



**2022** | BOTSWANA STOCK EXCHANGE  
**ANNUAL REPORT**

**RE-INVESTING  
SUCCESS**



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# 2022 HIGHLIGHTS

**01** BSE launches new Central Securities Depository (CSD) system with SWIFT connectivity and upgraded Automated Trading System

**02** Settlement in Central Bank Money achieved

**03** BSE launches Investor Compensation Fund

**04** BSE hosts third instalment of Tshipidi Mentorship Program

**05** BSE revives Commercial Paper Market

**06** BSE lists African Domestic Bond Fund ETF listed, backed by African Development Bank, a triple-A Rated Institution

**07** BSE undertakes first ever international roadshows (USA, Dubai)

**08** Highest single turnover in 2022 was P183.0 Mn recorded on 23 March 2022

**09** Total securities turnover of P3.1 billion in 2022, compared to P4.5 billion in 2021

**10** Equity turnover of P1.2 billion in 2022 compared to P1.8 billion in 2021

**11** Settlement Guarantee Fund Rules approved

**12** Number of CSD account as at 31st December 2022, 100,747

# MISSION, VISION & VALUE STATEMENTS



## MISSION STATEMENT

To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities for the benefit of issuers, investors and stakeholders.



## VISION STATEMENT

To be a world-class securities exchange delivering innovative products and services.



## OUR VALUES

### BE A THINKER

Innovation

### ENGAGE BOLDLY

Assertiveness, Communication

### WINNING TOGETHER

Teamwork

### ACT LIKE AN OWNER

Commercial Focus

### DO THE RIGHT THING

Integrity, Efficiency, Sustainability



# BOTSWANA STOCK EXCHANGE LIMITED OVERVIEW

## OUR INCEPTION

**The Botswana Stock Exchange Limited (BSEL - herein referred to as the "BSE" or the "Exchange") is a public company registered under the laws of the Republic of Botswana in accordance with the Companies Act with a registration number BW00000451021. The BSE is licenced by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) to operate as a securities exchange as defined in the Securities Act No. 26 of 2014. At present, the BSE is the only stock exchange in Botswana.**

The formation of the BSE can be traced back to 1989, when it was then known as Botswana Share Market (BSM). At that time there was no formal stock exchange in Botswana and the BSM traded as an informal market. At the time, there were only 5 listed entities with a single broking firm i.e. Stockbrokers Botswana Ltd (SBB), which was also charged with facilitating trading on the exchange.

In September 1994, the legislation to transform the BSM into a full exchange was passed by Parliament paving the way for the establishment of the Botswana Stock

Exchange (BSE) where trading opened in November 1995. In March 1998, Ernst and Young took the full administration of the BSE. With effect from July 2001, a full time Chief Executive Officer was appointed with the aim of making the BSE completely independent. In April 2003, the BSE discontinued the secretarial role of Ernst and Young Botswana to become a fully independent entity.

## OUR EVOLUTION

Historically, the exchange was owned by the BSE Members through ownership of Proprietary Rights, and the Government of Botswana provided subvention. Government and brokers have played critical roles of developing various facets of the capital markets and of the BSE, for example, the first core technology infrastructure by way of the Automated Trading System (ATS) and the Depository System (CSD) are some of the capital investments funded by Government through subvention.

In December 2014, the Parliament of Botswana passed the Botswana Stock Exchange (Transition) Act No.2 of 2015 into law. The purpose of the Transition Act was to provide for the registration of Botswana Stock Exchange as a public company limited by shares under the Companies Act, and to provide for its continued existence as if it had been incorporated under the Companies Act. This enactment enabled the commencement of the demutualization of the BSE, an important component of which was the conversion of the Proprietary Rights into share capital, the conversion of subventions or other financial or material contributions received by the Exchange

into share capital and the formulation of an employee share option scheme (ESOP) for the employees of the Exchange. The Transition Act provided guidance in determining the ownership structure of the BSE (the Company). For example, Section 3 (1) (ii) provided that securities brokers acting individually or collectively shall not hold more than 20% of the share capital of the Company.

The conversion of the BSE to a Company was completed on the 2<sup>nd</sup> of August 2018, at which point the BSE Act was repealed. The Exchange fully converted from a member owned, not-for-profit entity to a for-profit public company limited by shares under the Companies Act. In terms of capital, the ownership of the Company has been allocated to the Government of the Republic of Botswana, the four broking firm existing then and the ESOP.

## OUR INTERNATIONAL AFFILIATIONS

The BSE is an Affiliate of the World Federation of Exchanges (WFE), a Partner Exchange of United Nations-backed Sustainable Stock Exchanges (SSE) initiative, a member of the African Securities Exchanges Association (ASEA) – and currently holds the Presidency of ASEA, a member and Secretariat of the Committee of SADC Stock Exchanges (CoSSE) for which it holds the Chairmanship. The BSE is a member of the Association of National Numbering Agencies (ANNA) and a Recognized Stock Exchange under the UK's Her Majesty Revenue and Customs (HMRC). The BSE owns the entire share capital of a subsidiary called the Central Securities Depository Company of Botswana Limited

# BOTSWANA STOCK EXCHANGE LIMITED OVERVIEW (CONTINUED)

(CSDB), and the CSDB is a member of the Africa & Middle East Depositories Association (AMEDA) and a member of the World Federation of CSDs (WFC). The employees of the BSE sit in various committees and working groups of some of these associations.

## OUR PRODUCTS

At present, instruments that can be listed on the BSE include Equities, Bonds, Commercial Paper, Asset Backed Securities, Special Acquisition Companies, Exchange Traded Funds, Investment Funds and Depository Receipts. The BSE is pivotal to Botswana's financial system, and in particular the capital market, as an avenue on which government, quasi-government and the private sector can raise capital and thus is host to a broad range of companies doing business in Botswana and across the world, including multinational companies.

These companies represent a wide range of economic sectors; being Agriculture, Banking, Financial Services, Wholesaling & Retailing, Tourism, Energy, Mining & Materials, Property & Trust, Security and Telecommunications. As at the end of 2022, there were 31 listed companies comprising of 23 domestic companies, 7 foreign companies across the various boards and 1 registered company on Serala Over-The-Counter (OTC) Board. Further, there were 42 listed bonds, 2 commercial papers and 7 ETFs at year end.

## OUR REGULATORY ENVIRONMENT

The BSE is governed and regulated through various laws and statutory bodies that include the Companies Act, the Securities Act and the Non-Bank Financial Institutions Regulatory Authority.

The BSE, as a public limited company, is also governed by its Constitution. For regulating the affairs of the Members, the BSE utilises the Members Rules which provide the procedures necessary to establish and regulate fair and efficient markets and to ensure that the business of the BSE is carried out in an orderly manner. In addition, the Exchange has a set of Listings Requirements which provide the pre-listings and post-listings requirements to be observed by the issuers of listed securities. The emphasis is to make sure that issuers disclose adequate information to the public and investors to facilitate informed investment decision making.



# BSE LIMITED

## BOARD OF DIRECTORS



**Lieutenant General Tebogo C. Masire**  
Chairperson



**Mr. Basimane Bogopa**  
Director



**Mr. Norman Moleele**  
Director



**Professor Onkutlwile Othata**  
Director



**Ms. Lekono Phiri**  
Director



**Mr. Ogone Mothooagae**  
Director



**Ms. Itumeleng Mareko**  
Director



**Mr. Davis Tele**  
Director



**Mr. Kennedy Kgomanyane**  
Director



**Mr. Thapelo Tsheole**  
Director & Chief Executive Officer



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE STATEMENT OF COMMITMENT

The BSEL Group is dedicated to the implementation of effective structures, policies and practices that enhance corporate governance and create sustainable value for its shareholders and stakeholders.

As a capital markets regulator, the BSEL Group strives to achieve and uphold the highest principles of business ethics, corporate governance and reporting. In fulfilling this, the BSEL Group developed a corporate governance framework in line with the Companies Act, Botswana Accountancy Oversight Authority (BAOA)

Guidelines, NBFIRA Draft Corporate Governance Guidelines and King IV Code of Corporate Governance (King IV). The corporate governance framework will be gradually implemented over a 5-year period as the Group transitions into its 2022-2026 corporate strategy. The BSEL is committed to continually reviewing and improving its corporate governance processes by benchmarking against international best practices.

## CORPORATE GOVERNANCE OVERVIEW

The BSEL Board serves as the focal point and custodian of corporate governance in the BSEL. As a driver of sound business and

governance principles, the Board exercises leadership by among other things, steering the BSEL and setting its strategic direction. With over three decades of existence, the BSEL prides itself in a strong corporate governance culture which has improved immensely since Demutualization in 2018.

In the spirit of good corporate governance and international best practice, the Board consists of a majority of independent non-executive directors and the role of the Chief Executive Officer (CEO) and Chairperson are separate. The CEO sits as an ex-officio Director.

## BOARD OF DIRECTORS

The Board of Directors this reporting period is constituted as follows:

DIRECTOR	POSITION	DATE OF RE-APPOINTMENT
Lt. Gen. Tebogo C. Masire <sup>^</sup>	Chairperson	27 <sup>th</sup> May 2021
Mr. Basimane Bogopa <sup>^</sup>	Director	27 <sup>th</sup> May 2021
Ms. Itumeleng Mareko <sup>&gt;</sup>	Director	27 <sup>th</sup> May 2021
Mr. Norman Moleele <sup>^</sup>	Director	27 <sup>th</sup> May 2021
Mr. Ogone Mothooagae <sup>^</sup>	Director	27 <sup>th</sup> May 2021
Professor Onkutlwile Othata <sup>^</sup>	Director	27 <sup>th</sup> May 2021
Mr. Davis Tele <sup>^</sup>	Director	27 <sup>th</sup> May 2021
Mr. Kennedy Kgomanyane <sup>&gt;</sup>	Director	27 <sup>th</sup> May 2021
Ms. Lekono Phiri <sup>*^</sup>	Director	12 <sup>th</sup> April 2022
Mr. Thapelo Tsheole <sup>**</sup>	Director & Chief Executive Officer	1 <sup>st</sup> January 2021

\* Appointed 12<sup>th</sup> April 2022  
 \*\* Non-Independent Executive Director

<sup>^</sup> Independent Non- Executive  
<sup>></sup> Non-Independent Non-Executive

# CORPORATE GOVERNANCE

## REPORT (CONTINUED)

### BOARD MEETING ATTENDANCE

The Board meets a minimum of four times annually with additional special meetings scheduled to discuss any other urgent issues not discussed during scheduled meetings. For the year 2022, the Board convened five Board meetings, and one meeting was a Special Board Meeting (SBM). Attendance of the Board Meetings was as follows:

DIRECTOR	28/01/2022	25/03/2022	14/07/2022 (SBM)	05/08/2022	25/11/2022	TOTAL ATTENDANCE
Lt. Gen. T. C. Masire (Chairperson)	✓	✓	✓	✓	✓	5/5
Mr. B. Bogopa (Vice Chairperson)	✓	✓	✓	✓	✓	5/5
Ms. I. Mareko	✓	✓	✓	✓	✓	5/5
Mr. N. Moleele	✓	✓	✓	✓	✓	5/5
Mr. O. Mothoogae	✓	-	✓	✓	✓	4/5
Prof. O. Othata	✓	✓	✓	✓	✓	5/5
Mr. D. Tele	✓	✓	-	✓	✓	4/5
Mr. K. Kgomanyane	✓	✓	✓	✓	✓	5/5
Ms. L. Phiri*	-	-	✓	-	✓	2/5
Mr. T. Tsheole	✓	✓	✓	✓	✓	5/5

\* Appointed 12<sup>th</sup> April 2022

### BOARD COMMITTEES

#### RISK AND AUDIT COMMITTEE (RAC)

The purpose of the RAC is to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, risk management, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The members of the RAC and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
Mr. Davis Tele (Chairperson)	3/5
Mr. Ogone Mothoogae	5/5
Professor Onkutlwile Othata	5/5

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

The NGC is responsible for all matters relating to corporate governance and practices of BSEL, nominations of members to be appointed to the Board of Directors as well as terms and conditions of employment for BSEL staff.

The members of the NGC and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
Mr. Basimane Bogopa	3/3
Mr. Davis Tele	3/3
Ms. Lekono Phiri*	1/3

\* Appointed to Board 12<sup>th</sup> April 2022

## ADMISSIONS AND DISCIPLINARY COMMITTEE (ADC)

The purpose of the Admissions and Disciplinary Committee is to provide oversight on matters relating to the regulatory function of BSEL over Securities Brokers. This is in line with the mandate of the BSEL which entails regulation and oversight of operations of Securities Brokers.

The Admissions and Disciplinary Committee did not have a meeting in 2022.

## REGULATORY COMMITTEE (RC)

The purpose of the Regulatory Committee is to set policy and formulate rules with regard to listings and trading matters as well as Securities Brokers and participants.

The members of Regulatory Committee and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
Mr. Basimane Bogopa (Chairperson)	2/2
Mr. Ogone Mothoogae	2/2
Professor Onkutlwile Othata	2/2

# CORPORATE GOVERNANCE

## REPORT (CONTINUED)

### BOARD TENDER COMMITTEE (BTC)

The purpose of the Board Tender Committee is to approve procurement of supplies, works & services and disposal of assets in line with the BSE procurement procedures promulgated by the Board from time to time.

The members of Board Tender Committee and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
<b>Professor Onkutlwile Othata (Chairperson)</b>	2/2
<b>Mr. Kennedy Kgomanyane</b>	2/2
<b>Ms. Itumeleng Mareko</b>	0/2

The Public Procurement Act No. 24 of 2021 ('PPA') commenced on 14th April 2022 and repealed the Public Procurement and Asset Disposal Act. The Botswana Stock Exchange Limited (BSEL) falls under the definition of Public Body in terms of section 2 of the PPA.

The BSEL has since dissolved the Board Tender Committee and appointed the CEO as the Accounting Officer in order to align the company with provisions of the PPA.

### INVESTOR COMPENSATION FUND (ICF) BOARD OF TRUSTEES

The Investor Compensation Fund Board of Trustees is a governing body established to provide regulatory oversight over the Investor Compensation Fund.

The Fund, formally known as the Security Fund under the repealed Botswana Stock Exchange Act, is a Fund established to compensate securities investors who suffer loss as a result of the Securities Broker or Dealers' failure to meet their contractual obligations.

The Board of Trustees comprises three Trustees, Two Non-Independent Trustees and One Trustee Independent from BSEL Board of Directors. The Trustees meet on an annual basis.

The Trustees of the Fund and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
<b>Ms. Thato Lesejane (Chairperson)</b>	3/3
<b>Mr. Ogone Mothoagae</b>	3/3
<b>Mr. Norman Moleele</b>	3/3

# CORPORATE GOVERNANCE

## REPORT (CONTINUED)

### ATTENDANCE AT BOARD COMMITTEE MEETINGS

DIRECTOR	RAC	NGC	ADC	BTC	RC	ICF
Lt. Gen. T. C. Masire (Chairperson)*	-	-	-	-	-	-
Mr. B. Bogopa	-	3	-	-	2	-
Ms. I. Mareko	-	-	-	-	-	-
Mr. N. Moleele	-	-	-	-	-	3
Mr. O. Mothoagae	5	-	-	-	2	3
Prof. O. Othata	5	-	-	2	2	-
Mr. D. Tele	3	3	-	-	-	-
Mr. K. Kgomanyane	-	-	-	2	-	-
Ms. L. Phiri*	-	1	-	-	-	-
Mr. T. Tsheole	5	3	-	2	2	3

\* The Chairperson does not sit on any Board Committee

\*\* Appointed to Board 12<sup>th</sup> April 2022

### BOARD AND COMMITTEE SITTING ALLOWANCE

The BSEL pays a sitting allowance of BWP 4, 500.00 for any Member chairing a meeting and P3, 800 for any member that attends a meeting.

# CSDB LIMITED

## BOARD OF DIRECTORS



**Mr. Basimane Bogopa**  
Chairperson



**Ms. Pascaline Sefawe**  
Director



**Mr. Davis Tele**  
Director



**Ms. Kelebogile Kewagamang**  
Director



**Mr. Vincent Baituti**  
Director



**Mr. Lame Gare**  
Director



**Mr. Kennedy Kgomanyane**  
Director



**Mr. Thapelo Tsheole**  
Director & Chief Executive Officer

# CSDB LIMITED CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE OVERVIEW

The Central Securities Depository Company of Botswana Limited (CSDB) was established as a BSEL subsidiary in 2008, to deal with efficient clearing and settlement. Over and above governance oversight by the Group Board of Directors, the CSDB Board is the custodian of corporate governance and is responsible for ensuring that the business of CSDB is conducted according to sound corporate governance principles.

In terms of CSDB Constitution, the Board must comprise not less than six and no more than eight Board of directors, inclusive of the Chief Executive Officer. The Chairperson of the Board, the Vice Chairperson, the Chief Executive Officer, and the other non-executive directors are elected by the Shareholders of the CSDB.

## BOARD OF DIRECTORS

The Board of Directors this reporting period is constituted as follows: current Board of Directors is constituted as follows:

DIRECTOR	POSITION	DATE OF RE-APPOINTMENT
Mr. Basimane Bogopa#^	Chairperson	23 <sup>rd</sup> June 2021
Ms. Pascaline Sefawe^	Director	23 <sup>rd</sup> June 2021
Mr. Lame Gare^	Director	23 <sup>rd</sup> June 2021
Ms. Kelebogile Kewagamang^	Director	23 <sup>rd</sup> June 2021
Mr. Vincent Baituti^	Director	23 <sup>rd</sup> June 2021
Mr. Davis Tele#^	Director	23 <sup>rd</sup> June 2021
Mr. Kennedy Kgomanyane*#>	Director	23 <sup>rd</sup> June 2021
Mr. Thapelo Tsheole**#	Director & Chief Executive Officer	1 <sup>st</sup> January 2021

\* Initial appointment on the 18th May 2021

\*\* CEO/Ex-Officio Director

# Cross Membership

^ Independent Non- Executive

> Non-Independent Non-Executive

## BOARD MEETING

The Board meets a minimum of four times annually with additional special meetings scheduled to discuss any other urgent issues not discussed during scheduled meetings. For the year 2022, the Board convened four Board meetings). Attendance of the Board Meetings were as follows:

# CSDB LIMITED CORPORATE GOVERNANCE REPORT (CONTINUED)

DIRECTOR	28/01/2022	24/03/2022	04/08/2022	24/11/2022	TOTAL ATTENDANCE
Mr. B. Bogopa	✓	✓	✓	✓	4/4
Ms. P. Sefawe	✓	✓	-	✓	3/4
Mr. L. Gare	✓	✓	✓	✓	4/4
Ms. K. Kewagamang	-	✓	✓	-	2/4
Mr. V. Baituti	✓	✓	✓	✓	4/4
Mr. D. Tele	✓	-	✓	✓	2/4
Mr. K. Kgomanyane	✓	✓	✓	✓	4/4
Mr. T. Tsheole	✓	✓	✓	✓	4/4

## BOARD COMMITTEES

### RISK AND AUDIT COMMITTEE (RAC)

The purpose of the RAC is to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, risk management, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The members of the RAC and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
Mr. Davis Tele (Chairperson)	5/5
Ms. Pascaline Sefawe	5/5
Mr. Lame Gare	3/5

### NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

The NGC is responsible for all matters relating to corporate governance and practices of CSDB, nominations of members to be appointed to the Board of Directors as well as reviewing and recommending the CSDB's corporate governance guidelines.



# CSDB LIMITED CORPORATE GOVERNANCE REPORT (CONTINUED)

The members of the NGC and meeting attendance for 2022 is shown below:

MEMBER	MEETING ATTENDANCE
Ms. Kelebogile Kewagamang (Chairperson)	1/2
Mr. Davis Tele	2/2
Mr. Vincent Baituti	2/2

## ADMISSIONS AND DISCIPLINARY COMMITTEE (ADC)

The purpose of the Admissions and Disciplinary Committee is to provide oversight on matters relating to complaints made against any depository participant.

In the year 2022, the Members of the Admissions and Disciplinary Committee did not convene for any meeting.

## REGULATORY COMMITTEE (RC)

The purpose of the Board Tender Committee is to approve procurement of supplies, works & services in line with the CSDB procurement procedures promulgated by the Board from time to time. In the year 2022 the Members of the Board Tender Committee did not convene for any meeting.

The Public Procurement Act No. 24 of 2021 ('PPA') commenced on 14<sup>th</sup> April 2022 and repealed the Public Procurement and Asset Disposal Act. The CSDB has since dissolved the Board Tender Committee and appointed the CEO as the Accounting Officer in order to align the company with provisions of the PPA.

## ATTENDANCE AT BOARD COMMITTEE MEETINGS

DIRECTOR	RAC	NGC	ADC	BTC
Mr. B. Bogopa	-	-	-	-
Ms. P. Sefawe	5	-	-	-
Mr. L. Gare	3	-	-	-
Ms. K. Kewagamang	-	1	-	-
Mr. V. Baituti	-	2	-	-
Mr. D. Tele	5	2		
Mr. K. Kgomanyane	-	-	-	
Mr. T. Tsheole	5	2	-	-

## BOARD AND COMMITTEE SITTING ALLOWANCE

The CSDB pays a sitting allowance of BWP 4, 000.00 for any Member chairing a meeting and P3, 000 for any member that attends a meeting.

# OUR MANAGEMENT TEAM



**Mr. Thapelo Tsheole**  
Chief Executive Officer

Mr. Tsheole was appointed CEO of the BSE in January 2016. Prior to that, he was the Deputy CEO since February 2014. Mr. Tsheole joined the BSE February 2007 as Product Development Manager. He holds a Bachelor of Social Sciences (Single Major Economics) from University of Botswana and a Master of Commerce in Financial Markets from Rhodes University (RSA). Further, he holds a Master of Business Administration (MBA) from the Graduate School of Business, University of Cape Town (RSA).

Mr. Tsheole has also completed several financial markets programmes which include Registered Person Examination (RPE) conducted by South African Institute of Financial Markets (SAIFM) and SAFEX, and the Enforcement and Market Oversight programme by the United States Securities and Exchange Commission (SEC), inter alia. He has also attended a Leadership Development Programme at the University of Stellenbosch Business School (RSA). Mr. Tsheole is the Chairman of the Committee of SADC Stock Exchanges (CoSSE) and the President of African Securities Exchanges Association (ASEA). Locally, he has chaired and sat on several Boards. He is a recipient of the Presidential Order of Meritorious Service (2018).



**Ms. Masego Pheto-Lentswe**  
Head of Clearing and Settlement

Ms. Pheto-Lentswe joined the BSE in December 2007 as Central Securities Depository Company of Botswana (CSDB) Manager. Prior to joining the BSE, she was Market Risk Manager at Stanbic Bank, Botswana. Before then, she worked for Bank of Botswana on different units of the Financial Market Department as a Dealer, Settlement Officer and Portfolio Analyst. She graduated with a BA in Economics from the University of Botswana and holds a MA in Economics from University of Stellenbosch (RSA).

Ms. Pheto-Lentswe holds a Diploma in Chartered Institute of Management Accountants (CIMA). She has completed an Executive Development Program (EDP) at University of Stellenbosch Business School (RSA).

# OUR MANAGEMENT TEAM (CONTINUED)



**Mr. Kopano Mogorosi**  
Head of Information Technology

Mr. Mogorosi joined the BSE in January 2008 as a System and Network Administrator. In June 2009, he was redeployed to the role of Database Administrator, a position that he held until October 2011, when he was appointed to the role of Acting IT Manager. He assumed the role of IT Manager in May 2012. Prior to joining the BSE, Mr. Mogorosi worked for Rural Industries Promotions Company Botswana (RIPCO) as Systems Administrator.

He has also worked for DCDM Consulting as an Analyst/ Programmer. Mr. Mogorosi holds a BSc in Computer Engineering from the University of Miami, FL (USA). He has completed a Management Development Programme (MDP) and Executive Development Programme (EDP) at University of Stellenbosch Business School (RSA).



**Ms. Mpho Mogasha**  
Head of Finance and Administration

Ms. Mogasha joined the BSE in 2006 as Operations Officer – Finance & Admin, a position she held until July 2013, when she was appointed to the role of Acting Finance & Admin Manager. She assumed the role of Finance & Administration Manager in February 2014. Prior to joining the BSE, she worked for Motswedi Securities as Accountant. Before then, she worked for Grunwald Construction as Assistant Accountant.

Ms. Mogasha graduated with a BA in Accounting from the University of Botswana. She is ACCA qualified and a member of the Botswana Institute of Chartered Accountants (BICA). She has completed both the Management Development Programme (MDP) and Executive Development Program (EDP) at University of Stellenbosch Business School (RSA). Ms. Mogasha also holds a Post Graduate Certificate in Enterprise Risk Management from the Botswana Accountancy College.



**Mr. Tsametse Mmolai**  
Head of Listings and Trading

Mr. Mmolai started his career at Botswana Insurance Fund Management (BIFM) Limited as an Investment Accountant and joined the BSE in 2008. Mr. Mmolai graduated with a BCom (Finance) from Macquarie University in Sydney, Australia and is an Accredited Member of the Compliance Institute of Southern Africa.

He has also attended Compliance and Financial Regulation courses at the U.S. Securities and Exchange Commission, the International Centre for Parliamentary Studies in London, England, as well as the University of Cape Town. Tsametse holds a Graduate Certificate in Capital Markets from the George Washington University (USA) attained under the IFC-Milken Institute Capital Markets Program. He also completed the Management Development Programme (MDP) and the Executive Development Programme (EDP) with the University of Stellenbosch Business School (RSA) in 2016 and 2018 respectively.

# OUR MANAGEMENT TEAM (CONTINUED)



**Mr. Kopano Bolokwe**  
Head of Product Development

Mr. Bolokwe joined the BSE in May 2011 as Product Development Operations Officer and was appointed to the current position in August 2016. Prior to joining the BSE, Mr. Bolokwe worked for STANLIB as an Investment Analyst and for Imara Capital Securities as a Private Clients Broker. He holds a Degree in Finance and a Master's in Business Administration (MBA), both from University of Botswana (UB). Further, he is CAIA qualified and member of the Chartered Alternative Investment Analyst Association and has completed Chartered Financial Analyst (CFA) Level II exams.

Mr. Bolokwe is also a Registered Person (RPE) under the South African Institute of Financial Markets (SAIFM). Kopano holds a Graduate Certificate in Capital Markets from the George Washington University (USA) attained under the IFC-Milken Institute Capital Markets Program. He has completed a Management Development Programme (MDP) and an Executive Development Programme (EDP) at the University of Stellenbosch Business School (RSA).



**Ms. Thapelo Moribame**  
Head of Market Development

Ms. Moribame joined the BSE in August 2016 from Air Botswana where she was the Marketing Manager from November 2012 to July 2016. Prior to joining Air Botswana, she worked at the Local Enterprise Authority (LEA) as Market Access Specialist from January 2011 to October 2012. Her career began at the Ministry of Investments, Trade and Industry as Assistant Trade Officer on the Multilateral Trade Section between October 2006 and December 2010.

