



DOING BUSINESS IN THE MIDST OF A PANDEMIC

2020 ANNUAL REPORT

MISSION, VISION & VALUE STATEMENTS

Innovation

We are committed to continually re-inventing products and services by adopting the best technology and practices.



Integrity

We are professional and accountable for our actions, and uphold the highest ethical conduct in our execution and adhere to the highest standards of corporate governance.



Sustainability

We will employ business methods that adhere to the proper use of financial and human resources as well as the environment we operate in.



OUR



Mission Statement

To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities.



Vision Statement

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

Commercial Focus



We are geared towards revenue maximization for the company and stakeholders.

Teamwork



We are collaborative with internal and external stakeholders to ensure excellent returns and delivery.

Efficiency



We endeavor to accomplish more with the available resources and time.

VALUES





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<https://www.bse.co.bw/annual-reports/>



2020 HIGHLIGHTS

**TOTAL SECURITIES
TURNOVER OF
P3.6 BILLION IN 2020**

Compared to P4.2 billion
in 2019

**EQUITY TURNOVER
OF P698.7 MILLION
IN 2020**

Compared to P1.8 billion
in 2019

**BONDS
TURNOVER OF
P2.7 BILLION IN
2020**

Compared to
P2.2 billion in 2019

**BSE ESSOP
APPROVED**

Approved ESSOP for
BSE Limited

**GRANTED
SRO STATUS**

BSE granted
Self-Regulatory
Organisation (SRO)
status

**HIGHEST SINGLE
TURNOVER IN
2020 WAS
P31.9 MILLION**

Recorded on 20 March
2020

MARKET DATA PRODUCTS

BSE launched Market Data Products

ADOPTION OF KANNGWE PRIMARY SCHOOL CAME TO AN END IN DECEMBER

The adoption of Kanngwe Primary School came to an end in December 2020 and the pass rate increased from 47% in 2017 to 87% in 2019

DATA DISPLAY SCREEN

BSE launched 2 Data Display Screens

NEW WEBSITE AND MOBILE APP

BSE launched a new Website and Mobile App

GOVERNMENT RAISED OVER P5.2 BILLION

Government raised over P5.2 billion in additional tranches of listed bonds

5 CORPORATE BONDS LISTED

Five corporate bonds listed

HIGHEST DAILY TRADE PER COUNTER WAS P26.6 MILLION

Highest daily trade per counter was P26.6 million by Sechaba Brewery Holdings Limited on 20 March 2020

OCA

B

B



BOTSWANA STOCK EXCHANGE

All Prices in BWP

The Market is **Open**

Security	Mkt Cap (M)	Bid	Offer	Open	Close	Last
ABC	1,450.00	1.00	2.00	2.00		
AFINTAS	211.81	0.15		0.99		
BIHL	4,938.66		17.50	17.49		
BOD	80.31		0.12	0.12		
BTCL	80.50		0.82	0.81		
CA SALES			3.75	3.75		
CHOSE			9.50	9.50		
CHOPPIS			0.60	0.60		
CRESTA			1.35	1.35		
ENGEN	1,650.00		10.37	10.36		
FNBB	5,970.00		2.35	2.35		
LEILOLE	641.50	2.25		2.29		
LETSHEGO	1,372.19	0.65		0.64		
LUCARA	2,655.24	5.00		6.69		
MINERGY	399.48		0.85	0.85		
Total Volume:						Total
Number of Trades Today:				0		Curre



BOTSWANA STOCK EXCHANGE OVERVIEW

Historically, the exchange was owned by its members (stockbrokers), through ownership of Proprietary Rights, and the Government of Botswana through the provision of subventions.



The Fairscape Precinct, home of Botswana Stock Exchange

Our Inception

The Botswana Stock Exchange Limited (herein referred to as the “BSE” or the “BSE Limited”) is Botswana’s sole stock exchange given the responsibility to operate and regulate the securities market.

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 five (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.

Botswana Stock Exchange Limited Overview (Continued)

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 its members (stockbrokers), through ownership of Proprietary Rights, and the Government of Botswana through the provision of subventions. Government and brokers have played critical roles of developing various facets of the capital markets. The BSE's demutualization process commenced on the 1st of December 2015 and was completed with the conversion, on the 2nd of August 2018, from a member owned, not-for-profit, entity to a for-profit public company limited by shares under the Companies Act. The BSE is owned by the Government of the Republic of Botswana, the four stock brokerage firms and the members of staff of the BSE.

Our International Affiliations

The BSE is an Affiliate of the World Federation of Exchanges (WFE), a Partner Exchange of UN's Sustainable Stock Exchange (SSE) initiative, a member of the African Securities Exchanges Association (ASEA), a member and Secretariat of the Committee of SADC Stock Exchanges (CoSSE) and a Recognized Stock Exchange under the UK's Her Majesty Revenue and Customs (HMRC).

Our Products

At present, instruments that can be listed on the BSE include Equities, Debt and Exchange Traded Funds (ETFs). 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 2020, there were 32 listed companies comprised of 24 domestic companies, 8 foreign companies across the various boards and there was 1 registered company on Serala OTC Board. Further, there were 43 listed bonds and 3 ETFs at year end.

Our Regulatory Environment

The BSE is governed and regulated through various laws and statutory bodies that include the Companies Act, the Securities Act and the Non-Bank Financial Institutions Regulatory Authority. The BSE, as a public limited company, is also governed by its Constitution.

For regulating the affairs of the members (stock brokers), the BSE utilises the Members Rules which provide, as the main objective thereof, "to operate a Stock Exchange in Botswana with due regard to the public interest to maintain fair and efficient dealing in securities for the protection of investors and regulate the affairs of members."

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. BSE has different Listings Requirements governing the different types of securities e.g. Debt, Equities and Exchange Traded Funds (ETFs). The emphasis is to make sure that issuers disclose adequate information to the public and investors to facilitate informed investment decision making.

BSE BOARD OF DIRECTORS



Lt. Gen. Tebogo C. Masire

Chairperson



Mr. Basimane Bogopa

Vice-Chairperson



Mrs. Itumeleng Mareko

Member



Mr. Norman Moleele

Member



Mrs. Sethunya Makepe-Garebatho

Member



Mr. Ogone Mothooagae

Member



Professor Onkutlwile Othata

Member



Mr. Davis Tele

Member



Mr. Thapelo Tsheole

Chief Executive Officer
& Ex-Officio Member

BSE CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE OVERVIEW

The BSE Group is committed to enforcing sound business and governance principles. With over three decades of existence, the BSE prides itself in a strong corporate governance culture which has improved immensely since demutualization in 2018. In the spirit of good corporate governance and best practice, the Board consists of a majority of independent non-executive directors and the role of the Chief Executive Officer and Chairperson are separate. The Board comprises of 10 directors; 8 independent non-executive directors, 1 non-

executive director who is non-independent and 1 executive director, being the CEO, who is an ex-officio member.

In echoing the BSE Constitution, the Board of Directors are vested with all powers necessary for the governance of BSE and the promotion of the welfare, objects and purposes of the BSE. In the exercise of such powers the Board has over the years adopted such rules, issued such orders and directions as well as made such decisions in the best interests of the BSE.

BOARD OF DIRECTORS

The current Board of Directors is constituted as follows:

Member	Position	Date of Appointment
Lt. Gen. Tebogo C. Masire	Chairperson	31 August 2018
Mr. Basimane Bogopa	Vice-Chairperson	31 August 2018
Mr. Martin Makgatlhe*	Member	31 August 2018
Mrs. Itumeleng Mareko	Member	31 August 2018
Mr. Norman Moleele	Member	31 August 2018
Mr. Ogone Mothoagae	Member	31 August 2018
Professor Onkutlwile Othata	Member	31 August 2018
Mrs. Sethunya Makepe- Garebatho	Member	15 November 2019
Mr. Davis Tele	Member	31 August 2018
Mr. Thapelo Tsheole**	Chief Executive Officer	31 August 2018

* Retired on 25th June 2020

** Ex-Officio Member



BSE Supports Gender Equality



BSE PHYSICAL ADDRESS
Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw

BSE Corporate Governance Report (Continued)

BOARD MEETINGS

The Board meets a minimum of 4 times annually with additional special meetings scheduled to discuss any other urgent issues not discussed during scheduled meetings. For the year 2020 the Board convened 4 Board meetings and 1 Special Board meeting. Attendance of the Board meetings was as follows:

BOARD MEMBERS	06 Feb 2020	20 Mar 2020	14 Aug 2020	05 Oct 2020 (Special)	20 Nov 2020	TOTAL ATTENDANCE
Lt. Gen. T. C. Masire (Chairperson)	o	o	o	o	o	5/5
Mr. B. Bogopa (Vice-Chairperson)	o	o	o	o	o	4/5
Mr. M. Makgathe*	o	o	o	o	o	2/5
Mrs. I. Mareko	o	o	o	o	o	5/5
Mr. N. Moleele	o	o	o	o	o	4/5
Mr. O. Mothoagae	o	o	o	o	o	5/5
Prof. O. Othata	o	o	o	o	o	5/5
Mrs. S. Makepe-Garebatho	o	o	o	o	o	5/5
Mr. D. Tele	o	o	o	o	o	5/5
Mr. T. Tsheole	o	o	o	o	o	4/5

* Retired on 25th June 2020 o Present at the meeting o Not present at the meeting

BOARD COMMITTEES**Risk And Audit Committee (RAC)**

The purpose of the RAC is to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, risk management, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The members of the RAC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mr. Davis Tele (Chairperson)	o o o o o o	6/6
Mr. Ogone Mothoagae	o o o o o o	5/6
Professor Onkutlwile Othata	o o o o o o	6/6

o Present at the meeting o Not present at the meeting

BSE Corporate Governance Report (Continued)

Nominations and Governance Committee (NGC)

The NGC is responsible for all matters relating to corporate governance and practices of BSE, nominations of members to be appointed to the Board of Directors as well as terms and conditions of employment for BSE staff. The members of the NGC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mrs. Sethunya Makepe - Garebatho (Chairperson)*	○ ○ ○ ○ ○ ○ ○	5/6
Mr. Basimane Bogopa	○ ○ ○ ○ ○ ○ ○	4/6
Mr. Davis Tele	○ ○ ○ ○ ○ ○ ○	6/6
Mr. Norman Moleele**	○	1**

* Elected Chairperson on 6th February 2020 ** Resigned on 6th February 2020 ○ Present at the meeting ○ Not present at the meeting

Admissions And Disciplinary Committee (ADC)

The purpose of the ADC is to provide oversight on matters relating to the regulatory function of BSE over Securities Brokers. This is in line with the mandate of the BSE which entails regulation and oversight of the operations of Securities Brokers. The members of the ADC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mrs. Itumeleng Mareko (Chairperson)	○	1/1
Mr. Basimane Bogopa	○	0/1
Mr. Norman Moleele	○	1/1

○ Present at the meeting ○ Not present at the meeting

Regulatory Committee (RC)

The purpose of the RC is to set policy and formulate rules with regard to listings and trading matters as well as Securities Brokers and participants. The members of RC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mr. Basimane Bogopa (Chairperson)	○	1/1
Mr. Martin Makgatlhe*	○	0/1
Mr. Ogone Mothoagae	○ ○ ○	1/1
Professor Onkutlwile Othata	○ ○	1/1

* Retired on 25th June 2020 ○ Present at the meeting ○ Not present at the meeting

BSE Corporate Governance Report (Continued)

Board Tender Committee (BTC)

The purpose of the BTC is to approve procurement of supplies, works & services and disposal of assets in line with the BSE procurement procedures promulgated by the Board from time to time. The members of the BTC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Professor Onkutlwile Othata (Chairperson)	o	1/1
Mr. Martin Makgatlhe*	o o	1/1
Mrs. Itumeleng Mareko	o	1/1

*Retired on the 25th June 2020 o Present at the meeting o Not present at the meeting

ATTENDANCE AT BOARD COMMITTEE MEETINGS

Members	RAC	NGC	ADC	BTC	RC
Lt. Gen. T. C. Masire (Chairperson)*	-	-	-	-	-
Mr. B. Bogopa	-	o o o o o o o	o	-	o
Mr. M. Makgatlhe**	-	-	-	o o	o
Mrs. I. Mareko	-	-	o o	o o	-
Mr. N. Moleele	-	o	o	-	-
Mr. O. Mothooagae	o o o o o o o	-	-	-	o o
Prof. O. Othata	o o o o o o o	-	-	o	o o
Mrs. S. Makepe - Garebatho	-	o o o o o o o	-	-	-
Mr. D. Tele	o o o o o o o	o o o o o o o	-	-	-
Mr. T. Tsheole	o o o o o o o	o o o o o o o	o	o	o

*The Chairperson does not sit on any Board Committee **Retired on 25th June 2020

o Present at the meeting o Not present at the meeting - Not a part of Sub-Committee

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 BOARD OF DIRECTORS



Mr. Basimane Bogopa

Chairperson



Mrs. Pascaline Sefawe

Vice-Chairperson



Mr. Vincent Baituti

Member



Ms. Kelebogile Kewagamang

Member



Mr. Lame Gare

Member



Mr. Davis Tele

Member



Mr. Thapelo Tsheole

**Chief Executive Officer
& Ex-Officio Member**

CSDB CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

RISK & AUDIT
COMMITTEE

NOMINATIONS &
GOVERNANCE
COMMITTEE

ADMISSIONS &
DISCIPLINARY
COMMITTEE

BOARD TENDER
COMMITTEE

CORPORATE GOVERNANCE OVERVIEW

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.

In terms of CSDB Constitution, the Board must comprise of not less than 6 and not more than 8 Board of directors, inclusive of the Chief Executive Officer. The Chairperson of the Board, the Vice Chairperson, the Chief Executive Officer, and the other non-executive directors are elected by the Shareholders of CSDB.

BOARD OF DIRECTORS

The current Board of Directors is constituted as follows:

Member	Position	Date of Appointment
Mr. Basimane Bogopa	Chairperson	05 January 2017
Mr. Vincent Baituti	Member	26 February 2019
Mr. Lame Gare	Member	26 February 2019
Ms. Kelebogile Kewagamang	Member	26 February 2019
Mr. Martin Makgatlhe*	Member	7 December 2018
Mrs. Pascaline Sefawe	Vice-Chairperson	19 March 2019
Mr. Davis Tele	Member	7 December 2018
Mr. Thapelo Tsheole**	Chief Executive Officer	7 December 2018

*Retired on 25th June 2020 **Ex-Officio Member

CSDB Corporate Governance Report (Continued)

BOARD MEETINGS

The Board meets a minimum of four (14) times annually with additional special meetings scheduled to discuss any other urgent issues not discussed during scheduled meetings. For the year 2020, the Board convened four (4) Board meetings and one (1) Special Board meeting. Attendance of the Board meetings were as follows:

Board Members	06 Feb 2020	20 Mar 2020	14 Aug 2020	05 Oct 2020 (Special)	19 Nov 2020	Total Attendance
Mr. B. Bogopa	○	○	○	○	○	4/5
Mrs. P. Sefawe	○	○	○	○	○	5/5
Mr. L. Gare	○	○	○	○	○	4/5
Ms. K. Kewagamang	○	○	○	○	○	4/5
Mr. M. Makgatlhe*	○	○	○	○	○	2/5
Mr. V. Baituti	○	○	○	○	○	5/5
Mr. D. Tele	○	○	○	○	○	5/5
Mr. T. Tsheole	○	○	○	○	○	4/5

*Retired on 25th June 2020 ○ Present at the meeting ○ Not present at the meeting

BOARD COMMITTEES**Risk And Audit Committee (RAC)**

The purpose of the RAC is to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems, risk management, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The members of the RAC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mr. Davis Tele (Chairperson)	○ ○ ○ ○	4/4
Mrs. Pascaline Sefawe	○ ○ ○ ○	4/4
Mr. Lame Gare	○ ○ ○ ○	3/4

○ Present at the meeting ○ Not present at the meeting

Nominations And Governance Committee (NGC)

The NGC is responsible for all matters relating to corporate governance and practices of CSDB, nominations of members to be appointed to the Board of Directors as well as reviewing and recommending the CSDB's corporate governance guidelines. The members of the NGC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Ms. Kelebogile Kewagamang (Chairperson)	○	1/1
Mr. Davis Tele	○	1/1
Mr. Vincent Baituti	○	1/1

○ Present at the meeting ○ Not present at the meeting

CSDB Corporate Governance Report (Continued)

Admissions And Disciplinary Committee (ADC)

The purpose of the ADC is to provide oversight on matters relating to complaints made against any depository participant. The members of the ADC and their meeting attendance for 2020 is shown below:

Member	Meeting Attendance	Total Attendance
Mr. Lame Gare (Chairperson)	○	0/0
Ms. Kelebogile Kewagamang	○ ○ ○ ○ ○	0/0
Mrs. Pascaline Sefawe	○	0/0

○ Present at the meeting ○ Not present at the meeting

Board Tender Committee (BTC)

The purpose of the BTC is to approve procurement of supplies, works & services in line with the CSDB procurement procedures promulgated by the Board from time to time. The members of the BTC and their meeting attendance for 2020 is shown below:

Member	Attendance	Total Attendance
Mr. Martin Makgathe (Chairperson)*	○ ○	0/0
Mr. Davis Tele	○ ○ ○ ○ ○	0/0
Mr. Lame Gare	○ ○ ○ ○ ○	0/0

*Retired on 25th June 2020 ○ Present at the meeting ○ Not present at the meeting

ATTENDANCE AT BOARD COMMITTEE MEETINGS

Members	Board	RAC	NGC	ADC	BTC
Mr. B. Bogopa	○ ○ ○ ○ ○ ○ ○	-	-	-	-
Mrs. P. Sefawe	○ ○ ○ ○ ○ ○ ○	○ ○ ○ ○ ○	-	○ ○ ○ ○ ○	-
Mr. L. Gare	○ ○ ○ ○ ○ ○ ○	○ ○ ○ ○ ○ ○ ○	-	○ ○ ○ ○ ○	○ ○
Ms. K. Kewagamang	○ ○ ○ ○ ○ ○ ○	-	○ ○	○ ○ ○ ○ ○	-
Mr. M. Makgathe*	○ ○ ○ ○ ○ ○ ○	-	-	-	○ ○
Mr. V. Baituti	○ ○ ○ ○ ○ ○ ○	-	○ ○	-	-
Mr. D. Tele	○ ○ ○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○	-	○ ○
Mr. T. Tsheole	○ ○ ○ ○ ○ ○ ○	○ ○ ○ ○ ○	○ ○	○ ○	○ ○

*Retired on 25th June 2020 ○ Present at the meeting ○ Not present at the meeting - Not a part of Sub-Committee

BOARD AND COMMITTEE SITTING ALLOWANCE

The CSDB pays a sitting allowance of BWP4, 000.00 for any Member chairing a meeting and BWP3, 000.00 for any member that attends a meeting.



**BSE Supports
Gender Equality**



BSE PHYSICAL ADDRESS
Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw



OUR MANAGEMENT TEAM



Thapelo Tsheole

Chief Executive Officer

Mr. Tsheole was appointed CEO of the BSE in January 2016. Prior to that, he was the Deputy CEO since February 2014. Mr. Tsheole joined the BSE February 2007 as Product Development Manager. He holds a Bachelor of Social Sciences (Single Major Economics) from University of Botswana and a Master of Commerce in Financial Markets from Rhodes University (RSA). Further, he holds a Master of Business Administration (MBA) from the Graduate School of Business, University of Cape Town (RSA). Mr. Tsheole has also completed several financial markets programmes which include Registered Person Examination (RPE) conducted by South African Institute of Financial Markets (SAIFM) and SAFEX, and the Enforcement and Market Oversight programme by the United States Securities and Exchange Commission (SEC), inter alia. He has also attended a Leadership Development Programme at the University of Stellenbosch Business School (RSA).



Mpho Mogasha

Head of Finance and Administration

Mrs. Mogasha joined the BSE in 2006 as Operations Officer – Finance & Admin, a position she held until July 2013, when she was appointed to the role of Acting Finance & Admin Manager. She assumed the role of Finance & Administration Manager in February 2014. Prior to joining the BSE, she worked for Motswedi Securities as Accountant. Before then, she worked for Grunwald Construction as Assistant Accountant. Mrs. Mogasha graduated with a BA in Accounting from the University of Botswana. She is ACCA qualified and a member of the Botswana Institute of Chartered Accountants (BICA). She has completed both the Management Development Programme (MDP) and Executive Development Program (EDP) at University of Stellenbosch Business School (RSA). Mrs. Mogasha also holds a Post Graduate Certificate in Enterprise Risk Management from the Botswana Accountancy College.



Kopano Mogorosi

Head of Information Technology

Mr. Mogorosi joined the BSE in January 2008 as a System and Network Administrator. In June 2009, he was redeployed to the role of Database Administrator, a position that he held until October 2011, when he was appointed to the role of Acting IT Manager. He assumed the role of IT Manager in May 2012. Prior to joining the BSE, Mr. Mogorosi worked for Rural Industries Promotions Company Botswana (RIPCO) as Systems Administrator. He has also worked for DCDM Consulting as an Analyst/Programmer. Mr. Mogorosi holds a BSc in Computer Engineering from the University of Miami, FL (USA). He has completed a Management Development Programme (MDP) at University of Stellenbosch Business School (RSA).

Our Management Team (Continued)



Masego Pheto-Lentswe

Head of Clearing and Settlement

Mrs. Pheto-Lentswe joined the BSE in December 2007 as Central Securities Depository Company of Botswana (CSDB) Manager. Prior to joining the BSE, she was Market Risk Manager at Stanbic Bank, Botswana. Before then, she worked for Bank of Botswana on different units of the Financial Market Department as a Dealer, Settlement Officer and Portfolio Analyst. She graduated with a BA in Economics from the University of Botswana and holds a MA in Economics from University of Stellenbosch (RSA). Mrs. Pheto-Lentswe holds a Diploma in Chartered Institute of Management Accountants (CIMA). She has completed an Executive Development Program (EDP) at University of Stellenbosch Business School (RSA).



Tsametse Mmolai

Head of Listings and Trading

Mr. Mmolai started his career at Botswana Insurance Fund Management (BIFM) Limited as an Investment Accountant and joined the BSE in 2008. Mr. Mmolai graduated with a BCom (Finance) from Macquarie University in Sydney, Australia and is an Accredited Member of the Compliance Institute of Southern Africa. He has also attended Compliance and Financial Regulation courses at the U.S. Securities and Exchange Commission, the International Centre for Parliamentary Studies in London, England, as well as the University of Cape Town. Tsametse holds a Graduate Certificate in Capital Markets from the George Washington University (USA) attained under the IFC-Milken Institute Capital Markets Program. He also completed the Management Development Programme (MDP) and the Executive Development Programme (EDP) with the University of Stellenbosch Business School (RSA) in 2016 and 2018 respectively.



Thapelo Moribame

Head of Market Development

Ms. Moribame joined the BSE in August 2016 from Air Botswana where she was the Marketing Manager from November 2012 to July 2016. Prior to joining Air Botswana, she worked at the Local Enterprise Authority (LEA) as Market Access Specialist from January 2011 to October 2012. Her career began at the Ministry of Investments, Trade and Industry as Assistant Trade Officer on the Multilateral Trade Section between October 2006 and December 2010. Ms. Moribame holds a Master of Commerce in Economics and an Honours Degree in Economics, both from the Stellenbosch University in South Africa. She also has a Bachelor of Arts in Social Sciences Degree (Economics and Public Administration) from the University of Botswana. She has studied International Trade and the Multilateral Trading System at the United Nations University in Tokyo, Japan. She has completed a Management Development Programme at the University of Stellenbosch Business School (RSA).

Our Management Team (Continued)



Kopano Bolokwe

Head of Product Development

Mr. Bolokwe joined the BSE in May 2011 as Product Development Operations Officer and was appointed to the current position in August 2016. Prior to joining the BSE, Mr. Bolokwe worked for STANLIB as an Investment Analyst and for Imara Capital Securities as a Private Clients Broker. He holds a Degree in Finance and a Master's in Business Administration (MBA), both from University of Botswana (UB). Further, he is CAIA qualified a member of the Chartered Alternative Investment Analyst Association and has completed Chartered Financial Analyst (CFA) Level II exams. Mr. Bolokwe is also a Registered Person (RPE) under the South African Institute of Financial Markets (SAIFM). Kopano holds a Graduate Certificate in Capital Markets from the George Washington University (USA) attained under the IFC-Milken Institute Capital Markets Program. He has completed a Management Development Programme (MDP) and an Executive Development Programme (EDP) at the University of Stellenbosch Business School (RSA).

