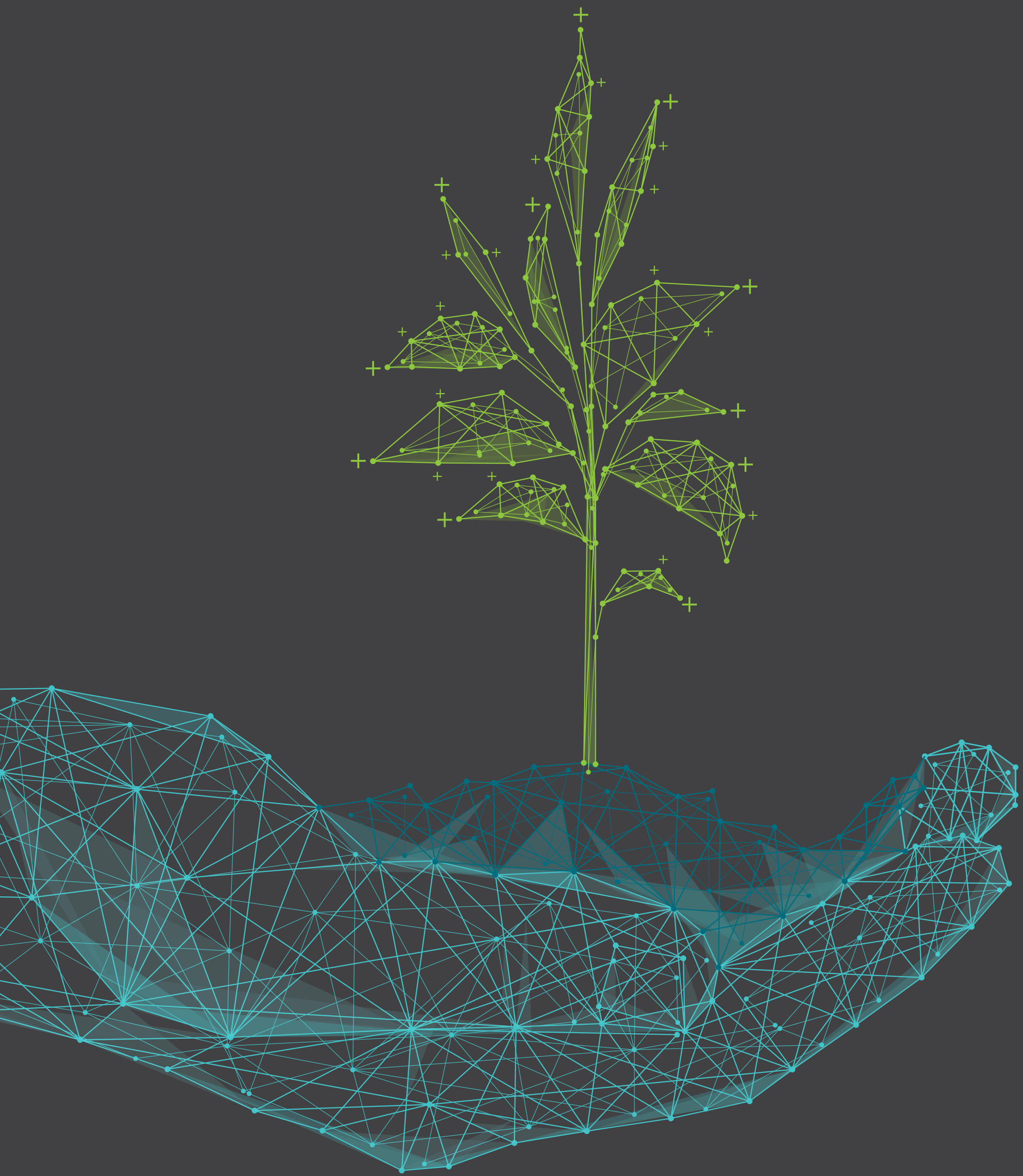

# JSE Limited Consolidated Annual Financial Statements

for the year ended 31 December 2020

# CONTENTS





# Responsibility for financial statements

## Declaration in terms of the Companies Act, 71 of 2008 (as amended) (Companies Act)

The preparation of these financial statements has been supervised by the chief financial officer, Aarti Takoordeen, CA(SA), in terms of sections 29 and 30 of the Companies Act. The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

**A Takoordeen**
*Chief Financial Officer*

## JSE directors' responsibility statement

for the year ended 31 December 2020

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the JSE Limited, comprising the statements of financial position at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have assessed the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

## Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of the JSE Limited, as identified in the first paragraph in the directors' responsibility statement, were approved by the Board of directors on 25 February 2021 and signed by:

**N Nyembezi**
*Chairman*

**L Fourie**
*Group Chief Executive Officer*

# Responsibility for financial statements continued

## Declaration by Group chief executive officer (CEO) and chief financial officer (CFO)

for the year ended 31 December 2020

The Group CEO and the CFO, hereby confirm that:

(a) the consolidated and separate annual financial statements set out on pages 19 to 96, fairly present in all material respects the financial position, financial performance and cash flows of the JSE Limited in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to JSE Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016 (King IV)*. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

**L Fourie**
*Group CFO*

**A Takoordeen**
*CEO*

## Declaration by company secretary

for the year ended 31 December 2020

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Sector Conduct Authority. In terms of section 88 of the Companies Act, as amended, I hereby confirm that the JSE has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

**GA Brookes**
*Group Company Secretary*

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Page reference for additional reading in this report

Reference to online data at www.jse.co.za

Indicates the relevant King IV principle

Prepared by the Chairman of the Group Audit Committee,
**Dr Suresh Kana**

# Group Audit Committee report

The Group Audit Committee is a statutory committee constituted in terms of section 94(7) of the Companies Act to provide oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations. The Group Audit Committee serves as the audit committee for JSE Limited (JSE or the Company) and all subsidiaries and structured entities within the Group, including JSE Clear (Pty) Ltd and JSE Investor Services (Pty) Ltd.

In terms of the Companies Act, at the annual general meeting (AGM) of the Company, shareholders are required to approve Audit Committee members. Four independent non-executive directors of the JSE were approved by shareholders at the 2020 AGM to serve until the next AGM in June 2021.

| Members | Date appointed to committee | No. of meetings held in 2020 | Attendance |
|---|---|---|---|
| Dr SP Kana (chairman) | 25 June 2020 | 3 | 3/3 100% |
| ZBM Bassa | 25 June 2020 | 3 | 3/3 100% |
| F Daniels | 25 June 2020 | 1 | 1/1 100% |
| FN Khanyile | 25 June 2020 | 3 | 3/3 100% |

*Independence of Group Audit Committee: 100%*

***Committee member resigned during the year***

| Member | Date resigned from the committee | No. of meetings | Attendance |
|---|---|---|---|
| F Daniels | 8 July 2020 | 1 | 1/1 100% |

Ms Daniels resigned from the Board and therefore stepped down as a member of the Group Audit Committee on the same date. The required Stock Exchange News Service (SENS) announcement was released on 8 July 2020.

***Committee member appointed during the year***

| Members | Date appointed to the committee | No. of meetings | Attendance |
|---|---|---|---|
| MS Cleary | 6 August 2020 | 1 | 1/1 100% |

The Board appointed Ms Cleary, an independent non-executive director, to the committee effective 6 August 2020 to fill the vacancy arising on the resignation of Ms Daniels. Ms Cleary will serve until the next AGM of the JSE to be held in June 2021, and will be nominated at the AGM to stand for re-appointment to the Group Audit Committee for the ensuing year.

The Board considered the qualifications, skills and experience of Ms Cleary in making this appointment. Ms Cleary has extensive experience in strategy development, public policy and sustainability within capital markets, both internationally and in South Africa. She holds BA and LLB degrees from the University of Cape Town (UCT), an MBA also from UCT, an MA in International Relations and Economics from John Hopkins University and is a Yale World Fellow of 2011 (a fellowship programme at Yale University). The required SENS announcement was released on 7 August 2020.

# **Group Audit Committee report** continued

**Other invitees**

N Nyembezi – Chairman of the Board
L Fourie – Group CEO
A Takoordeen – CFO
G Brookes – Director: Governance and Assurance
Representative of the Financial Sector Conduct Authority (FSCA)
Group internal audit
External Auditors

Below is a summary of the committee's statutory and governance mandate. It provides an oversight role underpinned by the JSE's combined assurance model, following the principles of good governance set out in the King IV Code:

| Finance function | External auditor and external audit | Internal financial control/internal audit | Financial statements/integrated annual report | Complaints |
|---|---|---|---|---|
| Consider the appropriateness of the expertise and experience of the CFO | Nominate independent auditor for appointment by shareholders | Responsible for appointment, performance and assessment of the internal audit function | Review all financial reports | Review complaints regarding accounting practices and internal audit |
| Consider the appropriateness and expertise of senior members of the finance team | Determine terms of engagement and fees | Approve internal audit annual plan | Report on how duties are discharged | Content or audit of financial statements |
| Annual review of the finance function | Approve nature and extent of non-audit services | Make submissions to Board regarding internal financial control | Submissions to the Board regarding accounting policies, records and reporting | Internal financial controls |
| Review and approval of annual budgets and forecasts | | Undertake formal annual assessment of internal audit performance<br>Assess the assurance provided by internal audit regarding adequacy and effectiveness of the internal financial controls for financial reporting | Have regard for factors and risks affecting integrity of integrated annual report | Any related matters |
| | Companies Act Sections 90 – 92; 94 | Companies Act Section 94 | Companies Act Section 94 | Companies Act Section 94 |
| King IV Principles/Listings Requirements | King IV Principles | King IV Principles/Listings Requirements | King IV Principles | King IV Principles |
| **Oversight role: underpinned by combined assurance model** | | | | |

# Group Audit Committee report continued

| Primary roles and responsibilities | Composition and meeting procedures |
|---|---|
| The committee's composition, purpose and duties are set out in its terms of reference:<br>» Acts in accordance with its statutory duties, the delegated authority of the Board as recorded in its terms of reference, and within the guidelines of the King IV Code.<br>» Must prepare a report describing how it carried out its functions as specified in section 94(7) of the Companies Act, and this report serves that purpose.<br>» Has power to investigate any activity within the scope of its terms of reference.<br>» Has an independent role with accountability to both the Board and shareholders.<br>» May call upon the chairmen of other Board committees, any of the executive directors, officers or the Group company secretary to provide it with information. The committee has unrestricted access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.<br>» Does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.<br>» Works closely with the Group Risk Management Committee. | » The committee is suitably skilled to perform the role required. The collective skills of the committee include an understanding of financial and sustainability reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, information technology (IT) governance as it relates to integrated reporting, and the governance processes of the Company. However, it is not expected that each member should possess all the required qualifications, skills and experience. The Group Audit Committee is chaired by the Lead Independent Director, and the Chairman of the Board is not a member of the committee. |

## Appointment of Group Audit Committee members

The Board is satisfied that for the 2020 year:

- the committee, acting as a collective, was adequately skilled to perform its role having regard to the size and circumstances of the Company;
- individual members of the committee held appropriate financial and related qualifications, skills and financial expertise to discharge their responsibilities; and
- individual members of the committee were not involved in day-to-day management of the Company.

The following directors have been nominated to the committee, subject to shareholder approval at the AGM to be held on Thursday, 3 June 2021:

- Dr SP Kana (Lead independent director, and Chairman of Group Audit Committee);
- ZBM Bassa (independent non-executive director);
- MS Cleary (independent non-executive director); and
- FN Khanyile (independent non-executive director).

The Board is satisfied that the proposed appointment to the Group Audit Committee of the four independent non-executive directors set out above will meet the requirements of the Companies Act, and is therefore recommending their appointment for the ensuing year.

The election of members of the Group Audit Committee at the AGM will take place by way of separate resolutions to be considered by shareholders. The text of these ordinary resolutions is set out in the Notice of AGM to be distributed separately to shareholders and to be made available at https://www.jse.co.za/investor-relations/results.

# Group Audit Committee report continued

## Feedback from the Group Audit Committee

In line with the Companies Act and the King IV Code, the Group Audit Committee presents its report for the financial year ended 31 December 2020. The committee has discharged all its responsibilities and carried out all the functions assigned to it, and these activities are set out in the remainder of this report.

| Responsibilities in terms of the Companies Act/Terms of reference | How discharged |
|---|---|
| **In respect of the finance section:**<br>Annually assess and confirm the appropriateness of the expertise and experience of the CFO and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the finance function. | The Company employs a full-time CFO who is also an executive director of the Company. The CFO holds a CA(SA) qualification and has extensive senior executive experience in finance across various industries.<br>The performance, effectiveness and resourcing of the Company's finance function and that of the CFO was assessed as part of the annual Board and Board Committee effectiveness review for the year ended December 2020.<br>The Group Audit Committee considered the results of this effectiveness review as it pertained to the committee and to the CFO as well as the Company's finance function, and is satisfied as to the expertise and experience of the CFO, and the quality and effectiveness of the finance function as well as the level of resourcing within the finance division. |
| Responsible for the appointment and dismissal of the CFO. | Not applicable for the year under review. |
| **In respect of the external auditor and the external audit:**<br>Nominate for appointment as auditor of the Company a registered auditor who, in the opinion of the committee, is independent of the Company and determined their terms of engagement and fee. | At the 15 February 2021 meeting the committee:<br>Reviewed and confirmed the independence of the external auditors Ernst & Young Inc.<br>Recommended Ernst & Young Inc. for appointment by shareholders at the 2021 AGM for the ensuing year in accordance with the Company's policy on audit firm rotation.<br>The fee proposed by Ernst & Young Inc. for the independent audit in 2020 was negotiated by executive management and reviewed by the Group Audit Committee. This audit fee, for the independent audit of JSE Group entities for the year ended 31 December 2020, amounted to R6.01 million[1] (2019: R4.25 million) and has been fully disclosed in the audited annual financial statements. |
| Ensure that the appointment of the auditor complies with the applicable legislation. | The committee ensured that the appointment process complied with all relevant requirements, including the provisions of the JSE Listings Requirements paragraph 3.84(g)(iii) and the information required in terms of paragraph 22.15(h). |
| Determine the nature and extent of non-audit services that the auditor may provide and pre-approved any agreement for the provision of these services by the auditor to the Company, or a related company. Approve the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence. | Ernst & Young Inc. did not provide any non-audit services to the JSE during 2020. |
| Evaluate the independence, effectiveness and performance of the external auditors. | The committee reviewed the detailed audit report and findings in respect of the financial statement audit for the year ended 31 December 2020 as presented by Ernst & Young Inc. at the committee meeting held on 15 February 2021.<br>The committee is satisfied that Ernst & Young Inc. is independent of the Company. No matters of concern regarding the performance of the external auditors were noted by the committee. The committee reviewed the quality of the service provided by Ernst & Young and received input from the CFO on the nature and quality of the audit service delivered by Ernst & Young, and concluded that the services were of the appropriate standard. The external auditors continue to have unrestricted access to the committee and to its Chairman.<br>The committee confirmed that the independent auditors have executed their audit responsibilities in accordance with the International Standards on Auditing. |

[1] *The amount includes the fees for JSE Investor Services (Pty) Limited of R1.24 million.*

# Group Audit Committee report continued

| Responsibilities in terms of the Companies Act/Terms of reference | How discharged |
|---|---|
| **In respect of the financial statements:** Confirm the going concern principle as the basis of preparation of the interim and annual financial statements. | The committee reviewed the report of the CFO regarding the going concern status of the JSE Group for the year ended 31 December 2020, and concluded that the JSE Group is a going concern and that the consolidated annual financial statements have been prepared, in accordance with the going concern concept.<br>The Board has reviewed and accepted the recommendation of the Group Audit Committee that the Company is operating as a going concern, and has reported that status in the 2020 integrated annual report. |
| Review the accounting policies and procedures adopted by the Group and the JSE and ensured that financial statements were prepared on the basis of appropriate accounting policies and IFRS , and that the Group has appropriate financial reporting procedures (for the JSE and all Group entities) and that those procedures operated effectively for the financial year (and that all relevant financial information has been taken into account in preparing and reporting effectively on the financial statements) in terms of the JSE Listings Requirements paragraph 3.84(g)(ii). | Applied.<br>The CFO prepares financial statements in accordance with all applicable legislation and submits them to the Group Audit Committee for review. Recommended to the Board for approval. |
| Consider the report on pro-active monitoring of financial statements and ensure appropriate actions are taken, to the extent required. | At the committee meeting held in 20 July 2020, the committee reviewed the JSE's report on pro-active monitoring of financial statements as submitted to all listed companies, for the year ended December 2019.<br>The committee noted that the pro-active monitoring report did not reflect any matters of concern affecting the JSE's financial statements. |
| Review the areas of focus in the financial statements. | The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the CFO, management and the committee have exercised appropriate care and skill in making those judgements.<br>The committee also believes that the internal control system and governance structures that have been put in place have operated effectively during the year in order to ensure that there were no significant matters for the independent auditors to deal with during their audit of the financial statements or to report in their auditor's report. |
| **In respect of internal control:** Review the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions. | Group internal audit forms part of the Governance and Assurance Division. The Group internal audit is appropriately resourced with sufficient and qualified JSE permanent staff, led by a chief audit executive. PricewaterhouseCoopers is contracted to assist the internal audit function and provides additional specialised resources and expertise to support Group internal audit in carrying out its duties and to ensure the required degree of independence.<br>The work of Group internal audit is subject to the direct oversight of the Group Audit Committee, including the review of all critical audit reports and the approval of the annual internal audit plan.<br>Group Audit Internal also reports to the Group Risk Management Committee as part of the JSE's combined assurance framework. |
| Report on the effectiveness of the internal financial controls for financial reporting and risk management in support of the attestation by the CEO and CFO required in terms of the provisions of the JSE Listings Requirements paragraph 3.84(k).<br>Monitor the appropriateness of the Company's combined assurance model overseeing risk.<br>Ensure that the combined assurance from both internal and external assurance providers and management was sufficient to cover key risks facing the organisation. | These roles were performed in part by this committee and in part by the Group Risk Management Committee.<br>The attestation by the Group CEO and CFO in terms of Listings Requirements paragraph 3.84(k) is set out on page 1. |

# **Group Audit Committee report** continued

| Responsibilities in terms of the Companies Act/Terms of reference | How discharged |
|---|---|
| Annually evaluate the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which covered all significant areas of financial reporting. | Applied each year in consultation with the internal audit function and the external auditor. |
| **Other** | |
| Receive and deal with complaints and concerns from within and outside the Company relating to accounting practices and internal audit; the content or auditing of the financial statements; internal financial controls; or any other related matter. | No complaints were received (2019: Nil) |
| Make submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting. | Applied. |
| Responsible for overseeing Group internal audit. | At its meeting on 15 February 2021 the committee reviewed the performance and effectiveness of the internal audit function for the 2020 year, and concurred with the assessment thereof by the CEO. |
| Annual review of terms of reference and work plan. | The committee was satisfied with the annual review of its terms of reference and submitted these to the Board for review and approval. |

The Group Audit Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's expense. The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the shareholders. On all responsibilities delegated to it by the Board, apart from the statutory duties, the committee makes recommendations for approval by the Board.

The JSE continues to prepare Group accounts that comply with IFRS and the statutory requirements of the Companies Act, and these responsibilities are discharged within an acceptable timeframe.

The Chairman of the Group Audit Committee attends annual general meetings and is available to answer any questions in relation to matters pertaining to the responsibilities of the Group Audit Committee.

**Dr SP Kana**
*Chairman: Group Audit Committee*

# Director's report

## The JSE's business

A description of the JSE's business, its value chain and Group structure is set out in the integrated annual report available at ir.jse.co.za/results/annual-reports.

The Company does not have a controlling shareholder and is managed by its directors for its stakeholders. JSE Limited has its primary and only listing in South Africa on the securities exchange operated by the JSE.

## Regulatory and supervisory structure

The FSCA is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing.

To mitigate the possibility of any potential conflict of interest, the Group Self-regulatory Organisation Oversight Committee (Group SRO Oversight Committee) was established in 2011, as a standing committee of the Board. This committee has an independent role, providing oversight of the JSE's Issuer Regulation and Market Regulation functions. The Group SRO Oversight Committee also functions as the appointed committee pursuant to section 2(c) of Board Notice 1 of 2015, in respect of conflicts of interest between the Company's regulatory functions and commercial services. Its terms of reference have been refined to consider the requirements of the Financial Markets Act, 2012 (Financial Markets Act) and to report to the FSCA where required.

## Corporate governance

The governance report forms part of the integrated annual report which can be obtained online at ir.jse.co.za/results/annual-reports, as from the date of release on 19 March 2021.

## Financial results

The operating results and the state of affairs of the Company and the Group are fully set out in the attached statement of financial position and described in the statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

The CFO's review is available in the integrated annual report available online at ir.jse.co.za/results/annual-reports.

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the JSE Debt Guarantee Fund Trust (previously BESA Guarantee Fund Trust) and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Financial Markets Act. In view of the control that the JSE exercises over these trusts, the JSE consolidates them into the results of the Group in terms of IFRS.

## Major operating subsidiary: JSE Clear (Pty) Limited

JSE Clear (Pty) Limited is a wholly owned subsidiary of JSE Limited and is licensed as an associated clearing house in terms of the provisions of the Financial Markets Act and subject to an annual review conducted by the FSCA. Partly as a consequence of the global financial crisis, global financial regulators have issued directives (Basel III) for the capitalisation of bank exposures to central counterparties (CCPs). At the end of 2012, JSE Clear was deemed a qualifying CCP by the FSCA in terms of the Principles for Financial Market Infrastructures issued by these global regulators (CPSS-IOSCO) and adequately capitalised.

## Major operating subsidiary: JSE Investor Services (Pty) Limited

JSE Investor Services (Pty) Limited is a major subsidiary of JSE Limited and is an approved Central Securities Depository Participant (CSDP) for Equities in terms of the provisions of the Financial Markets Act and subject to annual review conducted by the FSCA. JSE Investor Services primarily offers transfer secretarial and registry services, including registry maintenance, treasury services, and corporate actions.

## JSE Clear Derivatives Default Fund (Pty) Limited

JSE Clear's objective is to act as an associated clearing house and to operate as a CCP by interposing itself between parties to derivative contracts listed on the JSE.

The clearing functions of JSE Clear are supported by JSE Clear Derivatives Default (Pty) Limited, which is intended to limit clearing members' exposure to counterparty credit risk when clearing through JSE Clear. Clearing members that are banks will consequently need to hold less capital for centrally cleared exposures under Basel III regulations.

JSE Clear Derivatives Default Fund (Pty) Limited is a legal entity separate and remote from JSE Clear and the JSE, and holds contributions from clearing members and the JSE, which may be used only in the event of a clearing member default. The JSE contributes R100m to this Fund.

## Authorised users of the JSE (members of the JSE)

As at 31 December 2020, there were 239 authorised users (2019: 257), categorised as follows:

| Category of members | 2020 | 2019 |
|---|---|---|
| Equity members | **49** | 55 |
| Equity Derivatives members | **57** | 61 |
| Commodities Derivatives members | **52** | 53 |
| Interest Rate and Currency Derivatives members | **73** | 80 |
| Clearing members | **8** | 8[2] |
| Total | **239** | 257 |

The decline in the number of authorised users arises primarily from rationalisation amongst large equity and derivatives members.

[2] *2019 figure was overstated. The JSE only has eight clearing members who clear across different asset classes.*

# Director's report continued

## Ordinary share capital

The Company did not issue any shares during the year under review. Full details of the authorised, issued and unissued capital of the JSE are contained in note 20 on page 65.

## Rights attaching to shares

Each ordinary JSE share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to JSE shares requires the prior consent of at least three-fourths of the issued shares of that class or the sanction of a special resolution passed at a special general meeting of the holders of the JSE shares of that class.

The issue of JSE shares, whether in the initial or in any increased capital, is subject to shareholder approval.

