



Overview of Earnings for Q1 FY2017

Japan Exchange Group, Inc.

July 28, 2017

I. Business Developments

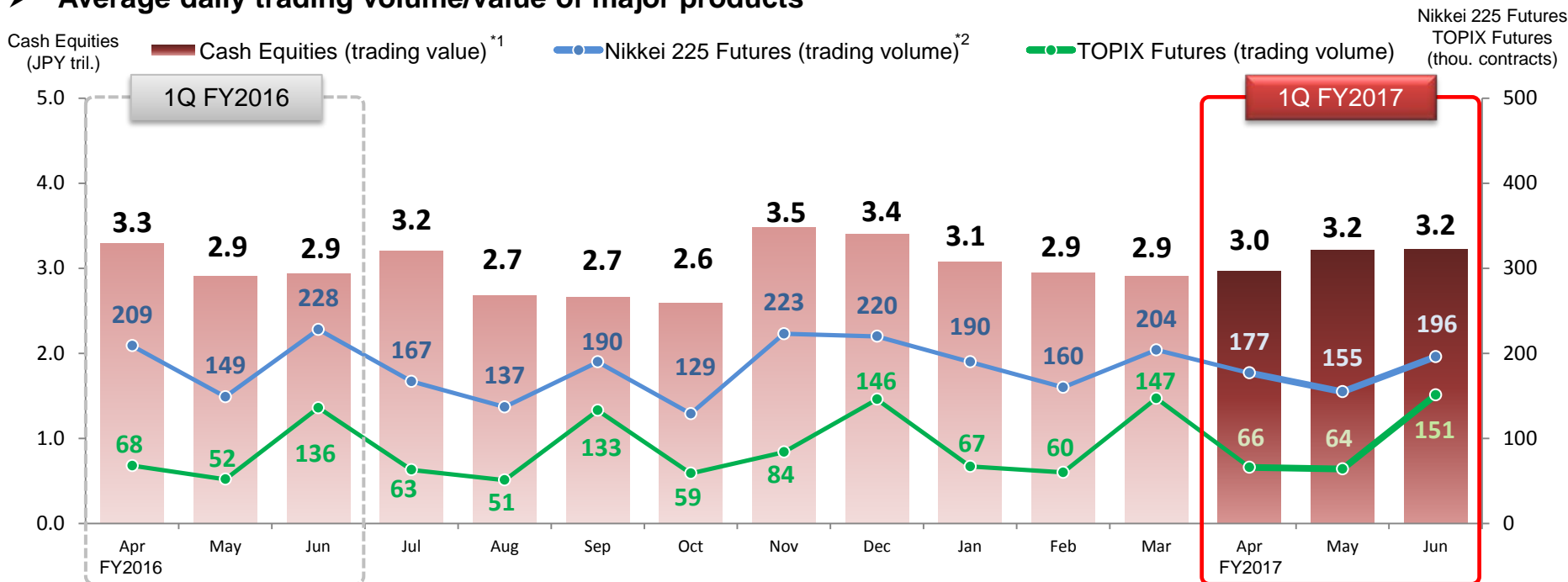
* This document is not subject to the audit procedures required under the Financial Instruments and Exchange Act. Please note that its contents have not been audited on a consolidated basis in accordance with the Act as of the time of disclosure.



Market Trend

- Daily average trading value for cash equities was approx. JPY 3.0 trillion in April and then increased from May, reaching the same level as the JPY 3.2 trillion assumption in the earnings forecast. Daily trading value in the Q1 of FY2017 was approx. JPY 3.1 trillion.
- For derivatives, daily average trading volume for Nikkei 225 Futures, our flagship product, decreased to 177 thousands contracts, 13% below the assumption in the earnings forecast, due to low volatility in the cash equity market. That of TOPIX Futures, however, increased to 96 thousands contracts, 3% above the assumption in the earnings forecast.

➤ Average daily trading volume/value of major products



*1 Total value of daily averages of auction and off-auction trading of common stocks on 1st/2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, and ETFs/ETNs, REITs etc.

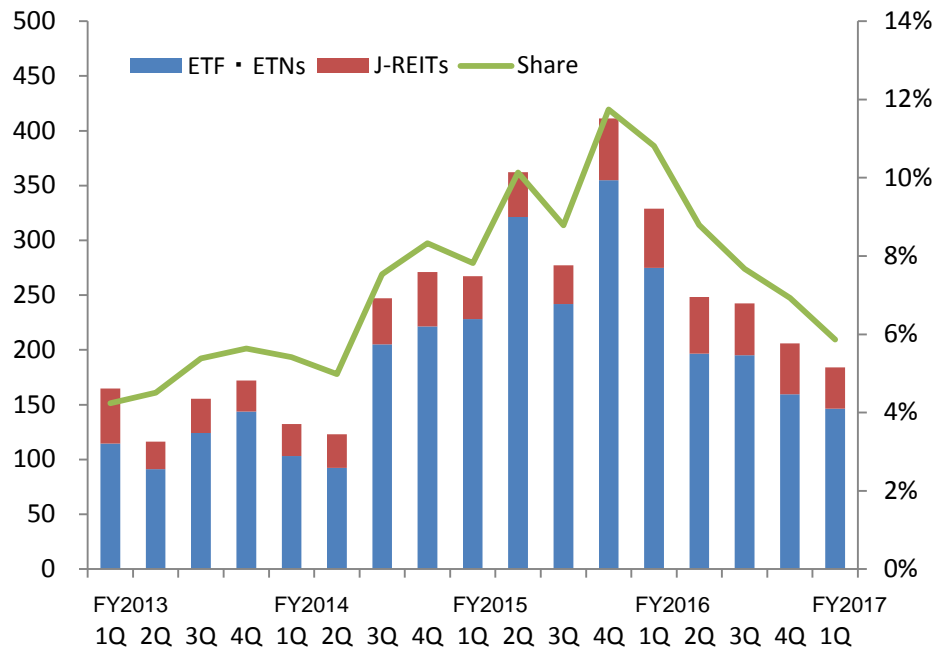
*2 Contracts of Nikkei 225 mini are calculated using a factor of 1/10.

ETF/ETN, REIT, and IPO Trends

- Trading in leveraged ETFs decreased on the back of low volatility, and trading value of ETFs/ETNs shrank by 47% year on year.
- The number of IPOs on TSE fell to 12 from 18 for the same period last year.

