

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the three months ended June 30, 2023
(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:	Yamaji Hiromi, Director & Representative Executive Officer, Group CEO		
Contact:	Lin Kay, Executive Officer (Corporate Communications and Investor Relations)		
Scheduled date of filing of quarterly report:	August 10, 2023		
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, 2023
(from April 1, 2023 to June 30, 2023)

(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, 2023	36,953	10.1	25,038	40.8	25,068	40.9	18,046	46.2	17,736	46.7	18,069	46.1
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)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2023	34.08	—
Three months ended June 30, 2022	22.93	—

(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, 2023	74,174,323	317,374	307,988	0.4
As of March 31, 2023	82,187,392	321,809	312,734	0.4

Note: Sizable amounts of "clearing business financial assets and liabilities" and "deposits from clearing participants" pertaining to the 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
	yen	yen	yen	yen	yen
Year ended March 31, 2023	—	26.00	—	37.00	63.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (Forecast)		28.00	—	29.00	57.00

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, 2023: ordinary dividend ¥27; commemorative dividend ¥10.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	134,500	0.4	68,500	0.4	68,500	0.4	49,800	5.5	49,000	5.7	94.19

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, 2023: 528,578,441

As of March 31, 2023: 528,578,441

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

As of June 30, 2023: 8,384,491

As of March 31, 2023: 6,891,928

3) Average number of shares:

Three months ended June 30, 2023: 520,398,562

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

• 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, 2023 to June 30, 2023), JPX Group recorded operating revenue of ¥36,953 million (increased 10.1% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥17,135 million (increased 4.5% year on year). As a result, JPX Group recorded operating income of ¥25,038 million (increased 40.8% year on year) and income before income tax of ¥25,068 million (increased 40.9% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥17,736 million (increased 46.7% 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 12.2% year on year to ¥15,118 million due mainly to an increase in revenue from transaction fees resulting from a year-on-year increase in trading value of cash equities.

Breakdown of trading services revenue

(Mil. yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change (%)
Trading services revenue	13,479	15,118	12.2
Transaction fees	10,944	12,606	15.2
Cash equities	7,898	9,280	17.5
Financial derivatives	2,694	2,959	9.8
TOPIX Futures	505	566	12.1
Nikkei 225 Futures*	1,184	1,179	(0.5)
Nikkei 225 Options**	534	790	48.0
10-year JGB Futures	417	376	(9.9)
Others	52	46	(10.8)
Commodity derivatives	352	366	4.2
Basic fees	248	245	(1.1)
Access fees	1,341	1,296	(3.3)
Trading system facilities usage fees	916	940	2.6
Others	28	28	2.9

*Figures include Nikkei 225 mini Futures.

**Figures exclude Nikkei 225 Weekly Options.

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 9.6% year on year to ¥7,974 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 increased 10.4% year on year to ¥3,627 million due mainly to an increase in revenue from initial/additional listing fees.

Breakdown of listing services revenue

(Mil. yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change (%)
Listing services revenue	3,286	3,627	10.4
Initial/additional listing fees	321	726	126.2
Annual listing fees	2,965	2,901	(2.2)

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 6.2% year on year to ¥7,142 million due mainly to increases in revenue from market information fees and the index business.

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 increased 9.9% year on year to ¥3,090 million.

Breakdown of other operating revenue

(Mil. yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change (%)
Other operating revenue	2,812	3,090	9.9
arrownet usage fees	827	831	0.5
Co-location services usage fees	1,142	1,229	7.6
Other	842	1,029	22.2

(Operating expenses)

During the consolidated cumulative first quarter, personnel expenses increased 0.7% year on year to ¥4,920 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 21.6% year on year to ¥4,820 million.

Depreciation and amortization increased 0.7% year on year to ¥4,604 million.

Other operating expenses decreased 6.2% year on year to ¥2,789 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, 2023 decreased by ¥8,013,069 million from the end of the previous fiscal year to ¥74,174,323 million due mainly to a decrease 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 ¥1,119 million from the end of the previous fiscal year to ¥396,183 million.

Total liabilities as of June 30, 2023 decreased by ¥8,008,633 million from the end of the previous fiscal year to ¥73,856,949 million due mainly to the same decrease 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 ¥5,426 million from the end of the previous fiscal year to ¥97,872 million.

Total equity as of June 30, 2023 decreased by ¥4,435 million from the end of the previous fiscal year to ¥317,374 million, due to a capital reduction as a result of dividend payment and acquisition of own shares 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 ¥289,425 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, 2023	74,174,323	317,374	307,988	0.4
	*396,183	*289,425	*280,040	*70.7
As of March 31, 2023	82,187,392	321,809	312,734	0.4
	*395,064	*293,861	*284,786	*72.1

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

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, 2023 (Based on IFRS), unaudited" on April 27, 2023 (hereinafter "previously disclosed material").

The consolidated earnings forecast for the fiscal year ending March 31, 2024 is based on the assumptions that the average daily trading values and volumes are ¥3.8 trillion for cash equities*, 31,000 contracts for 10-year JGB Futures, 104,000 contracts for TOPIX Futures, 196,000 contracts for Nikkei 225 Futures**, and ¥26.5 billion for Nikkei 225 Options***.

