

Japan Exchange Group, Inc. and Consolidated Subsidiaries
Consolidated financial results for the six months ended September 30, 2016
(Based on IFRS), unaudited

| | | | |
|---------------------------------------------------|----------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------|
| Company name: | Japan Exchange Group, Inc. | Stock Exchange Listings: | Tokyo |
| Code number: | 8697 | URL: | http://www.jpx.co.jp/english/ |
| Representative: | Akira Kiyota, Director & Representative Executive Officer, Group CEO | | |
| Contact: | Mitsuo Miwa, Director, Corporate Communications | | |
| Scheduled date of filing of quarterly report: | November 11, 2016 | | |
| Scheduled date of start of dividend payment: | December 1, 2016 | | |
| Preparation of 2Q earnings presentation material: | Yes | | |
| Holding of 2Q earnings announcement: | Yes (For institutional investors and analysts) | | |

1. Consolidated financial results for six months ended September 30, 2016
(from April 1, 2016 to September 30, 2016)

(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 | % |
| Six months ended September 30, 2016 | 52,882 | (8.7) | 28,258 | (19.9) | 29,022 | (20.0) | 19,801 | (17.9) | 19,597 | (17.9) | 15,560 | (21.1) |
| Six months ended September 30, 2015 | 57,952 | 16.3 | 35,295 | 44.5 | 36,269 | 43.1 | 24,122 | 46.5 | 23,879 | 46.6 | 19,721 | 7.7 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | yen | yen |
| Six months ended September 30, 2016 | 35.73 | — |
| Six months ended September 30, 2015 | 43.49 | — |

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the basic earnings per share is calculated as if such stock split was implemented at the beginning of the previous consolidated accounting year.

(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 September 30, 2016 | 36,061,545 | 259,757 | 253,975 | 0.7 |
| As of March 31, 2016 | 29,546,776 | 262,912 | 257,194 | 0.9 |

* 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.

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, 2016 | — | 42.00 | — | 29.00 | — |
| Year ending March 31, 2017 | — | 21.00 | | | |
| Year ending March 31, 2017 (Forecast) | | | — | 21.00 | 42.00 |

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

* A 2-for-1 stock split was conducted with an effective date of October 1, 2015. Second-quarter dividend for the year ended March 31, 2016 indicated above is the actual dividend before said stock split.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017) (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 | % | |
| Year ending March 31, 2017 | 106,000 | (7.6) | 54,000 | (18.5) | 55,500 | (18.1) | 38,600 | (14.6) | 38,500 | (14.2) | 70.27 |

(Note) Change in earnings forecasts from the most recent announcement: Yes

* 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 September 30, 2016: 549,069,100 shares

As of March 31, 2016: 549,069,100 shares

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

As of September 30, 2016: 1,839,252 shares

As of March 31, 2016: 7,252 shares

3) Average number of shares:

Six months ended September 30, 2016: 548,523,428 shares

Six months ended September 30, 2015: 549,063,790 shares

* Due to a 2-for-1 stock split which was conducted with an effective date of October 1, 2015, the number of shares is calculated as if such stock split was implemented at the beginning of the previous consolidated accounting year.

* Disclosure regarding the execution of the quarterly review process

This release is outside the scope of the external auditor's quarterly review procedure which is required by the "Financial Instruments and Exchange Act". Therefore, the review process of condensed consolidated financial statements which is required by the "Financial Instruments and Exchange Act" has not been completed as of this disclosure in this release.

* Explanation on appropriate use of forecast and other special items

This material contains earnings forecast and other forward-looking statements which are based on available information and certain assumptions that are considered reasonable at the time of preparation. Various factors may cause actual results, etc. to be materially different from those expressed in these forward-looking statements.

