

**Japan Exchange Group, Inc. and Consolidated Subsidiaries**  
**Consolidated financial results for the fiscal year ended March 31, 2020**  
**(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: Kiyota Akira, Director & Representative Executive Officer, Group CEO  
Contact: Miyaji Kazuyuki, Director, Corporate Communications  
Scheduled date of annual general shareholders meeting: June 17, 2020  
Scheduled date of start of dividend payment: May 27, 2020  
Scheduled date of filing of annual securities report: June 10, 2020  
Preparation of earnings presentation material: Yes  
Holding of earnings announcement: None

1. Consolidated financial results for the fiscal year ended March 31, 2020  
(from April 1, 2019 to March 31, 2020)

(Figures less than a million yen are omitted)

## (1) Consolidated 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, 2020	123,688	2.1	68,533	(1.4)	69,095	(2.4)	48,314	(2.5)	47,609	(3.0)	50,195	1.4
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)

	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, 2020	88.91	—	16.3	0.1	55.4
Year ended March 31, 2019	91.58	—	17.6	0.1	57.4

(Reference)

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

Year ended March 31, 2020: ¥2,457 million

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

(Note) JPX has made Tokyo Commodity Exchange, Inc. and Japan Commodity Clearing House Co., Ltd. consolidated subsidiaries through a tender offer. As a result, the profits and losses of said companies are included in the consolidated operating results from the consolidated third quarter (the six months from October 1, 2019 to March 31, 2020).

(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	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, 2020	67,286,302	305,375	298,228	0.4	556.97
As of March 31, 2019	54,069,405	291,450	285,009	0.5	532.10

\* Sizable amounts of "Clearing business financial assets and liabilities" and "Deposits from clearing participants" pertaining to clearing business conducted by consolidated subsidiaries Japan Securities Clearing Corporation and Japan Commodity Clearing House Co., Ltd. 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., please refer to "1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION - (2) Explanation on Financial Position" on Page 4 of the Appendix.

(3) Consolidated 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, 2020	56,881	(9,434)	(39,411)	71,883
Year ended March 31, 2019	52,778	(30,066)	(37,809)	63,891

2. Dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to total equity attributable to owners of the parent company
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2019	—	27.00	—	43.00	70.00	37,544	76.4	13.4
Year ended March 31, 2020	—	24.00	—	30.00	54.00	28,962	60.7	9.9
Year ending March 31, 2021 (Forecast)	—	24.00	—	24.00	48.00		60.5	

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	121,500	(1.8)	62,000	(9.5)	62,100	(10.1)	43,100	(10.8)	42,500	(10.7)	79.37

\* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries that caused changes in the scope of consolidation): Yes

Added: 1 (Company name) Tokyo Commodity Exchange, Inc.

Removed: None (Company name) -

(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: Yes

\* For details, please refer to "(Changes in Accounting Policies)" and "(Changes in Accounting Estimates)" in "3.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES - (6) Notes on Consolidated Financial Statements" 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, 2020: 536,351,448

As of March 31, 2019: 536,351,448

2) Number of treasury shares at the end of period:

As of March 31, 2020: 904,476

As of March 31, 2019: 718,620

3) Average number of shares:

Year ended March 31, 2020: 535,464,274

Year ended March 31, 2019: 535,678,846

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2020

(from April 1, 2019 to March 31, 2020)

(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, 2020	47,057	(3.8)	41,143	(4.5)	41,906	(5.8)	45,396	(3.0)
Year ended March 31, 2019	48,932	19.0	43,082	22.7	44,486	22.1	46,805	31.8

	Basic earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31, 2020	84.78	—
Year ended March 31, 2019	87.38	—

(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, 2020	242,849	124,091	51.1	231.75
As of March 31, 2019	246,883	118,035	47.8	220.37

(Reference)

Shareholders' equity:

As of March 31, 2020: ¥124,091 million

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

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

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. Japan Exchange Group, Inc., and/or its affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

(Appendix)

