

ABRIDGED AUDITED FINANCIAL STATEMENTS

for the year ended 30 June 2025

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).



Highlights

GROUP TOTAL CONSOLIDATED REVENUE
27% ↑ **P 787 Million**
 2024: P621 Million

GROUP PROFIT BEFORE TAX
164% ↑ **P26 Million**
 2024: (P41) Million

COMPANY NET WORTH
6% ↑ **P2,2 Billion**
 2024: P2,1 Billion

COMPANY TOTAL CONSOLIDATED REVENUE
5% ↑ **P437 Million**
 2024: P415 Million

COMPANY IMPAIRMENT CHARGE
44% ↓ **(P119) Million**
 2024: (P213) Million

COMPANY LOSS BEFORE TAX
2% ↓ **(P171) Million**
 2024: (P175) Million

Abridged audited statements of comprehensive income

for the year ended 30 June 2025

	Group		Company	
	June 25 P'000	June 24 P'000	June 25 P'000	June 24 P'000
Income from trade	81,852	128,338	77,817	78,172
Interest on loans	234,903	235,908	263,473	264,866
Rental income	64,026	65,744	-	-
Finance and other income	345,461	147,888	95,517	72,346
Share of profit of equity accounted investees, net of tax	61,172	42,971	-	-
Total Income	787,414	620,849	436,807	415,384
Expected credit losses	(128,941)	(174,767)	(118,758)	(212,976)
Unrealised Foreign exchange (losses)/gains	(19,918)	1,782	(19,918)	1,753
Operating expenses	(302,187)	(252,510)	(154,182)	(134,802)
Finance costs	(186,970)	(211,698)	(191,879)	(220,354)
Operating profit / (loss)	149,398	(16,344)	(47,930)	(150,995)
Change in fair value of debt instrument	(123,331)	(24,343)	(123,331)	(24,343)
Profit/(loss) before tax	26,067	(40,687)	(171,261)	(175,338)
Income tax (expense)/credit	(10,330)	(12,796)	3,584	(1,901)
Profit/(loss) for the year	15,737	(53,483)	(167,677)	(177,239)
Other comprehensive income				
Gains/(losses) on fair value of equity securities	82,454	(10,074)	82,454	(10,074)
Gains on valuation of land and buildings	23,599	8,680	-	-
Deferred taxation on revaluation loss of land and buildings	(6,093)	(2,585)	-	-
Foreign exchange (losses)/gains	(182)	3,882	(182)	2,033
Total comprehensive income(loss) for the year	115,515	(53,580)	(85,405)	(185,280)

Abridged audited statements of financial position

as at 30 June 2025

	Group		Company	
	June 25 P'000	June 24 P'000	June 25 P'000	June 24 P'000
Investments assets	2,997,112	3,151,682	2,907,817	3,495,958
Other non-current assets	837,765	803,247	148,079	153,356
Short term investments assets	1,502,301	1,162,085	1,489,903	1,007,868
Other current assets	508,302	620,721	137,165	293,840
Total assets	5,845,480	5,737,735	4,682,964	4,951,022
Equity and Liabilities				
Equity attributable to owners of the company	2,994,870	2,669,182	2,226,420	2,102,960
Non Controlling Interest	113,110	114,412	-	-
Non-current liabilities	1,918,816	2,355,568	1,841,433	2,314,098
Current liabilities	818,684	598,573	615,111	533,964
Total equity and liabilities	5,845,480	5,737,735	4,682,964	4,951,022

Abridged audited statements of cash flows

for the year ended 30 June 2025

	Group		Company	
	June 25 P'000	June 24 P'000	June 25 P'000	June 24 P'000
Opening cash balance	194,872	250,719	101,691	166,830
Net cash used in operating activities	(105,351)	(95,156)	(169,274)	(97,486)
Net cash generated from investing activities	258,540	305,695	356,111	304,963
Net cash used in financing activities	(271,024)	(266,386)	(310,410)	(272,617)
Closing cash balance	77,037	194,872	(21,882)	101,690