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(Appendix)

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1. QUALITATIVE INFORMATION ON OPERATING RESULTS AND FINANCIAL POSITION

(1) Explanation on Operating Results

During the consolidated cumulative second quarter (from April 1, 2016 to September 30, 2016), the Group recorded operating revenue of ¥52,882 million (8.7% decrease from the same period of the previous fiscal year (i.e. year-on-year)) due to factors such as year-on-year decreases in trading of cash equities and derivatives, while operating expenses were ¥25,593 million (9.8% year-on-year increase). As a result, the Group recorded operating income of ¥28,258 million (19.9% year-on-year decrease) and income before income tax of ¥29,022 million (20.0% year-on-year decrease).

In addition, net income attributable to owners of the parent company after tax was ¥19,597 million (17.9% year-on-year decrease).

<Reference>

| | Six months ended September 30, 2015 | | Six months ended September 30, 2016 | |
|----------------|----------------------------------------|--------------------------|----------------------------------------|--------------------------|
| | | As of September 30, 2015 | | As of September 30, 2016 |
| TOPIX | 1,375.52 points ~1,691.29 points | 1,411.16 points | 1,204.48 points ~1,407.50 points | 1,322.78 points |
| Nikkei 225 | ¥16,930.84 ~¥20,868.03 | ¥17,388.15 | ¥14,952.02 ~¥17,572.49 | ¥16,449.84 |
| JPX Nikkei 400 | 12,312.62 points ~15,251.93 points | 12,628.54 points | 10,869.19 points ~12,753.05 points | 11,846.49 points |

(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 consolidated cumulative second quarter, trading services revenue decreased 16.5% year-on-year to ¥22,515 million due to decreases in trading of cash equities and derivatives.

Breakdown of trading services revenue

(Millions of yen)

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | Change (%) |
|--------------------------------------|----------------------------------------|----------------------------------------|------------|
| | | | |
| Trading services revenue | 26,958 | 22,515 | (16.5) |
| Transaction fees | 22,434 | 17,908 | (20.2) |
| Cash equities | 16,103 | 12,865 | (20.1) |
| Derivatives | 6,331 | 5,042 | (20.4) |
| TOPIX futures transactions | 971 | 864 | (10.9) |
| Nikkei 225 futures transactions *1 | 2,595 | 2,031 | (21.7) |
| Nikkei 225 options transactions *2 | 1,761 | 1,392 | (21.0) |
| 10-year JGB futures transactions | 826 | 661 | (19.9) |
| Others | 175 | 92 | (47.6) |
| Basic fees | 531 | 520 | (2.1) |
| Access fees | 2,538 | 2,572 | 1.3 |
| Trading system facilities Usage fees | 1,409 | 1,472 | 4.5 |
| Others | 45 | 42 | (5.5) |

*1 Figures include Nikkei 225 mini futures transactions.

*2 Figures exclude Nikkei 225 Weekly Options transactions.

<Reference>

Equities trading value and derivatives trading volume or value (including auction and off-auction trading)

