



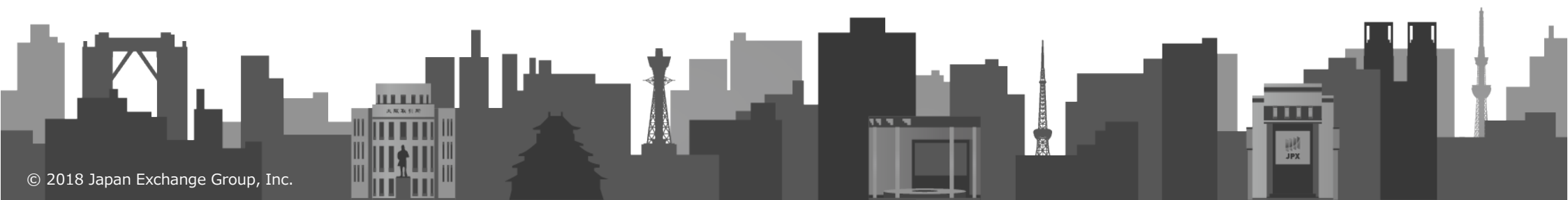
JPX
JAPAN EXCHANGE
GROUP

Overview of Earnings for Q1 FY2018

Your Exchange of Choice

Japan Exchange Group, Inc.

July 30, 2018



1 Business Developments

2 Overview of Earnings for Q1 FY2018〔IFRS〕

3 Reference Materials



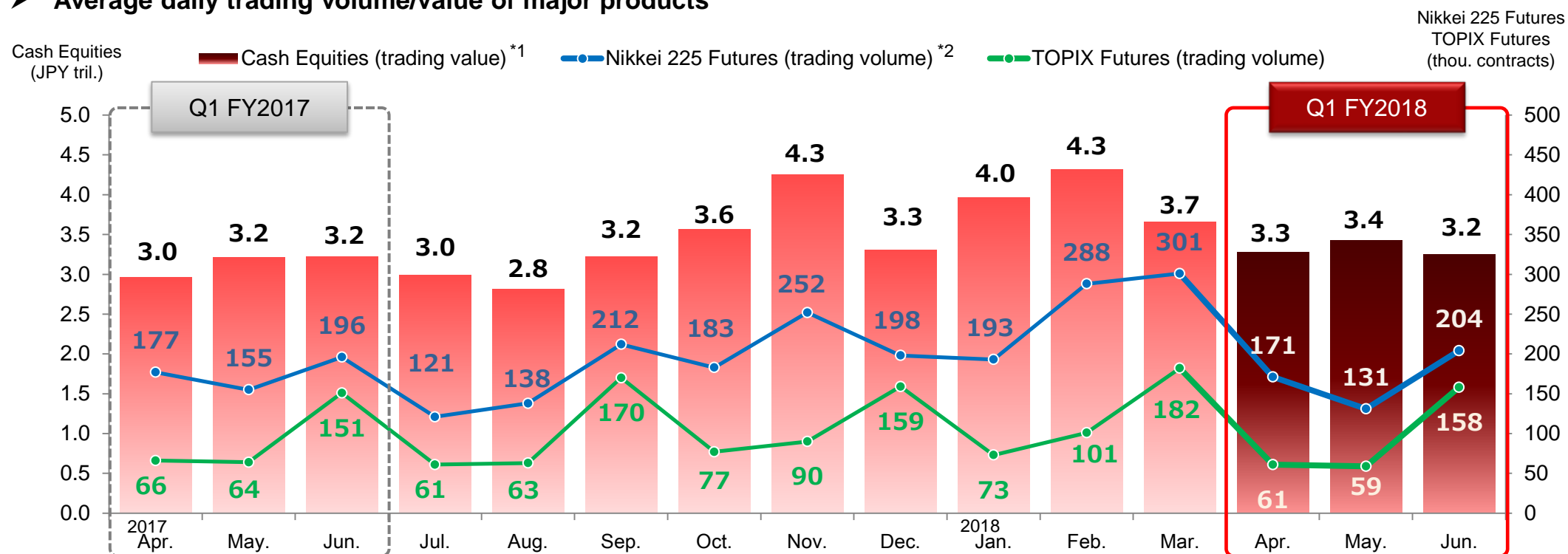
I. Business Developments

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



- Average daily trading value of cash equities increased 5.6% year on year to JPY 3.32 trillion, although it was below the level for the earnings estimates assumption of JPY 3.45 trillion.
- For derivatives, trading in those related to stock index prices was sluggish due to lowered volatility and other factors. Average daily trading volume of Nikkei 225 Futures decreased 4.5% year on year to approx. 169,000 contracts, and that of TOPIX Futures also decreased 2.5% year on year to approx. 93,000 contracts; whereas, that of 10-year JGB Futures increased 25.4% year on year to approx. 38,000 contracts.

➤ Average daily trading volume/value of major products



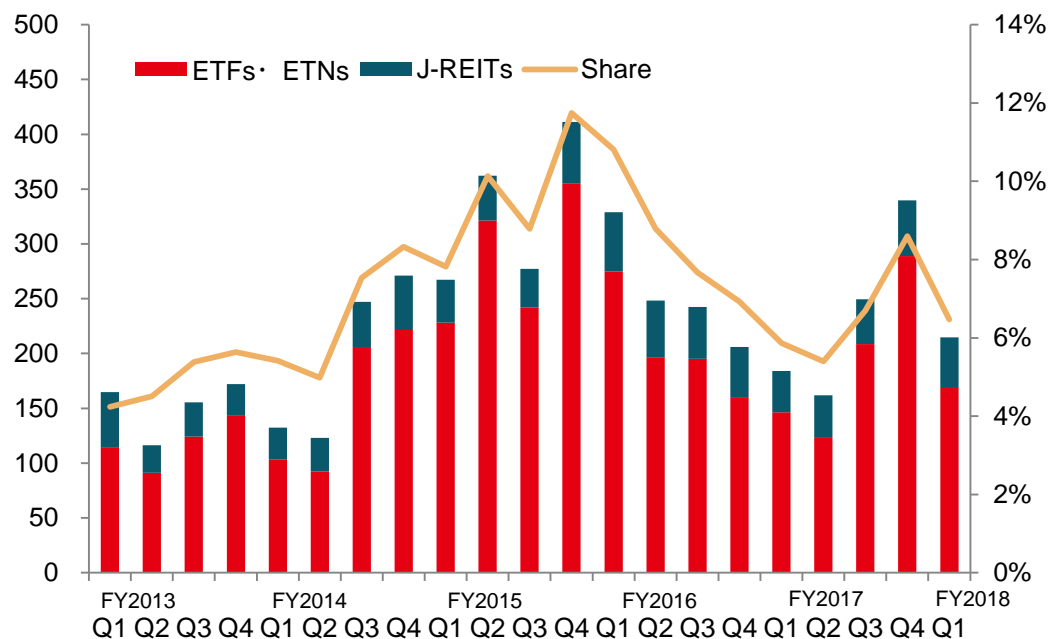
*1 Total value of daily averages of auction and off-auction trading of common stocks on 1st/2nd Sections, Mothers, JASDAQ, TOKYO PRO Market, and ETFs/ETNs, REITs etc.

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

- Average daily trading value of ETFs/ETNs and REITs turned downward due to a decrease in trading of leveraged/inverse ETFs but increased 16.8% year on year.
- ETF AUM, mainly that of ETFs tracking TOPIX, has been steadily increasing since FY2016.

