

THE TEL-AVIV STOCK EXCHANGE LTD REPORTED FOURTH QUARTER AND YEAR 2022 RESULTS

March 28, 2023 (Tel Aviv) -Tel Aviv Stock Exchange Ltd (**TASE:TASE**) today announced its financial results for the year ended December 31, 2022.¹

1. General

1.1 Highlights of TASE's Results for 2022 and Fourth Quarter of 2022

Fourth Quarter Results

- TASE revenues amounted to NIS 86.3 million, compared to revenue of NIS 85.7 million in the corresponding quarter last year, a 1% increase. The increase is due to an increase in revenue from listing fees and levies and in revenues from data distribution and connectivity services, which was partly offset by a decrease in revenue from trading and clearing services (approx. 3% decrease of total revenue), that stemmed primarily from the 11% fewer trading days compared to the corresponding quarter last year.
- The adjusted EBITDA in the fourth quarter of 2022 totaled NIS 32.1 million, compared to NIS 29.5 million in the corresponding quarter last year, an inter-quarter increase of 9%. The increase is due to an increase in most revenue from services, which was counteracted by a decrease in expenses, primarily employee benefit expenses and marketing expenses.
- The adjusted profit in the fourth quarter of 2022 totaled NIS 13.3 million, compared to an amount of NIS 14.2 million in the corresponding quarter last year, a 6% decrease. The decrease is due mainly from the transition to financing expenses this quarter, as compared to financing income in the corresponding quarter last year.

2022 Results:

- TASE revenues amounted to NIS 361.0 million in the year 2022, an increase of 12% compared to the previous year. The increase consists of revenue from trading and clearing (representing 4% of total revenue) and revenue other than from trading and clearing (representing 8% of total revenue).
- Net financing expenses in 2022 totaled NIS 13.2 million, as compared to net financing income of NIS 4.5 million in 2021. The transition to financing expenses in the period is due to a negative yield of 7.0% on the Company's investments in Israeli Government bonds managed in marketable securities' portfolios, compared to a positive yield of 2.5% in 2021.

¹ The Board of Directors of TASE today approved the Consolidated Financial Statement as of December 31, 2022.

The consolidated financial statements of TASE were prepared in accordance with IFRS GAAP.

This is an English translation of parts of the information included in the approved financial statements. In the event of any discrepancy between the original Hebrew and the translation to English, the Hebrew version alone will prevail. The consolidated financial statements in the English Version will be published on the website by the end of April 2023.

- Adjusted EBITDA in 2022 totaled NIS 135.2 million, compared to NIS 103.0 million in 2021, an increase of 31% between the years. The increase is due mainly to a 12% rise in revenue, primarily as a result of the higher volume of activity, which was partly offset by a 2% increase in expenses, primarily marketing expenses.
- Adjusted net profit amounted to NIS 51.4 million in 2022, compared to NIS 46.2 million adjusted net profit in the previous year, an increase of 11%. The increase in profit is due mainly to a 12% rise in revenue, mainly as a result of the higher volume of activity, which was offset by a 3% increase in expenses, primarily with respect to marketing expenses and depreciation and amortization expenses, and the transition to financing expenses as a result of the negative return on the Company's in financial assets held-for-trade and an increase in the tax expense.
- As of December 31, 2022, TASE Group has cash balances of NIS 192.4 million and Israeli government bonds of NIS 196.2 million. The TASE Group surplus liquidity amounts to NIS 256.5 million over regulatory liquidity requirements (For information on the updating of the capital and liquidity model, see section 4.8 below).
- Free cash flow increased in 2022 to NIS 62.5 million compared to NIS 61.6 million in the previous year, an increase of 1%.

1.2 Business and Corporate Highlights for the Year 2022

1.2.1 BUSINESS HIGHLIGHTS

- The average daily trading volume of shares in the year 2022 amounted to approximately NIS 2.3 billion, an increase of 22% compared to the volumes in the previous year. In the fourth quarter of 2022 the average daily trading volume of shares amounted to approximately NIS 2.0 billion, an increase of 1% over the corresponding quarter of the previous year.
- The average daily trading volume of corporate bonds in the year 2022 amounted to approximately NIS 1.05 billion, an increase of 15% compared to the volumes in the previous year. The average daily trading volume of government bonds in the year 2022 amounted to approximately NIS 2.4 billion, a 20% decrease compared to the volumes in the previous year. In the fourth quarter of 2022 the average daily trading volume of corporate bonds amounted to approximately NIS 1.0 billion, an increase of 3% over the corresponding quarter of the previous year and the average daily trading volume of government bonds amounted to approximately NIS 2.4 billion, a 19% decrease over the corresponding quarter of the previous year.
- The average daily trading volume of derivatives in 2022 amounted to 159 thousand units a day similar to previous year.
- The average daily redemptions/creations volume of mutual funds in 2022 amounted to NIS 987 million compared with NIS 890 million in the year of 2021, an increase of 11%. In the fourth quarter of 2022 the average daily redemptions/creations volume of mutual funds amounted to approximately NIS 1,232 million, an increase of 29% over the corresponding quarter of the previous year.

- The average daily trading volume of T-bills in 2022 amounted to NIS 783 million compared with NIS 320 million in the year of 2021, an increase of 145%. In the fourth quarter of 2022 the average daily trading volume of T-bills amounted to approximately NIS 1,194 million, an increase of 225% over the corresponding quarter of the previous year.
- The leading indices TA-35, TA-90, TA-125 and TA-SME60 have decreased by 9%, 18%, 12% and 33% respectively, in the year 2022 and by 2%, 8% ,4% and 13% respectively, in the fourth quarter of 2022.
- In the year 2022, NIS 21.7 billion was raised on TASE in shares, a 18% decrease over the previous year, of which a total of NIS 2.3 billion was raised in 13 IPOs (compared to NIS 10.5 billion was raised in 94 IPOs during the year of 2021).

In the year 2022, NIS 92.1 billion was raised on TASE in corporate bonds, a 3% decrease over the previous year and NIS 41.5 billion was raised on TASE in government bonds, a decrease of 74% over the previous year.

For information regarding changes in estimates reported in prior reporting periods see section 4.4 below and for information regarding deferred income from listing fees as of December 31, 2022 and the forecast for recognition of income, see Appendix hereto– Deferred income from listing fees.

- There was no material change in the balance of assets in custodianship at TASE-CH in 2022 which amounted to approximately NIS 3 trillion.
- The marketing and distribution expenses of the Company totaled NIS 13,171 thousand in 2022, an increase of 18% over the previous year. TASE initiated the first stage of its declared buyback intention in an amount of up to NIS 36 million over six months. In the period from May 26, 2022 to September 30, 2022, the Company executed a buyback on The Tel Aviv Stock Exchange of 1,844 thousand of its ordinary shares in consideration for NIS 30.4 million.

1.2.2 CORPORATE HIGHLIGHTS FOR THE YEAR 2022

1.2.2.1 Objectives and Business Strategy:

At the end of five years of the approval of the Company's previous strategic plan, on 23.10.2022 the Board of Directors of the Company approved a new strategic plan for the years 2023-2027, as described below:

Strategic goals - According to the updated strategic plan, the Company intends to promote four principal strategic goals:

- Further developing and enhancing the value proposition of TASE's core activity
- Strengthening the direct activity and ties with the end customers
- Digital assets strategy
- Export of technological services and solutions to foreign exchanges

Quantitative goals - As part of the approval of the Strategic Plan, the Board of Directors of the Company has set a compounded annual growth rate (CAGR) from organic growth of 10% to 12% in

the years 2023-2027. Achievement of the aforesaid goal depends, among others, on the Company's flexibility in determining its tariffs.

Restructuring of the TASE Group - The Board of Directors of the Company approved the advancement of a restructuring in the TASE Group in order to ensure the effective implementation of the strategic plan and to further the continued development and upgrading of the capital market for the benefit of the public. Within this framework, a new public holding company will be established, which will hold 100% in the Company that will become a private company, and at the same time the subsidiaries of the Company will be moved up, becoming subsidiaries of the new holding company and fellow subsidiaries of the Company and of new companies that would be established as part of the implementation of the aforementioned business and strategic plans of the TASE Group. It is hereby emphasized that the implementation of the aforesaid restructuring requires the obtaining of the approval of TASE's shareholders' meeting and various regulatory approvals, including the approval of the Israel Securities Authority.

