

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the three months ended June 30, 2022
(Based on IFRS), unaudited

Company name:	Japan Exchange Group, Inc.	Stock Exchange Listings:	Tokyo
Code number:	8697	URL:	https://www.jpx.co.jp/english/
Representative:	Kiyota Akira, Director & Representative Executive Officer, Group CEO		
Contact:	Lin Kay, Executive Officer (Corporate Communications and Investor Relations)		
Scheduled date of filing of quarterly report:	August 12, 2022		
Scheduled date of start of dividend payment:	—		
Preparation of 1Q earnings presentation material:	Yes		
Holding of 1Q earnings announcement:	None		

1. Consolidated financial results for three months ended June 30, 2022
(from April 1, 2022 to June 30, 2022)

(Figures less than a million yen are omitted)

(1) Consolidated operating results (cumulative)

(Percentages represent changes year on year)

	Operating revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent company		Comprehensive income	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Three months ended June 30, 2022	33,576	3.3	17,777	(3.7)	17,790	(3.7)	12,342	(1.4)	12,089	(1.6)	12,364	(2.8)
Three months ended June 30, 2021	32,503	(0.5)	18,459	0.5	18,471	0.3	12,516	2.1	12,291	1.7	12,724	4.8

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2022	22.93	—
Three months ended June 30, 2021	23.02	—

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of total equity attributable to owners of the parent company to total assets
	Mil. yen	Mil. yen	Mil. yen	%
As of June 30, 2022	76,048,180	310,098	301,646	0.4
As of March 31, 2022	71,463,434	323,852	315,653	0.4

Note: Sizable amounts of "clearing business financial assets and liabilities" and "deposits from clearing participants" pertaining to clearing business conducted by consolidated subsidiary Japan Securities Clearing Corporation are included in assets and liabilities of JPX Group (meaning JPX and its subsidiaries). For JPX Group's financial position excluding "clearing business financial assets and liabilities" and "deposits from clearing participants", etc., see "1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION - (2) Explanation on Financial Position" on Page 4 of the Appendix.

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended March 31, 2022	yen —	yen 26.00	yen —	yen 46.00	yen 72.00
Year ending March 31, 2023	—				
Year ending March 31, 2023 (Forecast)		26.00	—	26.00	52.00

Note1: Change in dividends forecast from the most recent announcement: None

Note2: Breakdown of year-end dividend for the fiscal year ended March 31, 2022: ordinary dividend ¥31; special dividend ¥15.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent changes year on year)

	Operating revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent company		Basic earnings per share
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	
Year ending March 31, 2023	132,500	(2.2)	65,500	(10.9)	65,500	(10.8)	45,500	(10.5)	45,000	(9.9)	yen 85.42

Note: Change in earnings forecast from the most recent announcement: None

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in the scope of consolidation): None

(2) Changes in accounting policies/changes in accounting estimates

1) Changes in accounting policies due to revisions in accounting standards under IFRS: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares):

As of June 30, 2022: 528,578,441

As of March 31, 2022: 528,578,441

2) Number of treasury shares at the end of the period:

As of June 30, 2022: 1,938,843

As of March 31, 2022: 1,037,782

3) Average number of shares:

Three months ended June 30, 2022: 527,204,054

Three months ended June 30, 2021: 533,875,558

· This release is outside the scope of the quarterly review by certified public accountants and audit firms.

· Explanation on appropriate use of forecast and other special items

This material contains an earnings forecast and other forward-looking statements which are based on available information and certain assumptions that are considered reasonable at the time of preparation. Various factors may cause actual results, etc. to be materially different from those expressed in these forward-looking statements.

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(Appendix)

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1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

(1) Explanation on Operating Results

During the consolidated cumulative first quarter (from April 1, 2022 to June 30, 2022), JPX Group recorded operating revenue of ¥33,576 million (increased 3.3% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥16,397 million (increased 13.1% year on year). As a result, JPX Group recorded operating income of ¥17,777 million (decreased 3.7% year on year) and income before income tax of ¥17,790 million (decreased 3.7% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥12,089 million (decreased 1.6% year on year).

(Operating revenue)

1) Trading services revenue

Trading services revenue is comprised of "transaction fees" based on the value of cash equities traded or volume of financial and commodity derivatives traded, "basic fees" based on the types of the trading participant's trading qualification, "access fees" based on the number of orders, "trading system facilities usage fees" based on the types of trading system facilities used, and other similar fees.

During the consolidated cumulative first quarter, trading services revenue increased 8.8% year on year to ¥13,479 million due mainly to an increase in revenue from transaction fees resulting from year-on-year increases in trading value of cash equities and trading volume of financial derivatives.