➤ ADV of ETFs/ETNs and REITs

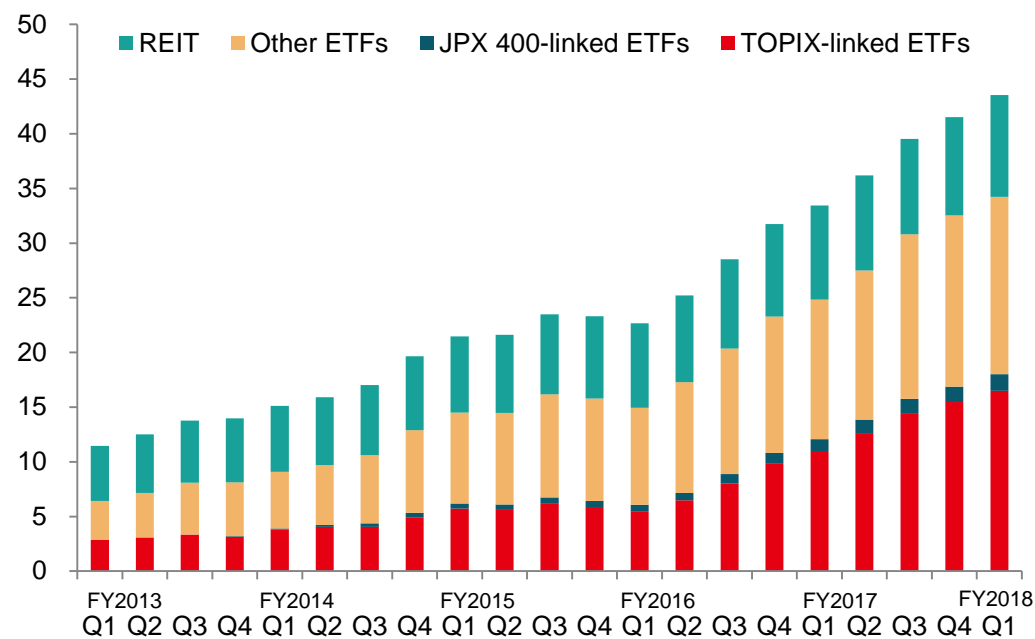
(JPY bil.)



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

➤ ETF / REIT AUM

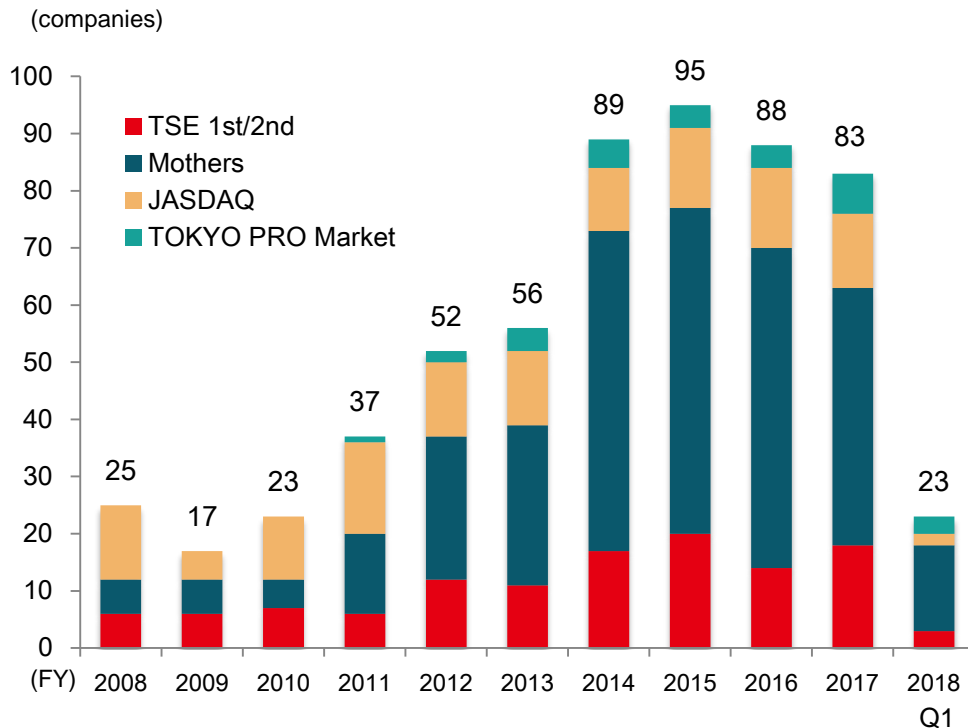
(JPY tril.)



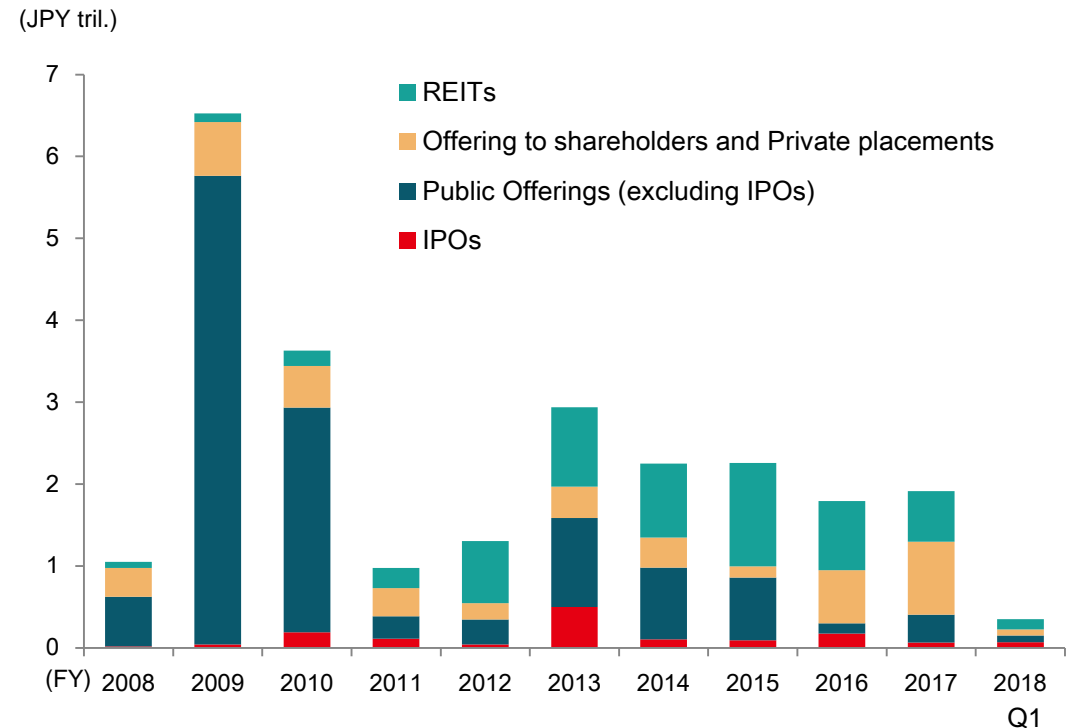
* Excludes foreign ETFs and REITs, as well as certain ETFs of different construction.

- The number of IPOs on TSE almost doubled to 23 compared to 12 in the same period a year earlier.
- The amount of funds raised by listed companies and REITs increased fourfold year over year from approx. JPY 80 billion to approx. JPY 350 billion.