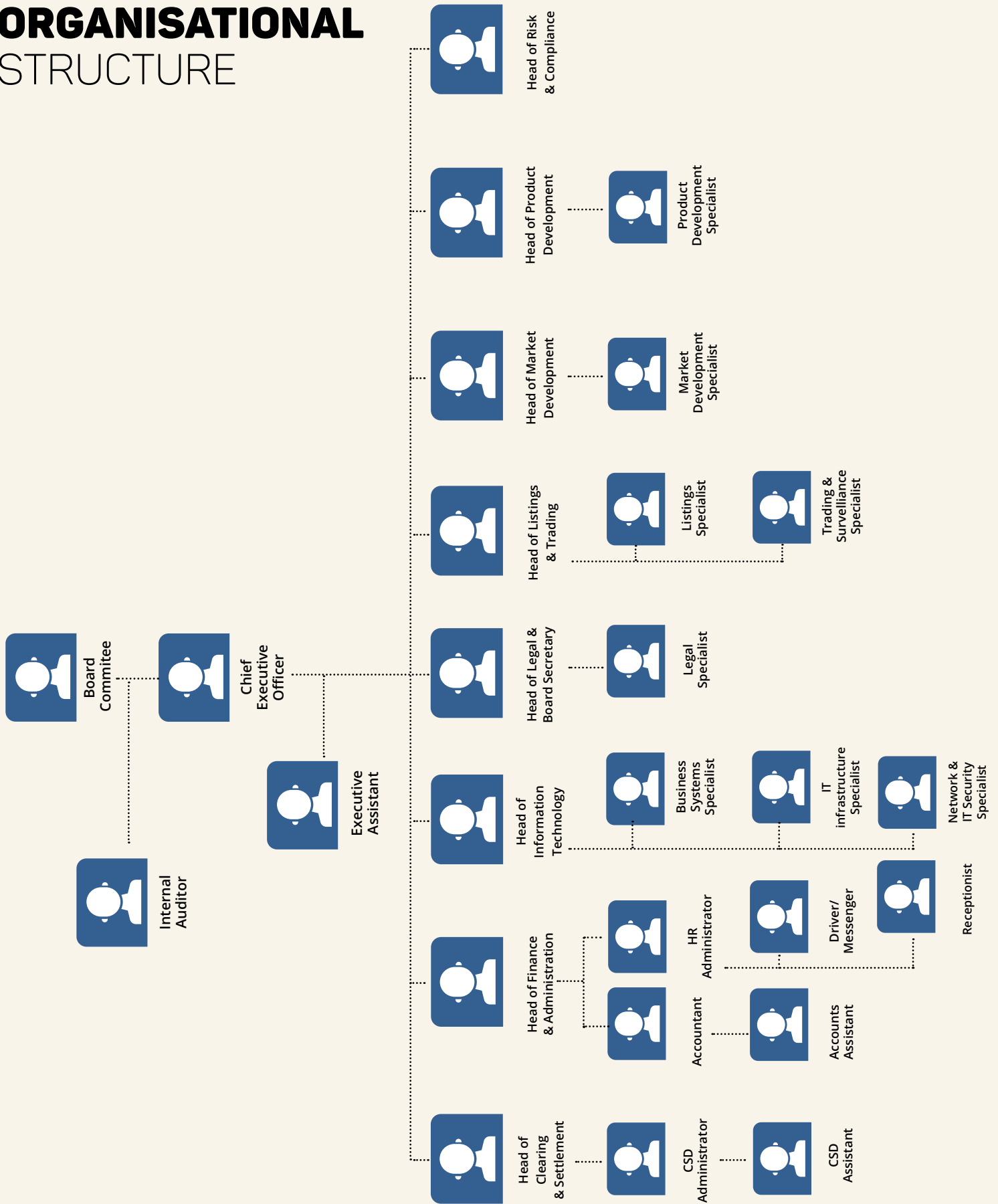
Ms. Moribame holds a Master of Commerce in Economics and an Honours Degree in Economics, both from the Stellenbosch University in South Africa. She also has a Bachelor of Arts in Social Sciences Degree (Economics and Public Administration) from the University of Botswana. She has studied International Trade and the Multilateral Trading System at the United Nations University in Tokyo, Japan. She has completed a Management Development Programme and Executive Development Programme at the University of Stellenbosch Business School (RSA).



**Ms. Gorata Tlhale Dibotelo**  
Head of Legal Services and Board Secretary

Ms. Dibotelo was appointed Head of Legal Services and Board Secretary in October 2019, having joined the BSE in August 2016 as a Legal & Corporate Affairs Officer. Prior to that she was an Associate Attorney at Armstrongs Attorneys from 2011. Through her experience, Ms. Dibotelo has amassed knowledge and experience in the commercial and regulatory area of law in our jurisdiction. Ms. Dibotelo graduated with a Bachelor of Laws Degree from the University of Botswana in 2011. She also completed a Master's Degree from the University of Cape Town in 2013.

# ORGANISATIONAL STRUCTURE



# OUR STAFF





# CHAIRPERSON'S STATEMENT



Dear Valued Stakeholder,

## INTRODUCTION

The environment we operated in in 2022 was inarguably challenging due to a number of factors, among others, notably the continuing COVID-19 locally and in other parts of the world, rising inflation and supply chain disruptions. However, Botswana's recovery proved to be resilient as the economy is said to have emerged with one of the fastest recoveries from the impact of the COVID-19 pandemic. The local economy sustained the positive growth trajectory from 2021, and it was estimated it would rank amongst the fastest growing economies in Africa in 2022. This happened against the headwinds of rising global inflation which infiltrated the local economy and triggered three rises

in the policy rate during the year under review. Notwithstanding, on the basis of the benchmark index, the domestic returns posted the second consecutive yearly upward trajectory with the Domestic Company Index (DCI) closing the year with 10.2% gains. By and large, it is evident from these developments and results that 2022 was a successful year for the BSE.

## FINANCIAL PERFORMANCE

The BSE delivered an impressive financial performance in 2022 with revenue improving by 8% when compared to the prior year. Total expenses grew by 5%, resulting in 24% increase in profits. This performance is attributable to the significant growth in non-trading revenue streams and continued efforts by Management to manage costs prudently.

For the first time in the history of the BSE, the company paid a dividend in September 2022 on account of the 2021 financial performance. From the profits amounting to P10.6Mn in 2021, a pay-out of 15% was proposed by Management in line with the BSE Dividend Policy and this was approved by the Board and finally by the Shareholders.

Thus, a dividend of P0.045 per share was declared and paid for the financial year ended December 2021.

## CORPORATE GOVERNANCE

The Board of Directors is ultimately accountable for the performance of the BSE and plays an immeasurable role in setting the strategy, mitigating risks and appraising performance to create long-term value for stakeholders. Our governance framework is anchored on the King IV Code of Corporate Governance and we are pleased that the principles therein were being satisfactorily applied in the year under review.

In line with our statutes, our Board remained independent in terms of majority independent non-executive directors, and well diversified in terms of gender, skillset and experience, individually and collectively to deliver on the prudential responsibilities bestowed upon them by stakeholders.



# CHAIRPERSON'S STATEMENT (CONTINUED)

In the year under review, some Board members underwent training in Corporate Governance to attune the members with latest practices on corporate governance and enhance the discharge of their oversight duties.

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**OUR GOVERNANCE  
FRAMEWORK IS  
ANCHORED ON THE KING  
IV CODE OF CORPORATE  
GOVERNANCE AND  
WE ARE PLEASED  
THAT THE PRINCIPLES  
THEREIN WERE BEING  
SATISFACTORILY APPLIED  
IN THE YEAR UNDER  
REVIEW.**

---

With respect to the changes on the Board, I would like to take this opportunity to welcome Mrs. Lekono Phiri back into the Board following her re-appointment in April 2022. Mrs. Phiri had resigned from the Board in February 2019 to pursue career interests outside Botswana. There were no resignations from the Board in 2022.

## APPRECIATION AND OUTLOOK

While there are indications of recovery in the domestic economy we remain cognisant of international developments that may pose risks to this trajectory. The business will continue to benefit from the organic developments that support new product and services offerings to anchor operational excellence, as well as prudent deployment of financial resources.

We are hopeful that the strides made in technology investments will unlock additional income streams in the coming years, stimulate investor activity and upgrade

the international status of our market as we continue to deliver our 2022– 2026 strategy.

In closing, and on behalf of the Board, I would like to express our sincere gratitude to the support we get from our stakeholders in the industry and the capital market ecosystem. We are thankful to the shareholders for fostering an enabling environment for the Board and Management to excel.

Thank you.



.....  
Lieutenant General  
Tebogo Carter Masire  
Chairperson



# CHIEF EXECUTIVE OFFICER'S REVIEW



## 1.0 "RE-INVESTING SUCCESS"

At global level, 2022 was undoubtedly a challenging period as economies were trying to recover from the pandemic amid bleak growth prospects. Global Initial Public Offerings (IPOs) fell by 45% following a record year in 2021, according to EY's Global IPO Trends 2022 Report. Under the high interest rate environment, investors reallocated their portfolios to less risky assets leading to depressed company valuations and stock market indices and this affected many prospective IPO plans, the Report states.

In the second half of the year, the World Federation of Exchange's WFE H1 2022 Market Highlights Report painted a similar reflection of what has been a period of extreme uncertainty, characterized by a severe retraction in market capitalisation across regions, a decrease in the number of newly listed companies, and a decline in the investment flows through IPOs.

The global trend in terms of IPOs in 2022 was widely felt across the African continent. Over the last 5 years, only 71 IPOs have been carried out in Africa. In 2021, only 8 IPOs were completed in Africa, and only 4 IPOs in 2022. The South African public market experienced a streak of delistings, losing 27 companies in 2022 and on the JSE 25 companies delisted in 2022. In 2021, 24 companies delisted from the JSE. Returns in African markets were similarly dampened. The FTSE ASEA Pan Africa Index ex. South African returned a negative 18.3% in 2022, very much in line with the tumultuous performance of global stock markets. The US equity benchmarks had their worst annual performance since 2008. The S&P 500, Nasdaq 100 and Dow Jones Industrials depreciated by 18.1%, 32.4% and 6.9% respectively in 2022.

**BOTSWANA GDP INCREASED BY**

**5.8%**

**GLOBAL GROWTH**

**0.2%**

**POINTS HIGHER**

**ADVANCE ECONOMIES IS**

**2.7%**

**HIGHER RELATIVE TO 5% IN 2021**

**ACCORDING TO THE INTERNATIONAL MONETARY FUND (IMF) WORLD ECONOMIC OUTLOOK (WEO) PUBLISHED IN JANUARY 2023, GLOBAL GROWTH FOR 2022 IS ESTIMATED AT**

**3,4%**

**COMPARED TO 5.9% IN 2021**

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

The projections about the global economy cast shadows on the recovery of the world economy, dampening the hopes for IPOs in the short term. The IMF forecasts are notably the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies and stock markets in the world. Risk factors that could stunt growth include expectations of higher inflation before its descent, restrictive monetary policy, potential for the emergence of new COVID-19 variants and the ongoing ramifications of Russia's invasion of Ukraine. Historically, such events have proven to inspire increased volatility in the global financial markets.

Botswana's real gross domestic product (GDP) is estimated to have increased by 5.8 % in 2022, according to Statistics Botswana, compared to a rise of 11.9% in 2021. The positive growth is mainly attributable to a ramp up in electricity production in 2022, which recorded a positive growth of 48.0% in comparison to 7.0% in 2021; and to a 17.6% growth in diamond trading on the back of improved global markets and sales appetite in the year.

Inflation remained stubbornly above the Central Bank's medium-term objective range of 3% – 6%, triggering monetary tightening but it is nonetheless projected to trend downwards and eventually fall within the Bank's objective range in the tail end of 2024.

Against this mixed bag of a backdrop in the domestic economy, the BSE performed exceptionally well in many fronts. From a technological perspective, the BSE launched the new Central Securities Depository (CSD) system, a new Automated Trading System (ATS) and the connectivity to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) during September 2022. These advancements in technological infrastructure aim to improve the resilience of the market, network security, operational efficiencies and align with international best practice in order to make the BSE competitive in the global securities market.

The new CSD system has commissioned the settlement of market transactions on the BSE at Bank of Botswana (BoB) through the Botswana Interbank Settlement System (BISS) which, just like the CSD system, is linked to the SWIFT network – and this is known as Settlement in Central Bank money, an inviable milestone in financial stability that elevates our capital market to international standards. In addition, the CSD system comprises of new functionalities and capabilities that expand its services and products such as the centralised custody for all securities in the market including government securities, and Electronic Annual General Meetings (E-AGMs), among others. In due course, the system will provide customers remote access to their CSD accounts and statements through a Retail Investor Module. These functionalities will contribute meaningfully to the CSDB's commercial viability and profitability in the long term.

The new ATS is an upgrade of the ATS that was implemented in 2012. The salient features of the new ATS include an improved Request for Quotation (RFQ) mechanism which is popular for bond trading, a bond calculator, availability of micro auctions which can be used for market-making, as well as improved information dissemination capabilities. The new ATS and the CSD system are integrated.

Reflecting on these successes and the economic backdrop, it is worth relaying sincere gratitude to the Board of Directors of BSEL and the shareholders for supporting the entrepreneurial mindset of the Exchange, as demonstrated by unwavering support for many projects, such as the development of the BSE's Headoffice, that seeks to live the company's value of "commercial-focus". Given the extensive investment and re-investment in growing the balance sheet, the next phase of growth will come from fully exploiting the capacity of the infrastructure and the company's asset base.

## 1.1 Global and Domestic Economic Highlights

According to the International Monetary Fund (IMF) World Economic Outlook (WEO) published in January 2023, global growth for 2022 is estimated at 3.4% compared to 5.9% in 2021. The global growth registered in 2022 is 0.2 percentage points higher than the estimate in the WEO October forecast, reflecting positive surprises and greater than expected resilience in several economies. Advanced economies' growth is estimated at 2.7% relative to 5.0% in 2021. Further, the report estimates that emerging

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

markets and developing economies grew by 3.9% in comparison to 6.5% in 2021. Economic output in Sub-Saharan Africa expanded by 3.8% in comparison to an expansion of 4.0% in 2020.

Global inflation averaged 8.8% while advanced economies and emerging market and developing economies registered inflation averages of 7.3% and 8.1% respectively. The report further states that low-income developing countries registered inflation that averaged 14.2%.

Locally, inflation averaged 12.2% consistently remaining above the Central Bank's medium-term objective range of 3% – 6% with peak inflation registered at 14.6% during August 2022. As at December 2022, inflation stood at 12.4%. The Monetary Policy Committee (MPC) projects that though inflation may fluctuate, it will continue to trend downwards and eventually fall within the Bank's objective range in the third quarter of 2024. A similar trend is expected to be followed by global inflation as the IMF estimates that about 84% of countries are expected to have lower headline inflation in the year ahead in comparison to 2022.

The IMF projects that economic output will expand at 2.9% (global), 1.2% (advanced economies), 4.0% (emerging market and developing economies) and 3.7% (Sub-Saharan Africa) in 2022. Risks factors that could stunt growth include the potential for the emergence of new COVID-19 variants, geopolitical tension and fragmentation and persistent inflation. Historically, such events have proven to inspire increased volatility in the global financial markets.

Botswana was placed in the top 40% of African economies in terms of economic output in 2022 with a growth rate of 4.1% in the IMF's Regional Economic Outlook published in October 2022. The Ministry of Finance estimates the real gross domestic product (GDP) to have expanded by 6.7% in 2022. During the first quarter of 2022 GDP increased by 7.0% compared to a slight decrease of 1.0% registered in the same quarter in the previous year while GDP for the second quarter increased by 5.6% in comparison to a substantial increase of 37.9% in the corresponding 2021 period.

Similarly, GDP for the third quarter grew by 6.3% in comparison to an appreciation of 8.9% in the same quarter of 2021 with the Mining and Quarrying sector as the greatest contributor to GDP consistently in 2022. The Ministry of Finance projects GDP growth to moderate to 4.0% in 2023.

In 2022, local equities performance was phenomenal and outperformed other markets. The Domestic Company Index (DCI) and Domestic Company Total Return Index (DCTRI) appreciated by 10.2% and 18.4% respectively in local terms. In USD terms the DCI and DCTRI appreciated by 1.3% and 8.9%, mainly as a result of the depreciation of the Pula against the USD by 8.1% during the year. The JSE All Share Index (ALSI) returned a negative 6.8% in USD terms while the FTSE ASEA Pan Africa Index ex. South African returned a negative 18.3% in 2022, very much in line with the tumultuous performance of global capital markets. The US equity benchmarks had their worst annual performance since 2008. The S&P 500, Nasdaq 100, Dow Jones

Industrials and MSCI World Growth Index depreciated by 18.1%, 32.4%, 6.9% and 22.4% respectively in 2022.

Market activity at year end stood as follows: the number of listed instruments increased to 82 from 80 in 2021; total turnover amounted to P3.1 Bn relative to P4.5 Bn in 2021; total average daily turnover across all instruments decreased slightly to P12.4 Mn from P14.3 Mn in 2021. Notably the BSE registered some declines in turnover indicators, these were attributable to 2021 being a phenomenal year with significantly high turnover levels following Access Bank Plc's 78.15% acquisition of BancABC Botswana that led to a historic trade of P1.0 Bn in October 2021.

Despite this, the BSE performed exceptionally well and recorded one ETF listing and eight bond listings which included two commercial papers. Government raised P3.1Bn relative to P2.7Bn in 2021 while corporates raised P526.4Mn in comparison to P563.0Mn in 2021 through bond issuances. From a technological perspective, the BSE launched the new Central Securities Depository (CSD) system, a new Automated Trading System (ATS) and the connectivity to the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

These advancements in technological infrastructure aim to improve the resilience of the market, network security, operational efficiencies and align with international best practice in order to make the BSE competitive in the global securities market.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 2.0 EQUITY MARKET PERFORMANCE

### 2.1 Analysis of Equity Indices

The performance of local equities surpassed the local economy's growth projections which were estimated at 4.1% according to the IMF's Regional Economic Outlook October update.

The Domestic Company Index (DCI) appreciated by 10.2% in comparison to 1.9% during the same period in 2021 and the Domestic Company Total Return Index (DCTRI) appreciated by 18.4% relative to an increase of 11.1% in the corresponding 2021 period. This improvement in performance reflects the continued recovery of the local equity market following the economic

slump brought about by the pandemic. In 2021 leading to the earlier months of 2022, this recovery has been supported by the accommodative monetary conditions by the Central Bank and the implementation of the Economic Recovery Transformation Plan (ERTP), among others.

It is pleasing to note that the rebound is also noticeable in foreign companies as the Foreign Company Index (FCI) has registered an increase of 0.8% in 2022 compared to an increase of 0.2% in 2021.

The Domestic Financial Sector Index (DFSI), comprising of financial services companies and the banking sector, and also a total return index appreciated by 23.7% in comparison to an appreciation of 21.7% in

2021. Similarly, the Foreign Resources Sector Index (FRSI), which tracks the performance of the mining and minerals companies the foreign equity board continued to register a rise of 7.7% adding to increases of 15.0% and 4.5% registered in 2021 and 2020 respectively.

The last of the six BSE equity indices – the LASI (Local Asset Sector Index), grew at a rate of 9.5% in comparison to an appreciation of 14.0% in 2020. The LASI comprises of all domestic and foreign companies awarded the local asset status by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Information presented in Figure 1 shows the performance of all equity market indices which collectively painted a picture of positive business sentiment that developed into recovery of the stock market in 2022.

**Figure 1: Analysis of Equity Indices**

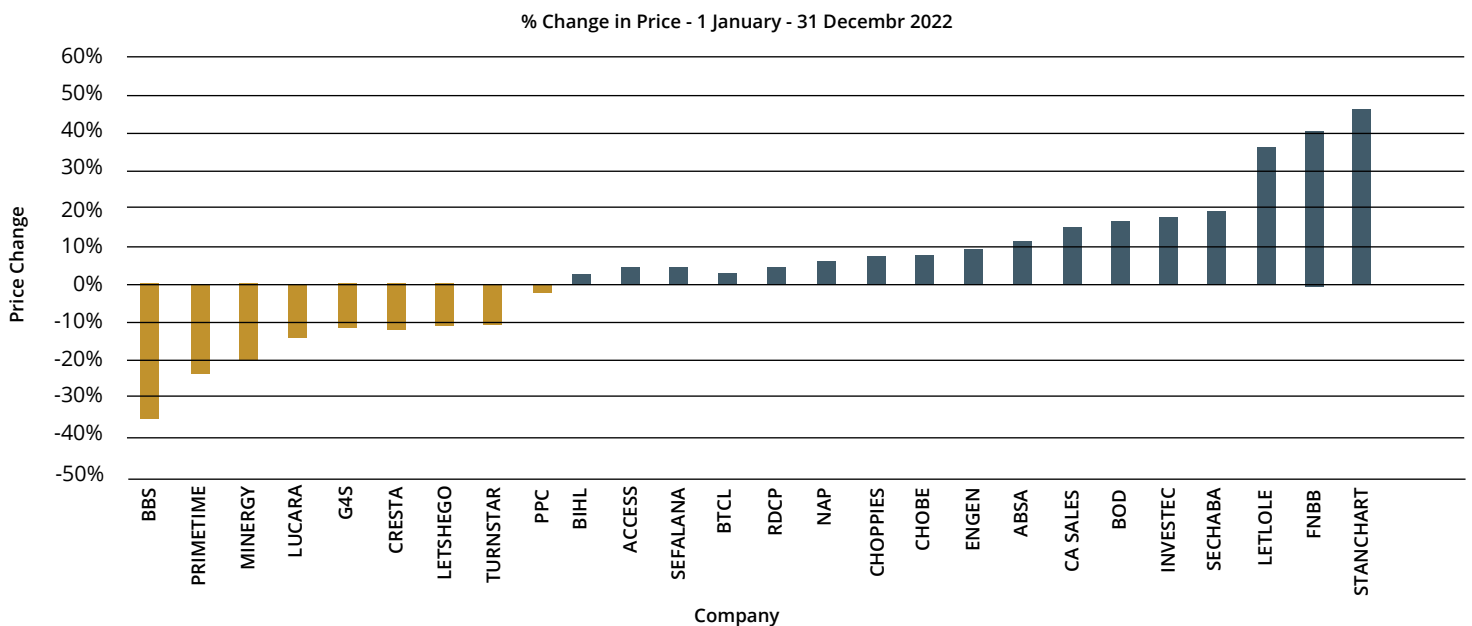
INDICES OF DOMESTIC COMPANIES		
INDEX	2021	2022
Domestic Company Index	7,009.6	7,726.4
% Change	1.9	10.2
Domestic Company Total Return Index	1,850.0	2,191.3
% Change	11.1	18.4
Domestic Financial Sector Index	1,233.0	1,525.1
% Change	21.7	23.7
INDICES OF FOREIGN COMPANIES		
Foreign Company Index	1,549.7	1,562.7
% Change	0.2	0.8
Foreign Resources Sector Index	896.5	965.7
% Change	15.0	7.7
INDICES OF LOCAL ASSET STATUS COMPANIES		
Local Asset Status Index	960.3	1,051.7
% Change	14.0	9.5

Source: BSE

In 2022, 17 domestic companies (compared to 11 in 2021) registered positive price changes, 9 (compared to 11 in 2021) registered negative price movements and 5 (compared to 8 in 2021) closed the year with share prices back to their end of 2021 levels. Figure 2 summarises this information and illustrates the dominant upward share price movements relative to the downward share price movements.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 2: Price Changes of Domestic Companies: 2022



Source: BSE

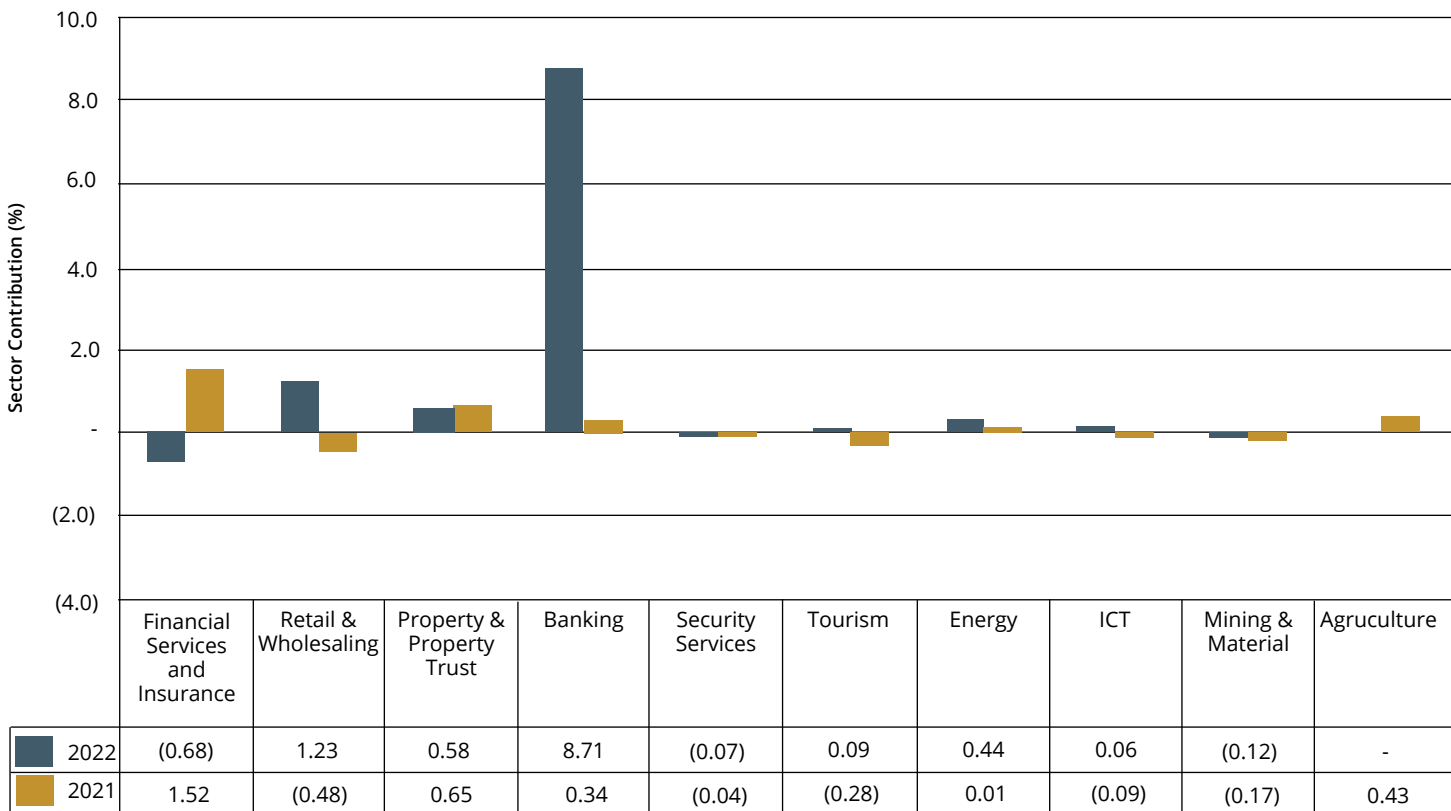
Companies whose share prices remained unchanged are not shown in the graph

## 2.1.1 Sector Contributions to Performance of the DCI

Figure 3 illustrates the extent of the contribution of the ten sectors on the performance of the DCI. During 2022, the 10.2% appreciation of the DCI was attributable to the positive performance of six of the ten sectors. Our analysis reveals that the Banking, Retail & Wholesaling, Property & Property Trust and Energy sectors had the largest positive contribution to the DCI, contributing 8.7, 1.2, 0.6 and 0.4 percentage points to the overall 10.2% increase. Overall, there was a significant improvement in the sector contributions to the performance of the DCI. The sectors that registered growth contributed 11.1 percentage points to the DCI appreciation of 10.2% relative to 3.0 percentage points contributed to the 1.9% DCI increase in 2021.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 3: Sector Contributions to Performance of the DCI



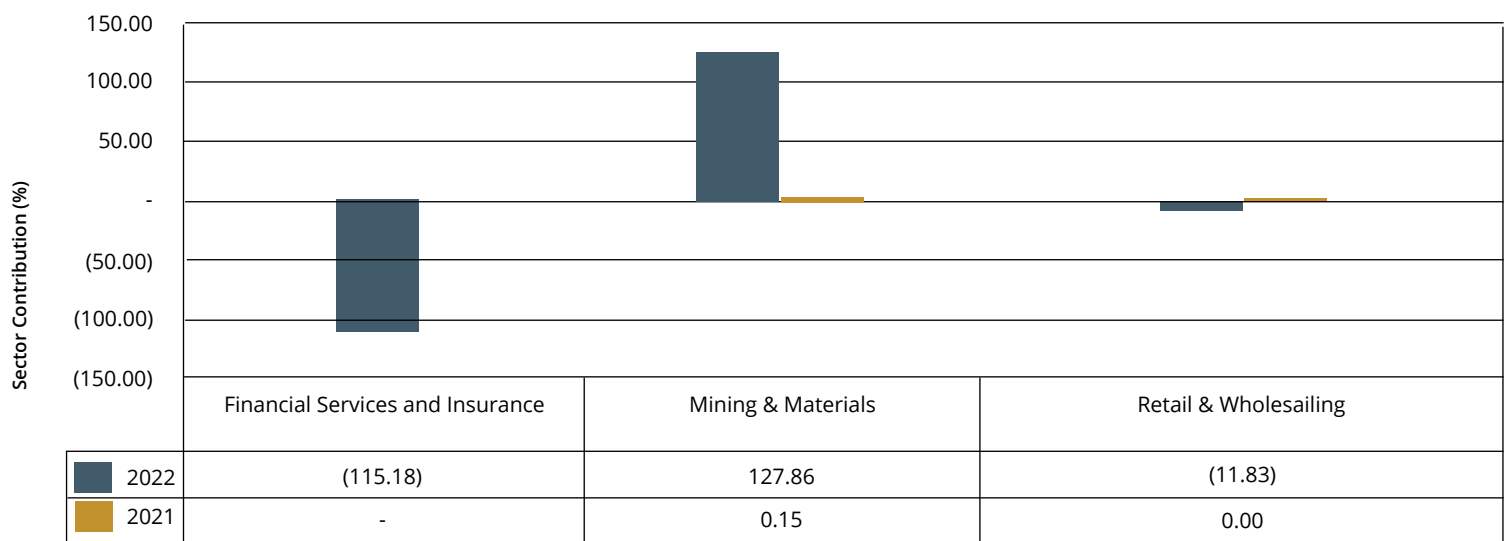
Source: BSE

Figure 4 shows the sector contribution to performance of the FCI. The Mining & Minerals sector continued to dominate the foreign equity board. This sector accounted for 94.7% of the foreign companies' market capitalisation in 2021 and contributed 0.2 percentage points to the FCI's appreciation of 0.2%.



