

JSE LIMITED

Investor Presentation

October 2022



AGENDA

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Business Segments 12

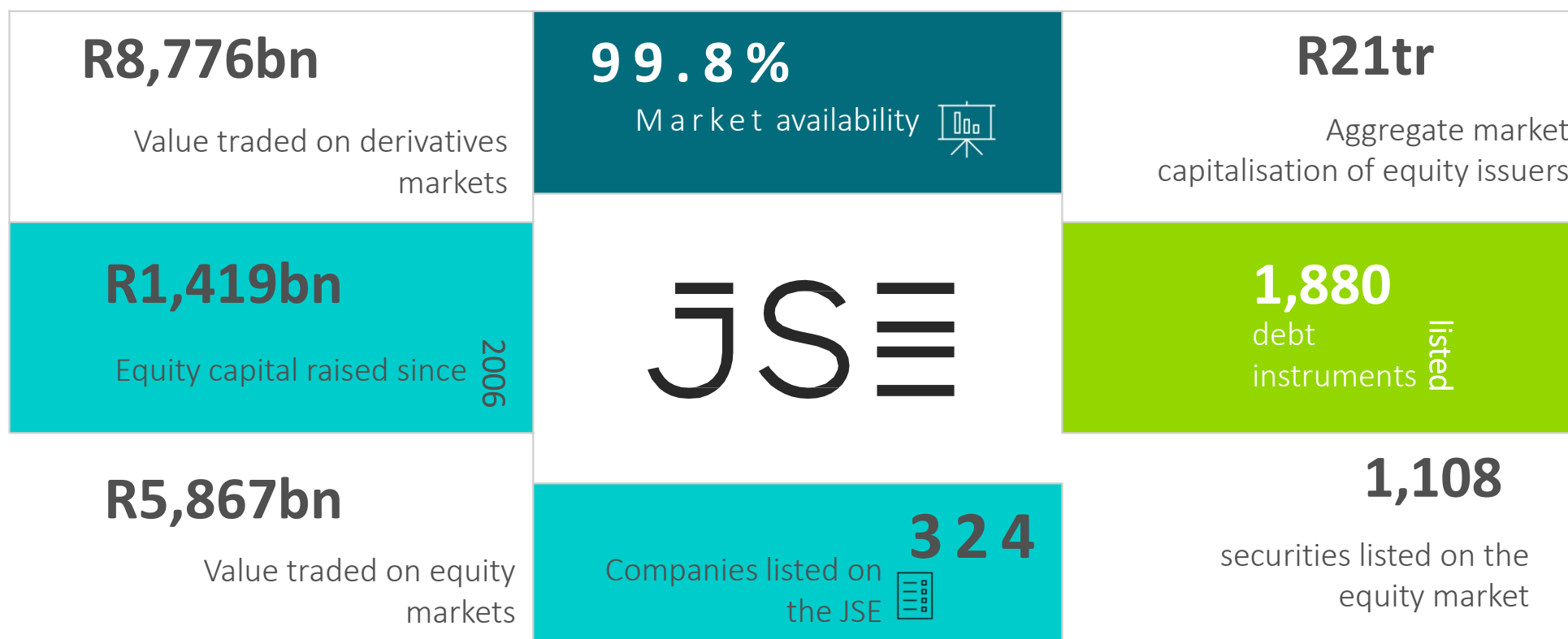
Financial Review 17

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Introduction



JSE – the largest stock exchange in Africa



Data: year-end December 2021

JSE business model

PUBLIC MARKETS

JSE provides public marketplaces for raising capital and trading in equities, bonds, derivatives, currencies and commodities, while JSE Clear provides clearing services for listed derivatives.

LISTING SERVICES

Primary Market

TRADING SERVICES

Secondary Market

Equity Market Equity Derivatives Market Currency Derivatives Market Interest Rate Market Commodity Derivatives Market

POST-TRADE SERVICES (equity and bond market)

Clearing and settlement services Broker-Dealer Accounting services

JSE CLEAR (derivatives market)

Independent Clearing House licensed to provide central counter-party clearing services for transactions in listed derivatives

INFORMATION SERVICES

Promotion, licensing and sale of data and statistics

JSE INVESTOR SERVICES

Share registry and investor service provider, maintaining the register of listed and unlisted companies

TECHNOLOGY INFRASTRUCTURE

Fully electronic, efficient and secure market with world-class regulation, trading and clearing systems, settlement assurance and risk management.

REGULATORY OVERSIGHT

The JSE is the frontline of issuers and trading and clearing members

ISSUER SERVICES

Venue hire
AGM facilitation
Training
Secretarial services

PRIVATE MARKETS

JSE Private Placements supports private markets by providing a forum to raise equity and debt through Globacap's automated and digitised platform.

The focus is on SME and infrastructure funding

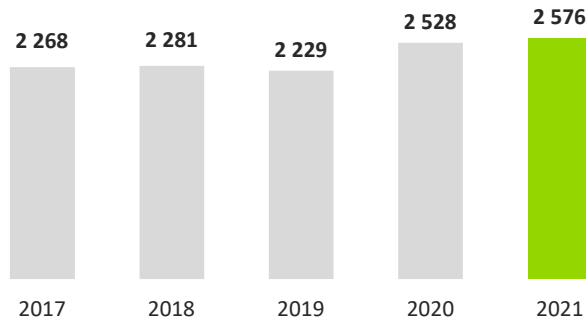
Operational enablers

Services/activities

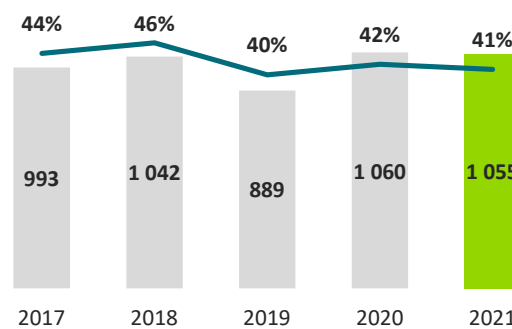
Asset classes

5 year financial review

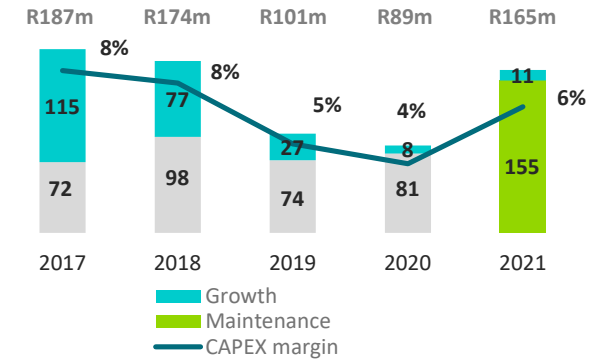
Total Revenue (Rm)