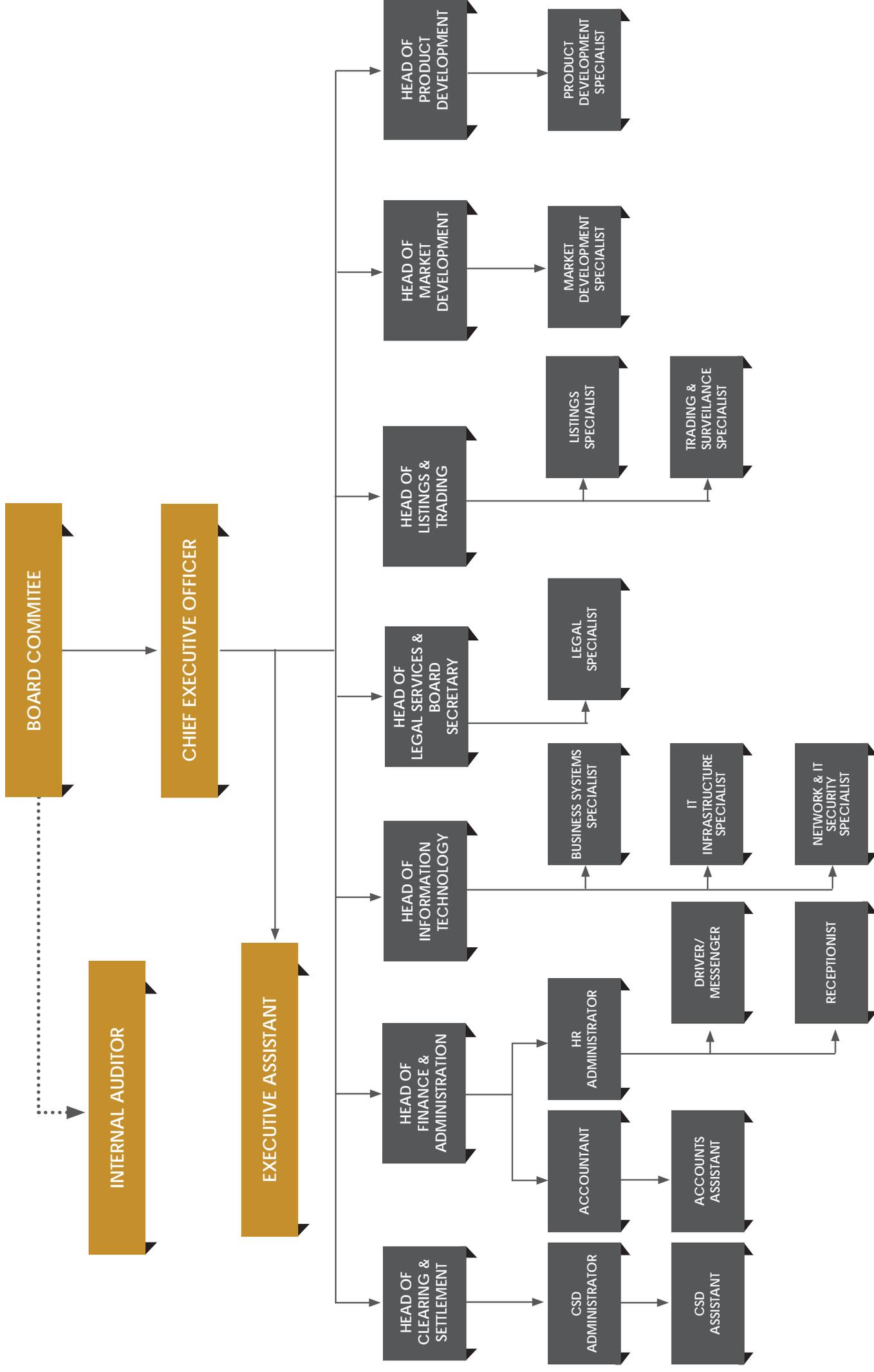


Gorata Thhole Dibotelo

Head of Legal Services and Board Secretary

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

ORGANISATIONAL STRUCTURE






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Plot 70667 | Fairscapc Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175 | Email: info@bse.co.bw | Web: www.bse.co.bw

OUR STAFF





CHAIRPERSON'S STATEMENT

I am very impressed with the performance of the Exchange regarding its strategic undertakings. The continued investment in financial markets infrastructure lays a solid foundation for the modernisation and internationalisation of the BSE. The regulatory landscape continues to keep pace with international best practice, as well as expanding to accommodate new products and services..



Dear Valued Stakeholder,

Whilst it is much easier to remember 2020 as a year of turbulence arising from the coronavirus pandemic, we should also recognise that the turmoil emanated from various dimensions, COVID-19 pandemic included. At the start of the year, global sentiment in financial markets was very bullish and persisted until the coronavirus was declared a Public Health Emergency of International Concern by the World Health Organisation in January 2020. As a result, uncertainty heightened and this ignited a sell-off in equity markets. By the time that COVID-19 was characterised as a pandemic in mid-March 2020, many global equity indices had slumped to their lows for the year.

However, we witnessed a rapid change in the bearish sentiment as governments across the world began unveiling stimulus packages. This, together with other developments such as the search for a vaccine for COVID-19, largely resuscitated and sustained the bullish momentum throughout 2020. Nonetheless, the extent to which the pandemic took centre stage in the year easily clouds the sentiments emanating from Brexit and the US/China trade relations which also, without a doubt, had an impact in how markets evolved and performed in the year.

In the midst of this turbulence, the BSE market returns showed signs of resilience and in March 2020 the BSE was recognised in global media

Chairperson's Statement (Continued)

as the best performing market in the world. As the health crisis quickly translated into an economic crisis, the local market could not sustain its defence against the effects of the lockdowns and COVID-19 protocols. Largely, this explains the decline in the corporate earnings momentum in the year, the slowdown in trading activity and the lack of initial public offerings (IPOs). Though business generally was subdued, activity in the stock exchange picked significant momentum in terms of capital raising outside of IPOs. This has resulted in a stellar year for the Exchange from a financial performance point of view.

I am very impressed with the performance of the Exchange regarding its strategic undertakings. The continued investment in financial markets infrastructure lays a solid foundation for the modernisation and internationalisation of the BSE. The regulatory landscape continues to keep pace with international best practice, as well as expanding to accommodate new products and services. The market development initiatives have certainly stimulated issuer appetite which could

manifest in listings in the short to medium term. In 2017, we took part in the Government's initiative of Adopt-A-School and adopted Kanngwe Primary School in the Southern District under our CSI programme called **Dipoelo**. This was for a period of 3 years to the end of 2020. As a proponent of youth development and empowerment, the BSE has taken full advantage of this initiative to be a conduit for the delivery of quality education in society, in the process contributing to the achievement of Sustainable Development Goal (SDG) 4 of Quality Education.

I am pleased to announce that the pass rate of Kanngwe Primary School has increased from 47% in 2017 to 87% in 2019. Going forward it is our goal to yield the same if not better results for the other primary schools that we will adopt effective January 2021, being Kareng Primary School and Metsimantsho Primary School in Ngamiland District and Ghanzi District respectively. We are all well aware of the disruption that the pandemic has brought to the education system as schools have closed a few times due to escalating cases, and as

Students from Kanngwe Primary School on an educational visit to the BSE Offices in Gaborone



Chairperson's Statement (Continued)

many students missed out on valuable teaching due to lack of infrastructure, mainly access to the internet. This has a potential to destabilize our national human capital and our efforts to become a knowledge-based economy. Thus, at the BSE it is a priority for us to uplift students to attain national prosperity.

On behalf of the Board of Directors, let me congratulate the CEO, Mr. Tsheole for his election as the Deputy President of ASEA and for his re-election as Chairman of CoSSE. With our support, his steadfastness in making the BSE and Botswana a commendable participant in the African capital markets will continue to be recognised.

I would like to thank members of the Board of Directors and the shareholders for re-electing me the Chairperson for another year and also congratulate Mr. Basimane Bogopa for being elected Chairperson of the CSDB, a subsidiary of the BSE. I extend a warm welcome to our new members of the BSE Board of Directors being Mrs. Sethunya Makepe-Garebatho and Mr. Kennedy Kgomanyane who were appointed to the Board in February 2020 and June 2020 respectively. I also thank Mr. Martin Makgathe, who retired from the Board in June 2020, for his notable service.

Let me express my appreciation to all the shareholders and stakeholders of the BSE for the continued support and cooperation. Lastly, I want to extend my gratitude to BSE management and staff for a very successful year, especially from a financial performance point of view, and for the resilience in the operations of the business in a year in which doing business was very challenging.

Thank you.



.....
Lieutenant General Tebogo Carter Masire
Chairperson Of The Board Of Directors

CHIEF EXECUTIVE OFFICER'S REVIEW

History has taught us that disruption is part and parcel of doing business. However, as the WFE has highlighted in March 2020, "stock exchanges are among the **critical elements of the financial system which must in principle remain open**". This statement underscores the requisite for stock exchanges to be resilient at all times, including during a pandemic or an extraordinary event.



1.0 IMPACT OF COVID-19 ON THE BUSINESS

"In a crisis, you need finance more than ever, and how else are people going to be able to operate without central markets? Indeed, it is hard to envisage any benefit from closing markets during a period of already heightened uncertainty - particularly to investors. Exchanges and CCPs enable businesses to fund, investors to price assets and manage risk appropriately, and central banks and policy makers to promote financial stability; they should be allowed to do so with normal trading hours and appropriate support from policymakers."

Nandini Sukumar, Chief Executive Officer, The World Federation of Exchanges.

The COVID-19 pandemic resulted in increased volatility, uncertainty and elevated risk perception in global financial markets, often making it very challenging to price assets and access liquidity. In response, instead of closing, exchanges have triggered their business continuity plans in order to continue to operate as they would in any normal day. This is essential as exchanges help to establish consensus on valuation and in real-time, as well as facilitate capital formation and allocation.

The onset of this pandemic was indeed a sizeable test to the resilience of our market infrastructure and the conduct of our market operations. As part of our business continuity management plan, we fast-tracked our responsiveness to ensure business continuity and limited disruption to our operations and

Chief Executive Officer's Review (Continued)

we also formulated a COVID-19 Response Plan which we submitted to WFE and publicized to our stakeholders. To our pleasure, we succeeded in keeping the market open for trading, clearing and settlement without any hindrance and without compromising the safety of our staff members, brokers, issuers and other market participants.

Following the declaration of the first lockdown on 31st March 2020, the BSE was declared an essential services organisation and this allowed us to work both from home and from office under the established COVID-19 protocols. Internally, our COVID-19 Response Plan mandated that more 60% of our staff members could work from home following the commencement of lockdown on 2nd April 2020 and that the office be closed for visitors until further notice. To our delight, staff members adapted swiftly to the plan and the changes, adhered to the protocols and worked efficiently and collegially under the circumstances prevailing during the first and second lockdown. All staff members were provided sanitizers and masks, and those in office moved to new work stations to promote social distancing and minimize congestion. We continued with this practice throughout the year, by rotating staff members coming to office in order to continually decongest the office.

Furthermore, as part of the Response Plan all BSE events and meetings were postponed to future dates. Those that were re-scheduled were conducted virtually, and that has proven to be a very productive way of connecting with a large audience, stimulating constructive engagements, developing new skills and in the process cutting expenditure. At our first ever virtual opening bell ceremony held in June 2020 under the theme "Capital Raising in the Midst of COVID-19", over 1,000 people participated in the ceremony online and for the first time ever the bell was rung virtually to signal the start of trading. Engagements with listed companies, brokers, potential issuers and other stakeholders also continued to be held virtually throughout the year.

As the WFE rightly points out, in a crisis people need finance more than ever before. With this in mind, we promulgated ways of assisting companies to maneuver the crisis taking into account the need to raise more capital and preserve existing capital. Consequently, we published a paper titled "**How Companies Can Utilize the Stock Exchange During and Post-COVID-19 Pandemic**" in which we highlighted the methods that companies can explore to raise capital on the BSE and the methods they can explore to preserve cash by making distributions of securities instead of cash and structuring instruments in ways that defer cash payments. This paper has helped to stimulate corporate actions and new debt listings which kept the market active during the year in the absence of new IPOs. Perhaps, the revenue from these listings, corporate actions and tap issuances have complemented the impact of reduced expenditure and contributed positively to the bottom line as the BSE continued to record increased profits in 2020.

1 of the apparent advantages with the COVID-19 pandemic, from a BSE business perspective, was that the turnaround times were much shorter, the response much quicker and the engagements more often. In light of the complications presented by the work-from-home arrangement and the potential delay arising from disruption and pressured resources within our listed companies, we decided to be more flexible in terms of compliance timelines but without compromising the integrity of the market and the timeliness of information. As we observed, information released by listed companies emphasized the impact the pandemic has had on their operations, expansion plans and availability of liquidity.

By the end of 2020, the BSE had spoken with more than 20 listed companies through virtual meetings to discuss and understand (i) the impact of COVID-19 on their business activities; (ii) their experiences as listed entities; (iii) regulatory considerations, and (iv) market development issues and communication. This forum also provided an opportunity for BSE to retain listings and provide guidance on issues of compliance and to receive issues which require further lobbying and policy reforms to further develop the market.

Chief Executive Officer's Review (Continued)

On a broader scale, the social-economic impact of the pandemic has been immeasurable owing to the restrictions in movement, temporary closure of business operations, downsizing of operations and lockdowns. As a counter-measure, Government set-up a COVID-19 Relief Fund to provide support to workers, stabilize businesses, ensure availability of strategic reserves and promote opportunities for economic diversification to cushion the socio-economic impacts of the COVID-19 pandemic. Despite the drawbacks and challenges imposed by this pandemic, it has been humbling to witness the concord displayed by the public organizations and corporates to complement our Government in promoting the safety and health of our nation while maintaining socio-economic stability. In solidarity, the BSE donated P100,000.00 to the COVID-19 Relief Fund on 17th April, 2020.

It goes without saying that the pandemic has come with lessons and ample change. Doing business has radically changed. Without a business continuity management plan, it would have been very difficult to quickly adapt without causing disruption. The power of technology and digital platforms cannot be overemphasized and it is inevitable that digital platforms need to be harnessed to complement the way we work and to improve connectivity and productivity. Lastly, the resilience of mankind was put to test and has prevailed and we thank our staff members, the Board, shareholders, stakeholders and the regulator for their contribution in creating an enabling environment for our capital markets and our business to thrive in the midst of a pandemic.

It is very challenging to give an outlook while this pandemic is still unravelling. The year ended with most jurisdictions entering their second wave of the coronavirus infection and with new variants of the virus emerging. However, we are comforted by the developments regarding the vaccine and the commitments towards economic stimulation to keep economies alive. As a business, we have not recorded any scare and we remain highly cautious and strictly adhere to the health protocols.

1.1 Doing Business In The Midst Of A Pandemic

History has taught us that disruption is part and parcel of doing business. However, as the WFE has highlighted in March 2020, "stock exchanges are among the critical elements of the financial system which must in principle remain open". This statement underscores the requisite for stock exchanges to be resilient at all times, including during a pandemic or an extraordinary event.

Doing business in the midst of the pandemic has undoubtedly not been normal for us and certainly for many organizations as well. Despite, the operational resilience of the BSE, the immediate impact has been the decline in secondary market activity as well the reduced primary market activity in terms of new equity listings. Research by WFE highlights that the total number of new listings through IPOs fell by 36.5% in the first half of 2020, relative to the same period in 2019. Though there was a rebound in IPOs during the year, as at year-end the number of listed companies globally had only gone up by 1.1%. This is attributable to increased risk premium investors place on new listings during a crisis, which tends to weigh down on valuations despite favorable fundamentals. Likewise, locally our brokers have acknowledged that they have had a few tangible attempts at raising capital, but the main challenge has been the escalated risk aversion. This tends to consequently water down the fundamentals of the projects as they see these projects as far riskier than they otherwise would be in the absence of COVID-19.

Notwithstanding, we have witnessed renewed appetite through corporate actions, new debt instruments and tap issuances and these have significantly lifted the profile of the exchange as a viable platform for capital raising during a pandemic. With the roll-out of our listings framework, we have been able to stimulate interest among various prospective issuers which we hope could be converted into actual listings in the short to medium term.

The business has delivered diligently on its strategic undertakings. Technology developments have been ramped up to

Chief Executive Officer's Review (Continued)

increase the reach of the BSE and market data in the context of the new website, data display screens and mobile app. Productivity gains and efficiencies are expected to become more evident as BSE has been granted a Self-Regulatory Organisation (SRO). We continued to invest in our people and promote staff morale. One of the highlights in this regard was the approval of BSE Employee Share Ownership and Participation Plan (ESOPP), whereby Government reduced its shareholding in BSE from 81.3% to 76.3% so that employees of the BSE could own 5% of the business. More details on strategic undertaking is provided throughout this report in order to reflect on the year 2020 and to give an indication of how the ongoing projects will progressively contribute to capital market development.

I wish to highlight that though we experienced challenges in terms of growth in listings the business remained very solid and performed well from a financial standpoint. This is news that the shareholders would be pleased to know as the BSE continues to create value. On that note, the support from the shareholders does not go unnoticed and we are grateful for that. Let me also express my gratitude to our issuers and market participants for doing business with us during this challenging period and committing to the capital market as an avenue for business sustenance. My gratitude also goes to the Board of BSE and that of the CSDB and the staff members for enabling the business to remain above the waters in this challenging period.

1.2 Global and Domestic Economic Highlights

The International Monetary Fund (IMF)'s World Economic Outlook published in January 2021 estimated that global output shrank by 3.5% in 2020. Growth in advanced economies is estimated to have declined 4.9% in 2020 while growth in emerging markets and developing economies is estimated to have contracted by 2.4% for 2020. Economic output in Sub-Saharan Africa contracted by 3.6% compared to a growth of 3.2% in the prior year. However, the IMF estimates recovery is expected to strengthen gradually over 2021 across the world underpinned by a gradual recovery in consumption and investment.

Domestically, the real gross domestic product (GDP) in the first quarter came out at 2.7% followed by a deep contraction of 24.0% in quarter two. Growth in third quarter registered a decline of 6.0%. According to the analysis by Statistic Botswana, the improvement in the third quarter GDP reflected continued efforts to reopen businesses and resume activities that were postponed or restricted due to the COVID-19 pandemic. However, the economy is projected to contract by 7.7% in 2020 as a whole before rebounding to 8.8% in 2021, according to the Ministry of Finance and Economic Development (MFED).

Stock markets are usually regarded as a barometer of the economy and it is not surprising that the Domestic Company Index (DCI) declined by 8.2% in 2020, which seems to mirror the anticipated decline of 7.7% in the national economy in 2020. This reflects the challenging operating environment for listed companies which impacted their earnings momentum. Against this challenging backdrop, the BSE's disposition has been to consistently explore ways of improving the resilience of the domestic capital market.

Additional share issuances on the BSE raised capital amounting to P103.9 Mn and P86.5 Mn on the domestic board and the foreign board respectively. New bonds issued by corporates raised P465.0 Mn while Government raised a record P5.2 Bn through additional tranches of existing bonds. This remarkable level of activity reaffirms the importance of harnessing the power of capital markets to consistently raise capital particularly in a crisis. We also credit this level of activity to our efforts of sensitizing the market and issuers as to how companies can utilize the stock exchange during and post-COVID-19 pandemic, which were carried out by way of a well-publicized paper and through virtual interactions especially in the second half of the year.

Although recovery is expected in 2021, the forecasts of the economic contraction for 2020 point to a very challenging period for the national economy. This year we aggressively promoted the listings value proposition and it has been heart-warming to note the appetite



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Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175 | Email: info@bse.co.bw | Web: www.bse.co.bw

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Chief Executive Officer's Review (Continued)

by several companies to list in the short to medium term. Interestingly, the pandemic has challenged most unlisted companies to restructure and look for avenues of sustainable long term capital, being the stock exchange, which is very important in pandemics such as this that negatively affect solvency and access to traditional finance. Similarly, Government has also increased its Bond Issuance Programme from P15 Bn to P30 Bn, along with increased frequency of auctions. All these positive indications and developments pre-empt that the capital market will continue to be active in 2021 despite the backdrop of a tough economic environment.

We are also proud of the various innovations we implemented in 2020, such as a renewed website and a new MobileApp, and the progress we made towards introducing the new CSD system and an upgraded ATS system. These technology infrastructure developments will significantly transform the landscape going forward, and we equally expect that they will contribute materially to the bottom line.

2.0 EQUITY MARKET PERFORMANCE

2.1 Analysis of Equity Indices

The Domestic Company Index (DCI) declined by 8.2% in 2020 compared to a decline of 4.6% in 2019. As a representation of the domestic economic climate, the DCI's movement was in tandem with the projected domestic economic growth of negative 7.7% for 2020. Largely, these projections represent the weakened economic environment that was prevailing in 2020, which was attributable to the overall slowdown in global output, the impact of COVID-19 and the company-specific fundamentals.

Information presented in Figure 1 shows the performance of other indices which also paint a similar picture of a slowdown in 2020. Notwithstanding the challenging economic climate, several counters sustained their payouts thus cushioning the adverse effects of the share price decline. This has resulted in the Domestic Company Index Total Return Index (DCTRI) declining by 3.6% as dividend distributions offset the weakness in share

prices of domestic companies. The Domestic Financial Sector Index (DFSI), comprising of financial services companies and the banking sector, and also a total return index equally reflects the cushioning effects of the dividends by companies in that sector.

The foreign companies sector was also impacted by the weakness in global output, manifesting in the depreciation of 1.0% in the Foreign Company Index (FCI). Equally, some of the foreign companies continued to pay out the dividends in 2020 and this translated into an effect that outweighed the weakness in share prices thus moving the Foreign Resources Sector Index (FRSI), a total return index, up by a marginal 0.2%.

Figure 1: Analysis of Equity Indices

Indices of Domestic Companies		
Index	2019	2020
Domestic Company Index	7,494.55	6,879.35
% Change	(4.6)	(8.2)
Domestic Company Total Return Index	1,727.59	1,664.72
% Change	(0.9)	(3.6)
Domestic Financial Sector Index	1,054.79	1,013.09
% Change	(0.3)	(4.0)

Indices of Foreign Companies		
Index	2019	2020
Foreign Company Index	1,562.43	1,547.29
% Change	(0.5)	(1.0)
Foreign Resources Sector Index	777.91	779.62
% Change	4.5	0.2

Indices of Local Asset Status Companies		
Index	2019	2020
Local Asset Status Index	843.79	842.43
% Change	4.9	(0.2)

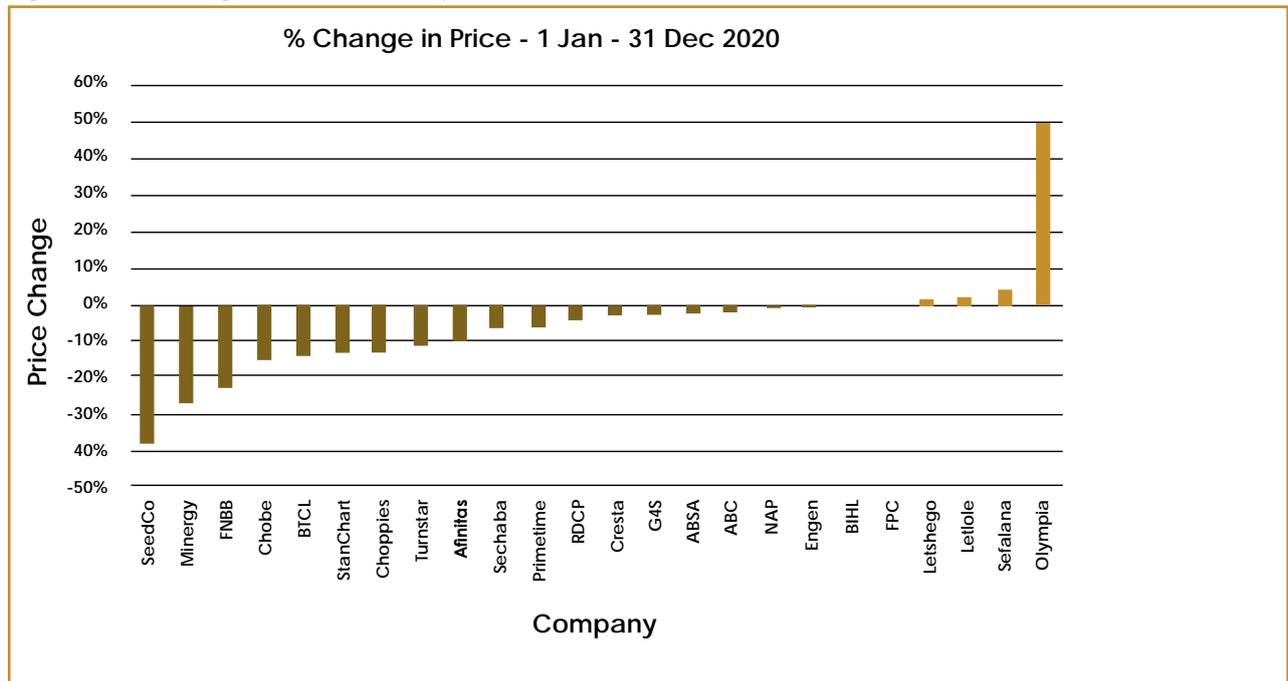
Source: BSE

Chief Executive Officer’s Review (Continued)

Figure 2 presents the changes in prices of domestic counters during the period under review; 4 companies (compared to 11 in 2019) registered positive price changes, 18 (compared to 10 in 2019) registered negative price movements and 2 (compared to 3 in 2019) closed the year with share prices back to their end of 2019 levels. From this illustration, the market was generally skewed to the sell-

side relative to the buy-side and typically the impact of excessive sell order is the reduction in share prices. Lower share prices are not entirely bad, as they present opportunities to enter the market or increase holdings depending on how investors perceive the prospects and potential of the companies to add value to their investments going forward.

Figure 2: Price Changes of Domestic Companies: 2020



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

2.1.1 Sector Contributions to Performance of the DCI

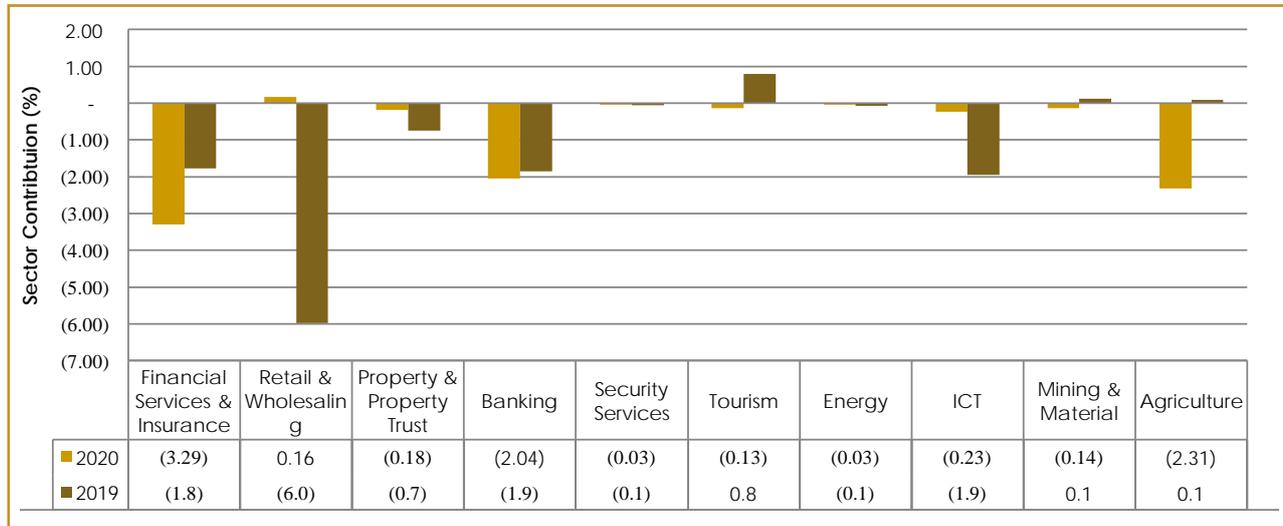
The domestic equity board comprises of 9 sectors, and so does the DCI. During an economic downturn, particularly of the quantum projected for 2020 it is expected that listed companies will generally be affected in a similar fashion as they drive a significant proportion of domestic output. With the 8.2% decline in the DCI in 2020, our analysis shows that all the sectors experienced a decline in growth except for only 1 sector (Retail & Wholesaling). Sectors that experienced a decline contributed a negative 8.4 percentage points to the DCI’s depreciation of 8.2%. Figure

3 illustrates the extent of the contribution by each sector to the performance of the DCI, relative to 2019. From Figure 3, we can note that the sectors that depreciated the most were the Financial Services & Insurance sector, Agriculture sector and Banking sector.

