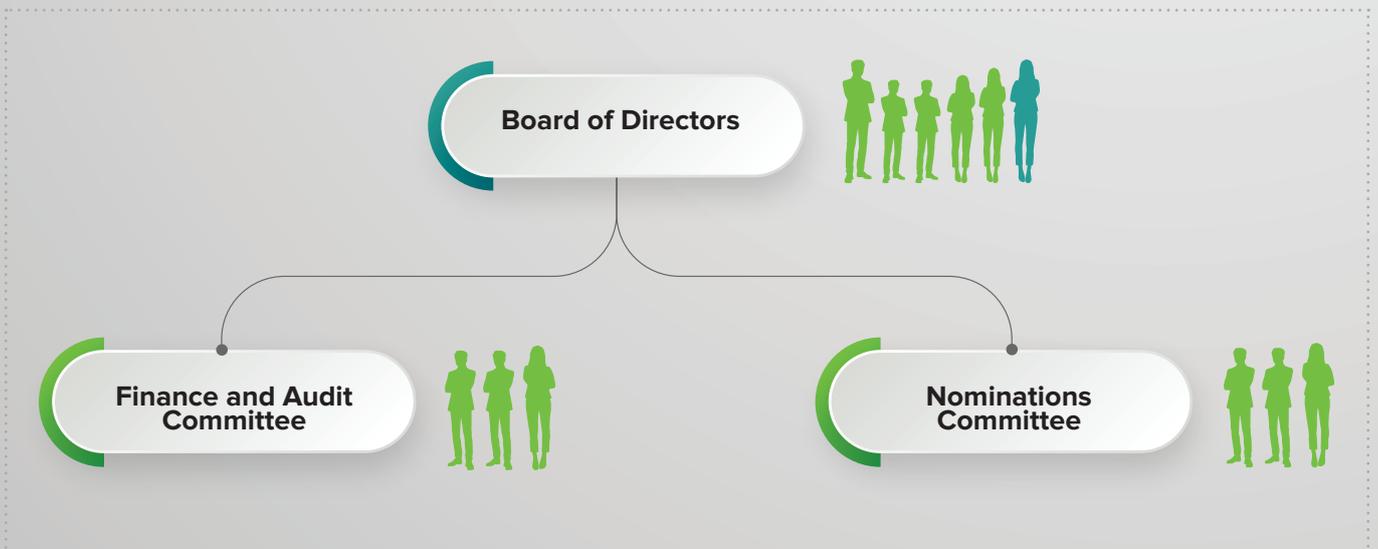
Governance Report

“Leadership is the capacity to translate vision into reality.”
Warren Bennis

The Directors of Sechaba Brewery Holdings Limited (SBHL) continue to provide leadership oversight and strategic direction in their quest to deliver improved returns to all shareholders. The Directors have a collective responsibility to demonstrate that they are aware of their fiduciary duties towards all stakeholders. This report outlines the organisation’s approach to corporate governance.

Statement of Compliance

Sechaba Brewery Holdings Limited (SBHL) and its associates are committed to observing the highest standards of pre-eminent practice in corporate governance. SBHL complied with the regulatory provisions as provided by the Botswana Stock Exchange (BSE), King III Corporate Governance, and Botswana Accountancy Oversight Authority (BAOA).



Colour Key

- Independent Non-Executive
- Executive

Board Structure

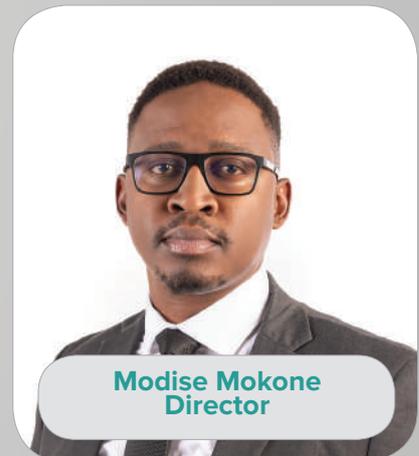
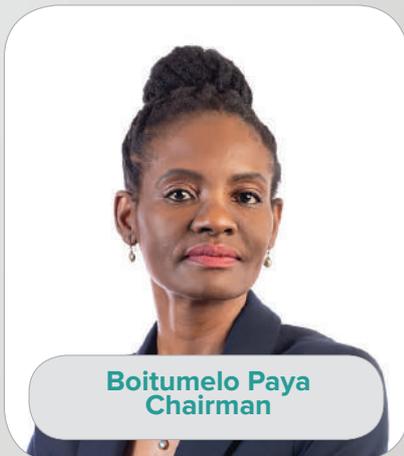
Board of Directors

- Membership is between Four and twelve members
- Independent Non-Executive Directors majority
- One Executive Director

Governance Report

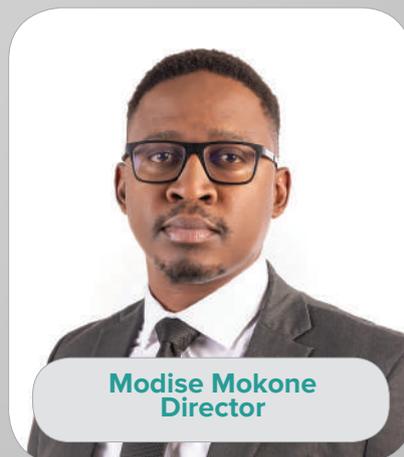
Finance and Audit Committee

- Three Independent Non-Executive Directors



Nominations Committee

- Three Independent Non-Executive Directors



Board and Management Experience, Expertise, Skills and Competencies

Improving Governance Through A Board Skills And Experience Matrix

SBHL in line with best practice governance developed a Board Skills and Experience matrix to ensure that the right combination of skills and attributes exist in the board of directors.

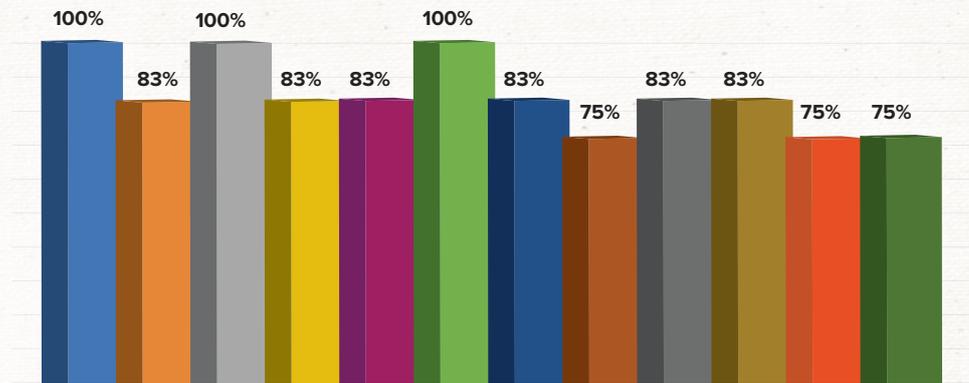
The aim is to have a mix of mandate critical characteristics represented by various board members. When board skills like financial expertise, specialty representation, long-term thinking are present and relevant, the Board of Directors is strengthened.

The organisation identified the desired traits for the SBHL Board and used them to guide the nominating process resulting in a stronger governing body.

The Board skills and experience matrix not only required the organisation to identify the required traits of the board; but also identified existing development opportunities. Following the development and approval of the SBHL Board Skills Matrix, the Board will going forward, be specifically looking to appoint non-Executive directors to not only provide business strategic oversight, strategic counsel and leadership but also seek to appoint those with:

- ESG experience where experience exists in setting ESG goals and ensuring that they align with and are not approached separately from SBHL and its Associates overall strategy.
- Legal Experience to provide guidance for the Board so that it takes well-informed decisions and judgment on legal, regulatory and societal matters

The illustration is representative of the 2022 SBHL skills and experience that reside in the board



Board and Management Experience, Expertise, Skills and Competencies

- Board membership experience
- Board leadership experience
- Governance experience
- Beverages Industry/sector experience
- Financial/Accounting
- Strategic planning
- Investment, commercial expertise & experience
- Capital Allocation
- Enterprise leadership experience
- Risk and controls management
- Legal/regulatory knowledge /expertise
- ESG Skills



SBHL is committed to having good governance, having the right mix of experience, skills and competences on the Board of Directors.

Board and Management Experience, Expertise, Skills and Competencies

Board Member Identification Policy

The Sechaba Brewery Holdings Ltd (SBHL) Board approved board member identification policy which outlines the open and merit-based hiring procedure for all board appointments at SBHL. Compliance, governance, and policy are the foundations of this merit-based appointment process. Guided by the SBHL Constitution, Board appointments are made based on competency and capability to perform in the position. The recruitment and selection process for Board members is of utmost importance. Appointments are made based on competency and capability to perform on the position. The aim is to get the best candidates and as a result considerably strengthen the governance of the organisation. SBHL is committed to having good governance, having the right mix of experience, skills and competences on the board of Directors.

Policy On Training And Development

SBHL has developed a Training Policy for Directors with the aim to have executives and board members who can perform their duties and assume responsibilities as entrusted to them by shareholders. With a strong belief in the fact that learning is a continuous process, Board Member Training and Development is given utmost importance in the organisation. While the 'Board of Directors' is the highest level in the Organisational pyramid, imparting effective training is still critical for this level so that Directors can continue to upskill and provide able guidance and relevant advisory to the company.