➤ ADV of ETFs/ETNs and REITs

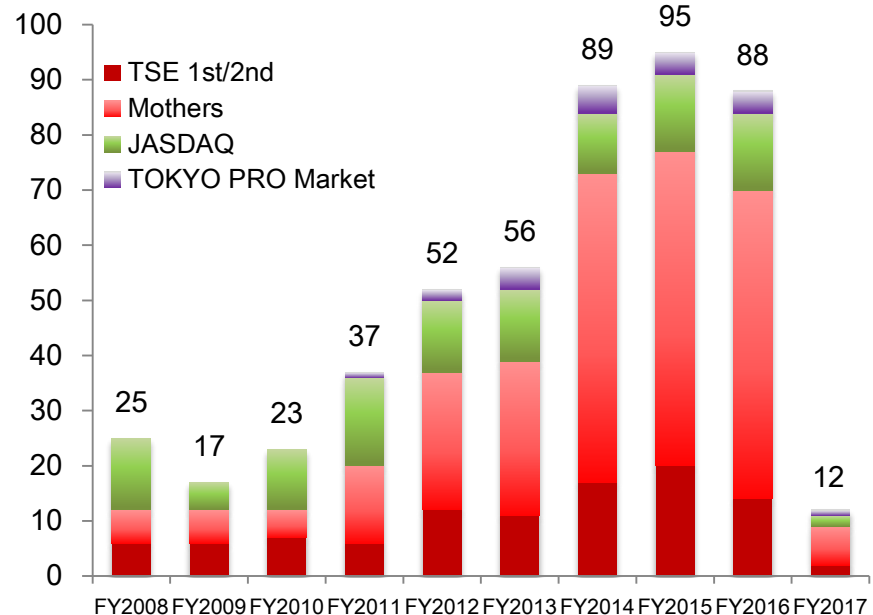
(JPY bil.)



Share indicates trading value of ETFs, ETNs, and REITs of overall cash equity trading value.

➤ IPOs on TSE markets

(companies)

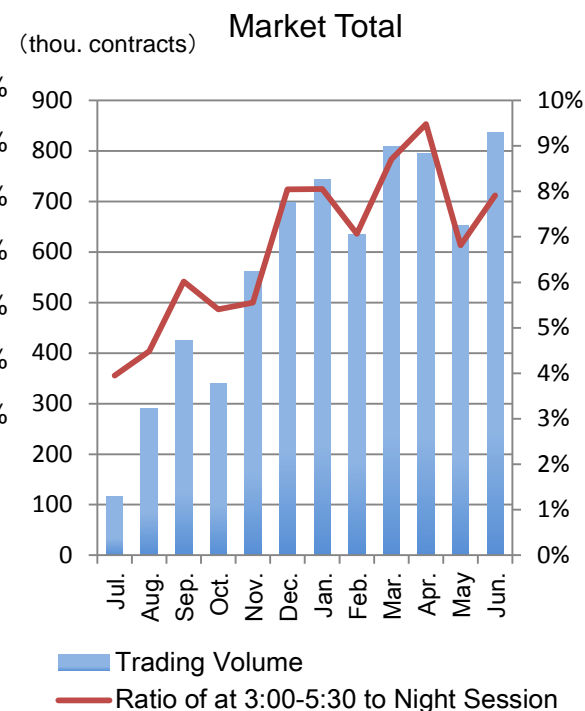
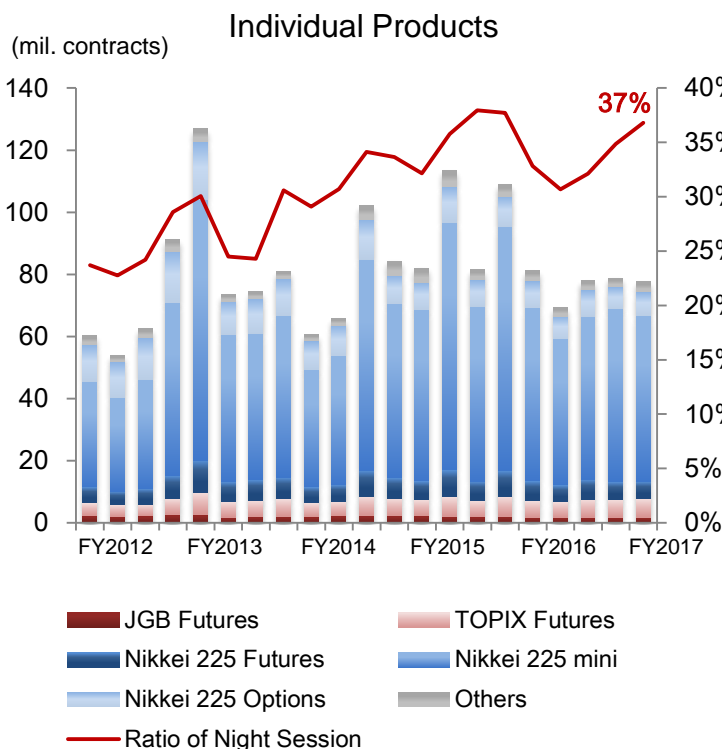
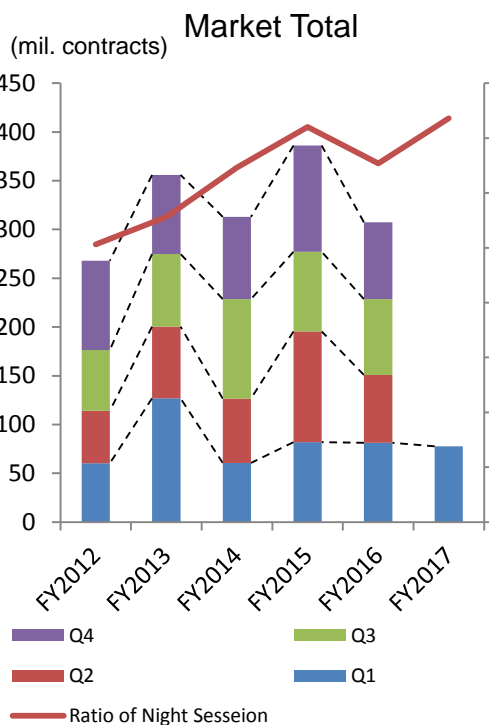


Derivatives

- Total derivatives trading volume decreased by 5% year on year due to the decrease in trading volume of Nikkei 225-related products.
- The ratio of night session trading was on the rise at 37%, reaching a record high of 41.8% in May. Trading volume after 3:00 AM has steadily increased since trading hours were extended last year.