## Directors' interests and shareholding

As at 31 December 2020

| | | Direct beneficial | | | | |
|---|---|---|---|---|---|---|
| **Director** | **Status of director** | **Share register (own name)** | **LTIS 2010 & 2018 Trust and other: Unvested[3]** | **2020 Total** | **% of issued share capital** | **2019 Total** |
| L Fourie (CEO)[3] | Executive | 12 000 | 135 934 | **147 934** | **0.170** | 63 364 |
| A Takoordeen (CFO)[3] | Executive | 23 381 | 64 312 | **87 693** | **0.101** | 72 168 |
| MS Cleary | Independent non-executive | 5 650 | | **5 650** | **0.006** | – |
| BJ Kruger | Non-executive | 2 500 | | **2 500** | **0.003** | 2 500 |
| NMC Nyembezi | Independent non-executive | 2 050 | | **2 050** | **0.002** | 2 050 |
| **Resigned during year** | | | | | | |
| JH Burke | Executive | | | **82 851[1]** | **–** | 82 851 |
| Dr M Jordaan | Independent non-executive | | | **5 900[1]** | **–** | 5 900 |
| DM Lawrence | Non-executive | | | **3 000[1]** | **–** | 3 000 |
| **Total** | | | | **245 827** | | 231 833 |
| GA Brookes (Group company secretary)[3] | | 16 693 | 36 901 | **53 594** | **0.062** | |

There has been no change in directors' interest from the end of the financial year until the approval of the JSE annual results and release thereof on SENS on 25 February 2021.

All shareholdings are direct beneficial, and there are no indirect beneficial or associate interests, and no shareholdings are encumbered.

[1] *These shareholdings are applicable as at the date of resignation of these directors during the course of 2020.*

[3] *These directors and officers participate in the LTIS 2010 and LTIS 2018 schemes, and are recipients of shares that vested from 2013 onwards.*

# **Director's report** continued

Details of transactions in JSE Limited shares by directors and prescribed officers were disclosed on SENS during 2020 and are summarised in the table below. For the executive and alternative directors, the Group company secretary and the prescribed officers, the purchases are in relation to the grant of shares under allocation 3 of the LTIS.

| Name | Status | Number of ordinary shares awarded | Value of transaction | Number of bonus shares awarded | Value of transaction | Number of bonus shares vesting and sold | Value of transaction | Number of LTIS 2010 shares sold | Value of transaction |
|---|---|---|---|---|---|---|---|---|---|
| L Fourie | CEO & executive director | 84 570 | R8 688 240 | – | – | – | – | – | – |
| A Takoordeen | CFO & executive director | 24 916 | R2 723 075 | – | – | 81 | R11 463 | 2 850 | R316 350 |
| A Greenwood | Prescribed Officer | 26 506 | R2 723 075 | 169 | R18 999 | – | – | 3 033 | R336 663 |
| D Khumalo | Prescribed Officer | 19 668 | R2 020 578 | 169 | R18 999 | – | – | 4 906 | R544 566 |
| H Kotze | Prescribed Officer | 22 962 | R2 358 985 | 65 | R7 307 | – | – | – | – |
| Z Morrison[4] | Prescribed Officer | 16 060 | R1 649 913 | – | – | – | – | – | – |
| M Randall | Prescribed Officer | 20 754 | R2 132 148 | – | – | – | – | – | – |
| V Reddy | Prescribed Officer | 23 918 | R2 457 199 | 169 | R18 999 | | | 1 317 | R146 187 |
| G Brookes | Group company secretary | 11 794 | R1 211 684 | – | – | – | – | 1 388 | R154 068 |

## Shareholders other than directors

Information on shareholders is set out in the tables below and in the integrated annual report available online at ir.jse.co.za/results/annual-reports.

## Major shareholders

Pursuant to the Companies Act, the following beneficial shareholdings equal to or exceeding 4% as at 31 December 2020 were disclosed or established from enquiries:

| Names | % of total issued ordinary shares | Number of ordinary shares held |
|---|---|---|
| Ninety One SA Pty Limited | 12.4% | 10 797 626 |
| Public Investment Corporation (SOC) Limited | 10.5% | 9 107 685 |
| PSG Asset Management (Pty) Limited | 7.4% | 6 433 477 |
| Allan Gray Proprietary Limited | 6.6% | 5 744 607 |
| Somerset Capital Management, L.L.P. | 4.6% | 4 038 480 |
| Goldman Sachs Group | 4.4% | 3 833 562 |

No individual shareholder's beneficial shareholding in any of the JSE employee incentive scheme is equal to or exceeds 5%.

[4] *Z Morrison resigned 31 August 2020 and this share award was forfeited.*

# Director's report continued

## Fund managers

The directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers. At 31 December 2020, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of the JSE:

| Names | % of total issued | Number of ordinary shares held |
|---|---|---|
| Ninety One SA Pty Limited | 12.4 | 10 797 626 |
| Public Investment Corporation (SOC) Limited | 10.5 | 9 107 685 |
| PSG Asset Management (Pty) Limited | 7.4 | 6 433 477 |
| Allan Gray Proprietary Limited | 6.6 | 5 744 607 |
| Somerset Capital Management, L.L.P. | 4.6 | 4 038 480 |
| Goldman Sachs Group | 4.4 | 3 833 562 |
| J.P. Morgan Chase | 3.4 | 2 963 870 |
| Abax Investments (Pty) Limited | 3.3 | 2 873 497 |
| The Vanguard Group, Inc. | 3.2 | 2 737 939 |
| Oldfield Partners LLP | 2.7 | 2 332 815 |

## Dividend policy

In considering the payment of the dividends, the Board will, with the assistance of the Group Audit Committee, take the following into account:

- The current financial results of the Company and the solvency and liquidity test as set out in the Companies Act; and
- The future funding and investment needs, as well as the regulatory capital requirements of the Company.

The Board reviewed the recommendations of the Group Audit Committee in respect of the Company's dividend policy, and re-affirmed that the Company aims for a progressive increase in the nominal value of the ordinary dividend over time, subject to affordability and taking into account the regulatory capital and investment requirements of the Group, including possible acquisitions.

The Board resolved to adjust the Group's dividend policy to reflect a dividend cover ratio of 1.5x – 1x earnings (a payout ratio of 67% – 100% of current earnings (previously 40% – 67%). This payout range reflects the fact that cash generated exceeds NPAT, largely as a consequence of the technology investments in previous years.  This trend is expected to continue for the next few years.

The Board and management remain confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2020 were funded from own resources.

## Declaration of ordinary dividend

The Board has decided to declare an ordinary cash dividend for the year ended 31 December 2020 totalling R630 million (2019: R728 million).

Accordingly, notice is hereby given that the directors have declared the following:

| Dividend | Annual gross amount | Withholding tax % | Net amount |
|---|---|---|---|
| Ordinary | 725 cents per share | 20% | 580 cents per share |

The dividends have been declared from current profits. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 26 March 2021.

# **Director's report** continued

In compliance with the Companies Act, the directors of the JSE confirm that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary and special dividend are applicable:

| **Dividend paid in year in respect of financial year ended** | **31 December 2020** | 31 December 2019 |
|---|---|---|
| Ordinary dividend per share | **725 cents** | 690 cents |
| Special dividend per share | **NIL** | 150 cents |
| Total rand value | **R630 million** | R730 million |
| Declaration date | **Thursday, 25 February 2021** | Monday, 24 February 2020 |
| Last date to trade JSE shares *cum* dividend | **Tuesday, 23 March 2021** | Tuesday, 24 March 2020 |
| JSE shares commence trading ex-dividend | **Wednesday, 24 March 2021** | Wednesday, 25 March 2020 |
| Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on | **Friday, 26 March 2021** | Friday, 27 March 2020 |
| Dividend payment date | **Monday, 29 March 2021** | Monday, 30 March 2020 |

Share certificates may not be dematerialised or rematerialised from Wednesday, 24 March 2021 to Friday, 26 March 2021, both days inclusive.

On Monday, 29 March 2021 the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. The accounts of those shareholders who have dematerialised their shares (which are held at their CSDP or broker) will be credited on Monday, 29 March 2021.

The issued share capital of the JSE as at the declaration date was 86 877 600 ordinary shares. The tax number of the JSE is 9313008840.

## Service contracts with directors

The CEO, all executive directors, the Group company secretary and the executive management of the JSE have signed contracts of employment with the JSE. All such contracts have a three-month notice period for resignation or termination of employment except for the CEO whose notice period is six months. The CEO's service contract makes provision for a 12-month restraint of trade on termination of the CEO's employment, which may be enforced at the election of the Company. Other members of the Executive Committee are also subject to restraint arrangements. All the other clauses of the service contracts are standard clauses for contracts of this nature.

## External audit and external auditor independence

The Group financial statements have been audited by independent auditors Ernst & Young Inc.

The Board has endorsed the recommendation of the Group Audit Committee to shareholders that Ernst & Young Inc. be appointed as the independent auditors of the Group for the ensuing year with effect from the date of the AGM to be held on Thursday, 3 June 2021. The Group Audit Committee has confirmed that Ernst & Young Inc. is independent of the Company as required by section 90 of the Companies Act. The Board agrees with the Group Audit Committee's assessment.

The proposed audit fee to be paid to Ernst & Young Inc. for the independent audit of JSE Group entities for the year to 31 December 2021 will be fixed by the Group Audit Committee at its meeting to be held in July 2021.

# Director's report continued

## Systems of internal control

Executive management is responsible for the design, establishment and maintenance of systems of internal control that provide substantial assurance against the risk of material loss or the misstatement of financial performance. The Board, and in particular the Group Audit Committee, bears ultimate responsibility to ensure that the implemented systems of internal control are suitably designed and operating effectively in order to address the inherent risks to which the JSE is exposed.

To assist the Board and Group Audit Committee in meeting the above responsibility, JSE Group internal audit develops an Annual Internal Audit Plan (AIAP) based on the inherent risk profiles of the various areas of the JSE's operations. The following three steps are followed to support the risk-based approach followed by Group internal audit:

- Annually review the enterprise-level risks of the JSE to ensure the planned internal audit assignments are focused on extreme and high-risk areas;
- Engage the Enterprise Risk Management team to understand their responsibilities as the second line of defence and to highlight areas where internal audit can provide independent assurance; and
- Meet with key JSE decision makers such as the CEO, chief information officer (CIO) and CFO to ensure that the internal audit plan and objectives are supportive of the JSE's overall strategic objectives.

The appropriateness of the 2020 AIAP was considered by both the Group Audit Committee and the Group Risk Management Committee, and approved without amendment. This plan served as the basis for the internal audit work performed during the year.

All internal audit reports are tabled for consideration by the Executive Committee. Internal audit reports are also tabled for review at meetings of both the Group Audit Committee and the Group Risk Management Committee.

The internal audit reports are also made available to the JSE's external auditors to assist them in meeting their responsibilities.

Although the audit procedures performed by internal audit during the past year identified areas for improvement in the internal controls of the JSE, none of the deficiencies were of a nature to suggest that they expose the Group to material loss or misstatement of financial performance. Internal audit has identified the need for management to implement various process and control improvements, mainly as a result of legacy systems and manual processes and controls still in place.

## Resolutions passed at the AGM in June 2020

The following resolutions were adopted by shareholders in 2020:

| | Resolutions | % vote in favour |
|---|---|---|
| 1.1 | To elect Dr L Fourie as a director | 100% |
| 1.2 | To elect Ms S Cleary as a director | 100% |
| 2. | To re-elect Ms N Nyembezi as a director for the ensuing year | 94.19% |
| 3. | To reappoint Ernst & Young Inc. as the independent auditors of the Company for the ensuing year and Mr I Akoodie as the designated auditor for the ensuing year | 100% |
| 4.1 | To reappoint Dr S Kana to serve as a member and chairman of the Group Audit Committee | 99.25% |
| 4.2 | To reappoint Ms Z Bassa to serve as a member of the Group Audit Committee | 89.62% |
| 4.3 | To reappoint Ms F Daniels to serve as a member of the Group Audit Committee | 78.07% |
| 4.4 | To reappoint Ms F Khanyile to serve as a member of the Group Audit Committee | 98.87% |
| 5. | Authorisation for a director or Group company secretary of the Company to implement resolutions | 100% |
| 6. | Non-binding advisory vote on the remuneration policy of the Company | 80.56% |
| 7. | Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company | 90.57% |
| 8. | Special Resolution 1: General authority to repurchase shares | 99.42% |
| 9. | Special Resolution 2: General authority to provide financial assistance to subsidiaries in terms of sections 44 and 45 of the Companies Act | 99.45% |
| 10. | Special Resolution 3: Specific authority to provide financial assistance to directors in terms of sections 44 and 45 of the Companies Act solely for the purposes of the Long-Term Incentive Scheme (LTIS) 2018 Trust | 99.26% |
| 11. | Special Resolution 4: Non-executive directors' emoluments for 2020 | 99.45% |

# Director's report continued

## Re-election of directors

### Triennial rotation

The following directors are required to retire, and being eligible, are standing for re-election by shareholders for a further term:

» Aarti Takoordeen (executive director)
» Nolitha Fakude (independent non-executive director)
» Mantsika Matooane (independent non-executive director)

### Retiring in terms of the Company's policy on non-executive director tenure

» Nonkululeko Nyembezi (independent non-executive director and Chairman of the Board) will stand for re-election for a final one-year term.

## Changes to the Board during the reporting period

» MS Cleary was appointed as an independent non-executive director with effect from 1 February 2020.
» F Daniels resigned as an independent non-executive director on 8 July 2020.
» IM Kirk was appointed as a non-executive director with effect from 1 October 2020.

In accordance with the provisions of the Company's MOI, a director appointed by the Board is obliged to retire at the first AGM after their appointment. Ms Cleary was elected by shareholders at the AGM held on 25 June 2020. Mr Kirk will stand for election at the AGM to be held on Thursday, 3 June 2021.

## State of affairs at the Company – material matters

Material matters are those matters that substantially affect the organisation's ability to create value over the short, medium and long term. Our material matters and the process for determining materiality are disclosed in our integrated annual report. In 2020 we determine the following material matters:

1. Quality of the market;
2. Level of market activity and quality;
3. Operational availability and stability;
4. Enabling technology to provide innovative solutions;
5. Calibre of oversight and regulation;
6. Transformation and socio-economic advancement;
7. Managing critical and essential skills and talent;
8. Regulatory compliance and settlement assurance;
9. Concentration and interdependency of the Capital Markets ecosystem; and
10. Competition and disruptors.

## Going concern statement

In accordance with the solvency and liquidity test set out in section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has a reasonable expectation that the Group has sufficient resources to maintain its operational existence for the foreseeable future and that:

» the Group's assets fairly valued exceed its liabilities fairly valued; and
» the Group will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2020.

## Events after the reporting date

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2020 and the date of this report.

# Independent auditor's report

To the Shareholders of JSE Limited

Report on the Audit of the Consolidated and Separate Financial Statements

## Opinion

We have audited the consolidated and separate financial statements of JSE Limited and its subsidiaries ("the group") and company set out on pages 19 to 96 which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance to our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

# Independent auditor's report continued

The Key Audit Matter applied only to the audit of the Consolidated Financial Statements.

| Key audit matter | We performed the following procedures amongst others: |
|---|---|
| Acquisition of Link SA<br><br>On 2 November 2020, the JSE Limited completed the acquisition of 74.85% shareholding of Link Market Services (Pty) Ltd for the total purchase consideration of R243 million, and recognised goodwill of R132 million. The JSE group determined this acquisition to be the acquisition of a business as defined in International Financial Reporting Standard 3 – Business Combination ("IFRS ") which requires the recognition and measurement of identifiable assets and liabilities assumed in a business combination at fair value at the date of acquisition, with the excess of the acquisition price over the identified fair values recognised as goodwill.<br><br>We considered the business combination to be a matter of most significance to our current year audit due to the following:<br><br>» The value and the inherent complexities of the valuation of the intangible assets – "Customer Relationships" amounting to R133 million.<br>» The significant judgements relating to the growth rates, the discount rates, and the forecast assumptions in the free cash flow, which were applied by management in the measurement of the intangible asset, namely the identified "Customer Relationships".<br><br>Accordingly, the above audit matter is considered a key audit matter.<br><br>Refer to note 14.2 – Business combination to the group financial statements for further details. | » We gained an understanding of the acquisition:<br>» Through inspection of the sale agreement and review of the minutes of the meetings of those charged with governance;<br>» Assessed the process that management had undertaken to determine the purchase price allocation; and<br>» Evaluated the accounting treatment that has been applied in terms of the requirements of IFRS 3 – Business Combinations.<br>» With the support of our internal valuation specialists, we performed the following procedures:<br>» We evaluated the model prepared by management to calculate the fair value of the intangible assets acquired against the requirements of IFRS 3 – Business Combinations.<br>» We independently recalculated the fair value of the identifiable intangible asset by using our own independent inputs to consider the reasonability of management's valuation thereof. In performing this assessment, we evaluated the key assumptions in management's valuation including the blended tax rate, discount rate, growth rate and terminal growth rate by recalculating the assumptions and/or comparing these assumptions to those of comparable companies using acceptable valuation benchmarking techniques.<br>» We assessed the appropriateness of the accounting treatment of all transaction costs relating to the business combination as outlined in IFRS 3 – Business Combinations.<br>» We obtained and reviewed the consolidation journal entries and the 'at acquisition balances', and assessed the appropriateness of the accounting treatment thereof as required in terms of IFRS 3 – Business Combinations.<br>» We reviewed the presentation and disclosures relating to the business combination in the annual financial statements and assessed the appropriateness thereof in terms of requirements of IFRS 3 – Business Combinations. |

# Independent auditor's report continued

## Other information

The directors are responsible for the other information. The other information comprises the information included in the 98-page document titled "JSE Limited Consolidated Annual Financial Statements for the year ended 31 December 2020", which includes the Responsibility of financial statements, the Audit Committee Report, the Directors' report, the Corporate Information and directorate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, the Annual Integrated Report, which is expected to be made available to us after that date . The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# **Independent auditor's report** continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of JSE Limited for four years.

Ernst & Young Inc.

**Ernst & Young Inc.**
*Director* – **Imraan Akoodie**
*Registered Auditor*

25 February 2021

Johannesburg
102 Rivonia Road
Sandton

# Consolidated statement of comprehensive income

for the year ended 31 December 2020

| | Notes | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| **Revenue** | 6.1 | **2 446 368** | 2 187 247 | **2 485 585** | 2 208 632 |
| Other income | 6.2 | **82 013** | 41 459 | **112 334** | 66 989 |
| Personnel expenses | 7.1 | **(600 838)** | (580 200) | **(593 865)** | (579 920) |
| Other expenses | 7.2 | **(1 112 558)** | (961 173) | **(1 071 146)** | (940 804) |
| Expected credit loss | | **(4 347)** | 61 | **(4 280)** | 61 |
| **Profit from operating activities** | | **810 638** | 687 394 | **928 628** | 754 958 |
| Finance income | 7.3 | **2 434 182** | 2 963 057 | **170 631** | 231 207 |
| Finance costs | 7.4 | **(2 234 354)** | (2 749 975) | **(71 463)** | (70 899) |
| **Net finance income** | | **199 828** | 213 082 | **99 168** | 160 308 |
| Share of profit from associate (net of income tax) | 13.2 | **54 351** | 47 683 | **–** | – |
| **Profit before income tax** | | **1 064 816** | 948 159 | **1 027 796** | 915 266 |
| Income tax expense | 9.1 | **(283 331)** | (248 180) | **(280 960)** | (246 802) |
| **Profit for the year from continuing operations** | | **781 485** | 699 979 | **746 836** | 668 464 |
| **Discontinued operations** | | | | | |
| Loss after tax for the year from discontinued operations | 8 | **(2 842)** | (4 867) | **–** | – |
| **Profit for the year** | | **778 643** | 695 112 | **746 836** | 668 464 |
| **Attributable to:** | | | | | |
| Equity holders of the parent company | | **778 389** | 695 112 | **–** | – |
| Non-controlling interests | | **254** | – | **–** | – |
| | | **778 643** | 695 112 | **–** | – |
| **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) | | **38 505** | 27 565 | **–** | – |
| 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) | | **955** | 555 | **–** | – |
| **Other comprehensive income for the year (net of income tax)** | | **39 460** | 28 120 | **–** | – |
| **Total comprehensive income for the year from continuing operations** | | **818 103** | 723 232 | **746 836** | 668 464 |

# Consolidated statement of comprehensive income continued

for the year ended 31 December 2020

| | Notes | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|---|
| **Attributable to:** | | | | | |
| Equity holders of the parent | | **817 849** | 723 232 | **–** | – |
| Non-controlling interests | | **254** | – | **–** | – |
| | | **818 103** | 723 232 | **–** | – |
| **Earnings per share from continuing operations** | | | | | |
| Basic earnings per share (cents) | 10.1 | **940.1** | 820.5 | **876.3** | 783.5 |
| Diluted earnings per share (cents) | 10.2 | **934.3** | 816.7 | **870.9** | 779.9 |
| **Earnings per share from discontinued operations** | | | | | |
| Basic earnings per share (cents) | | **(3.4)** | (5.7) | **–** | – |
| Diluted earnings per share (cents) | | **(3.4)** | (5.7) | **–** | – |
| **Total earnings per share** | | | | | |
| Basic earnings per share (cents) | 10.1 | **936.7** | 814.8 | **876.3** | 783.5 |
| Diluted earnings per share (cents) | 10.2 | **930.9** | 811.0 | **870.9** | 779.9 |

# Consolidated statement of financial position

as at 31 December 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **Assets** | | | | | |
| **Non-current assets** | | **1 870 773** | 1 715 640 | **1 384 006** | 1 309 552 |
| Property and equipment | 11.3 | **139 927** | 183 541 | **138 024** | 183 541 |
| Intangible assets | 12.3/6 | **820 656** | 593 333 | **543 763** | 593 021 |
| Investment in associate | 13.1 | **319 907** | 292 786 | **21 416** | 21 416 |
| Investments in subsidiaries | 14.1 | **–** | – | **435 975** | 204 352 |
| Other investments | 15 | **377 302** | 338 759 | **1** | 1 |
| Loan to the JSE Empowerment Fund Trust | 16 | **–** | 25 197 | **–** | 25 197 |
| Right-of-use-assets | 28 | **177 458** | 212 559 | **173 590** | 212 559 |
| Deferred taxation | 22.1/3 | **35 524** | 69 465 | **71 237** | 69 465 |
| **Current assets** | | **49 754 227** | 38 511 575 | **2 855 572** | 3 416 420 |
| Trade and other receivables | 17 | **474 706** | 520 339 | **313 525** | 294 376 |
| Income tax receivable | | **6 269** | 5 277 | **–** | 4 215 |
| Due from Group entities | 14.5 | **–** | – | **85 872** | 49 857 |
| JSE Clear Derivatives Default Fund collateral deposits | 18.3 | **500 000** | 500 000 | **100 000** | 100 000 |
| Margin deposits | 18.1 | **46 308 480** | 34 849 591 | **308 464** | 616 477 |
| Collateral deposits | 18.2 | **880** | 59 034 | **880** | 59 034 |
| Indemnification asset | 14.2 | **4 680** | – | **–** | – |
| Cash and cash equivalents | 19 | **2 459 212** | 2 577 334 | **2 046 831** | 2 292 461 |
| **Total assets** | | **51 625 000** | 40 227 215 | **4 239 578** | 4 725 972 |

# Consolidated statement of financial position continued

as at 31 December 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **Equity and liabilities** | | | | | |
| **Total equity** | 20.3 | **4 154 288** | 3 969 631 | **3 324 144** | 3 321 774 |
| Stated capital | | **(32 514)** | (17 726) | **(26 800)** | (17 726) |
| Reserves | | **676 578** | 548 267 | **96 669** | 82 158 |
| Retained earnings | | **3 472 638** | 3 439 090 | **3 254 275** | 3 257 342 |
| **Equity attributable to equity holders of the parent** | | **4 116 702** | 3 969 631 | **3 324 144** | 3 321 774 |
| Non-controlling interests | 20.3 | **37 586** | – | **–** | – |
| **Non-current liabilities** | | **273 842** | 317 506 | **275 369** | 328 037 |
| Employee benefits | 21.1 | **5 952** | 5 436 | **5 952** | 5 436 |
| Deferred taxation | 22.1/3 | **–** | 3 875 | **–** | 3 766 |
| Lease liability | 28 | **252 938** | 293 101 | **249 366** | 293 101 |
| Deferred income | 26 | **13 401** | 6 803 | **18 500** | 17 443 |
| Long-term liabilities | | **1 551** | 8 291 | **1 551** | 8 291 |
| **Current liabilities** | | **47 196 870** | 35 940 078 | **640 065** | 1 076 161 |
| Trade and other payables | 23 | **305 457** | 485 586 | **156 850** | 254 783 |
| Other liability | 14.2 | **4 680** | – | **–** | – |
| Income tax payable | | **3 485** | – | **3 485** | – |
| Employee benefits | 21.1 | **132 036** | 109 398 | **130 922** | 109 398 |
| Deferred income | 26 | **970** | – | **970** | – |
| Lease liability | 28 | **40 882** | 36 469 | **38 494** | 36 469 |
| JSE Clear Derivatives Default Fund collateral contribution | 18.3 | **400 000** | 400 000 | **–** | – |
| Margin deposits | 18.1 | **46 308 480** | 34 849 591 | **308 464** | 616 477 |
| Collateral deposits | 18.2 | **880** | 59 034 | **880** | 59 034 |
| **Total equity and liabilities** | | **51 625 000** | 40 227 215 | **4 239 578** | 4 725 972 |

