

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the fiscal year ended March 31, 2018
(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: Mitsuo Miwa, Director, Corporate Communications
Scheduled date of annual general shareholders meeting: June 20, 2018
Scheduled date of start of dividend payment: May 28, 2018
Scheduled date of filing of annual securities report: June 13, 2018
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, 2018
(April 1, 2017 to March 31, 2018)

(Figures less than a million yen are omitted)

(1) Operating results

(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	%
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
Year ended March 31, 2017	107,885	(6.0)	59,377	(10.4)	60,604	(10.6)	42,363	(6.2)	42,124	(6.1)	41,914	(0.7)

	Earnings per share (Basic)	Earnings per share (Diluted)	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, 2018	94.17	—	19.0	0.2	59.5
Year ended March 31, 2017	77.00	—	16.4	0.2	55.0

(Reference)

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

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

Year ended March 31, 2017: ¥1,525 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, 2018	41,316,341	279,736	273,771	0.7	510.99
As of March 31, 2017	41,288,932	263,770	257,955	0.6	477.31

* 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. For the 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 5 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, 2018	66,018	(26,164)	(34,393)	78,999
Year ended March 31, 2017	47,462	(19,330)	(21,119)	73,553

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	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Year ended March 31, 2017	—	21.00	—	26.00	47.00	25,558	61.0	9.9
Year ended March 31, 2018	—	24.00	—	43.00	67.00	35,935	71.2	13.6
Year ending March 31, 2019 (Forecast)	—	27.00	—	27.00	54.00		60.3	

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

The year-end dividend per share for the fiscal year ended March 31, 2018 has been revised to ¥43 from ¥33, which was described in "Notice of Revision to Earnings Forecast and Dividend Forecast" released on March 22, 2018. For details, please refer to "Notice of Dividend from Surplus", released on April 27, 2018.

3. Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(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		Earnings per share (Basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Year ending March 31, 2019	123,000	1.9	68,000	(5.3)	69,000	(5.5)	48,100	(5.0)	48,000	(4.9)	89.59

* 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 March 31, 2018: 536,351,448 shares

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

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

As of March 31, 2018: 585,416 shares

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

3) Average number of shares:

Year ended March 31, 2018: 536,125,158 shares

Year ended March 31, 2017: 547,051,034 shares

(Reference) Overview of non-consolidated financial results

1. Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2018

(April 1, 2017 to March 31, 2018)

(1) Operating results

(Percentages indicate year-on-year change)

	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	41,119	(14.1)	35,118	(17.2)	36,441	(16.6)	35,503	(17.0)
Year ended March 31, 2017	47,887	36.5	42,424	42.7	43,682	39.5	42,774	41.3

	Earnings per share (Basic)		Earnings per share (Diluted)	
	yen		yen	
Year ended March 31, 2018	66.22		—	
Year ended March 31, 2017	78.19		—	

(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, 2018	252,081		111,970		44.4		208.99	
As of March 31, 2017	244,641		111,061		45.4		205.50	

(Reference)

Shareholders' equity:

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

As of March 31, 2017: ¥111,061 million

* This earnings 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 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 ...5	
(3) Explanation on Forecast Information such as Consolidated Earnings Forecast, etc. ...7	
2. BASIC RATIONALE TO THE SELECTION OF ACCOUNTING STANDARDS...7	
3. CONSOLIDATED FINANCIAL STATEMENTS ...8	
(1) Consolidated Statement of Financial Position ...8	
(2) Consolidated Statement of Income ...10	
(3) Consolidated Statement of Comprehensive Income...11	
(4) Consolidated Statement of Changes in Equity...12	
(5) Consolidated Statement of Cash Flows...14	
(6) Notes on Consolidated Financial Statements ...15	
(Note on Going-Concern Assumption) ...15	
(Operating Revenue) ...15	
(Operating Expenses) ...15	
(Segment Information, etc.) ...15	
(Earnings per Share) ...15	
(Significant Subsequent Events) ...15	

1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

(1) Explanation on Operating Results

In the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018), the Group recorded operating revenue of ¥120,711 million (11.9% increase from the same period of the previous fiscal year (i.e. year on year)) due to factors such as increases in trading services revenue and clearing services revenue compared with the previous year, and operating expenses were ¥50,902 million (1.4% year-on-year increase). As a result, the Group recorded operating income of ¥71,791 million (20.9% year-on-year increase) and income before income tax of ¥72,990 million (20.4% year-on-year increase).

In addition, net income attributable to owners of the parent company after tax was ¥50,484 million (19.8% year-on-year increase).

(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, 2018, trading services revenue increased 13.3% year on year to ¥51,766 million due mainly to an increase in transaction fees resulting from year-on-year increases in trading of cash equities and derivatives.

