



**Botswana  
Meat  
Commission**  
Meat Perfection Defined



# **ANNUAL CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

# **BOTSWANA MEAT COMMISSION**

## **INDEX TO NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **CORPORATE INFORMATION**

#### **Business operations:**

Botswana Meat Commission (the “Commission”) is a Parastatal and was established on the 24<sup>th</sup> of December 1965 by an Act of Parliament to promote the development of the Country’s livestock industry and the sale of beef and related products globally. The headquarters are in Lobatse, Botswana. The premises are an integrated complex housing; an abattoir and cannery, by – products, and tannery Plants. Besides owning three (3) abattoirs in Botswana, Botswana Meat Commission has cold storage facilities (subsidiary) in South Africa as well as marketing subsidiaries in the United Kingdom and South Africa.

The business of the Commission is to purchase cattle and to slaughter the same and prepare and sell the products of such slaughtering or, if the Commission thinks fit, to sell on the hoof cattle so purchased; in addition the Commission may, in its discretion and with the consent of the Minister, promote schemes for the improvement of the standard and condition of cattle to be sent for slaughter or sold on the hoof and promote other commercial schemes for the development and improvement of the livestock industry.

#### **Registered office:**

Plot 621, 1 Khama Avenue, Lobatse, Botswana.

#### **Board of Directors:**

|                       |   |
|-----------------------|---|
| Mr. B. Radihephi      | Chairperson                               |
| Mr. B.B. Paya         | Deputy Chairperson (Appointed 1 Dec 2023) |
| Mr. L.M Serole        | Member                                    |
| Dr. J. Sento          | Member                                    |
| Mr T. R. Sithole      | Member (Appointed 1 Sep 2024)             |
| Ms T. Motlhalamme     | Member (Appointed 1 Sep 2024)             |
| Ms V.D. Monamoledi    | Member (Appointed 1 Sep 2024)             |
| Mr. B. O. Mhutsiwa    | Resigned 30 April 2024)                   |
| Mr. M. Lenyatso       | Resigned 30 April 2024                    |
| Mr. B.P. Montle       | Resigned 30 April 2024                    |
| Ms. S. Winston        | Resigned 31 Jul 2024                      |
| Mr. G. Mosimaneotsile | Resigned 31 Jul 2024                      |
| Mr. M. Mokgosana      | Resigned 31 Jul 2024                      |

#### **Executive Management:**

|                    |  |
|--------------------|--|
| Mr. D. Tsheboeng   | Chief Executive Officer (Resigned February 2025)       |
| Ms. K.M. Tibe      | Ag Chief Executive Officer (Appointed February 2025)   |
| Mr. B. Dioka       | Chief Operations Officer (Appointed June 2022)         |
| Mr. O. Ramotshwara | Chief Technical Advisor (Appointed August 2022)        |
| Mr. R. Khumalo     | Executive Manager, Human Capital (Appointed July 2022) |
| Ms K.M. Tibe       | Chief Financial Officer ( February 2023)               |

#### **Board Secretary:**

Ms. Z Marobela (Appointed January 2025)  
Mr O Gaboutloeloe (Resigned November 2024)

# BOTSWANA MEAT COMMISSION

## INDEX TO NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### Independent Auditors:

Ernst & Young  
P O Box 41015  
Gaborone  
Botswana

### Bankers:

First National Bank of Botswana  
Standard Bank South Africa Limited  
Standard Bank Plc London

## GROUP INFORMATION AND SUBSIDIARY LIQUIDATION

### Subsidiaries

The consolidated financial statements of the Group include:

| Name of Subsidiary                      | Principal Activities  | Country of Incorporation | % Equity Interest (2024) | % Equity Interest (2023) |
|---|---|--------------------------|--------------------------|--------------------------|
| Table Bay Cold Storage (Pty) Ltd (TBCS) | Cold storage, dry storage, clearing and forwarding                  | South Africa             | 100% (indirect)          | 100% (indirect)          |
| BMC UK Holdings Ltd                     | Sales and marketing of all kinds of meat and meat products          | United Kingdom           | 100% (direct)            | 100% (direct)            |
| Mainline Carriers (Pty) Ltd             | Investment properties   | Botswana                 | 100% (direct)            | 100% (direct)            |
| Botswana Meat Exporters (Pty) Ltd (BMI) | Dormant – undergoing liquidation                                    | Cayman Islands           | 100% (indirect)          | 100% (indirect)          |
| Lobatse Leathers                        | immediate parent of both BMI and AMI                                | Botswana                 | 100% (direct)            | 100% (direct)            |
| Allied Meat Insurance Co. Ltd (AMI)     | Dormant – undergoing liquidation; immediate holding company of TBCS | Cayman Islands           | 100% (indirect)          | 100% (indirect)          |

### Ownership Chain Notes:

- Lobatse Leathers (Pty) Ltd (100% owned by Botswana Meat Commission) is the immediate parent of both BMI and AMI.
- AMI is the immediate holding company of TBCS.
- In 2025, the Group initiated the liquidation of AMI and BMI. TBCS will be transferred directly to the Botswana Meat Commission once the liquidation is complete.
- All intercompany balances have been eliminated, and no material impact is expected on the Group's consolidated financial position.

# **BOTSWANA MEAT COMMISSION**

## **INDEX TO NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **SUBSIDIARY LIQUIDATION**

As at 31 December 2024, the Group initiated the liquidation of two dormant subsidiaries—Allied Meat Insurance Company Ltd (AMI) and Botswana Meat Exporters (BMI)—as part of a corporate restructuring initiative aimed at simplifying the Group’s legal structure and streamlining operations.

Allied Meat Insurance Company Ltd (AMI) and Botswana Meat Exporters (BMI) are both subsidiaries of Lobatse Leathers (Pty) Ltd, which is ultimately owned by the Botswana Meat Commission (BMC). AMI is also the immediate holding company of Table Bay Cold Storage (Pty) Ltd (TBCS), which will be transferred directly to the Botswana Meat Commission upon completion of the restructuring process.

The Botswana Meat Commission holds 100% of the equity interests in all subsidiaries disclosed, either directly or indirectly. This includes BMC UK Holdings Ltd and Mainline Carriers (Pty) Ltd, which are directly owned by BMC, as well as BMI and AMI under Lobatse Leathers (Pty) Ltd.

The liquidation process is at an advanced stage as at the reporting date but had not been finalized. The affected subsidiaries are dormant and considered immaterial to the Group’s consolidated financial position or performance. No material gain or loss is expected from the liquidation, and all related intercompany balances have been fully eliminated in the consolidated financial statements.

Management will continue to assess and monitor the restructuring process for any potential financial reporting implications in future periods.

# **BOTSWANA MEAT COMMISSION**

## **INDEX TO NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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# **BOTSWANA MEAT COMMISSION**

## **DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **Directors' Responsibility Statement**

The Directors' are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Botswana Meat Commission and its Subsidiaries (the Group and Commission) comprising the statements of financial position, the statements of profit or loss and other comprehensive income, statements of changes in reserves and statements of cash flows for the year ended 31 December 2024, and summary of material accounting policies and other explanatory notes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) in the manner required by the Botswana Meat Commission Act (Chapter 74:04) (as amended).

The Directors are required by the Botswana Meat Commission Act (Chapter 74:04) (as amended), to maintain adequate accounting records and are responsible for the content and integrity of the financial information included in this Report. It is the responsibility of the Board to ensure that the financial statements fairly present the state of affairs of the Group and Commission as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards, which means that they comply with the entire body of pronouncements sanctioned by the International Accounting Standards Board (IASB). This includes the International Accounting Standards (IAS), IFRS Accounting Standards and Interpretations originated by the IFRS Interpretations Committee.

The Directors' responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements and estimates. The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Group and all Employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing, and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board of Directors is primarily responsible for the financial affairs of the Group and Commission.

# **BOTSWANA MEAT COMMISSION**

## **DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

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The Group and the Commission reported a total loss for the year of P198 million (2023: Loss of P80 million) and P143 million (2023: Loss P88 million), respectively. The total comprehensive **loss** for the Group and Commission is (P242 million) (2023: **loss** P72 million) and (P160 million) (2023: **loss** P88 million), respectively. The accumulated losses of the Group and Commission amount to P1.8 billion (2023: P1.6 billion) and P1.8 billion (2023: P1.6 billion), respectively. The going concern of the Group and Commission is dependent on the initiatives disclosed in note 28 of the financial statements.

The Government of Botswana, as the sole Shareholder, has committed to continue offering financial support to the Group and Commission into the foreseeable future, and the Directors believe that the going concern principle is an appropriate basis for preparation of the financial statements. The going concern was further assessed taking into consideration other economic factors that might not necessarily have a direct impact on operations.

### **Disclosure of Audit Information**

The internal controls are monitored throughout the Group and Commission and all employees are required to maintain the highest ethical standards in ensuring the Group and Commission's disclosure of audit information.

Each of the Directors as at the date of approval of this report confirms that:

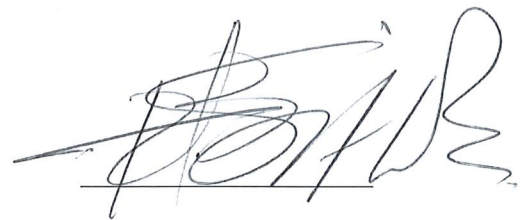
- i. In so far as the Director is aware, there is no relevant audit information of which the Commission's Auditor is unaware of; and
- ii. The Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group and Commission's auditor is aware of that information.

### **Director's Approval of the Financial Statements**

The consolidated and separate financial statements set out on pages 11 to 94 which have been prepared on the going concern basis, were approved, and authorized for issue through a resolution passed by the Board of Directors on 9<sup>th</sup> September 2025 and are signed on behalf of the Group and Commission by:



**Director**



**Director**



**Firm of Chartered Accountants**  
 2nd Floor  
 Plot 22, Khama Crescent  
 PO Box 41015  
 Gaborone, Botswana

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 Email: [eybotswana@za.ey.com](mailto:eybotswana@za.ey.com)  
 Partnership registered in Botswana  
 Registration No: 10829  
 VAT No: PO3625401112  
[www.ey.com](http://www.ey.com)

## **Independent Auditor's Report**

*To the shareholder of Botswana Meat Commission*

### **Report on the Audit of the Consolidated and Separate Financial Statements**

#### **Opinion**

We have audited the consolidated and separate financial statements of Botswana Meat Commission ("the Commission") and its subsidiaries, ("the Group") set out on pages 11 to 94 which comprise the consolidated and separate statements of financial position as at 31 December 2024, and the consolidated and separate statements of profit and loss and other comprehensive income, the consolidated and separate statements of changes in reserves and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Meat Commission as at 31 December 2024, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Botswana Meat Commission Act (Chapter 74.04) (as amended).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of Botswana Meat Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with other ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Relating to Going Concern**

We draw attention to the Going Concern note (note 28) in the consolidated and separate financial statements, which indicate that the Group and Commission reported a total loss of BWP 198 million and BWP 121 million respectively for the year ended 31 December 2024 and had accumulated deficits of BWP 1.8 billion and BWP 1.8 billion respectively as at the reporting date. The Group and Commission are unable to add sufficient value in the manufacturing process to current volumes of supply, to produce revenues to cover its costs and the Group and Commission are therefore dependent on the Government of Botswana for ongoing financial support. These conditions, along with other factors mentioned in the Going Concern note (note 28), indicate the existence of a material uncertainty that casts significant doubt on Botswana Meat Commission's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed these matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



The key audit matter applies equally to the audit of the consolidated and separate financial statements.

| Key Audit Matter  | How the matter was addressed in the audit   |
|---|---|
| <p><b>Valuation of non-current assets</b></p> <p>The Group’s and Commission’s property, plant and equipment amounted to BWP818,151 million (2023: BWP807,535 million) and BWP764,147 (2023: BWP753,885 million) respectively at the reporting date. These assets comprised 78% (2023: 66%) and 80% (2023: 66%) respectively of the Group’s and Commission’s total assets at the reporting date.</p> <p>The Group and Commission continued realising annual losses with the Group realising a loss of BWP 198 million and the Commission a loss of BWP 143 million respectively for the year ended 31 December 2024. The Group and Commission also have decentralised operations in different geographical areas (three identifiable cash generating units – CGUs) which are impacted by foot-and-mouth outbreaks, drought etc. Due to the unpredictable nature of the industry and the continued losses realised by the Group and Commission, impairment indicators were identified for the property, plant and equipment held by the Group and Commission at 31 December 2024 and the Group and Commission were required to perform an impairment assessment on these CGUs as per the requirements of IAS 36 - <i>Impairment of assets</i>.</p> <p>The impairment assessment in the prior year was based on the fair value in use calculated for each CGU using discounted cash flow models for each CGU. The valuation method was changed to fair value less costs to sell as determined using the enterprise valuation method in the current year due to the historical differences experienced between the cash flows predicted in the discounted cash flow models and the actual cash flows generated in the subsequent periods.</p> <p>Management performed a level two fair value assessment based on the on a market multiples approach (revenue trading multiple) to determine the fair value less cost to sell value of the Group and Commission’s property, plant and equipment.</p> <p>The market multiples approach included obtaining market multiples publicly available for comparable peers operating in the packaged foods and meats industry and applying a control premium / discount considering the size of operations and country risk.</p> <p>The judgements and estimates involved in determining the fair value of the Group and Commission’s property, plant and equipment comprise mainly of determining the appropriate valuation method, identifying comparable peers operating in the packaged foods and meats industry and the control premium / discount to be applied to the market multiples to derive the fair value of the Group and Commission’s property, plant and equipment.</p> | <p>With the assistance of our internal valuation specialists, we performed the following procedures amongst others:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of management’s policies and processes to identify the potential triggering events for potential impairment of non-current assets.</li> <li>- We assessed the appropriateness of the impairment method used by management by comparing the method to our understanding of the business and the impairment methods applied by other entities operating in similar economic sectors.</li> <li>- We tested the mathematical accuracy of the impairment assessment calculations used by management and compared the results to the carrying values of the operating assets to determine whether an impairment should be recognised.</li> <li>- We verified the revenue used in the revenue trading multiple calculation to the revenue realised by the Group for the year ended 31 December 2024.</li> <li>- We verified the market multiples used in the revenue trading multiple calculations to publicly available market multiples for comparable listed peers in the same industry.</li> <li>- We independently calculated a control premium / discount to be applied to the market multiples in calculating the fair value less cost to sell value of the Group and Commission’s property, plant and equipment and compared this to the control premium / discount applied by management.</li> </ul> <p>With the assistance from our internal financial reporting specialists, we assessed the adequacy and completeness of the financial statement disclosures included in the Group and Commission’s financial statements relating to the impairment and fair value of the Group and Commission’s property, plant and equipment</p> |



|  |  |
|--|--|
| <p>The impairment assessment of the Group’s and Commission’s CGUs was the matter of most significance to our current year audit of the consolidated and separate financial statements due to the significant judgements and estimates applied by management in determining the fair values of the Group’s and Commission’s property, plant and equipment and the significance of these assets to the Group’s and Commission’s total assets.</p> <p>The disclosures associated with the impairment is set out in the consolidated and separate financial statements in the following notes:</p> <ul style="list-style-type: none"> <li>-Note 2.3(i) – Property, plant and equipment</li> <li>-Note 2.3 (o) – Impairment of non-financial assets</li> <li>-Note 3 (e) – Impairment of non-financial assets</li> <li>-Note 11 - Property, Plant and Equipment</li> <li>-Note 11.4 – Consolidated Group Impairment Overview</li> </ul> |  |
|--|--|

**Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the 94 page document titled “Botswana Meat Commission Annual Consolidated and Separate Financial Statements for the year ended 31 December 2024” which includes the Corporate Information, the Directors’ Responsibility Statement and the Directors’ Approval of the Financial Statements, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Consolidated and Separate Financial Statements**

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Botswana Meat Commission Act (Chapter 74:04) (as amended) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and the Commission’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Commission or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s and Commission’s financial reporting processes.

**Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance



is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and Commission's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



***Report on Other Legal and Regulatory Requirements***

In accordance with section 20(3) of the Botswana Meat Commission Act (Chapter 74:04) (as amended) we consider and report that in our opinion:

- We have received all the information and explanations which, to the best of our knowledge and belief were necessary for the performance of our duties as auditors,
- The accounts and related records of the Commission have been properly kept except for the deficiencies reported to management and those charged with governance, and
- The Commission has not complied with section 17 of the Botswana Meat Commission Act (Chapter 74:04) (as amended). Instances of non-compliance are detailed in note 29 in the consolidated and separate financial statements.

**Ernst & Young**

Ernst & Young  
Firm of Certified Auditors  
Practicing Member: Francois J Roos (CAP 0013 2025)

14 November 2025  
Gaborone

**BOTSWANA MEAT COMMISSION**  
**STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

|   | <u>NOTES</u> | <u>Consolidated</u>         |                             | <u>Commission</u>           |                             |
|---|--------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |              | <b>2024</b><br><b>P'000</b> | <b>2023</b><br><b>P'000</b> | <b>2024</b><br><b>P'000</b> | <b>2023</b><br><b>P'000</b> |
| Revenue   | 4            | 833,538                     | 640,222                     | 790,106                     | 619,537                     |
| Cost of sales   | 6            | (784,823)                   | (550,343)                   | (754,002)                   | (551,474)                   |
| <b>GROSS PROFIT /(LOSS)</b>   |              | <b>48,715</b>               | <b>89,879</b>               | <b>36,104</b>               | <b>68,063</b>               |
| Administration costs  | 8.2          | (190,948)                   | (132,625)                   | (198,834)                   | (126,026)                   |
| Selling and distribution expenses   |              | (33,099)                    | (42,629)                    | (47,866)                    | (36,729)                    |
| Impairment reversed/ (Charged) for trade and other receivables                        | 16           | (7,420)                     | (1,241)                     | (7,353)                     | 1,269                       |
| Government subvention   |              | 34,873                      | 29,520                      | 34,873                      | 29,520                      |
| <b>OPERATING LOSS</b>   |              | <b>(147,879)</b>            | <b>(57,096)</b>             | <b>(183,077)</b>            | <b>(63,903)</b>             |
| Other costs   | 8.1          | (16,699)                    | (7,948)                     | (16,807)                    | (6,511)                     |
| Other income  | 7            | 4,929                       | 16,742                      | 96,064                      | 15,746                      |
| Finance costs   | 9            | (36,641)                    | (29,305)                    | (39,685)                    | (33,240)                    |
| Finance income  |              | 404                         | 258                         | 25                          | 17                          |
| <b>LOSS BEFORE TAXATION</b>   |              | <b>(195,885)</b>            | <b>(77,349)</b>             | <b>(143,480)</b>            | <b>(87,891)</b>             |
| Taxation  | 10           | (2,129)                     | (2,499)                     |                             | -                           |
| <b>LOSS FOR THE YEAR</b>  |              | <b>(198,014)</b>            | <b>(79,848)</b>             | <b>(143,480)</b>            | <b>(87,891)</b>             |
| <b>OTHER COMPREHENSIVE INCOME</b>   |              |                             |                             |                             |                             |
| Items that will not be reclassified subsequently to profit or loss (net of taxation): |              |                             |                             |                             |                             |
| Revaluation gain of property, plant and equipment                                     | 11.1         | 22,443                      | -                           | -                           | -                           |
| Reversal of current year revaluation gain/Impairment                                  |              | (38,380)                    |                             | (15,937)                    |                             |
| Items that will be reclassified subsequently to profit or loss (net of taxation):     |              |                             |                             |                             |                             |
| Foreign currency translation reserve  |              | (18,858)                    | 7,399                       | -                           | -                           |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>   |              | <b>34,795</b>               | <b>7,399</b>                | <b>(15,937)</b>             | <b>-</b>                    |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>  |              | <b>(232,809)</b>            | <b>(72,449)</b>             | <b>(159,845)</b>            | <b>(87,891)</b>             |