Mergers and acquisitions - As part of the implementation and advancement of its strategic goals, the Company intends to consider the implementation of a plan for strategic purchases and/or investments in its areas of activity and/or in areas that offer added value to its activity (programmatic M&A). Specific plans will be presented to the Board of Directors of the Company for approval, as necessary.

1.2.2.2 On 15.3.2023, the European Securities and Markets Authority (ESMA) announced, pursuant to an application submitted by TASE-CH for its consideration as an entity that is permitted to provide clearing services to European group members and trading platforms, that it recognizes TASE-CH as a Tier-1 Third-Country CCP, in accordance with the principles of the applicable European regulation and that, therefore, TASE-TASE-CH is qualified to provide clearing services to EU member states for a variety of financial instruments (up to said date, ESMA adopted various resolutions, from time to time, for the temporary suspension of the processes pertaining to the application for recognition, the most recent of which expired on 28.6.2022, on which date the recognition process was resumed). The classification of the Clearing House as a Tier-1 Third-Country CCP signifies that the Clearing House was established in a country outside the European Union, and is not deemed as systemically important to the stability of the European Union or of any of its member states, and is not expected to become systemically important, considering its current activity and characteristics.

1.2.2.3 Blink Fintech (Israel) - on 26.2.2023, the Board of Directors of TASE approved the acceptance of Blink Fintech (Israel) as a non-banking TASE member, subject to the completion of the necessary preparations and to the fulfillment of certain conditions (which to the date of the report have not yet been fulfilled).

1.2.2.4 Starting in October 2022, the issuance of dedicated bonds by the Government has been discontinued. Consequently, the investments of the pension funds are expected to be diverted from those bonds to equities and corporate bonds on TASE and to foreign assets overseas.

1.2.2.5 TASE's Tariffs

In July 2022, an amendment was approved that cancels the maximum commission on OTC transactions, this for a period of three years.

Information regarding the amendment of the pricelist concerning the TASE indices, see section 4.10 below

1.2.2.6 Tailor-Made Indices

On 9.1.2023, TASE entered into an agreement with a public institution for the creation of tailor-made indices that are based on TASE's trading data and customized for the specific needs of the customer. This is the first agreement signed by TASE in the trail of the approval of the amendment to the Indices' Pricelist that permits TASE to receive payment for tailor-made indices, as above. According to the agreement, TASE will create tailor-made indices, based on the specifications that will be provided by the public institution and approved by TASE. TASE will develop and edit the indices using the methodology that it applies in the development and editing of the other TASE indices, and they will be published in the same manner as the other indices. TASE will retain the rights in the tailor-made indices, however the public institution will be granted an exclusive license to use each such tailored index. The overall exclusivity period of each tailored index shall not exceed a cumulative ten years. The consideration to which TASE shall be entitled consists of development fees and usage fees that are calculated as a percentage of the volume of assets of the financial instruments using the tailored index (in immaterial amounts).

1.2.2.7 Trust Hedge Fund

In accordance with the ad hoc provision published by the Israel Securities Authority concerning assets that may be purchased and held in a Trust Hedge Fund pursuant to Section 65A of the Joint Investment Trust Law, 1994. The ad hoc provision determines the framework for the legal and operational regulation of a trust hedge fund that makes investment in a hedge fund accessible to the public under the regulated umbrella of a mutual fund. Consequently, the Company has developed a dedicated system that enables TASE-CH to operate and clear trust hedge funds.

1.2.2.8 Cooperation Agreements with Global Stock Exchanges

From time to time, the Company considers strategic collaborations with other stock exchanges around the world, which are intended to enhance the accessibility to the financial markets of each of the parties to the agreement and to leverage strategic advantages of each of the parties to the agreement, taking into consideration, inter alia, the suitability of companies operating in each of the countries for trading on the counterparty stock exchange.

Additionally, on 6.12.2022, the Company signed a memorandum of understanding with NYSE (hereafter: "the MOU"), concerning the establishment of an agreed framework for potential collaborations between the exchanges in their various areas of activity. To the date of the report, agreements have not yet been reached with regard to such collaborations, realizing the purpose of the MOU.

1.2.2.9 Trading platforms for cryptographic currency and use of Distributed Ledger Technology (DLT)

In October 2022, TASE and the Accountant General in the Ministry of Finance, through the Debt Unit of the Financing Division, announced a dedicated joint PoC (Proof of Concept) (Project Eden) for examining the issuance and clearing of digital state bonds on a platform that is based on advanced technologies - Blockchain (DLT - Distributer Ledger Technology), smart contracts, and tokenization. The PoC will include the digitalization of a new series of bonds and its (mockup) issuance to the system participants. As part of the issuance, leading banks, both international and local (primary dealers), will participate in a “live test”, during which they will be connected to a dedicated Blockchain system that will be developed by TASE with the assistance of select technology vendors.

TASE and the Ministry of Finance are currently advancing the PoC, in cooperation with the select technology vendors and the other participants. The initial results of the PoC are expected to be published towards the end of the first half of 2023.

1.2.3 Discussion of risk factors:

Condition of the economy and condition of the capital market and its perception risk - In 2022, there were changes in the Company’s risk profile compared to its risk profile at the end of 2021, this as a result of the advancement of the legislation concerning changes in the judiciary system and its implications, combined with the potential effects of the collapse of several mid-sized banks in the United States, as well as developments in significant macroeconomic indicators during the year, such as the interest rate, exchange rates, and inflation. These have increased the uncertainty in the economy and in the capital market. In the assessment of the Company, those factors could have an impact on the economy and the capital market, in general, and on the Company’s revenues, in particular, including in the medium and the long term. Accordingly, the Company has decided to raise the impact assessment of the “condition of the economy and condition of the capital market and its perception risk from “low” to “medium”.

The legal risk- In determining the Group’s assessment concerning the extent of impact of the legal risk (without a change to the risk level) several events, inter alia, were taken into consideration, including various arguments raised by several holders of Arrangement Shares against the buyback plan and its legal standing (with counterarguments by the Company concerning the adjustment of the share price for determining the excess consideration to which the Company is entitled, as described in section 4.3), as well as the termination of the collective agreements in TASE, as described in sections 4.11).

2. Presented below is information relating to the results for the fourth quarter of 2022 and for the year ended December 31, 2022 NIS, in thousands)

Three Months Ended December 31, 2022 Compared with Three Months Ended December 31, 2021

Statement of Profit or Loss

	Quarter ended		Difference	
	31.12.2022	31.12.2021	Amount	%
Revenue from services	86,325	85,727	598	1%
Expenses	67,468	68,707	(1,239)	(2%)
Profit before financing income, net	18,857	17,020	1,837	11%
Financing income (expenses)	(474)	1,270	(1,744)	(137%)
Taxes on income	5,178	4,189	989	24%
Net profit	13,205	14,101	(896)	(6%)
% of total revenue from services for the quarter	15.3%	16.4%		

- **Revenue in the fourth quarter of 2022** amounted to NIS 86.3 million, compared to revenue of NIS 85.7 million in the corresponding quarter last year, a 1% increase. The increase is due to an increase in revenue from listing fees and levies and in revenues from data distribution and connectivity services, which was partly offset by a decrease in revenue from trading and clearing services (approx. 3% decrease of total revenue), that stemmed primarily from the 11% fewer trading days compared to the corresponding quarter last year (see further details below).
- **The costs in the fourth quarter of 2022** totaled NIS 67.5 million, compared to the expenses in the corresponding quarter last year that totaled NIS 68.7 million, a decrease of 2%. The decrease in the costs is due mainly to a reduction in employee benefit expenses and a reduction in marketing expenses as a result of the timing of performance of campaigns. The decrease was partly offset by an increase in computer and communication expenses and in depreciation expenses.
- **Net financing expenses in the fourth quarter of 2022** amounted to approximately NIS 0.5 million, compared to net financing income of approximately NIS 1.3 million in the corresponding quarter last year. The transition to financing expenses results from a negative return of 0.67% on the company's investments in Israeli government bonds managed in marketable securities' portfolios, compared to a positive return of 0.71% in the corresponding quarter last year.
- **The profit in the fourth quarter of 2022** totaled NIS 13.2 million, compared to NIS 14.1 million in the corresponding quarter last year, a decrease of 6%. The decrease in profit is due mainly to the effect of the reduction in the number of trading days and to the financing expenses, as described above.
- **Tax expenses, net in the fourth quarter of 2022** totaled NIS 5.2 million, as compared to NIS 4.2 million in the corresponding quarter last year. The increase in expenses was due to the higher pre-tax profit and the reduction in the fair value of the Company's investments in government bonds for which deferred taxes were not created.