Contents of Appendix

1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION ...2	
(1) Explanation on Operating Results ...2	
(2) Explanation on Financial Position ...4	
(3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc. ...6	
2. BASIC RATIONALE TO THE SELECTION OF ACCOUNTING STANDARDS...6	
3. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES ...7	
(1) Consolidated Statement of Financial Position ...7	
(2) Consolidated Statement of Income ...9	
(3) Consolidated Statement of Comprehensive Income...10	
(4) Consolidated Statement of Changes in Equity...11	
(5) Consolidated Statement of Cash Flows...13	
(6) Notes on Consolidated Financial Statements ...14	
(Note on Going-Concern Assumption) ...14	
(Changes in Accounting Policies)...14	
(Changes in Accounting Estimates)...14	
(Operating Revenue) ...15	
(Operating Expenses) ...15	
(Segment Information, etc.) ...15	
(Earnings per Share) ...15	
(Significant Subsequent Events) ...15	
<Attachment> Information on Risks Related to Coronavirus, etc.	

## 1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

### (1) Explanation on Operating Results

In the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020), JPX Group recorded operating revenue of ¥123,688 million (increased 2.1% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥58,532 million (increased 8.2% year on year). As a result, JPX Group recorded operating income of ¥68,533 million (decreased 1.4% year on year) and income before income tax of ¥69,095 million (decreased 2.4% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥47,609 million (decreased 3.0% year on year).

JPX has made Tokyo Commodity Exchange, Inc. and Japan Commodity Clearing House Co., Ltd. consolidated subsidiaries through a tender offer. As a result, the profits and losses of said companies are included in the consolidated operating results from the consolidated third quarter (the six months from October 1, 2019 to March 31, 2020).

(Operating revenue)

#### 1) Trading services revenue

Trading services revenue is comprised of “Transaction Fees” based on the value of securities 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.

For the fiscal year ended March 31, 2020, trading services revenue maintained the same level year-on-year at ¥48,589 million.

Breakdown of trading services revenue

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Change (%)
Trading services revenue	48,660	48,589	(0.1)
Transaction fees	39,248	39,118	(0.3)
Cash equities	28,084	25,757	(8.3)
Financial derivatives	11,163	12,255	9.8
TOPIX futures transactions	2,031	2,254	11.0
Nikkei 225 futures transactions <sup>*1</sup>	4,523	5,101	12.8
Nikkei 225 options transactions <sup>*2</sup>	2,563	2,888	12.7
10-year JGB futures transactions	1,945	1,811	(6.9)
Others	99	200	100.5
Commodity derivatives	—	1,104	—
Basic fees	1,017	1,020	0.3
Access fees	4,800	4,701	(2.0)
Trading system facilities Usage fees	3,499	3,646	4.2
Others	95	101	6.5

\*1 Figures include Nikkei 225 mini futures transactions.

\*2 Figures exclude Nikkei 225 Weekly Options transactions.

#### 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, the assumption of obligations of commodity transactions carried out by Japan Commodity Clearing House Co., Ltd., and other similar fees.

For the fiscal year ended March 31, 2020, clearing services revenue increased 6.6% year on year to ¥26,427 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.

For the fiscal year ended March 31, 2020, listing services revenue increased 2.1% year on year to ¥14,322 million due to an increase in annual listing fees.

#### Breakdown of listing services revenue

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Change (%)
Listing services revenue	14,025	14,322	2.1
Initial/additional listing fees	3,994	3,965	(0.7)
Annual listing fees	10,030	10,356	3.2

### 4) Information services revenue

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

For the fiscal year ended March 31, 2020, information services revenue increased 4.5% year on year to ¥21,977 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 services including trading systems; and
- Revenue from system development and operations conducted by consolidated subsidiary TOSHO SYSTEM SERVICE CO., LTD.

For the fiscal year ended March 31, 2020, other operating revenue decreased 2.1% year on year to ¥12,371 million due mainly to decreases in revenue from provision of services including trading systems.