➤ Derivatives Trading Volume and Ratio of Night Session

➤ Trading at 3:00–5:30 after New J-GATE Launch



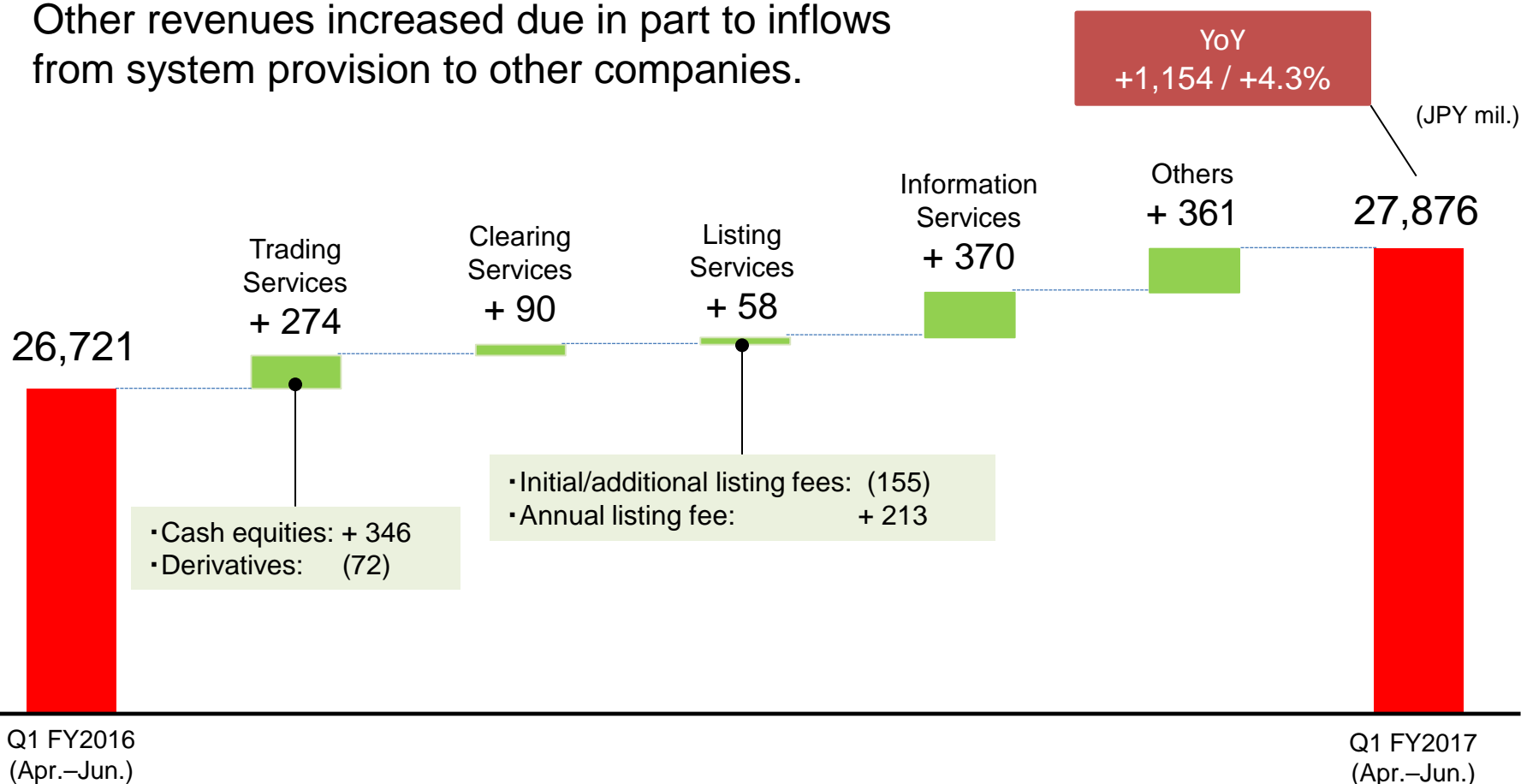
II. Overview of Earnings for Q1 FY2017 [IFRS]

(April 1, 2017 – June 30, 2017)



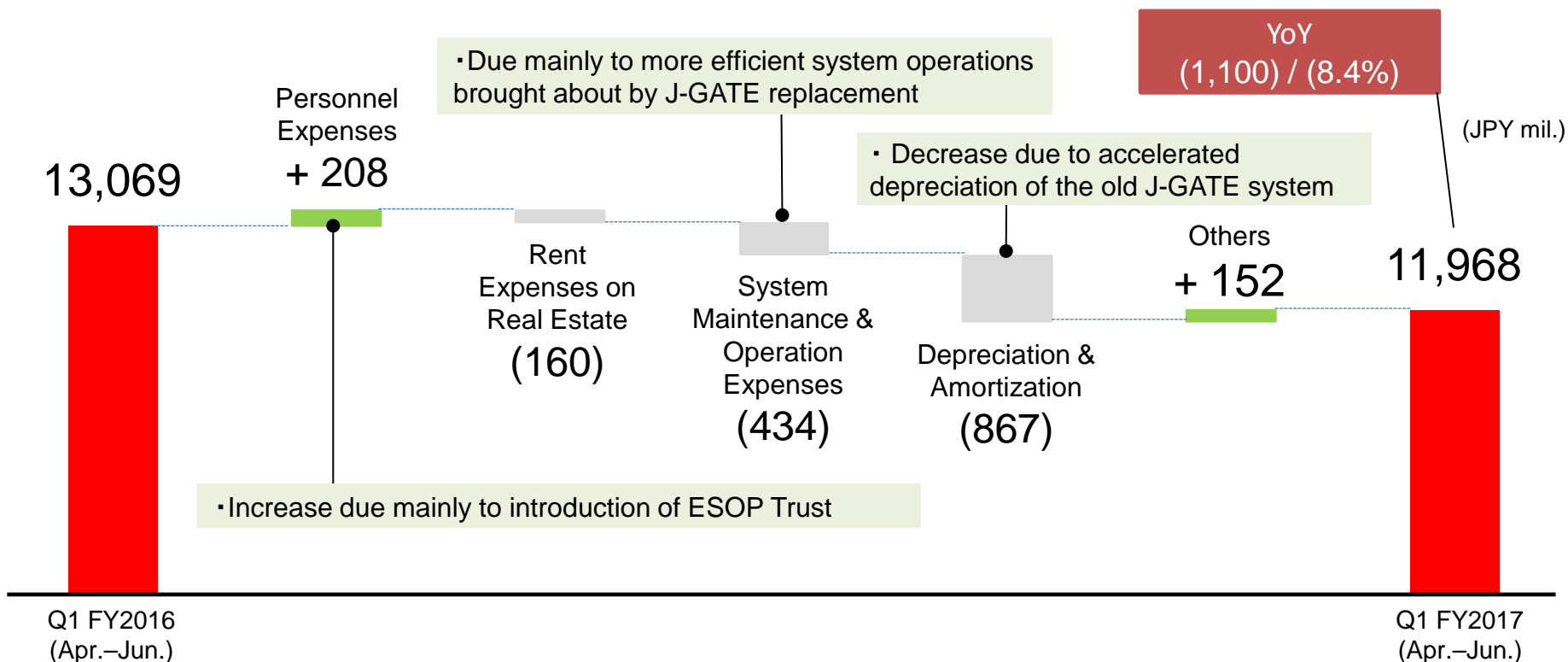
Operating Revenue

- Trading value for cash equities grew, which led to an increase of revenues from trading services and clearing services.
- Annual listing fees and index licensing fees increased due to increased ETF NAV. As a result, revenues from listing services and information services increased.
- Other revenues increased due in part to inflows from system provision to other companies.