# Consolidated statement of changes in equity

for the year ended 31 December 2020

| | Notes | Stated capital R'000 | NDR R'000 | Share-based payments reserve R'000 | Total reserves R'000 | Retained earnings R'000 | Total R'000 | Non-controlling interests R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Balance at 1 January 2019** | | (18 378) | 435 027 | 76 712 | 511 739 | 3 475 080 | 3 968 441 | – | 3 968 441 |
| Profit for the year from continuing operations | | – | – | – | – | 699 979 | 699 979 | – | 699 979 |
| Other comprehensive income | | – | 28 120 | – | 28 120 | – | 28 120 | – | 28 120 |
| Total comprehensive income for the year from continuing operations | | – | 28 120 | – | 28 120 | 699 979 | 728 099 | – | 728 099 |
| Loss for the year from discontinued operations | | – | – | – | – | (4 867) | (4 867) | – | (4 867) |
| LTIS 2010 Allocation 6 – shares vested | 21.5 | 11 071 | – | (11 071) | (11 071) | – | – | – | – |
| LTIS 2010 Allocation 7 – shares vested | 21.5 | 20 884 | – | (20 884) | (20 884) | – | – | – | – |
| Bonus shares vested | | – | – | (5 831) | (5 831) | – | (5 831) | – | (5 831) |
| Distribution from the JSE Debt Guarantee Fund Trust[1] | | – | (4 484) | – | (4 484) | 4 484 | – | – | – |
| Dividends paid to owners | 20.4 | – | – | – | – | (728 140) | (728 140) | – | (728 140) |
| Equity-settled share-based payment | 21.5 | – | – | 43 232 | 43 232 | – | 43 232 | – | 43 232 |
| Transfer of profit to investor protection funds | | – | 7 446 | – | 7 446 | (7 446) | – | – | – |
| Treasury shares | | (30 833) | – | – | – | – | (30 833) | – | (30 833) |
| Treasury shares – share issue costs | | (470) | – | – | – | – | (470) | – | (470) |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | 652 | 2 962 | 5 446 | 8 408 | (735 969) | (726 909) | – | (726 909) |

# Consolidated statement of changes in equity continued

for the year ended 31 December 2020

| | Notes | Stated capital R'000 | NDR R'000 | Share-based payments reserve R'000 | Total reserves R'000 | Retained earnings R'000 | Total R'000 | Non-controlling interests R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2019** | | (17 726) | 466 109 | 82 158 | 548 267 | 3 439 090 | 3 969 631 | – | 3 969 631 |
| Profit for the year from continuing operations | | – | – | – | – | 781 231 | 781 231 | 254 | 781 485 |
| Other comprehensive income | | – | 39 460 | – | 39 460 | – | 39 460 | – | 39 460 |
| Total comprehensive income for the year from continuing operations | | – | 39 460 | – | 39 460 | 781 231 | 820 691 | 254 | 820 945 |
| Loss for the year from discontinued operations | | – | – | – | – | (2 842) | (2 842) | – | (2 842) |
| Take-on of JEF Trust as a subsidiary | | (5 714) | 54 360 | – | 54 360 | 7 152 | 55 798 | – | 55 798 |
| LTIS 2010 Allocation 7 – shares vested | 21.5 | 14 317 | – | (14 317) | (14 317) | – | – | – | – |
| LTIS 2010 Allocation 8 – shares vested | 21.5 | 9 343 | – | (9 343) | (9 343) | – | – | – | – |
| Bonus shares vested | | 11 243 | – | (5 411) | (5 411) | – | 5 832 | – | 5 832 |
| Distribution from the JSE Debt Guarantee Fund Trust[1] | | – | (2 851) | – | (2 851) | 2 851 | – | – | – |
| Transfer of reserves and dividends paid | 20.4 | – | 17 889 | – | 17 889 | (728 521) | (710 732) | – | (710 732) |
| Equity-settled share-based payment | 21.5 | – | – | 22 300 | 22 300 | – | 22 300 | – | 22 300 |
| Transfer of profit to investor protection funds | | – | 4 942 | – | 4 942 | (4 942) | – | – | – |
| Listed companies – Fines – Issuer Regulation | | – | 21 744 | – | 21 744 | (21 744) | – | – | – |
| Qualifying deductible expenses related to Fines – Issuer Regulation | | – | (462) | – | (462) | 462 | – | – | – |
| Non-controlling interests arising on a business combination | | – | – | – | – | – | – | 37 332 | 37 332 |
| Treasury shares | | (43 660) | – | – | – | – | (43 660) | – | (43 660) |
| Treasury shares – share issue costs | | (317) | – | – | – | – | (317) | – | (317) |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | (14 788) | 95 622 | (6 771) | 88 851 | (747 684) | (673 621) | 37 332 | (636 289) |
| **Balance at 31 December 2020** | | (32 514) | 601 191 | 75 387 | 676 578 | 3 472 638 | 4 116 701 | 37 586 | 4 154 287 |
| Note | | 20.3 | 20.3 | 20.3 | | 20.3 | | 20.3 | |

[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, R2.8m (December 2019: R4.5m) before intercompany adjustments was transferred to the JSE Limited to defray market regulatory expenditure.*

* *Debit balance due to own shares held as part of the LTISs.*

# Consolidated statement of changes in equity continued

for the year ended 31 December 2020

| | Notes | Stated capital R'000 | NDR R'000 | Share-based payments reserve R'000 | Total reserves R'000 | Retained earnings R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Balance at 1 January 2019** | | (18 378) | – | 76 712 | 76 712 | 3 317 018 | 3 375 352 |
| Profit for the year | | – | – | – | – | 668 464 | 668 464 |
| Total comprehensive income for the year | | – | – | – | – | 668 464 | 668 464 |
| LTIS 2010 Allocation 6 – shares vested | 21.5 | 11 071 | – | (11 071) | (11 071) | – | – |
| LTIS 2010 Allocation 7 – shares vested | 21.5 | 20 884 | – | (20 884) | (20 884) | – | – |
| Bonus shares vested | | – | – | (5 831) | (5 831) | – | (5 831) |
| Dividends paid to owners | 20.4 | – | – | – | – | (728 140) | (728 140) |
| Equity-settled share-based payment | 21.5 | – | – | 43 232 | 43 232 | – | 43 232 |
| Treasury shares | | (30 833) | – | – | – | – | (30 833) |
| Treasury shares – share issue costs | | (470) | – | – | – | – | (470) |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | 652 | – | 5 446 | 5 446 | (728 140) | (722 042) |
| **Balance at 31 December 2019** | | **(17 726)** | **–** | **82 158** | **82 158** | **3 257 342** | **3 321 774** |
| Profit for the year | | **–** | **–** | **–** | **–** | **746 836** | **746 836** |
| Total comprehensive income for the year | | **–** | **–** | **–** | **–** | **746 836** | **746 836** |
| LTIS 2010 Allocation 7 – shares vested | 21.5 | **14 317** | **–** | **(14 317)** | **(14 317)** | **–** | **–** |
| LTIS 2010 Allocation 8 – shares vested | 21.5 | **9 343** | **–** | **(9 343)** | **(9 343)** | **–** | **–** |
| Dividends paid to owners | 20.4 | **–** | **–** | **–** | **–** | **(728 621)** | **(728 621)** |
| Bonus shares vested | | **11 243** | **–** | **(5 411)** | **(5 411)** | **–** | **5 832** |
| Equity-settled share-based payment | 21.5 | **–** | **–** | **22 300** | **22 300** | **–** | **22 300** |
| Listed companies – Fines – Issuer Regulation | | **–** | **21 744** | **–** | **21 744** | **(21 744)** | **–** |
| Qualifying deductible expenses related to Fines – Issuer Regulation | | **–** | **(462)** | **–** | **(462)** | **462** | **–** |
| Treasury shares | | **(43 660)** | **–** | **–** | **–** | **–** | **(43 660)** |
| Treasury shares – share issue costs | | **(317)** | **–** | **–** | **–** | **–** | **(317)** |
| **Total contributions by and distributions to owners of the Company recognised directly in equity** | | **(9 074)** | **21 282** | **(6 771)** | **14 511** | **(749 903)** | **(744 466)** |
| **Balance at 31 December 2020** | | **(26 800)** | **21 282** | **75 387** | **96 669** | **3 254 275** | **3 324 144** |
| Note | | 20.3 | 20.3 | 20.3 | | 20.3 | |

** Debit balance due to own shares held as part of the LTISs.*

# Consolidated statement of cash flows

for the year ended 31 December 2020

| | Notes | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated by operations | 24.1 | **1 112 575** | 899 022 | **1 184 831** | 968 886 |
| Finance income | 24.3 | **2 495 975** | 2 985 866 | **165 396** | 230 714 |
| Finance costs | | **(2 325 154)** | (2 764 870) | **(75 727)** | (72 031) |
| Dividends received | | **2 119** | 4 649 | **–** | – |
| Taxation paid | 24.2 | **(282 755)** | (244 223) | **(278 667)** | (241 821) |
| **Net cash generated by operating activities** | | **1 002 760** | 880 444 | **995 833** | 885 748 |
| **Cash flows from investing activities** | | | | | |
| Proceeds on sale of other investments | | **16 903** | 22 840 | **–** | – |
| Acquisition of other investments | | **(15 984)** | (26 919) | **–** | – |
| Loans to Group companies – given | | **–** | – | **(12 000)** | (1 555) |
| Dividends from associate | | **27 230** | 24 795 | **27 230** | 24 795 |
| Proceeds from disposal of property and equipment | | **50** | 351 | **50** | 351 |
| Acquisition of leasehold improvements | | **(1 653)** | (73) | **(1 653)** | (73) |
| Acquisition of intangible assets | | **(185 133)** | (72 342) | **(185 133)** | (72 342) |
| Acquisition of property and equipment | | **(20 121)** | (32 686) | **(20 121)** | (32 686) |
| Take-on of JEF Trust as subsidiary | | **75 004** | – | **–** | – |
| Acquisition of a subsidiary, net of cash acquired | | **(216 111)** | – | **(231 623)** | – |
| Investment in subsidiary | | **–** | – | **–** | (100 000) |
| **Net cash used in investing activities** | | **(319 815)** | (84 034) | **(423 250)** | (181 510) |
| **Cash flows from financing activities** | | | | | |
| Acquisition of treasury shares | | **(51 012)** | (68 152) | **(51 012)** | (68 152) |
| Proceeds on sale of treasury shares | | **7 037** | 36 849 | **7 037** | 36 849 |
| Lease liabilities repaid | | **(40 407)** | (28 835) | **(39 664)** | (28 835) |
| Dividends paid | | **(710 732)** | (728 140) | **(728 621)** | (728 140) |
| **Net cash used in financing activities** | | **(795 114)** | (788 278) | **(812 260)** | (788 278) |
| Net (decrease)/increase in cash and cash equivalents | | **(112 169)** | 8 132 | **(239 677)** | (84 040) |
| Cash and cash equivalents at 1 January | | **2 577 334** | 2 573 936 | **2 292 461** | 2 381 235 |
| Effect of exchange rate fluctuations on cash held | | **(5 953)** | (4 734) | **(5 953)** | (4 734) |
| **Cash and cash equivalents at 31 December 2020** | 19 | **2 459 212** | 2 577 334 | **2 046 831** | 2 292 461 |

# Notes to the consolidated financial statements

for the year ended 31 December 2020

## 1. Reporting entity

JSE Limited (the "JSE" or the "Company") is a company domiciled in South Africa. The 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 consolidated financial statements of the Company as at and for the year ended 31 December 2020 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.

When reference is made to the "Group" in the accounting policies, it should be interpreted as referring to the Company, where the context requires, unless otherwise noted.

## 2. Basis of preparation

### 2.1 Statement of compliance

The Group and Company financial statements have been prepared in accordance with IFRS, the 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 ("Companies Act").

The Group financial statements were authorised for issue by the Board of Directors ("Board") on 25 February 2021.

### 2.2 Basis of measurement

The Group and Company financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, measured at fair value as described below:

» Loan to the JSE Empowerment Fund Trust;
» Fair value financial assets through other comprehensive income; and
» Shared-based payment transactions.

The methods used to measure fair values are set out in note 5.

### 2.3 Functional and presentation currency

The consolidated and separate financial statements are presented in South African rand (which is the Company's functional currency), rounded to the nearest thousand, except where otherwise indicated.

### 2.4 Use of estimates and judgements

The preparation of financial statements are in conformity with IFRS 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.

For the period ended 31 December 2020 the following areas require the use of judgements and estimates:

#### Amortisation of intangible assets

Intangible assets are amortised over the estimated useful economic lives, which are based on management's best estimates of future performance and periods over which value from the intangible assets will be realised taking into account contractual terms and management intention regarding the future use of software. Details of intangible assets and their related amortisation are provided in note 12.

#### Useful lives of property and equipment

Property and equipment are depreciated over their estimated useful economic lives, which are based on management's best estimates of future performance and periods over which value from these assets are realised. Details of property and equipment and their related depreciation are provided in note 11.

#### Useful lives of customer relationships

Customer relationship intangible assets are amortised over the estimated useful economic lives which are based on management's best estimates of future performance and periods over which value from the customer relationships are to be realised. Details of customer relationship intangible assets are provided in note 12 and 14.2.

#### Goodwill impairment testing

Goodwill is tested for impairment annually or more frequently if there is an indicator of impairment. When identifying impairment indicators, management considers the impact of market and legal changes, operating environments and other circumstances that could indicate that an impairment exists. This requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units and estimates of projected cash flows and fair value less costs of disposal. Details of goodwill impairment testing are provided in note 12.7 and 12.8.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 2. Basis of preparation (continued)

### 2.4 Use of estimates and judgements (continued)

#### Structured entities

There is one unconsolidated structured entity, namely JSE Benevolent Fund[1]. Refer to note 14.4.

The JSE Empowerment Fund Trust is a structured entity which is consolidated in terms of IFRS 10. The factors that indicate that the JSE controls the JSE Empowerment Fund Trust in terms of IFRS 10 include that the fund was set up for the benefit the JSE, the JSE has significant powers relating to the appointment of the Trustees (and the Chairman of the Board of Trustees), and has the ability to direct relevant activities that affect returns to the JSE[2].

The Group holds 44.55% in Strate (Pty) Limited and applies the equity method of accounting. Refer to note 3.1(iii) for details.

#### Fair value determination

Refer to note 5.

#### Revenue from contracts with customers

The Group concluded that the revenue for initial and additional listing fees is to be recognised over an expected period which reflects average listing period of issuers. This is based on an average historical minimum life expectancy of a listed company. The Company has the obligation to provide the platform to the issuer over the term for which it received the revenue.

### 2.5 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

The following new standards and amendments and its impact on the Group has been assessed during 2020:

#### The Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist the International Accounting Standards Board ("IASB") in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework has no effect on the Group's financial statements due to the fact that IFRS applies to all current transactions and events within the Group.

[1] *The JSE Benevolent Fund is not consolidated because the JSE does not control the Fund based on management's assessment in terms of IFRS 10.*

[2] *The JSE Empowerment Fund Trust was an unconsolidated structured entity in 2019 and was not consolidated in prior years due to the impact on the Group financial statements not being deemed material by management.*

## 2. Basis of preparation (continued)

### 2.5 Changes in accounting policies (continued)

#### IAS 1 and IAS 8: Definition of materiality

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary user of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material does not have a significant impact on the Group's financial statements.

#### Definition of a Business – Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The accounting policies of the Group has been updated accordingly and the amendment has had no impact on the Group's financial statements.

### 2.6 COVID-19 impact

Since 31 December 2019, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses world-wide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The services rendered by the Group were declared an essential service. The Group has operated throughout the lockdown period with staff working remotely, and operations have not been adversely affected. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. The Group has not had to access the relief measures available from government.

Significant levels of market activity were observed in financial markets across the world in March, amid the spread of the COVID-19 pandemic which created a short-term surge in the Group's revenues.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 2. Basis of preparation (continued)

### 2.6 COVID-19 impact (continued)

The Group's business model is entrenched in the financial ecosystem. Market volatility, and the volumes and values traded in the market, have a direct impact on the Group's financial performance. During Q1 2020, the fair value of the Group's investor protection investments declined by R52 million but rebounded in Q2 with a net increase of R67 million for that period. The rest of the year saw a net increase of R39 million as at 31 December 2020.

The Group has instituted various COVID-19-related measures to market participants affected by the pandemic to counter the impact of the crisis on their businesses and to ensure business continuity. These included:

- extended payment terms to clients on a case-by-case basis;
- discounted trading fees and discounted additional listing fees on secondary capital raising for Small Cap Stocks;
- support for small and medium Enterprises in the Group's supply chain; and
- increased support in respect of the Equity Market Enterprise Development Programme which is aimed at small and medium Black brokers.

The abovementioned relief measures have not had any material impact on the Group's existing accounting policies and financial statements. The Group has remained profitable with positive cashflows from operations and continues to operate as a going concern. In respect of the solvency and liquidity test set out in section 4 of the Companies Act, the Group has sufficient resources to maintain its operational existence for the foreseeable future. As indicated in note 29.5, the JSE and JSE Clear remain sufficiently capitalised.

## 3. Significant accounting policies

### 3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporate the assets, liabilities and results of the operations of JSE Clear (Pty) Limited, JSE Clear Derivatives Default Fund (Pty) Limited, the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees (Pty) Limited, JSE Debt Guarantee Fund Trust, Nautilus MAP Holdings (Pty) Limited, Nautilus MAP (Pty) Limited, JSE LTIS 2010 Trust, JSE LTIS 2018 Trust, JSE Empowerment Fund Trust (refer to note 2.4) and JSE Investor Services and its subsidiaries, as subsidiary companies.

Link Market Services South Africa Services (Pty) Limited, subsequently renamed as JSE Investor Services (Pty) Limited, has two wholly owned subsidiaries named Link Investor Services (Pty) Limited, subsequently renamed JSE Investor Services CSDP (Pty) Limited and Pacific Custodians (Nominees) (RF) (Pty) Limited.

## 3. Significant accounting policies (continued)

### 3.1 Basis of consolidation (continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the separate financial statements of the Company, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

BESA Limited, Bondclear Limited and Nautilus MAP Operations (Pty) Limited are dormant and are in the process of deregistration.

Following a review of their strategic fit to the Group in 2018, the Board decided to wind up Nautilus MAP RF (Pty) Limited and Nautilus Operations (Pty) Limited. The reported loss in 2020 includes wind-up expenses, such as legal and audit fees.

(ii) Structured entities

The JSE Guarantee Fund Trust, the JSE Derivatives Fidelity Fund Trust and the JSE Debt Guarantee Fund Trust are trusts established in terms of the Trust Property Control Act of 1988 ("Trust Property Control Act") and are collectively referred to as the investor protection funds. These investor protection funds have been established in consonance with the statutory obligations imposed on the JSE, as a licensed exchange, by the peremptory provisions of section 8(1)(h) of the FMA which state that a licensed exchange must have a guarantee, compensation fund or warranty in place to enable it to provide compensation to clients, subject to the exchange rules. The funds and assets of these trusts are segregated from the assets of the JSE but the JSE, by virtue of its role as trustee and custodian of these funds, has to consolidate the results of these funds in its annual financial statements. The JSE's control as custodian and trustee of the assets of these Funds is exercised within the ambit of the JSE's powers as trustee, as defined in the trust deeds and rules of these Funds.

(iii) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. The conclusion regarding control or significant influence relating to associates is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the Group has control over the respective investee based on whether the Group has the practical ability to direct the significant activities unilaterally.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.1 Basis of consolidation (continued)

In making this assessment, the following factors are considered:

» The ability of the Group to unilaterally appoint the majority of board members of the investee;
» Composition of the investee's board and board appointees of the Group;
» The existence of any contractual or legal rights conferred upon the Group by the investee or any other shareholder of the investee to direct its activities; and
» The Group's shareholding in the investee relative to other investors.

Associates are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. The Group's investment includes goodwill identified on acquisition, and is net of any accumulated impairment losses. The equity method is applied to the Group's investment in Strate (Pty) Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income of the associate from the effective date on which the enterprise became an associate until significant influence ceases. The share of the associated Company's retained earnings and reserves is determined from the latest audited financial statements.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. In the separate financial statements of the Company, the associate is accounted for at cost less accumulated impairment losses.

(iv) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

» fair values of the assets transferred;
» liabilities incurred to the former owners of the acquired business;
» equity interests issued by the Group;
» fair value of any asset or liability resulting from a contingent consideration arrangement; and
» fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

» consideration transferred;
» amount of any non-controlling interest in the acquired entity; and
» acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in JSE Investor Services (Pty) Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.1 Basis of consolidation (continued)

(v) Non-controlling interest

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### 3.2 Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.3 Discontinued operations

The Board decided in 2018 to discontinue the Nautilus business within the Group. The results of this business are classified as a discontinued operation. The entities are not operational but there are expenses accounted for relating to administrative costs.

All income and expense items are excluded from the individual statement of comprehensive income line items and a single amount representing the post-tax profit or loss of discontinued operations is disclosed. Refer to note 8.

### 3.4 Foreign currency transactions

Transactions in foreign currencies are translated to South African rand at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing on reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

### 3.5 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, a loan to the JSE Empowerment Fund Trust, other receivables, margin and collateral deposits, cash and cash equivalents, trade payables, interest payable, amounts due to and from Group companies and JSE Clear Derivatives Default Fund (Pty) Limited.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group classifies non-derivative financial assets into the following categories:

- Fair value through other comprehensive income (OCI) financial assets;
- Loans and receivables; and
- Fair value through profit and loss.

Subsequent to initial recognition, non-derivative financial instruments are measured as described on the next page.

#### Fair value through OCI financial assets

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. The principal objective of holding these investments are to collect contractual cash flows and selling 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.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.5 Financial instruments (continued)

All fair value gains and losses relating to equity instruments are recognised in other comprehensive income and not reclassified to profit or loss on disposal. 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. 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. Dividends on fair value through OCI equity instruments are recognised in profit or loss when the Group's right to receive payment is established (last day to register). Refer to note 15 (Other investments) for the financial assets classified as fair value through OCI.

#### Loans and receivables and financial liabilities measured at amortised cost

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments 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.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, expire or are substantially modified. The difference between the carrying amount of the financial liability derecognised, and the consideration paid and payable is recognised in profit or loss.

#### Fair value through profit and 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 the loan to the JSE Empowerment Fund Trust.

A financial asset is primarily derecognised when:

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

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with maturities of six months or less from the acquisition date and which are used by the Group in the management of its short-term commitments and capital requirements.

(iii) Stated capital

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased as part of the LTISs, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Shares purchased by the JSE LTIS 2010 Trust and JSE LTIS 2018 Trust as part of the LTIS are classified as treasury shares and are presented against stated capital. When treasury shares are subsequently sold, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in stated capital.

### 3.6 Property and equipment

(i) Recognition and measurement

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.6 Property and equipment (continued)

(iii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| » Computer hardware | 3 to 10 years |
| » Vehicles | 5 years |
| » Furniture and equipment | 3 to 15 years |
| » Leasehold improvements | 15 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 3.7 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred, including the recognised amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

As such, goodwill is measured at cost less accumulated impairment losses. In respect of the associate, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associate.

(ii) Licences

Licences are recorded as intangible assets and held at cost less accumulated amortisation.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved technology. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of internal and external labour charges. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vi) Amortisation

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| » Trade names | 5 to 10 years |
| » Computer software | 3 to 5 years |
| » Licences | 3 to 7 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vii) Customer relationship

The customer relationship intangible assets were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the relationships over their estimated useful lives which management estimates as 15 years.

(viii) Derecognition

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognised in profit or loss when the asset is derecognised.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.8 Leases

#### Leases and right-of-use asset

The Group assesses a contract at the inception date, to ascertain whether the contract is, or contains a lease. That is, if the contract transfers the right of use of an identifiable asset for a period of time in exchange for consideration.