| | Daily average | | | Total | | |
|--------------------------------------------------|----------------------------------------|----------------------------------------|---------------|----------------------------------------|----------------------------------------|---------------|
| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | Change (%) | Six months ended September 30, 2015 | Six months ended September 30, 2016 | Change (%) |
| | | | | | | |
| 【Cash equities】 | | | | | | |
| TSE 1 st and 2 nd Sections | | | | | | |
| Trading value (Millions of yen) | 3,008,681 | 2,453,869 | (18.4) | 370,067,716 | 301,825,929 | (18.4) |
| Mothers | | | | | | |
| Trading value (Millions of yen) | 92,537 | 146,627 | 58.5 | 11,381,990 | 18,035,083 | 58.5 |
| JASDAQ | | | | | | |
| Trading value (Millions of yen) | 80,225 | 43,646 | (45.6) | 9,867,688 | 5,368,475 | (45.6) |
| ETFs, ETNs, etc. | | | | | | |
| Trading value (Millions of yen) | 275,129 | 235,466 | (14.4) | 33,840,858 | 28,962,302 | (14.4) |
| REITs, etc. | | | | | | |
| Trading value (Millions of yen) | 39,955 | 52,889 | 32.4 | 4,914,476 | 6,505,401 | 32.4 |
| 【Derivatives】 | | | | | | |
| TOPIX futures transactions | | | | | | |
| Trading volume (contracts) | 92,985 | 84,543 | (9.1) | 11,437,195 | 10,398,845 | (9.1) |
| Nikkei 225 futures transactions | | | | | | |
| Trading volume (contracts) | 120,149 | 96,718 | (19.5) | 14,778,308 | 11,896,296 | (19.5) |
| Nikkei 225 mini futures transactions | | | | | | |
| Trading volume (contracts) | 1,096,601 | 836,014 | (23.8) | 134,881,939 | 102,829,715 | (23.8) |
| Nikkei 225 options transactions | | | | | | |
| Value (Millions of yen) * | 29,343 | 24,473 | (16.6) | 3,609,171 | 3,010,150 | (16.6) |
| 10-year JGB futures transactions | | | | | | |
| Trading volume (contracts) | 35,720 | 28,341 | (20.7) | 4,393,512 | 3,485,900 | (20.7) |

* 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 consolidated cumulative second quarter, clearing services revenue decreased 6.9% year-on-year to ¥10,866 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 consolidated cumulative second quarter, listing services revenue decreased 6.8% year-on-year to ¥6,030 million due to decreases in initial/additional listing fees.

Breakdown of listing services revenue

(Millions of yen)

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | |
|---------------------------------|----------------------------------------|----------------------------------------|------------|
| | | | Change (%) |
| Listing services revenue | 6,472 | 6,030 | (6.8) |
| Initial/Additional listing fees | 2,618 | 1,935 | (26.1) |
| Annual listing fees | 3,854 | 4,095 | 6.2 |

<Reference>

Number of listed companies, ETFs, ETNs, and REITs

(Company/Issue)

| | New listed companies (issues) | | | Total listed companies (issues) | | |
|--------------------------------------------------|----------------------------------------|----------------------------------------|--------|---------------------------------|-----------------------------|--------|
| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | Change | As of September 30, 2015 | As of September 30, 2016 | Change |
| | | | | | | |
| TSE 1 st and 2 nd Sections | 8 | 5 | (3) | 2,444 | 2,517 | 73 |
| Mothers | 27 | 25 | (2) | 217 | 232 | 15 |
| JASDAQ | 6 | 3 | (3) | 811 | 763 | (48) |
| TOKYO PRO Market | 2 | 3 | 1 | 13 | 16 | 3 |
| Total | 43 | 36 | (7) | 3,485 | 3,528 | 43 |
| ETFs · ETNs | 15 | 9 | (6) | 219 | 223 | 4 |
| REITs | 2 | 5 | 3 | 50 | 56 | 6 |

* The number of new listed companies (issues) excludes those that were listed in relation to technical listings (new listings of companies (issues) that were established due to mergers and stock transfers, etc.).

Fund raising by listed companies

(Millions of yen)

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | |
|-------------------------------|----------------------------------------|----------------------------------------|------------|
| | | | Change (%) |
| Financing by listed companies | 876,426 | 536,368 | (38.8) |

* Total amount of funds- raised via public offerings (including initial public offerings), third-party allotments and shareholder allotments.

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 consolidated cumulative second quarter, information services revenue increased 2.0% year-on-year to ¥8,957 million due mainly to an increase in market information fees and an increase in 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 consolidated cumulative second quarter, other operating revenue increased 10.9% year-on-year to ¥4,512 million due mainly to an increase in revenue from arrownet usage fees and Co-location services usage fees.

