

(Reference Translation)

(Excerpt Version)

\*Please refer to our homepage for the full version.

July 28, 2017

**Japan Exchange Group, Inc. and Consolidated Subsidiaries**  
**Consolidated financial results for the three months ended June 30, 2017**  
**(Based on IFRS), unaudited**

Company name:	Japan Exchange Group, Inc.	Stock Exchange Listings:	Tokyo
Code number:	8697	URL:	<a href="http://www.jpx.co.jp/english/">http://www.jpx.co.jp/english/</a>
Representative:	Akira Kiyota, Director & Representative Executive Officer, Group CEO		
Contact:	Mitsuo Miwa, Director, Corporate Communications		
Scheduled date of filing of quarterly report:	August 10, 2017		
Scheduled date of start of dividend payment:	—		
Preparation of 1Q earnings presentation material:	Yes		
Holding of 1Q earnings announcement:	None		

1. Consolidated financial results for three months ended June 30, 2017  
(from April 1, 2017 to June 30, 2017)

(Figures less than a Millions of yen are omitted)

(1) Consolidated operating results (cumulative)

(Percentages represent year-on-year change)

	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	%
Three months ended June 30, 2017	27,876	4.3	16,440	14.6	16,630	14.1	10,978	13.6	10,874	13.5	10,175	52.0
Three months ended June 30, 2016	26,721	(3.9)	14,348	(14.3)	14,579	(14.0)	9,665	(11.3)	9,583	(11.0)	6,696	(38.8)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2017	20.24	—
Three months ended June 30, 2016	17.45	—

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2017	37,878,487	252,425	246,505	0.7
As of March 31, 2017	41,288,932	263,770	257,955	0.6

\* 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 the Group.

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2017	—	21.00	—	26.00	47.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (Forecast)		24.00	—	24.00	48.00

(Note) Change in dividend forecasts from the most recent announcement: None

## 3. Consolidated earnings forecast for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages represent year-on-year change)

	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, 2018	112,000	3.8	60,000	1.0	61,500	1.5	42,600	0.6	42,500	0.9	79.27

(Note) Change in earnings forecasts 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 share)

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

As of June 30, 2017: 549,069,100 shares

As of March 31, 2017: 549,069,100 shares

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

As of June 30, 2017: 13,303,873 shares

As of March 31, 2017: 8,636,052 shares

3) Average number of shares:

Three months ended June 30, 2017: 537,208,664 shares

Three months ended June 30, 2016: 549,061,848 shares

\* Disclosure regarding the execution of the quarterly review process

This release is outside the scope of the external auditor's quarterly review procedure.

\* 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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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Condensed Consolidated Statement of Financial Position

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

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

(2) Condensed Consolidated Statement of Income

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Millions of yen	Millions of yen
Revenue		
Operating revenue	26,721	27,876
Other revenue	77	18
Total revenue	<u>26,799</u>	<u>27,895</u>
Expenses		
Operating expenses	13,069	11,968
Other expenses	41	0
Total expenses	<u>13,110</u>	<u>11,969</u>
Share of income of investments accounted for using the equity method	660	514
Operating income	<u>14,348</u>	<u>16,440</u>
Financial income	232	210
Financial expenses	1	20
Income before income tax	<u>14,579</u>	<u>16,630</u>
Income tax expense	4,913	5,651
Net income	<u>9,665</u>	<u>10,978</u>
Net income attributable to		
Owners of the parent company	9,583	10,874
Non-controlling interests	82	104
Net income	<u>9,665</u>	<u>10,978</u>
Earnings per share		
Basic (Yen)	17.45	20.24
Diluted (Yen)	—	—

(3) Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Millions of yen	Millions of yen
Net income	9,665	10,978
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	(2,969)	(803)
Share of other comprehensive income of investments accounted for using the equity method	(0)	(0)
Other comprehensive income, net of tax	(2,969)	(803)
Comprehensive income	6,696	10,175
Comprehensive income attributable to		
Owners of the parent company	6,613	10,070
Non-controlling interests	82	104
Comprehensive income	6,696	10,175

## (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2016	11,500	59,726	(9)	13,321
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(2,969)
Total comprehensive income	—	—	—	(2,969)
Dividends paid	—	—	—	—
Changes of interests in subsidiaries without losing control	—	—	—	—
Total transactions with the owners	—	—	—	—
Balance as of June 30, 2016	<u>11,500</u>	<u>59,726</u>	<u>(9)</u>	<u>10,351</u>
Balance as of April 1, 2017	11,500	59,722	(13,506)	11,604
Net income	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(803)
Total comprehensive income	—	—	—	(803)
Acquisition of treasury shares	—	(2)	(7,451)	—
Dividends paid	—	—	—	—
Total transactions with the owners	—	(2)	(7,451)	—
Balance as of June 30, 2017	<u>11,500</u>	<u>59,720</u>	<u>(20,957)</u>	<u>10,800</u>



	Equity attributable to owners of the parent company		Non-controlling interests	Total equity
	Retained earnings	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2016	172,656	257,194	5,717	262,912
Net income	9,583	9,583	82	9,665
Other comprehensive income, net of tax	—	(2,969)	—	(2,969)
Total comprehensive income	9,583	6,613	82	6,696
Dividends paid	(15,922)	(15,922)	—	(15,922)
Changes of interests in subsidiaries without losing control	—	—	(140)	(140)
Total transactions with the owners	(15,922)	(15,922)	(140)	(16,063)
Balance as of June 30, 2016	166,316	247,885	5,659	253,545
Balance as of April 1, 2017	188,634	257,955	5,815	263,770
Net income	10,874	10,874	104	10,978
Other comprehensive income, net of tax	—	(803)	—	(803)
Total comprehensive income	10,874	10,070	104	10,175
Acquisition of treasury shares	—	(7,453)	—	(7,453)
Dividends paid	(14,066)	(14,066)	—	(14,066)
Total transactions with the owners	(14,066)	(21,519)	—	(21,519)
Balance as of June 30, 2017	185,442	246,505	5,920	252,425

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Millions of yen	Millions of yen
Trading services revenue	11,671	11,945
Clearing services revenue	5,573	5,664
Listing services revenue	2,710	2,768
Information services revenue	4,491	4,862
Other	2,274	2,635
Total	26,721	27,876

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2017
	Millions of yen	Millions of yen
Personnel expenses	3,684	3,893
System maintenance and operation expenses	2,147	2,630
Depreciation and amortization	3,180	2,312
Other	4,057	3,132
Total	13,069	11,968

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