Abridged audited statements of changes in equity

for the year ended 30 June 2025

	Stated Capital P'000	ISF Equity Reserve P'000	Fair value Reserve P'000	Other Reserve P'000	Retained Income P'000	Total Equity P'000
Company						
Balance at 1 July 2023	888,269	96,505	168,861	78,624	1,013,873	2,246,132
Loss for the year	-	-	-	-	(177,239)	(177,239)
Other comprehensive income	-	-	(10,074)	2,033	-	(8,041)
Total comprehensive loss for the year	-	-	(10,074)	2,033	(177,239)	(185,280)
Transfer between reserves	-	-	-	4,175	(4,175)	-
Equity contribution from parent	-	42,108	-	-	-	42,108
Issue of Shares	96,505	(96,505)	-	-	-	-
Transfer of fair value on disposal of shares	-	-	(182,959)	-	182,959	-
Balance as at 1 July 2024	984,774	42,108	(24,172)	84,832	1,015,418	2,102,960
Loss for the year	-	-	-	-	(167,677)	(167,677)
Other comprehensive income for the year	-	-	82,454	(182)	-	82,272
Total comprehensive income/(loss) for the year	-	-	82,454	(182)	(167,677)	(85,405)
Issue of Shares	200,000	-	-	-	-	200,000
Transfer between reserves	49,366	(49,366)	-	1,431	(1,431)	-
Equity contribution from parent	-	8,865	-	-	-	8,865
Transfer of fair value on disposal of shares	-	-	(87,279)	-	87,279	-
Balance as at 30 June 2025	1,234,140	1,607	(28,997)	86,081	933,589	2,226,420

	Stated Capital P'000	ISF Equity Reserve P'000	Fair value Reserve P'000	Claims Equalization Reserve P'000	Other Reserve P'000	Retained Income P'000	Total Attributable to members P'000	Non-controlling Interest P'000	Total equity P'000
Group									
Balance at 1 July 2023	888,269	96,505	168,861	1,207	414,949	1,013,683	2,673,474	120,657	2,794,131
Loss for the year	-	-	-	-	-	(47,238)	(47,238)	(6,245)	(53,483)
Other comprehensive income	-	-	(10,074)	-	9,977	-	(97)	-	(97)
Total comprehensive (loss)/income for the year	-	-	(10,074)	-	9,977	(47,238)	(47,335)	(6,245)	(53,580)
Equity Contribution from parent	-	42,108	-	-	-	-	42,108	-	42,108
Issue of Shares	96,505	(96,505)	-	-	-	-	-	-	-
Transfer between reserves	-	-	-	-	5,110	(4,175)	935	-	935
Transfer of fair value on disposal of shares	-	-	(182,959)	-	-	182,959	-	-	-
Balance as at 1 July 2024	984,774	42,108	(24,172)	1,207	430,036	1,235,235	2,669,188	114,412	2,783,600
Profit for the year	-	-	-	-	-	29,740	29,740	(14,003)	15,737
Other comprehensive income for the year	-	-	82,454	-	4,623	-	87,077	12,701	99,777
Total comprehensive income for the year	-	-	82,454	-	4,623	29,740	116,817	(1,303)	115,514
Issue of shares	200,000	-	-	-	-	-	200,000	-	200,000
Transfer between reserves	49,366	(49,366)	-	-	1,431	(1,431)	-	-	-
Equity contribution from parent	-	8,865	-	-	-	-	8,865	-	8,865
Transfer of fair value on disposal of shares	-	-	(87,279)	-	-	87,279	-	-	-
Balance as at 30 June 2025	1,234,140	1,607	(28,997)	1,207	436,090	1,350,823	2,994,870	113,110	3,107,980

BASIS OF PREPARATION

The Board of Botswana Development Corporation Limited (the "Corporation") has approved the publication of audited financial statements. The audited financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards). They have been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the prior year financial statements.

The financial statements of the Corporation have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

INDEPENDENT AUDITORS REPORT

The financial statements have been audited by the Group external auditors, KPMG. KPMG has issued an unmodified opinion, which together with the unbridged set of financial statements will be made available for inspection at the company's registered office.

ECONOMIC REVIEW

Over the past 12 months, the global economy faced shocks and uncertainty fuelled by volatile trade policies and geopolitical tension chief amongst them being imposed United States of America tariffs. Domestically, the stressed macro economic environment was underpinned by slowdown of diamond sales which impacted other sectors adversely. In 2024, Botswana experienced a negative (-3%) growth rate particularly due to the contracting diamond sector. The slowdown in diamond sector continued into first half of 2025 and this was exacerbated by continued uncertainty on new US tariff proposals. As a result, International Monetary Fund projects a domestic economy contraction of 0.4% in 2025.