The Retail & Wholesaling sector, Information & Communications Technology (ICT) sector and Property & Property Trust sector registered the greatest improvements in their contribution to the performance of the DCI.

Chief Executive Officer's Review (Continued)

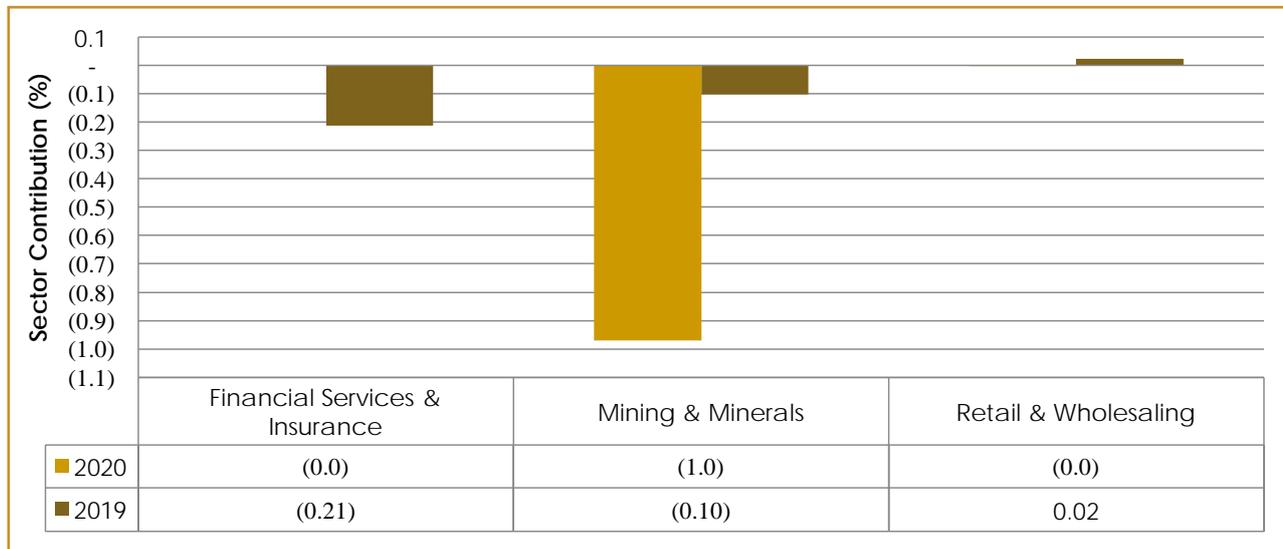
Figure 3: Sector Contributions to Performance of the DCI



Source: BSE

Figure 4 shows the sector contribution to performance of the FCI. The Mining & Minerals sector continued to dominate the foreign equity board. This sector accounted for 94.7% of the foreign companies' market capitalisation in 2020 and contributed 0.97 percentage points to the FCI depreciation of 1.0%.

Figure 4: Sector Contributions to Performance of the FCI



Source: BSE

3.0 MARKET INDICATORS

3.1 Indicators of Value

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

Figure 5: Market Indicators for Domestic Companies: 2016 to 2020

Indicator	5 -YR AVG	2016	2017	2018	2019	2020
P/E Ratio (x)	12.2	13.4	13.3	11.2	12.4	10.8
Dividend Yield (%)	4.8	4.4	5.1	5.5	4.8	4.1
Price/Book Value (x)	1.6	1.8	1.7	1.5	1.5	1.6

Source: BSE

Chief Executive Officer's Review (Continued)

From the data in Figure 5 we can infer that on the back of the overall decline in market value, the BSE's relative valuations on a price to earnings basis (P/E ratio) and price to book basis (P/B 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 which are low, investors would be paying a relatively lesser amount for a stock compared to the earnings coming from that stock. In addition, investors would be paying, relative to the 5-year average, more or less the same amount for a stock compared to what it is worth according to its financials as shown by the price to book value. So these are the pockets of opportunities that investors can take advantage of when prices are coming down. The valuations could generally represent attractive levels to enter the market or to increase holdings. The Dividend Yield of 4.1%, though low, is also in the historical range implying attractive resilience by domestic companies to distribute earnings to the investors even in tough economic conditions.

3.2 Equity Market Capitalisation

The BSE's domestic companies' market capitalisation stood at P35.6 Bn at the end of 2020 in comparison to P38.7 Bn in 2019, a reduction of 8.0%. As a result, the ratio of domestic market capitalisation to GDP decreased to 20.2% in 2020 from 21.1% in 2019. This implies that domestic companies listed on the BSE represented 20.2% of domestic economic output in 2020 or GDP. Overall, all listed companies were 2.2 times bigger than Botswana's GDP.

The ratio of turnover to domestic market capitalisation, also called the turnover velocity, decreased from 4.5% in 2019 to 1.9% in 2020. Generally, there was a decrease in liquidity in 2020 relative to other years as noted from the indicators in Figure 6.

Figure 6: Market Capitalisation and Relative Performance: 2016 to 2020

Indicator Liquidity	2016	2017	2018	2019	2020
Turnover (P'Mn)	2,541.2	2,476.7	1,862.2	1,810.9	698.6
Average Daily Turnover (P'Mn)	10.2	10.0	7.5	7.3	2.8
Volume ('Mn)	778.2	775.0	582.5	627.8	430.4
Volume/Shares Listed (%)*	6.4	5.9	4.2	4.4	3.1
Turnover/Domestic Market Cap	5.3	5.4	4.3	4.5	1.9
Turnover/Total Market Cap	0.6	0.6	0.4	0.4	0.2

Size of the Market					
Domestic Companies	46,571.96	44,408.06	42,420.95	38,709.40	35,629.85
Foreign Companies	374,741.23	373,735.71	370,747.33	369,164.80	355,592.27
Total Market Cap	421,313.19	418,143.76	413,168.28	407,874.20	391,222.12

Relative Value					
Domestic Market Cap/GDP	29.6	26.4	23.8	21.1	20.8
Total Market Cap/GDP	267.7	240.3	226.9	211.9	218.9

* For Domestic Companies and based on average shares listed

Source: BSE, Statistics Botswana

Chief Executive Officer’s Review (Continued)

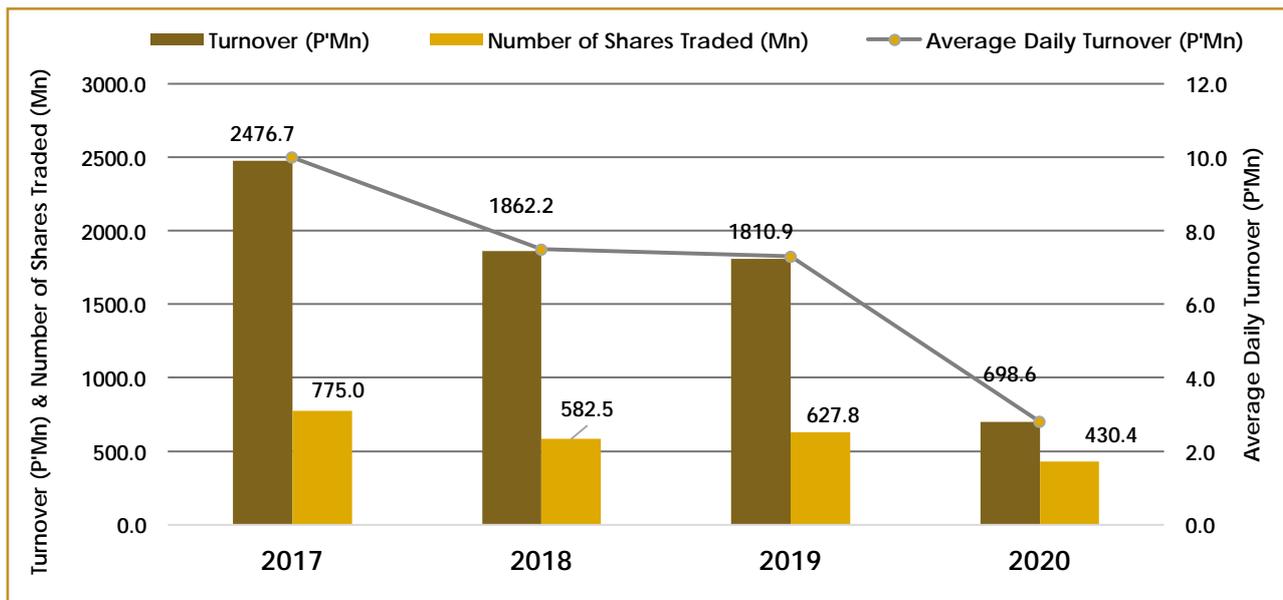
The market capitalisation comprises of price and the quantity of shares in the way it is calculated, implying that its movement results from changes in share prices or changes in the number of issued securities. In 2020, our analysis indicated that the changes in share price had a negative effect of 8.42 percentage points while the change in number of securities in issue had a positive effect of 0.46 percentage points. These effects explain the reduction of 8.0% in domestic companies’ market capitalisation outlined above.

3.3 Analysis of Liquidity

As a starting point, the value and volume of shares traded on the Exchange gives an indication of the level of liquidity on the

Exchange. Figure 7 presents the development of liquidity over the past four years. In respect of 2020, the BSE registered a decline in turnover, or value of shares traded, from P1,810.9 Mn in 2019 to P698.6 Mn, representing a decline of 61.4%. This translated into an average daily turnover of P2.8 Mn compared to P7.3 Mn in 2019. On account of shares traded, a volume of 430.4 Mn exchanged hands in comparison to 627.8 Mn shares in 2019. The decline in liquidity as noted from these indicators reflects the challenges of implementing investment decisions due to various events such as the subdued domestic economy and the COVID-19 pandemic.

Figure 7: Liquidity: 2017 to 2020



Source: BSE

3.4 Companies Contribution to Liquidity

Figure 8 ranks listed companies by their contribution to turnover in 2020. The top 5 most traded companies (Letshego, FNBB, Sechaba, Sefalana and Absa) accounted for 63.2% of turnover, whereas in 2019 the top 5 most traded companies (Wilderness, Sechaba, Far Property, BIHL and Letlole) accounted for 61.3% of turnover.

This comparison gives a picture that in 2020 turnover was concentrated on a few counters in comparison to 2019. However, an analysis using Lorenz Curves presents a more granular picture; up to the 50th percentile there was more concentration in 2020 relative to 2019, and beyond the 50th percentile there was less concentration relative to 2019. This explains why in 2020 half of the companies that traded contributed 93.2% compared to 94.9% contribution in 2019.

Chief Executive Officer's Review (Continued)

Figure 8: Companies Contribution to Liquidity: 2020

Company	Q1	Q2	Q3	Q4	Total	Contribution
LETSHEGO	41,825,194	19,011,749	62,515,220	47,385,052	170,737,215	24.4%
FNBB	32,101,581	23,806,929	17,452,932	7,853,180	81,214,622	11.6%
SECHABA	39,328,554	29,426,131	326,566	8,892,728	77,973,979	11.2%
SEFALANA	8,441,680	3,586,503	30,650,983	18,788,760	61,467,927	8.8%
ABSA	7,774,530	27,706,936	10,853,462	3,516,290	49,851,217	7.1%
BIHL	14,124,880	14,689,500	8,999,513	9,780,225	47,594,118	6.8%
CHOPPIES	-	-	7,410,302	28,173,838	35,584,140	5.1%
CHOBE	4,101,367	5,188,025	6,192,184	2,402,108	17,883,684	2.6%
NAP	7,059,504	7,561,826	1,133,258	2,029,039	17,783,628	2.5%
SEED Co	4,700	126,370	12,820,858	3,679,145	16,631,072	2.4%
CA SALES	318,128	3,556,599	9,685,316	2,171,598	15,731,641	2.3%
FPC	52,308	535,680	82	15,052,416	15,640,486	2.2%
TURNSTAR	1,678,139	10,951,161	82,874	2,763,596	15,475,770	2.2%
LETLOLE	12,139,566	785,269	663,945	1,183,696	14,772,477	2.1%
STANCHART	408,268	8,292,115	2,281,901	1,959,709	12,941,993	1.9%
ENGEN	3,534,552	7,972,632	941,001	97,199	12,545,385	1.8%
MINERGY	17,710	9,523,256	60,601	24,405	9,625,973	1.4%
BTCL	4,734,905	1,502,419	777,968	2,217,689	9,232,981	1.3%
RDCP	4,386,827	503,828	189,726	649,474	5,729,855	0.8%
PRIMETIME	2,062,231	1,909,052	46,279	1,587,805	5,605,366	0.8%
ABC	333,237	1,105,400	20,282	1,177,648	2,636,568	0.4%
CRESTA	480,616	871,740	23,084	112,907	1,488,347	0.2%
G4S	127,299	23,800	1,367	40,616	193,082	0.0%
SHUMBA	-	99,001	5,975	-	104,976	0.0%
TLOU	218	-	55,752	-	55,970	0.0%
ANGLO	-	-	-	45,004	45,004	0.0%
LUCARA	13,280	-	7,680	3,068	24,027	0.0%
OLYMPIA	-	-	136	12,390	12,527	0.0%
A-CAP	-	-	-	9,886	9,886	0.0%
BOD	65	-	6,816	-	6,881	0.0%
AFINITAS	-	-	182	-	182	0.0%
INVESTEC	-	-	-	-	-	0.0%
TOTAL	185,049,339	178,735,921	173,206,247	161,609,471	698,600,978	100.0%

Chief Executive Officer's Review (Continued)

Source: BSE

3.5 Sector Contributions to Liquidity

In 2020, 97.7% of the total equity turnover was accounted for by domestic counters. On the domestic board, the Financial Services sector traded the highest number of shares and accounted for the highest turnover velocity ratio (0.05%). Increases in shares traded were registered across the Mining Sectors (both domestic and foreign), domestic Financial Services sector, Security Services and the Agriculture sector.

Figure 9: Sector Contributions to Liquidity: 2019 and 2020

Sector	2019				2020			
	Turnover/Avg Market Cap (%)		Shares Traded (Mn)	Shares Traded/Avg Shares Listed (%)	Turnover/Avg Market Cap (%)		Shares Traded (Mn)	Shares Traded/Avg Shares Listed (%)
	Note 1	Note 2 ^A	Note 1	Note 2 ^B	Note 1	Note 2 ^A	Note 1	Note 2 ^B
DOMESTIC								
Financial Services	0.72	0.07	151.28	5.73	0.57	0.05	244.45	9.26
Retail	0.99	0.10	126.80	5.51	0.46	0.04	68.37	3.42
Property	1.17	0.12	196.25	7.95	0.20	0.02	28.35	1.14
Banking	0.47	0.05	63.23	1.43	0.38	0.04	51.03	1.15
Security Services	0.003	0.000	0.31	0.39	0.001	0.000	0.06	0.07
Tourism	0.73	0.074	51.57	10.07	0.05	0.005	2.83	0.72
Energy	0.09	0.010	3.77	2.36	0.03	0.003	1.20	0.76
ICT	0.00	0.000	15.90	1.51	0.03	0.002	11.07	1.05
Mining	0.04	0.004	0.74	0.17	0.02	0.002	11.32	2.51
Agriculture	0.05	0.01	7.01	1.84	0.04	0.00	7.18	1.88
FOREIGN								
Financial Services	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.000
Mining	0.000	0.0003	0.87	0.020	0.0001	0.000	4.180	0.008
Retail	0.010	0.009	10.11	2.252	0.004	0.004	0.330	0.927

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

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

Note 2B: Computed for separately for each sector

3.6 Investor Contribution to Equity Turnover

Over the years, the BSE has put in place various initiatives to ensure that investor participation on the BSE is as broadly diversified as possible, from both a domestic and foreign investor perspective. This is very useful as different categories of investors would ordinarily have varying expectations about market performance and react differently to market information. Thus, their investment actions would also differ, something which is vital in consistently stimulating trading activity.

With the foregoing, Figure 10 presents the extent to which the various categories of investors accounted for trading activity in 2020. It can be noted that the share of foreign investors in trading activity amounted to 35.0% in 2020. Further analysis indicates that foreign investors were net sellers of domestic equities. Local companies contributed 50.9% to trading activity in 2020, emerging as the net buyers of domestic equities and in the process absorbing the sell-offs by foreign investors. It is

Chief Executive Officer's Review (Continued)

broadly expected that when uncertainty heightens in emerging and frontier markets foreigners will generally offload their holdings, but with a very strong domestic investor base such a heavy supply of securities can readily be taken up without causing material price impact.

Local individual investors contributed 9.5% to trading activity and were net sellers of equities, a phenomenon which is consistent with the demand for cash by households during an economic downturn. On average their investing activity amounted to P66.2 Mn. As at the end of 2020, the BSE had over 96,136 investor accounts in the CSD system majority of which were for individuals. This compares favorably with the 94,051 accounts in 2019.

Figure 10: Investor Contribution to Turnover: 2016 to 2020

Investor Category	Turnover (%)				
	2016	2017	2018	2019	2020
Foreign Companies	35.8	34.4	40.6	32.1	35.0
Foreign Individuals	1.3	1.3	1.3	1.2	4.4
Local Individuals	4.1	5.7	4.5	9.9	9.5
Local Companies	58.6	58.3	53.2	56.7	50.9
Brokers	0.3	0.3	0.3	0.1	0.2
TOTAL	100.0	100.0	100.0	100.0	100.0

Source: CSDB

Figure 11 presents a quarterly analysis of investor contribution to turnover in 2019 and 2020. As presented, local institutional investors dominated trading activity in first half of 2020 and foreign institutional investors dominated in the second half of the year.

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

Investor Category	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Foreign Companies	24.6	40.0	42.4	23.2	28.3	24.5	43.7	44.9
Foreign Individuals	0.8	1.4	1.0	1.4	0.9	3.0	9.8	4.2
Local Individuals	7.8	3.3	36.7	1.7	7.3	5.4	6.5	19.7
Local Companies	66.4	55.2	19.8	73.7	63.3	66.9	39.8	30.9
Brokers	0.4	0.1	0.0	0.0	0.1	0.1	0.2	0.2
TOTAL	100.0							

Source: CSDB

3.7 Geographical Distribution of Retail Investor Turnover

Figure 12 presents the distribution of retail investor turnover by districts and major towns and cities across Botswana in 2020 and 2019. Investors based in Gaborone contributed to majority of trading activity in 2020. Districts such as the North West, South-East and Kweneng experienced increases in retail investor participation.



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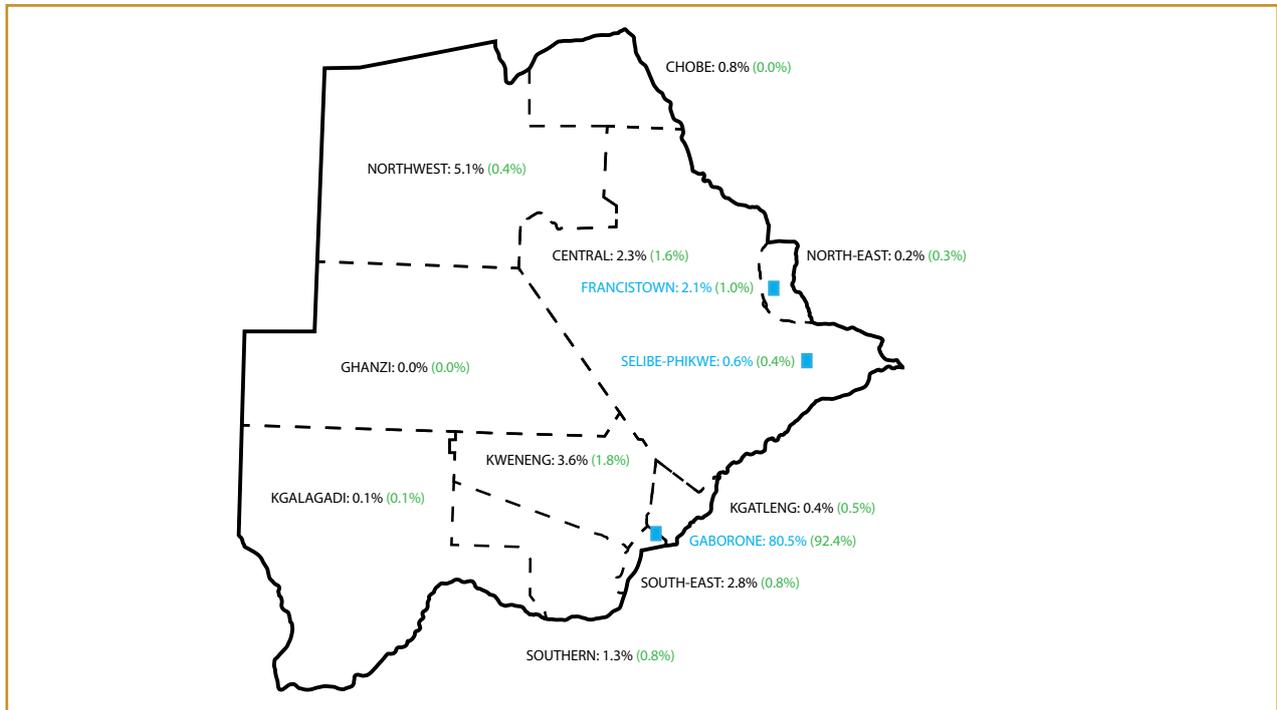
BSE PHYSICAL ADDRESS
Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw

Chief Executive Officer's Review (Continued)

Figure 12: Geographical Distribution of Retail Investor Turnover by Districts



Source: CSDB

Note 1: The contribution to turnover in 2019 is indicated in parenthesis

Note 2: Blue box depicts major cities/towns

4.0 THE EXCHANGE TRADED FUND (ETF) MARKET

In December 2020, assets invested in the global Exchange Traded Funds (ETFs) and Exchange Traded Products (ETPs) industry were reported to have increased by 25.6% to a new milestone of \$7.99 trillion, according to ETFGI which is an independent research and consultancy firm covering trends in the global ETFs and ETPs ecosystem. Majority of these were gold-backed assets. Throughout 2020, the demand for gold ETFs gained momentum as the pandemic continued to negatively impact the world economy, and as gold ETFs continued to be used as strategic investment portfolio asset. On the BSE, the total number of issued units of listed ETFs in BSE register, comprising of NewGold ETF, NewFunds Inflation-Linked Bond Index (ILBI) ETF and NewPlat ETF, increased by 8.0% to 6.1Mn units primarily as a result of a 17.3% increase in the registered units of NewPlat ETF. NewGold ETF and NewFunds ILBI ET did not register an increase in the number of registered units but the two ETFs delivered positive price performance in 2020 as can be noted in Figure 15.

Figure 15: Performance of ETFs on the BSE

	NewGold		NewPlat		NewFunds ILBI	
	2019	2020	2019	2020	2019	2020
Turnover (Pula)	166,218,657	60,338,038	29,928,243	76,801,417	21,144	17,923
Units Traded	1,116,741	349,574	338,362	759,483	416	371
Closing Price	147.90	191.80	100.75	96.35	50.19	52.34
Price Change (%)	17.0	29.7	15.9	(4.4)	5.1	4.3
Minimum Price	126.11	147.90	80.65	92.80	47.77	44.81
Maximum Price	162.85	217.83	100.75	105.20	51.45	52.40

Source: BSE

Prices are in Pula

Chief Executive Officer's Review (Continued)

4.1 Analysis of Performance of the ETFS

NewGold ETF is backed by solid bars of the Gold bullions and it tracks the price performance of the bullion. In 2020, the ETF benefited positively from the overall price increase of the bullion, which appreciated by 24.5% in commodities markets. This was attributed to the inherent hedging capabilities of Gold as it is considered a safe haven in times of crisis, uncertainty and volatility – elements that characterised the year 2020. Overall, the NewGold ETF on the BSE appreciated by 29.7% in 2020, continuing its streak of positive gains from 2019.

NewPlat ETF is backed by the solid bars of Platinum bullion and therefore similarly benefits from the price performance of the bullion. In 2020, the ETF experienced inflows amounting to P76.8 Mn in comparison to P29.9 Mn, but lost 4.4% on the BSE reversing some of the gains from 2019.

NewFunds Inflation-Linked Bond Index (ILBI) ETF extended the good performance from 2019, registering an appreciation of 4.3% in 2020. The ETF continued to experience inflows as was the case in 2019 which is good given that up until 2019 the ETF did not trade despite having been listed since 2015. This trend of inflows is a reflection of a positive appetite for the Inflation-Linked Bonds of the Government of South Africa, which are underlying, and also towards the characteristics of the ETF. One (1) of the major benefits of the NewFunds ILBI ETF is that the distribution from the coupons of the underlying bonds in the fund, which occurs monthly, is re-invested in the fund and this helps to increase the net asset value of the ETF and proportionately increases the value of each ETF unit. The re-investment into the fund represents a notional distribution even though it is paid in additional units instead of cash.