Operating Expenses

- Personnel expenses increased due mainly to the introduction of the ESOP Trust system.
- System maintenance & operation expenses decreased due to more efficient system operations since the launch of the new derivatives trading system J-GATE in July 2016. Depreciation and amortization also decreased, because depreciation of the old J-GATE system was accelerated until the replacement.
- Other operating expenses increased due mainly to an increase of promotion costs for advancement of initiatives touted in the Medium-Term Management Plan.



Highlights and FY2017 Forecast

- Information services revenue and other operating revenue increased. Quarterly net income also increased 13.5% year-on-year due to a decrease in system-related costs.
- Progress on the operating income forecast reached 27.4%.

(JPY mil.)

	Q1 (April – June)				Full-year (April – March)		
	Q1 FY2016	Q1 FY2017			FY2016	FY2017 (Forecast)	
			y/y	FY2017 %			y/y
Operating Revenue	26,721	27,876	+ 4.3%	24.9%	107,885	112,000	+ 3.8%
Operating Expenses	13,069	11,968	(8.4%)	22.6%	50,185	53,000	+ 5.6%
Operating Income	14,348	16,440	+ 14.6%	27.4%	59,377	60,000	+ 1.0%
Net Income ^{*1}	9,583	10,874	+ 13.5%	25.6%	42,124	42,500	+ 0.9%
EBITDA	17,762	18,963			71,595	-	-
Dividend per share ^{*2}	-	-			47.0yen	48.0yen	+ 1yen

*1 Net Income attributable to owners of the parent company.

*2 Total of Q2-end and year-end figures.

➤ Average Daily Trading Volume/Value of Major Products

	Q1 FY2016	Q1 FY2017		FY2016	FY2017	
			y/y		(Assumptions for forecasts)	y/y
Cash Equities (trading value) ^{*1}	JPY 3,041.9 bil.	JPY 3,141.5 bil.	+ 3%	JPY 2,998.6 bil.	JPY 3,200.0 bil.	+ 7%
TOPIX Futures (trading volume)	87,812 contracts	95,542 contracts	+ 9%	89,966 contracts	93,000 contracts	+ 3%
Nikkei 225 Futures (trading volume) ^{*2}	196,978 contracts	176,683 contracts	(10%)	184,250 contracts	204,000 contracts	+ 11%
Nikkei 225 Options (trading value) ^{*3}	JPY 28.7 bil.	JPY 21.1 bil.	(26%)	JPY 24.8 bil.	JPY 30.0 bil.	+ 21%
10-year JGB Futures (trading volume)	28,598 contracts	30,019 contracts	+ 5%	28,569 contracts	28,000 contracts	(2%)

*1 Total value of daily averages of auction and off-auction trading of common stocks on 1st/2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, and ETFs/ETNs, REITs etc.

*2 Contracts of Nikkei 225 mini are calculated using a factor of 1/10. *3 Excluding Weekly Options.

Acquisition Status of Own Shares

- JPX announced that, from July 2016, it had begun conducting an acquisition of own shares that would amount to JPY 20 billion.
- The acquisition of own shares was completed on May 18, 2017, when the total value reached approximately JPY 20 billion (approximately 12,710 thousands shares or 2.3% of total no. of shares issued).

Details of Acquisition of Own Shares

◇ For resolution on Jul. 28, 2016 (1st round)

Period	Jul. 29, 2016 – Jan. 27, 2017
Results	JPY 3,994,268,900 (2,746,800 shares)

◇ For resolution on Jan. 30, 2017 (2nd round)

Period	Jan. 31, 2017 – May 18, 2017
Results	JPY15,999,950,900 (9,963,600 shares)

Topics for Q1 (Apr. – Jun.)

Review of Business Continuity Plan (BCP) (Apr. -)

- Technical Committee on Exchange Transactions, a framework to discuss industry-wide BCP, conducted a review with a focus on the backup plans at JPX and its contingency plans. The committee published a "Second Report of the Technical Committee on Exchange Transactions".
- The contingency plans were revised in July. Combined past trading value share of trading participants that are unable to participate in trading must now exceed approximately 50%, and not approximately 20%, in order to suspend trading of the equity market due to system failure or in the event of a disaster, etc.
- BCP will continue to be examined.

Announcement of Changes in Investor Benefit Program (May)

- For details, see [III. Reference Materials] (P.19)

Expansion of Clearing Services for U.S. Clearing Participants (May)

- JSCC received an amended order of exemption from registration as a Derivatives Clearing Organization under the U.S. Commodity Exchange Act from the U.S. Commodity Futures Trading Commission (CFTC) to expand the scope of cleared products to be covered under the exemption.
- This allows JSCC to provide clearing services for any swaps under CFTC jurisdiction, including Index CDS, in addition to interest rate swap clearing services that JSCC has been conducting for its clearing participants and their affiliates that are U.S. persons.

Selected as a Constituent of ESG Indexes (Jun.)

- JPX stock was selected as a constituent in MSCI's ESG index family.
 - MSCI Japan ESG Select Leaders Index
 - MSCI Japan Empowering Women Index

III. Reference Materials



Referential Financial Data

➤ Quarterly Business Performance

(JPY mil.)

	FY2016					FY2017
	Q1 (Apr. 1, 2016– Jun. 30, 2016)	Q2 (Jul. 1, 2016– Sep. 30, 2016)	Q3 (Oct. 1, 2016– Dec. 31, 2016)	Q4 (Jan. 1, 2017– Mar. 31, 2017)	Total	Q1 (Apr. 1, 2017– Jun. 30, 2017)
Operating Revenue	26,721	26,161	27,780	27,222	107,885	27,876
Operating Expenses	13,069	12,523	11,559	13,032	50,185	11,968
Operating Income	14,348	13,909	16,555	14,562	59,377	16,440
Net Income *	9,583	10,013	12,235	10,292	42,124	10,874
EBITDA	17,762	17,486	19,064	17,283	71,595	18,963

* Net income attributable to owners of the parent company.

Referential Financial Data

➤ Operating Revenue

(JPY mil.)

