



# Annual Report

**2023**



*A Year of  
Unparalleled  
Growth*




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# 1. 2023 HIGHLIGHTS & MILESTONES

 BSE admitted as a Full Member of the **World Federation of Exchange (WFE)**;

The Domestic Company Total Return Index (DCTR) appreciated by **25.5%**

The highest amount of equity turnover ever recorded in the history of the Exchange, of P4.1 Billion [P16.4 Million per day], an increase of **241.7%** compared to 2022

The Domestic Company Index (DCI) appreciated by **15.6%**

The Foreign Company Index (FCI) increased by **57.7%**

The highest single day trade in the history of the Exchange, of P2.9 Billion on 4 September 2023, was recorded on account of BIHL

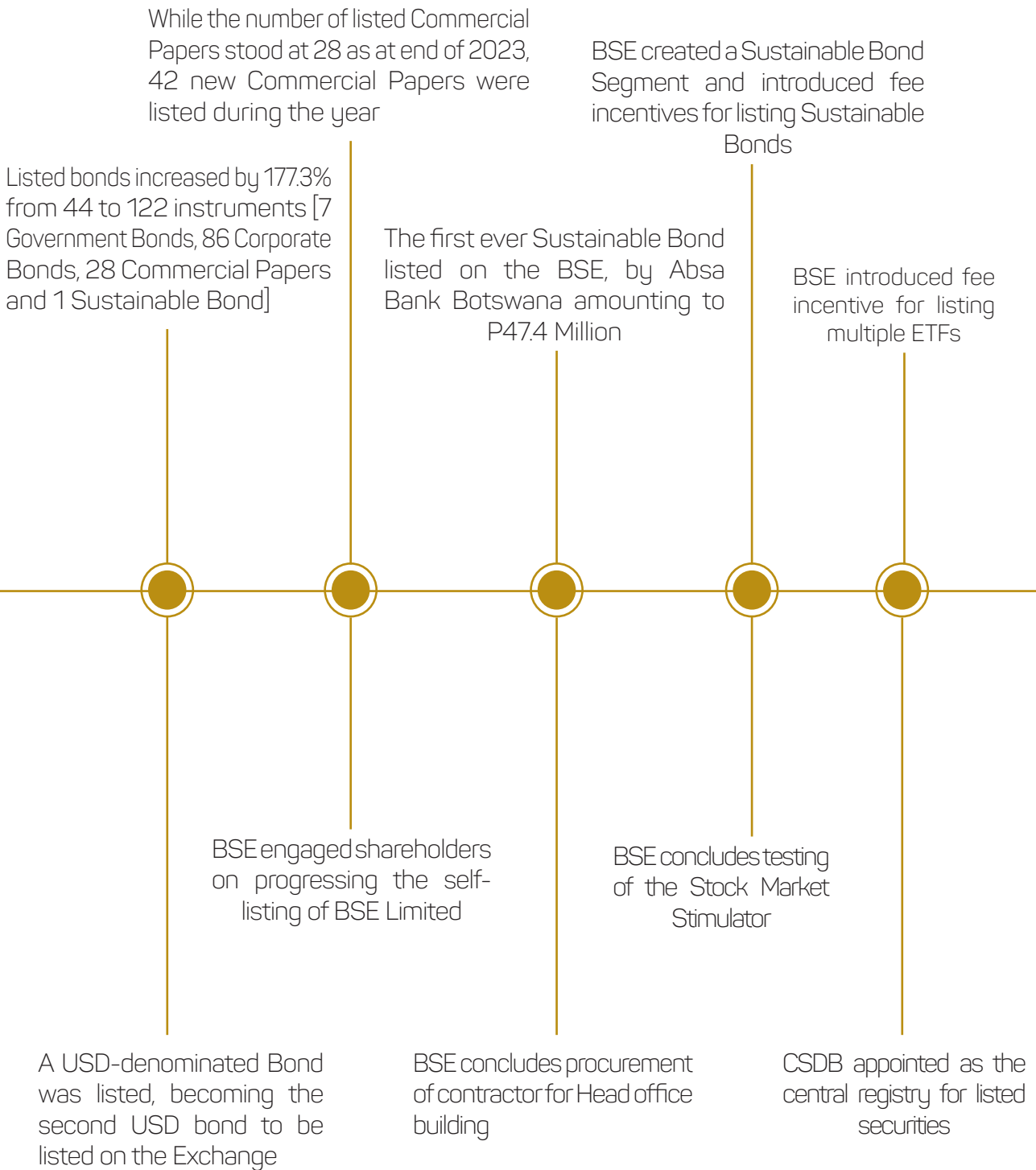
Turnover in ETFs rose by **76.3%** to P215.6 Million

The total number of listed instruments amounted to 158 by end of 2023, an increase of **92.7%**

The total market capitalization rose by **51.7%**, mainly driven by active trading in dual listed stocks. It amounts to P598.2 Billion

Fixed income turnover increased by **57.9%** to P3.0 Billion

1 company listed on the BSE, Botata Energy, which is primary listed on the Australian Stock Exchange, taking the number of listed companies to 32



## 2. MISSION, VISION & VALUE STATEMENTS

### MISSION STATEMENTS

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



### 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



### VISION STATEMENT

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





## 3. BSE 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 (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 2023, there were 158 listed instruments on the BSE. This comprised of 32 companies, of which 23 were domestic and 8 were foreign companies across the various boards, and 1 registered company on the Serala Over-The-Counter (OTC) Board;

93 listed bonds; 28 commercial papers and 4 ETFs.

#### **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.



## 4. CHAIRPERSON'S STATEMENT



**NEO SESAME MOOKI**  
CHAIRPERSON

Dear Valued Stakeholder,

Greetings! As we gather around the shared spirit of our journey at the BSE, I step into this role with a heart full of gratitude and eyes set on the horizon. The honour of serving as your Chairperson is not just a position to me; it's a covenant of trust, a testament to our collective dreams and aspirations. This moment signifies more than a role; it's a shared vision, a collective stride towards excellence.

### ECONOMIC REFLECTIONS

The International Monetary Fund (IMF)'s World Economic Outlook (WEO, January 2024) indicates that the global growth forecasts for 2023 (3.1%) and the projections for 2024 and 2025, at 3.1% and 3.2% respectively, are well below the historical (2000-2019) average of 3.8%. While the risks to global growth are broadly balanced, accordingly to the IMF, advanced economies are expected to experience growth decline in 2024, with stable growth projected for the emerging markets and developing economies in 2024. In Sub-Saharan Africa, growth is projected to rise from an estimated 3.3% in 2023 to 3.8% in 2024.

These forecasts and projections largely reflect the broader economic uncertainties, market volatility and ensuing geopolitical instability that have had major effects on global financial markets.

According to the IMF Article IV Consultation with Botswana,

Botswana's economy has rebounded strongly in the past two years, remaining above the long run average of 4.0%. However, growth is projected to slow to 3.8% in 2023, mainly due to the projected decline in diamond production, and gradually rebound to above 4.0% in 2024. Against the backdrop of disinflation and accommodative monetary policy environment, Botswana's economy expanded by 0.5% in the 3 quarters of 2023, compared to 5.0% in the comparative period in 2022, owing to a slowdown in Mining, Water & Electricity and Diamond Traders industries.

The Exchange outpaced the economic trajectory, and experienced "unparalleled growth" in 2023, hitting various historic milestones across the business facets. The domestic market had its best run in ten years. The Domestic Company Index (DCI) and the Domestic Company Total Return Index (DCTRI) rallied 15.6% and 25.5% respectively. The Foreign Company Index (FCI) posted a sterling 57.7% return. The total market cap grew 51.7% and the number of listed instruments increased 1.9 times. Overall, the post-covid momentum has been relentlessly sustained, driven by key strategic undertakings that have unlocked material value and operational efficiencies.

### FINANCIAL PERFORMANCE

The financial viability of the Exchange, in addition to the Exchange being a public good, is a crucial priority for our stakeholders. I am honoured to announce that in the year under review the BSE delivered a record breaking set of financials. On the back of improved income diversification efforts, our revenue rose by 33.7%, from P45.1 Mn in 2022 to P60.3 Mn. This was mainly on account of outperformance by certain income streams against the budget, particularly income from listings, trading, data products and investments. With prudent cost management, our profits subsequently increased by 83.3% from P12.0 Mn to P22.0 Mn.

Going forward, our focus will continue to be on diversifying our revenue base with a focus on non-trading income and on bringing new income streams to improve our financial resilience. It is pleasing, therefore, that we continue to deliver strong financial performance that enables the company to reward its shareholders. At the Annual General Meeting (AGM) held on 25 May 2023, shareholders approved a dividend pay-out of P1.9 Mn, translating to P0.05 per share, declared from the profits of the financial year ended 31 December 2022 and in line with the BSE's Residual Dividend Policy. This was the second dividend in the existence of the Exchange and it constituted an increase of 17.9% relative to the pay-out for the year ended 31 December 2021.

### CORPORATE GOVERNANCE

The governance of our board has seen transitions and evolutions, each step taken with the utmost respect for the legacy left by those who have served before us. I was appointed to the Board of Directors following departure of the former Chairperson, Ret. Lt. General Tebogo Carter Masire.

Additionally, at the tail end of 2023, Mr. Ogone Mthoogae tendered his resignation from the Board. Both General Masire and Mr. Mthoogae have been members of the Board since 2018. I take this opportunity to thank these esteemed gentlemen for their invaluable and selfless contribution to the growth of the BSE and the domestic capital market at large. As we move forward, our focus remains steadfast on the principles of integrity, diversity, and excellence, ensuring that the BSE not only thrive but continues to lead by example.

As the Board of Directors, our primary duty is to ensure the prosperity of the BSE by collectively directing its affairs, while meeting the appropriate interests of our shareholders and relevant stakeholders. I am confident that the Boards has acted within the confines of our statutes to oversee the excellent delivery of the BSE strategy it has established for the 2022-2026. During the year, we undertook an overhaul of all our constitutive documents, including the review of our corporate governance framework against King IV. The changes were approved by the shareholders and immediately took effect. The Board also underwent training in corporate governance to refresh and recharge the members with latest trends and practices in this important area.

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 us. As the years' progress, we will make deliberate enhancements to these tenets, especially that of women representation in the Board.

**SUSTAINABILITY INITIATIVES**

Sustainability has become the core of our operations, guiding us towards initiatives that not only foster growth but do so responsibly. From the launch of Sustainable Bonds to our partnerships aimed at enhancing ESG standards, we're committed to making a difference, to being a catalyst for positive change in our market and beyond.

As such, following the implementation of the listing requirements for Sustainable Bonds (Green, Social, Sustainability and Sustainability-Linked), we introduced a fee incentive by way of a 25% discount on the initial listing fee and the annual sustaining fee. This was primarily to stimulate the market and make a contribution towards promoting responsible investing. This move helped raise Botswana's ranking from number 8 in 2022, to number 6 in 2023 in the Absa Africa Financial Markets Index of 2023. Furthermore, we were honoured to receive our first listing of a Sustainable Bond, by Absa Bank Botswana Limited in December 2023. This inaugural listing has inspired a call-to-action and interest from potential issuers, and key stakeholders in the civil society including Government, with whom we continue to lobby for incentives to foster a conducive environment for Sustainable Bonds and other instruments to thrive.

*“As the Board of Directors, our primary duty is to ensure the prosperity of the BSE by collectively directing its affairs, while meeting the appropriate interests of our shareholders and relevant stakeholders.”*

Alongside these aforementioned, we began the process of revising the BSE ESG Disclosure Guidelines for listed companies, doing so in partnership with Global Reporting Initiative (GRI). We also ended the year with an innovative partnership with Risk Insights, which provides cutting edge Artificial Intelligence-powered ESG rating platforms, the objective of which being to raise the standards of, and access to, ESG ratings in Botswana.

Notably, global sustainability standards have evolved and new ones have emerged and this revision is done in the spirit of being as inclusive and relevant as possible for our issuers to meet disclosure expectations arising from their local and global supply chains.

**OUTLOOK**

As we reflect on our historic achievements, we are indisputably re-energised to sustain the performance into the coming years. However, we remain alive to the downside systematic risks that could dampen our outlook. One of our key priorities in 2024 is to undertake and complete the self-listing of BSE Limited. While this could revitalize and transform our business model, it could equally be a significant manifestation of Botswana's privatization agenda, a development that could unlock listings, value for all stakeholders and grow the capital markets further. We look forward to continued guidance and support from all shareholders so we complete this transformative process in earnest and successfully. Our presence in the global securities industry has been elevated with the full membership of the World Federation of Exchanges. We look forward to leveraging this unique position to deepen our reach in foreign markets, and to continuous align to international standards and best practices.

**APPRECIATION**

This performance and achievements would not have been possible without the stewardship of the Board. Therefore, I express my sincere gratitude to the Board of BSE Limited, and that of CSDB Limited. Let me also express gratitude, on behalf of the Board, to our shareholders for giving us the latitude to stretch our capabilities to deliver outstanding results and impact. It goes without saying that our stakeholders and the participants across the global and local value chains have been supportive, and for that we are thankful. To BSE Staff, your efforts indeed epitomise the business's strategic objective of maintaining a high performance culture. I thank you on behalf of the Board and challenge you to raise the bar even higher. Together, we will continue to reach for the stars, driven by a shared vision of excellence and a commitment to the future we are building together.

With heartfelt thanks and the warmest regards,

  
Neo Mooki  
Chairperson

# 5. CEO'S STATEMENT

## “A YEAR OF UNPARALLELED GROWTH”

**In the face of economic and geopolitical headwinds, 2023 has proven a challenging year for IPOs in various parts of the world. The divergence in equity markets performance and the IPO activity defied the long standing expectation that strong equity markets are typically associated with increased IPO activity. IPOs remained muted in major developed exchanges despite the heavy gains in indices such as the S&P500. It is however noticeable that the strong market rally in such markets as the US was heavily influenced by mega technology stocks, who were primarily riding the Artificial Intelligence wave.**

Overall, global IPOs fell by 8% in 2023, and capital raised was down 33% compared with 2022. The resurgence of IPOs going forward hinges majorly on inflation continuing to moderate, triggering sustained interest rates cuts and improving liquidity and the general economic outlook. Nevertheless, investors remain cautious of the geopolitical instability which could dampen confidence and shift asset allocation decisions.

In the January 2024 World Economic Outlook Report, the IMF predicts that the risks to global growth are broadly balanced, as financial conditions continue to ease. This is mainly due to inflation declining steadily throughout 2023, and falling faster than expected in most regions providing opportunities for central banks to ease the monetary policy to stimulate economic output going forward.

In Botswana, inflation fell within the Bank of Botswana (BoB) objective range of 3%-6% in May 2023, having reached a high of 9.9% in March. Inflation ended the year within the

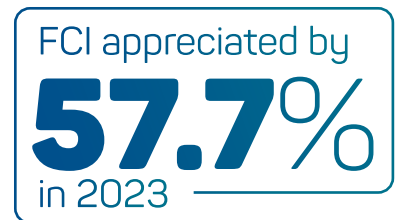


**THAPELO TSHEOLE**  
CHIEF EXECUTIVE OFFICER

range, at 3.5%. As a result of these muted demand-driven inflationary pressure, the Central Bank's Monetary Policy Committee cut rates for the first time since August 2022, lowering the Monetary Policy Rate from 2.65% to 2.40% in December 2023. The rate cut also signalled the Bank's forecast of the economy operating below full capacity in the short term, perhaps in line with the projections by the Ministry of Finance (MoF).

According to the MoF, Botswana's real Gross Domestic Product (GDP) is projected to slow to 3.8% in 2023, and recover to 4.2% in 2024. Noticeably, Botswana output has been declining in recent years, with GDP averaging 3.0% from 2019 to 2021. In the first three quarters of 2023, GDP is estimated to have grown by 0.5% year-on-year compared to

5.0% growth registered in the same period in 2022. Notwithstanding, the domestic financial system continues to be resilient to a wide range of shocks with sustained recovery in the domestic capital market as reflected in the appreciation of key market indices, among other things.



In the period under review, the BSE registered what could be summed up as “unparalleled growth”. To put a few return metrics into perspective; the DCI registered its highest returns since 2015, following three consistent years of an upward trajectory, with returns of 15.6%. At 8,929.6 points these

are the levels that were last seen in October 2017; the FCI appreciated by 57.7% in 2023 primarily as a result of unlocking trading activity in dual listed stocks such as Anglo and Investec which have remained illiquid for years as we sought to steer the participants towards trading these stocks locally.

These indicators are reflective of the sustained investor confidence, despite the weakening economic backdrop. We continue to be fuelled by the possibilities of unlocking incremental value through our concerted effort as an industry. The 51.7% rise in the total market capitalization, accounted mainly for by foreign stocks, is a demonstration of what is achievable when the industry is aligned towards unlocking value. At P596.8 Billion, the stock market represents just over three times Botswana's economic output. This could rise further if we remain steadfast to address the gaps that tend to result in value leakage, revenue leakage, stifled liquidity and divergence valuations between primary and secondary markets in terms of dual listed stocks. It is the first time ever that the total value of listed instruments has reached P627.8 Billion (compared to P420.2 Billion in 2022), a growth of 49.4%. This growth was registered across all listed instruments, in terms of their market capitalisation.

In the past year, we implemented the new debt listings requirements of which the major revision was to mandate to introduce the provisions for listing commercial paper, the provisions for listing Sustainable Bonds, and to require all issuances from a BSE-approved programme memorandum to be listed. These were followed by fee incentives in 2023, comprising of a separate and reduced fee structure for commercial paper and a 25% on listings fees for Sustainable Bonds. The avalanche of commercial paper, being 42 new papers, is attributable



to these reforms as these were issued from SBE-approved programme memoranda. We intensified our efforts towards promoting Sustainable Bonds, with capacity building programmes early in the year and the introduction of a fee incentive. The latter became instrumental in the Absa Financial Markets Index (AFMI) annual survey, upgrading Botswana overall rating from number 8 in 2022 to number 6 in 2022. The listing of the first ever Sustainable Bond in December 2023, by Absa became a historic milestone for the Exchange. Henceforth, our collaborations with GRI and Risk Insights would go a long way to deepen and broaden the prospects for ESG and Sustainability oriented instruments on the Exchange.

We made significant strides in implementing a stock market simulator, which is a technology-driven platform that teaches prospective investors about key elements of investing through a virtual trading environment. Largely, it helps to address the low levels financial literacy as it will provide insights into the potential returns that investors can derive from our local capital markets. The simulator integrates the Annual BSE Senior Secondary Schools Finance & Investment Competition and the BSE will also run a National Financial Literacy Competition with the same concept.


As part of improving the financial sufficiency of the BSE, we have embarked on a project to expanding the balance and exploring new revenue

streams by deploying our reserves towards the construction of the BSE Headoffice. Our vision is to develop an iconic multi-storey building, reflective of our economic stature and one that resonates well with the essence of a stock exchange. This asset will house the BSE and other institutions and facilities to establish a rental revenue for the business. In 2023, we made strides, appointed consultants, and closed the year with a preferred bidder for the development.

I want to express gratitude to the market participants and our associates at large, our Regulators, our Board of Directors, Shareholders and our relevant Stakeholders. It would not have been possible to achieve the milestone we hit in the year, and to progress some of the projects earmarked for short-term completion. I am particularly grateful of the unanimous consensus we have received from the Shareholders to progress the self-listing of the BSE. This is a milestone project that aligns well the Government aspirations of fostering a private-sector led economy. I am confident that the we will deliver with the diligence it requires to ensure that we elevate the Exchange to an institution that appeals to a wider community of investors.

In closing, let me thank the BSE Staff for the dedication we have seen in the year that has translated into impressive and record-breaking financial performance. It is necessary to recognise that we need to sustain this high performance culture in order to equally the rewards it is expected to yields. I have no doubt that, we will be supercharged to maintain this momentum going into 2024.