# BOTSWANA MEAT COMMISSION

## STATEMENTS OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2024

|  | <u>NOTES</u> | <u>Consolidated</u>         |                             | <u>Commission</u>           |                             |
|--|--------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |              | <u>2024</u><br><u>P'000</u> | <u>2023</u><br><u>P'000</u> | <u>2024</u><br><u>P'000</u> | <u>2023</u><br><u>P'000</u> |
| <b>ASSETS</b>                          |              |                             |                             |                             |                             |
| <b>Non-current assets</b>              |              |                             |                             |                             |                             |
| Property, plant and equipment          | 11           | 818,151                     | 807,535                     | 764,147                     | 753,885                     |
| Right of use assets                    | 12           | 417                         | 914                         | -                           | -                           |
| Investment property                    | 13           | 5,310                       | 5,310                       | -                           | -                           |
| Investments                            | 14           | 10                          | 10                          | 7,484                       | 7,484                       |
|  |              | <b>823,888</b>              | <b>813,769</b>              | <b>771,631</b>              | <b>761,369</b>              |
| <b>Current assets</b>                  |              |                             |                             |                             |                             |
| Inventories                            | 15           | 142,644                     | 287,218                     | 142,241                     | 284,731                     |
| Trade and other receivables            | 16           | 48,483                      | 100,199                     | 28,355                      | 84,315                      |
| Prepayments                            |              | 5,608                       | 2,703                       | 5,559                       | 2,662                       |
| Amounts due from Group Companies       | 23.4         | -                           | -                           | 744                         | 1,383                       |
| Cash and cash equivalents              | 17           | 29,003                      | 10,599                      | 11,140                      | 7,084                       |
|  |              | <b>225,738</b>              | <b>400,719</b>              | <b>188,038</b>              | <b>380,175</b>              |
| <b>TOTAL ASSETS</b>                    |              | <b>1,049,626</b>            | <b>1,214,488</b>            | <b>959,669</b>              | <b>1,141,544</b>            |
| <b>RESERVES AND LIABILITIES</b>        |              |                             |                             |                             |                             |
| <b>Reserves</b>                        |              |                             |                             |                             |                             |
| Capital reserves                       |              | 752,532                     | 707,853                     | 704,419                     | 659,740                     |
| Loan redemption reserve                |              | 340,066                     | 340,066                     | 340,066                     | 340,066                     |
| Foreign currency translation reserve   |              | 4,515                       | 23,373                      | -                           | -                           |
| Foreign exchange stabilization reserve |              | 15,000                      | 19,294                      | -                           | -                           |
| Asset revaluation reserve              |              | 793,248                     | 817,905                     | 743,866                     | 759,804                     |
| Accumulated deficit                    |              | (1,805,952)                 | (1,612,232)                 | (1,780,387)                 | (1,636,907)                 |
| <b>Total reserves</b>                  |              | <b>99,409</b>               | <b>296,259</b>              | <b>7,964</b>                | <b>122,703</b>              |
| <b>LIABILITIES</b>                     |              |                             |                             |                             |                             |
| <b>Non-current liabilities</b>         |              |                             |                             |                             |                             |
| Borrowings                             | 19           | 230,629                     | 236,789                     | 230,629                     | 236,789                     |
| Deferred Government Grant              | 19.4         | 195,998                     | 195,998                     | 195,998                     | 195,998                     |
| Deferred tax liability                 | 20           | 13,744                      | 7,650                       | -                           | -                           |
| Lease liability                        | 12           | 94                          | 568                         | -                           | -                           |
|  |              | <b>440,464</b>              | <b>441,005</b>              | <b>426,626</b>              | <b>432,787</b>              |
| <b>Current liabilities</b>             |              |                             |                             |                             |                             |
| Taxation payable                       | 10.1         | 317                         | -                           | -                           | -                           |
| Lease liability                        | 12           | 576                         | 669                         | -                           | -                           |
| Trade and other payables               | 21           | 207,134                     | 235,177                     | 204,816                     | 235,031                     |
| Amounts due to group companies         | 23.5         | -                           | -                           | 18,537                      | 109,645                     |
| Bank overdrafts                        | 18           | 35,203                      | 39,942                      | 35,203                      | 39,942                      |
| Trade Finance                          | 18.1         | 230,112                     | 179,943                     | 230,112                     | 179,943                     |
| Borrowings                             | 19           | 36,411                      | 21,493                      | 36,411                      | 21,493                      |
|  |              | <b>509,753</b>              | <b>477,224</b>              | <b>525,079</b>              | <b>586,054</b>              |
| <b>Total liabilities</b>               |              | <b>950,217</b>              | <b>918,229</b>              | <b>951,705</b>              | <b>1,018,841</b>            |
| <b>TOTAL RESERVES AND LIABILITIES</b>  |              | <b>1,049,626</b>            | <b>1,214,488</b>            | <b>959,669</b>              | <b>1,141,544</b>            |

# BOTSWANA MEAT COMMISSION

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

|  | <u>Notes</u> | <u>Consolidated</u> |                 | <u>Commission</u> |                 |
|--|--------------|---------------------|-----------------|-------------------|-----------------|
|  |              | <b>2024</b>         | <b>2023</b>     | <b>2024</b>       | <b>2023</b>     |
|  |              | <b>P'000</b>        | <b>P'000</b>    | <b>P'000</b>      | <b>P'000</b>    |
| <b>CASH FLOWS GENERATED IN OPERATING ACTIVITIES</b>          |              |                     |                 |                   |                 |
| Cash used in operations                                      | 24           | 53,080              | (40,755)        | 33,654            | (32,546)        |
| Interest paid  |              | (19,534)            | (9,642)         | (19,326)          | (10,067)        |
| Interest Paid (Lease Liability)                              | 12           | (104)               | (149)           | -                 | -               |
| Interest received on tax refund                              | 10.2         | 11                  | -               | -                 | -               |
| Taxation (Paid)  | 10.2         | (4,491)             | (286)           | -                 | -               |
| <b>Net cash used in operating activities</b>                 |              | <b>28,962</b>       | <b>(50,832)</b> | <b>14,328</b>     | <b>(42,613)</b> |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>               |              |                     |                 |                   |                 |
| Purchase of property, plant and equipment                    |              | (45,118)            | (7,061)         | (44,920)          | (4,997)         |
| Proceeds on disposal of property, plant and equipment        |              | 26                  | -               | 26                | -               |
| Finance income   |              | 404                 | 258             | 25                | 17              |
| <b>Net cash used in investing activities</b>                 |              | <b>(44,688)</b>     | <b>(6,803)</b>  | <b>(44,869)</b>   | <b>(4,980)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |              |                     |                 |                   |                 |
| Funds received from Government – Shareholder*                |              | 44,697              |                 | 44,679            |                 |
| Borrowings repaid  | 25           | (5,342)             | (1,305)         | (5,342)           | (1,305)         |
| Borrowings received  | 25           | -                   | 33,000          | -                 | 33,000          |
| Payment of Lease Liability - Principal                       | 12           | (598)               | (520)           | -                 | -               |
| <b>Net cash generated from financing activities</b>          |              | <b>38,739</b>       | <b>31,175</b>   | <b>39,337</b>     | <b>31,695</b>   |
| Net (decrease) / increase in cash and cash equivalents       |              | 23,013              | (26,460)        | 8,796             | (15,898)        |
| Net foreign exchange difference on cash and cash equivalents |              | 130                 | 999             | -                 | -               |
| Cash and cash equivalents at beginning of year               |              | (29,343)            | (3,882)         | (32,859)          | (16,960)        |
| <b>Cash and cash equivalents at end of year</b>              |              | <b>(6,200)</b>      | <b>(29,343)</b> | <b>(24,063)</b>   | <b>(32,858)</b> |
| Comprising:  |              |                     |                 |                   |                 |
| Cash and cash equivalents                                    | 17           | 29,003              | 10,599          | 11,140            | 7,084           |
| Bank overdrafts  | 18           | (35,203)            | (39,942)        | (35,203)          | (39,942)        |
|  |              | <b>(6,200)</b>      | <b>(29,343)</b> | <b>(24,063)</b>   | <b>(32,858)</b> |

\* The Shareholder in the year 2024, has invested a total of P44.7 million for the Tannery revitalization and Secondary processing plant which are scheduled to be completed in 2026

As at 31 December 2024, cash and cash equivalents include an amount of P 4 million (2023: Nil held in a bank account by the BMC on behalf of the Ministry of Lands and Agriculture. These funds are maintained for the purpose of procuring plant and machinery for the Tsabong Meat Processing Plant, which is a government infrastructure project. The Tsabong Plant is not part of the BMC Group, and BMC holds no ownership or operational responsibility in relation to this facility.

# BOTSWANA MEAT COMMISSION

## STATEMENTS OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2024

| <u>Consolidated</u>                     | Total          | Capital reserves | Loan redemption reserve | Foreign Currency Translation Reserve | Foreign exchange stabilization reserve | Asset revaluation reserve | Accumulated Surplus (deficit) |
|---|----------------|------------------|-------------------------|--------------------------------------|--|---------------------------|-------------------------------|
|   | P'000          | P'000            | P'000                   | P'000                                | P'000                                  | P'000                     | P'000                         |
| <b>Balance as at 1 January 2023</b>     | <b>368,708</b> | <b>707,853</b>   | <b>340,066</b>          | <b>15,974</b>                        | <b>19,294</b>                          | <b>817,905</b>            | <b>(1,532,384)</b>            |
| (Loss) for the year                     | (79,848)       | -                | -                       | -                                    | -                                      | -                         | (79,848)                      |
| Other comprehensive income *            |                |                  |                         |                                      |  |                           | -                             |
| Foreign exchange effect                 | 7,399          | -                | -                       | 7,399                                | -                                      | -                         | -                             |
| Transfers between reserves              |                |                  |                         |                                      |  |                           |                               |
| <b>Balance as at 31 December 2023</b>   | <b>296,259</b> | <b>707,853</b>   | <b>340,066</b>          | <b>23,373</b>                        | <b>19,294</b>                          | <b>817,905</b>            | <b>(1,612,232)</b>            |
| (Loss) for the year                     | (198,014)      | -                | -                       | -                                    | -                                      | -                         | (198,014)                     |
| Shareholders' Equity*                   | 44,679         | 44,679           | -                       | -                                    | -                                      | -                         | -                             |
| Other comprehensive income **           | 22,443         | -                | -                       | -                                    | -                                      | 22,443                    | -                             |
| Transfer between reserves               | -              | -                | -                       | -                                    | (4,294)                                | -                         | 4,294                         |
| Reversal of revaluation gain/Impairment | (47,100)       | -                | -                       | -                                    | -                                      | (47,100)                  | -                             |
| Foreign exchange effect                 | (18,858)       | -                | -                       | (18,858)                             | -                                      | -                         | -                             |
| <b>Balance as at 31 December 2024</b>   | <b>99,049</b>  | <b>752,532</b>   | <b>340,066</b>          | <b>4,515</b>                         | <b>15,000</b>                          | <b>793,248</b>            | <b>(1,805,952)</b>            |

| <u>Commission</u>                       | Total          | Capital reserves | Loan redemption reserve | Asset revaluation reserve | Accumulated Surplus/(deficit) |
|---|----------------|------------------|-------------------------|---------------------------|-------------------------------|
|   | P'000          | P'000            | P'000                   | P'000                     | P'000                         |
| <b>Balance as at 1 January 2023</b>     | <b>210,594</b> | <b>659,740</b>   | <b>340,066</b>          | <b>759,804</b>            | <b>(1,549,016)</b>            |
| (Loss) for the year                     | (87,891)       | -                | -                       | -                         | (87,891)                      |
| <b>Balance as at 31 December 2023</b>   | <b>122,703</b> | <b>659,740</b>   | <b>340,066</b>          | <b>759,804</b>            | <b>(1,636,907)</b>            |
| (Loss) for the year                     | (143,480)      | -                | -                       | -                         | (143,480)                     |
| Reversal of revaluation gain/Impairment | (15,937)       | -                | -                       | (15,937)                  | -                             |
| Shareholders' Equity*                   | 44,679         | 44,679           | -                       | -                         | -                             |
| <b>Balance as at 31 December 2024</b>   | <b>7,964</b>   | <b>704,419</b>   | <b>340,066</b>          | <b>743,866</b>            | <b>(1,780,387)</b>            |

\* The Shareholder in the year 2024, has invested a total of P44.7 million for the Tannery revitalization and Secondary processing plant which are scheduled to be completed in 2026

\*\*The asset revaluation reserve should be considered with Note 11 which provides further details of the valuation exercise performed in the current year

# **BOTSWANA MEAT COMMISSION**

## **STATEMENTS OF CHANGES IN RESERVES (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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#### **Capital Reserves**

Capital reserves represent amounts of grants and Shareholder loans that were issued for the upgrade and refurbishment of the three abattoirs being Lobatse, Francistown and Maun but subsequently converted into equity. In 2024, total additional Shareholder's Equity was P 44.7 million which was utilized for the construction of the ongoing secondary value addition processing plant and the tannery plant.

#### **Loan Redemption Reserve**

This reserve comprises amounts appropriated from income to provide for the repayment of loans as required in terms of the Botswana Meat Commission Act (Chapter 74:04) (as amended). In line with the provisions of the Act, Management carried out an assessment in 2024 and resolved to make no appropriation to the reserve on account of reported losses.

#### **Foreign Currency Translation Reserve**

Represents unrealized gains and losses on the translation of assets and liabilities arising on the consolidation of foreign subsidiaries.

#### **Foreign Exchange Stabilization Reserve**

Represents amounts set aside by certain subsidiaries of the Commission, to be utilized for stabilization of the impact of foreign exchange fluctuations or for any other purpose which the Commission, with appropriate approval, may determine from time to time.

#### **Asset Revaluation Reserve**

Represents the difference between the fair value of land and buildings and plant and machinery and their netbook value on revaluation, less related deferred taxation. The revaluation surplus is transferred to retained earnings upon the disposal of the related asset.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **1. Corporate Information**

The consolidated financial statements of Botswana Meat Commission and its subsidiaries (collectively, the Group) for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Directors on the 30 June 2025. Botswana Meat Commission (the Commission) is a Parastatal established through an Act of Parliament and domiciled in Botswana and Botswana Government is the sole shareholder. The registered office is located at Lobatse, Botswana. The Group is principally engaged in the development of the Country's livestock industry and the sale of beef and related products globally and the Management of investment property (see Note 13). Information on the Group's structure is provided in page 3. Information on other related party relationships of the Group is provided in Note 23.

### **2. Material Accounting Policy information**

#### **2.1. Basis of Preparation**

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated and separate financial statements are prepared under the historical cost convention except for investment properties, certain items (classified as property, plant, and equipment), and debt and equity and contingent consideration that have been measured at fair value.

The consolidated and separate financial statements are presented in Pula, and all values are rounded to the nearest thousand (P'000), except when otherwise indicated. The Group and Commission prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated and separate financial statements provide comparative information in respect of the previous period.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.2. Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Commission and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information**

#### **a) Investments in Subsidiaries**

The Group consolidates the entities it controls. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the relevant activities.

Power arises from existing rights that give the Group the current ability to direct the activities that significantly affect the investee's returns. This assessment applies to all entities, including those with voting rights.

Subsidiaries are consolidated from the date control is obtained and deconsolidated when control ceases. At Commission level, subsidiaries are measured at cost.

The acquisition of subsidiaries is accounted for by using the acquisition method, which involves:

- Identifying the acquirer,
- Determining the acquisition date, and
- Recognising and measuring the identifiable assets acquired, liabilities assumed, and any non-controlling interest.

The cost of acquisition is measured at the fair value of the consideration transferred, including any non-controlling interest in the acquiree. Goodwill is recognized separately when the acquisition cost exceeds the fair value of the net identifiable assets acquired. Conversely, if the acquisition cost is less than the fair value of the net assets acquired, the resulting bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred.

Intra-group transactions, balances, income, expenses, and unrealised gains or losses are eliminated on consolidation. Unrealised losses are assessed for indications of impairment. Subsidiary accounting policies are aligned with those of the Group where necessary.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **b) Fair value measurement**

The Group and Commission measure certain financial and non-financial assets — including investment properties and property, plant, and equipment (PPE) at fair value at each reporting date, where applicable.

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For non-financial assets, fair value reflects the asset's highest and best use from a market participant's perspective.

The Group applies valuation techniques that are appropriate to the asset or liability being measured and for which sufficient observable market data is available, prioritizing:

Use of observable inputs (market data), and

Minimizing reliance on unobservable inputs (estimates or assumptions).

#### **Fair Value Hierarchy**

Assets and liabilities measured or disclosed at fair value are categorized into the following levels based on the lowest level input that is significant to the valuation:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable, directly or indirectly.
- Level 3 – Unobservable inputs, typically involving significant management judgement or estimation.

Transfers between levels are recognised in the reporting period during which they occur.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **c) Revenue from contracts with customers**

The Group earns revenue primarily from the sale of meat and by-products and the provision of cold storage and shipping services. These are governed by distinct contracts with customers, and revenue is recognised in accordance with IFRS 15, using the five-step model.

#### **Revenue from Sale of Beef and Allied Products**

The Group sells a variety of beef-related products, including chilled, frozen, carcasses, canned goods, by-products, hides, and offal's. Revenue from product sales is recognised at a point in time when control transfers to the customer, typically upon delivery.

For direct sales where goods are shipped directly to customers, revenue is recognized upon release of bill of lading by the shipping lines with a customer name as the consignee. Pricing is fixed in the contract, and invoices are generally due within 14 to 30 days after delivery.

**Key Judgement:** The Group assesses the timing of control transfer based on delivery terms and shipping arrangements, which determines when revenue is recognized.

#### **Revenue from Cold Storage and Shipping Services**

The Group operates a cold storage facility and offers shipping services through its Cape Town-based subsidiary. These services are treated as distinct performance obligations, as they provide customers with stand-alone value which is not otherwise available.

- Cold storage revenue is recognised daily over time as the customer receives and consumes the storage service.
- Shipping revenue is recognised at a point in time, specifically when goods are dispatched from the cold storage facility, which marks the transfer of control.

The transaction price is allocated to each performance obligation based on their relative stand-alone selling prices.

**Significant Judgement:** Management applies judgement in determining the distinct nature of storage and shipping services, allocation of transaction price, and the appropriate timing of revenue recognition.

The Group has assessed contracts with customers and determined that there is no significant financing component, as the period between transfer of goods or services and customer payment is typically less than one year or the advance received from the Ministry of Rural Development does not contain an implicit interest element.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **d) Government Grants**

Government grants from the Republic of Botswana are recognised when there is reasonable assurance that the Group will comply with all attached conditions and that the grants will be received.

- Grants related to operating expenditures are recognised as income on a systematic basis over the periods in which the related expenses are incurred, ensuring proper matching of income and cost.
- Grants related to capital assets are recognised as income over the useful life of the asset, typically on a straight-line basis, to reflect the consumption of the asset's economic benefits.
- For non-monetary grants, the asset and the related grant are recorded at nominal value and amortised to profit or loss over the asset's useful life.

Significant judgement is applied in determining the timing of income recognition, particularly in assessing compliance with grant conditions and matching grant income with either asset depreciation or related expenditures.

In 2024, the Group received **P34.9 million** in government grants to support Maun Abattoir's operational expenses, compared to **P29.3 million** received in 2023 for similar support activities.

#### **e) Refund liabilities**

The Group applies significant judgment in estimating variable consideration related to customers' rights of return and volume rebates. These arise primarily from quality disputes and weight variances on beef products sold.

To measure the refund liability and the corresponding right of return asset, the Group uses historical data on returns and claims, adjusted for current contractual terms and expectations. The expected value method is applied to estimate the amount of consideration expected to be refunded.

Key assumptions include:

The likelihood and volume of returns due to quality issues or weight discrepancies

The estimated resale value and costs associated with returned goods

These estimates are reviewed and updated each reporting period based on recent trends and information, reflecting the Group's best judgment in assessing the impact of variable consideration on revenue recognition.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **f) Taxes**

##### **Current Tax**

Current income tax is based on taxable profit for the year, calculated using tax rates enacted or substantively enacted at the reporting date. Differences between accounting and taxable profits arise due to temporary or permanent tax adjustments.

Note: The Commission is exempt from income tax in Botswana.

##### **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and their tax bases, using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- On initial recognition of goodwill, or
- On assets or liabilities from non-business combinations that do not affect accounting or taxable profit at inception.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses, and credits only when it is probable that taxable profit will be available against which they can be utilised.

##### **Recognition excludes:**

- Assets or liabilities arising from transactions that are not business combinations and do not affect profit or loss at inception.
- Temporary differences related to investments in subsidiaries or associates, unless reversal is probable and taxable profits are available.

The recoverability of deferred tax assets is reassessed at each reporting date, using the same financial assumptions applied elsewhere in the financial statements, including the potential impact of climate-related factors (e.g., increased production costs due to carbon reduction initiatives).

Deferred tax is measured using the tax rates and laws expected to apply when the assets are realised or the liabilities are settled.

Deferred tax related to items recognised outside profit or loss is also recorded in OCI or equity, consistent with the underlying transaction.

##### **Offsetting**

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current taxes and when the taxes relate to the same tax authority and taxable entity (or entities intending to settle on a net basis).

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **f) Taxes Continued**

##### **Value Added Tax (VAT)**

Expenses and assets are recognised net of VAT, unless:

- VAT is non-recoverable, in which case it is included in the cost of the asset or expense.
- Receivables and payables include VAT amounts.

Net recoverable or payable VAT is reported within trade and other receivables or payables in the statement of financial position.

#### **g) Foreign currencies**

##### **(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Botswana Pula, which is the Commission's functional and presentation currency.

##### **(ii) Transactions and balances**

Transactions in foreign currencies are initially recorded at the spot exchange rate applicable on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate on the reporting date. Exchange differences arising from translation or settlement of monetary items are recognised in profit or loss, except where the item is part of a net investment in a foreign operation, in which case the difference is recognised in other comprehensive income (OCI) and reclassified to profit or loss on disposal of the investment.

Non-monetary items:

- Measured at historical cost: translated using the rate on the transaction date.
- Measured at fair value: translated using the rate at the date the fair value is determined.

Translation differences follow the recognition of the fair value movement (i.e., in OCI or profit or loss, consistent with the underlying item).

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **g) Foreign Currency Continued**

Where advance consideration is involved (prepaid or deferred amounts), the exchange rate is based on the date when the related non-monetary asset or liability is initially recognised. For multiple payments, each is treated individually for exchange rate determination.

#### **h) Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into Pula at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arises on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### **i) Property, Plant and Equipment**

##### **Measurement Basis**

Land and buildings — comprising commercial, office, and residential properties — as well as plant and machinery, are measured at fair value, based on periodic independent valuations, less subsequent depreciation and impairment.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount, and the asset is restated to its revalued amount. The resulting revaluation surplus is recognised in other comprehensive income (OCI) and accumulated in equity under the revaluation reserve. If a revaluation increase reverses a previous revaluation deficit on the same asset recognised in profit or loss, the reversal is recognised in profit or loss. Revaluation deficits are recognised in profit or loss, unless they reverse a surplus on the same asset.

On disposal, the related revaluation surplus is transferred to retained earnings.

The Group's policy is to revalue these classes of assets every 3 to 5 years. However, management assesses fair value annually to identify potential material deviations between carrying and fair values. The 2024 revaluation surplus reflects a two-year interval since the last formal valuation.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **i) property, Plant and Equipment (continued)**

##### **Other PPE**

Assets such as vehicles, furniture, fittings, and computer equipment are carried at historical cost, less accumulated depreciation and impairment. Historical cost includes all costs directly attributable to acquisition or construction.

