

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the six months ended September 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:	November 11, 2022		
Scheduled date of start of dividend payment:	December 1, 2022		
Preparation of 2Q earnings presentation material:	Yes		
Holding of 2Q earnings announcement:	Yes (For institutional investors and analysts)		

1. Consolidated financial results for six months ended September 30, 2022
(from April 1, 2022 to September 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	%
Six months ended September 30, 2022	66,486	1.5	34,127	(5.3)	34,122	(5.3)	23,674	(5.3)	23,189	(5.6)	23,675	(6.0)
Six months ended September 30, 2021	65,506	2.6	36,051	2.4	36,044	2.3	25,007	3.4	24,564	3.3	25,177	1.1

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2022	44.01	—
Six months ended September 30, 2021	46.23	—

(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 September 30, 2022	78,465,370	321,568	312,885	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	—	26.00			
Year ending March 31, 2023 (Forecast)			—	26.00	52.00

Note 1: Change in dividends forecast from the most recent announcement: None

Note 2: 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: Yes

• For details, please refer to "(Changes in Accounting Estimates)" of "2.CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES - (5) Notes on Condensed Consolidated Financial Statements" on page 12 of the Appendix.

(3) Number of issued shares (common shares)

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

As of September 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 September 30, 2022: 1,861,043

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

3) Average number of shares:

Six months ended September 30, 2022: 526,953,869

Six months ended September 30, 2021: 531,421,385

• 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 second quarter (from April 1, 2022 to September 30, 2022), JPX Group recorded operating revenue of ¥66,486 million (increased 1.5% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥33,240 million (increased 10.2% year on year). As a result, JPX Group recorded operating income of ¥34,127 million (decreased 5.3% year on year) and income before income tax of ¥34,122 million (decreased 5.3% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥23,189 million (decreased 5.6% 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 second quarter, trading services revenue increased 4.9% year on year to ¥26,404 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)

	Six months ended September 30, 2021	Six months ended September 30, 2022	
			Change (%)
Trading services revenue	25,159	26,404	4.9
Transaction fees	20,347	21,411	5.2
Cash equities	15,009	15,412	2.7
Financial derivatives	4,601	5,319	15.6
TOPIX futures transactions	909	1,031	13.4
Nikkei 225 futures transactions*	1,785	2,242	25.6
Nikkei 225 options transactions**	1,112	1,176	5.8
10-year JGB futures transactions	702	756	7.7
Others	92	111	20.3
Commodity derivatives	736	679	(7.8)
Basic fees	500	494	(1.3)
Access fees	2,446	2,611	6.7
Trading system facilities usage fees	1,815	1,833	1.0
Others	48	53	9.8

*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 second quarter, clearing services revenue increased 3.6% year on year to ¥14,142 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 second quarter, listing services revenue decreased 12.3% year on year to ¥6,644 million due mainly to a decrease in revenue from initial/additional listing fees.

Breakdown of listing services revenue

(Mil. yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change (%)
Listing services revenue	7,577	6,644	(12.3)
Initial/additional listing fees	1,926	778	(59.6)
Annual listing fees	5,650	5,866	3.8

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 second quarter, information services revenue increased 1.2% year on year to ¥13,575 million due mainly to an increase in revenue from market information fees.

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 second quarter, other operating revenue increased 0.1% year on year to ¥5,719 million.

Breakdown of other operating revenue

(Mil. yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change (%)
Other operating revenue	5,712	5,719	0.1
arrownet usage fees	1,758	1,649	(6.2)
Co-location services usage fees	2,356	2,298	(2.5)
Other	1,596	1,771	11.0

(Operating expenses)

During the consolidated cumulative second quarter, personnel expenses increased 7.9% year on year to ¥9,798 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 18.1% year on year to ¥8,481 million.

Depreciation and amortization increased 7.9% year on year to ¥9,324 million.

Other operating expenses increased 7.1% year on year to ¥5,636 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 September 30, 2022 increased by ¥7,001,936 million from the end of the previous fiscal year to ¥78,465,370 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 increased by ¥3,337 million from the end of the previous fiscal year to ¥390,506 million.

Total liabilities as of September 30, 2022 increased by ¥7,004,219 million from the end of the previous fiscal year to ¥78,143,802 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 ¥5,599 million from the end of the previous fiscal year to ¥88,132 million.

Total equity as of September 30, 2022 decreased by ¥2,283 million from the end of the previous fiscal year to ¥321,568 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 ¥293,620 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 September 30, 2022	78,465,370	321,568	312,885	0.4
	*390,506	*293,620	*284,936	*73.0
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").

In light of recent market conditions, we have revised the average daily trading values and volumes for the year ending March 31, 2023, which are the assumptions used in these forecast figures. Specifically, these have been revised to (changes from previously disclosed material indicated in parentheses): ¥3.8 trillion for cash equities* (no change), 32,000 contracts for 10-year JGB futures transactions (no change) , 101,000 contracts for TOPIX futures transactions (up 6,000 contracts), 186,000 contracts for Nikkei 225 futures transactions** (up 17,000 contracts), and ¥24.5 billion for Nikkei 225 options transactions*** (up ¥2.0 billion).