Breakdown of trading services revenue

(Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	
			Change (%)
Trading services revenue	45,703	51,766	13.3
Transaction fees	36,523	42,430	16.2
Cash equities	26,168	30,652	17.1
Derivatives	10,354	11,777	13.7
TOPIX futures	1,841	2,106	14.4
Nikkei 225 futures*1	4,231	4,691	10.9
Nikkei 225 options*2	2,834	3,149	11.1
10-year JGB futures	1,329	1,672	25.8
Others	117	157	33.7
Basic fees	1,044	1,043	(0.0)
Access fees	4,985	4,851	(2.7)
Trading system facilities Usage fees	3,066	3,341	9.0
Others	84	98	17.0

*1 Figures include Nikkei 225 mini futures.

*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, 2018, clearing services revenue increased 9.4% year on year to ¥23,473 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, 2018, listing services revenue increased 12.7% year on year to ¥14,547 million due to increases in initial/additional listing fees and annual listing fees, mainly resulting from a year-on-year increase in the amount raised by listed companies or growth in market capitalization of listed companies and net asset value of ETFs.

Breakdown of listing services revenue

(millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2018	Change (%)
Listing services revenue	12,903	14,547	12.7
Initial/Additional listing fees	4,317	5,002	15.9
Annual listing fees	8,586	9,544	11.2

4) Information services revenue

Information services revenue comprises revenue related to the provision of market information to information vendors, etc. (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, 2018, information services revenue increased 9.8% year on year to ¥19,878 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.; and
- Revenue from system development and operations conducted by consolidated subsidiary TOSHO SYSTEM SERVICE CO., LTD.

During the fiscal year ended March 31, 2018, other operating revenue increased 13.7% year on year to ¥11,045 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, 2017	Year ended March 31, 2018	Change (%)
Other operating revenue	9,711	11,045	13.7
Arrownet usage fees	2,848	3,121	9.6
Co-location services usage fees	3,234	3,506	8.4
Other	3,628	4,417	21.7

(Operating expenses)

During the fiscal year ended March 31, 2018, personnel expenses increased 4.6% year on year to ¥16,329 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.

During the fiscal year ended March 31, 2018, system maintenance and operation expenses increased 11.9% year on year to ¥12,100 million.

Depreciation and amortization decreased 14.1% year on year to ¥9,431 million.

During the fiscal year ended March 31, 2018, other operating expenses increased 2.1% year on year to ¥13,041 million.

(2) Explanation on Financial Position

(Assets, liabilities and equity)

For assets and liabilities of the 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 the 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, 2018 increased ¥27,409 million from the end of the previous fiscal year to ¥41,316,341 million as a result of an increase in deposits from clearing participants. Excluding clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds, assets increased ¥24,528 million from the end of the previous fiscal year to ¥354,618 million.

Total liabilities as of March 31, 2018 increased ¥11,443 million from the end of the previous fiscal year to ¥41,036,604 million as a result of an increase in deposits from clearing participants. Excluding clearing business financial liabilities, deposits from clearing participants, legal guarantee funds, and trading participant security money, liabilities increased ¥9,302 million from the end of the previous fiscal year to ¥95,427 million.

Total equity as of March 31, 2018 increased by ¥15,966 million from the end of the previous fiscal year to ¥279,736 million, due to capital increase from net income attributable to owners of the parent company, and capital reduction due mainly to dividend payment and acquisition of the company’ own shares. In addition, after excluding default compensation reserve funds, equity was ¥251,788 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, 2018	41,316,341	279,736	273,771	0.7
	*354,618	*251,788	*245,823	*69.3
As of March 31, 2017	41,288,932	263,770	257,955	0.6
	*330,089	*235,822	*230,006	*69.7

	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, 2018	19.0	0.2	510.99
	*21.2	*21.3	*458.83
As of March 31, 2017	16.4	0.2	477.31
	*18.3	*18.8	*425.60

(Notes)

Figures marked “*” under “Total assets” exclude “clearing business financial assets”, “deposits from clearing participants”, “legal guarantee funds”, and “default compensation reserve funds”, “Total equity” and “Total equity attributable to owners of the parent company” exclude “default compensation reserve funds”.

(Cash flows)

During the fiscal year ended March 31, 2018, cash and cash equivalents as of March 31, 2018 increased ¥5,446 million from the end of the previous fiscal year to ¥78,999 million.

1) Cash flows from operating activities

There was cash inflow of ¥66,018 million from operating activities mainly as a result of adding ¥10,114 million in depreciation and amortization and deducting ¥15,835 million in income taxes paid to or from ¥72,990 million in income before income tax.

2) Cash flows from investing activities

There was cash outflow of ¥26,164 million from investment activities due mainly to ¥10,537 million in purchase of intangible assets.