Subsequent costs are capitalised only if they result in future economic benefits and can be measured reliably. Routine repairs and maintenance are expended as incurred.

Major renovations are included in the asset's carrying amount if they meet recognition criteria and are depreciated over the remaining useful life of the asset.

##### **Depreciation**

Depreciation is charged on a straight-line basis over the estimated useful lives of assets, as follows:

| Asset Class                    | Useful Life |
|--------------------------------|-------------|
| Buildings                      | 25–40 years |
| Plant and machinery            | 5–15 years  |
| Vehicles                       | 3–10 years  |
| Furniture, fittings, equipment | 5–7 years   |
| Computer equipment             | 3–5 years   |

Land is not depreciated.

##### **Significant Judgements: Useful Lives and Residual Values**

The useful lives and residual values of PPE are reviewed annually and adjusted prospectively, if necessary. Judgement is applied in estimating:

- Technological or environmental factors (e.g., compliance with health and safety laws),
- Market conditions,
- Expected maintenance cycles,
- Disposal values and remaining useful lives.

These estimates are based on past experience with similar assets and management's intentions. Residual values are determined based on the estimated amount the Group would receive from disposal, net of costs, as if the asset were at the end of its useful life.

More information on the 2024 revaluation is disclosed in Note 11.3 to the financial statements.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **j) Leases**

##### **The Group as a Lessee**

The Group recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date for all leases, except for short-term or low-value leases, which are expensed on a straight-line or other systematic basis.

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate (IBR), which is a significant estimate. Right-of-use assets are initially measured at cost and subsequently depreciated over the shorter of the lease term or the useful life of the underlying asset.

Renewal options are included in the lease term only when it is reasonably certain the Group will exercise them. Re-measurement of lease liabilities occurs when there are changes in lease terms, options, lease payments (e.g., from indexation), or residual guarantees. Adjustments are typically reflected against the right-of-use asset, unless it has been reduced to nil.

The Group's lease portfolio mainly comprises warehouses, investment property, and office equipment, with typical lease terms ranging from 5 to 10 years.

The Group has low value assets at P0.96 million in 2024 and P0.83 million in 2023 and the Commission P0.48 million in 2024 and P0.456 million in 2023.

##### **The Group as a Lessor**

The Group acts as a lessor in relation to certain investment properties and properties leased under its Table Bay subsidiary. These leases are classified as operating leases, with rental income recognised on a straight-line basis over the lease term. Initial direct costs are added to the carrying amount of the leased asset and recognised over the lease term.

The Commission also leases out staff housing on a short-term basis, with income recognised in profit or loss as earned.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **k) Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings from the shareholder at off-market rates are recognized at fair value. Any day 1 gain or loss is recognized as equity. Borrowings are classified as current liabilities unless the Group and Commission has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowings are recognized initially at fair value, net of transaction costs incurred.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all the activities necessary to prepare that asset for intended use or sale are complete.

#### **l) Investment Property**

The investment property, comprising a filling station, warehouse, workshop, and ancillary offices all located in the same place owned by a subsidiary of the Commission, is held for long-term rental yields, and is not occupied by the Group. These are located at Gaborone, Botswana Plot 21982 Block 10. The Investment Property is measured initially at cost plus transaction costs. The investment property is carried at fair value at the end of each reporting period. The fair value gain/loss is recognised in the statement of profit/Loss.

The fair value of the property is determined every year by an external qualified valuer contracted by the Group, and it covers the filling station, warehouse, workshop, and ancillary offices.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **l) Investment Property Continued**

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

A mere change in Management's intentions for the use of a property does not provide evidence of a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant, and equipment up to the date of change in use. The Property is currently being refurbished to comply with regulatory requirements and as such did not generate any rental income in 2024 and 2023.

#### **m) Financial Instruments**

##### **Classification**

The Group classifies financial assets and financial liabilities into the following categories based on the purpose for which they were acquired or incurred:

- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Classification occurs at initial recognition and is reassessed annually.

##### **Initial Recognition and Measurement**

Financial instruments are recognized when the Group becomes a party to the contractual provisions. They are classified as financial assets, financial liabilities, or equity instruments according to the substance of the contractual arrangement. Financial instruments are initially

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3. Material accounting policy information continued**

#### **m) Financial Instruments Continued**

measured at fair value, including transaction costs. Trade date or settlement date accounting is applied depending on the classification.

The classification of financial assets is determined by:

- The Group's business model for managing the assets
- Whether contractual cash flows represent solely payments of principal and interest (SPPI)

The business model assessment considers the Group's policies, risk management practices, and historical and expected sales activities. The Group's business model is to hold financial assets to collect contractual cash flows.

SPPI assessment defines interest as consideration primarily for the time value of money and credit risk, excluding other risks or costs.

#### **Subsequent Measurement**

- Financial assets classified at amortised cost, including trade and other receivables, amounts due from group companies, and cash and cash equivalents, are measured at amortised cost using the effective interest method, less impairment provisions.
- Financial liabilities, including accounts payable, amounts due to group companies, and lease liabilities, are measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

#### **Derecognition**

Financial assets are derecognized when contractual rights to cash flows expire or when substantially all risks and rewards are transferred. Financial liabilities are derecognized when obligations are discharged, cancelled, or expire.

#### **Impairment of Financial Assets and Write Off Policy**

The Group applies the expected credit loss (ECL) model under IFRS 9, recognizing credit losses based on expected rather than incurred losses.

- Trade Receivables: A simplified approach is applied, with loss allowances based on lifetime expected credit losses estimated using a provision matrix. This incorporates historical default rates and forward-looking macroeconomic factors such as GDP and unemployment rates relevant to the debtor's domicile.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **2. Accounting Policies continued**

#### **2.3. Material accounting policy information continued**

##### **m) Financial Instruments Continued**

- Other Receivables: The general approach is applied, recognizing 12-month ECLs where credit risk has not significantly increased since initial recognition, and lifetime ECLs where it has. This assessment includes historic loss data and forward-looking information.

##### **Write Off Policy**

Management assesses trade receivables for impairment on a collective basis by risk segmentation and on an individual basis where significant doubt exists about collectability. A receivable is deemed uncollectible and written off against the allowance account when one or more of the following indicators are present:

- The balance is more than 360 days past due, and recovery efforts have been exhausted;
- The customer is in financial distress, bankruptcy, or liquidation proceedings;
- Legal action or third-party collection has failed or been deemed unfeasible;
- All reasonable contact attempts have failed, and the customer is non-responsive or untraceable;
- The debtor has formally disputed the balance, and the likelihood of recovery is assessed as remote;
- Management has determined that the cost of further recovery exceeds expected cash inflows.
- All write-offs are subject to internal approval and governance procedures, including review by the credit committee or finance management. Subsequent recoveries of amounts previously written off are recognized in profit or loss when received.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.3 Material accounting policy information continued**

#### **n) Inventories**

##### **Finished goods**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the following basis:

- (i) Meat stocks are valued at the average cost of production for the year.
- (ii) Deboned and processed meat stocks including canned products are valued at meat stock costs plus production and processing overheads; and
- (iii) By-products are valued at the average cost of production for the year.

Net realisable value represents the estimated selling price applicable in the ordinary course of the business less applicable variable selling and distribution expenses.

##### **Consumable stores**

Consumable stores items are valued at weighted average cost. Provision is made for obsolete and slow-moving items.

#### **o) Impairment of non-financial assets**

At the end of each reporting period, the Group evaluates whether there are indicators that an asset may be impaired. If such indicators exist, the Group estimates the asset's recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined.

The recoverable amount is defined as the higher of:

- The fair value less costs to sell, and
- The value in use (the present value of expected future cash flows).

If the recoverable amount is lower than the carrying amount, an impairment loss is recognized to reduce the carrying amount to its recoverable amount.

The Group also reviews at each reporting date whether any previously recognized impairment losses may no longer exist or have decreased. If such indications are present, the recoverable amount is re-estimated. Any reversal of impairment loss is limited to the carrying amount that would have been determined had no impairment loss been recognized in prior periods.

Reversals of impairment losses on assets measured at cost less accumulated depreciation are recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **2. Accounting Policies continued**

#### **2.3 Material accounting policy information continued**

##### **p) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortized cost, which generally approximates fair value.

##### **q) Pension obligations and other post - employee benefits**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid.

##### **r) Pension obligations and other post - employee benefits Continue**

The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group and Commission operates a defined pension contribution plan. The total amount recognized by the Group as an expense in 2024 is P8.2 million and for 2023 the comparative figure is P7.2 million.

##### **s) Events after the reporting period**

###### **Non-Adjusting Events**

The resignation of the CEO in February 2025, and appointment of the Acting Chief Executive Officer.

The two Government-funded projects for value addition are currently underway, with a total of P11.7 million has been disbursed to contractors during the current year. Both projects are expected to be completed by 2026.

###### **Adjusting Events**

There were no adjusting events after the reporting period.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.4. Changes in accounting policies and disclosures**

#### **a) New and amended standards and interpretations adopted by BMC for the first time in 2024**

The Group has applied, for the first time, certain accounting standards and amendments that became effective for annual reporting periods beginning on or after 1 January 2024 (unless otherwise specified). The Group has not early adopted any other standards, interpretations, or amendments that have been issued but are not yet effective.

#### **b) Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 clarify the measurement requirements for lease liabilities arising from sale and leaseback transactions. Specifically, they require that a seller-lessee excludes from the gain or loss on disposal any portion that relates to the right-of-use asset retained.

These amendments had no impact on the Group's consolidated financial statements.

#### **c) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Liabilities are classified as current or non-current based on the Group's rights and obligations at the end of the reporting period, in accordance with the amended requirements of IAS 1.

A liability is classified as non-current if, at the reporting date, the Group has an unconditional right to defer settlement for at least twelve months after the reporting period. This classification is determined solely based on rights in existence at the end of the reporting period and is not affected by the likelihood that the Group will exercise the deferral right.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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## **2. Accounting Policies continued**

### **2.5. Changes in accounting policies and disclosures**

The terms of a liability that includes an embedded derivative affect classification only if the embedded derivative is not classified as an equity instrument.

In addition, if a liability arising from a loan agreement is classified as non-current and the Group's right to defer settlement is contingent upon meeting future covenants within twelve months, the Group discloses this fact and the nature of those covenants.

Deferred tax liabilities are classified as non-current liabilities.

In the current year, the Group and Commission renegotiated the terms of the Government loans which resulted in a significant portion of borrowings classified as current liabilities on the previous reporting date to non-current liabilities reported at the current reporting date. More details on the new terms are disclosed under note 19

### **2.6. Climate – related matters**

The Group incorporates climate-related factors into its estimates and assumptions where relevant. This assessment covers a wide range of potential impacts stemming from both physical and transition risks associated with climate change.

Although the Group believes that its business model and product offerings will remain viable in a low-carbon economy, climate-related matters increase the level of uncertainty in the estimates and assumptions underlying certain items in the consolidated financial statements. While climate-related risks do not currently have a material impact on measurement, the Group continues to monitor relevant developments closely, including new or proposed climate-related legislation and regulation.

The key areas most directly affected by climate-related considerations include:

**Useful lives of property, plant and equipment:** In reviewing the residual values and useful lives of assets, the Group considers the potential impact of climate-related legislation or regulations that could restrict asset use or require significant future capital expenditures.

**Impairment of non-financial assets:** Transition risks—such as regulatory changes and shifts in market demand—may affect value-in-use calculations. No individual climate-related assumption was identified as a key assumption in the 2024.

**Fair value measurement:** When determining the fair value of investment properties and revalued office properties, the Group considers both physical and transition risks. Although the Group is not currently exposed to significant physical climate risks, it recognises that investors may consider the implications of transition risks, such as heightened energy efficiency requirements and tenant preferences for low emission

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **3. Material accounting judgements, estimates and assumptions.**

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different to the actual outcomes.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

#### **a) Judgements**

In the process of applying the Group's accounting policies, Management has made various judgements. Those which Management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

#### **b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **3. Material accounting judgements, estimates and assumptions (continued)**

#### **c) Determining the lease term of contracts with renewal and termination options – Company as a lessee**

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. Refer to Note 12 for information on leases.

Lease contracts – Group as a lessor The Company entered into a rental agreement and leases part of its business premises to Malls Tiles. The Group’s management determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these premises and accounts for the contract as operating leases.

#### **d) Revaluation of property, plant and equipment and investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. For investment properties, a valuation methodology based on a comparable analysis model was used, in addition, it measures the office properties, plant and machinery at revalued amounts, with changes in fair value being recognized in OCI. The property, plant and machinery were valued by reference to transactions involving properties of a similar nature, location, and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2024.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 11.3 and 13.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **3. Material accounting judgements, estimates and assumptions (continued)**

#### **e) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. In the current year, the Group assessed the recoverable amount of its CGUs based on fair value less costs of disposal, using enterprise valuations supported by independent valuation specialists.

The enterprise value approach reflects market participant assumptions and incorporates observable inputs where available. This method was deemed more appropriate than a discounted cash flow (DCF) model given the availability of recent market and operational data. The assessment considered current trading performance, forecast operational expectations, industry multiples, and risk-adjusted discounting where applicable.

As a result of this assessment, it was determined that the consolidated carrying amounts of certain CGUs were not fully recoverable, requiring an impairment in accordance with IAS 36.

Further details are explained in Note 11.4.

#### **f) Provision for expected credit losses of trade receivables.**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The information about the ECLs on the Group's trade receivables in Note 22.3.

#### **g) Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Information about the Group's deferred tax position on shown in Note 20.

In the prior year, no deferred tax asset was recognized on the assessed loss. The assessed profit for the referred subsidiary is P80 million for 2024 while a loss of P8 million was reported for 2023.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

### **FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **3. Material accounting judgements, estimates and assumptions (continued)**

#### **h) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 22.5 for further disclosure.

#### **i) Leases – Estimating the incremental borrowing rate.**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating)

#### **j) Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring

ECL, such as:

- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 3. Material accounting judgements, estimates and assumptions (continued)

#### j) Measurement of the expected credit loss allowance (Continued)

The Group applies the simplified approach model to determine its impairment for debtors using historical data.

The idea behind a provision matrix is to estimate expected credit losses (ECLs) based on the 'age' of receivables.

#### k) Useful lives and residual values of property, plant and equipment

The Group reviews the estimated residual values and expected useful lives of its property, plant, and equipment at least annually. This assessment takes into account factors such as health, safety, and environmental legislation that may influence the assets' useful lives or residual values. In addition, the Group evaluates climate-related risks—including both physical and transition risks—as part of this review. This includes assessing the potential impact of climate-related laws and regulations that may, for example, ban or restrict the use of fossil fuel-powered machinery and equipment or introduce stricter energy efficiency requirements for the Group's buildings and office facilities.

#### l) Determining the Expected Credit Loss Rate

To determine the historic rate, we obtained detailed payment listing for all credit sales that occurred in the last financial year, Aged the payment listing into the different buckets as an indicator for default e.g., paid within 30 days, between 30-60 days, etc. The Group and Commission defines default in a manner consistent with its internal credit risk management practices and a financial asset is considered to be in breach when one or more of the following criteria is met

- The customer is **more than 90 days past due** on payments;
- There is evidence that the customer is **unlikely to pay** its obligations in full; or
- Legal or recovery actions have been initiated.

This definition aligns with the Group's credit risk management policies and historical experience and is used consistently to assess expected credit losses.

We determined the outstanding debtors based on the payment profile and determined the actual amount of bad debts on credit sales that occurred during the last financial year. The historical default rate is bad debts as a percentage of aging debtors age band.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **3. Material accounting judgements, estimates and assumptions (continued)**

#### **l) Determining the Expected Credit Loss Rate (Continued)**

The process is detailed below:

- i. Short term receivables are initially grouped by region.
- ii. A minimum of 12 months summarized aged analysis of data is required (Debtors payments are allocated before the debtors' aged analysis is generated).
- iii. The summarized aged analysis is then used to calculate an ECL credit loss rate for each aged bucket in order to develop a provision matrix used to calculate the Expected Credit Loss (ECL) under IFRS 9, the simplified model.
- iv. To incorporate the future forward looking information as required by the standard, the, gross domestic product (GDP) is used as the macro-economic factor.

#### **m) Going Concern**

The Commission's Management has assessed the Commission's and Group's ability to continue as a going concern. This has been noted on note 28.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                                       | <u>Consolidated</u> |                | <u>Commission</u> |                |
|---------------------------------------|---------------------|----------------|-------------------|----------------|
|                                       | 2024                | 2023           | 2024              | 2023           |
|                                       | P'000               | P'000          | P'000             | P'000          |
| Sale of meat and allied meat products | 795,513             | 614,666        | 775,902           | 614,452        |
| Shipping                              | 12,459              | 6,397          | -                 | -              |
| Transport                             | 14,204              | 5,085          | 14,204            | 5,085          |
| Cold Storage Services                 | 11,362              | 14,074         | -                 | -              |
|                                       | <b>833,538</b>      | <b>640,222</b> | <b>790,106</b>    | <b>619,537</b> |

4.1 The Group's revenue disaggregated by primary geographical markets is as follows:

#### For the year ended 31 December 2024

|                                   | Sale of meat<br>and allied<br>meat products | Shipping      | Cold Storage<br>Services | Total          |
|-----------------------------------|---|---------------|--------------------------|----------------|
|                                   | P'000                                       | P'000         | P'000                    | P'000          |
| Norway, Europe and United Kingdom | 493,200                                     | -             | -                        | 493,200        |
| RSA and other SADC countries      | 95,340                                      | 12,459        | 11,362                   | 119,161        |
| Botswana                          | 221,177                                     | -             | -                        | 221,177        |
| <b>Total</b>                      | <b>809,717</b>                              | <b>12,459</b> | <b>11,362</b>            | <b>833,538</b> |

#### For the year ended 31 December 2023

|                                   | Sale of meat<br>and allied<br>meat products | Shipping     | Cold Storage<br>Services | Total          |
|-----------------------------------|---|--------------|--------------------------|----------------|
|                                   | P'000                                       | P'000        | P'000                    | P'000          |
| Norway, Europe and United Kingdom | 320,445                                     | -            | -                        | 320,445        |
| RSA and other SADC countries      | 46,365                                      | 6,397        | 14,288                   | 67,050         |
| Botswana                          | 252,727                                     | -            | -                        | 252,727        |
| <b>Total</b>                      | <b>619,537</b>                              | <b>6,397</b> | <b>14,288</b>            | <b>640,222</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

4.2 The Group's revenue disaggregated by major customers information:

|                               | <b>CONSOLIDATED</b> |                |
|-------------------------------|---------------------|----------------|
|                               | <b>2024</b>         | <b>2023</b>    |
|                               | <b>P'000</b>        | <b>P'000</b>   |
| Noridane Group                | 105,108             | 155,719        |
| Botswana Government           | 117,047             | 206,661        |
| United Brokerage South Africa | 164,776             | 87,902         |
| Other Customers               | 446,607             | 189,940        |
| <b>TOTAL</b>                  | <b>833,538</b>      | <b>640,222</b> |

The Group presented disaggregated revenue based on the geographical location of the customers. The Group presented a reconciliation of the disaggregated revenue with revenue information disclosed for each reporting segment.

4.3 The Group's revenue disaggregated by Inter Segments:

**2024**

|                          | <u>LOBATSE</u> | <u>MAUN</u>   | <u>TABLE<br/>BAY<br/>COLD<br/>STORAGE</u> | <u>BMC UK<br/>HOLDINGS</u> | <u>MAINLINE</u> | <u>CONSOLIDATED</u> |
|--------------------------|----------------|---------------|---|----------------------------|-----------------|---------------------|
|                          | <b>P'000</b>   | <b>P'000</b>  | <b>P'000</b>                              | <b>P'000</b>               | <b>P'000</b>    | <b>P'000</b>        |
| Revenue                  | 756,079        | 34,026        | 66,053                                    | 1,852                      | -               | 858,010             |
| Inter Segment/Adjustment | 8,172          | (8,172)       | (22,620)                                  | (1,852)                    | -               | (24,472)            |
| <b>Total Revenue</b>     | <b>747,907</b> | <b>42,198</b> | <b>43,433</b>                             | <b>-</b>                   | <b>-</b>        | <b>833,538</b>      |

**2023**

|                          | <u>LOBATSE</u> | <u>MAUN</u>    | <u>TABLE<br/>BAY<br/>COLD<br/>STORAGE</u> | <u>BMC UK<br/>HOLDINGS</u> | <u>MAINLINE</u> | <u>CONSOLIDATED</u> |
|--------------------------|----------------|----------------|---|----------------------------|-----------------|---------------------|
|                          | <b>P'000</b>   | <b>P'000</b>   | <b>P'000</b>                              | <b>P'000</b>               | <b>P'000</b>    | <b>P'000</b>        |
| Revenue                  | 575,804        | 43,733         | 31,575                                    | 1,761                      | -               | 652,873             |
| Inter Segment/Adjustment | (61,932)       | 61,932         | (10,890)                                  | (1,761)                    | -               | (12,651)            |
| <b>Total Revenue</b>     | <b>513,872</b> | <b>105,665</b> | <b>20,685</b>                             | <b>-</b>                   | <b>-</b>        | <b>640,222</b>      |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 5. SEGMENT INFORMATION

5.1 For Management purposes the Group is organized into business units based on its products and services and has five (5) reportable segments as follows:

- a. The abattoir slaughters cattle and has two operating units, the Lobatse abattoir and Maun Abattoir.
- b. The Cold storage which provides shipping and cold storage service (Table Bay)
- c. The investment properties segment, which leases properties (Mainline)
- d. The marketing segment for the European market (BMC- UK)

5.2 Management exercises significant judgement in determining the Group's reportable segments, particularly in evaluating whether activities are sufficiently similar in terms of economic characteristics, products, processes, customers, and distribution methods to warrant aggregation. Judgement is also applied in allocating shared costs such as central overheads, with consistent bases including headcount, output volume, or revenue contribution.

