

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the fiscal year ended March 31, 2019
(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: Akira Kiyota, Director & Representative Executive Officer, Group CEO
Contact: Kazuyuki Miyaji, Director, Corporate Communications
Scheduled date of annual general shareholders meeting: June 19, 2019
Scheduled date of start of dividend payment: May 28, 2019
Scheduled date of filing of annual securities report: June 12, 2019
Preparation of earnings presentation material: Yes
Holding of earnings announcement: Yes (For institutional investors and analysts)

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2019

(from April 1, 2018 to March 31, 2019)

(Figures less than a million yen are omitted)

(1) Operating results

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	121,134	0.4	69,535	(3.1)	70,786	(3.0)	49,533	(2.2)	49,057	(2.8)	49,518	(1.7)
Year ended March 31, 2018	120,711	11.9	71,791	20.9	72,990	20.4	50,634	19.5	50,484	19.8	50,357	20.1

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent company	Ratio of income before income tax to total assets	Ratio of operating income to operating revenue
	yen	yen	%	%	%
Year ended March 31, 2019	91.58	—	17.6	0.1	57.4
Year ended March 31, 2018	94.17	—	19.0	0.2	59.5

(Reference)

Share of income of investments accounted for using the equity method:

Year ended March 31, 2019: ¥2,279 million

Year ended March 31, 2018: ¥1,726 million

(2) 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	Total equity attributable to owners of the parent company per share
	Millions of yen	Millions of yen	Millions of yen	%	yen
As of March 31, 2019	54,069,405	291,450	285,009	0.5	532.10
As of March 31, 2018	41,316,341	279,736	273,771	0.7	510.99

* Sizable amounts of "Clearing business financial assets and liabilities" and "Deposits from clearing participants" pertaining to 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", "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.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	52,778	(30,066)	(37,809)	63,891
Year ended March 31, 2018	66,018	(26,164)	(34,393)	78,999

2. Dividends

	Dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to total equity attributable to owners of the parent company
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2018	—	24.00	—	43.00	67.00	35,935	71.2	13.6
Year ended March 31, 2019	—	27.00	—	43.00	70.00	37,544	76.4	13.4
Year ending March 31, 2020 (Forecast)	—	26.00	—	26.00	52.00		60.5	

* Breakdown of year-end dividend for the fiscal year ended March 31, 2018: Ordinary Dividend ¥33; Commemorative Dividend ¥10.

Breakdown of year-end dividend for the fiscal year ended March 31, 2019: Ordinary Dividend ¥28; Special Dividend ¥15.

The year-end dividend per share for the fiscal year ended March 31, 2019 was revised to ¥43 from ¥27, which was described in "Consolidated financial results for the fiscal year ended March 31, 2018 (Based on IFRS), unaudited" released on April 27, 2018. For details, please refer to "Notice of Dividend from Surplus" released on April 26, 2019.

3. Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Year ending March 31, 2020	122,000	0.7	66,000	(5.1)	66,500	(6.1)	46,400	(6.3)	46,000	(6.2)	85.88

* 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: Yes

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

* For details, please refer to "3. CONSOLIDATED FINANCIAL STATEMENTS - (6) Notes on Consolidated Financial Statements (Changes in accounting policies)" on page 14 of the Appendix.

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares):

As of March 31, 2019:	536,351,448
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As of March 31, 2018:	536,351,448
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2) Number of treasury shares at the end of period:

As of March 31, 2019:	718,620
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As of March 31, 2018:	585,416
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3) Average number of shares:

Year ended March 31, 2019:	535,678,846
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Year ended March 31, 2018:	536,125,158
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(Reference) Overview of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2019

(from April 1, 2018 to March 31, 2019)

(1) Operating results

(Percentages represent changes year on year)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	48,932	19.0	43,082	22.7	44,486	22.1	46,805	31.8
Year ended March 31, 2018	41,119	(14.1)	35,118	(17.2)	36,441	(16.6)	35,503	(17.0)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2019	87.38	—
Year ended March 31, 2018	66.22	—

(2) Financial position

	Total assets	Total net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of March 31, 2019	246,883	118,035	47.8	220.37
As of March 31, 2018	252,081	111,970	44.4	208.99

(Reference)

Shareholders' equity:

As of March 31, 2019: ¥118,035 million

As of March 31, 2018: ¥111,970 million

* This release is outside the scope of audit procedures by certified public accountants or an audit firm.