3) Cash flows from financing activities

There was cash outflow of ¥34,393 million from financing activities due mainly to cash outflow of ¥26,938 million in dividends paid, and ¥7,454 million in purchase of treasury shares.

<Reference> Cash flow-related indicators

	Year ended March 31, 2017	Year ended March 31, 2018
Ratio of total equity attributable to owners of the parent company to total assets	0.6%	0.7%
	*69.7%	*69.3%
Ratio of interest-bearing debt to cash flow	110.5%	79.4%
Interest coverage ratio	9,254.4	859.0

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, 2019 is based on the assumptions that the average daily trading values and volumes are ¥3.45 trillion for stocks*1, 31,000 contracts for 10-year JGB futures, 113,000 contracts for TOPIX futures, 206,000 contracts for Nikkei 225 futures*2 and ¥27.5 billion for Nikkei 225 options*3. Based on the assumptions, ¥123.0 billion in operating revenue, ¥68.0 billion in operating income, ¥69.0 billion in net income before income tax, ¥48.1 billion in net income and ¥48.0 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

(ii) Dividends Forecast

The Company 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 the 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, 2019 is planned to be ¥54 per share (¥27 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 of the company with other exchanges located overseas and increasing investor convenience, the Company has voluntarily adopted IFRS to its disclosure material.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Statement of Financial Position

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	73,553	78,999
Trade and other receivables	9,774	11,841
Clearing business financial assets	37,555,555	37,311,964
Specified assets for deposits from clearing participants	3,374,863	3,621,319
Specified assets for legal guarantee funds	474	491
Income tax receivables	8,507	6,191
Other financial assets	73,800	86,700
Other current assets	1,626	1,814
Total current assets	41,098,156	41,119,322
Non-current assets		
Property and equipment	5,140	5,209
Goodwill	67,374	67,374
Intangible assets	30,596	34,208
Retirement benefit assets	5,202	5,956
Investments accounted for using the equity method	8,809	10,407
Specified assets for default compensation reserve funds	27,948	27,948
Other financial assets	36,275	36,252
Other non-current assets	5,793	5,774
Deferred tax assets	3,635	3,887
Total non-current assets	190,775	197,019
Total assets	41,288,932	41,316,341

	As of March 31, 2017	As of March 31, 2018
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	3,190	5,591
Bonds and loans payable	22,500	32,500
Clearing business financial liabilities	37,555,555	37,311,964
Deposits from clearing participants	3,374,863	3,621,319
Legal guarantee funds	474	491
Trading participant security money	8,142	7,402
Income tax payables	9,210	14,253
Other current liabilities	5,339	7,599
Total current liabilities	<u>40,979,276</u>	<u>41,001,120</u>
Non-current liabilities		
Bonds and loans payable	29,933	19,940
Retirement benefit liabilities	7,357	7,624
Other non-current liabilities	3,693	3,392
Deferred tax liabilities	4,900	4,526
Total non-current liabilities	<u>45,884</u>	<u>35,484</u>
Total liabilities	<u>41,025,161</u>	<u>41,036,604</u>
Equity		
Share capital	11,500	11,500
Capital surplus	59,722	39,716
Treasury shares	(13,506)	(953)
Other components of equity	11,604	10,816
Retained earnings	188,634	212,691
Total equity attributable to owners of the parent company	<u>257,955</u>	<u>273,771</u>
Non-controlling interests	5,815	5,965
Total equity	<u>263,770</u>	<u>279,736</u>
Total liabilities and equity	<u><u>41,288,932</u></u>	<u><u>41,316,341</u></u>

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Revenue		
Operating revenue	107,885	120,711
Other revenue	161	271
Total revenue	<u>108,047</u>	<u>120,983</u>
Expenses		
Operating expenses	50,185	50,902
Other expenses	9	15
Total expenses	<u>50,195</u>	<u>50,918</u>
Share of income of investments accounted for using the equity method	1,525	1,726
Operating income	<u>59,377</u>	<u>71,791</u>
Financial income	1,235	1,282
Financial expenses	8	83
Income before income tax	<u>60,604</u>	<u>72,990</u>
Income tax expense	<u>18,240</u>	<u>22,355</u>
Net income	<u><u>42,363</u></u>	<u><u>50,634</u></u>
Net income attributable to		
Owners of the parent company	42,124	50,484
Non-controlling interests	238	149
Net income	<u><u>42,363</u></u>	<u><u>50,634</u></u>
Earnings per share		
Basic (Yen)	77.00	94.17
Diluted (Yen)	—	—