The Chief Operating Decision Maker (CODM), identified as the Executive Management Committee, monitors segment performance primarily using **segment profit before tax**. This measure excludes the effects of financing income and expenses, foreign exchange gains/losses, and non-operating items.

Additional financial metrics such as **revenue** is reviewed to inform strategic decisions.

IFRS 8.33 states that an entity shall report the following geographical information

- non-current assets other than financial instruments,
- deferred tax assets,
- post-employment benefit assets,
- and rights arising under insurance contracts

The Group has not disclosed this information as it is not easily available and will be costly to develop.

**Transfer prices between operating segments are set on an arm's-length basis**, in a manner consistent with transactions conducted with external third parties.

Segment disclosures and reconciliations to the consolidated financial results are provided in **Note [5]** of the financial statements.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 5. SEGMENT INFORMATION (continued)

2024

|   | <u>LOBATSE</u>   | <u>MAUN</u>    | <u>MAINLINE</u> | <u>TABLE BAY<br/>COLD<br/>STORAGE</u> | <u>BMC UK<br/>HOLDINGS</u> | <u>ADJUSTMENTS &amp;<br/>ELIMINATIONS</u> | <u>CONSOLIDATED</u> |
|---|------------------|----------------|-----------------|---------------------------------------|----------------------------|---|---------------------|
|   | <u>P'000</u>     | <u>P'000</u>   | <u>P'000</u>    | <u>P'000</u>                          | <u>P'000</u>               | <u>P'000</u>                              | <u>P'000</u>        |
| Revenue   | 756,079          | 34,026         | -               | 66,053                                | 1,852                      | -   | 858,010             |
| Inter Segment/Adjustments                       | (8,172)          | 8,172          | -               | (22,620)                              | (1,852)                    | -   | (24,472)            |
| <b>Total Revenue</b>                            | <b>747,907</b>   | <b>42,198</b>  | <b>-</b>        | <b>43,433</b>                         | <b>-</b>                   | <b>-</b>                                  | <b>833,538</b>      |
| Cost of Sales                                   | (802,609)        | (58,843)       | (610)           | (90,562)                              | (1,178)                    | 99,302                                    | (854,499)           |
| Staff Costs*                                    | (107,822)        | (21,316)       | -               | (11,637)                              | (777)                      | -   | (141,551)           |
| Depreciation of Property,<br>Plant & Equipment* | (16,729)         | (1,958)        | -               | (1,041)                               | (5)                        | -   | (19,733)            |
| Depreciation on right of<br>Use-Asset*          | -                | -              | -               | (506)                                 | -                          | -   | (506)               |
| Other Costs                                     | (15,559)         | (27)           | -               | -                                     | -                          | (1,113)                                   | (16,699)            |
| Other Income                                    | 95,886           | 179            | -               | 8,191                                 | 2,195                      | (101,521)                                 | 4,929               |
| Government Subventions                          | -                | 34,873         | -               | -                                     | -                          | -   | 34,873              |
| Finance Costs                                   | (39,685)         | -              | -               | (104)                                 | -                          | 3,149                                     | (36,641)            |
| Finance Income                                  | 25               | -              | -               | 379                                   | -                          | -   | 404                 |
| Taxation  | -                | -              | 134             | (2,252)                               | (11)                       | -   | (2,129)             |
| <b>SEGMENT<br/>PROFIT/(LOSS)</b>                | <b>(138,586)</b> | <b>(4,894)</b> | <b>(475)</b>    | <b>(54,100)</b>                       | <b>224</b>                 | <b>(183)</b>                              | <b>(198,014)</b>    |
| <b>TOTAL ASSETS</b>                             | <b>915,633</b>   | <b>74,478</b>  | <b>14,091</b>   | <b>119,341</b>                        | <b>18,279</b>              | <b>(29,290)</b>                           | <b>1,112,532</b>    |
| <b>TOTAL LIABILITIES</b>                        | <b>834,343</b>   | <b>113,198</b> | <b>795</b>      | <b>19,552</b>                         | <b>1,273</b>               | <b>(21,806)</b>                           | <b>947,354</b>      |

\* Depreciation of property, plant and equipment and on right of use asset and staff costs, are part of cost of sales and administration costs in the statement of comprehensive income , and disclosed separately under segment reporting .

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 5. SEGMENT INFORMATION (continued)

2023

|   | <u>LOBATSE</u>   | <u>MAUN</u>    | <u>MAINLINE</u> | <u>TABLE BAY<br/>COLD<br/>STORAGE</u> | <u>BMC UK<br/>HOLDINGS</u> | <u>ADJUSTMENTS &amp;<br/>ELIMINATIONS</u> | <u>CONSOLIDATED</u> |
|---|------------------|----------------|-----------------|---------------------------------------|----------------------------|---|---------------------|
|   | <u>P'000</u>     | <u>P'000</u>   | <u>P'000</u>    | <u>P'000</u>                          | <u>P'000</u>               | <u>P'000</u>                              | <u>P'000</u>        |
| Revenue   | 575,804          | 43,733         | -               | 31,575                                | 1,761                      | -   | 652,873             |
| Inter Segment/Adjustments                       | (61,932)         | 61,932         | -               | (10,890)                              | (1,761)                    | -   | (12,651)            |
| <b>Total Revenue</b>                            | <b>513,872</b>   | <b>105,665</b> | <b>-</b>        | <b>20,685</b>                         | <b>-</b>                   | <b>-</b>                                  | <b>640,222</b>      |
| Cost of Sales                                   | (464,080)        | (112,473)      | (426)           | (3,522)                               | (882)                      | 3,582                                     | (577,801)           |
| Staff Costs*                                    | (96,207)         | (22,213)       | -               | (10,090)                              | (743)                      | -   | (129,253)           |
| Depreciation of Property,<br>Plant & Equipment* | (16,324)         | (1,904)        | -               | (1,056)                               | (7)                        | -   | (19,291)            |
| Depreciation on right of<br>Use-Asset*          | -                | -              | -               | (493)                                 | -                          | -   | (493)               |
| Other Costs                                     | (6,262)          | (249)          | -               | (861)                                 | -                          | (576)                                     | (7,948)             |
| Other Income                                    | 7,316            | 8,430          | 2670            | 8,743                                 | 2,098                      | (12,515)                                  | 16,742              |
| Government Subventions                          | -                | 29,520         | -               | -                                     | -                          | -   | 29,520              |
| Finance Costs                                   | (33,240)         | -              | -               | (149)                                 | -                          | 4,084                                     | (29,305)            |
| Finance Income                                  | 258              | -              | -               | -                                     | 424                        | (424)                                     | 258                 |
| Taxation  | -                | -              | -               | (2,354)                               | (145)                      | -   | (2,499)             |
| <b>SEGMENT<br/>PROFIT/(LOSS)</b>                | <b>(94,667)</b>  | <b>6,776</b>   | <b>2,244</b>    | <b>10,903</b>                         | <b>745</b>                 | <b>(5,849)</b>                            | <b>(79,848)</b>     |
| <b>TOTAL ASSETS</b>                             | <b>1,060,047</b> | <b>81,497</b>  | <b>14,483</b>   | <b>165,260</b>                        | <b>17,526</b>              | <b>(124,325)</b>                          | <b>1,214,488</b>    |
| <b>TOTAL LIABILITIES</b>                        | <b>950,214</b>   | <b>68,627</b>  | <b>262</b>      | <b>15,111</b>                         | <b>1,171</b>               | <b>(117,155)</b>                          | <b>918,230</b>      |

\* Depreciation of property, plant and equipment and on right of use asset and staff costs, are part of cost of sales and administration costs in the statement of comprehensive income, and disclosed separately under segment reporting

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

| 6 | COST OF SALES                                    | <u>Consolidated</u> |                  | <u>Commission</u> |                  |
|---|--|---------------------|------------------|-------------------|------------------|
|   |  | 2024<br>P'000       | 2023<br>P'000    | 2024<br>P'000     | 2023<br>P'000    |
|   | Livestock and procurement costs                  | (644,929)           | (384,261)        | (652,782)         | (385,542)        |
|   | Employee benefits                                | (34,758)            | (74,605)         | (34,758)          | (74,605)         |
|   | Utilities  | (14,157)            | (33,396)         | (14,157)          | (33,396)         |
|   | Packaging material                               | (25,704)            | (28,797)         | (25,704)          | (28,797)         |
|   | Depreciation of property plant & equipment       | (14,225)            | (17,374)         | (14,225)          | (17,374)         |
|   | Process material                                 | (5,975)             | (7,440)          | (5,975)           | (7,440)          |
|   | Fuel   | (6,401)             | (4,320)          | (6,401)           | (4,320)          |
|   | Other production costs*                          | 38,674              | (150)            |                   | -                |
|   |  | <b>(784,823)</b>    | <b>(550,343)</b> | <b>(754,002)</b>  | <b>(551,474)</b> |
| 7 | OTHER INCOME                                     | <u>Consolidated</u> |                  | <u>Commission</u> |                  |
|   |  | 2024<br>P'000       | 2023<br>P'000    | 2024<br>P'000     | 2023<br>P'000    |
|   | Sundry Income*                                   | 483                 | 3,555            | 94,969            | 6,301            |
|   | Rental Income **                                 | 3,832               | 4,299            | 120               | 197              |
|   | Laboratory testing                               | 524                 | 615              | 524               | 615              |
|   | Processing fees***                               |                     | 8,231            |                   | 8,231            |
|   | Income from related parties -<br>Management fees |                     | -                | 360               | 360              |
|   | Tender receipts                                  | 91                  | 42               | 91                | 42               |
|   |  | <b>4,929</b>        | <b>16,742</b>    | <b>96,064</b>     | <b>15,746</b>    |

\*Sundry Income has increased for the Commission due to the debt waiver from the Lobatse Leathers subsidiary loan amounting to P94.5 million to the Parent. This was accounted for through the statement of profit or loss since it was the subsidiary offering a loan to the parent and hence it did not have any impact on equity.

For the Group, sundry income was high in the prior year due to the waiver on the Mainline Subsidiary tax liability obtained from the Parent Ministry.

\*\* The Group has entered into rental agreements and leases part of its business premises in Table Bay Cold Storage subsidiary for rental and the Commission leases some of its residential buildings on a short-term basis.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 7 OTHER INCOME (continued)

\*\* \*Processing fees received from the Government for the slaughter of the Foot and Mouth affected cattle in Ngamiland to control the disease. The project was completed in 2023.

#### 7.1 RENTAL INCOME

##### Group as a lessor

Operating leases relate to property owned by the Group and Commission with lease terms of between 12 months to 3 years, with an option to extend for a further negotiated period. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew.

No lessee has an option to purchase the property at the expiry of the lease period.

##### Maturity Analysis of amounts receivable under operating leases

|                     | <u>Consolidated</u> |              | <u>Commission</u> |            |
|---------------------|---------------------|--------------|-------------------|------------|
|                     | 2024                | 2023         | 2024              | 2023       |
|                     | P'000               | P'000        | P'000             | P'000      |
| Within one year     | 3,018               | 3,114        | 200               | 250        |
| Within 2 to 3 years | 1,522               | 3,167        | -                 | -          |
|                     | <b>4,540</b>        | <b>6,281</b> | <b>200</b>        | <b>250</b> |

Rental income for the Commission includes staff houses leased out on short term basis.

#### 8 LOSS BEFORE TAXATION

Operating (loss) is stated after considering the following:

|   | <u>Consolidated</u> |                | <u>Commission</u> |                |
|---|---------------------|----------------|-------------------|----------------|
|   | 2024                | 2023           | 2024              | 2023           |
|   | P'000               | P'000          | P'000             | P'000          |
| <b>8.1 OTHER COSTS</b>                            |                     |                |                   |                |
| Net foreign exchange                              | (16,655)            | (7,087)        | (16,774)          | (6,511)        |
| Loss on disposal of property, plant and equipment | (34)                | (861)          | (34)              | -              |
|   | <b>(16,699)</b>     | <b>(7,948)</b> | <b>(16,807)</b>   | <b>(6,511)</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 8.2 ADMINISTRATION COSTS

|   | <u>Consolidated</u> |                  | <u>Commission</u> |                  |
|---|---------------------|------------------|-------------------|------------------|
|   | <b>2024</b>         | <b>2023</b>      | <b>2024</b>       | <b>2023</b>      |
|   | <b>P'000</b>        | <b>P'000</b>     | <b>P'000</b>      | <b>P'000</b>     |
| Administration costs                          | (181,089)           | (126,778)        | (194,959)         | (122,731)        |
| Reversal of impairment loss                   |                     | -                |                   | -                |
| Depreciation of property, plant and equipment | (5,508)             | (1,917)          | (1,251)           | (854)            |
| Depreciation on right- of-use-asset           | (506)               | (493)            |                   | -                |
| Auditor's remuneration                        | (2,808)             | (2,742)          | (1,800)           | (1,800)          |
| Directors' Fees and emoluments                | (1,037)             | (695)            | (824)             | (641)            |
|   | <b>(190,948)</b>    | <b>(132,625)</b> | <b>(198,834)</b>  | <b>(126,026)</b> |

#### 8.3 EMPLOYEE BENEFITS EXPENSE

##### **Included in cost of sales**

|   |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
| Wages and salaries  | (23,321)        | (52,510)        | (23,321)        | (52,510)        |
| Pension fund costs (All pension fund costs relate to a defined contribution plan) | (2,059)         | (4,289)         | (2,059)         | (4,289)         |
| Staff allowances and other staff costs  | (9,377)         | (17,806)        | (9,377)         | (17,806)        |
|   | <b>(34,758)</b> | <b>(74,605)</b> | <b>(34,758)</b> | <b>(74,605)</b> |

##### **Included in administration costs**

|   |                  |                 |                 |                 |
|---|------------------|-----------------|-----------------|-----------------|
| Wages and salaries  | (96,189)         | (38,750)        | (63,326)        | (30,839)        |
| Pension fund costs (All pension fund costs relate to a defined contribution plan) | (8,117)          | (2,974)         | (5,592)         | (2,519)         |
| Staff allowances and other staff costs  | (37,245)         | (12,924)        | (25,462)        | (10,457)        |
|   | <b>(106,793)</b> | <b>(54,648)</b> | <b>(94,380)</b> | <b>(43,816)</b> |

##### **TOTAL EMPLOYEE BENEFITS**

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>(141,551)</b> | <b>(129,253)</b> | <b>(129,138)</b> | <b>(118,421)</b> |
|--|------------------|------------------|------------------|------------------|

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 9 FINANCE COSTS

|                             | <u>Consolidated</u> |                 | <u>Commission</u> |                 |
|-----------------------------|---------------------|-----------------|-------------------|-----------------|
|                             | 2024<br>P'000       | 2023<br>P'000   | 2024<br>P'000     | 2023<br>P'000   |
| Bank overdraft              | (2,531)             | (2,144)         | (2,531)           | (2,145)         |
| Trade Finance               | (17,784)            | (10,624)        | (17,784)          | (10,624)        |
| Lease Liabilities (Note 12) | (104)               | (149)           | -                 | -               |
| Borrowings (Note 19)        | (16,221)            | (16,388)        | (16,221)          | (16,388)        |
| Related parties             | -                   | -               | (3,149)           | (4,083)         |
|                             | <b>(36,640)</b>     | <b>(29,305)</b> | <b>(39,684)</b>   | <b>(33,240)</b> |

### 10 INCOME TAX

|   | <u>Consolidated</u> |               | <u>Commission</u> |               |
|---|---------------------|---------------|-------------------|---------------|
|   | 2024<br>P'000       | 2023<br>P'000 | 2024<br>P'000     | 2023<br>P'000 |
| Operating loss before tax                             | (195,641)           | (71,805)      | -                 | -             |
| Less exempt portion relating to the Commission        | 120,810             | 85,129        | -                 | -             |
| Less Exempt portion relating to Mainline Subsidiary   | -                   | (2,244)       | -                 | -             |
| Net operating profit/loss liable to tax :             | (74,831)            | 11,080        | -                 | -             |
| Local: Tax on operating (loss) / profit               | -                   | -             | -                 | -             |
| Permanent differences *                               | -                   | 1,849         | -                 | -             |
| Prior year assessed loss utilized in the current year | -                   | (871)         | -                 | -             |
| Foreign tax – prior year under provision              | 76                  | -             | -                 | -             |
| Originating and reversing temporary differences       | (2,576)             | -             | -                 | -             |
| Local tax charged to Subsidiaries                     | (134)               | -             | -                 | -             |
| Foreign tax charged to Subsidiaries                   | 4,764               | 1,521         | -                 | -             |
| <b>Tax charged for the Group</b>                      | <b>2,129</b>        | <b>2,499</b>  | <b>-</b>          | <b>-</b>      |

As at the reporting date, the Commission and Mainline Subsidiary are **exempt from Income Tax**. The income tax charge recognized for the Group relates to foreign Subsidiaries being Table Bay Cold Storage and BMC UK.

\* Permanent differences in the current and prior year comprises mainly of expenses not allowed for tax purposes such as donations.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 10 INCOME TAX (continued)

|   | <u>Consolidated</u> |              | <u>Commission</u> |              |
|---|---------------------|--------------|-------------------|--------------|
|   | <b>2024</b>         | <b>2023</b>  | <b>2024</b>       | <b>2023</b>  |
|   | <b>P'000</b>        | <b>P'000</b> | <b>P'000</b>      | <b>P'000</b> |
| Botswana taxation                               |                     |              |                   |              |
| -current taxation                               | (134)               | -            | -                 | -            |
|   | <b>(134)</b>        | <b>-</b>     | <b>-</b>          | <b>-</b>     |
| Foreign taxation:                               |                     |              |                   |              |
| - current taxation                              | 4,830               | 1,521        | -                 | -            |
| -deferred                                       |                     |              |                   |              |
| Originating and reversing temporary differences | (2,567)             | 978          | -                 | -            |
|   | <b>4,753</b>        | <b>2,499</b> | <b>-</b>          | <b>-</b>     |
|   | <b>2,129</b>        | <b>2,499</b> |                   |              |

### 10.1 TAXATION PAYABLE

|                                       |            |          |          |          |
|---------------------------------------|------------|----------|----------|----------|
| Balance payable at beginning of year  | -          | 1,444    | -        | -        |
| Current tax charge                    | 4,721      | 1,521    | -        | -        |
| Tax written off*                      | -          | (2,679)  | -        | -        |
| Interest received on tax refund       | 11         | -        | -        | -        |
| Prior year under provision            | 76         | -        | -        | -        |
| Tax Paid                              | (4,491)    | (286)    | -        | -        |
| <b>Balance payable at end of year</b> | <b>317</b> | <b>-</b> | <b>-</b> | <b>-</b> |

Disclosed in the statements of financial position as:

|                         |            |          |          |          |
|-------------------------|------------|----------|----------|----------|
| <b>Taxation payable</b> | <b>317</b> | <b>-</b> | <b>-</b> | <b>-</b> |
|-------------------------|------------|----------|----------|----------|

\*Tax written off – In 2023: The Mainline local subsidiary obtained a waiver from the local tax authority (Botswana Unified Revenues) not to pay tax on its outstanding tax liability.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 11. PROPERTY, PLANT AND EQUIPMENT

### 11.1 CONSOLIDATED

|   | <u>FV<br/>Land and<br/>Buildings</u><br>P'000 | <u>FV Plant<br/>and<br/>Machinery</u><br>P'000 | <u>Cost<br/>Motor<br/>Vehicles</u><br>P'000 | <u>Cost<br/>Furniture<br/>and<br/>Equipment</u><br>P'000 | <u>Cost<br/>Computer<br/>Equipment</u><br>P'000 | <u>Total<br/>Cost/FV</u><br>P'000 |
|---|---|--|---|--|---|-----------------------------------|
| <b>Year ended 31 December 2024</b>            |   |  |   |  |   |                                   |
| Opening carrying amount                       | 758,961                                       | 41,478   | 4,232                                       | 1,466  | 1,398   | 807,535                           |
| Exchange differences                          | 1,198   | 83   | 2   | 27   | (119)   | 1,201                             |
| Additions                                     |   | 541  | 2,174                                       | 223  | 752   | 3,690                             |
| Work In Progress*                             | 41,428  | -  | -   | -  | -   | 41,428                            |
| Disposals                                     | -   | -  | -   | -  | (60)  | (60)                              |
| Asset Revaluation                             | 31,163  | -  | -   | -  | -   | 31,163                            |
| Depreciation charge                           | (13,373)                                      | (4,658)  | (733)                                       | (602)  | (367)   | (19,733)                          |
| Reversal of revaluation<br>gain/Impairment    | (47,100)                                      |  |   |  |   | (47,100)                          |
| Accumulated<br>depreciation on disposals      | -   | -  | -   | -  | 27  | 27                                |
| Closing carrying amount                       | <b>772,277</b>                                | <b>37,444</b>                                  | <b>5,675</b>                                | <b>1,114</b>   | <b>1,641</b>                                    | <b>818,151</b>                    |
| <b>As at 31 December 2024</b>                 |   |  |   |  |   |                                   |
| Cost/valuation                                | 804,505                                       | 50,777   | 21,218                                      | 17,506   | 38,737  | 932,743                           |
| Accumulated<br>depreciation and<br>impairment | (32,226)                                      | (13,333)                                       | (15,543)                                    | (16,392)   | (37,096)  | (114,591)                         |
| <b>Carrying amount</b>                        | <b>772,277</b>                                | <b>37,444</b>                                  | <b>5,675</b>                                | <b>1,114</b>   | <b>1,641</b>                                    | <b>818,151</b>                    |