➤ IPOs on TSE markets

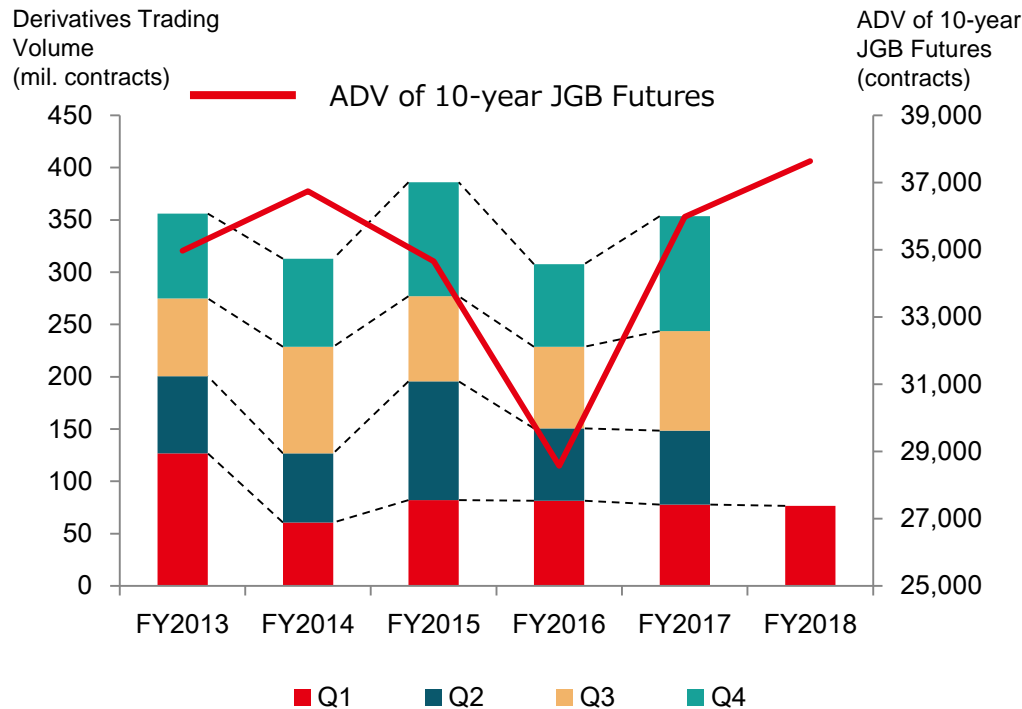


➤ Financing by Listed Companies and REITs

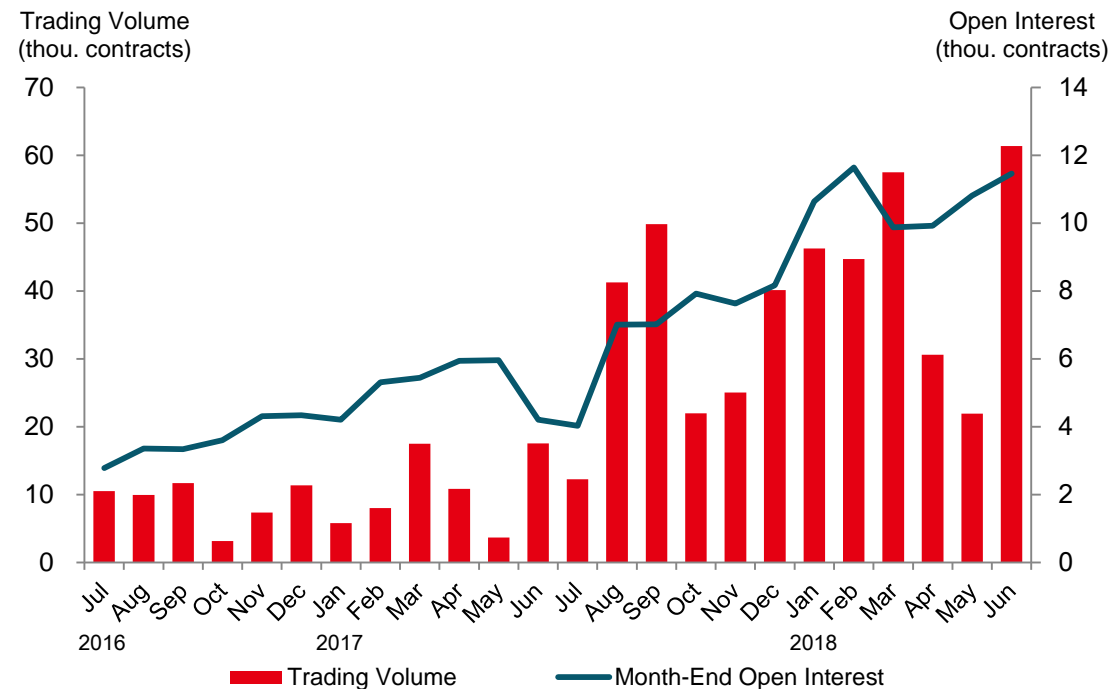


- Trading in 10-year JGB Futures increased while that in stock price index products decreased. Thus, trading volume of all products decreased 1.2% year on year.
- Trading and open interest of TSE Mothers Index Futures, which was launched in 2016, have steadily increased. Monthly trading volume reached a record high of 61,359 contracts in June.

➤ **Derivatives Trading Volume and ADV of 10-year JGB Futures**



➤ **TSE Mothers Index Futures Trading Volume and Month-End Open Interest**



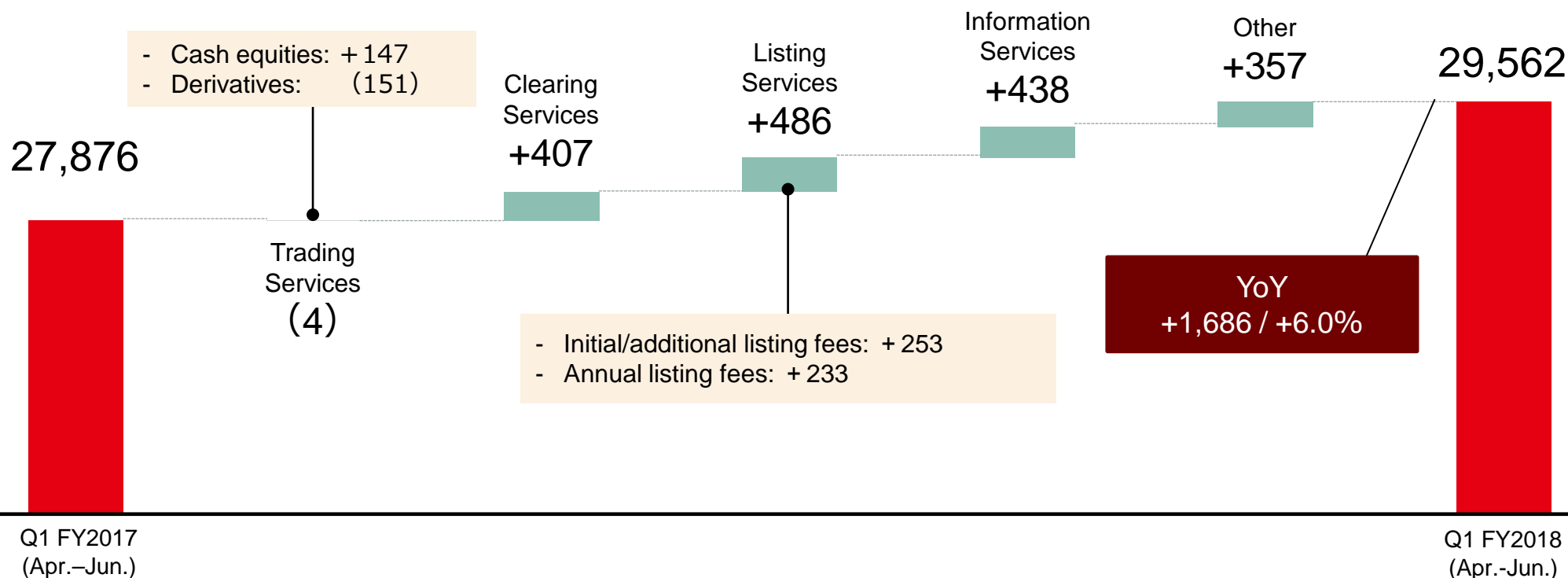
II. Overview of Earnings for Q1 FY2018〔IFRS〕 (April 1, 2018 – June 30, 2018)