Breakdown of trading services revenue

(Mil. yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change (%)
Trading services revenue	12,391	13,479	8.8
Transaction fees	9,969	10,944	9.8
Cash equities	7,398	7,898	6.8
Financial derivatives	2,176	2,694	23.8
TOPIX futures transactions	449	505	12.4
Nikkei 225 futures transactions*	846	1,184	40.0
Nikkei 225 options transactions**	494	534	8.0
10-year JGB futures transactions	338	417	23.2
Others	47	52	10.6
Commodity derivatives	394	352	(10.8)
Basic fees	250	248	(0.9)
Access fees	1,230	1,341	9.1
Trading system facilities usage fees	918	916	(0.2)
Others	22	28	22.7

*Figures include Nikkei 225 mini futures transactions.

**Figures exclude Nikkei 225 weekly options transactions.

2) Clearing services revenue

Clearing services revenue is comprised of clearing fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation and other similar fees.

During the consolidated cumulative first quarter, clearing services revenue increased 7.1% year on year to ¥7,273 million.

3) Listing services revenue

Listing services revenue is comprised of "initial/additional listing fees" that are received based on the issue amount when a company initially lists or when a listed company issues additional shares, "annual listing fees" received from listed companies based on their market capitalization, and other similar fees.

During the consolidated cumulative first quarter, listing services revenue decreased 12.5% year on year to ¥3,286 million due mainly to a decrease in revenue from initial/additional listing fees.

Breakdown of listing services revenue

(Mil. yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change (%)
Listing services revenue	3,756	3,286	(12.5)
Initial/additional listing fees	927	321	(65.4)
Annual listing fees	2,828	2,965	4.9

4) Information services revenue

Information services revenue is comprised mainly of market information fees, which consist of revenue related to the provision of market information to information vendors, etc., and revenue related to the index business.

During the consolidated cumulative first quarter, information services revenue increased 0.2% year on year to ¥6,723 million.

5) Other operating revenue

Other operating revenue includes mainly usage fees for arrownet, which connects trading, market information, and other systems to trading participants and other users, and usage fees related to co-location services that allow trading participants, information vendors, and other users to install devices in the system center for the purpose of improving trade execution efficiency by shortening order transmission time.

During the consolidated cumulative first quarter, other operating revenue decreased 1.4% year on year to ¥2,812 million.

Breakdown of other operating revenue

(Mil. yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Change (%)
Other operating revenue	2,854	2,812	(1.4)
arrownet usage fees	859	827	(3.7)
Co-location services usage fees	1,185	1,142	(3.6)
Other	809	842	4.0

(Operating expenses)

During the consolidated cumulative first quarter, personnel expenses increased 12.7% year on year to ¥4,887 million.

System maintenance and operation expenses include expenses related to maintenance and management/operations of various systems including the cash equities and derivatives trading systems. System maintenance and operation expenses increased 13.5% year on year to ¥3,963 million.

Depreciation and amortization increased 12.5% year on year to ¥4,573 million.

Other operating expenses increased 14.0% year on year to ¥2,973 million.

(2) Explanation on Financial Position

(Assets, liabilities, and equity)

For assets and liabilities of JPX Group, "clearing business financial assets and liabilities" assumed by Japan Securities Clearing Corporation as a clearing organization and "deposits from clearing participants" deposited by clearing participants as collateral are included under both assets and liabilities. "Clearing business financial assets and liabilities" and "deposits from clearing participants" have a large impact on the amount of assets and liabilities of JPX Group due to their sizable amounts and daily fluctuations subject to changes in clearing participants' positions. In addition, "legal guarantee funds", "trading participant security money", and "default compensation reserve funds" based on the rules for securing safety of financial instruments transactions and other transactions are included under both assets and either liabilities or equity.

Total assets as of June 30, 2022 increased by ¥4,584,745 million from the end of the previous fiscal year to ¥76,048,180 million due mainly to an increase in "clearing business financial assets". Excluding "clearing business financial assets", "deposits from clearing participants", "legal guarantee funds", and "default compensation reserve funds", assets decreased by ¥6,847 million from the end of the previous fiscal year to ¥380,321 million.

Total liabilities as of June 30, 2022 increased by ¥4,598,499 million from the end of the previous fiscal year to ¥75,738,081 million due mainly to the same increase in "clearing business financial liabilities". Excluding "clearing business financial liabilities", "deposits from clearing participants", "legal guarantee funds", and "trading participant security money", liabilities increased by ¥6,852 million from the end of the previous fiscal year to ¥89,385 million.