\*Work in Progress relates to two ongoing construction projects: the revitalization of the Tannery and the development of the Value Addition Secondary Processing Plant. Both projects are currently being financed by the shareholder. The total amount as at year end remaining to complete these two projects is P359 million.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

### 11.1 CONSOLIDATED

|   | <u>FV<br/>Land and<br/>Buildings<br/>P'000</u> | <u>FV Plant<br/>and<br/>Machinery<br/>P'000</u> | <u>Cost<br/>Motor<br/>Vehicles<br/>P'000</u> | <u>Cost<br/>Furniture<br/>and<br/>Equipment<br/>P'000</u> | <u>Cost<br/>Computer<br/>Equipment<br/>P'000</u> | <u>Total<br/>Cost/FV<br/>P'000</u> |
|---|--|---|--|---|--|------------------------------------|
| <b>Year ended 31 December 2023</b>            |  |   |  |   |  |                                    |
| Opening carrying amount                       | 773,583  | 45,604  | 1,328  | 1,580   | 1,242  | 823,337                            |
| Exchange differences                          | (2,054)  | (481)   | -  | (178)   | 3  | (2,710)                            |
| Additions                                     | 680  | 1,795   | 3,171  | 855   | 560  | 7,061                              |
| Disposals                                     | -  | (882)   |  | (108)   |  | (990)                              |
| Depreciation charge                           | (13,248)                                       | (4,672)   | (267)  | (697)   | (407)  | (19,291)                           |
| Accumulated<br>depreciation on disposals      | -  | 114   | -  | 14  | -  | 128                                |
| Closing carrying amount                       | <b>758,961</b>                                 | <b>41,478</b>                                   | <b>4,232</b>                                 | <b>1,466</b>  | <b>1,398</b>                                     | <b>807,535</b>                     |
| <b>As at 31 December 2023</b>                 |  |   |  |   |  |                                    |
| Cost/valuation                                | 779,014  | 50,236  | 19,044                                       | 17,283  | 37,985   | 903,562                            |
| Accumulated<br>depreciation and<br>impairment | (20,053)                                       | (8,758)   | (14,812)                                     | (15,817)  | (36,587)   | (96,027)                           |
| Carrying amount                               | <b>758,961</b>                                 | <b>41,478</b>                                   | <b>4,232</b>                                 | <b>1,466</b>  | <b>1,398</b>                                     | <b>807,535</b>                     |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

#### 11.2 COMMISSION

|   | FV<br>Land<br>and<br><u>Buildings</u><br>P'000 | FV Plant<br>and<br><u>Machinery</u><br>P'000 | Cost<br>Motor<br><u>Vehicles</u><br>P'000 | Cost<br>Furniture<br>and<br><u>Equipment</u><br>P'000 | Cost<br>Computer<br><u>Equipment</u><br>P'000 | <u>Total</u><br>P'000 |
|---|--|--|---|---|---|-----------------------|
| <b>Year ended 31 December 2024</b>      |  |  |   |   |   |                       |
| Opening carrying amount                 | 710,074  | 38,004                                       | 4,233                                     | 291   | 1,284   | 753,885               |
| Additions                               | -  | 459  | 2,174                                     | 148   | 711   | 3,492                 |
| Work In Progress*                       | 41,428   | -  | -   | -   | -   | 41,428                |
| Depreciation charge                     | (13,248)                                       | (4,188)                                      | (733)                                     | (76)  | (443)   | (18,688)              |
| Disposals                               | -  | -  | -   | -   | (60)  | (60)                  |
| Accumulated depreciation on disposals   | -  | -  | -   | -   | 27  | 27                    |
| Reversal of revaluation gain/Impairment | (15,937)                                       |  |   |   |   | (15,937)              |
| Closing carrying amount                 | <b>722,317</b>                                 | <b>34,274</b>                                | <b>5,674</b>                              | <b>363</b>  | <b>1,519</b>                                  | <b>764,147</b>        |
| <b>As at 31 December 2024</b>           |  |  |   |   |   |                       |
| Cost/valuation                          | 748,813  | 42,589                                       | 21,219                                    | 14,869  | 38,290  | 865,779               |
| Accumulated depreciation and impairment | (26,496)                                       | (8,314)                                      | (15,545)                                  | (14,506)  | (36,771)                                      | (101,588)             |
| <b>Carrying amount</b>                  | <b>722,317</b>                                 | <b>34,274</b>                                | <b>5,674</b>                              | <b>363</b>  | <b>1,519</b>                                  | <b>764,147</b>        |

\*Work in Progress relates to two ongoing construction projects: the revitalization of the Tannery and the development of the Value Addition Secondary Processing Plant. Both projects are currently being financed by the shareholder

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

### 11.2 COMMISSION (continued)

|   | <b>FV<br/>Land<br/>and<br/><u>Buildings</u><br/>P'000</b> | <b>FV Plant<br/>and<br/><u>Machinery</u><br/>P'000</b> | <b>Cost<br/>Motor<br/><u>Vehicles</u><br/>P'000</b> | <b>Cost<br/>Furniture<br/>and<br/><u>Equipment</u><br/>P'000</b> | <b>Cost<br/>Computer<br/><u>Equipment</u><br/>P'000</b> | <b><u>Total</u><br/>P'000</b> |
|---|---|--|---|--|---|-------------------------------|
| <b>Year ended 31 December 2023</b>      |   |  |   |  |   |                               |
| Opening carrying amount                 | 723,322   | 40,931   | 1,329   | 409  | 1,127   | 767,116                       |
| Additions                               | -   | 1,199  | 3,171   | 81   | 546   | 4,997                         |
| Depreciation charge                     | (13,248)  | (4,126)  | (267)   | (198)  | (389)   | (18,228)                      |
| Closing carrying amount                 | <b>710,074</b>  | <b>38,004</b>  | <b>4,233</b>  | <b>291</b>   | <b>1,284</b>  | <b>753,885</b>                |
| <b>As at 31 December 2023</b>           |   |  |   |  |   |                               |
| Cost/valuation                          | 723,322   | 42,130   | 19,045  | 14,717   | 37,639  | 836,857                       |
| Accumulated depreciation and impairment | (13,248)  | (4,126)  | (14,812)  | (14,427)   | (36,731)  | (14,430)                      |
| Carrying amount                         | <b>710,074</b>  | <b>38,004</b>  | <b>4,233</b>  | <b>291</b>   | <b>1,284</b>  | <b>753,885</b>                |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 11. PROPERTY, PLANT AND EQUIPMENT (continued)

##### 11.3 FAIR VALUE OF PROPERTY, PLANT & EQUIPMENT

As at 31 December 2024, the Group engaged independent, accredited valuers to assess the fair value of its property, plant, and equipment:

**Table Bay subsidiary:** The revaluation was conducted by Worth Authority (Pty) Ltd on Land & Buildings, resulting in a revaluation surplus of BWP 31.1 million, recognized in Other Comprehensive Income (OCI) classified as Level 3 fair value inputs (unobservable). The fair value was determined on a combination of market prices and an income capitalization model.

##### Key inputs considered in the valuation included:

- The area of each property
- Estimated replacement or market value per square meter
- Physical condition and utility of the assets

These inputs were applied consistently across properties to determine fair value in accordance with the Group's valuation policy.

Significant unobservable valuation input

| Price per square meter | Range (BWP)    |
|------------------------|----------------|
| Land                   | 50-150         |
| Buildings              | 2,000 – 12,500 |

Significant increases (decreases) in estimated average life, replacement cost, estimated useful life, and estimated price per square meter would result in a significantly higher(lower) fair value of the properties. The higher the price of a comparable property, the higher the value of the property.

##### 11.4 CONSOLIDATED GROUP IMPAIRMENT OVERVIEW

Utilizing enterprise valuation and decreasing operational results, supported by valuation specialists, management determined that the Group's consolidated carrying amounts were not recoverable, necessitating impairment recognition under IAS 36:

- Reversal of Table Bay subsidiary's 2024 revaluation surplus: **BWP 31.1 million.**
- Impairment loss related to the Commission assets: **BWP 15.9 million.**
- Total impairment loss recognised through OCI: **BWP 47 million.**

These amounts reduce the revaluation reserve in OCI, with no impact on profit or loss.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **11. PROPERTY, PLANT AND EQUIPMENT (continued)**

#### **11.4 CONSOLIDATED GROUP IMPAIRMENT OVERVIEW (continued)**

##### **Deferred Tax Impact**

Deferred tax previously recognised on these revaluation surpluses has been derecognised through OCI.

##### **Commission-Level Adjustments**

While no standalone revaluation surplus exists for these assets, an impairment of BWP 15.937 million is reflected at the Group and Commission level due to the consolidated application of enterprise valuation.

##### **Table Bay Subsidiary**

Although Table Bay recorded a surplus and deferred tax in its own books, these were fully reversed in consolidation, reducing revaluation reserve and related deferred tax in OCI, without altering the subsidiary's retained earnings or profit/loss.

Assets will continue to be depreciated over revised remaining useful lives. Management will monitor indicators of impairment.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 12 LEASE LIABILITIES

Carrying amounts of lease liabilities and movements during the period:

#### CONSOLIDATED

|                               | <u>FORK</u><br><u>LIFT</u><br><u>P'000</u> | <u>PRINTERS</u><br><u>P'000</u> | <u>TOTAL</u><br><u>P'000</u> |
|-------------------------------|--|---------------------------------|------------------------------|
| As at 01 January 2024         | 963  | 274                             | 1,237                        |
| Additions                     | -  | -                               | -                            |
| Interest Charged              | 79   | 25                              | 104                          |
| Payments                      | (593)                                      | (109)                           | (702)                        |
| Exchange differences          | 21   | 9                               | 30                           |
| <b>As at 31 December 2024</b> | <b>471</b>                                 | <b>199</b>                      | <b>670</b>                   |

|                               | <u>FORK</u><br><u>LIFT</u><br><u>P'000</u> | <u>PRINTERS</u><br><u>P'000</u> | <u>TOTAL</u><br><u>P'000</u> |
|-------------------------------|--|---------------------------------|------------------------------|
| As at 01 January 2023         | 1,588                                      | 3                               | 1,592                        |
| Interest Charged              | 130  | 19                              | 149                          |
| Payments                      | (578)                                      | (90)                            | (669)                        |
| New Printers                  |  | 223                             | 223                          |
| Exchange differences          | (177)                                      | 118                             | (59)                         |
| <b>As at 31 December 2023</b> | <b>963</b>                                 | <b>3</b>                        | <b>1,237</b>                 |

| Minimum lease payments due:             | <u>DISCOUNTED</u> |               | <u>UNDISCOUNTED</u> |               |
|---|-------------------|---------------|---------------------|---------------|
|   | 2024<br>P'000     | 2023<br>P'000 | 2024<br>P'000       | 2023<br>P'000 |
| Within 1 year                           | 576               | 669           | 633                 | 750           |
| 2-5 years                               | 94                | 568           | 104                 | 637           |
| Present Value of minimum lease payments | <b>670</b>        | <b>1,237</b>  | <b>737</b>          | <b>1,387</b>  |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 12. LEASE Continued

#### Lease payments reconciliation:

|                          | 2024       | 2023       |
|--------------------------|------------|------------|
|                          | P'000      | P'000      |
| Payment                  | 702        | 669        |
| Less: Interest Payment   | (103)      | (149)      |
| <b>Principal Payment</b> | <b>598</b> | <b>520</b> |

#### LEASE TERMS

Leases of Building, Forklifts and Printers generally have lease terms of 5 years. The Group's obligations under its lease liabilities are secured by the lessors' title to the leased assets. There is no escalation rate charged on the Group's leases. The average incremental borrowing rate is 10.79%.

#### Right of use Assets

|                               | <u>FORK</u><br><u>LIFT</u><br>P'000 | <u>PRINTERS</u><br>P'000 | <u>TOTAL</u><br>P'000 |
|-------------------------------|-------------------------------------|--------------------------|-----------------------|
| As at 01 January 2024         | 649                                 | 265                      | 914                   |
| Depreciation Expenses         | (423)                               | (83)                     | (506)                 |
| Exchange differences          | (4)                                 | 13                       | 9                     |
| <b>As at 31 December 2024</b> | <b>222</b>                          | <b>195</b>               | <b>417</b>            |

|                               | <u>FORK</u><br><u>LIFT</u><br>P'000 | <u>PRINTERS</u><br>P'000 | <u>TOTAL</u><br>P'000 |
|-------------------------------|-------------------------------------|--------------------------|-----------------------|
| As at 01 January 2023         | 1,075                               | 100                      | 1,175                 |
| Additions                     |                                     | 223                      | 223                   |
| Depreciation Expenses         | (413)                               | (71)                     | (493)                 |
| Exchange differences          | (4)                                 | 13                       | 9                     |
| <b>As at 31 December 2023</b> | <b>649</b>                          | <b>265</b>               | <b>914</b>            |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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### 12. LEASE Continued

The following amounts are recognized in the statements of profit and loss and other comprehensive income.

|  | 2024       | 2023       |
|--|------------|------------|
|  | P'000      | P'000      |
| Depreciation on right - of use-asset             | 506        | 493        |
| Interest paid                                    | 103        | 149        |
| <b>Total amount recognized in Profit or loss</b> | <b>609</b> | <b>642</b> |

### 13 INVESTMENT PROPERTY

|                         | <u>Consolidated</u> |              |
|-------------------------|---------------------|--------------|
|                         | 2024                | 2023         |
|                         | P'000               | P'000        |
| Opening carrying amount | 5,310               | 5,310        |
| Closing carrying amount | <u>5,310</u>        | <u>5,310</u> |

As at 31 December 2024, management reassessed the fair value of its investment property in accordance with IAS 40 *Investment Property*. The valuations were performed by Apex properties, an accredited independent valuer. Apex is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The direct comparable sales analysis was used to compare similar properties transacted on an arm's length basis to arrive at most suitable value and depreciated replacement cost method used to incorporate the land components of the site with ageing of structures. This was confirmed and standardized by the use of the gross replacement cost method. Management opted for the comparable method instead of the Discounted cash flows due to the discontinued operations of the Investment Property in December 2024.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 13. INVESTMENT PROPERTY Continued

Information about fair value measurements using significant unobservable inputs (level 3)

| Description     | Fair Value as 31 December 2024 | Range of un - observable inputs                         | Relationship of un - observable inputs to fair value   |
|-----------------|--------------------------------|---|--|
| Filling Station | Comparable sales analysis      | Market price per square meter - P2000 per square meter. | The higher the price per square meter of a comparable property, the higher the value of the property |

## PERFORMANCE OF INVESTMENT PROPERTY

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | P'000        | P'000        |
| Rental income derived from investment property | -            | -            |
| Direct operating expenses                      | (475)        | (426)        |
| <b>LOSS ARISING FROM INVESTMENT PROPERTY</b>   | <b>(475)</b> | <b>(426)</b> |

## 14 INVESTMENTS

|  |        | <u>Consolidated</u> |           | <u>Commission</u> |              |
|--|--------|---------------------|-----------|-------------------|--------------|
|  | %      | 2024                | 2023      | 2024              | 2023         |
|  | Equity | P'000               | P'000     | P'000             | P'000        |
|  | held   |                     |           |                   |              |
| <b>Subsidiary companies:</b>   |        |                     |           |                   |              |
| BMC (UK) Holdings Limited - UK<br>London Shares at cost                            | 100    | -                   | -         | 2,866             | 2,866        |
| Lobatse Leathers (Proprietary) Limited<br>- Botswana Shares at cost                | 100    | -                   | -         | 300               | 300          |
| Mainline Carriers (Botswana)<br>(Proprietary) Limited - Botswana<br>Shares at cost | 100    | -                   | -         | 4,308             | 4,308        |
| Debentures in Clifton School   |        | 10                  | 10        | 10                | 10           |
|  |        | <b>10</b>           | <b>10</b> | <b>7,484</b>      | <b>7,484</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 14 INVESTMENTS Continued

#### Investments in Subsidiaries

BMC is an ordinary shareholder with a 100% controlling interest in BMC UK Holdings Limited, Table Bay Cold Storage through Lobatse Leathers Proprietary and Mainline Carriers Proprietary. The Subsidiaries have been accordingly consolidated in accordance with the provisions for the relevant IFRS Accounting Standards. Adjusting entries to eliminate duplicated balances in the Consolidated financial statements are processed.

Investments in Subsidiaries are recorded as part of the Groups Assets in the Statement of Financial Position and Management confirms that as at the reporting period, the investment in subsidiaries is not impaired. The results of these subsidiaries are disclosed under Note 5.

The subsidiaries are currently going under restructuring, with the closure of dormant subsidiaries and the transfer of the Table Bay subsidiary from Lobatse Leathers to the Parent Company. Further details on these restructuring are available under corporate information.

#### Debentures in Clifton School

These are debentures held at Fair Value and they carry no interest and no fixed maturity date.

### 15 INVENTORIES

|                                      | <u>Consolidated</u> |                | <u>Commission</u> |                |
|--------------------------------------|---------------------|----------------|-------------------|----------------|
|                                      | 2024<br>P'000       | 2023<br>P'000  | 2024<br>P'000     | 2023<br>P'000  |
| Finished goods                       | 130,634             | 270,849        | 130,231           | 270,849        |
| Obsolete inventory allowance         | -                   | -              | -                 | -              |
| <b>Finished goods</b>                | <b>130,634</b>      | <b>270,849</b> | <b>130,231</b>    | <b>270,849</b> |
| <b>Stores:</b>                       |                     |                |                   |                |
| Consumables Stock                    | 12,010              | 16,369         | 12,010            | 13,882         |
| Obsolete inventory allowance -Stores | -                   | -              | -                 | -              |
|                                      | <b>12,010</b>       | <b>16,369</b>  | <b>12,010</b>     | <b>13,882</b>  |
| <b>TOTAL INVENTORY</b>               | <b>142,644</b>      | <b>287,218</b> | <b>142,241</b>    | <b>284,731</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 15. INVENTORIES Continued

#### BREAK DOWN OF FINISHED GOODS

|                     |                |                |                |                |
|---------------------|----------------|----------------|----------------|----------------|
| Deboned Meat Stocks | 69,214         | 239,626        | 68,811         | 239,626        |
| Canned Products *   | 50,748         | 21,928         | 50,748         | 21,928         |
| By-products         | 10,672         | 9,295          | 10,672         | 9,295          |
| <b>TOTALS</b>       | <b>130,634</b> | <b>270,849</b> | <b>130,231</b> | <b>270,849</b> |

The total value of stock of deboned meat was significantly increased by the increased throughput in 2023 as well as slow moving stock.

\*The value of the canned products was also impacted by the increased production of the canned Stewed Steak with gravy, to fulfil the contract for the primary schools feeding program with the Ministry of Local Government and Rural Development. The sales revenue relating to the inventory on hand as at year end will be recognized in the following year.

In 2023 , no inventory was written off , (2023: P 3 million). Reversal on inventory written down for 2024 was nil (2023: Nil).

### 16 TRADE AND OTHER RECEIVABLES

|  | <u>Consolidated</u> |                | <u>Commission</u> |               |
|--|---------------------|----------------|-------------------|---------------|
|  | 2024                | 2023           | 2024              | 2023          |
|  | P'000               | P'000          | P'000             | P'000         |
| Trade receivables                        | 80,554              | 123,474        | 66,577            | 113,150       |
| Allowances for expected credit losses    | (39,468)            | (32,081)       | (39,293)          | (31,870)      |
| <b>Trade receivables - net</b>           | <b>41,086</b>       | <b>91,393</b>  | <b>27,285</b>     | <b>81,280</b> |
| Other receivables *                      | 24,192              | 25,568         | 17,864            | 19,797        |
| Allowances for expected credit losses *  | (16,794)            | (16,762)       | (16,794)          | (16,762)      |
| <b>Net Other Receivables</b>             | <b>7,397</b>        | <b>8,806</b>   | <b>1,070</b>      | <b>3,035</b>  |
| Value added tax                          | -                   | -              | -                 | -             |
| <b>TOTAL TRADE AND OTHER RECEIVABLES</b> | <b>48,483</b>       | <b>100,199</b> | <b>28,355</b>     | <b>84,315</b> |

\*The bulk of other receivables under Commission (P17.8 million) relates to debtors which are a result of BMC operating the feedlot model which has since been stopped in 2018. Other receivables allowance for expected credit losses relate to these debtors.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 16 TRADE AND OTHER RECEIVABLES Continued

#### Movement in the allowances for Expected Credit Losses:

##### TRADE RECEIVABLES

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Allowances for expected credit losses as at beginning of year  | 32,081        | 29,773        | 31,870        | 28,831        |
| Provision recognized /(reverses) on other receivables          | 7,387         | 2,308         | 7,423         | 3,039         |
| <b>Allowances for expected credit losses as at end of year</b> | <b>39,468</b> | <b>32,081</b> | <b>39,293</b> | <b>31,870</b> |

##### OTHER RECEIVABLES

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Allowances for expected credit losses as at beginning of year  | 16,762        | 17,829        | 16,762        | 17,829        |
| Provision (reversed)/recognized on other receivables           | 32            | (1,067)       | 32            | (1,067)       |
| <b>Allowances for expected credit losses as at end of year</b> | <b>16,794</b> | <b>16,762</b> | <b>16,794</b> | <b>16,762</b> |

##### AMOUNTS DUE FROM GROUP COMPANY

|   |          |          |               |               |
|---|----------|----------|---------------|---------------|
| Allowances for expected credit losses as at beginning of year                   | -        | -        | 13,991        | 17,232        |
| Provision (reversed)/ recognized on amounts due from Group company (Note 23.45) | -        | -        | (101)         | (3,241)       |
| <b>Allowances for expected credit losses as at end of year</b>                  | <b>-</b> | <b>-</b> | <b>13,890</b> | <b>13,991</b> |

##### **TOTAL MOVEMENT RECOGNIZED IN PROFIT AND LOSS**

|              |              |              |                |
|--------------|--------------|--------------|----------------|
| <b>7,420</b> | <b>1,241</b> | <b>7,353</b> | <b>(1,269)</b> |
|--------------|--------------|--------------|----------------|

In determining the recoverability of a trade receivable, the Group and Commission consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. There is low credit risk relating to trade receivables as they are in different regions. All sales are to Distributors and accordingly, the Management made an assessment and concluded that there is no further allowance required in excess of the Allowances for expected credit losses recognised in the statement of financial position. The average credit period is 30 days (2023: 30 days).

