INTERIM RESULTS

for the six months ended 30 June

2023

CONTENTS

COMMENTARY

JSE Limited
(Incorporated in the Republic of South Africa)
Registration number: 2005/022939/06
Share code: JSE
ISIN: ZAE000079711
LEI: 213800MZ1VUQEBWRFO39
("JSE" or "the Group")

Unreviewed Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023

"We are pleased to report year-on-year growth of 10% in the JSE's net profit after tax (NPAT). We have delivered solid growth in an uncertain environment, as our largest market experienced lower trading activity amid continued macro-economic volatility. The Group's performance was supported by our ongoing focus on diversifying earnings through new business lines and growth in net finance income. The contribution of non-trading revenue now represents 36% of operating revenue (H1 2022: 34%), with double-digit growth in Information Services and JSE Investor Services (JIS). We also maintained operational resilience with outstanding uptime across our markets of 99.98%, while the business continues to be cash generative alongside a robust balance sheet. We remain focused on continuing to deliver our strategic objectives of protecting the core while growing the non-trading segment further to limit impact from fluctuations in trading activity."
– Leila Fourie, Group CEO

Overview of results

Net profit after tax (NPAT) increased by 10% YoY to R493 million. Headline earnings per share (HEPS) increased by 12% YoY to 607.2 cents. Earnings before interest, tax, depreciation and amortisation (EBITDA) of R604 million decreased by 4% relative to performance in the prior year.

Total revenue was up 5% to R1.45 billion, supported by double-digit growth in Information Services and JIS revenue. We also saw an uptick in trading activity across our derivative markets. The JSE increased the proportion of its revenue derived from non-trading activity by 2 percentage points YoY to 36%.

Total operating expenditure increased by 8% YoY to R949 million. Personnel related costs reflect annual inflationary salary increases and an increase in the Long-Term Incentive Scheme (LTIS) expense owing to prior year forfeitures. Depreciation and amortisation decreased due to a change in estimated useful life of capitalised software and systems. Regulatory, compliance and other fees were higher YoY owing to an increase in regulatory related costs and new costs associated with the Independent Clearing House (ICH) (effective from 1 April 2023). General operating expenditure included the impact of operating environment pressures and strategic initiatives.

Rising interest rates supported higher net finance income which increased 53% YoY to R135 million.

The Group continues to be cash generative, with net cash from operations of R488 million (2022: R534 million).

Capital expenditure of R33 million remains focused on protecting the core business as well as growing new business lines, with an expected pickup in capital expenditure activity in the second half of the year.

The Group maintains a robust balance sheet and cash of R1.9 billion at 30 June 2023 (excluding bond investment of R195 million). Ring-fenced and non-distributable cash and bonds (regulatory capital and investor protection) amounts to R1.5 billion.

R million (unless stated otherwise)	H1 2023	H1 2022	% change
Operating revenue	**1 415**	1 355	4%
Total revenue	**1 454**	1 382	5%
Personnel related expenses	**359**	311	15%
Technology expenses	**177**	171	4%
Depreciation and amortisation	**99**	125	(21%)
Regulatory, compliance and other fees	**133**	123	8%
General operating expenses	**182**	151	21%
Total expenditure	**949**	880	8%
Earnings before interest and tax (EBIT)	**505**	502	1%
Net finance income	**135**	89	53%
Net profit after tax (NPAT)	**493**	447	10%
EBIT margin	**35%**	36%	(1pts)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**604**	627	(4%)
EBITDA margin	**42%**	45%	(3pts)
Earnings per share (EPS) (cents)	**602.0**	542.7	11%
Headline earnings per share (HEPS) (cents)	**607.2**	542.7	12%
Net cash generated from operations	**488**	534	(9%)
Capital expenditure (CAPEX)	**33**	51	(35%)

Business highlights

Our core business model continues to provide a sound foundation for growth. The JSE was able to make progress on its strategic and operational priorities in H1 2023. Highlights include:

Defend and grow the core business

- Continued resilient operational processes and uptime across our markets of 99.98%.
- Maintaining market share.
- Growth in sustainability products and actively managed Exchange Traded Funds (ETFs) and certificates: 7 new sustainability products (total: 70 products), 11 new actively managed certificates, and 1 new actively managed ETF.
- We are on track to deliver our Securities Trading Technologies (STT) upgrade ahead of time and under budget.
- Launching securities collateral – this is the ability to accept non-cash collateral.
- Further enhancements to Listings Requirements.

Structural changes

- Smoothly operating the Independent Clearing House (ICH) under its new licence since January 2023.
- Developing central clearing for the bond electronic trading platform (ETP) through JSE Clear (Bond CCP).

Growth in non-trading revenue

- Information Services growth strategy:
  - Progressing on transitioning market data to the cloud.
  - Launched big xyt ecosystems, a business that will offer analytics-as-a-service capabilities to global exchanges and their ecosystems.
- Expanded cloud-based colocation services offering with Colo 2.0.
- Increased the number of new customers in JIS.
- Growth seen in the number of deals and funds being raised in JPP – 29 live deals as at 30 June 2023, looking to raise R5.4 billion with R12 billion in investor capital onboarded.

New market developments

- Developing a South African Voluntary Carbon Market (VCM) and Renewable Energy Certificates (RECs) market to improve transparency and liquidity.
- Accelerating potential funding solutions for carbon credit and REC projects and introducing carbon credit futures to enable forward pricing and unlock funding.
- Continued SME focus including a pilot project with the Western Cape government which supports capital matching and start-ups in the region.
- Investigating feasibility of alternative digital offerings.
- Developed a proof of concept with the South African Reserve Bank (SARB), for a tokenised securities platform that explores the benefits and risks of trading and settling tokenised securities in South African capital markets.

Revenue performance per segment

Capital markets*

- Primary Market: +1% to R83 million.
- Equity Trading**: -5% to R261 million.
- Equity Derivatives Trading: +1% to R59 million.
- Bond and Interest Rate Trading: +27% to R46 million.
- Currency Derivatives Trading: +33% to R18 million.
- Commodity Derivatives Trading: +8% to R37 million.

JSE Investor Services (JIS)

- JIS: +23% to R94 million.

Post-Trade Services

- Clearing and Settlement: -4% to R221 million.
- Back-office services (BDA): +1% to R181 million.
- Funds under management: +18% to R53 million.

JSE Clear***

- JSE Clear: +15% to R53 million.

Information Services

- Information Services: +13% to R227 million.

Other net income

- Other net income: +50% to R39 million, largely due to realised and unrealised forex movements.

* Capital markets revenue includes Issuer Services revenue and JSE Private Placements.
** Includes colocation revenue.
*** For illustrative purposes 2022 derivatives revenue has been excluded from Capital Markets and included in JSE Clear on a like for like basis. The JSE Clear revenue is 30% of the derivatives market.