The BSE continues to be one of the best performing markets in Africa excluding the JSE in terms of the trading activity of ETFs in general, owing to the continued sensitization of market participants about the importance of adding ETFs to their portfolios. In November 2020, the BSE participated in a webinar on ETFs hosted by Absa Bank Botswana as an

initiative to draw attention to the ETFs on the BSE and promote in-depth understanding about ETFs in general. From a strategy point of view, the BSE continues to lobby potential issuers in order to expand the universe of listed ETFs and in order to bring to the market ETFs that track various asset classes and giving exposure to Africa, Emerging Markets as well as Developed Markets. Locally, investors recognise the efficiencies brought about by ETFs particularly that of enabling exposure to a broad index and its constituents with just a single instrument, and that of cost efficiencies from both trading and custody perspectives. This level of appreciation increasingly fuels the demand by locals for ETFs that give exposure to offshore markets and securities.

5.0 BOND MARKET PERFORMANCE

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

One of the strategic initiatives of the Exchange in the year was to promote the Botswana Bond Index Series (BBIS) to be the main benchmark index for the local fixed income portfolios. In that regard, the BSE conducted a webinar on "Indices and Benchmarks: Understanding the Botswana Bond Index Series". The webinar was attended by over 70 participants across the industry. This was an opportunity to raise the awareness about the BBIS as a benchmark that is aligned to **IOSCO Principles of Financial Benchmarks**. Exhibit 1 provides insights about the BBIS.

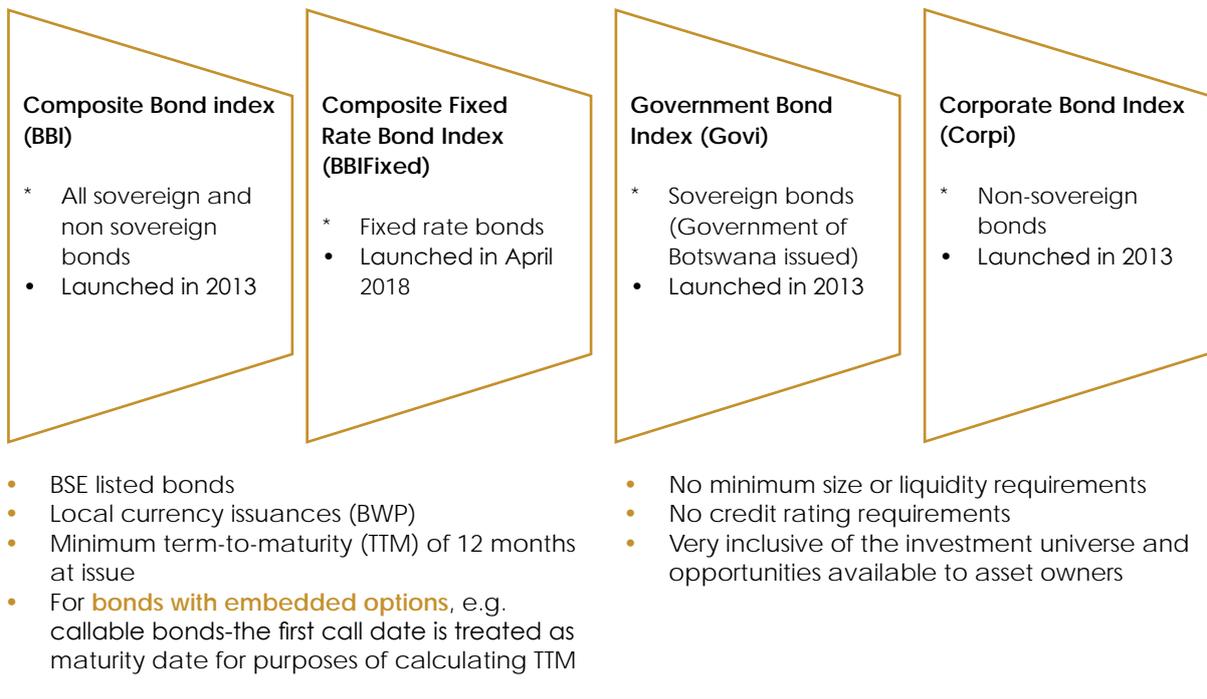


Chief Executive Officer's Review (Continued)

Exhibit 1: About the BBIS

According to IOSCO (2013), benchmark administrators should ensure that they are free of conflict of interest and that they employ relevant governance and controls in calculating indices and benchmarks. IOSCO posits that high quality indices and benchmarks are characterised by integrity, independence, inclusion, reliability and strong governance. The BBIS was formulated to align with these principles and continues to uphold these standards as noted from its eligibility criteria and governance.

BBIS Eligibility criteria



BBIS Governance



For more information contact: productdev@bse.co.bw or 3464400

Chief Executive Officer's Review (Continued)

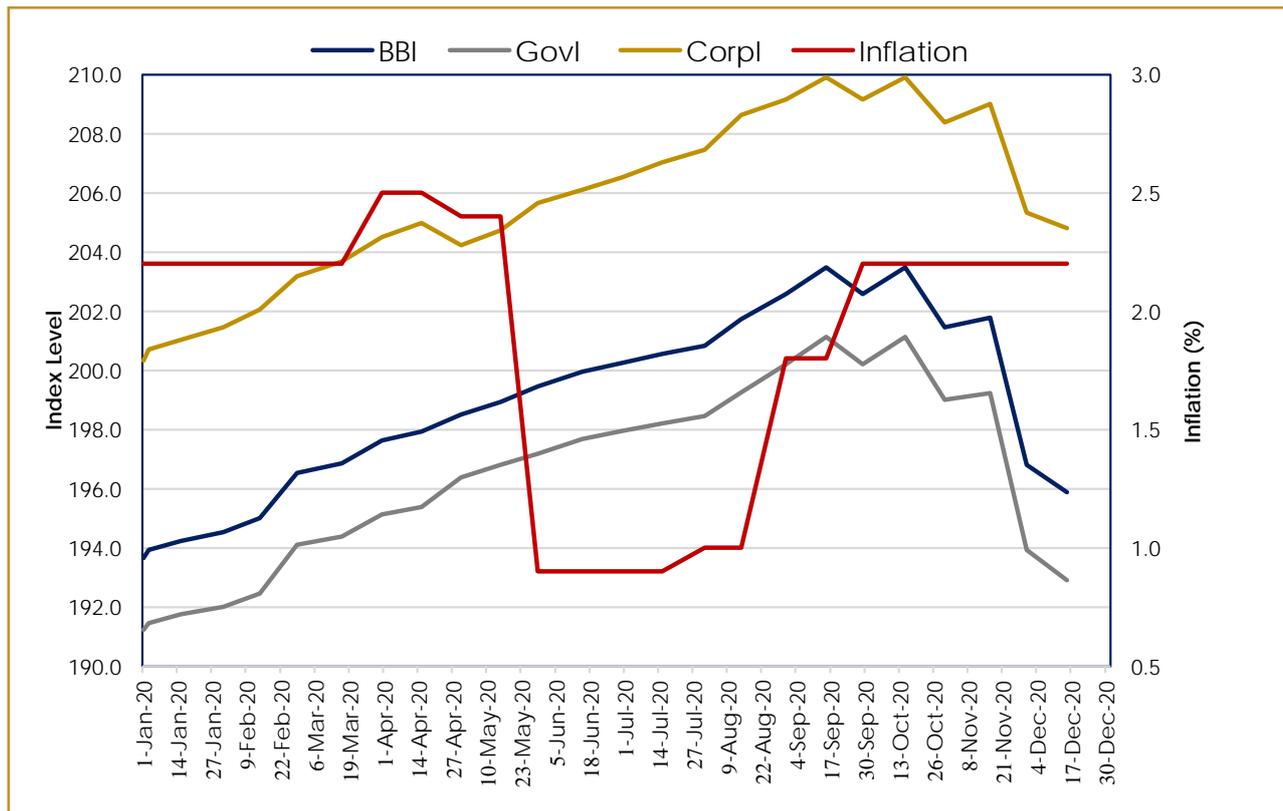
From a performance standpoint, the BBI appreciated by 1.2% whereas the GovI and Corpl registered returns of 0.9% and 2.3% respectively. The BBIFixed returned 0.9% for the year while inflation averaged 1.9% in 2020.

Since the advent of the pandemic in the first quarter of 2020 the Bank of Botswana (BoB) has maintained an accommodative monetary stance. In 2020, the Bank Rate was cut twice in an effort to boost economic activity by reducing the cost of borrowing. The first cut of 50 basis points (0.50%) was in April 2020 reducing the Bank Rate from 4.75% to 4.25%. In October 2020 there was a further reduction of 50 basis points from 4.25% to 3.75%.

Inflation remained below the BoB objective range of 3%-6% throughout the year. According to BoB, the low inflation is mainly a reflection of the generally low domestic fuel prices on the back of falling international oil prices, and a reflection of subdued domestic demand and a flow in domestic economic output. Inflation ended the year at 2.2% in December 2020 and averaged 1.9% for the year.

The performance of the bond indices is detailed in Figure 16.

Figure 16: Performance of the BBIS versus Inflation: 2020



Source: BSE, BoB

Chief Executive Officer's Review (Continued)

5.2 Turnover in the Bond Market

Trading in the bond market continued to rise in 2020 mainly spurred by trades in the BW014 bond. Total turnover amounted to P2.7 Bn with 91.8% of the turnover accounted for by Government bonds. The BW014 bond accounted for 56.5% of the total turnover in the bond market and for 61.5% of the trades in Government bonds. The bond matures in 2029 and within the universe of listed Government bonds it was regarded as a 10 year- benchmark bond for pricing purposes across the market which possibly explains its dominance in trades. In addition, it raised the most capital for Government through re-openings, an indication of stronger demand for the bond which tends to positively affect its liquidity.

Corporates bonds traded P224.0 Mn which is an improvement of more than 6 times on the turnover recorded in 2019 albeit with concentration on a lesser number of bonds (22 of the 37 listed corporate bonds traded) in comparison to 2019 (31 of the 39 listed corporate bonds traded). Trading was more concentrated on the BDC003 bonds which accounted for 48.6% of the total trades in corporate bonds. Net of all redemptions and maturities in 2020, new listings and re-openings increased the size of the bond market to P20.3 Bn.

Figure 17: Analysis of Bond Market Performance

Indicator		Government	Corporates	Total
Turnover (P'Mn)	2020	2,503.0	224.0	2,727.0
Contribution to Turnover (%)		91.8	8.2	100.0
Market Cap (P'Bn)		15.0	5.3	20.3
Contribution to Market Cap (%)		73.9	26.1	100.0
No. of Bond Listed		6	37	43
Indicator		Government	Corporates	Total
Turnover (P'Mn)	2019	2,141.1	34.4	2,175.5
Contribution to Turnover (%)		98.4	1.6	100.0
Market Cap (P'Bn)		11.9	5.4	17.3
Contribution to Market Cap (%)		68.4	31.6	100.0
No. of Bond Listed		7	39	46

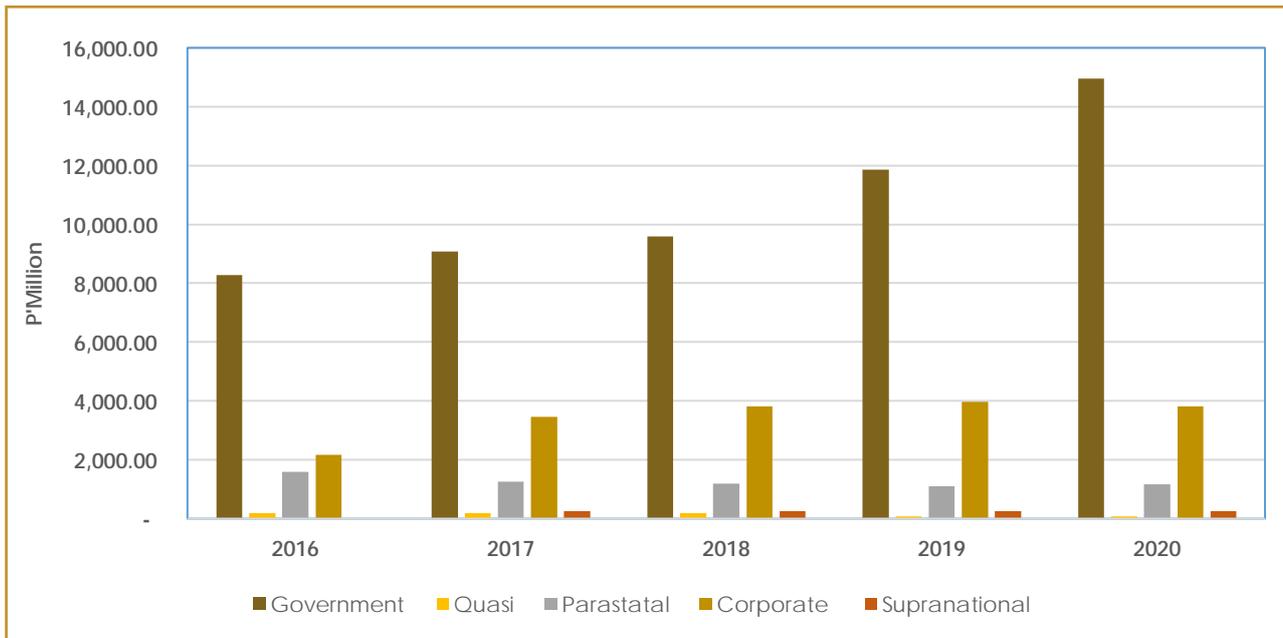
Source: BSE

Chief Executive Officer's Review (Continued)

5.3 Bond Market Capitalisation and Issuer Profile

Figure 18 shows the growth of the bond market analysed by issuer profile since 2016. At sector level, Government bonds accounted for 72.8% of market capitalization in 2020 while corporate bonds accounted for 27.2%. Corporate is further dissected into Quasi-Government (0.4%), Parastatals (5.8%), Corporates (19.7%) and Supranational (1.3%).

Figure 18: Bond Market Capitalisation by Issuer Category: 2016 – 2020



Source: BSE

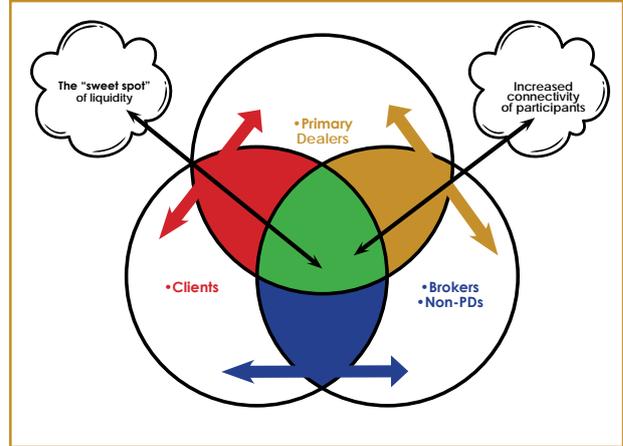


Chief Executive Officer's Review (Continued)

Exhibit 2: Trading of Government Bonds at the BSE

Fixed income markets have undergone considerable development the past two decades, particularly with a shift and concerted policy initiatives towards electronic bonds markets. In recent times, the COVID-19 pandemic has also helped to draw attention to electronic bond markets as volatility spiked and the need for liquidity and transparency heightened. Bond markets in Botswana are also developing in a similar fashion. The BSE is in the home stretch of commissioning the trading of all listed bonds, including Government bonds in the ATS. The ATS is interfaced with the CSD system to enable the trading, clearing and settlement of all listed bonds to happen at the BSE.

Centralised Trading in the ATS – a Sweet Spot of Liquidity



Benefits

- Retail investor access to bond markets
- Pre and post-trade transparency
- Real-time information flow
- Price discovery
- Lower transaction costs
- Increased liquidity
- Efficient settlement
- Improved efficiencies

Historically, Government bonds listed on the BSE have been traded Over-The-Counter (OTC) while corporate bonds have been trading on the Exchange. As at the end of 2020, the BSE had 96, 136 registered investor accounts in the CSD system majority of whom are individual investors. The completion of this project will enable individual investors to easily invest in Government bonds. This will increase financial inclusion, economic empowerment and promote household savings as well as bring vibrancy to the local bond market. The project is expected to go-live in the first half of 2021.

6.0 COMPARISON WITH SELECTED MARKETS

6.1 Relative Valuations

Figure 19 presents relative valuations of the BSE and other markets. In relative terms, the BSE closed the year comparatively cheaper from a value perspective than both the JSE and SEM who had P/E ratios of 29.1 times and 11.7 times respectively, in comparison to the BSE P/E ratio of 10.8 times in 2020.

Figure 19: Comparative Performance with Other Markets: 2019 and 2020

	Index Change (%)		P/E Ratio Times	
	2019	2020	2019	2020
Johannesburg Stock Exchange	8.0	4.1	14.9	29.1
Stock Exchange Mauritius	(1.9)	(24.3)	17.2	11.7
Botswana Stock Exchange	(4.6)	(8.2)	12.4	10.8
MSCI Emerging Markets	15.5	15.8	15.0	28.9

Source: BSE, Iress

Chief Executive Officer's Review (Continued)

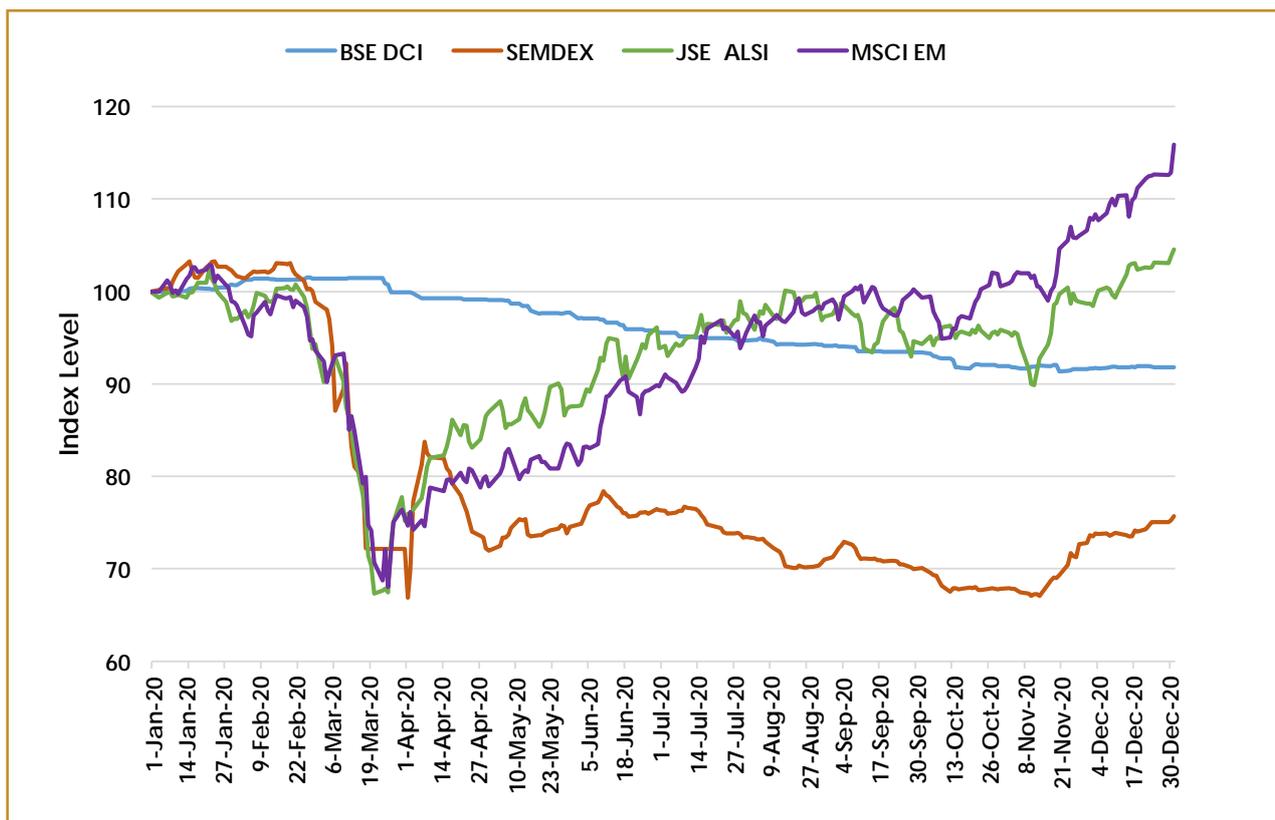
Figure 20 presents an interesting picture of the response of various indices to the outbreak of the coronavirus, including the BSE in domestic currencies. When the outbreak was declared a pandemic in March 2020, many world markets immediately experienced a rapid sell-off in equities. As at the end of the first quarter of 2020, they had almost plummeted to their lows and began to recover at the beginning of the second quarter.

However, what is interesting is the BSE's steadiness in the way the DCI responded to the evolution of COVID-19, such that at some point during March 2020 the BSE was said to be the best performing market in the world when many markets were in the red. It was

only towards the end of March 2020 that the DCI began to reflect the economic woes emanating from the pandemic. As already discussed in other sections, foreigners were net sellers of equities on the BSE and the downward trend in the DCI is consistent with that as sell-offs generally depress share prices. In addition to this, the trend is a reflection of the impact of the pandemic on domestic companies which translated into declining share prices.

As presented in Figure 20, in overall the MSCI Emerging Market (EM) Index outperformed the other three indices during 2020 as it appreciated by 15.8%. The DCI lost 8.2%, JSE's ALSI gained 4.1% and the SEMDEX lost 24.3% in the year.

Figure 20: Comparative Performance of DCI and Other Markets: standardised as at 1 January 2020 (Domestic Currencies)



Source: BSE

Figure 21 outlines the comparative performance, in US dollar terms, of the BSE and other markets. Owing to the Pula's 1.5% depreciation against the US dollar in 2020, the DCI registered a 9.6% decline in US Dollar terms. The JSE ALSI and SEMDEX declined by 0.1% and 30.7% respectively in US Dollar terms.



BSE Supports Gender Equality



BSE PHYSICAL ADDRESS

Plot 70667 | Fairscapc Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

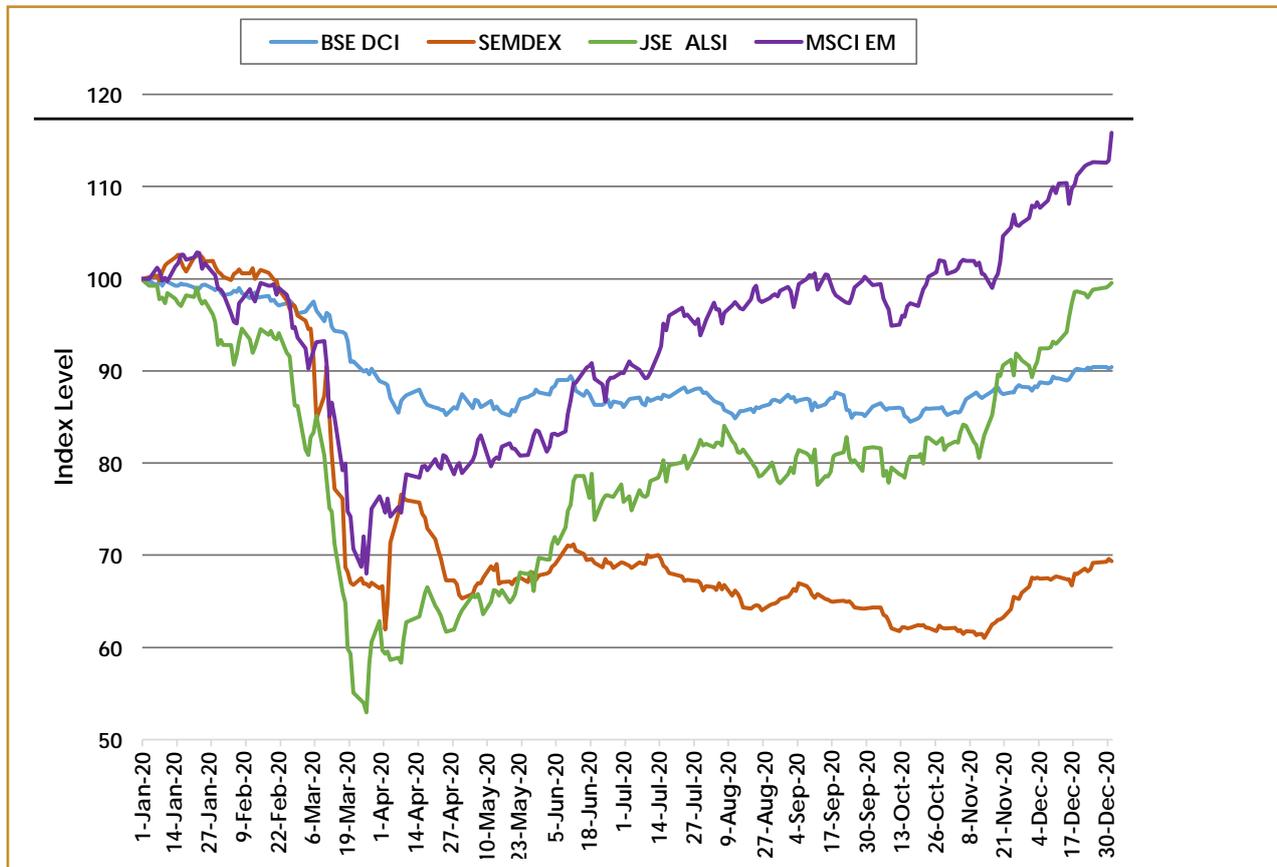
Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw



Chief Executive Officer's Review (Continued)

Figure 21: Comparative Performance of DCI and Other African Markets: standardised as at 1 January 2020 (US Dollar terms)



Source: BSE

6.2 Footprints

In order to assess the development of the BSE over time and in comparison to peer markets the BSE has plotted its "footprint" from 2016 by making reference to 4 variables.