Lease liabilities are measured at the present value of remaining lease payments discounted at the incremental borrowing rate at the date of initial application. As part of the modified retrospective transition approach, the Group has elected to use a single discount rate, applied to a portfolio with similar characteristics. The Group recognises right-of-use assets at the commencement of the lease. The right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment considerations.

The Group applies the recognition exemptions for lease contracts that have a term of 12 months or less and do not contain a purchase option and contracts for which the underlying asset is of low value.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes, for a finance lease, that it is impracticable to separate payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(vi) Amortisation

Amortisation is based on the cost of the asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the right-of-use assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| » Properties | 25 months to 80 months |
| » Computer hardware | 5 years |

Amortisation methods, useful lives and residual values are reviewed

### 3.9 Impairment

(i) Financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

Impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Trade receivables were grouped based on days past due. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables. The forward-looking information that is incorporated include macro-economic factors such as gross domestic product (GDP) growth, unemployment and the impact of COVID-19 restrictions. For trade receivables, which are reported net, such provisions are recorded in a separate provision account, with the profit or loss being recognised within profit from operating activities in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking ECL model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.9 Impairment (continued)

(i) Financial assets (continued)

that is available without undue cost or effort. In making that evaluation, the Group assesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Financial assets at amortised cost (debt instruments) 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.

Impairment losses do not reduce the carrying amount of debt instruments at fair value through other comprehensive income in the statement of financial position, which remains at fair value.

Equity instruments at fair value through OCI are measured as fair value through OCI. As such, there are no impairment losses with instruments carried at fair value.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of other assets of the CGU *pro rata*. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

### 3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The JSE accrues for the value of leave due on the basis of the number of days owing and the relevant associated costs.

(iii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee became unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.11 Revenue

IFRS 15 provides a five-step model for the determination and recognition of revenue to be applied to all contracts with customers. Revenue comprises Primary Market fees, trading fees, Clearing and Settlement fees, Information Services fees, funds under management and revenue from JSE Investor Services (Pty) Limited as well as Strate *ad valorem* fees and recognised at a point in time except for initial listing fees included in primary market fees, which is recognised over an expected period of time. Refer to note 26.

Revenue from contracts with clients is recognised when control of the services are transferred to the client at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that this principal is reflected in its revenue arrangements, because it typically controls the services before transferring them to the customer.

The Group receives advance payments from clients relating to the initial listing fees. There is a significant financing component due to the expected period of time between the client payment, providing the service and recognising the revenue, as well as considering the prevailing interest rate in the market. This is recognised over an expected period based on an average listing period of issuers. This is also based on an average historical minimum life expectancy of a listed company. Any adjustments to the contract liability balance are charged against revenue. Refer to note 2.4.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a client before the Group transfers the related goods or services.

The Group applies the practical expedient for short-term advances received from clients.

### 3.12 Other income

Other income comprises rental income, net foreign exchange gains, dividend income, profit on sale of financial assets, profit on sale of property and equipment, investor protection levy, fines to listed companies and other sundry income. Dividend income is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. On derecognition of a financial asset in its entirety, the difference between: a) the carrying amount and b) the sum of consideration received and any cumulative gain or loss that has been recognised in other comprehensive income shall be recognised in profit or loss.

#### Distributions from structured entities

Funds from the JSE Guarantee Fund Trust approved for distribution by the FSCA (previously Financial Services Board), in previous years, for the data centre and disaster recovery are recognised initially as deferred income at fair value when the funds are received and the Group will comply with the conditions associated with the distribution of the funds. These funds are then recognised in profit or loss as other income on a systematic basis over the useful lives of the related assets.

#### Fines – listed companies

In the execution of its regulatory mandate, the Issuer Regulation Division may impose fines. Paragraph section 1.25 of the Listings Requirements, as read with Section 11(4) of the Financial Markets Act, 19 of 2012, prescribe how these fines must be appropriated. Therefore, although the fines are recorded in profit and loss in terms of IFRS, they are not available for distribution to shareholders. To reflect this position, an amount equal to the fines imposed and an amount equal to deductible expenses (both on a net after tax basis) is transferred within the statement of changes in equity from retained earnings to a non-distributable reserve (called the Issuer Regulation Fine Reserve) for the exclusive use as set out in the Listings Requirements.

### 3.13 Finance income and costs

Finance income includes interest income from funds invested, margins and collateral deposits as well as on the loan to the JSE Empowerment Fund Trust. Interest income is recognised as it accrues, using the effective interest method.

Finance costs includes interest expense related to margin and collateral deposits, interest due to South African Revenue Services and interest payable on borrowings. Interest expense is recognised in profit or loss using the effective interest method.

### 3.14 Income tax expense

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the Group can control the timing of the reversal. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 3. Significant accounting policies (continued)

### 3.14 Income tax expense (continued)

(i) Income tax (continued)

enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which that can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(ii) Withholding taxes

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The Company withholds dividend tax on behalf of its shareholders at a rate of 20% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge, but rather as part of the dividend paid, recognised directly in equity.

#### IFRIC 23 – Uncertainty over Income Tax Treatments

When there is uncertainty associated with income tax treatments within the Group, management will assess and disclose how judgements were made when determining taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates. The interpretation does not have an impact on the consolidated annual financial statements of the Group.

### 3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to qualifying Black shareholders and employees under the LTIS.

### 3.16 Segment reporting

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. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored.

JSE Investor Services (Pty) Ltd is managed separately and disclosed as a separate segment in the relevant notes.

## 4. New standards and interpretations not yet adopted

There are three forthcoming new standards and interpretations or amendments to standards and interpretations, which have been issued by the IASB prior to the publication of these financial statements, but are effective only in future accounting periods, as listed below:

#### Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – effective date: 1 January 2022

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 2022 and earlier application is permitted. The impact of the amendment on the Group is currently being assessed.

#### IFRS 3: Reference to the Conceptual Framework – effective date: 1 January 2022

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

#### IFRS 9 *Financial Instruments:* Annual Improvements to IFRS Standards 2018–2020 – effective 1 January 2022

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

The impact of these standards on the Group is currently being assessed.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 4. New standards and interpretations not yet adopted (continued)

| Standard | Effective date* | Impact |
|---|---|---|
| Classification of Liabilities as Current or Non-current (Amendments to IAS 1) | 1 January 2022 | The Group is assessing the impact thereof. |
| IFRS 3: Reference to the Conceptual Framework | 1 January 2022 | The Group considered these amendments and it has no effect. |
| IFRS 9 *Financial Instruments:* Annual Improvements to IFRS Standards 2018 – 2020 | 1 January 2022 | The Group is assessing the impact thereof. |

* *Effective for annual periods beginning on or after the specific date.*

## 5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the below mentioned methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### 5.1 Investments in equity and debt securities

The fair value financial assets through OCI is determined by reference to the quoted bid price for equity instruments and the "clean price" from a quoted exchange for interest-bearing instruments, at the reporting date. In respect of collective investment schemes and protective cell funds, valuations are carried out in accordance with the agreed principle that units in collective investment schemes shall be valued by reference to their middle market price where the units have a bid/offer spread, or to their most recently published net asset value (NAV). In the absence of final bid/offer prices or final net asset values, estimated figures may be relied upon. The value of any underlying fund is provided by the manager or the administrator of that fund. Should the manager be in any doubt as to the valuations, the manager will request an independent third party to review the valuations in order to confirm their fairness. The NAV per share is calculated and rounded down to four decimal places, any rounding to be retained for the benefit of the fund.

### 5.2 Share-based payment transactions

The fair values of the shares granted to employees in terms of the LTIS 2010 and LTIS 2018 incentive schemes are measured using the Black-Scholes model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), the weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 6. Operating segments, revenue and other income

### 6.1 Revenue from contract with clients and operating segments comprise:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| Capital Markets | | | | |
| Bond Electronic Trading Platform (ETP) | **8 048** | 7 302 | **8 048** | 7 302 |
| Collocation fees | **21 004** | 19 133 | **21 004** | 19 133 |
| Commodity Derivatives fees | **87 332** | 81 925 | **87 332** | 81 925 |
| Company Services fees | **6 412** | 11 892 | **6 412** | 11 892 |
| Currency Derivatives fees | **45 619** | 46 925 | **45 619** | 46 925 |
| Equity Derivatives fees | **144 832** | 142 881 | **144 832** | 142 881 |
| Equity Market fees | **493 284** | 432 772 | **493 284** | 432 772 |
| Interest Rate Market fees | **62 482** | 60 421 | **64 964** | 64 320 |
| Primary Market fees* | **151 906** | 146 952 | **151 906** | 146 952 |
| Post-Trade Services | | | | |
| Clearing and Settlement fees | **445 715** | 384 888 | **445 715** | 384 888 |
| Back-Office Services (BDA) | **376 044** | 333 313 | **376 044** | 333 313 |
| Funds under management | **81 517** | 75 027 | **135 323** | 92 513 |
| Information Services | | | | |
| Index fees | **52 608** | 49 081 | **52 608** | 49 081 |
| Market Data fees | **303 031** | 261 195 | **303 031** | 261 195 |
| Revenue from JSE Investor Services** | **17 071** | – | **–** | – |
| Total revenue excluding Strate *ad valorem* fees – cash equities and bonds | **2 296 905** | 2 053 707 | **2 336 122** | 2 075 092 |
| Strate *ad valorem* fees – cash equities | **133 195** | 118 425 | **133 195** | 118 425 |
| Strate *ad valorem* fees – bonds | **16 268** | 15 115 | **16 268** | 15 115 |
| | **2 446 368** | 2 187 247 | **2 485 585** | 2 208 632 |

* *An amount of R0.6 million (2019: R0.2 million) was recognised in Primary Market fees relating to initial listing fees for the current year.*

** *JSE Investor Services (Pty) Ltd is considered to be a separate reportable segment. Refer to note 14.3.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Notes | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|---|
| **6. Operating segments, revenue and other income** (continued) | | | | | |
| **6.2 Other income comprises:** | | | | | |
| Recognised in profit or loss | | | | | |
| Investor protection funds | | **2 119** | 4 650 | **–** | – |
| – Dividend income recognised on investments derecognised during the reporting period | | **99** | 457 | **–** | – |
| – Dividend income recognised on investments held at the reporting period | | **2 020** | 4 193 | **–** | – |
| Dividends received | | **–** | – | **27 230** | 24 795 |
| Net foreign exchange profit | | **15 222** | 1 555 | **15 222** | 1 555 |
| Income recognised from deferred income (data centre and disaster recovery) | | **–** | – | **5 541** | 5 541 |
| Investor protection levy | | **28 351** | 27 837 | **28 351** | 27 837 |
| Fines issued in terms of Issuer Regulation | | **30 200** | – | **30 200** | – |
| Rental income | | **3 992** | 4 969 | **3 992** | 4 969 |
| Sundry income | | **2 129** | 2 448 | **1 798** | 2 292 |
| | | **82 013** | 41 459 | **112 334** | 66 989 |
| **7. Profit before taxation comprises:** | | | | | |
| **7.1 Personnel expenses** | | | | | |
| Remuneration paid to employees | | **515 029** | 458 755 | **509 679** | 458 755 |
| Fixed-term contractors | | **4 431** | 9 128 | **4 245** | 9 128 |
| Contribution to defined contribution plans | | **19 805** | 19 144 | **19 376** | 19 144 |
| Directors' emoluments | | **34 907** | 44 567 | **33 900** | 44 287 |
| – Executive directors | 25.1 | **23 364** | 33 561 | **23 364** | 33 561 |
| – Non-executive directors*** | 25.3 | **11 543** | 11 006 | **10 535** | 10 726 |
| LTISs** | | **39 217** | 57 125 | **39 217** | 57 125 |
| – JSE LTIS 2010* | | **(1 776)** | 10 432 | **(1 776)** | 10 432 |
| – JSE LTIS 2018* | | **40 993** | 46 693 | **40 993** | 46 693 |
| Gross personnel expenses | | **613 389** | 588 719 | **606 416** | 588 439 |
| Less: Capitalised to intangible assets | | **(12 551)** | (8 519) | **(12 551)** | (8 519) |
| | | **600 838** | 580 200 | **593 865** | 579 920 |

* *Includes critical skills cash scheme and bonus shares.*
** *Includes the accounting impact of accelerated LTIS for good leavers.*
*** *Group includes JSE Clear non-executive directors.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 7. Profit before taxation comprises (continued)

### 7.2 Other expenses

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Amortisation of intangible assets | **140 181** | 93 892 | **137 991** | 93 892 |
| Auditor's remuneration | **6 462** | 4 833 | **4 120** | 3 896 |
| – Audit fee | **6 013** | 4 255 | **3 725** | 3 453 |
| – Fees for other services** | **205** | 115 | **205** | 115 |
| – Prior year under accrual | **244** | 463 | **190** | 328 |
| Consulting fees | **13 456** | 5 092 | **13 638** | 5 069 |
| Depreciation | **108 986** | 107 949 | **108 653** | 107 949 |
| – Computer hardware | **57 349** | 56 940 | **57 296** | 56 940 |
| – Furniture and equipment | **4 958** | 4 911 | **4 916** | 4 911 |
| – Right-of-use assets | **39 243** | 39 005 | **39 028** | 39 005 |
| – Leasehold improvements | **7 376** | 7 073 | **7 353** | 7 073 |
| – Vehicles | **60** | 20 | **60** | 20 |
| Enterprise development | **9 578** | 6 296 | **9 578** | 6 296 |
| Investor protection levy | **38 719** | 37 229 | **38 719** | 37 229 |
| Impairment of trade and loan receivables | **–** | – | **2 318** | 4 000 |
| Other expenses* | **299 389** | 282 744 | **260 342** | 259 335 |
| Strate *ad valorem* fees | **147 611** | 132 099 | **147 611** | 132 099 |
| Technology costs | **319 601** | 284 890 | **319 601** | 284 890 |
| Transaction costs | **28 575** | 6 149 | **28 575** | 6 149 |
| | **1 112 558** | 961 173 | **1 071 146** | 940 804 |

* *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, transformation costs and operational risk losses.*

** *These relate to compliance audits and were not performed by the external auditors.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| **7. Profit before taxation comprises:** (continued) | | | | |
| **7.3 Finance income** | | | | |
| Investor protection funds | **7 761** | 10 084 | **–** | – |
| – Finance income on cash | **5 118** | 8 263 | **–** | – |
| – Finance income from debt instruments at fair value through other comprehensive income | **2 643** | 1 821 | **–** | – |
| Finance income earned on margin and collateral deposits | **2 301 212** | 2 794 411 | **55 816** | 77 390 |
| – Derivatives | **2 221 050** | 2 708 530 | **–** | – |
| – JSE Clear Derivatives Default Fund | **24 346** | 35 289 | **–** | – |
| – Equities | **55 816** | 50 592 | **55 816** | 77 390 |
| Finance income earned on all funds, excluding collateral and margin deposits | **125 208** | 158 562 | **114 815** | 153 817 |
| Total finance income* | **2 434 182** | 2 963 057 | **170 631** | 231 207 |

** Calculated using the effective interest rate method*

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| **7.4 Finance costs** | | | | |
| Finance costs on margin and collateral deposits* | **2 213 248** | 2 721 430 | **41 947** | 39 649 |
| – Derivatives | **2 146 991** | 2 646 525 | **–** | – |
| – JSE Clear Derivatives Default Fund | **24 310** | 35 257 | **–** | – |
| – Equities | **41 947** | 39 648 | **41 947** | 39 649 |
| Finance costs on all funds/leases excluding collateral and margin deposits | **21 106** | 28 545 | **29 516** | 31 250 |
| Total finance costs | | | | |
| | **2 234 354** | 2 749 975 | **71 463** | 70 899 |

** Calculated using the effective interest rate method.*

## 8. Discontinued operations

Following a review of their strategic fit to the Group in 2018, the Board decided to wind up Nautilus MAP RF (Pty) Limited and Nautilus MAP Operations (Pty) Limited. These companies are no longer trading and are in the processes of being deregistered. The reported loss in 2019 and 2020 includes wind-up expenses such as legal and audit fees.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 9. Income tax expenses

### 9.1 Taxation

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Current tax expense | | | | |
| – Current year | **293 817** | 270 129 | **291 036** | 268 751 |
| – Prior year | **(4 536)** | (717) | **(4 536)** | (717) |
| Deferred tax asset | | | | |
| (Origination)/Reversal of deductible temporary differences | **(10 548)** | (62 327) | **(10 138)** | (62 327) |
| Deferred tax liability | | | | |
| – Prior year | **(2 101)** | (13 815) | **(2 101)** | (13 815) |
| – Origination of taxable temporary differences | **6 699** | 54 910 | **6 699** | 54 910 |
| | **283 331** | 248 180 | **280 960** | 246 802 |

### 9.2 Reconciliation of effective tax rate

| | Group 2020 % | Group 2019 % | Company 2020 % | Company 2019 % |
|---|---|---|---|---|
| Current tax rate | **28** | 28 | **28** | 28 |
| Adjusted for: | | | | |
| – Non-taxable income* | **–** | (0.06) | **(0.74)** | (0.82) |
| – Adjustment for prior periods** | **(0.62)** | (1.50) | **(0.64)** | (1.59) |
| – Non-deductible expenses | | | | |
| – Depreciation on leasehold improvements | **0.19** | 0.21 | **0.2** | 0.22 |
| – Provisions/Impairments raised/(reversed) | **(0.49)** | 0.65 | **(0.13)** | 0.80 |
| – Capital nature expenses**** | **0.71** | – | **0.71** | – |
| – Other*** | **0.32** | 0.28 | **(0.08)** | 0.36 |
| – Share of profit of equity-accounted investee | **(1.43)** | (1.41) | **–** | – |
| Net effective tax rate | **27** | 26 | **27** | 27 |

** Non-taxable income includes dividends received (Company) and the Investor protection levy (2019).*
*** Prior year adjustments related to corrections on loan provision (2020) and forfeited LTIS shares (2019).*
**** Includes profits/loss of exempt entities, the impact of discontinued operations (Group).*
***** Relates to cost incurred in respect of acquisitions and the Group's inorganic strategy.*

**9.3** The Group's consolidated effective tax rate for the year ended 31 December 2020 was 27% (2019: 26%).

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 9. Income tax expenses (continued)

### 9.4 The following corporate tax rates are applicable to the entities in the Group:

| | |
|---|---|
| JSE Limited | 28% (2019: 28%) |
| JSE Clear (Pty) Limited | 28% (2019: 28%) |
| JSE Clear Derivatives Default Fund (Pty) Limited | 28% (2019: 28%) |
| Strate (Pty) Limited | 28% (2019: 28%) |
| Nautilus MAP Holdings (Pty) Limited | 28% (2019: 28%) |
| Nautilus MAP RF (Pty) Limited | 28% (2019: 28%) |
| JSE Trustees (Pty) Limited | 28% (2019: 28%) |
| JSE Investor Services (Pty) Limited | 28% |
| JSE Investor Services CSDP (Pty) Limited | 28% |
| Pacific Custodians (Nominees) (RF) (Pty) Limited | 28% |
| JSE Derivatives Fidelity Fund Trust | Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act of 1962 |
| JSE Guarantee Fund Trust | Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act of 1962 |
| JSE Debt Guarantee Fund Trust | Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act of 1962 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **10. Earnings and headline earnings per share** | | | | |
| **10.1 Basic earnings per share** | | | | |
| Profit for the year attributable to ordinary shareholders | **781 231** | 699 979 | **746 836** | 668 464 |
| Weighted average number of ordinary shares: | | | | |
| Issued ordinary shares at 1 January | **86 877 600** | 86 877 600 | **86 877 600** | 86 877 600 |
| Effect of own shares held (JSE LTIS schemes) | **(3 778 968)** | (1 564 972) | **(1 649 329)** | (1 564 972) |
| Weighted average number of ordinary shares at 31 December | **83 098 632** | 85 312 628 | **85 228 271** | 85 312 628 |
| Basic earnings per share (cents) from continuing operations | **940.1** | 820.5 | **876.3** | 783.5 |
| Total earnings per share (cents) | **936.7** | 814.8 | **876.3** | 783.5 |
| **10.2 Diluted earnings per share from continuing operations** | | | | |
| Profit for the year attributable and distributable to ordinary shareholders | **781 231** | 699 979 | **746 836** | 668 464 |
| Weighted average number of ordinary shares (diluted): | | | | |
| Weighted average number of ordinary shares at 31 December (basic) | **83 098 632** | 85 312 628 | **85 228 271** | 85 312 628 |
| Effect of LTIS Share Scheme | **529 563** | 400 855 | **529 563** | 400 855 |
| Weighted average number of ordinary shares (diluted) | **83 628 195** | 85 713 483 | **85 757 834** | 85 713 483 |
| Diluted earnings per share (cents) | **934.3** | 816.7 | **870.9** | 779.9 |

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 year.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 10. Earnings and headline earnings per share (continued)

### 10.3 Headline earnings per share

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Reconciliation of headline earnings: | | | | |
| Profit for the year attributable to ordinary shareholders for continuing operations | **781 231** | 699 979 | **746 836** | 668 464 |
| Adjustments are made to the following: | | | | |
| Profit on disposal of property and equipment | **(26)** | (189) | **(26)** | (189) |
| – Gross amount | **(37)** | (262) | **(37)** | (262) |
| – Taxation effect | **10** | 73 | **10** | 73 |
| Headline earnings from continuing operations | **781 205** | 699 790 | **746 809** | 668 275 |
| Headline earnings from discontinued operations | **(2 842)** | (4 867) | **–** | – |
| Total headline earnings | **778 363** | 694 923 | **746 809** | 668 275 |
| Headline earnings per share (cents) from continuing operations | **940.1** | 820,3 | **876.2** | 783.3 |
| Headline earnings per share (cents) from discontinued operations | **(3.4)** | (5.7) | **–** | – |
| Total headline earnings per share (cents) | **936.7** | 814.6 | **876.2** | 783.3 |

### 10.4 Diluted headline earnings per share

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Diluted headline earnings per share (cents) from continuing operations | **934.1** | 816.4 | **870.8** | 779.7 |
| Diluted headline earnings per share (cents) from discontinued operations | **(3.4)** | (5.7) | **–** | – |
| Total diluted headline earnings per share (cents) | **930.7** | 810.8 | **870.8** | 779.7 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 11. Property and equipment

### 11.1 Cost

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improvements R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **520 590** | **66 751** | **128 745** | **338** | **716 424** | **716 424** |
| Additions | | **19 838** | **283** | **3 999** | **–** | **24 120** | **24 120** |
| Acquisition of subsidiary | | **831** | **947** | **244** | | **2 022** | **2 022** |
| Disposals | | **(42)** | **–** | **–** | | **(42)** | **(42)** |
| **Balance at 31 December 2020** | | **541 217** | **67 980** | **132 988** | **338** | **742 523** | **742 523** |
| **Group** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | 493 671 | 62 447 | 128 672 | 310 | 685 100 | 685 100 |
| Additions | | 28 123 | 4 304 | 73 | 259 | 32 759 | 32 759 |
| Additions transferred from software and development | | 209 | – | – | – | 209 | 209 |
| Disposals | | (1 413) | – | – | (231) | (1 644) | (1 644) |
| **Balance at 31 December 2019** | | 520 590 | 66 751 | 128 745 | 338 | 716 424 | 716 424 |

### 11.2 Accumulated depreciation

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improvements R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **377 812** | **49 029** | **105 974** | **67** | **532 882** | **532 882** |
| Depreciation charge for the year | 7.2 | **57 349** | **4 958** | **7 376** | **60** | **69 743** | **69 743** |
| Disposals | | **(29)** | **–** | **–** | | **(29)** | **(29)** |
| **Balance at 31 December 2020** | | **435 132** | **53 987** | **113 350** | **127** | **602 597** | **602 597** |
| **Group** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | 322 268 | 44 118 | 98 901 | 181 | 465 469 | 465 469 |
| Depreciation charge for the year | 7.2 | 56 940 | 4 911 | 7 073 | 20 | 68 944 | 68 944 |
| Disposals | | (1 396) | – | – | (134) | (1 530) | (1 530) |
| **Balance at 31 December 2019** | | 377 812 | 49 029 | 105 974 | 67 | 532 883 | 532 883 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 11. Property and equipment (continued)

### 11.3 Carrying amounts

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improve-ments R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| At 31 December 2019 | | 142 778 | 17 722 | 22 771 | 271 | 183 541 | 183 541 |
| **At 31 December 2020** | | **106 085** | **13 993** | **19 638** | **211** | **139 927** | **139 927** |
| **Group** | | | | | | | |
| **2019** | | | | | | | |
| At 31 December 2018 | | 171 403 | 18 329 | 29 771 | 129 | 219 631 | 219 631 |
| At 31 December 2019 | | 142 778 | 17 722 | 22 771 | 271 | 183 541 | 183 541 |