For the most part of 2024, inflation fluctuated below the Bank of Botswana (BoB) lower bound of the medium-term objective range of 3 – 6 percent. The same trend spilled over 2025. 2.3% in April 2025 and 1.9% in May 2025. As at 30 June 2025, inflation stood at 2%. Post BDC year end, on the 11 July 2025, Ministry of Finance administered exchange rate adjustments in a ploy to weaken BWP to address its deemed overvaluation. This is anticipated to increase inflation in coming months to within medium-term objective range of 3 – 6 percent. According to BoB, inflation is projected to increase in the short-term averaging 3.5 percent in 2025 and 5.9 percent in 2026 but temporarily breach the upper bound of the objective range in the second quarter of 2026.

Owing to economic slowdown from subdued diamond sales, liquidity challenges have cropped in the banking sector. Consequently, many banks increased their Prime Lending Rates (PLRs) in 2025 whilst bank of Botswana's Monetary Policy Rate remained unchanged. Increased PLRs and heightened government borrowing has spurred on interest rates. Global interest rates downward trajectory continues. Federal Open Market Committee (FOMC) meeting in June 2025 maintained the interest rate paid on reserve balances at 4.4%. Further cuts to federal reserve rate were expected. However, the uncertainty surrounding new US tariffs impact, has made the Committee to wait.

FINANCIAL PERFORMANCE COMMENTARY

1. INCOME

Total income for the Company amounted to P437 million, reflecting a slight increase compared to the prior year. This growth was primarily supported by gains from the partial divestment of a select mature investments, undertaken to optimise the Corporation's divestment strategy. Dividend income remained consistent with the previous period, underpinned by strong performance from key investee companies. Interest income, however, declined slightly, largely due to the timing of certain planned investments, some of which have been deferred to the upcoming financial period in line with capital deployment priorities. At group level, total revenue slightly grew to P787million from the prior base to P621million. The increase is mainly attributable to the unrealized gain in fair value of property due to the adoption of the fairvalue method as a basis of measurement in the current year.

2. OPERATIONAL EXPENSES OVERVIEW

Administrative expenses for Company was above prior year due to a once off settlement discount recorded on divestment from one select investment. The Group expenses marginally increased to P302 million. Despite the increase in expenses, the Corporation is committed to enhancing cost controls across key business operations and practices disciplined cost management with the aim to maintain a stable cost profile. Key contributors include the optimization of consulting spend and reduction in

discretionary expenditure. Additionally, the Corporation benefited from strategic procurement initiatives, which helped to contain costs despite inflationary pressures and a dynamic operating environment. Finance costs totaled at P192million came below the comparative period. The lower-than-anticipated expenditure was largely due to timing delays in the approval and drawdown of planned funding facilities. One of the major facilities—intended to support investment activity and liquidity—was approved towards the end of the financial year, with the initial drawdown executed at the beginning of the 2026 financial period to support approved pipeline projects.

3. IMPAIRMENTS AND CHANGES IN FAIR VALUE OF DEBT INSTRUMENTS

Total impairments for the Group and Company amounted to P129million and P119million respectively, reflecting a reduction compared to the prior year. The majority of the recorded expected credit losses relate to the Corporation's largest Foreign-currency-denominated exposure, of which recovery efforts have significantly progressed, with the aim of achieving practical results within the next financial year. In addition, the Corporation recorded a notable decline in the fair value of certain debt instruments. This was primarily driven by a reduction in the value of an investment in the coal mining sector, which experienced lower production levels due to adverse weather conditions and continued weakness in regional coal prices. The Corporation continues to monitor these exposures closely and is actively engaging with stakeholders to support recovery and value preservation.

4. ASSET BOOK

Total assets for the group slightly grew to P5.8billion. While the Corporation maintained a broadly stable balance sheet, the overall decrease was primarily driven by a significant reduction in cash and cash equivalents, reflecting the settlement of existing liabilities and ongoing pressures on liquidity during the period. Investment assets also declined largely due to the expected credit losses recorded during the period. Further contributing to the decline were partial divestments from select mature investments, undertaken to support divestment plans as per strategy. Despite the overall decline in total assets, the Corporation continues to maintain a resilient investment portfolio and is actively managing liquidity to support its operational and strategic objectives with the aim of sustained growth in the long run.

5. BORROWINGS AND SHAREHOLDERS NETWORTH

Total borrowings for the Group and Company decreased compared to the prior year, primarily due to the settlement of existing debt obligations. BDC continues to meet its debt servicing commitments in a timely manner and remains committed to engaging with the debt capital markets to support future growth and expansion initiatives.