Breakdown of other operating revenue

(Millions of yen)

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 | |
|---------------------------------|----------------------------------------|----------------------------------------|------------|
| | | | Change (%) |
| Other operating revenue | 4,068 | 4,512 | 10.9 |
| arrownet usage fees | 1,147 | 1,378 | 20.1 |
| Co-location services usage fees | 1,410 | 1,661 | 17.7 |
| Other | 1,510 | 1,473 | (2.5) |

(Operating expenses)

During the consolidated cumulative second quarter, personnel expenses decreased 0.4% year-on-year to ¥7,492 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 consolidated cumulative second quarter, system maintenance and operation expenses decreased 17.4% year-on-year to ¥3,899 million.

During the consolidated cumulative second quarter, depreciation and amortization increased 56.4% year-on-year to ¥6,223 million.

During the consolidated cumulative second quarter, other operating expenses increased 12.7% year-on-year to ¥7,977million.

(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 September 30, 2016 increased ¥6,514,768 million from the end of the previous fiscal year to ¥3,661,545 million as a result of increases in clearing business financial assets. Excluding clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds, assets decreased ¥9,257 million from the end of the previous fiscal year to ¥304,094 million.

Total liabilities as of September 30, 2016 increased ¥6,517,923 million from the end of the previous fiscal year to ¥35,801,788 million as a result of increases in clearing business financial liabilities. Excluding clearing business financial liabilities, deposits from clearing participants, legal guarantee funds, and trading participant

security money, liabilities decreased ¥6,841 million from the end of the previous fiscal year to ¥64,117 million.

Total equity as of September 30, 2016 decreased ¥3,155 million from the end of the previous fiscal year to ¥259,757 million due mainly to dividend payment. In addition, after excluding default compensation reserve funds, total equity as of the same date was ¥231,809 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 September 30, 2016 | 36,061,545 | 259,757 | 253,975 | 0.7 |
| | *304,094 | *231,809 | *226,027 | *74.3 |
| As of March 31, 2016 | 29,546,776 | 262,912 | 257,194 | 0.9 |
| | *313,351 | *234,964 | *229,246 | *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", "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.

(i) Consolidated Earnings Forecast

Figures in the consolidated earnings forecast for the period have been revised based on the assumptions for daily average trading values and volumes indicated below and to reflect the impact of factors such as decreased operating expenses. Taking into account recent market conditions, the assumptions for the average daily trading values and volumes, which were used in the consolidated earnings forecast announced in the "Consolidated financial results for the fiscal year ended March 31, 2016 (Based on IFRS), unaudited" on April 28, 2016 (hereinafter "previously disclosed material") have been revised to ¥2.9 trillion for stocks, etc.^{*1} (down ¥200 billion from in the previously disclosed material, the same applies hereinafter), 28,000 contracts for 10-year JGB futures transactions (down 10,000 contracts), 85,000 contracts for TOPIX futures transactions (down 17,000 contracts), 198,000 contracts for Nikkei 225 futures transactions^{*2} (down 31,000 contracts), and ¥27.5 billion for Nikkei 225 options transactions^{*3} (down ¥1 billion).

^{*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

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

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.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Condensed Consolidated Statement of Financial Position

| | As of March 31, 2016 | As of September 30, 2016 |
|----------------------------------------------------------|--------------------------|-----------------------------|
| | Millions of yen | Millions of yen |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 66,547 | 48,383 |
| Trade and other receivables | 10,096 | 9,590 |
| Clearing business financial assets | 26,395,558 | 32,594,825 |
| Specified assets for deposits from clearing participants | 2,809,433 | 3,134,193 |
| Specified assets for legal guarantee funds | 483 | 483 |
| Income tax receivables | 5,055 | 7,586 |
| Other financial assets | 65,600 | 77,800 |
| Other current assets | 1,163 | 2,196 |
| Total current assets | <u>29,353,939</u> | <u>35,875,060</u> |
| Non-current assets | | |
| Property and equipment | 6,025 | 5,327 |
| Goodwill | 67,374 | 67,374 |
| Intangible assets | 31,033 | 30,977 |
| Retirement benefit assets | 3,626 | 3,573 |
| Investments accounted for using the equity method | 7,592 | 8,200 |
| Specified assets for default compensation reserve funds | 27,948 | 27,948 |
| Other financial assets | 38,639 | 32,511 |
| Other non-current assets | 5,854 | 5,856 |
| Deferred tax assets | 4,741 | 4,716 |
| Total non-current assets | <u>192,836</u> | <u>186,485</u> |
| Total assets | <u><u>29,546,776</u></u> | <u><u>36,061,545</u></u> |