Total equity as of June 30, 2022 decreased by ¥13,753 million from the end of the previous fiscal year to ¥310,098 million, due to a capital reduction as a result of dividend payment despite a capital increase from net income attributable to owners of the parent company. In addition, after excluding "default compensation reserve funds", total equity as of the same date was ¥282,150 million.

Reference

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of total equity attributable to owners of the parent company to total assets
	Mil. yen	Mil. yen	Mil. yen	%
As of June 30, 2022	76,048,180	310,098	301,646	0.4
	*380,321	*282,150	*273,698	*72.0
As of March 31, 2022	71,463,434	323,852	315,653	0.4
	*387,168	*295,903	*287,704	*74.3

Note: Figures marked * under total assets exclude "clearing business financial assets", "deposits from clearing participants", "legal guarantee funds", and "default compensation reserve funds", and those marked * under total equity and total equity attributable to owners of the parent company exclude "default compensation reserve funds".

(3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc.

1) Consolidated Earnings Forecast

There are no revisions to the consolidated earnings forecast from the forecast figures announced in the "Consolidated financial results for the fiscal year ended March 31, 2022 (Based on IFRS), unaudited" on April 26, 2022 (hereinafter "previously disclosed material").

The consolidated earnings forecast for the year ending March 31, 2023 is based on the assumptions that the average daily trading values and volumes are ¥3.8 trillion for cash equities*, 32,000 contracts for 10-year JGB futures transactions, 95,000 contracts for TOPIX futures transactions, 169,000 contracts for Nikkei 225 futures transactions**, and ¥22.5 billion for Nikkei 225 options transactions***.

*The trading value of stocks listed on the TSE Prime, Standard, and Growth Markets and TOKYO PRO Market, and that of ETFs, ETNs, REITs, etc. (includes auction and off-auction trading)

**Includes Nikkei 225 mini contract volumes converted into large-sized contracts

***Excludes Nikkei 225 weekly options transactions

2) Dividend Forecast

There are no revisions to the dividend forecast from the forecast figures announced in previously disclosed material.

JPX adopts a dividend policy with a target payout ratio of approximately 60% tied to business performance while giving due consideration to the importance of internal reserves for the following purposes:

- Maintaining sound financial health as a financial instruments exchange group,
- Preparing for risks as a clearing organization, and
- Enabling JPX Group to pursue investment opportunities to raise the competitiveness of its markets as they arise.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Condensed Consolidated Statement of Financial Position

	As of March 31, 2022	As of June 30, 2022
	Mil. yen	Mil. yen
Assets		
Current assets		
Cash and cash equivalents	93,354	80,470
Trade and other receivables	15,305	19,502
Clearing business financial assets	64,368,444	69,002,508
Specified assets for deposits from clearing participants	6,679,236	6,636,775
Specified assets for legal guarantee funds	637	626
Income tax receivables	2,022	8,418
Other financial assets	118,000	114,400
Other current assets	2,910	2,487
Total current assets	<u>71,279,910</u>	<u>75,865,190</u>
Non-current assets		
Property and equipment	13,029	11,958
Goodwill	67,374	67,374
Intangible assets	37,734	37,303
Retirement benefit assets	9,035	9,028
Investments accounted for using the equity method	17,650	17,890
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	2,418	2,445
Other non-current assets	6,030	6,360
Deferred tax assets	2,303	2,680
Total non-current assets	<u>183,524</u>	<u>182,990</u>
Total assets	<u><u>71,463,434</u></u>	<u><u>76,048,180</u></u>

	As of March 31, 2022	As of June 30, 2022
	Mil. yen	Mil. yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,813	4,454
Bonds and loans payable	32,500	33,000
Clearing business financial liabilities	64,368,444	69,002,508
Deposits from clearing participants	6,679,236	6,636,775
Legal guarantee funds	637	626
Trading participant security money	8,731	8,785
Income tax payables	3,800	4,810
Other current liabilities	10,003	14,732
Total current liabilities	<u>71,108,167</u>	<u>75,705,692</u>
Non-current liabilities		
Bonds and loans payable	19,967	19,968
Retirement benefit liabilities	8,985	9,109
Other non-current liabilities	2,361	2,891
Deferred tax liabilities	101	419
Total non-current liabilities	<u>31,415</u>	<u>32,389</u>
Total liabilities	<u>71,139,582</u>	<u>75,738,081</u>
Equity		
Share capital	11,500	11,500
Capital surplus	38,844	38,844
Treasury shares	(1,912)	(3,715)
Other components of equity	445	467
Retained earnings	266,776	254,550
Total equity attributable to owners of the parent company	<u>315,653</u>	<u>301,646</u>
Non-controlling interests	<u>8,198</u>	<u>8,452</u>
Total equity	<u>323,852</u>	<u>310,098</u>
Total liabilities and equity	<u><u>71,463,434</u></u>	<u><u>76,048,180</u></u>