Operating Revenue

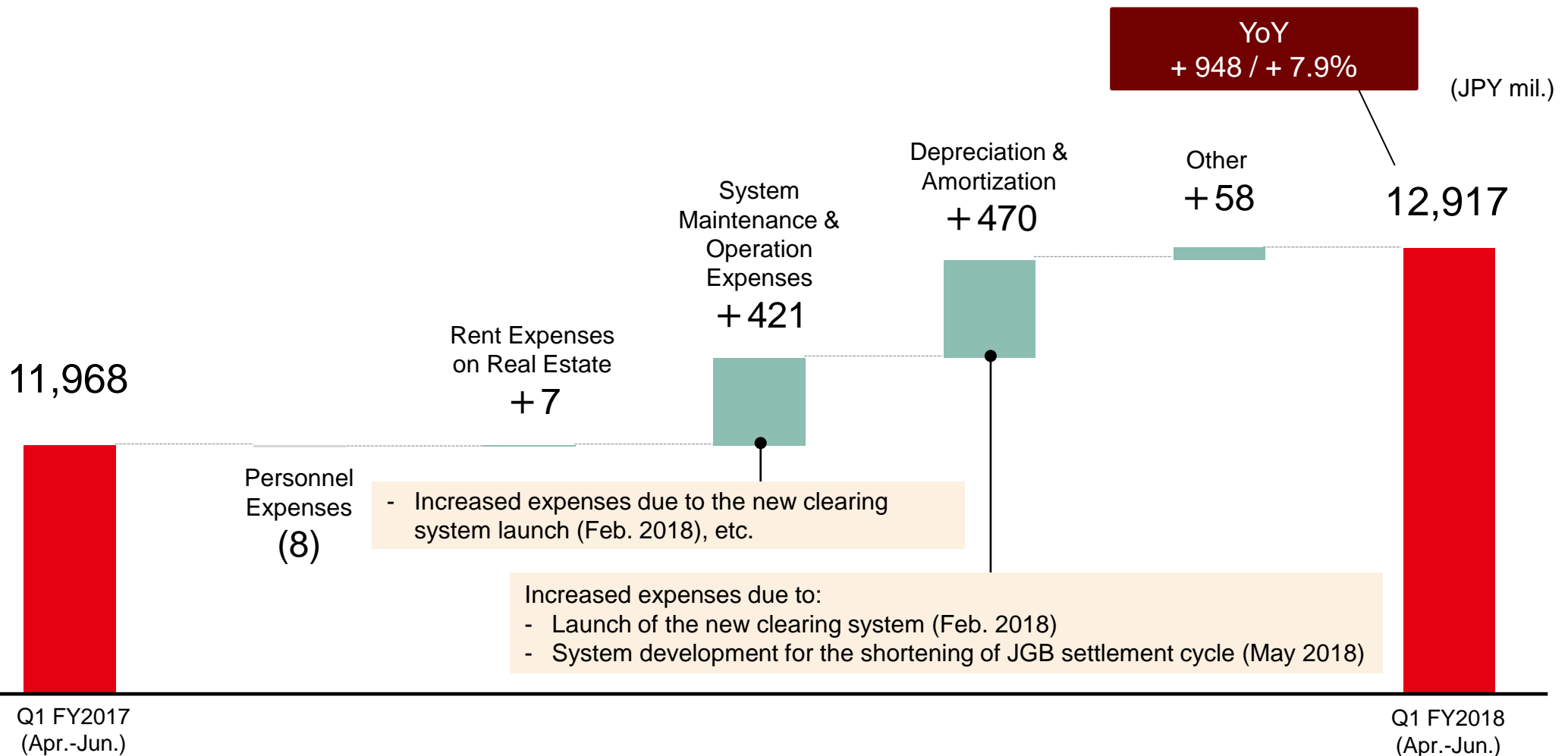
- Revenues from trading services were at the same levels as the same period a year earlier, with a slight increase in cash equities and a slight decrease in derivatives.
- Revenues from clearing services increased with the launch of the new fee structure related to clearing of JGB OTC transactions.
- Revenues from listing services grew due to a) an increase in annual listing fees resulting from the growth in ETF AUM, the number of listed companies, and the market capitalization and b) an increase in initial and additional listing fees resulting from an increase in fund-raising, including IPOs.
- Revenues from information services grew due to a) an increase in market data usage fees resulting from increased market data usage and b) an increase in index licensing fees resulting from the growth in ETF AUM.
- Other operating revenues increased due mainly to increased usage of co-location services.

(JPY mil.)



Operating Expenses

- System maintenance & operation expenses and depreciation & amortization increased due mainly to the launch of the new clearing system (Feb. 2018) and the system development for the shortening of JGB settlement cycle to T+1 (May 2018).



Highlights and FY2018 Forecast

- Operating expenses increased due to an increase in system-related cost. However, the increase in operating revenue, mainly from listing and information services, surpassed the increase in expenses. As a result, the quarterly net income increased 6.9% year on year.

(JPY mil.)

	Q1 (April – June)				Full-Year (April – March)		
	Q1 FY2017	Q1 FY2018			FY2017	FY2018 (Forecast)	
			y/y	FY2018%			y/y
Operating Revenue	27,876	29,562	+ 6.0%	24.0%	120,711	123,000	+ 1.9%
Operating Expenses	11,968	12,917	+ 7.9%	22.9%	50,902	56,500	+ 11.0%
Operating Income	16,440	17,413	+ 5.9%	25.6%	71,791	68,000	(5.3%)
Net Income* ¹	10,874	11,623	+ 6.9%	24.2%	50,484	48,000	(4.9%)
EBITDA	18,963	20,412			82,505	-	-
Dividend per share* ²	-	-			67.0yen	54.0yen	(13.0yen)
Of which is Ordinary Dividend	-	-			57.0yen	54.0yen	(3.0yen)
Of which is Commemorative Dividend	-	-			10.0yen	-	(10.0yen)

*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 FY2017	Q1 FY2018		FY2017	FY2018	
			y/y		(Assumptions for forecasts)	y/y
Cash Equities (trading value) * ¹	JPY 3,141.5 bil.	JPY 3,318.1 bil.	+ 5.6%	JPY 3,446.2 bil.	JPY 3,450.0 bil.	+ 0.1%
TOPIX Futures (trading volume)	95,542 contracts	93,179 contracts	(2.5%)	105,287 contracts	113,000 contracts	+ 7.3%
Nikkei 225 Futures (trading volume) * ²	176,683 contracts	168,804 contracts	(4.5%)	200,646 contracts	206,000 contracts	+ 2.7%
Nikkei 225 Options (trading value) * ³	JPY 21.1 bil.	JPY 20.7 bil.	(2.1%)	JPY 27.0 bil.	JPY 27.5 bil.	+ 1.8%
10-year JGB Futures (trading volume)	30,019 contracts	37,635 contracts	+ 25.4%	35,978 contracts	31,000 contracts	(13.8%)

*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.