Financial performance

Operating expenditure

Total operating expenditure increased by 8% YoY.

- Personnel related costs: +15% to R359 million, primarily owing to an increase in annual salaries and an increase in the Long-Term Incentive Scheme (LTIS) expense owing to prior year forfeitures.
- Technology costs: +4% to R177 million, driven by the impact of inflationary increases, investments in growth strategy, initiatives for sustaining the business and related licence costs.
- Depreciation and amortisation: -21% to R99 million, owing to a change in estimated useful life of capitalised software and systems.
- Regulatory, compliance and other fees: +8% to R133 million, owing to an increase in regulatory related costs as well as regulatory costs for the Independent Clearing House (ICH) (effective from 1 April 2023).
- General operating expenses: +21% to R182 million, largely owing to the impact of the operating environment (e.g., diesel) and strategic initiatives.

Net finance income

Net finance income: +53% YoY, owing to higher yields on the JSE's cash balances following multiple repo rate increases.

Cash flows and investments

The Group continued to be cash generative, with net cash generated from operations of R488 million (2022: R534 million). At the end of June 2023, the cash balance stood at R1.9 billion (2022: R2.0 billion), excluding the bond investment of R195 million.

Capital expenditure totalled R33 million (2022: R51 million) and was largely focused on protecting and growing the core business. All planned investments and 2023 capital requirements can be funded from the Group's cash resources.

Regulation

In compliance with the Financial Markets Act, 19 of 2012 (FMA), the JSE and JSE Clear are required to hold regulatory capital. Ring-fenced and non-distributable cash and bonds (regulatory capital and investor protection) amounts to R1.5 billion. The Group calculates and holds regulatory capital in the form of equity capital – this amounts to R932 million in total for JSE Limited and JSE Clear. JSE and JSE Clear are adequately capitalised.

Focus areas and prospects

The JSE delivered resilient growth in an uncertain environment despite macro-economic and political headwinds (e.g., FATF grey listing, negative SA investment sentiment and diplomatic tensions). Our long-term strategic objectives are to grow and diversify revenue streams, invest in operational resilience and further entrench sustainability in the business.

H2 2023 priorities include:

- Invest in the core business to sustain operations.
- Continue diversification of revenue including inorganic growth.
- Progress our growth strategy for Information Services, formulated on a five-year horizon.
- Accelerate growth in new business lines.
- Continue to prudently manage the Group's cost base.

The JSE is a financial market infrastructure that enables efficient and optimum functioning of the capital markets in South Africa. In discharging the Group's responsibilities as a financial market infrastructure and delivering on its strategic objectives as a commercial entity, the JSE seeks to maintain an appropriate balance between the regulation of the markets that it operates, and the pursuit of shareholder returns. The Group will continue to exercise sound judgement in the investments it makes to ensure the JSE Group's sustainability and a beneficial outcome for all stakeholders.

We have provided forward-looking guidance for full-year 2023 with regard to:

- OPEX growth: 5% – 8%
- CAPEX: R130 million – R150 million
- Dividend policy: 67% – 100% pay-out ratio

Any forecast financial information contained herein has not been reviewed or reported on by the Group's external auditors.

Changes to the Board

During the period under review, and as previously announced:

- Ms F Suliman was appointed as Group Chief Financial Officer and executive director, effective 9 January 2023. Her appointment to the Board was confirmed by shareholders at the annual general meeting (AGM) held on 9 May 2023. Ms Suliman also serves as a member of the Group Investment Committee of the Board.
- Ms FN Khanyile, independent non-executive director, was appointed as a member of the Group Remuneration Committee of the Board, effective 10 March 2023. She stepped down as a member of the Group SRO Oversight Committee from that date. Ms Khanyile continues to serve on the Group Audit, Group Sustainability and Group Investment Committees of the Board.
- Dr MA Matooane, independent non-executive director, retired from the Board at the AGM held on 9 May 2023, in accordance with the JSE's policy on non-executive director tenure, having served for a 10-year term.

Directors' responsibility statement

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) 34 Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, 71 of 2008, as amended (Companies Act). The directors are also responsible for such internal controls as the directors determine to be necessary to enable the preparation of interim financial statements that are free from material misstatement, whether owing to fraud or error.

Preparation of unreviewed results announcement

This announcement covers the unreviewed condensed consolidated financial statements of the Group for the six months ended 30 June 2023 as prepared in accordance with IFRS. The preparation of these condensed consolidated financial statements has been supervised by the Group Chief Financial Officer, Fawzia Suliman CA(SA), in terms of section 29(1)(e) of the Companies Act.

Approval of financial statements

The unreviewed condensed consolidated financial statements for the six months ended 30 June 2023 were approved by the Board on 1 August 2023 and signed by:

Phuthuma Nhleko
Chairman

Leila Fourie
Group Chief Executive Officer

One Exchange Square, 2 Gwen Lane, Sandown, South Africa
(Private Bag X991174, Sandton, 2146, South Africa)

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Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

2 August 2023

About the JSE

The JSE is a self-regulatory, multi-asset-class stock exchange that offers listings, trading, clearing and settlement (post-trade) services, Information Services, Issuer Services and JSE Investor Services. The JSE connects buyers and sellers in five financial markets: equities, equity derivatives, commodity derivatives, currency derivatives and interest rate instruments. The JSE provides investors with a trusted, cost-effective, and well-regulated infrastructure for trading, clearing and settling financial market transactions. The JSE is among the 20 largest exchanges in the world in terms of market capitalisation. The JSE also offers Private Placements which supports private markets by providing a forum to raise equity and debt through an automated and digitised platform.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

		GROUP		
		6 months ended 30 June		Year ended 31 December
	Notes	**2023 R'000**	2022 R'000	2022 R'000
Revenue	14	**1 415 037**	1 355 292	2 649 979
Other net income		**39 155**	26 276	54 167
Personnel expenses	15	**(343 996)**	(301 772)	(692 697)
Other expenses	16	**(602 187)**	(576 095)	(1 213 036)
Expected credit loss (ECL) impairments	21	**(2 516)**	(2 067)	(5 936)
Profit from operating activities		**505 493**	501 634	792 477
Finance income		**2 360 600**	1 330 537	3 391 561
Finance costs		**(2 225 467)**	(1 241 976)	(3 188 197)
Net finance income		**135 133**	88 561	203 364
Share of profit from associate (net of income tax)		**29 122**	27 024	40 997
Profit before income tax		**669 748**	617 219	1 036 838
Income tax expense	17	**(176 957)**	(170 697)	(288 282)
Profit for the period		**492 791**	446 522	748 556
Attributable to:				
Equity holders of the parent		**492 791**	446 522	748 556
		492 791	446 522	748 556
Other comprehensive income				
Change in financial instruments at fair value through other comprehensive income that will not be reclassified to profit or loss (net of tax)		**79 805**	(46 235)	(22 167)
Change in financial instruments at fair value through other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)		**245**	(1 327)	872
Other comprehensive income for the period, net of income tax		**80 050**	(47 562)	(21 295)
Total comprehensive income for the period		**572 841**	398 960	727 261
Attributable to:				
Equity holders of the parent company		**572 841**	398 960	727 261
		572 841	398 960	727 261
Total earnings per share				
Basic earnings per share (cents)	18.1	**602.0**	542.7	911.1
Diluted earnings per share (cents)	18.2	**593.9**	540.2	901.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2023