	FY2016				FY2017		
	Q1 (Apr.1, 2016– Jun. 30, 2016)	Q2 (Jul.1, 2016– Sep.30, 2016)	Q3 (Oct.1, 2016– Dec. 31, 2016)	Q4 (Jan.1, 2017– Mar.31, 2017)	Q1 (Apr.1, 2017– Jun. 30, 2017)		
	Amount	Amount	Amount	Amount	Amount	Ratio	y/y
Trading services revenue	11,671	10,843	11,822	11,365	11,945	43%	+ 2%
Transaction Fees	9,338	8,569	9,535	9,080	9,626		+ 3%
Cash Equities	6,679	6,186	6,725	6,577	7,091	74%*1	+ 6%
Derivatives	2,659	2,382	2,809	2,502	2,535	26%*1	(5%)
TOPIX Futures	438	426	497	479	491		+ 12%
Nikkei 225 Futures (incl. mini)	1,061	970	1,130	1,069	1,044		(2%)
Nikkei 225 Options *2	768	623	835	606	621		(19%)
10-year JGB Futures	331	330	326	340	353		+ 7%
Others	59	32	19	6	24		(58%)
Basic Fees	260	260	261	261	262		+ 1%
Access Fees	1,321	1,250	1,212	1,201	1,225		(7%)
Trading System Facilities Usage Fees	728	743	791	801	809		+ 11%
Others	23	19	21	20	20		(11%)
Clearing services revenue	5,573	5,292	5,610	4,977	5,664	20%	+ 2%
Listing services revenue	2,710	3,320	3,326	3,545	2,768	10%	+ 2%
Initial/Additional Listing Fees	675	1,259	1,104	1,277	520		(23%)
Annual Listing Fees	2,034	2,060	2,221	2,268	2,248		+ 11%
Information services revenue	4,491	4,465	4,466	4,688	4,862	17%	+ 8%
Other operating revenue	2,274	2,238	2,554	2,644	2,635	9%	+ 16%
arrownet Usage Fees	672	705	733	737	769		+ 14%
Co-location Usage Fees	873	787	783	789	841		(4%)
Others*3	728	744	1,037	1,117	1,024		+ 41%
Total	26,721	26,161	27,780	27,222	27,876	100%	+ 4%

*1 Figures are indicate percentage of Transaction Fees.

*2 Excluding Weekly Options.

*3 Including Proximity Usage Fees.

Referential Financial Data

➤ Operating Expenses

(JPY mil.)

	FY2016					FY2017
	Q1 (Apr. 1, 2016– Jun. 30, 2016)	Q2 (Jul. 1, 2016– Sep. 30, 2016)	Q3 (Oct. 1, 2016– Dec. 31, 2016)	Q4 (Jan. 1, 2017– Mar. 31, 2017)	Total	Q1 (Apr. 1, 2017– Jun. 30, 2017)
Personnel expenses	3,684	3,808	3,662	4,459	15,614	3,893
System maintenance & operation expenses	3,064	2,596	2,446	2,705	10,813	2,630
Depreciation & amortization	3,180	3,043	2,301	2,458	10,983	2,312
Rent expenses on real estates	1,131	1,000	962	968	4,062	970
Other	2,008	2,075	2,187	2,440	8,711	2,161
Total	13,069	12,523	11,559	13,032	50,185	11,968

Referential Financial Data

➤ Consolidated Statement of Financial Position

	As of Mar. 31,2017	As of Jun. 30,2017
Assets		
Current assets		
Cash and cash equivalents	73,553	48,935
Trade and other receivables	9,774	13,133
*1 Clearing business financial assets	37,555,555	34,190,059
*2 Specified assets for deposits from clearing participants	3,374,863	3,340,642
*3 Specified assets for legal guarantee funds	474	491
Income tax receivables	8,507	14,348
Other financial assets	73,800	80,100
Other current assets	1,626	1,210
Total current assets	41,098,156	37,688,921
Non-current assets		
Property and equipment	5,140	5,291
Goodwill	67,374	67,374
Intangible assets	30,596	30,059
Retirement benefit assets	5,202	5,188
Investments accounted for using the equity method	8,809	9,110
*5 Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	36,275	35,109
Other non-current assets	5,793	5,852
Deferred tax assets	3,635	3,630
Total non-current assets	190,775	189,565
Total assets	41,288,932	37,878,487

*1 Japan Securities Clearing Corporation (JSCC) guarantees settlement as a clearinghouse for financial instruments transactions by assuming obligations for trades by market participants to become the counterparty for such trades, posting claims and obligations for cleared trades under clearing business financial assets and liabilities.

*2 Deposits from clearing participants requested by JSCC for covering the risk of clearing participants defaulting on their obligations.

*3 Deposits from trading participants requested by Tokyo Stock Exchange (TSE) and Osaka Exchange (OSE) for covering the risk at entrusting parties, etc. of trading participants defaulting on their obligations.

*4 Deposits from trading participants requested by TSE and OSE for covering the risk of trading participants defaulting on their obligations.

*5 Reserve funds for compensating losses incurred by JSCC in clearing operations.

*6 Including reserve funds for compensating losses incurred by JSCC in clearing operations.

	As of Mar. 31,2017	As of Jun. 30,2017
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,190	2,540
Bonds and loans payable	22,500	32,500
*1 Clearing business financial liabilities	37,555,555	34,190,059
*2 Deposits from clearing participants	3,374,863	3,340,642
*3 Legal guarantee funds	474	491
*4 Trading participant security money	8,142	7,425
Income tax payables	9,210	4,575
Other current liabilities	5,339	12,365
Total current liabilities	40,979,276	37,590,600
Non-current liabilities		
Bonds and loans payable	29,933	19,935
Retirement benefit liabilities	7,357	7,402
Other non-current liabilities	3,693	3,577
Deferred tax liabilities	4,900	4,546
Total non-current liabilities	45,884	35,461
Total liabilities	41,025,161	37,626,061
Equity		
Share capital	11,500	11,500
Capital surplus	59,722	59,720
Treasury shares	(13,506)	(20,957)
Other components of equity	11,604	10,800
*6 Retained earnings	188,634	185,442
Total equity attributable to owners of the parent company	257,955	246,505
Non-controlling interests	5,815	5,920
Total equity	263,770	252,425
Total liabilities and equity	41,288,932	37,878,487

Major Product Data

➤ Trading Volume/Value

	FY2016				FY2017
	Q1 (Apr. 1, 2016– Jun. 30, 2016)	Q2 (Jul. 1, 2016– Sep. 30, 2016)	Q3 (Oct. 1, 2016– Dec. 30, 2016)	Q4 (Jan. 1, 2017– Mar. 31, 2017)	Q1 (Apr. 1, 2017– Jun. 30, 2017)
Trading Value of Cash Equities (JPY mil.)					
TSE 1st/2nd Section *1	149,927,942	151,897,987	169,767,175	158,600,881	171,062,156
Mothers *1	12,553,461	5,481,621	5,285,439	6,691,962	7,966,933
JASDAQ *1	3,007,765	2,360,710	2,892,175	3,364,573	3,989,261
ETFs/ETNs and REITs etc. *2	20,067,756	15,399,947	14,794,360	12,560,957	11,753,106
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)					
TOPIX Futures	5,356,506	5,042,339	5,914,516	5,728,191	5,923,582
Total Nikkei 225 Futures/mini *3	12,015,630	10,163,636	11,658,150	11,303,925	10,954,359
Nikkei 225 Futures	6,442,034	5,454,262	6,403,675	5,741,396	5,623,843
Nikkei 225 mini	55,735,969	47,093,746	52,544,759	55,625,293	53,305,166
Nikkei 225 Options (JPY mil.) *4	1,751,195	1,258,955	1,743,221	1,328,324	1,308,324
10-year JGB Futures	1,744,496	1,741,404	1,719,661	1,793,935	1,861,187