Shortening of Settlement Cycles

- The JGB settlement cycle was shortened from T+2 to T+1. (May 1)
- The upper body of the assigned working group decided on an implementation date of Tue., Jul. 16, 2019 (trade date basis) for shortening the stock settlement cycle from T+3 to T+2. (May 28)

Launch of Flexible Options

- Flexible Options that allow flexible setting of exercise dates and strike prices launched. (Jun. 25)
- The launch was a response to an increasing need to trade derivatives listed on the exchange after the global financial crisis. Under international agreements, regulators in Japan and other countries have moved forward in adopting rules for OTC derivatives.

Establishment of Sustainability Committee

- Considering a recent trend where ESG (environmental, social, and governance) investment has increasingly grown in importance, JPX announced the establishment of a Sustainability Committee. (Jun. 20)
- JPX hopes to contribute to the spread of ESG investment and the establishment of a sustainable society in collaboration with domestic and foreign public institutions, investors, listed companies, market participants, and partner exchanges of the world participating in the Sustainable Stock Exchanges Initiative.

Listing of the First Social Bond

- The JICA Bond, issued by Japan International Cooperation Agency (JICA), was listed on Tokyo Pro-Bond Market (Jun. 29) and became the first bond on TSE's Green and Social Bonds Platform, which was launched on Jan. 22, 2018.



III. Reference Materials



➤ Quarterly Business Performance

(JPY mil.)

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	y/y
Operating Revenue	27,876	27,885	32,099	32,850	29,562	+6.0%
Operating Expenses	11,968	12,015	12,224	14,693	12,917	+7.9%
Operating Income	16,440	16,368	20,282	18,700	17,413	+5.9%
Net Income *1	10,874	11,818	14,502	13,289	11,623	+6.9%
EBITDA	18,963	19,235	22,808	21,499	20,412	+7.6%

➤ Annual Business Performance

(JPY mil.)

	FY2013	FY2014	FY2015	FY2016	FY2017
Operating Revenue	113,846	106,167	114,776	107,885	120,711
Operating Expenses	59,244	52,863	50,925	50,185	50,902
Operating Income	53,343	53,529	66,271	59,377	71,791
Net Income *1	33,304	34,427	44,877	42,124	50,484
EBITDA	68,296	65,743	77,791	71,595	82,505

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

*2 Voluntary use of IFRS applicable as of fiscal year-end settlement for FY2014 and applied retroactively to figures for FY2013.

➤ Quarterly Operating Revenue

(JPY mil.)

	FY2017				FY2018		
	Q1	Q2	Q3	Q4	Q1		
					Ratio	y/y	
Trading services revenue	11,945	11,727	13,857	14,235	11,941	40%	(0.0%)
Transaction Fees	9,626	9,416	11,506	11,880	9,622		(0.0%)
Cash Equities	7,091	6,963	8,165	8,433	7,231	75%*1	+ 2.0%
Derivatives	2,535	2,453	3,340	3,447	2,391	25%*1	(5.7%)
TOPIX Futures	491	496	550	567	464		(5.5%)
Nikkei 225 Futures (incl. mini)	1,044	942	1,277	1,427	946		(9.4%)
Nikkei 225 Options *2	621	581	1,009	936	500		(19.5%)
10-year JGB Futures	353	409	451	458	442		+ 25.1%
Others	24	23	50	57	37		+ 51.0%
Basic Fees	262	262	261	257	257		(1.8%)
Access Fees	1,225	1,189	1,211	1,225	1,188		(3.0%)
Trading System Facilities Usage Fees	809	837	850	843	851		+ 5.1%
Others	20	21	27	28	22		+ 5.6%
Clearing services revenue	5,664	5,311	6,335	6,163	6,072	21%	+ 7.2%
Listing services revenue	2,768	3,263	4,194	4,320	3,254	11%	+ 17.6%
Initial/Additional Listing Fees	520	1,005	1,709	1,767	773		+ 48.6%
Annual Listing Fees	2,248	2,258	2,484	2,552	2,481		+ 10.4%
Information services revenue	4,862	4,871	4,935	5,209	5,300	18%	+ 9.0%
Other	2,635	2,711	2,776	2,921	2,993	10%	+ 13.6%
arrownet Usage Fees	769	785	779	787	796		+ 3.6%
Co-location Usage Fees	841	855	894	915	943		+ 12.0%
Others*3	1,024	1,070	1,102	1,219	1,253		+ 22.3%
Total	27,876	27,885	32,099	32,850	29,562	100%	+ 6.0%

*1 Figures are indicate percentage of Transaction Fees.

*2 Excluding Weekly Options.

*3 Including Proximity Usage Fees.

➤ Annual Operating Revenue

(JPY mil.)

	FY2013	FY2014	FY2015	FY2016	FY2017
Trading services revenue	54,155	48,698	52,471	45,703	51,766
Clearing services revenue	20,334	20,092	23,140	21,454	23,473
Listing services revenue	12,308	12,249	13,250	12,903	14,547
Information services revenue	16,116	16,311	17,706	18,112	19,878
Other	10,931	8,815	8,208	9,711	11,045
Total	113,846	106,167	114,776	107,885	120,711

*1 Voluntary use of IFRS applicable as of fiscal year-end settlement for FY2014 and applied retroactively to figures for FY2013

➤ Quarterly Operating Expenses

(JPY mil.)

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	y/y
Personnel expenses	3,893	3,768	3,915	4,752	3,884	(0.2%)
System maintenance & operation expenses	2,630	3,014	2,877	3,578	3,051	+16.0%
Depreciation & amortization	2,312	2,289	2,299	2,530	2,782	+20.3%
Rent expenses on real estates	970	977	976	979	978	+0.8%
Other	2,161	1,965	2,156	2,852	2,219	+2.7%
Total	11,968	12,015	12,224	14,693	12,917	+7.9%

➤ Annual Operating Expenses

(JPY mil.)

	FY2013	FY2014	FY2015	FY2016	FY2017
Personnel expenses	15,101	15,265	16,437	15,614	16,329
System maintenance & operation expenses	11,642	9,947	11,923	10,813	12,100
Depreciation & amortization	13,413	10,803	9,973	10,983	9,431
Rent expenses on real estates	5,900	5,959	4,620	4,062	3,904
Other	13,185	10,888	7,970	8,711	9,136
Total	59,244	52,863	50,925	50,185	50,902

*1 Voluntary use of IFRS applicable as of fiscal year-end settlement for FY2014 and applied retroactively to figures for FY2013.

*2 From FY2015, a portion of subsidiary Tosho System Service expenses are now included under "System maintenance & operation expenses" rather than "Other".

