

17 September 2019

Dear Designated Advisers

PRESENTATION OF AN AltX BUSINESS PLAN

In order to ensure that companies applying for a listing on AltX are able to present a comprehensive business plan to the AltX Advisory Committee (“**the Committee**”), we have prepared this guidance letter.

This process is necessary as to standardise and improve the business plan presentations to ensure a fair and equitable process based on the information presented. This guidance letter has been updated in paragraph 4 only to take account of certain practical concerns that have been raised by some Designated Advisers and also make the process more cost efficient for applicants. This letter replaces the letter dated 25 August 2015.

Set out below is the process to be followed prior to being granted an opportunity to present to the Committee.

In terms of paragraph 21.37 of the JSE Listings Requirements (the “**Requirements**”) the directors of the issuer, as well as the Designated Advisor (“**DA**”), must present, in person, a detailed business plan (including but not limited to historic and forecast financial information) to the Committee prior to being granted a listing. The Committee shall then advise the JSE as to the eligibility of the issuer. The JSE shall consider the advice of the Committee and decide whether or not to grant the issuer a listing.

The JSE will only allow a first submission in respect of an AltX listing if the Committee has confirmed the eligibility of the applicant issuer in writing.

The aim of this guidance letter is to prescribe the minimum content and process for a business plan to be submitted and presented to ensure that the Committee has all the relevant information to make an informed decision which in turn will avoid delays in the approval process.

Business Plan: Minimum Content

1) General Overview of the Issuer

The aim of the general overview is to provide general introductory information in respect of the issuer to the Committee, which must as a minimum address the following:

- Full name and registration number of the issuer and major subsidiaries;
- Place and date of incorporation of the issuer and major subsidiaries;
- Details of the DA;
- Full names, addresses and CV's of the board of directors of the issuer and major subsidiaries, including dates of appointment;
- Details of the business of the issuer, including a diagram of the group structure;
- Details of the primary exchange (if applicable);
- Full details of any capital that will be raised and in which jurisdictions; and
- Full details of any acquisitions and disposals in the last 12 months and in which jurisdiction.

2) Industry

The aim of the industry disclosures is to focus on the industry in which the issuer intends to operate as a listed company, which must as a minimum address the following:

- General overview of the industry with reference to current market conditions;
- Basic entry criteria to enter the industry (required licenses or other);
- Experience of directors and senior management of the issuer with specific reference to the industry; and
- Customer profile.

3) Strategy of the Issuer

The aim of the strategy disclosures is to explain the competitiveness of the issuer in the industry, which must as a minimum address the following.

- Reason for listing on AltX;
- If the issuer qualifies for a main board listing this fact must be disclosed and a motivation provided for pursuing a listing on AltX;
- The vision and mission of the issuer;
- Feasibility of current business approach, including a SWOT analysis (strength, weaknesses, opportunities and threats);
- BEE status and developments; and
- Marketing plan, including details of feasibility studies and research undertaken.

4) Financial Position and Performance

The aim of the financial disclosures is to provide details of the financial status of the issuer, which must as a minimum address the following:

- The issuer's historical financial statements in accordance with IFRS or IFRS for SME's for the preceding three years (or a lesser period since incorporation) (the "HFI"), including a summarised overview of the financial highlights for each year;
- A statement as to whether or not the HFI have been assured by an auditor registered with the Independent Regulatory Body for Auditors and inclusion of the assurance opinion for each of the relevant HFI periods. Where the auditor's report is modified, an explanation of the reasons for the modification together with a description of the manner in which the modification will be resolved in order to ensure compliance with paragraph 4.13(a) of the Requirements;
- A statement from the board of directors of the issuer that save for changes arising from new or revised standards of the relevant reporting framework; the accounting policies used in the preparation of the HFI have been consistently applied for each of the financial periods;
- Where a change in accounting policy is applicable to any of the financial periods presented, an explanation of the reasons for such change and impact on the HFI (where not already disclosed in the HFI);
- Where the issuer or DA is aware of any significant changes to the HFI as a result of the translation from IFRS for SME's to IFRS, these changes must be clearly disclosed together with a description of the potential impact on the HFI with particular relevance to paragraph 21.3 of the Requirements;
- A statement from the board of directors of the issuer that the HFI is free from material misstatement and fairly presents in accordance with the relevant reporting framework;