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 16. TRADE AND OTHER RECEIVABLES (Continued)

#### TRADE RECEIVABLES SPLIT PER GEOGRAPHICAL REGIONS

|                      | GROUP         |                | COMMISSION    |                |
|----------------------|---------------|----------------|---------------|----------------|
|                      | 2024          | 2023           | 2024          | 2023           |
|                      | P'000         | P'000          | P'000         | P'000          |
| EUROPE               | 11,408        | 55,734         | 11,408        | 55,734         |
| SOUTH AFRICA         | 29,807        | 9,787          | 3,971         | 834            |
| LOCAL                | 17,694        | 38,522         | 37,659        | 37,151         |
| OTHER MARKETS        | 14,812        | 14,460         | 6,510         | 14,460         |
| UNITED ARAB EMIRATES | 6,833         | 4,971          | 7,030         | 4,971          |
| <b>TOTAL</b>         | <b>80,554</b> | <b>123,474</b> | <b>66,577</b> | <b>113,150</b> |

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Group evaluates the concentration risk with respect to trade receivables as low as the customers are spread across the regions.

### 17 CASH AND CASH EQUIVALENTS

|                          | <u>Consolidated</u> |               | <u>Commission</u> |              |
|--------------------------|---------------------|---------------|-------------------|--------------|
|                          | 2024                | 2023          | 2024              | 2023         |
|                          | P'000               | P'000         | P'000             | P'000        |
| Cash at bank and on hand | 29,003              | 10,599        | 11,140            | 7,084        |
|                          | <b>29,003</b>       | <b>10,599</b> | <b>11,140</b>     | <b>7,084</b> |

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.

In addition, there has been no default in prior years. As a result, no impairment provision has been recognized.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 18 BANK OVERDRAFTS

|                                  | 2024          | 2023          | 2024          | 2023          |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | P'000         | P'000         | P'000         | P'000         |
| <b>Bank overdrafts comprise:</b> |               |               |               |               |
| <i>Current account overdraft</i> |               |               |               |               |
| First National Bank of Botswana  | 35,203        | 39,942        | 35,203        | 39,942        |
|                                  | <b>35,203</b> | <b>39,942</b> | <b>35,203</b> | <b>39,942</b> |

### 18.1 BANK OVERDRAFTS AND REVOLVING CATTLE FACILITY

|                                 | <u>Consolidated</u> |                | <u>Commission</u> |                |
|---------------------------------|---------------------|----------------|-------------------|----------------|
|                                 | 2024                | 2023           | 2024              | 2023           |
|                                 | P'000               | P'000          | P'000             | P'000          |
| <i>Overdraft/Trade Facility</i> |                     |                |                   |                |
| Bank Overdraft utilized         | 35,203              | 39,942         | 35,203            | 39,942         |
| Trade finance utilized          | 230,112             | 179,943        | 230,112           | 179,943        |
| Amount available                | 5,400               | 23,741         | 1,685             | 20,115         |
| Total facility                  | <b>270,715</b>      | <b>243,626</b> | <b>267,000</b>    | <b>240,000</b> |

The bank overdrafts and trade finance facilities are denominated in BWP and ZAR with limits as follows:

|  | <u>Consolidated</u> |            | <u>Commission</u> |            |
|--|---------------------|------------|-------------------|------------|
|  | 2024                | 2023       | 2024              | 2023       |
|  | P'000               | P'000      | P'000             | P'000      |
| Botswana Pula denominated                                  | BWP267,000          | BWP240 000 | BW267,000         | BWP240 000 |
| South African Rand denominated-<br>Held with Standard Bank | ZAR-5,000           | ZAR 5,000  | ZAR -             | ZAR -      |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 18.1 BANK OVERDRAFTS AND REVOLVING CREDIT FACILITY (Continued)

The trade finance facility received from First National Bank of Botswana Limited is drawn in Botswana Pula.

- (i) The Group holds funding facilities secured by a Government guarantee, dated December 2022. This guarantee serves as collateral, ensuring that in the event the Commission is unable to meet its financial obligations, the Bank may invoke the guarantee. As at 31 December 2024, the total amount drawn under these facilities amounted to P220 million. Management does not anticipate any material loss arising from these arrangements. The key terms and conditions of the facilities are as follows:
- a. **Revolving Credit Facility – P227 million** -this facility is marked for the procurement of cattle from cattle suppliers and the applicable interest rate is prime rate plus 1.55% per annum. The arrangement fee is 0.5% and the term of the facility is 120 days for each drawdown. There is no commitment fee charged on the unutilized balance and is uncommitted.
  - b. **Bank Overdraft – P40 million** – the facility is to be utilized for working capital purposes and repayable on demand and the interest rate is the prime lending rate plus 0.8%. The arrangement fee charged was 0.5%. The facility does not attract any commitment fee charged for the unutilized limit.
  - c. **Bank Guarantees – P2 million** – this is to facilitate the issuance of short-term performance guarantees and attracts an establishment fee of 0.2% payable on the face value of each issuance. The commission payable is 0.70% payable on an annual basis and the specific conditions that must be fulfilled before the Facility may be used are:
    - Guarantees shall have either a fixed expiry date or a notice withdrawal clause.
    - The Bank will only issue Guarantees which are acceptable in form and substance to the Bank.
    - Subject to fulfillment of all condition’s precedent.
  - d. **Business Term Loan 1 – P12 million** – this facility is for general corporate purposes and the applicable interest is the prime lending rate plus 2%. The tenor for the term loan is 84 months, with an arrangement fee of 0.5%.The specific conditions before the facility may be used are:-
    - Conclusion of relevant transaction documents.
    - Subject to fulfillment of all condition’s precedent.
  - e. **Business Term Loan 2 – P21 million** - this facility is for general corporate purposes and the applicable interest is the prime lending rate plus 2%. The tenor for the term loan is 84 months, with an arrangement fee of 0.5%. The specific conditions before the facility may be used are the same as those defined for Business Term Loan 1
  - f. **Pre-settlement Facility – FOREX – P2 million** – this is a short-term facility and is repayable on demand. Individual contracts may not exceed 12 months. The specific terms for the facility are: -
    - The facility is subject to availability and at the discretion of the Bank.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 18.1 BANK OVERDRAFTS AND REVOLVING CREDIT FACILITY (Continued)

- The limit is expressed as a margined amount, being the maximum exposure given the Bank's credit risk factors as applied to the aggregate of each pre – settlement transaction.
- The margined amount is calculated by taking into account the Bank's credit risk factors as applied to pre – settlement.

All the facilities attract penalty/ default interest charged at the relevant facility rate plus 2%. The default / penalty interest shall be charged by the Bank for failure on the part of the Commission to fulfill its obligations in terms of the Facility Agreement. The facilities shall be reviewed by the Bank on or before 30<sup>th</sup> August 2025.

#### 18.2 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2024 and 2023.

|                                    | <u>Consolidated</u> |                 | <u>Commission</u> |                 |
|------------------------------------|---------------------|-----------------|-------------------|-----------------|
|                                    | <b>2024</b>         | <b>2023</b>     | <b>2024</b>       | <b>2023</b>     |
|                                    | <b>P'000</b>        | <b>P'000</b>    | <b>P'000</b>      | <b>P'000</b>    |
| Cash at bank and in hand (Note 17) | 29,003              | 10,599          | 11,140            | 7,084           |
|                                    | 29,003              | 10,599          | 11,140            | 7,084           |
| Bank Overdrafts (Note 18)          | (35,203)            | (39,942)        | (35,203)          | (39,942)        |
| <b>Cash and cash equivalents</b>   | <b>(6,200)</b>      | <b>(29,343)</b> | <b>(24,063)</b>   | <b>(32,858)</b> |

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 19. TOTAL BORROWINGS RECONCILIATION

### 19.1 TOTAL BORROWINGS

|  | Consolidated   |                | Commission     |                |
|--|----------------|----------------|----------------|----------------|
|  | 2024<br>P'000  | 2023<br>P'000  | 2024<br>P'000  | 2023<br>P'000  |
| <b>a) AUTO FINANCE P 748, 000:</b>     |                |                |                |                |
| Capital                                | 457            | 622            | 457            | 622            |
| Interest                               | -              | -              | -              | -              |
| <b>Total</b>                           | <b>457</b>     | <b>622</b>     | <b>457</b>     | <b>622</b>     |
| <b>b) LONG TERM LOAN P33 MILLION</b>   |                |                |                |                |
| Capital                                | 27,107         | 31,461         | 27,107         | 31,461         |
| Interest                               | 375            | 824            | 375            | 824            |
| <b>Total</b>                           | <b>27,482</b>  | <b>32,285</b>  | <b>27,482</b>  | <b>32,285</b>  |
| <b>c) GOVERNMENT LOAN P160 MILLION</b> |                |                |                |                |
| Capital                                | 160,000        | 160,000        | 160,000        | 160,000        |
| Interest                               | 35,804         | 30,529         | 35,804         | 30,529         |
| Deferred Government grant recognized*  | (106,666)      | (106,666)      | (106,666)      | (106,666)      |
| <b>Total</b>                           | <b>89,138</b>  | <b>83,863</b>  | <b>89,138</b>  | <b>83,863</b>  |
| <b>d) GOVERNMENT LOAN P88 MILLION</b>  |                |                |                |                |
| Capital                                | 88,000         | 88,000         | 88,000         | 88,000         |
| Interest                               | 19,088         | 16,201         | 19,088         | 16,201         |
| Deferred Government grant recognized*  | (47, 877)      | (47, 877)      | (47, 877)      | (47, 877)      |
| <b>Total</b>                           | <b>59,210</b>  | <b>56, 324</b> | <b>59,211</b>  | <b>56,324</b>  |
| <b>e) GOVERNMENT LOAN P120 MILLION</b> |                |                |                |                |
| Capital                                | 120,000        | 120,000        | 120,000        | 120,000        |
| Interest                               | 12,206         | 1,665          | 12,206         | 6,645          |
| Deferred Government grant recognized*  | (41,455)       | (41,455)       | (41,455)       | (41,455)       |
| <b>Total</b>                           | <b>90,751</b>  | <b>80, 210</b> | <b>90,751</b>  | <b>80, 210</b> |
| <b>TOTAL GOVERNMENT LOANS</b>          | <b>239,100</b> | <b>225,377</b> | <b>239,100</b> | <b>225,377</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 19. TOTAL BORROWINGS RECONCILIATION

#### 19.2 TOTAL BORROWINGS

|                         | Consolidated   |                | Commission     |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2024           | 2023           | 2024           | 2023           |
|                         | P'000          | P'000          | P'000          | P'000          |
| <b>TOTAL BORROWINGS</b> | <b>267,468</b> | <b>258,282</b> | <b>267,468</b> | <b>258,282</b> |
| Long Term               | 230,629        | 236,789        | 230,629        | 236,789        |
| Short Term              | 36,411         | 21,493         | 36,411         | 21,493         |
| <b>Total</b>            | <b>267,040</b> | <b>258,282</b> | <b>267,040</b> | <b>258,282</b> |

The terms and conditions for the above facilities are defined below: -

- a) **AUTO FINANCE FACILITY – P748,000** - the applicable interest for the facility is the prime rate plus 2% (8.510%) and is repayable over five (5) years. The last instalment is due in June 2027 and is secured against the motor vehicle that was procured using the facility.
- b) **LONG TERM LOAN P33 MILLION**- a loan of P33 million was issued at an annual rate of prime plus 2% (8.510%) and is repayable over ten (7) years. The last instalment is in July 2030 and is secured against the Government guarantee of P300 million held in favor of First National Bank of Botswana.
- c) **GOVERNMENT LOAN P160 MILLION** - a loan of P160 million was issued at an annual interest rate of 5% in August 2019 and was to be paid within twelve months. In 2022, BMC renegotiated the terms and conditions for the loan and Government acceded to the request and the interest was reduced to 2.65% with a two-year grace period. According to the re – negotiated loan agreement, all the interest payable from 2019 to February 2025 when the first instalment will be due and payable, is capitalized. The loan is to be repaid in two annual instalments over a ten (10) year period, with the final instalment due in February 2034. The loan is carried at amortized costs, and interest is accrued on a monthly basis.
- d) **GOVERNMENT LOAN P88 MILLION** - a loan of P88million was issued at an annual interest rate of 4.75% in August 2019 and was to be paid within twelve months. In 2022, BMC renegotiated the terms and conditions for the loan and Government acceded to the request and the interest was reduced to 2.65% with a two-year grace period. All the interest payable from

2019 to February 2025 when the first instalment will be due and payable, is capitalized. The loan is to be repaid in two annual instalments over a ten (10) year period, with the final instalment due in February 2034. The loan is carried at amortized cost and interest accrued on a monthly basis.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 19. TOTAL BORROWINGS RECONCILIATION

##### 19.3 TOTAL BORROWINGS

- e) **GOVERNMENT LOAN P120 MILLION** – the loan is repayable over twenty years at an interest rate of 4.15%. The loan also has a two-year grace period within which the interest is capitalized. The first instalment is due in February 2025 while the loan will be fully repaid in 2042. The loan is carried out at amortized cost and interest is accrued on a monthly basis.

##### 19.4 DEFERRED GOVERNMENT GRANT

|                                  | Consolidated   |                | Commission     |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2024           | 2023           | 2024           | 2023           |
|                                  | P'000          | P'000          | P'000          | P'000          |
| <b>DEFERRED GOVERNMENT GRANT</b> |                |                |                |                |
| P160 Million Loan                | 106,666        | 106,666        | 106,666        | 106,666        |
| P88 Million Loan                 | 47,877         | 47,877         | 47,877         | 47,877         |
| P120 Million Loan                | 41,455         | 41,455         | 41,455         | 41,455         |
| <b>Total</b>                     | <b>195,998</b> | <b>195,998</b> | <b>195,998</b> | <b>195,998</b> |

During the prior financial years, the Commission received total Government loan of [P368 million), granted at a below-market interest rate of an average of [3.15%], compared to the prevailing market rate of [7%]. In accordance with [IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, the benefit arising from the below-market rate has been accounted for as a government grant.

The fair value of the initial loan recognition was determined using a market rate of interest for similar instruments. The difference between the fair value of the loan and the proceeds received, amounting to P196 million has been recognized as a deferred Government Grant.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 20. DEFERRED TAX ASSET / (LIABILITY) RECONCILIATION

### DEFERRED TAXATION

|   | <u>Consolidated</u> |              | <u>Commission</u> |          |
|---|---------------------|--------------|-------------------|----------|
|   | 2024                | 2023         | 2024              | 2023     |
|   | P'000               | P'000        | P'000             | P'000    |
| <b>Balance at beginning of year</b>   | 7,650               | 6,367        | -                 | -        |
| Taxable / (deductible) temporary difference movement - land and buildings             | 5,755               | 124          | -                 | -        |
| Taxable / (deductible) temporary difference – utilization of prior year assessed loss | -                   | 1,329        | -                 | -        |
| Taxable / (deductible) temporary difference - plant and equipment                     | 120                 | (361)        | -                 | -        |
| Taxable / (deductible) temporary difference - prepayments                             | 21                  | 158          | -                 | -        |
| Taxable / (deductible) temporary difference – leases                                  | (21)                | 22           | -                 | -        |
| Taxable / (deductible) temporary difference movement – provisions                     | (58)                | 172          | -                 | -        |
| Taxable / (deductible) temporary difference movement – short-term lease               | (14)                | (12)         | -                 | -        |
| Taxable / (deductible) temporary difference movement – SARS interest                  | 18                  | 17           | -                 | -        |
| Taxable / (deductible) temporary difference movement – assessed tax loss not utilized | (55)                | (138)        | -                 | -        |
| Taxable / (deductible) temporary difference movement – donations                      | (1)                 | (1)          | -                 | -        |
| Taxable / (deductible) temporary difference -Income received in advance               | 2                   |              | -                 | -        |
| Exchange differences  | 328                 | (1,039)      | -                 | -        |
| <b>Balance at end of year</b>   | <b>13,744</b>       | <b>7,650</b> | <b>-</b>          | <b>-</b> |

|   | <u>Consolidated</u> |              | <u>Commission</u> |          |
|---|---------------------|--------------|-------------------|----------|
|   | 2024                | 2023         | 2024              | 2023     |
|   | P'000               | P'000        | P'000             | P'000    |
| <b>Deferred Tax Liability</b>             |                     |              |                   |          |
| Accelerated Depreciation for tax purposes | 2,284               | 1,329        | -                 | -        |
| Prepaid expenses                          | 137                 | 155          | -                 | -        |
| Interest on SARS                          | -                   | -            | -                 | -        |
| Revaluation of assets                     | 11,784              | 5,765        | -                 | -        |
| <b>Total Deferred Tax Liability</b>       | <b>14,205</b>       | <b>8,175</b> | <b>-</b>          | <b>-</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 20. DEFERRED TAX ASSET / (LIABILITY) RECONCILIATION (continued)

|                                 | <u>Consolidated</u> |               | <u>Commission</u> |               |
|---------------------------------|---------------------|---------------|-------------------|---------------|
|                                 | 2023<br>P'000       | 2022<br>P'000 | 2023<br>P'000     | 2022<br>P'000 |
| <b>Deferred Tax Asset</b>       |                     |               |                   |               |
| Leases                          | 112                 | 390           | -                 | -             |
| Provisions                      | 264                 | -             | -                 | -             |
| Income received in advance      | 2                   | -             | -                 | -             |
| Assessed tax loss not utilized  | 84                  | 135           | -                 | -             |
| <b>Total Deferred Tax Asset</b> | <b>461</b>          | <b>525</b>    | <b>-</b>          | <b>-</b>      |

The deferred tax asset and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

|   |               |              |          |          |
|---|---------------|--------------|----------|----------|
| Deferred tax liability                  | (14,205)      | 7,605        | -        | -        |
| Deferred tax asset                      | 461           | (1,239)      | -        | -        |
| <b>Total Net Deferred Tax Liability</b> | <b>13,744</b> | <b>7,650</b> | <b>-</b> | <b>-</b> |

#### 21 TRADE AND OTHER PAYABLES

|  | <u>Consolidated</u> |                | <u>Commission</u> |                |
|--|---------------------|----------------|-------------------|----------------|
|  | 2024<br>P'000       | 2023<br>P'000  | 2024<br>P'000     | 2023<br>P'000  |
| Trade payables   | 65,405              | 128,490        | 64,544            | 130,330        |
| Accrued expenses                                       | 6,159               | 5,876          | 4,788             | 3,111          |
| Payroll accruals                                       | 20,551              | 17,242         | 20,551            | 17,138         |
| Withholding tax payable*                               | 13,493              | 11,853         | 13,424            | 11,771         |
| Vat Payable  | -                   | 4,790          | -                 | 5,566          |
| Advance from Government -Stewed<br>Steak **            | 25,697              | 30,000         | 25,697            | 30,000         |
| Advance from Government-<br>Ministry of Agriculture*** | 42,808              | 30,608         | 42,808            | 30,608         |
| Other payables*****                                    | 33,021              | 6,318          | 33,004            | 6,507          |
| <b>Total</b>   | <b>207,134</b>      | <b>235,177</b> | <b>204,816</b>    | <b>235,031</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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### 21 TRADE AND OTHER PAYABLES continued

#### \*WITHHOLDING TAX:

Represents withholding tax at 4% for slaughtered/procured cattle.

#### \*\*ADVANCE FROM GOVERNMENT- STEWED STEAK:

An additional P12 million was received against the Stewed Steak Contract in 2024 and the advance is recoverable monthly through goods delivered to the Ministry of Local Government and Rural Development effective April 2024 until the end of the contract. A total of P16.3 million was also recognised as revenue in the current year as part of the P117 million total revenue recognized for the supply of stewed steak in 2024 (2023: P179 million). This is not a deferred revenue contract and as such revenue is recognized upon delivery of goods to the customer.

Below is the reconciliation for the Advance from Government – Stewed Steak

|                           | <u>Consolidated</u> |                 | <u>Commission</u> |                 |
|---------------------------|---------------------|-----------------|-------------------|-----------------|
|                           | <b>2024</b>         | <b>2023</b>     | <b>2024</b>       | <b>2023</b>     |
|                           | <b>P'000</b>        | <b>P'000</b>    | <b>P'000</b>      | <b>P'000</b>    |
| Opening Balance           | 30,000              | 14,198          | 30,000            | 14,198          |
| Additions                 | 12,000              | 30,000          | 12,000            | 30,000          |
| <b>Revenue recognized</b> | <b>(16,303)</b>     | <b>(14,198)</b> | <b>(16,303)</b>   | <b>(14,198)</b> |
| <b>Closing Balance</b>    | <b>25,697</b>       | <b>30,000</b>   | <b>25,697</b>     | <b>30,000</b>   |

#### \*\*\*ADVANCE FROM GOVERNMENT- MINISTRY OF AGRICULTURE:

A total of P30.6 million was advanced by the Ministry of Agriculture against the anticipated proceeds from production of stewed steak utilising cattle slaughtered as part of the depopulation strategy post an outbreak of Foot and Mouth affected cattle in Zone 6B region, in order to eradicate and control the disease. An additional P12.2 million was received in 2024.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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## 21 TRADE AND OTHER PAYABLES continued

### \*\*\*\*\*OTHER PAYABLES

Amounts deducted from employees and farmers payable to financial institutions.