*The trading value of stocks listed on the TSE Prime, Standard, and Growth Markets and TOKYO PRO Market, and that of ETFs, ETNs, and 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 September 30, 2022
	Mil. yen	Mil. yen
Assets		
Current assets		
Cash and cash equivalents	93,354	100,127
Trade and other receivables	15,305	14,242
Clearing business financial assets	64,368,444	70,911,658
Specified assets for deposits from clearing participants	6,679,236	7,134,637
Specified assets for legal guarantee funds	637	620
Income tax receivables	2,022	5,543
Other financial assets	118,000	114,400
Other current assets	2,910	2,414
Total current assets	<u>71,279,910</u>	<u>78,283,643</u>
Non-current assets		
Property and equipment	13,029	10,773
Goodwill	67,374	67,374
Intangible assets	37,734	36,532
Retirement benefit assets	9,035	9,026
Investments accounted for using the equity method	17,650	18,107
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	2,418	2,937
Other non-current assets	6,030	6,269
Deferred tax assets	2,303	2,756
Total non-current assets	<u>183,524</u>	<u>181,727</u>
Total assets	<u><u>71,463,434</u></u>	<u><u>78,465,370</u></u>

	As of March 31, 2022	As of September 30, 2022
	Mil. yen	Mil. yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,813	4,812
Bonds and loans payable	32,500	33,000
Clearing business financial liabilities	64,368,444	70,911,658
Deposits from clearing participants	6,679,236	7,134,637
Legal guarantee funds	637	620
Trading participant security money	8,731	8,753
Income tax payables	3,800	10,900
Other current liabilities	10,003	7,419
Total current liabilities	<u>71,108,167</u>	<u>78,111,802</u>
Non-current liabilities		
Bonds and loans payable	19,967	19,970
Retirement benefit liabilities	8,985	9,089
Other non-current liabilities	2,361	2,520
Deferred tax liabilities	101	419
Total non-current liabilities	<u>31,415</u>	<u>31,999</u>
Total liabilities	<u>71,139,582</u>	<u>78,143,802</u>
Equity		
Share capital	11,500	11,500
Capital surplus	38,844	38,844
Treasury shares	(1,912)	(3,556)
Other components of equity	445	446
Retained earnings	266,776	265,650
Total equity attributable to owners of the parent company	<u>315,653</u>	<u>312,885</u>
Non-controlling interests	8,198	8,683
Total equity	<u>323,852</u>	<u>321,568</u>
Total liabilities and equity	<u><u>71,463,434</u></u>	<u><u>78,465,370</u></u>

(2) Condensed Consolidated Statement of Income

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Mil. yen	Mil. yen
Revenue		
Operating revenue	65,506	66,486
Other revenue	68	150
Total revenue	<u>65,575</u>	<u>66,637</u>
Expenses		
Operating expenses	30,168	33,240
Other expenses	11	57
Total expenses	<u>30,179</u>	<u>33,298</u>
Share of income of investments accounted for using the equity method	656	788
Operating income	<u>36,051</u>	<u>34,127</u>
Financial income	44	41
Financial expenses	51	47
Income before income tax	<u>36,044</u>	<u>34,122</u>
Income tax expense	<u>11,036</u>	<u>10,448</u>
Net income	<u>25,007</u>	<u>23,674</u>
Net income attributable to		
Owners of the parent company	24,564	23,189
Non-controlling interests	442	484
Net income	<u>25,007</u>	<u>23,674</u>
Earnings per share		
Basic (Yen)	46.23	44.01
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Mil. yen	Mil. yen
Net income	25,007	23,674
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	169	1
Share of other comprehensive income of investments accounted for using the equity method	0	—
Other comprehensive income, net of tax	169	1
Comprehensive income	25,177	23,675
Comprehensive income attributable to		
Owners of the parent company	24,734	23,191
Non-controlling interests	442	484
Comprehensive income	25,177	23,675

(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	—	—	—	169
Total comprehensive income	—	—	—	169
Acquisitions of treasury shares	—	—	(20,333)	—
Dividends paid	—	—	—	—
Changes of interests in subsidiaries without losing control	—	32	—	—
Transfer from other components of equity to retained earnings	—	—	—	(771)
Other	—	(5)	226	—
Total transactions with the owners	—	26	(20,106)	(771)
Balance as of September 30, 2021	11,500	39,743	(21,931)	391

	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	24,564	24,564	442	25,007
Other comprehensive income, net of tax	—	169	—	169
Total comprehensive income	24,564	24,734	442	25,177
Acquisitions of treasury shares	—	(20,333)	—	(20,333)
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	—	220	—	220
Total transactions with the owners	(21,747)	(42,598)	(53)	(42,652)
Balance as of September 30, 2021	273,824	303,528	7,767	311,295

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	—	—	—	1
Total comprehensive income	—	—	—	1
Dividends paid	—	—	—	—
Other	—	—	(1,644)	—
Total transactions with the owners	—	—	(1,644)	—
Balance as of September 30, 2022	11,500	38,844	(3,556)	446

	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	23,189	23,189	484	23,674
Other comprehensive income, net of tax	—	1	—	1
Total comprehensive income	23,189	23,191	484	23,675
Dividends paid	(24,314)	(24,314)	—	(24,314)
Other	—	(1,644)	—	(1,644)
Total transactions with the owners	(24,314)	(25,959)	—	(25,959)
Balance as of September 30, 2022	265,650	312,885	8,683	321,568

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Changes in Accounting Estimates)

Ahead of the launch of new IT systems, Tokyo Stock Exchange, Inc. has revised the useful lives of its current systems for Q2 FY2022.

As a result of this change, operating income and income before income tax each decreased by ¥53 million for the six months ended September 30, 2022 in comparison with those calculated by the previous method.

(Operating Revenue)

The breakdown of "operating revenue" is as follows:

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Mil. yen	Mil. yen
Trading services revenue	25,159	26,404
Clearing services revenue	13,648	14,142
Listing services revenue	7,577	6,644
Information services revenue	13,410	13,575
Other	5,712	5,719
Total	65,506	66,486

(Operating Expenses)

The breakdown of "operating expenses" is as follows:

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Mil. yen	Mil. yen
Personnel expenses	9,083	9,798
System maintenance and operation expenses	7,181	8,481
Depreciation and amortization	8,643	9,324
Other	5,260	5,636
Total	30,168	33,240

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