	Quarter ended			Year ended		
	31.12.2022	31.12.2021	Difference	31.12.2022	31.12.2021	Difference
Weighted average shares used to compute						
Basic earnings per share	100,799,078	101,399,817	(0.6%)	101,635,280	101,284,754	0.3%
Diluted earnings per share	102,716,615	104,005,335	(1.2%)	103,292,077	104,261,967	(0.9%)
Basic earnings per share in NIS	0.131	0.139	(6%)	0.500	0.449	11%
Diluted earnings per share in NIS	0.129	0.136	(5%)	0.492	0.436	13%

- **The revenue in the fourth quarter of 2022** – below is the composition of the quarter's revenue, compared to the corresponding quarter of the previous year:

Revenue from services	Quarter ended				
	31.12.2022	% of the Company's total revenues	31.12.2021	% of the Company's total revenues	% change
Trading and clearing commissions	33,761	39%	36,625	43%	(8%)
	The decrease in revenue is due to the reduction in the number of trading days this quarter compared to the corresponding quarter last year, which resulted in an 11% decrease in revenue, and to the reduction in the effective commission rate, mainly in the funds, which was partly offset by an increase in the effective commission in T-bills, resulting in a 3% decrease in revenue. In opposition, a rise in trading volumes between the quarters, mainly in T-bills, resulted in a 6% increase in revenue				
Listing fees and levies	19,517	23%	17,440	20%	12%
	The increase is due mainly to the rise in revenue from annual fees, which contributed 8% to the increase in revenue and that resulted mainly from the higher number of companies and funds that pay an annual fee, and to a rise in listing fees that contributed 3% to the increase in revenue.				
Clearing House services	17,871	20%	17,578	20%	2%
	The increase in revenue is due to the rise in revenue from Clearing House services to members, which contributed 10% to the increase in revenue and was counteracted by a decrease in revenue from custodian fees that resulted in a 4% decrease in revenue, this as a result of the reduction in the value of assets that are held at TASE-CH compared to the corresponding quarter last year, and a reduction in revenue from Clearing House services to companies decreased revenue by a further 4%.				
Data distribution and connectivity services	14,278	17%	13,516	16%	6%
	The increase in revenue is due mainly to the rise in revenue from data distribution to customers outside Israel, which contributed 4% to the increase in revenue, to a rise in revenue from connectivity services, stemming mainly from the higher number of customers and from new connectivity services, which contributed 3% to the increase in revenue, and to the higher revenue from new information products, which contributed 2% to the increase in revenue. In opposition, a reduction in revenue from data distribution to private and business customers resulted in a 4% decrease in revenue.				
Other revenue	898	1%	568	1%	58%
	The increase in revenue is due mainly to an increase in the activity of the Conference Center.				
Total revenue from services	86,325	100%	85,727	100%	1%

Adjusted net profit and adjusted EBITDA data²

	Quarter ended		Difference	
	31.12.2022	31.12.2021	Amount	%
Adjusted EBITDA for the quarter:				
Profit before financing income, net	18,857	17,020	1,837	
Adjustments:				
Share-based payment expenses	134	134	-	
Depreciation and capital losses	13,085	12,348	737	
Adjusted EBITDA for the quarter:	32,076	29,502	2,574	9%
% of total revenue from services for the quarter	37.2%	34.4%		
Adjusted profit for the quarter:				
Profit for the quarter	13,205	14,101	(896)	
Adjustments:				
Share-based payment expenses	134	134	-	
Adjusted profit for the quarter:	13,339	14,235	(896)	(6%)
% of total revenue from services for the quarter	15.5%	16.6%		

- **The adjusted EBITDA in the fourth quarter of 2022** totaled NIS 32.1 million, compared to NIS 29.5 million in the corresponding quarter last year, an inter-quarter increase of 9%. The increase is due to an increase in most revenue from services, which was counteracted by a decrease in expenses, primarily employee benefit expenses and marketing expenses.
- **The adjusted profit in the fourth quarter of 2022** totaled NIS 13.3 million, compared to an amount of NIS 14.2 million in the corresponding quarter last year, a 6% decrease. The decrease is due mainly from the transition to financing expenses this quarter, as compared to financing income in the corresponding quarter last year, as described above.

² Adjusted data for the profit and EBITDA (operating profit before interest, tax, depreciation and amortization): These data are based on the data in the Company's financial statements for the reported periods, after eliminating the effects of certain events and factors, as explained above, that are not typical of the Company's operating activities.

It is hereby clarified that the data presented above are not presented in accordance with generally accepted accounting principles and do not reflect the Company's cash flows from operating activities or its operating profits and net profit and, accordingly do not constitute a substitute to the data in the Company's financial statements regarding the operating profit and/or the net profit. Nevertheless, in the Company's opinion, these data enable a better comparison to be made of the Company's performance in the reported periods.

Year ended December 31, 2022 Compared with Year ended December 31, 2021

Statement of Profit or Loss

	Year ended			
	31.12.2022	31.12.2021	Difference	% Change
Revenue from services	361,011	323,657	37,354	12%
Costs	277,813	269,236	8,577	3%
Profit before financing income, net	83,198	54,421	28,777	53%
Financing income (expenses), net	(13,225)	4,540	(17,765)	
Taxes on income	19,137	13,491	5,646	42%
Profit for the year	50,836	45,470	5,366	12%
% of total revenue from services for the year	14.1%	14.0%		
Basic earnings per share (NIS)	0.500	0.449	11%	
Diluted earnings per share (NIS)	0.492	0.436	13%	

- **Revenue in 2022** totaled NIS 361.0 million, compared to revenue of NIS 323.7 million in 2021, an increase of 12%. The increase consists of revenue from trading and clearing (representing 4% of total revenue) and revenue other than from trading and clearing (representing 8% of total revenue).
- **The costs in 2022** totaled NIS 277.8 million, as compared to expenses of NIS 269.2 million in 2021, a 3% increase. The increase in the costs is due mainly to a rise in depreciation and amortization expenses, stemming mainly from the upgrading of infrastructures and the launching of new products in the trading and clearing environment, and to a rise in marketing expenses.
- **Net financing income (expenses) in 2022** totaled NIS 13.2 million net financing expenses, as compared to net financing income of NIS 4.5 million in 2021. The transition to financing expenses in the period is due to a negative yield of 7.0% on the Company's investments in Israeli Government bonds managed in marketable securities' portfolios, compared to a positive yield of 2.5% in 2021.
- **The profit in 2022** totaled NIS 50.8 million, compared to NIS 45.5 million in 2021, an increase of 12%. The increase in profit is due to an increase in revenue from services, which was partly offset by the rise in expenses, a transition to financing expenses and an increase in the tax expense.

The revenue in Year ended December 31, 2021 below is the composition of the period's revenue, compared to last year:

Revenue from services	Year ended				
	31.12.2022	% of the Company's total revenues	31.12.2021	% of the Company's total revenues	% change
	142,490	40%	131,116	41%	9%
Trading and clearing commissions	The increase in revenue is due mainly to the higher trading volumes in shares compared to 2021, which contributed 12% to the increase in revenue. In opposition, a reduction in the effective commission rate, primarily in shares and mutual funds (due to the increase in the volume of transactions that are affected by the existence of a maximum commission), decreased revenue by 4%.				
	84,489	23%	69,056	21%	22%
Listing fees and levies	A 15% increase in revenue stems from the increase in revenue from listing fees, due to the update to the estimated period of revenue recognition from listing fees on shares and ETFs pursuant to International Financial Reporting Standard, "Revenue from Contracts with Customers" (IFRS 15) (for additional information, see details in section 4.4 below). Another 7% increase in revenue is due to an increase in revenue from annual fees, mainly as a result of the increase in the number of companies and funds that pay an annual fee compared to 2021.				
	70,908	20%	65,505	20%	8%
Clearing House services	The increase in revenue is due to a rise in revenue from Clearing House services to members, which increased revenue by 8% between the years.				
	58,060	16%	52,268	16%	11%
Data distribution and connectivity services	The increase in revenue is due to the rise in revenue from the distribution of trading data and derivative information to business customers outside Israel, to an increase in the volume of activity and to the updating of the pricelist, which increased revenue by 5%. An increase in revenue from connectivity services resulted in a 5% increase in revenue, and a rise in revenue from the sale of information through TASE's API service resulted in a 2% increase in revenue.				
	5,064	1%	5,712	2%	(11%)
Other revenue	The reduction in revenue is due to the effect of an agreement signed between TASE and the Ministry of Finance in May 2021, under which a one-time settlement amount of NIS 3.8 million was paid to the Company in 2021 in respect of government bonds that were listed in the lending pool in the period up to 31.12.2020 and was counteracted by a NIS 1.7 million increase in revenue from the Conference Center and trade openings and a NIS 1.3 million increase in respect of the sale of technological consulting services (an engagement that ended in the first half 2022).				
Total revenue from services	361,011	100%	323,657	100%	