#### Breakdown of other operating revenue

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Change (%)
Other operating revenue	12,630	12,371	(2.1)
arrownet usage fees	3,261	3,311	1.5
Co-location services usage fees	3,887	3,917	0.8
Other	5,481	5,142	(6.2)

(Operating expenses)

For the fiscal year ended March 31, 2020, personnel expenses increased 5.6% year on year to ¥17,512 million. System maintenance and operation expenses are comprised of expenses related to maintenance and management/operations of various systems including the cash equities and derivatives trading systems. System maintenance and operation expenses increased 1.4% year on year to ¥12,071 million.

Depreciation and amortization increased 40.9% year on year to ¥16,484 million.

Other operating expenses decreased 10.5% year on year to ¥12,464 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 and Japan Commodity Clearing House Co., Ltd. as clearing organizations 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 commodity futures transactions are included under assets and liabilities or equity.

Total assets as of March 31, 2020 increased by ¥13,216,896 million from the end of the previous fiscal year to ¥67,286,302 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 ¥19,317 million from the end of the previous fiscal year to ¥378,820 million.

Total liabilities as of March 31, 2020 increased by ¥13,202,971 million from the end of the previous fiscal year to ¥66,980,926 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 increased by ¥5,527 million from the end of the previous fiscal year to ¥93,144 million.

Total equity as of March 31, 2020 increased by ¥13,924 million from the end of the previous fiscal year to ¥305,375 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 ¥277,427 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, 2020	67,286,302	305,375	298,228	0.4
	*378,820	*277,427	*270,280	*71.3
As of March 31, 2019	54,069,405	291,450	285,009	0.5
	*359,502	*263,502	*257,060	*71.5

	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, 2020	16.3	0.1	556.97
	*18.1	*18.7	*504.78
As of March 31, 2019	17.6	0.1	532.10
	*19.5	*19.8	*479.92

(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, 2020 increased by ¥7,992 million from the end of the previous fiscal year to ¥71,883 million.

1) Cash flows from operating activities

There was cash inflow of ¥56,881 million from operating activities mainly as a result of adding ¥16,499 million in depreciation and amortization to and deducting ¥21,482 million in income taxes paid from ¥69,095 million in income before income tax.

2) Cash flows from investing activities

There was cash outflow of ¥9,434 million from investment activities due mainly to ¥12,379 million in purchase of intangible assets.

3) Cash flows from financing activities

There was cash outflow of ¥39,411 million from financing activities due mainly to cash outflow of ¥35,935 million in dividends paid.

<Reference> Cash flow-related indicators

	Year ended March 31, 2019	Year ended March 31, 2020
Ratio of total equity attributable to owners of the parent company to total assets	0.5%	0.4%
	*71.5%	*71.3%
Ratio of interest-bearing debt to cash flow	99.4%	98.0%
Interest coverage ratio	699.0	591.4

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, 2021 is based on the assumptions that the average daily trading values and volumes are ¥3.0 trillion for stocks\*<sup>1</sup>, 39,000 contracts for 10-year JGB futures transactions, 106,000 contracts for TOPIX futures transactions, 210,000 contracts for Nikkei 225 futures transactions\*<sup>2</sup>, and ¥24.5 billion for Nikkei 225 options transactions\*<sup>3</sup>. Based on these assumptions, ¥121.5 billion in operating revenue, ¥62.0 billion in operating income, ¥62.1 billion in net income before income tax, ¥43.1 billion in net income, and ¥42.5 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 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.

In line with the abovementioned policy, the dividend for the fiscal year ending March 31, 2021 is planned to be ¥48 per share (¥24 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 AND NOTES

#### (1) Consolidated Statement of Financial Position

	As of March 31, 2019	As of March 31, 2020
	Millions of yen	Millions of yen
<b>Assets</b>		
Current assets		
Cash and cash equivalents	63,891	71,883
Trade and other receivables	11,402	16,686
Clearing business financial assets	49,886,377	60,329,672
Specified assets for deposits from clearing participants	3,795,086	6,549,099
Specified assets for legal guarantee funds	490	762
Income tax receivables	6,311	5,922
Other financial assets	113,100	117,400
Other current assets	1,979	1,837
Total current assets	53,878,639	67,093,263
Non-current assets		
Property and equipment	7,293	14,798
Goodwill	67,374	67,374
Intangible assets	33,435	35,045
Retirement benefit assets	5,872	5,642
Investments accounted for using the equity method	12,474	14,703
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	26,634	18,156
Other non-current assets	6,071	6,049
Deferred tax assets	3,661	3,321
Total non-current assets	190,766	193,039
Total assets	54,069,405	67,286,302