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

The footprint of the BSE relative to 2016 is presented in Figure 22 and Figure 23.

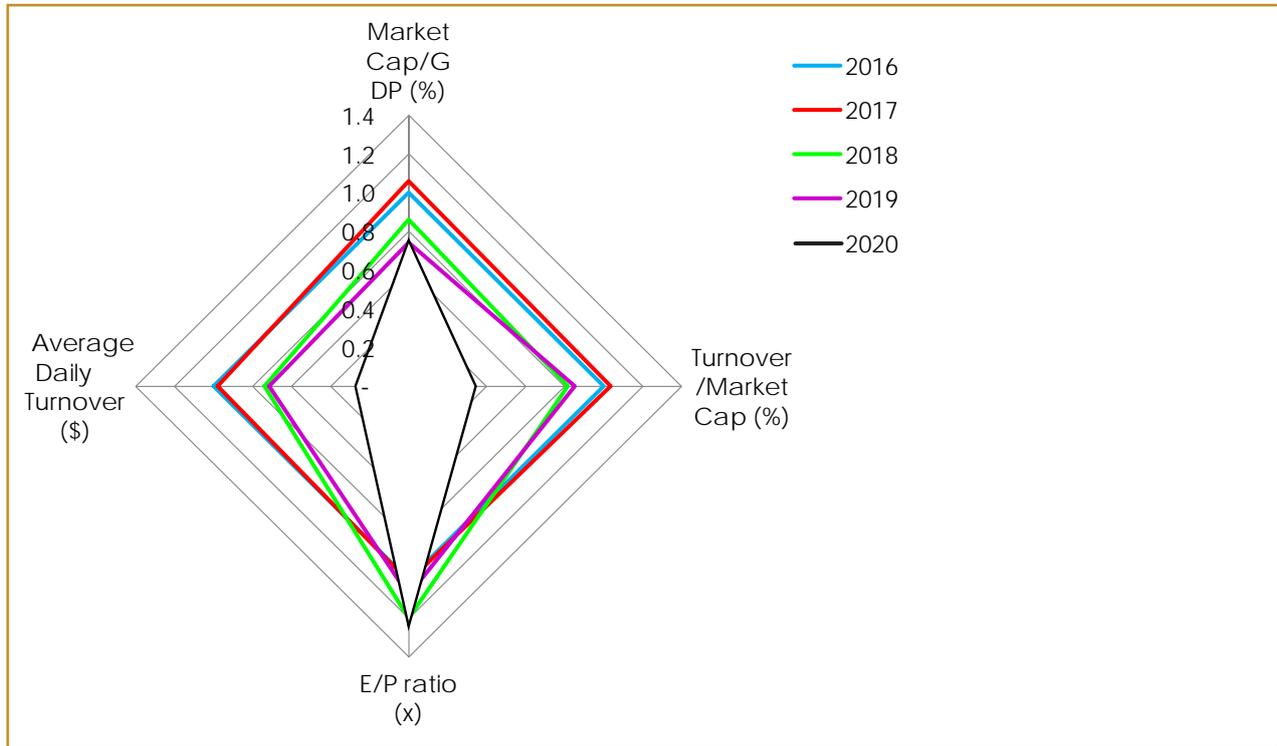
Figure 22: BSE Footprint in Relation to 2016

	2016	2017	2018	2019	2020
Market Cap/GDP (%)	1.00	1.06	0.86	0.74	0.78
Turnover/Market Cap (%)	1.00	1.04	0.82	0.85	0.34
E/P ratio (x)	1.00	1.01	1.20	1.08	1.24
Average Daily Turnover (P)	1.00	0.98	0.74	0.72	0.27
Area of Footprint	2.00	2.08	1.60	1.43	0.62
Relative Area of Footprint in Relation to 2016 (x)	1.00	1.04	0.80	0.71	0.31

Source: BSE, Statistics Botswana

Chief Executive Officer's Review (Continued)

Figure 23: BSE Footprint: 2016 to 2020



Note: Domestic Market Capitalisation/ GDP, Turnover/ Domestic Market Capitalisation. E/P ratio and Average daily turnover for 2016 were standardized to 1 and the BSE's footprint for 2016 to 2020 was compared to the standardized footprint for 2016
 Source: BSE, Statistics Botswana

Figure 24 and Figure 25 detail the footprint of the BSE in relation to the footprint of the JSE and SEM in 2020.

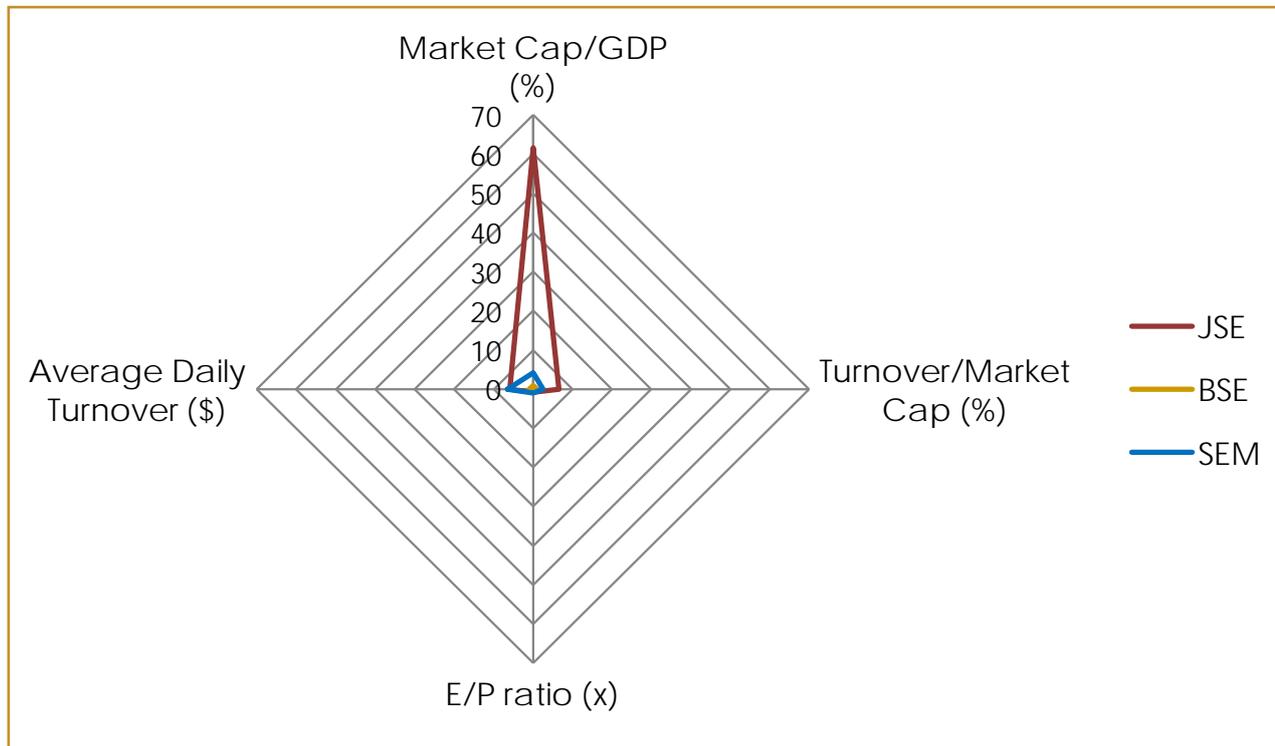
Figure 24: BSE Footprint Relative to JSE & SEM: 2020

2020	BSE	JSE	SEM
Market Cap/GDP (%)	1.00	61.54	4.26
Turnover/Mkt Cap (%)	1.00	6.51	2.58
E/P Ratio (x)	1.00	0.72	0.92
Average Daily Turnover (\$)	1.00	5,949.17	6.50
Area of Footprint	2.00	185,413.67	23.54
BSE Footprint in relation to JSE and SEM (%)	100.00	0.00	8.50

Source: Statistics Botswana, BSE, IMF, Iress

Chief Executive Officer's Review (Continued)

Figure 25: BSE Footprint Relative to JSE & SEM: 2020



Note 1: Scale; Turnover/Mkt Cap 1:1, Avg Daily Turnover1:1000, Mkt Cap/GDP 1: 1, E/P Ratio 1:1
 Note 2: Market Capitalisation/GDP, Turnover/Market, E/P ratio and Average daily turnover for the BSE were standardized to 1 and the footprint for SEM and JSE was computed relative to the BSE's footprint
 Note 3: The computations use the total market capitalisation for SEM and JSE, and the total market capitalisation for the BSE
 Source: Statistics Botswana, BSE, IMF, Iress

As illustrated in Figure 26 below, the percentage footprint of the BSE was 8.5% in 2020 relative to the footprint of SEM.

Figure 26: BSE Footprint in Relation to JSE & SEM: 2016 to 2020

	2016	2017	2018	2019	2020
BSE relative to SEM (%)	56.96	17.52	30.22	23.39	8.5
BSE relative to JSE (%)	0.01	0.01	0.01	0.01	0.0

Source: BSE

Chief Executive Officer's Review (Continued)

7.0 PRIMARY MARKET**7.1 Equity**

Figure 27: Equity Primary Market Activity: 2020

Domestic Company	Amount (P'Mn)	Foreign Company	Amount (P'Mn)
Minergy	42.8	Botswana Diamonds	11.7
RDC Properties	7.2	Lucara Diamonds	0.2
SeedCo	1.6	CA Sales	11
FAR Properties	52.3	Anglo	14.4
		Tlou Energy	48.3
		Shumba Energy	0.9
TOTAL RAISED	103.9	TOTAL RAISED	86.5

Source: BSE

7.2 Fixed Income

Primary market activity in the bond market increased immensely in 2020 owing to the Government's decision to raise the ceiling of the bond issuance programme from P15 Bn to P30 Bn. Furthermore, the Bank of Botswana increased the frequency of issuances and Government raised P5.2 Bn through additional tranches. Equally, five (5) new corporate bonds were listed during the year which raised a total of P465.0 Mn.

Figure 28: Fixed Income Primary Market Activity: 2020

Government Bonds	Amount (P'Mn)	Corporate Bonds	Amount (P'Mn)
BW007	989.0	RDCP002	40.1
BW011	500.0	RDCP003	12.0
BW012	536.0	BDC004	162.1
BW013	1,066.0	SBBL070	132.5
BW014	1,976.0	SBBL071	118.2
BW015	178.0		
TOTAL RAISED	5,245.0	TOTAL RAISED	464.9

Source: BSE



BSE Supports Gender Equality



BSE PHYSICAL ADDRESS
Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw

Chief Executive Officer's Review (Continued)

8.0 DEPARTMENTAL REVIEWS

8.1 Central Securities Depository (CSD)

8.1.1 Progress on Securities Borrowing and Lending (SBL) Rules

Following the Board's approval, the Securities Borrowing and Lending (SBL) Rules and Guidelines were submitted to NBFIRA for approval. Once approved, these Rules and Guidelines will support increased participation in the market and the development of new products and services to further grow the market.

8.1.2 Progress on Account Opening

The number of accounts opened by investors (excluding joint accounts and multiple registrations) as at 31 December 2020 stood at 96,136, an increase of 2.2% year-on-year. 2,085 new CSDB accounts were opened in 2020.

Figure 30: Status of CSD Accounts as at December: 2019 and 2020

Client Classification	2019		2020	
	Total	% Total	Total	% Total
Foreign Companies	4,255	4.5	4,345	4.5
Foreign Residents	1,625	1.7	1,682	1.7
Foreign Individuals	933	1.0	987	1.0
Foreign Juniors	74	0.1	63	0.1
Local Companies	1,136	1.2	1,212	1.3
Local Individuals	78,777	83.8	80,809	84.1
Local Juniors	7,251	7.7	7,038	7.3
Total	94,051	100.0	96,136	100.0

Source: CSDB

8.1.3 CSDB Client Holdings

Figure 31 illustrates that local companies which are largely local institutional investors continue to dominate the holdings on the CSD. As at the end of 2020, local company holdings were 66.3%. Local individuals and other clients recorded increases in their holdings in 2020: the former increased to 11.5% from 11.4% in 2019 while the latter increased to 3.1% from 2.3% in 2019.

Figure 31: CSDB Client Holdings by Client Category

Client Suffix	2019	2020
Local Company	67.0	66.3
Foreign Company	19.3	19.1
Local Individual	11.4	11.5
Other Clients	2.3	3.1
Total	100.0	100.0

Source: CSDB

Chief Executive Officer's Review (Continued)

As detailed in Figure 33, local citizens dominated the overall holdings on the CSD.

Figure 33: CSDB Client Holdings by Client Geography

Client Domicile	2019	2020
Local Citizens	78.6	78.0
US Citizens	1.5	1.2
UK Citizens	1.5	1.7
SADC Region	11.5	8.8
Other Regions	6.9	10.3
Total	100.0	100.0

Source: CSDB

8.2 Market Development

8.2.1 Engagement Meetings with Listed Entities

At the start of Q3, the Botswana Stock Exchange (BSE) engaged in a rigorous stakeholder engagement exercise with listed entities to ascertain the impact of the COVID-19 pandemic on their respective sectors and individual business activity. Furthermore, the BSE used this opportune moment to solicit feedback from listed entities on critical issues that affect the market such as regulation, market development, communication and overall experience as a listed entity.

Due to the current health restrictions surrounding the COVID-19 pandemic, these engagements were facilitated virtually with CEOs and Senior Management of listed entities. By the end of Q3, the BSE had conducted discussions with Minergy Limited, Afinitas Limited, G4s Botswana Limited, PrimeTime Property Holdings Limited, RDC Properties Limited, Shumba Energy Limited, CA Sales Holdings Limited, Botswana Telecommunications Corporation Limited, Botswana Insurance Holdings Limited, Chobe Holdings Limited, Choppies Enterprises Limited, Turnstar Holdings Limited, Cresta Marakanelo Limited, First National Bank of Botswana Limited, Letshego Holdings Limited, Sefalana Holdings Company Limited, SeedCo International Limited and Standard Chartered Bank Botswana Limited.

From these engagements, most listed entities were able to raise some common concerns. These included;

- Accessing additional capital constraints - lack of pension fund activity administered to asset managers is hampering their efforts to raise additional capital.
- Liquidity - lack of liquidity within the market deters potential investors and issuances. No price discovery for most stock
- Cost of compliance - an issue that may force certain entities to delist in the long run.
- Lobbying efforts by BSE – listed entities requested that the BSE lobby efforts to protect them in their respective sectors with issues arising from Government that negatively affect their business activity.
- Dematerialization – most listed entities requested clarity on how they can engage with shareholders to dematerialize their share certificates and open CSD accounts.
- SME Development – listed entities have requested that the BSE engage with various stakeholders including Government to address venture capital funding that could promote the growth of the private sector in the country.

Chief Executive Officer's Review (Continued)

- Listing has no benefits – most of the listed entities informed the Exchange that there are no additional benefits to listings besides raising capital. This problem hampers the BSE's efforts in attracting listings.
- Green Finance Programme - most companies indicated that they would like to issue debt on a green finance programme as the world is moving towards that direction.
- CSD System – listed entities are looking forward to the commissioning of the CSD System as it will also serve to act as a registry of listed companies. This will ensure that their shareholder database are kept in 1 centralized location.

8.2.2 Opening Bell Ceremonies

The BSE conducted the monthly Opening Bell Ceremonies as has been the tradition, with some of the ceremonies going virtual in compliance with the BSE's COVID-19 Response Plan. In total, the BSE hosted ten Opening Bell Ceremonies in 2020. The March 2020 Opening Bell Ceremony was dedicated towards Ringing the Bell for Gender Equality, an initiative of the Sustainable Stock Exchanges (SSE) initiative and it featured only women speakers and participants. The first ever virtual Opening Bell Ceremony was held in June 2020 under the theme "Capital Raising in the Midst of COVID-19". In November 2020, there were 2 ceremonies held by listed companies, BCTL and on 2nd and 4th November 2020 as they were commemorating their 40th and 45th anniversaries respectively.



Absa Botswana Opening Bell Ceremony



International Women's Day



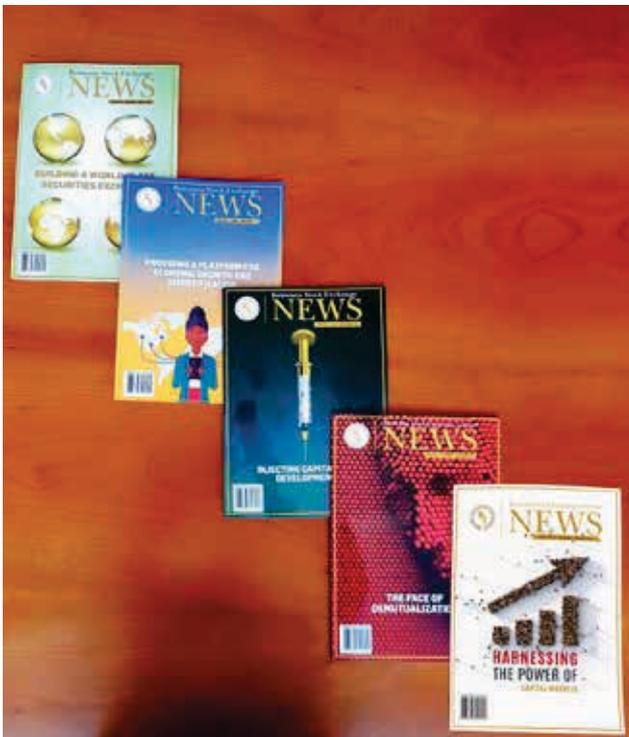
BTCL 40th anniversary



BIHL 45th Anniversary

8.2.3 BSE Quarterly Magazine

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



Previous Editions of BSE News

8.2.4 Data Display Screens

The BSE introduced 2 data display screens in 2020, 1 mounted at the BSE offices and the other mounted outside the Zambezi Building at the Central Business District in Gaborone. The data display screens show prices of listed securities and market indices. Further, the outdoors screen located at the Central Business District also displays live market data and advertisements for revenue generation by the Exchange.



Data display screen at the Central Business District in Gaborone

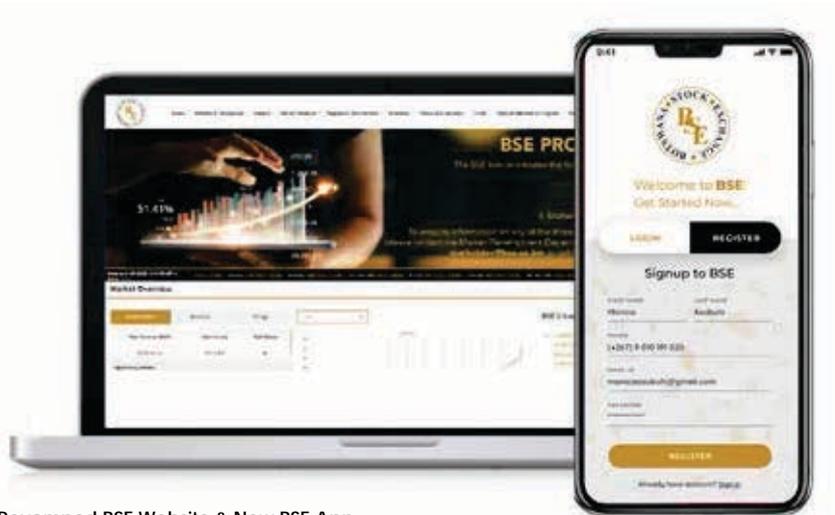
8.3 Information Technology

8.3.1 Implementation of New CSD System

The implementation of a new CSD system that comes with new functionalities such as Securities Borrowing and Lending (SBL), management of the Settlement Guarantee Fund, IPO processing, surveillance capabilities, e-voting, repo management and online investor access among others, was nearing completion as at the end of 2020 with go-live earmarked for the first half of 2021. The system will be commissioned simultaneously with an upgraded Automated Trading System (ATS). This milestone project will pave the way for the trading of government bonds in the ATS, and their clearing, settlement and custody in the new CSD system.

8.3.2 Launch of Website and Mobile Application

The BSE continued to increase the number of technology enabled products in line with our digitisation strategy in order to create a more customer-friendly digital experience, improve efficiencies and enhance engagements with all our stakeholders. On 3rd July 2020, the BSE launched a new website and mobile application with new capabilities that include real-time market price tickers utilising the BSE's new Data Analytics and Reporting System (DARS). These developments also improve the reach of the market as investors can access the market through these platforms. In addition, investors and clients will be able to subscribe for market data using the website and the App, and this is expected to boost the BSE revenue generation from market data.

Chief Executive Officer's Review (Continued)

Revamped BSE Website & New BSE App

8.4 Product Development

8.4.1 Formulation of Debt Trading Rules

In December 2020, the BSE submitted the ATS Debt Trading Rules to NBFIRA for approval following completion of consultation processes and internal approval. The BSE is finalising the ATS upgrade that will trade debt securities and is also nearing completion of a project that will enable trading of government bonds at the BSE. The ATS Debt Trading Rules are intended to regulate the interaction of the dealers with the trading system and provide guidance and conventions on the trading of debt securities in the system.

8.4.2 Market Participants Training Seminars

The BSE hosted a Listings Refresher Workshop in September 2020 to sensitise listed companies, advisors and prospects about the application of the listings requirements and any changes thereto. In November 2020, the BSE held a seminar on "Indices and Benchmarks: Understanding the BBIS" to raise awareness about indices, promote the BSE bond indices and promote best practices in calculation of indices. The webinar highlighted the qualities of a good index and emphasised the compliance of the BBIS to the IOSCO Principles for Financial Benchmarks which makes the BBIS a highly suitable local fixed income benchmark.

8.5 Legislation And Regulation

8.5.1 BSE Declared Self-Regulatory Organisation (SRO) Status

In the first quarter of 2020, the BSE was granted a Self-Regulatory Organisation status (SRO)

by the Ministry of Finance and Economic Development upon signing an MoU with NBFIRA, meaning that the BSE will now be able to perform certain functions that were previously reserved for NBFIRA. These functions include preliminary investigations on insider trading, market manipulation, processing and approving requests for over-the-counter transactions and off-market and conducting market surveillance. The benefits to the market will be the improved efficiencies as double regulation is eliminated and the increased attractiveness to investors, both locally and internationally.

8.5.2 Development of New Rules

During the year, the BSE Board approved various sets of Rules which were then submitted to NBFIRA for approval (approval still pending). These include the new Members Rules, the Settlement Guarantee Fund (SGF) Rules, the ATS Debt Trading Rules, Short-Selling and Securities Borrowing and Lending (SBL) Rules and Guidelines. Once approved, these Rules will support increased participation in the market and the development of new products and services to further grow the market – for instance the approval of the new Members Rules will enable primary dealers to trade bonds on the Exchange while Debt Trading Rules will effectively commission the electronic trading of bonds in the ATS which is also an important revenue item for the BSE.

Chief Executive Officer's Review (Continued)

8.6 Human Capital

During the year, the largest shareholder in BSE Limited being Government of the Republic of Botswana approved the BSE Employee Share Ownership and Participation Plan (ESSOP) and allocated 5% from its shareholding of 81.3% for the benefit of members of staff. This was an important milestone in strengthening the BSE's human capital as the Plan is critical for retaining and attracting high calibre personnel. In addition, 2 of the BSE employees graduated with a Graduate Certificate in Capital Markets at the George Washington University in April 2020. This was part of the IFC-Milken Institute Capital Markets Program that commenced in August 2019, comprising of 4-months coursework and 4-months internship, in the USA. The BSE also continued to enable staff members to pursue self-sponsored programs with the financial support of the organisation.

8.7 International Participation

8.7.1 CEO Elected Vice-President of ASEA and Re-Elected Chairman of CoSSE

The BSE CEO, Mr Thapelo Tsheole was re-elected the Chairman of CoSSE for a period of 2 years in October 2020. CoSSE comprises of 14 SADC stock exchanges. In November 2020, Mr Tsheole was elected the Deputy President of ASEA, which comprises of 27 member Exchanges serving thirty-two (32) economies in Africa. These developments are critical to advancing the BSE's global presence.



Members of CoSSE at the 56th Bi-Annual CoSSE Meeting held at Cresta Mowana Safari Resort & Spa (Kasane, Botswana)

8.7.2 International, Regional and Domestic Conferences

Ahead of the outbreak of the coronavirus the BSE staff had participated at the Network Forum in South Africa in a roundtable discussion on "Investing in Botswana" and the SPR Europe Conference in London on structured products. As most events resorted to digital platforms, the BSE participated in the 2020 Virtual Global Expo speaking about "Building a Resilient and Self-Sufficient Economy Post COVID-19", and many other webinars locally.

9.0 CEO's APPRECIATION

I am very humbled that we managed to strongly pull through this challenging year without a lot of hurdles. What has really become important in this COVID-19 era is good health and being alive, above all.

In the first quarter of 2020 just after the coronavirus outbreak was declared a pandemic there was a lot of panic, fear, limited information and misinformation that could have severely derailed our commitment and destabilised our focus. Our usual schedules were at the mercy of the rate of the spread of the virus, and the rise in cases occasionally translated into lockdowns at short notices. This was no doubt unsettling and introduced a complete abnormality to our day-to-day lives. I am very pleased that in the midst of such circumstances we became stronger in faith, cohesive in culture and self-driven in pursuing results. Our solidarity intensified and we kept our morale high "in the office" and in our personal spaces. Sadly, we could not undertake our renowned annual team building exercise the way we are used to, but with the adjustments we made it is evident that this undertaking together with other staff welfare initiatives continued to help to keep our organisational fabric tight for the entire year. That being said, I sincerely want to thank my staff members for elevating the culture and performance of the BSE during trying times.

I have every reason to believe that this pandemic has brought the participants in the capital markets industry much closer to each other than ever before. With the help of digital platforms, we have been able to connect frequently and readily. We have become

Chief Executive Officer's Review (Continued)

more responsive to each other's calls and this has helped to support one another even when we did not meet physically. Gratitude goes to our listed companies and issuers, brokers and CSD participants, the regulator NBFIRA and the Ministry of Finance, as well as Bank of Botswana. The vision that we all share is that of modernising our markets, making them vibrant and world class and I trust we will continue to have our eyes on the ball in the years ahead.