* Explanation on appropriate use of forecast and other special items

This material contains 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

In the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019), JPX Group recorded operating revenue of ¥121,134 million (0.4% increase from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥54,111 million (increased 6.3% year on year). As a result, JPX Group recorded operating income of ¥69,535 million (decreased 3.1% year on year) and income before income tax of ¥70,786 million (decreased 3.0% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥49,057 million (decreased 2.8% year on year).

(Operating revenue)

1) Trading services revenue

Trading services revenue comprises “Transaction Fees” based on the value of securities traded or volume of derivatives traded, “Basic Fees” based on the types of the trading participant’s trading qualification, “Access Fees” based on the number of orders, and “Trading System Facilities Usage Fees” based on the types of trading system facilities used.

During the fiscal year ended March 31, 2019, trading services revenue decreased 6.0% year on year to ¥48,660 million due mainly to a decrease in transaction fees resulting from year-on-year decreases in trading of cash equities and derivatives.

Breakdown of trading services revenue

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	
			Change (%)
Trading services revenue	51,766	48,660	(6.0)
Transaction fees	42,430	39,248	(7.5)
Cash equities	30,652	28,084	(8.4)
Derivatives	11,777	11,163	(5.2)
TOPIX futures transactions	2,106	2,031	(3.6)
Nikkei 225 futures transactions*1	4,691	4,523	(3.6)
Nikkei 225 options transactions*2	3,149	2,563	(18.6)
10-year JGB futures transactions	1,672	1,945	16.3
Others	157	99	(36.6)
Basic fees	1,043	1,017	(2.5)
Access fees	4,851	4,800	(1.1)
Trading system facilities Usage fees	3,341	3,499	4.7
Others	98	95	(3.3)

*1 Figures include Nikkei 225 mini futures transactions.

*2 Figures exclude Nikkei 225 Weekly Options transactions.

2) Clearing services revenue

Clearing services revenue comprises clearing fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation.

During the fiscal year ended March 31, 2019, clearing services revenue increased 5.6% year on year to ¥24,788 million.

3) Listing services revenue

Listing services revenue comprises “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, and “Annual Listing Fees” received from listed companies based on their market capitalization.

During the fiscal year ended March 31, 2019, listing services revenue decreased 3.6% year on year to ¥14,025 million due to decreases in initial/additional listing fees, mainly resulting from a year-on-year decrease in the amount raised by listed companies.

Breakdown of listing services revenue

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Change (%)
Listing services revenue	14,547	14,025	(3.6)
Initial/Additional listing fees	5,002	3,994	(20.2)
Annual listing fees	9,544	10,030	5.1

4) Information services revenue

Information services revenue comprises revenue related to the provision of market information to information vendors, etc., which is market information fees, revenue related to the index business, and revenue related to the provision of corporate action information and other information.

During the fiscal year ended March 31, 2019, information services revenue increased 5.8% year on year to ¥21,029 million due mainly to increases in market information fees and index business revenue.

5) Other operating revenue

Other operating revenue includes the following main items:

- Usage fees for arrownet, which connects trading, market information, and other systems to trading participants and other users;
- 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, etc.;
- Revenue from provision of trading system and other services; and
- Revenue from system development and operations conducted by consolidated subsidiary TOSHO SYSTEM SERVICE CO., LTD.

During the fiscal year ended March 31, 2019, other operating revenue increased 14.4% year on year to ¥12,630 million due mainly to increases in revenue from usage fees for arrownet and usage fees related to co-location services.

Breakdown of other operating revenue

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Change (%)
Other operating revenue	11,045	12,630	14.4
arrownet usage fees	3,121	3,261	4.5
Co-location services usage fees	3,506	3,887	10.9
Other	4,417	5,481	24.1

(Operating expenses)

During the fiscal year ended March 31, 2019, personnel expenses increased 1.6% year on year to ¥16,584 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 decreased 1.7% year on year to ¥11,898 million.

Depreciation and amortization increased 24.0% year on year to ¥11,699 million.

Other operating expenses increased 6.8% year on year to ¥13,928 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 are included under assets and liabilities or equity.

Total assets as of March 31, 2019 increased by ¥12,753,064 million from the end of the previous fiscal year to ¥54,069,405 million as a result of 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 ¥4,884 million from the end of the previous fiscal year to ¥359,502 million.

Total liabilities as of March 31, 2019 increased by ¥12,741,350 million from the end of the previous fiscal year to ¥53,777,955 million as a result of an increase in clearing business financial liabilities. Excluding clearing business financial liabilities, deposits from clearing participants, legal guarantee funds, and trading participant security money, liabilities decreased by ¥7,811 million from the end of the previous fiscal year to ¥87,616 million.