### 11.4 Cost

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improve-ments R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **520 590** | **66 751** | **128 745** | **338** | **716 424** | **716 424** |
| Additions | | **19 838** | **283** | **3 999** | **–** | **24 120** | **24 120** |
| Disposals | | **(42)** | **–** | **–** | **–** | **(42)** | **(42)** |
| **Balance at 31 December 2020** | | **540 386** | **67 034** | **132 744** | **338** | **740 502** | **740 502** |
| **Company** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | 493 671 | 62 447 | 128 672 | 310 | 685 100 | 685 100 |
| Additions | | 28 123 | 4 304 | 73 | 259 | 32 759 | 32 759 |
| Additions transferred from software and development | | 209 | – | – | – | 209 | 209 |
| Disposals | | (1 413) | – | – | (231) | (1 644) | (1 644) |
| **Balance at 31 December 2019** | | 520 590 | 66 751 | 128 745 | 338 | 716 424 | 716 424 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 11. Property and equipment (continued)

### 11.5 Accumulated depreciation

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improvements R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **377 812** | **49 029** | **105 974** | **67** | **532 882** | **532 882** |
| Depreciation charge for the year | 7.2 | **57 296** | **4 916** | **7 353** | **60** | **69 625** | **69 625** |
| Disposals | | **(29)** | **–** | **–** | **–** | **(29)** | **(29)** |
| **Balance at 31 December 2020** | | **435 079** | **53 945** | **113 327** | **127** | **602 478** | **602 478** |
| **Company** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | 322 268 | 44 118 | 98 901 | 181 | 465 469 | 465 469 |
| Depreciation charge for the year | 7.2 | 56 940 | 4 911 | 7 073 | 20 | 68 944 | 68 944 |
| Disposals | | (1 396) | – | – | (134) | (1 530) | (1 530) |
| **Balance at 31 December 2019** | | 377 812 | 49 029 | 105 974 | 67 | 532 883 | 532 883 |

### 11.6 Carrying amounts

| | Notes | Computer hardware R'000 | Furniture and equipment R'000 | Leasehold improvements R'000 | Vehicles R'000 | Total owned assets R'000 | Total assets R'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2020** | | | | | | | |
| At 31 December 2019 | | **142 778** | **17 722** | **22 771** | **271** | **183 541** | **183 541** |
| **At 31 December 2020** | | **105 307** | **13 089** | **19 417** | **211** | **138 024** | **138 024** |
| **Company** | | | | | | | |
| **2019** | | | | | | | |
| At 31 December 2018 | | 171 403 | 18 329 | 29 771 | 129 | 219 631 | 219 631 |
| **At 31 December 2019** | | 142 778 | 17 722 | 22 771 | 271 | 183 541 | 183 541 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 12. Intangible assets

### 12.1 Cost

| | Notes | Goodwill R'000 | Trade names R'000 | Customer relationship R'000 | Computer software R'000 | Software under development R'000 | Total intangible assets R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **82 987** | **2 217** | **–** | **1 036 487** | **29 477** | **1 151 168** |
| Additions | | **–** | **–** | **–** | **29 747** | **59 154** | **88 901** |
| Acquisition of subsidiary | | **132 517** | **–** | **133 828** | **12 425** | **–** | **278 770** |
| Transfer from software development | | **–** | **–** | **–** | **60 251** | **(60 419)** | **(168)** |
| **Balance at 31 December 2020** | | **215 504** | **2 217** | **133 828** | **1 138 910** | **28 212** | **1 518 671** |
| **Group** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | 82 987 | 2 217 | – | 577 944 | 319 268 | 982 416 |
| Additions | | – | – | – | 112 717 | 56 244 | 168 961 |
| Transfer from software development | | – | – | – | 345 826 | (346 035) | (209) |
| **Balance at 31 December 2019** | | 82 987 | 2 217 | – | 1 036 487 | 29 477 | 1 151 168 |

### 12.2 Accumulated amortisation and impairment losses

| | Notes | Goodwill R'000 | Trade names R'000 | Customer relationship R'000 | Computer software R'000 | Software under development R'000 | Total intangible assets R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| Balance at 1 January 2020 | | **–** | **1 753** | **–** | **556 081** | **–** | **557 834** |
| Amortisation for the year | 7.2 | **–** | **–** | **1 487** | **138 694** | **–** | **140 181** |
| Balance at 31 December 2020 | | **–** | **1 753** | **1 487** | **694 775** | **–** | **698 015** |
| **Group** | | | | | | | |
| **2019** | | | | | | | |
| Balance at 1 January 2019 | | – | 1 753 | – | 462 189 | – | 463 942 |
| Amortisation for the year | | – | – | – | 93 892 | – | 93 892 |
| Balance at 31 December 2019 | | – | 1 753 | – | 556 081 | – | 557 834 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 12. Intangible assets (continued)

### 12.3 Carrying amounts

| | Goodwill R'000 | Trade names R'000 | Customer relationship R'000 | Computer software R'000 | Software under development R'000 | Total intangible assets R'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2020** | | | | | | |
| At 31 December 2019 | 82 987 | 464 | – | 480 406 | 29 477 | 593 333 |
| At 31 December 2020 | **215 504** | **464** | **132 341** | **444 134** | **28 212** | **820 656** |
| **Group** | | | | | | |
| **2019** | | | | | | |
| At 31 December 2018 | 82 987 | 464 | – | 115 755 | 319 268 | 518 473 |
| At 31 December 2019 | 82 987 | 464 | – | 480 406 | 29 477 | 593 333 |

### 12.4 Cost

| | Goodwill R'000 | Trade names R'000 | Computer software R'000 | Computer software R'000 | Total intangible assets R'000 |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2020** | | | | | |
| Balance at 1 January 2020 | **82 987** | **1 829** | **1 016 643** | **26 840** | **1 128 299** |
| Additions | **–** | **–** | **29 747** | **59 154** | **88 902** |
| Transfer from software under development | **–** | **–** | **60 251** | **(60 419)** | **(168)** |
| **Balance at 31 December 2020** | **82 987** | **1 829** | **1 106 642** | **25 575** | **1 217 032** |
| **Company** | | | | | |
| **2019** | | | | | |
| Balance at 1 January 2019 | 82 987 | 1 829 | 558 100 | 316 631 | 959 547 |
| Additions | – | – | 112 717 | 56 244 | 168 961 |
| Transfer from software under development | – | – | 345 826 | (346 035) | (209) |
| **Balance at 31 December 2019** | 82 987 | 1 829 | 1 016 643 | 26 840 | 1 128 299 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Goodwill R'000 | Trade names R'000 | Computer software R'000 | Computer software R'000 | Total intangible assets R'000 |
|---|---|---|---|---|---|
| **12. Intangible assets** (continued) | | | | | |
| **12.5 Accumulated amortisation** | | | | | |
| **Company** | | | | | |
| **2020** | | | | | |
| Balance at 1 January 2020 | **–** | **1 829** | **533 449** | **–** | **535 278** |
| Amortisation for the year | **–** | **–** | **137 991** | **–** | **137 991** |
| **Balance at 31 December 2020** | **–** | **1 829** | **671 440** | **–** | **673 269** |
| **Company** | | | | | |
| **2019** | | | | | |
| Balance at 1 January 2019 | – | 1 829 | 439 557 | – | 441 386 |
| Amortisation for the year | – | | 93 892 | – | 93 892 |
| **Balance at 31 December 2019** | – | 1 829 | 533 449 | – | 535 278 |
| **12.6 Carrying amounts** | | | | | |
| **Company** | | | | | |
| **2020** | | | | | |
| At 31 December 2019 | 82 987 | – | 483 194 | 26 840 | 593 020 |
| **At 31 December 2020** | **82 987** | **–** | **435 201** | **25 575** | **543 763** |
| **Company** | | | | | |
| **2019** | | | | | |
| At 31 December 2018 | 82 987 | – | 118 543 | 316 631 | 518 161 |
| **At 31 December 2019** | 82 987 | – | 483 194 | 26 840 | 593 020 |

### 12.7 Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the CGU, which represent the lowest level at which goodwill is monitored for internal management purposes, which is not higher than the operating segments as reported in note 6.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The only CGU allocated goodwill is the interest rate market related to the goodwill that arose with the acquisition of the Bond Exchange of South Africa.

In order to assess impairment of this goodwill, management calculated the value in use by performing estimated future cash flows. This has been included in the Capital Markets reportable segment. A weighted average cost of capital (WACC) of 18.3% (2019: 18.8%) was used to discount the future earnings, taking into account any specific risk premiums that may be applicable.

These cash flows have been based on the financial forecasts for the 2020 financial year and strategic plans over a five-year-period, which is consistent with past experience. These are in line with inflation.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 12. Intangible assets (continued)

### 12.7 Impairment testing for CGUs containing goodwill (continued)

The assumptions used include profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure and an appropriate discount rate.

The recoverable amount of the CGU totalling R130 million was determined based on the value in use within the Company. The Goodwill related to the CGU did not require impairment during the 2020 financial year.

**Sensitivity analysis**

Changes in the following key assumptions on which management has based its determination of the recoverable amount would impact the recoverable amount as follows:

» A 100 basis point increase in the discount rate would decrease the recoverable amount of the CGU by R6.2 million at 31 December.
» A 100 basis point decrease in the growth rate would decrease the recoverable amount by R11.6 million.

### 12.8 Impairment testing for goodwill acquired in a business combination

As discussed in detail in note 14.2, the JSE acquired 74.85% of the voting shares of Link Market Services South Africa (Pty) Limited, subsequently renamed 'JSE Investor Services (Pty) Limited' during 2020. The Group performed an impairment test on JSE Investor Services (Pty) Limited mainly due the potential economic impact of the COVID-19 pandemic on the expected future cash flows of JSE Investor Services (Pty) Limited. The JSE Investor Services Group is regarded as a single integrated CGU due to the services being integrated and the Group is managed on an integrated basis.

The free cash flow model was used to calculate the recoverable amount for the CGU amounting to R326 million and is based on certain assumptions. Management made the following key assumptions in its determination of the recoverable amount:

» JSE Investor Services (Pty) Limited is a going concern and would be able to continue operating for the foreseeable future;
» The calculations use cash flow projections based on financial budgets approved by JSE Investor Services (Pty) Limited management and the Group Board. The projections incorporated past experience and growth expectations;
» A discount rate of 20.7% was used to calculate the present value of future cash flows;
» A growth rate of 5% was used with a terminal rate of 4%;
» Five year projection was used; and
» Funding will be sourced under market related conditions as required.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The recoverable amount of the CGU was determined based on value in use. The Goodwill related to JSE Investor Services (Pty) Limited did not require impairment during the 2020 financial year.

**Sensitivity analysis**

Changes in the following key assumptions on which management has based its determination of the recoverable amount would impact the recoverable amount as follows:

» A 100 basis point increase in the discount rate would decrease the recoverable amount of the CGU by R26 million at 31 December.
» A 100 basis point decrease in the growth rate would decrease the recoverable amount of the CGU by R25 million at 31 December.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| **13. Investment in associate** | | | | |
| **13.1 Carrying amount** | | | | |
| **Strate (Pty) Limited** | | | | |
| Carrying amount at beginning of year | **292 786** | 269 898 | **21 416** | 21 416 |
| – Dividends received | **(27 230)** | (24 795) | **–** | – |
| – Share of profit | **54 351** | 47 683 | **–** | – |
| **Total investment in associate*** | **319 907** | 292 786 | **21 416** | 21 416 |

* *JSE's portion of the net assets of Strate (Pty) Limited amounts to R320 million (44.55% of net assets – R718 million).*

| | Strate (Pty) Limited 2020 R'000 | Strate (Pty) Limited 2019 R'000 |
|---|---|---|
| **13.2 Group share of post-acquisition profit** | | |
| Share of opening accumulated profit | **516 410** | 468 727 |
| Share of profit after tax | **54 351** | 47 683 |
| Share of closing accumulated profit | **570 761** | 516 410 |
| **13.3 Summarised financial statements at 31 December** | | |
| Non-current assets | **259 223** | 292 947 |
| Current assets | **592 587** | 480 807 |
| Total assets | **851 810** | 773 754 |
| Equity | **718 398** | 661 461 |
| Non-current liabilities | **12 500** | 12 500 |
| Current liabilities | **120 912** | 99 793 |
| Total equity and liabilities | **851 810** | 773 754 |
| Revenue | **487 903** | 462 009 |
| Other income including finance income | **20 788** | 36 643 |
| Expenses | **(349 498)** | (331 305) |
| Taxation | **(41 128)** | (45 092) |
| **Profit for the year** | **118 065** | 122 255 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Effective holding 2020 % | Effective holding 2019 % | Number of shares held 2020 | Number of shares held 2019 |
|---|---|---|---|---|
| **13. Investment in associate** (continued) | | | | |
| **13.4 Unlisted associated company** | | | | |
| **Group and Company** | | | | |
| Strate (Pty) Limited | **44.55** | 44.55 | **4 346** | 4 346 |

Strate (Pty) Limited is an authorised Central Securities Depositary (CSD) for the electronic settlement of cash equity, bond and money market instruments and a company incorporated in South Africa. The Group does not exercise control over this entity.

| | Issued share capital/ trust capital | Percentage holding 2020 % | Percentage holding 2019 % | Carrying value of shares held 2020 R'000 | Carrying value of shares held 2019 R'000 |
|---|---|---|---|---|---|
| **14. Subsidiaries – Company** | | | | | |
| **14.1 Investments in subsidiaries** | | | | | |
| 14.1.1 JSE Clear (Pty) Limited[1] | | | | | |
| – Ordinary shares of 12.5 cents each | 8 300 | **100** | 100 | **3 201** | 3 201 |
| – Ordinary shares of 12.5 cents each | 1 | **100** | – | **100 000** | 100 000 |
| 14.1.2 JSE Clear Derivatives Default Fund (Pty) Limited[2] | | | | | |
| – Ordinary shares of R1 each | 1 | **100** | 100 | **–** | – |
| 14.1.3 JSE Trustees (Pty) Limited | | | | | |
| – Ordinary shares of R1 each<br>The Group elected directors to hold shares in their capacity as nominees for the Exchange. The Exchange has control over the operating and decision-making activities of JSE Trustees (Pty) Limited. | 7 | **100** | 100 | **–** | – |
| 14.1.4 Nautilus MAP Holdings (Pty) Limited | | | | | |
| – 1 ordinary share of R1 each<br>Nautilus MAP Holdings (Pty) Limited holds 100% of the ordinary shares in Nautilus MAP RF (Pty) Limited and Nautilus MAP Operations (Pty) Limited. The entities are in the process of being deregistered. | 1 | **100** | 100 | **–** | – |
| 14.1.5 JSE LTIS 2010 Trust | | | | | |
| – Trust capital | 1 000 | **100** | 100 | **1** | 1 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Issued share capital/ trust capital | Percentage holding 2020 % | 2019 % | Carrying value of shares held 2020 R'000 | 2019 R'000 |
|---|---|---|---|---|---|
| **14. Subsidiaries – Company** (continued) | | | | | |
| **14.1 Investments in subsidiaries** | | | | | |
| 14.1.6 JSE LTIS 2018 Trust | | | | | |
| – Trust capital | 1 000 | **100** | 100 | | |
| 14.1.7 BESA Limited | | | | | |
| – Ordinary shares of 12.5 cents each<br>BESA Limited holds 100% of the ordinary shares in BESA Investments (Pty) Limited and 80% of the ordinary shares of BondClear Limited. The remaining 20% of the ordinary share capital in BondClear Limited is held by the JSE. All three entities are in the process of being deregistered. | 1 925 | **100** | 100 | **101 150** | 101 150 |
| 14.1.8 JSE Investor Services | | | | | |
| – 74.85% of the ordinary shares at par value each<br>JSE Investor Services (Pty) Limited holds 100% of the ordinary shares in JSE Investor Services CSDP (Pty) Limited and Pacific Custodians (Nominees) (RF) (Pty) Limited. | 1 381 | **74.85** | – | **231 623** | – |
| **Investments in subsidiaries** | | | | **435 975** | 204 352 |

### 14.1.9 Investor protection funds

In terms of section 9.1(e) of the FMA, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. In compliance with this requirement, the JSE has guarantee funds (The JSE Guarantee Fund Trust and The JSE Debt Guarantee Fund Trust) that cover the Equities and Interest Rate Markets respectively, and a fidelity fund (The JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds, the Group is required to consolidate them.

** Less than R1 000.*

*[1] JSE Clear (Pty) Limited operates as the JSE's appointed clearing house in terms of the Financial Markets Act. In order to achieve recognition as a qualifying central counterparty (QCCP) under the CPSS-IOSCO provisions, clearing houses are required to establish a default fund for mutualising losses in the event of a clearing member default. JSE Clear (Pty) Limited has established such a default fund, and has been recognised by the FSCA as a QCCP with effect from January 2013.*

*[2] JSE Clear Derivatives Default Fund (Pty) Limited is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Subsidiaries (continued)

### 14.2 Business combination

#### 14.2.1 Summary of acquisition

On 2 November 2020, the Group acquired 74.85% of the voting shares of Link Market Services South Africa (Pty) Limited (Link SA), subsequently renamed JSE Investor Services (Pty) Limited, from Link Market Services Holdings, a company incorporated in Australia. The remaining shareholding of 25.15% is held by LMS Partner Holdings (Pty) Limited, the Black Economic Empowerment (BEE) partner of Link SA. Link SA was subsequently renamed JSE Investor Services (Pty) Limited, and is a share register business in South Africa with a client base that includes six of the top 40 issuers.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

The cash consideration was based on an enterprise value of R300 million, with the JSE's consideration amounting to R224.5 million excluding the amounts payable for balances acquired as detailed below. The total purchase consideration paid inclusive of the balances acquired amounted to R243.6 million.

| **Purchase consideration – cash outflow** | **2020 R'000** |
|---|---|
| Cash consideration paid for 74.85% | **224 550** |
| Plus/(less): Balances acquired | |
| Link Australia Debt (Intercompany debt in the accounting records of JSE Investor Services) | **12** |
| Cash | **19 061** |
| **Total purchase consideration paid for 74.85% by the JSE** | **243 623** |
| **Minus: Take-on cash balance at acquisition** | **(27 512)** |
| **Net outflow of cash for the Group – investing activities** | **216 111** |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Subsidiaries (continued)

### 14.2 Business combination (continued)

#### 14.2.1 Summary of acquisition (continued)

Acquisition related costs of 15.8 million (2019: R6 million) that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

| The assets and liabilities recognised as a result of the acquisition are as follows: | 2020 R'000 |
|---|---|
| Cash and cash equivalents | 27 512 |
| Trade and other receivables | 19 933 |
| Deposits | 432 |
| Current tax receivable | 3 901 |
| Other assets | 819 |
| Intangible assets | 12 425 |
| Plant and equipment | 2 022 |
| Right-of-use asset | 4 674 |
| Indemnified asset | 4 680 |
| Deferred tax asset | 1 258 |
| Customer relationship | 133 828 |
| Trade and other payables | (14 041) |
| Lease liabilities (current) | (2 479) |
| Lease liabilities (non-current) | (4 086) |
| Liability | (4 680) |
| Deferred tax liability | (37 761) |
| Net identifiable assets acquired | 148 439 |
| *Less*: non-controlling interests | (37 332) |
| *Add*: Goodwill | 132 517 |
| Net assets acquired | 243 623 |

The fair value of trade receivables, other assets, property, plant and equipment and intangible assets are the gross amounts of the assets. It is expected that the full trade receivable balance can be collected. The estimated ECLs on these receivables are immaterial.

Customer relationships have been separately identified and recognised as an intangible asset at acquisition date. Customer relationships established through contracts are deemed identifiable as they meet the contractual-legal criterion. However, customer relationships where there is no contract in place have also been recognised as they are considered to be separable and therefore meet the criteria for recognition as an intangible asset under IAS 38. The fair value of the customer relationship intangible asset has been estimated by applying a discounted earnings technique.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

1. An assumed discount rate of 17.9% was used after adding a premium of 1.5% to the Company WACC of 16.4%;
2. An expected useful life of 15 years with no terminal value. The useful life is based on the stability of the current customer base, the average number of years that the customer contract or relationship has already been in place, as well as the low level of customer attrition experienced in past financial period; and
3. Annual growth rate of 5% and attrition rate of 2.5% have been factored into the cash flows.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Subsidiaries (continued)

### 14.2 Business combination (continued)

#### 14.2.1 Summary of acquisition (continued)

Intangible assets include purchased software of R12 million which provide the necessary functionality for JSE Investor Services (Pty) Limited to conduct the business of transfer secretary in South Africa and interface with statutory bodies and business partners. The fair value of the software was determined based on valuations performed by an independent valuator based on an agreed price by the seller.

The purchase of the software has been facilitated by the Company providing JSE Investor Services (Pty) Limited with a loan of R12 million. The loan pays interest at Prime and is repayable by the Company within 12 months of the completion date.

The deferred tax liability mainly comprises the tax effect of the customer relationship asset recognised.

The goodwill arising on acquisition of R133 million comprises the expected synergies arising from the acquisition, including the opportunities to generate new revenue for both JSE Investor Services (Pty) Limited and its subsidiaries, as well as the anticipated adjustments to the cost structures of these companies following the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

A liability exists in respect of legal proceedings instituted on 18 June 2018 against JSE Investor Services (Pty) Limited (formerly Link Market Services (South Africa) Pty Limited) and its subsidiary JSE Investor Services CSDP (Pty) Limited (formerly Link Investor Services) (Pty) Limited in respect of the value of client shares, which were fraudulently claimed. The liability arises based on JSE Investor Services (Pty) Ltd being liable if the Insurer does not accept and settle the claim. JSE Investor Service (Pty) Limited has lost scrip indemnity insurance in place and the insurer has accepted the claim post-acquisition but official settlement is yet to take place. The insurer's attorneys are working in conjunction with our legal counsel to settle the matter with the plaintiff.

The JSE raised a corresponding Indemnity asset as that any claim against JSE Investor Services (Pty) Ltd in respect of the claim above is covered by the specific client indemnity provisions within the share sale agreement entered into between Link Australia and the JSE. Management is of the view that JSE Investor Services CSDP was neither responsible nor negligent in respect of the lost scripts and that no exposure exists for JSE Investor Services (Pty) Ltd as lost scrip indemnity insurance was in place.

The Company utilised cash resources as consideration for the 74.85% interest in JSE Investor Services (Pty) Limited.

There is no contingent consideration payable.

There were no additional acquisitions in the year ending 31 December 2020.

#### 14.2.2 Acquired receivables

The fair value of acquired trade receivables is R14.6 million. The gross contractual amount for trade receivable due is R14.8 million of which R0.2 million is expected to be uncollectible.

#### 14.2.3 Revenue and profit contribution

The acquired business contributed revenues of R17 million and net profit of R1 million to the Group for the period from 2 November 2020 to 31 December 2020. If the acquisition had taken place at the beginning of the year, revenue contributed from continuing operations would have been R141 million and profit before tax would have been R36 million.

