

ABRIDGED UNAUDITED FINANCIAL STATEMENTS

for the 6 months period ended 31 December 2025

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



Highlights

GROUP TRADE INCOME	
4% ↑	P 49 Million 2024: P47 Million
GROUP TOTAL INCOME	
11% ↓	P 208 Million 2024: P233 Million
GROUP EXPECTED CREDIT LOSSES	
Significant Increase ↑	P 77 Million 2024: P28 Million
GROUP INVESTMENT ASSETS	
9% ↓	P 4.1 Billion 2025: P4.5 Billion
GROUP TOTAL ASSETS	
2% ↑	P 6.0 Billion 2025: P5.8 Billion

Abridged unaudited statements of comprehensive income

for the 6 months period ended 31 December 2025

	Group		Company	
	Dec 25 P'000	Dec 24 P'000	Dec 25 P'000	Dec 24 P'000
Income from trade	49,406	47,395	21,239	31,220
Interest on loans	46,836	113,247	65,326	127,634
Rental Income	30,262	24,250	-	-
Finance and other income	64,368	65,690	46,653	46,166
Share of profit of equity accounted investees, net of tax	17,050	(17,299)	-	-
Total Income	207,922	233,283	133,218	205,020
Expected credit losses	(77,457)	(27,514)	(81,167)	(21,752)
Unrealised foreign exchange gains	2,711	5,906	2,711	5,978
Operating expenses	(156,057)	(142,591)	(80,169)	(65,577)
Finance costs	(103,688)	(96,686)	(107,510)	(101,558)
Operating profit / (loss)	(126,569)	(27,602)	(132,917)	22,111
Change in fair value of debt instrument	(5,873)	3,486	(5,873)	3,486
Profit/(loss) before tax	(132,442)	(24,116)	(138,790)	25,597
Income tax expense	(12,446)	(9,875)	(2,266)	(616)
Profit/(loss) for the year	(144,888)	(33,991)	(141,056)	24,981
Other comprehensive income				
Gains on fair value of equity securities	24,201	98,864	24,201	98,864
Gains on valuation of land and buildings	7,367	-	-	-
Foreign exchange gains/(losses)	(661)	1,630	(661)	1,630
Total comprehensive income(loss) for the year	(113,981)	66,503	(117,516)	125,475

Abridged unaudited statements of financial position

as at 31 December 2025

	Group		Company	
	Dec 25 P'000	Jun 25 P'000	Dec 25 P'000	Jun 25 P'000
Investments assets	2,953,553	2,997,112	2,331,358	2,907,817
Other non-current assets	846,127	837,765	140,709	148,079
Short-term Investments assets	1,131,259	1,502,301	1,718,809	1,489,903
Other current assets	1,029,194	508,302	679,727	137,165
Total assets	5,960,133	5,845,480	4,870,603	4,682,964
Equity and Liabilities				
Equity attributable to owners of the company	2,897,955	2,994,870	2,131,069	2,226,420
Non controlling Interest	118,209	113,110	-	-
Non-current liabilities	2,546,824	1,918,816	2,363,069	1,841,433
Current liabilities	397,145	818,684	376,465	615,111
Total equity and liabilities	5,960,133	5,845,480	4,870,603	4,682,964

Abridged unaudited statements of cash flows

as at 31 December 2025

	Group		Company	
	Dec 25 P'000	Jun 25 P'000	Dec 25 P'000	Jun 25 P'000
Opening cash balance	77,037	194,872	(21,882)	101,691
Net cash used in operating activities	(234,482)	(105,351)	(219,448)	(169,274)
Net cash generated from investing activities	426,719	258,540	396,893	356,111
Net cash generated / (used in) financing activities	265,608	(271,024)	278,296	(310,410)
Closing cash balance	534,882	77,037	433,859	(21,882)

Abridged unaudited statements of changes in equity

as at 31 December 2025

	Company	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
	Balance 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 (loss)/income	-	-	82,454	(182)	-	82,272	
Total comprehensive loss for the year	-	-	82,454	(182)	(167,677)	(85,405)	
Transfer between reserves	-	-	-	1,431	(1,431)	-	
Equity contribution from parent	-	8,865	-	-	-	8,865	
Issue of Shares	249,366	(49,366)	-	-	-	200,000	
Transfer of fair value on disposal of shares	-	-	(87,279)	-	87,279	-	
Balance as at 1 July 2025	1,234,140	1,607	(28,997)	86,081	933,589	2,226,420	
Loss for the year	-	-	-	-	(141,056)	(141,056)	
Other comprehensive income for the year	-	-	24,201	(661)	-	23,540	
Total comprehensive income/(loss) for the year	-	-	24,201	(661)	(141,056)	(117,516)	
Equity contribution from parent	-	22,165	-	-	-	22,165	
Transfer of fair value on disposal of shares	-	-	(171,885)	-	171,885	-	
Balance as at 31 December 2025	1,234,140	23,772	(176,681)	85,420	964,418	2,131,069	