Thank you.

  
 Thapelo Tshepe  
 Chief Executive Officer

# 6 OUR BOARD OF DIRECTORS



## 6. BSEL GROUP

### BOARD OF DIRECTORS



**Neo Sesame Mooki**  
Chairperson



**Basimane Bogopa**  
Non-Executive Director



**Itumeleng Mareko**  
Non-Executive Director



**Professor Onkutlwile Othata**  
Non-Executive Director



**Lekono Phiri**  
Non-Executive Director



**Davis Tele**  
Non-Executive Director



**Norman Moleele**  
Non-Executive Director



**Kennedy Kgomanyane**  
Non-Executive Director



**Thapelo Tsheole**  
Executive Director

## 6. CSDB LIMITED

### BOARD OF DIRECTORS



**Basimane Bogopa**  
Chairperson



**Pascaline Sefawe**  
Non-Executive Director



**Vincent Baituti**  
Non-Executive Director



**Kelebogile Kewagamang**  
Non-Executive Director



**Lame Gare**  
Non-Executive Director



**Davis Tele**  
Non-Executive Director



**Kennedy Kgomanyane**  
Non-Executive Director



**Thapelo Tsheole**  
Executive Director



# 7. MANAGEMENT TEAM.



**Thapelo Tsheole**  
Chief Executive Officer

**Year Appointed:**  
2016

**Prior Roles:**

Deputy CEO (BSE); Product Development Manager (BSE).

**Education:**

Bachelor of Social Sciences - Single Major Economics (University of Botswana); Master of Commerce in Financial Markets (Rhodes University); Master of Business Administration (Graduate School of Business, University of Cape Town); Registered Person & Member of South African Institute of Financial Markets and SAFEX; Enforcement and Market Oversight Programme (US SEC); Leadership Development Programme (University of Stellenbosch Business School). Member-Institute of Directors Southern Africa (IDSA).

**Directorships:**

President-African Securities Exchanges Association (ASEA); Chairperson - Committee of SADC Stock Exchanges (CoSSE).



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

**Year Appointed:**  
2007

**Prior Roles:**

Market Risk Manager (Stanbic Bank Botswana); Dealer, Settlement Officer and Portfolio Analyst (Bank of Botswana).

**Education:**

Bachelor of Arts in Economics (University of Botswana); Master of Arts in Economics (University of Stellenbosch); Diploma in Chartered Institute of Management Accountants (CIMA); Executive Development Program (University of Stellenbosch Business School).



**Mpho Mogasha**  
Head of Finance and Administration

**Year Appointed:**  
2013

**Prior Roles:**

Operations Officer – Finance & Admin (BSE); Accountant (Motswedi Securities); Assistant Accountant (Grunwald Construction).

**Education:**

Bachelor of Arts in Accounting (University of Botswana); ACCA; Member of the Botswana Institute of Chartered Accountants (BICA); Management Development Programme & Executive Development Program (University of Stellenbosch Business School); Post Graduate Certificate in Enterprise Risk Management (Botswana Accountancy College).



**Kopano Mogorosi**  
Head of Information Technology

**Year Appointed:**  
2012

**Prior Roles:**

System and Network Administrator (BSE); Database Administrator (BSE); Systems Administrator (Rural Industries Promotions Company Botswana (RIPCO)); Analyst/Programmer (DCDM Consulting).

**Education:**

Bachelor of Science in Computer Engineering (University of Miami); Management Development Programme & Executive Development Programme (University of Stellenbosch Business School).



**Tsametse Mmolai**  
Head of Listings and Trading

**Year Appointed:**  
2012

**Prior Roles:**

Listings Operations Officer (BSE); Investment Accountant (Botswana Insurance Fund Management).

**Education:**

Bachelor of Commerce – Finance (Macquarie University); Accredited Member (Compliance Institute of Southern Africa); Graduate Certificate in Capital Markets (IFC-Milken Institute Capital Markets Program, George Washington University); Management Development Programme & Executive Development Programme (University of Stellenbosch Business School).



**Kopano Bolokwe**  
Head of Product Development

**Year Appointed:**  
2016

**Prior Roles:**

Product Development Operations Officer (BSE); Investment Analysts (STANLIB); Dealer and Private Clients Broker (Imara Capital Securities)

**Education:**

Bachelor of Finance & Master of Business Administration (University of Botswana); CAIA Charterholder (Chartered Alternative Investment Analyst Association); completed Chartered Financial Analyst Level II exams (CFA Institute); Registered Person Examination (South African Institute of Financial Markets); Graduate Certificate in Capital Markets (IFC-Milken Institute Capital Markets Program, George Washington University); Management Development Programme & Executive Development Programme (University of Stellenbosch Business School).



**Thapelo Moribame**  
Head of Market Development

**Year Appointed:**

2016

**Prior Roles:**

Marketing Manager (Air Botswana); Market Access Specialist (Local Enterprise Authority); Assistant Trade Officer- Multilateral Trade Section (Ministry of Investments, Trade and Industry).

**Education:**

Master of Commerce and Honours Degree in Economics (Stellenbosch University); Bachelor of Arts in Social Sciences-Economics & Public Administration (University of Botswana); International Trade and the Multilateral Trading System (United Nations University in Tokyo); Management Development Programme & Executive Development Programme (University of Stellenbosch Business School).



**Thapelo Otukile**  
Head of Legal Services and Board Secretary

**Year Appointed:**

2023

**Prior Roles:**

Legal Manager and Board Secretary (Botswana Accountancy Oversight Authority (BAOA), Candidate Attorney (Moribame Matthews Attorneys).

**Education:**

Master of Laws & Bachelor of Laws (University of Botswana); Certificate in Compliance Management (University of Cape Town).



**Boikobo Mokoka**  
Head of Risk and Compliance

**Year Appointed:**

2023

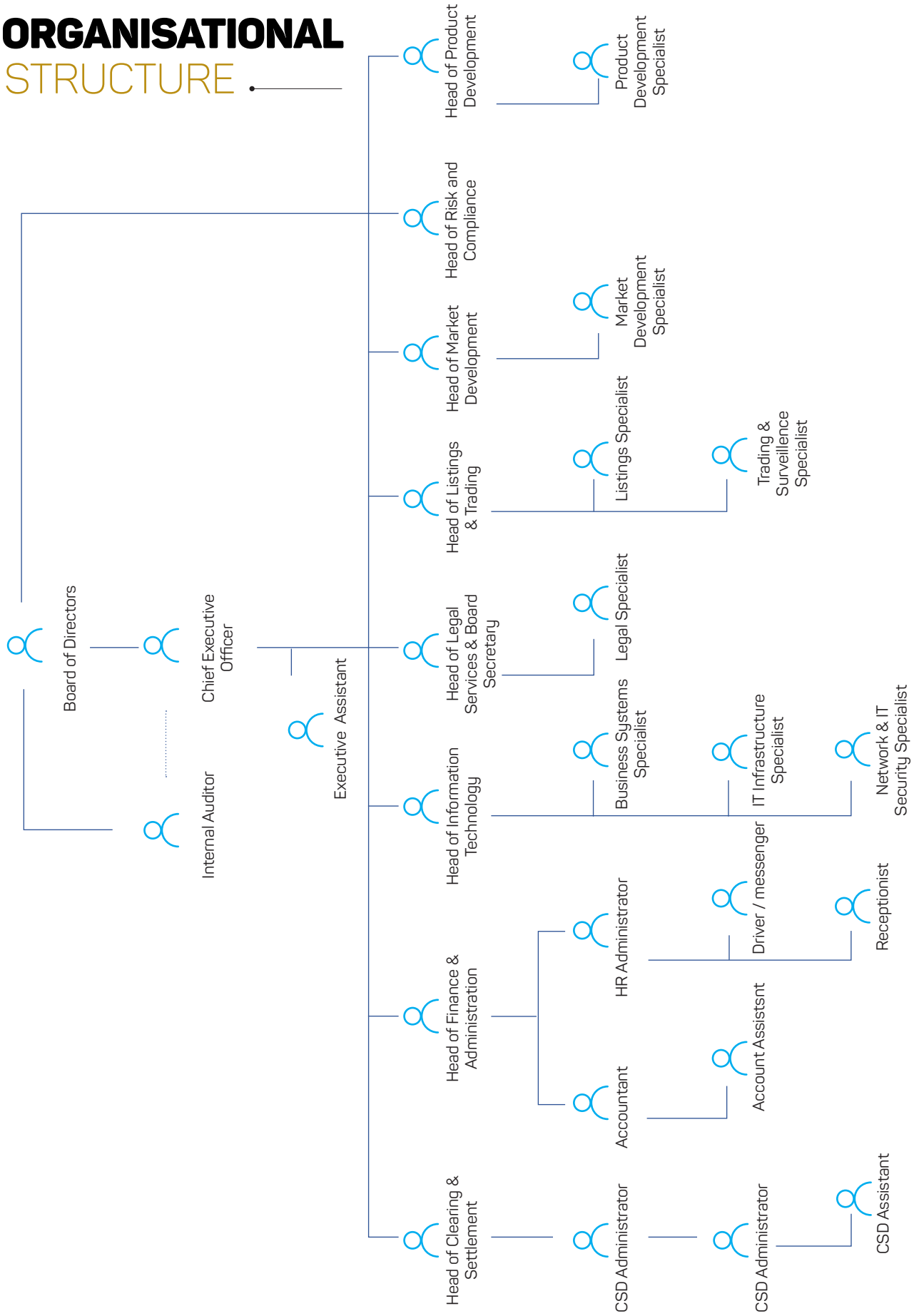
**Prior Roles:**

Head of Retail Operational Risk and Compliance (Access Bank); Senior Operational Risk Manager (Absa Bank); External Auditor (Ernst & Young).

**Education:**

Masters in Financial Management (Amity University); Post Graduate Certificate in Risk Management (Botswana Accountancy College); Bachelor of Accounting (University of Botswana).

# 8. ORGANISATIONAL STRUCTURE





## 9. OUR STAFF





# 10. DIRECTOR'S REPORT.

## 10.1 CORPORATE GOVERNANCE REPORT

*The corporate governance framework will be gradually implemented over a 5-year period, that is 2022-2026, corporate strategy.*

### CORPORATE GOVERNANCE STATEMENT OF COMMITMENT

The BSEL Group (BSE) 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 BSE strives to achieve and uphold the highest principles of business ethics, corporate governance and reporting. In fulfilling this, the BSE developed a corporate governance framework in line with the Companies Act, Botswana Accountancy Oversight Authority (BAOA) Guidelines on Corporate Governance, Non-Bank Financial Institutions Regulatory Authority (Capital Markets Sector Corporate Governance) Rules 2023 and King IV Code of Corporate Governance (King IV). The corporate governance framework will be gradually implemented over a 5-year period, that is 2022-2026, corporate strategy. The BSE is committed to continually reviewing and improving its corporate

governance processes by benchmarking against international best practices.

### CORPORATE GOVERNANCE OVERVIEW

The BSE Board serves as the focal point and custodian of corporate governance in the BSE. As a driver of sound business and governance principles, the Board exercises leadership by, among other things, steering the BSE and setting its strategic direction. With over three decades of existence, the BSE prides itself with a strong corporate governance culture which has improved immensely since demutualization in 2018.

In the spirit of good corporate governance and international best practices. The Board consists of a proper balance of Independent Non-Executive Directors and Non-Executive Directors. Further, there is a clear separation of roles between the CEO and Chairperson





## 1. BOARD OF DIRECTORS

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

DIRECTOR	POSITION	DATE OF (RE)APPOINTMENT
Ms. Sesame Neo Mooki <sup>▲</sup>	Chairperson	7th September 2023
Professor Onkutlwile Othata <sup>▲</sup>	Vice Chairperson	27th May 2021
Lt. Gen. Tebogo C. Masire*	Former Chairperson	27th May 2021
Mr. Basimane Bogopa <sup>▲</sup>	Director	27th May 2021
Mr. Kennedy Kgomanyane▶	Director	27th May 2021
Ms. Itumeleng Mareko▶	Director	27th May 2021
Mr. Norman Moleele <sup>▲</sup>	Director	27th May 2021
Mr. Ogone Mothooagae	Director	27th May 2021
Ms. Lekono Phiri <sup>▲</sup>	Director	12th April 2022
Mr. Davis Tele <sup>▲</sup>	Director	27th May 2021
Mr. Thapelo Tsheole**	Chief Executive Officer	1st January 2021

\* Ceased to be a Member in May 2023

\*\* Executive Director

▲ Independent Non- Executive

▶ Non-Independent Non-Executive

## 2. BOARD MEETING ATTENDANCE

The Board meets a minimum of four times annually with additional special meetings scheduled as and when there is need to discuss any urgent issues.

For the year 2023, the Board convened seven Board meetings, and three of the meetings were Special Board Meetings (SBM). Attendance of the Board Meetings was as follows:

DIRECTORS	03.02.23	24.03.23	03.05.23 (SBM)	11.08.23 (SBM)	31.08.23	21.09.2023 (SBM)	07.12.2023	TOTAL ATTENDANCE
Ms. S. N. Mooki (Chairperson)*	*	*	*	*	*	-	-	0/2
Prof. O. Othata	✓	✓	✓	✓	✓	✓	✓	7/7
Lt. Gen. T. C. Masire **	✓	✓	✓	**	**	**	**	3/3
Mr. B. Bogopa	✓	✓	✓	✓	-	✓	✓	6/7
Mr. K. Kgomanyane	✓	✓	✓	✓	✓	✓	✓	7/7
Ms. I. Mareko	-	✓	✓	✓	✓	✓	✓	6/7
Mr. N. Moleele	✓	✓	✓	✓	✓	✓	✓	7/7
Mr. O. Mothooagae	✓	✓	✓	✓	-	-	✓	5/7
Ms. L. Phiri	✓	✓	✓	✓	✓	✓	✓	7/7
Mr. D. Tele	✓	✓	✓	✓	✓	-	✓	6/7
Mr. T. Tsheole	✓	✓	✓	✓	✓	✓	✓	7/7

\* Appointed 7th September 2023

\*\* Ceased to be a Member in May 2023

✓ In Attendance

- Apology

### 3. BOARD COMMITTEES

#### 3.1. 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 RAC was re-constituted after the 2023 AGM in May. The RAC had a total of five meetings in 2023, three meetings prior to the AGM and two meetings after the re-constitution.

The members of the RAC and meeting attendance for 2023 is shown below:

MEMBER	PRIOR TO AGM	POST AGM
Mr. Davis Tele (Chairperson)	4/4	1/2
Mr. Ogone Mothoogae	4/4	-
Professor Onkutlwile Othata	4/4	-
Mr. Basimane Bogopa	-	2/2
Mr. Kennedy Kgomanyane	-	2/2
Ms. Itumeleng Mareko	-	2/2

■ Was not a member

#### 3.2. NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

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

The NGC was re-constituted after the 2023 AGM in May. The NGC had two meetings prior to the AGM and two meetings after the re-constitution. The members of the NGC and meeting attendance for 2023 is shown below:

MEMBER	PRIOR TO AGM	POST AGM
Ms. Lekono Phiri (Chairperson)	5/5	2/2
Mr. Basimane Bogopa	5/5	-
Mr. Davis Tele	5/5	-
Mr. Norman Moleele	-	2/2
Ms. Sesame Neo Mooki	-	0/1

■ Was not a member

#### 3.3. ADMISSIONS AND DISCIPLINARY COMMITTEE (ADC)

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

The ADC was re-constituted after the 2023 AGM in May. The ADC had two meetings prior to the AGM and two meetings after the re-constitution. The members of the ADC and meeting attendance for 2023 is shown below:

#### 3.4. REGULATORY COMMITTEE (RC)

The purpose of the Regulatory Committee is to set policies and formulate rules with regard to listings and trading matters as well as for Securities Brokers and Participants

The RC was re-constituted after the 2023 AGM in May. The RC had one meeting prior to the AGM and one meeting after the AGM.

The members of Regulatory Committee and meeting attendance for 2023 is shown below:

MEMBER	PRIOR TO AGM	POST AGM
Mr. Norman Moleele (Chairperson)	-	1/1
Mr. Ogone Mothooagae	1/1	1/1
Professor Onkutlwile Othata	1/1	1/1
Mr. Basimane Bogopa (Former Chairperson)	1/1	-

■ Was not a member

### 3.5. INVESTOR COMPENSATION FUND (ICF)

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 BSE 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 of three Trustees, Two Non-Independent Trustees who are BSE Board Members and One Independent Trustee.

The Trustees of the Fund had one meeting in 2023 and attendance was as follows:

MEMBER	13/06/2023
Ms. Thato Lesejane (Chairperson)*	1/1
Mr. Ogone Mothooagae	1/1
Mr. Norman Moleele	0/1

■ \* Not a BSE Board member

## 4. ATTENDANCE AT BOARD COMMITTEE MEETINGS

DIRECTOR	RAC	NGC	ADC	RC	ICF
Lt. Gen. T. C. Masire (Former Chairperson)*	-	-	-	-	-
Ms. S. N. Mooki (Chairperson)**	-	0	-	-	-
Mr. B. Bogopa	2	5	-	1	-
Mr. K. Kgomanyane	2	-	-	-	-
Ms. I. Mareko	2	-	-	-	-
Mr. N. Moleele	-	2	-	1	0
Mr. O. Mothooagae	4	-	-	2	1
Prof. O. Othata	4	-	-	2	-
Ms. L. Phiri	-	7	-	-	-
Mr. D. Tele	5	5	-	-	-
Mr. T. Tsheole	5	4	-	2	-

■ \* The Former Chairperson did not sit on any Board Committee, he ceased to be a Board member in May 2023

■ \*\* Appointed to Board 7th September 2023

■ - Not a member

## 5. BOARD AND COMMITTEE SITTING ALLOWANCE

The BSE pays a sitting allowance of BWP4, 500.00 for any Member chairing a meeting and BWP3, 800.00 for any member that attends a meeting.

## CSDB LIMITED BOARD OF DIRECTORS CORPORATE GOVERNANCE REPORT

The Central Securities Depository Company of Botswana Limited (CSDB) was established as a BSE 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, CSDB Rules and within the applicable Laws.

In terms of CSDB Constitution, the Board must comprise not less than six and no more than eight Board of directors, inclusive of the CEO. Members, including the CEO are elected by the Shareholder of the CSDB.

### 1. BOARD OF DIRECTORS

The current Board of Directors is constituted as follows:

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

\* Executive Director

# Also sits on the BSE Board

^ Independent Non- Executive

> Non-Independent Non-Executive

### 2. BOARD MEETINGS

The Board meets a minimum of four times annually with additional special meetings scheduled as and when there is need to discuss any urgent issues. For the year 2023, the Board convened five meetings, being four Board meetings and one Special Board Meetings (SBM).

Attendance of the Board Meetings were as follows:

DIRECTORS	02/02/2023	23/03/2023	03/05/2023 (SBM)	08/06/2023 (SBM)	18.08.23	06/12/2023	TOTAL
Mr. B. Bogopa	✓	✓	✓	-	✓	-	4/6
Ms. P. Sefawe	✓	✓	✓	✓	✓	-	5/6
Mr. V. Baituti	✓	✓	✓	✓	✓	✓	6/6
Mr. L. Gare	✓	✓	✓	✓	✓	✓	6/6
Ms. K. Kewagamang	✓	✓	✓	✓	✓	✓	6/6
Mr. K. Kgomanyane	✓	✓	✓	✓	✓	✓	6/6
Mr. D. Tele	✓	✓	✓	✓	-	-	4/6
Mr. T. Tsheole	✓	✓	✓	✓	✓	✓	6/6

✓ In Attendance

- Apology

### 3 BOARD COMMITTEES

#### 3.1. 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 2023 is shown below:

MEMBER	MEETING ATTENDANCE
Mr. Davis Tele (Chairperson)	3/4
Mr. Lame Gare	4/4
Ms. Pascaline Sefawe	4/4

#### 3.2. NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

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

The NGC had one meeting in 2023 and the meeting attendance is shown below:

MEMBER	MEETING ATTENDANCE
Ms. Kelebogile Kewagamang (Chairperson)	1/1
Mr. Vincent Baituti	1/1
Mr. Davis Tele	0/1

#### 3.3 ADMISSIONS AND DISCIPLINARY COMMITTEE

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 2023, the Members of the Admissions and Disciplinary Committee did not convene for any meeting.