In October 2020, I was humbled to be re-elected the Chairperson of CoSSE and allowed another 2-year window to spearhead the promotion of co-operation and collaboration between the 14 SADC stock exchanges and other key SADC institutions and stakeholders. For that, I humbly thank my colleagues in the SADC region for believing in my capabilities to lead, inspire and contribute to the accelerated development of regional capital markets.

I also thank my colleagues in the continent of Africa, being the 27 members of the African Securities Exchanges Association (ASEA) for electing me the Deputy President of ASEA in November 2020. I accepted and took this important responsibility with the vigour it deserves. ASEA has performed tremendously well in promoting Africa as a viable investment destination and we look forward to building on that to attract issuers and investment participation, as well as develop securities exchanges to adopt international best practice. The BSE has been pursuing a strategy to expand its African and global presence and this is an important milestone in that regard.

Lastly, let me extend my sincere appreciation to the Board of Directors of BSE and CSDB Limited and to the shareholders. With the stewardship of the Board, the business continued to rise on solid grounds and deliver profits during an economic downturn. I am therefore thankful to the Board for directing management to aggressively deliver in line with the strategic plan.

The support of the shareholders cannot go unnoticed. In particular, I would like to sincerely thank Government of the Republic of Botswana for approving the BSE Employee Share Ownership and Participation Plan

(ESOPP) and allocating 5% of its shareholding in BSE Limited for the benefit of our employees under the ESOPP. This is a major milestone for the Exchange that will radically transform the employees' approach to work and to generating results as they begin to view the Exchange as their enterprise. I trust this will make us more accountable and forever inspire us to deliver sterling performance as shareholders, employees and patriots.

The pandemic continues to present its complexities to human life but we are hopeful that just like the 1918 Spanish flu, this too shall pass and hopefully without serious casualties. Let us continue to observe the health protocols and stay safe. Wash your hands, wear your mask, sanitise and social distance.

Thank you.

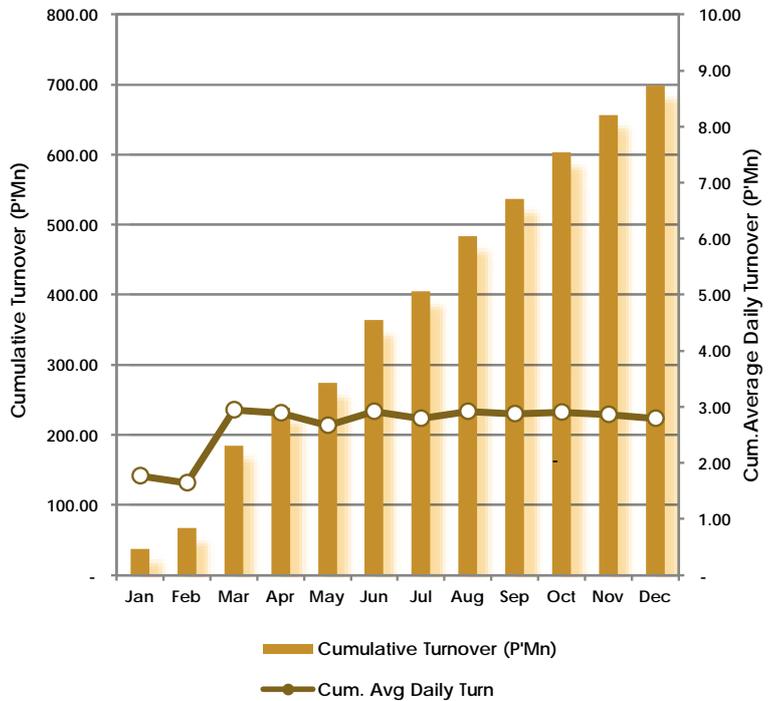
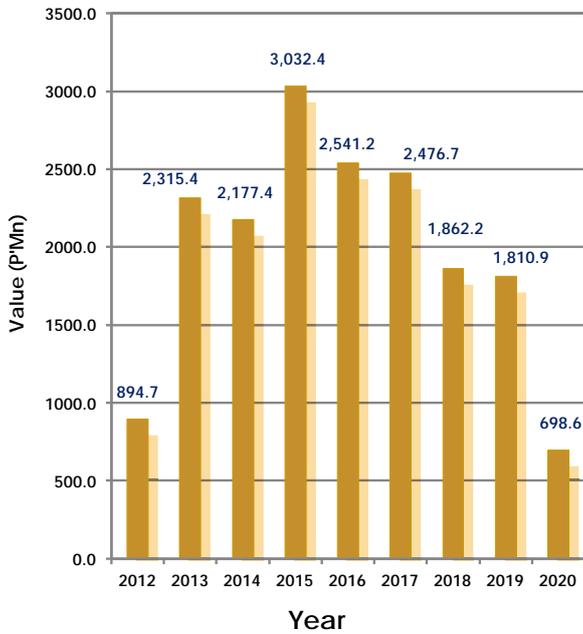


Thapelo Tsheole
Chief Executive Officer

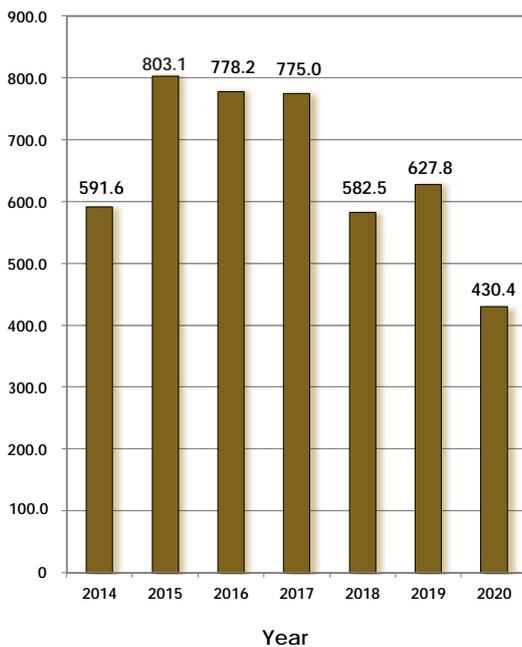
Chief Executive Officer's Review (Continued)

10.0 GRAPHICAL REVIEW

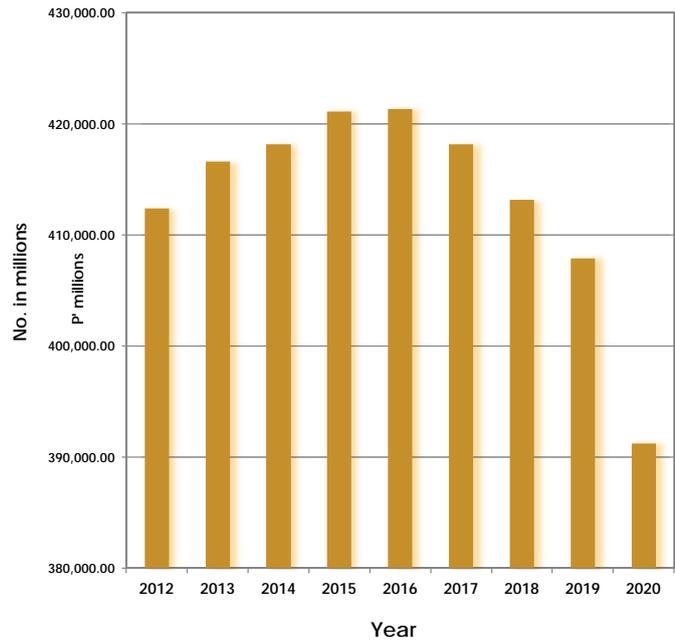
Value of Shares Traded



Volume of Shares Traded

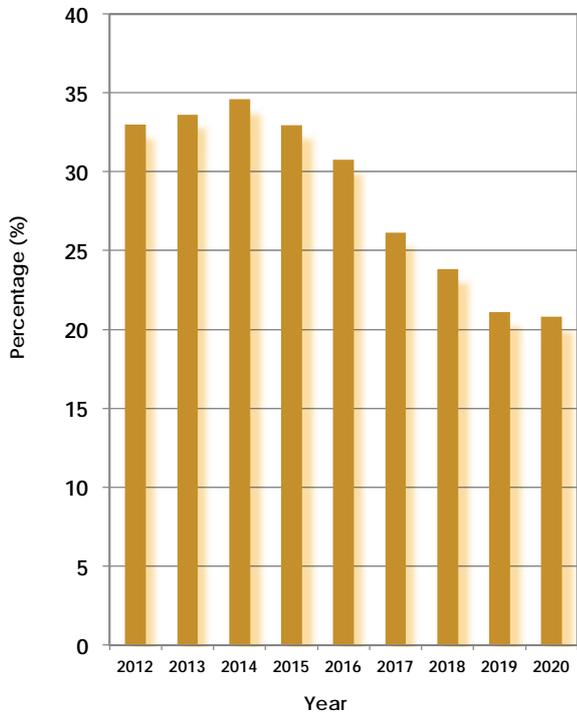


Total Equity Market Capitalization

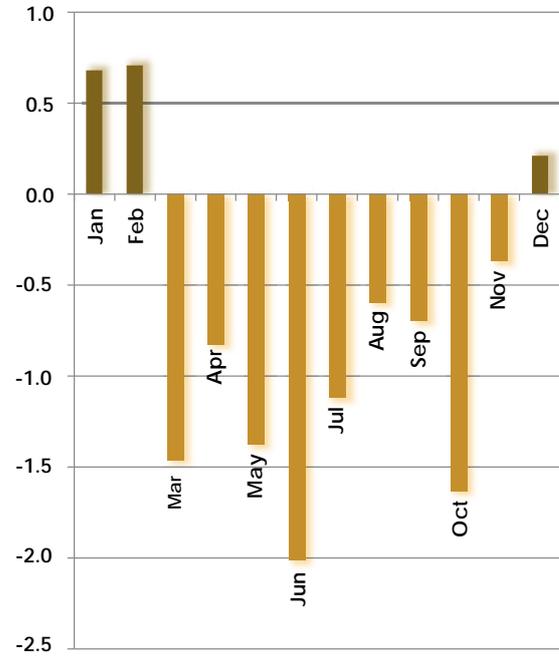


Chief Executive Officer's Review (Continued)

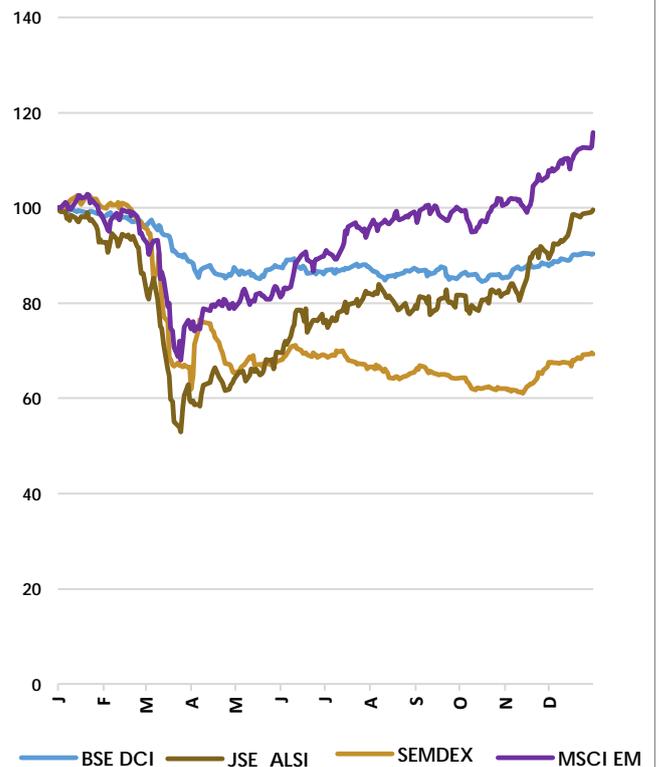
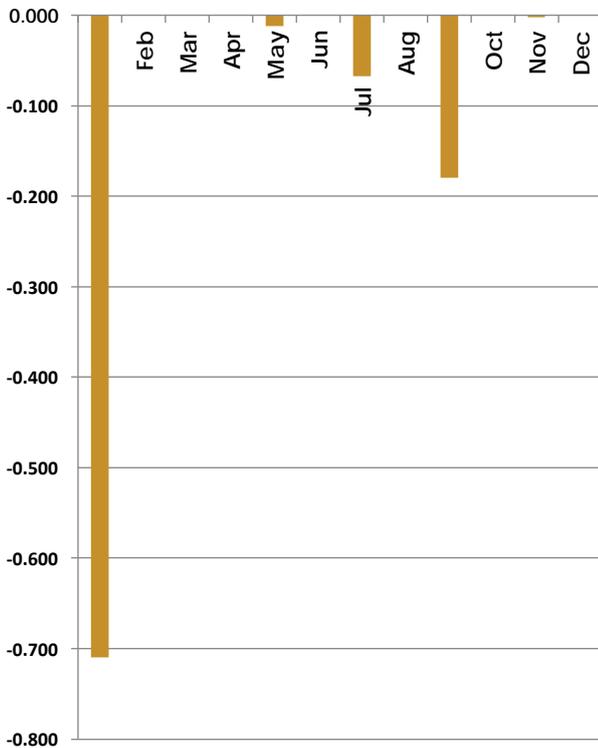
Domestic Market Capitalization as % of GDP



DCI % Change

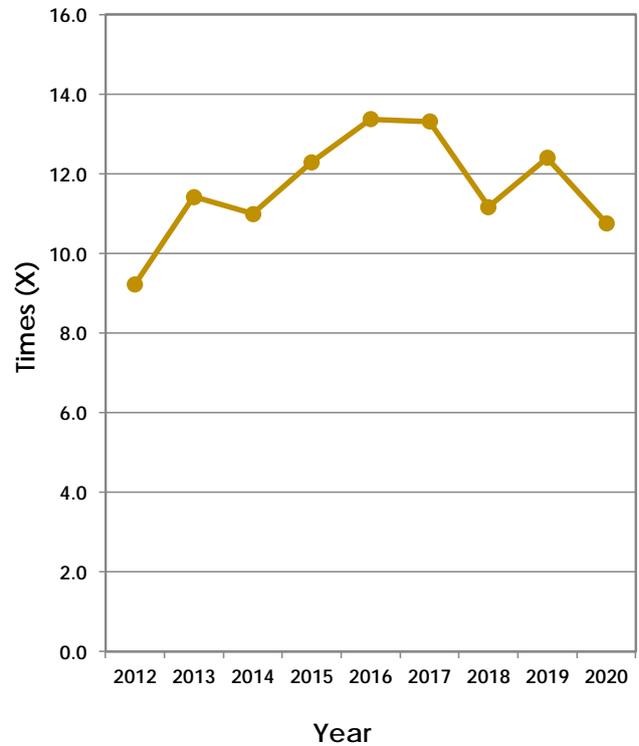
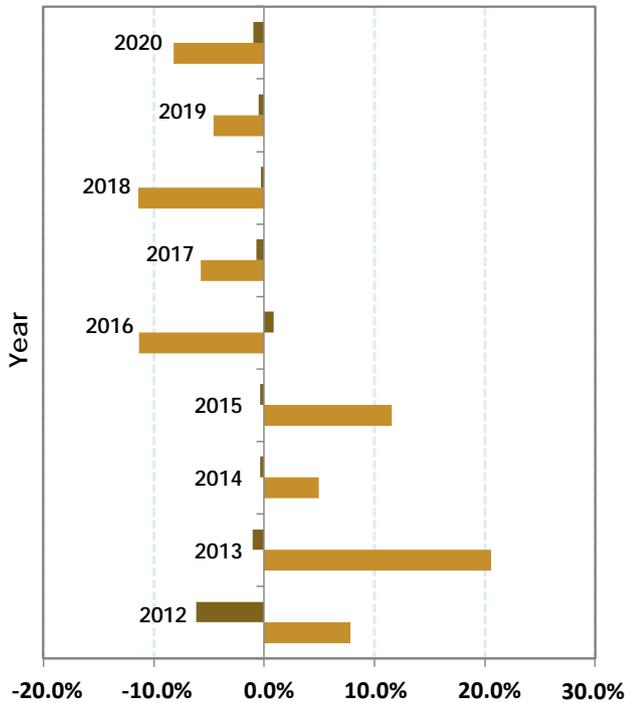


FCI % Change

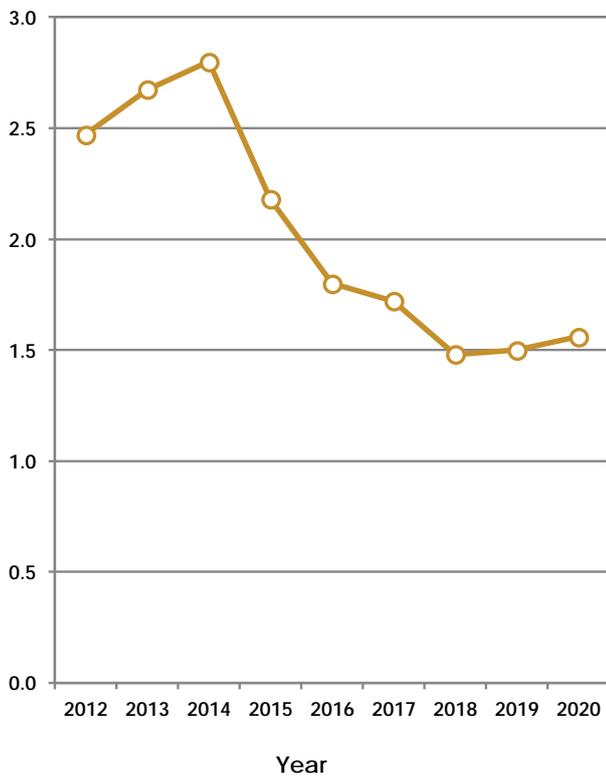


Chief Executive Officer's Review (Continued)

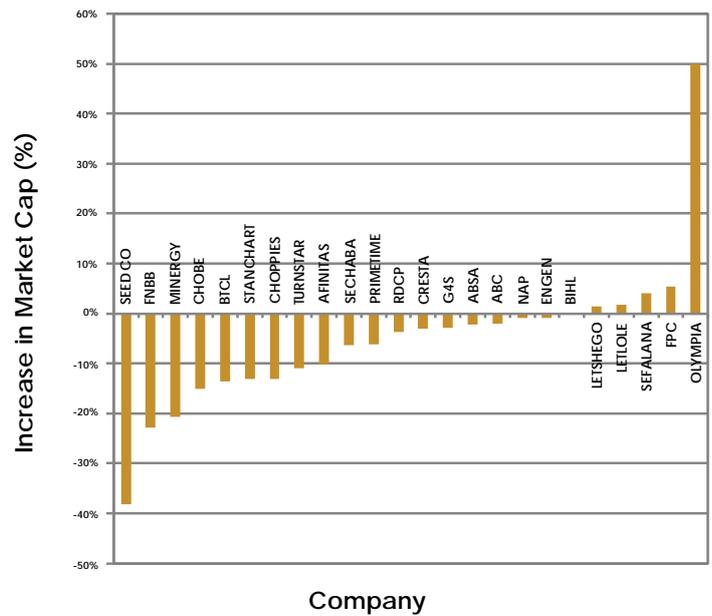
DCI & FCI Yearly % Change



Market Price to Book Value

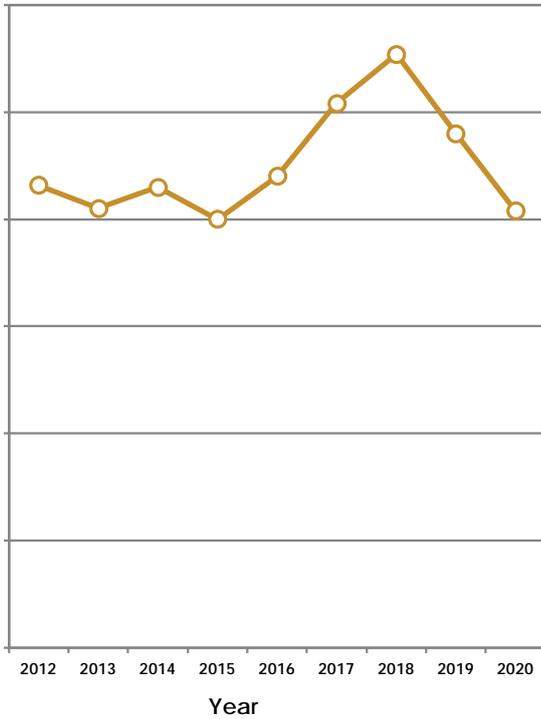


Domestic Companies: % Gains in Market Capitalisation

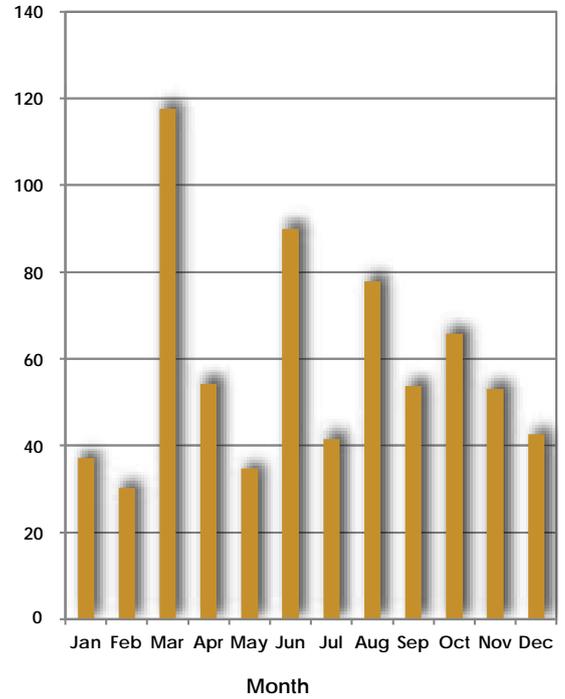


Chief Executive Officer's Review (Continued)

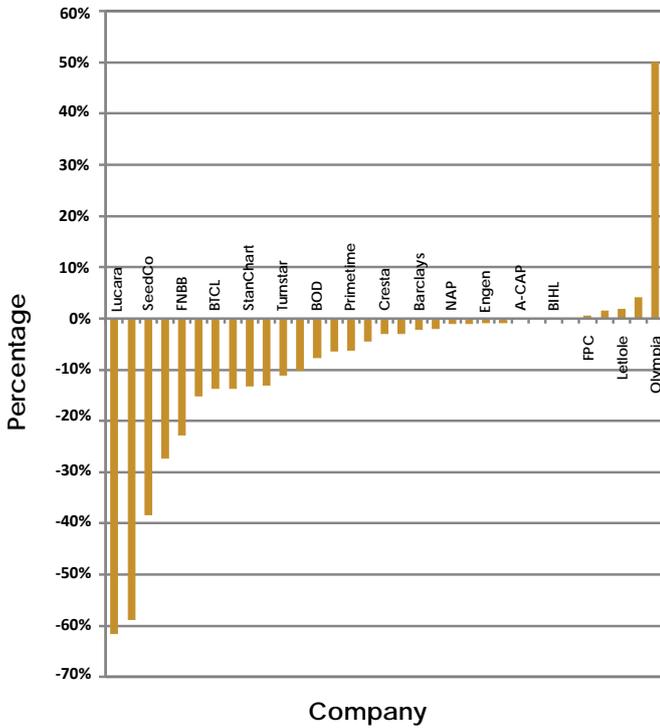
Dividend Yield



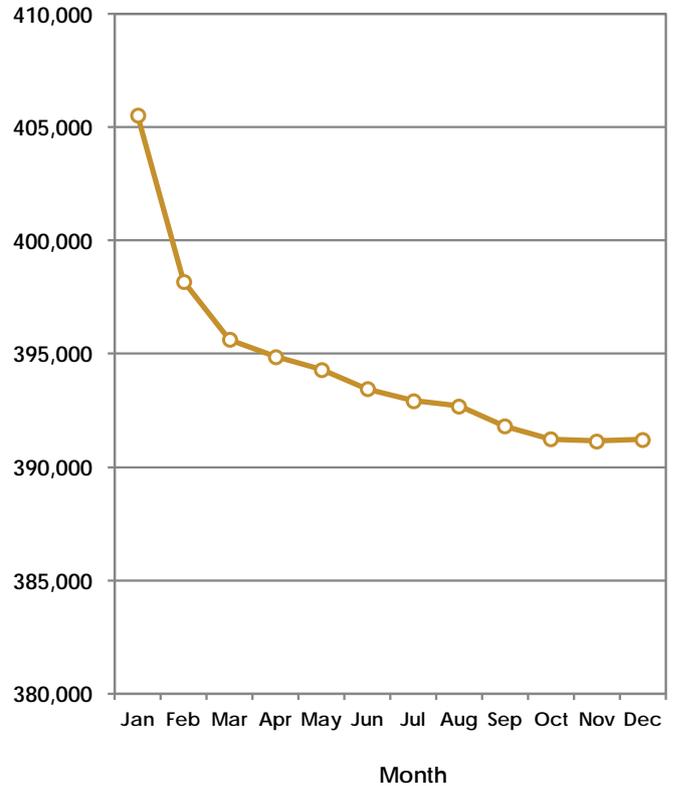
Monthly Turnover (P'Mn)



Domestic Companies: % Gains in Share Price



Monthly Market Capitalization 2020 (P'000)





BSE Supports Gender Equality



BSE PHYSICAL ADDRESS

Plot 70667 | Fairscape Precinct | 4th Floor, Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw | Web: www.bse.co.bw



Chief Executive Officer's Review (Continued)

10.0 MARKET STATISTICS

Table 1: Number of Companies Listed

	2013	2014	2015	2016	2017	2018	2019	2020
Number of New Listings	1	1	1	2	3	2	0	0
Number of De-listings	3	1	4	0	2	2	3	0
Foreign Listings	12	12	10	10	11	9	8	8
Domestic Listings	23	23	22	24	24	26	24	24
Total	35	35	32	34	35	35	32	32