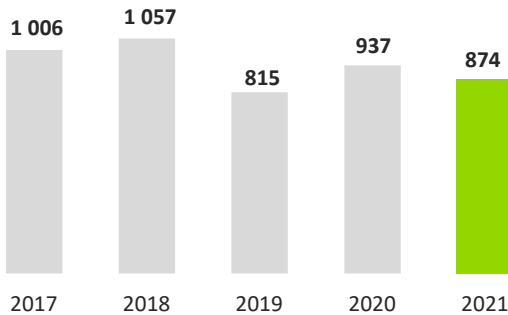
EBITDA and EBITDA Margin (%)



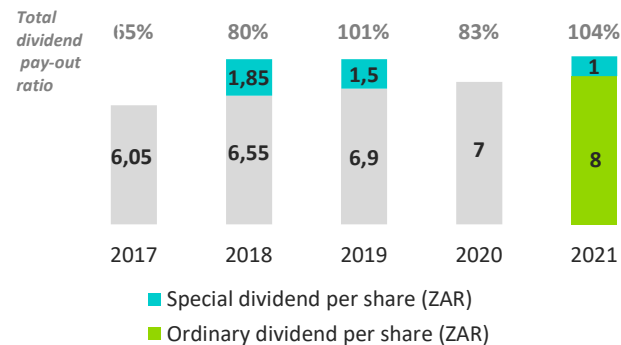
Capex (Rm) and Capex intensity (%)



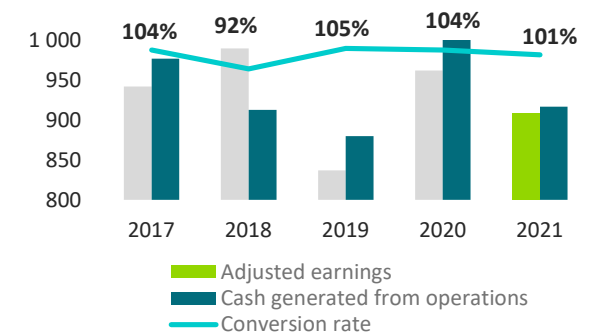
EPS (cents)



Dividend pay-out ratio



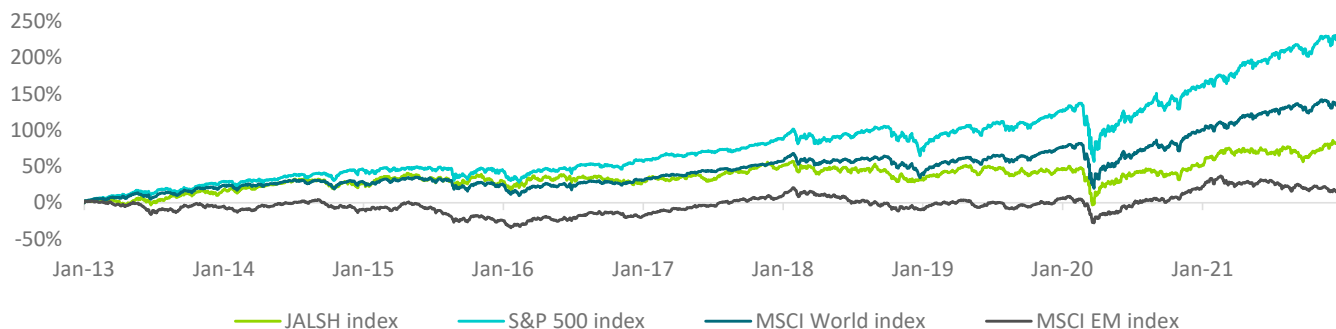
Cash Conversion



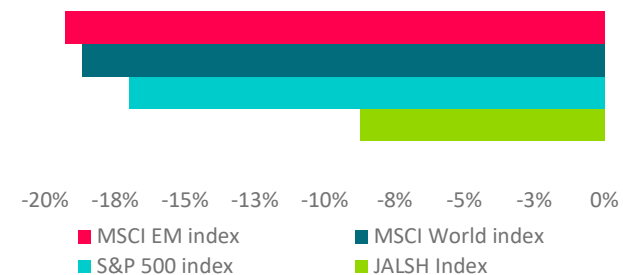
Data: year-end December 2021

JSE underpinned by diversified markets

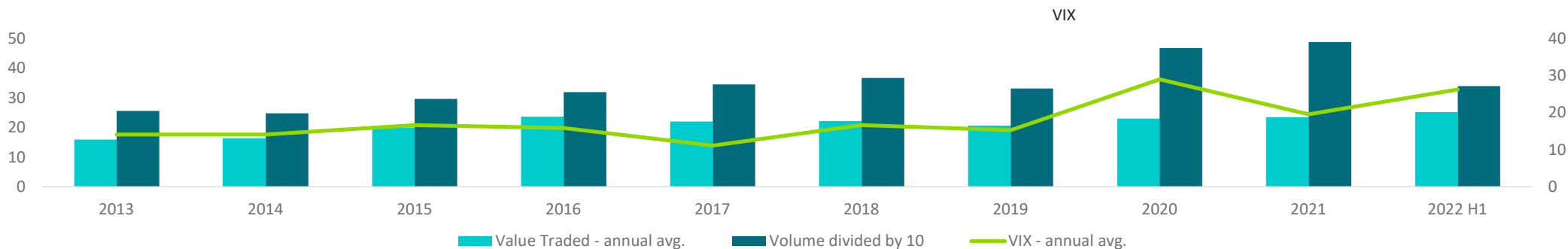
Global Indices Performance (31 Dec 2012 – 31 Dec 2021)



