

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the six months ended September 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:	November 13, 2023		
Scheduled date of start of dividend payment:	November 30, 2023		
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, 2023
(from April 1, 2023 to September 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	%
Six months ended September 30, 2023	73,385	10.4	44,499	30.4	44,506	30.4	32,040	35.3	31,432	35.5	32,071	35.5
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)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2023	60.41	—
Six months ended September 30, 2022	44.01	—

(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, 2023	90,775,523	331,604	321,921	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	—	31.00			
Year ending March 31, 2024 (Forecast)			—	32.00	63.00

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	143,000	6.7	77,000	12.8	77,000	12.9	55,000	16.5	54,000	16.5	103.78

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 September 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 September 30, 2023: 8,275,794

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

3) Average number of shares:

Six months ended September 30, 2023: 520,342,621

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

• 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, 2023 to September 30, 2023), JPX Group recorded operating revenue of ¥73,385 million (increased 10.4% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥34,344 million (increased 3.3% year on year). As a result, JPX Group recorded operating income of ¥44,499 million (increased 30.4% year on year) and income before income tax of ¥44,506 million (increased 30.4% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥31,432 million (increased 35.5% 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 12.0% year on year to ¥29,577 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)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change (%)
Trading services revenue	26,404	29,577	12.0
Transaction fees	21,411	24,598	14.9
Cash equities	15,412	18,431	19.6
Financial derivatives	5,319	5,476	3.0
TOPIX Futures	1,031	1,086	5.3
Nikkei 225 Futures*	2,242	2,205	(1.6)
Nikkei 225 Options**	1,176	1,262	7.2
10-year JGB Futures	756	830	9.8
Others	111	92	(17.4)
Commodity derivatives	679	689	1.4
Basic fees	494	491	(0.6)
Access fees	2,611	2,562	(1.9)
Trading system facilities usage fees	1,833	1,869	2.0
Others	53	55	3.4

*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 second quarter, clearing services revenue increased 11.4% year on year to ¥15,755 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 increased 7.9% year on year to ¥7,167 million due mainly to an increase in revenue from initial/additional listing fees.

Breakdown of listing services revenue

(Mil. yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change (%)
Listing services revenue	6,644	7,167	7.9
Initial/additional listing fees	778	1,401	80.1
Annual listing fees	5,866	5,765	(1.7)

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 7.2% year on year to ¥14,557 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 second quarter, other operating revenue increased 10.6% year on year to ¥6,328 million.

Breakdown of other operating revenue

(Mil. yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change (%)
Other operating revenue	5,719	6,328	10.6
arrownet usage fees	1,649	1,667	1.0
Co-location services usage fees	2,298	2,495	8.6
Other	1,771	2,165	22.2

(Operating expenses)

During the consolidated cumulative second quarter, personnel expenses increased 6.7% year on year to ¥10,455 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 10.4% year on year to ¥9,361 million.

Depreciation and amortization decreased 2.4% year on year to ¥9,104 million.

Other operating expenses decreased 3.8% year on year to ¥5,423 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, 2023 increased by ¥8,588,130 million from the end of the previous fiscal year to ¥90,775,523 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 ¥18,179 million from the end of the previous fiscal year to ¥413,244 million.

Total liabilities as of September 30, 2023 increased by ¥8,578,335 million from the end of the previous fiscal year to ¥90,443,918 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 ¥8,267 million from the end of the previous fiscal year to ¥100,713 million.

Total equity as of September 30, 2023 increased by ¥9,794 million from the end of the previous fiscal year to ¥331,604 million, due to a capital increase from net income attributable to owners of the parent company despite a capital reduction as a result of dividend payment and acquisition of own shares. In addition, after excluding "default compensation reserve funds," total equity as of the same date was ¥303,656 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, 2023	90,775,523	331,604	321,921	0.4
	*413,244	*303,656	*293,973	*71.1
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 "Notice of Revisions to Earnings Forecast and Dividend Forecast" on September 25, 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 ¥4.3 trillion for cash equities*, 33,000 contracts for 10-year JGB Futures, 106,000 contracts for TOPIX Futures, 194,000 contracts for Nikkei 225 Futures**, and ¥27.0 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 September 30, 2023
	Mil. yen	Mil. yen
Assets		
Current assets		
Cash and cash equivalents	98,812	112,181
Trade and other receivables	16,023	15,078
Clearing business financial assets	72,108,539	80,961,542
Specified assets for deposits from clearing participants	9,655,223	9,372,178
Specified assets for legal guarantee funds	616	609
Income tax receivables	5,359	7,405
Other financial assets	112,400	111,810
Other current assets	3,582	2,498
Total current assets	<u>82,000,557</u>	<u>90,583,304</u>
Non-current assets		
Property and equipment	11,041	15,846
Goodwill	72,043	71,837
Intangible assets	36,109	34,841
Retirement benefit assets	10,025	10,099
Investments accounted for using the equity method	18,593	19,133
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	3,068	3,984
Other non-current assets	6,253	6,170
Deferred tax assets	1,751	2,357
Total non-current assets	<u>186,834</u>	<u>192,218</u>
Total assets	<u><u>82,187,392</u></u>	<u><u>90,775,523</u></u>