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

	2014	2015	2016	2017	2018	2019	2020
Domestic Market Capitalisation	46,209.87	50,213.85	46,571.96	44,408.06	42,420.95	38,709.40	35,629.85
Foreign Market Capitalisation	371,946.84	370,885.33	374,741.23	373,735.71	370,747.33	369,164.84	355,592.27
Total Market Capitalisation	418,156.71	421,099.19	421,313.19	418,143.76	413,168.28	407,874.24	391,222.12

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

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20
Domestic Market Capitalisation	42,212.40	40,804.20	38,481.80	38,709.40	38,715.81	37,025.32	36,207.56	35,629.85
Foreign Market Capitalisation	370,216.20	369,938.30	369,661.80	369,164.80	356,917.86	356,421.48	355,594.19	355,592.27
Total Market Capitalisation	412,428.60	410,742.50	408,143.60	407,874.20	395,633.67	393,446.81	391,801.75	391,222.12

Chief Executive Officer's Review (Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020
Banking	19,815.1	17,815.3	17,005.4	14,195.7	12,705.1	13,264.1	13,899.2	12,048.9
Financial Services & Insurance	25,958.9	27,087.9	29,222.2	28,967.5	28,772.5	25,755.1	23,791.2	23,791.2
Retailing & Wholesaling	8,884.8	11,859.5	13,322.2	10,381.0	10,002.3	7,345.6	7,285.8	7,106.1
Property & Property Trust	3,603.8	4,022.4	5,321.7	6,727.9	7,010.4	6,655.0	6,751.8	6,550.2
Mining & Materials	355,342.4	354,005.3	352,642.5	355,972.3	353,374.8	352,393.3	350,829.9	337,161.6
Security Services	246.4	229.2	289.6	326.4	319.2	291.2	280.0	272.0
Information Technology	0.0	0.0	0.0	1,029.0	1,932.0	997.5	997.5	861.0
Funeral Services	297.4	285.3	0.0	0.0	0.0	0.0	0.0	0.0
Energy	1,296.9	1,517.4	1,357.6	1,565.3	1,693.1	1,661.1	1,656.3	1,641.9
Tourism	1,144.8	1,264.5	1,938.1	2,148.2	2,334.5	2,719.1	1,240.2	1,083.4
Agriculture	0.0	0.0	0.0	0.0	0.0	2,086.3	1,142.4	705.7

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

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20
Banking	13,530.83	13,496.57	13,599.53	13,899.18	13,644.81	12,613.87	12,470.19	12,048.88
Financial Services & Insurance	25,712.22	25,369.17	24,091.35	23,791.18	24,091.35	23,769.74	23,683.98	23,791.20
Retailing & Wholesaling	7,020.39	7,014.49	7,114.78	7,285.76	7,303.82	7,277.06	7,197.81	7,106.05
Property & Property Trust	6,599.18	6,610.03	6,676.62	6,751.80	6,754.53	6,736.41	6,494.37	6,550.25
Mining & Materials	351,866.49	351,581.72	351,326.82	350,829.86	338,625.66	338,000.80	337,173.14	337,161.65
Security Services	288.00	280.00	280.00	280.00	272.00	272.00	272.00	272.00
Information Technology	945.00	934.50	1,060.50	997.50	903.00	934.50	808.50	861.00
Energy	1,659.51	1,657.92	1,657.92	1,656.32	1,656.32	1,656.32	1,654.72	1,641.94
Tourism	2,723.12	2,660.07	1,198.04	1,240.19	1,277.81	1,188.37	1,093.39	1,083.44
Agriculture	2,086.32	1,137.99	1,137.99	1,142.45	1,104.37	997.74	953.63	705.69

Chief Executive Officer's Review (Continued)

Table 6: Trading Statistics as at Year ended December

	2013	2014	2015	2016	2017	2018	2019	2020
Volume Traded (Mn)	710.50	591.60	803.10	778.23	775.01	582.52	627.80	430.40
Value Traded (P'Mn)	2,315.40	2,177.40	3,032.40	2,541.16	2,476.65	1,862.25	1,810.90	698.60
No. of Deals	12,029	11,139	12,730	13,707	13,707	9,198	7,880	5,346
Liquidity Ratio	5.9	4.9	6.3	5.3	5.4	4.3	4.5	1.9

Table 7: Trading Statistics as at Quarter ended

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20
Volume Traded (Mn)	156.1	101.2	130.1	240.3	81.8	71.7	136.2	140.7
Value Traded (P'Mn)	320.0	546.8	340.0	604.0	185.0	178.7	173.2	161.6
No. of Deals	2,120	2,232	1,834	1,694	1,757	1,044	1,177	1,368

Table 8: BSE Indices as at Year ended December

	2013	2014	2015	2016	2017	2018	2019	2020
DCI	9,053.4	9,501.6	10,602.3	9,400.7	8,860.1	7,851.9	7,494.6	6,879.4
FCI	1,583.5	1,577.6	1,572.4	1,585.8	1,574.9	1,570.3	1,562.4	1,547.3
DCTRI	1,546.4	1,705.9	1,988.1	1,842.9	1,824.1	1,712.6	1,727.6	1,664.7
LASI	760.8	781.0	797.3	786.0	794.6	804.3	843.8	842.4
DFSI	1,067.1	1,090.4	1,212.4	1,094.5	1,078.0	1,058.2	1,054.8	1,013.1
FRSI	720.3	729.2	726.3	734.1	729.7	744.2	777.9	779.6

Table 9: BSE Indices as at Quarter ended

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20
DCI	7,885.6	7,622.5	7,461.0	7,494.6	7,487.6	7,159.7	7,001.2	6,879.4
FCI	1,566.3	1,564.6	1,564.6	1,562.4	1,551.3	1,551.2	1,547.3	1,547.3
DCTRI	1,730.9	1,707.5	1,695.4	1,727.6	1,737.3	1,702.2	1,682.6	1,664.7
LASI	818.5	822.0	842.0	843.8	838.8	837.1	843.3	842.4
DFSI	1,079.8	1,083.1	1,029.2	1,054.8	1,064.7	1,026.0	1,024.6	1,013.1
FRSI	758.6	758.0	779.0	777.9	772.1	772.0	779.6	779.6

Chief Executive Officer's Review (Continued)

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

2019		2020	
Company	Volume	Company	Volume
Letshego	141.0	Letshego	241.7
Furnmart	105.2	Choppies	58.1
FPC	92.6	FNBB	31.4
Letlole	69.8	Minergy	11.3
Wilderness	45.2	BTCL	11.1
FNBB	35.5	StanChart	9.1
BTCL	15.9	ABSA	9.1
NAP	14.2	Seed Co.	7.2
Sechaba	12.5	Sefalana	6.7
Barclays	12.5	Letlole	6.3

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

2019		2020	
Company	Value	Company	Value
Wilderness	282.3	Letshego	170.7
Sechaba	264.1	FNBB	81.2
FPC	228.6	Sechaba	78.0
BIHL	179.0	Sefalana	61.5
Letlole	156.5	ABSA	49.9
Letshego	121.3	BIHL	47.6
FNBB	97.4	Choppies	35.6
Sefalana	78.1	Chobe	17.9
Furnmart	68.4	NAP	17.8
Barclays	66.5	Seed Co.	16.6

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

2019		2020	
Company	Volume	Company	Volume
CA Sales	10.110	CA Sales	4.177
BOD	0.527	Tlou	0.165
Tlou	0.192	Shumba	0.111
Lucara	0.042	BOD	0.057
Shumba	0.068	Lucara	0.004
A Cap	0.010	-	-

Chief Executive Officer's Review (Continued)

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

2019		2020	
Company	Value	Company	Value
CA Sales	38.120	CA Sales	15.732
Lucara	1.018	Shumba	0.105
Tlou Energy	0.154	Tlou Energy	0.056
Shumba	0.075	Lucara	0.024
BOD	0.067	BOD	0.007
A Cap	0.004	-	-

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

2019		2020	
Company	Market Cap	Company	Market Cap
FNBB	7,249.5	FNBB	5,596.1
BIHL	4,941.5	BIHL	4,941.5
Barclays	4,686.9	ABSA	4,584.6
Sechaba	2,439.1	Sefalana	2,341.8
Sefalana	2,249.0	Sechaba	2,284.2
NAP	1,958.2	NAP	1,940.1
ENGEN	1,656.3	Engen	1,641.9
Turnstar	1,607.8	Letshego	1,543.7
Letshego	1,522.3	ABC	1,435.5
ABC	1,464.5	Turnstar	1,430.4

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

2020	
Company	Market Cap
Anglo	333,883.4
Investec	17,115.6
Lucara	2,028.1
CA Sales	1,691.0
A Cap	340.0
Shumba	278.2
Tlou	169.4
BOD	86.5

Chief Executive Officer's Review (Continued)

Table 16: Bond Market Statistics: 2020

Bond Code	Maturity Date	Nominal Amount (P)	Coupon Rate %	Trade (P)
BW007	10-Mar-25	3,313,000,000	8.00	475,879,951.85
BW008	8-Sep-20	2,147,000,000	7.75	6,254,722.31
BW011	10-Sep-31	2,603,000,000	7.75	274,784,687.61
BW012	13-Jun-40	2,154,000,000	6.00	24,130,050.89
BW013	7-Jun-23	2,342,000,000	4.50	79,716,894.96
BW014	5-Sep-29	3,716,000,000	4.80	1,540,020,854.99
BW015	2-Sep-43	829,000,000	5.30	102,255,877.22
CGL001	8-Apr-24	128,510,000	Floating	1,755,127.41
DPCF006	2-Jun-22	55,000,000	10.75	16,195,102.83
DPCF007	2-Jun-25	35,000,000	10.90	11,760,240.31
IFC001	20-Sep-24	260,000,000	Floating	2,507,060.27
BBS005	3-Dec-23	150,000,000	11.20	47,890.98
BHC 020	10-Dec-20	103,000,000	10.10	36,711,054.20
BHC025	10-Dec-25	300,000,000	Floating	11,607,435.60
BDC001	9-Jun-29	82,030,000	Floating	-
BDCL002	16-Aug-22	131,500,000	Floating	4,200,000.00
BDC003	9-Jun-29	142,530,000	Floating	108,807,416.10
WUC002	26-Jun-26	205,000,000	10.60	11,704,311.71
BBB017	14-Nov-23	97,410,000	Floating	120,219.14
BBB018	14-Nov-23	102,590,000	Floating	99,980.23
FML025	23-Oct-25	150,000,000	8.20	1,104,722.76
FNBB005	11-Nov-20	125,590,000	Floating	1,399,824.77
FNBB006	11-Nov-20	112,120,000	Floating	1,746,471.17
FNBB007	6-Dec-26	161,840,000	Floating	-
FNBB008	6-Dec-26	40,000,000	7.48	1,846,707.18
FNBB009	8-Dec-24	126,350,000	Floating	3,801,979.10
FNBB010	2-Dec-29	196,802,000	Floating	-
GBL001	24-Feb-22	50,000,000	18.00	-
GBL002	24-Feb-20	21,800,000	15.00	-
GBL003	31-Dec-20	15,000,000	15.00	-
GBL004	10-Apr-21	25,000,000	15.00	-
INB001	30-Dec-27	USD113,376,758.07	Floating	-
LHL006	8-Nov-23	220,680,000	10.50	4,426,142.49
LHL007	8-Nov-25	75,000,000	10.50	-
LHL008	8-Nov-27	28,500,000	11.00	-
SBBL064	18-Jun-20	128,400,000	Floating	-
SBBL065	18-Jun-20	153,100,000	8.00	-

Chief Executive Officer's Review (Continued)

SBBL066	15-Jun-27	140,000,000	Floating	3,307,421.20
SBBL067	16-Jun-27	60,000,000	7.80	620,790.44
SBBL068	28-Nov-29	212,000,000	Floating	-
SBBL069	28-Nov-29	88,000,000	7.75	-
SCBB003	20-Dec-20	50,000,000	10.50	253,836.63
PTP021	10-Jun-21	96,000,000	Floating	-
PTP024	10-Jun-24	59,000,000	8.50	-
PTP026	29-Nov-26	70,000,000	9.00	-
RDCP001	29-Mar-26	47,350,000	Floating	-
RDCP002	24-Mar-27	40,000,000	Floating	-
RDCP003	24-Mar-24	12,000,000	Floating	-
BDC004	25-Sep-31	162,140,000	8.00	-
SBBL070	9-Oct-25	132,520,000	6.30	-
SBBL071	9-Oct-25	118,200,000	Floating	-
				2,727,066,774.33

Chief Executive Officer's Review (Continued)

Table 17: Bond Market Capitalization by Sector: 2020

Bonds	Maturity Date	Issue Size (P)
Government		
BW007	10-Mar-25	3,313,000,000
BW011	10-Sep-31	2,603,000,000
BW012	13-Jun-40	2,154,000,000
BW013	7-Jun-23	2,342,000,000
BW014	5-Sep-29	3,716,000,000
BW015	2-Sep-43	829,000,000
		14,957,000,000
Quasi		
DPCF006	2-Jun-22	55,000,000
DPCF007	2-Jun-25	35,000,000
		90,000,000
Supranational		
IFC001	20-Sep-24	260,000,000
		260,000,000
Parastatals		
BBS005	3-Dec-23	150,000,000
BHC025	10-Dec-25	300,000,000
BDC001	9-Jun-29	82,030,000
BDCL002	16-Aug-22	131,500,000
BDC003	9-Jun-29	142,530,000
BDC004	25-Sep-31	162,140,000
WUC002	26-Jun-26	205,000,000
		1,173,200,000

Chief Executive Officer's Review (Continued)

Corporate		
BBB017	14-Nov-23	97,410,000
BBB018	14-Nov-23	102,590,000
CGL001	8-Apr-24	128,510,000
FML025	23-Oct-25	150,000,000
FNBB006	11-Nov-22	112,120,000
FNBB007	6-Dec-26	161,840,000
FNBB008	6-Dec-26	40,000,000
FNBB009	8-Dec-24	126,350,000
FNBB010	2-Dec-29	196,802,000
GBL001	24-Feb-22	50,000,000
GBL004	10-Apr-21	25,000,000
INB001	30-Dec-27	USD113,376,758.07
LHL006	8-Nov-23	220,680,000
LHL007	8-Nov-25	75,000,000
LHL008	8-Nov-27	28,500,000
SBBL066	15-Jun-27	140,000,000
SBBL067	16-Jun-27	60,000,000
SBBL068	28-Nov-29	212,000,000
SBBL069	28-Nov-29	88,000,000
SBBL070	9-Oct-25	132,520,000
SBBL071	9-Oct-25	118,200,000
PTP021	10-Jun-21	96,000,000
PTP024	10-Jun-24	59,000,000
PTP026	29-Nov-26	70,000,000
RDCP001	29-Mar-26	47,350,000
RDCP002	24-Mar-27	40,000,000
RDCP003	24-Mar-24	12,000,000
		3,812,922,249
TOTAL		20,293,122,248.87



1991

July
one
two
three
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five
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seven

Comparing business activity of subdivisions of main company

Subdivision 2



GROUP ANNUAL FINANCIAL STATEMENTS

For the year Ended 31 December 2020

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Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Regulating and promoting the listing and dealing in shares and other securities listed on the Botswana Stock Exchange Limited (BSE)
Directors	General Tebogo Masire (Chairperson) Ms. Itumeleng Mareko Mr. Basimane Bogopa Mr. Martin Makgatlhe (Resigned 25 June 2020) Mr. Davies Tele Mr. Norman Moleele Mr. Ogone Mothooagae Prof. Onkutlwile Othata Mrs. Sethunya Makepe- Garebatho
Chief Executive Officer	Mr Thapelo Tsheole (Ex-officio member of Board of Directors)
Committees of the BSEL Board	<p>Risk and Audit Committee Mr. Davies Tele (Chairperson) Prof. Onkutlwile Othata Mr. Ogone Mothooagae</p> <p>Nominations and Governance Committee Mrs Sethunya Makepe-Garebatho (Chairperson) Mr. Davies Tele Mr. Norman Moleele (Resigned 05 February 2020) Mr. Basimane Bogopa</p> <p>Regulatory Committee Mr. Basimane Bogopa (Chairperson) Mr. Ogone. Mothooagae Mr. Martin Makgatlhe (Resigned 25 June 2020) Prof. Onkutlwile Othata</p> <p>Investigations and Disciplinary Committee Mrs. Itumeleng Mareko (Chairperson) Mr. Basimane Bogopa Mr. Norman Moleele</p> <p>Board Tender Committee Prof. Onkutlwile Othata (Chairperson) Mr. Martin Makgatlhe (Resigned 25 June 2020) Mrs. Itumeleng Mareko</p>

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

General Information (Continued)

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act of Botswana 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 directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to 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 2021 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 87 to 90.

The group annual financial statements set out on pages 91 to 130, which have been prepared on the going concern basis, were approved by the Board of Directors on 26th March 2021 and were signed on their behalf by:


.....
Director


.....
Director

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P.O. Box 1157
Gaborone Botswana

T +267 395 2313
F +267 397 2357

[linkedin.com/company/Grant-Thornton-Botswana](https://www.linkedin.com/company/Grant-Thornton-Botswana)
twitter.com/GrantThorntonBW

Independent Auditor's Report

To the shareholders of Botswana Stock Exchange Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Botswana Stock Exchange Limited and its subsidiary (the Group) set out on pages 91 to 130, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of, the consolidated financial position of the group as at 31 December 2020, and its consolidated financial performance and 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 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Partners

Kalyanaraman Vijay (Managing), Dinesh Mallan (Deputy Managing)*, Aswin Vaidyanathan*, Madhavan Venkatachary*, Narayanaswamy Narasimhan*, Anthony Quashie, Sunny Mulakulam* Aparna Vijay* (*Indian)

Key audit matter	Why considered significant How the matter was addressed in our audit	How the matter was addressed
Revenue recognition	As per the International Standards on Auditing, revenue recognition criteria carry an inherent risk of being prone to manipulation by management, thus it has been considered key to the audit.	<p>We gained an understanding of different process and controls established by the group towards recording revenue.</p> <p>Our audit procedures included the testing of the appropriateness of the application of the revenue recognition criteria in line with the requirements of International Financial Reporting Standard 15: Revenue from contracts with customers (IFRS 15) for all the significant revenue streams.</p> <p>For each revenue stream considered significant, we selected a random sample of transactions to verify that the revenue recognition criteria is being properly applied.</p> <p>No exceptions were noted</p>

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 annual financial statements and our auditor's report thereon

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Group Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 company'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 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 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.

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 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,

Chartered Accountants

Certified Auditor: Madhavan Venkatachary: Member No: 20030049)

Certified Auditor of Public Interest Entity Certificate No: CAP 0017 2021

26 March 2021

Gaborone

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Statement of Financial Position as at 31 December 2020

Figures in Pula	Note	Group		Company	
		2020	2019	2020	2019
Assets					
Non-Current Assets					
Property, plant and equipment	3	17,933,191	14,835,813	10,346,854	8,236,057
Right-of-use assets	4	2,574,720	3,921,265	2,169,109	3,311,877
Investments in subsidiaries	5	-	-	100	100
		20,507,911	18,757,078	12,516,063	11,548,034
Current Assets					
Financial assets	6	99,006,882	85,718,212	74,461,310	64,199,962
Trade and other receivables	7	1,668,231	3,109,111	1,863,088	2,896,501
Cash and cash equivalents	8	1,867,685	11,425,759	1,531,504	8,860,567
		102,542,798	100,253,082	77,855,902	75,957,030
Total Assets		123,050,709	119,010,160	90,371,965	87,505,064
Equity and Liabilities					
Equity					
Stated capital	9	35,600,000	35,600,000	35,600,000	35,600,000
Retained income		63,052,186	54,957,101	39,998,455	29,062,569
		98,652,186	90,557,101	75,598,455	64,662,569
Liabilities					
Non-Current Liabilities					
Lease liabilities	10	1,498,023	2,962,504	1,273,320	2,518,129
Deferred income	12	17,810,992	18,410,465	9,310,992	9,910,465
		19,309,015	21,372,969	10,584,312	12,428,594
Current Liabilities					
Trade and other payables	11	3,823,968	5,781,745	3,147,926	9,310,308
Lease liabilities	10	1,265,540	1,298,345	1,041,272	1,103,593
		5,089,508	7,080,090	4,189,198	10,413,901
Total Liabilities		24,398,523	28,453,059	14,773,510	22,842,495
Total Equity and Liabilities		123,050,709	119,010,160	90,371,965	87,505,064

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	Group		Company	
		2020	2019	2020	2019
Revenue	13	33,997,808	33,601,892	30,981,941	27,950,001
Other operating income	14	1,509,169	1,550,689	1,500,240	1,532,515
Other operating gains (losses)	15	228,151	(1,388)	228,151	(1,388)
Movement in credit loss allowances	16	(2,500)	114,780	-	114,780
Other operating expenses		(31,770,341)	(32,704,134)	(24,808,410)	(25,361,768)
Operating profit	16	3,962,287	2,561,839	7,901,922	4,234,140
Finance income	17	4,370,964	4,159,710	3,237,043	3,064,178
Finance costs	18	(238,166)	(317,888)	(203,079)	(270,205)
Profit for the year		8,095,085	6,403,661	10,935,886	7,028,113
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		8,095,085	6,403,661	10,935,886	7,028,113

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Statement of Changes in Equity

Figures in Pula	Stated Capital	Shares pending allotment	Retained income	Total equity
Group				
Balance at 01 January 2019	782,676	34,817,324	48,553,440	84,153,440
Profit for the year	-	-	6,403,661	6,403,661
Total comprehensive income for the year	-	-	6,403,661	6,403,661
Transfer between reserves	34,817,324	(34,817,324)	-	-
Total other movements	34,817,324	(34,817,324)	-	-
Balance at 01 January 2020	35,600,000	-	54,957,101	90,557,101
Profit for the year	-	-	8,095,085	8,095,085
Total comprehensive income for the year	-	-	8,095,085	8,095,085
Balance at 31 December 2020	35,600,000	-	63,052,186	98,652,186
Note	9			
Company				
Balance at 01 January 2019	782,676	34,817,324	22,034,456	57,634,456
Profit for the year	-	-	7,028,113	7,028,113
Total comprehensive income for the year	-	-	7,028,113	7,028,113
Transfer between reserves	34,817,324	(34,817,324)	-	-
Total other movements	34,817,324	(34,817,324)	-	-
Balance at 01 January 2020	35,600,000	-	29,062,569	64,662,569
Profit for the year	-	-	10,935,886	10,935,886
Total comprehensive income for the year	-	-	10,935,886	10,935,886
Balance at 31 December 2020	35,600,000	-	39,998,455	75,598,455
Note	9			

Botswana Stock Exchange Limited

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Statement of Cash Flows

Figures in Pula	Note(s)	Group		Company	
		2020	2019	2020	2019
Cash flows from operating activities					
Cash generated from operations	20	6,149,836	6,701,963	4,969,638	7,231,280
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(5,285,252)	(6,617,014)	(3,994,687)	(604,142)
Sale of property, plant and equipment		230,500	-	230,500	-
Interest Income		4,370,964	4,159,710	3,237,043	3,064,178
Net cash from investing activities		(683,788)	(2,457,304)	(527,144)	2,460,036
Cash flows from financing activities					
Payment on lease liabilities		(1,497,286)	(1,146,169)	(1,307,130)	(974,244)
Finance costs		(238,166)	(317,888)	(203,079)	(270,205)
Net cash from financing activities		(1,735,452)	(1,464,057)	(1,510,209)	(1,244,449)
Total cash movement for the year		3,730,596	2,780,602	2,932,285	8,446,867
Cash and cash equivalents at the beginning of the year		97,143,971	94,363,369	73,060,529	64,613,662
Total cash and cash equivalents at end of the year	8	100,874,567	97,143,971	75,992,814	73,060,529

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Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

1.2 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

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

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

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

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

Investments in subsidiaries in the separate financial statements

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

1.3 Significant judgements and sources of estimation uncertainty

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

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Accounting Policies (Continued)

Critical judgments in determining the lease term

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

Key sources of estimation uncertainty

Impairment of financial assets

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

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.

Proprietary rights

Proprietary rights capital was recognised at the fair value of the consideration received by the Group. In the prior year, these rights have been reassigned as Stated Capital which is the equity interest in the company.

Taxation

The company and its subsidiary are exempt from tax for a period of 5 years since the establishment of 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

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Accounting Policies (Continued)

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.

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	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Computer and office equipment	Straight line	4 years
Leasehold improvements	Straight line	the lower of period of lease and ten years

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

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

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

1.5 Financial instruments

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

Financial assets which are debt instruments:

- Amortised cost

Financial liabilities:

- Amortised cost

Note 22 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

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

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

Financial assets at amortised cost

Classification

Money market placements are classified as financial assets are measured at amortised cost.

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan 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.

Significant increase in credit risk

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

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

Irrespective of the outcome of the above assessment, the credit risk on a loan 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.

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Accounting Policies (Continued)

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

Definition of default

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

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

Measurement and recognition of expected credit losses

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

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

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then

grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 16).

Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management (note 22).

Derecognition

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

Trade and other receivables

Classification

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

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Accounting Policies (Continued)

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 17).

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

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the

amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

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

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

Measurement and recognition of expected credit losses

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

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis

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Accounting Policies (Continued)

for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 16).

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial instruments and risk management note (note 22).

Derecognition

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

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

Trade and other payables

Classification

Trade and other payables (note 11), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 18).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 22 for details of risk exposure and management thereof.

Cash and cash equivalents

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

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Accounting Policies (Continued)

1.6 Leases

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

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

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

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

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 16) 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).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

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

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Accounting Policies (Continued)

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 18).

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

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

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Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

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.
- tests goodwill acquired in a business combination for impairment annually.

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.

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 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 vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), 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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

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

Defined contribution plans

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

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.

1.10 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.

1.11 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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

1.12 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Provision of Exchange related services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group 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.