The training of Board members is also imperative for effective Corporate Governance requirements. The objective of the policy is to also provide an opportunity to Board level functionaries to upgrade their knowledge in the business model of the Associate companies and to ensure that their responsibilities are discharged in an effective manner. The policy also attempts to provide exposure to trainings on Corporate Governance codes, business ethics and conduct as applicable to the directors.

Managing Director Recruitment, Appointment, Dismissal And Succession Planning Policy And Guidelines

SBHL considers the appointment, induction, dismissal and succession of the Managing Director to be one of the most important strategic decisions. Based on such understanding, the SBHL board approved a Recruitment, Appointment, Dismissal and Succession Planning Policy with the aim of ensuring that the organisation appoints eligible persons to lead the organisation using procedures for objective, timely and transparent appointments.

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 also reviews results and reports of associates through the Finance and Audit Committee. 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. During this period the induction programme consisted of documentation provided to members on constitutional and other matters, and minutes of the previous meetings and familiarisation 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 purpose of the committee is to provide an independent and objective body that will;

- Make recommendations on the remuneration policies and practices of the Executive Directors, senior management and the company in general.
- Make recommendations on the composition of the board and board committees and ensure that the board of directors consists of individuals who are equipped to fulfil the role of director of the company.

Gender diversity policy is being finalised. This policy will facilitate the promotion of gender diversity in the board.

Finance and Audit Committee

The purpose of the Finance and Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and making recommendations to the Board regarding;

- a) Strategic financial plans and the annual operating budgets
- b) The integrity of the Financial Information, including audited financial statements, and recommendation for approval to the Board of Directors and the stakeholders
- c) Finance functions, Policies and Procedures
- d) The Company's Internal Audit and External Audit functions by ensuring they are appropriately skilled and resourced for the complexity and volume of risk and assurance needs
- e) The Company's Investment management activities
- f) The integrity of the financial statements of the company and any announcements of the company's financial performance, reviewing significant financial reporting judgements contained in them, reviewed and recommended for board, and shareholders' approval, quarterly, half-year, and annual financial statements
- g) The Company compliance and risk management systems
- h) The expertise and experience of the outsourced service provider engaged to provide the execution of the Financial Director functions
- i) The election of the external auditor, their proposed remuneration and the terms of engagement, subject to final approval by the shareholders at the Annual General Meeting (AGM)
- j) The external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements
- k) Communication with external auditors at Finance and Audit Committee meetings on audit-related issues
- l) The effectiveness of the system for monitoring compliance with laws and regulations
- m) Associate companies work towards delivering zero harm to the health and safety of employees, the general public and the environment

Composition and Independence

The year under review marks Ms. Tabuya Tau's second year of leadership. For this period SBHL Board was composed of six board members. The majority of the board are independent non-executive members (five non-executive and one executive member). The company's Board Charter stipulates that the number of directors should not be less than four but not more than twelve.

Membership of the Board of Directors as of 31 December 2022

	Name	Designation	Status	Appointment date	Position Status
1	Ms. Tabuya B. Tau	Chairman	Non-Executive	20 December 2019	Active
2	Ms. Faith Mabu Nteta	Managing Director	Executive	01 July 2021	Active
3	Mr. Modise Mokone	Director	Non-Executive	12 February 2019	Active
4	Ms. Boitumelo C. Paya	Director	Non-Executive	01 March 2021	Active
5	Mr. Meshack Tshekedi	Director	Non-Executive	01 March 2021	Active
6	Mr. Jayaraman Ramesh	Director	Non-Executive	01 March 2021	Active

Board Meetings Attendance Register

During the year under review, the Board of Directors met for all its scheduled meetings. The attendance register is indicated in the table below;

Name	Date						
	28 Feb 2022	25 Mar 2022	27 Jun 2022	28 Jun 2022	15 Sep 2022	12 Dec 2022	Overall
Ms. Tabuya B. Tau	✓	✓	✓	✓	✓	✓	6/6
Ms. Faith Mabu Nteta	✓	✓	✓	✓	✓	✓	6/6
Mr. Modise Mokone	✓	✓	✓	-	✓	✓	5/6
Ms. Boitumelo C. Paya	✓	✓	✓	✓	✓	✓	6/6
Mr. Meshack Tshekedi	✓	✓	✓	-	✓	✓	5/6
Mr. Jayaraman Ramesh	✓	✓	✓	✓	✓	✓	6/6

Finance and Audit Committee

Name	Date				Overall
	16 Mar 2022	6 Jun 2022	1 Sep 2022	5 Dec 2022	
Ms. Boitumelo C. Paya	x	✓	✓	✓	3/4
Ms. Faith Mabu Nteta	✓	✓	✓	✓	4/4
Mr. Modise Mokone	✓	✓	x	✓	3/4
Mr. Jayaraman Ramesh	✓	✓	✓	✓	4/4

Governance Report

Nominations Committee

Name	Date		Overall
	12 May 2022	12 Aug 2022	
Ms. Tabuya B. Tau	✓	✓	2/2
Ms. Faith Mabu Nteta	✓	✓	2/2
Mr. Modise Mokone	✓	✓	2/2
Mr. Meshack Tshekedi	✓	✓	2/2

Directors Remuneration

The remuneration (sitting allowance) paid to Board members during the year is populated in table below; Executive directors are not paid sitting allowance their remuneration is for executive duties. Directors sitting allowance (Main Board and Sub committees for the year - SBHL and Associate Boards)

Financial year ended 31 December 2022

Name	Remuneration
	P'000
Ms. Tabuya B. Tau	110
Ms. Boitumelo C. Paya	132
Mr. Modise Mokone	158
Mr. Meshack Tshekedi	88
Ms. Jayaraman Ramesh	150
Mr. Oteng Keabetswe	32

Faith A. Nteta Received P449,400 compensation in the financial year 2022 as Part Time Managing Director for SBHL
Oteng Keabetswe is a member of the CCBB Board of Directors and CCBB Finance and Audit Committee

Financial year ended 31 December 2021

Name	Remuneration
	P'000
Ms. Tabuya B. Tau	137
Ms. Boitumelo C. Paya	107
Mr. Modise Mokone	187
Mr. Meshack Tshekedi	64
Ms. Jayaraman Ramesh	107
Mr. Oteng Keabetswe	40
Mr. Bafana Moloji	76
Ms. Myre Sekgororoane	72

Thabo Matthews received P217,250 compensation in the financial year 2021 as Part Time Managing Director for SBHL (Jan 2021 to June 2021)

Faith Mabu received P224,700 compensation in the financial year 2021 as Part Time Managing Director for SBHL (Jul 2021 to Dec 2021)

Oteng Keabetswe is a member as a direct nominee of 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

Grant Thornton is the Company Secretary for Sechaba Brewery Holdings Limited. 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 training and ensures continuous enhancement of skills and understanding of Sechaba Brewery Holdings Limited's business operations.

The Board conducts the necessary checks 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 at arm's length.

Our Management Team

Financial year 2022 marked the second year during which SBHL was under the stewardship of Mrs. Faith Mabu Nteta. SBHL continued to have one position in its organisational structure, that of the Managing Director. The company appoints service providers on a consultancy basis. In January 2022 Mrs. Thandisa Thulethu Sekga was appointed as Finance Administrator for the company. Ms. Sekga has over 20 years of both financial services and public sector experience, having worked as the Head of Finance at Citizen Entrepreneurial Development Agency (CEDA) and National Development Bank (NDB). She also held various positions at managerial level. She is a Fellow Member of Certified Chartered Accountants (FCCA) and a Fellow Certified Professional Accountant (FCPA) registered with the Botswana Institute of Chartered Accountants (BICA).

She holds a Bachelor of Social Sciences (BASS) double major in Accounting and Public Administration. She is also an alumni member of the University of Stellenbosch (USB) where she attained a Senior Management Development Programme (SMDP) qualification.

Managing Director

Key Responsibilities

The MD's responsibilities include:

- Ensuring the organisation's operations and business are within the parameters set by the board from time to time and that the board is kept informed of material developments in the organisation's affairs, operations, and business
- Oversight and liaison activities with enabling structures (Associates, Auditors, BSE, Transactional Services, Secretarial services, Media, and Advertising Agencies)
- Ensuring compliance with governance and regulatory requirements
- Participating in appropriate business and professional associations, networks, and activities relevant to SBHL's interests
- Ensure relationship building with external stakeholders
- Ensuring legal, ethical, and professional practices and boundaries consistent with SBHL's code of conduct/values are adhered to
- Identifying and managing operational and corporate risks for the organisation and, where those risks could have a material impact on the organisation
- Ensuring that the board is provided with sufficient accurate information on a timely basis in regard to the organisation, its operations, business and affairs, financial condition, operations, and prospects, to reasonably position the board to fulfil its governance responsibilities

- Representing the company in business negotiations with suppliers, service partners and government officials
- Ensuring that the company's policies comply with BSE, BAOA and legal regulations.
- Responsibility for engagements with Analysts & Media regarding SBHL operations and engagement with various Asset Managers

Financial Administrator

Key Responsibilities

The FA's responsibilities include:

- Acting as Compliance Officer for the Company
- Maintenance of the general ledger and preparation of management accounts and presentation to the Board and its committees
- Preparation of financial statements, coordination of external audit
- Liaison with stakeholders, shareholders and regulators
- Procurement of professional services
- In conjunction with the Corporate Secretary coordinate meetings of the Company
- To ensure that SBHL financial mechanisms and systems capture all relevant material information on a timely basis, are functioning effectively and are founded on a sound basis of prudential risk management.
- Ensuring financial activities are managed within agreed budgets and informing the board in a timely manner
- Ad-hoc financial transaction processing i.e. capturing of receipts and payments in the cash book
- Facilitation of budgeting process with the Board of directors

Governance Report

KING III COMPLIANCE

The following abridged checklist has been prepared in terms of King Report 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
									2022
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP									
The board should provide effective leadership based on an ethical foundation								√	
The board should ensure that the company's ethics are managed effectively								√	
The board should ensure that the company is and is seen to be a responsible corporate citizen								√	
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 of risk								√	
The board should be responsible for the 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								P	Note 1
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								N/A	Note 2
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 fill 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 comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent								√	
Directors should be appointed in a formal process								√	
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								√	

Governance Report

Key									
✓	Compliant	U	Under review	X	Not Compliant	P	Partially compliant	N/A	Not applicable
									2022
	The evaluation of the board, its committees, and the individual directors should be performed every year							✓	
	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 subsidiaries							✓	
	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							P	Note 2
	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							P	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 that risk assessments are performed on a continual basis. Board and audit committee are responsible for risks							✓	
	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating risks							✓	
	The board should ensure that management considers and implements appropriate risk responsibilities							✓	
	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							✓	

Governance Report

Key									
✓	Compliant	U	Under review	X	Not Compliant	P	Partially compliant	N/A	Not applicable
									2022
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 follow a risk-based approach to its plan							N/A	Note 1
	The board should ensure that there is an effective risk-based internal audit							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 stakeholders' 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's groupings, in the interests of the company							✓	
	Companies should ensure the equitable treatments 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							✓	
INTERGRATED REPORTING									
	The board should ensure that there is integrity of the company's integrated and annual report							P	Note 2
	Sustainability reporting and disclosure should be integrated with the company's financial reporting							✓	Note 3
	Sustainability reporting should be independently assured							✓	
Notes:									
Note 1	The process and practices in place concerning this governance principle are managed at the associate company level								
Note 2	The company is working on an integrated reporting implementation plan								
Note 3	Sustainability reporting and disclosure are reported at the associate company level								



OPERATIONS & SUSTAINABILITY REPORT



“I collect old rusty hand tools and sharpen and polish them, then use them to build things out of walnut and cherry that I harvest from fallen trees in the woods.”

John Grogan



Coca-Cola

ORIGINAL TASTE

Coca-Cola

ORIGINAL TASTE

Coca-Cola

ORIGINAL TASTE



Coca-Cola®



Coca-Cola®

2022 was a difficult year for the Coca-Cola Beverages Botswana (CCBB) team with final volume deliverables closing above previous year, but well short of business plan targets.

Not only were the long-term effects of the Covid-19 pandemic and government implemented Sugar Tax still prevalent within the market, but 2022 also saw an irregularly high inflation rate and high commodity price pressure throughout the year in Botswana.

This resulted in a difficult customer and consumer environment for the team. Along with these challenges, the team also faced the added challenge of heavy rain and/or thunderstorms during large portions of both Quarter 2 (Q2) and Quarter 4 (Q4), finding it difficult to meet targets set for those effected months, and thereby crippling volume aspirations.

Following underperformance in the first three quarters of 2022, CCBB then delivered an improved Quarter 4 with volumes growing against 2021.

Unfortunately, this was still unable to achieve Business Plan (BP) targets for both the quarter and year. By close of the year, CCBB delivered new Botswana record high volumes of 20.4million Unit Cases (UC), +2.5% vs 2021, but below BP targets, -7.4%.

Sparkling Soft Drinks (SSD):

The Botswana sparkling portfolio continued to be the largest category in the business, contributing to 86.7% of total volumes, a significant +0.3% vs BP targets, of which 1.3% were Diet, Light or Zero (DLZ) products. Sparkling was, again, driven by the core brands, and in particular, Brand Coke, with the 3 brands' combining to a contribution of 83.2% of total SSD volume. SSD final volumes of 17.3 million UC were -6.0% v BP despite Brand Coke, showing gains throughout the year, closing above prior year (PY) targets, +4.8% vs 2021.

The Flavours portfolio, and in particular, the Fanta brand, continued in its 2021 struggles. Both Fanta, the driving Flavour brand, and Sparletta/Twist delivered below 2022 targets, closing -26.5% and -9.3% vs BP respectively.

The CCBB Trade marketing team continued its excellent work in trade, supporting the sparkling category throughout the year and maintaining visibility in trade through promotions and activations.



Water:

2022 saw CCBB's water brand, Source Water, continue its transition to the Bonaqua brand. Despite this, the category performed excellently throughout 2022 as CCBB maintained consistent availability in both the 500ml and 1.5L polyethylene terephthalate (PET) packs. This resulted in the category achieving both PY and BP targets for the year, closing +33.0% and +7.9% respectively.

Water contributed to a significant 3.5%, a shift of +0.5% vs BP expectations, of total volumes for the year, and delivered 714.2 thousand UC. Off the back of such a strong 2022 performance, the hope is to continue this performance into 2023 as the category looks to continue its growth in share of market.



OPERATIONS REPORT

Final volumes were, again, driven by the 2L Sparkling Soft Drink (SSD) pack despite it showing declines in volume, contributing to 58.1% of total 2022 volumes. After an unusually low rate of sale in the first three quarters of 2022, driving low volume deliverables, Q4 volumes recovered significantly, leading to a strong close to the year.

Q4 2022 also saw the completion of SSD Cans' transition from 330ml/440ml to the slimline 300/400 Cans. Despite this, total SSD Can contribution rose a strong +2.3% in 2022 vs 2021 closing at 19.6%. The 400ml/440ml Can in particular, showed significant growth, closing +12.7% vs BP targets, as consumers seem to be looking at more value packs, having a very positive effect on the year's profitability.

CCBB is, again, very proud of the commitment and effort shown by its employees despite the various challenges of 2022, using the hardship to grow to deliver even higher volumes and improved customer service. The company aims to continue this rise into 2023, maintaining the momentum, and continuing to drive towards delivering full potential.



Cordial:

CCBB's non-SSD portfolio continued to be driven by the cordial category in 2022, contributing to 60.0% of total Stills volumes, despite suffering through massive availability issues in both the driving Orange Crush and Blackberry flavours through-out the year.

By the close of the year, the Mazoe brand delivered final volumes of 1.63 million UC, -4.6% vs 2021 and -10.7% vs BP target. With raised commodity pressures forcing two price increases in the category in 2022, the team found it difficult to maintain momentum in trade. The hope is that this will improve in 2023 and beyond.



Juice:

Following the brand shift from Minute Maid to Cappy in 2021, 2022 was a year of re-establishment within the market for the CCBB team. Juice volumes ended at 235.5 thousand for the year as the category again showed growth vs PY, +43.4%, but was unable to achieve BP targets.

The category contributed to 8.7% of non-SSD volumes, a significant +2.2% shift vs 2021, with the affordable 500ml PET pack again being the strongest growing pack in the category delivering a significant 84.9 thousand UC, +10.9% vs BP.



Energy:

After a very strong 2021, the Energy category lost momentum in 2022 delivering volumes of 96.4 thousand UC, a significant -9.1% vs PY. The category did, however, show recovery in Q4 driven mainly by improved availability in the Predator brand, after significant supply issues in first half (H1).

With the category set for strong support from the CCBB team in both the Monster and Predator brands, the team aims at recovering back to 2021 deliverables in 2023.



Coca-Cola®

Executive Summary



Coca-Cola Beverages Botswana (CCBB) continues with its World Without Waste (WWW) initiatives and has still set a very ambitious agenda of creating a world where the environment should be kept clean to make it a better place to operate.

To this end in all its footprint in Africa we set out goals to collect and recycle the material that we use in the packaging of our products.

CCBB has continued its partnership with Cleanico Waste Management Company to particularly focus on PET collection as we are a predominately PET market. In 2022 we had contributed P188,000 towards this campaign, where P150,000 was and is still being used in increasing P.E.T incentive from P1.20 to P2.50. The P38,000 was used towards a media campaign that raises awareness on PET collection to the public.



Mr. David Chait
General Manager

To this end in all its footprint in Africa we set out goals to collect and recycle the material that we use in the packaging of our products.

SUSTAINABILITY REPORTING



In addition to this CCBB has donated a baler(machine for compacting recycled PET) worth P290,000 to Cleanico in efforts to assist the company to bale PET collected for its easier transportation to South Africa for recycling.

In more efforts to reduce the amount of waste in Botswana, CCBB has decided to establish collection centers across Botswana. In areas such as Palapye, Maun, Lobatse and Francistown. These collection centers will be established for the purposes of PET collection. We have identified individuals who are interested in working with CCBB, to collect this PET.

These collection sites will commence operations in the beginning of 2023. CCBB is also running a women empowerment projects where the informal women entrepreneurs are provided with cooler boxes and the requisite merchandise to attract consumers to their small businesses.

The measurement was how much of our beverages they can sell in a month as compared to before the support we offer. In 2022 we have empowered 188 women.