		GROUP		
		6 months ended 30 June		Year ended 31 December
	Notes	**2023 R'000**	2022 R'000	2022 R'000
Assets				
Non-current assets		**2 080 849**	1 879 393	1 991 829
Property and equipment		**133 801**	168 007	165 494
Intangible assets	19	**678 123**	738 301	696 200
Investment in associate		**337 541**	315 016	328 989
Other investments	26	**812 894**	476 482	649 831
Right-of-use assets	25	**78 685**	117 900	98 078
Deferred taxation		**39 805**	63 687	53 237
Current assets		**59 881 646**	64 358 691	59 344 643
Trade and other receivables		**904 013**	661 005	793 033
Income tax receivable		**638**	8 644	5 401
SAFE note – Globacap	26	**–**	9 948	10 234
JSE Clear Derivatives Default Fund collateral deposits		**500 000**	500 000	500 000
Margin deposits		**56 588 471**	61 130 137	55 792 547
Collateral deposits		**280**	1 070	20 267
Cash and cash equivalents		**1 888 244**	2 047 887	2 223 161
Total assets		**61 962 495**	66 238 084	61 336 472

		GROUP		
		6 months ended 30 June		Year ended 31 December
	Notes	**2023 R'000**	2022 R'000	2022 R'000
Equity and liabilities				
Total equity		**4 043 519**	3 844 829	4 173 147
Stated capital		**(174 036)**	(108 833)	(118 697)
Reserves	23	**852 878**	717 090	754 650
Retained earnings		**3 364 677**	3 236 572	3 537 194
Equity attributable to equity holders of the parent		**4 043 519**	3 844 829	4 173 147
Non-current liabilities		**150 648**	227 732	190 941
Employee benefits		**2 704**	2 802	7 257
Deferred taxation		**29 815**	33 308	31 019
Lease liability	25	**94 676**	167 411	131 195
Long-term liabilities		**–**	2 619	–
Deferred income		**23 453**	21 592	21 470
Current liabilities		**57 768 328**	62 165 523	56 972 384
Trade and other payables		**640 815**	499 700	544 513
Income tax payable		**11 171**	21 207	18 035
Deferred income		**2 297**	1 914	1 745
Employee benefits		**60 750**	52 718	136 198
Lease liability	25	**64 544**	58 777	59 079
JSE Clear Derivatives Default Fund collateral contribution		**400 000**	400 000	400 000
Margin deposits		**56 588 471**	61 130 137	55 792 547
Collateral deposits		**280**	1 070	20 267
Total equity and liabilities		**61 962 495**	66 238 084	61 336 472

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

Group	Notes	Stated capital and treasury shares* R'000	NDR R'000	Share-based payments reserve R'000	Fair value reserve[2] R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2022		(67 741)	682 723	72 839	1 926	757 488	3 529 234	4 218 981
Profit for the period		–	–	–	–	–	446 522	446 522
Other comprehensive income		–	(42 208)	–	(5 354)	(47 562)	–	(47 562)
Total comprehensive income for the period		–	(42 208)	–	(5 354)	(47 562)	446 522	398 960
LTIS 2018 Allocation 2 shares vested		18 677	–	(18 677)	–	(18 677)	–	–
Distribution from the JSE Debt Guarantee Fund Trust[1]		–	(1 335)	–	–	(1 335)	1 335	–
Dividends paid to owners		–	18 187	–	–	18 187	(737 806)	(719 619)
Equity-settled share-based payment		–	–	6 276	–	6 276		6 276
Transfer of profit to investor protection funds		–	2 713	–	–	2 713	(2 713)	–
Treasury shares – net acquisitions		(59 433)	–	–	–	–	–	(59 433)
Treasury shares – transaction costs		(336)	–	–	–	–	–	(336)
Total contributions by and distributions to owners of the Group recognised directly in equity		(41 092)	19 565	(12 401)	–	7 164	(739 184)	(773 112)

1 The JSE Debt Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R2.7 million (June 2022: R1.3 million; December 2022: R3.4 million) before intercompany adjustments was transferred to the JSE Limited to defray market regulatory expenditure.

2 This reserve relates to the equity investment in Globacap Technology Limited net of deferred tax. Refer to note 26 for details on this transaction.

* Debit balance due to treasury shares held by the JSE empowerment trust and shares held to facilitate the settlement of Long-Term Incentive Schemes.

	Notes	Stated capital and treasury shares* R'000	NDR R'000	Share-based payments reserve R'000	Fair value reserve[2] R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2022		(108 833)	660 080	60 438	(3 428)	717 090	3 236 572	3 844 829
Profit for the period		–	–	–	–	–	302 034	302 034
Other comprehensive income		–	24 491	–	1 776	26 267	–	26 267
Total comprehensive income for the period		–	24 491	–	1 776	26 267	302 034	328 301
LTIS 2018 Allocation 1 – shares vested		4 995	–	(8 633)	–	(8 633)	–	(3 638)
LTIS 2018 Allocation 2 – shares vested		(10 839)	–	10 839	–	10 839	–	–
Distribution from the JSE Debt Guarantee Fund Trust[1]		–	(2 079)	–	–	(2 079)	2 079	–
Dividends paid to owners		–	–	–	–	–	–	–
Equity-settled share-based payment		–	–	7 675	–	7 675	–	7 675
Transfer of profit to investor protection funds		–	4 102	–	–	4 102	(4 102)	–
Listed companies – Fines – Issuer Regulation		–	2 880	–	–	2 880	(2 880)	–
Qualifying deductible expenses related to Fines – Issuer Regulation		–	(3 491)	–	–	(3 491)	3 491	–
Treasury shares – net acquisitions		(3 968)	–	–	–	–	–	(3 968)
Treasury shares – transaction costs		(52)	–	–	–	–	–	(52)
Total contributions by and distributions to owners of the Group recognised directly in equity		(9 864)	1 412	9 881	–	11 293	(1 412)	17

[1] The JSE Debt Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R2.7 million (June 2022: R1.3 million; December 2022: R3.4 million) before intercompany adjustments was transferred to the JSE Limited to defray market regulatory expenditure.
[2] This reserve relates to the equity investment in Globacap Technology Limited net of deferred tax. Refer to note 26 for details on this transaction.
* Debit balance due to treasury shares held by the JSE empowerment trust and shares held to facilitate the settlement of Long-Term Incentive Schemes.