Total equity as of March 31, 2019 increased by ¥11,713 million from the end of the previous fiscal year to ¥291,450 million, due to capital increase from net income attributable to owners of the parent company despite capital reduction due mainly to dividend payment. In addition, after excluding default compensation reserve funds, equity was ¥263,502 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
	Millions of yen	Millions of yen	Millions of yen	%
As of March 31, 2019	54,069,405	291,450	285,009	0.5
	*359,502	*263,502	*257,060	*71.5
As of March 31, 2018	41,316,341	279,736	273,771	0.7
	*354,618	*251,788	*245,823	*69.3

	Return on equity attributable to owners of the parent company	Ratio of income before income tax to total assets	Total equity attributable to owners of the parent company per share
	%	%	yen
As of March 31, 2019	17.6	0.1	532.10
	*19.5	*19.8	*479.92
As of March 31, 2018	19.0	0.2	510.99
	*21.2	*21.3	*458.83

(Notes)

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".

(Cash flows)

Cash and cash equivalents as of March 31, 2019 decreased by ¥15,108 million from the end of the previous fiscal year to ¥63,891 million.

1) Cash flows from operating activities

There was cash inflow of ¥52,778 million from operating activities mainly as a result of adding ¥12,196 million in depreciation and amortization to and deducting ¥27,298 million in income taxes paid from ¥70,786 million in income before income tax.

2) Cash flows from investing activities

There was cash outflow of ¥30,066 million from investment activities due mainly to ¥9,542 million in purchase of intangible assets.

3) Cash flows from financing activities

There was cash outflow of ¥37,809 million from financing activities due mainly to cash outflow of ¥37,544 million in dividends paid.

<Reference> Cash flow-related indicators

	Year ended March 31, 2018	Year ended March 31, 2019
Ratio of total equity attributable to owners of the parent company to total assets	0.7%	0.5%
	*69.3%	*71.5%
Ratio of interest-bearing debt to cash flow	79.4%	99.4%
Interest coverage ratio	859.0	699.0

Ratio of total equity attributable to owners of the parent company to total assets: Total equity attributable to owners of the parent company / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payment

* "Ratio of total equity attributable to owners of the parent company to total assets" are calculated excluding "Clearing business financial assets", "Deposits from clearing participants", "Legal guarantee funds", "Default compensation reserve funds" from total assets, and excluding "Default compensation reserve funds" from "Total equity attributable to owners of the parent company".

(3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc.

(i) Consolidated Earnings Forecast

The consolidated earnings forecast for the fiscal year ending March 31, 2020 is based on the assumptions that the average daily trading values and volumes are ¥3.3 trillion for stocks*¹, 33,000 contracts for 10-year JGB futures transactions, 108,000 contracts for TOPIX futures transactions, 215,000 contracts for Nikkei 225 futures transactions*² and ¥26.5 billion for Nikkei 225 options transactions*³. Based on the assumptions, ¥122.0 billion in operating revenue, ¥66.0 billion in operating income, ¥66.5 billion in net income before income tax, ¥46.4 billion in net income and ¥46.0 billion in net income attributable to owners of the parent are expected.

*1 The trading value of stocks listed on the TSE 1st and 2nd Sections, Mothers, JASDAQ, and TOKYO PRO Market, and that of ETFs, ETNs, REITs, etc. (includes auction and off-auction trading)

*2 Includes Nikkei 225 mini contract volumes converted into large-sized contracts

*3 Excludes Weekly Options transactions

(ii) Dividend Forecast

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:

- 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.

In line with the abovementioned policy, the dividends for the fiscal year ending March 31, 2020 is planned to be ¥52 per share (¥26 per share as of the end of the second quarter).

2. BASIC RATIONALE TO THE SELECTION OF ACCOUNTING STANDARDS

From the perspective of facilitating comparability of financial results with other exchanges located overseas and increasing investor convenience, JPX has voluntarily adopted IFRS to its disclosure material.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statement of Financial Position

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	78,999	63,891
Trade and other receivables	11,841	11,402
Clearing business financial assets	37,311,964	49,886,377
Specified assets for deposits from clearing participants	3,621,319	3,795,086
Specified assets for legal guarantee funds	491	490
Income tax receivables	6,191	6,311
Other financial assets	86,700	113,100
Other current assets	1,814	1,979
Total current assets	41,119,322	53,878,639
Non-current assets		
Property and equipment	5,209	7,293
Goodwill	67,374	67,374
Intangible assets	34,208	33,435
Retirement benefit assets	5,956	5,872
Investments accounted for using the equity method	10,407	12,474
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	36,252	26,634
Other non-current assets	5,774	6,071
Deferred tax assets	3,887	3,661
Total non-current assets	197,019	190,766
Total assets	41,316,341	54,069,405