Adjusted net profit and adjusted EBITDA data³

	Year ended			
	31.12.2022	31.12.2021	Difference	% Change
Adjusted EBITDA for the year:				
Profit before financing income, net	83,198	54,421	28,777	
Adjustments:				
Share-based payment expenses	530	739	(209)	
Depreciation and capital losses	51,466	47,880	3,586	
Adjusted EBITDA for the year:	135,194	103,040	32,154	31%
% of total revenue from services for the year	37.4%	31.8%		
Adjusted profit for the year:				
Profit for the year	50,836	45,470	5,366	
Adjustments:				
Share-based payment expenses	530	739	(209)	
Adjusted profit for the year:	51,366	46,209	5,157	11%
% of total revenue from services for the year	14.2%	14.3%		

- **The adjusted EBITDA for 2022** totaled NIS 135.2 million, compared to NIS 103.0 million in 2021, an increase of 31% between the years. The increase is due mainly to a 12% rise in revenue, primarily as a result of the higher volume of activity, which was partly offset by a 2% increase in expenses, primarily marketing expenses.
- **The adjusted profit in 2022** totaled NIS 51.4 million, compared to NIS 46.2 million in 2021, an increase of 11%. The increase in profit is due mainly to a 12% rise in revenue, mainly as a result of the higher volume of activity, which was offset by a 3% increase in expenses, primarily with respect to marketing expenses and depreciation and amortization expenses, and the transition to financing expenses as a result of the negative return on the Company's investments in held-for-trade financial assets and an increase in the tax expense.

³ Adjusted data for the profit and EBITDA (operating profit before interest, tax, depreciation and amortization): These data are based on the data in the Company's financial statements for the reported periods, after eliminating the effects of certain events and factors, as explained above, that are not typical of the Company's operating activities.

It is hereby clarified that the data presented above are not presented in accordance with generally accepted accounting principles and do not reflect the Company's cash flows from operating activities or its operating profits and net profit and, accordingly do not constitute a substitute to the data in the Company's financial statements regarding the operating profit and/or the net profit. Nevertheless, in the Company's opinion, these data enable a better comparison to be made of the Company's performance in the reported periods.

Presented below is information relating to the financial position as of December 31, 2022 (NIS, in thousands):

	As of 31.12.2022	As of 31.12.2021		
	NIS, in thousands		Difference	% Change
Cash and cash equivalents and short-term financial assets	388,627	390,057	(1,430)	(0%)
Other current assets	23,591	24,745	(1,154)	(5%)
Property and equipment and intangible assets	455,662	461,789	(6,127)	(1%)
Other non-current assets	6,991	17,566	(10,575)	(60%)
Total assets (*)	874,871	894,157	(19,286)	(2%)
Current liabilities	96,092	91,230	4,862	5%
Non-current liabilities	92,331	141,059	(48,728)	(35%)
Total liabilities (*)	188,423	232,289	(43,866)	(19%)
Total equity	686,448	661,868	24,580	4%
Ratio of equity to total assets	78%	74%		
Surplus equity over regulatory requirements (in NIS millions)	613	311	302	97%
Surplus liquidity over regulatory requirements (in NIS millions)	257	165	91	55%

(*) The total assets and liabilities in the balance sheet as of 31.12.2022 and 31.12.2021, include a balance of assets/liabilities in respect of open derivative positions amounting to NIS 937.3 million and NIS 665.3 million, respectively, which for reasons of convenience in analyzing the financial position has been offset against each other.

- The total assets as of 31.12.2022 amounted to NIS 874.9 million, a decrease of 2% compared to 31.12.2021. The decrease is due mainly to a reduction in the balance of the deferred tax assets stemming from the decrease in the balance of long-term liabilities in respect of employee benefits as a result of the increase in the discount interest rate and in the balance of property and equipment assets.
- The total liabilities as of 31.12.2022 amounted to NIS 188.4 million, a decrease of 19% compared to 31.12.2021. Most of the decrease is due to a reduction in the long-term liability for employee benefits, a decrease in the balance of lease liabilities, and a decrease in deferred income from listing fees and levies.
- The equity as of 31.12.2022 amounted to NIS 686.4 million, a 4% increase compared to 31.12.2021. The increase in equity is due mainly to the profit of NIS 50.8 million in the year, other comprehensive income of NIS 21.7 million and receipts from the sale of shares by shareholders that had held TASE shares prior to the completion of the TASE ownership restructuring in an amount of NIS 5.5 million, less a dividend paid in an amount of NIS 22.7 million and buyback of company shares in an amount of NIS 31.3 million.

Presented below is Cash flows for the three months ended December 31, 2022 (NIS, in millions):

Item	Data for the three months ended December 31		Explanations of the Company
	2022	2021	
Opening balance	182.8	154.1	
Adjusted EBITDA	32.1	29.5	The increase in adjusted EBITDA is due mainly to the increase in revenue from services and the reduction in expenses.
Net cash from operating activities			
Changes in working capital	(1.5)	11.1	The decrease in working capital is due mainly to the decrease in deferred income from listing fees as a result of an update to the estimated period of revenue recognition from listing fees on shares and ETFs, and to the timing of payments to suppliers.
Financing and tax	(0.8)	(4.0)	The decrease is due mainly to a reduction in tax payments, net in the quarter compared to the corresponding quarter last year.
Total	29.8	36.6	Cash flows from operating activities decreased by 19% between the quarters.
Net cash from (for) investing activities			
Investments in property and equipment and in intangible assets and capitalized payroll costs	(8.4)	(6.2)	The increase is due to the timing of implementation of the Group's investment work plan in the quarters.
Acquisition of financial assets, net	(8.2)	(1.5)	Acquisition and realization of assets in accordance with the Company's investment policy.
Total	(16.6)	(7.7)	
Net cash (for) from financing activities			
Payments carried directly to equity within the framework of implementing the ownership restructuring, net	-	(0.8)	VAT paid on inputs carried to equity, pursuant to an assessments' agreement.
Lease payments	(2.2)	(2.3)	
Payments for the acquisition of treasury shares	(0.9)	-	Buyback of Company shares in accordance with an approved buyback plan.
Repayment of short-term credit	(0.5)	-	Short-term credit as a result of the buyback of Company shares in trust.
Total	(3.6)	(3.1)	
Total increase in cash and cash equivalents	9.6	25.8	
Effect of changes in exchange rates on cash balances held in foreign currency	-	(0.1)	
Closing balance	192.4	179.8	

Presented below is Cash flows for the year ended December 31, 2022 (NIS, in millions):

Item	Data for the year ended			Explanations of the Company
	31.12.2022	31.12.2021	31.12.2020	
Opening balance	179.7	142.1	103.9	
Adjusted EBITDA	135.2	103.0	95.1	The increase in adjusted EBITDA in 2022 compared to 2021 is due mainly to an increase in revenue from services, which was partly offset by an increase in expenses, primarily computer and communication expenses and marketing expenses.
Net cash from operating activities				
Changes in working capital	(7.0)	13.8	6.7	The decrease in working capital is due mainly to the decrease in deferred income from listing fees as a result of an update to the estimated period of revenue recognition from listing fees on shares and ETFs, and to the timing of payments to suppliers.
Financing and tax	(8.6)	(10.4)	(6.4)	The decrease in 2022 compared to 2021 is due to an increase in interest receipts, net and to a reduction in tax payments, net.
Total	119.6	106.4	95.4	
Net cash for investing activities				
Investments in property and equipment and in intangible assets and capitalized payroll costs	(48.3)	(35.6)	(37.9)	The increase is due to the timing of implementation of the Group's investment work plan in the periods.
Acquisition of financial assets, net	(4.6)	(4.6)	(4.2)	Receipts from a shareholder that realized shares that are subject to the provisions of the TASE Restructuring Law. In 2021, VAT paid on inputs carried to equity pursuant to an assessment's agreement.
Total	(52.9)	(40.2)	(42.1)	
Net Cash (for) from financing activities				
Receipts (payments) carried directly to equity within the framework of implementing the ownership restructuring, net.	8.2	(0.8)	3.7	Receipts from the sale of shares within the framework of implementing the ownership restructuring. In 2021, VAT paid on inputs carried to equity pursuant to an assessment's agreement. As to non-cash activities, see the consolidated statements of profit or loss in the Company's consolidated financial statements as of December 31, 2021.
Lease payments	(8.8)	(9.1)	(9.9)	Commencing in 2019, the Company adopted a policy pursuant to which a dividend is paid in the subsequent year.
Payments for the acquisition of treasury shares	(31.3)	-	-	Buyback of Company shares in accordance with an approved buyback plan.

