1. Overview of JPX

2. Strategies for Creating Value

3. The Foundations of Value Creation

4. Financial and Corporate Data

Disclaimer

Editorial Policy

Reference guidelines

Environment Social Governance

Guidance for Collaborative Value Creation
Who we are...

Japan Exchange Group, Inc. (JPX) was formed through the merger between Tokyo Stock Exchange Group and Osaka Securities Exchange in January 2013.

More than 140 years ago in 1878, soon after the Meiji Restoration, Eiichi Shibusawa, who is known as the father of capitalism in Japan, established Tokyo Stock Exchange. That same year, Tomoatsu Godai, a businessman who was instrumental in the economic development of Osaka, established Osaka Stock Exchange.

JPX has inherited the will of both Eiichi Shibusawa and Tomoatsu Godai as the pioneers of capitalism in modern Japan, and is determined to contribute to driving sustainable growth in the Japanese economy.
Corporate Philosophy

Contributing to realizing an affluent society through sustainable market development

Our mission is to contribute to the realization of an affluent society by promoting sustainable development of the market. Committed to our public nature and credibility, we build highly convenient, efficient, and transparent markets, and provide creative and attractive services. Our efforts help us attract the support and confidence of investors and market users and reap the rewards in the form of profits.

Management Policy

Sail to the future. Keep the market secure.

Under rapid innovation and global dynamics, we aim to evolve into a total smart exchange, where anyone can trade any product in a secure and easy way, by further cooperating with stakeholders and entering into new partnerships.
The Role of Exchange Markets

The markets established by JPX provide companies with business financing methods, investors with asset management opportunities, and society as a whole with price discovery functions. By fulfilling these social roles, we contribute to realizing an affluent society through sustainable market development.
Business Model

In addition to TSE, which handles cash equities markets, and OSE, which handles derivatives markets, the corporate group also includes a self-regulatory subsidiary, which carries out the examination and supervision processes needed to maintain market quality. Our comprehensive services also encompass clearing and settlement functions.
As consideration for JPX services, we receive various fees from market participants such as trading participants (i.e., securities companies), listed companies, and information vendors. Specifically, our sources of revenues are (1) revenues from trading services, (2) revenues from clearing services, (3) revenues from listing services, and (4) revenues from information services.
Creating Value at JPX

Vibrant securities markets are essential to economic development and general prosperity. Expanding the base of market participants is a key factor for sustainable growth and requires a robust financial market infrastructure, together with continuous provision of diverse products and services.

JPX's Strengths

- **Diverse Human Capital**
  - Human resources with free and creative thinking from a broad perspective
  - Number of Employees: 1,110

- **Solid Physical Assets**
  - System infrastructure that provides stable operations
  - Order response time using arrowhead is about 0.3 milliseconds

- **Healthy Financial Position**
  - Total equity attributable to owners of the parent company: JPY 257.0 billion
  - Ratio of total equity attributable to owners of the parent company to total assets: 71.5%

- **Strong Client Assets**
  - Relationships with companies, trading participants, and investors cultivated over a long period
  - Number of listed companies: 3,663
  - Number of IPOs: 103

- **A reliable and secure social brand**
  - Maintenance of listed product brands
  - Number of IPOs: 103

Notes:
1. Figures are for FY2018 results and as of the end of FY2018.
2. Calculated by subtracting “default compensation reserve funds” from “total equity attributable to owners of the parent company” in the Consolidated Statement of Financial Position.
3. Total equity/assets figures exclude “clearing business assets”, “deposits from clearing participants”, “legal guarantee funds” and “default compensation reserve funds”.

Contributing to realizing an affluent society

Medium-to Long-Term Future
Total Smart Exchange
An exchange where anyone can trade any product safely and easily

 Strategies to extend JPX’s strengths
JPX’s aim is to realize the sustainable development of securities markets and contribute to the creation of a more affluent society. To this end, JPX ensures the reliability of securities markets and operates them in the public interest, works continuously to create a market base that is convenient, efficient, and transparent, and offers higher value added through creative and attractive services.