### \*\*\*\*\* PROVISIONS

|                                      | <u>Consolidated</u> |       | <u>Commission</u> |       |
|--------------------------------------|---------------------|-------|-------------------|-------|
|                                      | 2024                | 2023  | 2024              | 2023  |
|                                      | P'000               | P'000 | P'000             | P'000 |
| <b>SARS provision Reconciliation</b> |                     |       |                   |       |
| Opening Balance                      | -                   | 658   | -                 | -     |
| Movement during the year             | -                   | (658) | -                 | -     |
| <b>Closing balance</b>               | -                   | -     | -                 | -     |

The claim that SARS had against the bonded warehouse of the Company which emanated from the 2019 financial year has been closed off, the Company managed to produce evidence and convince SARS against the allegations, after which SARS issued a letter of clearance of any wrongdoing and obligation and the matter was closed in the current year. The movement in provision is a result of reversals made in the prior year through the statement of profit and loss.

### CREDIT PERIOD:

The average credit period for trade payables is 60 days. No interest is charged on the trade payables. The Group and Commission have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the agreed credit terms as per the Group policies.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 22 FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: Capital risk, credit risk market risks (including currency risk and interest rate risk), and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of its markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by Senior Management under policies approved by the Board of Commissioners. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

The Group and Commission manage their capital to ensure that they continue as a going concern while maximising the return to the Shareholder through optimisation of the debt and equity balance. The capital structure of the Group and the Commission consists of net debt, which includes the borrowings and bank balances, cash and the Commission's capital and reserves disclosed in the statements of changes in equity.

#### *Gearing ratio*

The Group's overall management strategy is to maintain the gearing ratio at a minimum. On an annual basis, in line with the Botswana Meat Commission Act (Cap 74:04) (As amended) Sections 13 and 14, the Commission sets aside funds for the redemption of borrowings from the accumulated surplus. Although the Act does not provide the value of the monies to be set aside, Management determines how much funds to set aside for this course. The provision made in the books for 2024 is nil. The Group manages its capital structure and makes the necessary adjustments, in light of changes in economic conditions. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In 2024, the Commission was unable to meet the scheduled repayments on its Government loans as per the original agreement. Consequently, a request for an extension was submitted to the Government, with the revised repayment terms now commencing from August 2025.

|                                     | <u>Consolidated</u> |                | <u>Commission</u> |                |
|-------------------------------------|---------------------|----------------|-------------------|----------------|
|                                     | <b>2024</b>         | <b>2023</b>    | <b>2024</b>       | <b>2023</b>    |
|                                     | <b>P'000</b>        | <b>P'000</b>   | <b>P'000</b>      | <b>P'000</b>   |
| <b>Debt</b>                         |                     |                |                   |                |
| Bank Overdrafts (Note 18)           | 35,203              | 39,942         | 35,203            | 39,942         |
| Government loans (Note 19)          | 239,100             | 225,377        | 239,100           | 225,377        |
| Auto finance                        | 457                 | 622            | 457               | 622            |
| Revolving credit facility           | 230,112             | 179,943        | 230,112           | 179,943        |
| <b>Total Debt</b>                   | <b>504,871</b>      | <b>445,884</b> | <b>504,871</b>    | <b>445,884</b> |
| Cash and cash equivalents (note 17) | (29,003)            | (10,599)       | (11,140)          | (7,084)        |
| <b>Net debt (i)</b>                 | <b>475,868</b>      | <b>435,285</b> | <b>475,868</b>    | <b>438,800</b> |
| Reserves (ii)                       | 99,049              | 296,258        | 7,964             | 122,703        |
| <b>Gearing Ratio</b>                | <b>0.88</b>         | <b>0.61</b>    | <b>1.01</b>       | <b>0.79</b>    |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 22. FINANCIAL INSTRUMENTS (Continued)

#### *Gearing (Continued)*

- I) Debt is defined as borrowings and overdrafts, as disclosed in note 18 to 19.
- II) Comprises reserves as disclosed in the statements of changes in reserves.

#### 22.1 Categories of financial instruments

The Group and Commission's financial assets are classified and measured at amortized costs.

| Financial assets                        | Consolidated  |                | Commission    |               |
|---|---------------|----------------|---------------|---------------|
|   | 2024          | 2023           | 2024          | 2023          |
| Amortized cost                          | P'000         | P'000          | P'000         | P'000         |
| Trade receivables and other receivables | 48,483        | 100,199        | 28,355        | 84,315        |
| Amounts due from Group Companies        | -             | -              | 744           | 1,383         |
| Debentures                              | 10            | 10             | 10            | 10            |
| Cash and Cash equivalents               | 29,003        | 10,599         | 11,140        | 7,084         |
| <b>Total</b>                            | <b>77,496</b> | <b>110,798</b> | <b>40,248</b> | <b>92,782</b> |

| Financial liabilities          | Consolidated   |                | Commission     |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2024           | 2023           | 2024           | 2023           |
|                                | P'000          | P'000          | P'000          | P'000          |
| Trade payables                 | 98,426         | 134,809        | 97,548         | 136,836        |
| Borrowings                     | 267,040        | 252,441        | 267,040        | 252,441        |
| Amounts due to group companies | -              | -              | 18,537         | 109,645        |
| Revolving cattle facility      | 230,112        | 179,943        | 230,112        | 179,943        |
| Bank Overdrafts                | 35,203         | 39,942         | 35,203         | 39,942         |
| <b>Total</b>                   | <b>630,781</b> | <b>607,135</b> | <b>648,439</b> | <b>718,807</b> |

| Finance costs                           | Consolidated |        | Commission |        |
|---|--------------|--------|------------|--------|
|   | 2024         | 2023   | 2024       | 2023   |
|   | P'000        | P'000  | P'000      | P'000  |
| Financial liabilities at amortized cost | 36,640       | 29,305 | 39,684     | 33,241 |

| Finance income        | Consolidated |       | Commission |       |
|-----------------------|--------------|-------|------------|-------|
|                       | 2024         | 2023  | 2024       | 2023  |
|                       | P'000        | P'000 | P'000      | P'000 |
| Loans and receivables | 404          | 258   | 25         | 17    |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

## 22 FINANCIAL INSTRUMENTS (Continued)

### 22.1 Categories of financial instruments (continued)

### 22.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As at 31 December 2024, the Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The following table summarizes the maximum exposures to credit risk.

|                              | <u>Consolidated</u> |                | <u>Commission</u> |               |
|------------------------------|---------------------|----------------|-------------------|---------------|
|                              | <b>2024</b>         | <b>2023</b>    | <b>2024</b>       | <b>2023</b>   |
| Total credit risk comprises: | <b>P'000</b>        | <b>P'000</b>   | <b>P'000</b>      | <b>P'000</b>  |
| Cash and cash equivalents    | 29,003              | 10,599         | 11,140            | 7,084         |
| Trade and other receivables  | 48,484              | 100,199        | 28,355            | 84,315        |
| Total maximum exposure       | <b>77,487</b>       | <b>110,798</b> | <b>39,495</b>     | <b>91,399</b> |

Set out below is information about the credit risk exposure on the Group and Commission's trade receivables assets using a provision matrix:

## COMMISSION

### 2024

|  | <b>DAYS PAST DUE</b> |                   |                   |                     | <b>TOTAL</b> |
|--|----------------------|-------------------|-------------------|---------------------|--------------|
|  | <b>CURRENT</b>       | <b>31-60 Days</b> | <b>61-90 Days</b> | <b>Over 90 days</b> |              |
| Expected Credit Loss Rate                        | 0.07%                | 0.16%             | 0.56%             | 95.96%              |              |
|  | <b>P'000</b>         | <b>P'000</b>      | <b>P'000</b>      | <b>P'000</b>        | <b>P'000</b> |
| Estimated Total Gross Carrying Amount at Default | 11,467               | 11,447            | 2,763             | 40,901              | 66,577       |
| Expected Credit Loss                             | 8                    | 19                | 15                | 39,251              | 39,293       |

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 22. FINANCIAL INSTRUMENTS (Continued)

### 22.2 Credit risk (continued)

2023

|  | DAYS PAST DUE |            |            |              |         |
|--|---------------|------------|------------|--------------|---------|
|  | CURRENT       | 31-60 Days | 61-90 Days | Over 90 days | TOTAL   |
|  | P'000         | P'000      | P'000      | P'000        | P'000   |
| Expected Credit Loss Rate                        | 0.01%         | 0.02%      | 0.58%      | 91,68%       |         |
| Estimated Total Gross Carrying Amount at Default | P'000         | P'000      | P'000      | P'000        | P'000   |
| Expected Credit Loss                             | 67,504        | 9,528      | 1,373      | 34,745       | 113,150 |
|  | 7             | 2          | 8          | 31,853       | 31,870  |

## GROUP

2024

|  | DAYS PAST DUE |            |            |              |        |
|--|---------------|------------|------------|--------------|--------|
|  | CURRENT       | 31-60 Days | 61-90 Days | Over 90 days | TOTAL  |
|  | P'000         | P'000      | P'000      | P'000        | P'000  |
| Expected Credit Loss Rate                        | 0.04%         | 0.02%      | 0.27%      | 88.44%       |        |
| Estimated Total Gross Carrying Amount at Default | 19,873        | 12,708     | 3,366      | 44,608       | 80,554 |
| Expected Credit Loss                             | 7             | 2          | 9          | 39,450       | 39,468 |

2023

|  | DAYS PAST DUE |            |            |              |         |
|--|---------------|------------|------------|--------------|---------|
|  | CURRENT       | 31-60 Days | 61-90 Days | Over 90 days | TOTAL   |
|  | P'000         | P'000      | P'000      | P'000        | P'000   |
| Expected Credit Loss Rate                        | 0.01%         | 0.02%      | 0.38%      | 86.88%       |         |
| Estimated Total Gross Carrying Amount at Default | 71,770        | 12,451     | 2,346      | 36,907       | 123,474 |
| Expected Credit Loss                             | 7             | 2          | 9          | 32,063       | 32,081  |

The Group's and Commission's expected credit loss increased by P7 million in 2024, primarily due to a customer who received goods in December 2023 but had not settled the outstanding debt as of the reporting date. The amount was subsequently impaired in the current year

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 22. FINANCIAL INSTRUMENTS (Continued)

### 22.2 Credit risk (continued)

The Group and Commission's other receivables assets using a provision matrix:

|  | Consolidation Over 90 days |        | Commission Over 90 days |        |
|--|----------------------------|--------|-------------------------|--------|
|  | 2024                       | 2023   | 2024                    | 2023   |
|  | P'000                      | P'000  | P'000                   | P'000  |
| Expected Credit Loss Rate                        | 69%                        | 66%    | 94%                     | 85%    |
| Estimated Total Gross Carrying Amount at Default | 24,192                     | 25,568 | 17,864                  | 19,797 |
| Expected Credit Loss                             | 16,794                     | 16,762 | 16,794                  | 16,762 |

### 22.3 EXPECTED CREDIT LOSSES RECONCILIATION - 2024

|  | <u>Consolidated</u>          |               | <u>Commission</u>            |               |
|--|------------------------------|---------------|------------------------------|---------------|
|  | <u>Gross Carrying Amount</u> | <u>ECL</u>    | <u>Gross Carrying Amount</u> | <u>ECL</u>    |
|  | P'000                        | P'000         | P'000                        | P'000         |
| <b>TRADE RECEIVABLES:</b>                |                              |               |                              |               |
| <b>1-Jan-24</b>                          | <b>123,474</b>               | <b>32,081</b> | <b>42,614</b>                | <b>31,870</b> |
| New Assets originated or purchased       | 665,042                      | 7,318         | 632,084                      | 7,423         |
| Payments and assets derecognized         | (706,721)                    |               | (606,643)                    |               |
| Foreign exchange effects                 | (1,241)                      |               | (1,478)                      |               |
| <b>31-Dec-24</b>                         | <b>80,554</b>                | <b>39,468</b> | <b>66,577</b>                | <b>39,293</b> |
| <b>OTHER RECEIVABLES:</b>                |                              |               |                              |               |
| <b>1-Jan-24</b>                          | <b>25,568</b>                | <b>16,762</b> | <b>19,797</b>                | <b>16,762</b> |
| New Assets originated or purchased       | 3,211                        | 350           | 5,520                        | 157           |
| Payments and assets derecognized         | (4,587)                      | (317)         | (7,453)                      | (125)         |
| <b>31-DEC-24</b>                         | <b>24,192</b>                | <b>16,794</b> | <b>17,864</b>                | <b>16,794</b> |
| <b>AMOUNTS DUE FROM GROUP COMPANIES:</b> |                              |               |                              |               |
| <b>1-JAN-24 (Note 23.4)</b>              |                              |               | <b>15,374</b>                | <b>13,991</b> |
| New Assets originated or purchased       |                              |               | <b>3,505</b>                 | <b>-</b>      |
| Payments and assets derecognized         |                              |               | <b>(4,989)</b>               | <b>(101)</b>  |
| <b>31-DEC-24</b>                         |                              |               | <b>13,890</b>                | <b>13,890</b> |
| <b>TOTAL ECL CHARGE FOR THE YEAR</b>     | <b>-</b>                     | <b>7,420</b>  | <b>-</b>                     | <b>7,354</b>  |

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

## 22. FINANCIAL INSTRUMENTS (Continued)

### 22.4 Expected credit losses reconciliation- 2023

|  | <u>Consolidated</u>                   |                     | <u>Commission</u>                     |                     |
|--|---------------------------------------|---------------------|---------------------------------------|---------------------|
|  | <u>Gross Carrying Amount</u><br>P'000 | <u>ECL</u><br>P'000 | <u>Gross Carrying Amount</u><br>P'000 | <u>ECL</u><br>P'000 |
| <b>TRADE RECEIVABLES:</b>                |                                       |                     |                                       |                     |
| <b>1-Jan-23</b>                          | <b>42,620</b>                         | <b>29,773</b>       | <b>42,614</b>                         | <b>28,831</b>       |
| New Assets originated or purchased       | 512,177                               | 2,308               | 495,630                               | 3,039               |
| Payments and assets derecognized         | (428,367)                             | -                   | (422,631)                             | -                   |
| Foreign exchange effects                 | (2,956)                               | -                   | (2,463)                               | -                   |
| <b>31-Dec-23</b>                         | <b>123,474</b>                        | <b>32,081</b>       | <b>113,150</b>                        | <b>31,870</b>       |
| <b>OTHER RECEIVABLES:</b>                |                                       |                     |                                       |                     |
| <b>1-Jan-23</b>                          | <b>22,895</b>                         | <b>17,829</b>       | <b>18,336</b>                         | <b>17,829</b>       |
| New Assets originated or purchased       | 4,232                                 | 47                  | 3,020                                 | 47                  |
| Payments and assets derecognized         | (1,559)                               | (1,114)             | (1,559)                               | (1,114)             |
| <b>31-DEC-23</b>                         | <b>25,568</b>                         | <b>16,762</b>       | <b>19,797</b>                         | <b>16,762</b>       |
| <b>AMOUNTS DUE FROM GROUP COMPANIES:</b> |                                       |                     |                                       |                     |
| <b>1-JAN-23 (Note 23.4)</b>              |                                       |                     | <b>20,062</b>                         | <b>17,232</b>       |
| New Assets originated or purchased       |                                       |                     | -                                     | -                   |
| Payments and assets derecognized         |                                       |                     | (4,688)                               | (3,241)             |
| <b>31-DEC-23</b>                         |                                       |                     | <b>15,374</b>                         | <b>13,991</b>       |
| <b>TOTAL ECL CHARGE FOR THE YEAR</b>     | <b>-</b>                              | <b>1,241</b>        | <b>-</b>                              | <b>(1,269)</b>      |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

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### 22. FINANCIAL INSTRUMENTS (Continued)

#### 22.5 Fair value hierarchy of financial instruments

The table below analyses financial instruments carried at amortized costs, by valuation method as at 31 December 2024. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

| <b>Group</b>               | <b>Level 1<br/>P'000</b> | <b>Level 2<br/>P'000</b> | <b>Level 3<br/>P'000</b> | <b>Total<br/>P'000</b> |
|----------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <b>At 31 December 2024</b> |                          |                          |                          |                        |
| Borrowings                 | -                        | -                        | (458,179)                | <b>(458,179)</b>       |
|                            | -                        | -                        | <b>(459,179)</b>         | <b>(458,179)</b>       |
| <b>At 31 December 2023</b> |                          |                          |                          |                        |
| Borrowings                 | -                        | -                        | (437,570)                | <b>(437,570)</b>       |
|                            | -                        | -                        | <b>(437,570)</b>         | <b>(437,570)</b>       |
| <b>Commission</b>          |                          |                          |                          |                        |
| <b>At 31 December 2024</b> |                          |                          |                          |                        |
| Borrowings                 | -                        | -                        | (458,179)                | <b>(458,179)</b>       |
|                            | -                        | -                        | <b>(458,179)</b>         | <b>(458,179)</b>       |
| <b>At 31 December 2023</b> |                          |                          |                          |                        |
| Borrowings                 | -                        | -                        | (437,570)                | <b>(437,570)</b>       |
|                            | -                        | -                        | <b>(437,570)</b>         | <b>(437,570)</b>       |

#### Valuation Techniques Applied:

Future Cash Flows are discounted using market - related interest rates, adjusted for credit inputs over the contractual period of the long-term borrowing.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 22. FINANCIAL INSTRUMENTS (Continued)

#### Significant Inputs

- Interest Rate at 20%

#### 22.6 MARKET RISKS

##### 22.6.1 Foreign currency risk management

The Group and Commission undertakes transactions denominated in foreign currencies. Foreign exchange rate exposures are managed through continuous dialogue with the bankers on the anticipated movement in the exchange rates. The carrying amounts of the Commission's foreign currency denominated assets and liabilities at the reporting date are as follows:

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's and Commission's Profit or loss and Equity.

| Increase / Decrease in exchange rates: |     | Effect on profit before tax and Equity |         | Effect on profit before tax and Equity |         |
|--|-----|--|---------|--|---------|
|  |     | <u>Consolidated</u>                    |         | <u>Commission</u>                      |         |
|  |     | 2024                                   | 2023    | 2024                                   | 2023    |
|  |     | P'000                                  | P'000   | P'000                                  | P'000   |
| GBP                                    | +5% | 548                                    | (1,543) | (514)                                  | (1,587) |
| USD                                    | +5% | -                                      | -       | -                                      | (3,527) |
| ZAR                                    | +5% | 1,338                                  | 337     | 1,306                                  | 406     |
| EURO                                   | +5% | 570                                    | 1,617   | 570                                    | 1,617   |
| NOK                                    | +5% | -                                      | 1,170   | -                                      | 1,170   |
| GBP                                    | -5% | (548)                                  | 1,543   | 514                                    | 1,587   |
| USD                                    | -5% | -                                      | -       | -                                      | 3,527   |
| ZAR                                    | -5% | (1,338)                                | (337)   | (1,306)                                | (406)   |
| EURO                                   | -5% | (570)                                  | (1,617) | (570)                                  | (1,617) |
| NOK                                    | -5% | -                                      | (1,170) | -                                      | (1,170) |

### 22. FINANCIAL INSTRUMENTS (Continued)

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 22.6 MARKET RISKS (Continued)

##### 22.6.2 Interest rate risk

The Group is exposed to movements in interest rates because it has overdraft facilities and borrowings bearing interest rates which are linked to the prime lending rate. If interest rates were 1% lower and all other variables were held constant, the Group's profit would increase as shown below. For a 1% increase in interest rates there would be an equal and opposite impact on profit/loss and Equity and the balances would be negative. The Group continuously monitors the interest rate environment and regularly conduct sensitivity analysis on debt service costs under various rate scenarios.

|                | <u>Consolidated</u> |              | <u>Commission</u> |               |
|----------------|---------------------|--------------|-------------------|---------------|
|                | <b>2024</b>         | <b>2023</b>  | <b>2024</b>       | <b>2023</b>   |
|                | <b>P'000</b>        | <b>P'000</b> | <b>P'000</b>      | <b>P'000</b>  |
| Profit or loss | <u>355</u>          | <u>293</u>   | <u>1x</u>         | <u>332,41</u> |

##### 22.6.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Commissioners, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15 are the details of the overdraft facility that the Group has at its disposal to further reduce liquidity risk. The Government of Botswana provides funding to the Group and Commission when the need arises.

The expected undiscounted cash outflows related to borrowings are disclosed below both for Group and Commission. The rest of the Group's financial liabilities are short term and disclosed in note 15-16, they are expected to be settled at their book value within a year and hence are reflected at discounted amounts.