	As of March 31, 2018	As of March 31, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,591	4,421
Bonds and loans payable	32,500	32,500
Clearing business financial liabilities	37,311,964	49,886,377
Deposits from clearing participants	3,621,319	3,795,086
Legal guarantee funds	491	490
Trading participant security money	7,402	8,384
Income tax payables	14,253	9,676
Other current liabilities	7,599	7,136
Total current liabilities	<u>41,001,120</u>	<u>53,744,073</u>
Non-current liabilities		
Bonds and loans payable	19,940	19,946
Retirement benefit liabilities	7,624	7,964
Other non-current liabilities	3,392	2,914
Deferred tax liabilities	4,526	3,055
Total non-current liabilities	<u>35,484</u>	<u>33,882</u>
Total liabilities	<u>41,036,604</u>	<u>53,777,955</u>
Equity		
Share capital	11,500	11,500
Capital surplus	39,716	39,716
Treasury shares	(953)	(1,213)
Other components of equity	10,816	7,688
Retained earnings	212,691	227,317
Total equity attributable to owners of the parent company	<u>273,771</u>	<u>285,009</u>
Non-controlling interests	5,965	6,441
Total equity	<u>279,736</u>	<u>291,450</u>
Total liabilities and equity	<u><u>41,316,341</u></u>	<u><u>54,069,405</u></u>

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Revenue		
Operating revenue	120,711	121,134
Other revenue	271	248
Total revenue	120,983	121,383
Expenses		
Operating expenses	50,902	54,111
Other expenses	15	16
Total expenses	50,918	54,127
Share of income of investments accounted for using the equity method	1,726	2,279
Operating income	71,791	69,535
Financial income	1,282	1,333
Financial expenses	83	82
Income before income tax	72,990	70,786
Income tax expense	22,355	21,253
Net income	50,634	49,533
Net income attributable to		
Owners of the parent company	50,484	49,057
Non-controlling interests	149	476
Net income	50,634	49,533
Earnings per share		
Basic (Yen)	94.17	91.58
Diluted (Yen)	—	—

(3) Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Net income	50,634	49,533
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	(787)	87
Remeasurements of defined benefit plan	511	(102)
Share of other comprehensive income of investments accounted for using the equity method	0	(0)
Other comprehensive income, net of tax	(276)	(14)
Comprehensive income	50,357	49,518
Comprehensive income attributable to		
Owners of the parent company	50,208	49,042
Non-controlling interests	149	476
Comprehensive income	50,357	49,518

(4) Consolidated Statement of Changes in Equity

Equity attributable to owners of the parent company

	Equity attributable to owners of the parent company			Other components of equity	
	Share capital	Capital surplus	Treasury shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2017	11,500	59,722	(13,506)	11,604	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(787)	511
Total comprehensive income	—	—	—	(787)	511
Acquisitions of treasury shares	—	(2)	(7,452)	—	—
Retirement of treasury shares	—	(20,003)	20,003	—	—
Dividends paid	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	(511)
Other	—	—	1	—	—
Total transactions with the owners	—	(20,005)	12,552	—	(511)
Balance as of March 31, 2018	11,500	39,716	(953)	10,816	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	87	(102)
Total comprehensive income	—	—	—	87	(102)
Acquisitions of treasury shares	—	—	(264)	—	—
Dividends paid	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(3,215)	102
Other	—	—	4	—	—
Total transactions with the owners	—	—	(260)	(3,215)	102
Balance as of March 31, 2019	11,500	39,716	(1,213)	7,688	—

Equity attributable to owners
of the parent company

	Other components of equity	Retained earnings	Total	Non- controlling interests	Total equity
	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2017	11,604	188,634	257,955	5,815	263,770
Net income	—	50,484	50,484	149	50,634
Other comprehensive income, net of tax	(276)	—	(276)	—	(276)
Total comprehensive income	(276)	50,484	50,208	149	50,357
Acquisitions of treasury shares	—	—	(7,454)	—	(7,454)
Retirement of treasury shares	—	—	—	—	—
Dividends paid	—	(26,938)	(26,938)	—	(26,938)
Transfer from other components of equity to retained earnings	(511)	511	—	—	—
Other	—	—	1	—	1
Total transactions with the owners	(511)	(26,427)	(34,391)	—	(34,391)
Balance as of March 31, 2018	10,816	212,691	273,771	5,965	279,736
Net income	—	49,057	49,057	476	49,533
Other comprehensive income, net of tax	(14)	—	(14)	—	(14)
Total comprehensive income	(14)	49,057	49,042	476	49,518
Acquisitions of treasury shares	—	—	(264)	—	(264)
Dividends paid	—	(37,544)	(37,544)	—	(37,544)
Transfer from other components of equity to retained earnings	(3,113)	3,113	—	—	—
Other	—	—	4	—	4
Total transactions with the owners	(3,113)	(34,430)	(37,805)	—	(37,805)
Balance as of March 31, 2019	7,688	227,317	285,009	6,441	291,450