➤ Average Daily Trading Volume/Value

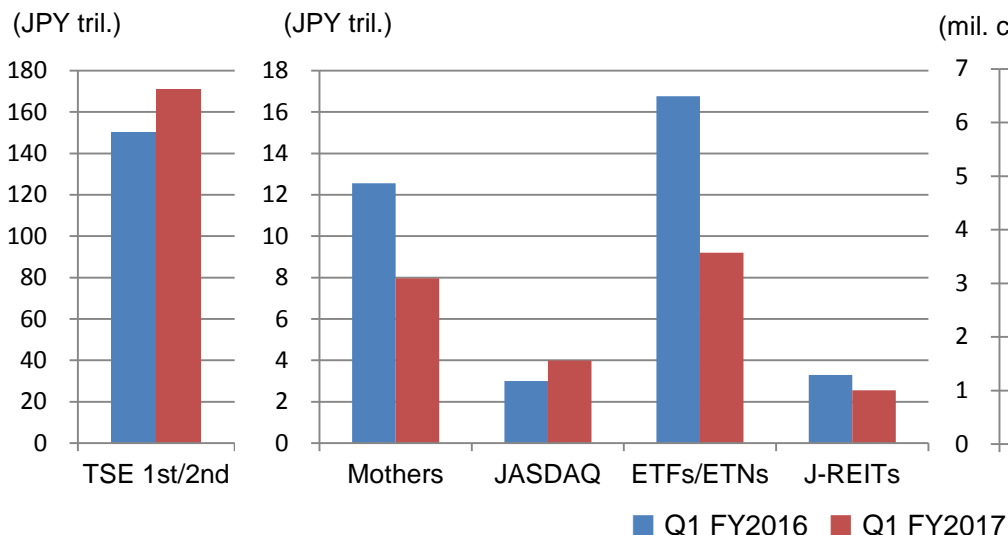
	FY2016				FY2017
	Q1 (Apr. 1, 2016– Jun. 30, 2016)	Q2 (Jul. 1, 2016– Sep. 30, 2016)	Q3 (Oct. 1, 2016– Dec. 30, 2016)	Q4 (Jan. 1, 2017– Mar. 31, 2017)	Q1 (Apr. 1, 2017– Jun. 30, 2017)
Trading Value of Cash Equities (JPY mil.) *5	3,041,917	2,824,872	3,159,659	2,970,794	3,141,476
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)					
TOPIX Futures	87,812	81,328	96,959	93,905	95,542
Total Nikkei 225 Futures/mini *3	196,978	163,930	191,117	185,310	176,683
Nikkei 225 Futures	105,607	87,972	104,978	94,121	90,707
Nikkei 225 mini	913,704	759,577	861,389	911,890	859,761
Nikkei 225 Options (JPY mil.) *4	28,708	20,306	28,577	21,776	21,102
10-year JGB Futures	28,598	28,087	28,191	29,409	30,019

*1 Value of auction and off-auction trading of common stocks. *2 Total value of auction and off-auction trading. *3 Contracts of Nikkei 225 mini are calculated using a factor of 1/10.

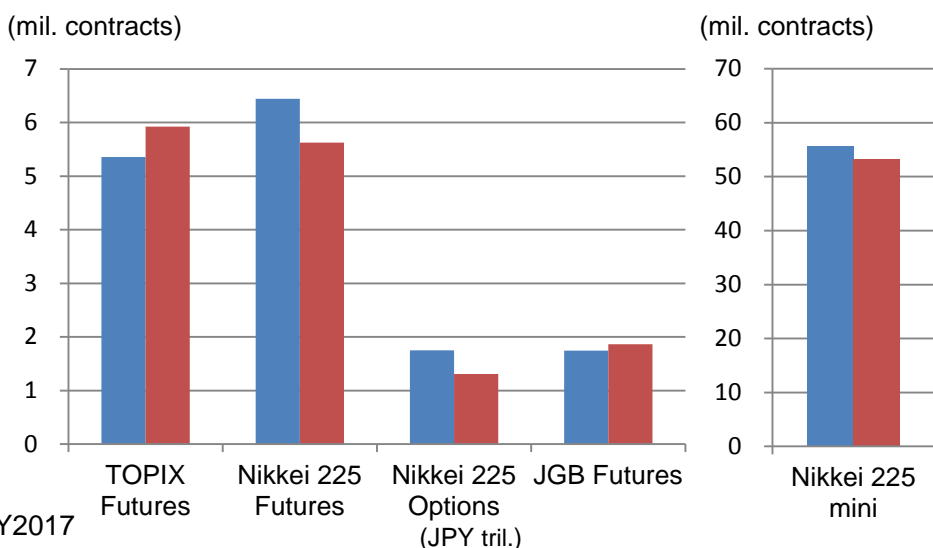
*4 Excluding Weekly Options. *5 Total value of daily averages of auction and off-auction trading of common stocks on 1st/2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, and ETFs/ETNs, REITs etc.

Major Product Data

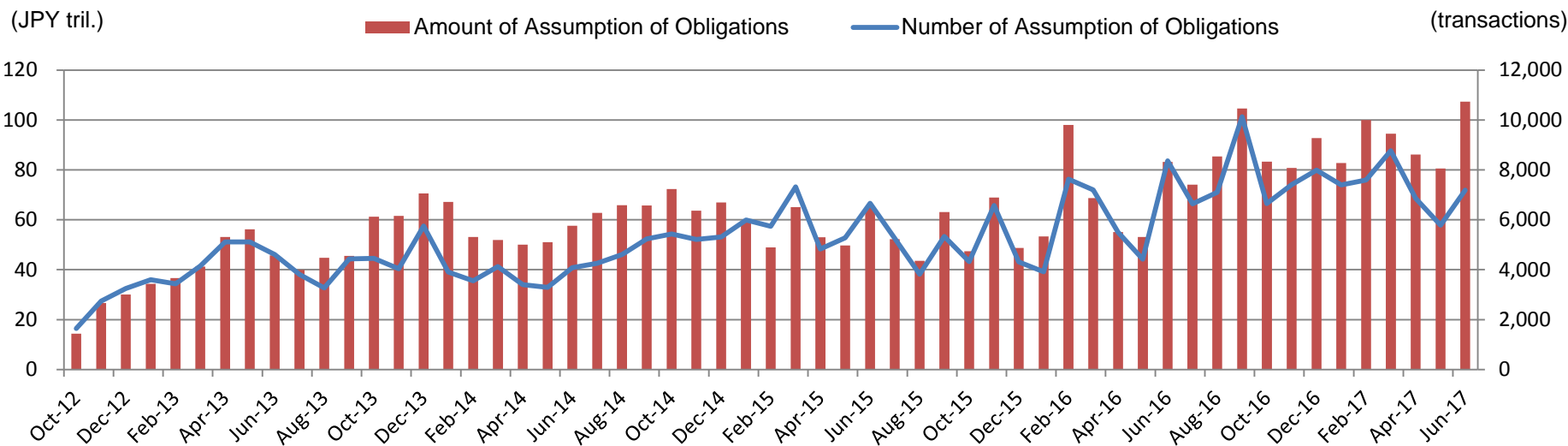
➤ Quarterly Trading Value for Cash Equities