Global Indices YTD Performance (31 Dec 2021 – 31 Aug 2022)



Equities market - Average Daily Value Traded (bn) / Average Daily Volume Traded (x10 mn)



Highly experienced executives support value creation

Independent non-executive directors

**Chairman –
Phuthuma Nhleko***
BSc; MBA

0.9

Siobhan Cleary
MSc; BA LLB; MA; MBA;
Fellowship: Yale World Programme

2

Ian Kirk
BCom (Hons); CA(SA); FCA (Ireland); HDip
BDP

1

Zarina Bassa
BAcc; DipAcc; CA(SA)

3

Nolitha Fakude
BA (Hons)

3

Ben Kruger
BCom (Hons); CA(SA)

3

Dr Suresh Kana
CA(SA); CD(SA); MCom; PhD
(Honorary) Lead director

6

Faith Khanyile
BA (Hons); MBA; HDip Tax; PhD (Honorary)

3

Dr Mantsika Matooane
BSc; PhD; MBA

9

56% NED
gender
diversity
(% female)

67% NED race
diversity
(% Black)

3.4 years
Average NED
tenure

9
independent
NEDs

Board tenure

- At least 1/3 of all Directors must retire by rotation every year
- All Directors can be re-elected at least once every three years
- NEDs in place for nine 9Y may stand for annual re-election up until 12Y

Highly experienced executives support value creation

Executive team

Group CEO - Dr Leila Fourie 3 BA (Hons), MCom, PhD	Group CFO - Carmini Kander 10 BCom, BAcc, CA(SA) appointed interim CFO in 2022
Chief Information Officer - Tebalo Tsoali 0 BSc Computer Science, MBA Starting in [December 2022]	Director of Marketing & Corporate Affairs - Vuyo Lee 2 BCom (Hons), MBA
Director of Information Services - Mark Randall 12 Bcom, Qualified actuary	COO - Itumeleng Monale 2 BSc, Global Management Certificate
Chief Risk Officer - Qiniso Mthembu 3 BCom, CRM Practitioner	Director of Post-Trade Services - Dr Alicia Greenwood 7 BSc, PhD
Director of Capital Markets - Valdene Reddy 7 BBusSc	Director of HR – Palesa Ntoagae 1 BCom, Diploma in Management

80% Executive
gender
diversity
(% female)

70% Executive
race diversity
(% Black)

4.7 years
Average
executive
tenure

5 year vision to generate sustainable, high quality earnings by 2026



Goals and ambitions for the JSE are defined around four key themes

Pillars

Components



Pillar 1

Protect and grow our core business

- a** Grow our core market products and services with efficiency and quality
- b** Proactively advance market development for quality and growth
- c** Digitise, transform and simplify technology
- d** Attract, Build and Retain future-fit skills and talent
- e** Maintain regulatory integrity



Pillar 2

Transform our business

- a** Expand business footprint on digital platforms
- b** Inorganic business growth
- c** Build adjacent data business
- d** Develop comprehensive digital assets offering



Pillar 3

Partner for a sustainable marketplace

- a** Facilitate SME growth and access to capital
- b** Accelerate international connections and partnerships
- c** Grow South African retail investor base
- d** Become emerging market ESG exchange of choice



Pillar 4

Generate sustained, high-quality earnings

- a** Accelerate and diversify group revenue growth
- b** Increase group profitability/ cash generation
- c** Decrease exposure to cyclical and volatility

Business Segments



FY 2021 – Business segment breakdown

	2021 Revenue (Rm)	2020 Revenue (Rm)	% Growth YoY
Capital markets	1 036*	1 021*	1%
Equity market: trading	489	493	-1%
Equity derivatives	150	145	3%
Primary market	153	152	1%
Bonds & financial derivatives	71	71	1%
Commodity derivatives	97	87	12%
Post-trade services	854	903	-5%
Equity market: clearing & settlement	423	446	-5%
BDA	351	376	-7%
Funds under management	81	82	-7%
Information services	350	356	-2%
JIS	125	17	>100%