| | As of March 31, 2016 | As of September 30, 2016 |
|--------------------------------------------------------------|--------------------------|-----------------------------|
| | Millions of yen | Millions of yen |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 4,413 | 3,413 |
| Loans payable | 22,500 | 32,500 |
| Clearing business financial liabilities | 26,395,558 | 32,594,825 |
| Deposits from clearing participants | 2,809,433 | 3,134,193 |
| Legal guarantee funds | 483 | 483 |
| Trading participant security money | 7,429 | 8,167 |
| Income tax payables | 10,714 | 8,838 |
| Other current liabilities | 6,403 | 4,382 |
| Total current liabilities | <u>29,256,937</u> | <u>35,786,804</u> |
| Non-current liabilities | | |
| Loans payable | 10,000 | — |
| Retirement benefit liabilities | 7,352 | 7,444 |
| Other non-current liabilities | 3,924 | 3,600 |
| Deferred tax liabilities | 5,650 | 3,937 |
| Total non-current liabilities | <u>26,926</u> | <u>14,983</u> |
| Total liabilities | <u>29,283,864</u> | <u>35,801,788</u> |
| Equity | | |
| Share capital | 11,500 | 11,500 |
| Capital surplus | 59,726 | 59,725 |
| Treasury shares | (9) | (2,660) |
| Other components of equity | 13,321 | 9,079 |
| Retained earnings | 172,656 | 176,330 |
| Total equity attributable to owners of the parent company | <u>257,194</u> | <u>253,975</u> |
| Non-controlling interests | 5,717 | 5,781 |
| Total equity | <u>262,912</u> | <u>259,757</u> |
| Total liabilities and equity | <u><u>29,546,776</u></u> | <u><u>36,061,545</u></u> |

(2) Condensed Consolidated Statement of Income

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 |
|----------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| | Millions of yen | Millions of yen |
| Revenue | | |
| Operating revenue | 57,952 | 52,882 |
| Other revenue | 119 | 89 |
| Total revenue | <u>58,072</u> | <u>52,972</u> |
| Expenses | | |
| Operating expenses | 23,302 | 25,593 |
| Other expenses | 245 | 40 |
| Total expenses | <u>23,547</u> | <u>25,634</u> |
| Share of income of investments accounted for using the equity method | 770 | 920 |
| Operating income | <u>35,295</u> | <u>28,258</u> |
| Financial income | 992 | 766 |
| Financial expenses | 18 | 2 |
| Income before income tax | <u>36,269</u> | <u>29,022</u> |
| Income tax expense | 12,147 | 9,220 |
| Net income | <u>24,122</u> | <u>19,801</u> |
| Net income attributable to | | |
| Owners of the parent company | 23,879 | 19,597 |
| Non-controlling interests | 242 | 204 |
| Net income | <u>24,122</u> | <u>19,801</u> |
| Earnings per share | | |
| Basic (Yen) | 43.49 | 35.73 |
| Diluted (Yen) | — | — |

(3) Condensed Consolidated Statement of Comprehensive Income

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| | Millions of yen | Millions of yen |
| Net income | 24,122 | 19,801 |
| 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 | (4,400) | (4,241) |
| Share of other comprehensive income of investments accounted for using the equity method | 0 | (0) |
| Other comprehensive income, net of tax | <u>(4,400)</u> | <u>(4,241)</u> |
| Comprehensive income | <u>19,721</u> | <u>15,560</u> |
| Comprehensive income attributable to | | |
| Owners of the parent company | 19,479 | 15,355 |
| Non-controlling interests | <u>242</u> | <u>204</u> |
| Comprehensive income | <u>19,721</u> | <u>15,560</u> |

