

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the nine months ended December 31, 2021
(Based on IFRS), unaudited

Company name:	Japan Exchange Group, Inc.	Stock Exchange Listings:	Tokyo
Code number:	8697	URL:	https://www.jpx.co.jp/english/
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Preparation of 3Q earnings presentation material:	Yes		
Holding of 3Q earnings announcement:	None		

1. Consolidated financial results for nine months ended December 31, 2021
(from April 1, 2021 to December 31, 2021)

(Figures less than a million yen are omitted)

(1) Consolidated operating results (cumulative)

(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	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Nine months ended December 31, 2021	100,586	3.4	55,967	2.9	55,936	2.7	38,808	2.4	38,013	1.7	39,006	(0.4)
Nine months ended December 31, 2020	97,273	11.3	54,365	12.8	54,479	12.1	37,894	11.6	37,361	12.1	39,152	4.7

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2021	71.71	—
Nine months ended December 31, 2020	69.80	—

(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
	Mil. yen	Mil. yen	Mil. yen	%
As of December 31, 2021	62,076,519	311,381	303,261	0.5
As of March 31, 2021	60,075,678	328,769	321,391	0.5

Note: 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" and "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.

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended March 31, 2021	yen —	yen 26.00	yen —	yen 42.00	yen 68.00
Year ending March 31, 2022	—	26.00	—		
Year ending March 31, 2022 (Forecast)				27.00	53.00

Note 1: Change in dividends forecast from the most recent announcement: None

Note 2: Breakdown of year-end dividend for the fiscal year ended March 31, 2021: ordinary dividend ¥32; special dividend ¥10.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	
Year ending March 31, 2022	131,000	(1.8)	67,500	(9.5)	67,500	(9.7)	46,700	(10.2)	46,000	(10.5)	yen 86.88

Note: Change in earnings forecast from the most recent announcement: None

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: None

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

3) Changes in accounting estimates: None

(3) Number of issued shares (common shares)

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

As of December 31, 2021: 536,351,448

As of March 31, 2021: 536,351,448

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

As of December 31, 2021: 8,822,727

As of March 31, 2021: 1,034,400

3) Average number of shares:

Nine months ended December 31, 2021: 530,119,112

Nine months ended December 31, 2020: 535,301,916

• This release is outside the scope of the quarterly review by certified public accountants and 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.

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(Appendix)

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1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

(1) Explanation on Operating Results

During the consolidated cumulative third quarter (from April 1, 2021 to December 31, 2021), JPX Group recorded operating revenue of ¥100,586 million (increased 3.4% from the same period of the previous fiscal year (i.e., year on year)), and operating expenses were ¥45,560 million (increased 1.1% year on year). As a result, JPX Group recorded operating income of ¥55,967 million (increased 2.9% year on year) and income before income tax of ¥55,936 million (increased 2.7% year on year).

In addition, net income attributable to owners of the parent company after tax was ¥38,013 million (increased 1.7% year on year).

(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.

During the consolidated cumulative third quarter, trading services revenue decreased 0.6% year on year to ¥38,837 million due mainly to a decrease in transaction fees resulting from a year-on-year decrease in derivatives trading volume.

Breakdown of trading services revenue

(Mil. yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Change (%)
Trading services revenue	39,068	38,837	(0.6)
Transaction fees	31,831	31,543	(0.9)
Cash equities	22,665	23,320	2.9
Financial derivatives	7,612	7,104	(6.7)
TOPIX futures transactions	1,436	1,360	(5.2)
Nikkei 225 futures transactions*	3,321	2,804	(15.6)
Nikkei 225 options transactions**	1,807	1,689	(6.5)
10-year JGB futures transactions	916	1,117	22.0
Others	130	131	0.8
Commodity derivatives	1,553	1,117	(28.1)
Basic fees	765	749	(2.1)
Access fees	3,748	3,746	(0.1)
Trading system facilities usage fees	2,654	2,723	2.6
Others	68	75	9.5

*Figures include Nikkei 225 mini futures transactions.

**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 and other similar fees.

During the consolidated cumulative third quarter, clearing services revenue increased 1.0% year on year to ¥21,083 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.

During the consolidated cumulative third quarter, listing services revenue increased 6.8% year on year to ¥11,726 million due mainly to an increase in initial/additional listing fees.

Breakdown of listing services revenue

(Mil. yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Change (%)
Listing services revenue	10,981	11,726	6.8
Initial/additional listing fees	2,818	3,142	11.5
Annual listing fees	8,163	8,583	5.2

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.

During the consolidated cumulative third quarter, information services revenue increased 14.8% year on year to ¥20,328 million due mainly to an increase in market information fees.

5) Other operating revenue

Other operating revenue includes mainly 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.; and revenue from system development and operations conducted by TOSHO SYSTEM SERVICE CO., LTD.

During the consolidated cumulative third quarter, other operating revenue decreased 0.3% year on year to ¥8,610 million.