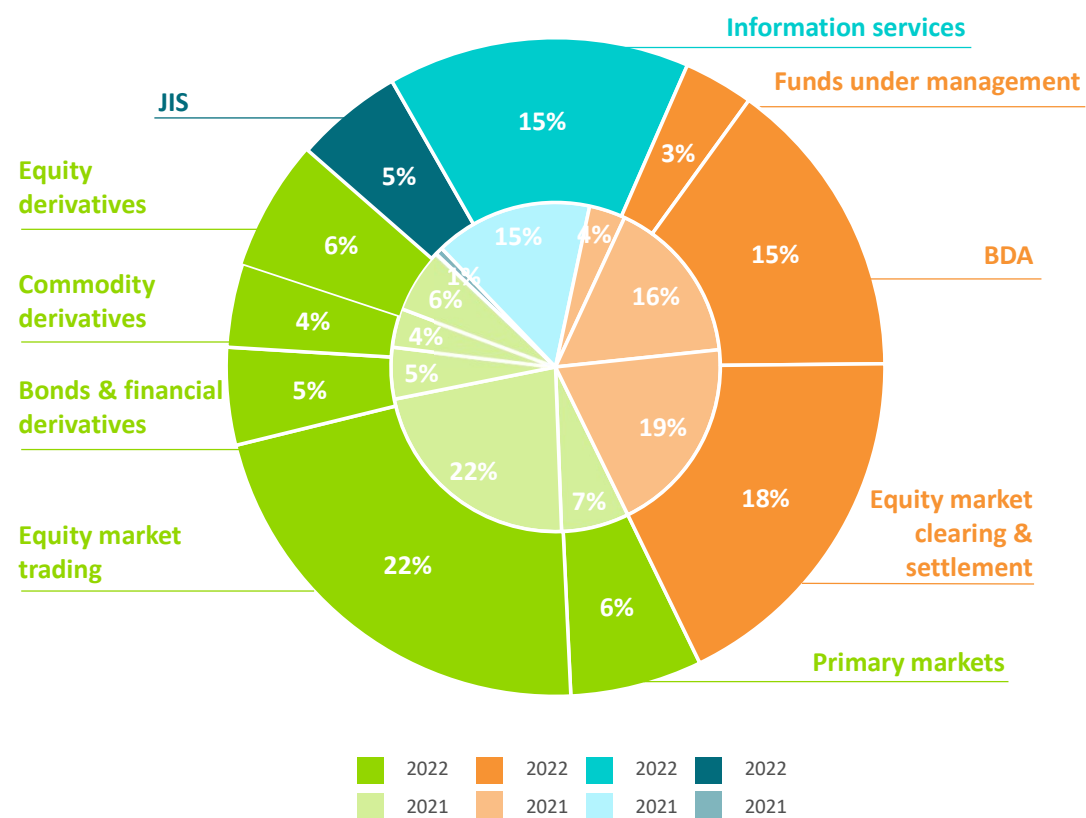
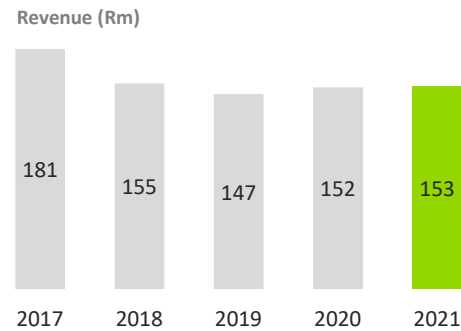


Figure contain rounding differences
*Includes Company services

Capital Markets

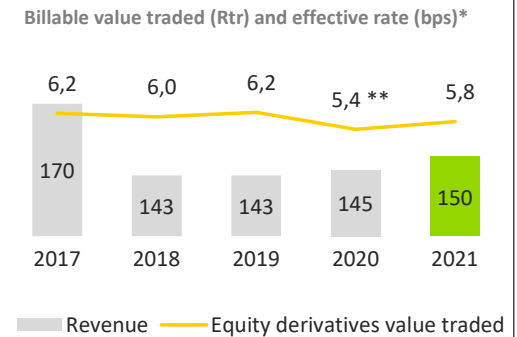
Primary market

Seeks new equity and debt listings on the JSE's Equity and Interest Rate Markets



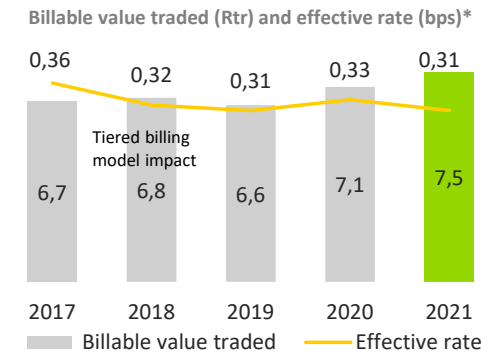
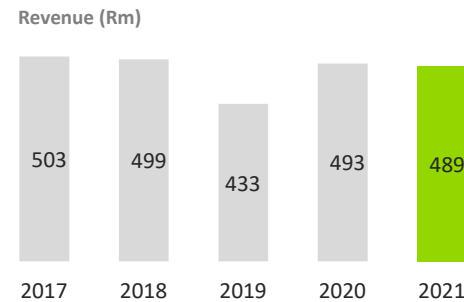
Equity derivatives

Includes index and single-stock futures and options, can-do futures and options, exchange-traded contracts for difference and other sophisticated derivative instruments



Equity market - trading

Products include primary and dual-listed ordinary shares, preference shares, depository receipts, REITs, SPACs, warrants, structured products, ETFs and ETNs



Secondary Market (SM): trading, colocation and client support services

*Effective rate: Revenue divided by billable value traded

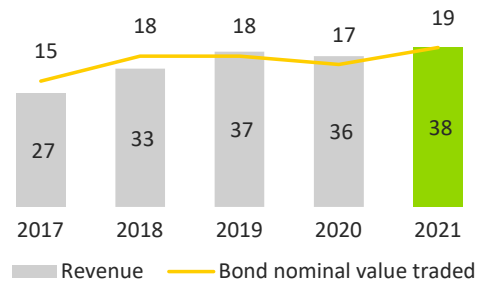
**Recalculation of statistics to obtain alignment between equity derivatives and currency derivatives markets

Capital Markets (continued)

Interest Rate Market

Provides cash bonds, floating rate notes, commercial paper and hybrid instruments, interest rate derivatives and a green bond segment

Interest Rate (Rm) and bond nominal value (Rtr)

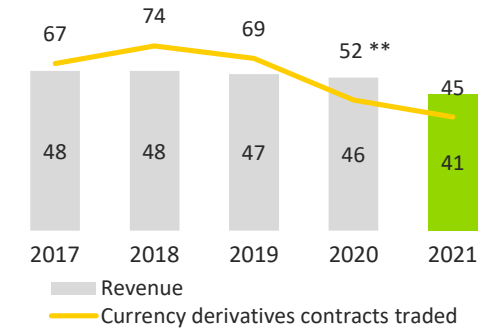


SM

Currency Derivatives

Offers derivative instruments on a range of currencies

Currency Derivatives (Rm) and contracts traded (m)