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Business combination (continued)

### 14.3 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests provided below:

| Proportion of equity interest held by non-controlling interests: | 2020 R'000 | 2019 R'000 |
|---|---|---|
| Accumulated balances of material non-controlling interest: | **37 586** | – |
| Profit allocated to material non-controlling interest: | **254** | – |
| The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations. | | |
| **Summarised statement of comprehensive income for the period as at 31 December 2020:** | | |
| Revenue from contracts with customers | **17 071** | – |
| Personnel and other expenses | **(9 275)** | – |
| Administration expenses | **(5 792)** | – |
| Finance costs | **(320)** | – |
| Finance income | **85** | – |
| Profit before tax | **1 769** | – |
| Income tax | **(761)** | – |
| Profit for the period | **1 008** | – |
| Attributable to: | | |
| Equity holders of parent | **754** | – |
| Non-controlling interest | **254** | – |
| **Summarised statement of financial position as at 31 December 2020:** | | |
| Total assets | **72 919** | – |
| Total current assets | **53 877** | – |
| Total non-current assets | **19 042** | – |
| Total liabilities | **(31 828)** | – |
| Total current liabilities | **(28 164)** | – |
| Total non-current liabilities | **(3 664)** | – |
| Total equity | **(41 091)** | – |
| **Summarised cash flow information for the period as at 31 December 2020:** | | |
| Operating activities | **6 123** | |
| Financing activities | **(803)** | |
| Net increase in cash and cash equivalents | **5 320** | |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Business combination (continued)

### 14.4 Involvement with unconsolidated structured entities

The table below describes the structured entities that the Group does not consolidate but in which it holds an interest.

| Name of structured entity | Nature and purpose | Interest held by the Group |
|---|---|---|
| The JSE Benevolent Fund | This fund was created by the then members of the JSE prior to the JSE's demutualisation in 2005. The purpose of the fund is to provide financial assistance and poverty relief to stockbrokers, employees of authorised members of the JSE, full-time employees of the JSE prior to 8 November 1995 and their dependants. The assets of the fund are applied by the fund trustees according to the applicable rules and their discretion. | The committee shall at all times be comprised of at least three people who are not connected persons in relation to each other and shall have exclusive administration and control of the Fund and of the income arising therefrom. The Committee may delegate its powers and duties to such sub-Committee as it deems fit. This is a structured fund to which administrative services are outsourced to a third party. The JSE does not provide financial or administrative support to this unconsolidated fund. |

### 14.5 Due from Group entities

| | 2020 R'000 | 2019 R'000 |
|---|---|---|
| Nautilus MAP RF (Pty) Limited | **31 576** | 33 431 |
| Allowance for impairment loss | **(28 319)** | (26 000) |
| Owing to Nautilus MAP RF (Pty) Limited | **(3 224)** | (7 549) |
| JSE Clear (Pty) Limited | **39 765** | 37 464 |
| JSE Clear Derivatives Default Fund (Pty) Limited | **6** | 6 |
| JSE Trustees (Pty) Limited | **7 603** | 12 095 |
| JSE Guarantee Fund Trust | **(28)** | – |
| JSE Debt Guarantee Fund Trust | **421** | 410 |
| JSE Investor Services (Pty) Limited | **12 140** | – |
| JSE Empowerment Trust (refer to note 2.4) | **25 932** | – |
| **Total due from Group entities – current assets** | **85 872** | 49 857 |

Amounts due from Nautilus MAP RF (Pty) Limited are unsecured and interest free.

During the current year, an additional allowance for impairment loss amounting to R2 million (2019: R4 million) was raised based on the probability of recoverability of the loan amount outstanding. The provision of the loan is considered to be credit impaired and consistent with prior year. This entity has been classified as a discontinued operation. Refer to note 8 for details.

The amount due from JSE Investor Services (Pty) Limited is unsecured, carries interest at prime (7%) and is payable within 12 months. The loan was provided to the subsidiary for the purchase of software from Link Intime India Private Limited and Link Australia respectively. The software acquisitions formed part of the acquisition of the issued shares of JSE Investor Services from Link Australia.

All entities are incorporated in the Republic of South Africa.

Amounts due from Group entities are interest free and consist mainly of management fees payable to the Company. These fees are invoiced monthly by the Company and are payable within 30 days from invoice date.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 14. Business combination (continued)

### 14.5 Involvement with unconsolidated structured entities (continued)

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the fund. The loan is interest free. The JSE has the option to terminate the agreement with the fund on one month's written notice, charging interest at Johannesburg Interbank Average Rate (JIBAR) on any outstanding amounts. As discussed in note 2.4, JSE Empowerment Fund Trust was consolidated effective 1 January 2020. Refer to note 16 for details of the loan as at 31 December 2019.

| For the year ended 31 December 2020 | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| **15. Other investments** | | | | |
| **15.1 Investor protection funds fair value through OCI financial assets** | | | | |
| 15.1.1 JSE Derivatives Fidelity Fund Trust | | | | |
| Bonds* | **18 030** | 18 555 | **–** | – |
| Listed equities | **70 431** | 67 304 | **–** | – |
| Protective cell funds | **116 391** | 95 555 | **–** | – |
| | **204 852** | 181 414 | **–** | – |
| 15.1.2 JSE Guarantee Fund Trust | | | | |
| Bonds* | **14 253** | 14 938 | **–** | – |
| Listed equities | **52 288** | 53 740 | **–** | – |
| Protective cell funds | **100 824** | 82 775 | **–** | – |
| Collective investment scheme | **5 084** | 5 891 | **–** | – |
| | **172 449** | 157 344 | **–** | – |
| | **377 301** | 338 758 | **–** | – |
| **15.2 Other investments** | | | | |
| Stock Exchange Nominees (Pty) Limited | **1** | 1 | **1** | 1 |
| | **377 302** | 338 759 | **1** | 1 |

* *The Group believes that no further impairment allowance is necessary in respect of the bonds. Historic default rates in the assessment of the probability of credit losses, while incorporating forward-looking macro-economic factors were used when testing for impairment allowances.*

*The following equity instruments have been disposed of during the current year: Advtech Limited, Prosus N.V., Sasol Limited, Aspen Pharmacare Holdings Limited, BHP Billiton PLC, EPP N.V, The Foschini Group, RMB Holdings Limited, Rand Merchant Insurance Holdings Limited, Shoprite Holdings Limited and Sibanye Gold Limited. These disposals were actioned as part of the investment mandate. The proceeds of these equity instruments amounted to R16.9 million (2019: R22.8 million) and the cumulative gain on disposal was R12.3 million (2019: R1.2 million).The amount of the proceeds is equal to fair value. There were no transfers in equity during the year.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| **16. Loan to the JSE Empowerment Fund Trust** | **–** | 25 197 | **–** | 25 197 |

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the fund. The loan is interest free. The JSE has the option to terminate the agreement with the fund on one month's written notice, charging interest at JIBAR on any outstanding amounts. Refer to note 14.5 for detail on the loan balance as at 31 December 2020.

## 17. Trade and other receivables

### 17.1 Trade and other receivables

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Interest receivable | **139 857** | 201 651 | **5 235** | – |
| Other receivables* | **65 937** | 34 098 | **30 124** | 12 264 |
| Prepaid expenses | **80 170** | 66 522 | **77 009** | 64 088 |
| Trade receivables | **188 742** | 218 068 | **201 157** | 218 024 |
| | **474 706** | 520 339 | **313 525** | 294 376 |

* *Includes JSE share of FTSE revenue, management fee in respect of JSE Trustees.*

The age analysis of trade receivables is as follows:

| | Group Gross R'000 | Group Allowance for impairment losses R'000 | Company Gross R'000 | Company Allowance for impairment losses R'000 |
|---|---|---|---|---|
| **At 31 December 2020:** | | | | |
| Fully performing: 0 to 30 days | **156 591** | **–** | **176 114** | **–** |
| Past due: 31 to 90 days | **23 319** | **–** | **18 920** | **–** |
| Past due: More than 90 days | **17 124** | **8 093** | **14 017** | **7 894** |
| Total | **197 034** | **8 093** | **209 051** | **7 894** |
| **At 31 December 2019:** | | | | |
| Fully performing: 0 to 30 days | 150 734 | – | 150 734 | – |
| Past due: 31 to 90 days | 53 594 | – | 53 594 | – |
| Past due: More than 90 days | 17 430 | 3 690 | 17 386 | 3 690 |
| Total | 221 758 | 3 690 | 221 714 | 3 690 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 17. Trade and other receivables (continued)

### 17.1 Trade and other receivables (continued)

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| At 1 January | **3 690** | 3 774 | **3 690** | 3 774 |
| Increase/(decrease) in allowance for impairment | **4 403** | (84) | **4 204** | (84) |
| Receivables written off during the year as uncollectable | **–** | – | **–** | – |
| **At 31 December** | **8 093** | 3 690 | **7 894** | 3 690 |

The default rate per category is as follows:

| Ageing | Default Rate |
|---|---|
| Current | 0.22% |
| 31 to 60 days | 0.38% |
| 61 to 90 days | 0.86% |
| 91 to 120 days | 1.00% |
| Over 120 days | 1.02% |

Under IFRS 9, the Group uses historic default rates in the assessment of the probability of credit losses, while incorporating forward-looking macro-economic factors. The Group believes that no further impairment allowance is necessary in respect of trade receivables.

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

The credit terms are 30 days.

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

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 18. Margin and collateral deposits

Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with F1/A1 and F1+/A1+ rated banks. A corresponding liability has been raised (which is due to market participants) against these margin and collateral deposits, as the JSE only manages these assets to facilitate clearing of the equity and derivative markets.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **18.1** | **Margin deposits** | | | | |
| | Derivatives funds held by JSE Clear (Pty) Limited | **46 000 016** | 34 233 114 | **–** | – |
| | Equities | **308 464** | 616 477 | **308 464** | 616 477 |
| | | **46 308 480** | 34 849 591 | **308 464** | 616 477 |
| **18.2** | **Collateral deposits** | **880** | 59 034 | **880** | 59 034 |
| | The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement of equity trades in the Strate environment. At 31 December 2020, interest-bearing collateral deposits of R0.9 million (2019: R59.1million) have been lodged as security against securities lending transactions with a market value of R0.6 million (2019: R51.7 million). | | | | |
| **18.3** | **JSE Clear Derivatives Default Fund (Pty) Limited** | **500 000** | 500 000 | **100 000** | 100 000 |
| | JSE Clear Derivatives Default Fund (Pty) Limited has established a default fund for neutralising losses in the event of clearing member default.<br>The initial collateral deposits required from clearing members are managed and invested in terms of the JSE Rules. The Company contribution of the fund is R100 million (2019: R100 million). | | | | |
| | JSE Clear Derivatives Default Fund (Pty) Limited members' contributions | **400 000** | 400 000 | **–** | – |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **19. Cash and cash equivalents** | | | | |
| Cash and cash equivalents comprises: | | | | |
| Bank balances | **1 203 821** | 1 211 225 | **926 447** | 1 050 675 |
| Term deposits | **1 255 391** | 1 366 109 | **1 120 384** | 1 241 786 |
| Total cash and cash equivalents | **2 459 212** | 2 577 334 | **2 046 831** | 2 292 461 |
| **20. Stated capital and reserves** | | | | |
| **20.1 Authorised stated capital** | | | | |
| 400 000 000 ordinary shares with a par value of 10 cents per share | **40 000** | 40 000 | **40 000** | 40 000 |
| **20.2 Issued stated capital at par value** | | | | |
| Issued stated capital | | | | |
| Balance at 1 January | **8 620** | 8 616 | **8 620** | 8 616 |
| Treasury shares sold | **17** | 47 | **17** | 47 |
| Acquisition of treasury shares | **(49)** | (43) | **(49)** | (43) |
| Balance at 31 December* | **8 588** | 8 620 | **8 588** | 8 620 |

** The difference between the balance and issued ordinary shares as per note 10.1 relates to unvested LTIS and bonus shares.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 20. Stated capital and reserves (continued)

### 20.3 Stated capital and reserves

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Stated capital[6] | **(32 514)** | (17 726) | **(26 800)** | (17 726) |
| Non-distributable reserves made up as follows: | **601 191** | 466 109 | **21 282** | – |
| Transfer of dividends to NDR | **17 889** | – | **–** | – |
| Fines – listed companies | **21 282** | – | **21 282** | – |
| Take-on of JEF Trust as a subsidiary[4] | **54 360** | – | **–** | – |
| Investor protection funds | **507 660** | 466 109 | **–** | – |
| Fair value reserve[1] | **167 811** | 128 350 | **–** | – |
| – JSE Derivatives Fidelity Fund Trust | **84 177** | 62 314 | **–** | – |
| – JSE Guarantee Fund Trust | **83 634** | 66 036 | **–** | – |
| Capital and accumulated funds[2] | **339 849** | 337 759 | **–** | – |
| – JSE Debt Guarantee Fund Trust | **117 585** | 116 467 | **–** | – |
| – JSE Derivatives Fidelity Fund Trust | **127 676** | 124 712 | **–** | – |
| – JSE Guarantee Fund Trust | **94 588** | 96 580 | **–** | – |
| Share-based payment reserve[3] | **75 387** | 82 158 | **75 387** | 82 158 |
| Retained earnings | **3 472 638** | 3 439 090 | **3 254 275** | 3 257 342 |
| Non-controlling interest | **37 586** | – | **–** | – |
| **Total** | **4 154 288** | 3 969 631 | **3 324 145** | 3 321 774 |

*[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, Derivatives and Bond markets.*
*[3] This reserve relates to the portion of the LTIS 2010 and 2018 LTISs that have been expensed to date.*
*[4] Non-Distributable Reserve includes a take-on balance of R54.36 million in respect of the first-time consolidation of JSE Empowerment Fund Trust.*
*[5] Refer to note 2.4 for information related to the first-time consolidation of the JSE Empowerment Fund Trust.*
*[6] The total number of treasury shares held by the Group as at 31 December 2020 was 3 778 968 (2019:1 564 972).*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **20. Stated capital and reserves** (continued) | | | | |
| **20.4 Dividends declared and paid*** | | | | |
| Ordinary dividend of 690 cents (2019: 655 cents) per share | **584 760** | 569 048 | **599 455** | 569 048 |
| Special dividend of 150 cents (2019: 185 cents) per share | **127 122** | 160 724 | **130 316** | 160 724 |
| Total dividend of 840 cents (2019: 840 cents) on unallocated treasury shares | **(1 151)** | (1 632) | **(1 151)** | (1 632) |
| | **710 732** | 728 140 | **728 621** | 728 140 |

* *The dividend paid to the JSE Empowerment Fund amounting to R17.9 million was eliminated in the current year.*

| | Notes | Group | | Company | |
|---|---|---|---|---|---|
| | | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **21. Employee benefits** | | | | | |
| **21.1 Liabilities** | | | | | |
| **Non-current liabilities** | | **5 952** | 5 436 | **5 952** | 5 436 |
| Cash-settled liability | 21.4 | **5 952** | 5 436 | **5 952** | 5 436 |
| **Current liabilities** | | **132 036** | 109 398 | **130 922** | 109 398 |
| Leave pay accrual | | **36 330** | 25 693 | **35 216** | 25 693 |
| Cash-settled liability | 21.4 | **12 086** | 8 022 | **12 086** | 8 022 |
| Discretionary bonus and bursary scheme | | **83 620** | 69 376 | **83 620** | 69 376 |
| Bonus shares | | **–** | 6 307 | **–** | 6 307 |

### 21.2 Discretionary bonus

The Group Remuneration Committee (GRC) determines the discretionary bonus pool, based on its assessment of annual corporate performance against a pre-set corporate scorecard for the year as approved by the Board. Individual awards are linked to seniority, individual performance and contribution to corporate performance. Awards under this scheme are not subject to deferral.

The CEO shall, in respect of each financial year of employment with the Company (at the discretion of the GRC) be entitled to receive a discretionary bonus, the gross amount of which annual bonus shall not exceed 200% of cost to company remuneration for that financial year. The quantum of the bonus, shall be based on the Company's financial performance for that year and meeting the annual corporate and Group CEO scorecard objectives.

The discretionary bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme.

The total discretionary bonus pool for 2020 amounted to R75.7 million (2019: R63.9 million), of which R24.3 million (2019: R17.5 million) was paid to executive management.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

### 21.3 Retirement benefits

The JSE provides retirement benefits for employees through the JSE Pension Scheme, which is a defined contribution retirement scheme.

### 21.4 Critical skills cash scheme

This is a cash-only retention scheme, applicable to selected senior employees of the JSE with scarce or critical skills. Employees that participate in this scheme are not eligible to participate in the JSE's long-term equity scheme.

During the current financial year, the award granted in 2018 has vested and a new award was granted which will vest in March 2022. The unvested portion attracts interest at the commercial rate earned on funds under management in JSE Trustees. Corporate and individual performance hurdles apply to awards granted under this scheme. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R16.9 million (2019: R11.1 million).

| | Critical Skills Cash Scheme | Critical Skills Cash Scheme |
|---|---|---|
| | **2020** | 2019 |
| | **R'000** | R'000 |
| Total cash value of award approved by Board | **15 883** | 15 900 |

### 21.5 LTISs (LTIS 2010 and LTIS 2018)

The LTIS 2010 scheme was approved by shareholders at the AGM in April 2010, and closed in December 2018 after eight years in accordance with the scheme rules.  The LTIS 2018 scheme, modelled on the same basis as the 2010 scheme, was approved by shareholders at the AGM held in May 2018.

#### Scheme objective and design

The main objective of LTIS 2010 (and the successor scheme LTIS 2018) is to retain and incentivise selected senior employees of the JSE to deliver sustained corporate performance, aligned with shareholder interests, over rolling three- and four-year time horizons.

These LTIS schemes are full-value, performance share schemes.  Scheme participants receive equity awards on an annual basis and vesting is linked to continued employment and the JSE achieving pre-set Group performance conditions over the vesting period. To fulfil these share awards, JSE ordinary shares are acquired on an annual basis in the open market by a trust established by the JSE, with scheme participants having immediate beneficial ownership from the date of the award, but subject to restrictions. Share awards are forfeited if either the employment requirement or the corporate performance conditions are not met.

#### Vesting of Bonus shares during the year under review

Bonus shares were awarded in March 2017 as part of the annual discretionary bonus based on the prior year's financial results. All staff received 104 JSE Limited ordinary shares. These bonus shares vested in March 2020. If a recipient of the bonus shares was no longer in JSE employment in March 2020, the awards were forfeited unless the recipients had been retrenched. No performance conditions were attached to these bonus shares. These shares were settled in the current year. A bonus share scheme was awarded in March 2019 as part of the annual discretionary bonus based on the prior year's financial results. All staff received 65 JSE Limited ordinary shares. These bonus shares were subject to a restriction and could only be sold from 1 January 2020 onwards provided the Company was in an open period. Employees who left the JSE during this period retained these bonus shares.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

### 21.5 LTISs (LTIS 2010 and LTIS 2018) (continued)

#### Allocation #7 under LTIS 2010

The seventh award ("Allocation 7") under LTIS 2010 was granted in October 2016, with the following vesting profile:

| | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 158.25 |
| Total number of shares granted | 342 090 |
| Dividend yield (%) | 3 |
| Grant date | 21 October 2016 |
| Vesting profile: | |
| 50% of the shares awarded vest on 1 March 2019 (Tranche 1) | 171 045 |
| 50% of the shares awarded vest on 1 March 2020 (Tranche 2) | 171 045 |
| The vesting of Tranche 2 was completed during the year under review | |

#### Additional Allocation #7 award

| | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 161.01 |
| Total number of shares granted | 9 684 |
| Dividend yield (%) | 3 |
| Grant date | 25 November 2016 |
| Vesting profile: | |
| 50% of the shares awarded vest on 1 March 2019 (Tranche 1) | 4 842 |
| 50% of the shares awarded vest on 1 March 2020 (Tranche 2) | 4 842 |
| The vesting of Tranche 2 was completed during the year under review | |

#### Tranche 2 – fully vested

Tranche 2: 50% of the total award, vested on 1 March 2020. All LTIS 2010 participants in the employ of the Company as at 1 March 2020 were eligible to participate in the vesting of this Tranche in accordance with the terms and conditions of the Scheme rules.

In respect of Tranche 2, the Board assessed the performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 54.73% of these Tranche 2 shares vested for those participants still in the employ of the JSE on 1 March 2020.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

### Additional Allocation #7 award (continued)

| | Corporate performance shares |
|---|---|
| As at 31 December 2019, details of Tranche 2 were as follows: | |
| Original number of Tranche 2 shares awarded in October 2016 | 171 045 |
| Forfeited by leavers to date | (27 730) |
| Tranche 2 shares forfeited for missing performance targets | (55 544) |
| Accelerated for good leavers to date | (50 735) |
| Tranche 2 shares vested on 1 March 2020 | (37 036) |
| **Tranche 2 shares outstanding** | – |
| Original number of Tranche 2 shares awarded in November 2016 | 4 842 |
| Tranche 2 shares forfeited for missing performance targets | (2 192) |
| Tranche 2 shares vested on 1 March 2020 | (2 650) |
| **Tranche 2 shares outstanding** | – |

### Allocation #8 under LTIS 2010

The eighth and final award ("Allocation 8") under LTIS 2010 was granted in March 2017 with the following vesting profile:

| | Corporate performance shares |
|---|---|
| Share price at grant date (rands per share) | 147.92 |
| Total number of shares granted | 290 530 |
| Dividend yield (%) | 3 |
| Grant date | 3 March 2017 |
| Vesting profile: | |
| 50% of the shares awarded vest on 1 March 2020 (Tranche 1) | 145 265 |
| 50% of the shares awarded vest on 1 March 2021 (Tranche 2) | 145 265 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

### Allocation #8 under LTIS 2010 (continued)

**Tranche 1 – fully vested**

Tranche 1: 50% of the total award, vested on 1 March 2020. All participants in the employ on the Company as at 1 March 2020 were eligible to participate in the vesting of this tranche in accordance with the terms and conditions of the Scheme rules.

In respect of Tranche 1, the Board assessed the performance over the three-year vesting term against the pre-set financial and strategic targets and determined that 47.6% of these Tranche 1 shares vested for those participants still in the employ of the JSE on 1 March 2020.

| | Corporate performance shares |
|---|---|
| As at 31 December 2020, details of Tranche 1 were as follows: | 145 265 |
| Forfeited by leavers to date | (30 740) |
| Tranche 1 shares forfeited for missing performance targets | (51 360) |
| Accelerated for good leavers to date | (34 410) |
| Tranche 1 shares vested on 1 March 2019 | (28 755) |
| **Tranche 1 shares outstanding** | – |
| As at 31 December 2020, details of Tranche 2 were as follows: | |
| Original number of Tranche 2 shares awarded in March 2017 | 145 265 |
| Forfeited by leavers to date | (30 740) |
| Accelerated for good leavers to date | (54 115) |
| **Tranche 2 shares available for vesting in March 2021** | 60 410 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2010 is as follows:

| | 2020 | 2019 |
|---|---|---|
| Allocation #6 (granted in June 2015) | – | R0.4m |
| Allocation #7 (granted October 2016) | **(R1.5m)** | R1.8m |
| Allocation #8 (granted March 2017) | **(R0.5m)** | R7.5m |
| | **(R2.0m)** | R9.7m |

### Allocation #1 under LTIS 2018

The first award ("Allocation 1") under LTIS 2018 was granted in September 2018 with the following vesting profile:

| Senior management award | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 156.37 |
| Total number of shares granted | 203 650 |
| Dividend yield (%) | 3 |
| Grant date | 18 September 2018 |
| Vesting profile: | |
| 50% of the shares awarded vest on 31 August 2021 (Tranche 1) | 101 825 |
| 50% of the shares awarded vest on 31 August 2022 (Tranche 2) | 101 825 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

| Executive Committee award | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 153.75 |
| Total number of shares granted | 175 820 |
| Dividend yield (%) | 3 |
| Grant date | 18 September 2018 |
| Vesting profile: | |
| 50% of the shares awarded vest on 31 August 2021 (Tranche 1) | 87 910 |
| 50% of the shares awarded vest on 31 August 2022 (Tranche 2) | 87 910 |

The shares forfeited by leavers to date are 19 240 (Tranche 1 and Tranche 2). The total shares outstanding at year-end are 360 230.

### Allocation #2 under LTIS 2018

| | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 159.80 |
| Total number of shares granted | 359 595 |
| Dividend yield (%) | 3 |
| Grant date | 7 March 2019 |
| Vesting profile: | |
| 50% of the shares awarded vest on 1 March 2022 (Tranche 1) | 179 798 |
| 50% of the shares awarded vest on 1 March 2023 (Tranche 2) | 179 798 |

The shares forfeited by leavers to date are 20 277 (Tranche 1 and Tranche 2). The total shares outstanding at year-end are 339 319.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 21. Employee benefits (continued)

### Allocation #3 under LTIS 2018

| | Corporate performance shares |
|---|---|
| Share price at grant date (rand per share) | 102.73 |
| Total number of shares granted | 494 170 |
| Dividend yield (%) | 3 |
| Grant date | 13 March 2020 |
| Vesting profile: | |
| 50% of the shares awarded vest on 1 March 2023 (Tranche 1) | 247 085 |
| 50% of the shares awarded vest on 1 March 2024 (Tranche 2) | 247 085 |

The shares forfeited by leavers to date are 21 664 (Tranche 1 and Tranche 2). The total shares outstanding at year-end are 472 506.