### 4. ATTENDANCE AT BOARD COMMITTEE MEETINGS

MEMBERS	RAC	NGC	ADC
Mr. B. Bogopa	-	-	-
Ms. P. Sefawe	4	-	-
Mr. V. Baituti	-	1	-
Mr. L. Gare	4	-	-
Ms. K. Kewagamang	-	1	-
Mr. K. Kgomanyane	-	-	-
Mr. D. Tele	3	0	-
Mr. T. Tsheole	5	1	-



■ Not a member



### 5. 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.

## 10.2 APPLICATION OF KING IV CODE OF CORPORATE GOVERNANCE

Below is the synopsis of how the BSEL Group applies the principles set out in the King IV Report on Corporate Governance. It is the aim of the Group to improve its practices as part of its commitment to the highest standards of corporate governance.

Principle	Status of Application	Comments
<p>1. The governing body should lead ethically and effectively.</p>		<p>The Board, overseen by the Board Chairperson, hold each other accountable for decision making and ethical behavior. The Board individually and collectively demonstrate integrity, competence, responsibility, accountability, fairness and transparency to provide effective leadership, which, together with Management, assists in achieving strategic objectives.</p> <p>The induction process of new Board members issues on ethical leadership are emphasized.</p> <p>The Board Secretary ensures that proper disclosures are made by Board Members through Annual Declaration of Interest Forms and Declaration of Interest Forms for each meeting. Where Members are conflicted in any agenda item, the Board Charter &amp; Constitution provides that they declare the nature of their interest and recuse themselves when the agenda item is discussed unless the Board decides otherwise.</p> <p>In satisfying Principle 1 of King IV, the BSEL Group has the following in place:</p> <ul style="list-style-type: none"> <li>- Constitution</li> <li>- Board Charter</li> <li>- Annual and Meeting Declaration of Interest process</li> <li>- Directors Induction Guidelines</li> </ul>
<p>2. The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture.</p>		<p>The Board sets the tone at the top. It is responsible for the Governance and monitoring of the ethics in the group and ensures that it results in the outcomes envisaged by King IV.</p> <p>The BSEL Group conducts its business dealings on the basis of compliance with applicable laws and proper regard for ethical business practices.</p> <p>In satisfying Principle 2 of King IV, the BSEL Group has the following in Place:</p> <ul style="list-style-type: none"> <li>- Whistleblowing Policy.</li> <li>- Board Charter.</li> <li>- Annual employee declaration process</li> <li>- CSDB &amp; BSE Rules</li> </ul>

<p>3. The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.</p>		<p>The Board ensures that the Group is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the group, but also the impact that business operations have on the society within which it operates.</p> <p>It is against this background that the Group has a comprehensive Corporate Social Investment (CSI) Policy called Dipolelo Programme that governs and prescribes the BSE's CSI activities. This Policy's primary objective is to drive the BSE closer to the community it operates in and increase brand equity by focusing on five (5) critical social areas namely; education, entrepreneurship, community development, health and environmental/sustainability issues.</p> <p>During the period under review the BSEL recently undertook a noble exercise to support Metsimantsho and Kareng primary schools through the donation of essential learning materials and school equipment to address the critical needs of the school.</p> <p>In satisfying Principle 2 of King IV, the BSEL Group has the Corporate Social Investment Policy in place.</p> <p>Further, the BSEL has introduced Tshipidi Mentorship Program as a way of grooming companies that could potentially raise capital, improve governance and leverage from the BSE as a springboard for growth. The objective of the Program is to provide practical training through a comprehensive and interactive program that covers the key themes necessary to prepare and position a company to list on the BSE.</p>
<p>4. The governing body should appreciate that the organisation's core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>		<p>The Board is responsible for the Group's performance by steering and providing strategic direction and overseeing the adoption of strategy and plans.</p>

<p>5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.</p>		<p>The Board is intimately involved in communication to the Group's stakeholders regarding significant issues that could affect the Group. It also strives to abide by all disclosure requirements such as International Financial Reporting Standards (IFRS) for financial reporting purposes.</p> <p>Further, the chairpersons of various committees are required to report to the Board at each scheduled Board meeting, keeping the Board apprised of developments of their mandates.</p> <p>In satisfying Principle 2 of King IV, the BSEL Group has in place the following:</p> <ul style="list-style-type: none"> <li>- Committees Terms of References.</li> <li>- Annual Report.</li> <li>- Audited annual financial statements.</li> </ul>
<p>6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>		<p>The Board, assisted by the Nominations &amp; Governance Committee, ensures that governance remains an integral part of how the business is managed.</p> <p>The Board performs its duties guided by the Board Charter, which considers key governance practices, relevant laws and the company's strategic intentions.</p> <p>Lastly, the Board has constituted various committees that assist the Board in playing an oversight role.</p>
<p>7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>		<p>The Board is satisfied that its composition reflects the appropriate balance of knowledge, skills, experience and diversity.</p>
<p>8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.</p>		<p>The Board has delegated some of its functions to its committees to fulfil key roles in ensuring good corporate governance in line with King IV. There is a clear balance of power to ensure that no individual has undue decision -making powers.</p> <p>It should be noted that delegating responsibilities does not discharge the board's collective mind applied to information, opinions, recommendations, reports and statements presented to it.</p>



<p>9. The governing body should ensure that the evaluation of its own performance and that of its committees, chairman and individual members, support continued improvement in its performance and effectiveness.</p>		<p>The Board recognizes that in order to remain effective, it must induct, evaluate, develop and charge its members from time to time to fulfil the Group's needs and objectives.</p> <p>It is against this background that the Group had conducted its latest internal assessment in 2022 and weaknesses that were identified were tracked by developing a Remedial Action Plan that was adopted by the Board. All these findings/weaknesses were addressed by 31st December 2023.</p> <p>It is envisioned that an external Board evaluation will be conducted in the new year.</p>
<p>10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>		<p>The Board is satisfied that the Group is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p> <p>With respect to appointments, the CEO is appointed by the Board. The Nominations and Governance Committee is responsible for the performance assessment of the CEO against agreed performance objectives.</p> <p>However, from 2024 the Board has approved that the performance of the CEO will be conducted by the Board Chairperson. This is in accordance with Section 5.5 of the NBFIRA (Capital Markets Sector Corporate Governance) Rules 2023.</p>
<p>11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>		<p>The Board understands and takes accountability for all risks that potentially affect the achievement of its strategic objectives. Accordingly, risks are identified and managed within acceptable parameters. There is a Risk Management Policy in place. The Group's risk Framework, register and heatmap drive the reporting process to ensure key objectives are identified and associated risks are considered, assessed and reported.</p>

<p>12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>		<p>Although the Board remains accountable for the governance of technology, the Board has delegated the management of IT governance to Management and monitors the key IT governance risks through the Risk &amp; IT Committee, which has IT governance as a standing item on its agenda.</p>
<p>13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>		<p>Compliance with applicable laws and regulations are clearly understood, not only in terms of the obligations they create, but also for the rights and protection they afford. This forms the basis of the Board's key regulatory focus areas, which includes all relevant legislation that affects the Group. Lastly, the Group keeps a register of the legislative universe specific to the organisation.</p>
<p>14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.</p>		<p>The Board assisted by the Nominations and Governance Committee, ensures that staff is remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in sustainable manner. In satisfying this principle the BSEL has the Rewards and Retention Policy in place. .</p>
<p>15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>		<p>The Board provides assurance regarding the annual report and annual financial statements in its statement of responsibility included in the annual report and annual financial statements.</p> <p>The Board assisted by the Finance and Audit Committee oversee that assurance services and functions enable an effective control environment and support the integrity of information for internal decision making and the group's external reports.</p>
<p>16. In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>		<p>The board exercises ongoing oversight of stakeholder management and strives to ensure an integrated approach to stakeholder engagement across the organization.</p>
<p>17. The governing body of an institutional investor should ensure responsible investment.</p>	<p><b>Not Applicable</b></p>	



STOCK MARKET



# 11. ENTERPRISE RISK MANAGEMENT

Managing risk is a fundamental part of the BSE. The BSE manages risk as part of a long-term strategy of resilience. Risk management is embedded in all levels of the exchange and is part of the daily business activities and strategic planning to ensure business sustainability.

Risk management activities are aimed at identifying the risks/ threats to BSE which may impact achieving our strategic and operational objectives. They include establishing the context, that is the criteria against which risk will be evaluated and the risk appetite of the exchange; analyzing risks and where appropriate take mitigating actions; monitoring and reviewing risk;

and effective internal and external communication (reporting) of risk information.

The Enterprise Risk Management Framework (ERMF) provides a structured approach of aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing existing risks and potential threats (perceived risks) that have potential to impact on the exchange's commitment to fulfil its strategic and operational business objectives. The risk management framework is developed in terms of the best practice Risk Management Frameworks and Corporate Governance Frameworks

such as, COSO Risk Management Framework 2017, King IV Report on Corporate Governance 2016 and ISO 31000 Risk Management Framework 2018.

The BSE's risk appetite, is owned by the Board of Directors and expresses the aggregate level of risk that we are willing to assume in the context of achieving our strategic objectives. Risk appetite in relation to the major risks to which the exchange is exposed to is regulated by limits and thresholds. These thresholds aid in reaching our financial targets and maintaining a low risk profile.

## 11.1 ROLES AND RESPONSIBILITIES OF BSE BOARD AND RISK COMMITTEE

The Board is responsible for the governance of risk and sets the tone for risk management by providing discipline and structure. It approves the ERM Framework which clearly defines BSE's risk management philosophy, sets risk tolerance and appetite parameters, promotes, and inculcates risk management culture within the exchange ensuring that enterprise risk management is integrated and embedded into the organization's normal business processes and activities.

Whilst the Board has delegated its responsibility for enterprise risk management to Executive Management, it still retains the ultimate accountability for the governance of risk. The main accountability and responsibilities are drawn amongst others from the King IV Corporate Governance Code.

## 11.2 ROLE OF RISK AND AUDIT COMMITTEE

The Risk and Audit Committee is responsible for providing the Chief Executive Officer with independent counsel, advice, and direction in respect of risk management. The stakeholders rely on the Risk and Audit Committee for an independent and objective view of the exchange's risks and effectiveness of the risk management process. In this way, the Risk and Audit Committee provides valuable assurance that stakeholder interests are protected.

The Risk and Audit Committee is responsible for addressing the governance requirements of ERM and monitoring the exchange's performance with ERM activities. The Committee meets quarterly and has a defined mandate and terms of reference with regards to enterprise risk management.

### 11.3 ROLES AND RESPONSIBILITIES OF BSEL MANAGEMENT

Executive Management is responsible for implementation of the enterprise risk management framework and related policies, ensuring that the various role players within BSE take appropriate measures to identify, assess and manage institutional risks.

The ability to assess risk prudently, to formulate effective policy and to monitor compliance is an essential function of good corporate governance. The Executive Management ensures that the BSE’s risk appetite is aligned with the business strategy.

Executive Management implements and monitors the risk management activities and ensuring embedment at all levels within the exchange. It reviews the risk philosophy, strategy and policies and ensuring compliance with such policies, and with the overall risk profile of the BSE.

Ensures appropriate data and systems are in place to support the risk management function that the workforce is appropriately and trained to apply and meet the risk management requirements for their role in the organisation.

### 11.4 RISK MANAGEMENT APPROACH

Risk management is conducted using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework guidelines and is in line with principles defined in ISO 31000 and King IV Report on Corporate Governance

Risk categories are high level descriptive terms to aid in the identification and analysis of risks. These help to communicate the areas of risk that are important to the exchange. The BSE categorises its risks as follows:

CLASSIFICATION	DESCRIPTION
<b>Financial Risk</b>	Financial risk is the possibility of loss on an investment or business venture. Some more common and distinct financial risks include market risk, credit risk, price risk, liquidity risk, capital risk etc
<b>Strategic</b>	Risks or opportunities related to the BSEL’s ability to achieve its strategic goals and objectives, including competitive market risks, and risks related to mission, values, strategic goals; business model; market positioning; ethical conduct etc
<b>Operational</b>	Risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations. It includes: <ul style="list-style-type: none"> <li>➤ Human Resource</li> <li>➤ Technology and systems</li> <li>➤ Fraud</li> <li>➤ Procurement and third party</li> <li>➤ Legal and compliance</li> <li>➤ Business continuity</li> <li>➤ Reputation</li> <li>➤ Clearing and Settlement</li> </ul>

## 11.5 RISK MANAGEMENT GOVERNANCE MODEL

The BSE applies the three Lines of Defence ('LOD') model to the day-to-day risk management activities and control framework. The Three Lines of Defence Model is a valuable framework that outlines organisational members' role in assuring the effective management of risk. The first

LOD includes functions that are engaged in, or support, revenue generating activities which own and manage the risks. The second LOD comprises of the control function teams who are independent of the First Line and provide oversight and challenge of risk management to provide confidence to the Senior

Management and the Board. The third LOD comprises of the internal audit team who provides independent assurance on the effectiveness of controls that support First Line's risk management of the business activities, and the processes maintained by the Second Line.



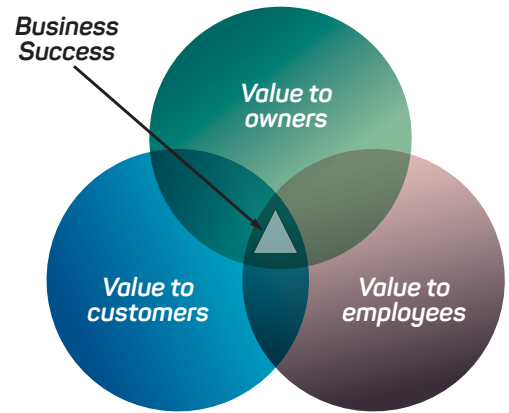
# 12. VALUE CREATION PROCESS.

## 12.1 VALUE CREATION STATEMENT

The BSE's value creation is embedded in its mission which is: *To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities for the benefit of issuers, investors and stakeholders.* In creating this value, the BSE identifies an intersection between the interests of stakeholders, customers and the Exchange itself. Our business model leverages all of these values within business initiatives.

The BSE defines value creation as giving something valuable to receive something else that's more valuable. The BSE appreciates that this definition covers a wide range of stakeholders, but has narrowed it down to its Owners, Customers and Employees.

### Value Creation for Business Success



## 12.2 VALUE TO OWNERS

Entailed in the 2022-2026 Strategic Plan, is the BSE's intent to improve its proficiency and overall financial performance to support its stature as a for-profit entity. BSE strives to create value by generating revenues that surpass operating costs and those of previous financial years. This value accumulates to shareholders because they are the residual owners of the Exchange. This value is measured by growth in revenue and dividends paid. The table below shows the movement in the profits of the BSE Group from 2022 to 2023.

Table 1: Summary of Operational Performance

	2023	2022	Variance (%)
<b>Total Income</b>	<b>76,553,186</b>	<b>52,696,494</b>	<b>43%</b>
Less: Expenditure	50,120,138	42,120,859	
<b>Net Profit</b>	<b>26,433,048</b>	<b>10,575,635</b>	<b>185%</b>

The BSE has adopted a **Residual Dividend Policy** where the company pays dividends from the funds left after financing approved capital expenditure, repayment of capital and interest due to third party and other debts, provision for the replacement, repair and refurbishment of assets of the company and operating costs. In 2021, BSE distributed a total of

P1,586,453 to shareholders as dividends. This being P0.045 per share. In 2022, a total of P1,780,000 was paid out as dividends, this representing P0.05 per share. BSE is committed to growing the quantum of dividends year-on-year because that is how shareholders realize a return on their investment.

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## 12.3 VALUE TO CUSTOMERS

The BSE intends to create an environment that promotes the competitiveness of the domestic capital market in relation to peer markets in order to support the growth ambitions. The BSE will achieve this through the establishment of regulatory frameworks, and continual review, in order to foster an environment conducive for attracting new issuers and investors, and asset classes. The BSE facilitates access to investment and economic empowerment opportunities through various investment instruments such as equity, fixed income, depositary receipts and exchange traded funds. These instruments are accessible to any member of the community and offer various risk-return options to investors.

## 12.4 VALUE TO EMPLOYEES

BSE believes that engaging and developing employees is not just a moral imperative, it is also a strategic advantage. Engaged employees are more productive, innovative, and committed to achieving organizational goals, thus contributing to **creating value for customers**.

- a. **Training and Development:** Invest in ongoing training and development programs to enhance employee skills and knowledge. This not only benefits the individual but also the organization;
- b. **Rewards and Retention Programmes:** Acknowledge and reward employee contributions. The programme also assists BSE in attracting and retaining best talent, boost morale, motivation, and overall job satisfaction;
- c. **Open Communication:** Encourage open and transparent communication throughout the organization. This helps foster a culture of collaboration and innovation. One of BSE's value is **"Engage Boldly"** which encourages employees to be assertive and communicate openly;
- d. **Wellness Programs:** Promote employee well-being through wellness initiatives. Healthy and happy employees are more productive and engaged. contributing to creating value for customers and stakeholders alike.

The BSE is a highly specialized entity that requires highly skilled and competent employees to drive its mandate and strategy. The BSE therefore prides itself in attracting and retaining competent workforce suitable to drive the BSE strategy and vision. The BSE regards staff as a value-add partners and rely on them to provide inclusive operational excellence. The BSE ensures that staff contributes effectively to the its strategy and vision by:

- a. **Implementing a rigorous performance management system** - The BSE signs detailed performance contract targeting key performance deliverables and competencies and assess biannually. The performance contracts integrate cascaded strategic objectives, key job requirements and identified risk areas.

- b. **Implement staff welfare programs** - The BSE set aside each year a budget for funding approved staff welfare programs. The programs range from team building programs, career development and mental health improvement programs. The BSE recognizes that healthy, engaged and motivated employees are more productive which in turn create value for customers and stakeholders alike.

- c. **Implementing rewards and retention strategies** - The BSE has adopted total rewards model comprising of fixed and variable remuneration components, benefits and other aspects of rewards such as work life balance, performance and recognition, and employee career development.

- d. **Empowering learning and growth** - the BSE set aside a budget each year to finance employee development and training initiatives of identified critical skills required for the business. In addition, the BSE enable employees to self-develop by encouraging, supporting and enabling self-development.

- e. **Practicing equitable and competitive recruitment process** - the BSE applied the same recruitment requirements to all potential candidate irrespective of gender, ethnicity or ability/disability. All employees are selected and on-boarded on the basis of competence and meeting job requirements and fit for the organization (10 males and 17 Females).

- f. **Progression on the basis of capability and qualification** - Currently Management is relatively gender balanced, with 5 males vs 4 females.

In conclusion, the BSE recognizes that engaged and motivated employees are critical for delivering exceptional service to both the customers and stakeholders.