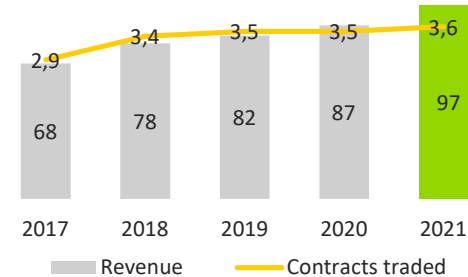


SM

Commodity Derivatives

Offers a range of cash-settled rand denominated derivatives on various local and international benchmark commodities, including softs, energy and various metals, as well as beef carcass, Mexican white maize, lamb carcass and wool futures contracts

Commodity Derivatives (Rm) and contracts traded (m)



SM

Secondary Market (SM): trading, colocation and client support services

*Effective rate: Revenue divided by billable value traded

**Recalculation of statistics to obtain alignment between equity derivatives and currency derivatives markets

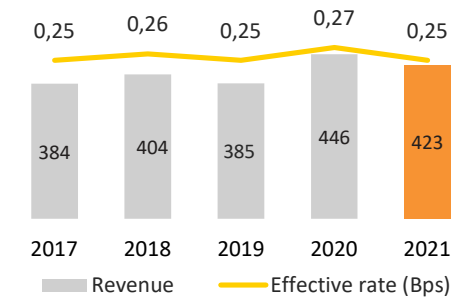
Post-Trade Services

Clearing & Settlement

The JSE acts as the settlement authority for the exchange-traded Equity Market and as the clearing house for the exchange-traded Derivatives Market (via the central counterparty (CCP), JSE Clear Proprietary Limited (JSE Clear).

Comprehensive risk management framework provides accurate measurement, control and appropriate protection from all identifiable risks arising in the markets cleared (e.g. counterparty credit risk, credit contingent market risk and liquidity risk)

Clearing and Settlement* (Rm) and effective rate (bps)**

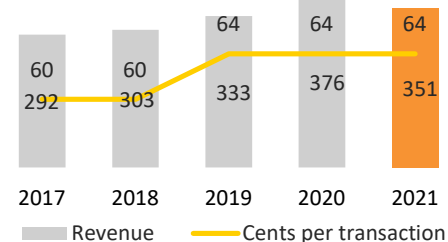


BDA (Broker Dealer Accounting)

For the Equity Market

BDA provides surveillance capabilities, allowing the JSE to see certain transactions to client level in real time. Equity members are mandated to use the system, which keeps the securities records and books of individual broking firms and their clients

Back-Office Services (Rm) and cents per transaction



Funds under Management

A management fee for funds under management for JSET (JSE Trustees, which includes both margin payments and default fund contributions, is currently charged

* Clearing & Settlement revenue only reflects equity market clearing fees

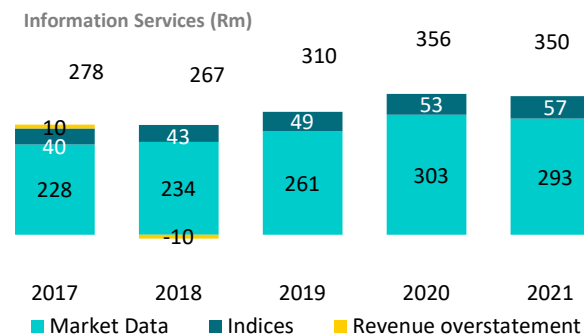
** Effective rate: revenue divided by billable value traded

Information Services, JIS

Information Services

Provides market data, reference data, corporate actions, client data, indices, valuations, business intelligence and statistics.

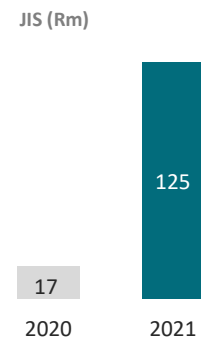
Responsible for the promotion, licensing and sale of all JSE information products and services across all JSE markets, currently weighted towards the Equity Market.



JIS

Acquired Link SA in November 2020, first full-year consolidation in 2021

Transfer secretarial services to issuers, including share register maintenance, issuer communication, managing corporate actions, share scheme management as well as a central securities depository participant offering.