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 4: Sector Contributions to Performance of the FCI



Source: BSE

## 3.0 MARKET INDICATORS

### 3.1 Indicators of Value

Figure 5 presents the relative value indicators for the market and their 5-year averages.

Figure 5: Market Indicators for Domestic Companies: 2018 to 2022

INDICATOR	5-YR AVG	2018	2019	2020	2021	2022
P/E Ratio (x)	12.3	11.2	12.4	10.8	12.7	14.6
Dividend Yield (%)	4.9	5.5	4.8	4.1	5.2	4.9
Price/Book Value (x)	1.4	1.5	1.5	1.6	1.3	1.2

Source: BSE

As we can see from the data in Figure 5, the overall market price to earnings ratio (P/E ratio) increased to 14.6 times in 2022 owing to the continued recovery of share prices fuelled by the implementation of the Transitional National Development Plan, Economic Recovery Transformation Plan (ERTP) and accommodative monetary conditions by BoB following the economic slump brought about by the pandemic. Domestic companies sustained dividend payouts with a 4.9% Dividend Yield.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 3.2 Equity Market Capitalisation

The BSE's domestic companies' market capitalisation registered an increase of 10.4% from P37.2 Bn in 2021 to P41.1 Bn at the end of 2022. Relative to the size of the economy, the ratio of domestic market capitalisation to GDP increased slightly to 19.6% in 2022 from 19.5% in 2021. This implies that domestic companies listed on the BSE represented 19.6% of domestic economic output in 2022 or GDP. Overall, all listed companies, domestic and foreign, were 2.0 times bigger than Botswana's GDP.

The ratio of turnover to domestic market capitalisation, also called the turnover velocity, decreased from 4.9% in 2021 to 2.9% in 2022 due to the decline in turnover. Figure 6 summarises market indicators during the years 2018 to 2022.

**Figure 6: Market Capitalisation and Relative Performance: 2018 to 2022**

Indicator	2018	2019	2020	2021	2022
<b>Liquidity</b>					
Turnover (P'Mn)	1,862.2	1,810.9	698.6	1,816.0	1,177.6
Average Daily Turnover (P'Mn)	7.5	7.3	2.8	7.3	4.7
Volume ('Mn)	582.5	627.8	430.4	997.2	513.3
Volume/Shares Listed (%)*	4.2	4.4	3.1	7.2%	3.7%
Turnover/Domestic Market Cap (%)	4.3	4.5	1.9	4.9	2.9
Turnover/Total Market Cap (%)	0.4	0.4	0.2	0.5	0.3
<b>Size of the Market</b>					
Domestic Companies (P'Mn)	42,420.95	38,709.40	35,629.85	37,209.39	41,069.25
Foreign Companies (P'Mn)	370,747.33	369,164.80	355,592.27	353,156.37	353,134.11
Total Market Cap (P'Mn)	413,168.28	407,874.20	391,222.12	390,365.76	394,203.36
<b>Relative Value</b>					
Domestic Market Cap/GDP (%)	23.8	21.1	20.8	19.5	19.6
Total Market Cap/GDP (%)	226.9	211.9	218.9	208.5	197.1

\* For Domestic Companies and based on average shares listed

Source: BSE, Statistics Botswana

As market capitalisation is a function of price and the quantity of shares in the manner it is calculated, its movement could result from either the changes in share prices or changes in the number of issued securities, or both. Our analysis indicates that both elements had an impact, with the changes in share price contributing a positive effect of 10.2 percentage points while the change in number of securities in issue had a positive effect of 0.2 percentage points. These effects explain the 10.4% expansion of domestic companies' market capitalisation outlined above.

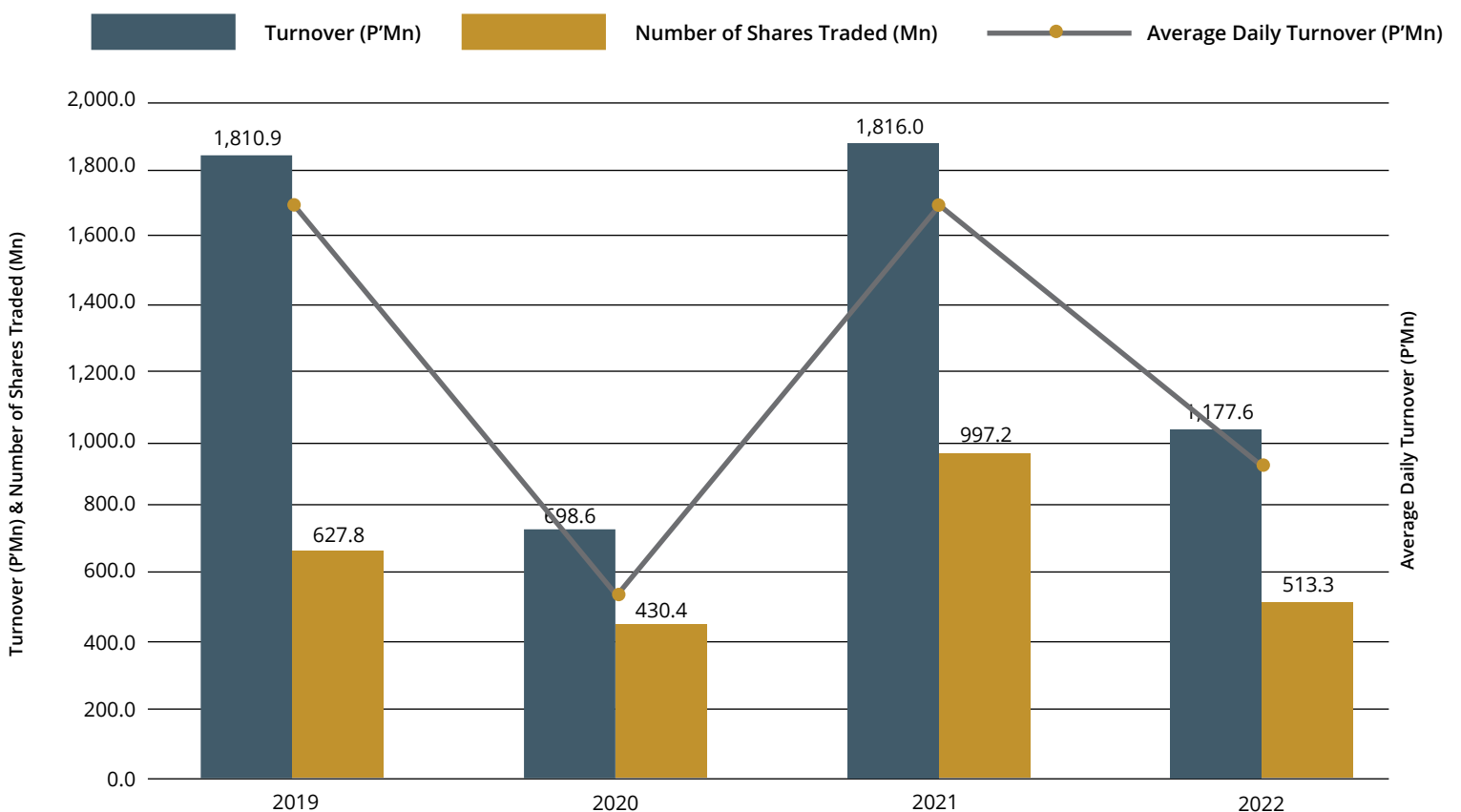
# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 3.3 Analysis of Liquidity

There are many variables to gauge the liquidity on the Exchange. Two such variables include the value of shares traded (turnover) and the number of shares traded (volume). Figure 7 presents the trends in liquidity over the past four years.

During 2022, the BSE registered turnover that amounted to P1,177.6 Mn and translated into an average daily turnover (ADT) of P4.7 Mn. This was in comparison to P1,816.0 Mn turnover and P7.3 Mn ADT recorded in during the same period in 2021. On account of volume, 513.3 Mn shares were traded in comparison to 997.2 Mn shares in 2021. The significantly high liquidity levels in 2021 were attributable to the acquisition of a majority stake of 78.15% in BancABC Botswana by Access Bank Limited, a Nigerian Bank with an international footprint. The value of the acquisition amounted to approximately P1.07 Bn which amounted to 59.1% of the total equity turnover. The trade which took place on 11th October 2021, represented a historic moment as the BSE recorded the highest turnover ever to be recorded in a day since inception (P1.07 Bn).

Figure 7: Liquidity: 2019 to 2022



Source: BSE

## 3.4 Companies Contribution to Liquidity

Figure 8 ranks listed companies by their contribution to turnover in 2022. The top 5 most traded companies (Letshego, Letlole, FNBB, Sefalana and BIHL) accounted for 73.0% of turnover, whereas in 2021 the top 5 most traded companies (Access, Letshego, FNBB, Sefalana and Absa) accounted for 82.5% of turnover. Notably, Letshego accounted for the majority at 42.5% while Access dominated in 2021 and accounted for 59.1%. Overall, turnover in 2022 was concentrated on more counters in comparison to the previous year.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 8: Companies Contribution to Liquidity: 2022

COMPANY	Q1	Q2	Q3	Q4	Total	Contribution
LETSHEGO	254,581,304.69	170,810,840.61	37,769,075.84	36,750,723.05	499,911,944.19	42.5%
LETLOLE	124,640.98	42,125,970.47	1,056,113.55	67,962,442.53	111,269,167.53	9.4%
FNBB	17,990,639.28	19,206,215.29	48,558,718.95	9,502,169.46	95,257,742.98	8.1%
SEFALANA	46,470,989.25	9,505,475.05	4,518,890.38	22,866,303.43	83,361,658.11	7.1%
BIHL	9,588,495.20	14,806,601.55	13,353,893.21	32,326,466.19	70,075,456.15	6.0%
CHOBE	49,279,935.00	920,807.00	219,477.85	2,727,791.82	53,148,011.67	4.5%
CA SALES	8,440,734.50	13,502,196.80	8,927,538.45	7,501,117.20	38,371,586.95	3.3%
SECHABA	548,635.85	3,249,157.79	3,531,786.95	23,733,208.96	31,062,789.55	2.6%
NAP	516,393.36	3,792,582.87	2,322,232.84	21,786,172.54	28,417,381.61	2.4%
PRIMETIME	157,451.00	1,770,615.58	1,142,752.55	24,824,354.20	27,895,173.33	2.4%
ABSA	6,252,260.24	7,124,849.14	3,537,988.56	7,187,533.02	24,102,630.96	2.0%
TURNSTAR	1,124,325.34	1,619,574.55	15,855,839.98	3,545,952.62	22,145,692.49	1.9%
BTCL	3,391,820.34	2,570,327.16	3,269,729.68	10,729,365.33	19,961,242.51	1.7%
STANCHART	960,052.85	1,892,135.00	16,612,051.99	389,941.91	19,854,181.75	1.7%
SEED Co	15,006.60	23,382.00	1,493,240.40	15,091,752.60	16,623,381.60	1.4%
ACCESS	1,368,585.90	1,966,541.94	1,763,102.88	3,078,268.82	8,176,499.54	0.7%
ENGEN	532,201.58	2,117,408.38	1,628,848.40	2,153,019.39	6,431,477.75	0.5%
CHOPPIES	252,728.94	3,887,195.88	170,013.56	1,461,676.82	5,771,615.20	0.5%
RDCP	927,674.25	453,304.79	2,607,635.46	918,030.50	4,906,645.00	0.4%
LUCARA	3,830,772.80	24,915.10	695,176.18	15,797.40	4,566,661.48	0.4%
CRESTA	159,243.89	36,426.96	1,173,567.60	392,810.75	1,762,049.20	0.1%
BBS	273,153.24	66,503.78	1,027,477.58	268,023.33	1,635,157.93	0.1%
G4S	516,815.10	458,912.20	242,721.45	118,216.50	1,336,665.25	0.1%
FPC	469,807.10	2,400.00	140,757.60	1,896.00	614,860.70	0.1%
MINERGY	256.5	-	549,497.50	3,539.60	553,293.60	0.0%
OLYMPIA	-	161,710.64	311.48	-	162,022.12	0.0%
SHUMBA	-	70,949.70	65,103.30	2,547.00	138,600.00	0.0%
INVESTEC	-	-	51,048.27	22,130.50	73,178.77	0.0%
BOD	15,201.16	6,376.12	1,443.90	2,101.40	25,122.58	0.0%
TLOU	4,000.00	-	-	364	4,364.00	0.0%
ANGLO	-	-	-	-	-	0.0%
<b>TOTAL</b>	<b>407,793,124.94</b>	<b>302,173,376.35</b>	<b>172,286,036.34</b>	<b>295,363,716.87</b>	<b>1,177,616,254.50</b>	<b>100.0%</b>

Source: BSE

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 3.5 Sector Contributions to Liquidity

In 2022, 96.3% of the total equity turnover was accounted for by domestic counters. On the domestic board, the Financial Services sector traded the highest number of shares and accounted for the highest turnover velocity ratio (0.15%). Increases in shares traded were registered across the Financial Services, Property, Energy, Mining and Agriculture sectors on the domestic board and the Financial Services and Retail sectors on the Foreign Board.

Figure 9: Sector Contributions to Liquidity: 2021 and 2022

Sector	2021				2022			
	Turnover/Avg Market Cap (%)		Shares Traded	Shares Traded/ Avg Shares Listed (%)	Turnover/Avg Market Cap (%)		Shares Traded	Shares Traded/ Avg Shares Listed (%)
	Note 1	Note 2A	(Mn) Note 1	Note 2B	Note 1	Note 2A	(Mn) Note 1	Note 2B
<b>DOMESTIC</b>								
Financial Services	0.70	0.07	255.66	10.54	1.46	0.15	308.37	12.68
Retail	0.40	0.04	22.77	1.32	0.31	0.03	21.78	1.26
Property	0.24	0.02	36.01	1.23	0.50	0.05	72.37	2.46
Banking	3.50	0.33	642.75	14.54	0.38	0.04	51.80	1.17
Security Services	0.00	0.00	0.51	0.64	0.00	0.00	0.50	0.62
Tourism	0.08	0.01	19.79	7.22	0.14	0.01	9.07	3.31
Energy	0.02	0.00	0.59	0.37	0.02	0.00	0.60	0.37
ICT	0.03	0.00	16.44	1.57	0.00	0.00	1.31	0.12
Mining	0.00	0.00	0.43	0.09	0.05	0.01	26.68	5.68
Agriculture	0.00	0.00	0.24	0.06	0.04	0.00	6.16	1.56
<b>FOREIGN</b>								
Financial Services	-	-	-	-	0.00	0.00	0.00	0.00
Mining	0.00	0.00	0.39	0.00	0.01	0.01	10.21	0.00
Retail	0.00	0.00	1.59	0.00	0.00	0.00	1.06	0.00

Note 1: Computed separately for the domestic & foreign board.

Note 2A: Computed for all shares listed on the BSE

Note 2B: Computed for separately for each sector

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 3.6 Investor Contribution to Equity Turnover

Ideally, a market should enjoy the participation of both domestic and foreign investors, institutional and retail. It takes a number of initiatives to attract mostly foreign investors and the BSE continuously deploys various strategies to attract foreign investors, ranging from affiliations with international bodies that publish our market information and statistics, international vendors, and international roadshows to sell the BSE investing and listing value proposition, among others.

Foreign investors generally are very active on the BSE, accounting for more than a third of trading activity over the years as can be noted from Figure 10. In 2022, they accounted for 34.4% of trading activity of which foreign companies and foreign individuals contributed 30.1% and 4.3% respectively. Further analysis indicates that foreign companies were net sellers of domestic equities. On the local front, local companies accounted for 61.3% of trading activity emerging as the net buyers of domestic equities and in the process absorbing the sell-offs by foreign companies. Lastly, local individuals contributed 4.3% to trading activity in 2022.

As at the end of 2022, the BSE had 100,747 investor accounts in the CSD system of which 85.3% belonged to local individuals. This compares favorably with the 100,184 accounts in 2021.

Figure 10: Investor Contribution to Turnover: 2018 to 2022

Investors	Turnover (%)				
	2018	2019	2020	2021	2022
Foreign Companies	40.6	32.1	35.0	36.8	30.1
Foreign Individuals	1.3	1.2	4.4	2.0	4.3
Local Individuals	4.5	9.9	9.5	2.5	4.3
Local Companies	53.2	56.7	50.9	58.7	61.3
Brokers	0.3	0.1	0.2	0.0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

Figure 11 presents a quarterly analysis of investor contribution to turnover in 2021 and 2022. As presented, local institutional investors consistently dominated trading activity across all quarters.

Figure 11: Investor Contribution to Equity Turnover on a Quarterly Basis (%)

Investors	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Foreign Companies	39.9	24.1	22.0	36.8	32.8	35.0	24.8	24.5
Foreign Individuals	12.8	5.9	5.7	2.0	4.5	1.4	2.4	8.0
Local Individuals	7.0	7.4	6.9	2.5	4.2	3.6	6.0	4.2
Local Companies	40.1	62.4	65.2	58.7	58.5	59.9	66.7	63.3
Brokers	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 4.0 EXCHANGE TRADED FUND MARKET PERFORMANCE

According to ETFGI, a leading independent research and consultancy firm covering trends in the global Exchange Traded Products (ETPs) ecosystem including Exchange Traded Funds (ETFs), the global ETFs industry ended 2022 with \$9.2 Tn in assets and net inflows of \$856.2 Bn. This is the second highest level of annual net inflows following the record \$1.3 Tn recorded in 2021. As at end of 2022, the Global ETFs industry had 11,119 products with 22,680 listings from 671 providers listed on 81 exchanges in 64 countries. This was in comparison to 9,877 providers with 20,007 listings 608 providers listed on 79 stock exchanges in 62 countries.

The BSE also recorded an increase in ETF listings and ETF providers listing the African Domestic Bond Fund ETF (ADBF ETF) that tracks the performance of the AfDB Bloomberg African Bond Index 25% Capped, before fees and expenses. It was launched by the African Development Bank (AfDB) in partnership with MCB Investment Management Co. Limited. The AfDB acts as an anchor investor and sponsor, with a view to promote local currency finance and contribute to the development of local currency capital markets across the African continent. The ADBF ETF is primary listed on the Stock Exchange of Mauritius denominated in USD and secondary listed on the BSE in BWP.

The new listing brought the total number of ETFs listed on the BSE to 7 from 6 in 2021. The six other ETFs on the BSE are NewGold ETF, NewFunds Inflation-Linked Bond Index (ILBI) ETF, NewPlatinum ETF, NewPalladium ETF, S&P African Sovereign Bond ETF (BASBI) and AMI Big50 ex. South Africa ETF (BAMIB50).

During the period under review ETF turnover generated on the local market amounted to P122.3 Mn in comparison to P132.1 Mn in 2021. Despite the slight decline of 7.4% in turnover, more than of the listed ETFs registered positive price performance as outlined in Figure 15. NewGold ETF had the largest positive unit price movement of 7.1% followed by NewPall ETF (6.5%), NewFunds ETF (6.0%) and BASBI ETF (5.0%). 783,050 units were traded in 2022 in comparison to 735,036 units in 2021.

Figure 12: Performance of ETFs on the BSE

ETF		Turnover (P'Mn)	Units Traded	Closing Price	Price Change (%)	Minimum Price (P)	Maximum Price (P)	Market Cap (P'Mn)
NewGold	<b>2022</b>	83.1	409,638	214.20	7.1	195.26	220.50	631.9
NewPlat		38.1	360,001	105.70	(5.4)	105.70	113.40	322.4
NewFunds		0.059	934	62.50	6.0	58.98	66.40	6.3
NewPall		0.002	8	259.50	6.5	243.59	259.50	26.0
BASBI		0.015	178	83.69	5.0	79.70	83.69	251.1
BAMIB50		0.017	3,196	4.68	(26.1)	4.68	6.33	42.1
ADBF		1.1	9,095	104.33	(9.5)	104.33	115.92	1.2
<b>Total</b>		<b>122.4</b>	<b>783,050</b>	-	-	-	-	<b>1,281.0</b>
NewGold	<b>2021</b>	120.3	618,199	200.00	4.3	174.50	201.00	590.0
NewPlat		11.6	97,049	111.75	16.0	96.35	132.00	340.8
NewFunds		0.042	726	58.98	12.7	50.10	59.33	5.9
NewPall		-	-	243.59	-	243.59	243.59	24.4
BASBI		0.045	565	79.70	6.1	75.10	79.70	239.1
BAMIB50		0.117	18,497	6.33	5.5	5.70	6.45	57.0
ADBF		Not Listed						
<b>Total</b>		<b>132.1</b>	<b>735,036</b>	-	-	-	-	<b>1,257.2</b>

Source: BSE

Prices are in Pula

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 4.1 Analysis of Performance of the ETFs

**NewGold ETF** is backed by solid bars of the Gold bullion and it tracks the price performance of the bullion. In 2022, the ETF turnover amounted to P83.1 Mn a significant decrease of 30.9%. Despite the decline in turnover, the ETF extended its streak of price gains from 2019, 2020 and 2021. This was attributed to the consistently high trading unit price of the ETF in 2022 ranging between P195.26 and P220.50, both higher than the range of P174.50 and P201.00 registered in 2021.

**NewPlat ETF** is backed by the solid bars of Platinum bullion and therefore similarly benefits from the price performance of the bullion. The ETF recorded a 228.4% increase in turnover owing to the significant increase in units traded. Though the ETF registered a price decline of 5.4% in 2022, it consistently traded at a higher unit price between P105.70 and P113.40 both higher than the 2021 range of P96.35 and P132.00.

**NewFunds Inflation-Linked Bond Index (ILBI) ETF** continued the good performance from 2019, 2020 and 2021 registering an appreciation of 6.0% in 2022 relative to 12.7% and 4.3% in 2021 and 2020 respectively. Inflows followed a similar trajectory increasing from P45,000 to P59,000. One of the major benefits of the NewFunds ILBI ETF is that the distribution from the coupons of the underlying bonds in the fund, which occurs monthly, is re-invested in the fund and this helps to increase the net asset value of the ETF and proportionately increases the value of each ETF unit.

The re-investment into the fund represents a notional distribution even though it is paid in additional units instead of cash.

### S&P African Sovereign Bond ETF (BASBI)

tracks the S&P Africa Hard Currency Sovereign Bond Select Index (USD) consisting of African Sovereign Bonds denominated in Euros, Japanese Yen and US Dollars from African countries with a credit rating above B- currently: Egypt, Ghana, Kenya, Morocco, Namibia, Nigeria, and South Africa. In 2022 BASBI ETF turnover declined by 66.7% to P15,000 from P45,000. Despite this, the ETF price appreciated by 5.0% and it consistently traded at prices higher than those recorded in 2021. The unit price range in 2022 was between P79.70 and P83.69, while the 2021-unit price range was between P75.10 and P79.70. This means that the lowest price recorded in 2022 was the highest price in 2021.

### AMI Big 50 ex. South Africa ETF (BAMIB50)

offers exposure to the top 50 primary listed companies in various African countries except South Africa. The portfolio consists of stocks in Botswana, BRVM (Ivory Coast), Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria and Tunisia. BAMIB50 ETF turnover amounted to P17,000, a steep decrease from P117,000 in 2021. Similarly, the ETF price declined by 26.1%.

The BSE continues to be one of the best performing markets in Africa excluding the JSE in terms of the trading activity of ETFs in general, owing to the continued sensitization of market participants about the importance of adding ETFs to their portfolios. In September 2022, the BSE

held a Listings Ceremony for the African Domestic Bond Fund ETF to provide a formal and in-depth introduction of the product to the market, in an effort to support and encourage uptake. In the same month, the BSE virtually participated at the ETFGI Global ETFs Insight Summit (ETF Landscape in Africa) and showcased the BSE competencies and enabling environment for ETFs to thrive. Additionally, in November 2022, the BSE hosted an educational webinar in partnership with Absa and MCB Investment Management Co. Limited themed, "Investing in Exchange Traded Funds" to promote a deeper understanding about ETFs in general and how their use can enhance portfolio performance and hedge against risk. The webinar also afforded MCB Investment Management Co. Limited the opportunity to provide a comprehensive introduction of the newly listed ADBF ETF.

From a strategy point of view, the BSE continues to lobby potential issuers in order to expand the universe of listed ETFs and in order to bring to the market ETFs that track various asset classes and give exposure to Africa, Emerging Markets as well as Developed Markets. The demand for ETFs continues to rise locally as investor awareness and knowledge rises and this has encouraged the BSE to vigorously sell the proposition for listing ETFs in Botswana, as we saw with the ETF listings in 2021 and 2022. In the year ahead, we expect this trend to continue as we attract more diverse ETFs to the bourse.



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 5.0 BOND MARKET PERFORMANCE

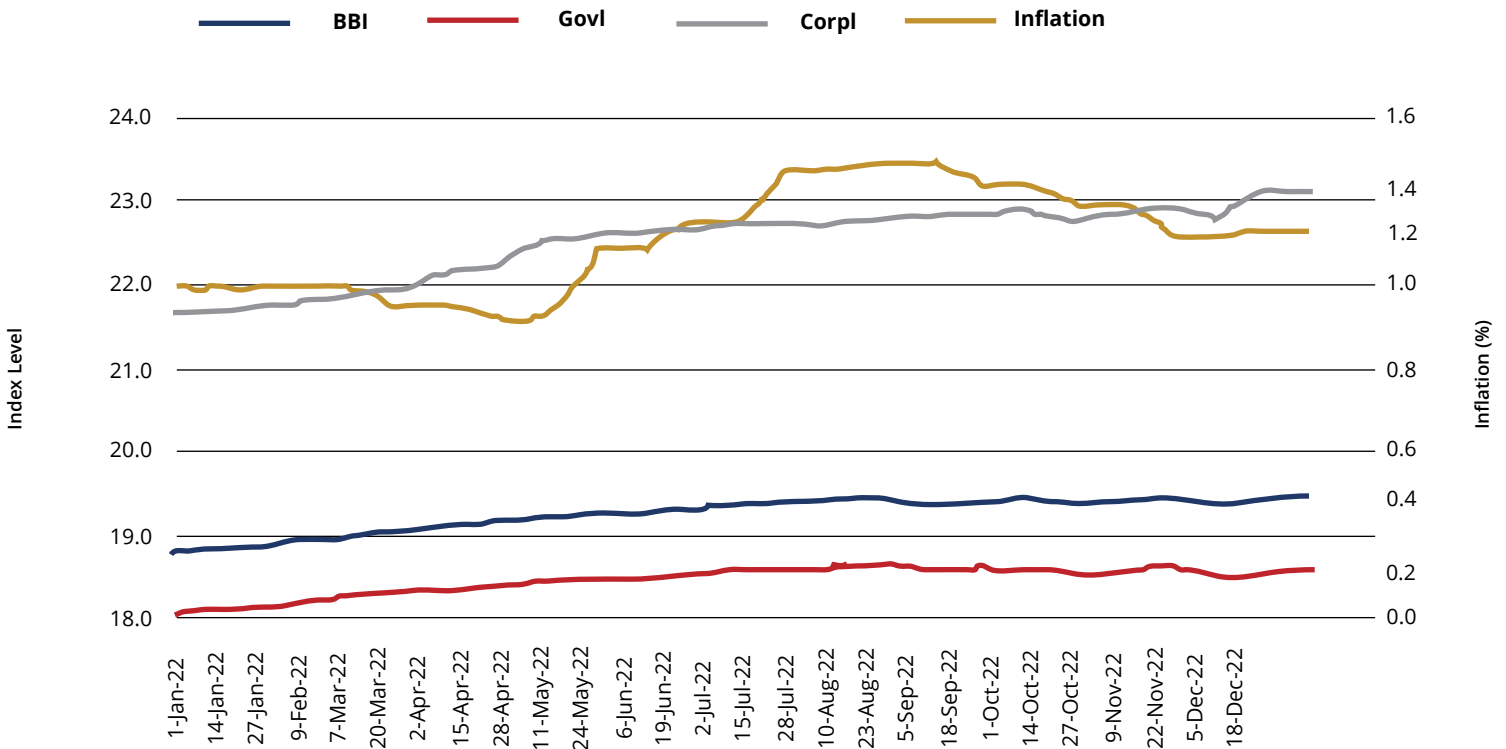
### 5.1 Performance of the Botswana Stock Exchange Bond Index Series (BBIS)

The BBI, GovI, Corpl and the BBIFixed which constitute the Botswana Bond Index Series (BBIS) registered returns of 3.6%, 2.9%, 6.7% and 3.2% respectively. Inflation averaged 12.2% consistently during 2022 remaining above the Central Bank's medium-term objective range of 3% – 6% with peak inflation registered at 14.6% during August 2022. As at December 2022, inflation stood at 12.4%. The Monetary Policy Committee (MPC) projects that inflation will continue to trend downwards and eventually fall within the Bank's objective range in the third quarter of 2024 due to the expected decline in global inflation and international commodity prices, the current monetary policy posture and the dissipating impact of the earlier increases in administered prices.