# 13. STRATEGY REPORT

## 13.1 BSE 5-YEAR STRATEGIC INTENT

*"To position the BSE as the preferred destination for issuers and investors by offering diversified products and services while leveraging on technology, innovation, relationships, proficiencies, and subscribing to effective and efficient processes".*

BSE intends to achieve this Strategic Intent by pursuing the following key strategic goals;

- INCREASE PROFITABILITY:** The BSE intends to improve its proficiency and overall financial performance to support its stature as a for-profit entity. To achieve this, the organisation requires diversified income streams, efficient cost management and the prevalence of a high performance culture where staff members adapt themselves as stakeholders in the company.
- GROWTH IN LISTED SECURITIES:** The BSE intends to develop robust strategic initiatives to attract issuers, investors, products and to retain them. This goal will be measured using the ratio of Domestic Market Capitalisation to Gross Domestic Product and also using the Number of Listed Securities.
- INCREASE MARKET LIQUIDITY:** The BSE intends to leverage technology, innovation and processes to increase market activity and liquidity, culminating

in the increase in the number of issuers, investors, products, the diversity of the investor base and listed products as well as improved levels of engagement by intermediaries/brokers, improved levels of awareness and literacy by the investor base. This goal will be measured by the average daily turnover in listed products.

- CREATE AN ENABLING ENVIRONMENT:** The BSE intends to create an environment that promotes the competitiveness of the domestic capital market in relation to peer markets in order to support the growth ambitions. This will be achieved through the establishment of regulatory frameworks, and continual review, in order to foster an environment conducive for attracting new issuers and investors, and asset classes. This goal will be measured by the number of issuers.

The 4 key strategic goals of the Strategic Intent are expected to support the Vision of the BSE which is "To Be a World Class Securities Exchange Delivering Innovative Products and Services".

The below figure summarises the key strategic goals, the measures and targets which when accomplished would categorise the BSE as a "World Class Securities Exchange", particularly within the Frontier Markets.

TO BE A WORLD-CLASS SECURITIES EXCHANGE			
STRATEGIC GOAL	MEASURE/KPI	BASELINE (2021)	TARGET (2026)
INCREASE PROFITABILITY	% YoY Profitability	16%	10%
GROWTH IN LISTED SECURITIES	Domestic Market Cap/GDP	19.5%	40.0%
	# of Listed Securities	81	110
INCREASE MARKET LIQUIDITY	Equity Average Daily Turnover (BWP)	7.3 Mn	15.0 Mn
CREATE AN ENABLING ENVIRONMENT	# Asset Classes	3	6
	# of Investors	100,000	150,000
	# of New Issuers <sup>Note1</sup>	E(5);B(5);F(1);R(0)	E(11);B(7);F(2);R(1)

2022-26 High-Level Targets

Note 1: Counted over the Strategic Plan period

## 13.2 KEY STRATEGIC ACHIEVEMENTS IN 2023

TO BE A WORLD-CLASS SECURITIES EXCHANGE			
STRATEGIC GOAL	MEASURE/KPI	TARGET (2023)	ACTUAL (2023)
INCREASE PROFITABILITY	% YoY Profitability	14.7%	185.0%
GROWTH IN LISTED SECURITIES	Domestic Market Cap/ GDP	24.0%	21.8%
	# of Listed Securities	95	158
INCREASE MARKET LIQUIDITY	Equity Average Daily Turnover (BWP)	10.1 Mn	16.4 Mn
CREATE AN ENABLING ENVIRONMENT	# Asset Classes	4	3
	# of Investors	117,683	101,426
	# of New Issuers <sup>Note1</sup>	E(2);B(2);F(1);R(1)	E(1);B(98);F(0);R(0)

## 13.3 GROWTH OF THE MARKET AND BUSINESS

**16.7%**

[P6.9Bn] growth in domestic market cap

**15.6%**

appreciation of DCI

**98**

new bonds listed

**51.8%**

[P6.9Bn] growth in total market cap

**25.5%**

appreciation of DCTRI

**42**

new commercial papers

**15.4%**

[P3.8Bn] growth in bond market cap

**57.7%**

appreciation of FCI

**1**

new equity

## 13.4 PROMOTING SUSTAINABILITY AND SUSTAINABLE DEVELOPMENT

The BSE is among the leaders in the continent in so far as sustainability and ESG is concerned. In 2016, the BSE is a Partner Exchange of the UN-backed Sustainable Stock Exchanges Initiative which seeks to promote sustainable investing in capital markets and we benefit in many ways from being a member of this network, the recent benefit being the training on applying the IFRS Sustainability Disclosure Standards. The BSE is at the tail end of availing a new ESG Disclosure Guidance for listed companies, much more improved and encompassing of all the developments around the sustainability standards globally.

In 2023, we implemented fee incentives for listing sustainable bonds, by way of a 25% discount on initial and annual sustaining fees, a feat that helped to raise Botswana's ranking from number 8 to number 6 in 2023 in the Absa Africa Financial Markets Index. Pursuant to that, in December 2023, we listed the first ever sustainable bond on the BSE, issued by Absa and this put among the few countries in Africa to have listed sustainable bonds. There is a lot of capacity building we carry out, mainly on the back of the partnerships between COSSE and FSD Africa under the SADC Green Bond Programme and this extends to market participants across the SADC region.

## 13.5 CORPORATE SOCIAL RESPONSIBILITY

The BSE has a comprehensive Corporate Social Investment (CSI) Policy called Dipoelo Programme that governs how the organization undertakes CSI activities. This Policy is intended to drive the BSE closer to the community it operates in and increase brand equity by focusing on five (5) critical social areas namely; education, entrepreneurship, community development, health and environmental/sustainability issues.

### ► ADOPT-A-SCHOOL INITIATIVE:

The BSE kick-started the year by resourcing its two (2) adopted schools, Kareng Primary School and Metsimantsho Primary School, with school stationery and essentials to assist with the delivery of quality education and provide a better learning environment for the students. These included school bags, exercise books, printing paper, pens, pencils, rulers, erasers, markers, staplers, manila papers, etc. All donated material was valued at **P55,000.00**.

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 **P28,000.00**.

### ► FNB KAZUNGULA MARATHON 2023:

In February 2023, First National Bank Botswana Limited, in conjunction with Obert Fitness, held the 2<sup>nd</sup> Annual Kazungula Bridge Marathon in Kasane, Botswana. 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.

### ► MASIELA TRUST FUND FUND-RAISING GALA DINNER:

On 2<sup>nd</sup> November, 2023, the BSE CEO delivered a Keynote Address at the Masiela Trust Fund Gala Dinner held in Gaborone at Cresta Lodge. Masiela Trust Fund is a non-profit making and child-centered organization dedicated to enhancing children's well-being. The Annual Gala Dinner is hosted to raise funds from various donors to assist with the welfare of vulnerable children from our local communities. The BSE's participation at the Annual Masiela Trust Fund Gala Dinner marked another significant stride in our corporate social responsibility efforts, highlighting the Exchange's commitment to fostering the well-being of children living in our communities. By taking part in this charitable endeavor, the BSE not only demonstrates its social consciousness but also sets a precedent for other financial institutions to prioritize philanthropy.

In his address, Mr. Tsheole emphasized the Exchange's drive for positive change. He underscored the importance of organizations like the BSE in supporting initiatives that address societal challenges, particularly those affecting the most vulnerable members of the community –

- ▶ The BSE's active role in initiatives like the Masiela Trust Fund Gala Dinner showcases the transformative power of collaborative efforts between the corporate sector and non-profit organizations. Such engagements exemplify the BSE's understanding that financial success and societal well-being are interconnected, and by supporting initiatives dedicated to children's welfare, they contribute to building a more compassionate and sustainable future.

“Supporting such initiatives is not just an option; it is a moral obligation. As organizations, we don't operate in isolation. We are an integral part of the communities we serve, and our success is intertwined with the well-being of those communities. Our local communities provide us with the human capital and consumer base that sustains our operations. When we invest in the welfare of children, we are investing in the future of our nation. These children are the future workforce, entrepreneurs, and leaders. We have a responsibility to ensure that they have access to the opportunities and support they need to thrive.”



Donation ceremony at Kareng Primary School in the North West District

## 13.6 THE CHANGING BUSINESS LANDSCAPE

The stock exchange is critical to driving investments in the country, and fuelling economic expansion. We have seen over the past few years that there are a number of businesses that are interested, and even ready, to scale up by raising capital in public markets and listing on the Exchange. These are businesses across the broader economic spectrum, including those that have participated in our flagship Tshipidi Mentorship Programme.

In recent years, Government has put in place, and in some cases revised, the various legislative tools. These include the Economic Inclusion Act (No. 26 of 2021), the Public Procurement Act (No. 24 of 2021), the Income Tax Act (CAP 52:01) and the Retirement Funds Act (No. 38 of 2022). These acts present various opportunities and limitations in varying degrees.

Notably, they all seek to improve the investment landscape, and to some extent the fiscus and social dividend, in Botswana. The stock exchange plays an important role of democratising the access to finance and to empowerment opportunities. It is among the largest platforms that connect the populace and that promote financial inclusion and economic empowerment. However, we have identified the following as impactful to the investment landscape, the capital markets ecosystem and how they could be manoeuvred to continue to foster a conducive environment for the investment landscape to thrive:

- a) The Public Procurement Act (PPA) provides that entities that are doing business with Government must be 100% citizen-owned. This definition has presented consequential limitations to local entities that are, at this stage 100% citizen-owned, but are looking to list on the BSE and dilute their shareholding to include foreigners. It has also had adverse implications for listed entities, which by virtue of being listed include foreign shareholders, who attempted to tender for business pertaining to Government-owned entities to whom the PPA is applicable. In the long-run, the lack of any resolution to this stumbling block, particularly to categorize listed entities as citizen owned, could threaten the extent to which the BSE is able to attract and retain listings. However, this is a matter that the BSE has extensively engaged Government on, for which Government has favourably appreciated these limitations and there could be prospects for re-assessing to promote access to capital markets, access to finance and promote economic inclusion;
- b) Along these engagements, in respect of both the PPA, the Income Tax Act and the Economic Inclusion Act, the BSE has lobbied the Government to consider providing incentives to listed entities. These could be in the form of preferential treatment in procurement for entities that are listed that are doing business with Government, as well as tax incentives by way of reduced corporate income tax and reduced withholding tax. However, effective July 2021, Government increased the withholding tax rate on dividends paid to residents and non-residents from 7.5% to 10%. This is a matter we continue to engage on, as the pressure mounts to position Botswana as a preferred investment destination.
- c) The Retirement Funds Act introduced pertinent changes to the Pension Fund Rules 2 (PFR) which came into effect in June 2023, the progressive reforms being to attain, through a staggered approach, the 50:50 asset allocation between the domestic and the offshore market by 2027. This implies that the demand for local assets and listed instruments will rise phenomenally to absorb the cash liquidity, a positive reform for the Exchange. As part of the new PFR2, the Regulator encourages investing in ESG-oriented instruments, a move that will bolster the landscape for Sustainable Bonds and other ESG initiatives pursued by the BSE. Perhaps, the revision

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- d) One of the innovative initiatives the BSE is working on is the Securities Borrowing and Lending (SBL), which is vital to unlocking liquidity through borrowing of securities from those that tend to buy and hold for extended periods of time. It is also a critical success factor for Market-Making which the BSE introduced in 2021. To this end the SBL Guidelines have been developed and there has been a few capacity building seminars for market participants. Obviously, the regulatory environment has to be conducive. However, we find ourselves at loggerheads with the regulatory provisions as outlined in PFR2, wherein pension funds are prohibited from engaging in Securities Lending. An SBL market cannot work without the participation of pension funds or institution investors in general. This is an item we continue to engage the Regulator about, and we intend to extend the conversation to the Tax Authority as there could be certain reforms from a tax standpoint that could stimulate activity in SBL.
- e) We implemented the Tshipidi Mentorship Programme (TMP) in 2019 following the commissioning of the listing requirements for the Tshipidi Board in 2019. To this end 67 companies have graduated from this Programme. None has listed on the BSE, despite the various tangible attempts at capital raising. In 2023, we organised and hosted the Tshipidi Investment Forum, to gather all experts and key stakeholders, unpack the challenges of SME access to finance and come up with resolutions. One such resolution that gained immense consensus was to structure a pooled-investment vehicle that could raise capital for onward funding of SMEs. The vehicle

could raise capital in various way, including listing the vehicle itself, or issuing bonds, attracting impact funds and multilateral funds, among others. This is an innovative idea, and fortunately the BSE was already miles ahead regarding this solution with insights attained from its USA Investment Roadshow of 2022. It is undoubtedly one of the way we could build a pipeline of potential listings by SMEs.

### 13.7 KEY FOCUS AREAS IN 2024

The BSE continues to advance its mission under the 2022-2024 Corporate Strategy. In 2024, the strategic objectives that the BSE will be focusing on are as follows:

PERSPECTIVES & STRATEGIC OBJECTIVES	<b>FINANCE &amp; RESULTS</b>
	<ul style="list-style-type: none"> <li>• Improve financial performance</li> <li>• Improve resource mobilization</li> </ul>
	<b>CUSTOMER &amp; STAKEHOLDER</b>
	<ul style="list-style-type: none"> <li>• Increase market liquidity</li> <li>• Increase product development &amp; diversity</li> <li>• Improve policy advocacy/enabling environment</li> <li>• Improve customer service</li> <li>• Enhance strategic partnerships &amp; networks</li> </ul>
	<b>INTERNAL PROCESSES</b>
	<ul style="list-style-type: none"> <li>• Information and data management</li> <li>• Enhance interconnectivity platforms</li> <li>• Improve regulatory oversight</li> <li>• Optimize business processes</li> <li>• Enterprise risk management</li> </ul>
	<b>LEARNING &amp; GROWTH</b>
	<ul style="list-style-type: none"> <li>• Build a high performance organisation</li> <li>• Enhance organizational capacity</li> </ul>



# 14. MARKET PERFORMANCE REVIEW

## 14.1 GLOBAL MARKET HIGHLIGHTS

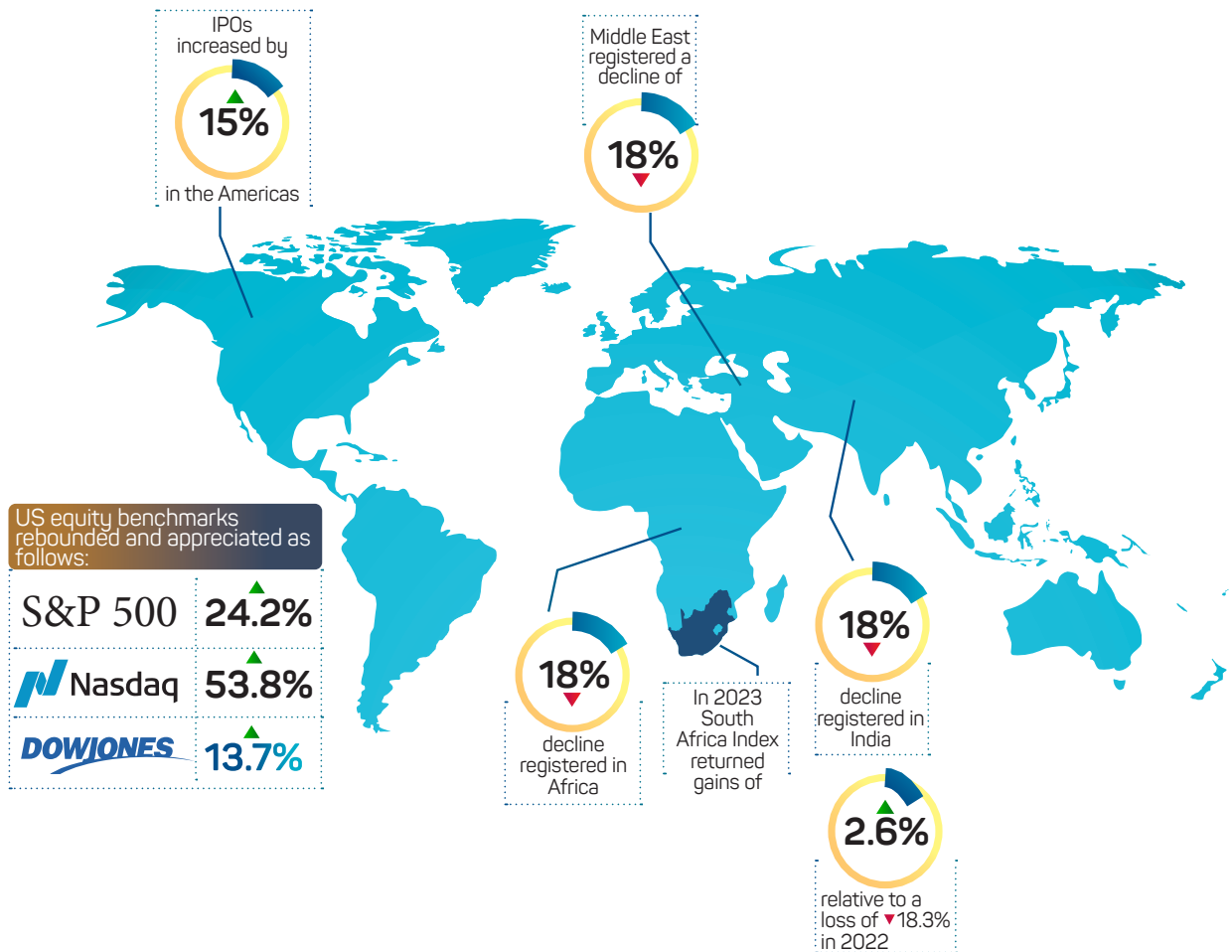
During 2023, the global markets continued to be subjected to various geo-political tensions that hampered the expectations of a quicker recovery. The persistent inflation during the first half of the year compelled central banks to continue tightening their monetary policy, subsequently resulting in increased interest rates that exerted pressure on share prices. Typically, robust equity markets correlate with increased IPO activity and when struggling markets occur, IPO activity slows down. Contrary to expectations, the EY Global IPO Trends 2023 reported muted IPOs despite a strong market rally, resulting in an 8% global decline. A closer examination of the regions

reveals that IPOs increased by 15% in the Americas and 7% in Europe, Middle East, India and Africa (EMEIA) while Asia-Pacific registered a decline of 18%. Aggressive monetary policy tightening significantly contributed to the downturn in IPO activity, and cautious investors, responding to geopolitical tensions, retreated from equities to less risky investment options.

A noteworthy shift occurred in African markets, with a recovery from stunted growth in 2022. The FTSE ASEA Pan Africa ex. South Africa Index returned gains of 2.6% in 2023 relative to a loss of 18.3% in 2022. Similarly, US equity benchmarks rebounded and appreciated as follows: S&P 500 (24.2%), Nasdaq 100 (53.8%) and Dow Jones

Industrials (13.7%), contrasting with depreciations of 18.1%, 32.4% and 6.9% respectively in 2022.

The outlook for IPOs hinges on various factors, including inflation, interest rates, economic recovery and geopolitical tensions. Globally, a moderation in inflation and potential interest rate cuts in 2024 could draw investors back to IPOs by enhancing liquidity and return prospects. However, sustained geopolitical instability poses a threat to investor confidence. Broadly, the year ahead relies on an improving macroeconomic backdrop for IPO resurgence, with companies eagerly anticipating more favourable market conditions to widen the IPO windows.