Breakdown of other operating revenue

(Mil. yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Change (%)
Other operating revenue	8,636	8,610	(0.3)
arrownet usage fees	2,514	2,649	5.4
Co-location services usage fees	3,350	3,520	5.1
Other	2,771	2,440	(11.9)

(Operating expenses)

During the consolidated cumulative third quarter, personnel expenses decreased 2.2% year on year to ¥13,356 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 increased 10.4% year on year to ¥10,995 million.

Depreciation and amortization increased 1.7% year on year to ¥12,990 million.

Other operating expenses decreased 5.2% year on year to ¥8,217 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 and other transactions are included under both assets and either liabilities or equity.

Total assets as of December 31, 2021 increased by ¥2,000,841 million from the end of the previous fiscal year to ¥62,076,519 million due mainly to 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 decreased by ¥22,378 million from the end of the previous fiscal year to ¥378,754 million.

Total liabilities as of December 31, 2021 increased by ¥2,018,229 million from the end of the previous fiscal year to ¥61,765,138 million due mainly to the same 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 ¥5,536 million from the end of the previous fiscal year to ¥86,613 million.

Total equity as of December 31, 2021 decreased by ¥17,388 million from the end of the previous fiscal year to ¥311,381 million, due to a capital reduction as a result of dividend payment and acquisition of own shares despite a capital increase from net income attributable to owners of the parent company. In addition, after excluding "default compensation reserve funds", total equity as of the same date was ¥283,433 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
	Mil. yen	Mil. yen	Mil. yen	%
As of December 31, 2021	62,076,519	311,381	303,261	0.5
	*378,754	*283,433	*275,313	*72.7
As of March 31, 2021	60,075,678	328,769	321,391	0.5
	*401,132	*300,821	*293,443	*73.2

Note: 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".

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

1) Consolidated Earnings Forecast

There are no revisions to the consolidated earnings forecast from the forecast figures announced in the "Consolidated financial results for the six months ended September 30, 2021 (Based on IFRS), unaudited" on October 27, 2021 (hereinafter "previously disclosed material").

The consolidated earnings forecast for the year ending March 31, 2022 is based on the assumptions that the average daily trading values and volumes are ¥3.5 trillion for cash equities*, 30,000 contracts for 10-year JGB futures transactions, 97,000 contracts for TOPIX futures transactions, 170,000 contracts for Nikkei 225 futures transactions**, and ¥23 billion for Nikkei 225 options transactions***.

*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)

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

***Excludes weekly options transactions

2) Dividend Forecast

There are no revisions to the dividend forecast from the forecast figures announced in previously disclosed material.

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.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Condensed Consolidated Statement of Financial Position

	As of March 31, 2021	As of December 31, 2021
	Mil. yen	Mil. yen
Assets		
Current assets		
Cash and cash equivalents	108,209	73,158
Trade and other receivables	14,936	18,557
Clearing business financial assets	53,649,780	55,980,134
Specified assets for deposits from clearing participants	5,996,143	5,689,038
Specified assets for legal guarantee funds	673	644
Income tax receivables	5,286	8,962
Other financial assets	116,800	117,100
Other current assets	2,033	3,309
Total current assets	<u>59,893,862</u>	<u>61,890,906</u>
Non-current assets		
Property and equipment	10,697	14,287
Goodwill	67,374	67,374
Intangible assets	35,977	38,448
Retirement benefit assets	8,204	8,175
Investments accounted for using the equity method	16,736	17,465
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	5,309	2,026
Other non-current assets	6,181	6,092
Deferred tax assets	3,385	3,794
Total non-current assets	<u>181,815</u>	<u>185,613</u>
Total assets	<u><u>60,075,678</u></u>	<u><u>62,076,519</u></u>

	As of March 31, 2021	As of December 31, 2021
	Mil. yen	Mil. yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,132	6,374
Bonds and loans payable	32,500	32,500
Clearing business financial liabilities	53,649,780	55,980,134
Deposits from clearing participants	5,996,143	5,689,038
Legal guarantee funds	673	644
Trading participant security money	8,161	8,707
Income tax payables	15,038	5,553
Other current liabilities	8,746	9,462
Total current liabilities	<u>59,715,175</u>	<u>61,732,415</u>
Non-current liabilities		
Bonds and loans payable	19,960	19,965
Retirement benefit liabilities	9,018	9,191
Other non-current liabilities	2,336	3,148
Deferred tax liabilities	418	418
Total non-current liabilities	<u>31,732</u>	<u>32,723</u>
Total liabilities	<u>59,746,908</u>	<u>61,765,138</u>
Equity		
Share capital	11,500	11,500
Capital surplus	39,716	39,743
Treasury shares	(1,825)	(21,931)
Other components of equity	992	419
Retained earnings	271,006	273,530
Total equity attributable to owners of the parent company	<u>321,391</u>	<u>303,261</u>
Non-controlling interests	<u>7,378</u>	<u>8,119</u>
Total equity	<u>328,769</u>	<u>311,381</u>
Total liabilities and equity	<u><u>60,075,678</u></u>	<u><u>62,076,519</u></u>

