

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2026

The Board of Botswana Housing Corporation presents the Corporation's financial results for the year ended 31 March 2026. The Corporation returned to profitability, reporting a profit after tax of P49.6 million compared with a loss of P104.6 million in FY2025. Revenue declined by 42.2%, while lower impairment charges and gains from investment property sales supported the recovery. Cash fell to P354.5 million and housing inventories increased to P984.2 million.

Basis of preparation

The Corporation's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been audited by Ernst and Young, the Corporation's external auditors who issued an unqualified audit opinion which is available for inspection at the Botswana Housing Corporation Head Office.

Financial highlights

Revenue and rental income declined by 42% to P427.5 million. The Corporation returned to profit after tax of P49.6 million, compared with a loss of P104.6 million in FY2025. Lower impairment charges and gains on investment property disposals supported the recovery, while cash declined and housing inventories increased.

-42% ↓	Revenue P427.5 million	2025: P739.5 million
+P154m ↑	Profit after tax P49.6 million	2025: Loss P104.6m
+3% ↑	Total Assets P2.7 billion	2025: P2.6 billion

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2026

	Note	2026 P'000	2025 P'000
Revenue and Rental Income	6.	427,493	739,520
Cost of sale of housing inventories	7.	(4,187)	(6,274)
Cost of sale of construction and management contracts	7.	(113,359)	(291,815)
Gross profit		309,947	441,431
Repairs and maintenance		(78,001)	(110,682)
Employee Benefit Expenses	8.	(170,559)	(171,306)
Depreciation and amortisation	9.	(31,593)	(36,414)
Other Expenses	10.	(81,317)	(94,062)
Impairment Expenses	10.	(16,885)	(219,189)
Other Income	11.	792	1,524
Gains from sale of investment properties	12.	95,575	71,850
Operating Profit/ (Loss)		27,959	(116,848)
Finance Income	13.	3,419	4,520
Finance Costs	14.	(6,357)	(13,133)
Net finance costs		(2,938)	(8,613)
Share of profit or loss in equity accounted joint ventures for the year	19.	24,559	23,720
Profit/ (Loss) before taxation		49,580	(101,741)
Taxation	20.	-	(2,854)
Profit/ (Loss) for the year		49,580	(104,595)
Total comprehensive income/(loss) for the year		49,580	(104,595)

Summary of Results

INCOME STATEMENT

	FY2026 (Pm)	FY2025 (Pm)	YoY% / Improvement
Revenue	427.5	739.5	-42%
Cost of Sales	117.5	298.1	-61%
Operating Expenses (excl. impairment)	361.5	412.5	-12%
Impairment expenses	16.9	219.2	-92%
Operating profit	28.0	(116.8)	P144.8m
Share of Joint Venture Income	24.6	23.7	4%
Profit after tax	49.6	(104.6)	P154.2m

BALANCE SHEET

	FY2026 (Pm)	FY2025 (Pm)	YoY%
Total Assets	2,688.5	2,612.7	3%
Shareholders' Funds / Equity	1,593.4	1,543.8	3%
Total Debt (Borrowings)	529.4	546.2	-3%

RATIOS

	FY2026	FY2025
Gross profit margin	73%	60%
Net profit margin	12%	-14%
Debt/Equity Ratio	33.2%	35.4%
Cost to income ratio	84.6%	55.8%

Statement of Profit or Loss and Other Comprehensive Income

Profitability

The Corporation returned to profitability in FY2026. Gross profit was P309.9 million, down from P441.4 million, while gross margin improved to 72.5% from 59.7% as cost of sales fell faster than revenue. Operating profit was P28.0 million compared with an operating loss of P116.8 million in FY2025. After net finance costs of P2.9 million and joint-venture profit of P24.6 million, profit after tax was P49.6 million.

Revenue

Revenue and rental income declined by P312.0 million, or 42.2%, to P427.5 million. Rental income was P279.1 million compared with P392.2 million in FY2025. Construction and management contract revenue fell to P141.7 million from P336.8 million, while outright housing sales contributed P6.7 million compared with P10.5 million.

Rental income accounted for about 65% of FY2026 revenue, with construction and management contracts contributing about 33% and housing sales about 2%. The reductions in both rental and contract revenue show the need to sustain the rental portfolio and maintain a reliable pipeline of construction and management work.

The FY2026 revenue mix comprised approximately 65% rental income, 33% construction and management contracts, and 2% housing sales.

Operating Expenses

Operating expenses excluding impairment declined to P361.5 million from P412.5 million. Repairs and maintenance decreased to P78.0 million from P110.7 million. Employee benefit expenses were broadly stable at P170.6 million, depreciation and amortisation was P31.6 million, and other expenses were P81.3 million. The cost to income ratio nevertheless rose to 84.6% as revenue declined faster than costs.

Employee benefit expenses include P15.5 million capitalised to housing inventories. The Corporation employed 295 people at year end, compared with 299 in FY2025. Gains on investment property sales of P95.6 million also supported the operating result; excluding these gains, the Corporation would have reported an operating loss of about P67.6 million.

