



# Botswana Development Corporation Limited

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

## Unaudited 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
<b>Gross profit</b>	<b>56,807</b>	<b>108,376</b>
Interest Income	200,011	149,450
Finance and other Income	114,678	63,022
<b>Total income</b>	<b>371,496</b>	<b>320,848</b>
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)
<b>Operating (loss)/profit</b>	<b>(29,088)</b>	<b>33,085</b>
Change in fair value of equity instrument	26,117	(1,130)
<b>(Loss)/ profit before tax</b>	<b>(2,971)</b>	<b>31,955</b>
Income tax expense	(10,121)	3,086
<b>(Loss)/ profit for the year</b>	<b>(13,092)</b>	<b>35,041</b>
<b>Other comprehensive income</b>		
Loss on valuation of investments in listed equity instruments	(63,976)	(141,541)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(63,976)</b>	<b>(141,541)</b>
Other comprehensive income for the year net of taxation	(63,976)	(141,541)
<b>Total comprehensive loss for the year</b>	<b>(77,068)</b>	<b>(106,500)</b>

### Abridged statement of financial position

	2022 P'000	2021 P'000
Other non-current assets	170,225	185,074
Investment assets	3,717,486	3,767,172
Current assets	1,364,886	501,141
Non-current assets classified as held for sale	10,865	-
<b>Total assets</b>	<b>5,263,462</b>	<b>4,453,387</b>
<b>Equity and Liabilities</b>		
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
<b>Total equity and liabilities</b>	<b>5,263,462</b>	<b>4,453,387</b>

### 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
<b>Closing cash balance</b>	<b>580,559</b>	<b>18,886</b>

### 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
<b>Balance at 1 July 2020</b>	<b>888,269</b>	<b>-</b>	<b>318,835</b>	<b>134,775</b>	<b>910,361</b>	<b>2,252,240</b>	<b>2,252,240</b>
Profit for the year	-	-	-	-	35,041	35,041	35,041
Other comprehensive income	-	-	(141,541)	-	-	(141,541)	(141,541)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(141,541)</b>	<b>-</b>	<b>35,041</b>	<b>(106,500)</b>	<b>(106,500)</b>
Transfers of investment revaluation reserve upon disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	34,014	(34,014)	-	-
<b>Total transactions with owner of the company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,014</b>	<b>(34,014)</b>	<b>-</b>	<b>-</b>
<b>Balance at 1 July 2021</b>	<b>888,269</b>	<b>-</b>	<b>177,294</b>	<b>168,789</b>	<b>911,388</b>	<b>2,145,740</b>	<b>2,145,740</b>
Loss for the year	-	-	-	-	(13,092)	(13,092)	(13,092)
Other comprehensive loss for the year	-	-	(63,976)	-	-	(63,976)	(63,976)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(63,976)</b>	<b>-</b>	<b>898,296</b>	<b>(77,068)</b>	<b>(77,068)</b>
Transfer between reserves	-	25,762	-	13,457	(13,457)	25,762	25,762
<b>Balance at 30 June 2022</b>	<b>888,269</b>	<b>25,762</b>	<b>113,318</b>	<b>182,246</b>	<b>884,839</b>	<b>2,094,434</b>	<b>2,094,434</b>

### 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

These abridged financial statements are extracted from results of the company on which an unqualified opinion is expected to be issued. The audit opinion is expected to be issued on or before 31 May 2023 and are pending management making presentation and disclosure amendments to the financial statements as well as the auditor finalising normal audit closure procedures. These procedures include audit quality clearance procedures and review of subsequent events.

### 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 Kgosiidile  
Managing Director