- A year on year comparison of the statement of profit and loss and comprehensive income, statement of financial position and statement of cash flows for HFI periods to identify and discuss anomalies that may be noted in the comparison;
- The medium and long term forecast statement of profit and loss and comprehensive income, statement of financial position and statement of cash flows of the issuer which must address the remainder of the current financial period and at a minimum three full financial periods thereafter. The forecasts financial information must include clearly documented assumptions and forecast drivers. The manner in which the assumptions tie in with the issuer's strategy must be addressed. The forecast financial information must incorporate the adjustments necessary to reflect the impact of any capital raising and/or acquisitions/disposals; and
- Details of current and near future funding requirements of the issuer.

The submission of the listing documents must include financial information prepared in terms of IFRS as contemplated in section 8 of the Requirements. Where significant changes between the financial information (HFI and forecasts) presented in the business plan to the Committee and listing documents are noted the issuer and DA are required to provide explanations for such changes with the submission of the listing documents. Where such changes are deemed significant to the recommendation of the Committee, the JSE may direct the issuer to seek a further recommendation from the Committee based on the IFRS compliant financial information.

5) Regulatory Environment

The aim of the regulatory disclosure is to confirm and illustrate compliance with the basic listing entry criteria, which must as a minimum address the following:

- Method of listing;
- Compliance with paragraph 21.3 of the Requirements;
- Mineral and property companies must illustrate compliance with paragraphs 12.5 -12.7 and 13.3 respectively;
- Details of the legal and policy frameworks of the issuer in order to comply with industry and regulatory obligations of the issuer; and
- Any matter that the DA and/or the directors of the issuer, feel should be brought to the attention of the JSE which may have a regulatory or business impact on the issuer.

6) AltX Business Plan Process

- The submission must be made by the DA using the “Webstir” system of the Division;
- The Webstir submission must be made to the Division before 10h00 and the event type of “Business Plan” must be selected;
- This Webstir submission will then be allocated to a Corporate Finance Officer (“**the CFO**”) who will conduct a review of the business plan to ascertain whether it contains the required disclosures pursuant to the provisions of this guidance letter;
- The CFO will provide feedback to the DA within 72 hours of the Webstir submission. The feedback will either be (i) confirmation that the business plan contains the required disclosures or (ii) comments on the business plan that must be addressed by the issuer and DA;
- In the event of comments on the business plan, the review process will continue in the ordinary course for submissions to Corporate Finance (with 48 hours turnaround) until the CFO confirms that the business plan contains the required disclosures;
- The DA will then be permitted to make the formal submission of the business plan for consideration by the Committee.
- The submission of the business plan to the Committee must be made in the usual manner through Webstir by 10h00;
- The Division will convene a Committee meeting at the JSE as soon as is convenient for all parties. The DA will be notified of the time, date and location of the Committee meeting and the presence of both the DA and the directors of the issuer will be required; and
- The DA will be notified in writing within 48 hours from the conclusion of the Committee meeting regarding the outcome.
- It should be noted that if the Committee advises the JSE on the eligibility of the issuer, with conditions, such conditions must be met before listing documentation can be submitted to Corporate Finance. If the conditions have not been met or the DA/issuer advises the JSE on an alternative approach, the issuer will be required to present to the Committee afresh.
- In the event that the Committee advises the JSE that the issuer is eligible for listing on AltX, the approval letter from the Committee will be based on the information as presented to the Committee. If there are any changes to the business plan and the information in the listing documents as submitted to Corporate Finance, this fact/s must be disclosed by the DA to Corporate Finance.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized capital letter 'F' with a vertical stem and a horizontal top bar. The top bar is curved and loops back to the left, with a small flourish extending from the right side.

A F VISSER: GENERAL MANAGER
ISSUER REGULATION