For 2023 we intend on training 150 women and 150 youth and 50 people with disabilities (PWDs), in efforts to give them the right entrepreneurial skills that can help them sustain their livelihoods. With these trainings they will learn skills that will make them to be an effective and capable entrepreneur. Individuals will also learn to be more proactive in life and in handling various projects.

With this, CCBB believes that the new start-ups will create job opportunities in society and thereby creating a social change. Lastly successful Entrepreneurs add to the economy of the community they live in.





**“When the talent is
torrential, the harvest
is inevitable.”**

Curtis Tyrone Jones



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KBL performance improved compared to the previous year, as total volumes grew **39.1%** versus 2021



Mr. Carlos Bernitt
Managing Director

In 2022, Kgalagadi Breweries (Pty) Ltd (KBL) was able to trade uninterrupted for the whole year since the Covid era. The trading regulations also remained unchanged thus allowing an almost back to normal atmosphere for beer consumption. This resulted in an exponentially higher volume performance versus the previous.

KBL performance improved compared to the previous year, as total volumes grew 39.1% versus 2021, largely due to promotional activities, innovations and improved efficiencies around availability of stock.

The volume increased by 2.8% vs 2019. The company once more showed a great resilience and agility to execute initiatives and deliver sales volumes in a highly regulated and challenging market, thus resulting in improved volumes.

Clear Beer

The Clear Beer category grew 25.4% versus 2021 and grew slightly versus 2019. The improved stock availability and stabilized trading regulations as compared to 2021 aided this growth in the volume. Carling Black Label continues to be the largest contributor in the core category and clear beer volumes, followed by St Louis Lager and Castle Lite.

The three brands all grew double-digits vs 2021 and single-digits vs 2019. Corona remains the fastest growing brand in the clear beer category both versus 2021 and 2019.

The brand also continues to gain significant market share within the larger beer category.



Grew **25.4%** versus 2021 and grew slightly versus 2019.

Traditional Beer

Traditional Africa Beer (TAB) category led the growth across all categories with 65.3% vs 2021 and 4.4% vs C19 respectively. The growth was mainly due to the injection of new containers that were lost during the covid era in addition to increased trading days versus the previous year. There was also an improvement in the business efficiencies around distribution and sales.

Chibuku Liquid led the growth with the 1-liter pack followed by Beer Powder. The 2-liter pack continued to decline due to a market shift towards the more popular and convenient 1-liter pack.

Overall, TAB continues to make notable contributions to the overall business.



Led the growth across all categories with **65.3%** vs 2021.

Operations Report

Beyond Beer

The overall contribution of the Flavoured Alcoholic Beverages (FABs) category continues to increase following the market, with a growth of 38.8% versus 2021 and a growth of 4.3% versus 2019, a significant performance when compared to that of the clear beer category. The category saw the introduction of a new brand, Brutal Fruit, which was warmly welcomed by the Botswana market.

In addition, Flying Fish also continues to grow and contribute significantly to the market share growth and contribution of the FABs category.

Redd's Vodka Lemon also continues to maintain a strong relevance and space within the FABs category, despite the decline in performance.



Brutal Fruit, which was warmly welcomed by the Botswana market.

Safety First

Our People and their safety are fundamental to our operations, entrenched in our principles. We never take shortcuts; integrity, quality and responsibility are key to building our company and reputation – to creating a future with more cheers. Safety forms the prerequisite in our pursuit to achieve set targets.

Our commitment to safety extends beyond our production and distribution centres into the communities we service, through continuous risk assessments of all areas we deliver our products to.

Safety is the foundation of all our management processes, as such, we are focused on achieving and maintaining zero injuries in all our operations by 2025.

To this end, we have committed to improving the working conditions and employee behaviour at our site through continual trainings and rigorous checks and balances that form part of our daily facilities management routines.

Voyager Plant Optimization (VPO)

Voyager Plant Optimization is the global management system employed within our breweries to cultivate a culture of continuous improvement and is at the core of our dream of creating a future with more cheers.

In 2022, we were able to fulfil our dream of achieving zero injuries

at our production facilities. We recorded zero fatalities, zero lost-time injuries (LTIs), and there was no recorded occurrence of any minor injury that required first aid. We moreover achieved VPO Sustainability status, with an outstanding safety pillar score of 71.04% versus 66.11% in the previous year.

We take pride in these results, as they demonstrate that we are well on our way to entrenching a "World Class Safety Culture" at KBL.

Distribution Process Optimization (DPO)

In keeping with the trend, safety performance at our distribution sites was stellar, with an attainment of 73% safety score and no injuries recorded for 226 days straight. We also saw improvement in driver performance, in the form of a 43% increase in performance scores and zero working hour violations for a period of seven months.

Overall, 2022 saw the safety standards significantly improvement.

However, in the spirit of continuous improvement and never being satisfied with our results, we have set a safety target of zero total recordable injuries (LTI) for the year 2023.



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Expanding Beyond Beer

Following the successful launch of Flying Fish in 2021 with the “What the Flying Fish” campaign, the brand doubled its market share in the FAB category, compared to the previous year. Inviting consumers to just “Flow with It,” the key objective for the sophomore campaign was to position Flying Fish as a fun and social mixed-gender brand.

Robust social media and experiential activations, as well as key influencer partnerships with local personalities with high visibility drove the success of the campaign. Elaborate displays were set up at “Why So Sunday” and “The Day Club” events, to drive relevance, visual appeal and create viral-worthy moments.

With an additional 180% increase in sales from the previous year, we are confident that Flying Fish is quickly becoming the FAB to beat. Unlike its category partner, Redd’s Vodka Lemon has seen steady declines in market share and brand equity.

The downward trend was the impetus for the revamp campaign, which messaging emphasized the fresh new look and crisp refreshing taste of RVL. The campaign was bolstered by an aggressive in-trade campaign, to drive visibility and pricing.

Over the past few years, St. Louis Lager has authentically strived to cement itself in the space of the markers of Botswana identity. In the year under review, St. Louis executed the third year of Mo ke Botswana messaging, which saw the brand amplifying connections with a focus on the music pillar.

St. Louis harnessed the power of collaboration with the launch of the hit song “Skeem Same,” featuring acclaimed artists Han C, Mpho Sebina, Veezo View, Amantle Brown, EyBrizzy.

The quintet performed the song at local events throughout the country.



With an additional **180% increase** in sales from the previous year, we are **confident that Flying Fish** is quickly becoming the FAB to beat

Smart Drinking is an Art

At KBL, we hold ourselves to the highest standards of safety, production, distribution and marketing, to ensure that our consumers’ every experience with beer is a positive one. We understand that brewing is an art, and we want our consumers to understand the same, by emphasizing the “art” in Smart Drinking.

For the year under review, we committed to make tangible contributions to disrupt harmful drinking and influence social norms in Botswana, through dedicated social marketing campaigns; voluntary guidance labelling to increase alcohol literacy, and much more.

In 2022, we launched the #ArtofDrining and #LemmePlugYou campaigns, whose objectives were to leverage on partnerships with KBL beer brands and strategic local entities, to promote responsible drinking and equip consumers with resources to drink smart and encourage their friends to do the same.

A highlight of the former was the “Leboko Challenge,” in which followers of the KBL Facebook and Twitter pages were challenged to submit poetry about smart drinking tips.

Winners of the challenge were invited to a plant tour of at the Gaborone Clear Beer Plant, during which they received a tasting lesson from the Quality Manager, and had the opportunity to engage with influencers, Kenny Thal, Hey Nyena and Kefus Leo.

For the latter, KBL set up a #LemmePlugYou stall at a Jam’n Soul event, where reveller had the opportunity to win food vouchers and various other giveaways. Leading up to the event, KBL also gave away rideshare voucher, to ensure an outing filled with safe, uninterrupted fun.



Sustainability Report

None for the Road

In 2022, we took the decision to remove alcohol branding on some of our trucks and dedicate the space to promote road safety where alcohol consumption is concerned. In the year under review, KBL rebranded 18 trucks or 36 trailers.

With a distribution coverage that stretches from Gaborone to Kasane, the move has allowed the company to loudly and proudly declare our belief that zero alcohol when driving is safest.



Alcohol Literacy

Starting in 2020, we made the decision to change the primary and secondary guidance labelling of our products, with the aim of increasing alcohol health literacy amongst our consumers.



Committed to Being Part of the Solution

In the year under review, KBL donated 50 10-L oxygen concentrators and 600 pulse oximeters worth P1.1million to the Ministry of Health. The donation followed an initial donation of 50 10-L oxygen concentrators in 2021.

The move signified the company's continued commitment to support the Botswana Government in ensuring the health and safety of Botswana.



Making ESG a Priority

Entrepreneurship

In 2022, we launched the Nanoga Mogwebi retailer development program, with the aim of helping our strategic partners to develop sustainable businesses that can create long-term value in the communities they operate. More than 300 business owners, from retail outlets across the country, participated in a two-day business management course.

Topics covered in the training included: principles of record-keeping; identifying customer needs and customer services best practices; and critically, understanding the legal and regulatory requirements of operating a liquor business in Botswana. Trainings took place in Francistown, Gaborone, Lobatse, Kanye, Mahalapye, and Palapye.



Water Stewardship:

Water is a critical resource for our business and for the wellbeing of our communities. So, daily we drive the highest level of internal water efficiency in our operations to measurably improve water quality and prevent over usage.