	As of March 31, 2023	As of September 30, 2023
	Mil. yen	Mil. yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	8,883	8,141
Bonds and loans payable	33,000	32,500
Clearing business financial liabilities	72,108,539	80,961,542
Deposits from clearing participants	9,655,223	9,372,178
Legal guarantee funds	616	609
Trading participant security money	8,757	8,875
Income tax payables	9,963	12,875
Other current liabilities	8,274	11,334
Total current liabilities	<u>81,833,258</u>	<u>90,408,056</u>
Non-current liabilities		
Bonds and loans payable	19,973	19,977
Retirement benefit liabilities	8,485	8,699
Other non-current liabilities	3,795	7,186
Deferred tax liabilities	69	—
Total non-current liabilities	<u>32,324</u>	<u>35,862</u>
Total liabilities	<u>81,865,583</u>	<u>90,443,918</u>
Equity		
Share capital	11,500	11,500
Capital surplus	38,841	38,840
Treasury shares	(13,575)	(16,480)
Other components of equity	445	476
Retained earnings	275,523	287,585
Total equity attributable to owners of the parent company	<u>312,734</u>	<u>321,921</u>
Non-controlling interests	9,075	9,682
Total equity	<u>321,809</u>	<u>331,604</u>
Total liabilities and equity	<u><u>82,187,392</u></u>	<u><u>90,775,523</u></u>

(2) Condensed Consolidated Statement of Income

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Mil. yen	Mil. yen
Revenue		
Operating revenue	66,486	73,385
Other revenue	150	4,768
Total revenue	<u>66,637</u>	<u>78,153</u>
Expenses		
Operating expenses	33,240	34,344
Other expenses	57	206
Total expenses	<u>33,298</u>	<u>34,551</u>
Share of income of investments accounted for using the equity method	788	896
Operating income	<u>34,127</u>	<u>44,499</u>
Financial income	41	61
Financial expenses	47	54
Income before income tax	<u>34,122</u>	<u>44,506</u>
Income tax expense	<u>10,448</u>	<u>12,466</u>
Net income	<u>23,674</u>	<u>32,040</u>
Net income attributable to		
Owners of the parent company	23,189	31,432
Non-controlling interests	484	607
Net income	<u>23,674</u>	<u>32,040</u>
Earnings per share		
Basic (Yen)	44.01	60.41
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Mil. yen	Mil. yen
Net income	23,674	32,040
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	1	31
Other comprehensive income, net of tax	1	31
Comprehensive income	23,675	32,071
Comprehensive income attributable to		
Owners of the parent company	23,191	31,463
Non-controlling interests	484	607
Comprehensive income	23,675	32,071

(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	—	—	—	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		
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

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	—	—	—	31
Total comprehensive income	—	—	—	31
Acquisitions of treasury shares	—	—	(3,367)	—
Dividends paid	—	—	—	—
Other	—	(0)	462	—
Total transactions with the owners	—	(0)	(2,904)	—
Balance as of September 30, 2023	11,500	38,840	(16,480)	476

	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	31,432	31,432	607	32,040
Other comprehensive income, net of tax	—	31	—	31
Total comprehensive income	31,432	31,463	607	32,071
Acquisitions of treasury shares	—	(3,367)	—	(3,367)
Dividends paid	(19,371)	(19,371)	—	(19,371)
Other	—	461	—	461
Total transactions with the owners	(19,371)	(22,276)	—	(22,276)
Balance as of September 30, 2023	287,585	321,921	9,682	331,604

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "operating revenue" is as follows:

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Mil. yen	Mil. yen
Trading services revenue	26,404	29,577
Clearing services revenue	14,142	15,755
Listing services revenue	6,644	7,167
Information services revenue	13,575	14,557
Other	5,719	6,328
Total	66,486	73,385

(Operating Expenses)

The breakdown of "operating expenses" is as follows:

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Mil. yen	Mil. yen
Personnel expenses	9,798	10,455
System maintenance and operation expenses	8,481	9,361
Depreciation and amortization	9,324	9,104
Other	5,636	5,423
Total	33,240	34,344

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