	As of March 31, 2019	As of March 31, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,421	6,643
Bonds and loans payable	32,500	32,500
Clearing business financial liabilities	49,886,377	60,329,672
Deposits from clearing participants	3,795,086	6,549,099
Legal guarantee funds	490	762
Trading participant security money	8,384	8,248
Income tax payables	9,676	10,289
Other current liabilities	7,136	10,062
Total current liabilities	<u>53,744,073</u>	<u>66,947,278</u>
Non-current liabilities		
Bonds and loans payable	19,946	19,953
Retirement benefit liabilities	7,964	8,866
Other non-current liabilities	2,914	2,162
Deferred tax liabilities	3,055	2,665
Total non-current liabilities	<u>33,882</u>	<u>33,648</u>
Total liabilities	<u>53,777,955</u>	<u>66,980,926</u>
Equity		
Share capital	11,500	11,500
Capital surplus	39,716	39,716
Treasury shares	(1,213)	(1,548)
Other components of equity	7,688	5,602
Retained earnings	227,317	242,958
Total equity attributable to owners of the parent company	<u>285,009</u>	<u>298,228</u>
Non-controlling interests	6,441	7,146
Total equity	<u>291,450</u>	<u>305,375</u>
Total liabilities and equity	<u><u>54,069,405</u></u>	<u><u>67,286,302</u></u>

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
Revenue		
Operating revenue	121,134	123,688
Other revenue	248	975
Total revenue	121,383	124,663
Expenses		
Operating expenses	54,111	58,532
Other expenses	16	54
Total expenses	54,127	58,587
Share of income of investments accounted for using the equity method	2,279	2,457
Operating income	69,535	68,533
Financial income	1,333	665
Financial expenses	82	103
Income before income tax	70,786	69,095
Income tax expense	21,253	20,781
Net income	49,533	48,314
Net income attributable to		
Owners of the parent company	49,057	47,609
Non-controlling interests	476	705
Net income	49,533	48,314
Earnings per share		
Basic (Yen)	91.58	88.91
Diluted (Yen)	—	—

(3) Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
Net income	49,533	48,314
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	87	1,930
Remeasurements of defined benefit plan	(102)	(49)
Share of other comprehensive income of investments accounted for using the equity method	(0)	0
Other comprehensive income, net of tax	(14)	1,881
Comprehensive income	49,518	50,195
Comprehensive income attributable to		
Owners of the parent company	49,042	49,490
Non-controlling interests	476	705
Comprehensive income	49,518	50,195

## (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, 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	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	1,930	(49)
Total comprehensive income	—	—	—	1,930	(49)
Acquisitions of treasury shares	—	—	(350)	—	—
Dividends paid	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(4,016)	49
Other	—	—	15	—	—
Total transactions with the owners	—	—	(334)	(4,016)	49
Balance as of March 31, 2020	11,500	39,716	(1,548)	5,602	—

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, 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
Net income	—	47,609	47,609	705	48,314
Other comprehensive income, net of tax	1,881	—	1,881	—	1,881
Total comprehensive income	1,881	47,609	49,490	705	50,195
Acquisitions of treasury shares	—	—	(350)	—	(350)
Dividends paid	—	(35,935)	(35,935)	—	(35,935)
Transfer from other components of equity to retained earnings	(3,966)	3,966	—	—	—
Other	—	—	15	—	15
Total transactions with the owners	(3,966)	(31,968)	(36,270)	—	(36,270)
Balance as of March 31, 2020	5,602	242,958	298,228	7,146	305,375