During 2022, the MPC made changes to the Monetary Policy Framework at the April Committee Meeting and introduced the Monetary Policy Rate (MoPR) as the new policy signalling rate in place of the Bank Rate. Following this, the MoPR was increased thrice by 51 basis points (0.51%) in April and 50 basis points (0.50%) in June and August by the Bank of Botswana (BoB).

The performance of the bond indices is detailed in Figure 13.

Figure 13: Performance of the BBIS versus Inflation: 2022



Source: BSE, BoB

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 5.2 Turnover in the Bond Market

The bond market continued to position the BSE as a platform for raising short-term and long-term capital.

Trading activity during the year under review amounted to approximately P1.9 Bn in comparison to P2.6 Bn traded during the corresponding period in 2021. This was mainly on account of the BOTSGB0931 Government bond. The bond accounted for 52.1% of the trades in Government bonds and 48.7% of total turnover in the bond market. In addition, it raised the most capital for Government through re-openings, an indication of stronger demand for the bond which tends to positively affect its liquidity.

Government bond turnover amounted to P1.8 Bn in comparison to P2.1 Bn in 2021. Though a decrease in Government bond turnover of approximately 14.3% was recorded it is worth noting that Government bonds raised more capital in 2022 (P3.0 Bn) than 2021 (P2.7 Bn). This will be covered in more detail in Chapter 7.

Corporate bond turnover amounted to P124.0 Mn in comparison to P440.5 Mn in 2021. This was mainly on account of LHL006 which accounted for 55.8% of the total trades in corporate bonds. In terms of concentration of trades, 33 of the 37 listed corporate bonds traded in 2022 (89.1%) in comparison to 33 of the 36 listed corporate bonds in 2021 (91.7%).

Net of all redemptions and maturities in 2022, new listings and re-openings increased the size of the bond market by 7.1% to P24.7 Bn and 44 bonds were listed as at end of December 2022.

**Figure 14: Analysis of Bond Market Performance**

Indicator		Government	Corporates	Total
Turnover (P'Mn)	<b>2022</b>	1,771.4	124.0	<b>1,895.4</b>
Contribution to Turnover (%)		93.5	6.5	<b>100.0</b>
Market Cap (P'Bn)		20.7	4.0	<b>24.7</b>
Contribution to Market Cap (%)		83.8	16.2	<b>100.0</b>
No. of Bonds Listed		7	37	<b>44</b>
Indicator		Government	Corporates	Total
Turnover (P'Mn)	<b>2021</b>	2,109.8	440.5	<b>2,550.3</b>
Contribution to Turnover (%)		82.7	17.3	<b>100.0</b>
Market Cap (P'Bn)		17.7	5.4	<b>23.1</b>
Contribution to Market Cap (%)		76.6	23.4	<b>100.0</b>
No. of Bonds Listed		6	37	<b>43</b>

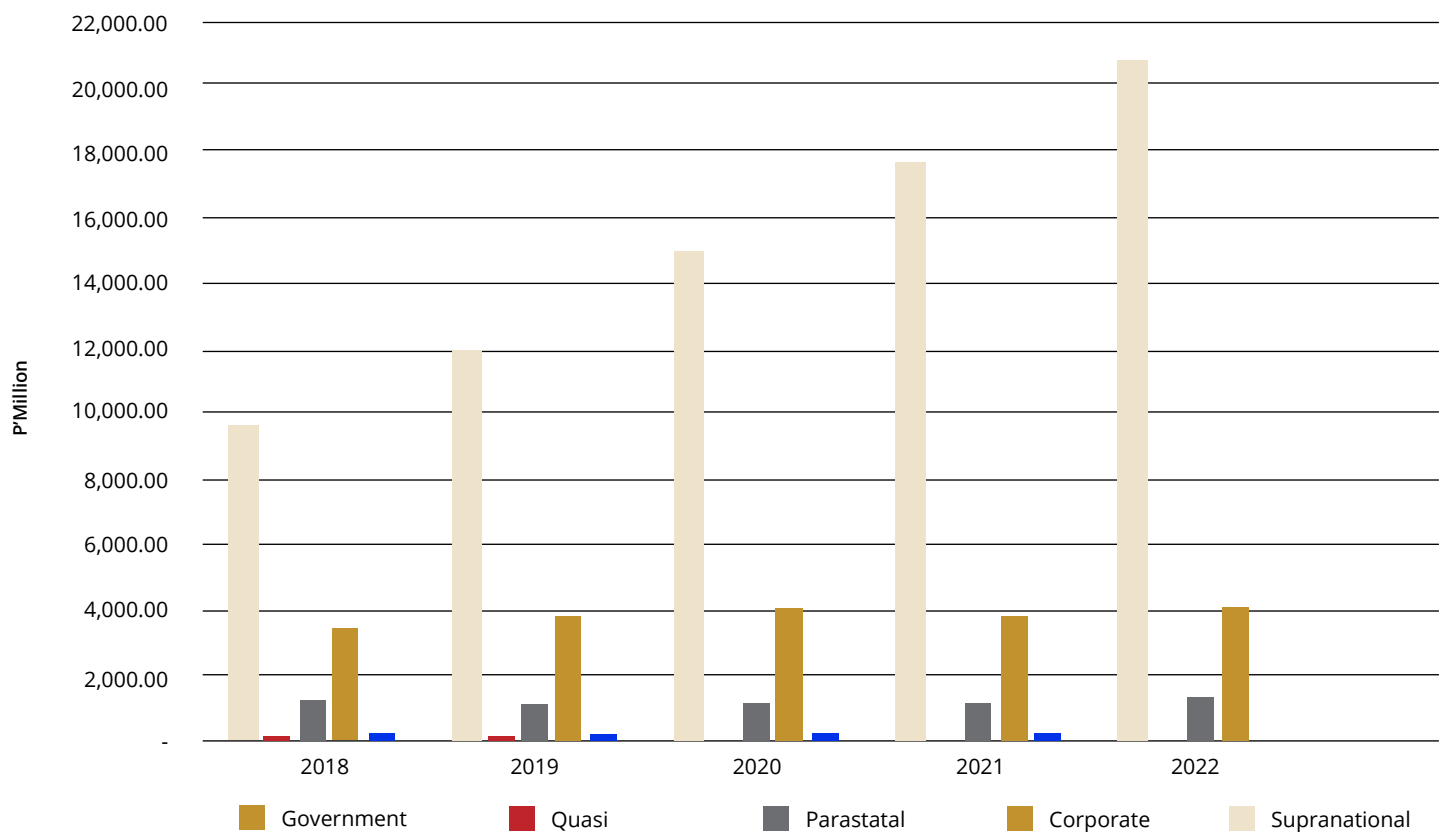
Source: BSE

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 5.3 Bond Market Capitalisation and Issuer Profile

Government bonds continue to dominate the size of the bond market, accounting for 83.8% of market capitalization in 2022. Corporate bonds accounted for 16.2%, and within corporate we include the Quasi-Government (0.1%), Parastatals (4.9%), Corporates and (11.1%). The analysis and the growth trend is presented in Figure 18 by issuer profile for the years 2018 to 2022.

Figure 15: Bond Market Capitalisation by Issuer Category: 2018 – 2022



Source: BSE

## 6.0 COMPARISON WITH SELECTED MARKETS

### 6.1 Relative Valuations

A comparison with select market indices is presented in Figure 16 to provide the BSE's valuation relative to the valuations of other markets. The relative valuations are on the basis of P/E ratio to gauge whether one market is overvalued or undervalued relative to the other, while performance is on the basis of the index change. The conclusion from a P/E ratio point of view is that the BSE was comparatively overvalued than the other markets and also outperformed the other markets from a return perspective. The returns are indicated in local currency.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

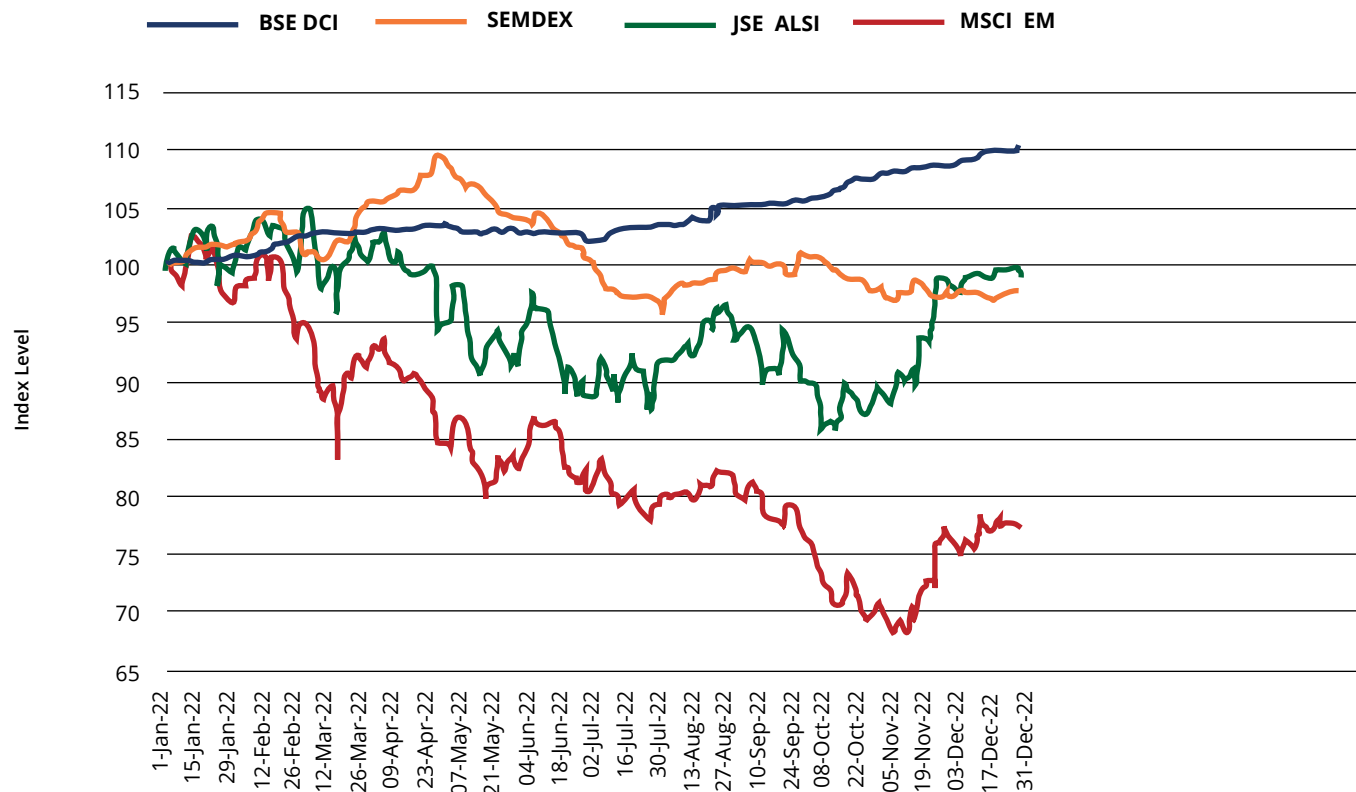
Figure 16: Comparative Performance with Other Markets: 2021 and 2022

	Index Change (%)		P/E Ratio Times	
	2021	2022	2021	2022
Johannesburg Stock Exchange	24.1	(0.9)	16.3	9.1
Stock Exchange Mauritius	27.3	(2.0)	14.0	10.2
Botswana Stock Exchange	1.9	10.2	12.7	14.6
MSCI Emerging Markets	(4.6)	(22.4)	14.0	12.2

Source: BSE, WFE, Iress

As presented in Figure 17, the DCI outperformed the other three indices during 2022 as it appreciated by 10.2%. The JSE'S ALSI, SEMDEX and MSCI Emerging Markets depreciated by 0.9%, 2.0% and 22.4% respectively.

Figure 17: Comparative Performance of DCI and Other Markets: standardised as at 1 January 2022 (Domestic Currencies)

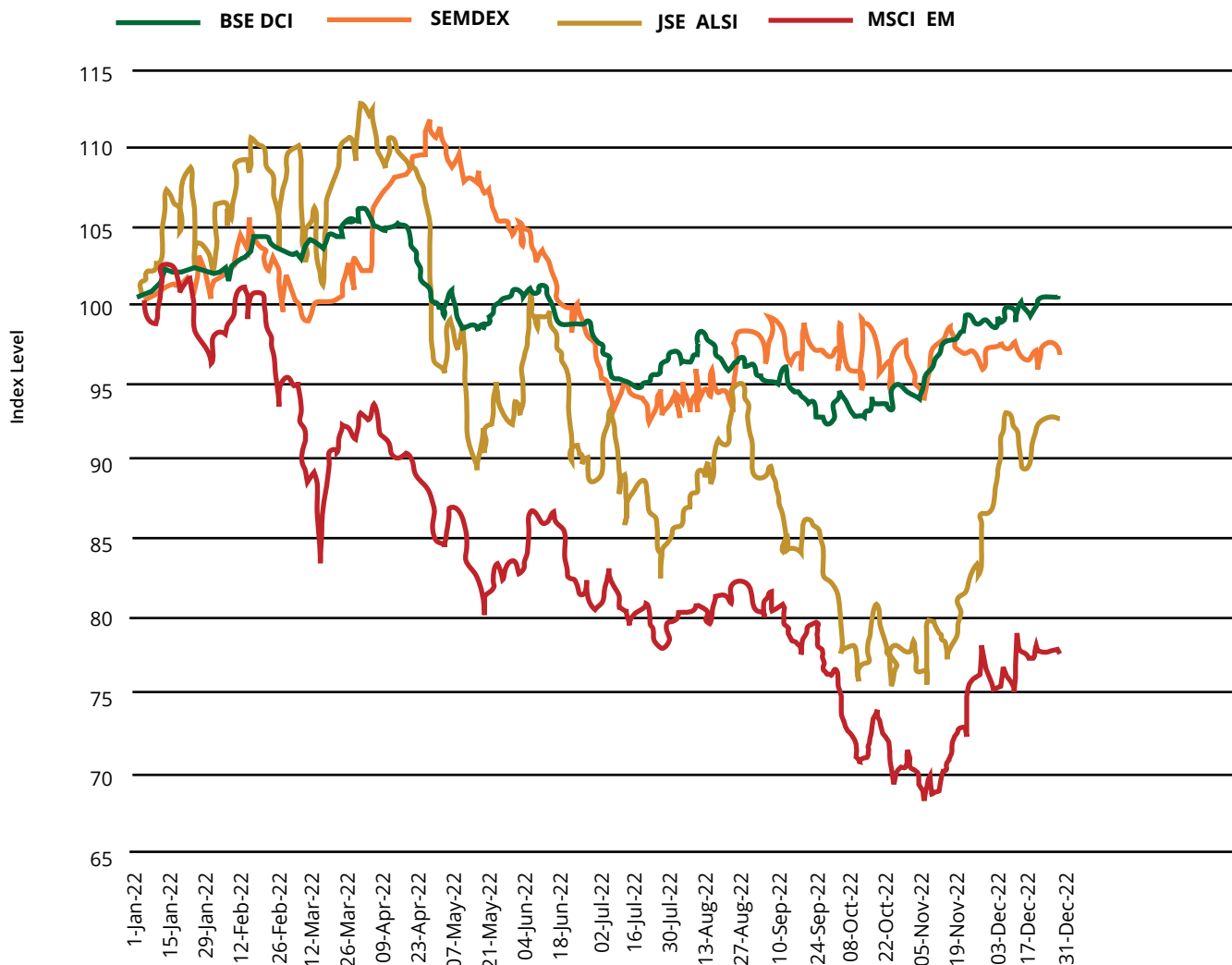


Source: BSE, JSE, SEM

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 18 outlines the comparative performance, in US dollar terms, of the BSE and other markets. Owing to the Pula's 8.1% depreciation against the US dollar in 2022, the DCI registered an appreciation of 1.3% in US Dollar terms. The SEMDEX and JSE ALSI depreciated by 3.0% and 7.4% respectively in US Dollar terms.

Figure 18: Comparative Performance of DCI and Other African Markets: standardised as at 1 January 2022 (US Dollar terms)



Source: BSE, JSE, SEM

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 6.2 Footprints

In order to assess the development of the BSE over time and in comparison to peer markets the BSE has plotted its "footprint" from 2018 by making reference to 4 variables.

The footprint for the purpose of the analysis takes into account the relative size of the market (measured by Domestic Market Capitalisation/ GDP), turnover (measured by Average Daily Turnover), liquidity (measured by Turnover/Domestic Market Capitalisation) and value (measured by the Earnings Yield – the reciprocal of the P/E ratio).

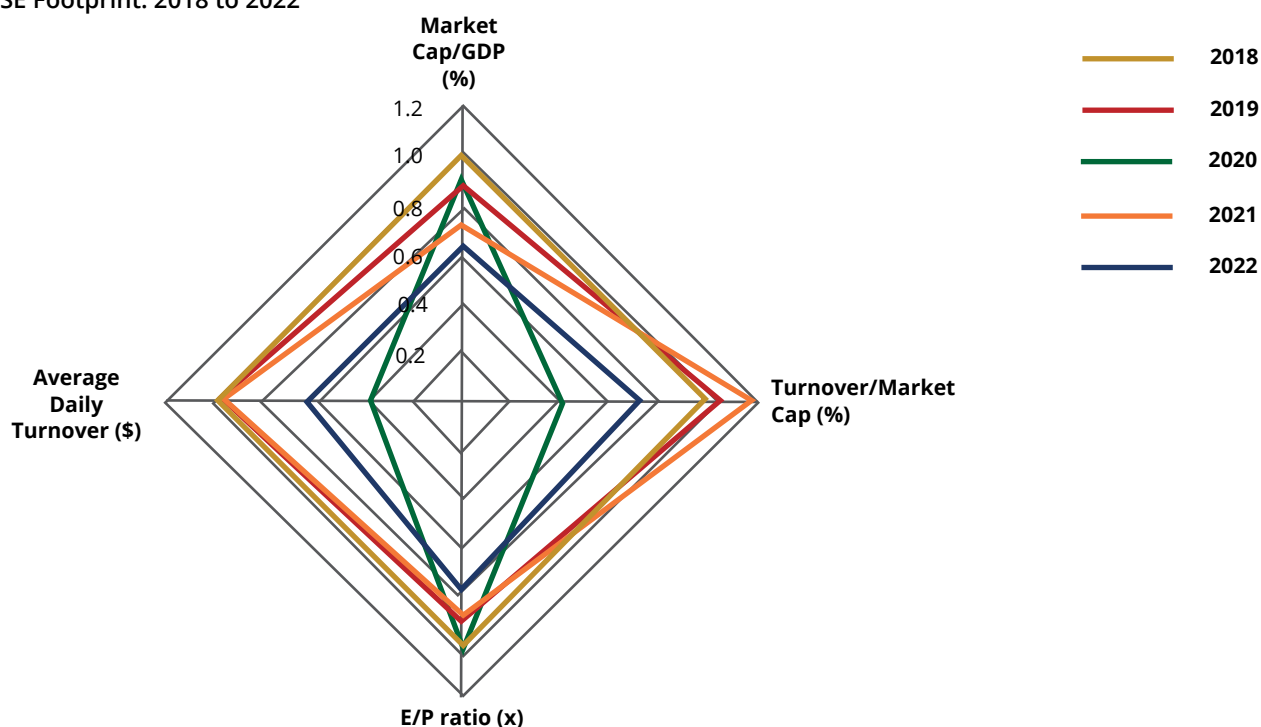
The footprint of the BSE relative to 2018 is presented in Figure 19 and Figure 20.

Figure 19: BSE Footprint in Relation to 2018

	2018	2019	2020	2021	2022
Market Cap/GDP (%)	1.00	0.87	0.91	0.72	0.64
Turnover/Market Cap (%)	1.00	1.04	0.42	1.19	0.74
E/P ratio (x)	1.00	0.90	1.03	0.88	0.77
Average Daily Turnover (P)	1.00	0.97	0.37	0.97	0.63
<b>Area of Footprint</b>	<b>2.00</b>	<b>1.78</b>	<b>0.77</b>	<b>1.72</b>	<b>0.96</b>
<b>Relative Area of Footprint in Relation to 2018 (x)</b>	<b>1.00</b>	<b>0.66</b>	<b>0.29</b>	<b>0.64</b>	<b>0.36</b>

Source: BSE, Statistics Botswana

Figure 20: BSE Footprint: 2018 to 2022



Note: Domestic Market Capitalisation/ GDP, Turnover/ Domestic Market Capitalisation. E/P ratio and Average daily turnover for 2018 were standardized to 1 and the BSE's footprint for 2018 to 2022 was compared to the standardized footprint for 2018  
Source: BSE, Statistics Botswana

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

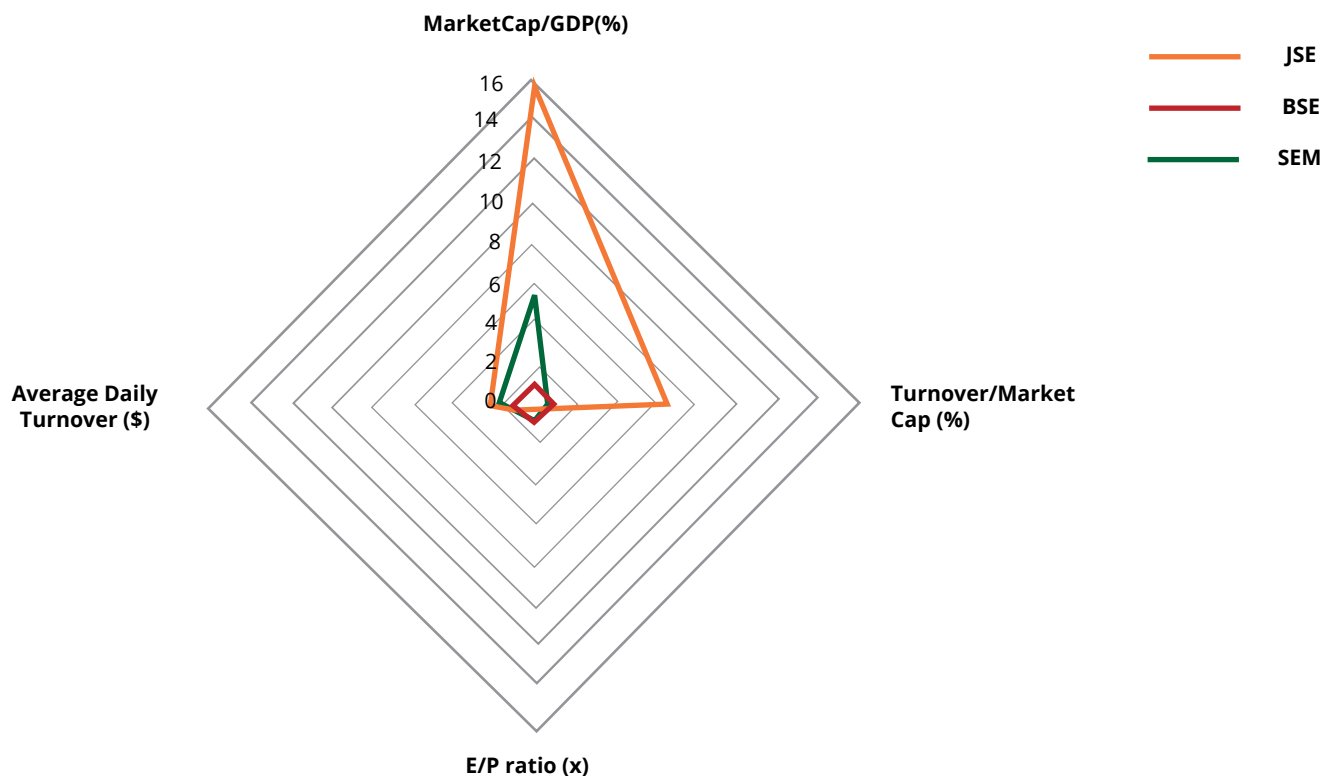
Figure 21 and Figure 22 detail the footprint of the BSE in relation to the footprint of the JSE and SEM in 2022.

Figure 19: BSE Footprint in Relation to 2018

2022	BSE	JSE	SEM
Market Cap/GDP (%)	1.00	18.73	4.80
Turnover/Mkt Cap (%)	1.00	8.80	0.64
E/P Ratio (x)	1.00	0.90	1.43
Average Daily Turnover (\$)	1.00	3,119.03	1.62
<b>Area of Footprint</b>	<b>2.00</b>	<b>30,695.78</b>	<b>7.06</b>
<b>BSE Footprint in relation to JSE and SEM (%)</b>	<b>100.00</b>	<b>0.01</b>	<b>28.35</b>

Source: Statistics Botswana, BSE, IMF, Iress

Figure 22: BSE Footprint Relative to JSE & SEM: 2022



Note 1: Scale; Turnover/Mkt Cap 1:1, Avg Daily Turnover1:1000, Mkt Cap/GDP 1: 1, E/P Ratio 1:1

Note 2: Market Capitalisation/GDP, Turnover/Market, E/P ratio and Average daily turnover for the BSE were standardized to 1 and the footprint for SEM and JSE was computed relative to the BSE's footprint

Note 3: The computations use the total market capitalisation for SEM and JSE, and the total market capitalisation for the BSE

Source: Statistics Botswana, BSE, IMF, Iress

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

As illustrated in Figure 23, the percentage footprint of the BSE was 28.4% IN 2022 relative to the footprint of SEM.

**Figure 23: BSE Footprint in Relation to JSE & SEM: 2018 to 2022**

	2018	2019	2020	2021	2022
BSE relative to SEM (%)	30.2	23.4	8.5	25.1	28.4
BSE relative to JSE (%)	0.01	0.01	0.00	0.01	0.01

Source: BSE

## 7.0 PRIMARY MARKET

### 7.1 Equity Market

Equity market primary activity decreased in 2022 as less companies opted to finance their business operations through equity, ranking it third as a source of finance following retained earnings and loans, according to the March, June and September 2022 editions of BoB's Business Expectations Survey. Capital raised by domestic companies in 2022 amounted to P47.1 Mn, while that raised by foreign companies amounted to P135.3 Mn as presented in Figure 24. In total, P182.4 Mn was raised through corporate actions in 2022 compared to P752.9 Mn in 2021.

**Figure 24: Equity Market Primary Activity: 2022**

Domestic Companies	Amount (P'Mn)	Foreign Companies	Amount (P'Mn)
Far Property	33.0	BOD	10.9
Letshego	8.9	CA Sales	50.0
Primetime	5.2	Lucara	3.0
		Tlou Energy	71.4
<b>TOTAL RAISED (2022)</b>	<b>47.1</b>	<b>TOTAL RAISED (2022)</b>	<b>135.3</b>
<b>TOTAL RAISED (2021)</b>	<b>259.8</b>	<b>TOTAL RAISED (2021)</b>	<b>493.1</b>

Source: BSE

### 7.2 Bond Market

On the bond market, BoB continued to issue additional tranches of existing bonds through the monthly auctions, helping Government raise P3.1 Bn through bonds, an amount higher than the P2.7 Bn raised in 2021. In addition, Government raised P8.9 Bn through the issuance of treasury bills and a total of P12.0 Bn was raised which comprised of bonds and bills in 2022. In the corporate bond market, six new bonds were listed, raising P405.7 Mn compared to five new bond listings in 2021 and P488.0 Mn raised.

The highlight is the commercial paper market's continuous expansion with one paper listed in 2021 and two listed in December 2022. Prior to this, the last prevalent paper on the Exchange matured in 2004 and there were no listings of this kind until December 2021. The two new listed papers in 2022 raised P120.7 Mn in comparison to P75.0 Mn in 2021.



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 25: Fixed Income Primary Market Activity: 2022

Government Bonds	Amount (P'Mn)	Corporate Bonds	Amount (P'Mn)	Commercial Paper	Amount (P'Mn)
BOTSGB0325	23.0	SBBL072	105.7	BSB-CRB-1223-01	20.1
BOTSGB0931	1,218.0	SBBL073	110.0	RDCP-CRB-1223-05	100.6
BOTSGB0640	678.0	SBBL074	50.0		
BOTSGB0623	-	SBBL075	50.0		
BOTSGB0943	-	BSB-CRB-1224-02	30.0		
BOTSGB0527	730.0	BSB-CRB-1227-03	60.0		
<b>TOTAL RAISED (2022)</b>	<b>3,063.0</b>	<b>TOTAL RAISED (2022)</b>	<b>405.7</b>	<b>TOTAL RAISED (2022)</b>	<b>120.7</b>
<b>TOTAL RAISED (2021)</b>	<b>2,728.0</b>	<b>TOTAL RAISED (2021)</b>	<b>488.0</b>	<b>TOTAL RAISED (2021)</b>	<b>75.0</b>

Source: BSE

## 8.0 DEPARTMENTAL REVIEWS

### 8.1 Progress on Account Opening

The number of accounts opened as at 31 December 2022 stood at 100,747 as 563 CSDB accounts were added in 2022.