	Notes	Stated capital and treasury shares* R'000	NDR R'000	Share-based payments reserve R'000	Fair value reserve[2] R'000	Total reserves R'000	Retained earnings R'000	Total R'000
Balance at 31 December 2022		**(118 697)**	**685 983**	**70 319**	**(1 652)**	**754 650**	**3 537 194**	**4 173 147**
Profit for the period		–	–	–	–	–	492 791	492 791
Other comprehensive income		–	44 251	–	35 799	80 050	–	80 050
Total comprehensive income for the period		–	44 251	–	35 799	80 050	492 791	572 841
LTIS 2018 Allocation 2 – shares vested		6 666	–	(6 666)	–	(6 666)	–	–
LTIS 2018 Allocation 3 – shares vested		8 901	–	(8 901)	–	(8 901)	–	–
Distribution from the JSE Debt Guarantee Fund Trust[1]		–	(2 701)	–	–	(2 701)	2 701	–
Dividends paid to owners		–	16 377	–	–	16 377	(662 402)	(646 025)
Equity-settled share-based payment		–	–	14 462	–	14 462	–	14 462
Transfer of profit to investor protection funds		–	5 607	–	–	5 607	(5 607)	–
Treasury shares – net acquisitions		(70 484)	–	–	–	–	–	(70 484)
Treasury shares – transaction costs		(422)	–	–	–	–	–	(422)
Total contributions by and distributions to owners of the Group recognised directly in equity		**(55 339)**	**19 283**	**(1 105)**	**–**	**18 178**	**(665 308)**	**(702 468)**
Balance at 30 June 2023		**(174 036)**	**749 517**	**69 214**	**34 147**	**852 878**	**3 364 677**	**4 043 519**
Note						23		

[1] The JSE Debt Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R2.7 million (June 2022: R1.3 million; December 2022: R3.4 million) before intercompany adjustments was transferred to the JSE Limited to defray market regulatory expenditure.

[2] This reserve relates to the equity investment in Globacap Technology Limited net of deferred tax. Refer to note 26 for details on this transaction.

* Debit balance due to treasury shares held by the JSE empowerment trust and shares held to facilitate the settlement of Long-Term Incentive Schemes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 June 2023

	GROUP		
	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Cash flows from operating activities			
Cash generated by operations	**510 176**	587 494	1 029 621
Finance income	**2 348 839**	1 298 495	3 229 577
Finance costs	**(2 207 483)**	(1 195 297)	(3 017 945)
Dividends received	**3 240**	2 973	6 635
Taxation paid	**(166 829)**	(159 752)	(270 141)
Net cash generated by operating activities	**487 943**	533 913	977 747
Cash flows from investing activities			
Proceeds from sale of other investments	**171 596**	9 925	32 847
Acquisition of other investments	**(233 484)**	(6 274)	(175 457)
Dividends from associate	**20 570**	40 270	40 271
Proceeds from disposal of property and equipment	**11**	–	35
Acquisition of leasehold improvements	**(2 813)**	(4 964)	(20 024)
Acquisition of intangible assets	**(31 343)**	(88 083)	(134 593)
Acquisition of other property and equipment	**(1 471)**	(16 256)	(38 494)
Debt instrument: Globacap SAFE note	**–**	(9 625)	(9 625)
Net cash used in investing activities	**(76 934)**	(75 007)	(305 040)
Cash flows from financing activities			
Acquisition of treasury shares*	**(79 682)**	(64 799)	(73 055)
Proceeds on sale of treasury shares*	**8 776**	5 030	9 267
Lease liabilities repaid	**(31 054)**	(26 520)	(62 435)
Dividends paid	**(646 025)**	(719 619)	(719 619)
Net cash used in financing activities	**(747 985)**	(805 908)	(845 842)
Net decrease in cash and cash equivalents	**(336 976)**	(347 002)	(173 135)
Cash and cash equivalents at 1 January	**2 223 161**	2 393 002	2 393 002
Effect of exchange rate fluctuations on cash held	**2 059**	1 887	3 294
Cash and cash equivalents at the end of the period	**1 888 244**	2 047 887	2 223 161

* Relates to acquisition and sale of shares held to facilitate the settlement of Long-Term Incentive Schemes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2023

1. Reporting entity

JSE Limited (the "JSE" or the "Company") is a company domiciled in South Africa. Its registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act 2012 ("FMA"). The JSE has the following main lines of business: Capital Markets, Post-Trade Services and Information Services. The address of the Company's registered office is One Exchange Square, 2 Gwen Lane, Sandown. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the "Group" and individually as "Group entities") and reflect the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

The condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRS-IC), IAS 34 Interim Financial Reporting, the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practice Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 2008.

3. Changes in accounting policies

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new standards effective as of 1 January 2023.

New standards and amendments that impact on the Group's accounting policies have been assessed during the period, and these have had no material impact on the Group's financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Refer to note 9 for new standards and interpretations not yet adopted.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – effective date: 1 January 2023

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted. The amendments had no impact on the Group's interim condensed consolidated financial statements.

3. Changes in accounting policies (continued)

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 – effective date: 1 January 2023

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. They also provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8 – effective date: 1 January 2023

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments had no impact on the Group's interim condensed consolidated financial statements.

IFRS 17 Insurance contracts – effective date: 1 January 2023

IFRS 17 is the new standard that prescribes the accounting for insurance contracts and will replace the current insurance contracts standard, IFRS 4. IFRS 17 aims to provide more transparency and comparability between insurance companies and other industries by providing a prescriptive approach to determining policyholder liabilities, as well as the release of profits on these contracts to the income statement. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – effective date: 1 January 2023

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments had no impact on the Group's interim condensed consolidated financial statements.

4. Comparative figures

Unless otherwise indicated, comparative figures refer to the six months ended 30 June 2022 and the year ended 31 December 2022.

5. Use of estimates and judgements

The preparation of financial statements is in conformity with IFRSs and requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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. Judgements and estimates are consistent with those in the consolidated financial statements as at and for the year ended 31 December 2022 with exception to the revised useful life in note 13.1.

6. Operating segment

The Group determines and presents operating segments based on the information used to run the business by the Executive Committee (Exco). An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Revenue results, as disclosed in note 14, are reviewed regularly by the entity's chief operating decision makers (CODM) to make key decisions about resources to be allocated to the segment and assess its performance.

6. Operating segment (continued)

Costs are not allocated to the individual segments and are reviewed by the CODM as a single unit. The holistic cost centre segment does not meet the definition of an operating segment as it does not earn revenues and is thus excluded from the operating segment disclosure in note 14.

7. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2022, with additional disclosures included for financial instruments acquired in the current year.