	Group	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	Attributable to members P'000	Non-controlling Interest P'000	Total equity P'000
	Balance 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
Loss for the year	-	-	-	-	-	29,740	29,740	(14,003)	15,737	
Other comprehensive (loss)/income	-	-	82,454	-	4,623	-	87,077	12,701	99,778	
Total comprehensive (loss)/profit for the year	-	-	82,454	-	4,623	29,740	116,817	(1,302)	115,515	
Equity Contribution from parent	-	8,865	-	-	-	-	8,865	-	8,865	
Issue of Shares	200,000	-	-	-	-	-	200,000	-	200,000	
Transfer between reserves	49,366	(49,366)	-	-	1,431	(1,431)	-	-	-	
Transfer of fair value on disposal of shares	-	-	(87,279)	-	-	87,279	-	-	-	
Balance as at 1 July 2025	1,234,140	1,607	(28,997)	1,207	436,090	1,350,823	2,994,870	113,110	3,107,980	
Loss for the year	-	-	-	-	-	(149,987)	(149,987)	5,099	144,888	
Other comprehensive income for the year	-	-	24,201	-	6,706	-	30,907	-	30,907	
Total comprehensive income for the year	-	-	24,201	-	6,706	(149,987)	(119,080)	5,099	(94,784)	
Equity contribution from parent	-	22,165	-	-	-	-	22,165	-	22,165	
Transfer of fair value on disposal of shares	-	-	(171,885)	-	-	171,885	-	-	-	
Balance as at 31 December 2025	1,234,140	23,772	(176,681)	1,207	442,796	1,372,721	2,897,955	118,209	3,016,164	

LOOKING AHEAD – FUELLING GROWTH THROUGH INVESTMENTS

There is a need for BDC to reposition itself, within the increasingly complex economic environment, characterised with heightened national fiscal pressures, changing sectoral dynamics, and a need for stronger domestic engines of growth beyond its traditional economic pillars. In this context, BDC is transforming into a more purpose-driven and impact-oriented investment company, beyond a sole focus on financial sustainability. BDC will play a more catalytic role by mobilizing capital, supporting strategic sectors, and partnering with both domestic and international investors and operators.

In pursuit of this transformation, the Corporation will focus on driving economic diversification by reducing reliance on traditional sectors; strengthening economic sovereignty by building domestic value chains; developing high impact ecosystems; and partnering with global operators, funders to bring world class expertise into Botswana. This will be achieved by transforming subsidiaries within the prioritised sectors including agribusiness, manufacturing, healthcare, energy and tourism; as well as onboarding high value quality investment projects including blue chip projects. Through this transformation agenda, BDC expects to invest approximately P139 billion across prioritised sectors, namely: agriculture, health, manufacturing, renewable energy, financial services, real estate, tourism, creative economy, education, media and technology. These funds are expected to be deployed over a period of 2 years.

With an unwavering commitment to financial sustainability and impact investing, BDC aims to contribute to the transformation of Botswana's economic landscape and build on its existing investment platform.

RISK AND COMPLIANCE MANAGEMENT

Enterprise-wide Risk Management
Botswana Development Corporation (BDC) is committed to Risk and Compliance Management practices aligned

to international best practice. The Corporation subscribes to an Enterprise Risk Management (ERM) framework anchored on ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) principles.

In pursuit of its strategic goals, BDC systematically identifies and assesses risks associated with its business activities and investment decisions. Accordingly, it is a key business imperative to proactively understand and manage both current and emerging risks facing the Corporation. During the period, the Corporation continued to monitor key risks across strategic, financial, operational, compliance, reputational, environmental social and governance (ESG) risk categories. Mitigation measures were strengthened where necessary and no material regulatory breaches were recorded. The control environment remains robust and is subject to continuous improvement through internal reviews and governance oversight by the relevant Board Committees.

Environmental, Social, and Governance (ESG) and Sustainability

BDC aims to promote and facilitate economic development for Botswana while respecting and preserving the environment. Accordingly, the Corporation integrates ESG considerations into investment decisions, ensuring compliance with environmental regulations, promoting social responsibility, and maintaining ethical governance standards through its ESM (Environmental and Social Management System) Framework.