*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

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, 2023	As of June 30, 2023
	Mil. yen	Mil. yen
Assets		
Current assets		
Cash and cash equivalents	98,812	85,844
Trade and other receivables	16,023	21,501
Clearing business financial assets	72,108,539	65,072,717
Specified assets for deposits from clearing participants	9,655,223	8,676,864
Specified assets for legal guarantee funds	616	609
Income tax receivables	5,359	13,012
Other financial assets	112,400	111,800
Other current assets	3,582	1,891
Total current assets	<u>82,000,557</u>	<u>73,984,241</u>
Non-current assets		
Property and equipment	11,041	14,493
Goodwill	72,043	71,831
Intangible assets	36,109	35,236
Retirement benefit assets	10,025	10,062
Investments accounted for using the equity method	18,593	18,835
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	3,068	3,101
Other non-current assets	6,253	6,265
Deferred tax assets	1,751	2,307
Total non-current assets	<u>186,834</u>	<u>190,081</u>
Total assets	<u><u>82,187,392</u></u>	<u><u>74,174,323</u></u>

	As of March 31, 2023	As of June 30, 2023
	Mil. yen	Mil. yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	8,883	7,385
Bonds and loans payable	33,000	32,500
Clearing business financial liabilities	72,108,539	65,072,717
Deposits from clearing participants	9,655,223	8,676,864
Legal guarantee funds	616	609
Trading participant security money	8,757	8,885
Income tax payables	9,963	5,125
Other current liabilities	8,274	18,149
Total current liabilities	81,833,258	73,822,236
Non-current liabilities		
Bonds and loans payable	19,973	19,975
Retirement benefit liabilities	8,485	8,617
Other non-current liabilities	3,795	6,119
Deferred tax liabilities	69	—
Total non-current liabilities	32,324	34,712
Total liabilities	81,865,583	73,856,949
Equity		
Share capital	11,500	11,500
Capital surplus	38,841	38,840
Treasury shares	(13,575)	(16,709)
Other components of equity	445	467
Retained earnings	275,523	273,889
Total equity attributable to owners of the parent company	312,734	307,988
Non-controlling interests	9,075	9,385
Total equity	321,809	317,374
Total liabilities and equity	82,187,392	74,174,323

(2) Condensed Consolidated Statement of Income

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Mil. yen	Mil. yen
Revenue		
Operating revenue	33,576	36,953
Other revenue	34	4,744
Total revenue	<u>33,611</u>	<u>41,697</u>
Expenses		
Operating expenses	16,397	17,135
Other expenses	7	138
Total expenses	<u>16,405</u>	<u>17,273</u>
Share of income of investments accounted for using the equity method	571	614
Operating income	<u>17,777</u>	<u>25,038</u>
Financial income	36	56
Financial expenses	23	26
Income before income tax	<u>17,790</u>	<u>25,068</u>
Income tax expense	5,447	7,021
Net income	<u>12,342</u>	<u>18,046</u>
Net income attributable to		
Owners of the parent company	12,089	17,736
Non-controlling interests	253	310
Net income	<u>12,342</u>	<u>18,046</u>
Earnings per share		
Basic (Yen)	22.93	34.08
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Mil. yen	Mil. yen
Net income	12,342	18,046
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	22	22
Other comprehensive income, net of tax	22	22
Comprehensive income	<u>12,364</u>	<u>18,069</u>
Comprehensive income attributable to		
Owners of the parent company	12,111	17,758
Non-controlling interests	253	310
Comprehensive income	<u>12,364</u>	<u>18,069</u>

(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, 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		
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

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, 2023	11,500	38,841	(13,575)	445
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	22
Total comprehensive income	—	—	—	22
Acquisitions of treasury shares	—	—	(3,367)	—
Dividends paid	—	—	—	—
Other	—	(0)	233	—
Total transactions with the owners	—	(0)	(3,133)	—
Balance as of June 30, 2023	11,500	38,840	(16,709)	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, 2023	275,523	312,734	9,075	321,809
Net income	17,736	17,736	310	18,046
Other comprehensive income, net of tax	—	22	—	22
Total comprehensive income	17,736	17,758	310	18,069
Acquisitions of treasury shares	—	(3,367)	—	(3,367)
Dividends paid	(19,371)	(19,371)	—	(19,371)
Other	—	233	—	233
Total transactions with the owners	(19,371)	(22,504)	—	(22,504)
Balance as of June 30, 2023	273,889	307,988	9,385	317,374

(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, 2022	Three months ended June 30, 2023
	Mil. yen	Mil. yen
Trading services revenue	13,479	15,118
Clearing services revenue	7,273	7,974
Listing services revenue	3,286	3,627
Information services revenue	6,723	7,142
Other	2,812	3,090
Total	33,576	36,953

(Operating Expenses)

The breakdown of "operating expenses" is as follows:

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Mil. yen	Mil. yen
Personnel expenses	4,887	4,920
System maintenance and operation expenses	3,963	4,820
Depreciation and amortization	4,573	4,604
Other	2,973	2,789
Total	16,397	17,135

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