8. Significant events and new transactions with related parties

In compliance with the FMA, JSE Limited and JSE Clear (Pty) Limited (JSE Clear) are required to hold regulatory capital. At the reporting date, the Board believes that both JSE and JSE Clear are sufficiently capitalised.

The following new transactions with related parties were concluded in the interim period ended 30 June 2023:

JSE Clear commenced operations as an Independent Clearing House ("ICH"), effective 1 January 2023, following the approval by the Financial Sector Conduct Authority ("FSCA").

The prerequisite for the ICH licence is the ability for JSEC to function as an independent entity i.e., the main operational assets and transactions must be controlled and executed by the entity directly. JSE Limited has transferred the real-time clearing system intangible asset, investment in subsidiary (JSE Clear Derivatives Default Fund Proprietary Limited – JSEC DDF) and the collateral deposit relating to JSEC DDF to JSEC during the current year. The intergroup transaction did not impact the consolidated financial statements of the JSE Group.

Other Investments

In the prior year (9 March 2022), the JSE participated in a bridge funding round with Globacap Technology Limited (Globacap) to the value of £500 000. The SAFE note converted into equity shares in the current year (March 2023) resulting in a derecognition of the financial asset measured at fair value through profit and loss and a corresponding recognition of an equity instrument financial asset measured at fair value through OCI. Refer to note 26.

The Group acquired and subsequently disposed of a portion of South African Government Bonds held for regulatory capital purposes. The disposal was part of the risk management strategy and the business model in which the bonds are held remains as "hold to collect contractual cashflows and sell".

Changes to the executive directors

Fawzia Suliman was appointed as the new Group Chief Financial Officer for JSE Limited effective 9 January 2023.

9. New standards and interpretations not yet adopted

A new standard has been issued by the International Accounting Standards Board (IASB) prior to the publication of these financial statements, but are effective in future accounting periods, as listed below:

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – effective date: 1 January 2024

The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. There is no impact expected by the Group as a result of this amendment.

Non-current Liabilities with Covenants (Amendments to IAS 1) – effective date: 1 January 2024

The amendment is to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The impact of the amendment on the Group is currently being assessed.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

11. Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at fair value through other comprehensive income (OCI) – debt instruments

The Group's investments in debt securities are classified as fair value through OCI financial assets and this relates to the investor protection fund investments and South African Government Bonds held by JSE Limited. The principal objective of holding these investments is to collect contractual cash flows and sell these investments in accordance with the relevant mandates. The contractual terms of these investments gives rise to cash flows that are solely payments of principal and interest. Fair value gains and losses relating to debt instruments are subsequently classified to profit or loss upon realisation of the investment.

Impairment losses on monetary items such as debt securities and foreign exchange gains and losses are recognised in profit or loss. Translation differences included in fair value adjustment are recognised in other comprehensive income. When these investments are derecognised, the cumulative gain or loss previously recognised in OCI is transferred to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Refer to note 26 (Other investments) for the financial assets classified as fair value through OCI.

11. Financial assets and financial liabilities (continued)

Financial assets (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investment in Globacap under this category. Refer to note 26 for more detail.

Financial assets at amortised cost

For debt instruments, the business model test and cash flow characteristics of solely payments of principal and interest (SPPI) test are applied by the Group in determining the category which best applies to the financial instruments that it holds and or trades. Under the business model test, the Group determines the objective for which it holds the financial instrument. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Other non-derivative financial instruments classified at amortised cost include trade and other receivables, contributions in JSE Clear Derivatives Default Fund (Pty) Limited, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, and margin and collateral deposits.

Fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. This category includes investment in the Globacap SAFE note (note 26) included in comparative periods.

A financial asset is primarily derecognised when:

- the right to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset.

12. Basis of consolidation and financial information on material partly-owned subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

13. Changes to the use of estimates, assumptions and judgements

13.1 Useful life of property, plant & equipment ('PPE') and intangible asset:

During the current reporting period, the group IT assessment indicated a change to the useful life of computer software components and some PPE items supporting the major operating systems within the JSE Group namely; Millennium IT (MIT), Real Time Clearing (RTC) and Integrated Trading and Clearing (ITAC) systems. It became evident that the expected remaining useful life of the impacted system components shall be extended to align to the Group IT strategy. The assets are capable of functioning in a manner intended by management during the extended useful life period.

The aforementioned changes have been accounted for as a change in accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The change in the estimated remaining useful life period is adjusted for prospectively from 1 January 2023 and the impact of the change is as follows:

Useful life disclosure:

The useful life assessment resulted in the extension of the estimated useful life period for the affected intangible assets and property plant and equipment ('PPE'). The PPE period is within the range disclosed as at 31 December 2022. Intangible assets (computer software) have increased from 3 – 5 years to 3 – 15 years.

Financial statement impact:

	30 Jun 2023 6 months	31 Dec 2023 12 months	Future periods impact (2024 – 2031)
Impact of revised useful life			
Statement of comprehensive income			
Amortisation decrease/(increase)	**29 410 157**	54 830 911	(54 830 911)
Depreciation decrease/(increase)	**1 947 610**	1 801 744	(1 801 744)
Deferred tax (expense)/income	**(8 466 597)**	(15 290 817)	15 290 817
Net profit/(loss) impact	**22 891 170**	41 341 838	(41 341 838)
Statement of financial position			
Intangible assets – increase/(decrease)	**29 410 157**	54 830 911	(54 830 911)
PPE – increase/(decrease)	**1 947 610**	1 801 744	(1 801 744)
Deferred tax (liability)/asset	**(8 466 597)**	(15 290 817)	15 290 817
Net equity	**22 891 170**	41 341 838	(41 341 838)

14. Operating segments and revenue

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Revenue from contracts with clients and operating segments comprise:			
Capital markets			
Bond Electronic Trading Platform (ETP)	**4 908**	4 283	9 627
Colocation fees	**20 327**	15 279	33 073
Commodity derivatives fees	**36 847**	48 760	102 917
Issuer services fees	**4 749**	2 704	7 281
Currency derivatives fees	**18 369**	19 622	41 294
Equity derivatives fees	**58 711**	83 112	163 344
Equity market fees	**241 098**	260 075	479 148
Interest rate market fees	**41 380**	33 253	72 864
Primary market fees*	**82 524**	81 498	157 515
JSE Investor Services fees	**94 130**	76 341	159 059
JSE Private Placement fees	**427**	–	277
Post-trade services			
Clearing and settlement fees	**220 579**	228 949	437 696
Back-office services (BDA)	**181 044**	179 620	351 366
Funds under management	**52 860**	44 646	95 234
JSE Clear revenue***	**53 044**	–	–
Information services			
Index fees	**44 417**	40 572	68 499
Market data fees	**182 832**	159 660	319 508
Total revenue excluding Strate *ad valorem* fees – cash equities and bonds**	**1 338 246**	1 278 374	2 498 702
Strate *ad valorem* fees – cash equities	**66 183**	67 533	132 854
Strate *ad valorem* fees – bonds	**10 608**	9 385	18 422
	1 415 037	1 355 292	2 649 979

* An amount of R1.07 million gain (June 2022: R0.8 million gain; December 2022: R1.9 million loss) was recognised in Primary market fees relating to initial listing fees for the current year.