➤ Consolidated Statement of Financial Position

	As of Mar. 31,2018	As of Jun. 30,2018
Assets		
Current assets		
Cash and cash equivalents	78,999	45,110
Trade and other receivables	11,841	14,205
*1 Clearing business financial assets	37,311,964	31,935,406
*2 Specified assets for deposits from clearing participants	3,621,319	3,538,758
*3 Specified assets for legal guarantee funds	491	495
Income tax receivables	6,191	14,300
Other financial assets	86,700	97,200
Other current assets	1,814	1,543
Total current assets	41,119,322	35,647,020
Non-current assets		
Property and equipment	5,209	5,409
Goodwill	67,374	67,374
Intangible assets	34,208	33,812
Retirement benefit assets	5,956	5,938
Investments accounted for using the equity method	10,407	10,936
*5 Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	36,252	33,616
Other non-current assets	5,774	6,165
Deferred tax assets	3,887	3,908
Total non-current assets	197,019	195,110
Total assets	41,316,341	35,842,130

*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. 31,2018	As of Jun. 30,2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,591	3,669
Bonds and loans payable	32,500	32,500
*1 Clearing business financial liabilities	37,311,964	31,935,406
*2 Deposits from clearing participants	3,621,319	3,538,758
*3 Legal guarantee funds	491	495
*4 Trading participant security money	7,402	8,324
Income tax payables	14,253	5,285
Other current liabilities	7,599	14,651
Total current liabilities	41,001,120	35,539,091
Non-current liabilities		
Bonds and loans payable	19,940	19,941
Retirement benefit liabilities	7,624	7,705
Other non-current liabilities	3,392	3,322
Deferred tax liabilities	4,526	4,003
Total non-current liabilities	35,484	34,973
Total liabilities	41,036,604	35,574,065
Equity		
Share capital	11,500	11,500
Capital surplus	39,716	39,716
Treasury shares	(953)	△953
Other components of equity	10,816	9,632
*6 Retained earnings	212,691	202,048
Total equity attributable to owners of the parent company	273,771	261,944
Non-controlling interests	5,965	6,120
Total equity	279,736	268,065
Total liabilities and equity	41,316,341	35,842,130

➤ Sale of SGX Shares (thou. shares, JPY mil.)

	FY2018
	Q1
Shares sold (% of shareholding)*	2,947 (5.6%)
Total value sold	1,766

* Percentage of shareholding of 53,051,000 shares as of Mar. 30, 2018

➤ Assets, Liabilities, and Equity

For assets and liabilities of JPX Group, "clearing business financial assets and liabilities^{*1}" assumed by JSCC as a clearing organization and "deposits from clearing participants^{*2}" deposited by clearing participants as collateral are included under both assets and liabilities. "Clearing business financial assets and liabilities^{*1}" and "deposits from clearing participants^{*2}" 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^{*3}", "trading participant security money^{*4}", and "default compensation reserve funds^{*5}" based on the rules for securing safety of financial instruments transactions are included under assets and liabilities or equity.

The figures shown in parentheses in the table below are those calculated by excluding "clearing business financial assets^{*1}", "deposits from clearing participants^{*2}", "legal guarantee funds^{*3}", and "default compensation reserve funds^{*5}" for total assets, and by excluding "default compensation reserve funds^{*5}" for total equity and total equity attributable to owners of the parent company.

	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
	JPY mil.	JPY mil.	JPY mil.	%
FY2018 Q1	35,842,130 (339,521)	268,065 (240,116)	261,944 (233,996)	0.7 (68.9)
FY2017	41,316,341 (354,618)	279,736 (251,788)	273,771 (245,823)	0.7 (69.3)

* The footnotes from page 18 also apply in those the contents of this page.

Major Products Data

➤ Trading Volume/Value

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	y/y
Trading Value of Cash Equities (JPY mil.)						
TSE 1st/2nd Section *1	171,062,156	164,715,133	201,603,224	200,925,992	182,376,015	+ 6.6%
Mothers *1	7,966,933	6,187,748	6,629,270	6,516,505	5,811,987	(27.0%)
JASDAQ *1	3,989,261	5,041,366	5,572,163	6,819,305	4,218,451	+ 5.7%
ETFs/ETNs and REITs etc. *2	11,753,106	10,040,266	15,461,477	20,040,487	13,318,008	+ 13.3%
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)						
TOPIX Futures	5,923,582	5,999,667	6,741,170	7,130,795	5,777,114	(2.5%)
Total Nikkei 225 Futures/mini *3	10,954,359	9,714,897	13,033,117	15,455,955	10,465,860	(4.5%)
Nikkei 225 Futures	5,623,843	5,107,803	6,581,453	7,717,706	5,250,091	(6.6%)
Nikkei 225 mini	53,305,166	46,070,943	64,516,648	77,382,492	52,157,697	(2.2%)
Nikkei 225 Options (JPY mil.) *4	1,308,324	1,138,990	2,072,404	2,098,472	1,280,840	(2.1%)
10-year JGB Futures	1,861,187	2,155,128	2,380,015	2,418,270	2,333,374	+ 25.4%

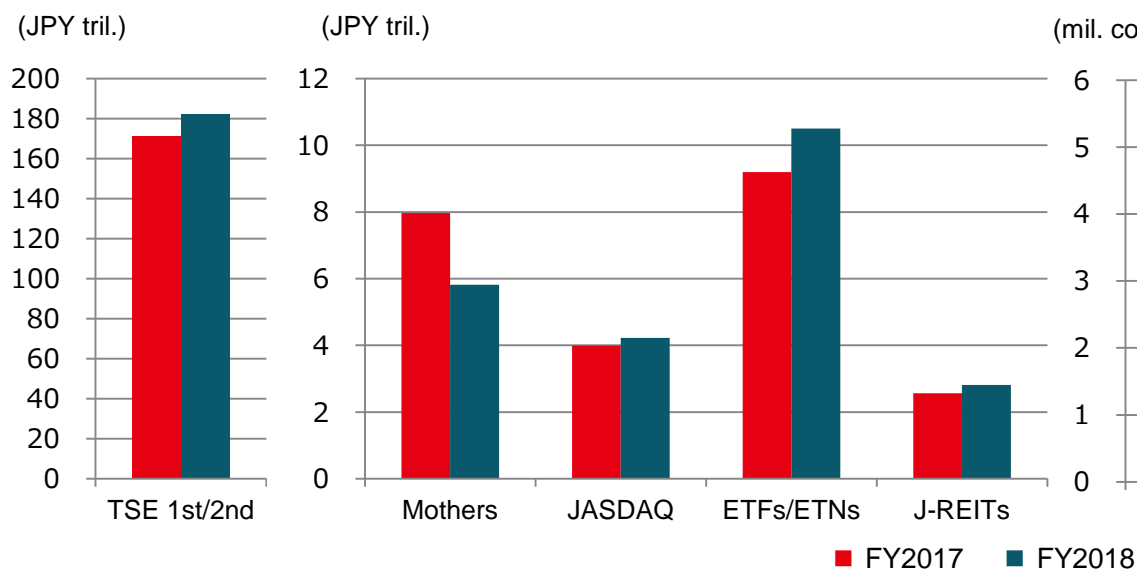
➤ Average Daily Trading Volume/Value

	FY2017				FY2018	
	Q1	Q2	Q3	Q4	Q1	y/y
Trading Value of Cash Equities (JPY mil.) *5						
	3,141,476	2,999,770	3,697,841	3,971,226	3,318,138	+ 5.6%
Derivatives Trading Volume (contracts) (Trading Value for Nikkei 225 Options)						
TOPIX Futures	95,542	96,769	108,729	120,861	93,179	(2.5%)
Total Nikkei 225 Futures/mini *3	176,683	156,692	210,212	261,965	168,804	(4.5%)
Nikkei 225 Futures	90,707	82,384	106,152	130,809	84,679	(6.6%)
Nikkei 225 mini	859,761	743,080	1,040,591	1,311,568	841,253	(2.2%)
Nikkei 225 Options (JPY mil.) *4	21,102	18,371	33,426	35,567	20,659	(2.1%)
10-year JGB Futures	30,019	34,760	38,387	40,988	37,635	+ 25.4%