Together, lower impairment expense and P95.6 million of property disposal gains supported the return to reported operating profit, while the cost base remained high relative to revenue.

Impairment Expenses

Net impairment expense totalled P16.9 million, compared with P219.2 million in FY2025. The movement comprised additional expected credit losses of P38.8 million on rental debtors and P4.8 million on professional fees, partly offset by a P31.6 million reversal on other receivables following collections and reassessment of recoverability. The receivables remained recognised in the ledger; the reversal was not a direct write-off or cash recovery. A further P4.9 million write-down was recognised on completed housing inventories in Francistown.

Share of Joint Venture Profit

The Corporation recognised P24.6 million as its share of profit from equity-accounted joint ventures, compared with P23.7 million in FY2025. Dividends received from joint ventures were P17.6 million. The share of profit and dividends received are different measures and should not be treated as equivalent cash income.

Statement of Financial Position

At 31 March 2026, total assets were P2.688 billion and equity was P1.593 billion. Housing inventories increased to P984.2 million from P709.6 million, including P706.5 million of housing under construction and P230.0 million of

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2026

	Irredeemable capital	Retained earnings	Total
	P'000	P'000	P'000
Balance as at 01 April 2024	250,000	1,398,376	1,648,376
Comprehensive Loss			
Loss for the year	-	(104,595)	(104,595)
Total comprehensive loss for the year	-	(104,595)	(104,595)
Balance as at 31 March 2025	250,000	1,293,781	1,543,781
Balance as at 01 April 2025	250,000	1,293,781	1,543,781
Comprehensive income			
Profit for the year	-	49,580	49,580
Total comprehensive income for the period	-	49,580	49,580
Balance as at 31 March 2026	250,000	1,343,361	1,593,361

completed houses after write-downs. Inventories represented 36.6% of total assets, tying a substantial amount of capital to project completion, sale or transfer to rental property.

Cash and cash equivalents declined to P354.5 million from P467.5 million. Net operating cash outflows were P192.9 million, partly offset by P133.1 million generated from investing activities, including P114.2 million in proceeds from investment property sales. These movements underline the importance of collections and aligning project expenditure with available funding.

Total borrowings decreased slightly to P529.4 million. Their maturity profile changed significantly: current borrowings fell to P32.8 million from P433.9 million, while long-term borrowings increased to P496.5 million from P112.3 million. The current ratio improved to 2.35 times from 1.34 times, although cash declined and inventories grew.

Housing Developments

Housing inventories increased by P274.6 million to P984.2 million at year end. They comprised P47.6 million of land for development, P706.5 million of housing under construction and P230.0 million of completed houses after write-downs. The increase in work in progress makes timely completion and conversion into completed houses for sale or rental important.

The Corporation recognised a P4.9 million write-down on certain completed houses in Francistown. The prior-year P1.4 million write-down related to Selibe Phikwe properties disposed of during FY2026. The financial statements do not provide the number of units delivered during the year.

Outlook

Management's going concern assessment covered 12 months and considered financial performance, cash flow forecasts, access to financing and stakeholder support. The financial statements describe cost-containment measures, liability restructuring and engagement with financiers on refinancing options. Management expects to realise assets and discharge liabilities in the normal course of business.

The FY2026 results point to priorities of sustaining rental and contract revenue, completing and monetising housing inventories, controlling costs, strengthening cash collections and managing financing carefully. Progress in these areas will support cash generation and reduce reliance on property disposal gains to report operating profit.

By order of the Board,



Othusitse Mbeha
Board Chairperson

14 October 2026



Professor Selinah Busang
Acting Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 P'000	2025 P'000
Cash flows from operating activities			
Net cash utilised in operating activities	30.	(205,855)	(369,599)
Taxation paid	20.	(4,356)	(16,708)
With-holding tax paid	20.	(332)	(1,372)
Taxation refund	20.	17,669	8,733
Net cash utilised in operating activities		(192,874)	(378,946)
Cash flows from investing activities			
Acquisition of property, plant and equipment	17.	(1,853)	(5,042)
Acquisition of intangible assets	18.	(694)	(4,460)
Proceeds from sale of investment properties	12.	114,231	82,419
Proceeds from sale of property, plant and equipment		430	881
Dividends from joint ventures	19.	17,590	23,575
Interest received		3,419	4,530
Net cash generated from investing activities		133,123	101,893
Cash flows from financing activities			
Repayment of long term borrowings	26.4	(2,395)	(30,770)
Bond funds received	26.4	282,862	-
Repayment of bond	26.4	(300,000)	-
Lease payments - principal	25.	(7,828)	(5,868)
Lease payments - interest	25.	(1,418)	(1,187)
Interest paid		(24,410)	(32,885)
Net cash utilised in financing activities		(53,189)	(70,710)
Net decrease in cash and cash equivalents		(112,939)	(347,762)
Cash and cash equivalents at beginning of year	23.	467,459	815,221
Cash and cash equivalents at end of year	23.	354,520	467,459



ACCOUNTABILITY



COLLABORATION



CUSTOMER FOCUS



EMPOWERMENT



AGILITY



SUSTAINABILITY