** The CODM evaluates revenue excluding the Strate *ad valorem* because this stream of income is evaluated in conjunction with the directly attributable cost included in note 16.

*** In the current year, JSE Clear (Pty) Ltd ('JSEC') started operating as an independent clearing house and central counterparty (CCP) in terms of FSCA effective 1 January 2023, which resulted in new revenue generated in the current year. JSEC is not viewed as a separate operating segment.

15. Personnel expenses

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Remuneration expenses	**321 700**	290 441	667 112
Gross remuneration paid	**326 444**	296 218	678 666
Less: Capitalised to intangible assets	**(4 744)**	(5 777)	(11 554)
Long-term incentive schemes*	**22 296**	11 331	25 585
	343 996	301 772	692 697

* Includes the accounting impact of accelerated LTIS for good leavers. Includes critical skills cash scheme amounting to R7.8 million (June 2022: R5.25 million; December 2022: R10.5 million).

16. Other expenses

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Amortisation of intangible assets****	**49 252**	76 288	164 900
Auditor's remuneration**	**4 207**	1 454	9 661
Consulting fees	**8 187**	3 782	10 973
Depreciation	**49 715**	48 881	108 493
Enterprise development	**4 511**	4 422	8 082
Write off/Impairment of capital assets***	**5 770**	–	5 396
Investor protection levy (Equity market)	**33 124**	22 664	39 608
Other expenses*	**196 385**	169 731	370 207
Strate *ad valorem* fees	**74 455**	78 297	150 968
Technology costs	**176 581**	170 576	344 748
	602 187	576 095	1 213 036

* Other expenses comprises mainly of administration fees, legal and professional fees, marketing and advertising, swift charges, travelling expenses, internal audit and reviews costs, electricity and building utilities, learning and development costs, data information charges and operational risk losses.

** June 2022 includes fees for compliance audits that were not performed by the external auditors.

*** Relates to PPE items with a carrying value of approximately R5.7 million and Intangible assets amounting to approximately R0.1 million written off in the current year for assets no longer in use.

**** Amortisation reduced due to the revised useful life of the JSE Group core systems. Refer to note 13.1 for further details.

17. Income tax expenses

The Group's consolidated effective tax rate for the period ended 30 June 2023 is 27% (for the six months ended June 2022: 28%; for the year ended 31 December 2022: 28%).

Deferred tax assets and deferred tax liabilities for the Group are offset when there is a legally enforceable right to set off and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

On 23 February 2022, the Minister of Finance announced a reduction to the South African corporate income tax rate from 28% to 27% for companies with years of assessment ending on or after 31 March 2023. The group entities have measured their current and deferred taxation at 27%.

18. Earnings and headline earnings per share

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
18.1 Total basic earnings per share			
Profit for the period attributable to ordinary shareholders	**492 791**	446 522	748 556
Weighted average number of ordinary shares:			
Issued ordinary shares at 1 January	**86 877 600**	86 877 600	86 877 600
Effect of own shares held (JSE LTIS 2010 and JEF Trust))	**(5 020 846)**	(4 602 180)	(4 720 454)
Weighted average number of ordinary shares at 31 December	**81 856 754**	82 275 420	82 157 146
Total earnings per share (cents)	**602.0**	542.7	911.1
18.2 Total diluted earnings per share			
Profit for the period attributable and distributable to ordinary shareholders	**492 791**	446 522	748 556
Weighted average number of ordinary shares (diluted):			
Weighted average number of ordinary shares at 31 December (basic)	**81 856 754**	82 275 420	82 157 146
Effect of LTIS Share Scheme	**1 117 396**	375 578	916 922
Weighted average number of ordinary shares (diluted)	**82 974 150**	82 650 998	83 074 067
Diluted earnings per share (cents)	**593.9**	540.2	901.1
The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices using a volume-weighted average price for the period.			

18. Earnings and headline earnings per share (continued)

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
18.3 Headline earnings per share			
Reconciliation of headline earnings:			
Profit for the period attributable to ordinary shareholders	**492 791**	446 522	748 556
Adjustments are made to the following:			
Gross Amount	**83**	–	5 396
Write off/Impairment of intangible asset	**113**	–	5 396
– Taxation effect	**(30)**	–	–
Gross Amount	**4 129**	–	(10)
Write off/(Profit) on disposal of property and equipment	**5 657**	–	(14)
– Taxation effect	**(1 528)**	–	4
Total headline earnings	**497 003**	446 522	753 941
Total headline earnings per share (cents)	**607.2**	542.7	917.7
18.4 Diluted headline earnings per share			
Diluted headline earnings per share (cents)	**599.0**	540.2	907.6

19. Intangible assets

Included in the intangible asset of R678 million (June 2022: R738 million; December 2022: R696 million) is the goodwill of R216 million and customer relationships of R110 million (June 2022: R123 million; December 2022: R114 million) related to the acquisition of JSE Investor Services (Pty) Limited (JIS), software under development of R71.7 million (June 2022: R48 million; December 2022: R51 million) mainly in respect of SENS system, market regulations re-architecture and automation.

20. Employee benefits

There are no material differences year on year.

21. Expected credit loss

At 1 January 2022	9 479
Increase in allowance for impairment	2 067
At 30 June 2022	11 546
Increase in allowance for impairment	3 869
At 31 December 2022	**15 415**
Increase in allowance for impairment	**2 516**
Write off	**(1 109)**
At 30 June 2023	**16 822**

Under IFRS 9, the Group uses debtor historic default rates in the assessment of the probability of credit losses, while incorporating forward-looking macro-economic factors. The year-to-date impairment was mainly raised in respect of specific debtors where the recoverability of amounts owing appeared to be doubtful. The Group believes the impairment allowance is sufficient in respect of trade receivables.

The Group uses the simplified approach in calculating ECL for trade receivables and other receivables.

The debtors' credit terms are 30 days. Debtors outstanding for more than 120 days and where there is no prospect of collection, are written off.

The Group uses the general approach in calculating ECL for interest receivables. The ECL is immaterial.

22. Financial instruments

The carrying amount of all significant financial instruments approximates the fair value.