BDC Commitment on Green Finance
BDC is committed to investments, projects and initiatives that contribute to climate change mitigation and adaptation, thereby advancing Botswana's resilience, sustainable development, and alignment with the Sustainable Development Goals (SDGs).

By investing in sectors aligned with the United Nations Sustainable Development Goals, we will secure food systems, improve health outcomes, and widen economic opportunity. We will promote import substitution and value-added industries to generate decent jobs, strengthen

our balance of payments, and build resilience. BDC subscribes to the following SDGs.

- Primary SDGs: SDG 2 – Zero hunger; SDG 3 – Good health and well-being; SDG 8 – Decent Work & Economic growth
- Secondary SDGs: SDG 17 – Partnerships; SDG 9 – Industry, Innovation and Infrastructure.

DIVIDENDS

There were no dividends declared nor paid in the interim or comparative period.

For and on behalf of the Board

Mr. Rizwan Desai
Vice Chairman

Mr. Oteng Keabetswe
Managing Director

BASIS OF PREPARATION

The unaudited group and company interim financial statements of Botswana Development Corporation Limited (the "Corporation") for the 6-month period ended 31 December 2025 have been prepared on the going concern basis in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). 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.

DIRECTOR'S RESPONSIBILITY FOR THE ABRIDGED FINANCIAL STATEMENTS

The directors are responsible for the preparation of unaudited group and company interim financial statements in accordance with the Companies Act of Botswana. The Board of Directors continues to ensure business conduct characterised by integrity in accordance with generally accepted governance practices and endorses the Internationally accepted principles of corporate governance and public responsibility.

ECONOMIC REVIEW

Through the half year, BDC operated under economic stress and uncertainty that largely mirrored the conditions of the prior full year, during which geopolitical tensions and volatile trade policies reigned. However, there were slight positive developments in both the global and local economic environment. On the global front, technology investment, fiscal and monetary support, accommodative financial conditions, and private sector adaptability helped offset the impact of shifting trade policies.

The global diamond industry was more stable in the second half of 2025, even though uncertainty persisted. This supported local GDP growth and increased optimism, likely to reverse or narrow the previously anticipated negative growth. For example, Botswana's GDP growth for the third quarter of 2025 stood at 8.2%, which contributed an additional 0.1% to annual GDP growth. Final GDP growth for the 2025 calendar year is still expected to be negative, albeit less so than initially projected.

The economy is expected to recover in 2026, with projected growth of 3.1%, supported by a gradual rebound in diamond demand, expanded non diamond mining production and beneficiation, increased domestic electricity generation, and the catalytic impact of reforms under the Botswana Economic Transformation Plan (BETP) across several sectors.

Another highlight of the second half of 2025 was an improvement in the trade balance and a slowdown in government spending, which had a significant positive impact on foreign exchange reserves, lifting them from a low of USD 3.4 billion in June to USD 3.9 billion in October. The devaluation of the BWP on 10 July 2025 was also a strategic move by Government to protect foreign exchange reserves. While this had an adverse impact on BDC's cost of funding, Management proactively deployed natural hedging where feasible by structuring USD denominated deals using USD funding to better match asset-liability profiles.

Following the July 2025 exchange rate adjustment, an inflation flare up was anticipated during the half year. Inflation rose modestly from 2.0% in June to 3.9% in December but remained within the Bank of Botswana's medium term target range of 3%-6%. The Monetary Policy Committee (MPC) projects inflation to rise into the medium term, averaging 5.3% in 2026.

At its meeting on 4 December 2025, the MPC of the Bank of Botswana maintained the Monetary Policy Rate (MoPR) at 3.5%, after having increased it earlier in the year from 1.9% to 3.5%. The financial sector remained exposed to liquidity challenges during the period. In response, management continued to align the Corporation's funding structure with its investment strategy, including the use of offshore funding where appropriate to support the investment pipeline.

FINANCIAL PERFORMANCE COMMENTARY

I. INCOME
Total Income for the Group was recorded at P208 million, a moderate decrease from the prior year period. Although there was an overall decrease in income it is to be noted that income from trade recorded a moderate increase owing to margin expansion and volume growth at investee company in the automotive industry. Additionally Lobatse Clay Works commenced operations during the period contributing positively to trade income growth. At company level total income for the Company amounted to P133 million for the six months ended 31 December, representing a significant decline compared to the prior year period. Management continues to advance transactions within the investment pipeline, with selected deals expected to close in the second half of the financial year, supporting an improvement in interest income. Dividend income from key investees was lower than the prior period, reflecting

both the timing of dividend declarations and changes in the investment portfolio following partial divestments.