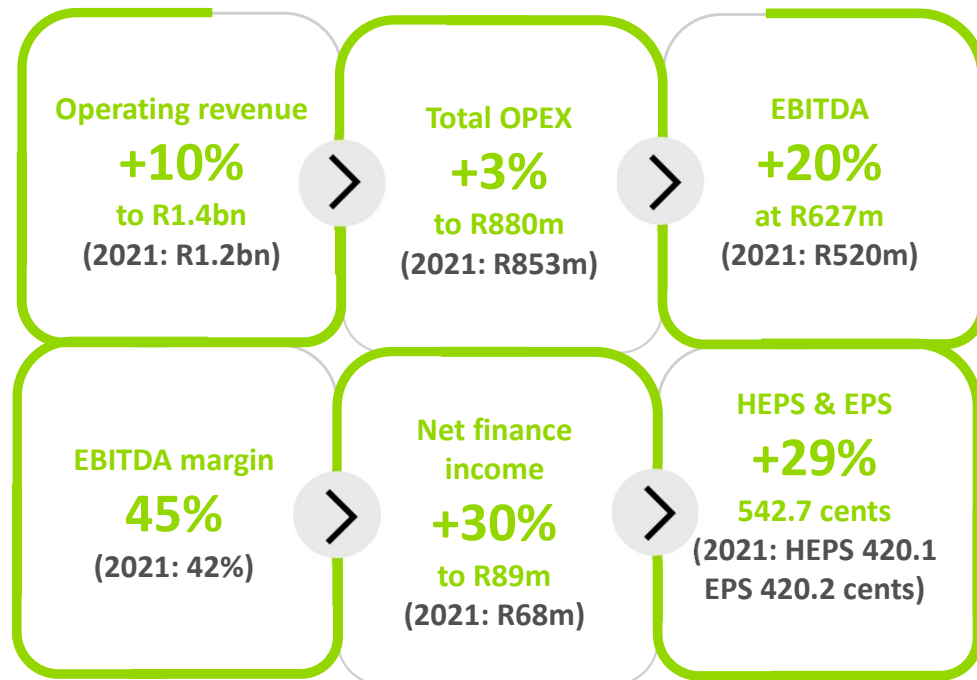


H1 2022 Financial Review

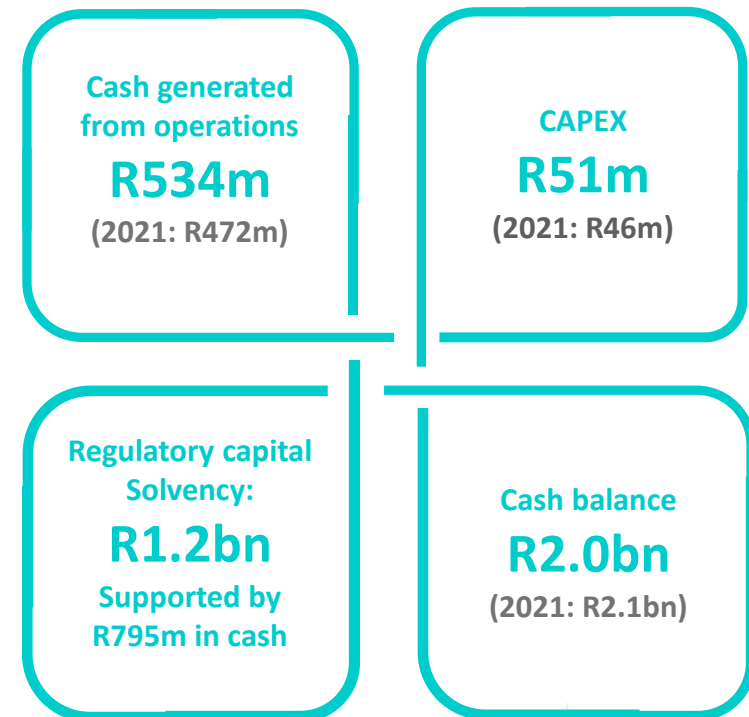


H1 2022 key financial highlights

PROFITABILITY



CASH & CAPITAL



H1 2022 - Growth across all segments

	H122 Revenue (Rm)	H121 Revenue (Rm)	% Growth YoY
Capital markets	549*	504*	9%
Equity market: trading	275	253	9%
Equity derivatives	83	74	13%
Primary market	81	74	9%
Bonds & financial derivatives	57	53	8%
Commodity derivatives	49	46	5%
Post-trade services	453	420	8%
Equity market: clearing & settlement	229	207	10%
BDA	180	173	4%
Funds under management	45	40	13%
Information services	200	174	15%
JIS	76	52	46%

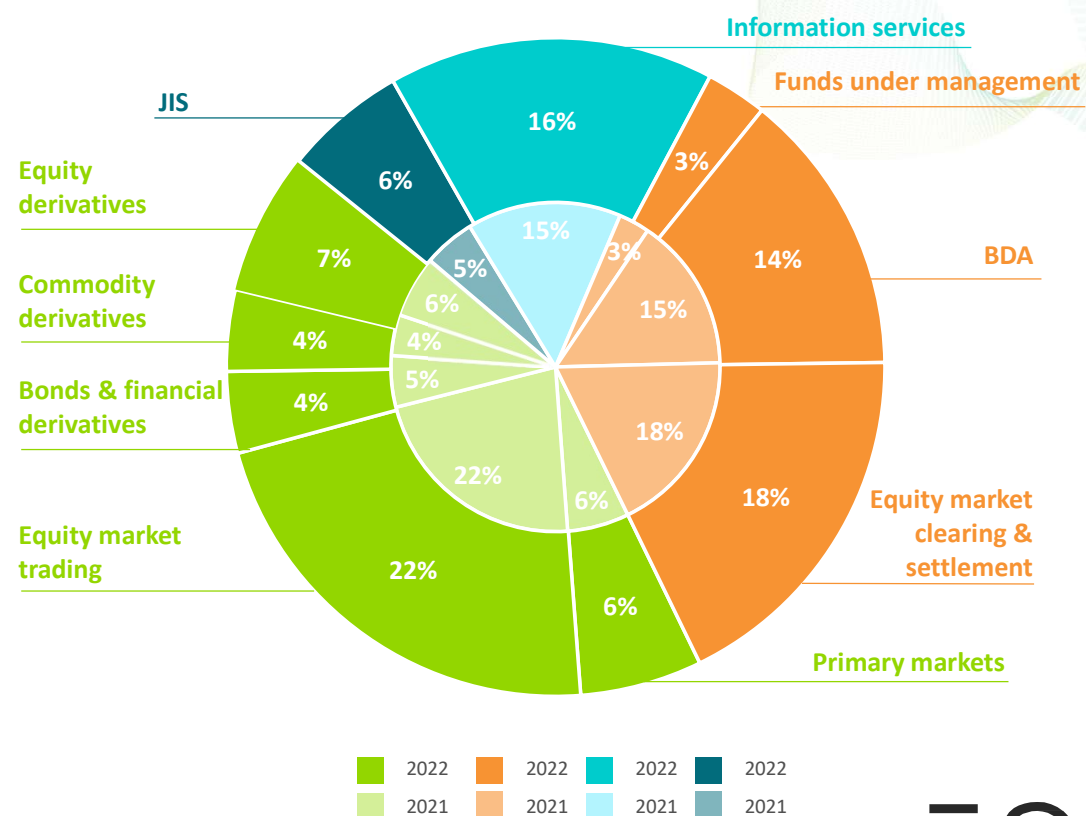


Figure contain rounding differences
*Includes Company services

OPEX growth below inflation

Personnel costs up 3% (R10m) to R302m

- Gross remuneration up due to annual salary increases and the first-time inclusion of Share Plan Services
- Offset by Long-term incentive scheme (LTIS) share forfeitures