(3) Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Net income	42,363	50,634
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	(1,717)	(787)
Remeasurements of defined benefit plan	1,268	511
Share of other comprehensive income of investments accounted for using the equity method	(0)	0
Other comprehensive income, net of tax	(448)	(276)
Comprehensive income	41,914	50,357
Comprehensive income attributable to		
Owners of the parent company	41,676	50,208
Non-controlling interests	238	149
Comprehensive income	41,914	50,357

(4) Consolidated Statement of Changes in Equity

	Equity attributable to owners of the parent company				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				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, 2016	11,500	59,726	(9)	13,321	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(1,717)	1,268
Total comprehensive income	—	—	—	(1,717)	1,268
Purchase of treasury shares	—	(3)	(13,497)	—	—
Dividends paid	—	—	—	—	—
Changes of interests in subsidiaries without losing control	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	(1,268)
Total transactions with the owners	—	(3)	(13,497)	—	(1,268)
Balance as of March 31, 2017	11,500	59,722	(13,506)	11,604	—
Net income	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	(787)	511
Total comprehensive income	—	—	—	(787)	511
Purchase 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	—

Equity attributable to owners
of the parent company

	Other components of equity	Retained earnings	Total	Non- controlling interests	Total equity
	Total	Total	Total	Total	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2016	13,321	172,656	257,194	5,717	262,912
Net income	—	42,124	42,124	238	42,363
Other comprehensive income, net of tax	(448)	—	(448)	—	(448)
Total comprehensive income	(448)	42,124	41,676	238	41,914
Purchase of treasury shares	—	—	(13,500)	—	(13,500)
Dividends paid	—	(27,414)	(27,414)	—	(27,414)
Changes of interests in subsidiaries without losing control	—	—	—	(140)	(140)
Transfer from other components of equity to retained earnings	(1,268)	1,268	—	—	—
Total transactions with the owners	(1,268)	(26,146)	(40,915)	(140)	(41,056)
Balance as of March 31, 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
Purchase 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

(5) Consolidated Statement of Cash Flows

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Cash flows from operating activities		
Income before income tax	60,604	72,990
Depreciation and amortization	11,784	10,114
Financial income	(1,235)	(1,282)
Financial expenses	8	76
Share of income of investments accounted for using the equity method	(1,525)	(1,726)
Gains on sale of property and equipment	—	(50)
(Increase) decrease in trade and other receivables	306	(2,067)
Increase (decrease) in trade and other payables	(498)	877
(Increase) decrease in retirement benefit assets	(1,575)	(753)
Increase (decrease) in retirement benefit liabilities	4	267
Other	1,492	1,990
Subtotal	<u>69,364</u>	<u>80,436</u>
Interest and dividends received	1,575	1,493
Interest paid	(5)	(76)
Income taxes paid	(23,473)	(15,835)
Cash flows generated from operating activities	<u>47,462</u>	<u>66,018</u>
Cash flows from investing activities		
Payments into time deposits	(83,100)	(105,700)
Proceeds from withdrawal of time deposits	74,900	93,800
Purchase of property and equipment	(1,111)	(1,554)
Purchase of intangible assets	(9,970)	(10,537)
Purchase of Investment securities	(127)	(2,000)
Other	79	(172)
Cash flows generated from (used in) investing activities	<u>(19,330)</u>	<u>(26,164)</u>
Cash flows from financing activities		
Proceeds from loans payable	10,000	20,000
Repayments of loans payable	(10,000)	(20,000)
Proceeds from issuance of bonds	19,932	—
Dividends paid	(27,414)	(26,938)
Purchase of treasury shares	(13,501)	(7,454)
Other	(136)	—
Cash flows used in financing activities	<u>(21,119)</u>	<u>(34,393)</u>
Net increase (decrease) in cash and cash equivalents	<u>7,011</u>	<u>5,460</u>
Cash and cash equivalents at the beginning of the year	<u>66,547</u>	<u>73,553</u>
Effect of changes in exchange rate on cash and cash equivalents	(6)	(14)
Cash and cash equivalents at the end of the year	<u><u>73,553</u></u>	<u><u>78,999</u></u>

(6) Notes on Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Trading services revenue	45,703	51,766
Clearing services revenue	21,454	23,473
Listing services revenue	12,903	14,547
Information services revenue	18,112	19,878
Other	9,711	11,045
Total	107,885	120,711

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Personnel expenses	15,614	16,329
System maintenance and operation expenses	10,813	12,100
Depreciation and amortization	10,983	9,431
Other	12,774	13,041
Total	50,185	50,902

(Segment Information, etc.)

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

(Earnings per Share)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
	Millions of yen	Millions of yen
Net income attributable to owners of the parent company	42,124	50,484
	Thousand shares	Thousand shares
Weighted average number of ordinary shares outstanding	547,051	536,125
	yen	yen
Earnings per share (Basic)	77.00	94.17

*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