In the year under review, we achieved 4.12hL/hL usage versus 4.17hL/hL in the previous year, meaning KBL marginally improved its usage efficiency.

Recycling:

The company remains committed to recycling efforts by KBL continued into 2022, with concerted efforts made to drive retrieval of recyclable packages (660ml and 750ml bottles) from trade.

Additionally, as at the end of 2022, 98.9% of our products used packaging that was majority or fully recycled.

Packaging is one of the most significant components of our beer's carbon footprint. As we use copious amounts of glass and aluminium, we believe it is our responsibility to recycle 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.

Drink smart. Live for tomorrow.







FINANCIAL STATEMENTS

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statements

General Information

for the year ended 31 December 2022

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Sechaba Brewery Holdings Limited ("the company") is an investment company with interests in Kgalagadi Breweries (Proprietary) Limited ("KBL"), and Coca-Cola Beverages (Botswana) (Proprietary) Limited ("CCBB").
Directors	Tabuya B Tau Modise B Mokone Meshack Tshekedi Boitumelo C Paya Jayaraman Ramesh Faith A Nteta
Business address	Plot 54367 Central Business District P O Box 1956 AAD Gaborone, Botswana
Bankers	Standard Chartered Bank Botswana Limited
Auditors	Ernst & Young 2nd Floor, Plot 22 Khama Crescent P O Box 41015 Gaborone, Botswana
Secretary	Grant Thornton Business Services (Proprietary) Limited
Transfer secretaries	Corpserve Botswana
Sponsoring Brokers	Imara Capital Securities (Proprietary) Limited
Functional currency	Botswana Pula

Sechaba Brewery Holdings Limited Directors' Report

for the year ended 31 December 2022

The directors have pleasure in submitting their report on the annual financial statements of Sechaba Brewery Holdings Limited for the year ended 31 December 2022.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Botswana Companies Act (CAP 42:01). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

2. Stated capital

The total number of ordinary shares issued and fully paid is 194 548 000 (2021: 194 548 000).

3. Events after the reporting period

Material events after the reporting date up to the date of this report are included in note 23. Other than these, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The Board of Directors have assessed the company's ability to continue as a going concern taking into account all available information about the future including an analysis of the possible impact on the company operations and those of its associates.

During the assessment, a determination was made that there are sufficient cash resources available to settle the company's obligations up to twelve months from the date of the approval of these financial statements. The financial statements have thus been prepared based on accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities.

5. Dividends declaration

Gross dividends amounting to P137 million (2021: 45 million) were declared and paid during the year.

6. Directorate

The following persons acted as directors of the company during the period under review and up to the date of approval of these financial statements:

Directors

Tabuya B Tau
Modise B Mokone
Meshack Tshekedi
Boitumelo C Paya
Jayaraman Ramesh
Faith A Nteta

Directors' responsibility statement and approval for the year ended 31 December 2022

Directors' responsibility statement and approval for the year ended 31 December 2022

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 and in a manner required by the Botswana Companies Act (CAP42:01).

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, and 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 for the year ended 31 December 2022, which appear on pages 10 to 40 were approved for issue by the Board of Directors on the 22 March 2023 and are signed on their behalf by:



Director



Director

Independent auditor's report
To the members of Sechaba Brewery Holdings Limited
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sechaba Brewery Holdings Limited ('the Company') set out on pages 58 to 83, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Sechaba Brewery Holdings Limited for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit matter	How the matter was addressed in the audit
<p>Assessment for the impairment of investments in associates</p> <p>As at 31 December 2022, the investment in associates was valued at P1,77 billion (2021: P1,62 billion) using a discounted cashflow method. The carrying amount of the investment in associates as at 31 December 2022 was P998 million (2021: P861 million) which represents 96% (2021: 93%) of the Company's total assets.</p> <p>Significant judgement was required in the determination of the appropriateness of the assumptions such as growth rates and discount rate used in the discounted cash flow method which is used to assess the potential impairment of the investments in associates.</p> <p>The assumptions such as growth rates, discount rate, expense, staff costs and inflation rates within the associates have been impacted by the current economic environment due to the recovery from the COVID-19 pandemic. This resulted in increased judgement being applied by management relating to the assumptions used in the valuation of the associates and thus required significant audit attention.</p> <p>We identified the valuation of the investments in associates to be a key audit matter as the valuation is highly sensitive to these assumptions and the assumptions are judgemental.</p> <p>Refer to Note 1.2 - Summary of significant accounting policies and Note 14 - Investment in associates.</p>	<p>The following audit procedures, amongst others, were performed:</p> <ul style="list-style-type: none"> • We assessed the valuation methodology against the industry norms and the requirements of International Financial Reporting Standards. • We evaluated the accuracy of the forecasts and expectations of future cash flows with reference to internal and market data. • We assessed the appropriateness of inputs that required significantly more judgement, such as growth rates by benchmarking inputs against those of other comparable industry participants. • We considered the reasonability of the economic assumptions applied by management in accounting for the impact of the recovery from the COVID-19 pandemic on the assumptions applied in the valuation method against independent market data. • We performed a sensitivity analysis over the assumptions in order to assess the impact of the changes to the key assumptions on the valuation of the investment in associate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 40-page document titled "Sechaba Brewery Holdings Limited Financial Statements for the year ended 31 December 2022", which includes the General Information, Director's Responsibility and Approval Statement and the Directors' Report which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the 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 Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the 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.

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

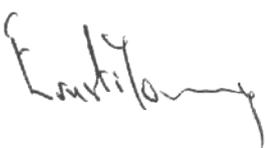
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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;
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.



Ernst & Young
Firm of Certified Auditors
Practicing member: Thomas Chitambo (CAP 0011 2023)
Gaborone

31 March 2023

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022 P'000	2021 P'000
Share of profit after tax of associate companies	5	265 887	222 952
Interest income	6	2 196	81
Other Income	7	2	2
Administration and other expenses	8	(3 672)	(3 860)
Profit before taxation		264 413	219 175
Taxation	9	(41 318)	(18 943)
Profit after taxation for the year		223 095	200 232
Other comprehensive income		-	-
Total comprehensive income for the year		223 095	200 232
Earnings per share information			
Basic and diluted earnings per share (thebe)	11	201.68	181.01

The accounting policies and notes on pages 62 to 83 form an integral part of the financial statements.

Statement of financial position for the year ended 31 December 2022

	Note	2022 P'000	2021 P'000
Assets			
Non-current assets			
Investment in associates	14	998 106	860 901
Computer equipment	15	12	-
		998 118	860 901
Current assets			
Other receivables	16	255	19
Cash and cash equivalents	17	45 000	67 494
		1 043 373	928 414
Total assets			
Equity and liabilities			
Capital and reserves			
Stated capital	18	194 548	194 548
Hedging reserves		388	388
Retained earnings		769 363	683 433
Non-current liabilities			
Deferred taxation	13	70 656	42 701
Current liabilities			
Other payables	19	452	19
Dividend payable	12	7 745	7 311
Current taxation payable	10	221	14
		1 043 373	928 414
Total equity and liabilities			

The accounting policies and notes on pages 62 to 83 form an integral part of the financial statements.

Statement of cash flows

for the year ended 31 December 2022

	Note	2022 P'000	2021 P'000
Cash flow from operating activities			
Net cash utilised in operations	20	(3 473)	(3 934)
Income taxation paid	10	(13 156)	(9 403)
		(16 629)	(13 337)
Cash flow from investing activities			
Dividends received	14	128 682	95 828
Interest received	6	2 196	81
Purchase of computer equipment	15	(12)	-
		130 866	95 909
Cash flow from financing activities			
Dividends paid to shareholders	12	(136 731)	(45 508)
		(136 731)	(45 508)
Net movement in cash and cash equivalents for the year		(22 494)	37 064
Cash and cash equivalents at the beginning of the year		67 494	30 430
Cash and cash equivalents at end of the year	17	45 000	67 494

The accounting policies and notes on pages 62 to 83 form an integral part of the financial statements.

Statement Of Changes In Equity

for the year ended 31 December 2022

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 2021	194 548	388	528 554	723 490
Profit for the year	-	-	200 232	200 232
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	200 232	200 232
Dividends paid	-	-	(45 353)	(45 353)
Total transactions with shareholders	-	-	154 879	154 879
Balance at 31 December 2021	194 548	388	683 433	878 369
Profit for the year	-	-	223 095	223 095
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	223 095	223 095
Dividends paid	-	-	(137 165)	(137 165)
Total transactions with shareholders	-	-	(85 930)	(85 930)
Balance at 31 December 2022	194 548	388	769 363	964 299

The accounting policies and notes on pages 62 to 83 form an integral part of the financial statements.

Significant Accounting Policies

for the year ended 31 December 2022

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 23 March 2023.

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 50370, Acumen Park Fairgrounds, 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 or joint 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.

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.

Significant Accounting Policies for the year ended 31 December 2022

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 estimates are based on historical performance, budgets and discounted cashflows which incorporate prevailing market conditions at the time of projection. The resulting accounting estimates will, by definition, seldom equal the related actual results. (Refer to impairment of investments in associates)

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 investments in associates

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An investment's recoverable amount is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for each investment in associates unless the investment does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Management compares the carrying values of the investments in equity accounted investees with the respective net asset values per the financial statements. Management also takes into consideration information available at the reporting date which may have contributed to the current performance, or which is expected to improve future performance of the equity accounted investees companies. The assessment of these investments for impairment therefore requires the application of judgment and the use of significant assumptions in determining future profitability and the current value of assets held by the equity accounted investees companies. The entity bases its impairment assessment calculation on most recent budgets and forecasts, which are prepared separately for each investment. The group has long term investments therefore the budgets and discounted cashflows are done on a ten-year period. A long-term growth rate which is entity specific is used and this is reviewed against the applicable GDP growth rate.