Item	Data for the year ended			Explanations of the Company
	31.12.2022	31.12.2021	31.12.2020	
Dividend paid	(22.7)	(18.5)	(8.8)	Dividend paid,
Total	(54.6)	(28.4)	(15.0)	
Total increase in cash and cash equivalents	12.1	37.8	38.3	
Effect of changes in exchange rates on cash balances held in foreign currency	0.6	(0.2)	(0.1)	
Closing balance	192.4	179.7	142.1	

3. Presentation and Reclassification of Financial Statements

Seasonality

The Company's revenues from trading and clearing are affected, among other things, by the number of trading and clearing days. The number of trading days in 2020, 2021 and 2022 totaled 248, 244 and 244, respectively. Presented below is information on the quarterly breakdown of trading days:

Year	Q1	Q2	Q3	Q4	total
2021	62	61	56	65	244
2022	64	61	61	58	244
2023	64	58	61	65	248

4. Events at the reporting date and thereafter

4.1 On April 7, 2022, a dividend of NIS 22,735 thousand (representing NIS 0.2220 per ordinary share) was paid to the Company's shareholders (that held their shares on March 30, 2022).

4.2 Buyback of the Company's shares

In March 2022, the Board of Directors of the Company instructed the Company to formulate a plan for the buyback of Company shares in an amount of up to NIS 100 million and for a period of up to two years. Following the formulation of such plan, in May 2022, the Board of Directors of the Company, having reviewed the distribution criteria in accordance with the provisions of Section 302 of the Companies Law, 1999 (hereafter: "the Distribution Criteria"), approved a first plan for the buyback of Company shares in an amount of up to NIS 36 million over a six-month period. Accordingly, in the period from 26.5.2022 to the termination of the first plan, the Company bought back, as part of the trading on TASE, 1,844 thousand of its ordinary shares in consideration for NIS 30.4 million.

On 29.11.2022, after establishing the fulfillment of the Distribution Criteria, the Board of Directors of the Company approved an additional plan for the buyback of Company shares in an amount of up to NIS 36 million and for a period of six months. In the period from 29.11.2022 to 31.12.2022, the Company bought

back, as part of the trading on TASE, 47 thousand of its ordinary shares in consideration for NIS 1 million. After the date of the report until shortly before the date of approval of the report, the Company bought back 1,183 thousands of its ordinary shares in consideration for NIS 21.8 million.

4.3 Receipts from shareholders within the framework of implementing the ownership restructuring

In 2022, shareholders realized 485,401 Company shares held by them prior to the date of approval of the restructuring arrangement in TASE (hereafter: "the Arrangement Shares"). In respect of this realization and another realization carried out in December 2021, TASE received in 2022 an amount of NIS 8.2 million (of which NIS 2.7 million in respect of realizations made in December 2021, as mentioned above). As of the reporting date, some of the aforesaid shareholders sold additional Arrangement Shares for a total consideration of NIS 2.6 million, in respect of which the Company received, in March 2022, an amount of NIS 1.85 million (based on a price of NIS 5.08 per share, as described below).

It should be noted that the Company has contacted the boards of directors of each of the three largest holders from among the aforesaid shareholders, which are TASE members, requesting them to explain the reason for their refraining from selling their holdings in the Company, considering that such sale would realize the provisions of the Securities Law. The holders maintained that they are not obligated by law to sell those holdings. Consequently, and in view of claims raised on behalf of said shareholders against the discontinuance of the Company's dividend policy and the adoption of the buyback plan, the Company has commissioned additional legal opinions in this regard. After receiving the legal opinions, the Company informed the aforesaid shareholders that, according to those opinions, the holding of the Arrangement Shares by the aforesaid shareholders creates legal difficulties with regard to the purpose of Amendment 63 of the Securities Law and Israeli corporate law, and that, according to the legal opinions, the sale of the Arrangement Shares by the aforesaid shareholders would increase the Excess Consideration, that they are required to transfer to the Company by an amount equal to the amounts of the dividends that had been distributed to them (and that may be distributed to them in the future, if distributed) in respect of the Arrangement Shares, commencing on the date of the TASE Restructuring through to the date of sale of the Arrangement Shares. The Company further informed them that the continued holding of the Arrangement Shares by TASE members also raises concerns from the perspective of the Economic Competition Law, 1988.

Shortly before the date of approval of the financial statements, to the best of the Company's knowledge, shareholders hold 18,256,927 Company shares that they had held prior to the date of approval of the restructuring in TASE. The share price as of 27.3.2023 (shortly before the approval of the financial statements) is NIS 17.72. According to the TASE Restructuring Law, should the shareholders realize the shares that they hold, the amount of adjusted excess consideration in excess of NIS 4.59 per share, less an amount equal to the amount of the dividends distributed will be transferred to the Company and used for the purposes prescribed in the Law. Such excess consideration will be carried directly to the equity of the Company.

4.4 Changes in estimates reported in prior reporting periods

As part of a process for the validation of estimates and in view of changes that occurred in offerings on TASE over the past three years, the Company examined the estimate concerning the period over which the securities of the customer are traded on TASE, for revenue recognition purposes. The examination was performed in relation to the period for recognition of income from listing fees on shares (in IPOs and secondary offerings) and on ETFs. Based on an examination performed by the Company, the period of recognition of revenue from listing fees on the initial listing of shares and on the listing of ETFs and ETNs is 12 years, and on the secondary offering of shares, 6 years.

Consequently, in respect of contracts for which the performance obligation, according to the updated estimate, ended by 1.1.2022, the Company recognized revenue from listing fees in an amount of NIS 4.3 million. In respect of contracts for which the performance obligation has not yet ended as of 1.1.2022, the remaining performance obligation period has been adjusted to the current estimate, resulting in an increase of NIS 4 million in revenue from listing fees.

Presented below are expected revenue recognition from listing fees before and after estimation update as of December, 31 2021:

	Expected Revenue Recognition				Total amount of unfulfilled (or partially fulfilled) performance obligations
	up to 1 year	1-2 years	2-5 years	after 5 years	
	NIS, in thousands				
Before estimation update	24,588	18,169	36,956	31,314	111,027
After estimation update	(*) 32,890	19,971	37,504	20,662	111,027

(*) Including revenue of NIS 4.3 million with respect to contracts for which, according to the updated estimation, the performance obligation has been fulfilled as of January 1, 2022.

4.5 Replacement of the Chairman of the Board of Directors

On 10.5.2022, the Chairman of the Board of Directors of TASE, Mr. Arik Steinberg, stepped down from all of his duties in the TASE Group. Mr. Steinberg, who had served as Interim Chairman and has even been elected for permanent office in this position, announced his retirement. Consequently, the Board of Directors of the Company appointed Mr. Salah Saabneh as Interim Chairman of the Board of Directors, pending the completion of a process for the sourcing and appointment of a new Chairman of the Board of Directors for the Company.

4.6 Liquidity agreements with the Bank of Israel

On 29.6.2022 the Clearing Houses entered into an addendum to the framework agreements with the Bank of Israel with respect to repo transactions (hereafter: "The Liquidity Agreements"), by virtue of which the period of the Liquidity Agreements was extended by 3 months, until 30.9.2022, on which date the Liquidity Agreements expired.

4.7 Mix of the Default Fund and Safety Factors Model

On 8.8.2022, the Audit Committee and the Board of Directors of each of the Clearing Houses approved a change in the cash component of the Default Fund, pursuant to which this component will constitute at least 50% of the total collateral of the Default Fund, as shall be from time to time.