Net worth for both the Group and Company recorded marginal growth during the period, largely supported by a P200 million capital injection from the shareholder, aimed at strengthening the Corporation's financial position and enabling it to meet its obligations. However, the loss reported for the year had a partially offsetting impact on the overall net worth. The position is expected to reverse in the short term with realisation of exit from non-performing assets as well as envisioned growth from the implementation of economic development plan.

GOVERNANCE

The Board of Directors continues to ensure business conduct characterised by integrity and in accordance with generally accepted governance practices and endorses the internationally accepted principles of corporate governance and public responsibility.

EXTENT OF STRATEGY IMPLEMENTATION AND NOTABLE ACHIEVEMENTS

BDC has remained resilient and resolute in the execution of current Corporate Strategy, despite the global challenges. BDC continued to contribute towards diversifying the country's economy by implementing large-scale transformational projects that can drive industrialization, create significant employment, and build local manufacturing capabilities with meaningful technology transfer. During this financial year, BDC approved funding of P417.9 million to projects in vehicle components manufacturing, banking, and information technology sectors.

BDC has successfully operationalized Lobatse Clay Works following implementation of a robust turnaround strategy, transforming it into a modern, efficient, and competitive manufacturing entity with market presence in Namibia and South Africa's North-West Province. Delta Automotive Technologies achieved a major milestone by securing contracts to manufacture wiring harnesses for Nissan and Volkswagen, placing Botswana at the heart of the automotive value chain in Southern Africa. Delta employs 327 individuals, with 75% being women and 95% Botswana nationals.

LOOKING AHEAD – FUELLING GROWTH THROUGH INVESTMENTS

To align with the national aspirations in line with Botswana Economic Transformation Programme, BDC is repositioning itself to transform into purpose-driven, impact-focused, mega investment company that unlocks long-term value for all shareholders. This will be achieved through:

- Supporting both emerging and established industries by fostering revenue-generating opportunities that deliver responsible and predictable returns, drive sustainable growth and create meaningful lasting change.
- Promoting the creation of sustainable, quality jobs within our investment portfolio to ensure economic growth and improved livelihoods.
- Cultivating large, resilient clusters comprising medium to large enterprises and authentic, long-term entrepreneurs. These ecosystems will thrive directly or indirectly through access to patient, optimized capital, driving innovation, competitiveness, and sustainable development.

The Corporation will prioritize sectors that promote our impact goals and economic development. These include Agribusiness, Healthcare, Energy and Climate, Financial Services, Import Substitution, Media and Technology. BDC's investment pipeline includes projects worth P1.2billion in the short term and P3 billion over the medium term, across renewable energy, cement manufacturing, soda ash beneficiation, pharmaceuticals, and industrial

hemp manufacturing. Additionally, the Corporation is currently establishing a Unity Healthcare Botswana Partnership Fund (UHPF) to secure nation's healthcare supplies while unlocking strategic public-private partnership opportunities. Further, BDC has signed an agreement AI Mansour Holdings which will see the fruition of the \$12 billion investment expected to unlock growth in key sectors including infrastructure, energy, mining, diamond refinement, agriculture and manufacturing

SUSTAINABLE DEVELOPMENT

BDC commits to pursuing environmental and social sustainable practices including environmental management (energy efficiency, waste reduction and recycling) and human resource management (equal opportunity, health and safety). Doing business in a sustainable manner is critical for the Corporation's long-term value creation and preservation, building strong and lasting partnerships, attracting clients and investors as well as the best suppliers and employees.

The Corporation aims to promote and facilitate economic development for Botswana while respecting and preserving the environment. Therefore, commitment to sustainable development is mainstreamed throughout the Company's business processes and is further realised through the implementation of the BDC Environmental and Social Management Systems (ESMS) framework.

The BDC ESMS is guided by the laws, statutes, guidelines, and regulations of the Government

Botswana. Where national guidelines do not exist, applicable IFC Performance Standards (PS) 1 to 8 and African Development Bank (AfDB) Integrated Safeguards Systems (ISS) are referenced.

The framework provides a structured methodology-based approach to managing environmental and social impacts of BDC activities. It facilitates identification of negative and positive impacts of potential investments, with the aim of avoiding, mitigating or managing negative impacts and stimulating possible positive impacts.

Furthermore, Botswana Development Corporation endeavours to fund and partner with projects whose operations and journey of growth, seek to and will be inclined towards opportunities that support Botswana's transition to a climate-resilient and low-carbon economy, ensuring sustainable and inclusive development.

DIVIDENDS

There were no dividends declared nor paid in the year.

Mr. Bokete Mogosi
 Director

Mr. Oteng Keabetswe
 Managing Director