Figure 26: Status of CSD Accounts as at December: 2021 and 2022

Client Classification	2021		2022	
	Total	% Total	Total	% Total
Foreign Companies	4,519	4.5107	4,594	4.6
Foreign Residents	1,745	1.7418	1,085	1.1
Foreign Individuals	1,034	1.0321	1,767	1.8
Foreign Juniors	60	0.05989	56	0.1
Local Companies	1,328	1.32556	1,376	1.4
Local Individuals	85,302	85.1453	85,973	85.3
Local Juniors	6,196	6.18462	5,896	5.9
<b>Total</b>	<b>100,184</b>	<b>100</b>	<b>100,747</b>	<b>100</b>

Source: CSDB

#### 8.1.2 CSDB Client Holdings

Figure 27 illustrates that local companies which are largely local institutional investors continue to dominate the holdings on the CSD. As at the end of 2022 local company and local individual holdings were 55.4% and 12.0% respectively. Foreign companies recorded an increase in their holdings to 29.4% from 22.0% in 2021 while other clients recorded a slight decrease to 3.2% from 3.5% in 2021.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Figure 27: CSDB Client Holdings by Client Category (%)

Client Suffix	2021	2022
Local Company	62.9	55.4
Foreign Company	22.0	29.4
Local Individual	11.5	12.0
Other Clients	3.5	3.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

## 8.2 Market Development

### 8.2.1 Opening Bell Ceremonies Held Under Various Themes

The BSE continued its tradition of hosting the monthly Opening Bell Ceremonies and these were conducted from February to September. The ceremonies were held under various targeted topics, themes and some dedicated towards the launch of investment reports by Listed Companies, such as the launch of the **“Where to Invest in Africa in 2021 Report”** by Rand Merchant Bank Botswana during the February Opening Bell Ceremony. In March, the BSE joined the international community and participated in the Ring the Bell for Gender Equality Campaign by the Sustainable Stock Exchanges (SSE) under the theme, **“Gender Equality Today for a Sustainable Tomorrow”**. Following the approval of the Investor Compensation Fund (ICF) Rules by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), the May Opening Bell Ceremony was dedicated to the official launch of the Fund. In addition, the BSE conducted a listing ceremony to commemorate the listing of the African Domestic Bond Fund (ADBFB) Exchange Traded Fund (ETF) by the African Development Bank (AfDB) in partnership with MCB Investment Management Co. Ltd (Manager). This listing ceremony was held in September.



African Domestic Bond Fund ETF lists on the Botswana Stock Exchange - (Official Bell Ringing) Representation from BSE Management, African Development Bank, MCB Investment Management and Stockbrokers Botswana

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.2.2 BSE Quarterly Magazine

During the year, the BSE published 4 editions of BSE News which is a quarterly magazine that disseminates domestic and global information about the capital markets. The magazine primarily serves to generate revenue for the BSE through advertisement and to promote the visibility of the domestic capital market to enhance information flow and investor participation. The publication is accessible across various platforms such as retail outlets, book shops, hotels, events, embassies in Botswana, government offices, corporate offices as well as the BSE website.



## 8.2.3 Tshipidi Mentorship Program (TMP) 3<sup>rd</sup> Instalment

As a strategic initiative, the BSE introduced the Tshipidi Mentorship Program (TMP) in 2019 as a way of grooming companies that could potentially raise capital, improve governance and leverage from increased publicity through the stock market in the short to medium term. The inception of this program is largely attributed to the fact that SMEs in Botswana do not operate as corporates across various elements and structures. As such, there is an opportunity within the private sector to assist SMEs to “corporatize” thus preparing them to leverage off platforms such as the Exchange for growth. The 2022 cohort comprised of twenty companies from a wide array of sectors that include: pharmaceutical services, manufacturing, retail, ICT, energy, agriculture, logistics, construction, financial services, and so forth.



Tshipidi Mentorship Program 2022 Cohort with BSE Chairperson, Lt. Gen. Tebogo C. Masire, Chairman of Motorholdings Botswana & Director of Stockbrokers Botswana, Mr. Charles Tibone and BSE CEO, Mr. Thapelo Tsheole

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.2.4 Corporate Social Investment (CSI) Initiatives

The BSE Corporate Social Investment (CSI) Policy: The Dipoelo Program, focuses on education, entrepreneurship, community development, health and environmental/sustainability issues. It is designed to drive the BSE closer to the people, generate the much-needed brand equity and reflect the BSE's commitment to the community in which it operates.

### ADOPT-A-SCHOOL INITIATIVE -

During the period under review, the BSE 'kick-started' the year by resourcing its two (2) adopted schools, Kareng Primary School and Metsimantsho Primary School, with school stationery and text books to assist with the delivery of quality education and provide a better learning environment for the students.

These included standard 1 to standard 7 text books, exercise books, printing paper, pens, pencils, rulers, erasers, markers, staplers, manila papers, etc. In addition, the BSE also provided school

management and students with branded BSE merchandise in the form of t-shirts and masks to curb the spread of the COVID-19 virus that had plagued both respective schools since 2020. The BSE facilitated both Donation Ceremonies to Kareng Primary School and Metsimantsho Primary School on 17<sup>th</sup> & 18<sup>th</sup> February, 2022 respectively. All donated material was valued at P50,000.00.



(Left to Right) Kareng Primary School Deputy School Head, Mr. Ngande, BSE CEO, Mr. Thapelo Tsheole, BSE Head of Market Development, Ms. Thapelo Moribame and VDC Chairperson, Mr. Hikuama

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Towards the end of the year, the BSE further furnished both schools with prize-giving presents for their respective prize-giving ceremonies. This was intended to serve as encouragement for the students and teachers in their bid to improve school results for the next calendar period. All donated material was valued at P30,000.00. With respect to the schools' pass rates,

Kareng Primary School experienced a slight increase in the pass rate from 37% in 2021 to 38.2% in 2022, while Metsimantsho Primary School fared better with a pass

rate increase from 40% in 2021 to 46% in 2022. These pass rates remain significantly low due to constraints of being understaffed and under-resourced to provide a conducive environment for learning.

Kareng Primary School and Metsimantsho Primary School are both public primary schools located in the North West District and Ghanzi District of Botswana, respectively. These institutions are classified as rural education institutions due to their vastly remote locations - students attending these schools are from impoverished homes

as majority reside from nearby cattle posts and small farming settlements.

Kareng Primary School is situated about 150kms from Ghanzi, with another 20kms traveled on gravel road from the main road leading to the settlement of Kareng while Metsimantsho Primary School is situated about 300kms from Ghanzi, with another 55kms traveled on gravel road from Ncojane village leading up to the settlement of Metsimantsho. As at 31st December, 2022, Kareng Primary School currently accommodates 679 students



BSE Head of Market Development, Ms. Thapelo Moribame presenting the donations from the BSE to Mr. Ngande, the Kareng Primary School Deputy School Head

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)



Official Remarks by the BSE CEO, Mr. Thapelo Tsheole during the Donation Ceremony at Metsimantsho Primary School on 18<sup>th</sup> February, 2022

with only a staff complement of twenty-four (24) teachers while Metsimantsho Primary School accommodates 177 students with only a staff complement of ten (10) teachers across all standards as well.

The Adopt-a-School Initiative was introduced in 2011 to facilitate Private and Public Sector participation in the delivery of quality education across Botswana. Since inception, the BSE has actively participated in this initiative by adopting four (4) primary schools in the North-West District, Ghanzi District, South-East District and South District.

In line with their ongoing three-year partnership with Kareng and Metsimantsho Primary Schools under the Government driven Adopt-a-School initiative, the BSE conducted another donation exercise to both schools that included stationery and branded merchandise in February.



(Left to Right) Metsimantsho Primary School Head and Deputy School Head, Mrs. Tuelo Aedige and Mrs. Tony Mothibi

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## BSE participates at the First National Bank Botswana Limited Kazungula Bridge Marathon 2022 –

On 26<sup>th</sup> February 2022, First National Bank Botswana Limited, in conjunction with Obert Fitness, held the inaugural Kazungula Bridge Marathon in Kasane, Botswana. The overall aim of this event was to acknowledge and celebrate the opening of the Kazungula Bridge which was opened in 2021 between Botswana & Zambia in a bid to promote trade between Southern African countries and the rest of the continent. As with most of Corporate Botswana, the BSE attended this event in support of the promotion of tourism in Kasane and participated by means running and setting up an educational stall for enquiries with respect to BSE products and services.



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.2.5 Educational Webinars

In line with the BSE strategic objective of improving market development through educating market participants on BSE products, listings requirements and improving the low level of financial literacy persisting in the community, the BSE hosted several workshops and educational webinars. These were targeted at the listings requirements and amendments to these requirements, exchange traded funds and general financial literacy.



NASDAQ hosts Botswana Stock Exchange management during their Roadshow in the United States of America



(Left to Right) - BSE CEO, Mr. Thapelo Tsheole, Head of Market Development, Ms. Thapelo Moribame and BSE Head of Product Development, Mr. Kopano Bolokwe

## 8.2.6 Roadshows

### 8.2.6.1 USA Roadshows Undertaken

During the year the BSE undertook International Investment Roadshows to United States of America in Washington DC and New York and to Dubai in the United Arab Emirates. The objectives of the roadshows were to increase participation of international investors on the BSE, to unlock value from intermediaries in global markets such as global custodians and international fund managers and to attract international companies to list or issue instruments on the BSE. Further, these roadshows offered the BSE to opportunity to learn from peer exchanges such as NASDAQ and explore areas of collaboration to deepen the local market.



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.2.6.2 Local Roadshows Undertaken

Following the launch of the Investor Compensation Fund (ICF), the BSE conducted a series of activations in Ghanzi and Maun to raise awareness about the Fund's mandate and sensitise the general public on its functions and benefits.

## 8.3 Information Technology

### 8.3.1 Launch of New CSD System, Upgraded ATS and SWIFT Connectivity

The BSE launched the new Central Securities Depository (CSD) system, an upgraded Automated Trading System (ATS) and the connectivity to the Society for Worldwide Interbank Financial Telecommunication (SWIFT). The new CSD system commissioned the settlement of market transactions on the BSE at Bank of Botswana (BoB) through the Botswana Interbank Settlement System (BISS) which is linked to the SWIFT network. In addition, the CSD system comprises of new functionalities and capabilities that expand its services and products such as the centralised custody for all securities in the market including government securities, Electronic Annual General Meetings (E-AGMs), among others.

The new ATS is an upgrade of the ATS that was implemented in 2012. The salient features of the new ATS include an improved Request for Quotation (RFQ) mechanism which is popular for bond trading, a bond calculator, availability of micro auctions which can be used for market-making, as well as improved information dissemination capabilities.

This milestone project paves the way for trading of government bonds in the ATS and

their clearing, settlement and custody in the new CSD system. A hybrid bond trading model has already been agreed with BoB.

## 8.4 Product Development

### 8.4.1 Sustainable Bonds Listings Requirements and Fee Incentive for Listing Sustainable Bonds Formulated

The BSE is consistently working towards the further advancement of the Botswana capital market through product diversification. In a bid to continue to deliver this mandate the BSE reviewed the Debt Listings Requirements (DLR) and drafted an updated version that includes a new Chapter on listing sustainable bonds. These Requirements were disseminated to the public to solicit comments alongside proposed incentive fees for listing sustainable bonds. Both documents will be submitted for BSE Board and regulatory approval in 2023.

### 8.4.2 ESG Disclosure Guidelines Revision

The BSE published **The Guidance for Listed Companies on Reporting ESG (Environment, Social, Governance) Information to Investors** following its admission as Partner Exchange of the United Nations Sustainable Stock Exchanges (SSE) Initiative in 2016. This is a voluntary guidance tool that is aligned to the SSE Initiative's model guidance on ESG Reporting to investors. Due to the BSE's commitment to promote long-term sustainable investment and improved ESG disclosure and the evolving standards of ESG reporting the BSE commenced to revise the BSE Guidelines through public consultation. The revised Guidelines will be submitted for

approval and published in 2023.

### 8.4.3 Botswana Bond Market Association Elected New Committee at AGM

The Botswana Bond Market Association (BBMA) held its 2021 Annual General Meeting on 20th January 2022 and elected a new Committee with BBMA members and capital market participants in attendance. The incoming Committee for the term 2022 – 2024 comprises Mr. Boikanyo Kgosidintsi (Chairperson), Mr. Tshephang Loeto (Vice-Chairperson), Mr. Kopano Bolokwe (Secretary General), Mr. Kwabena Antwi (Treasurer), Ms. Shakila Khan (Member), Ms. Phatsimo Ncube (Member), Mr. Jonathan Paledi (Member) and Mr. Mbaki Mudlovu (Member).

### 8.4.4 Botswana Bond Market Development Strategy 2022 -2026 Launched

Following the review of the BBMA Strategy that was formalised and implemented in 2021, the BBMA developed a new Development Strategy for the period 2022 – 2026 with strategic objectives that are centred around three goals: i) Issuances: to expand the product offering, diversity and number of issuers; ii) Participation and Awareness: to implement programmes to facilitate skills transfer, financial literacy, media, presence and access to information and market data; iii) Partnerships to increase the BBMA visibility in the global securities market.

The BBMA Development Strategy 2022-2026 is available from BBMA.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.5 Legislation and Regulation

### 8.5.1 Investor Compensation Fund Launched

Following the approval of the Investor Compensation Fund (ICF) Rules by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) the BSE launched the ICF which among other things is designed to grant compensation to investors for loss suffered as a result of non-fulfilment of contractual obligations by securities brokers who are members of the BSE, special members of the BSE, CSDB, CSD participants, custodian banks, etc.



Botswana Stock Exchange Launches Investor Compensation Fund during the May 2022 Opening Bell Ceremony with the Non-Bank Financial Institutions Regulatory Authority

### 8.5.2 New Equity Listings Requirements Implemented

The BSE implemented the revised Equity Listings Requirements in June 2022. The amendments will strengthen capital markets regulation in Botswana and put the BSE at par with other world class exchanges. The rules are accessible on the BSE website ([www.bse.co.bw](http://www.bse.co.bw))

### 8.5.3 Commercial Paper Listing Fee Structure Implemented

In May, NBFIRA approved the listing fees for Commercial Paper. This fee structure was formulated to promote the issuance of Commercial Paper and offers a more competitive and incentivising fee structure compared to that of other debt securities provided for in the Debt Listings Requirements.

## 8.6 Human Capital

During the year, the BSE enrolled its staff members on various training programmes as part of the annual staff development plans for professional development and to deepen their understanding on pertinent issues in the capital markets and stock exchange landscape.



BSE head of Legal Services & Board Secretary Ms. Gorata Dibotelo, BSE Head of Information Technology Mr. Kopano Mogorosi & BSE Head of Market Development Ms. Thapelo Moribame completed their Executive Development Program from the University of Stellenbosch in 2022.

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 8.7 International Participation

### 8.7.1 BSE CEO Elected President of ASEA

The BSE CEO, Mr. Thapelo Tsheole was elected the President of the African Securities Exchanges Association (ASEA) following his tenure as Deputy President for two consecutive years. ASEA comprises of 6 associate members and 28 full member Exchanges serving 38 African countries. This development is critical to advancing the BSE's global presence and the development of African capital markets.

### 8.7.2 International, Regional and Domestic Conferences

The BSE staff participated at various local and international forums during the year and these included the ETFGI Global ETFs Insights Summit (virtual), AFSIC- Investing in Africa (UK), Botswana Property Investment Forum (Botswana), Absa Africa Financial Markets Index Launch (USA) and the Dubai Expo 2020 (UAE), to name a few.

### 8.7.3 Partnerships to Promote Internationalisation Strategy

The BSE continued its partnership with CNBC Africa to profile the market with BSE listed companies and derive value from their vast network. This involved a comprehensive media campaign that aims to bring vibrancy to the local capital market and listed companies were invited to participate thus leveraging off this campaign, boosting liquidity of their stocks and showcasing their brands on the various CNBC Africa platforms. The 2022 media campaign featured Mr. Kudakwashe Mukushi, Botswana Insurance Holdings Limited (BIHL) Group CFO, Ms. Kamogelo Mowaneng, Letlole La Rona Limited CEO and Mr. Johane Mchive, General Manager of Lucara Botswana Limited.

### 8.7.4 BSE Admitted into African Exchanges Linkage Project (AELP)

The BSE was admitted into the African Exchange Linkage Project (AELP) by ASEA and the AELP Steering Committee. The AELP is a co-initiative of ASEA and the African Development Bank (AfDB) and is designed to facilitate cross-border investment flows and investor participation through increased liquidity and securities trading activity on African stock exchanges. In addition, the AELP is expected to improve capacity for regulatory and policy formulation and standards harmonization for cross-border securities trading and settlement.

## 9.0 CEO'S APPRECIATION

The BSE's internationalisation strategy panned out in a phenomenal way in 2022, as the Exchange expanded its relations and visibility globally. The USA Roadshow undertaken in June 2022 was applauded by JP Morgan in New York as a noble initiative to visit international investors who at the time were still restricted in terms of global travel to conduct physical due diligence. This strategy will continue to bear fruits for the Botswana market going forward.

It was an honour to be elected the President of ASEA at the Executive Committee meeting held in Abidjan, Cote d'Ivoire on 7 December 2022. This came at a time that the flagship African Exchanges Linkage Project (AELP) had just gone live, integrating African capital markets by enabling the trading of exchange-listed securities across 7 participating securities exchanges.

We look to the future with optimism, particularly as the BSE is to be connected to the AELP link platform in 2023, to enable

our local investors, through local brokers to access a close to \$2 trillion market comprising of 16 economies and 9 securities exchanges. This is a demonstration of the continued fruition of our international strategy, as the BSE occupies space to lead, to break new grounds and to elevate African stock exchanges to a new frontier through the ASEA Presidency.

I would like to sincerely thank the Board of Directors of BSE Limited and CSDB Limited, and the Shareholders for facilitating excellent performance in the year under review. We are excited about the new and adventurous diversification initiatives that the Board and Shareholders approved in 2022, such as the investment into the development of our own Headoffice in Gaborone's Central Business District.

I also would like to express gratitude to the rest of the stakeholders who ensure that we operate a fair, orderly and efficient market that upholds the interests of public participants. I thank my team at BSE for the commitment they continue to display in their day-to-day work and strategic projects. We emerged strongly out of great uncertainty in the past two years and I hope we will leverage our learnings and resilience to continue to deliver sustainable value-creating performance for shareholders, of which we are part. Thank you, I appreciate you.

Thank you once again.

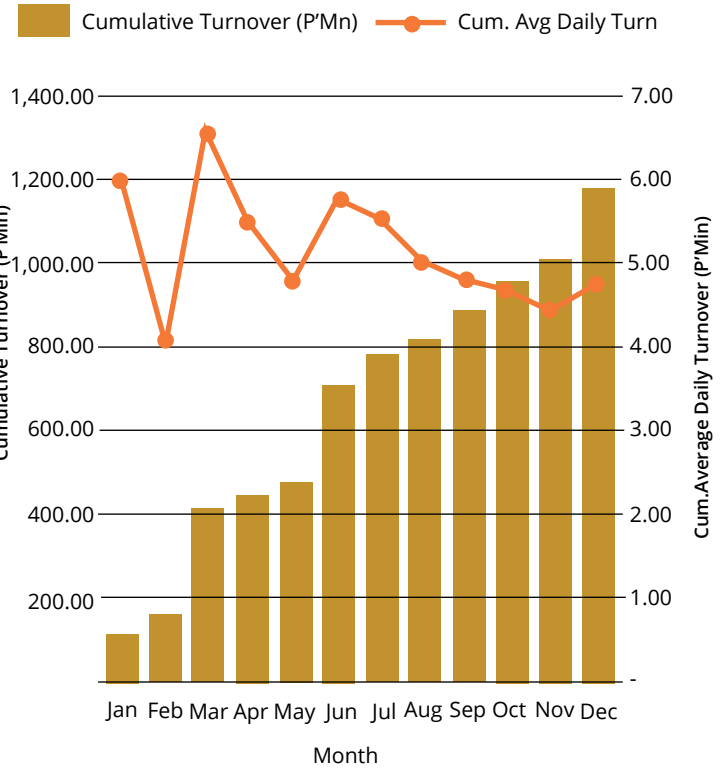
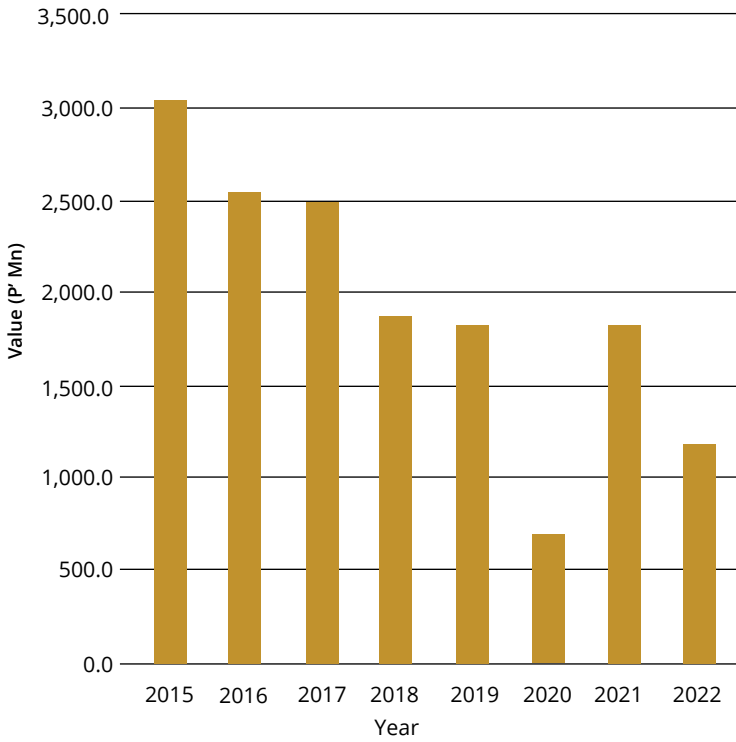


.....  
Thapelo Tsheole  
Chief Executive Officer

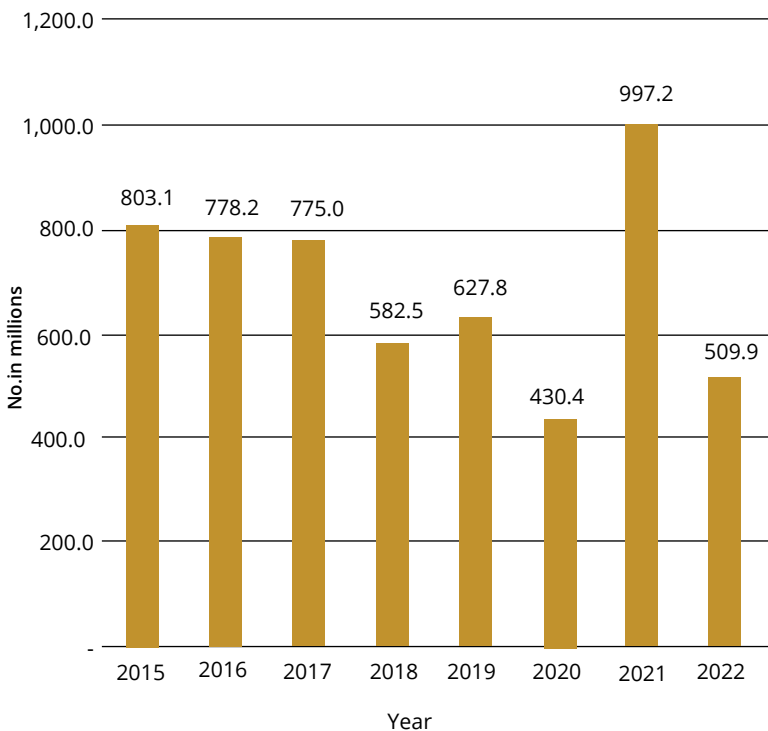
# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 10.0 GRAPHICAL REVIEW

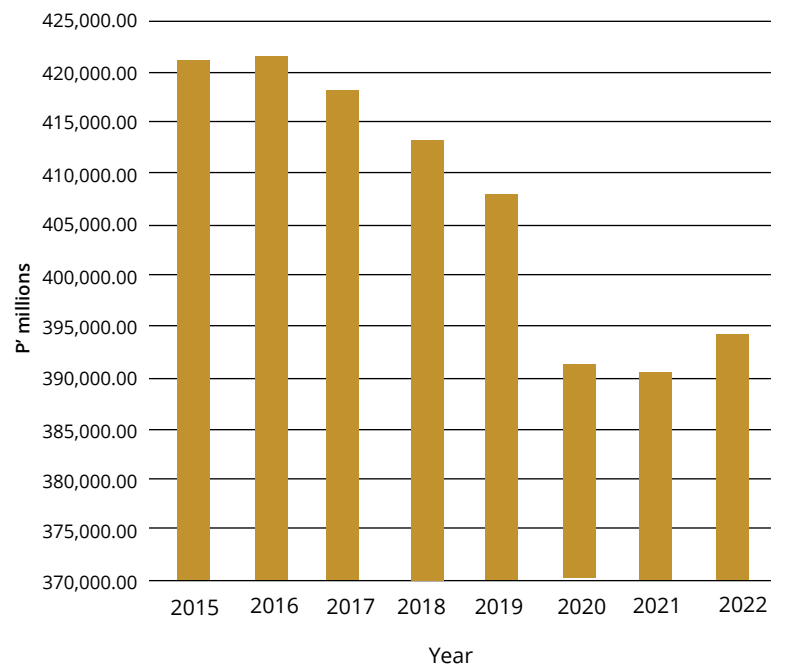
Value of Shares Traded



Volume of Shares Traded

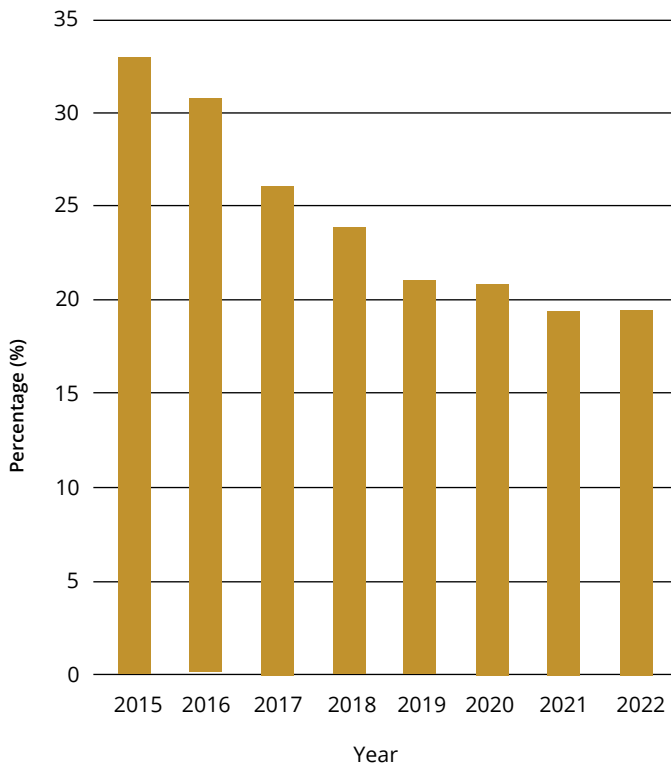


Total Equity Market Capitalization

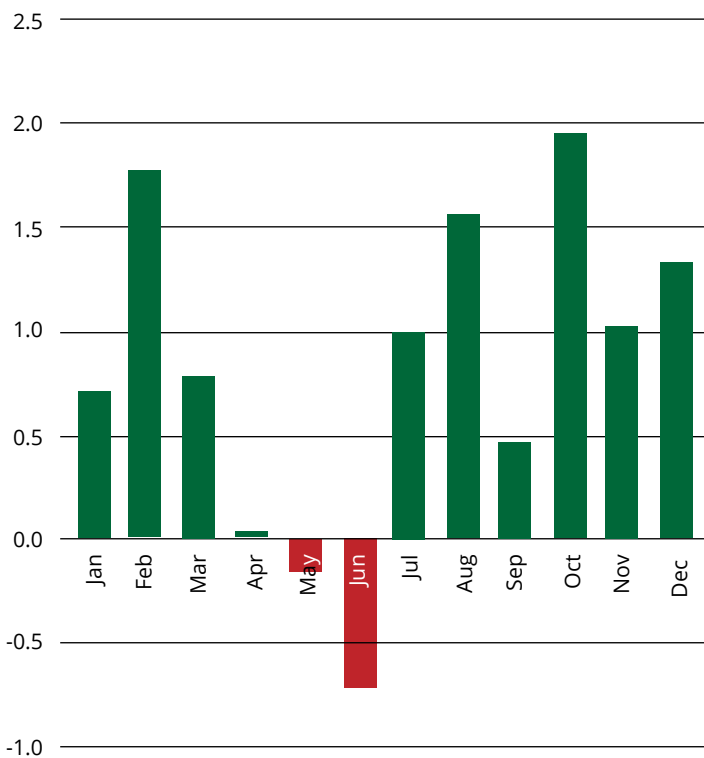


# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

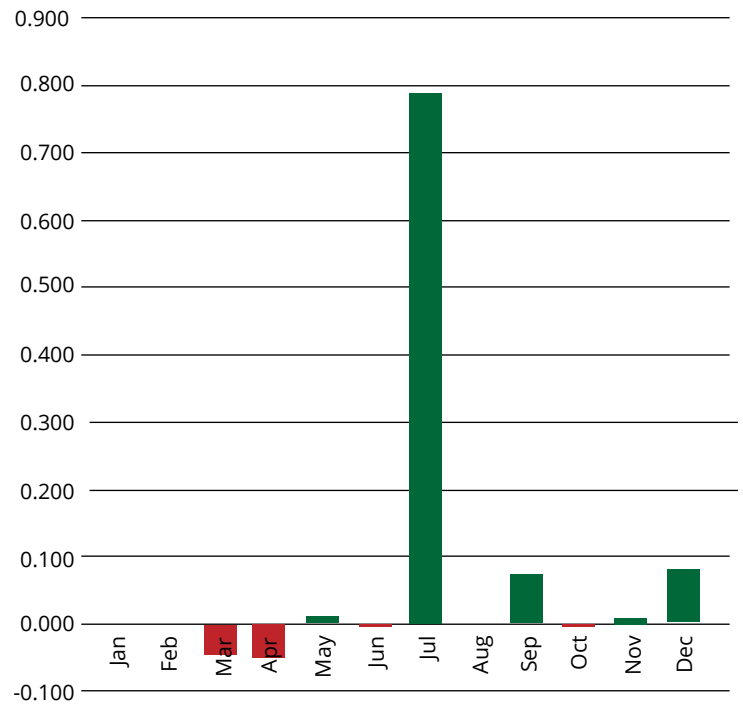
Domestic Market Capitalization as % of GDP