23. Reserves

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Accumulated dividends paid to JEF Trust	**67 894**	51 516	51 517
South African Government bonds reserve	**2 137**	(3 428)	1 892
Fair value reserve[1]	**34 147**	–	(1 652)
Fines reserve	**18 883**	19 494	18 883
JEF Trust	**54 360**	54 360	54 360
Investor protection funds reserve[2]	**606 243**	534 709	559 331
– JSE Debt Guarantee Fund Trust	**121 627**	119 347	120 273
– JSE Derivatives Fidelity Fund Trust	**271 693**	230 106	244 249
– JSE Guarantee Fund Trust	**212 923**	185 257	194 809
Non-distributable reserves	**783 664**	656 652	684 331
Share-based payment reserve[3]	**69 214**	60 438	70 319
	852 878	717 090	754 650

1 This reserve comprises fair value adjustments in respect of fair value through OCI financial assets.
2 These funds were established for the purpose of investor protection in the event of a member defaulting in the Equity, Equity Derivatives and Bond Markets.
3 This reserve relates to the portion of the LTIS 2018 Long-Term Incentive Schemes that have been expensed to date.

24. Share-based payments

(i) Vesting of Allocation 2 Tranche 2 and Allocation 3 Tranche 1 (LTIS 2018)

Allocation 2 Tranche 2 (LTIS 2018) and allocation 3 Tranche 1 (LTIS 2018) vested on 1 March 2023. All LTIS 2018 participants in the employ of the Company as at vesting date were eligible to participate in the vesting of these Tranches in accordance with the terms and conditions of the Scheme rules.

(ii) Grant of Allocation #6 under LTIS 2018 during the period under review

In accordance with shareholder approval, for the provision of financial assistance to the JSE LTIS 2018 Trust, the Board approved a fresh annual allocation of shares (Allocation 6) to selected employees for the 2023 year. These individual allocations were all accepted by the scheme participants on or before 20 March 2023. Allocation 6 comprises a total of 756 828 JSE ordinary shares, and these shares were acquired in the open market on or before 16 March 2023, at a volume-weighted average price (including all execution costs) of R104.73 per ordinary share for both Executive Committee and Senior members. These shares are held in trust and are restricted until all vesting conditions are fulfilled whereupon the shares vest.

24. **Share-based payments** (continued)

(ii) Grant of Allocation #6 under LTIS 2018 during the period under review (continued)

Of the total number of shares granted in Allocation 6, a total of 486 352 shares has been granted to members of the JSE's Executive Committee.

Executive Committee award	Corporate performance shares
Share price at grant date (rands per share)	104.73
Total number of shares granted	486 352
Dividend yield (%)	7.9%
Grant date	1 March 2023
Vesting profile:	
50% of the shares awarded vest on 1 March 2026 (Tranche 1)	243 176
50% of the shares awarded vest on 1 March 2027 (Tranche 2)	243 176

Senior management award	Corporate performance shares
Share price at grant date (rands per share)	104.73
Total number of shares granted	270 476
Dividend yield (%)	7.9%
Grant date	1 March 2023
Vesting profile:	
50% of the shares awarded vest on 1 March 2026 (Tranche 1)	135 238
50% of the shares awarded vest on 1 March 2027 (Tranche 2)	135 238

Total shares forfeited by leavers to date are 23 850 across all allocations (Tranche 1 and Tranche 2). The total shares outstanding at year end are 1 803 110.

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2018 is as follows:

	6 months ended 30 June		Year ended 31 December
	2023	2022	2022
Allocation #1 (granted in September 2018)	**–**	(R0.48m)	(R2.7m)
Allocation #2 (granted in March 2019)	**(R0.16m)**	(R1.97m)	(R4.8m)
Allocation #3 (granted in March 2020)	**R1.15m**	R1.11m	R0.5m
Allocation #4 (granted in March 2021)	**R4.00m**	R3.74m	R8.3m
Allocation #5 (granted in March 2022)	**R4.40m**	R3.88m	R12.6m
Allocation #6 (granted in March 2023)	**R5.07m**	–	–
	R14.46m	R6.28m	R13.9m

25. Leases

	6 months ended 30 June		Year ended 31 December
	2023 R'000	2022 R'000	2022 R'000
Impact on the statements of financial position as at 30 June 2023			
Assets			
Right-of-use assets at 1 January	**256 298**	256 298	256 298
Accumulated depreciation	**(177 614)**	(138 398)	(158 220)
Total assets*	**78 685**	117 900	98 078
Lease liabilities			
Current portion	**64 544**	58 777	59 079
Non-current portion	**94 676**	167 411	131 195
Total liabilities	**159 220**	226 188	190 274
The following amounts are recognised in the statement of comprehensive income for the interim period ending 30 June 2023			
Depreciation	**(19 394)**	(19 823)	(39 645)
Profit/(Loss) from operating activities	**(19 394)**	(19 823)	(39 645)
Finance cost	**(7 936)**	(10 598)	(19 949)
Impact on profit for the period	**(27 330)**	(30 421)	(59 595)
Changes in liabilities arising from financing activities			
Opening balance 1 January 2022	**190 274**	252 708	252 708
Loan repayments	**(38 990)**	(37 118)	(82 384)
Interest charges	**7 936**	10 598	19 949
Balance at the end of the period	**159 220**	226 188	190 274

* The majority of the right-of-use assets relate to property and a small insignificant portion to hardware.

26. Fair value estimation

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
June 2023				
Assets				
Other investments				
– Equity securities (financial instruments)	**171 337**	**273 758**	**–**	**445 095**
– Debt securities (financial instruments measured at fair value through OCI)	**226 018**	**–**	**–**	**226 018**
– Non-listed equity instruments designated at fair value through OCI	**–**	**–**	**141 781**	**141 781**
Total assets	**397 355**	**273 758**	**141 781**	**812 894**
December 2022				
Assets				
Other investments				
– Equity securities (financial instruments)	165 140	233 999	–	399 138
– Debt securities (financial instruments measured at fair value through OCI)	168 823		–	168 823
– Non-listed equity instruments designated at fair value through OCI	–	–	81 869	81 869
SAFE note debt securities FVTPL	–	–	10 234	10 234
Total assets	333 963	233 999	92 103	660 065
June 2022				
Assets				
Other investments				
– Equity securities (financial instruments)	140 623	230 312	–	370 935
– Debt securities (financial instruments measured at fair value through OCI)		25 967	–	25 967
– Non-listed equity instruments designated at fair value through OCI	–	–	79 580	79 580
SAFE note debt securities FVTPL	–	–	9 948	9 948
Total assets	140 623	256 279	89 528	486 430

26. **Fair value estimation** (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's length basis and transactions occur regularly. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments and South African Government Bonds classified as fair value through OCI.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 is made up of protective cell funds and collective investment schemes, which are measured at the clean price and the foreign currency respectively and are publicly traded.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 comprise of unlisted equity investment and debt securities SAFE note in Globacap.

For all other financial assets and liabilities, the carrying value approximates the fair value.

Reconciliation: Level 3 recurring fair value measurements

Globacap investment

In the 2021 financial year, JSE limited acquired a minority stake of R84 million in Globacap Technology Ltd (Globacap), an unlisted entity based in the United Kingdom. Management has elected to designate the investment at fair value through OCI, as the investment is a strategic long-term investment not held for returns in the short term.