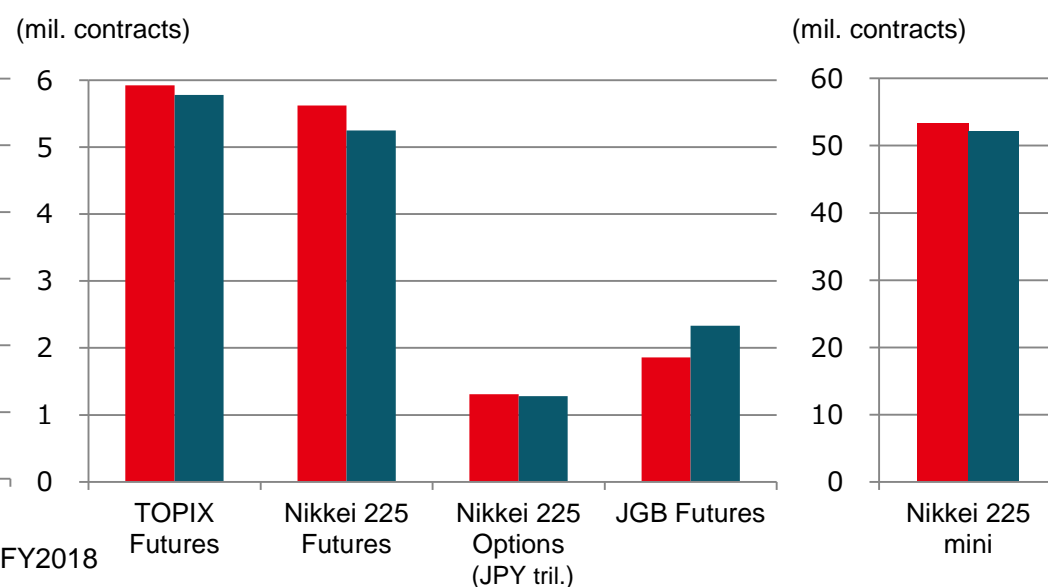
*1 Value of auction and off-auction trading of common stocks. *2 Total value of auction and off-auction trading. *3 Contracts of Nikkei 225 mini are calculated using a factor of 1/10.

*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.

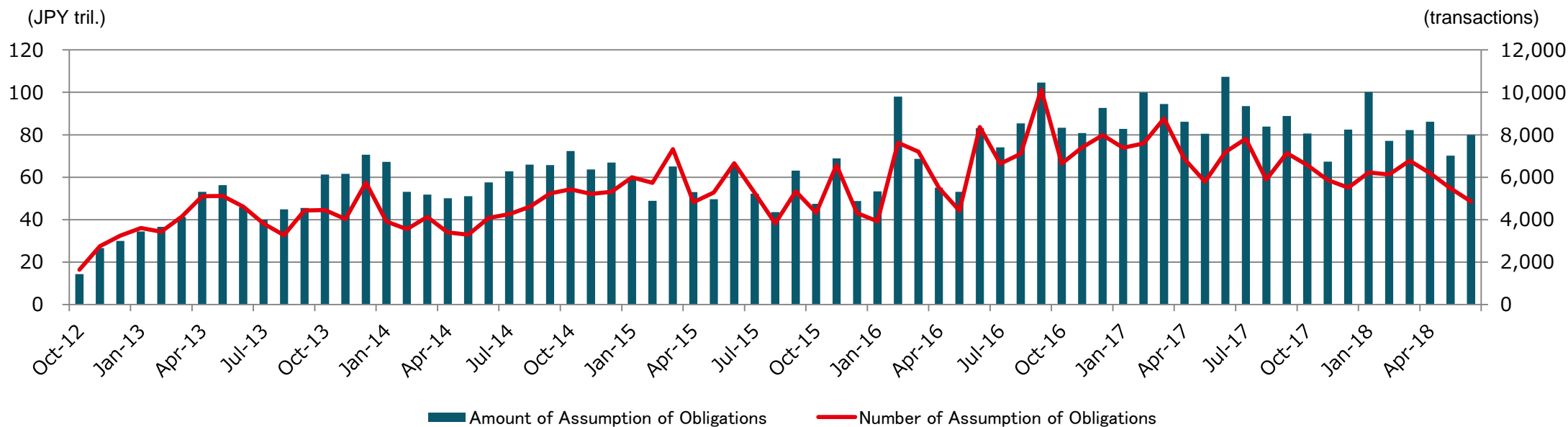
Trading Value for Cash Equities in Q1



Trading Volume for Derivatives in Q1



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



Number of Listed Companies, ETFs, ETNs, and REITs

➤ Number of listed companies (issues)

(Company/Issue)

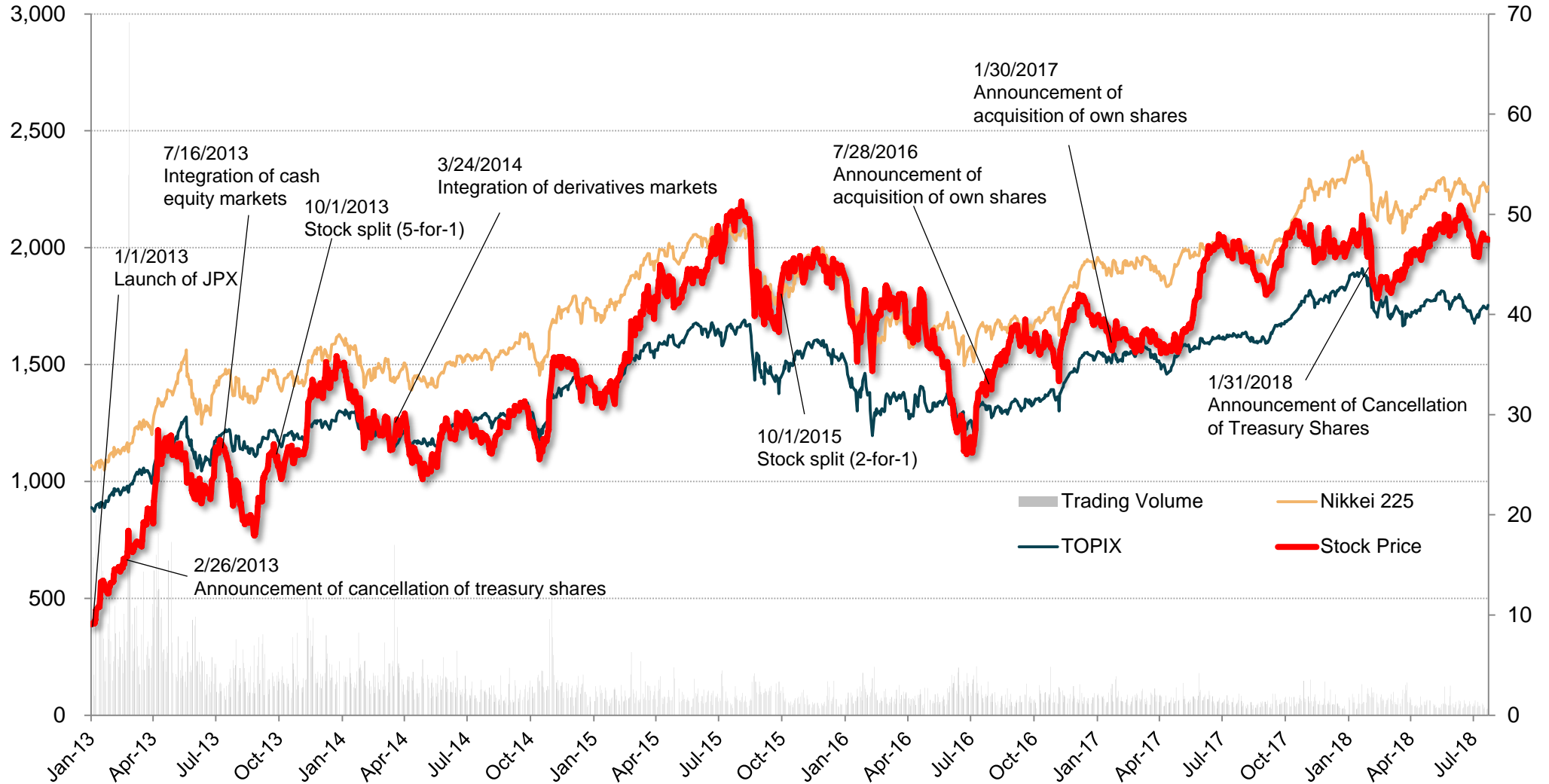
	Number of listed companies (issues)		
	As of March 31, 2018	As of June 30, 2018	Change
TSE 1st/2nd Section	2,597	2,612	15
Mothers	245	258	13
JASDAQ	742	730	(12)
TOKYO PRO Market	23	26	3
Total	3,607	3,626	19
ETFs / ETNs	241	243	2
REITs	60	59	(1)