In addition, the Board of Directors of each of the Clearing Houses approved the updating of the safety factors (haircut) model, concerning the value for safety purposes of securities that are deposited as collateral in the TASE Clearing House, and with regard to the MAOF Clearing House it has been determined that the cash component with respect to MAOF transactions carried out by a Clearing member will be an amount equal to 35% of the total current collateral requirement of such member.

In January 2023 the Audit Committee and the Board of Directors of the TASE Clearing House approved the increase in the cash component of TASE Clearing House Default Fund, to 100% of the total collateral of the Default Fund.

4.8 Updating of the Capital and Liquidity Model

On 29.11.2022, the Board of Directors of the Company and the Boards of Directors of each of the Clearing Houses approved an updated methodology concerning the capital and liquidity requirements, according to which a "required level" will be calculated (which is based on the general framework of the Banking Supervision Directives, with the adjustments necessary for the activity of TASE, at TASE, and regulatory at the Clearing Houses). The Board of Directors also approved a safety cushion, which serves as an additional layer for handling stress scenarios and is at the discretion of the Board of Directors.

The effect on the Group of the implementation of the required level methodology, as above, had all of the necessary internal processes been fully implemented as of December 31, 2021, would have been an increase of NIS 202 million in the Company's qualified capital to a total of NIS 747 million, an increase of NIS 286 million in the capital surplus to a total of NIS 597 million, an increase of NIS 61 million in the balance of liquid assets to a total of NIS 373 million, and an increase of NIS 195 million in the liquidity surplus to a total of NIS 260 million.

4.9 Legal Proceedings - Motion Against the Israel Securities Authority

On 31.8.2022, the Company filed with the Supreme Court in its capacity as the High Court of Justice a motion for the issue of an order nisi against the Israel Securities Authority in connection with the latter's refrainment from approving the resolution of the Board of Directors of TASE from 20.3.2022 to amend the TASE Rules (hereafter: "the TASE Resolution") as regarding "Sources and Uses for the Development of the Indices' Activity on TASE - Pricelist Amendment" (hereafter in this section: "the Indices' Activity"). On 2.11.2022, the Company consented to the dismissal of the motion without adjudication of costs, while maintaining all of the rights and claims of the Company with regard to additional topics addressed in the motion that have not yet been resolved, and on 3.11.2022 the Supreme Court approved the dismissal of the motion. For information regarding the notice of the Israel Securities Authority in connection with the updating of the indices' tariffs and the continued Indices' Activity, see section 4.10 below.

4.10 Securities Indices

On 21.12.2022, the Company received the resolution of the Israel Securities Authority's Secondary Market Committee concerning amendments to the TASE Rules and the regulations by virtue thereof in connection with indices' activity on TASE (hereafter: "the Authority's Resolution") pursuant to which, inter alia, the Committee has approved the amendment of the pricelist concerning the TASE indices (hereafter: "the Indices' Pricelist"). At the same time, the Committee determines that TASE's engagement in the editing and calculation of the indices will be deemed as an auxiliary service that raises substantial concern for a conflict of interest with its engagement in the management of a securities' trading system, in which it may continue to engage subject to its compliance with certain terms, as set forth in the Authority's Resolution (hereafter: "the Terms for the Indices' Activity"), within the timeframes stipulated in the Authority's Resolution for their implementation, ranging from three months to one year. It should be noted that the Terms for the Indices' Activity mainly address the improvement of corporate governance rules and the implementation of organizational, professional and operational segregation of duties in the Company between the Indices' Activity and the trading management activity, and have been set based on discussions with the Company.

It is hereby clarified that the approval of the amendment of the Indices' Pricelist is not conditional on the fulfillment of the Terms for the Indices' Activity, and therefore the new rates pursuant to the Indices' Pricelist will take effect gradually, in two steps - the first at a partial rate of 50% commencing on 1.1.2023, and the second at the full rate commencing on 1.1.2024.

4.11 Collective Relations in the Company

On 14.9.2022, the collective agreements at TASE expired. On 6.11.2022, a labor dispute was declared at TASE. In accordance with the Labor Disputes Law, commencing on 21.11.2022 and subject to obtaining the Labor Federation's consent, the employees are entitled to initiate various organizational steps.

4.12 Compensation Policy

On 12.1.2023, the general meeting of the Company approved the updated compensation policy for officers in the Company for the years 2023-2025.

4.13 2023 Warrant Plan

On February 26, 2023, the Board of Directors, after obtaining the approval of the Compensation Committee, approved a plan for the grant of warrants to officers of the Company, including directors, in a total quantity of up to 4,100,000 illiquid warrants, registered in name, for up to 4,100,000 ordinary shares without par value, subject to adjustments (hereafter: "the 2023 Warrant Plan"). Within this framework, the Board of Directors of TASE, after obtaining the approval of the Compensation Committee, approved the grant of 2,980,000 warrants to 9 officers reporting to the CEO, which are exercisable into shares of the Company in three equal annual batches, commencing at the end of 12 months from their allotment until the end of 48 months from that date, for an exercise price of NIS 24.386 per share. The cost of the benefit embodied in the warrants granted as aforesaid, based on their fair value on their grant date, amounted to NIS 10 million. The warrants will be allotted to a trustee, subject to the receipt of the approvals required pursuant to Section 102 of the Income Tax Ordinance under the capital gains track, and subject to obtaining TASE's approval for the listing of the exercise shares.

4.14 A plan for the retention of TASE's CEO

On March 28, 2023, the Company's Board of Directors, after receiving the Compensation Committee's approval and subject to obtaining the approval of the general meeting of the Company's shareholders, approved a plan for the retention of TASE's CEO ("the Retention Plan"). Within the framework of the Retention Plan, it is prescribed that, subject to receiving the approvals required by law, on June 1, 2023, the Company will provide the CEO with a loan of NIS 3.5 million, for a period of five years, so long as the CEO continues to work at TASE at least until May 31, 2028; on May 31, 2028, the loan will be converted into a grant.

In addition, subject to obtaining the necessary approvals, on June 1, 2023, the Company will grant 544,435 options to the CEO, which are convertible into 544,435 ordinary shares of the Company, in accordance with the terms set forth in the options plan for the CEO. The options will be convertible (by means of a cashless mechanism) from June 1, 2028 through May 31, 2030, at an exercise price of NIS 40 per option (subject to adjustments). The cost of the benefit inherent in the options that are granted as aforesaid, based on the fair value on their grant date, amounts to approximately NIS 1.5 million. The options will be allocated to a trustee, subject to obtaining the approvals required pursuant to Section 102 of the Income Tax Ordinance under the capital gains track, and subject to obtaining TASE's approval for the listing of the conversion shares.

5. Information relating to the results for the fourth quarter of 2022 and for the year ended December 31, 2022 NIS, in thousands)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (NIS, in thousands)

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	192,416	179,768
Financial assets at fair value through profit or loss	196,211	210,289
Trade receivables	16,021	15,438
Other receivables	7,570	9,307
	412,218	414,802
Assets derived from clearing operations in respect to open derivative positions	937,259	665,271
Total current assets	1,349,477	1,080,073
Non-current assets		
Cash restricted as to use	720	720
Other long-term receivables	5,586	15,157
Property and equipment, net	315,598	333,109
Intangible assets, net	140,064	128,680
Deferred tax assets	685	1,689
Total non-current assets	462,653	479,355
Total assets	1,812,130	1,559,428

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (NIS, in thousands)- CONT.