## 14.2 GLOBAL ECONOMIC HIGHLIGHTS

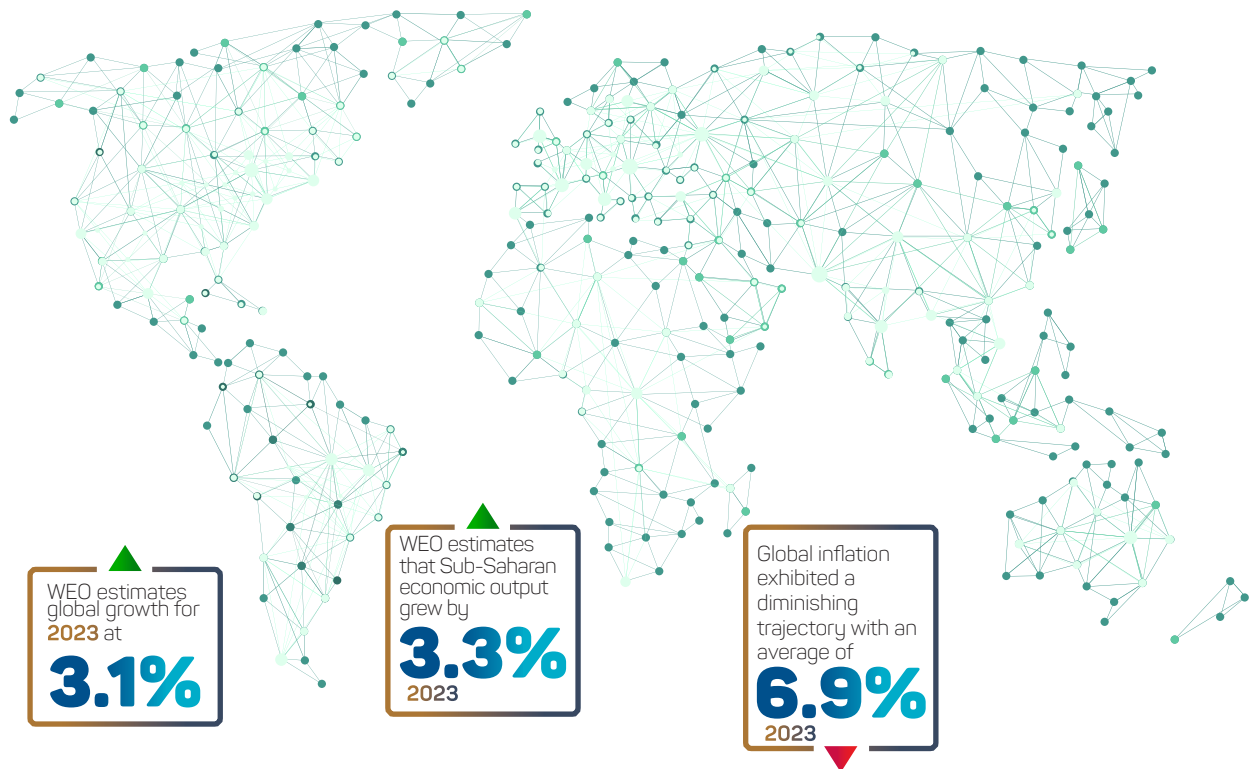
The World Economic Outlook (WEO) published by International Monetary Fund (IMF) in January 2024 estimates global growth for 2023 at 3.1% in comparison to 3.5% in 2022. This is 0.1 percentage points higher than the global growth projection in the WEO October 2023 forecast, reflecting positive surprises in several economies. Advanced economies are expected to growth at 1.6% in 2023 compared to 2.6% in 2022, while emerging market and developing economies are estimated to have remained at 4.1%. Further, the

WEO estimates that Sub-Saharan economic output grew by 3.3% in 2023 in comparison to a 4.0% growth rate in 2022.

Evidently, reduced economic output was a common theme across all economies during 2023 in comparison to 2022, with a noticeable uptick towards the tail end of the year. Looking ahead, IMF anticipates the sustenance of the current momentum with projected economic output expansions at 3.1% (global), 1.5% (advanced economies), 4.1% (emerging

market and developing economies) and 3.8% (Sub-Saharan Africa). Risk factors associated with the current outlook are broadly balanced with scope for upside surprises to global growth and potential factors that could shift risks in the opposite direction.

Global inflation exhibited a diminishing trajectory with an average of 6.9% in 2023 compared to 8.7% in 2022. The IMF expects this trend to persist, projecting a further decline in global inflation to 5.8% in 2024 and 4.4% in 2025.



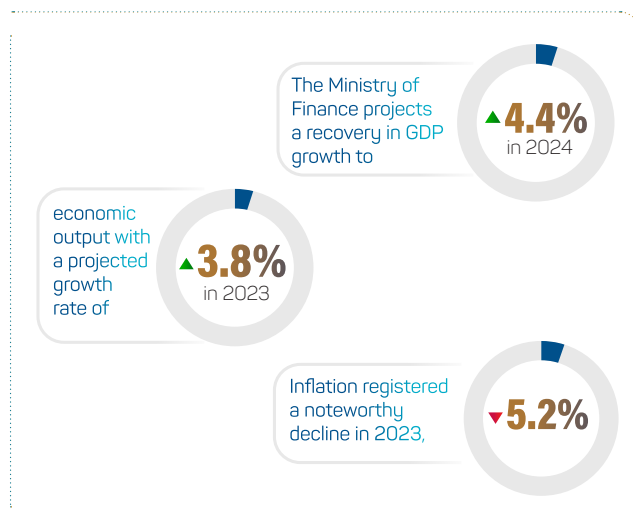
## 14.3 DOMESTIC ECONOMIC HIGHLIGHTS

According to the IMF's Regional Economic Outlook (REO) published in October 2023, Botswana ranked in the top 60<sup>th</sup> percentile of African economies in terms of economic output with a projected growth rate of 3.8% in 2023. The slowdown from 5.8% registered in 2022 was mainly due to a decline in diamond production and prices due to weaker global demand. The Ministry of Finance projects a recovery in GDP growth to 4.4% in 2024.

Notwithstanding the reduced economic output in 2023, Botswana ascended in the Absa Africa Financial Markets Index (AFMI), advancing to sixth from eighth among twenty-eight countries. The AFMI has become a benchmark index for the investment community to gauge African countries' market infrastructure and evaluates a blend of economic factors such as: market depth; access to foreign exchange; market transparency, tax and regulatory environment; capacity of local investors; macroeconomic environment and transparency; and legal standards and enforceability.

Over the past two years, Botswana has demonstrated substantial economic recovery post pandemic with economic output trailing above Botswana's long-term average of 4.0%. This has been bolstered by the growth-enhancing economic transformation reforms and supportive macroeconomic policies being implemented in the country such as the supportive monetary and fiscal policies, implementation of the Economic Recovery and Transformation Plan (ERTP) and the two-year Transitional National Development Plan.

Inflation registered a noteworthy decline in 2023, averaging 5.2%. This was significantly lower than the 12.1% average in 2022, finally returning to the Central Bank's medium-term objective range of 3-6%. The Monetary Policy Committee (MPC) projects that inflation will remain within the objective range in the medium-term, averaging 4.9% in 2024 and 4.7% in 2025.



## 14.4 EQUITY MARKET PERFORMANCE

### 14.4.1 INDICES PERFORMANCE

The upward movement of local equities largely mirrors the optimistic path outlined in the growth projections for the local economy. From a return perspective, the Domestic Company Total Return Index (DCTRI) appreciated by 25.5% relative to an increase of 18.4% in the corresponding 2022 period, while the Domestic Company Index (DCI) appreciated by 15.6% in comparison to 10.2% during the same period in 2022.

This improvement in performance reflects the robust recovery of the domestic equity market from the economic slump contributed in part by the pandemic. As mentioned, over the past few years, this recovery has been greatly supported by the accommodative monetary conditions by the BoB and the implementation of the ERTTP among others.

The Foreign Company Index (FCI) also registered growth, recording a notable increase of 57.7% in 2023, mainly as a result of increased trading in dual listed stocks, in comparison to a marginal increase of 0.8% during the corresponding period in 2022.

The Domestic Financial Sector Index (DFSI), comprising of financial services companies and the banking sector, and also a total return index appreciated by 31.7% in comparison to an appreciation of 23.7% in 2022. Similarly, the Foreign Resources Sector Index (FRSI), which tracks the performance of the mining and minerals companies the foreign equity board registered a noteworthy increase of 68.4% from 7.7% in 2022.

The last of the six BSE equity indices – the LASI (Local Asset Sector Index), grew at a rate of 62.6% in comparison to an appreciation of 9.5% in 2022. The LASI comprises of all domestic and foreign companies awarded the local asset

status by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

Information presented in Figure 1 shows the performance of all equity market indices which collectively paint a picture of positive business sentiment in 2023.

Figure 1: Analysis of Equity Indices

Indices of Domestic Companies		
Index	2022	2023
Domestic Company Index	7,726.4	8,929.6
% Change	10.2	15.6
Domestic Company Total Return Index	2,191.3	2,749.4
% Change	18.4	25.5
Domestic Financial Sector Index	1,525.1	2,008.4
% Change	23.7	31.7
Indices of Foreign Companies		
Index	2022	2023
Foreign Company Index	1,562.7	2,464.7
% Change	0.8	57.7
Foreign Resources Sector Index	965.7	1,626.4
% Change	7.7	68.4
Indices of Local Asset Status Companies		
Index	2022	2023
Local Asset Status Index	1,051.7	1,709.8
% Change	9.5	62.6

Source: BSE

## 14.4 EQUITY MARKET PERFORMANCE

Figure 2 presents the trends in liquidity over the past four years. Value of shares traded (turnover) and the volume of shares traded (number of shares traded) are examples of variables used to gauge liquidity on the Exchange.

On a year-to-date basis, the BSE has marked a historic high in liquidity. Equity turnover amounted to P4.1 Billion which translates to an average turnover of P16.4 Million per day. In comparison, turnover for the same period in 2022 amounted to P1.2 Billion signifying a phenomenal increase of 241.7%. This milestone is attributable to the record-breaking deal in BIHL that amounted to P2.9 Billion on 4 September 2023, and constituted the highest ever single counter, single day trade in the history of the Exchange.

The last record trade of similar magnitude on the BSE was for the full year 2015 which amounted to P3.0 Billion and translated to an average daily turnover of P12.2 Million.

### 14.4.2 TRENDS IN TURNOVER, MARKET INDICATORS & CAPITALISATION

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Figure 2: Liquidity: 2020 to 2023

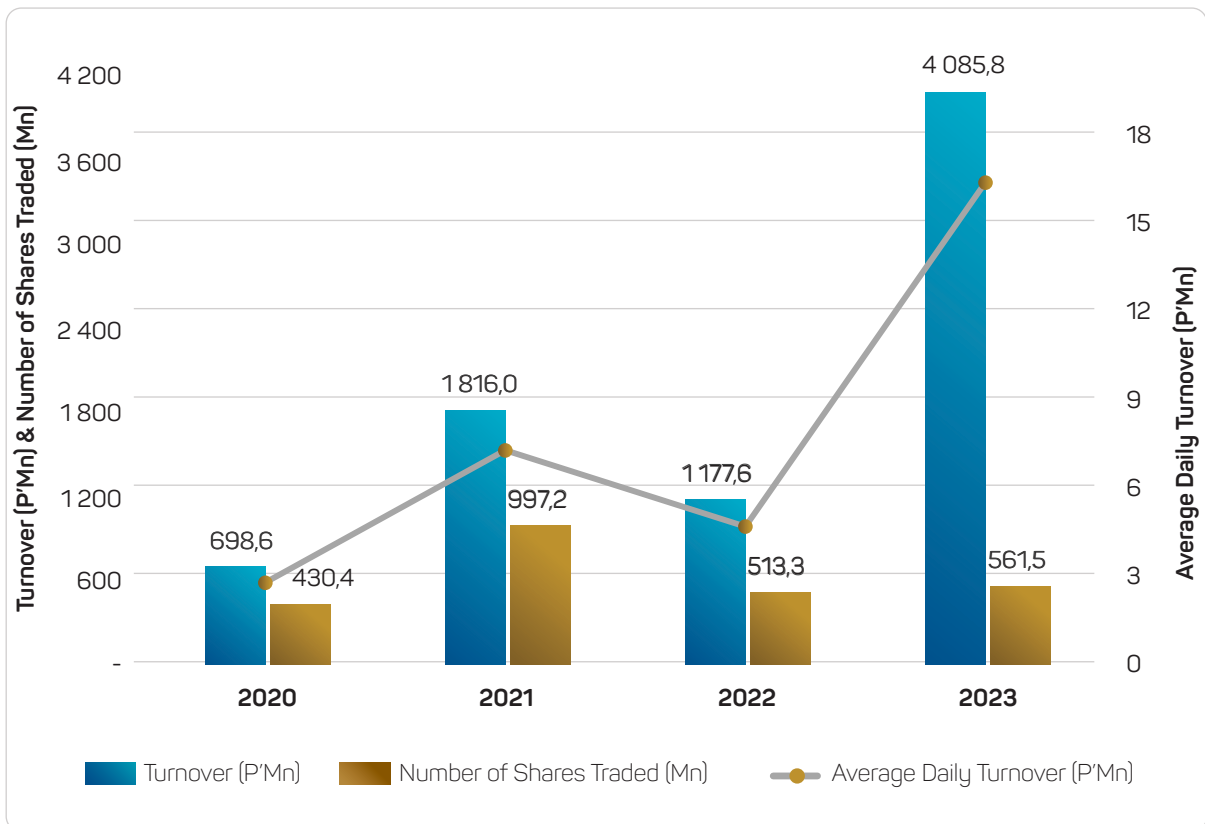


Figure 3 ranks listed companies by their contribution to equity turnover in 2023. The top 3 traded companies during the period under review were BIHL (P3.0 Billion), Letlole La Rona (P175.8 Million) and Chobe (P156.6 Million). The total turnover from these 3 companies accounted for 80.7% of total equity turnover, with the leading counter BIHL accounting for 72.6% of total equity turnover. In comparison to the same period in 2022, the top 3 traded companies accounted for 60.0% of total equity turnover with the leading counter Letshego accounting for 42.5% (P499.9 Million) of total equity turnover.

**Figure 3: Companies Contribution to Liquidity: 2023**

COMPANY	Q1	Q2	Q3	Q4	Total	Contribution
BIHL	11,768,585.97	10,432,919.33	2,911,673,268.55	30,680,878.38	2,964,555,652.23	72.6%
LETLOLE	109,658,904.47	47,445,308.44	4,285,875.30	14,382,836.51	175,772,924.72	4.3%
CHOBE	795,477.56	557,249.68	136,365,028.48	18,874,551.79	156,592,307.51	3.8%
SECHABA	14,199,167.75	5,040,605.07	112,931,307.24	24,110,741.77	156,281,821.83	3.8%
LETSHEGO	2,163,288.22	17,691,107.62	23,749,680.02	48,936,548.61	92,540,624.47	2.3%
FNBB	9,268,957.65	6,069,103.95	38,437,640.70	31,625,804.07	85,401,506.37	2.1%
SEFALANA	7,601,719.41	5,889,877.39	27,557,739.09	41,509,493.20	82,558,829.09	2.0%
CA SALES	4,575,378.39	3,173,497.60	36,254,714.92	9,336,390.38	53,339,981.29	1.3%
ABSA	15,376,294.95	1,606,403.31	25,602,443.85	4,382,518.10	46,967,660.21	1.1%
FPC	25,862,743.20	12,368,144.84	12,925.12	851,709.96	39,095,523.12	1.0%
TURNSTAR	608,573.19	6,752,130.17	6,827,744.47	21,666,583.89	35,855,031.72	0.9%
NAP	3,953,023.19	3,121,340.50	14,401,148.45	9,920,424.40	31,395,936.54	0.8%
ACCESS	10,595,952.57	6,483,682.78	11,176,197.68	2,868,977.05	31,124,810.08	0.8%
RDCP	24,856,932.75	503,329.50	2,326,394.25	759,111.15	28,445,767.65	0.7%
STANCHART	393,352.60	2,107,944.51	1,357,605.08	22,298,692.03	26,157,594.22	0.6%
SEED Co	3,019,361.40	4,631,563.80	13,211,486.10	464,291.94	21,326,703.24	0.5%
PRIMETIME	17,480,694.86	105,369.88	2,073,863.31	175,704.27	19,835,632.32	0.5%
BTCL	4,760,619.21	1,885,249.68	4,190,039.91	3,142,078.70	13,977,987.50	0.3%
ENGEN	1,004,563.03	709,103.65	9,318,500.25	328,544.40	11,360,711.33	0.3%
CRESTA	2,569,276.50	233,750.35	218,448.22	470,550.83	3,492,025.90	0.1%
G4S	1,946,440.48	170,300.00	696,745.00	-	2,813,485.48	0.1%
LUCARA	30,888.55	447,712.22	1,134,620.00	16,330.85	1,629,551.62	0.0%
CHOPPIES	259,208.67	26,843.05	1,169,503.60	18,819.04	1,474,374.36	0.0%
BBS	643,649.00	274,751.04	336,673.92	116,179.22	1,371,253.18	0.0%
INVESTEC	65,948.89	-	1,180,944.65	-	1,246,893.54	0.0%
CHOPPIES RTS	-	662,063.26	-	-	662,063.26	0.0%
ANGLO	-	-	295,960.00	-	295,960.00	0.0%
MINERGY	81,590.00	968.00	-	456.80	83,014.80	0.0%
OLYMPIA	1,374.36	1,181.44	-	56,232.02	58,787.82	0.0%
TLOU	4,000.00	-	-	50,989.50	54,989.50	0.0%
BOD	280.00	2,430.40	3,424.96	1,743.45	7,878.81	0.0%
SHUMBA	-	-	4,212.00	-	4,212.00	0.0%
BOTALA	-	-	-	256.66	256.66	0.0%
<b>TOTAL</b>	<b>273,546,246.82</b>	<b>138,393,931.46</b>	<b>3,386,794,135.12</b>	<b>287,047,438.97</b>	<b>4,085,781,752.37</b>	<b>100.0%</b>

Source BSE

Figure 4 presents the relative value indicators for the market and their 5-year averages. From the data we can infer that BSE's relative valuations on a Price-to-Earnings basis (P/E ratio) are looking attractive relative to historical levels. The P/E ratio has trended below its 5-year average implying that at the current stock price levels, investors would be paying a relatively lesser amount for a stock compared to the earnings coming from that stock. This offers investors pockets of opportunities to take advantage of and enter the market or increase holdings. The Dividend Yield of 6.0% is above the 5-year historical levels and 5-year average indicating an increase in earnings being distributed to investors.

**Figure 4: Market Indicators: 2019 - 2023**

Indicator	5 - YR AVG	2019	2020	2021	2022	2023
P/E Ratio (times)	12.1	12.4	10.8	12.7	14.6	10.0
Dividend Yield (%)	5.0	4.8	4.1	5.2	4.9	6.0
Price/Book Value (times)	1.4	1.5	1.6	1.3	1.2	1.4

Source: BSE

The BSE's domestic companies' market capitalisation registered an increase of 16.7% from P411 Billion in 2022 to P479 Billion at the end of 2023. Relative to the size of the economy, the ratio of domestic market capitalisation to GDP increased to 21.8% in 2023 from 19.6% in 2022. This implies that domestic companies listed on the BSE represented 21.8% of domestic economic output in 2023 or GDP. In total, the combined market capitalization of all listed companies, both domestic and foreign, was just under three times Botswana's GDP.

The ratio of turnover to domestic market capitalisation, also called the turnover velocity, increased significantly to 8.5% in 2023 from 4.9% in 2022 due to the surge in turnover. Figure 5 summarises market indicators during the years 2018 to 2023.

**Figure 5: Market Capitalisation and Relative Performance: 2018 – 2023**

Indicator	2018	2019	2020	2021	2022	2023
<b>Liquidity</b>						
Turnover (P'Mn)	1,862.2	1,810.9	698.6	1,816.0	1,177.6	4,085.8
Average Daily Turnover (P'Mn)	7.5	7.3	2.8	7.3	4.7	16.4
Volume ('Mn)	582.5	627.8	430.4	997.2	513.3	561.5
Volume/Shares Listed (%)*	4.2	4.4	3.1	7.2%	3.7%	3.9%
Turnover/Domestic Market Cap (%)	4.3	4.5	1.9	4.9	2.9	8.5
Turnover/Total Market Cap (%)	0.4	0.4	0.2	0.5	0.3	0.7
<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	47,925.86
Foreign Companies (P'Mn)	370,747.33	369,164.80	355,592.27	353,156.37	353,134.11	550,249.99
Total Market Cap (P'Mn)	413,168.28	407,874.20	391,222.12	390,365.76	394,203.36	598,175.85
<b>Relative Value</b>						
Domestic Market Cap/GDP (%)	23.8	21.1	20.8	19.5	19.6	21.8
Total Market Cap/GDP (%)	226.9	211.9	218.9	208.5	197.1	292.9

Source: BSE

### 14.4.3 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 approximately a third of trading activity over the years as can be noted from Figure 6. In 2023, this increased significantly to 55.0% of trading activity

of which foreign companies and foreign individuals contributed 54.4% and 0.6% respectively.