(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, 2015 | 11,500 | 59,726 | (5) | 14,828 |
| Net income | — | — | — | — |
| Other comprehensive income, net of tax | — | — | — | (4,400) |
| Total comprehensive income | — | — | — | (4,400) |
| Dividends paid | — | — | — | — |
| Total transactions with the owners | — | — | — | — |
| Balance as of September 30, 2015 | 11,500 | 59,726 | (5) | 10,427 |
| Balance as of April 1, 2016 | 11,500 | 59,726 | (9) | 13,321 |
| Net income | — | — | — | — |
| Other comprehensive income, net of tax | — | — | — | (4,241) |
| Total comprehensive income | — | — | — | (4,241) |
| Purchase of treasury shares | — | (0) | (2,651) | — |
| Dividends paid | — | — | — | — |
| Changes of interests in subsidiaries without losing control | — | — | — | — |
| Total transactions with the owners | — | (0) | (2,651) | — |
| Balance as of September 30, 2016 | 11,500 | 59,725 | (2,660) | 9,079 |

| | Equity attributable to owners of the parent company | | Non-controlling interests | Total equity |
|----------------------------------------------------------------|--------------------------------------------------------|-----------------|------------------------------|--------------|
| | Retained earnings | Total | | |
| | Millions of yen | Millions of yen | | |
| Balance as of April 1, 2015 | 149,562 | 235,611 | 5,954 | 241,565 |
| Net income | 23,879 | 23,879 | 242 | 24,122 |
| Other comprehensive income, net of tax | — | (4,400) | — | (4,400) |
| Total comprehensive income | 23,879 | 19,479 | 242 | 19,721 |
| Dividends paid | (8,785) | (8,785) | (8) | (8,793) |
| Total transactions with the owners | (8,785) | (8,785) | (8) | (8,793) |
| Balance as of September 30, 2015 | 164,657 | 246,305 | 6,187 | 252,493 |
| Balance as of April 1, 2016 | 172,656 | 257,194 | 5,717 | 262,912 |
| Net income | 19,597 | 19,597 | 204 | 19,801 |
| Other comprehensive income, net of tax | — | (4,241) | — | (4,241) |
| Total comprehensive income | 19,597 | 15,355 | 204 | 15,560 |
| Purchase of treasury shares | — | (2,651) | — | (2,651) |
| 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) | (18,574) | (140) | (18,715) |
| Balance as of September 30, 2016 | 176,330 | 253,975 | 5,781 | 259,757 |

(5) Notes on Condensed Consolidated Financial Statements

(Note on Going-concern Assumption)

Not applicable

(Operating Revenue)

The breakdown of "Operating revenue" is as follows:

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 |
|------------------------------|----------------------------------------|----------------------------------------|
| | Millions of yen | Millions of yen |
| Trading services revenue | 26,958 | 22,515 |
| Clearing services revenue | 11,671 | 10,866 |
| Listing services revenue | 6,472 | 6,030 |
| Information services revenue | 8,780 | 8,957 |
| Other | 4,068 | 4,512 |
| Total | 57,952 | 52,882 |

(Operating Expenses)

The breakdown of "Operating expenses" is as follows:

| | Six months ended September 30, 2015 | Six months ended September 30, 2016 |
|----------------------------------------------|----------------------------------------|----------------------------------------|
| | Millions of yen | Millions of yen |
| Personnel expenses | 7,519 | 7,492 |
| System maintenance and operation expenses | 4,723 | 3,899 |
| Depreciation and amortization | 3,979 | 6,223 |
| Other | 7,079 | 7,977 |
| Total | 23,302 | 25,593 |

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