The following are contractual maturities of financial liabilities, including estimated interests' payments and the impact of netting agreements:

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 22. FINANCIAL INSTRUMENTS (Continued)

##### 22.6.3 Liquidity risk management (continued)

#### COMMISSION 2024

|                                       | Carrying<br>Contractual<br>amount | Cashflows          | Within 1<br>year | 2-5 years        | Over 5<br>years  | Total              |
|---------------------------------------|-----------------------------------|--------------------|------------------|------------------|------------------|--------------------|
|                                       | P'000                             | P'000              | P'000            | P'000            | P'000            | P'000              |
| Interest bearing loans and borrowings | 461,873                           | (562,969)          | (51,609)         | (202,095)        | (309,265)        | (562,969)          |
| Bank Overdraft                        | 35,203                            | (35,203)           | (35,203)         | -                | -                | (35,203)           |
| Trade Finance                         | 230,112                           | (230,112)          | (230,112)        | -                | -                | (230,112)          |
| Trade Payables                        | 201,816                           | (204,816)          | (204,816)        | -                | -                | (204,816)          |
| Amounts due to Group companies        | 18,537                            | (18,537)           | (18,537)         | -                | -                | (18,537)           |
| <b>TOTAL</b>                          | <b>947,541</b>                    | <b>(1,051,637)</b> | <b>(540,276)</b> | <b>(202,095)</b> | <b>(309,265)</b> | <b>(1,051,637)</b> |

#### GROUP 2024

|                                       | Carrying<br>Contractual<br>amount | Cashflows          | Within 1<br>year | 2-5<br>years     | Over 5<br>years  | Total              |
|---------------------------------------|-----------------------------------|--------------------|------------------|------------------|------------------|--------------------|
|                                       | P'000                             | P'000              | P'000            | P'000            | P'000            | P'000              |
| Interest bearing loans and borrowings | 461,873                           | (562,969)          | (51,609)         | (202,095)        | (309,265)        | (562,969)          |
| Bank Overdraft                        | 35,203                            | (35,203)           | (35,203)         | -                | -                | (35,203)           |
| Trade Finance                         | 230,112                           | (230,112)          | (230,112)        | -                | -                | (230,112)          |
| Trade Payables                        | 207,134                           | (207,134)          | (205,653)        | -                | -                | (207,134)          |
| Lease liabilities                     | 751                               | (737)              | (633)            | (104)            | -                | (737)              |
| <b>TOTAL</b>                          | <b>933,592</b>                    | <b>(1,034,456)</b> | <b>(524,691)</b> | <b>(202,199)</b> | <b>(309,265)</b> | <b>(1,036,155)</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

### 22. FINANCIAL INSTRUMENTS (Continued)

#### 22.6.3 Liquidity risk management (continued)

#### COMMISSION 2023

|                                       | Carrying<br>Contractual<br>amount | Cashflows          | Within 1<br>year | 2-5 years        | Over 5<br>years  | Total              |
|---------------------------------------|-----------------------------------|--------------------|------------------|------------------|------------------|--------------------|
|                                       | P'000                             | P'000              | P'000            | P'000            | P'000            | P'000              |
| Interest bearing loans and borrowings | 437,570                           | (547,519)          | (28,663)         | (140,732)        | (378,124)        | (547,519)          |
| Bank Overdraft                        | 39,942                            | (39,942)           | (39,942)         | -                | -                | (39,942)           |
| Trade Finance                         | 179,943                           | (179,943)          | (179,943)        | -                | -                | (179,943)          |
| Trade Payables                        | 235,031                           | (235,031)          | -                | -                | -                | (235,031)          |
| Amounts due to Group companies        | 109,645                           | (109,645)          | -                | -                | -                | (109,645)          |
| <b>TOTAL</b>                          | <b>1,002,131</b>                  | <b>(1,112,080)</b> | <b>(248,548)</b> | <b>(140,732)</b> | <b>(378,124)</b> | <b>(1,112,080)</b> |

#### GROUP 2023

|                                       | Carrying<br>Contractual<br>amount | Cashflows          | Within<br>1 year | 2-5<br>years     | Over 5<br>years  | Total              |
|---------------------------------------|-----------------------------------|--------------------|------------------|------------------|------------------|--------------------|
|                                       | P'000                             | P'000              | P'000            | P'000            | P'000            | P'000              |
| Interest bearing loans and borrowings | 437,570                           | (547,519)          | (28,663)         | (140,732)        | (378,124)        | (547,519)          |
| Bank Overdraft                        | 39,942                            | (39,942)           | (39,942)         | -                | -                | (39,942)           |
| Trade Finance                         | 179,943                           | (179,943)          | (179,943)        | -                | -                | (179,943)          |
| Trade Payables                        | 235,178                           | (235,178)          | (235,178)        | -                | -                | (235,178)          |
| Lease liabilities                     | 1,237                             | (1,387)            | (750)            | (637)            | -                | (1,387)            |
| <b>TOTAL</b>                          | <b>893,870</b>                    | <b>(1,003,969)</b> | <b>(484,329)</b> | <b>(141,369)</b> | <b>(378,124)</b> | <b>(1,003,969)</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 23. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group as defined include:

- i) Entities that have significant influence over the Group and subsidiaries of these entities.
- ii) Key management personnel (KMP) and close family members of key management personnel. Entities controlled or significantly influenced by KMP.
- iii) Key Management personnel are prescribed members of the Executive Management including those of any entities which provide key management personnel services to the Group.
- iv) Board of Directors of the Commission, Subsidiaries and Associates.
- v) The related parties of the Commission are the Government of Botswana, refer to note 19, its subsidiaries as disclosed in (Note 5) and the Commissioners and senior its subsidiaries management

|  | <b>Commission</b> |                |
|--|-------------------|----------------|
|  | <b>2024</b>       | <b>2023</b>    |
|  | <b>P'000</b>      | <b>P'000</b>   |
| <b>The following related party transactions were entered:</b>                              |                   |                |
| <b>23.1 Services charges</b>   |                   |                |
| Management fees Payable - Botswana Meat Commission (UK) Holdings Limited (subsidiary)      | 18,888            | 1,767          |
| Storage expenses Payable - Table Bay Cold Storage (Proprietary) Limited (subsidiary)       | 14,767            | 7,234          |
| Management fees Payable - Table Bay Cold Storage (Proprietary) Limited (subsidiary)        | 1,299             | 1,268          |
| Management fees Receivable - Mainline Carriers Botswana (Proprietary) Limited (subsidiary) | (360)             | (360)          |
|  | <u>17,595</u>     | <u>9,909</u>   |
| <b>23.2 Interest paid</b>  |                   |                |
| Allied Meat Insurance Company Limited, Cayman Islands (subsidiary)                         | (3,149)           | (3,660)        |
| BMC UK Holdings Limited (Subsidiary)   | -                 | (424)          |
|  | <u>(3,149)</u>    | <u>(4,084)</u> |
| <b>23.3 Government</b>   |                   |                |
| 23.3.1 Subventions received from Government  | <u>34,873</u>     | <u>29,520</u>  |
| 23.3.2 Shareholders Investment   | <u>44,679</u>     | <u>-</u>       |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 23. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### 23.4 Amounts due from Group companies

|   | <b>2024</b>       | <b><u>Commission</u></b> | <b>2023</b>         |
|---|-------------------|--------------------------|---------------------|
|   | <b>P'000</b>      |                          | <b>P'000</b>        |
| BMC UK Holdings Limited (Subsidiary)                                  | 262               |                          | 120                 |
| Allied Meat Insurance Company Limited,<br>Cayman Islands (subsidiary) | 481               |                          |                     |
| Table Bay Cold Storage (Proprietary) Limited<br>(subsidiary)          | <u>13,890</u>     |                          | <u>15,254</u>       |
|   | <b>14,634</b>     |                          | <b>15,374</b>       |
| Allowances for expected<br>credit losses                              | <u>(13,890)</u>   |                          | <u>(13,991)</u>     |
|   | <b><u>744</u></b> |                          | <b><u>1,383</u></b> |

*These are with regards to Commissions debtors collected by the UK and TBCS subsidiaries and yet to be remitted to the BMC parent entity as at year end.*

#### 23.5 Amounts due to Group Companies

|   | <b>2024</b>   | <b><u>Commission</u></b> | <b>2023</b>    |
|---|---------------|--------------------------|----------------|
|   | <b>P'000</b>  |                          | <b>P'000</b>   |
| BMC Meat Importers Limited, Guernsey<br>(subsidiary)                  |               |                          | 20,509         |
| Allied Meat Insurance Company Limited, Cayman<br>Islands (subsidiary) |               |                          | 65,010         |
| BMC UK Holdings Limited (subsidiary)                                  | 10,325        |                          | 10,103         |
| Mainline Carriers (Proprietary) Limited<br>(subsidiary)               | 8,051         |                          | 8,339          |
| Lobatse Leathers (Proprietary) Limited (subsidiary)                   | 161           |                          | 161            |
|   | <u>18,537</u> |                          | <u>109,645</u> |

Amounts due to Group companies has been include under movements in working capital in the statements of cashflows as the loans granted are used to finance working capital.

Refer to Note 24

**23.6 Loans Forgiven by the subsidiaries (Note 7)** **94,969** -

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 23. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### 23.7 Amounts due to group companies (Continued)

BMC Meat Importers Limited, Allied Meat Insurance Company Limited and Table Bay Cold Storage facilities are Subsidiaries of Lobatse Leathers, hence consolidated under Lobatse Leathers.

The amounts due to Group companies are loans obtained from the subsidiaries by the parent Company at an average fixed interest rate of 7% and have no terms for repayments. Mainline Carriers due amount is an intercompany net advance from the entity to the parent company

#### 23.8 Transactions related to key management personnel

| Remuneration                 | Commission    |               |
|------------------------------|---------------|---------------|
|                              | 2024<br>P'000 | 2023<br>P'000 |
| Short term employee benefits | 6,385         | 5,726         |
| Post employment benefits     | -             | -             |
| Other long term benefits     | -             | -             |
| Termination benefits         | 516           | 179           |
|                              | <b>6,901</b>  | <b>5,905</b>  |

#### 23.9 Transactions related to Board of Commissioners

|  |            |              |
|--|------------|--------------|
| Commissioners' Fees                            | <b>864</b> | <b>518</b>   |
| <b>Paid to:</b>                                |            |              |
| Mr. Boyce. O. Mhutsiwa                         | 43         | 92           |
| Mr. Moraki Mokgosana                           | 80         | 38           |
| Mr. Godfrey Mosimaneotsile                     | 81         | 43           |
| Mr. Benjamin Radihepi                          | 93         | -            |
| Mr. Boikobo Paya                               | 81         | -            |
| Mr. Mbaakanyi Lenyatso                         | 60         | 47           |
| Mr. Bonolo Montle                              | 9          | 47           |
| Ms. Shameela Winston                           | 101        | 138          |
| Dr. James K Sento                              | 69         | 109          |
| Mr. Laone M Serole                             | 116        | 3.6          |
| Mr. Thatayaone R Sithole                       | 9.5        |              |
| Ms. Thobo Motlhalamme                          | 9.5        |              |
| Ms. Virginia Monamoleli                        | 16.5       |              |
| Mr. Mbakiso Morapedi                           | 98.9       |              |
| <b>23.10 Producer payments –</b>               |            |              |
| Cattle Slaughter (Commission and consolidated) | <b>400</b> | <b>5,037</b> |

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

### 24. NOTES TO THE STATEMENTS OF CASH FLOWS

|  | <b>Consolidated</b> |                 | <b>Commission</b> |                 |
|--|---------------------|-----------------|-------------------|-----------------|
|  | <b>2024</b>         | <b>2023</b>     | <b>2024</b>       | <b>2023</b>     |
|  | <b>P'000</b>        | <b>P'000</b>    | <b>P'000</b>      | <b>P'000</b>    |
| <b>Operating Activities</b>                              |                     |                 |                   |                 |
| Loss before taxation:                                    | (196,313)           | (77,349)        | (143,908)         | (87,891)        |
| Adjustments for:   |                     |                 |                   |                 |
| Reversal of impairment of property, plant & equipment    |                     | (34,693)        |                   | (34,693)        |
| Depreciation of property, plant and Equipment            | 19,733              | 8,159           | 18,688            | 6,975           |
| Depreciation of Right of Use Asset                       | 506                 | 534             | -                 | -               |
| Loss on disposal of property, plant and equipment        | 34                  | (3)             | 34                | (3)             |
| Effects of changes in foreign exchange rates             | (18,127)            | 13,196          | (4,793)           | 1,370           |
| Other Income   | (4,929)             | (4,892)         | (96,064)          | (1,373)         |
| Write Off – Inter Company loan                           |                     |                 | 94,571            |                 |
| Finance costs  | 37,069              | 19,824          | 40,113            | 23,210          |
| Finance income   | (404)               | (10)            | (25)              | (10)            |
|  | <b>(162,431)</b>    | <b>(24,994)</b> | <b>(91,384)</b>   | <b>(44,107)</b> |
| <b>Movements in working capital</b>                      |                     |                 |                   |                 |
| Decrease/(Increase) in inventories                       | 144,574             | (76,051)        | 142,490           | (75,998)        |
| Decrease /(Increase) in amounts due from group companies | -                   | -               | 639               | (1,745)         |
| Decrease in trade and other receivables and prepayments  | 48,811              | 20,454          | 53,063            | 15,155          |
| (Decrease) in trade and other payables                   | (28,043)            | (34,715)        | (30,215)          | (24,548)        |
| Increase in the Cattle revolving facility                | 50,169              | 75,632          | 50,169            | 75,632          |
| (Decrease)/Increase in amounts due to group companies    | -                   | -               | (91,108)          | 12,644          |
|  | <b>215,511</b>      | <b>(15,761)</b> | <b>125,038</b>    | <b>11,561</b>   |
| <b>Cash used in operations</b>                           | <b>53,080</b>       | <b>(40,755)</b> | <b>33,654</b>     | <b>(32,546)</b> |

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 25. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group and Commission 2024

|   | 1-Jan-24       | Loan<br>Received | PRINCIPAL<br>REPAYMENT | INTEREST      | INTEREST<br>PAYMENT | 31-Dec-<br>24  |
|---|----------------|------------------|------------------------|---------------|---------------------|----------------|
|   | P'000          | P'000            | P'000                  | P'000         | P'000               | P'000          |
| <b>Current Interest-bearing loans</b>   |                |                  |                        |               |                     |                |
| Botswana Government Loans               | 225,377        | -                | -                      | 13,724        | -                   | 239,101        |
| <b>Auto Finance</b>                     |                |                  |                        |               |                     |                |
| First National Bank of Botswana         | 622            | -                | (165)                  | 49            | (49)                | 457            |
| <b>Long Term Loan</b>                   |                |                  |                        |               |                     |                |
| First National Bank of Botswana         | 32,285         | -                | (5,177)                | 2,449         | (2,074)             | 27,483         |
| <b>Total Liabilities from Financing</b> | <b>258,284</b> | <b>-</b>         | <b>(5,342)</b>         | <b>16,221</b> | <b>(2,123)</b>      | <b>267,040</b> |

The deferred Government grant relates to loans issued by the Government to the Group and Commission at below market interest rates. Refer to note 19.

# BOTSWANA MEAT COMMISSION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

## 25. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

Group and Commission 2023

|   | 1-Jan-23       | Loan<br>Received | PRINCIPAL<br>REPAYMENT | INTEREST      | INTEREST<br>PAYMENT | 31-Dec-<br>23  |
|---|----------------|------------------|------------------------|---------------|---------------------|----------------|
|   | P'000          | P'000            | P'000                  | P'000         | P'000               | P'000          |
| <b>Current Interest-bearing loans</b>   |                |                  |                        |               |                     |                |
| Botswana Government Loans               | 210,332        | -                | -                      | 15,045        | -                   | 225,377        |
| <b>Auto Finance</b>                     |                |                  |                        |               |                     |                |
| First National Bank of Botswana         | 748            | -                | (126)                  | 56            | (56)                | 622            |
| <b>Long Term Loan</b>                   |                |                  |                        |               |                     |                |
| First National Bank of Botswana         | -              | 33,000           | (1,179)                | 1,287         | (823)               | 32,285         |
| <b>Total Liabilities from Financing</b> | <b>211,080</b> | <b>33,000</b>    | <b>(1,305)</b>         | <b>16,388</b> | <b>(879)</b>        | <b>258,284</b> |

The deferred Government grant relates to loans issued by the Government to the Group and Commission at below market interest rates. Refer to note 19.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 26. CONTINGENT

##### 26.1 CONTINGENT ASSETS

|                           | <u>Consolidated</u> |          | <u>Commission</u> |          |
|---------------------------|---------------------|----------|-------------------|----------|
|                           | 2024                | 2023     | 2024              | 2023     |
|                           | P'000               | P'000    | P'000             | P'000    |
| Cold Storage Company Ltd* | 16,174              | -        | 16,174            | -        |
|                           | <b>16,174</b>       | <b>-</b> | <b>16,174</b>     | <b>-</b> |

\* As at 31 December 2024, the Group continues to pursue the recovery of amounts previously fully impaired and written off in respect of goods supplied to Cold Storage Company in 2012 and 2013. These receivables were fully impaired in prior reporting periods, including the current year, in accordance with the Group's credit loss policy.

Legal proceedings have been ongoing, and based on recent developments, there is a likelihood that the outstanding balance may be recovered in full or in part during the 2025 financial year. However, as the inflow of economic benefits is not yet considered virtually certain, no asset has been recognized in the financial statements at year-end.

The Group will recognize the asset and related income in the period in which the receipt becomes virtually certain, in accordance with IAS 37.

##### 26.2 CONTINGENT LIABILITIES

|                         | <u>Consolidated</u> |          | <u>Commission</u> |          |
|-------------------------|---------------------|----------|-------------------|----------|
|                         | 2024                | 2023     | 2024              | 2023     |
|                         | P'000               | P'000    | P'000             | P'000    |
| Break Ice Arbitration * | 2,919               | -        | 2,919             | -        |
|                         | <b>2,919</b>        | <b>-</b> | <b>2,919</b>      | <b>-</b> |

\* The arbitration process with Break Ice has come to an end with the final arguments completed on the 31<sup>st</sup> of July 2025. An award is awaited from the Arbitrator. The customer has instituted a claim of P 2.9 million plus accrued interest, citing loss of business and damages suffered. The Commission has filed a counterclaim of P0.46 million. Based on management's assessment, the likelihood of the claimant's success is considered low.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **27. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### **i. IFRS 18 – Presentation and Disclosure in Financial Statements**

**Effective Date:** 1 January 2027

**Nature of Change:**

IFRS 18 replaces parts of IAS 1 and introduces new requirements for presentation and disclosure, including required subtotals in the statement of profit or loss, more structured notes, and enhanced disaggregation of information.

**Impact on BMC:**

Management is currently assessing the impact of IFRS 18. While no impact on recognition or measurement is expected, the standard will likely result in changes to the presentation and disclosure in BMC's financial statements. The entity plans to implement these changes in advance of the effective date to ensure a smooth transition

### **27. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)**

#### **ii. Amendments to IAS 21 – Lack of Exchangeability**

**Effective Date:** 1 January 2025

**Nature of Change:**

These amendments provide guidance on how to determine the exchange rate when a currency is not exchangeable into another currency. This includes how to estimate the exchange rate and what disclosures are required in such cases.

**Impact on BMC:**

BMC does not currently transact in or hold balances denominated in currencies subject to exchange restrictions. Therefore, the amendments are not expected to have a material impact on the financial statements.

# BOTSWANA MEAT COMMISSION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024

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### 28. GOING CONCERN

The Group and the Commission reported a total loss for the year of P198 million (2023: Loss of P80 million) and Loss of P121 million (2023: Loss P88 million), respectively. The total comprehensive loss for the Group and Commission is P233 million (2023: income P72 million) and loss of P 144 million (2023: income P88million), respectively. The accumulated losses of the Group and Commission amount to P1.8 billion (2023: P1.6 billion) and P1.8 billion (2023: P1.6 billion), respectively.

The ability of the Group and Commission to continue as a going concern is dependent on a number of factors. The most significant of these is the commitment by the Government of the Republic of Botswana, as the sole Shareholder, to continue providing financial support to the Commission.

The Government has also demonstrated its support through investing in the BMC a capital injection of **P390 million** to enhance the performance of the Commission. The Shareholder has committed a total of **P390 million** for the following two projects which will not only improve the balance sheet but will also contribute to increased revenues from value addition:

Construction and commissioning of a new Meat Value – Addition and Secondary Processing Plant at a cost of **P230 million** in the financial year 2024/2025 which will enhance the value of BMC products and allow the Commission to export canned products disclosure in BMC's financial statements.

### 28. GOING CONCERN (Continued)

- Construction and commissioning of a new Meat Value – Addition and Secondary Processing Plant at a cost of **P230 million** in the financial year 2024/2025 which will enhance the value of BMC products and allow the Commission to export **canned products and thus creating more value to the Shareholder and ultimately benefiting the primary producer through increased cattle prices and shorter turnaround time for payments.**
- Revitalization of the Tannery plant at a cost of **P160 million** which will unlock value of the nonperforming resulting in high returns on the sale of hides.

Both these projects are aligned to the BMC Meriting Strategy 2022 to 2025 and will result in optimization of the BMC processes ultimately allow the Group to achieve total revenue of P2 billion by the year 2025.

The Commission's going concern is also dependent on obtaining trade facilities and commercial loans from financial institutions to augment working capital funding.

The impact of climate change brings about additional uncertainties because the key raw material availability depends on the vegetation. Drought or lack of rainfall normally brings undesirable results as farmers are normally reluctant to sell animals below a certain weight.

# **BOTSWANA MEAT COMMISSION**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **29. COMPLIANCE WITH THE BOTSWANA MEAT COMMISSION ACT (74:04) (AS AMENDED)**

The Commission reported a loss of P144 million for 2024 financial year (2023: a loss of P88 million), other comprehensive income/(loss) was P16 million for 2024 of (2023: nil) and has accumulated losses of P1.8 billion (2023: P1.6 billion). Section 17 of the Botswana Meat Commission Act stipulates that it is the duty of the Commission to exercise its functions and conduct its business to ensure, taking one year with another, that its revenues are sufficient to enable the Commission to meet the outgoings of the Commission properly chargeable to the revenue account in terms of Section 14 of the Act. The Commission has therefore not complied with the Act in this regard as demonstrated by the build-up of accumulated losses.

It is however important to note that the revitalization of the Tannery Plant and construction and commissioning of the new BMC Meat Value Addition and Secondary Processing Plant will ensure compliance going forward and return the Commission to a profit-making entity.