	December 31,	
	2022	2021
Liabilities and Equity		
Current liabilities		
Current maturities of lease liabilities	8,473	8,726
Trade payables	13,864	18,985
Other payables	3,036	3,872
Deferred income from listing fees and levies	28,412	24,588
Current tax liabilities	4,743	2,181
Short-term liabilities for employee benefits	37,564	32,878
	96,092	91,230
Liabilities derived from clearing operations in respect to open derivative positions	937,259	665,271
Total current liabilities	1,033,351	756,501
Non-current liabilities		
Lease liabilities	6,572	14,410
Deferred income from listing fees and levies	78,459	86,439
Non-current liabilities for employee benefits	6,580	39,490
Other liabilities	720	720
Total non-current liabilities	92,331	141,059
Equity		
Remeasurement reserve of net liabilities in respect to defined benefit	5,207	(16,536)
Capital reserve in respect to share-based payment transactions	33,787	33,257
Other capital reserves	54,222	48,698
Retained earnings	593,232	596,449
Total equity	686,448	661,868
Total liabilities and equity	1,812,130	1,559,428

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(NIS, in thousands)

	Year ended December 31,		
	2022	2021	2020
Revenue from services:			
Trading and clearing commissions	142,490	131,116	136,451
Listing fees and levies	84,489	69,056	59,887
Clearing House services	70,908	65,505	57,453
Distribution of data and connectivity services	58,060	52,268	48,408
Other revenue	5,064	5,712	2,067
Total revenue from services	361,011	323,657	304,266
Cost of revenue:			
Employee benefits expenses	147,905	148,395	139,355
Expenses in respect to share-based payments	530	739	1,280
Computer and communications expenses	29,953	27,823	26,753
Property taxes and building maintenance expenses	13,798	13,190	11,762
General and administrative expenses	11,648	10,883	9,373
Marketing expenses	13,171	11,203	11,098
Fee to the Israel Securities Authority	9,341	9,123	10,776
Depreciation and amortization	51,335	47,618	44,510
Other expenses	132	262	587
Total costs	277,813	269,236	255,494
Profit before financing income (expenses), net	83,198	54,421	48,772
Financing income	(12,802)	5,488	410
Financing expenses	423	948	983
Total financing income (expenses), net	(13,225)	4,540	(573)
Profit before taxes on income	69,973	58,961	48,199
Taxes on income	19,137	13,491	11,295
Profit for the year	50,836	45,470	36,904
Basic earnings per share (NIS)	0.500	0.449	0.368
Diluted earnings per share (NIS)	0.492	0.436	0.358

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (NIS in thousands)

	Capital reserve in respect to share-based payment transactions	Remeasure- ment reserve of net liability in respect to defined benefit	Other capital reserves	Retained earnings	Total
Balance as of January 1, 2022	33,257	(16,536)	48,698	596,449	661,868
Profit for the year	-	-	-	50,836	50,836
Other comprehensive loss for the year	-	21,743	-	-	21,743
Total comprehensive income (loss) for the year	-	21,743	-	50,836	72,579
Dividend paid	-	-	-	(22,735)	(22,735)
Share-based payment	530	-	-	-	530
Acquisition of Treasury shares	-	-	-	(31,318)	(31,318)
Receipts from shareholders within the framework of implementing the ownership restructuring, net	-	-	5,524	-	5,524
Balance as of December 31, 2022	33,787	5,207	54,222	593,232	686,448

CONSOLIDATED STATEMENTS OF CASH FLOWS (NIS, in thousands)

	Year ended December 31,		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	50,836	45,470	36,904
Share-based payments expenses	530	739	1,280
Tax expenses recognized in profit or loss	19,137	13,491	11,295
Net financing expense (income) recognized in profit or loss	13,225	(4,540)	573
Depreciation and amortization	51,335	47,618	44,510
Loss from disposal of property and equipment and intangible assets	131	262	587
	<u>135,194</u>	<u>103,040</u>	<u>95,149</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables and other receivables	(532)	(5,000)	2,514
increase in receivables in respect to open derivative positions	(271,988)	(312,078)	(1,451)
Decrease (increase) in trade payables and other payables	(2,320)	5,719	(2,673)
Increase (decrease) in deferred income from listing fees and levies	(4,156)	11,317	6,412
Increase in payables in respect to open derivative positions	271,988	312,078	1,451
Increase in liabilities for employee benefits	14	1,725	436
	<u>128,200</u>	<u>116,801</u>	<u>101,838</u>
Interest received	5,297	4,300	5,008
Interest paid	(417)	(726)	(723)
Tax receipts (payments) - operating activities	(13,498)	(13,993)	(10,694)
	<u>(8,618)</u>	<u>(10,419)</u>	<u>(6,409)</u>
Net cash provided by operating activities	<u>119,582</u>	<u>106,382</u>	<u>95,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(14,841)	(6,239)	(11,145)
Proceeds from the disposal of property and equipment	-	16	-
Acquisitions of intangible assets	(14,086)	(11,883)	(11,161)
Payments in respect to costs capitalized to property and equipment and to intangible assets	(19,331)	(17,527)	(15,583)
Acquisition of financial assets at fair value through profit or loss, net	(4,632)	(4,591)	(4,206)
Net cash used in investing activities	<u>(52,890)</u>	<u>(40,224)</u>	<u>(42,095)</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Lease payments	(8,815)	(9,125)	(9,929)
Company's share in the first-time listing of the shares	(31,318)	-	-
Dividend paid	(22,735)	(18,450)	(8,770)
Receipts (payments) carried directly to equity within the framework of implementing the TASE Restructuring Law, net	8,220	(800)	3,723
Net cash provided by (used in) financing activities	<u>(54,648)</u>	<u>(28,375)</u>	<u>(14,976)</u>
Net increase in cash and cash equivalents	12,044	37,783	38,358
Cash and cash equivalents, beginning of the year	179,768	142,154	103,928
Effect of changes in exchange rates on cash balances held in foreign currency	604	(169)	(132)
Cash and cash equivalents, end of the year	<u>192,416</u>	<u>179,768</u>	<u>142,154</u>

Quarterly statements of profit or loss for 2022 and for the fourth quarter of 2021 (NIS, in thousands)

	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	2022	Oct-Dec 2021
Item	(Unaudited)				(Audited)	(Unaudited)
Revenue from services:						
Trading and clearing commissions	39,445	35,872	33,412	33,761	142,490	36,625
Listing fees and levies	24,789	20,256	19,927	19,517	84,489	17,440
Clearing House services	17,352	18,345	17,340	17,871	70,908	17,578
Distribution of data and connectivity services	14,299	15,076	14,407	14,278	58,060	13,516
Other revenue	1,791	1,437	938	898	5,064	568
Total revenue from services	97,676	90,986	86,024	86,325	361,011	85,727
Cost of revenue						
Expenses in respect of employee benefits, net	40,153	38,333	34,288	35,131	147,905	37,666
Share-based payment expenses	131	132	133	134	530	134
Computer and communication expenses	6,830	7,362	7,331	8,430	29,953	7,400
Property taxes and building maintenance expenses	3,140	3,347	3,825	3,486	13,798	3,458
General and administrative expenses	2,658	2,299	3,351	3,340	11,648	3,244
Marketing expenses	5,740	1,583	4,303	1,545	13,171	2,176
Fee to the Israel Securities Authority	2,306	2,307	2,393	2,335	9,341	2,281
Depreciation and amortization expenses	12,448	12,736	13,090	13,061	51,335	12,193
Other expenses	-	46	80	6	132	155
Total cost of revenue	73,406	68,145	68,794	67,468	277,813	68,707
Profit before financing income (expenses), net	24,270	22,841	17,230	18,857	83,198	17,020
Financing income	(5,105)	(3,302)	(4,033)	(362)	(12,802)	1,555
Financing expenses	102	114	95	112	423	285
Total financing income (expenses), net	(5,207)	(3,416)	(4,128)	(474)	(13,225)	1,270
Profit before taxes on income	19,063	19,425	13,102	18,383	69,973	18,290
Taxes on income	4,344	5,220	4,395	5,178	19,137	4,189
Net profit	14,719	14,205	8,707	13,205	50,836	14,101

ABOUT TASE

The Company, including by means of the companies consolidated in its financial statements (collectively, “the Group”), is engaged in the area of securities trading and securities clearing .

