

CHOPPIES ENTERPRISES LIMITED
(Incorporated in the Republic of Botswana)
Registration number: BW00001142508
JSE SHARE CODE: CHP
BSE SHARE CODE: CHOPPIES
ISIN: BW0000001072
("Choppies" or "the Company" or "the Group")



LIFTING OF SUSPENSION AND RECOMMENCEMENT OF TRADING ON THE JSE

Choppies are pleased to announce that, following extensive engagement with the JSE Limited ("JSE"), the JSE has agreed to lift the suspension of the Company's shares and to recommence trading on the JSE from today, 13 November 2020.

The trading in Choppies shares recommenced on the Botswana Stock Exchange ("BSE") on 27 July 2020, following the publication of audited Group results for the years ended 30 June 2018 and 30 June 2019, as well as the interim results ended 31 December 2019. Choppies have a primary listing on the BSE and secondary listing on the JSE.

On 25 September 2020, the Group published the audited results for the year ended 30 June 2020 ("**FY20 Results**"). Shareholders should note that the qualification in the FY20 Results still remains but is technical in nature as detailed below.

Qualification of the Group's financial results for FY20

At the prior year end, 30 June 2019 ("**FY19**"), PwC, the auditors for the Group at the time, attended the Group's physical stock count at various locations ("**FY19 Stock Count**") as part of the audit for the year ended 30 June 2019 ("**FY19 Results**"). However, PwC resigned as auditors of the Group in September 2019, prior to finalisation of the FY19 Results. Mazars was appointed as the Group's auditors on 17 February 2020, more than 7 months after the FY19 year end.

PwC's findings for the FY19 Stock Count were provided to Choppies in the form of factual findings reports ("**PwC Reports**"), noting no material exceptions. Mazars, as incoming Group auditors, could however not satisfy themselves concerning the existence and completeness of inventory quantities as at 30 June 2019 based on the PwC Report, due to Mazars requiring additional coverage on the FY19 Stock Count in line with their audit methodology. Mazars could also not satisfy themselves by alternative means and thus, included a qualification in relation to the existence and completeness of inventory as part of their audit report for the FY19 Results.

As set out in the FY20 Results, Mazars issued a modified opinion due to the FY20 inventory opening balance ("**Inventory Opening Balance**"), as detailed above, being qualified. The Inventory Opening Balance directly impacted the following line items in the FY20 Results:

Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2020 ("**P&L**")

Cost of Sales: on a simplistic calculation, the Inventory Opening Balance makes up c.13.8% of cost of sales, flowing through to gross profit and the residual P&L

Statement of Financial Position as at 30 June 2020
Retained loss: due to the P&L effect as noted above

Statement of Cash Flows for the year ended 30 June 2020
Movement in Inventories: given the Inventory Opening Balance qualification

The Company furthermore draws shareholders' attention to the fact that the Group's auditors for the financial years ending 30 June 2017, 30 June 2018 and 30 June 2020 raised no material audit findings pertaining to the existence and completeness of inventory at such period ends and that the FY19 Inventory balance was only qualified due to the reasons set out above. Continuous monitoring of Group profit margins by management has also not identified any unexplainable discrepancies for the periods affected by the inventory qualification, providing further comfort on the inventory balance reported.

By order of the Board
13 November 2020

BSEL Sponsoring Broker
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JSE Sponsor
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