Further analysis indicates that foreign companies were net sellers of domestic equities. On the local front, local companies accounted for 44.0% 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 1.1% to trading activity in 2023.

As at the end of 2023, the BSE had 101,426 investor accounts in the CSD system of which 85.4% belonged to local individuals. This compares favourably with the 100,747 accounts in 2022.

**Figure 6: Investor Contribution to Turnover: 2019 to 2023**

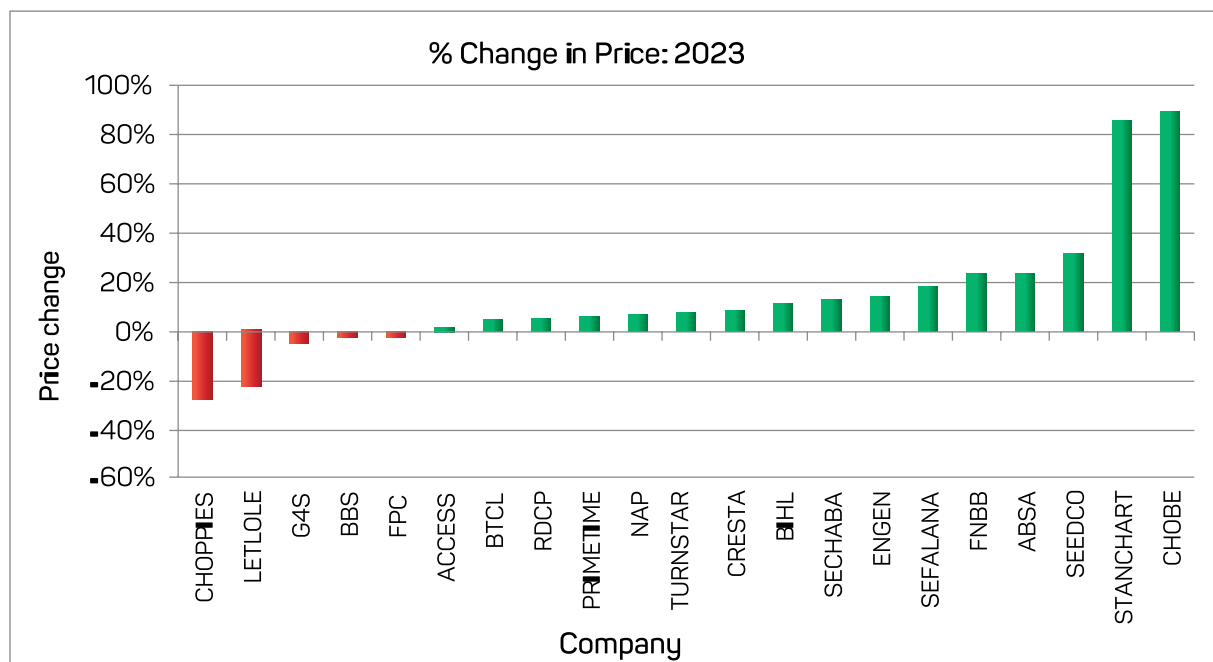
INVESTORS	TURNOVER (%)				
	2019	2020	2021	2022	2023
Foreign Companies	32.1	35.0	36.8	30.1	54.4
Foreign Individuals	1.2	4.4	2.0	4.3	0.6
Local Individuals	9.9	9.5	2.5	4.3	1.1
Local Companies	56.7	50.9	58.7	61.3	44.0
Brokers	0.1	0.2	0.0	0.0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

### 14.5 PRICE CHANGES FOR DOMESTIC COMPANIES

In 2023, 16 domestic companies (compared to 14 in 2022) registered positive price changes, 5 (compared to 8 in 2022) registered negative price movements and 3 (compared to 2 in 2022) closed the year with share prices back to their end of 2022 levels. Figure 7 summarises this information and illustrates the dominant upward share price movements relative to the downward share price movements.

Figure 7: Price Changes for Domestic Companies: 2023



Source: BSE

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

## 14.6 PRIMARY MARKET ACTIVITY / CAPITAL RAISING

Equity market primary activity increased significantly in 2023 as more companies opted to finance some of their business operations through this avenue. According to the BoB's Business Expectations Survey, equity ranked third as a source of finance following retained earnings and loans, in the March, June and September 2023 editions. Capital

raised by domestic companies in 2023 amounted to P419.1 Million, relative to P47.1 Million in 2022, while that raised by foreign companies amounted to P319.2 Million, relative to P135.3 Million as presented in Figure 8. In total, P738.3 Million was raised through corporate actions in 2023 compared to P182.4 Million in 2022.

The Foreign Equity Main Board listed a new company by introduction on 22 November 2023. Botala Energy is an Australian energy company focused on exploration and development opportunities for natural gas and renewables in Botswana. The company is primarily listed on the Australian Stock Exchange.

Figure 8: Equity Market Primary Activity: 2023

Domestic Companies	Amount (P'Mn)	Foreign Companies	Amount (P'Mn)
BIHL	50.0	BOD	12.2
Choppies	333.3	Botala Energy	117.3
Letshego	27.0	CA Sales	24.0
Primetime	8.8	Lucara	8.9
		Shumba Energy	6.3
		Tlou Energy	150.5
<b>TOTAL RAISED (2023)</b>	<b>419.1</b>	<b>TOTAL RAISED (2023)</b>	<b>319.2</b>
<b>TOTAL RAISED (2022)</b>	<b>47.1</b>	<b>TOTAL RAISED (2022)</b>	<b>135.3</b>

Source: BSE

## 14.7 BOND MARKET PERFORMANCE

### 14.7.1 DEBT MARKET TURNOVER

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 P3.0 Billion in comparison to P1.9 Billion traded during the corresponding period in 2022. This was mainly on account of the following Government bonds: BOTSGB0931, BOTSGB0635 and BOTSGB0943. The bonds

accounted for 75.4% of the trades in Government bonds and 73.2% of total turnover in the bond market. On a granular level the bonds contributed 28.1%, 23.0% and 22.0% respectively to total turnover in the bond market.

Government bond turnover amounted to P2.9 Billion which represented an increase of 62.4% from P1.8 Billion in 2022. This was mainly on account of the previously mentioned three Government bonds. Comparison

with Corporate bond turnover indicates a decrease of 29.7% to P87.2 Million from P124.0 Million in 2022 while SCBB010 and SBBLO68 were the two main contributors to Corporate bond turnover at 17.5% and 15.8% respectively. In terms of concentration of trades, 27 of the 114 listed corporate bonds traded in 2023 (23.7%) in comparison to 33 of the 37 listed corporate bonds in 2022 (89.1%).

Figure 9: Analysis of Bond Market Performance

Indicator	2023	Government	Corporates	Total
Turnover (P'Mn)		2,876.4	87.2	<b>2,963.6</b>
Contribution to Turnover (%)		97.0	3.0	<b>100.0</b>
Market Cap (P'Bn)		22.8	5.7	<b>28.5</b>
Contribution to Market Cap (%)		80.1	19.9	<b>100.0</b>
No. of Bonds Listed		7	114	<b>121</b>
Indicator	2022	Government	Corporates	Total
Turnover (P'Mn)		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>44.0</b>

Source: BSE

Primary activity on the bond market was phenomenal with an avalanche of listings being recorded and a total of 98 new instruments listed as follows: 1 Government bond, 54 corporate bonds, 1 foreign commercial paper, 41 commercial papers and 1 sustainable bond. The listing of a Government bond and re-opening of existing Government bonds raised P4.7 Billion while the listing of corporate bonds, commercial papers and sustainable bonds raised P1.1 Billion, P1.4 Billion and P47.4 Million respectively in 2023. A total amount of P7.3 Billion was raised on the primary market in 2023, a phenomenal increase of 102.8% from P3.6 Billion raised in the corresponding period in 2022.

Net of all redemptions and maturities in 2023, new listings and re-openings increased the size of the bond market by 15.4% to P28.5 Billion and 121 bonds were listed as at end of December 2023.

Figure 10 and 11 present a summary of bond market primary activity per bond category and per issuer.

Figure 10: Bond Market Primary Activity [Issuances] By Category

	2022	2023
Bond Category	Amount (P'Mn)	Amount (P'Mn)
Government Bonds	3,063.0	4,709.0
Corporate Bonds	405.7	1,093.9
Commercial Paper	120.7	1,402.2
Sustainable Bonds	-	47.4
<b>TOTAL RAISED</b>	<b>3,589.4</b>	<b>7,252.5</b>

Source: BSE



Figure 11: Bond Market Primary Activity By Issuer

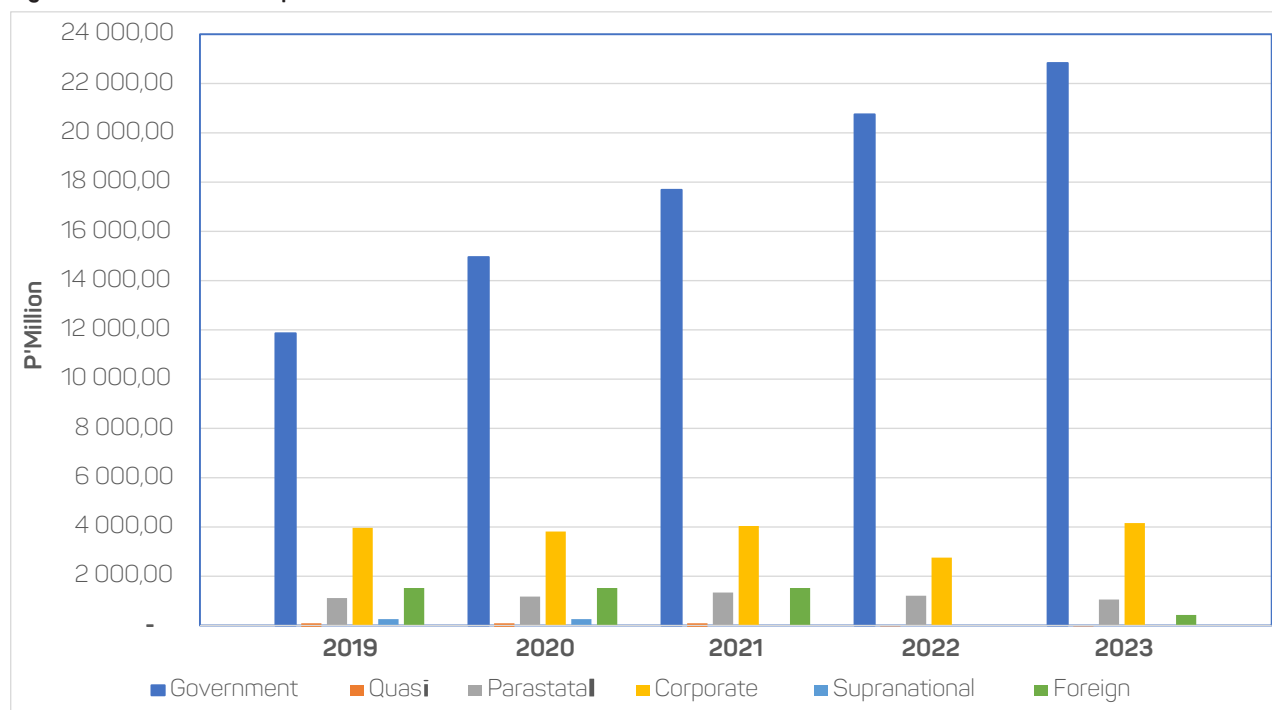
		2022	2023
Bond Category	Issuer	Amount (P'Mn)	Amount (P'Mn)
<b>Government Bonds</b>	Government of Botswana	3,063.0	4,709.0
<b>Corporate Bonds</b>	Botswana Savings Bank	90.0	232.1
	Stanbic Bank Botswana	315.7	150.0
	Letshego	-	484.1
	Access Bank Botswana	-	44.5
	Absa Bank Botswana	-	88.2
	RDC Properties	-	95.0
<b>Commercial Paper</b>	Letshego	-	949.7
	Botswana Savings Bank	20.1	-
	United Capital Fertilizer Zambia	-	USD 32.0 Mn
	RDC Properties	100.6	23.0
<b>Sustainable Bonds</b>	Absa Bank Botswana	-	47.4
	<b>TOTAL RAISED</b>	<b>3,589.4</b>	<b>7,252.5</b>

Source: BSE

#### 14.7.2 DEBT MARKET CAPITALISATION AND ISSUER PROFILE

Government bonds continue to dominate the size of the bond market, accounting for 80.1% of market capitalization in 2023. Corporate bonds accounted for 19.9%, and within corporate we include the Quasi-Government (0.1%), Parastatals (3.7%), Corporates (14.6%) and Foreign (1.5%). The analysis and the growth trend is presented in Figure 12 by issuer profile for the years 2019 to 2023.

Figure 12: Debt Market Capitalisation and Issuer Profile



Source: BSE

## 14.8 EXCHANGE TRADED FUND (ETF) MARKET

### 14.8.1 PERFORMANCE OF ETFS

ETFGI, an independent research and consultancy firm covering trends in the global Exchange Traded Funds (ETFs) ecosystem, reports that assets invested in the Global ETFs industry reached a new milestone of US\$11.63 Trillion at the end of 2023. The global ETFs industry gathered US\$974.87 Billion in net inflows, an increase of 13.9% from US\$856.2 Billion in 2022. As at end of 2023, the global ETFs industry had 11,869 products with 23,848 listings from 731 providers listed on 81 stock exchanges in 63 countries.

On the local market, ETF turnover generated amounted to P215.6 Million during the period under review, an increase of 76.1% from P122.4 Million in the corresponding period in 2022. This was recorded from 1,209,913 units traded thus far in comparison to 783,050 units during the same period in 2022.

The NewGold ETF had the largest positive unit price movement of 16.0% followed by NewPlat ETF (13.5%) while the ADBF ETF lost 8.5% in unit price movement. The NewPall ETF experience no unit price movement in unit price.

As at end of December 2023, the BSE had 4 ETFs listed on the market amounting to a total market capitalisation of P1.1 Billion. During 3 ETFs delisted, being; Satrix Inflation Linked Bond Index (ILBI) ETF (formerly NewFunds ETF), S&P African Sovereign Bond ETF (BASBI ETF) and AMI Big 50 ex. South Africa ETF (BAMIB50 ETF) during the year.

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Figure 13: Performance of ETFs on the BSE

ETF		Turnover (P'Mn)	Units Traded	Closing Price (P)	Price Change (%)	Minimum Price (P)	Maximum Price (P)	Market Cap (P'Mn)
NewGold	2023	141.6	579,689	248.50	16.0	224.50	253.60	733.1
NewPlat		73.6	625,464	120.00	13.5	117.49	121.0	366.0
Satrix ILBI *		0.06	1,005	60.48	(3.2)	60.48	63.69	6.05
NewPall		0.00	0.00	259.50	0.0	259.5	259.5	25.95
BASBI*		0.00	0.00	83.69	0.0	83.69	83.69	251.07
BAMIB50*		0.00	0.00	4.68	0.0	4.68	4.68	42.12
ADBF		0.36	3,755	95.49	(8.5)	94.33	104.33	1.1
<b>Total</b>		<b>215.6</b>	<b>1,209,913</b>					<b>1,425.4</b>
NewGold	2022	83.1	409,638	214.20	7.1	195.26	220.50	631.90
NewPlat		38.1	360,001	105.70	(5.4)	105.70	113.40	322.40
Satrix ILBI		0.059	934	62.50	6.0	58.98	66.40	6.30
NewPall		0.002	8	259.50	6.5	243.59	259.50	26.00
BASBI		0.015	178	83.69	5.0	79.70	83.69	251.10
BAMIB50		0.017	3,196	4.68	(26.1)	4.68	6.33	42.10
ADBF		1.1	9,095	104.33	(9.5)	104.33	115.92	1.20
<b>Total</b>		<b>122.4</b>	<b>783,050</b>					<b>1,281.0</b>

Source: BSE

#### 14.8.2 PERFORMANCE OF THE NEWGOLD ETF

NewGold ETF is backed by solid bars of the Gold bullion and tracks the price performance of the bullion. In 2023, the ETF turnover amounted to P141.6 Million, a significant rise of 70.4% from P83.1 in 2022. The ETF continued its trajectory of price gains from 2019 attributed to the consistently high trading unit price of the ETF in 2023 ranging between P224.50 and P253.60, relative to P195.26 and P220.50 in 2022.

#### 14.8.3 PERFORMANCE OF THE NEWPLAT ETF

NewPlat ETF is backed by solid bars of Platinum bullion and therefore similarly benefits from the price performance of the bullion. The ETF recorded a 93.2% increase in turnover owing to the significant increase in units traded. Further, it registered a price increase of 13.5% evidencing price recovery following a decline of 5.4% in the corresponding period in 2022. The ETF traded at a higher unit price in 2023 between P117.49 and P121.00 both higher than the 2022 range of P105.70 and P113.40.

#### 14.8.4 PERFORMANCE OF THE NEWPALL ETF

NewPall ETF is backed by actual Palladium and tracks the spot price of Palladium metal, offering one of the simplest and cost-effective methods for investors to invest in Palladium. Just like the NewGold and NewPlatinum ETFs, the NewPalladium ETF is compliant with Shariah Law.

#### 14.8.5 PERFORMANCE OF THE ADBF ETF

African Domestic Bond Fund ETF (ADBF ETF) tracks the performance of the AfDB Bloomberg African Bond Index 25% Capped, before fees and expenses providing access to local currency African fixed income markets in a cost-efficient, liquid and transparent manner. It is primary listed on the Stock Exchange of Mauritius denominated in USD and secondary listed on the BSE in BWP. In 2023, the ETF turnover amounted to P362,000 relative to P1.1 Million during the corresponding period.

# 15. FINANCIAL STATEMENTS



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### General Information

<b>Country of incorporation and domicile</b>	<b>Botswana</b>
<b>Nature of business and principal activities other</b>	<b>Regulating and promoting the listing and dealing in shares and securities</b>
<b>Directors</b>	Ms. Neo Mooki (Chairperson) (Appointed 7 September 2023) Prof. Onkutlwile Othata (Vice Chairperson) Mrs. Lekono Phiri Mr. Kennedy Kgomanyane Mrs. Itumeleng Mareko Mr. Davies Tele Mr. Norman Moleele Mr. Ogone Mothooagae Mr. Basimane Bogopa General Tebogo Masire (Chairperson) (Ceased office 25 May 2023)
<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) Mr. Kennedy Kgomanyane Mrs. Itumeleng Mareko Mr. Basimane Bogopa</p> <p><b>Nominations and Governance Committee</b></p> <p>Mrs. Lekono Phiri (Chairperson) Mr. Norman Moleele Ms. Neo Mooki</p> <p><b>Regulatory Committee</b></p> <p>Mr. Norman Moleele (Chairperson) Prof. Onkutlwile Othata Mr. Ogone Mothooagae</p> <p><b>Admissions and Disciplinary Committee</b></p> <p>Mr. Ogone Mothooagae (Chairperson) Mrs. Lekono Phiri Prof. Onkutlwile Othata</p> <p><b>Board Tender Committee</b></p> <p>Prof. Onkutlwile Othata (Chairperson) Mrs. Itumeleng Mareko Mr. Kennedy Kgomanyane</p>
<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

## **BOTSWANA STOCK EXCHANGE LIMITED**

Group Annual Financial Statements for the year ended 31 December 2023

### **General Information**

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<b>Secretary</b>	Mr Thapelo Otukile (Appointed on 01 April 2023)
<b>Functional currency</b>	Botswana Pula
<b>Regulator</b>	Non-Bank Financial Institution Regulatory Authority

## **BOTSWANA STOCK EXCHANGE LIMITED**

Group Annual Financial Statements for the year ended 31 December 2023

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## Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2023

### 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 2024 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 5 to 7.