Within this framework, the Group is engaged in setting rules regarding the TASE companies, rules for listing securities on TASE (including the obligations that apply to companies whose securities are listed) and rules regarding trading on TASE. The Group operates trading systems and provides clearing services for both listed and non-listed securities. In addition, the Group operates a derivatives clearing house that writes derivatives that are traded on TASE, clears them and serves as a central counterparty for transactions in them. The Group provides central counterparty (CCP) services for transactions in securities and derivatives that are executed on TASE and also provides central securities depository (CSD) services for securities. The Group engages in calculating security indices, in authorizing the use of indices for the creation of financial instruments that track the indices, and in distributing TASE trading data. In addition, since January 2018, the Group has operated a nominee company as defined in the Securities Law (securities traded on TASE are registered in the nominee company’s name). The Company has one area of activity that is reported as a business segment in the Company’s consolidated financial statements – trading and clearing transactions in securities

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Appendix-transactional Metrics

	Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
Number of trading days	244	244	58	65
SHARES				
Shares (ex. ETN / ETFs)	949	1,125	949	1,125
ETN / ETFs on share indices	71	75	71	75
Market value (in NIS billions)	1,020	1,200	1,020	1,200
Shares (ex. ETN / ETFs)	1,874	1,543	1,635	1,596
ETN / ETFs on share indices	421	335	355	373
Average daily turnover (in NIS millions)	2,295	1,878	1,990	1,969
Average commissions	0.01044%	0.01081%	0.01083%	0.01090%
Revenue (in NIS thousands)	58,469	49,538	12,496	13,956
BONDS				
Government bonds -Unlinked	287	364	287	364
Government bonds -Linked	300	341	300	341
Corporate bonds	409	426	409	426
Bonds (ex. ETN / ETFs)	996	1,131	996	1,131
ETN / ETFs on bond indices	27	32	27	32
Market value (in NIS billions)	1,023	1,163	1,023	1,163
Government bonds - Unlinked ADV (in NIS millions)	1,476	1,868	1,569	1,962
Government bonds - Linked ADV (in NIS millions)	955	1,155	825	1,011
Corporate bonds ADV excluding ETNs (in NIS millions)	916	781	903	855
ETN / ETFs on bond indices	130	125	109	132
Average daily turnover (in NIS millions)	3,477	3,929	3,406	3,960
Government bonds Unlinked - Average commissions	0.00195%	0.00193%	0.00198%	0.00194%
Government bonds Linked - Average commissions	0.00290%	0.00285%	0.00297%	0.00297%
Corporate bonds - Average commissions	0.00707%	0.00709%	0.00707%	0.00726%
Government bonds (in NIS thousands)	7,010	8,817	1,804	2,478
Government bonds (in NIS thousands)	6,760	8,022	1,421	1,950
Corporate bonds (in NIS thousands)	18,036	15,674	4,150	4,657
Other (MTS) (in NIS thousands)	208	299	37	95
Revenue (in NIS thousands)	32,014	32,812	7,412	9,180

Appendix -Transactional Metrics (Cont'd)

	Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
TREASURY BILLS				
Market value (in NIS billions)	209	115	209	115
Treasury bills ADV (in NIS millions)	783	320	1,194	367
Average commissions	0.00334%	0.00269%	0.00463%	0.00273%
Revenue (in NIS thousands)	6,375	2,104	3,205	652
MUTUAL FUNDS				
Market value (in NIS billions)	272	292	272	292
Average daily value of creation/redemptions (in NIS millions)	987	890	1,232	952
Average commissions	0.01027%	0.01200%	0.00838%	0.01134%
Revenue (in NIS thousands)	24,732	26,054	5,992	7,015
DERIVATIVES				
Options on indices	114.6	106.4	107.4	120.8
Derivatives on FX	40.3	47.9	39.3	43.8
Derivatives on single shares	4.3	5.0	3.5	3.4
Total derivative contracts (in '000 units)	159.2	159.3	150.2	168.0
Options on indices - Average commissions	0.580	0.580	0.580	0.580
Derivatives on FX -Average commissions	0.360	0.360	0.360	0.360
Derivatives on single shares- Average commissions	1.000	1.000	1.000	1.000
Revenue (in NIS thousands)	20,900	20,608	4,656	5,822
Total revenue from Trading and clearing commissions	142,490	131,116	33,761	36,625

	Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
LISTING FEES AND LEVIES				
Weighted avg. number of companies / funds				
Companies	612	535	608	530
Mutual funds and ETNs / ETFs	2,314	2,210	2,345	2,208
Avg. revenue from levies (in NIS thousands)				
Companies	22.8	21.6	5.7	5.4
Mutual funds and ETNs / ETFs	7.6	7.4	1.9	1.8
Revenue from annual levies from: (in NIS thousands)				
Companies	13,966	11,547	3,479	2,859
Mutual funds and ETNs / ETFs	17,778	16,335	4,541	4,067
Nominee Company and others	6,381	5,178	1,621	1,339
Issuance volume and swap transactions (in NIS millions)				
Companies – shares and bonds	143,732	182,966	29,659	50,434
Government bonds	41,501	157,956	9,338	55,418
Treasury-bills	231,158	130,926	106,376	36,992
Number of issuances				
Number of public offerings of shares on TASE	78	170	16	30
Number of new issuers of shares	13	94	0	10
Number of new (dual-listed) companies	2	2	1	0
Number of Offerings and Volumes Raised				
Amount raised in share IPOs of new issuers (in NIS millions)	2,342	10,490	0	656
Amount raised in bond offerings by new issuers (in NIS millions)	967	364	231	105
Number of corporate bond offerings to the public	165	177	25	57
Number of corporate bond offerings to the public by new companies	8	5	2	1
Average revenue from Examination and Listing Fees				
Companies – shares, bonds and ETFs	0.0175%	0.0172%	0.0167%	0.0184%
Revenue from Examination and Listing Fees (in NIS thousands)				
Examination fees	8,245	8,986	1,661	2,223
Listing fees - shares & bonds	25,183	31,388	4,941	9,295
Listing fees - government bonds	5,952	5,812	1,488	1,453
Listing of T-bills	1,618	916	745	259
Levies and examination fees from members	850	290	0	131
Other	236	162	106	18
Accounting adjustments to revenue recognition	4,280	(11,558)	935	(4,204)
Total revenue from Listing Fees and Levies	46,364	35,996	9,876	9,175

	Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
CLEARING HOUSE SERVICES				
Market value of assets (in NIS billions)	2,983	2,975	2,865	3,131
Avg. commissions from Custodian Fees	0.00109%	0.00108%	0.00109%	0.00109%
Revenue from: (in NIS thousands)				
Custodian Fees	32,460	32,221	7,841	8,500
Clearing House services for members / company events	33,348	28,163	8,798	7,803
Other	5,100	5,121	1,232	1,275
Total revenue from Clearing House services	70,908	65,505	17,871	17,578

	Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
DISTRIBUTION OF DATA AND CONNECTIVITY SERVICES:				
Average number of data terminals				
Domestic business clients	7,419	7,551	7,221	7,658
Overseas	5,447	4,927	5,514	5,053
Non-display data	288	286	284	267
Revenue from data terminals and data (in NIS thousands)				
Domestic business clients	16,693	16,516	4,082	4,192
Overseas business clients	9,251	7,160	2,444	1,910
Private clients	8,254	8,577	1,798	2,228
Derivative data and non-display data	4,775	3,954	1,137	1,014
Data files and other data	4,147	3,381	1,093	909
Authorizations for indices usage	3,202	3,093	763	742
Connectivity services	11,738	9,587	2,961	2,521
Total revenue from Data distribution and Connectivity services	58,060	52,268	14,278	13,516

Presented below are details regarding the velocity of trading ⁽¹⁾ in Israel in the reported period:

	Year Ended December 31,		% Change	Quarter Ended December 31,		% change
	2022	2021		2022	2021	
Velocity of trading						
Shares	43.1%	39.8%	8%	39.9%	37.5%	6%
Corporate bonds ⁽²⁾	60.9%	54.8%	11%	59.4%	58.1%	2%
Government bonds – shekel ⁽³⁾	95.2%	100.3%	(5%)	110.6%	107.0%	3%
Government bonds – other ⁽⁴⁾	66.6%	78.3%	(15%)	61.6%	67.5%	(9%)
Treasury bills	115.4%	62.4%	85%	142.7%	67.7%	111%

(1) The velocity of trading does not include off-exchange transactions.

(2) The velocity of trading does not include data of TASE UP institutional-traded corporate bonds.

(3) Including “Shahar” fixed-interest shekel bonds and short-term government bonds.

(4) Includes CPI-linked bonds and “Gilon” variable-interest shekel bonds.

Forecast for recognition of income

Listing of	Deferred income from listing fees as of	Income recognition in Three months ended					Income recognition in Twelve months ended		Deferred income from listing fees as of
	31.12.22	31.3.2023	30.6.2023	30.9.2023	31.12.23	31.12.24	31.12.25	31.12.25	
Shares	28.9	1.6	1.5	1.5	1.4	5.1	4.5	13.3	
Corporate bonds	40.0	3.3	3.1	2.9	2.7	8.9	6.5	12.4	
ETF	24.6	1.3	1.2	1.2	1.2	4.5	4.0	11.2	
Government bonds	11.4	1.0	1.0	1.0	0.9	3.4	1.7	2.4	
T-bills	1.0	0.4	0.3	0.2	0.1	-	-	-	
Total	105.9	7.6	7.1	6.8	6.3	21.9	16.7	39.5	