Technology costs down 3% (R5m) to R171m

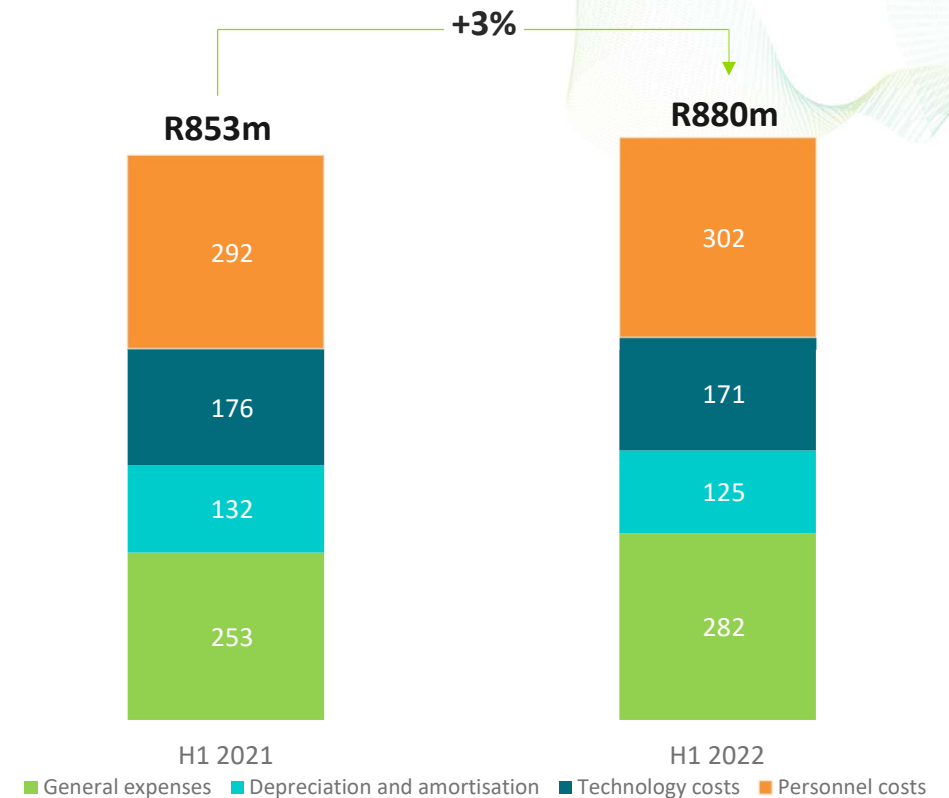
- Prior-year non-recurring costs for the mainframe migration, lower net contractor costs
- Offset by inflation increases; new costs for growth initiatives

Depreciation and amortisation down 5% (R7m) to R125m

- Fully depreciated components of the Integrated Trading and Clearing (ITaC) and T+3 projects

General expenses up 11% (R29m) to R282m

- Largest costs are the State ad valorem pass through costs and regulatory levies
- Growth from JIS variable costs supported by revenue
- Costs incurred for strategy development and growth initiatives
- Low base effect on prior year



Figures contain rounding differences

* FY21, JIS and JSE Empowerment Fund were disclosed separately

** Corporate actions-related costs include administrative fees and print and mail expenses

FY 2022 expectations

2022
guidance

OPEX growth

Range 4% - 7%

Interest Income

Investing regulatory capital in
government bonds

CAPEX

Revised range: R110m – R130m

Summary



JSE Investment proposition



- ✓ Solid foundation of liquid, robust and well-regulated markets
- ✓ Sustainably high cash generation, sufficient liquidity
- ✓ Strong dividend track record and capital allocation optionality
- ✓ Pathway to achieve strategic delivery - inorganic and organic growth
- ✓ Leading the way on sustainability

Appendix

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Value generation profile across each segment

Business segment	Value generation
<p>Capital Markets</p>	<p>Listing services: Initial listing fee (% of the value of the stock listed for each issuance, following a tiered model) with a cap</p> <ul style="list-style-type: none"> - Ongoing annual listing fees post initial listing - Documentation fees <p>Trading services: Trading fee on transactions either as a % of billable value traded (tiered model) or per contract (certain derivatives only)</p> <ul style="list-style-type: none"> - Caps applied consistently & lower trading fees for on-screen trading (derivatives) - Additional fees for market access, connectivity, colocation and delivery (commodity derivatives)
<p>Post Trade Services</p>	<p>Equity & debt clearing/settlement: Clearing/Settlement fee as a % of each leg of a trade (capped)</p> <ul style="list-style-type: none"> - Margin for Cash Equity market is calculated at EOD T+1 in a T+3 settlement cycle <p>Derivatives clearing/settlement: Single fee for trading and clearing services. Explicit fee for clearing and settlement (charged by JSE Clear) will be introduced in the forthcoming months</p> <ul style="list-style-type: none"> - Margins posted by market participants are invested and generate net financial income for the JSE based on an interest consideration (below EBIT)

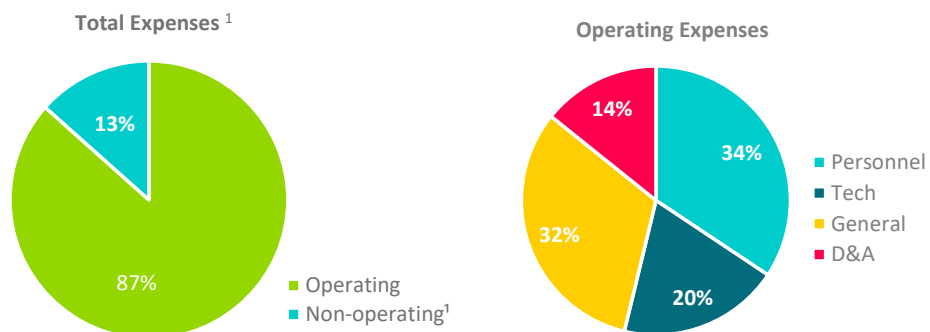
See Glossary of term in appendix of this presentation