The group annual financial statements set out on pages 8 to 45, which have been prepared on the going concern basis, were approved by the Board of Directors on 27/03/2024 and were signed on their behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director





**Chartered Accountants**

**Grant Thornton**

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[iNviner.com/GrantThorntonBW](https://www.inViner.com/GrantThorntonBW)

**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 8 to 43, which comprise the consolidated statement of financial position as at 31 December 2023, 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 2023, and its consolidated international 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.



Botswana Accountancy Oversight Authority registration number: FAP 005 2024 (Audit Firm of Public Interest Entity)  
Botswana Institute of Chartered Accountants membership number: MeFEI11013 (Non-Audit)

**Partners**

Kalyanaraman Vijay (Managing), Aswin Vaidyanathan\*, Madhovan Venkatchory, Anthony Ouashie, Sunny K Mulakulam, Aparna Vijay, (Indian)

Member of *Grant Thornton International Ltd*  
Offices in Gaborone & Francistown

[www.grantthornton.co.bw](http://www.grantthornton.co.bw)



### 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: Sunny Mulakulam: (CAP 0034 2024)*

28 MARCH 2024  
Gaborone

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Statement of Financial Position as at 31 December 2023

Figures in Pula	Note	Group		Company	
		2023	2022	2023	2022
<b>Assets</b>					
Non-Current Assets					
Property, plant and equipment	3	27 089 065	26 007 828	11 682 795	11 211 291
Right-of-use assets	4	2 985 158	4 542 632	2 985 158	3 861 237
Investments in subsidiaries	5	-	-	100	100
		<b>30 074 223</b>	<b>30 550 460</b>	<b>14 668 053</b>	<b>15 072 628</b>
<b>Current Assets</b>					
Financial assets	6	129 975 325	87 743 384	111 766 938	78 166 697
Trade and other receivables	7	5 768 375	4 338 568	6 074 918	5 908 626
Contribution to settlement guarantee fund	8	5 000 000	-	-	-
Cash and cash equivalents	9	1 476 264	24 979 061	835 372	15 821 580
		<b>142 219 964</b>	<b>117 061 013</b>	<b>118 677 228</b>	<b>99 896 903</b>
<b>Total Assets</b>		<b>172 294 187</b>	<b>147 611 473</b>	<b>133 345 281</b>	<b>114 969 531</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Stated capital	10	35 600 000	35 600 000	35 600 000	35 600 000
Reserves		2 201 620	2 201 620	2 201 620	2 201 620
Retained income		107 822 940	83 169 895	78 222 060	60 929 621
		<b>145 624 560</b>	<b>120 971 515</b>	<b>116 023 680</b>	<b>98 731 241</b>
<b>Liabilities</b>					
Non-Current Liabilities					
Lease liabilities	12	1 332 547	1 654 204	1 332 547	1 178 507
Deferred income	14	14 460 351	15 979 543	7 022 846	7 692 042
		<b>15 792 898</b>	<b>17 633 747</b>	<b>8 355 393</b>	<b>8 870 549</b>
<b>Current Liabilities</b>					
Trade and other payables	13	9 037 966	6 102 626	7 127 445	4 672 127
Lease liabilities	12	1 838 763	2 903 585	1 838 763	2 695 614
		<b>10 876 729</b>	<b>9 006 211</b>	<b>8 966 208</b>	<b>7 367 741</b>
<b>Total Liabilities</b>		<b>26 669 627</b>	<b>26 639 958</b>	<b>17 321 601</b>	<b>16 238 290</b>
<b>Total Equity and Liabilities</b>		<b>172 294 187</b>	<b>147 611 473</b>	<b>133 345 281</b>	<b>114 969 531</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	Group		Company	
		2023	2022	2023	2022
Revenue	15	64 012 970	43 043 929	50 970 332	36 851 743
Other operating income	16	3 643 763	3 029 095	2 793 767	2 816 596
Other operating gains (losses)	17	569 384	3 309	569 384	3 309
Movement in credit loss allowances	18	(833 578)	(487 283)	(704 797)	(368 948)
Other operating expenses		(49 018 942)	(41 512 447)	(41 474 217)	(32 758 138)
<b>Operating profit</b>	18	<b>18 373 597</b>	<b>4 076 603</b>	<b>12 154 469</b>	<b>6 544 562</b>
Finance income	19	8 327 069	6 620 161	7 185 588	5 466 975
Finance costs	20	(267 618)	(121 129)	(267 618)	(54 724)
<b>Profit for the year</b>		<b>26 433 048</b>	<b>10 575 635</b>	<b>19 072 439</b>	<b>11 956 813</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>26 433 048</b>	<b>10 575 635</b>	<b>19 072 439</b>	<b>11 956 813</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Statement of Changes in Equity

Figures in Pula

	Stated Capital	Share based reserve	Retained income	Total equity
<b>Group</b>				
<b>Balance at 1 January 2022</b>				
Profit for the year	<b>35 600 000</b>	<b>1 889 961</b>	<b>74 196 259</b>	<b>111 686 220</b>
<b>Total comprehensive income for the year</b>	-	-	10 575 635	10 575 635
Employees share option scheme	-	-	<b>10 575 635</b>	<b>10 575 635</b>
Dividends		311 659	-	311 659
<b>Total other movements</b>	-	-	(1 601 999)	(1 601 999)
<b>Balance at 1 January 2023</b>		<b>311 659</b>	<b>(1 601 999)</b>	<b>(1 290 340)</b>
<b>Balance at 1 January 2023</b>				
Profit for the year	<b>35 600 000</b>	<b>2 201 620</b>	<b>83 169 892</b>	<b>120 971 512</b>
<b>Total comprehensive income for the year</b>	-	-	26 433 048	26 433 048
Dividends	-	-	26 433 048	26 433 048
<b>Total other movements</b>	-	-	(1 780 000)	(1 780 000)
<b>Balance at 31 December 2023</b>			(1 780 000)	(1 780 000)
<b>Balance at 31 December 2023</b>	<b>35 600 000</b>	<b>2 201 620</b>	<b>107 822 940</b>	<b>145 624 560</b>

Note

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## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Statement of Changes in Equity

Figures in Pula

	Stated Capital	Share based reserve	Retained income	Total equity
<b>Company</b>				
<b>Balance at 1 January 2022</b>				
Profit for the year	<b>35 600 000</b>	<b>1 889 961</b>	<b>50 574 807</b>	<b>88 064 768</b>
<b>Total comprehensive income for the year</b>	-	-	11 956 813	11 956 813
Employees share option scheme	-	-	<b>11 956 813</b>	<b>11 956 813</b>
Dividends	-	311 659	-	311 659
<b>Total other movements</b>	-	-	(1 601 999)	(1 601 999)
<b>Balance at 1 January 2023</b>	-	<b>311 659</b>	<b>(1 601 999)</b>	<b>(1 290 340)</b>
Profit for the year	<b>35 600 000</b>	<b>2 201 620</b>	<b>60 929 621</b>	<b>98 731 241</b>
<b>Total comprehensive income for the year</b>	-	-	19 072 439	19 072 439
Dividends	-	-	<b>19 072 439</b>	<b>19 072 439</b>
<b>Total other movements</b>	-	-	(1 780 000)	(1 780 000)
<b>Balance at 31 December 2023</b>	-	-	<b>(1 780 000)</b>	<b>(1 780 000)</b>
	<b>35 600 000</b>	<b>2 201 620</b>	<b>78 222 060</b>	<b>116 023 680</b>

Note

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## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Statement of Cash Flows

Figures in Pula	Note(s)	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Cash generated from operations	22	16 305 702	7 158 867	16 629 693	6 634 219
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	3	(3 094 629)	(7 927 069)	(2 394 664)	(589 497)
Sale of property, plant and equipment		625 240	33 990	625 240	16 490
Interest Income		8 327 069	6 620 161	7 185 588	5 466 975
<b>Net cash from investing activities</b>		<b>5 857 680</b>	<b>(1 272 918)</b>	<b>5 416 164</b>	<b>4 893 968</b>
<b>Cash flows from financing activities</b>					
Payment on lease liabilities		(1 386 479)	(1 316 011)	(702 811)	(1 052 520)
Dividends paid	23	(1 780 000)	(1 601 999)	(1 780 000)	(1 601 999)
Finance costs		(267 618)	(121 129)	(267 618)	(54 724)
<b>Net cash from financing activities</b>		<b>(3 434 097)</b>	<b>(3 039 139)</b>	<b>(2 750 429)</b>	<b>(2 709 243)</b>
<b>Total cash movement for the year</b>		<b>18 729 285</b>	<b>2 846 810</b>	<b>19 295 428</b>	<b>8 818 944</b>
Cash and cash equivalents at the beginning of the year		112 722 304	109 875 635	93 306 882	85 169 333
<b>Total cash and cash equivalents at end of the year</b>	9	<b>131 451 589</b>	<b>112 722 445</b>	<b>112 602 310</b>	<b>93 988 277</b>



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual financial statements.

##### 1.1 Basis of preparation

The annual consolidated 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 Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements.

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

These accounting policies are consistent with the previous period, except for 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 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 Noncurrent 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 on going 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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### 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.

###### 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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

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.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the group are presented below:

### **Trade and other receivables**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, 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.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.5 Financial instruments (continued)

##### Impairment - Expected credit losses and write offs

Loss allowances are measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk (risk of default) since initial recognition. If the credit risk has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments. This means that at each reporting date, the ECL for a specific instrument will either be based on lifetime ECL or 12 month ECL depending on the credit risk at reporting date compared to the credit risk at initial recognition.

Irrespective of the outcome of the above assessment, the credit risk on an instrument 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 an instrument is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The group writes off an instrument 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. Instruments written off may still be subject to enforcement activities under the group's recovery procedures. Any recoveries made are recognised in profit or loss.

##### Trade and other payables

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

##### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

##### Derecognition

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The group derecognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.6 Leases (continued)

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.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgment, 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 18) 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 20).

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;

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.6 Leases (continued)

- a lease contract has been modified and the lease modification is not accounted 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.



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.7 Impairment of assets (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 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 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 , 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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.10 Employee benefits (continued)

##### Defined contribution plans

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

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

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 1.13 Revenue from contracts with customers (continued)

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.

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

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Accounting Policies

#### 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 LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### 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:
International tax reform - Pillar two model rules - amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
Initial application of IFRS 17 and IFRS 9 - Comparative information	1 January 2023	The impact of the amendment is not material.
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	The impact of the amendment is not material.
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The impact of the amendment is not material.
Definition of accounting estimates: Amendments to IAS 8	1 January 2023	The impact of the amendment is not material.
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	The impact of the amendment is not material.
IFRS 17 Insurance Contracts	1 January 2023	The impact of the amendment 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 2024 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Lack of exchangeability - amendments to IAS 21	1 January 2025	Unlikely there will be a material impact
Supplier finance arrangements - amendments to IAS 7 and IFRS 7	1 January 2024	Unlikely there will be a material impact
Non-current liabilities with covenants - amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 3. Property, plant and equipment

Group	2023			2022		
	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	(1 461 180)	805 218	2 266 398	(1 259 968)	1 006 430
Motor vehicles	1 987 496	(253 368)	1 734 128	1 962 712	(1 568 976)	393 736
Computer and office equipment	28 209 674	(7 515 390)	20 694 284	25 910 874	(6 397 358)	19 513 516
Leasehold improvements	2 635 225	(1 570 040)	1 065 185	2 635 225	(1 306 520)	1 328 705
Capital - Work in progress	-	-	-	975 191	-	975 191
<b>Total</b>	<b>37 889 043</b>	<b>(10 799 978)</b>	<b>27 089 065</b>	<b>36 540 650</b>	<b>(10 532 822)</b>	<b>26 007 828</b>

Company	2023			2022		
	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	(1 420 737)	805 218	2 225 955	(1 222 149)	1 003 806
Motor vehicles	1 987 496	(253 368)	1 734 128	1 962 712	(1 568 976)	393 736
Computer and office equipment	11 118 628	(5 830 614)	5 288 014	9 519 793	(4 800 190)	4 719 603
Leasehold improvements	2 635 225	(1 570 040)	1 065 185	2 635 225	(1 306 520)	1 328 705
Capital - Work in progress	-	-	-	975 191	-	975 191
<b>Total</b>	<b>20 757 554</b>	<b>(9 074 759)</b>	<b>11 682 795</b>	<b>20 109 126</b>	<b>(8 897 835)</b>	<b>11 211 291</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

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

##### Reconciliation of property, plant and equipment - Group - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2 790 250	-	-	-	-	2 790 250
Furniture and fixtures	1 006 430	-	-	-	(201 212)	805 218
Motor vehicles	393 736	1 771 022	(47 420)	-	(383 210)	1 734 128
Computer and office equipment	19 513 516	1 323 607	-	975 191	(1 118 030)	20 694 284
Leasehold improvements	1 328 705	-	-	-	(263 520)	1 065 185
Capital - Work in progress	975 191	-	-	(975 191)	-	-
	<b>26 007 828</b>	<b>3 094 629</b>	<b>(47 420)</b>	<b>-</b>	<b>(1 965 972)</b>	<b>27 089 065</b>

##### 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 - Company - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2 790 250	-	-	-	-	2 790 250
Furniture and fixtures	1 003 806	-	-	-	(198 588)	805 218
Motor vehicles	393 736	1 771 022	(47 420)	-	(383 210)	1 734 128
Computer and office equipment	4 719 603	623 642	-	975 191	(1 030 422)	5 288 014
Leasehold improvements	1 328 705	-	-	-	(263 520)	1 065 185
Capital - Work in progress	975 191	-	-	(975 191)	-	-
	<b>11 211 291</b>	<b>2 394 664</b>	<b>(47 420)</b>	<b>-</b>	<b>(1 875 740)</b>	<b>11 682 795</b>

##### 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>

#### Capital work in progress

Capital work in progress represents the capital payments made towards the acquisition and implementation of a new stock market simulator and ATS upgrade. In the current this has been completed and transferred to computer and office equipment

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 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	2 985 158	4 542 632	2 985 158	3 861 237
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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 18).

Buildings	1 557 474	1 391 615	1 557 474	1 186 199
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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 leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with termination option
	1	23 months	23 months	1	1

#### 5. Interests i Right of use asset n subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

##### Company

Name of company	Held by	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Central Securities Depository		100.00 %	100.00 %	100.00 %	100.00 %	100	100
Company of Botswana Limited							



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 6. Financial assets

Financial assets are presented at amortised cost,

which is net of loss allowance, as follows:

Short-term investments	129 975 325	87 743 384	111 766 938	78 166 697
------------------------	-------------	------------	-------------	------------

The short term investments are unsecured, earns average interest of 6.6% (2022: 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	129 975 325	87 743 384	111 766 938	78 166 697
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#### 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.

#### Credit rating - None of the counterparties below are rated;

Vunani Fund Managers	15 016 180	11 111 901	11 884 404	11 051 587
Botswana Savings Bank	9 063 722	16 658 425	9 083 548	16 658 425
African Alliance Asset Management	6 583 830	7 218 836	5 487 918	5 149 695
Botswana Insurance Fund Management	14 658 255	19 574 630	13 468 129	17 431 677
iPro Botswana Fund Management	13 714 479	13 858 891	12 162 027	11 367 315
Bank Gaborone Limited	24 491 092	2 348 763	13 808 120	-
Morula Capital partners	18 158 560	16 971 938	17 664 972	16 507 998
Standard Chartered Botswana	17 652 451	-	17 652 451	-
Kgori Capital Proprietary Limited	10 636 756	-	10 555 369	-
	<b>129 975 325</b>	<b>87 743 384</b>	<b>111 766 938</b>	<b>78 166 697</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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 7. Trade and other receivables

##### Financial instruments:

Trade receivables	2 010 672	2 650 676	1 360 806	1 837 223
Loss allowance	(777 458)	(613 238)	(648 677)	(485 228)
Trade receivables at amortised cost	1 233 214	2 037 438	712 129	1 351 995
Deposits	380 194	380 194	380 194	380 194
Central Securities Depository Company of Botswana	-	-	1 602 387	2 399 114
Other receivable	1 799 865	290 365	1 767 280	290 265
<b>Non-financial instruments:</b>				
Value added tax	667 105	468 289	613 942	468 289
Employee costs in advance	-	222 796	-	222 796
Prepayments	1 687 997	939 486	998 986	795 973
<b>Total trade and other receivables</b>	<b>5 768 375</b>	<b>4 338 568</b>	<b>6 074 918</b>	<b>5 908 626</b>

##### Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	3 413 273	2 707 997	4 461 990	4 421 568
Non-financial instruments	2 355 102	1 630 571	1 612 928	1 487 058
	<b>5 768 375</b>	<b>4 338 568</b>	<b>6 074 918</b>	<b>5 908 626</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 LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 7. Trade and other receivables (continued)

Group	2023	2023	2022	2022
	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	1 430 066	470 382	1 127 363	-
31-60 days past due	110 474	45 846	805 666	-
31 - 60 days past due	392 830	211 796	180 747	-
91 days past due	10 589	7 777	-	-
More than 120 days past due	66 713	41 657	536 897	613 238
<b>Total</b>	<b>2 010 672</b>	<b>777 458</b>	<b>2 650 673</b>	<b>613 238</b>

Company	2023	2023	2022	2022
	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	903 156	374 140	824 538	56 119
31-60 days past due	62 870	37 715	583 576	-
61 - 90 days past due	312 374	187 388	20 221	20 221
91 - 120 days past due	12 964	7 777	-	-
More than 120 days past due	69 442	41 657	408 888	408 888
<b>Total</b>	<b>1 360 806</b>	<b>648 677</b>	<b>1 837 223</b>	<b>485 228</b>

#### Fair value of trade and other receivables

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

#### 8. Contribution to settlement guarantee fund

During the year, the group contributed an amount of P 5 000 000 towards the Settlement Guarantee fund established for meeting settlement risk.