(2) Condensed Consolidated Statement of Income

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Mil. yen	Mil. yen
Revenue		
Operating revenue	32,503	33,576
Other revenue	25	34
Total revenue	<u>32,528</u>	<u>33,611</u>
Expenses		
Operating expenses	14,504	16,397
Other expenses	10	7
Total expenses	<u>14,514</u>	<u>16,405</u>
Share of income of investments accounted for using the equity method	445	571
Operating income	<u>18,459</u>	<u>17,777</u>
Financial income	37	36
Financial expenses	25	23
Income before income tax	<u>18,471</u>	<u>17,790</u>
Income tax expense	5,955	5,447
Net income	<u><u>12,516</u></u>	<u><u>12,342</u></u>
Net income attributable to		
Owners of the parent company	12,291	12,089
Non-controlling interests	225	253
Net income	<u><u>12,516</u></u>	<u><u>12,342</u></u>
Earnings per share		
Basic (Yen)	23.02	22.93
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Mil. yen	Mil. yen
Net income	12,516	12,342
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	208	22
Share of other comprehensive income of investments accounted for using the equity method	0	—
Other comprehensive income, net of tax	208	22
Comprehensive income	12,724	12,364
Comprehensive income attributable to		
Owners of the parent company	12,499	12,111
Non-controlling interests	225	253
Comprehensive income	12,724	12,364

(4) Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the parent company			
	Share capital	Capital surplus	Treasury shares	Other components of equity
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2021	11,500	39,716	(1,825)	992
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	208
Total comprehensive income	—	—	—	208
Acquisitions of treasury shares	—	—	(10,777)	—
Dividends paid	—	—	—	—
Changes of interests in subsidiaries without losing control	—	32	—	—
Transfer from other components of equity to retained earnings	—	—	—	(771)
Other	—	(3)	115	—
Total transactions with the owners	—	29	(10,662)	(771)
Balance as of June 30, 2021	11,500	39,746	(12,487)	430

	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
	Mil. yen	Mil. yen		
Balance as of April 1, 2021	271,006	321,391	7,378	328,769
Net income	12,291	12,291	225	12,516
Other comprehensive income, net of tax	—	208	—	208
Total comprehensive income	12,291	12,499	225	12,724
Acquisitions of treasury shares	—	(10,777)	—	(10,777)
Dividends paid	(22,526)	(22,526)	—	(22,526)
Changes of interests in subsidiaries without losing control	8	41	(53)	(12)
Transfer from other components of equity to retained earnings	771	—	—	—
Other	—	112	—	112
Total transactions with the owners	(21,747)	(33,150)	(53)	(33,204)
Balance as of June 30, 2021	261,550	300,740	7,549	308,289

Equity attributable to owners of the parent company

	Share capital	Capital surplus	Treasury shares	Other components of equity
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2022	11,500	38,844	(1,912)	445
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	22
Total comprehensive income	—	—	—	22
Dividends paid	—	—	—	—
Other	—	—	(1,803)	—
Total transactions with the owners	—	—	(1,803)	—
Balance as of June 30, 2022	11,500	38,844	(3,715)	467

	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2022	266,776	315,653	8,198	323,852
Net income	12,089	12,089	253	12,342
Other comprehensive income, net of tax	—	22	—	22
Total comprehensive income	12,089	12,111	253	12,364
Dividends paid	(24,314)	(24,314)	—	(24,314)
Other	—	(1,803)	—	(1,803)
Total transactions with the owners	(24,314)	(26,118)	—	(26,118)
Balance as of June 30, 2022	254,550	301,646	8,452	310,098

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "operating revenue" is as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Mil. yen	Mil. yen
Trading services revenue	12,391	13,479
Clearing services revenue	6,789	7,273
Listing services revenue	3,756	3,286
Information services revenue	6,711	6,723
Other	2,854	2,812
Total	<u>32,503</u>	<u>33,576</u>

(Operating Expenses)

The breakdown of "operating expenses" is as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Mil. yen	Mil. yen
Personnel expenses	4,336	4,887
System maintenance and operation expenses	3,493	3,963
Depreciation and amortization	4,065	4,573
Other	2,608	2,973
Total	<u>14,504</u>	<u>16,397</u>

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