Value generation profile across each segment

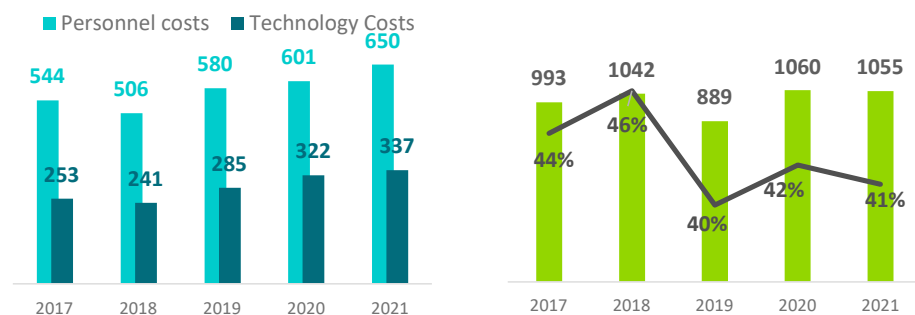
Business segment	Value generation
Post Trade Services	<p>Funds under Management: Management fee (includes both margin payments and default fund contributions)</p> <p>BDA: Fee charged per transaction (tiered model), in connection with trade execution and accounting record keeping</p> <ul style="list-style-type: none"> - Remainder: fixed monthly fees
Information Services	<ul style="list-style-type: none"> - Selling data products across the JSE's markets and licensing the distribution and use of these data products - Licensing fees include end-user terminal fees, non-display use fees and fees for passively tracking products on indices
JSE Investor Services (JIS)	<p>Charges for:</p> <ul style="list-style-type: none"> - Registry services and share plan administration - Corporate actions and margin income - Shareholder analytics, financial management for trusts, asset reunification and director board applications

OPEX trends

JSE cost structure (2021)



OPEX trends (Rm) and EBITDA profile (% of revenue)



Key highlights

- Cost structure **predominantly driven by OPEX (87%)**:
 - OPEX base mainly fixed in nature
 - Variable expenses mostly linked to variable remuneration & non-recurring costs
- Personnel costs**: salaries benchmarked against local peers, average increases limited to inflation estimates
- Technology costs**: mainly contractual costs with annual inflationary increases; cybersecurity spend typically in excess of inflation
- General expenses**: historically annual growth is below inflation due following cost discipline, includes transaction costs and *Strate ad valorem* fees
- D&A**: linked to maintenance and growth CAPEX – most recently driven by ITaC amortisation and new contracts for long-term software licenses
- Non-operating costs¹** comprising income tax expenses
- Net financial result** (on average in excess of R200m) structurally positive and including income earned on margin and collateral deposits minus related costs

Cost breakdown refers to 2021 figures. ¹Net Financial result (net positive) excluded from non-operating costs - relates to costs on margin and collateral deposits predominantly in derivatives

Soundly capitalised group

Investor protection & other funds (not distributable)

- JSE Derivatives Fidelity Fund
- JSE Guarantee Fund
- BESA Guarantee Fund
- JSE Empowerment Fund

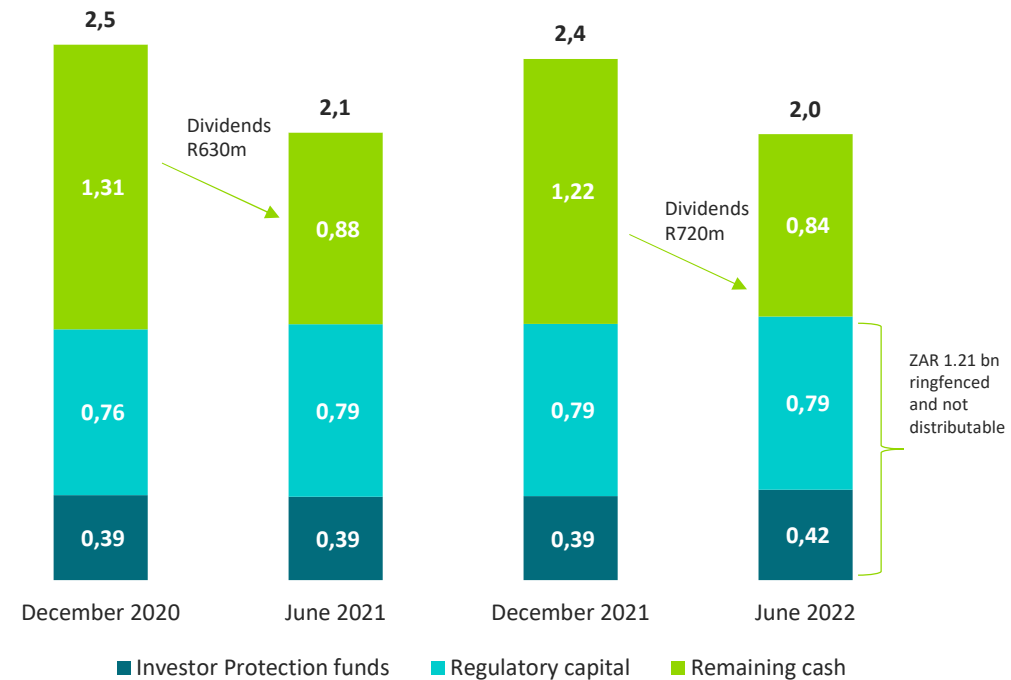
Regulatory capital held in cash (regulatory minimum)

- Calculated largely as 6 months OPEX as per regulations

Remaining cash balance for investment and returning to shareholders

- CAPEX
- Inorganic deals
- Return to shareholders

Breakdown of cash balance (ZAR bn)



Evolution of interest rates and impact on JSE's net finance income

SARB's repo rate (%) and JSE half-year net finance income (Rm) - 2018 – 2022



*Accounting for leases
Average repo rates based on monthly weighting. Full data available at <https://www.resbank.co.za/en/home/what-we-do/statistics/key-statistics/selected-historical-rates>

Thank You

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