## (5) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
<b>Cash flows from operating activities</b>		
Income before income tax	70,786	69,095
Depreciation and amortization	12,196	16,499
Financial income	(1,333)	(665)
Financial expenses	75	96
Share of income of investments accounted for using the equity method	(2,279)	(2,457)
(Increase) decrease in trade and other receivables	439	(5,246)
Increase (decrease) in trade and other payables	(628)	420
(Increase) decrease in retirement benefit assets	83	230
Increase (decrease) in retirement benefit liabilities	339	12
Other	(1,073)	(424)
Subtotal	<u>78,606</u>	<u>77,560</u>
Interest and dividends received	1,546	899
Interest paid	(75)	(96)
Income taxes paid	(27,298)	(21,482)
Cash flows generated from operating activities	<u>52,778</u>	<u>56,881</u>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(147,300)	(117,400)
Proceeds from withdrawal of time deposits	120,100	113,100
Purchase of property and equipment	(4,143)	(1,199)
Purchase of intangible assets	(9,542)	(12,379)
Proceeds from sales of investment securities	9,741	11,585
Proceeds from redemption of investment securities	1,000	—
Payments for acquisition of subsidiaries	—	(3,165)
Other	77	23
Cash flows generated from (used in) investing activities	<u>(30,066)</u>	<u>(9,434)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans payable	9,000	9,000
Repayments of loans payable	(9,000)	(9,000)
Repayments of lease liabilities	—	(3,125)
Dividends paid	(37,544)	(35,935)
Purchase of treasury shares	(264)	(350)
Cash flows used in financing activities	<u>(37,809)</u>	<u>(39,411)</u>
Net increase (decrease) in cash and cash equivalents	<u>(15,097)</u>	<u>8,035</u>
Cash and cash equivalents at the beginning of the year	78,999	63,891
Effect of changes in exchange rate on cash and cash equivalents	(10)	(43)
Cash and cash equivalents at the end of the year	<u><u>63,891</u></u>	<u><u>71,883</u></u>

(6) Notes on Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Changes in Accounting Policies)

(Adoption of IFRS 16 "Leases")

JPX Group adopted IFRS 16 "Leases" (issued in January 2016; hereinafter "IFRS 16") from the fiscal year ended March 31, 2020. In applying IFRS 16, JPX Group adopted the method of recognizing the cumulative effect of applying this standard as of the date of initial application, which is an accepted transition measure.

In applying IFRS 16, JPX Group has chosen the practical expedient under IFRS 16 Paragraph C3 to grandfather previous assessments of whether contracts contain leases under IAS 17 "Leases" (hereinafter "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease". From the date of initial application, this assessment is made pursuant to the provisions of IFRS 16.

For leases that JPX Group, as lessee, previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities are recognized as of the date of initial application. These lease liabilities have been measured at the present value of the remaining lease payments discounted at the lessee's incremental borrowing rate of 0.27% at the date of initial application. Right-of-use assets have been measured based on the amount of the initial measurement of the lease liabilities.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of the end of the previous fiscal year and lease liabilities recognized in the consolidated statement of financial position as of the date of initial application.

	Millions of yen
Non-cancellable operating lease contracts (as of March 31, 2019)	—
Finance lease liabilities (as of March 31, 2019)	—
Cancellable operating lease contracts, etc.	6,082
Lease liabilities as of April 1, 2019	<u>6,082</u>

As a result, as of the date of initial application, "property and equipment", "other current liabilities", and "other non-current liabilities" in the consolidated statement of financial position have increased by ¥6,082 million, ¥3,090 million, and ¥2,991 million respectively.

Note that JPX Group uses the following practical expedient in applying IFRS 16:

- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.

(Changes in Accounting Estimates)

Tokyo Stock Exchange, Inc. has reviewed the useful lives of its current systems, shortening the initial estimates ahead of the launch of new IT systems from the consolidated second quarter.

As a result of this change, operating income and income before income tax each decreased by ¥206 million for the fiscal year ended March 31, 2020 in comparison with those calculated by the previous method.