(5) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Cash flows from operating activities		
Income before income tax	72,990	70,786
Depreciation and amortization	10,114	12,196
Financial income	(1,282)	(1,333)
Financial expenses	76	75
Share of income of investments accounted for using the equity method	(1,726)	(2,279)
Gains on sale of property and equipment	(50)	—
(Increase) decrease in trade and other receivables	(2,067)	439
Increase (decrease) in trade and other payables	877	(628)
(Increase) decrease in retirement benefit assets	(753)	83
Increase (decrease) in retirement benefit liabilities	267	339
Other	1,990	(1,073)
Subtotal	80,436	78,606
Interest and dividends received	1,493	1,546
Interest paid	(76)	(75)
Income taxes paid	(15,835)	(27,298)
Cash flows generated from operating activities	66,018	52,778
Cash flows from investing activities		
Payments into time deposits	(105,700)	(147,300)
Proceeds from withdrawal of time deposits	93,800	120,100
Purchase of property and equipment	(1,554)	(4,143)
Purchase of intangible assets	(10,537)	(9,542)
Purchase of Investment securities	(2,000)	—
Proceeds from sales of investment securities	—	9,741
Proceeds from redemption of investment securities	—	1,000
Other	(172)	77
Cash flows generated from (used in) investing activities	(26,164)	(30,066)
Cash flows from financing activities		
Proceeds from loans payable	20,000	9,000
Repayments of loans payable	(20,000)	(9,000)
Dividends paid	(26,938)	(37,544)
Purchase of treasury shares	(7,454)	(264)
Cash flows used in financing activities	(34,393)	(37,809)
Net increase (decrease) in cash and cash equivalents	5,460	(15,097)
Cash and cash equivalents at the beginning of the year	73,553	78,999
Effect of changes in exchange rate on cash and cash equivalents	(14)	(10)
Cash and cash equivalents at the end of the year	78,999	63,891

(6) Notes on Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Changes in Accounting Policies)

JPX Group has applied IFRS 9 "Financial Instruments" (IFRS 9) and IFRS 15 "Revenue from Contracts with Customers" (IFRS 15) from the fiscal year ended March 31, 2019.

The application of IFRS 9 had no significant impact on the consolidated financial statements for the fiscal year ended March 31, 2019.

In conjunction with the application of IFRS 15, except for interest and dividend revenue, etc. under IFRS 9, JPX Group recognizes revenue from contracts with customers in accordance with the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation in the contract

Step 5: Recognize revenue when (or as) the company satisfies a performance obligation

JPX Group is primarily engaged in the financial instruments exchange business, and its revenue consists mainly of revenue related to the rendering of services, such as trading services revenue and clearing services revenue. JPX Group recognizes revenue over time or at a point in time when a performance obligation is satisfied with the rendering of a promised service to a customer.

JPX Group has identified the performance obligations in the contracts with customers in accordance with the above five-step approach. As a result, part of the revenue that was previously recognized at a point in time will be recognized over time. However, as they are not material, the application of IFRS 15 had no significant impact on the consolidated financial statements for the fiscal year ended March 31, 2019.

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Trading services revenue	51,766	48,660
Clearing services revenue	23,473	24,788
Listing services revenue	14,547	14,025
Information services revenue	19,878	21,029
Other	11,045	12,630
Total	120,711	121,134

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Personnel expenses	16,329	16,584
System maintenance and operation expenses	12,100	11,898
Depreciation and amortization	9,431	11,699
Other	13,041	13,928
Total	50,902	54,111

(Segment Information, etc.)

This information is omitted since JPX Group has a single segment of the financial instruments exchange business.

(Earnings per Share)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	Millions of yen	Millions of yen
Net income attributable to owners of the parent company	50,484	49,057
	Thousand shares	Thousand shares
Weighted average number of ordinary shares outstanding	536,125	535,678
	yen	yen
Basic earnings per share	94.17	91.58

*1 Basic earnings per share was calculated based on the net income attributable to owners of the parent company and the weighted average number of ordinary shares outstanding.

*2 Diluted earnings per share is not presented because there were no potential shares.

(Significant Subsequent Events)

Not applicable