Created Value

Society
- Stable operation of capital markets that support economic activity
- Provision of price discovery functions
- Support for national asset formation

Companies
- Improved corporate governance
- Provision of flexible business financing methods

Investors
- Greater financial literacy
- Promotion of the shift from savings to investment
- Offering the safe and reliable settlement of transactions

Shareholders
- Enhanced corporate value over the medium to long-term

Employees
- A working environment that allows employees to perform to their full potential

through sustainable market development

issues and the growth of JPX
1. Overview of JPX

Since their establishment in 1878 shortly after the Meiji Restoration, both the Tokyo and Osaka exchanges have consistently served as the engine of the Japanese economy, responding to the needs of the times for over 140 years. JPX will continue to contribute to the sustainable growth of the Japanese and the global economies.

**History of the Japanese Economy and Key Global Developments**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<td>First deficit-financing bonds are issued.</td>
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<td>1991</td>
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**JPX History**

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1. Overview of JPX

The Bank of Japan starts quantitative and qualitative monetary easing with a target of 2% inflation.

2. Strategies for Creating Value

2016
Britain decides to leave the EU.
BOJ announces the adoption of negative interest rates.

2017
The range of eligible users of iDeCo increases.

3. The Foundations of Value Creation

TSE derivatives market is integrated into OSE.

April
Calculation and publication of JPX-Nikkei Index 400 begins.

June
Calculation and publication of S&P/JPX Carbon Efficient Index begins.

September
Provision of the J-GATE derivatives trading system to Tokyo Commodity Exchange begins.

April
Calculation and publication of JPX/S&P CAPEX & Human Capital Index begins

July
The derivatives trading system (J-GATE) is renewed.

September
Calculation and publication of S&P/TOPX 150 environmental indices begins.

October
JSCC and Japan Government Bond Clearing Corporation are merged.

Japan Exchange Group is formed through the merger between TSE Group and OSE.

January
Calculation and publication of JPX-Nikkei Index 400 begins.

March
TSE derivatives market is integrated into OSE.

April
The infrastructure funds market is established.

June
New clearing system for listed derivatives goes live.

September
Calculation and publication of S&P/JPX Carbon Efficient Index begins.

October
Domestic stock trading units standardized to 100 shares.

March
Basic agreement toward establishing the comprehensive exchange with Tokyo Commodity Exchange.

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JSCC and Japan Government Bond Clearing Corporation are merged.

January
Calculation and publication of JPX-Nikkei Index 400 begins.

July
Basic agreements on collaboration are concluded with regional financial institutions for developing regional economies.

December
JPX joins the UN’s Sustainable Stock Exchanges initiative.

March
Trading begins on the Yangon Stock Exchange, which was established through the support of JPX.

April
Calculation and publication of JPX/S&P CAPEX & Human Capital Index begins

July
The derivatives trading system (J-GATE) is renewed.

September
 Provision of the J-GATE derivatives trading system to Tokyo Commodity Exchange begins.

JPX Report 2019
## FY2018 Financial and Non-Financial Highlights

<table>
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<tr>
<th>Category</th>
<th>Value</th>
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<tr>
<td>Operating Revenue</td>
<td>JPY 121.1 billion</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>JPY 54.1 billion</td>
</tr>
<tr>
<td>Net Income</td>
<td>JPY 49.0 billion</td>
</tr>
<tr>
<td>Return on equity (ROE)</td>
<td>17.6%</td>
</tr>
<tr>
<td>Basic earnings per share (EPS)</td>
<td>JPY 91.58</td>
</tr>
<tr>
<td>Annual Dividend per Share</td>
<td>JPY 70</td>
</tr>
<tr>
<td>Average Daily Trading Value for Cash Equities</td>
<td>JPY 3.3 trillion</td>
</tr>
<tr>
<td>Number of IPOs on Tokyo Stock Exchange</td>
<td>103</td>
</tr>
<tr>
<td>Average Daily Trading Volume for Derivatives</td>
<td>1.49 million contracts</td>
</tr>
<tr>
<td>Proportion of Outside Directors</td>
<td>64%</td>
</tr>
<tr>
<td>Employees' Average Years of Service</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>16.1</td>
</tr>
<tr>
<td>Female</td>
<td>19.9</td>
</tr>
<tr>
<td>Financial and Economic Lectures</td>
<td>Provided to 46,000 people</td>
</tr>
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</table>