(2) Condensed Consolidated Statement of Income

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Mil. yen	Mil. yen
Revenue		
Operating revenue	97,273	100,586
Other revenue	305	110
Total revenue	<u>97,579</u>	<u>100,696</u>
Expenses		
Operating expenses	45,052	45,560
Other expenses	2	11
Total expenses	<u>45,054</u>	<u>45,571</u>
Share of income of investments accounted for using the equity method	1,840	841
Operating income	<u>54,365</u>	<u>55,967</u>
Financial income	190	47
Financial expenses	76	77
Income before income tax	<u>54,479</u>	<u>55,936</u>
Income tax expense	16,585	17,127
Net income	<u><u>37,894</u></u>	<u><u>38,808</u></u>
Net income attributable to		
Owners of the parent company	37,361	38,013
Non-controlling interests	532	795
Net income	<u><u>37,894</u></u>	<u><u>38,808</u></u>
Earnings per share		
Basic (Yen)	69.80	71.71
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Mil. yen	Mil. yen
Net income	37,894	38,808
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	1,258	197
Share of other comprehensive income of investments accounted for using the equity method	(0)	0
Other comprehensive income, net of tax	1,258	197
Comprehensive income	39,152	39,006
Comprehensive income attributable to		
Owners of the parent company	38,620	38,211
Non-controlling interests	532	795
Comprehensive income	39,152	39,006

(4) Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the parent company			
	Share capital	Capital surplus	Treasury shares	Other components of equity
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2020	11,500	39,716	(1,548)	5,602
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	1,258
Total comprehensive income	—	—	—	1,258
Acquisitions of treasury shares	—	—	(366)	—
Dividends paid	—	—	—	—
Changes of interests in subsidiaries without losing control	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(4,724)
Other	—	—	26	—
Total transactions with the owners	—	—	(340)	(4,724)
Balance as of December 31, 2020	11,500	39,716	(1,889)	2,136

	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
	Mil. yen	Mil. yen		
Balance as of April 1, 2020	242,958	298,228	7,146	305,375
Net income	37,361	37,361	532	37,894
Other comprehensive income, net of tax	—	1,258	—	1,258
Total comprehensive income	37,361	38,620	532	39,152
Acquisitions of treasury shares	—	(366)	—	(366)
Dividends paid	(30,035)	(30,035)	—	(30,035)
Changes of interests in subsidiaries without losing control	—	—	(397)	(397)
Transfer from other components of equity to retained earnings	4,724	—	—	—
Other	—	26	—	26
Total transactions with the owners	(25,311)	(30,375)	(397)	(30,772)
Balance as of December 31, 2020	255,008	306,473	7,282	313,755

Equity attributable to owners of the parent company

	Share capital	Capital surplus	Treasury shares	Other components of equity
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2021	11,500	39,716	(1,825)	992
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	197
Total comprehensive income	—	—	—	197
Acquisitions of treasury shares	—	—	(20,333)	—
Dividends paid	—	—	—	—
Changes of interests in subsidiaries without losing control	—	32	—	—
Transfer from other components of equity to retained earnings	—	—	—	(771)
Other	—	(5)	226	—
Total transactions with the owners	—	26	(20,106)	(771)
Balance as of December 31, 2021	11,500	39,743	(21,931)	419

	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Balance as of April 1, 2021	271,006	321,391	7,378	328,769
Net income	38,013	38,013	795	38,808
Other comprehensive income, net of tax	—	197	—	197
Total comprehensive income	38,013	38,211	795	39,006
Acquisitions of treasury shares	—	(20,333)	—	(20,333)
Dividends paid	(36,269)	(36,269)	—	(36,269)
Changes of interests in subsidiaries without losing control	8	41	(53)	(12)
Transfer from other components of equity to retained earnings	771	—	—	—
Other	—	220	—	220
Total transactions with the owners	(35,490)	(56,341)	(53)	(56,395)
Balance as of December 31, 2021	273,530	303,261	8,119	311,381

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "operating revenue" is as follows:

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Mil. yen	Mil. yen
Trading services revenue	39,068	38,837
Clearing services revenue	20,872	21,083
Listing services revenue	10,981	11,726
Information services revenue	17,714	20,328
Other	8,636	8,610
Total	<u>97,273</u>	<u>100,586</u>

(Operating Expenses)

The breakdown of "operating expenses" is as follows:

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Mil. yen	Mil. yen
Personnel expenses	13,661	13,356
System maintenance and operation expenses	9,959	10,995
Depreciation and amortization	12,767	12,990
Other	8,664	8,217
Total	<u>45,052</u>	<u>45,560</u>

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