JPX Stock Price



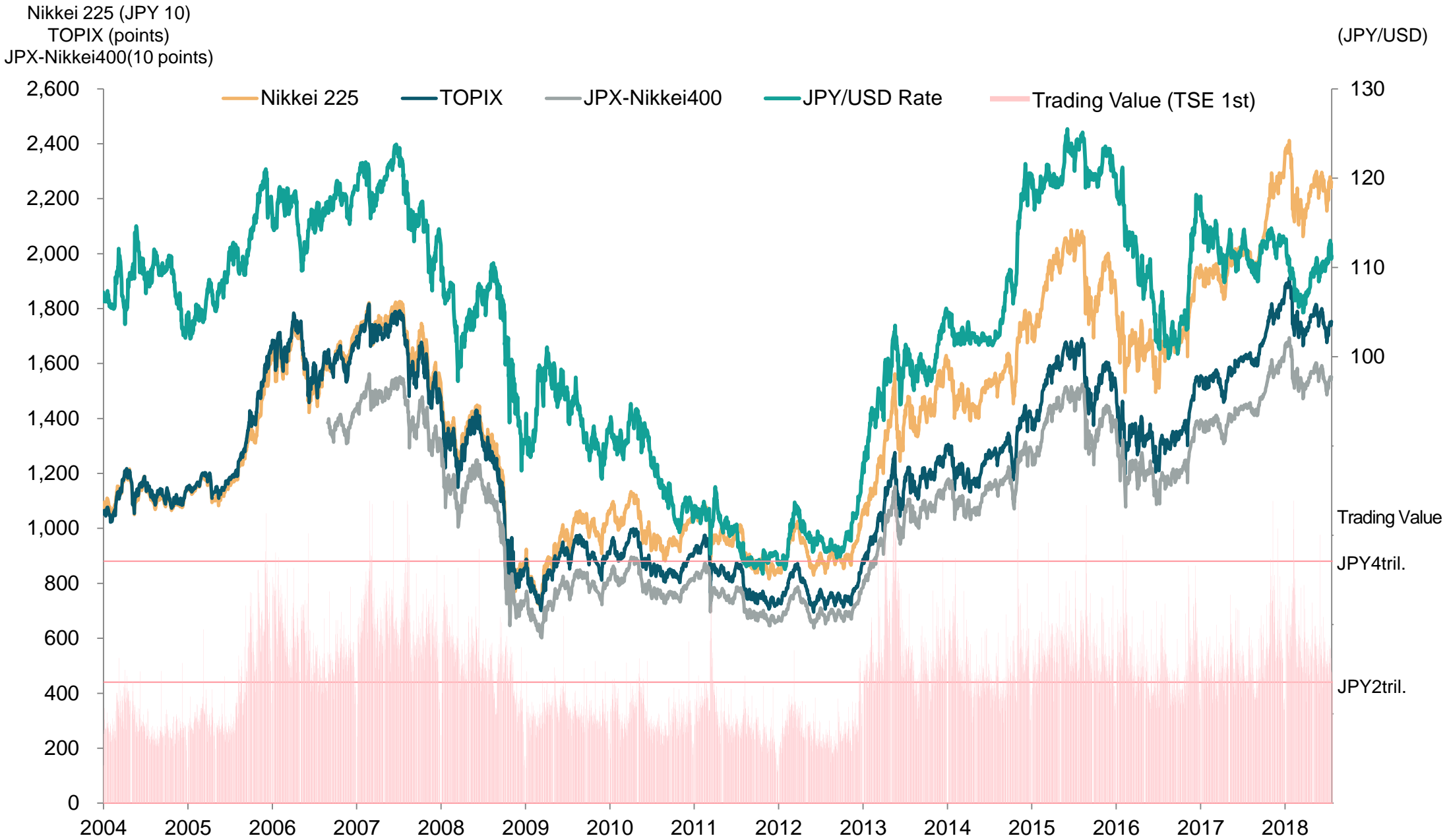
JPX Stock Price (JPY)
Nikkei 225 (JPY 10)
TOPIX (points)

Trading Volume
(mil. shares)



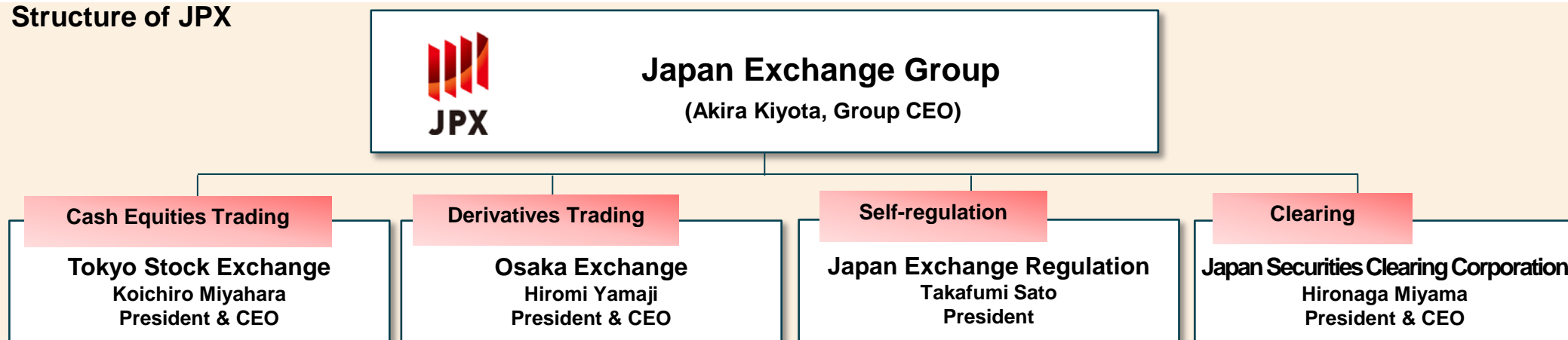
Listed on both the TSE1st Section and JASDAQ from January 1 to July 15, 2013. Prices above are prices on the TSE1st Section. Trading volumes above are the total of those on TSE1st Section and JASDAQ. Two stock splits were conducted separately with respective effective dates of October 1, 2013 and October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

Japanese Stock Market



Stock Code	8697
Listed Exchange	Tokyo Stock Exchange 1st 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	536,351,448
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



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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.