Annual sustaining fees

Annual sustaining fees are invoiced in advance for the year unless collection is in doubt.

Member fees

Annual member/dealer fees are invoiced in advance for the year unless collection is in doubt.

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.

Other income

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

X News Publication revenue

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

1.13 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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

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.

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:
Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the amendment is not material.
Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Accounting Policies (Continued)

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 01 January 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements

3. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Group						
Furniture and fixtures	2,188,058	(859,016)	1,329,042	2,188,058	(660,586)	1,527,472
Motor vehicles	1,943,945	(709,836)	1,234,109	1,351,518	(1,076,664)	274,854
Computer and office equipment	13,096,184	(6,885,326)	6,210,858	9,813,372	(5,692,574)	4,120,798
Leasehold improvements	2,635,225	(779,480)	1,855,745	2,635,225	(515,960)	2,119,265
Capital - Work in progress	7,303,437	-	7,303,437	6,793,424	-	6,793,424
Total	27,166,849	(9,233,658)	17,933,191	22,781,597	(7,945,784)	14,835,813
Company						
Furniture and fixtures	2,147,615	(827,984)	1,319,631	2,147,615	(633,598)	1,514,017
Motor vehicles	1,943,945	(709,836)	1,234,109	1,351,518	(1,076,664)	274,854
Computer and office equipment	9,091,674	(3,154,305)	5,937,369	5,808,862	(2,261,493)	3,547,369
Leasehold improvements	2,635,225	(779,480)	1,855,745	2,635,225	(515,960)	2,119,265
Capital - Work in progress	-	-	-	780,552	-	780,552
Total	15,818,459	(5,471,605)	10,346,854	12,723,772	(4,487,715)	8,236,057

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

3. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	1,527,472	-	-	(198,430)	1,329,042
Motor vehicles	274,854	1,492,427	-	(533,172)	1,234,109
Computer and office equipment	4,120,798	2,502,260	780,552	(1,192,752)	6,210,858
Leasehold improvements	2,119,265	-	-	(263,520)	1,855,745
Capital - Work in progress	6,793,424	1,290,565	(780,552)	-	7,303,437
	14,835,813	5,285,252	-	(2,187,874)	17,933,191

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,729,102	-	(201,630)	1,527,472
Motor vehicles	337,500	216,473	(279,119)	274,854
Computer and office equipment	4,808,215	337,956	(1,025,373)	4,120,798
Leasehold improvements	2,382,785	-	(263,520)	2,119,265
Capital - Work in progress	730,839	6,062,585	-	6,793,424
	9,988,441	6,617,014	(1,769,642)	14,835,813

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Reconciliation of property, plant and equipment - Company - 2020

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	1,514,017	-	-	(194,386)	1,319,631
Motor vehicles	274,854	1,492,427	-	(533,172)	1,234,109
Computer and office equipment	3,547,369	2,502,260	780,552	(892,812)	5,937,369
Leasehold improvements	2,119,265	-	-	(263,520)	1,855,745
Capital - Work in progress	780,552	-	(780,552)	-	-
	8,236,057	3,994,687	-	(1,883,890)	10,346,854

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,711,603	-	(197,586)	1,514,017
Motor vehicles	337,500	216,473	(279,119)	274,854
Computer and office equipment	3,851,550	337,956	(642,137)	3,547,369
Leasehold improvements	2,382,785	-	(263,520)	2,119,265
Capital - Work in progress	730,839	49,713	-	780,552
	9,014,277	604,142	(1,382,362)	8,236,057

Capital work in progress

Capital work in progress represents the capital payments made towards the acquisition and implementation of new Information Technology systems below;

*Depo-x system

*Website and mobile application

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Figures in Pula	Group		Company	
	2020	2019	2020	2019

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	2,574,720	3,921,265	2,169,109	3,311,877
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Additions to right-of-use assets

Buildings	-	5,407,018	-	4,595,966
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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 16).

Buildings	1,346,546	1,344,434	1,142,769	1,142,769
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5. Interests in 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 2020	% voting power 2019	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Central Securities Depository Company of Botswana Limited		100.00 %	100.00 %	100.00 %	100.00 %	100	100

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Figures in Pula	Group		Company	
	2020	2019	2020	2019

6. Financial Assets

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

Short-term investment	99,006,882	85,718,212	74,461,310	64,199,962
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The short term investments are unsecured, earns average interest of 4.1% (2019: 3.33%) 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

Short-term investments	99,006,882	85,718,212	74,461,310	64,199,962
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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	104,189	100,138	50,017	48,072
Standard Chartered Bank of Botswana Limited	12,106,521	3,800,120	12,106,521	-
African Alliance Asset Management	50	128,322	32	83,009
Botswana Insurance Fund Management	33,388,416	37,386,212	31,443,857	33,583,852
iPro Botswana Fund Management	3,255,857	22,294,856	2,192,343	16,591,571
Bank Gaborone Limited	31,365,187	17,711,829	15,209,422	13,893,458
Morula Capital partners	18,786,662	4,296,735	13,459,118	-
	99,006,882	85,718,212	74,461,310	64,199,962

Botswana Stock Exchange Limited

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Notes to the Group Annual Financial Statements (Continued)

Figures in Pula	Group		Company	
	2020	2019	2020	2019
Fair value of financial assets				
The group does not hold any collateral as security.				
The fair values of the financial assets is estimated using techniques applicable to level 2 category of fair value measurement under IFRS 13. These approximate to the carrying value due to their short term nature.				
7. Trade and other receivable				
Financial Instruments				
Trade receivables	501,468	2,073,036	396,860	1,871,810
Loss allowance	-	(60,339)	-	(60,339)
Trade receivables at amortised cost	501,468	2,012,697	396,860	1,811,471
Deposits	380,194	454,113	380,194	454,113
Central Securities Depository Company of Botswana	-	-	375,763	-
Other receivable	12,605	101,130	12,605	101,130
Non-financial instruments:				
Value added tax	150,754	-	150,754	-
Employee costs in advance	18,500	168,833	18,500	168,833
Prepayments	604,710	372,338	528,412	360,954
Total trade and other receivables	1,668,231	3,109,111	1,863,088	2,896,501
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	894,267	2,567,940	1,165,422	2,366,714
Non-financial instruments	773,964	541,171	697,666	529,787
	1,668,231	3,109,111	1,863,088	2,896,501

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

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:

Group	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due	179,264	-	1,782,983	-
31-60 days past due	321,004	-	180,358	-
91 days past due	1,200	-	109,695	(60,339)
Total	501,468	-	2,073,036	(60,339)
Company				
Expected credit loss rate:				
Not past due	145,215	-	1,701,396	-
31-60 days past due	250,445	-	88,785	-
91 days past due	1,200	-	81,629	(60,339)
Total	396,860	-	1,871,810	(60,339)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Adjustments upon application of IFRS 9	-	97,374	-	79,200
Opening balance in accordance with IFRS 9	(60,339)	(97,374)	(60,339)	(79,200)
Movements in lifetime and expected credit losses	60,339	37,035	60,339	18,861
Closing balance	-	(60,339)	-	(60,339)

Fair value of trade and other receivables

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Group		Company	
	2020	2019	2020	2019
8. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	631	4,500	631	4,500
Bank balances	1,867,054	11,421,259	1,530,873	8,856,067
	1,867,685	11,425,759	1,531,504	8,860,567

*For purpose of cash flows, cash and cash equivalents consist of;

Cash and cash equivalents	1,867,685	11,425,759	1,531,504	8,860,567
Money market placements	99,006,882	85,718,212	74,461,310	64,199,962
	100,874,567	97,143,971	75,992,814	73,060,529
Fiduciary held bank accounts	1,061,007	1,711,802	-	-

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.

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 7.

Credit rating- None of the financial institutions below are rated

Standard Chartered Bank of Botswana Limited	566,260	8,893,713	230,080	6,328,521
First National Bank of Botswana Limited	1,339,837	2,527,546	1,339,836	2,527,546
	1,906,097	11,421,259	1,569,916	8,856,067

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	2020	Group 2019	2020	Company 2019
9. Stated capital				
Issued				
Ordinary	35,600,000	35,600,000	35,600,000	35,600,000
10. Lease liability				
Minimum lease payments due				
- within one year	1,415,181	1,537,260	1,168,468	1,306,671
- in second to fifth year inclusive	1,547,147	3,161,271	1,315,075	2,687,080
	2,962,328	4,698,531	2,483,543	3,993,751
less: future finance charges	(198,765)	(437,682)	(168,951)	(372,029)
Present value of minimum lease payments	2,763,563	4,260,849	2,314,592	3,621,722
Present value of minimum lease payments due				
- within one year	1,265,540	1,298,344	1,041,272	1,103,593
- in second to fifth year inclusive	1,498,023	2,962,505	1,273,320	2,518,129
	2,763,563	4,260,849	2,314,592	3,621,722
Non-current liabilities	1,498,023	2,962,504	1,273,320	2,518,129
Current liabilities	1,265,540	1,298,345	1,041,272	1,103,593
	2,763,563	4,260,849	2,314,592	3,621,722
11. Trade and other payables				
Financial instruments:				
Trade payables	669,449	532,335	294,409	338,461
Trade payables - related parties	-	-	-	4,135,529
Other payables	600,064	1,097,012	599,211	1,096,159
Payroll accruals	2,509,139	3,842,984	2,254,306	3,576,143
Non-financial instruments:				
Value added tax	45,316	309,414	-	164,016
	3,823,968	5,781,745	3,147,926	9,310,308

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Group		Company	
	2020	2019	2020	2019

Fair value of trade and other payables

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

12. Deferred income

Deferred income

Opening balance	18,410,465	18,833,165	9,910,465	15,333,165
Amounts transferred to Statement Of Profit or Loss and Other Comprehensive Income	(599,473)	(422,700)	(599,473)	(422,700)
Transfer to Central Securities Depository Company of Botswana Limited	-	-	-	(5,000,000)
	17,810,992	18,410,465	9,310,992	9,910,465

The company 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	4,853,701	5,000,000	4,261,174	5,000,000
Ticker Screen at Fairscape	2,062,026	2,092,500	1,449,695	1,092,500
Stock market Bull at Fairscape Precinct	-	-	-	1,000,000
Securities Borrowing and lending system	8,500,000	8,500,000	-	-
ATS System	2,395,265	2,817,965	2,395,265	2,817,965
Website & Mobile app	-	-	1,204,858	-
	17,810,992	18,410,465	9,310,992	9,910,465

13. Revenue

Revenue from contracts with customers

Listing and sustaining fees	27,886,801	22,242,933	27,886,801	22,242,933
Members fee income	16,500	16,250	16,500	16,250
Commissions received	3,753,837	9,186,026	2,041,640	4,788,747
News publications	1,037,000	902,071	1,037,000	902,071
Miscellaneous other revenue	1,303,670	1,254,612	-	-
	33,997,808	33,601,892	30,981,941	27,950,001

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Note(s)	Group		Company	
		2020	2019	2020	2019
14. Other operating income					
Bad debts recovered		-	18,174	-	-
Registered advisors		142,501	145,000	142,501	145,000
Amortisation of capital grants		599,474	422,696	599,474	422,696
Training income		40,982	411,170	40,982	411,170
Other income		726,212	553,649	717,283	553,649
		1,509,169	1,550,689	1,500,240	1,532,515
15. Other operating gains (losses)					
Gains on disposals, scrappings and settlements					
Property, plant and equipment	3	230,500	-	230,500	-
Foreign exchange losses					
Net foreign exchange loss		(2,349)	(1,388)	(2,349)	(1,388)
Total other operating gains (losses)		228,151	(1,388)	228,151	(1,388)
16. Operating loss					
Operating profit for the year is stated after charging (crediting) the following, amongst others:					
Auditor's remuneration - external					
Audit fees		160,080	163,100	124,012	126,352
Auditor's remuneration - internal		318,060	400,127	191,393	249,667
Employee costs					
Salaries, wages, bonuses and other benefits		18,589,104	18,320,395	14,280,291	14,166,504
Leases					
Operating lease charges					
Premises		244,610	256,695	212,537	202,093

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Note(s)	Group		Company	
	2020	2019	2020	2019
16. Operating loss (Continued)				
Depreciation and amortisation				
Depreciation of property, plant and equipment	2,187,874	1,769,642	1,883,890	1,382,362
Depreciation of right-of-use assets	1,346,546	1,344,434	1,142,769	1,142,769
Total depreciation and amortisation	3,534,420	3,114,076	3,026,659	2,525,131
Movement in credit loss allowances				
Trade and other receivables	2,500	(114,780)	-	(114,780)

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	18,589,104	18,320,395	14,280,291	14,166,504
Lease expenses	244,610	256,695	212,537	202,093
Depreciation, amortisation and impairment	3,534,420	3,114,076	3,026,659	2,525,131
Other expenses	1,603,446	2,359,678	1,171,334	1,396,726
Computer expenses	4,330,630	3,916,044	3,020,964	2,699,157
Consultancy fees	286,650	32,449	275,504	32,449
Members sitting allowances	495,800	272,244	321,800	251,300
Office expenses	236,145	108,352	191,485	108,352
Insurance	275,280	154,682	183,946	154,682
Advertising expenses	944,452	1,526,465	924,452	1,507,922
Seminars and conferences	33,503	6,322	33,503	6,322
Printing and stationery	26,353	69,443	25,853	69,443
Staff welfare	504,360	542,119	504,360	542,119
Communication expenses	200,814	243,094	188,938	229,406
Training expenses	13,096	479,888	1,090	188,317
Travelling and accommodation expense	451,678	1,302,188	445,694	1,281,845
	31,770,341	32,704,134	24,808,410	25,361,768

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Note(s)	Group		Company	
		2020	2019	2020	2019
17. Financial income					
Interest income					
Investments in financial assets:					
Interest income		4,370,964	4,159,710	3,237,043	3,064,178
18. Finance costs					
Lease liabilities		238,166	317,888	203,079	270,205
19. Taxation					
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.					
20. Cash generated from operations					
Profit before taxation		8,095,085	6,403,661	10,935,886	7,028,113
Adjustments for:					
Depreciation and amortisation		3,534,420	3,114,076	3,026,659	2,525,131
Gains on disposals of property, plant and equipment		(230,500)	-	(230,500)	-
Finance income		(4,370,964)	(4,159,710)	(3,237,043)	(3,064,178)
Finance costs		238,166	317,888	203,079	270,205
Net impairments and movements in credit loss allowances		2,500	(114,780)	-	(114,780)
Changes in working capital:					
Trade and other receivables		1,438,380	(470,340)	1,033,413	62,173
Trade and other payables		(1,957,778)	2,033,868	(6,162,383)	5,947,316
Deferred income		(599,473)	(422,700)	(599,473)	(5,422,700)
		6,149,836	6,701,963	4,969,638	7,231,280

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Note(s)	Group		Company	
		2020	2019	2020	2019

21. Related parties

Relationships

Subsidiaries	Central Securities Depository Company of Botswana
Related parties	Government of Botswana Stock Brokers Botswana Imara Capital Securities African Alliance Botswana Securities Motswedi Securities
Members of key management- CEO	T Tsheole
Senior management	M Mogasha K Mogorosi M Pheto - Lentswe T Mmolai K Bolokwe T Moribame G Dibotelo

Related party balances

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

Central Securities Depository Company of Botswana	-	-	375,762	4,135,529
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Related party transactions

Commission fees to (received from) related parties

African Alliance Botswana Securities	(18,229)	(99,484)	(10,132)	(51,783)
Imara Capital Securities	(398,432)	(620,580)	(214,309)	(324,498)
Motswedi Securities	(282,434)	(1,130,072)	(150,192)	(374,531)
Stock Brokers Botswana	(239,900)	(1,388,569)	(129,544)	(707,492)
	(938,995)	(3,238,705)	(504,177)	(1,458,304)

Membership fees

Stockbrokers Botswana	8,000	8,000	4,000	4,000
Imara Capital Securities	9,000	9,000	4,500	4,500
Motswedi Securities	7,500	7,500	4,000	3,750
African Alliance Botswana Securities	8,000	8,000	4,000	4,000
	32,500	32,500	16,500	16,250

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

	Note(s)	Group		Company	
		2020	2019	2020	2019
Listing and annual sustaining fees					
Government bonds (at 0.125% on nominal value of Government bonds)		14,823,750	11,985,000	14,823,750	11,985,000
Board Sitting allowances		495,800	377,300	321,800	251,300
Remuneration for senior management					
Salaries		8,658,213	5,893,855	6,509,364	4,007,062
Terminal benefits		3,624,134	3,491,606	3,470,672	3,041,312
		12,282,347	9,385,461	9,980,036	7,048,374

22. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2020

	Note(s)	Amortised cost	Total
Financial assets	6	99,006,882	99,006,882
Trade and other receivables	7	894,267	894,267
Cash and cash equivalents	8	1,906,728	1,906,728
		101,807,877	101,807,877

Group - 2019

Financial assets	6	85,718,212	85,718,212
Trade and other receivables	7	2,567,940	2,567,940
Cash and cash equivalents	8	11,425,759	11,425,759
		99,711,911	99,711,911

Company - 2020

Financial assets			
Trade and other receivables	6	74,461,310	74,461,310
Cash and cash equivalents	7	1,165,422	1,165,422
	8	1,570,547	1,570,547
		77,197,279	77,197,279

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Company - 2019

	Note(s)	Amortised cost	Total
Financial assets	6	64,199,962	64,199,962
Trade and other receivables	7	2,366,714	2,366,714
Cash and cash equivalents	8	8,860,567	8,860,567
		75,427,243	75,427,243

Categories of financial liabilities

Group - 2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	3,778,648	-	3,778,648
Lease obligations	10	-	2,763,563	2,763,563
		3,778,648	2,763,563	6,542,211

Group - 2019

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	5,472,327	-	5,472,327
Lease obligations	10	-	4,260,849	4,260,849
		5,472,327	4,260,849	9,733,176

Company - 2020

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	3,147,923	-	3,147,923
Lease obligations	10	-	2,314,592	2,314,592
		3,147,923	2,314,592	5,462,515

Company - 2019

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	11	9,146,291	-	9,146,291
Lease obligations	10	-	3,621,722	3,621,722
		9,146,291	3,621,722	12,768,013

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

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.

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 group 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 group 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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

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.

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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

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

Group		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Financial assets	6	99,006,882	-	99,006,882	85,718,212	-	85,718,212
Trade and other receivables	7	894,267	-	894,267	2,628,279	(60,339)	2,567,940
Cash and cash equivalents	8	1,906,728	-	1,906,728	11,425,759	-	11,425,759
		101,807,877	-	101,807,877	99,772,250	(60,339)	99,711,911
Company							
Financial assets	6	74,461,310	-	74,461,310	64,199,962	-	64,199,962
Trade and other receivables	7	1,165,422	-	1,165,422	2,427,053	(60,339)	2,366,714
Cash and cash equivalents	8	1,570,547	-	1,570,547	8,860,567	-	8,860,567
		77,197,279	-	77,197,279	75,487,582	(60,339)	75,427,243

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.

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Group - 2020		Less than 1 year	1 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	10	-	1,498,023	1,498,023	1,498,023
Current liabilities					
Trade and other payables	11	3,617,635	-	3,617,635	3,778,648
Lease liabilities	10	1,265,540	-	1,265,540	1,265,540
Bank overdraft	8	39,043	-	39,043	39,043
		4,922,218	1,498,023	6,420,241	6,581,254
Group - 2019					
Non-current liabilities					
Lease liabilities	10	-	2,962,504	2,962,504	2,962,504
Current liabilities					
Trade and other payables	10	5,472,327	-	5,472,327	5,472,327
Lease liabilities	10	1,298,345	-	1,298,345	1,298,345
		6,770,672	2,962,504	9,733,176	9,733,176
Company - 2020					
Non-current liabilities					
Lease liabilities	10	-	1,273,320	1,273,320	1,273,320
Current liabilities					
Trade and other payables	10	2,986,910	-	2,986,910	3,147,923
Lease liabilities	10	1,041,272	-	1,041,272	1,041,272
Bank overdraft	8	39,043	-	39,043	39,043
		4,067,225	1,273,320	5,340,545	5,501,558

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Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

Company - 2019		Less than 1 year	1 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	10	-	2,518,129	2,518,129	2,518,129
Current liabilities					
Trade and other payables	11	9,146,291	-	9,146,291	9,146,291
Lease liabilities	10	1,103,593	-	1,103,593	1,103,593
		10,249,884	2,518,129	12,768,013	12,768,013

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	2020	2020	2019	2019
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
Interest income from Financial assets and bank balances (50 basis points)	671,862	(671,862)	606,044	(606,044)
Company				
Company	2020	2020	2019	2019
	Increase	Decrease	Increase	Decrease
Increase or decrease in rate				
Impact on profit or loss:				
Interest income from Financial assets and bank balances (50 basis points)	486,043	(486,043)	267,052	(267,052)

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Notes to the Group Annual Financial Statements (Continued)

23. 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.

24. Going concern

The financial statements of the group for the financial year ended 31 December 2020 have been prepared on a going concern basis. In assessing the going concern status of the group, management has considered the liquidity and cash flow projections which indicates that the group has sufficient cash-flow to meet both short term and long term need. The group has no debt and as such no financial obligations to third parties.

Management has not been aware of any cases of COVID-19 infection among its people and the outbreak has not had a significant impact to the Company's operations to date. Management currently has an appropriate response plan in place. Management will continue to monitor and assess the ongoing development and respond accordingly.

The directors are of the view that the group remains a going concern and that there are no material uncertainties that would impact the financial statements as at the reporting date.

25. Events after the reporting period

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

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in Pula	Note(s)	Group		Company	
		2020	2019	2020	2019
Revenue					
Listing and annual sustaining fees		27,886,801	22,242,933	27,886,801	22,242,933
Member fees income		16,500	16,250	16,500	16,250
Miscellaneous revenue		1,303,670	1,254,612	-	-
Commissions income		3,753,837	9,186,026	2,041,640	4,788,747
X-News Publications		1,037,000	902,071	1,037,000	902,071
	13	33,997,808	33,601,892	30,981,941	27,950,001
Other operating income					
Bad debts recovered		-	18,174	-	-
Registered advisors		142,501	145,000	142,501	145,000
Amortisation of capital grants		599,474	422,696	599,474	422,696
Training income		40,982	411,170	40,982	411,170
Other income		726,212	553,649	717,283	553,649
	14	1,509,169	1,550,689	1,500,240	1,532,515
Other operating gains (losses)					
Profit (losses) on disposal of assets		230,500	-	230,500	-
Foreign exchange losses		(2,349)	(1,388)	(2,349)	(1,388)
	15	228,151	(1,388)	228,151	(1,388)
Movement in credit loss allowances-Bad Debts	16	(2,500)	114,780	-	114,780
Other operating expenses					
Advertising		(944,452)	(1,526,465)	(924,452)	(1,507,922)
Auditors remuneration - Internal audit	16	(318,060)	(400,127)	(191,393)	(249,667)
Auditors remuneration -external auditors	16	(160,080)	(163,100)	(124,012)	(126,352)
Bank charges		(29,598)	(47,729)	(27,617)	(45,377)
Cleaning		(67,898)	(82,293)	(58,548)	(70,918)
Communication expenses		(200,814)	(243,094)	(188,938)	(229,406)
Computer expenses		(4,330,630)	(3,916,044)	(3,020,964)	(2,699,157)
Consulting and professional fees		(286,650)	(32,449)	(275,504)	(32,449)
Depreciation and impairments		(3,534,420)	(3,114,076)	(3,026,659)	(2,525,131)
Electricity charges		(105,000)	(164,723)	(84,000)	(130,886)

Botswana Stock Exchange Limited

Group Annual Financial Statements for the year ended 31 December 2020

Detailed Statement of Profit or Loss and Other Comprehensive Income (Continued)

Entertainment		(14,023)	(46,713)	(14,023)	(46,713)
Insurance		(275,280)	(279,537)	(183,946)	(182,202)
Lease expenses		(244,610)	(256,695)	(212,537)	(202,093)
Library expenses		(22,600)	(2,728)	(22,600)	(2,728)
License fees		(200,100)	(200,400)	-	-
Members sitting allowances		(495,800)	(377,300)	(321,800)	(251,300)
Board expenses		-	(32,912)	-	(20,944)
Motor vehicle expenses		(93,025)	(124,688)	(93,025)	(124,688)
Office expenses		(236,145)	(175,886)	(191,485)	(135,656)
Printing and stationery		(26,353)	(211,764)	(25,853)	(69,443)
Recruitment expenses		-	(11,838)	-	(11,838)
Registration fees		-	(2,892)	-	(2,892)
Salaries and wages		(18,589,104)	(18,320,395)	(14,280,291)	(14,166,504)
Security		(7,442)	(6,322)	(7,442)	(6,322)
Seminars and conferences		(33,503)	(99,151)	(33,503)	(99,151)
Staff welfare		(504,360)	(542,119)	(504,360)	(542,119)
Subscriptions		(564,101)	(486,458)	(532,037)	(367,690)
Training expenses		(13,096)	(333,509)	(1,090)	(188,317)
Training levies		(19,386)	(39,284)	(14,504)	(27,182)
Travel and accommodation		(451,678)	(1,448,567)	(445,694)	(1,281,845)
Water expenses		(2,133)	(14,876)	(2,133)	(14,876)
		(31,770,341)	(32,704,134)	(24,808,410)	(25,361,768)
Operating profit	16	3,962,287	2,561,839	7,901,922	4,234,140
Interest income	17	4,370,964	4,159,710	3,237,043	3,064,178
Finance costs	18	(238,166)	(317,888)	(203,079)	(270,205)
Profit for the year		8,095,085	6,403,661	10,935,886	7,028,113



BSE PHYSICAL ADDRESS

Plot 70667 | Fairscapc Precinct | 4th Floor,
Fairgrounds, Gaborone
Private Bag 00417 | Gaborone, Botswana

BSE CONTACT DETAILS

Tel: +267 367 4400 | Fax: +267 318 0175

Email: info@bse.co.bw

Web: www.bse.co.bw

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