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:

| | **2020** | 2019 |
|---|---|---|
| Allocation #1 (granted in September 2018) | **R7.4m** | R20.1m |
| Allocation #2 (granted in March 2019) | **R9.1m** | R15.1m |
| Allocation #3 (granted in March 2020) | **R7.6m** | – |
| | **R24.1m** | R35.2m |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 22. Deferred tax assets and liabilities

### 22.1 Deferred tax assets and liabilities are attributable to the following:

| | Assets 2020 R'000 | Assets 2019 R'000 | Liabilities 2020 R'000 | Liabilities 2019 R'000 | Net 2020 R'000 | Net 2019 R'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Intangible assets | **1 675** | – | **(37 383)** | (109) | **(35 708)** | (109) |
| Operating lease asset | **–** | – | **(6)** | (4) | **(6)** | (4) |
| IFRS 16 *Leases* | **33 477** | 32 763 | **–** | – | **33 477** | 32 763 |
| Employee benefits | **35 312** | 32 155 | **–** | (708) | **35 312** | 31 447 |
| Allowance for impairment losses | **1 658** | 774 | **–** | – | **1 658** | 774 |
| Prepayments | **–** | – | **(7 448)** | (3 054) | **(7 448)** | (3 054) |
| Cash restraint payments | **2 809** | 1 965 | **–** | – | **2 809** | 1 965 |
| Loan to the JSE Empowerment Fund Trust | **243** | 449 | **–** | – | **243** | 449 |
| Interest accrued | **–** | – | **(5)** | – | **(5)** | |
| Income received in advance | **5 192** | 1 360 | **–** | – | **5 192** | 1 360 |
| **Total** | **80 366** | 69 465 | **(44 842)** | (3 875) | **35 524** | 65 590 |

### 22.2 Movement in temporary differences during the year:

| | Balance 1 January 2019 R'000 | Recognised in profit or loss R'000 | Balance 31 December 2019 R'000 | **Recognised in profit or loss R'000** | **Recognised on acquisition R'000** | **Balance 31 December 2020 R'000** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Intangible assets | (109) | – | (109) | **417** | **(36 016)** | **(35 708)** |
| Operating lease liability | 29 915 | (29 915) | – | **–** | **–** | **–** |
| Operating lease asset | (11) | 7 | (4) | **(2)** | **–** | **(6)** |
| IFRS 16 *Leases* | – | 32 763 | 32 763 | **714** | **–** | **33 477** |
| Employee benefits | 17 204 | 14 243 | 31 447 | **3 865** | **–** | **35 312** |
| Allowance for impairment losses | 792 | (18) | 774 | **884** | **–** | **1 658** |
| Prepayments | (5 077) | 2 023 | (3 054) | **(4 394)** | **–** | **(7 448)** |
| Cash restraint payments | 93 | 1 872 | 1 965 | **844** | **–** | **2 809** |
| Loan to the JSE Empowerment Fund Trust | 466 | (18) | 448 | **(205)** | **–** | **243** |
| Interest accrued | – | – | – | **(5)** | **–** | **(5)** |
| Income received in advance | 1 085 | 275 | 1 360 | **3 832** | **–** | **5 192** |
| **Total** | 44 358 | 21 232 | 65 590 | **5 950** | **(36 016)** | **35 524** |

There are no current and deferred tax implications relating to items charged/credited directly to other comprehensive income or equity, since these relate to investor protection funds, which are exempt from tax.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 22. Deferred tax assets and liabilities (continued)

### 22.3 Deferred tax assets and liabilities are attributable to the following:

| | Assets 2020 R'000 | Assets 2019 R'000 | Liabilities 2020 R'000 | Liabilities 2019 R'000 | Net 2020 R'000 | Net 2019 R'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| Operating lease asset | **–** | – | **(6)** | (4) | **(6)** | (4) |
| IFRS 16 *Leases* | **33 477** | 32 763 | **–** | – | **33 477** | 32 763 |
| Employee benefits | **35 313** | 32 155 | **–** | (708) | **35 313** | 31 447 |
| Allowance for impairment losses | **1 658** | 774 | **–** | – | **1 658** | 774 |
| Prepayments | **–** | – | **(7 449)** | (3 054) | **(7 449)** | (3 054) |
| Cash restraint payments | **2 809** | 1 965 | **–** | – | **2 809** | 1 965 |
| Loan to the JSE Empowerment Fund Trust | **243** | 449 | **–** | – | **243** | 449 |
| Income received in advance | **5 192** | 1 360 | **–** | – | **5 192** | 1 360 |
| **Total** | **78 692** | 69 465 | **(7 455)** | (3 766) | **71 237** | 65 699 |

### 22.4 Movement in temporary differences during the year

| | Balance 1 January 2019 R'000 | Recognised in profit or loss R'000 | Balance 31 December 2019 R'000 | **Recognised in profit or loss R'000** | **Balance 31 December 2020 R'000** |
|---|---|---|---|---|---|
| **Company** | | | | | |
| Operating lease liability | 29 915 | (29 915) | – | **–** | **–** |
| Operating lease asset | (11) | 7 | (4) | **(2)** | **(6)** |
| IFRS 16 *Leases* | – | 32 763 | 32 763 | **714** | **33 477** |
| Employee benefits | 17 204 | 14 243 | 31 447 | **3 866** | **35 313** |
| Allowance for impairment losses | 792 | (18) | 774 | **884** | **1 658** |
| Prepayments | (5 077) | 2 023 | (3 054) | **(4 395)** | **(7 449)** |
| Cash restraint payments | 93 | 1 872 | 1 965 | **844** | **2 809** |
| Loan to the JSE Empowerment Fund Trust | 466 | (18) | 448 | **(205)** | **243** |
| Income received in advance | 1 085 | 275 | 1 360 | **3 832** | **5 192** |
| **Total** | 44 467 | 21 232 | 65 699 | **5 539** | **71 237** |

** No deferred tax assets have been raised in respect of the allowance for impairment loss on the loan due from Nautilus MAP RF (Pty) Limited. Please refer to note 14.3.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **23. Trade and other payables** | | | | |
| Trade payables* | **164 303** | 262 107 | **152 814** | 246 176 |
| Interest payable | **138 979** | 218 891 | **1 861** | 4 019 |
| Receipts in advance | **2 175** | 4 588 | **2 175** | 4 588 |
| | **305 457** | 485 586 | **156 850** | 254 783 |

** Includes accruals, VAT output, customer deposits and deferred income.*

## 24. Notes to the statement of cash flows

### 24.1 Cash generated by operations

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Profit before tax from continuing operations | **1 064 816** | 948 159 | **1 027 796** | 915 266 |
| Loss before tax from discontinued operations | **(2 842)** | (4 867) | **–** | – |
| Profit before tax | **1 061 974** | 943 292 | **1 027 796** | 915 266 |
| Adjustments for: | | | | |
| – depreciation of property and equipment | **69 743** | 68 944 | **69 625** | 68 944 |
| – amortisation of intangible assets | **140 181** | 93 892 | **137 991** | 93 892 |
| – depreciation of right-of-use assets | **39 243** | 39 005 | **39 028** | 39 005 |
| – impairment of monies due from Group entities | **–** | – | **2 319** | 4 000 |
| – JSE LTIS 2010 | **(1 776)** | 2 206 | **(1 776)** | 2 206 |
| – JSE LTIS 2018 | **24 076** | 35 195 | **24 076** | 35 195 |
| – share of profit from associate | **(54 351)** | (47 683) | **–** | – |
| – finance costs | **2 234 354** | 2 749 975 | **71 463** | 70 899 |
| – finance income | **(2 434 182)** | (2 963 057) | **(170 631)** | (231 207) |
| – dividend received | **(2 119)** | (4 649) | **(27 230)** | (24 795) |
| – non-cash items in respect of employee benefits | **104 269** | (83 366) | **104 107** | (83 366) |
| – profit on disposal of property and equipment | **(37)** | (237) | **(37)** | (237) |
| – unrealised loss on forex | **5 953** | – | **5 953** | – |
| – change in fair value of loan to JSE Empowerment Fund | **–** | (61) | **–** | (61) |
| **Surplus from operations** | **1 187 328** | 833 456 | **1 282 684** | 889 741 |
| Changes in: | | | | |
| – decrease/(increase) in trade and other receivables | **11 178** | (48 605) | **(16 365)** | (46 901) |
| – (decrease)/increase in trade and other payables/intercompany operating loans | **(85 931)** | 114 171 | **(81 488)** | 126 046 |
| Cash generated by operations | **1 112 575** | 899 022 | **1 184 831** | 968 886 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 24. Notes to the statement of cash flows (continued)

### 24.2 Taxation paid

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Taxation (receivable)/payable at beginning of year | **(5 277)** | (29 972) | **(4 215)** | (29 935) |
| Acquisition of subsidiary | **(3 901)** | – | **–** | – |
| Deferred tax effects | **5 950** | 21 232 | **5 540** | 21 232 |
| Current tax charge | **283 331** | 248 180 | **280 960** | 246 802 |
| Finance income included in taxation payable at year-end | **(133)** | (493) | **(133)** | (493) |
| Taxation receivable/(payable) at end of year | **2 784** | 5 277 | **(3 485)** | 4 215 |
| | **282 755** | 244 223 | **278 667** | 241 821 |

### 24.3 Finance income

| | Group 2020 R'000 | Group 2019 R'000 | Company 2020 R'000 | Company 2019 R'000 |
|---|---|---|---|---|
| Finance income receivable at beginning of year | **201 651** | 224 953 | **–** | – |
| Finance income received during the year | **2 434 182** | 2 963 057 | **170 631** | 231 207 |
| Finance income included in taxation payable at year-end | **–** | (493) | **–** | (493) |
| Finance income receivable at year-end | **(139 857)** | (201 651) | **(5 235)** | – |
| | **2 495 975** | 2 985 866 | **165 396** | 230 714 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 25. Directors' and executives' remuneration[3]

### 25.1 Executive directors – Current year remuneration

| | | Basic[1] salary R'000 | Defined[1] contribution pension plan R'000 | Medical aid[1] UIF and other R'000 | Total guaranteed pay R'000 | Contracted bonus[1] (included deferral) R'000 | Discretionary bonus[1,2,4] R'000 | Total annual incentives R'000 | Total current year remuneration R'000 | Total long-term and other benefits[5] R'000 | Total number of shares granted in the LTIS schemes and other[6] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | | |
| L Fourie | CEO | **6 297** | **257** | **46** | **6 600** | **–** | **9 900** | **9 900** | **16 500** | **–** | **84 570** |
| A Takoordeen | CFO | **3 328** | **153** | **165** | **3 646** | **–** | **2 100** | **2 100** | **5 746** | **715** | **24 916** |
| | | **9 625** | **410** | **211** | **10 246** | **–** | **12 000** | **12 000** | **22 246** | **715** | **109 486** |
| **2019** | | | | | | | | | | | |
| L Fourie[7] | CEO | 1 579 | 64 | 7 | 1 650 | 6 637 | – | 6 637 | 8 287 | – | 51 364 |
| NF Newton-King[8] | CEO | 5 255 | 346 | 176 | 5 777 | – | 7 700 | 7 700 | 13 477 | 3 824 | 52 112 |
| A Takoordeen | CFO | 3 201 | 146 | 127 | 3 474 | – | 2 000 | 2 000 | 5 474 | 2 499 | 16 710 |
| | | 10 035 | 556 | 310 | 10 901 | 6 637 | 9 700 | 16 337 | 27 238 | 6 323 | 120 186 |

### 25.2 Other key executives – Current year remuneration

| | | Basic[1] salary R'000 | Defined[1] contribution pension plan R'000 | Medical aid[1] UIF and other R'000 | Total guaranteed pay R'000 | Contracted bonus[1] (included deferral) R'000 | Discretionary bonus[1,2,4] R'000 | Total annual incentives R'000 | Total current year remuneration R'000 | Total long-term and other benefits[5] R'000 | Total number of shares granted in the LTIS schemes and other[6] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | | | | | |
| JH Burke[11] | Director of Issuer Regulation | **548** | **38** | **39** | **625** | **7 058** | **–** | **7 058** | **7 683** | **787** | **–** |
| A Greenwood | Director of Post-Trade Services | **3 669** | **209** | **1** | **3 879** | **–** | **2 700** | **2 700** | **6 579** | **760** | **26 506** |
| D Khumalo | Director of Human Resources | **2 727** | **112** | **39** | **2 878** | **–** | **2 200** | **2 200** | **5 078** | **507** | **19 668** |
| H Kotze | CIO | **3 104** | **131** | **126** | **3 361** | **–** | **2 200** | **2 200** | **5 561** | **–** | **22 962** |
| Z Luhabe-Morrison[9] | Director of Marketing and Corporate Affairs | **1 391** | **66** | **915** | **2 372** | **–** | **–** | **–** | **2 372** | **–** | **16 060** |
| MH Randall | Director of Information Services | **2 816** | **118** | **104** | **3 038** | **–** | **2 200** | **2 200** | **5 238** | **202** | **20 754** |
| VJ Reddy[12] | Director Capital Markets | **2 785** | **192** | **232** | **3 209** | **1 750** | **3 000** | **4 750** | **7 959** | **336** | **23 918** |
| E I Haniff[13] | Managing Director: JSE Investor Services | **363** | **40** | **–** | **403** | **–** | **–** | **–** | **403** | **–** | **–** |
| | | **17 403** | **906** | **1 456** | **19 765** | **8 808** | **12 300** | **21 108** | **40 873** | **2 592** | **129 868** |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 25. Directors' and executives' remuneration[4] (continued)

### 25.2 Other key executives – Current year remuneration

| | | Basic[1] salary R'000 | Defined[1] contribution pension plan R'000 | Medical aid[1] UIF and other R'000 | Total guaranteed pay R'000 | Contracted bonus[1] (included deferral) R'000 | Discretionary bonus[1,2,4] R'000 | Total annual incentives R'000 | Total current year remuneration R'000 | Total long-term and other benefits[5] R'000 | Total number of shares granted in the LTIS schemes and other[6] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | | | | | |
| JH Burke | Director of Issuer Regulation | 3 312 | 230 | 214 | 3 756 | – | – | – | 3 756 | 2 752 | 18 420 |
| A Greenwood | Director of Post-Trade Services | 3 494 | 199 | 2 | 3 695 | – | 2 300 | 2 300 | 5 995 | 676 | 17 776 |
| D Khumalo | Director of Human Resources | 2 634 | 107 | 2 | 2 743 | – | 1 590 | 1 590 | 4 333 | 410 | 13 190 |
| H Kotze | CIO | 2 934 | 133 | 135 | 3 202 | – | 1 600 | 1 600 | 4 802 | – | 15 400 |
| Z Luhabe-Morrison[9] | Director of Marketing and Corporate Affairs | 1 605 | 77 | 76 | 1 758 | – | 1 000 | 1 000 | 2 758 | – | 9 626 |
| D Nemer[10] | Director of Capital Markets | 3 182 | 200 | 147 | 3 529 | – | – | – | 3 529 | 2 934 | 20 372 |
| MH Randall | Director of Information Services | 2 685 | 113 | 96 | 2 894 | – | 1 350 | 1 350 | 4 244 | 365 | 13 920 |
| | | 19 846 | 1 059 | 672 | 21 577 | – | 7 840 | 7 840 | 29 417 | 7 137 | 108 703 |

*Footnotes 1-11 below are applicable to notes 25.1-25.2*

[1] *Represents short-term employee benefits.*

[2] *Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year. A portion of the discretionary bonus may be paid in equity, at the discretion of the Group Remuneration Committee.*

[3] *All executive directors and other key executives are full-time employees of JSE Limited.*

[4] *CEO's discretionary bonus – cash only.*

[5] *Represents the net value (after forfeiture for corporate performance) of share awards granted under provisions of the LTIS 2010 LTIS in 2012 and 2013 that vested during the current financial year.*

[6] *Represents unvested or unsettled shares as at 31 December 2020, granted under the provisions of the LTIS 2018 LTISs in the current year.*

[7] *Appointed CEO effective 1 October 2019.*

[8] *Resigned effective 30 September 2019.*

[9] *Appointed Director of Marketing and Corporate Affairs effective 1 February 2019, resigned effective 31 August 2020*

[10] *Resigned effective 31 October 2019.*

[11] *Resigned effective 29 February 2020.*

[12] *Appointed Director Capital Markets effective 1 February 2020.*

[13] *Managing Director JSE Investor Services (Pty) Limited.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 25. Directors' and executives' remuneration (continued)

### 25.3 Non-executive director emoluments

| | | Total R'000 | Board member fees R'000 | Committee member fees R'000 |
|---|---|---|---|---|
| **2020** | | | | |
| ZBM Bassa | Chairman of Group SRO Oversight Committee | **1 025** | **370** | **655** |
| MS Cleary[1] | | **833** | **339** | **494** |
| F Daniels[2] | | **474** | **192** | **281** |
| VN Fakude | Chairman of Group Remuneration Committee | **790** | **370** | **420** |
| M Jordaan[3] | | **268** | **185** | **83** |
| SP Kana | Lead Independent Director; Chairman of Group Audit Committee; Chairman of Group Sustainability Committee | **1 501** | **370** | **1 131** |
| FN Khanyile | | **851** | **370** | **481** |
| IM Kirk[5] | | **246** | **93** | **154** |
| BJ Kruger | Chairman of Group Deals Committee | **943** | **370** | **573** |
| DM Lawrence[4] | | **485** | **185** | **300** |
| MA Matooane | Chairman of Group Risk Management Committee | **820** | **370** | **450** |
| NMC Nyembezi | Board Chairman, Chairman of Group Nominations Committee | **2 300** | **370** | **1 930** |
| | | **10 535** | **3 584** | **6 951** |
| **2019** | | | | |
| ZBM Bassa | Chairman of Group SRO Oversight Committee | 950 | 370 | 580 |
| F Daniels | | 1 100 | 370 | 730 |
| VN Fakude | Chairman of Group Remuneration Committee | 790 | 370 | 420 |
| M Jordaan | | 535 | 370 | 165 |
| SP Kana | Chairman of Group Audit Committee, Chairman of Group Sustainability Committee | 1 501 | 481 | 1 020 |
| FN Khanyile | | 875 | 370 | 505 |
| BJ Kruger | | 760 | 370 | 390 |
| DM Lawrence | | 1 020 | 370 | 650 |
| MA Matooane | Chairman of Group Risk Management Committee | 895 | 370 | 525 |
| NMC Nyembezi | Board Chairman, Chairman of Group Nominations Committee | 2 300 | 2 300 | – |
| | | 10 726 | 5 741 | 4 985 |

[1] *Appointed 1 February 2020.*
[2] *Resigned 8 July 2020.*
[3] *Retired 25 June 2020.*
[4] *Retired 25 June 2020.*
[5] *Appointed 1 October 2020.*

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **26. Deferred income** | | | | |
| Distribution from the JSE Guarantee Fund Trust | **–** | – | **5 099** | 10 640 |
| Initial listing fees | **14 371** | 6 803 | **14 371** | 6 803 |
| | **14 371** | 6 803 | **19 470** | 17 443 |

### Distribution from the JSE Guarantee Fund Trust

This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's disaster recovery site (2010: R50 million) and data centre (2011: R51 million). This is a transaction between related parties as disclosed in note 27 and is eliminated on consolidation. The income transferred from deferred income to profit or loss is based on the relating depreciation charge of the disaster recovery site and the data centre.

### Initial listing fees

This amount represents monies for initial listing fees, which is recognised over an expected period based on an average listing period of issuers. This is also based on an average historical minimum life expectancy of a listed company within the Group. Any adjustments to the contract liability balance are charged against revenue.

The following amounts relating to the performance obligation from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2020:

| | **2020 R'000** | **2020** R'000 |
|---|---|---|
| Revenue expected to be recognised | **970** | **470** |

| | **2020 R'000** | 2019 R'000 |
|---|---|---|
| **Deferred income at 1 January** | **6 803** | – |
| Deferred during the year | **8 374** | 7 044 |
| Recognised as revenue during the year | **(806)** | (241) |
| **Balance at 31 December** | **14 371** | 6 803 |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 27. Related parties

### 27.1 Identity of related parties

The JSE is the main provider of risk management, clearing and settlement, and accounting systems to equity member firms (many of whom are shareholders). Revenue earned from this source, and from providing trading and market data to member firms, amounted to R1.7 billion (2019: R1.5 billion) for the year.

The associated companies and subsidiaries of the Group are identified in notes 13 and 14 respectively.

The directors and key executives are listed in note 25.

### 27.2 Material related-party transactions and balances

| | |
|---|---|
| Strate *ad valorem* fees | – see notes 6.1 and 7.2 |
| Amounts due to and from related parties | – see note 14.5 |
| Directors' emoluments | – see note 25 |
| Other key executives' remuneration | – see note 25 |
| Income recognised from deferred income (data centre and disaster recovery) | – see note 6.2 |

During the previous financial years, surplus assets amounting to R101 million were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's data centre and disaster recovery site. The transfer of the funds was formally approved by the FSCA. The funds received are recognised in deferred income in the JSE's separate financial statements and are released to profit or loss on a systematic basis over the useful life of the assets comprising the data centre and the disaster recovery site. Also refer to note 26.

| | |
|---|---|
| Management fees from related entities | R135.0 million (2019: R93.0 million) |

The JSE provides secretarial services to all the Group entities (excluding Strate (Pty) Limited) for no consideration.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 28. Leases

| | Group | | Company | |
|---|---|---|---|---|
| **Impact on the statements of financial position as at 31 December 2020** | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| **Assets** | | | | |
| Right-of-use assets at initial application 1 January | **251 624** | 251 564 | **251 624** | 251 564 |
| Acquisition of subsidiary | **4 674** | – | **–** | – |
| Accumulated depreciation | **(78 840)** | (39 005) | **(78 033)** | (39 005) |
| **Total assets** | **177 458** | 212 559 | **173 590** | 212 559 |
| **Lease liabilities*** | | | | |
| Current portion | **40 882** | 36 469 | **38 494** | 36 469 |
| Non-current portion | **252 938** | 293 101 | **249 366** | 293 101 |
| **Total liabilities** | **293 820** | 329 570 | **287 860** | 329 570 |
| **The following amounts are recognised in the statement of comprehensive income for the year ending 31 December 2020** | | | | |
| Depreciation | **(39 243)** | (39 005) | **(39 028)** | (39 005) |
| IAS 17 rent expense | **–** | 59 519 | **–** | 59 519 |
| **Profit/(Loss) from operating activities** | **(39 243)** | 20 514 | **(39 028)** | 20 514 |
| Finance cost | **(27 889)** | (30 685) | **(27 740)** | (30 685) |
| Impact of income tax expense | **–** | 2 848 | **–** | 2 848 |
| **Impact on profit for the year** | **(67 133)** | (7 323) | **(66 768)** | (7 323) |
| **Changes in liabilities arising from financing activities** | | | | |
| Opening balance 1 January 2020 | **329 570** | – | **329 570** | – |
| Adoption of IFRS 16 | **–** | 358 404 | **–** | 358 404 |
| Acquisition of subsidiary | **6 565** | – | **–** | – |
| Loan repayments for the year | **(70 264)** | (59 519) | **(69 510)** | (59 519) |
| Interest charges for the year | **27 949** | 30 685 | **27 800** | 30 685 |
| **Balance 31 December 2020** | **293 820** | 329 570 | **287 860** | 329 570 |

As part of the modified retrospective transition approach, the Group has elected to use a single discount rate, applied to a portfolio with similar characteristics. The Group has adopted IFRS 16 using the modified retrospective method of adoption, using the incremental borrowing rate of 9% as opposed to the interest rate implicit to the lease, across all lease liabilities recognised in the statement of financial position at the date of initial application.

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

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

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 28. Leases (continued)

The table below refers to the payments of future minimum lease agreements.

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 R'000** | 2019 R'000 | **2020 R'000** | 2019 R'000 |
| Not later than one year | **70 301** | 36 469 | **67 913** | 36 469 |
| Between one and five years | **296 886** | 293 101 | **293 314** | 293 101 |
| | **367 187** | 329 570 | **361 227** | 329 570 |

## 29. Financial risk management

The Group has exposure to the following risks:

- Operational risk;
- Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk);
- Capital risk;
- Liquidity risk;
- Investment risk;
- Credit risk;
- Counterparty risk; and
- Settlement risk.

### Risk management framework

The Group recognises that effective risk and opportunity management is fundamental to the achievement of its strategic objectives and its ability to respond to a fast-changing operating environment. The Board of directors have overall responsibility for the establishment and oversight of the Group's risk management framework, including determining the Group's risk appetite. The Board has established the Group Risk Management Committee, which is responsible for developing the Group's risk and resilience management policies and monitoring risk exposures and identifying opportunities. The committee reports regularly to the Board of directors on its activities.