2. OPERATIONAL EXPENSES OVERVIEW

At group level administrative expenses were up 9% compared to the prior year period. The increase in administrative expenses is mainly driven by continued investment in strategic initiatives, including LCW and Milk Valley ramp up costs. Finance costs increased compared to the prior period, primarily due to additional drawdowns on approved facilities to support investment activities. Expected credit losses increased by approximately P50 million compared to the prior period, driven by a reassessment of credit risk on a single investment exposure under restructuring; this had a significant impact on the Group's results, with underlying performance significantly stronger, and management actively engaged in recovery processes.

3. ASSET BOOK

Total assets increased by 2% at Group level and 4% at Company level, primarily driven by growth in cash and cash equivalents. The increase reflects unutilised proceeds from the drawdown of one of the Corporation's facilities. These funds are currently invested in interest-bearing instruments to optimise yield pending deployment. The Corporation continues to execute its mandate of deploying capital into scalable, income-generating investments that deliver measurable social impact. During the period, the Corporation provided a seven-year USD 10 million (over P130 million) loan facility to Letshego Africa Holdings Limited, supporting its investment in inclusive financial services. The Corporation also partially divested from a matured investment as part of ongoing portfolio management and capital recycling.

4. BORROWINGS AND SHAREHOLDERS NETWORTH

Total borrowings for the Group and Company increased compared to the close of FY25, primarily due to the USD 20 million second drawdown under one of the Corporation's approved facilities. The proceeds are earmarked to support the funding of new investment projects aligned to the Corporation's strategic objectives. The Corporation has engaged with its lenders regarding covenant requirements and continues to meet its debt servicing obligations.

Equity for the Group and the Company recorded a decline of 3% and 4% respectively during the period, primarily attributable to cumulative losses recognised to date. Despite the reduction, the Corporation's capital base remains stable and continues to provide adequate support for its investment activities and long-term strategic objectives.

GOVERNANCE

The Board of Directors continues to uphold sound corporate governance practices and maintains oversight of the Corporation's operations.

EXTENT OF STRATEGY IMPLEMENTATION AND NOTABLE ACHIEVEMENTS

BDC has been implementing its Beyond 2019 Strategy which is set to conclude in June 2026. Through this corporate strategy, BDC envisions itself as a premier investment partner of choice in the transformation of the economy aligned to the country's vision 2036 and national priorities. During this strategic period, BDC has funded commercially viable and transformative projects through its diversified investment pipeline.

Notable achievements include: investment in Delta Automotive Technologies (Pty) Ltd (a vehicle components manufacturing company); the construction of the state-of-the-art mall in Maun; successful operationalisation of Lobatse Clay Works (Pty) Ltd (Lobatse Clay Works) and Milk Valley Farm (Pty) Ltd (formerly Milk Africa). In the last five (5) years, BDC disbursed BWP 1.4 billion to fund projects operating in various sectors, including manufacturing, financial services, real estate, tourism and agri-business.

The Corporation is now implementing its one-year turnaround strategy, which is expected to pave the way for its upcoming 2027-2032 Corporate Strategy. Through this strategy, BDC aims to refocus on its core mandate by pursuing prioritised game changers such as; implementing an optimal capital raising plan, a robust and more proactive deal origination, and recovery-driven asset workout strategies. Several high impact and transformative projects are currently being implemented, which are expected to deliver measurable social benefits and sustainable financial returns. Ongoing projects include upgrading Milk Valley Farm into a large-scale dairy operation, expanding Talana Farms (Pty) Ltd, the operationalisation of the Unity Healthcare Botswana Partnership Fund, converting Lobatse Clay Works (Pty) Ltd into an integrated building material manufacturing hub, and the construction of a five-star Radisson hotel. BWP250 million was disbursed during the six (6) months period under review towards investments in the banking and manufacturing sectors.

BDC operates as a self-sustaining entity, financing its portfolio without Government subvention. Its Baa3 Moody's credit rating underpins its ability to attract local funding and concessional international lines of credit. The Corporation is undertaking a major strategic shift to support national development priorities, moving from its traditional role as a balance sheet lender to a more progressive model as a fund manager and investment enabler. Through this approach, BDC intends to establish and manage specialised investment funds focused on priority growth sectors.