The country specific equity risk premium rate is used for discounted future cash flows. (Refer to note 14 – Investments in associates)

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).

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).

Significant Accounting Policies

For The Year Ended 31 December 2022

1.6 Financial instruments (continued) Financial liabilities (continued):

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.

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 purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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.

Significant Accounting Policies

For The Year Ended 31 December 2022

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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.

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.

Derecognition

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

Significant Accounting Policies

For The Year Ended 31 December 2022

1.7 Cash and cash equivalents (continued)

Classification, Recognition and measurement, Impairment and derecognition (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.

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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

Significant Accounting Policies

For The Year Ended 31 December 2022

1.13 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 14.

1.14 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.

1.15 Employee benefits

The Company is an investment holding company and has no permanent and pensionable 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.

1.16 Property, plant and equipment

During the year the company acquired computer equipment disclosed in note 15 and adopted the equipment accounting policy below.

All equipment is measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, to estimated residual values.

The company useful lives of items of computer equipment have been assessed as follows;

Item	Depreciation method	Useful life
Computer equipment	Straight line	4 years

The methods of depreciation, useful lives and residual values are reviewed annually, with the effect of any change in estimates accounted for prospectively.

The following rates were used during the period to depreciate equipment on a straight-line basis to estimated residual values.

An item of equipment is derecognised upon disposal, scrapped or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the period the asset is recognised.

Notes To The Financial Statements

For The Year Ended 31 December 2022

2. New Standards and Interpretations

2.1 Standards and interpretations effective in the current year but not relevant to the company

The following standards and interpretations that are effective for the current financial year are not relevant for the company:

COVID-19 Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration.
- the reduction in lease payments relates to payments due on or before 30 June 2021; **(a subsequent amendment released in March 2021 has extended this date to 30 June 2022)** and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognized in profit or loss for the reporting period arising from the application of the practical expedient.

The original version of the practical expedient was, and remains, optional. However, the subsequent amendment is, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendment would have to consistently apply the extension to similar rent concessions.

The subsequent amendment is applicable retrospectively with the cumulative effect of initially applying it being recognized in opening retained earnings.

The disclosure requirements of Paragraph 28(f) 1 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on the initial application of the subsequent amendment. Lessees may need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendment but becomes eligible as a result of the extension.

The amendments are effective for periods beginning on or after 1 June 2020 (the subsequent amendment is effective on or after 1 April 2021), with earlier application permitted. A lessee applies the amendments retrospectively and recognizes the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. This standard has not had any impact on the company's financial statements.

2.1 Standards and interpretations effective and adopted in the current year

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments)

Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform.

The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting.

The following disclosures will also be necessary:

- the nature and extent of risks to which the company is exposed arising from financial instruments subject to IBOR reform and how it manages those risks; and
- the company's progress in completing its transition to alternative benchmark rates and how it is managing that transition.

The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. This standard has not had any impact on the company's financial statements.

Notes To The Financial Statements

For The Year Ended 31 December 2022

2.1 Standards and interpretations effective and adopted in the current year (continued)

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

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

These amendments are not expected to have any impact on the company's financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

This standard has not had any impact on the company's financial statements.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment are available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

2.2 Standards and interpretations effective and adopted in the current year

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant, and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

These amendments are not expected to have any impact on the company's financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

These amendments are not expected to have any impact on the company's financial statements.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

This standard has not had any impact on the company's financial statements.

Notes To The Financial Statements

For The Year Ended 31 December 2022

2. New Standards and Interpretations (continued)

2.3 New Standards and interpretations issued but not yet effective

The following are new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2022, and have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date: on or before	Expected Impact
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	Unlikely there will be a material impact
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024	Unlikely there will be a material impact

Notes To The Financial Statements

For The Year Ended 31 December 2022

2.3 New Standards and interpretations issued but not yet effective (continued)

IFRS 17 Insurance Contracts (and its related amendments)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held.
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

These amendments are not expected to have any impact on the company's financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted only if the entity applied IFRS 9.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

These amendments are not expected to have any impact on the company's financial statements.

The amendments are to be applied retrospectively from the effective date of 1 January 2023.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

These amendments are not expected to have any impact on the company's financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

Notes To The Financial Statements

For The Year Ended 31 December 2022

2.3 New Standards and interpretations issued but not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced 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 Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

These amendments are not expected to have any impact on the company's financial statements.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

These amendments are not expected to have any impact on the company's financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The amendments are effective from 1 January 2024 but may be applied earlier.

Notes To The Financial Statements

For The Year Ended 31 December 2022

2.3 New Standards and interpretations issued but not yet effective (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The Board decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

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.

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 or security price risk 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.

Notes To The Financial Statements

for the year ended 31 December 2022

3. Risk Management (continued)

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'000	Total P'000
31 December 2022			
Other receivables	221	-	221
Cash and cash equivalents	45 000	-	45 000
	45 221	-	45 221
31 December 2021			
Other receivables	19	-	19
Cash and cash equivalents	67 494	-	67 494
	67 513	-	67 513

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 has 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 P45 million (31 December 2021: P67.5 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 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.

Notes To The Financial Statements

for the year ended 31 December 2022

3. Risk Management (continued)

Liquidity risk (continued)

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year P'000	Total P'000
31 December 2022		
Dividends payable	7 745	7 745
Other payables	452	452
	8 197	8 197
31 December 2021		
Dividends payable	7 311	7 311
Other payables	19	19
	7 330	7 330

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 P'000	Financial liabilities at amortised cost P'000	Total P'000
Categories of financial assets			
31 December 2022			
Other receivables	221	-	221
Cash and cash equivalents	45 000	-	45 000
	45 221	-	45 221
Categories of financial liabilities			
31 December 2022			
Other payables	-	452	452
Dividends payables	-	7 745	7 745
	-	8 197	8 197
Categories of financial assets			
31 December 2021			
Other receivables	19	-	19
Cash and cash equivalents	67 494	-	67 494
	67 513	-	67 513
Categories of financial liabilities			
31 December 2021			
Other payables	-	19	19
Dividends payables	-	7 311	7 311
	-	7 330	7 330

Notes To The Financial Statements

for the year ended 31 December 2022

	2022 P'000	2021 P'000
5. Share of results of associate companies		
Share of profits		
Kgalagadi Breweries (Proprietary) Limited	224 254	157 805
Coca-Cola Beverages (Botswana) (Proprietary) Limited	41 633	65 147
	265 887	222 952
Share of other comprehensive income		
Kgalagadi Breweries (Proprietary) Limited	-	-
Coca-Cola Beverages (Botswana) (Proprietary) Limited	-	-
	-	-
6 Interest income		
<i>Interest income on investments and short-term deposits</i>		
Interest on call and fixed deposits	2 196	81
7 Other income		
Tender fees	2	2
8 Administrative Expenses		
Advertising	(61)	(137)
Audit fees	(709)	(191)
Bank charges	(12)	(12)
Board expenses	(23)	(6)
Directors' fees	(670)	(790)
Insurance	(17)	(17)
Management fees	(818)	(1 324)
Professional fees	(187)	(298)
Publish annual report	(64)	(124)
Salaries	(449)	(442)
Stock exchange fees	(321)	(279)
Telephone and internet charges	(3)	(2)
Transfer costs	(254)	(238)
Postage and couriers	(1)	-
Computer expenses	(82)	-
Depreciation	-	-
	(3 672)	(3 860)

*1 P400 depreciation for computer equipment

Notes To The Financial Statements

for the year ended 31 December 2022

	2022 P'000	2021 P'000
9 Tax per statement of profit and loss		
Current		
Botswana Company tax - Current year	(477)	
Botswana Company Tax - Prior year	(18)	-
Withholding tax on dividends received	(12 868)	(9 403)
	(13 363)	(9 403)
Deferred		
Outside basis deferred tax on investment in associates	(27 955)	(9 540)
	(41 318)	(18 943)
Tax expense reconciliation		
Profit before tax	264 413	219 175
Tax expenses at applicable 22% tax rate	58 171	48 218
Tax effect of expenses that are not deductible for tax purposes	802	849
Effect of deferred tax liability recognised on investment in associate at different rate (7.5%)	27 955	9 543
Prior year income tax	18	-
Withholding tax on dividend paid at different rate (7.5%)	-	687
Withholding tax on dividend paid at different rate (10%)	12 868	8 667
Income not subject to tax – share of profit	(58 496)	(49 021)
Tax per statement of profit and loss	41 318	18 943
10 Taxation paid		
Balance at the beginning of the period	(14)	(14)
Current taxation for the period recognised in profit or loss	(13 363)	(9 403)
Balance at the end of the period	221	14
	(13 156)	(9 403)
11 Earnings per share		
Basic and diluted earnings per share (thebe)	201.68	181.01
Reconciliation of profit for the period to basic earnings		
Net profit attributable to shareholders (P'000)	223 095	200 232
Weighted average number of ordinary shares in issue (thousands)	110 617	110 617
12 Dividends paid		
Opening dividends balance	(7 311)	(7 466)
Dividends for the year	(137 165)	(45 353)
Closing dividends balance	7 745	7 311
Dividends paid	(136 731)	(45 508)
Dividends per share (thebe)	123.61	41.14

Notes To The Financial Statements

for the year ended 31 December 2022

	2022 P'000	2021 P'000
13 Deferred Taxation		
Deferred tax liability		
Investment in associates	(70 656)	(42 701)
Reconciliation of deferred tax liability		
At beginning of year	(42 701)	(33 161)
Deferred tax credit on investment in associates	(27 955)	(9 540)
Deferred tax carried forward	(70 656)	(42 701)

14 Investments in associates

Material associates

The following table lists all material associates to the company

	Country of incorporation	Method	% Ownership interest	
			2022	2021
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 drink, purified water and other non-alcoholic beverages.