The Group's risk and resilience management policies are established to anticipate, withstand, respond to and recover from the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The aim of risk and opportunity management is to facilitate and coordinate the management of risks and the identification of opportunities. This is achieved by ensuring that:

- risks and opportunities are identified, assessed, managed and reported on a reliable and regular basis;
- resources are effectively allocated to manage risks and opportunities; and
- the JSE Group is compliant with regulatory requirements.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk Committee oversees how management monitors compliance with the Group's risk and resilience management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The success of risk and opportunity management is dependent on ensuring that risks and opportunities are contained within acceptable levels.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### Risk management framework (continued)

Management are responsible for effectively managing risks and opportunities within their area of responsibility and identifying and informing the Board of potential risks. The Group Risk Management Committee is assisted in its role by the Group enterprise risk management function and internal audit. Internal audit undertakes both regular and *ad hoc* reviews of the risk and resilience management controls and procedures, the results of which are reported to the Group Risk Management Committee and Group Audit Committee.

### 29.1 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external factors. Specifically included in operational risk management are risks arising from legal and regulatory requirements, risks associated with project implementation, exposures emanating from IT and data maintenance and security, business continuity and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Board accepts overall responsibility for operational risk, with the responsibility for day-to-day management of operational risk delegated to management. Each business unit is accountable for mitigating operational risk in their area of business. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal obligations;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for Operational Resilience, which includes the identification of our points of failures, in order to put sufficient controls to prevent these from materialising;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Development of crisis plans (including communication plans);
- Development of IT and data security controls;
- Development of cyber controls (including detection controls);
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### 29.2.1 Currency risk

The majority of the JSE's transactions are concluded in its functional currency (South African rand), with the result that its exposure to foreign currency risk from operating transactions is limited. US dollar revenue earned from the Information Services division is maintained in a US dollar denominated bank account. Foreign currency costs (mainly in technology) for both business as usual and projects are funded out of this account. As such, there is a natural hedge relating to foreign currency denominated expenditure in the Group.

The Group's exposure to foreign currency risk based on notional amounts was as follows:

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | USD R'000 | GBP R'000 | EUR R'000 | USD R'000 | GBP R'000 | EUR R'000 |
| **2020** | | | | | | |
| **Financial assets** | **122 237** | **–** | **–** | **122 237** | **–** | **–** |
| Trade receivables | **23 045** | **–** | **–** | **23 045** | **–** | **–** |
| Cash and cash equivalents | **99 192** | **–** | **–** | **99 192** | **–** | **–** |
| **Financial liabilities** | **(10 474)** | **(1)** | **114** | **(10 474)** | **(1)** | **114** |
| Trade payables | **(8 923)** | **(1)** | **114** | **(8 923)** | **(1)** | **114** |
| Long-term payables | **(1 551)** | **–** | **–** | **(1 551)** | **–** | **–** |
| **Net exposure** | **111 763** | **(1)** | **114** | **111 763** | **(1)** | **114** |
| **2019** | | | | | | |
| **Financial assets** | 169 383 | – | – | 169 383 | – | – |
| Trade receivables | 37 679 | – | – | 37 679 | – | – |
| Cash and cash equivalents | 131 704 | – | – | 131 704 | – | – |
| **Financial liabilities** | (92 881) | (267) | (466) | (92 881) | (267) | (466) |
| Trade payables | (84 590) | (267) | (466) | (84 590) | (267) | (466) |
| Long-term payables | (8 291) | – | – | (8 291) | – | – |
| **Net exposure** | 76 502 | (267) | (466) | 76 502 | (267) | (466) |

** Other investments which include foreign exposure are considered as part of the fair value sensitivity analysis in note 30.*

As at 31 December 2020:

**Bank buying rates**

USD – 14.3712 (2019: 13.7023)
EUR – 17.526 (2019: 15.3394)
GBP – 19.5566 (2019: 18.1034)

**Bank selling rates**

USD – 14.9802 (2019: 14.2287)
EUR – 18.3791 (2019: 16.0242)
GBP – 20.5637 (2019: 18.9578)

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.2 Market risk (continued)

#### 29.2.1 Currency risk (continued)

**Sensitivity analysis**

A 10% (2019: 10%) weakening of the rand against the USD and a 5% (2019: 5%) weakening of the rand against the EUR and a 5% (2019:5%) strengthening of the rand against the GBP, at 31 December, would have increased profit by R11.2 million (2019: R7.6 million) and equity by Rnil (2019: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2019.

| | Group | | Company | |
|---|---|---|---|---|
| | Profit or loss R'000 | Equity R'000 | Profit or loss R'000 | Equity R'000 |
| **2020** | | | | |
| USD | **11 176** | **–** | **11 176** | **–** |
| GBP | **–** | **–** | **–** | **–** |
| EUR | **6** | **–** | **6** | **–** |
| **Net impact** | **11 182** | **–** | **11 182** | **–** |
| **2019** | | | | |
| USD | 7 650 | – | 7 650 | – |
| GBP | (13) | – | (13) | – |
| EUR | (23) | – | (23) | – |
| **Net impact** | 7 614 | – | 7 614 | – |

A 10% (2019: 10%) strengthening of the rand against the USD and a 5% (2019: 5%) strengthening against the EUR and a 5% (2019:5%) weakening of the rand against the GBP, at 31 December, would have had an equal and opposite effect on the amounts shown above, on the basis that all other variables remained constant.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.2 Market risk (continued)

#### 29.2.2 Interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and financial liabilities as set out below and to fair value interest rate risk in respect of fixed rate bonds classified as financial instruments. Cash flow interest rate risk is managed by the JSE, ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities.

The fair value interest rate risk arising from fixed rate bonds is managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collateral as there is an equal liability to offset the asset.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

| | Group | | Company | |
|---|---|---|---|---|
| | Fixed rate R'000 | Floating rate R'000 | Fixed rate R'000 | Floating rate R'000 |
| **2020** | | | | |
| **Assets** | **33 407 865** | **15 892 988** | **1 429 689** | **1 026 485** |
| Investments | **32 283** | **–** | **–** | **–** |
| JSE Clear Derivatives Default Fund collateral deposit | **347 000** | **153 000** | **–** | **100 000** |
| Margin and collateral deposits | **31 500 000** | **14 809 359** | **–** | **309 343** |
| Cash and cash equivalents | **1 528 582** | **930 629** | **1 429 689** | **617 142** |
| **Liabilities** | **(31 777 600)** | **(14 931 759)** | **–** | **(309 343)** |
| JSE Clear Derivatives Default Fund contributions | **(277 600)** | **(122 400)** | **–** | **–** |
| Margin and collateral deposits | **(31 500 000)** | **(14 809 359)** | **–** | **(309 343)** |
| **Net exposure** | **1 630 265** | **961 229** | **1 429 689** | **717 142** |
| **2019** | | | | |
| **Assets** | 25 085 411 | 12 934 041 | 1 904 918 | 1 163 054 |
| Investments | 33 493 | – | – | – |
| JSE Clear Derivatives Default Fund collateral deposit | 347 000 | 153 000 | – | 100 000 |
| Margin and collateral deposits | 22 800 000 | 12 108 625 | – | 675 511 |
| Cash and cash equivalents | 1 904 918 | 672 416 | 1 904 918 | 387 543 |
| **Liabilities** | (23 077 600) | (12 231 025) | – | (675 511) |
| JSE Clear Derivatives Default Fund contributions | (277 600) | (122 400) | – | – |
| Margin and collateral deposits | (22 800 000) | (12 108 625) | – | (675 511) |
| **Net exposure** | 2 007 811 | 703 016 | 1 904 918 | 487 543 |

Floating rate assets yield interest at call rates.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.2 Market risk (continued)

#### 29.2.2 Fair value interest rate risk

**Sensitivity analysis**

A change of 100 (2019: 100) basis points on the fixed rate bonds and 100 (2019: 100) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2019.

| | Group | | Company | |
|---|---|---|---|---|
| | Profit or loss R'000 | Equity R'000 | Profit or loss R'000 | Equity R'000 |
| **2020** | | | | |
| Fixed rate bond: +100 bps | **–** | **(1 510)** | **–** | **–** |
| Fixed rate bond: -100 bps | **–** | **1 407** | **–** | **–** |
| Floating rate instruments: +100 bps | **9 612** | **–** | **7 171** | **–** |
| Floating rate instruments: -100 bps | **(9 612)** | **–** | **(7 171)** | **–** |
| **2019** | | | | |
| Fixed rate bond: +100 bps | – | (1 635) | – | – |
| Fixed rate bond: -100 bps | – | 1 515 | – | – |
| Floating rate instruments: +100 bps | 6 724 | – | 3 875 | – |
| Floating rate instruments: -100 bps | (6 724) | – | (3 875) | – |

#### 29.2.3 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of financial instruments through other comprehensive income because of changes in market prices (other than changes in interest rates and currencies). With regard to the unit trusts, the Group is exposed to fluctuations in the fair value of the unit trusts (which is determined by the fair value movement of the underlying instruments).

To manage its other market price risk arising from the fair value financial instruments through other comprehensive income, the investments are managed by a reputable asset manager according to approved guidelines. The JSE Group's Audit Committee monitors the investments in unit trusts and financial instruments through other comprehensive income.

**Sensitivity analysis – other market price risk**

The fair value financial instruments through other comprehensive income considered in the sensitivity analysis below exclude the listed bonds, as management believes that the majority of the sensitivity of these instruments lies in their exposure to interest rates, which is included in the interest rate sensitivity analysis in note 29.2.2.

The fair value financial instruments through other comprehensive income are listed on JSE Limited, with the majority of the investments included in the JSE All Share Index.

A 4% (2019: 4%) increase/decrease in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased/decreased equity by R4.9 million (2019: R4.8 million) and profit by Rnil (2019: Rnil). This analysis is performed on the same basis as 2019.

The collective investment schemes and protective cell funds are predominately benchmarked against the MSCI World Index. A 5% (2019: 5%) increase/decrease in the MSCI World Index at the reporting date, with all other variables held constant, would have increased/decreased equity by R11.1 million (2019: R8.9 million). The analysis is performed on the same basis as in 2019.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.3 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a minimum period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

| | Group | | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Up to 3 months R'000 | 3 to 12 months R'000 | 1 to 5 years R'000 | No stated contractual maturity R'000 | Up to 3 months R'000 | 3 to 12 months R'000 | 1 to 5 years R'000 |
| **2020** | | | | | | | |
| **Financial assets** | **37 200 108** | **12 463 000** | **1** | **377 301** | **2 155 457** | **523 106** | **100 000** |
| Other investments | – | – | 1 | 377 301 | – | – | – |
| Trade and other receivables (excluding payments in advance) | 254 680 | – | – | – | 231 281 | – | – |
| Interest receivable | 139 857 | – | – | – | 5 235 | – | – |
| Due from Group entities | – | – | – | – | 47 767 | 38 106 | – |
| Margin and collateral deposits | 34 409 359 | 11 900 000 | – | – | 309 343 | – | – |
| JSE Clear Derivatives Default Fund collateral deposit | 422 000 | 78 000 | – | – | – | – | 100 000 |
| Cash and cash equivalents | 1 974 212 | 485 000 | – | – | 1 561 831 | 485 000 | – |
| **Financial liabilities** | **(35 069 650)** | **(12 015 499)** | **(298 227)** | **–** | **(482 822)** | **(51 283)** | **(294 865)** |
| Trade payables | (166 478) | – | – | – | (154 989) | – | – |
| Lease liabilities | (17 234) | (53 099) | (296 676) | – | (16 629) | (51 283) | (293 314) |
| Long-term payables | – | – | (1 551) | – | – | – | (1 551) |
| Interest payable | (138 979) | – | – | – | (1 861) | – | – |
| JSE Clear Derivatives Default Fund collateral deposit | (337 600) | (62 400) | – | – | – | – | |
| Margin and collateral deposits | (34 409 359) | (11 900 000) | – | – | (309 343) | – | – |
| **Net impact** | **2 130 458** | **447 501** | **(298 226)** | **377 301** | **1 672 635** | **471 822** | **(194 865)** |

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.3 Liquidity risk (continued)

| | Group | | | | Company | | |
|---|---|---|---|---|---|---|---|
| | Up to 3 months R'000 | 3 to 12 months R'000 | 1 to 5 years R'000 | No stated contractual maturity R'000 | Up to 3 months R'000 | 3 to 12 months R'000 | 1 to 5 years R'000 |
| **2019** | | | | | | | |
| **Financial assets** | 30 669 776 | 7 770 000 | 1 | 363 955 | 2 338 235 | 910 000 | 107 431 |
| Other investments | – | – | 1 | 338 758 | – | – | – |
| Loan to the JSE Empowerment Fund Trust | – | – | – | 25 197 | – | – | |
| Trade and other receivables (excluding payments in advance) | 252 166 | – | – | – | 230 288 | – | – |
| Interest receivable | 201 651 | – | – | – | – | – | – |
| Due from Group entities | – | – | – | – | 49 975 | – | 7 431 |
| Margin and collateral deposits | 28 108 625 | 6 800 000 | – | – | 675 511 | – | – |
| JSE Clear Derivatives Default Fund collateral deposit | 440 000 | 60 000 | – | – | – | – | 100 000 |
| Cash and cash equivalents | 1 667 334 | 910 000 | – | – | 1 382 461 | 910 000 | – |
| **Financial liabilities** | (28 963 412) | (6 901 244) | (310 873) | – | (947 495) | (53 244) | (310 873) |
| Trade payables | (266 695) | – | – | – | (250 764) | – | – |
| Lease liabilities | (15 644) | (48 573) | (303 088) | | (15 644) | (48 573) | (303 088) |
| Long-term payables | (1 557) | (4 671) | (7 785) | | (1 557) | (4 671) | (7 785) |
| Interest payable | (218 891) | – | – | – | (4 019) | – | – |
| JSE Clear Derivatives Default Fund collateral deposit | (352 000) | (48 000) | – | – | – | – | – |
| Margin and collateral deposits | (28 108 625) | (6 800 000) | – | – | (675 511) | – | – |
| **Net impact** | 1 706 364 | 868 756 | (310 872) | 363 955 | 1 390 740 | 856 756 | (203 442) |

### 29.4 Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables (excluding payments in advance), interest receivable, other investments and amounts due from Group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied daily to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's finance department on an ongoing basis.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 29. Financial risk management (continued)

### 29.4 Credit risk

The Group considers a financial asset in default when payments are 120 days past due and all collection processes have been followed. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held be the Group. A financial asset is written off when there is no reasonable expectation of recovering the cash flows. The movement in trade receivables is not directly correlated to the ECL movement due to the different credit risk profile of the trade receivables in 2020.

The JSE is exposed to credit losses in the event of default by a clearing member. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client and the size and nature of the member's portfolio at the time of default. A significant number of the Group's clients have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring customer credit risk, clients are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. The JSE has established a robust system of mitigants to reduce the probability and impact of this risk, which includes ensuring that members are appropriately capitalised. Furthermore the JSE monitors whether clients and members have sufficient securities or cash to honour their transactions on a daily basis. The JSE is investigating further ways in which risk of settlement failure can be reduced through alternative methods of clearing.

The JSE operates a separate legal entity to house a formal default fund for JSE Clear to clarify and limit clearing members' and the JSE's obligations in the case of a clearing member default. This is a pre-funded resource whereby, in the event of any clearing member default. The initial margin of the defaulting party is insufficient to cover losses, the defaulting clearing members' contributions are used first, thereafter the JSE's contribution, and last, the contributions of the non-defaulting clearing members are used to fund losses.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Outstanding client receivables and contract assets are regularly monitored. The calculation of the expected credit loss reflects the possibility of default, loss given default as well as the time value of money available at reporting date. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

### 29.5 Capital

The Group defines "capital" as stated capital and retained earnings, per the statement of financial position, within the respective entities.

The relevant risks for which capital is held, within JSE Limited and JSE Clear are:

- operational risk, including legal risk;
- investment risk; and
- wind-up/recovery risk.

In addition, JSE Limited holds capital for business risk.

JSE Limited holds additional levels of capital to finance future growth opportunities.

In compliance with the Financial Markets Act 2012, the JSE and JSE Clear are required to hold regulatory capital.

The Board believes JSE Limited and JSE Clear are sufficiently capitalised.

The Group Board monitors the level of capital and may issue new shares, adjust the amount of dividends paid to shareholders or return surplus capital to shareholders in JSE Limited and may issue new shares in JSE Clear.

The Group Board also monitors the return on equity as a measure of financial performance.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 30. 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); and
- 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.

| | Notes | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Total balance R'000 |
|---|---|---|---|---|---|
| **2020** | | | | | |
| Assets | | | | | |
| Other investments | | | | | |
| – Equity securities (financial instruments) | 15.1/2 | **122 719** | **222 299** | **–** | **345 018** |
| – Debt investments (financial instruments) | 15.1/2 | **–** | **32 283** | **–** | **32 283** |
| **Total assets** | | **122 719** | **254 582** | **–** | **377 301** |
| **2019** | | | | | |
| Assets | | | | | |
| Other investments | | | | | |
| – Equity securities (financial instruments) | 15.1/2 | 121 045 | 184 220 | – | 305 265 |
| – Debt investments (financial instruments) | 15.1/2 | – | 33 493 | – | 33 493 |
| **Total assets** | | 121 045 | 217 713 | – | 338 758 |

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 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 debt instruments, protective cell funds and collective investment schemes, which is measured at the clean price and the foreign currency respectively.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 31. Funds under management

### 31.1 JSE Trustees (Pty) Limited

| | Year ended 31 December 2020 R'000 | Year ended 31 December 2019 R'000 |
|---|---|---|
| Assets under administration | | |
| Interest receivable | **110 829** | 189 800 |
| Fixed deposits | **25 250 000** | 22 100 000 |
| Current and call accounts | **12 941 079** | 13 299 959 |
| **Total assets under administration** | **38 301 908** | 35 589 759 |

In terms of rule 2.100.7 of the JSE rules, the JSE Trustees act as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as an agent are the acceptance of monies on deposit for account of clients of members of the Exchange and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions and that there is not a concentration of exposure to one counterparty.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 50 (2019: 50) days. At least 30% of the fund size must be invested on call at all times.

## 32. Guarantees and commitments

### 32.1 Guarantees

A guarantee of an amount of R10 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 applies to Central Securities Depository Participants in South Africa.

# Notes to the consolidated financial statements continued

for the year ended 31 December 2020

## 32. Contingent liabilities and commitments (continued)

### 32.2 Commitments

The table below refers to future minimum lease agreements.

| | Group and Company | |
|---|---|---|
| | **2020 R'000** | 2019 R'000 |
| 32.2.1 The JSE sub-leases areas of the building in which it operates (refer note 6.2). The minimum lease payments expected from sub-leases are set out below: | | |
| Total future minimum lease receipts: | | |
| Not later than one year | **365** | 252 |
| Between one and five years | **388** | 81 |
| | **753** | 334 |

*No other commitments exist as at 31 December 2020.*

### 32.3 Commitments

A commitment existed at year-end related to the investment in Globacap Technology Limited ("Globacap") detailed in note 33 below.

## 33. Events after reporting date

There have been no changes to directors' interests in the ordinary share capital of the Company.

During 2020, JSE Limited entered into a commercial arrangement with Globacap Technology Limited ("Globacap") to establish a blockchain-enabled private placements platform to enable the raising of infrastructure finance and to allow small-to-medium sized issuers to raise capital in South Africa. In support of the commercial arrangement and in line with the JSE's intention to build a longer term strategic relationship, the JSE invested GBP4 million in Globacap for a minority equity stake. The investment was subject to the fulfilment of a number of conditions precedent, including approval from the Financial Conduct Authority in the UK. All the conditions were fulfilled in January 2021 and the purchase at a price of R84 million was concluded on 14 January 2021. The investment was funded from the Group's existing cash reserves.

No other material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2020 and the date of this report.

## Reporting suite

The JSE is committed to transparent reporting. To view our full reporting suite, please visit ***https://www.jse.co.za/investor-relations/results*** for the following reports:

## REPORT

### Annual financial statements

Sets out our financial results, with the Group Audit Committee (GAC) report, directors' report and annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

### Integrated annual report

Sets out how the JSE creates value in the context of our business model, strategy, operating context, governance and operational performance.

### Notice of AGM and proxy form

Set out the notice of the JSE's AGM of shareholders to be held on 3 June 2021, together with the summarised report containing the required financial disclosures.

### Social value report

Sets out details of our journey towards delivering on our sustainability mandate and our impact on society, structured according to our strategic priorities.

### Remuneration report

Sets out the JSE's remuneration philosophy and policy and how it was implemented in 2020.

### Group legal structure

Sets out the legal structure of the Group.

## Disclaimer

# Share information

The JSE Limited has a primary listing on the Johannesburg Stock Exchange. There are no secondary listings.

**Share code:** JSE
**ISIN:** ZAE000079711
**LEI:** 231800MZ1VUQEBWRF039
**Sector:** Financial Services
Sub-sector: Investment Services

| | Authorised share capital | Shares in issue | Closing price | Market capitalisation R billion |
|---|---|---|---|---|
| 31 December 2019 | 400 000 000 | 86 877 600 | 119.52 | 10.4 |
| 30 June 2020 | 400 000 000 | 86 877 600 | 122.00 | 10.6 |
| 31 December 2020 | 400 000 000 | 86 877 600 | 112.50 | 9.8 |

## Shareholder spread as at 31 December 2020

| Number of shareholders | | Shares held | % |
|---|---|---|---|
| **Public** | | | |
| Institutional shareholders | | 76 890 622 | 88.50 |
| Non-institutional shareholders | | 5 681 633 | 6.54 |
| **Total** | 5 742 | 82 572 255 | 95.04 |
| **Non-public** | | | |
| JEF Trust | 66 | 2 129 639 | 2.45 |
| JSE LTIS Trusts | 43 | 1 577 557 | 1.82 |
| Directors and Company Secretary | 5 | 58 624 | 0.07 |
| Total | 114 | 3 765 840 | 4.34 |
| **Total identified shares** | | 86 373 270 | 99.42 |
| **Miscellaneous (below threshold)** | | 539 505 | 0.62 |
| **Total share capital** | 5 856 | 86 877 600 | 100.0 |
| **Geographic ownership** | | | |
| South Africa | | 54 764 582 | 63.04 |
| United States | | 15 544 151 | 17.89 |
| United Kingdom | | 7 929 252 | 9.13 |
| Sweden | | 183 735 | 0.21 |
| Finland | | 81 612 | 0.09 |
| Rest of Europe | | 5 312 750 | 6.12 |
| Rest of world | | 3 061 518 | 3.52 |
| **Total** | | 86 877 600 | 100.0 |

# Corporate information and directorate

## JSE Limited

(Incorporated in the Republic of South Africa)
Registration number: 2005/022939/06
Share code: JSE
ISIN: ZAE000079711
LEI: 213800MZ1VUQEBWRF039

## Registered office

One Exchange Square
2 Gwen Lane
Sandown, 2196

## Postal address

Private Bag X991174 Sandton, 2146

## Contacts

Telephone: +27 (0) 11 520 7000
Web: *www.jse.co.za*
Investor relations: *ir@jse.co.za*
Group company secretary: *GroupCompanySecretary@jse.co.za*

## Directors as at 31 December 2020

N Nyembezi[1] (Chairman)
Z Bassa[1]
MS Cleary[1]
VN Fakude[1]
Dr SP Kana[1] (Lead Independent Director)
FN Khanyile[1]
IM Kirk[2]
BJ Kruger[2]
Dr MA Matooane[1]
Dr L Fourie (Group CEO)[3]
A Takoordeen (Group CFO)[3]

## Changes to the Board in 2020

MS Cleary[4]
IM Kirk[5]
F Daniels[6]

[1] *Independent non-executive director.*
[2] *Non-executive director.*
[3] *Executive director.*
[4] *Appointed effective 1 February 2020.*
[5] *Appointed effective 1 October 2020.*
[6] *Resigned effective 8 July 2020.*

## Group company secretary

GA Brookes

## Transfer secretary

JSE Investor Services Proprietary Limited
19 Ameshoff Street
Johannesburg, 2001

## Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman and Rivonia Road
Sandton, 2196

## AGM scrutineers

The Meeting Specialist Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown, 2196

## Auditors

Ernst & Young Inc.
102 Rivonia Road
Sandton, 2196

## Bankers

First National Bank of SA Limited Corporate Account Services
4 First Place
Bank City
Simmonds Street
Johannesburg, 2001

Investor queries should be directed to *ir@jse.co.za* and will be redirected, where necessary, to the appropriate Board member or executive for a response.

Governance and secretarial queries should be directed to *GroupCompanySecretary@jse.co.za*