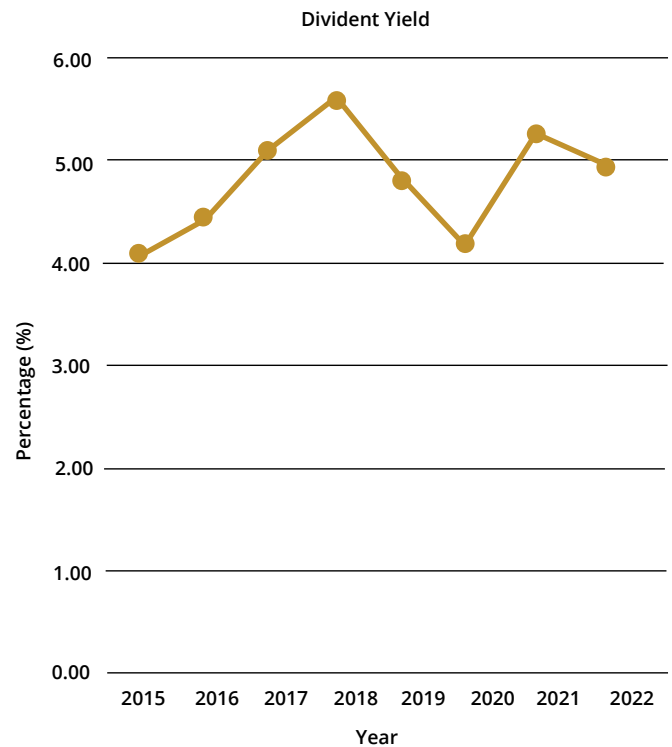
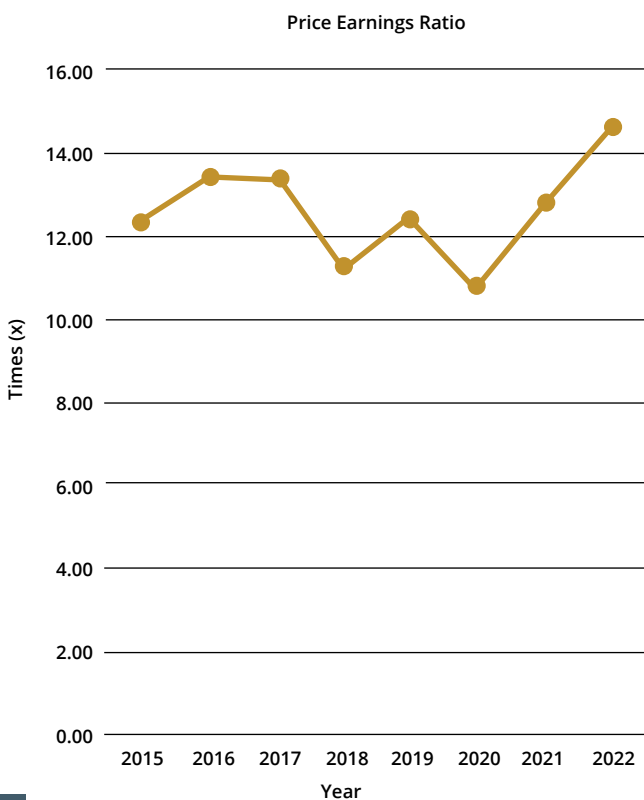
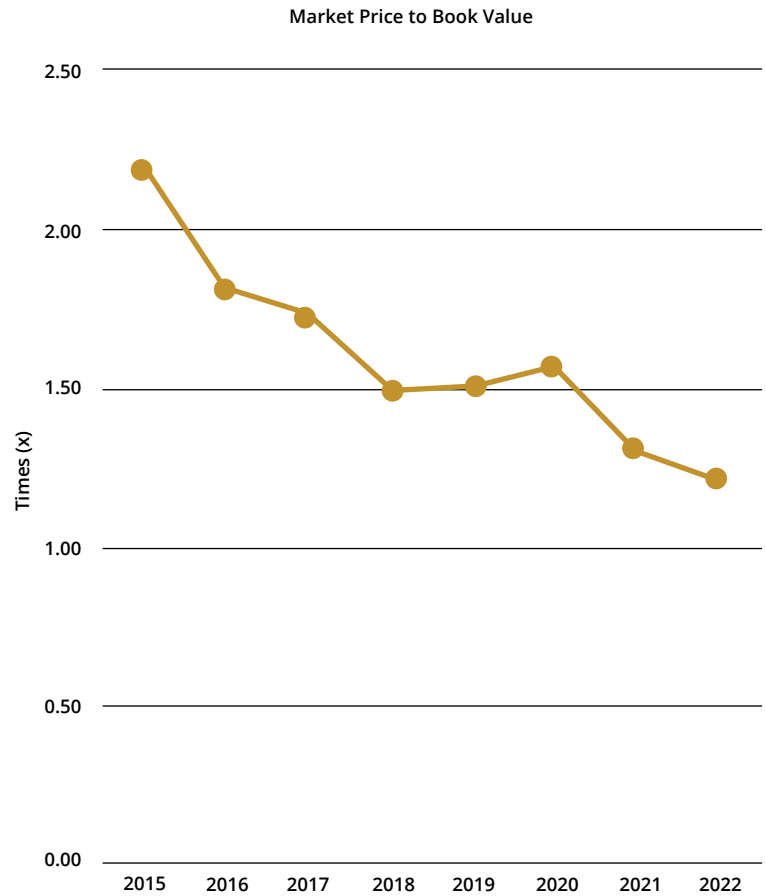
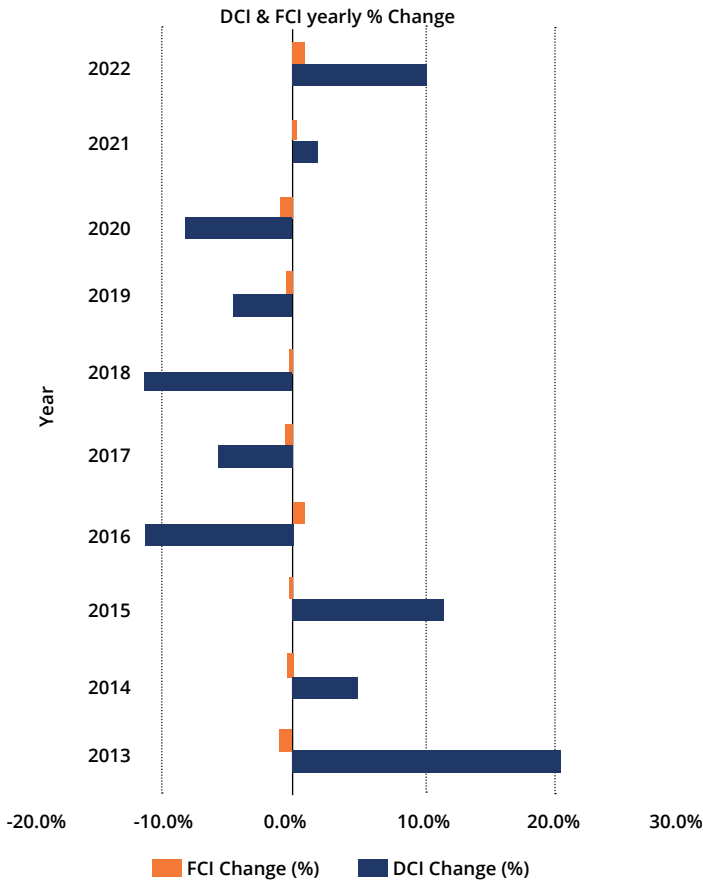
DCI % Change



FCI % Change

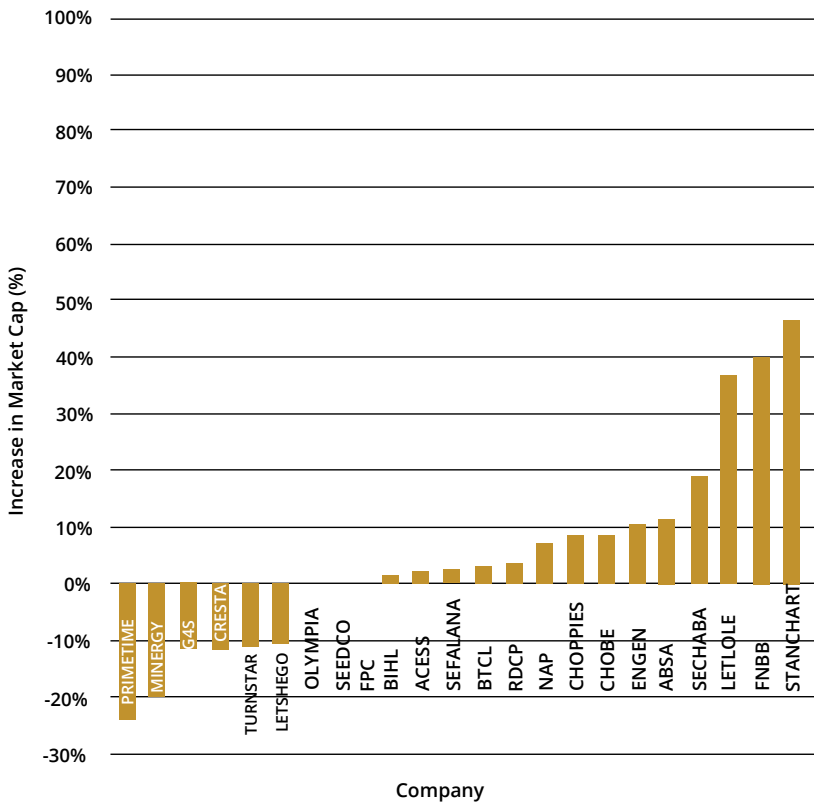


# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

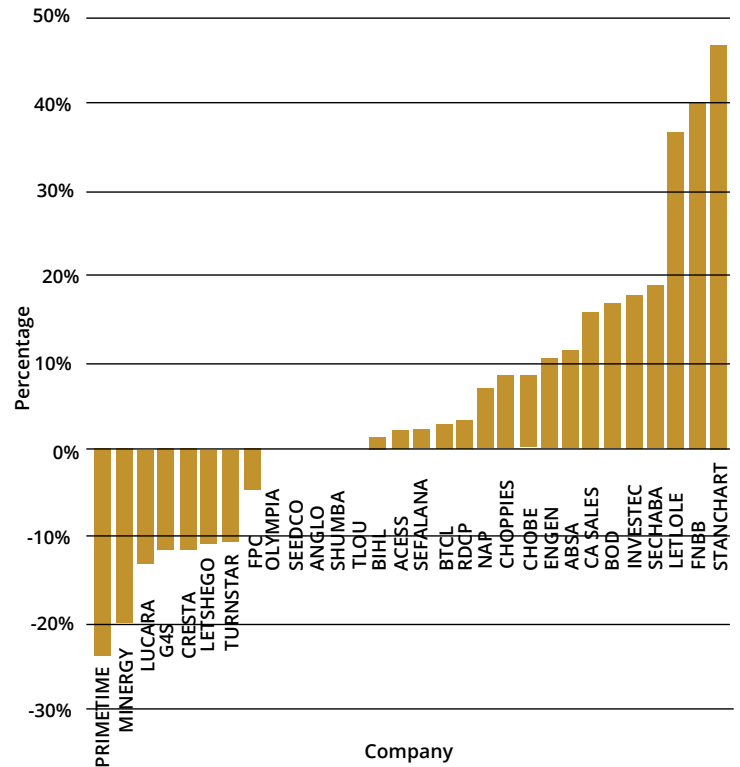


# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

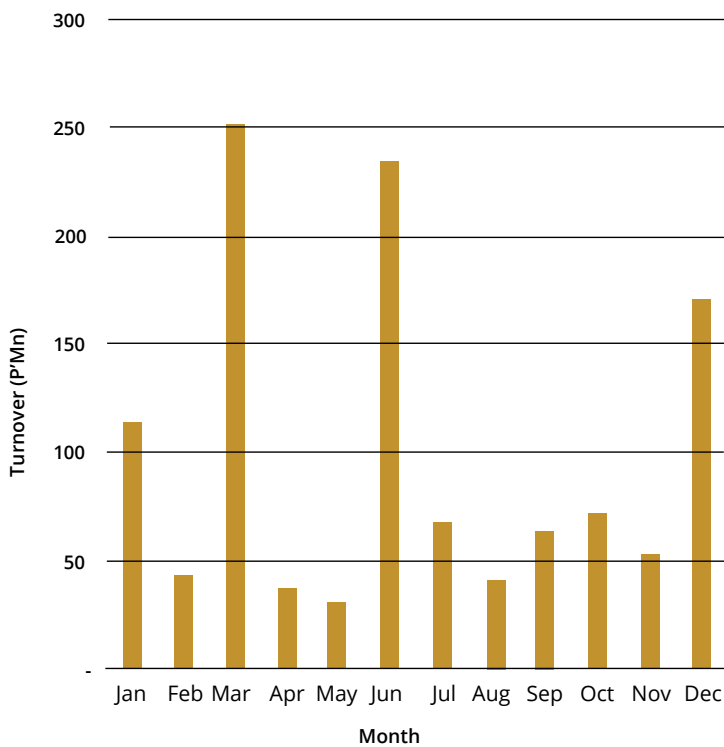
Domestic Companies: % Gains in Market Capitalisation



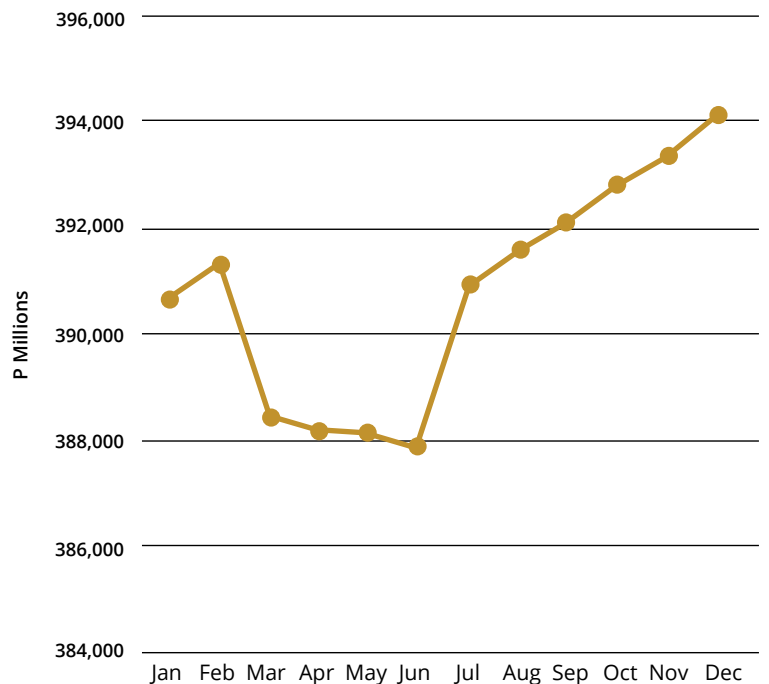
Domestic Companies: % Gains in Share Price



Monthly Turnover (P'Mn)



Monthly Market Capitalization 2022



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

## 11.0 MARKET STATISTICS

Table 1: Number of Companies Listed

	2015	2016	2017	2018	2019	2020	2021	2022
Number of New Listings	1	2	3	2	0	0	0	0
Number of De-listings	4	0	2	2	3	0	2	2
Foreign Listings	10	10	11	9	8	8	7	7
Domestic Listings	22	24	24	26	25	25	24	24
<b>Total</b>	<b>32</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>33</b>	<b>33</b>	<b>31</b>	<b>31</b>

Table 2: BSE Market Capitalization as at Year ended December (P'000,000)

	2016	2017	2018	2019	2020	2021	2022
Domestic Market Capitalisation	46,571.96	44,408.06	42,420.95	38,709.40	35,629.85	37,209.39	37,209.39
Foreign Market Capitalisation	374,741.23	373,735.71	370,747.33	369,164.84	355,592.27	353,156.37	353,156.37
<b>Total Market Capitalisation</b>	<b>421,313.19</b>	<b>418,143.76</b>	<b>413,168.28</b>	<b>407,874.24</b>	<b>391,222.12</b>	<b>390,365.76</b>	<b>390,365.76</b>

Table 3: Market Capitalization as at Quarter ended (P'000,000)

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Domestic Market Capitalisation	33,820.25	34,272.56	35,921.57	37,209.39	38,452.15	38,141.88	39,311.63	41,069.25
Foreign Market Capitalisation	356,140.87	356,252.89	355,386.93	353,156.37	349,890.69	349,698.62	352,760.70	353,134.11
<b>Total Market Capitalisation</b>	<b>389,961.12</b>	<b>390,525.45</b>	<b>391,308.50</b>	<b>390,365.76</b>	<b>388,342.84</b>	<b>387,840.51</b>	<b>392,072.33</b>	<b>394,203.36</b>



# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 4: Market Capitalization by sector as at Year ended December (P'000,000)**

	2015	2016	2017	2018	2019	2020	2021	2022
Banking	17,005.4	14,195.7	12,705.1	13,264.1	13,899.2	12,048.9	12,333.5	15,620.9
Financial Services & Insurance	29,222.2	28,967.5	28,772.5	25,755.1	23,791.2	23,791.2	25,058.8	27,851.5
Retailing & Wholesaling	13,322.2	10,381.0	10,002.3	7,345.6	7,285.8	7,106.1	6,699.8	7,476.0
Property & Property Trust	5,321.7	6,727.9	7,010.4	6,655.0	6,751.8	6,550.2	7,089.0	7,307.6
Mining & Materials	352,642.5	355,972.3	353,374.8	352,393.3	350,829.9	337,161.6	334,591.5	331,160.3
Security Services	289.6	326.4	319.2	291.2	280.0	272.0	239.2	212.0
Information Technology	0.0	1,029.0	1,932.0	997.5	997.5	861.0	787.5	808.5
Funeral Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy	1,357.6	1,565.3	1,693.1	1,661.1	1,656.3	1,641.9	1,653.1	1,820.8
Tourism	1,938.1	2,148.2	2,334.5	2,719.1	1,240.2	1,083.4	850.5	882.9
Agriculture	0.0	0.0	0.0	2,086.3	1,142.4	705.7	1,062.8	1,062.8

**Table 5: Market Capitalization by sector as at Quarter ended (P'000,000)**

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Banking	11,042.09	11,335.22	12,216.50	12,333.55	12,653.96	12,929.88	12,653.96	15,620.87
Financial Services & Insurance	23,726.91	23,943.86	24,587.08	25,058.77	25,930.50	25,402.35	25,930.50	27,851.52
Retailing & Wholesaling	6,762.92	6,676.60	6,671.95	6,699.81	6,763.96	6,651.91	6,763.96	7,476.02
Property & Property Trust	6,233.40	6,182.05	6,319.61	7,088.99	7,147.05	7,105.04	7,147.05	7,307.63
Mining & Materials	337,709.98	337,822.97	336,979.86	334,591.51	331,325.84	331,133.77	331,325.84	331,160.27
Security Services	240.00	240.00	240.00	239.20	216.00	212.00	216.00	212.00
Information Technology	735.00	735.00	714.00	787.50	724.50	808.50	724.50	808.50
Energy	1,617.99	1,617.99	1,645.14	1,653.12	1,664.31	1,678.68	1,664.31	1,820.83
Tourism	1,053.64	941.84	888.18	850.47	853.87	855.55	853.87	882.87
Agriculture	839.20	1,029.92	1,062.85	1,062.85	1,062.85	1,062.85	1,062.85	1,062.85

**Table 6: Trading Statistics as at Year ended December**

	2015	2016	2017	2018	2019	2020	2021	2022
Volume Traded (Mn)	803.10	778.23	775.01	582.52	627.80	430.40	997.20	513.30
Value Traded (P'Mn)	3,032.40	2,541.16	2,476.65	1,862.25	1,810.90	698.60	1,816.00	1,177.60
No. of Deals	12,730	13,707	13,707	9,198	7,880	5,346	5,346	6,018.00
Liquidity Ratio	6.3	5.3	5.4	4.3	4.5	1.9	4.9	2.90

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 7: Trading Statistics as at Quarter ended**

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
Volume Traded (Mn)	87.5	153.2	59.7	696.8	177.2	149.4	76.0	107.4
Value Traded (P'Mn)	113.7	178.9	169.9	1353.5	407.5	302.1	171.3	295.1
No. of Deals	1,215	1,377	1,362	1,621	1,619	1,361	1,397	1,420

**Table 8: BSE Indices as at Year ended December**

	2015	2016	2017	2018	2019	2020	2021	2022
DCI	10,602.3	9,400.7	8,860.1	7,851.9	7,494.6	6,879.4	7,009.6	7,726.4
FCI	1,572.4	1,585.8	1,574.9	1,570.3	1,562.4	1,547.3	1,549.7	1,562.7
DCTRI	1,988.1	1,842.9	1,824.1	1,712.6	1,727.6	1,664.7	1,850.0	2,191.3
LASI	797.3	786.0	794.6	804.3	843.8	842.4	960.3	1,051.7
DFSI	1,212.4	1,094.5	1,078.0	1,058.2	1,054.8	1,013.1	1,233.0	1,525.1
FRSI	726.3	734.1	729.7	744.2	777.9	779.6	896.5	965.7

**Table 9: BSE Indices as at Quarter ended**

	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sep 22	Dec 22
DCI	6,528.4	6,622.4	6,900.7	7,009.6	7,242.6	7,182.5	7,401.8	7,726.4
FCI	1,550.9	1,551.3	1,548.8	1,549.7	1,548.9	1,548.1	1,561.4	1,562.7
DCTRI	1,591.4	1,654.8	1,796.3	1,850.0	1,929.3	1,964.3	2,064.2	2,191.3
LASI	863.7	866.9	957.2	960.3	1,028.2	1,029.7	1,044.6	1,051.7
DFSI	963.3	1,026.1	1,182.9	1,233.0	1,305.5	1,321.1	1,415.3	1,525.1
FRSI	806.1	806.3	896.0	896.5	966.3	965.7	965.7	965.7

**Table 10: Top Ten Domestic Companies by Volume Traded (Mn)**

2021		2022	
Company	Volume	Company	Volume
Access	567.8	Letshego	304.4
Letshego	159.7	FNBB	34.3
Afinitas	91.5	Letlole	34.1
FNBB	41.3	BTCL	26.7
Cresta	18.8	Primetime	15.4
ABSA	17.3	Turnstar	12.1
BTCL	16.4	Choppies	10.8
StanChart	16.4	Sefalana	8.8
Turnstar	14.2	StanChart	8.4
Sefalana	9.5	Chobe	7.2

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 11: Top Ten Domestic Companies by Value Traded (P' Mn)**

2021		2022	
Company	Value	Company	Value
Access	1,073.2	Letshego	499.9
Letshego	162.7	Letlole	111.3
FNBB	95.1	FNBB	95.3
Sefalana	89.1	Sefalana	83.4
ABSA	78.1	BIHL	70.1
BIHL	7.6	Chobe	53.1
Sechaba	52.2	Sechaba	31.1
Turnstar	27.6	NAP	28.4
StanChart	27.0	Primetime	27.9
Primetime	24.0	ABSA	24.1

**Table 12: Top Ten Foreign Companies by Volume Traded (Mn)**

2021		2022	
Company	Volume	Company	Volume
CA Sales	1.600	CA Sales	10.209
Tlou	0.172	Lucara	0.718
Lucara	0.114	BOD	0.181
BOD	0.076	Shumba	0.154
Shumba	0.021	Tlou	0.009
-	-	Investec	0.001

**Table 13: Top Ten Foreign Companies by Value Traded (P' Mn)**

2021		2022	
Company	Value	Company	Value
CA Sales	5.889	CA Sales	38.372
Lucara	0.735	Lucara	4.567
Tlou	0.085	Shumba	0.139
Shumba	0.019	Investec	0.073
BOD	0.007	BOD	0.025
-	-	Tlou	0.004

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 14: Top Ten Domestic Companies by Market Capitalization (P' Mn)**

2021		2022	
Company	Market Cap	Company	Market Cap
FNBB	6,359.3	FNBB	8,903.0
BIHL	4,941.5	BIHL	5,000.8
ABSA	3,954.0	ABSA	4,397.2
Letshego	3,001.7	Letshego	2,686.4
Sefalana	2,369.4	Sefalana	2,422.0
NAP	1,970.3	Sechaba	2,192.4
Sechaba	1,847.3	NAP	2,103.3
Engen	1,653.1	Engen	1,820.8
RDCP	1,630.2	RDCP	1,638.3
Access	1,435.5	Access	1,464.5

**Table 15: Top Ten Foreign Companies by Market Capitalization (P' Mn)**

2021		2022	
Company	Market Cap	Company	Market Cap
Anglo	330,753.2	Anglo	327,639.7
Investec	17,115.6	Investec	20,164.3
Lucara	2,944.7	Lucara	2,562.7
CA Sales	1,684.2	CA Sales	1,997.5
Tlou	300.1	Tlou	371.5
Shumba	264.5	Shumba	264.5
BOD	94.0	BOD	133.9

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 16: Bond Market Statistics: 2022**