In the prior year (9 March 2022), the JSE participated in a bridge funding round to the value of £500 000 (R9.6 million). The bridge funding round was raised using a Simple Agreement Future Equity note (SAFE note), a debt instrument convertible to equity. The investment is classified as measured mandatorily at fair value through profit and loss.

In April 2023, the SAFE note converted to an equity instrument (preferred B shares) during the successful execution of the series B funding round. The conversion resulted in a derecognition of the Fair value through profit and loss instrument and the group designated the equity instrument at Fair value through OCI in line with the rest of the exposure. Post conversion, the JSE owns a 14.4% (2022: 18.4%) effective stake in Globacap.

26. Fair value estimation (continued)

Reconciliation: Level 3 recurring fair value measurements (continued)

Globacap equity investment reconciliation

	Ordinary shares R'000	Preferred shares R'000	Globacap equity interest R'000
Opening balance 1 January 2022	86 480	0	86 480
Net fair value movement recognised in OCI during the period (pre-tax)	(6 900)	–	(6 900)
Closing balance June 2022	79 580	–	79 580
Net fair value movement recognised in OCI during the period (pre-tax)	2 289	–	2 289
Closing balance 31 December 2022	**81 869**	**–**	**81 869**
Transferred from SAFE note investment		**14 250**	**14 250**
Net fair value movement recognised in OCI during the period (pre-tax)	**44 740**	**923**	**45 663**
Closing balance 30 June 2023	**126 609**	**15 173**	**141 781**

Simple Agreement Future Equity (SAFE) note (FVTPL)

Reconciliation: Level 3 recurring fair value measurements

	SAFE note R'000
Globacap SAFE note investments	
Opening balance 1 January 2022	9 625
Purchase of SAFE note	323
Closing balance June 2022	9 948
Net fair value movement recognised in P&L during the period (pre-tax)	286
Closing balance 31 December 2022	**10 234**
Net fair value movement recognised in P&L during the period (pre-tax)	**4 016**
Transferred from SAFE note investment	**(14 250)**
Closing balance 30 June 2023	**–**

26. Fair value estimation (continued)

Simple Agreement Future Equity (SAFE) note (FVTPL) (continued)

Reconciliation: Level 3 recurring fair value measurements (continued)

The fair value of both preferred equity shares (previously SAFE note) and ordinary equity investments were determined using the methodology below. The different rights and preferences between the ordinary shares and preferred B shares have not been taken into account as they are considered negligible. No dividends were received in the current and prior reporting periods.

External, independent valuators were used in performance of the valuation at acquisition.

The fair value on derecognition date and as at 30 June 2023 shall be determined in line with the valuation technique applied for the period ended 31 December 2022. Management considers the valuation technique as a reasonable basis of determining fair value as it incorporated scenarios based on the likelihood of future funding rounds being successful.

The fair value of the SAFE note was measured using the probability weighted valuation technique at derecognition date as follows:

- A discounted cashflow valuation technique (income approach) using a detailed bottom-up approach for key commercial drivers and forecasted cashflows.
- A market price valuation approach which encompasses the successful funding round using the price that external investors are willing to invest into Globacap.

For the period ended 31 December 2022, probabilities were applied, using management judgment, to the two valuation methods as follows:

- An 80% weighting has been applied to the discounted cashflow model.
- A 20% weighting has been applied to the market price valuation.

Given the successful execution of the series B funding round, the weighting applied to the market price is adjusted to 50% as the likeliness of occurrence was confirmed on 14 April 2023. The new weighting is as follows:

- A 50% weighting has been applied to the discounted cashflow model.
- A 50% weighting has been applied to the market price valuation.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2023 are shown below:

The valuation results in a fair value adjustment (largely driven through foreign exchange gains and losses) in other comprehensive income of circa R46 million gain for the financial asset measured at other comprehensive income and circa R4 million gain recognised in profit and loss for the SAFE note financial asset measured at fair value through profit and loss as reflected above.

26. **Fair value estimation** (continued)

Simple Agreement Future Equity (SAFE) note (FVTPL) (continued)

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2023 are shown below:

Discounted cashflow model (weighted at 50% (Dec 2022: 80%) probability)

- 10-year free cash flow to equity forecast;
- 20% (2022: 20%) WACC;
- 48% (2022: 48%) revenue growth for years 2028-2032; and
- 16% (2022: 15%) operating expense growth rate 2028-2032.

Market model – Post-funding expected value per share (weighted at 50% (Dec 2022: 20%) probability)

- Series B funding round price £1.6448 per share

The fair value was calculated as at 30 June 2023.

Valuation technique		Significant unobservable inputs	Range	Sensitivity of the input to fair value
Non-listed equity instruments designated at fair value through OCI (Ordinary and preferred equity instrument)	Net Present Value (NPV) Method	Weighted average cost of capital (WACC)	20% (2022: 20%)	5% (2022: 5%) increase/(decrease) in the WACC would result in a fair value increase/(decrease) of R9.7 million (Dec 2022: R12.1 million)
		Revenue growth rate	48% (2022: 48%)	3% (2022: 3%) increase/(decrease) in revenue growth rate from 2023 onwards results in a fair value increase/(decrease) of R4.1 million (Dec 2022: R10.6 million)
	Transaction price (market approach)	Estimated transaction price (Implied share price)	£1.6448 per share (2022: £1.6448)	20% (2022: 20%) increase/(decrease) in the implied equity price results in a R19.1 million (Dec 2022: R6 million) increase/(decrease) in fair value
	Probability weighting	Weighting of 50% on the DCF value and 50% on the implied equity value	50%/50% (2022: 80%/20%)	10% (2022: 10%) increase/(decrease) to the implied equity valuation weighting will result in a R14 million (Dec 2022: R11 million) increase/(decrease) in fair value

27. Guarantees, contingent liabilities and commitments

27.1 Guarantees

A guarantee of an amount of R12 million (June 2022: R12 million) was issued by Rand Merchant Bank of South Africa Limited in favour of Strate Limited on behalf of JSE Limited in terms of an agreement to cover any failure by JSE Investor Services CSDP (Pty) Limited to comply with Strate rules and regulations.

JSE Limited issued a letter of undertaking and indemnity to Strate Limited in respect of JSE Investor Services CSDP (Pty) Limited for R7 million for the purpose of ensuring that the subsidiary is in compliance with the Rules of Strate which apply to Central Securities Depository Participants in South Africa.

27.2 Contingent liabilities

No material contingent liabilities existed as at 30 June 2023.

27.3 Commitments

No material commitments existed as at 30 June 2023.

28. Events after reporting date

There have been no material events that would require adjustment or disclosure in the interim financial statements between 30 June 2023 and the date of Board approval of the interim financial statements.

Sandton
2 August 2023

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

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