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 2022	698 592	162 309	860 901
Equity accounted share of profit	224 254	41 633	265 887
Share of dividend received	(83 333)	(45 349)	(128 682)
Closing cost of investment as at 31 December 2022	839 513	158 593	998 106
Opening cost of investment as at 01 January 2021	596 176	137 601	733 777
Equity accounted share of profit	157 805	65 147	222 952
Share of dividend received	(55 389)	(40 439)	(95 828)
Closing cost of investment as at 31 December 2021	698 592	162 309	860 901

Notes To The Financial Statements

For The Year Ended 31 December 2022

	Coca-Cola Beverages (Botswana) (Pty) Ltd		Kgalagadi Breweries Limited (Pty) Ltd	
	2022 P'000	2021 P'000	2022 P'000	2021 P'000
Summarised Statement of Profit or Loss or Other Comprehensive income as at 31 December				
Revenue	998 790	900 122	2 362 879	1 681 869
Income and other expenses	(899 359)	(750 444)	(1 826 917)	(1 301 411)
Profit before tax	99 431	149 678	535 962	380 458
Tax expense	(15 999)	(19 124)	(86 556)	(64 215)
Profit from continuing operations	83 432	130 554	449 406	316 243
Profit after tax from discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	83 432	130 554	449 406	316 243
Summarised Statement of Financial position as at 31 December				
Assets				
Non-current	421 920	273 479	726 578	728 698
Current	338 203	236 026	1 313 961	939 171
Total assets	760 123	509 505	2 040 539	1 667 869
Liabilities				
Non-current	133 104	14 861	64 868	64 234
Current	309 202	169 379	475 045	385 414
Total liabilities	442 306	184 240	539 913	449 648
Total net assets	317 817	325 265	1 500 626	1 218 221

Notes To The Financial Statements

For The Year Ended 31 December 2022

14 Investment in associates (continued)

Reconciliation of net assets to equity accounted investments in associates

	KBL P'000	CCBB P'000	Total P'000
31 December 2022			
Total net assets of the associate	1 500 626	317 817	1 818 443
Share of net assets of associates 49.9%	748 813	158 593	907 406
Goodwill	90 700	-	90 700
Carrying value	839 513	158 593	998 106
Reconciliation:			
Investment as at 01 January 2022	698 592	162 309	860 901
Share of profit	224 254	41 633	265 887
Share of dividend received from associates	(83 333)	(45 349)	(128 682)
Investment as at 31 December 2022	839 513	158 593	998 106
31 December 2021			
Total net assets of the associate	1 218 221	325 265	1 543 486
Share of net assets of associates 49.9%	607 892	162 309	770 201
Goodwill	90 700	-	90 700
Carrying value	698 592	162 309	860 901
Reconciliation:			
Investment as at 01 January 2021	596 176	137 601	733 777
Share of profit	157 805	65 147	222 952
Share of dividend received from associates	(55 389)	(40 439)	(95 828)
Investment as at 31 December 2021	698 592	162 309	860 901

An assessment of the impairment of investment in associates was performed to determine the impact of COVID-19 and Russia – Ukraine conflict 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.

Management performed an investment impairment assessment based on ten-year discounted cashflows using 8.01% country specific equity premium rate given that the company capital is mainly composed equity. A 5% growth rate for the expected cashflows from the associates was conservatively used in line with the GDP growth rate, which was at 6.3%.

Notes To The Financial Statements

For The Year Ended 31 December 2022

14 Investment in associates (continued)

Assessment results and sensitivity analysis based on the shareholding of 49,9% are as follows:

Investment in Associate			KBL 2022	CCBB 2022	KBL 2021	CCBB 2021
	Growth Rate	DCF	P'000	P'000	P'000	P'000
Carrying value			839 513	158 593	698 592	162 309
Present Value	5%	8.01%	1 375 298	395 099	1 284 008	340 536
Sensitivity analysis						
Present Value (-5%)	0%		1 127 713	323 972	1 117 380	279 232
Present Value (+5%)	10%		1 692 306	486 170	1 579 973	419 030
Present Value (-5%)		3.01%	1 781 713	511 855	1 663 445	441 168
Present Value (+5%)		13.01%	1 092 734	313 923	1 020 199	270 571

15. Computer Equipment

Cost
As at 31 December 2021
Additions - Computer equipment
Balance as at 31 December 2022

Depreciation
Depreciation charge for the year
Disposals
As at 31 December 2022

Net Book value December 2022
Net Book value December 2021

Computer Equipment P'000
-
12
12
0.4
-
0.4
12
-

Notes To The Financial Statements

For The Year Ended 31 December 2022

	2022 P'000	2021 P'000
16. Other receivables		
Other receivables	221	7
<i>Non-financial instruments</i>		
Prepayments	34	12
	255	19
17. Cash and cash equivalents		
<i>Cash and cash equivalents comprise of:</i>		
Bank balances	1 733	67 494
Investment in Bank/Money markets	43 267	-
	45 000	67 494
18. Stated capital		
<i>Reconciliation of number of shares issued</i>		
At the beginning and end of the year	110 617	110 617
<i>Issued</i>		
110 616 859 ordinary shares of no-par value - fully paid	194 548	194 548
19. Other payables		
Other payables	452	19
	452	19
20. Cash utilised in operations		
Profit before tax	264 413	219 175
Adjustments for:		
Share of profit from associates	(265 887)	(222 952)
Finance income	(2 196)	(81)
Computer equipment depreciation	0.4	-
Changes in working capital:		
Other receivables	(236)	7
Other payables	433	(83)
	(3 473)	(3 934)

Notes To The Financial Statements

for the year ended 31 December 2022

21. Related parties

Related parties comprise directors of the company, the company's associates and entities under common control and ownership.

Transaction with related parties carried out during the year are:

Relationships

Associates

Kgalagadi Breweries (Proprietary) Limited
Coca-Cola Beverages (Botswana) (Proprietary) Limited

Shareholder

Botswana Development Corporation Limited

Related party balances

There were no outstanding balances due to or from related parties at the end of the year (2021: P'Nil)

Related party transactions

Dividends received

Kgalagadi Breweries (Proprietary) Limited
Coca-Cola Beverages (Botswana) (Proprietary) Limited

Management fees

*Botswana Development Corporation Limited

Dividends paid

Botswana Development Corporation Limited
(Botswana Development Corporation was a related party for a period of three months in financial year 2022 (twelve months in 2021).

Key management remuneration

Directors' fees (executive)
Directors' fees (non-executive)

	2022 P'000	2021 P'000
	83 333	55 389
	45 349	40 439
	128 682	95 828
	137	1 324
	137	1 324
	20 396	8 533
	449	442
	670	790
	1 119	1 232

**Some of the Non-Executive Directors represent the entity on the board of directors of the associates and are paid Directors fees by Sechaba Brewery Holdings Limited.*

22. Going Concern

Sechaba Brewery Holdings Limited Board of Directors have assessed the company's ability to continue as a going concern taking into account all available information about the future including an analysis of the possible impact on the company operations and those of its associates. During the assessment, a determination was made that there are sufficient cash resources available to settle the company's obligations up to twelve months from the date of the approval of these financial statements. The financial statements have thus been prepared based on accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities.

23. Events after the reporting period Dividends Receivable

The company is expecting to receive P116.13 million dividends from its associates in April 2023.

Dividends Declared

A dividend of 132 thebe per share was recommended and declared by the Board of Directors on the 22 March 2023 subject to approval by the shareholders at the Annual General Meeting.