Bond Code	Maturity Date	Nominal Amount (P)	Coupon Rate %	Trade (P)
BOTSGB0325	10-Mar-25	3,417,000,000	8.00	15,986,643.20
BOTSGB0931	10-Sep-31	4,742,000,000	7.75	923,437,202.37
BOTSGB0640	13-Jun-40	2,907,000,000	6.00	376,719,201.50
BOTSGB0623	7-Jun-23	3,006,000,000	4.50	3,572,468.82
BOTSGB0929	5-Sep-29	3,716,000,000	4.80	44,555,903.45
BOTSGB0943	2-Sep-43	1,648,000,000	5.30	257,127,389.72
BOTSGB0527	5-May-27	1,312,000,000	5.50	152,474,290.70
CGL001	8-Apr-24	128,510,000	Floating	1,400,539.17
DPCF006	2-Jun-22	55,000,000	10.75	8,209,781.08
DPCF007	2-Jun-25	35,000,000	10.90	8,418,531.29
IFC001	20-Sep-24	260,000,000	Floating	-
BBS005	3-Dec-23	150,000,000	11.20	1,141,835.75
BBS012	9-Aug-26	64,470,000	Floating	1,096,291.95
BHC025	10-Dec-25	300,000,000	Floating	936,048.28
BHC028	16-Feb-28	100,000,000	7.75	786,346.81
BDC001	9-Jun-29	82,030,000	Floating	50,055.79
BDCL002	16-Aug-22	131,500,000	Floating	100,095.89
BDC003	9-Jun-29	142,530,000	Floating	1,779,213.60
BDC004	25-Sep-31	162,140,000	8.00	1,843,792.44
WUC002	26-Jun-26	205,000,000	10.60	31,175,910.87
BBB017	14-Nov-23	97,410,000	Floating	99,875.17
BBB018	14-Nov-23	102,590,000	Floating	300,089.69
FML025	23-Oct-25	150,000,000	8.20	206,196.51
FNBB006	11-Nov-20	112,120,000	Floating	250,470.35
FNBB007	6-Dec-26	161,840,000	Floating	-
FNBB008	6-Dec-26	40,000,000	7.48	-
FNBB009	8-Dec-24	126,350,000	Floating	169,764.61
FNBB010	2-Dec-29	196,802,000	Floating	2,031,297.19
INB001	30-Dec-27	USD113,376,758.07	Floating	-
LHL006	8-Nov-23	220,680,000	10.50	53,122,193.03
LHL007	8-Nov-25	75,000,000	10.50	112,663.63
LHL008	8-Nov-27	28,500,000	11.00	673,190.60
SBBL066	15-Jun-27	140,000,000	Floating	555,332.49

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

SBBL067	16-Jun-27	60,000,000	7.80	463,891.73
SBBL068	28-Nov-29	212,000,000	Floating	1,914,947.97
SBBL069	28-Nov-29	88,000,000	7.75	127,655.35
SBBL070	9-Oct-25	132,520,000	6.30	1,556,111.69
SBBL071	9-Oct-25	118,200,000	Floating	1,000,468.64
SBBL072	7-Jul-32	105,720,000	Floating	-
SBBL073	7-Jul-32	110,000,000	8.50	-
SBBL074	29-Jul-27	50,000,000	Floating	-
SBBL075	29-Jul-27	50,000,000	8.00	-
SCBB009	2-Jun-25	93,603,000	6.50	981,300.00
SCBB010	2-Jun-28	229,963,000	Floating	2,217,168.08
PTP024	10-Jun-24	59,000,000	8.50	684,443.57
PTP026	29-Nov-26	70,000,000	9.00	54,339.40
RDCP001	29-Mar-26	47,350,000	Floating	167,567.57
RDCP002	24-Mar-27	40,000,000	Floating	83,783.78
RDCP003	24-Mar-24	12,000,000	Floating	-
RDCP004	9-Dec-22	75,000,000	7.40	-
RDCP-CRB-1223-05	9-Dec-23	100,600,000		-
BSB-CRB-1223-01	9-Dec-23	20,050,000	9.00	-
BSB-CRB-1224-02	9-Dec-24	30,000,000	9.25	-
BSB-CRB-1227-03	9-Dec-27	60,000,000	Floating	-
				<b>1,897,584,293.73</b>

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

**Table 17: Bond Market Capitalization by Sector: 2022**

Bonds	Maturity Date	Issue Size (P)
<b>Government</b>		
BOTSGB0325	10-Mar-25	3,417,000,000
BOTSGB0931	10-Sep-31	4,742,000,000
BOTSGB0640	13-Jun-40	2,907,000,000
BOTSGB0623	7-Jun-23	3,006,000,000
BOTSGB0929	5-Sep-29	3,716,000,000
BOTSGB0943	2-Sep-43	1,648,000,000
BOTSGB0527	5-May-27	1,312,000,000
		<b>20,748,000,000</b>

<b>Quasi</b>		
DPCF007	2-Jun-25	35,000,000
		<b>35,000,000</b>

<b>Parastatals</b>		
BBS005	3-Dec-23	150,000,000
BBS012	9-Aug-26	64,470,000
BHC025	10-Dec-25	300,000,000
BHC028	16-Feb-28	100,000,000
BDC001	9-Jun-29	82,030,000
BDC003	9-Jun-29	142,530,000
BDC004	25-Sep-31	162,140,000
WUC002	26-Jun-26	205,000,000
		<b>1,206,170,000</b>

# CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Corporate		
BBB017	14-Nov-23	97,410,000
BBB018	14-Nov-23	102,590,000
BSB-CRB-1223-01	9-Dec-23	20,050,000
BSB-CRB-1224-02	9-Dec-24	30,000,000
BSB-CRB-1227-03	9-Dec-27	60,000,000
CGL001	8-Apr-24	128,510,000
FML025	23-Oct-25	150,000,000
FNBB009	8-Dec-24	126,350,000
FNBB010	2-Dec-29	196,802,000
LHL006	8-Nov-23	220,680,000
LHL007	8-Nov-25	75,000,000
LHL008	8-Nov-27	28,850,000
SBBL068	28-Nov-29	212,000,000
SBBL069	28-Nov-29	88,000,000
SBBL070	9-Oct-25	132,520,000
SBBL071	9-Oct-25	118,200,000
SBBL072	7-Jul-32	105,720,000
SBBL073	7-Jul-32	110,000,000
SBBL074	29-Jul-27	50,000,000
SBBL075	29-Jul-27	50,000,000
PTP024	10-Jun-24	59,000,000
PTP026	29-Nov-26	70,000,000
RDGP001	29-Mar-26	47,350,000
RDGP002	24-Mar-27	40,150,000
RDGP003	24-Mar-24	12,000,000
RDGP-CRB-1223-05	9-Dec-22	100,600,000
SCBB009	2-Jun-25	93,603,000
SCBB010	2-Jun-28	229,963,000
		<b>2,755,348,000</b>
<b>TOTAL</b>		<b>24,744,518,000.00</b>



# BSE LISTED COMPANIES BY SECTOR

## Financial Services and Insurance



## Security Services



## Retail and Wholesale



## Property



## Banking



## Energy



## Agriculture



## Telecommunications



## Mining



## Tourism



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	Botswana
<b>Nature of business and principal activities</b>	Regulating and promoting the listing and dealing in shares and other securities
<b>Directors</b>	<p>General Tebogo Masire (Chairperson)</p> <p>Mr. Basimane Bogopa (Vice Chairperson)</p> <p>Mr. Kennedy Kgomanyane</p> <p>Mrs. Itumeleng Mareko</p> <p>Mr. Davies Tele</p> <p>Mr. Norman Moleele</p> <p>Mr. Ogone Mothooagae</p> <p>Prof. Onkutlwile Othata</p>
<b>Chief Executive Officer</b>	Mr Thapelo Tsheole (Ex-officio member of Board of Directors)
<b>Committees of the BSEL Board</b>	<p><b>Risk and Audit Committee</b></p> <p>Mr. Davies Tele (Chairperson)</p> <p>Prof. Onkutlwile Othata</p> <p>Mr. Ogone Mothooagae</p> <p><b>Nominations and Governance Committee</b></p> <p>Mrs. Lekono Violet Phiri (Chairperson) (Appointed 12 April 2022)</p> <p>Mr. Davies Tele</p> <p><b>Regulatory Committee</b></p> <p>Mr. Basimane Bogopa (Chairperson)</p> <p>Mr. Ogone Mothooagae</p> <p>Prof. Onkutlwile Othata</p> <p><b>Admissions and Disciplinary Committee</b></p> <p>Mrs. Itumeleng Mareko (Chairperson)</p> <p>Mr. Basimane Bogopa</p> <p>Mr. Norman Moleele</p> <p><b>Board Tender Committee</b></p> <p>Prof. Onkutlwile Othata (Chairperson)</p> <p>Mrs. Itumeleng Mareko</p> <p>Mr. Kennedy Kgomanyane</p>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## GENERAL INFORMATION (CONTINUED)

<b>Postal address</b>	Private Bag 00417, Gaborone
<b>Bankers</b>	Standard Chartered Bank of Botswana Limited First National Bank of Botswana Limited
<b>Auditors</b>	Grant Thornton Chartered Accountants A Botswana member of Grant Thornton International Limited
<b>Secretary</b>	Ms. Gorata Dibotelo
<b>Functional currency</b>	Botswana Pula
<b>Regulator</b>	Non-Bank Financial Institution Regulatory Authority

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# GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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The following supplementary information does not form part of the group annual financial statements and is unaudited:  
 Detailed Statement of Profit or Loss and Other Comprehensive Income pg 125





# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act (CAP 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


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 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 minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

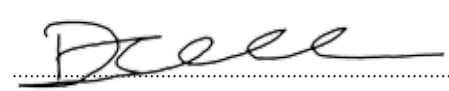
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's group annual financial statements. The group annual financial statements have been examined by the group's external auditors and their report is presented on pages 79 to 81.

The group annual financial statements set out on pages 82 to 124, which have been prepared on the going concern basis, were approved by the Board of Directors on 24<sup>th</sup> March 2023 and were signed on their behalf by:

  
.....  
Director

  
.....  
Director

---

**Chartered Accountants****Grant Thornton**

Acumen Park, Plot 50370  
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## Independent Auditor's Report

### To the shareholders of Botswana Stock Exchange Limited

### Report on the Audit of the Consolidated Annual Financial Statements

#### Opinion

We have audited the consolidated annual financial statements of Botswana Stock Exchange Limited and its subsidiary (the Group) set out on pages 82 to 124, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated annual financial statements give a true and fair view of, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### 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 Annual Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. There were no key audit matters in the current period.

**Partner•**

Kolyanoramon Vijoy (Managing), Aswin Voidyanothon•, Madhavan Venkotchory•.Anthony Ouoshie, Sunnij K Mulokulom•.  
Aporno Vijoy"" {"Indian)

## **Other information**

The directors are responsible for the other information. The other information comprises the general information and Statement of Responsibilities by the Board of Directors and the supplementary information, which we obtained prior to the date of this auditor's report, and other sections of the annual report, which are expected to be made available to us after that date. Other information does not include the consolidated annual financial statements and our auditor's report thereon.

Our opinion on the consolidated annual 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 annual 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 annual 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 Annual Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the group'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 or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the Consolidated Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole 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 International Standards on Auditing 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 annual financial statements.

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





- Identify and assess the risks of material misstatement of the consolidated annual 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'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 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 annual 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and the performance of the group 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, related safeguards.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters 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.

*Grant Thornton*

**Grant Thornton**  
**Firm of Certified Auditors**  
**Practicing member: Madhavan Venkatachary: (CAP 0017 2023)**

**29 MAR 2023**

**Gaborone**

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Figures in Pula	Note (s)	GROUP		COMPANY	
		2022	2021	2022	2021
<b>Assets</b>					
Non-Current Assets					
Property, plant and equipment	3	26 007 828	20 312 814	11 211 291	12 454 278
Right-of-use assets	4	4 542 632	1 221 620	3 861 237	1 038 377
Investments in subsidiaries	5	-	-	100	100
		<b>30 550 460</b>	<b>21 534 434</b>	<b>15 072 628</b>	<b>13 492 755</b>
Current Assets					
Financial assets	6	87 743 384	104 251 628	78 166 697	81 551 388
Trade and other receivables	7	4 338 568	3 904 616	5 908 626	3 496 384
Cash and cash equivalents	8	24 979 061	5 624 007	15 821 580	3 617 945
		<b>117 061 013</b>	<b>113 780 251</b>	<b>99 896 903</b>	<b>88 665 717</b>
<b>Total Assets</b>		<b>147 611 473</b>	<b>135 314 685</b>	<b>114 969 531</b>	<b>102 158 472</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Stated capital	9	35 600 000	35 600 000	35 600 000	35 600 000
<b>Reserves</b>		2 201 620	1 889 961	2 201 620	1 889 961
Retained income		83 169 895	74 196 258	60 929 621	50 574 807
		<b>120 971 515</b>	<b>111 686 219</b>	<b>98 731 241</b>	<b>88 064 768</b>
<b>Liabilities</b>					
Non-Current Liabilities					
Lease liabilities	11	1 654 204	-	1 178 507	-
Deferred income	13	15 979 543	16 896 238	7 692 042	8 396 238
		<b>17 633 747</b>	<b>16 896 238</b>	<b>8 870 549</b>	<b>8 396 238</b>
Current Liabilities					
Trade and other payables	12	6 102 626	5 571 058	4 672 127	4 779 883
Lease liabilities	11	2 903 585	1 161 170	2 695 614	917 583
		<b>9 006 211</b>	<b>6 732 228</b>	<b>7 367 741</b>	<b>5 697 466</b>
<b>Total Liabilities</b>		<b>26 639 958</b>	<b>23 628 466</b>	<b>16 238 290</b>	<b>14 093 704</b>
<b>Total Equity and Liabilities</b>		<b>147 611 473</b>	<b>135 314 685</b>	<b>114 969 531</b>	<b>102 158 472</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Pula	Note (s)	GROUP		COMPANY	
		2022	2021	2022	2021
<b>Revenue</b>	14	43 043 929	42 004 847	36 851 743	34 822 715
Other operating income	15	3 029 095	2 691 299	2 816 596	2 691 299
Other operating gains (losses)	16	3 309	1 212	3 309	1 212
Movement in credit loss allowances	17	(487 283)	(125 955)	(368 948)	(116 280)
Other operating expenses		(41 512 447)	(38 142 254)	(32 758 138)	(30 392 507)
<b>Operating profit</b>	17	<b>4 076 603</b>	<b>6 429 149</b>	<b>6 544 562</b>	<b>7 006 439</b>
Finance income	18	6 620 161	4 855 862	5 466 975	3 689 711
Finance costs	19	(121 129)	(140 939)	(54 724)	(119 798)
<b>Profit for the year</b>		<b>10 575 635</b>	<b>11 144 072</b>	<b>11 956 813</b>	<b>10 576 352</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive Income for the year</b>		<b>10 575 635</b>	<b>11 144 072</b>	<b>11 956 813</b>	<b>10 576 352</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF CHANGES IN EQUITY

Figures in Pula	Stated Capital	Share based reserve	Retained income	Total equity
<b>Group</b>				
Balance at 1 January 2021	35 600 000	-	63 052 186	98 652 186
Profit for the year	-	-	1 114 407	1 114 407
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1 114 407</b>	<b>1 114 407</b>
Employees share option scheme: Proceeds of shares issued	-	1 889 961	-	1 889 961
Total other movements	-	1 889 961	-	1 889 961
<b>Balance at 1 January 2022</b>	<b>35 600 000</b>	<b>1 889 961</b>	<b>74 196 259</b>	<b>111 686 220</b>
Profit for the year	-	-	10 575 635	10 575 635
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>10 575 635</b>	<b>10 575 635</b>
Employees share option scheme	-	311 659	-	311 659
Dividends	-	-	(1 601 999)	(1 601 999)
<b>Total other movements</b>	<b>-</b>	<b>311 659</b>	<b>(1 601 999)</b>	<b>(1 290 340)</b>
<b>Balance at 31 December 2022</b>	<b>35 600 000</b>	<b>2 201 620</b>	<b>83 169 895</b>	<b>120 971 515</b>
Note	9			

<b>Company</b>				
<b>Balance at 1 January 2021</b>	35 600 000	-	39 998 455	75 598 455
Profit for the year	-	-	10 576 352	10 576 352
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>10 576 352</b>	<b>10 576 352</b>
Employees share option scheme: Proceeds of shares issued	-	1 889 961	-	1 889 961
Total other movements	-	1 889 961	-	1 889 961
<b>Balance at 1 January 2022</b>	<b>35 600 000</b>	<b>1 889 961</b>	<b>50 574 807</b>	<b>88 064 768</b>
Profit for the year	-	-	11 956 813	11 956 813
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11 956 813</b>	<b>11 956 813</b>
Employees share option scheme	-	311 659	-	311 659
Dividends	-	-	(1 601 999)	(1 601 999)
<b>Total other movements</b>	<b>-</b>	<b>311 659</b>	<b>(1 601 999)</b>	<b>(1 290 340)</b>
<b>Balance at 31 December 2022</b>	<b>35 600 000</b>	<b>2 201 620</b>	<b>60 929 621</b>	<b>98 731 241</b>
Note	9			

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## STATEMENT OF CASH FLOWS

Figures in Pula	Note (s)	GROUP		COMPANY	
		2022	2021	2022	2021
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	7 158 867	10474410	6 634219	11 039 753
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(7 927 069)	(4 588 953)	(589 497)	(4 039 221)
Sale of property, plant and equipment		33 990	3 083	16 490	3 083
Interest Income		6 620161	4 855 862	5 466 975	3 689 711
<b>Net cash from investing activities</b>		<b>(1 272 918)</b>	<b>269 992</b>	<b>4 893 968</b>	<b>(346 427)</b>
<b>Cash flows from financing activities</b>					
Payment on lease liabilities		(1 316011)	(1 575 395)	(1 052 520)	(1 397 009)
Dividends paid	22	(1 601 999)	-	(1 601 999)	-
<b>Finance costs</b>		<b>(121 129)</b>	<b>(140 939)</b>	<b>(54 724)</b>	<b>(119 798)</b>
<b>Net cash from financing activities</b>		<b>(3 039 139)</b>	<b>(1 716 334)</b>	<b>(2 709 243)</b>	<b>(1 516 807)</b>
<b>Total cash movement for the year</b>					
Cash and cash equivalents at the beginning of the year		109 875 635	100 847 567	85 169 333	75 992 814
<b>Total cash and cash equivalents at end of the year</b>	8	<b>112 722 445</b>	<b>109 875 635</b>	<b>93 988 277</b>	<b>85169 333</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES

### 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate group annual financial statements are set out below.

#### 1.1 Basis of preparation

The consolidated and separate group annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these group annual financial statements and the Companies Act (CAP 42:01).

The group annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pulas, which is the group and company's functional currency and is rounded to the nearest Pula.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

#### 1.2 Consolidation

##### Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all subsidiaries.

Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations.

#### 1.3 Significant judgements and sources of estimation uncertainty

The preparation of group annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option.

##### Key sources of estimation uncertainty

##### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

### Fair value estimation

Certain assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available.

### Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

### Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

### Taxation

The company and its subsidiary are exempt from tax for a period of 5 years since the Botswana Stock Exchange was demutualised to form Botswana Stock Exchange Limited, the reporting company in the year 2018.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item -Value of Asset (P) •	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Computer and office equipment (0- 50,000)	Straight line	4 years
Computer and office equipment (50,001 and above)	Straight line	10 years
Leasehold improvements	Straight line	the lower of period of lease and ten years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.5 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost

Financial liabilities:

- Amortised cost

Note 24 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

#### Financial assets at amortised cost

##### Classification

Short-term investments are classified as financial assets and are measured at amortised cost.

They have been classified in this manner because the contractual terms of these financial assets give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these financial assets.

##### Recognition and measurement

Financial assets are recognised when the group becomes a party to the contractual provisions of the financial asset. The financial assets are measured, at initial recognition, at fair value plus transaction costs, if any.



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

They are subsequently measured at amortised cost.

### Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

### Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the financial asset at the

reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Financial asset are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the financial asset, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all financial assets in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

### Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management (note 24).

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

### Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition. Any gains or losses arising on the derecognition of a financial assets is included in profit or loss.

### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group’s business model is to collect the contractual cash flows on trade and other receivables.

#### Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

### Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 18).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

### Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables and other financial assets, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

### Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial instruments and risk management note (note 24).

### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

### Trade and other payables

#### Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 19).

Trade and other payables expose the group to liquidity risk and possibly to interest rate

risk. Refer to note 24 for details of risk exposure and management thereof.

### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprises cash in hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

### 1.6 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

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## ACCOUNTING POLICIES (CONTINUED)

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 17) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

### Lease liability

The lease liability is initially measured at the present value of the lease payments

that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying

asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.7 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.8 Stated capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.9 Share based payments

The fair value of the share options granted during the year ended 31 December 2020 was P 1 889 961, of which the company recognised a share option expense of P 1 759 976 during the year ended 31 December 2021. At the end of the reporting period, the Company had 153 482 share options outstanding under the Scheme.

Services received or acquired in a share-based payment transaction are recognised when the services are received. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction or a liability if the services were acquired in a cash-settled share-based payment transaction.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the services received and the corresponding increase in equity are measured, directly, at the fair value of the services received provided that the fair value can be estimated reliably.

If the fair value of the services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the

market condition is not achieved.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

### 1.10 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and monetary benefits such as medical allowance), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

Payments made to Fiducia Services (Pty) Ltd who administers a pension plan for the group. Retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.11 Provisions and contingencies

#### Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

### 1.12 Government grants

Government grants are recognised when there is reasonable assurance that;

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

### 1.13 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Provision of Exchange related services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The Group meets all performance obligations at a point in time when the services are rendered.

#### Botswana Stock Exchange fees

In terms of the Botswana Stock Exchange Listing Rules, 0.12% - 0.15% of the transaction value for trades on the Stock Exchange is due to the Exchange on both the buy and sell sides. Revenue is recognised on trading date unless collectability is in doubt.

#### Listing fees

Listing fees and documentation fees are billed as and when the services are provided. Revenue is recognised on invoicing or on listing of the relevant security and recognised in profit or loss at a point in time.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## ACCOUNTING POLICIES (CONTINUED)

### Annual sustaining fees

Annual sustaining fees are invoiced in advance for the year unless collection is in doubt, and recognised in profit or loss overtime on a straight line basis over the year.

### Member fees

Annual member/dealer fees are invoiced in advance for the year unless collection is in doubt, and recognised in profit or loss overtime on a straight line basis over the year.

### Central Securities Depository (CSD) fees

CSD fee is charged on the transactions (for both the buyer and the seller) at 0.12% on the transaction value. Revenue is recognised on the trading date unless collectability is in doubt.

Custodian fee is the annual membership fee charged to the custodian banks. Revenue is recognised on invoicing.

CSD levy fees are invoiced in advance for the year, unless collection is in doubt, and recognised in profit or loss overtime on a straight line basis over the year.

Withdrawal fees are charged when investors withdraw their shares from the CSD. Revenue is recognised at a point in time, at the time of withdrawal and when it is probable that withdrawal fees will be collectible.

### Other income

Revenue is recognised on an accrual basis in accordance with the substance of the underlying transaction.

#### X News Publication revenue

X News publication revenue is recognised when the publication is received from the members listed on the Stock Exchange. Revenue is recognised on the trading date unless collectability is in doubt

### 1.14 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pulas, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in

previous group annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pulas by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact
Annual improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2022	The impact of the amendments is not material.
Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	The impact of the amendments is not material.
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	The impact of the amendments is not material.
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	The impact of the amendments is not material.
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	
Annual improvement to IFRS Standards 2018-2020:	1 January 2022	The impact of the amendments is not material.

#### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2023 or later periods but are not relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact
Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact
Initial application of IFRS 17 and IFRS 9- Comparative information	1 January 2023	Unlikely there will be a material impact
Deferred tax related to assets and liabilities arising from a single transaction- Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 3. Property, plant and equipment

Group	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 790 250	-	2 790 250	2 790 250	-	2 790 250
Furniture and fixtures	2 266 398	(1 259 968)	1 006 430	2 266 398	(1 058 193)	1 208 205
Motor vehicles	1 962 712	(1 568 976)	393 736	1 962 712	(1 137 060)	825 652
Computer and office equipment	25 910 874	(6 397 358)	19 513 516	13 144 568	(7 926 910)	5 217 658
Leasehold improvements	2 635 225	(1 306 520)	1 328 705	2 635 225	(1 043 000)	1 592 225
Capital -Work in progress	975 191	-	975 191	8 678 824	-	8 678 824
<b>Total</b>	<b>36 540 650</b>	<b>(10 532 822)</b>	<b>26 007 828</b>	<b>31 477 977</b>	<b>(11 165 163)</b>	<b>20 312 814</b>

Company	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 790 250	-	2 790 250	2 790 250	-	2 790 250
Furniture and fixtures	2 225 955	(1 222 149)	1 003 806	2 225 955	(1 023 117)	1 202 838
Motor vehicles	1 962 712	(1 568 976)	393 736	1 962 712	(1 137 060)	825 652
Computer and office equipment	9 519 793	(4 800 190)	4 719 603	9 140 058	(3 922 400)	5 217 658
Leasehold improvements	2 635 225	(1 306 520)	1 328 705	2 635 225	(1 043 000)	1 592 225
Capital -Work in progress	975 191	-	975 191	825 655	-	825 655
<b>Total</b>	<b>20 109 126</b>	<b>(8 897 835)</b>	<b>11 211 291</b>	<b>19 579 855</b>	<b>(7 125 577)</b>	<b>12 454 278</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### 3. Property, plant and equipment (Continued)

#### Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2 790 250	-	-	-	-	2 790 250
Furniture and fixtures	1 208 205	-	-	-	(201 775)	1 006 430
Motor vehicles	825 652	-	-	-	(431 916)	393 736
Computer and office equipment	5 217 658	1 245 668	(25 745)	14 385 034	(1 309 099)	19 513 516
Leasehold improvements	1 592 225	-	-	-	(263 520)	1 328 705
Capital - Work in progress	8 678 824	6 681 401	-	(14 385 034)	-	975 191
	<b>20 312 814</b>	<b>7 927 069</b>	<b>(25 745)</b>	<b>-</b>	<b>(2 206 310)</b>	<b>26 007 828</b>

#### Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Depreciation	Total
Land	-	2 790 250	-	2 790 250
Furniture and fixtures	1 329 042	78 340	(199 177)	1 208 205
Motor vehicles	1 234 109	18 767	(427 224)	825 652
Computer and office equipment	6 210 858	326 209	(1 319 409)	5 217 658
Leasehold improvements	1 855 745	-	(263 520)	1 592 225
Capital - Work in progress	7 303 437	1 375 387	-	8 678 824
	<b>17 933 191</b>	<b>4 588 953</b>	<b>(2 209 330)</b>	<b>20 312 814</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2 790 250	-	-	-	-	2 790 250
Furniture and fixtures	1 202 838	-	-	-	(199 032)	1 003 806
Motor vehicles	825 652	-	-	-	(431 916)	393 736
Computer and office equipment	5 217 658	589 497	(8 245)	(149 536)	(929 771)	4 719 603
Leasehold improvements	1 592 225	-	-	-	(263 520)	1 328 705
Capital - Work in progress	825 655	-	-	149 536	-	975 191
	<b>12 454 278</b>	<b>589 497</b>	<b>(8 245)</b>	<b>-</b>	<b>(1 824 239)</b>	<b>11 211 291</b>

### Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	Additions	Depreciation	Total
Land	-	2 790 250	-	2 790 250
Furniture and fixtures	1 319 631	78 340	(195 133)	1 202 838
Motor vehicles	1 234 109	18 767	(427 224)	825 652
Computer and office equipment	5 937 369	326 209	(1 045 920)	5 217 658
Leasehold improvements	1 855 745	-	(263 520)	1 592 225
Capital -Work in progress	-	825 655	-	825 655
	<b>10 346 854</b>	<b>4 039 221</b>	<b>(1 931 797)</b>	<b>12 454 278</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>3. Property, plant and equipment (Continued)</b>				
<b>Capital work in progress</b>				
Capital work in progress represents the capital payments made towards the acquisition and implementation of a new stock market simulator and ATS upgrade.				
<b>Fully depreciated assets still in use;</b>				
Furniture and fixtures	-	235 655	-	235 655
Motor vehicles	-	235 043	-	235 043
Computer and office equipment	-	299 264	-	299 264

### 4. Right of use asset

#### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	4 542 632	1 221 620	1 038 377	2 169 109
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#### Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 17).

Buildings	1 391 615	1 353 099	1 186 199	1 130 731
-----------	-----------	-----------	-----------	-----------

The table below describes the nature of the company's leasing activities by type of right of use asset recognised on balance sheet. There were no leases with variable payments linked to an index and option to purchase.

Right of use asset	No of right of use assets	Range of remaining term	Average remaining lease term	No of leases with extension option 1	No of leases with termination option 1
Buildings	1	35 Months	35 Months	1	1

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY				
	2022	2021	2022	2021			
<b>5. Interests in subsidiaries</b>							
The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.							
<b>Company</b>							
Name of company	Held by	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
Central Securities Depository Company of Botswana Limited		100.00%	100.00%	100.00%	100.00%	100	100

### 6. Financial assets

Financial assets are presented at amortised cost, which is net of loss allowance, as follows:

Short-term investments	87 743 384	104 251 628	78 166 697	81 551 388
------------------------	------------	-------------	------------	------------

The short term investments are unsecured, earns average interest of 4.1% (2021: 4.1%) per annum and has no fixed maturity date. The investments can be liquidated subject to an average notice period of 48 hours to the investee company

### Current portions

Current assets	87 743 384	104 251 628	78 166 697	81 551 388
----------------	------------	-------------	------------	------------

### Exposure to credit risk

Financial assets inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable counterparties with consistent payment histories.