➤ Quarterly Trading Volume for Derivatives



➤ Number and Amount of Assumption of Obligations (Interest Rate Swaps)



Changes in Investor Benefit Program

1. Purpose of Changes

- Every year since 2013, JPX has offered QUO cards (cash vouchers for use in Japan) worth JPY 3,000 to both retail and institutional investors who hold at least 100 shares of JPX stock as of the end of March as simple tokens of appreciation to our shareholders.
- With the aim of offering better recognition for the support of those who continue to hold JPX stock, JPX has decided to make the following changes while remaining faithful to the principles of the investor benefit program.

2. Summary

No. of shares held	Before changes	After changes	
	Benefit awarded	*Holding period	Benefit awarded
At least 1 share unit (100 shares)	1 QUO card worth JPY 3,000 regardless of holding period	<1 year	1 QUO card worth JPY 1,000
		≥1 year, but <2 years	1 QUO card worth JPY 2,000
		≥2 years, but <3 years	1 QUO card worth JPY 3,000
		≥3 years	1 QUO card worth JPY 4,000

*Holding periods apply to each unique investor number for which, throughout the extent of the indicated period, the shareholder was entered or recorded as of the end of March and the end of September in our register of shareholders the following amount of times: For at least 1 year: 3 times; For at least 2 years: 5 times; For at least 3 years: 7 times

3. Effective Term

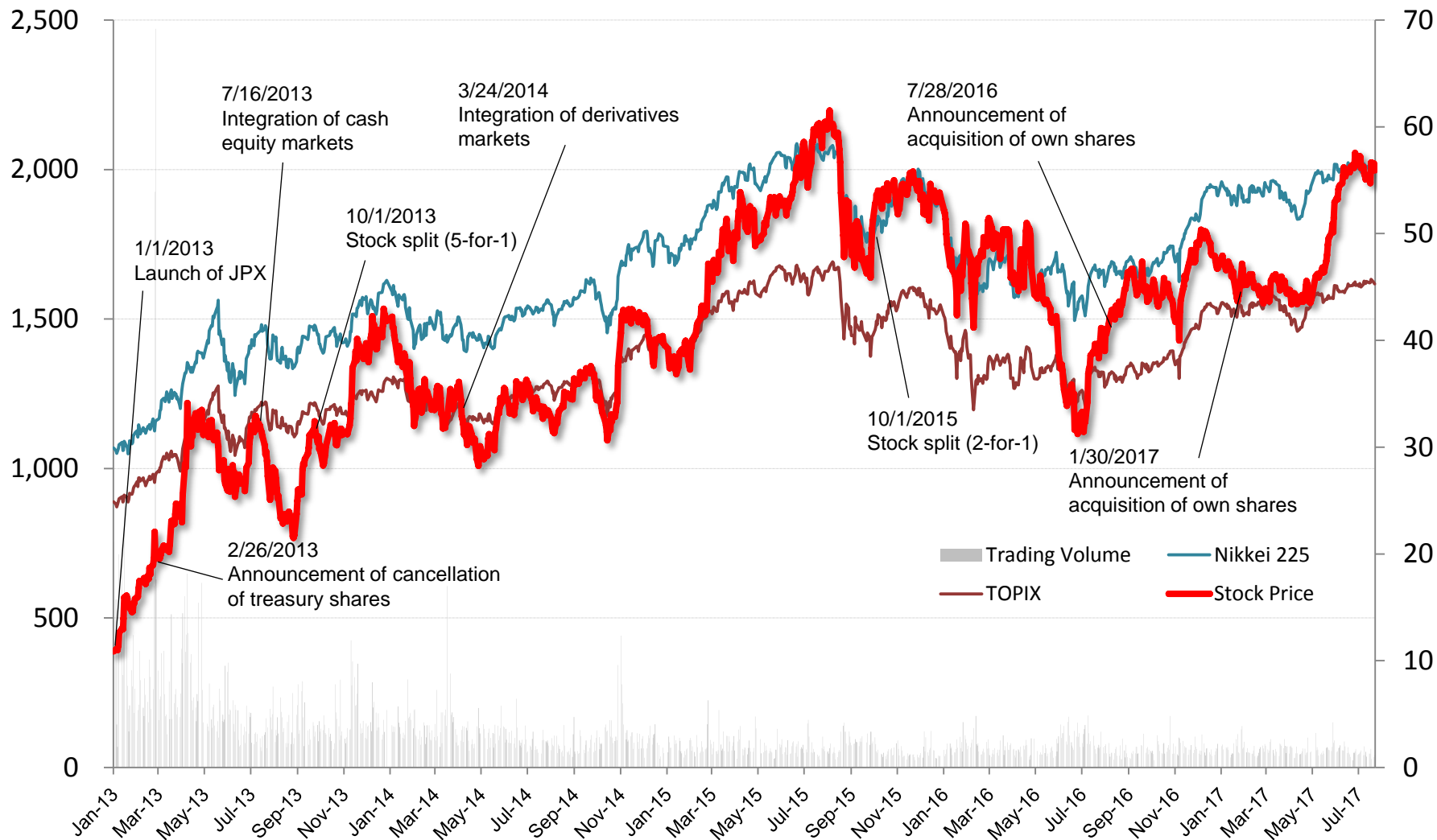
- The changes will apply to shareholders who were entered or recorded in our register of shareholders as of the end of March 2018.
- ✕However, JPX will offer one QUO card worth JPY 3,000 to each shareholder who has been confirmed to have remained in possession of JPX stock since the end of September 2017 and whose holding period is less than two years out of the shareholders in the register as of the end of March 2018 and the end of March 2019.