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
Trading services revenue	48,660	48,589
Clearing services revenue	24,788	26,427
Listing services revenue	14,025	14,322
Information services revenue	21,029	21,977
Other	12,630	12,371
Total	121,134	123,688

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
Personnel expenses	16,584	17,512
System maintenance and operation expenses	11,898	12,071
Depreciation and amortization	11,699	16,484
Other	13,928	12,464
Total	54,111	58,532

(Segment Information, etc.)

This information is omitted as the JPX Group financial instruments exchange business consists of only one segment.

(Earnings per Share)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
	Millions of yen	Millions of yen
Net income attributable to owners of the parent company	49,057	47,609
	Thousand shares	Thousand shares
Weighted average number of ordinary shares outstanding	535,678	535,464
	yen	yen
Basic earnings per share	91.58	88.91

\*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 omitted as there were no potential shares.

(Significant Subsequent Events)

Not applicable

<Attachment>

Information on Risks Related to Coronavirus, etc.

#### (1) Measures to Ensure Business Continuity

In the case of a further spread of novel coronavirus (COVID-19) in Japan, JPX Group may face risks to its business continuity resulting from, for example, impacts on the public transportation system that JPX Group employees use to commute, or COVID-19 infection cases among JPX Group employees.

To ensure that the impacts of COVID-19 do not affect the stable operation of its markets, JPX Group has implemented the following measures to ensure business continuity. This is in addition to various measures to prevent further spread of COVID-19 in line with guidance such as the Japanese government's Basic Policies for Prevention and Control of the Novel Coronavirus.

- Established a BCP (Business Continuity Plan) Emergency Headquarters headed by Group CEO Kiyota Akira, in line with the JPX Group's BCP;
  - Carefully examined each department's duties and situation, and enforced remote working as the default for employees whose duties are judged to not require physical attendance at the office based on this;
  - For employees whose duties require physical attendance at the office, actively implement staggered working hours using the flex time system;
  - Developed and implemented a multi-channel operational structure for employees whose duties require physical attendance at the office, by dividing them into several teams which work at physically different locations, in principle rotating between the office and home but also using nearby back up facilities;
- and so on.

While persisting with measures to prevent the further spread of COVID-19, JPX Group will continue striving for stable market operations by flexibly implementing initiatives as needed to ensure business continuity in response to the changing situation.

#### (2) Impact on Earnings

Among JPX Group's operating revenue, "trading services revenue" and "clearing services revenue" (which accounted respectively for 39.3% and 21.4% of consolidated operating revenue for the fiscal year ended March 31, 2020) are heavily reliant on the value of securities traded and volume of derivatives traded. Meanwhile, listing services revenue (which accounted for 11.6% over the same period) is reliant on the market capitalization of and the funds raised by listed companies as well as the number of new listings.

The Japanese economy is rapidly slowing down and is in extremely difficult circumstances due to COVID-19. The difficult circumstances caused by this virus are expected to continue for the near future, and we need to keep a close eye on the risks that further damage could be caused to the domestic and overseas economies.

JPX Group's revenue is greatly affected by trends in the secondary market for securities and derivatives products as well as the primary market for securities, and furthermore by trends in global financial markets and economic conditions in Japan and overseas. In particular, as most TSE listed companies are Japanese companies, JPX Group's earnings are strongly linked to economic conditions in Japan, meaning that they are at risk of significantly adverse impacts if economic stagnation, etc. causes a deterioration of the environment surrounding the primary and secondary markets, leading to a decrease in trading volume and value on the cash equity and derivatives markets and a decrease in market capitalization of or funds raised by listed companies. Furthermore, since trends in the primary and secondary markets can also be strongly affected by other varying factors including economic circumstances, it is extremely difficult to accurately predict these trends.

In order to fulfill its duty as public infrastructure despite the increasing impacts of COVID-19, JPX Group will place top priority on continuing stable market operations and take every possible measure to that end.

As for the consolidated earnings forecast for the fiscal year ending March 31, 2021, assumptions were calculated using actual trading values and volumes for the fiscal year ended March 31, 2020, since growing uncertainties about market conditions due to the impacts of the spread of COVID-19 make it difficult to accurately predict the future situation. Actual trading value and volume may differ from these assumptions depending on future market conditions, resulting in a large impact on consolidated earnings.