



# Botswana Development Corporation Limited

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

## Audited abridged financial results for the year ended 30 June 2022

### Abridged statement of comprehensive income

	2022 P'000	2021 P'000
Income from trade	56,807	108,376
Interest Income	200,011	149,450
Finance and other Income	114,678	63,022
Total income	371,496	320,848
Expected credit losses	(26,439)	(23,211)
Unrealised impairment of equity investments	(97,318)	(18,170)
Unrealised foreign exchange losses	(33,260)	(23,865)
Other expenses	(91,781)	(105,569)
Finance Costs	(151,786)	(116,948)
Operating (loss)/profit	(29,088)	33,085
Change in fair value of equity instrument	26,117	(1,130)
(Loss)/ profit before tax	(2,971)	31,955
Income tax expense	(10,121)	3,086
(Loss)/ profit for the year	(13,092)	35,041
Other comprehensive income		
fair value of equity securities	(63,976)	(141,541)
Total items that will not be reclassified to profit or loss	(63,976)	(141,541)
Other comprehensive income for the year net of taxation	(63,976)	(141,541)
Total comprehensive loss for the year	(77,068)	(106,500)

### Abridged statement of financial position

	2022 P'000	2021 P'000
Investment assets	3,717,486	3,767,172
Other non-current assets	170,225	185,074
Short term investment assets	584,038	270,097
Other current assets	780,848	231,044
Non-current assets classified as held for sale	10,865	-
Total assets	5,263,462	4,453,387
Equity and Liabilities		
Equity attributable to owners of the company	2,094,434	2,145,740
Non-current liabilities	2,634,218	2,062,786
Current liabilities	534,810	244,861
Total equity and liabilities	5,263,462	4,453,387

### Abridged statement of cash flow

	2022 P'000	2021 P'000
Opening cash balance	18,886	282,291
Net cash used in operating activities	(31,552)	(85,859)
Net cash generated from/ (used in) investing activities	29,385	(336,969)
Net cash generated from financing activities	563,840	159,423
Closing cash balance	580,559	18,886

### Abridged statement of changes in equity

	Stated Capital P'000	ISF Equity Reserve P'000	Fair Value Reserve P'000	Other Reserves P'000	Retained earnings/ (Accumulated losses) P'000	Total Attributable to Members P'000	Total equity P'000
Balance at 1 July 2020	888,269	-	318,835	134,775	910,361	2,252,240	2,252,240
Profit for the year	-	-	-	-	35,041	35,041	35,041
Other comprehensive loss	-	-	(141,541)	-	-	(141,541)	(141,541)
Total comprehensive income/(loss) for the year	-	-	(141,541)	-	35,041	(106,500)	(106,500)
Transfers between reserves	-	-	-	34,014	(34,014)	-	-
Total transactions with owner of the company	-	-	-	34,014	(34,014)	-	-
Balance at 1 July 2021	888,269	-	177,294	168,789	911,388	2,145,740	2,145,740
Loss for the year	-	-	-	-	(13,092)	(13,092)	(13,092)
Other comprehensive loss for the year	-	-	(63,976)	-	-	(63,976)	(63,976)
Total comprehensive income/(loss) for the year	-	-	(63,976)	-	898,296	(77,068)	(77,068)
Transfer between reserves	-	25,762	-	13,457	(13,457)	25,762	25,762
Balance at 30 June 2022	888,269	25,762	113,318	182,246	884,839	2,094,434	2,094,434

### Financial Highlights

<b>16%</b>	<b>Total Revenue</b>	↑
	2022 P 371MIL	
	2021 P 321MIL	
<b>34%</b>	<b>Interest Income</b>	↑
	2022 P 200MIL	
	2021 P 149MIL	
<b>18%</b>	<b>Asset Base</b>	↑
	2022 P 5.3BIL	
	2021 P 4.5BIL	

### BASIS OF PREPARATION

The financial statements of Botswana Development Corporation Limited (the "Corporation") has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS).

It has been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the prior year financial statements with the exception of the adoption of new standards and interpretations. 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 of the Corporation have been audited by the external auditors and they have issued an unmodified audit opinion.

Please visit our website at <https://www.bdc.bw/> annual-reports to obtain the full annual report.

### FINANCIAL PERFORMANCE COMMENTARY

Total Income amounted to P371million reflecting a 16% positive variance in comparison to the prior year of P321million. Interest income grew by 34% from the prior year whilst dividend income declined by 48% further cementing the corporations shift from equity to debt investments. It should be noted that the FY2021 Income from Trade included a special dividend of P80million received by the company.

Operating expenses remained within appetite in the financial year, however, the Corporation was faced with adverse market forces which resulted in significant adverse variances in finance costs and valuation impairments of equity investments. With global increases in interest rates, as well as full draw down on approved facilities, BDC experienced an increase in finance costs of 30% during the year.

In addition, the strengthening of the US Dollar against the Pula resulted in the company experiencing an unrealised foreign exchange loss of P33million. Two of BDC's investment assets were adversely affected by the supply chain disruptions in the market, resulting in underperformance on existing contracts and exposures. The impact of this was additional impairment adjustments of P97million taken on the value of the investment held at year end. On a positive note, an FMCG company in the Corporation's portfolio outperformed expectations in the year. This resulted in a net fair value gain of P26million on the entity's valuation.

BDC's balance sheet remains strong with Total Assets at P5.26billion, an 18% growth from the prior year.

Asset performance continues to improve with NPL ratio improving to 17.9% from the 20.5% reported at the end of the prior financial year. Subsequent to year end, BDC Bond 002 became due for payment in August 2022. This was fully settled by the Corporation. Net worth was recorded at P2.1billion, the slight decline from the close of prior year is as a result of net impact of the financial performance of the year and the negative movement in quoted equity prices during the year.

### GOVERNANCE

The Board of Directors continues to ensure a 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.

### LOOKING AHEAD – THE NEXT HORIZON OF IMPACT

As the business world continues to evolve at a rapid pace, it has become increasingly important to adopt forward-thinking strategies that are geared towards maximising long-term sustainable returns. This is the vision that the Corporation aspires to achieve through its Beyond 2019 strategic plan, which seeks to transform and position the business for sustained success in the years to come.

Key to this transformational approach is our commitment to investing locally in large-scale export-oriented businesses, with a focus on citizen economic inclusion.

Additionally, the Corporation aims to invest globally in high-return commercial and strategic projects, while also integrating Botswana into the world economy through key partnerships with global economic players.

By pioneering industries and unlocking value in untapped sectors across Botswana, BDC is well-positioned to explore the full potential of the country and create opportunities where they have been lagging. In addition to futuristic aspirations, the Corporation has several key mega projects in its pipeline that are set to contribute significantly to Botswana's economic growth & diversity.

These projects are not only designed to generate long-term returns for the Corporation but will also bring about significant socio-economic benefits for the people of Botswana. As such, they are a crucial component of the Corporation's forward-thinking approach, and their successful realisation will be a huge part of its history of success.

### DIVIDENDS

Subsequent to year end, no dividend was declared.

Mr. Maleho Mothibatsela  
Chairperson of the Board

Mr. Cross Kgosiile  
Managing Director