JPX Stock Price

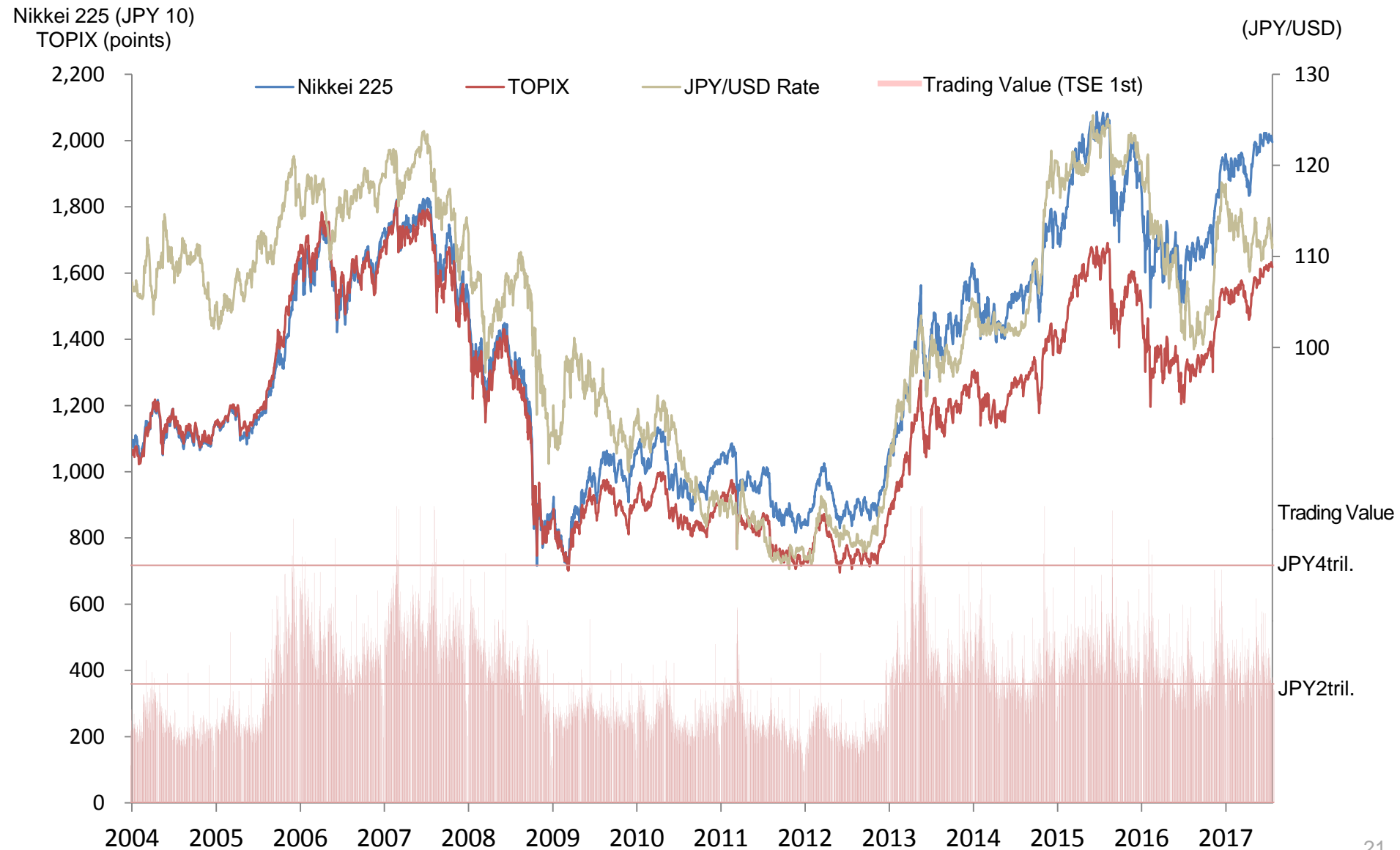
JPX Stock Price (JPY)
Nikkei 225 (JPY 10)
TOPIX (points)

Trading Volume
(mil. shares)



Listed on both the TSE1st Section and JASDAQ from January 1 to July 15, 2013. Prices above are prices on the TSE1st Section. Trading volumes above are the total of those on TSE1st Section and JASDAQ. Two stock splits were conducted separately with respective effective dates of October 1, 2013 and October 1, 2015. Stock prices and trading volume before said stock splits were converted to reflect both events.

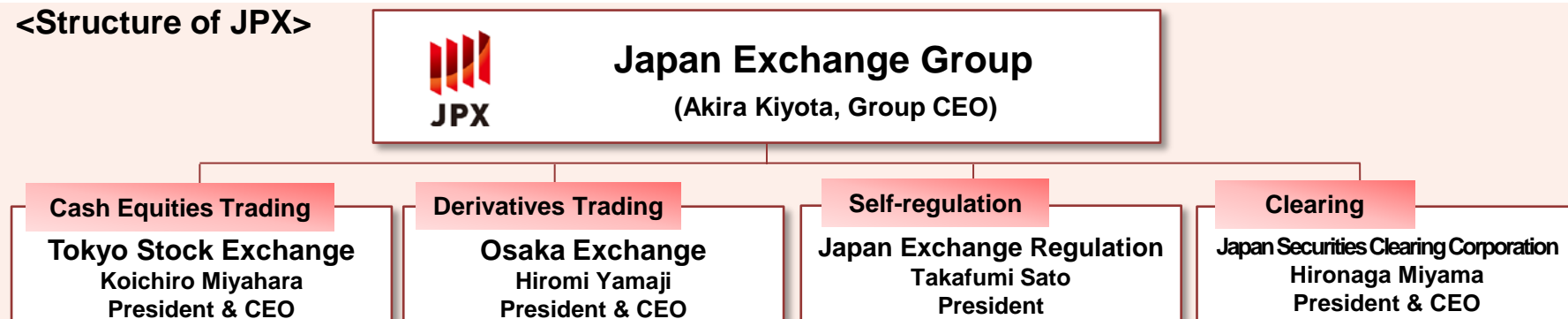
Japanese Stock Market



Outline of JPX Stock

Stock Code	8697
Listed Exchange	Tokyo Stock Exchange 1 st Section
Fiscal Year End	March 31
Annual General Shareholders Meeting	June
Record Date	Annual general shareholders meeting: March 31 Year-end dividend: March 31 Interim dividend: September 30
Number of Shares in One Trading Unit	100 shares
Total number of shares issued	549,069,100 shares
Basic Policy on Profit Distribution	<p>JPX adopts a dividend policy with a target payout ratio of about 60% tied to business performance while giving due consideration to the importance of internal reserves for the following purposes:</p> <ul style="list-style-type: none"> • Maintaining sound financial health as a financial instruments exchange group, • Preparing for risks as a clearing organization, and • Enabling the group to pursue investment opportunities to raise the competitiveness of its markets as they arise.

<Structure of JPX>



Disclaimer

These materials are prepared solely for the purpose of providing information regarding Japan Exchange Group Inc., and as such, they are not intended as an offer or sale of securities or other similar action whether inside or outside Japan. Our securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

These materials contain forward-looking statements. These statements are based on our assumptions and beliefs in light of the information currently available to us and are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of these materials. We disclaim any obligation to update any of the forward-looking statements contained in these materials to reflect future actual events or developments.