As at the reporting date, the investments in money markets are considered to have a low credit risk and can be assessed by reference to historical information about counterparty default rates.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Credit rating - None of the counterparties below are rated;</b>				
Vunani Fund Managers	11 111 901	10 459 374	11 051 587	10 402 602
Botswana Savings Bank	16 658 425	-	16 658 425	-
African Alliance Asset Management	7 218 836	51	5 149 695	32
Botswana Insurance Fund Management	19 574 630	23 353 067	17 431 677	21 323 477
iPro Botswana Fund Management	13 858 891	24 718 922	11 367 315	17 530 716
Bank Gaborone Limited	2 348 763	21 632 011		12 049 523
Morula Capital partners	16 971 938	24 088 203	16 507 998	20 245 038
	<b>8 7 743 384</b>	<b>104 251 628</b>	<b>78 166 697</b>	<b>81 551 388</b>

### Fair value of financial assets

The group does not hold any collateral as security.

The fair values of the financial assets is estimated using techniques applicable to level 2 category of fair value measurement under IFRS 13. These approximate to the carrying value due to their short term nature.

### 7. Trade and other receivables

#### Financial instruments:

Trade receivables	2 650 676	2 161 574	1 837 223	1 373 893
Loss allowance	(613 238)	(125 955)	(485 228)	(116 280)
Trade receivables at amortised cost	2 037 438	2 035 619	1 351 995	1 257 613
Deposits	380 194	380 194	380 194	380 194
Central Securities Depository Company of Botswana	-	-	2399114	418670
Other receivable	290 365	150 000	290 265	150 000

#### Non-financial instruments:

Value added tax	468 289	183 925	468 289	183 925
Employee costs in advance	222 796	189 756	222 796	189 756
Prepayments	939 486	965 122	795 973	916 226
Total trade and other receivables	<b>4 338 568</b>	<b>3 904 616</b>	<b>5 908 626</b>	<b>3 496 384</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Financial instrument and non-financial instrument components of trade and other receivables</b>				
At amortised cost	2 707 997	2 565 813	4 421 568	2 206 477
<b>Non-financial instruments</b>	1 630 571	1 338 803	1 487 058	1 289 907
	<b>4 338 568</b>	<b>3 904 616</b>	<b>5 908 626</b>	<b>3 496 384</b>

### Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>7. Trade and other receivables (continued)</b>				
Group	2022	2022	2021	2021
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate:</b>				
Not past due	1 127 363	-	1 697 323	-
31-60 days past due	805 666	-	207 159	-
31 - 60 days past due	180 747	-	140 812	-
61 - 90 days past due	-	-	116 280	116 280
More than 120 days past due	536 897	613 236	-	-
<b>Total</b>	<b>2 650 673</b>	<b>613 238</b>	<b>2 161 574</b>	<b>116 280</b>
Company	2022	2022	2021	2021
	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
<b>Expected credit loss rate:</b>				
Not past due	824 538	56 119	1 168 294	-
31-60 days past due	583 576	-	32 320	-
91 days past due	-	-	57 000	-
61 - 90 days past due	20 221	20 221	116 280	116 280
More than 120 days past due	408 888	408 888	-	-
<b>Total</b>	<b>1 837 223</b>	<b>485 228</b>	<b>1 373 894</b>	<b>116 280</b>

### Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021

### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	196	4 500	196	4 500
Bank balances	24 978 865	5 619 507	15 821 384	36 13 445
	<b>24 979 061</b>	<b>5 624 007</b>	<b>15 821 580</b>	<b>3 617 945</b>

'For purpose of cash flows, cash and cash equivalents consist of:'

Cash and cash equivalents	24 979 061	5 624 007	15 821 580	3 617 945
Short-term investments	87 743 384	104 251 628	78 166 697	81 551 388
	<b>112 722 445</b>	<b>109 875 635</b>	<b>93 988 277</b>	<b>85 169 333</b>

Fiduciary held bank accounts	485 641	1 870 551	-	-
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The group, through its subsidiary Central Securities Depository Company of Botswana Limited, is a custodian of brokers liquidity bank accounts. Brokers liquidity bank accounts are used to mitigate the systematic risk of transactions carried out on the Botswana Stock Exchange.

For the purposes of cash flow statement, financial assets are also included as cash and cash equivalents due to its short term maturity, readily convertibility, insignificant risk of change in value and liquidity position and the business model for which the company uses these financial assets.

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Banks in Botswana are not rated, but are subsidiaries of rated institutions in Republic of South Africa and United Kingdom. Details of all the financial institutions where the financial assets are placed in included in note 6.

### Credit rating - None of the financial institutions below are rated

Standard Chartered Bank of Botswana Limited	12 989 935	3 455 308	3 832 454	1 449 264
First National Bank of Botswana Limited	12 017 315	2 186 119	12 017 315	2 186 119
	<b>25 007 250</b>	<b>5 641 427</b>	<b>15 849 769</b>	<b>3 635 383</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>9. Stated capital</b>				
<b>Issued</b>				
35 600 000 Ordinary shares of no par value	35 600 000	35 600 000	35 600 000	35 600 000

### 10. Share based reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Employees share option scheme	2 201 620	1 889 961	2 201 620	1 889 961
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Share Option Group	Number	Weighted exercise price	Total value
Granted during the year	890 000	2.12	1 886 800
Exercised during the year	736 518	2.12	1 561 418
Outstanding at the end of the year	153 482	2.12	325 382

The average share price at exercise date of options was P2.47.

### Outstanding options

Options with exercise price of P2.47	Exercise date from two to five years	118 063
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### Information on options granted during the year

Fair value per share was determined by using the next book value of the company as at 31 December 2020. Book value per share (BVPS) is the ratio of equity available to shareholders divided by the number of outstanding shares. This figure represents the minimum value of a company's equity and measures the book value of the company on a per-share basis.

Total expenses of P 1 759 976 related to equity-settled share based payments transactions were recognised in 2022.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>10. Share based reserve (continued)</b>				
<b>Fair value of services received</b>				
The fair value of the services received was measured based on the book value of the company as at 31 December 2022. Book value is based on the value of total assets less the value of total liabilities -it attempts to measure the net assets a company has built up until the present time. In theory, this is the amount that the shareholders would receive if the company were to be completely liquidated.				
<b>11. Lease liabilities</b>				
<b>Minimum lease payments due</b>				
- within one year	3 122 808	1 210 294	2 876 473	959 338
- in second to fifth year inclusive	1 903 512	-	1 395 899	-
	5 026 320	1 210 294	4 272 372	959 338
less: future finance charges	(468 531)	(49 124)	(398 251)	(41 755)
<b>Present value of minimum lease payments</b>	<b>4 557 789</b>	<b>1 161 170</b>	<b>3 874 121</b>	<b>917 583</b>
<b>Present value of minimum lease payments due</b>				
- within one year	2 900 715	1 161 170	2 692 744	917 583
- in second to fifth year inclusive	1 657 074	-	1 181 377	-
	<b>4 557 789</b>	<b>1 161 170</b>	<b>3 874 121</b>	<b>917 583</b>
Non-current liabilities	1 654 204	-	1 178 507	-
Current liabilities	2 903 585	1 161 170	2 695 614	917 583
	<b>4 557 789</b>	<b>1 161 170</b>	<b>3 874 121</b>	<b>917 583</b>
<b>12. Trade and other payables</b>				
<b>Financial instruments:</b>				
Trade payables	1 094 360	519 340	345 084	319 169
Other payables	503 412	1 315 973	413 837	1 315 120
<b>Non-financial instruments:</b>				
Payroll accruals	4 363 270	3 590 375	3 913 206	3145594
Value added tax	141 584	145 370	-	-
	<b>6 102 626</b>	<b>5 571 058</b>	<b>4 672 127</b>	<b>4 779 883</b>
<b>Fair value of trade and other payables</b>				
The fair value of trade and other payables approximates their carrying amounts.				

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>13. Deferred income</b>				
<b>Deferred income</b>				
Opening balance	16 896 238	17 810 992	8 396 238	9 310 992
Amounts transferred to Statement Of Profit or Loss and Other Comprehensive Income	(704 196)	(704 196)	(704 196)	(704 196)
Amount spent during the period	(212 499)	(210 558)	-	(210 558)
	<b>15 979 543</b>	<b>16 896 238</b>	<b>7 692 042</b>	<b>8 396 238</b>

The company and group recognises the unspent government assistance which was received towards the upgrade, acquisition and installation of technological hardware and software detailed below.

### Breakdown of Deferred Income

Internet trading system	4 050 197	4 050 197	4 050 197	4 050 197
Ticker Screen at Fairscape	1 130 495	1 290 095	1 130 495	1 290 095
Securities Borrowing and lending system	8 287 501	8 500 000	-	-
ATS System	1 549 864	1 972 565	1 549 864	1 972 565
Website and mobile app	961 486	1 083 381	961 486	1 083 381
	<b>15 979 543</b>	<b>16 896 238</b>	<b>7 692 042</b>	<b>8 396 238</b>

### 14. Revenue

#### Revenue from contracts with customers

Listing and sustaining fees	32 724 806	28 927 126	32 724 806	28 927 126
Commissions received	5 754 187	9 188 720	3 047 437	4 795 177
News publications	1 067 000	1 087 850	1 067 000	1 087 850
Miscellaneous other revenue	3 421 250	2 707 014	-	-
Members fee income	76 686	94 137	12 500	12 562
	<b>43 043 929</b>	<b>42 004 847</b>	<b>36 851 743</b>	<b>34 822 715</b>

The entity meets all performance obligations at a point in time upon completion of each service which is immediately when the service task is undertaken.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY		
	2022	2021	2022	2021	
<b>15. Other operating income</b>					
Registered advisors	146 875	137 500	146 875	137 500	
Amortisation of capital grants	916 695	704 196	704 196	704 196	
Training income	60 867	179 453	60 867	179 453	
Other income	1 904 658	1 670 150	1 904 658	1 670 150	
	<b>3 029 095</b>	<b>2 691 299</b>	<b>2 816 596</b>	<b>2 691 299</b>	
<b>16. Other operating gains (losses)</b>					
<b>Gains (losses) on disposals, scrappings and settlements</b>					
Property, plant and equipment	3	8 245	3 063	8 245	3 083
Foreign exchange gains (losses)					
Net foreign exchange loss		(4 936)	(1 871)	(4 936)	(1 871)
<b>Total other operating gains (losses)</b>		<b>3 309</b>	<b>1 212</b>	<b>3 309</b>	<b>1 212</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>17. Operating loss</b>				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	203 484	200 774	153 356	157 344
<b>Auditor's remuneration - internal</b>	312 729	306 468	194 596	179 015
<b>Employee costs</b>				
Salaries, wages, bonuses and other benefits	21 735 453	20 179 021	16 732 150	15 413 149
Share based compensation expense	-	1 759 977	-	1 759 977
<b>Total employee costs</b>	<b>21 735 453</b>	<b>21 938 998</b>	<b>16 732 150</b>	<b>17 173 126</b>
<b>Leases</b>				
Short term leases	836 116	248 708	883 250	215 828
<b>Total lease expenses</b>	<b>836 116</b>	<b>248 708</b>	<b>883 250</b>	<b>215 828</b>
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	2 206 310	2 209 330	1 824 239	1 931 797
Depreciation of right-of-use assets	1 391 615	1 353 099	1 186 199	1 130 731
<b>Total depreciation and amortisation</b>	<b>3 597 925</b>	<b>3 562 429</b>	<b>3 010 438</b>	<b>3 062 528</b>
<b>Movement in credit loss allowances</b>				
Trade and other receivables	487 283	125 955	368 948	116 280

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Expenses by nature</b>				
The total general and administrative expenses and other operating expenses are analysed by nature as follows:				
Employee costs	21 735 453	21 938 998	16 732 150	17 173 126
Lease expenses	836 116	248 708	883 250	215 828
Depreciation, amortisation and impairment	3 597 925	3 562 429	3 010 438	3 062 528
Other expenses	1 181 073	2 094 686	905 388	916 402
Advertising	1 696 059	1 758 173	1 642 959	2 699 157
Board training, seminars and conferences	697 412	28 167	501 993	28 167
Communication expenses	238 556	194 283	226 038	178 681
Computer expenses	5 186 198	4 799 621	3 234 920	3 204 937
Consulting and professional fees	215 955	238 912	215 955	238 912
Insurance	253 343	297 900	174 518	218 390
License fees	241 579	400 700		200 100
Members sitting allowances	722 428	594 900	530 750	417 900
Office expenses	248 443	286 217	180 661	183 249
Sale of advertising space	315 194	340 019	315 194	340 019
Staff welfare	835 512	434 345	835 512	434 345
Subscriptions	1 003 504	546 829	958 185	503 399
Technical service fees	1 401 746	-	1 401 746	-
Training expenses	125 646	18 874	28 176	18 874
Travel and accommodation	980 305	358 493	980 305	358 493
	<b>41 512 447</b>	<b>38 142 254</b>	<b>32 758 138</b>	<b>30 392 507</b>



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>18. Finance income</b>				
<b>Interest income</b>				
<b>Investments in financial assets:</b>				
Interest income	6 620 161	4 855 862	5 466 975	3 689 711
<b>19. Finance costs</b>				
Lease liabilities	121 129	140 939	54 724	119 798
<b>20. Taxation</b>				
As per the Botswana Stock Exchange Transition Act, the income of the exchange shall be exempt from income tax for the period of 5 years from the year of demutualization which was in 2018.				
<b>21. Cash generated from operations</b>				
Profit before taxation	10 575 635	11 144 072	11 956 813	10 576 352
<b>Adjustments for:</b>				
Depreciation and amortisation	3 597 925	3 562 429	3 010 438	3 062 528
Gains on disposals of property, plant and equipment	(8 245)	(3 083)	(8 245)	(3 083)
Finance income	(6 620 161)	(4 855 862)	(5 466 975)	(3 689 711)
Finance costs	121 129	140 939	54 724	119 798
Net impairments and movements in credit loss allowances	487 283	125 955	368 948	116 280
Share based payment	311 659	1 889 962	311 659	1 889 962
<b>Changes in working capital:</b>				
Trade and other receivables	(921 235)	(2 362 340)	(2 781 190)	(1 749 576)
Trade and other payables	531 572	1 747 092	(107 757)	1 631 957
Deferred income	(916 695)	(914 754)	(704 196)	(914 754)
	<b>7 158 867</b>	<b>10 474 410</b>	<b>6 634 219</b>	<b>11 039 753</b>
<b>22. Dividends paid</b>				
Dividends	(1 601 999)		(1 601 999)	

Dividends are from capital profits

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>23. Related parties</b>				
<b>Relationships</b>				
Subsidiaries			Central Securities Depository Company of Botswana	
<b>Related parties</b>			Government Of The Republic Of Botswana Stockbrokers Botswana Limited Imara Capital Securities (Proprietary) Limited African Alliance Botswana Securities (Proprietary) Limited Motswedi Securities (Proprietary) Limited	
<b>Members of key management- CEO</b>			T Tsheole	
<b>Senior management</b>			M Mogasha K Mogorosi M Pheto - Lentswe T Mmolai K Bolokwe T Moribame G Dibotelo	
<b>Related party balances</b>				
<b>Amounts included in Trade and other receivables (Trade and other payables) regarding related parties</b>				
Central Securities Depository Company of Botswana	-	-	2 399 144	418 670

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Related party transactions</b>				
<b>Commission fees to (received from) related parties</b>				
Imara Capital Securities (Proprietary) Limited	(1 166 115)	(496 566)	(593 226)	(265 835)
Motswedi Securities (Proprietary) Limited	(141 340)	(5 432 799)	(77 937)	(2 724 496)
Stock Brokers Botswana Limited	(258 071)	(204 704)	(137 872)	(110 114)
	<b>(1 565 526)</b>	<b>(6 134 069)</b>	<b>(809 035)</b>	<b>(3 100 445)</b>
<b>Membership fees</b>				
Stockbrokers Botswana Limited	10 500	10 063	4 500	4 063
Imara Capital Securities (Proprietary) Limited	10 500	10 000	4 500	4 000
Motswedi Securities (Proprietary) Limited	10 500	10 500	4 500	4 500
	<b>31 500</b>	<b>30 563</b>	<b>13 500</b>	<b>12 563</b>
<b>Listing and annual sustaining fees</b>				
Government bonds (at 0.125% on nominal value of Government bonds)	<b>22 106 250</b>	<b>22 106 250</b>	<b>22 106 250</b>	<b>22 106 250</b>
<b>Transfer fees</b>				
imara Capital Securities (Proprietary) Limited	52 579	97 850	-	-
Stockbrokers Botswana Limited	29208	21 850	-	-
Motswedi Securities (Proprietary) Limited	14 125	15 575	-	-
	<b>95 912</b>	<b>135 275</b>	<b>-</b>	<b>-</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Brokers Covid-19 relief</b>				
Stockbrokers Botswana Limited	-	350 000	-	350 000
Imara Capital Securities (Proprietary) Limited	-	350 000	-	350 000
Motswedi Securities (Proprietary) Limited	-	350 000	-	350 000
	-	<b>1 050 000</b>	-	<b>1 050 000</b>
Board Sitting allowances	530 750	594 900	530 750	417 900
<b>Remuneration for senior management</b>				
Salaries	10 157 513	10 017 294	7 757 060	7 715 089
Terminal benefits	1 624 286	2 891 282	1 358 319	2 598 327
	<b>11 781 799</b>	<b>12 908 576</b>	<b>9 115 379</b>	<b>10 313 416</b>

## 24. Financial instruments and risk management

### Categories of financial instruments

#### Categories of financial assets

##### Group 2022

	Notes(s)	Amortised cost	Total	Fair value
Financial assets	6	87 743 384	87 743 384	87 743 384
Trade and other receivables	7	2 707 997	2 707 997	2 707 997
Cash and cash equivalents	8	25 009 688	25 009 688	25 009 688
		<b>115 461 069</b>	<b>115 461 069</b>	<b>115 461 069</b>

##### Group 2021

Financial assets	6	104 251 628	104 251 628	104 251 628
Trade and other receivables	7	2 565 813	2 565 813	2 565 813
Cash and cash equivalents	8	5 645 927	5 645 927	5 645 927
		<b>112 463 368</b>	<b>112 463 368</b>	<b>112 463 368</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Company 2022</b>				
	Notes(s)	<b>Amortised cost</b>	<b>Total</b>	<b>Fair value</b>
Financial assets	6	78 166 697	78 166 697	78 166 697
Trade and other receivables	7	4 421 568	4 421 568	4 421 568
Cash and cash equivalents	8	15 852 207	15 852 207	15 852 207
		<b>98 440 472</b>	<b>98 440 472</b>	<b>98 440 472</b>
<b>Company 2021</b>				
Financial assets	6	81 551 388	81 551 388	81 551 388
Trade and other receivables	7	2 206 477	2 206 477	2 206 477
Cash and cash equivalents	8	3 639 865	3 639 865	3 639 865
		<b>87 397 730</b>	<b>87 397 730</b>	<b>87 397 730</b>
<b>Categories of financial liabilities</b>				
<b>Group 2022</b>				
Trade and other payables	12	1 597 772	1 597 772	1 597 772
Lease liabilities	11	4 557 789	4 557 789	4 557 789
		<b>6 155 561</b>	<b>6 155 561</b>	<b>6 155 561</b>
<b>Group 2021</b>				
Trade and other payables	12	1 835 309	1 835 309	1 835 309
Lease liabilities	11	1 161 170	1 161 170	1 161 170
		<b>2 996 479</b>	<b>2 996 479</b>	<b>2 996 479</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Company 2022</b>				
	Notes(s)	<b>Amortised cost</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	12	758 921	758 921	758 921
Lease liabilities	11	3 874 121	3 874 121	3 874 121
		<b>4 633 042</b>	<b>4 633 042</b>	<b>4 633 042</b>
<b>Company 2021</b>				
Trade and other payables	12	1 634 289	1 634 289	1 634 289
Lease liabilities	11	917 583	917 583	917 583
		<b>2 551 872</b>	<b>2 551 872</b>	<b>2 551 872</b>

### Capital risk management

The group's objective when managing capital (which includes share capital, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk)

The has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the on its activities.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The maximum exposure to credit risk is presented in the table below:

Group		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Financial assets	6	87 743 384	-	87 743 384	104 251 628	-	104 251 628
Trade and other receivables	7	3 321 235	(613 238)	2 707 997	2 691 768	(125 955)	2 565 813
Cash and cash equivalents	8	24 979 061	-	24 979 061	5 624 007	-	5 624 007
		<b>116 043 680</b>	<b>(613 238)</b>	<b>115 430 442</b>	<b>112 567 403</b>	<b>(125 955)</b>	<b>112 41 448</b>



# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Company		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Financial assets	6	78 166 697	-	78 166 697	81 551 388	-	81 551 388
Trade and other receivables	7	4 906 796	(485 228)	4 421 568	2 322 757	(116 280)	2 206 477
Cash and cash equivalents	8	15 821 580	-	15 821 580	3 617 945	-	3 617 945
		<b>98 895 073</b>	<b>(485 228)</b>	<b>98 409 845</b>	<b>87 492 090</b>	<b>(116 280)</b>	<b>87 375 810</b>

### Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2022		Less than 1 year	2 to 5 years	Contractual amount	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	11	-	1 654 204	1 654 204	1 654 204
<b>Current liabilities</b>					
Trade and other payables	12	1 597 772	-	1 597 772	1 597 772
Lease liabilities	11	2 903 585	-	2 903 585	2 903 585
		<b>4 501 357</b>	<b>1 654 204</b>	<b>6 155 561</b>	<b>6 155 561</b>

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Group - 2021		Less than 1 year	Contractual amount	Carrying amount
<b>Current liabilities</b>				
Trade and other payables	11	1 835 309	1 835 309	1 835 309
Lease liabilities	11	1 161 170	1 161 170	1 161 170
		<b>2 996 479</b>	<b>2 996 479</b>	<b>2 996 479</b>

Company - 2022		Less than 1 year	2 to 5 years	Contractual amount	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	11	-	1 178 507	1 178 507	1 178 507
<b>Current liabilities</b>					
Trade and other payables	11	758 921	-	758 921	758 921
Lease liabilities	11	2 695 614	-	2 695 614	2 695 614
		<b>3 454 535</b>	<b>1 178 507</b>	<b>4 633 042</b>	<b>4 633 042</b>

Company • 2021		Less than 1 year	Contractual amount	Carrying amount
<b>Current liabilities</b>				
Trade and other payables	12	1 634 289	1 634 289	1 634 289
Lease liabilities	11	917 583	917 583	917 583
		<b>2 551 872</b>	<b>2 551 872</b>	<b>2 551 872</b>

### Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

### Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2022	2021	2022	2021
	Increase	Decrease	Increase	Decrease
<b>Group</b>				
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
Interest income from Financial assets and bank balances (50 basis points)	104112	(104112)	592178	(592178)
<b>Company</b>				
<b>Increase or decrease in rate</b>				
<b>Impact on profit or loss:</b>				
Interest income from Financial assets and bank balances (50 basis points)	86 783	(86 783)	449 965	(449 965)

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Figures in Pula	Notes(s)	GROUP		COMPANY	
		2022	2021	2022	2021

### 25. Fair value information

#### Fair value hierarchy

The levels below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

**Level 1:** Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

**Level 2:** Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

**Level 3:** Unobservable inputs for the asset or liability

#### Levels of fair value measurements

##### Level 2

#### Recurring fair value measurements

#### Assets

##### Financial assets at fair value through profit (loss)

Short-term investments	87 743 384	104 251 628	78 166 697	81 551 388
<b>Total</b>	<b>87 743 384</b>	<b>104 251 628</b>	<b>78 166 697</b>	<b>81 551 388</b>

#### Valuation techniques used to derive level 2 fair values

Short-term investments

The fair value estimate has been determined from the perspective of a market participant that holds these short-term investments as assets at 31 December 2022.

### 26. Events after the reporting period

We are not aware of any events which occurred after the reporting date and up to the date of the report.

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

## DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Pula	Notes(s)	GROUP		COMPANY	
		2022	2021	2022	2021
<b>Revenue</b>					
Listing and annual sustaining fees		32 724 806	28 927 126	32 724 806	28 927 126
Member fees income		76 686	94 137	12 500	12 562
Miscellaneous revenue		3 421 250	2 707 014		
Commissions income		5 754 187	9 188 720	3 047 437	4 795 177
X-News Publications		1 067 000	1 087 850	1 067 000	1 087 850
	14	<b>43 043 929</b>	<b>42 004 847</b>	<b>36 851 743</b>	<b>34 822 715</b>
<b>Other operating Income</b>					
Registered advisors		146 875	137 500	146 875	137 500
Amortisation of capital grants		916 695	704 196	704 196	704 196
Training income		60 867	179 453	60 867	179 453
Other income		1 904 658	1 670 150	1 904 658	1 670 150
	15	<b>3 029 095</b>	<b>2 691 299</b>	<b>2 816 596</b>	<b>2 691 299</b>
<b>Other operating gains (losses)</b>					
Profit (losses) on disposal of assets		8 245	3 083	8 245	3 083
Foreign exchange losses		(4 936)	(1 871)	(4 936)	(1 871)
	16	<b>3 309</b>	<b>1 212</b>	<b>3 309</b>	<b>1 212</b>
Movement in credit loss allowances-Bad Debts	17	(487 283)	(125 955)	(368 948)	(116 280)
<b>Other operating expenses</b>					
Advertising		(1 696 059)	(1 758 173)	(1 642 959)	(1 745 613)
Auditors remuneration- Internal audit	17	(312 729)	(306 468)	(194 596)	(179 015)
Auditors remuneration -external auditors	17	(203 484)	(200 774)	(153 356)	(157 344)
Bank charges		(50 554)	(32 882)	(34 939)	(29 057)
Brokers Covid-19 relief			(1 050 000)		(1 050 000)
Cleaning		(80 989)	(84 023)	(68 700)	(70 566)
Communication expenses		(238 556)	(194 283)	(226 038)	(178 681)
Computer expenses		(5 186 198)	(4 799 621)	(3 234 920)	(3 204 937)

The supplementary information presented does not form part of the group annual financial statements and its unaudited

# BOTSWANA STOCK EXCHANGE ANNUAL REPORT

GROUP ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED **31 DECEMBER 2022**

## DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Figures in Pula	GROUP		COMPANY	
	2022	2021	2022	2021
Consulting and professional fees	(215 955)	(238 912)	(215 955)	(238 912)
Depreciation and impairments	(3 597 925)	(3 562 429)	(3 010 438)	(3 062 528)
Electricity charges	(115 000)	(150 000)	(97 750)	(126 750)
Entertainment	(81 472)	(41 498)	(81 472)	(41 498)
Fines and penalties	(50 000)	-	-	-
Insurance	(253 343)	(297 900)	(174 518)	(218 390)
Lease	(836 116)	(248 708)	(883 250)	(215 828)
License fees	(241 579)	(400 700)		(200 100)
Members sitting allowances	(722 428)	(594 900)	(530 750)	(417 900)
Motor vehicle expenses	(157 464)	(106 503)	(157 464)	(106 503)
Office expenses	(248 429)	(286 217)	(180 661)	(183 249)
Printing and stationery	(29 323)	(40 564)	(29 323)	(40 235)
Recruitment expenses	(31 935)	(750)	(31 935)	(750)
Repairs and maintenance	(28 658)	(34 769)	(28 658)	(34 769)
Salaries and wages	(21 735 453)	(21 938 998)	(16 732 150)	(17 173 126)
Sale of advertising space	(315 194)	(340 019)	(315 194)	(340 019)
Security	(6 322)	(6 322)	(6 322)	(6 322)
Board training, seminars and conferences	(697 412)	(28 167)	(501 993)	(28 167)
Staff welfare	(835 512)	(434 345)	(835 512)	(434 345)
Subscriptions	(1 003 504)	(546 829)	(958 185)	(503 399)
Technical service fees	(1 401 746)	-	(1 401 746)	-
Training expenses	(1 256 466)	(188 746)	(28 176)	(188 746)
Training levies	(33 157)	(39 693)	(20 873)	(26 697)
Travel and accommodation	(980 305)	(358 493)	(980 305)	(358 493)
Water expenses	-	(440)	-	(440)
	<b>(41 512 447)</b>	<b>(38 142 254)</b>	<b>(32 758 138)</b>	<b>(30 392 507)</b>
<b>Operating profit</b>	17	<b>4 076 603</b>	<b>6 429 149</b>	<b>7 006 439</b>
Interest income	18	662 016	4 855 862	5 466 975
Finance costs	19	(121 129)	(140 939)	(54 724)
Profit for the year		<b>10 575 635</b>	<b>11 144 072</b>	<b>11 956 813</b>
		<b>10 576 352</b>		<b>10 576 352</b>

The supplementary information presented does not form part of the group annual financial statements and its unaudited





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