Shareholder Information

For The Year 2022

Rank	Name	Total shares held	% Holding
1	SCBN (PTY) LTD RE: BPOPF LEA PORTFOLIO CO AG	26,862,494	24.28%
2	BOTSWANA DEVELOPMENT CORPORATION LIMITED	19,952,231	18.04%
3	FNB BOTSWANA NOMINEES RE: BIFM - BPOPF ACT MEM & DP EQ	13,592,013	12.29%
4	MOTOR VEHICLE ACCIDENT FUND	5,059,564	4.57%
5	SCBN (PTY) LTD RE: SSB 001/216	4,428,317	4.00%
6	STANBIC NOMINEES BOTSWANA RE ALLAN GRAY DEBSWANA PF	4,052,757	3.66%
7	SCBN (PTY) LTD RE: JPM 064/03	4,014,427	3.63%
8	STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP	3,264,362	2.95%
9	STANBIC NOMINEES BOTSWANA RE NINETY-ONE DPF (LOCAL EQ)	2,485,988	2.25%
10	FNBB NOMINEES RE: VUNANI BPOPF	1,846,797	1.67%
11	STANBIC NOMINEES BOTSWANA RE MORULA DPF	1,810,607	1.64%
12	STANBIC NOMINEES BOTSWANA RE BIFM MLF	1,635,911	1.48%
13	STANBIC NOMINEES BOTSWANA RE BIFM PLEF	1,543,450	1.40%
14	SCBN (PTY) LTD RE: NINETYONE 030/30 METROPOLITAN LIFE BW POL	1,140,162	1.03%
15	STANBIC NOMINEES BOTSWANA RE: NINETY-ONE BW MANGED FUND	1,100,055	0.99%
16	SCBN (PTY) LTD RE: BIFM 028914400011 UB DC PF	1,068,893	0.97%
17	SCBN (PTY) LTD RE: SSB 001/81 PARAMETRIC TAX-MAN E M F	1,014,134	0.92%
18	GUARANTEED LOANS INSURANCE FUND	966,613	0.87%
19	FNBBN (PTY) LTD RE: NINETY ONE BOBDCSPF	833,306	0.75%
20	STANBIC NOMINEES BOTSWANA RE BPOPF NON PROFIT-MCP	820,658	0.74%
21	SCBN (PTY) LTD RE: SSB 001/114	581,828	0.53%
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	100,078,414	90.47%

	Names	Total Shares	% Holding
	SCBN (PTY) LTD RE: BPOPF LEA PORTFOLIO CO AG	26,862,494	24.28%
	BOTSWANA DEVELOPMENT CORPORATION LIMITED	19,952,231	18.04%
	FNB BOTSWANA NOMINEES RE: BIFM - BPOPF ACT MEM & DP EQ	13,592,013	12.29%

Shareholder Information

For The Year 2022

	Number of shareholders	Total Shares	% Holding
Total	1,626	110,616,859	100.00%
Public shareholders	1,625	90,664,628	81.96%
Non Public shareholders	1	19,952,231	18.04%
Analysis of non public shareholders BOTSWANA DEVELOPMENT CORPORATION LIMITED		19,952,231	18.04%

Spread by number of shares

	Number of shareholders	Percentage of Shareholders (%)	Total Shares	% Holding
< 2,000	1,315	80.87%	653,480	0.59%
2,001 - 5,000	136	8.36%	474,713	0.43%
5,001 - 10,000	47	2.89%	342,276	0.31%
10,001 - 50,000	51	3.14%	1,159,673	1.05%
50,001 - 100,000	20	1.23%	1,468,033	1.33%
100,001 - 500,000	35	2.15%	7,865,939	7.11%
> 500,000	22	1.35%	98,652,745	89.18%
	1,626	100.00%	110,616,859	100.00%

BSE performance

Total number of shares traded FY 2022	1,631,031
As a % of shares in issue	1.47%
Total value of shares traded	P31,024,349.35
Total number of trades	142
Average trade size (number of shares)	11,486
Share price 31 December 2021	P16.70
Share price 31 December 2022	P19.82
Growth in share price	18.68%
DCI 31 December 2021	7,009.61
DCI 31 December 2022	7,726.39
Growth in DCI	10.23%

Shareholder's Diary

Financial Year End – 31st December 2022
Preliminary Annual Results Announcements – 31st March 2023
Annual Report Posted – 5th June 2023
Annual General Meeting – 27th June 2023
Preliminary Half year results announcement – On or before 30th September 2023

Dividends

Interim	Declared September	Paid October
Final	March	May

Notice And Agenda Of The 2023 Annual General Meeting

SECHABA BREWERY HOLDINGS LIMITED NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 2023 Annual General Meeting of SECHABA BREWERY HOLDINGS LIMITED will be held at 14:00hrs on Tuesday, 27 June 2023 via Microsoft Teams

Agenda:

1. To read notice convening the meeting
2. Welcome and opening remarks by the Chairman.
3. Adoption of Agenda

A. Ordinary Resolutions

4. To receive consider and adopt the Audited Financial Statements for the year ended 31 December 2022 together with the Auditors Report.
5. To consider and ratify the distribution of dividend declared for the year ended 31 December 2022 at 158 thebe per share.
6. To confirm the re-election of the following Directors of the company:
 - i. Meshack Tshekedi
 - ii. Boitumelo Carolyn Paya
 - iii. Jayaraman Ramesh
7. To ratify the remuneration paid to Non-Executive Directors for the year ended 31 December 2022.
8. To consider and approve the remuneration to be paid to Non-Executive Directors for the ensuing year ending 31 December 2023.
 - 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 P10 000 per meeting.
 - 8.3. Board Members and Members of the Sub-Committees of Subsidiary Companies to receive a sitting fee of P8 000 per meeting.
 - 8.4. Chairman of the Board to receive a Board Retainer fee of P80 000 per annum and Board Members to receive a retainer fee of P50 000 per annum.
9. To ratify the remuneration paid to the auditors, Ernst & Young for the year ended 31 December 2022.
10. To appoint Ernst & Young as auditors for the ensuing year and authorize the Directors to fix their remuneration.
11. To close the meeting.

A member entitled to attend and vote may appoint a proxy to attend and vote for him on his behalf and such a proxy need not be a member of the company. The instrument appointing such a proxy must be deposited at the registered office of the company at Acumen Park, Plot 50370 Fairgrounds, Gaborone not less than 48 hours before the meeting.

By order of the Board

Grant Thornton Business Services (Pty) Ltd Company Secretary

25 May 2023

REGISTERED OFFICE:

Plot 50370, Acumen Park, Fairgrounds P O Box 1157

Gaborone



Proxy Form

[To be completed by shareholders]

Please read the notes overleaf before completing this form

For use at the Annual General Meeting of shareholders of the company to be held virtually at 14:00 hours on Tuesday 27th June 2023.

I/We
(Name in block letters)

Of (address)

Hereby appoint

Or failing him/her

Or failing him/her, the Chairman of the meeting as my/our proxy to act for me/us at the 2023 Annual General Meeting, to vote for or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name in accordance with the following instruction.

NUMBER OF SHARES				
		For	Against	Abstain
Ordinary resolution 1	Agenda No 4			
Ordinary resolution 2	Agenda No 5			
Ordinary resolution 3	Agenda No 6			
i. Meshack Tshekedi				
ii. Boitumelo Carolyn Paya				
iii. Jayaraman Ramesh				
Ordinary resolution 4	Agenda No 7			
Ordinary resolution 5	Agenda No 8			
Ordinary resolution 6	Agenda No 9			
Ordinary resolution 7	Agenda No 10			

Signed at:

Date:

Signature:

Assisted by (where applicable)

Notice And Agenda Of The 2023 Annual General Meeting

Each Shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speak and vote in place of the Shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.

Please read notes 1 -7 on the reverse side hereof

1. A Shareholder must insert the names of two alternative proxies of the Shareholders choice in the space provided with or without deleting "Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorize the proxy to vote in favor of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.
3. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting.
4. The Chairman of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes if he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.
5. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
6. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
7. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian.

Annexure Directors Profiles

Ms. Boitumelo Carolyn Paya

Ms. Boitumelo Paya joined the SBHL Board on the 1st of March 2021 as an independent non-executive director. She took over as the Chairman of Finance and Audit Committee in 2021. She is a finance professional and strategic leader. Ms. Paya 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 on the preparation of all financial reporting as well as analysis and advise on long-term business and financial planning.

Ms. Paya 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 - Kgalagadi 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 of Chartered Certified Accountants (ACCA) as well as a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). She 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).

Mr. Meshack Tshekedi

Mr. Meshack Tshekedi joined the SBHL Board on the 1st of March 2021 as an independent non-executive director. He is the Chief Executive Officer of Botswana Oil Limited (BOL). He was previously the General Manager, Acting Chief Operating Officer (COO), and Acting CEO for 2 years and was subsequently appointed to 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.

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 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 and Gas, FMCG, Mining, Engineering, Emergency Medical Services, Investment and Export promotion as well as Supply Chain Management where he held a senior leadership position.

Mr. Jayaraman Ramesh

Mr. Jayaraman Ramesh joined the SBHL Board on the 1st of March 2021 as an independent non-executive director. He is the co-founder and the current non-executive Chairman 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. Mr. Ramesh was the 1st Chairman of the Government Audit Committee and completed his 5-year tenure in June 2021. He was previously the non-executive Chairman, 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 Alumni of Oxford University's Said Business School where he completed the senior leadership program, Organisational leadership, while at Grant Thornton International.

Registered Office

Mogobe Plaza
Plot 54367, Central Business District
P O Box 1956 AAD, Gaborone, Botswana
Email: sechabaenquiries@suhl.co.bw

External Auditors

Ernst & Young
2nd Floor, Plot 22, Khama Crescent
P O Box 41015, Gaborone, Botswana

Corpserve Botswana

Unit 206, Second floor
Plot 64516 Showground Close
Fairgrounds, Gaborone, Botswana
Tel:+267 3932244
Email: contactus@corpservebotswana.com

Sponsoring Brokers

Imara Capital Securities (Pty) Ltd
A Member of the Botswana Stock Exchange
Plot 74770, Western Commercial Road, New CBD
Private Bag 173, Gaborone, Botswana
Tel: +267318886