Figures in Pula

Group		Company	
2023	2022	2023	2022

#### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 500	196	4 500	196
Bank balances	1 471 764	24 978 865	830 872	15 821 384
	<b>1 476 264</b>	<b>24 979 061</b>	<b>835 372</b>	<b>15 821 580</b>
*For purpose of cash flows, cash and cash equivalents consist of:				
Cash and cash equivalents	1 476 264	24 979 061	835 372	15 821 580
Short-term investments	129 975 325	87 743 384	111 766 938	78 166 697
	<b>131 451 589</b>	<b>112 722 445</b>	<b>112 602 310</b>	<b>93 988 277</b>
Fiduciary held bank accounts	1 264 892	485 641	-	-

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 9. Cash and cash equivalents (continued)

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	998 976	12 989 935	372 980	3 832 454
First National Bank of Botswana Limited	5 472 802	12 017 315	457 892	12 017 315
	<b>6 471 778</b>	<b>25 007 250</b>	<b>830 872</b>	<b>15 849 769</b>

#### 10. Stated capital

##### Issued

35 600 000 Ordinary shares of no par value	35 600 000	35 600 000	35 600 000	35 600 000
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#### 11. 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	2 201 620	2 201 620	2 201 620
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#### Outstanding options

**Exercise date  
from two to  
five years  
118 063**

Options with exercise price of P2.47

#### 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 - related to equity-settled share based payments transactions were recognised in 2023.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022
<b>12. Lease liabilities</b>				
<b>Minimum lease payments due</b>				
- within one year	1 727 891	3 122 808	1 727 891	2 876 473
- in second to fifth year inclusive	1 656 194	1 903 512	1 656 194	1 395 899
	3 384 085	5 026 320	3 384 085	4 272 372
less: future finance charges	(212 775)	(468 531)	(212 775)	(398 251)
<b>Present value of minimum lease payments</b>	<b>3 171 310</b>	<b>4 557 789</b>	<b>3 171 310</b>	<b>3 874 121</b>
<b>Present value of minimum lease payments due</b>				
- within one year	1 555 214	2 900 715	1 555 214	2 692 744
- in second to fifth year inclusive	1 616 096	1 657 074	1 616 096	1 181 377
	3 171 310	4 557 789	3 171 310	3 874 121
Non-current liabilities	1 332 547	1 654 204	1 332 547	1 178 507
Current liabilities	1 838 763	2 903 585	1 838 763	2 695 614
	3 171 310	4 557 789	3 171 310	3 874 121
<b>13. Trade and other payables</b>				
<b>Financial instruments:</b>				
Trade payables	986 660	1 094 360	269 984	345 084
Other payables	2 407 510	503 412	2 012 619	413 837
<b>Non-financial instruments:</b>				
Payroll accruals	5 643 796	4 363 270	4 844 842	3 913 206
Value added tax	-	141 584	-	-
	9 037 966	6 102 626	7 127 445	4 672 127

#### Fair value of trade and other payables

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

#### 14. Deferred income

<b>Deferred income</b>				
Opening balance	15 979 543	16 896 238	7 692 042	8 396 238
Amounts received in the current period	-	-	180 800	-
Amounts transferred to Statement Of Profit or Loss and Other Comprehensive Income	(849 996)	(704 196)	(849 996)	(704 196)
Amount spent during the period	(669 196)	(212 499)	-	-
	14 460 351	15 979 543	7 022 846	7 692 042

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	970 894	1 130 495	970 894	1 130 495
Subscriptions	35 000	-	35 000	-
Securities Borrowing and lending system	7 437 505	8 287 501	-	-
ATS System	1 127 165	1 549 864	1 127 165	1 549 864
Website and mobile app	839 590	961 486	839 590	961 486
	14 460 351	15 979 543	7 022 846	7 692 042

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 15. Revenue

##### Revenue from contracts with customers

Listing and sustaining fees	38 032 481	32 724 806	38 032 481	32 724 806
Commissions received	20 166 635	5 754 187	10 226 042	3 047 437
News publications	1 379 875	1 067 000	1 379 875	1 067 000
Corporate actions fees	4 421 479	3 485 436	1 319 434	-
Members fee income	12 500	12 500	12 500	12 500
	<b>64 012 970</b>	<b>43 043 929</b>	<b>50 970 332</b>	<b>36 851 743</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.

#### 16. Other operating income

Registered advisors	152 500	146 875	152 500	146 875
Amortisation of capital grants	849 996	916 695	-	704 196
Training income	120 755	60 867	120 755	60 867
Other income	2 520 512	1 904 658	2 520 512	1 904 658
	<b>3 643 763</b>	<b>3 029 095</b>	<b>2 793 767</b>	<b>2 816 596</b>

#### 17. Other operating gains (losses)

##### Gains (losses) on disposals, scrappings and settlements

Property, plant and equipment	3	577 820	8 245	577 820	8 245
<b>Foreign exchange gains (losses)</b>					
Net foreign exchange loss		(8 436)	(4 936)	(8 436)	(4 936)
<b>Total other operating gains (losses)</b>		<b>569 384</b>	<b>3 309</b>	<b>569 384</b>	<b>3 309</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Pula	2023	2022	2023	2022

#### 18. Operating loss

Operating profit for the year is stated after charging (crediting) the following, amongst others:

##### Auditor's remuneration - external

Audit fees	257 152	203 484	154 291	153 356
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##### Auditor's remuneration - internal

	<b>297 145</b>	<b>312 729</b>	<b>201 206</b>	<b>194 596</b>
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##### Employee costs

Salaries, wages, bonuses and other benefits	27 691 426	21 735 453	21 940 666	16 732 150
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##### Depreciation and amortisation

Depreciation of property, plant and equipment	1 965 972	2 206 310	1 875 740	1 824 239
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Depreciation of right-of-use assets	1 557 474	1 391 615	1 557 474	1 186 199
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Total depreciation and amortisation	<b>3 523 446</b>	<b>3 597 925</b>	<b>3 433 214</b>	<b>3 010 438</b>
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##### Movement in credit loss allowances

Trade and other receivables	833 578	487 283	704 797	368 948
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##### Expenses by nature

The total general and administrative expenses and other operating expenses are analysed by nature as follows:

Employee costs	27 691 426	21 735 453	21 940 666	16 732 150
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Lease expenses	247 135	836 116	249 269	883 250
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Depreciation, amortisation and impairment	3 523 446	3 597 925	3 433 214	3 010 438
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Other expenses	2 776 832	1 181 073	2 272 360	905 388
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Advertising	2 847 017	1 696 059	2 847 017	1 642 959
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Board training, seminars and conferences	312 933	697 412	159 849	501 993
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Communication expenses	244 286	238 556	226 407	226 038
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Computer expenses	4 409 879	5 186 198	4 269 407	3 234 920
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Consulting and professional fees	508 502	215 955	483 502	215 955
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Insurance	321 906	253 343	126 769	174 518
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License fees	267 705	241 579	-	-
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Members sitting allowances	629 850	722 428	441 850	530 750
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Office expenses	343 761	248 443	268 741	180 661
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Sale of advertising space	320 750	315 194	320 750	315 194
Staff welfare	662 930	835 512	662 930	835 512
Subscriptions	1 236 832	1 003 504	1 195 204	958 185
Technical service fees	1 567 801	1 401 746	1 567 801	1 401 746
Training expenses	125 646	125 646	28 176	28 176
Travel and accommodation	980 305	980 305	980 305	980 305
	<b>49 018 942</b>	<b>41 512 447</b>	<b>41 474 217</b>	<b>32 758 138</b>
<b>19. Finance income</b>				
<b>Interest income</b>				
<b>Investments in financial assets:</b>				
Interest income	8 327 069	6 620 161	7 185 588	5 466 975
<b>20. Finance costs</b>				
Lease liabilities	267 618	121 129	267 618	54 724



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022
<b>21. 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>22. Cash generated from operations</b>				
Profit before taxation	26 433 048	10 575 635	19 072 439	11 956 813
Adjustments for:				
Depreciation and amortisation	3 523 446	3 597 925	3 433 214	3 010 438
Gains on disposals of property, plant and equipment	(577 820)	(8 245)	(577 820)	(8 245)
Finance income	(8 327 069)	(6 620 161)	(7 185 588)	(5 466 975)
Finance costs	267 618	121 129	267 618	54 724
Net impairments and movements in credit loss allowances	833 578	487 283	704 797	368 948
Share based payment	-	311 659	-	311 659
-				
<b>Changes in working capital:</b>				
Trade and other receivables	(2 263 385)	(921 235)	(871 089)	(2 781 190)
Contribution to settlement guarantee fund	(5 000 000)	-	-	-
Trade and other payables	2 935 478	531 572	2 455 318	(107 757)
Deferred income	(1 519 192)	(916 695)	(669 196)	(704 196)
	<b>16 305 702</b>	<b>7 158 867</b>	<b>16 629 693</b>	<b>6 634 219</b>
<b>23. Dividends paid</b>				
Dividends	(1 780 000)	(1 601 999)	(1 780 000)	(1 601 999)

## BOTSWANA STOCK EXCHANGE LIMITED

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### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 24. Related parties

##### Relationships

Subsidiaries	Refer to note 5
Related parties	Stockbrokers Botswana Limited Imara Capital Securities (Proprietary) Limited Motswedi Securities (Proprietary) Limited
Members of key management- CEO	T Tsheole
Senior management	T Otukile (Appointed on 01 April 2023) M Mogasha K Mogorosi M Pheto - Lentswe T Mmolai K Bolokwe B Mokoka T Moribame G Dibotelo (Ceased Date 31 March 2023)

##### Related party balances

##### Amounts included in Trade and other receivables (Trade and other payables) regarding related parties

Central Securities Depository Company of Botswana	-	-	1 515 992	2 399 144
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##### Related party transactions

##### Commission fees to (received from) related parties

Imara Capital Securities (Proprietary) Limited	(1 508 305)	(1 166 115)	(1 288 230)	(593 226)
Motswedi Securities (Proprietary) Limited	(16 280 236)	(141 340)	(9 034 446)	(77 937)
Stock Brokers Botswana Limited	(755 087)	(258 071)	(670 591)	(137 872)
	<b>(18 543 628)</b>	<b>(1 565 526)</b>	<b>(10 993 267)</b>	<b>(809 035)</b>

##### Membership fees

Stockbrokers Botswana Limited	10 000	10 500	4 000	4 500
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Imara Capital Securities (Proprietary) Limited	10 500	10 500	4 500	4 500
Motswedi Securities (Proprietary) Limited	10 000	10 500	4 000	4 500
	<b>30 500</b>	<b>31 500</b>	<b>12 500</b>	<b>13 500</b>
<b>Listing and annual sustaining fees</b>				
Government bonds (at 0.125% on nominal value of Government bonds)	31 196 250	22 106 250	31 196 250	22 106 250
<b>Transfer fees</b>				
Imara Capital Securities (Proprietary) Limited	26 475	52 579	-	-
Stockbrokers Botswana Limited	17 435	29 208	-	-
Motswedi Securities (Proprietary) Limited	18 785	14 125	-	-
	<b>62 695</b>	<b>95 912</b>	<b>-</b>	<b>-</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 24. Related parties (continued)

Board Sitting allowances	441 850	530 750	441 850	530 750
<b>Remuneration for senior management</b>				
Salaries	16 051 296	10 157 513	12 677 598	7 757 060
Terminal benefits	2 137 268	1 624 286	2 137 268	1 358 319
	<b>18 188 564</b>	<b>11 781 799</b>	<b>14 814 866</b>	<b>9 115 379</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management

##### Categories of financial instruments

##### Categories of financial assets Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Financial assets	6	129 975 325	129 975 325	129 975 325
Trade and other receivables	7	3 413 273	3 413 273	3 413 273
Cash and cash equivalents	9	1 491 160	1 491 160	1 491 160
		<b>134 879 758</b>	<b>134 879 758</b>	<b>134 879 758</b>

##### Group - 2022

	Note(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	9	25 009 688	25 009 688	25 009 688
		<b>115 461 069</b>	<b>115 461 069</b>	<b>115 461 069</b>

##### Company - 2023

	Note(s)	Amortised cost	Total	Fair value
Financial assets	6	111 766 938	111 766 938	111 766 938
Trade and other receivables	7	4 461 990	4 461 990	4 461 990
Cash and cash equivalents	9	850 268	850 268	850 268
		<b>117 079 196</b>	<b>117 079 196</b>	<b>117 079 196</b>

##### Company - 2022

	Note(s)	Amortised cost	Total	Fair value
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	9	15 852 207	15 852 207	15 852 207
		<b>98 440 472</b>	<b>98 440 472</b>	<b>98 440 472</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management (continued) Categories of financial liabilities

##### Group - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	13	3 394 172	3 394 172	3 394 172
Lease liabilities	12	3 171 311	3 171 311	3 171 311
		<b>6 565 483</b>	<b>6 565 483</b>	<b>6 565 483</b>

##### Group - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	13	1 597 772	1 597 772	1 597 772
Lease liabilities	12	4 557 789	4 557 789	4 557 789
		<b>6 155 561</b>	<b>6 155 561</b>	<b>6 155 561</b>

##### Company - 2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	13	2 282 604	2 282 604	2 282 604
Lease liabilities	12	2 695 614	2 695 614	2 695 614
		<b>4 978 218</b>	<b>4 978 218</b>	<b>4 978 218</b>

##### Company - 2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	13	758 921	758 921	758 921
Lease liabilities	12	3 874 121	3 874 121	3 874 121
		<b>4 633 042</b>	<b>4 633 042</b>	<b>4 633 042</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.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management (continued)

##### Financial risk management

##### 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.

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.

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.



## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management (continued)

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		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Financial assets	6	129 975 325	-	129 975 325	87 743 384	-	87 743 384
Trade and other receivables	7	4 190 731	(777 458)	3 413 273	3 321 235	(613 238)	2 707 997
Cash and cash equivalents	9	1 476 264	-	1 476 264	24 979 061	-	24 979 061
		<b>135 642 320</b>	<b>(777 458)</b>	<b>134 864 862</b>	<b>116 043 680</b>	<b>(613 238)</b>	<b>115 430 442</b>

Company		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Financial assets	6	111 766 938	-	111 766 938	78 166 697	-	78 166 697
Trade and other receivables	7	5 110 66	(648 677)	4 461 990	4 906 796	(485 228)	4 421 568
Cash and cash equivalents	9	835 372	-	835 372	15 821 580	-	15 821 580
		<b>117 712 977</b>	<b>(648 677)</b>	<b>117 064 300</b>	<b>98 895 073</b>	<b>(485 228)</b>	<b>98 409 845</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management (continued)

##### 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 - 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	12	-	1 332 547	1 332 547	1 332 547
<b>Current liabilities</b>					
Trade and other payables	13	3 394 172	-	3 394 172	3 394 172
Lease liabilities	12	1 838 763	-	1 838 763	1 838 763
		<b>5 232 935</b>	<b>1 332 547</b>	<b>6 565 482</b>	<b>6 565 482</b>

##### Group - 2022

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	12	-	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	12	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>

##### Company - 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	12	-	1 332 547	1 332 547	1 332 547
<b>Current liabilities</b>					
Trade and other payables	12	2 282 604	-	2 282 604	2 282 604
Lease liabilities	12	1 363 067	-	1 363 067	1 838 763
		<b>3 645 671</b>	<b>1 332 547</b>	<b>4 978 218</b>	<b>5 453 914</b>

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

#### 25. Financial instruments and risk management (continued)

##### Company - 2022

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	12		1 178 507	1 178 507	1 178 507
<b>Current liabilities</b>					
Trade and other payables	13	758 921		758 921	758 921
Lease liabilities	12	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>

##### 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.

##### 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.

Group	2023	2023	2022	2022
<b>Increase or decrease in rate</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
<b>Impact on profit or loss:</b>				
Interest income from Financial assets and bank balances (50 basis points)	125 085	(125 085)	104 112	(104 112)
Company	2023	2023	2022	2022
<b>Increase or decrease in rate</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
<b>Impact on profit or loss:</b>				
Interest income from Financial assets and bank balances (50 basis points)	107 764	(107 764)	86 783	(86 783)

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Notes to the Group Annual Financial Statements

Figures in Pula	Group		Company	
	2023	2022	2023	2022

#### 26. 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	Note(s)			
<b>Financial assets at fair value through profit (loss)</b>				
Short-term investments	129 891 373	87 743 384	111 682 986	78 166 697
<b>Total</b>	<b>129 891 373</b>	<b>87 743 384</b>	<b>111 682 986</b>	<b>78 166 697</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 2023.

## BOTSWANA STOCK EXCHANGE LIMITED

Group Annual Financial Statements for the year ended 31 December 2023

### Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	Group		Company	
		2023	2022	2023	2022
<b>Revenue</b>					
Listing and annual sustaining fees		38 032 481	32 724 806	38 032 481	32 724 806
Member fees income		12 500	12 500	12 500	12 500
Miscellaneous revenue		4 421 479	3 485 436	1 319 434	-
Commissions income		20 166 635	5 754 187	10 226 042	3 047 437
X-News Publications		1 379 875	1 067 000	1 379 875	1 067 000
	15	<b>64 012 970</b>	<b>43 043 929</b>	<b>50 970 332</b>	<b>36 851 743</b>
<b>Other operating income</b>					
Registered advisors		152 500	146 875	152 500	146 875
Amortisation of capital grants		849 996	916 695	-	704 196
Training income		120 755	60 867	120 755	60 867
Other income		2 520 512	1 904 658	2 520 512	1 904 658
	16	<b>3 643 763</b>	<b>3 029 095</b>	<b>2 793 767</b>	<b>2 816 596</b>
<b>Other operating gains (losses)</b>					
Profit (losses) on disposal of assets		577 820	8 245	577 820	8 245
Foreign exchange losses		(8 436)	(4 936)	(8 436)	(4 936)
	17	<b>569 384</b>	<b>3 309</b>	<b>569 384</b>	<b>3 309</b>
Movement in credit loss allowances-Bad Debts	18	(833 578)	(487 283)	(704 797)	(368 948)
<b>Other operating expenses</b>					
Advertising		(2 826 591)	(1 696 059)	(2 826 591)	(1 642 959)
Auditors remuneration - Internal audit	18	(297 145)	(312 729)	(201 206)	(194 596)
Auditors remuneration -external auditors	18	(257 152)	(203 484)	(154 291)	(153 356)
Bank charges		(51 592)	(50 554)	(44 244)	(34 939)
Cleaning		(89 489)	(80 989)	(82 412)	(68 700)

Communication expenses		(246 963)	(238 556)	(229 084)	(226 038)
Computer expenses		(4 409 879)	(5 186 198)	(4 269 983)	(3 234 920)
Consulting and professional fees		(508 502)	(215 955)	(483 502)	(215 955)
Depreciation and impairments		(3 523 446)	(3 597 925)	(3 433 214)	(3 010 438)
Electricity charges		(170 498)	(115 000)	(150 248)	(97 750)
Entertainment		(126 769)	(81 472)	(126 769)	(81 472)
Fines and penalties		(34 525)	(50 000)	(16 435)	-
Insurance		(321 906)	(253 343)	(256 441)	(174 518)
Lease		(247 135)	(883 250)	(249 269)	(883 250)
License fees		(267 705)	(241 579)	-	-
Members sitting allowances		(629 850)	(722 428)	(441 850)	(530 750)
Motor vehicle expenses		(133 443)	(157 464)	(133 443)	(157 464)
Office expenses		(632 585)	(201 295)	(263 561)	(180 661)
Printing and stationery		(49 192)	(29 323)	(49 192)	(29 323)
Recruitment expenses		(51 029)	(31 935)	(51 029)	(31 935)
Repairs and maintenance		(49 300)	(28 658)	(49 300)	(28 658)
Salaries and wages		(27 691 426)	(21 735 453)	(21 940 666)	(16 732 150)
Sale of advertising space		(320 750)	(315 194)	(320 750)	(315 194)
Security		(6 837)	(6 322)	(6 837)	(6 322)
Board training, seminars and conferences		(312 933)	(697 412)	(159 849)	(501 993)
Staff welfare		(662 930)	(835 512)	(662 930)	(835 512)
Subscriptions		(1 247 332)	(1 003 504)	(1 205 704)	(958 185)
Technical service fees		(1 567 801)	(1 401 746)	(1 567 801)	(1 401 746)
Training expenses		(309 739)	(125 646)	(146 194)	(28 176)
Training levies		(61 469)	(33 157)	(38 393)	(20 873)
Travel and accommodation		(1 913 029)	(980 305)	(1 913 029)	(980 305)
		<b>(49 018 942)</b>	<b>(41 512 447)</b>	<b>(41 474 217)</b>	<b>(32 758 138)</b>
<b>Operating profit</b>	18	<b>18 373 597</b>	<b>4 076 603</b>	<b>12 154 469</b>	<b>6 544 562</b>
Interest income	19	8 327 069	6 620 161	7 185 588	5 466 975
Finance costs	20	(267 618)	(121 129)	(267 618)	(54 724)
<b>Profit for the year</b>		<b>26 433 048</b>	<b>10 575 635</b>	<b>19 072 439</b>	<b>11 956 813</b>

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
















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