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Fiscal Year	The 22nd Term (from April 1, 2022 to March 31, 2023)
Company Name	Kabushiki Kaisha Nippon Torihikijo Gurupu
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Place Where the Filed Document Is Available for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

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Part One: Company Information

I Overview of Company

1 Key Financial Data

(1) Key Consolidated Financial Data of Group

(JPY mil., unless otherwise stated)

Fiscal year ended:	March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue	121,134	123,688	133,343	135,432	133,991
Income before income taxes	70,786	69,095	74,732	73,429	68,207
Net income attributable to owners of the parent company	49,057	47,609	51,389	49,955	46,342
Comprehensive income attributable to owners of the parent company	49,042	49,490	53,474	50,583	46,805
Equity attributable to owners of the parent company	285,009	298,228	321,391	315,653	312,734
Total assets	54,069,405	67,286,302	60,075,678	71,463,434	82,187,392
Equity attributable to owners of the parent company per share (JPY)	532.10	556.97	600.38	598.35	599.47
Basic earnings per share (JPY)	91.58	88.91	96.00	94.35	88.03
Diluted earnings per share (JPY)	–	–	–	–	–
Equity attributable to owners of the parent company ratio (%)	0.5	0.4	0.5	0.4	0.4
Net income attributable to owners of the parent company ratio (%)	17.6	16.3	16.6	15.7	14.7
Price earnings ratio (Times)	21.5	21.4	27.0	24.2	22.9
Cash flows from operating activities	52,778	56,881	71,750	58,191	66,878
Cash flows from investing activities	(30,066)	(9,434)	(1,513)	(13,299)	(8,522)
Cash flows from financing activities	(37,809)	(39,411)	(33,932)	(59,747)	(52,898)
Cash and cash equivalents at the end of the year	63,891	71,883	108,209	93,354	98,812
Number of employees (Persons)	1,110	1,208	1,197	1,193	1,238

(Notes) 1. The consolidated financial statements of Japan Exchange Group, Inc. (hereinafter the “Company”) and its subsidiaries (hereinafter collectively the “Group”) are prepared in accordance with International Financial Reporting Standards (IFRS).

2. Diluted earnings per share are not shown because there are no potential shares.

<Reference>

Within the Group's assets and liabilities, (1) clearing business financial assets and liabilities undertaken by Japan Securities Clearing Corporation (JSCC) as a clearing house and (2) deposits from clearing participants entrusted to JSCC as collateral are recorded as both assets and liabilities. Both (1) clearing business financial assets and liabilities and (2) deposits from clearing participants are large in amount and fluctuate daily depending on, among other things, positions held by clearing participants. As a result, the amounts of the Group's assets and liabilities are significantly impacted by such fluctuations. Legal guarantee funds, trading participant security money, and default compensation reserve funds, which are based on various rules and regulations for ensuring the security of financial instruments and commodities trading, are also recorded as both assets and liabilities (or equity).

The key financial data of the Group after deducting the above-mentioned amounts of assets and liabilities (or equity) are as follows:

Fiscal year ended:	March 2019	March 2020	March 2021	March 2022	March 2023
Equity attributable to owners of the parent company (JPY mil.)	257,060	270,280	293,443	287,704	284,786
Total assets (JPY mil.)	359,502	378,820	401,132	387,168	395,064
Equity attributable to owners of the parent company per share (JPY)	479.92	504.78	548.17	545.37	545.90
Equity attributable to owners of the parent company ratio (%)	71.5	71.3	73.2	74.3	72.1
Net income attributable to owners of the parent company ratio (%)	19.5	18.1	18.2	17.2	16.2

(Note) "Total assets" has been calculated after deducting clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds. "Equity attributable to owners of the parent company" has been calculated after deducting default compensation reserve funds.

## (2) Key Financial Data of Reporting Company

(JPY mil., unless otherwise stated)

Term	18th Term	19th Term	20th Term	21st Term	22nd Term
Fiscal year ended:	March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue	48,932	47,057	47,642	52,727	37,975
Ordinary income	44,486	41,906	41,419	46,451	31,029
Net income	46,805	45,396	45,643	43,365	30,387
Share capital	11,500	11,500	11,500	11,500	11,500
Total number of shares issued (Shares)	536,351,448	536,351,448	536,351,448	528,578,441	528,578,441
Net assets	118,035	124,091	135,331	121,796	102,440
Total assets	246,883	242,849	265,247	233,153	211,678
Net assets per share (JPY)	220.37	231.75	252.81	230.88	196.36
Dividends per share (JPY)	70	54	68	72	63
(Interim dividends per share included in the above) (JPY)	[27]	[24]	[26]	[26]	[26]
Net income per share (JPY)	87.38	84.78	85.27	81.90	57.73
Diluted net income per share (JPY)	–	–	–	–	–
Equity ratio (%)	47.8	51.1	51.0	52.2	48.4
Return on equity (%)	40.7	37.5	35.2	33.7	27.1
Price earnings ratio (Times)	22.6	22.5	30.4	27.9	35.0
Dividend payout ratio (%)	80.1	63.7	79.8	87.9	109.1
Number of employees (Persons)	189	223	206	208	204
Total shareholder return (TSR) (%)	103.7	103.0	141.5	129.4	119.1
(Comparison benchmark: JPX-Nikkei Index 400 (total return)) (%)	[95.7]	[87.1]	[124.6]	[127.2]	[134.6]
Highest share price (JPY)	2,197	2,065	3,020	3,059.0	2,337.5
Lowest share price (JPY)	1,702	1,527	1,857	2,061.5	1,811.0

- (Notes) 1. Diluted net income per share is not shown because there are no potential shares.
2. The dividends per share for the fiscal years ended March 31 of 2019, 2021, and 2022 include JPY 15, JPY 10, and JPY 15, respectively, of special dividend. The dividend per share for the fiscal year ended March 31, 2023 includes JPY 10 of commemorative dividend.
3. The highest and lowest share prices refer to those recorded on the Tokyo Stock Exchange (Prime Market) on and after April 4, 2022, and those recorded on the Tokyo Stock Exchange (First Section) before that.

## 2 History

The Company was established via the business combination between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. on January 1, 2013.

May 1878	License was granted to establish Tokyo Stock Exchange Co., Ltd. (the predecessor of Tokyo Stock Exchange).
June 1878	License was granted to establish Osaka Stock Exchange Co., Ltd. (the predecessor of Osaka Securities Exchange).
April 1949	Tokyo Stock Exchange and Osaka Securities Exchange were established as membership organizations.
May 1949	Stock trading started on both exchanges.
April 1956	Bond markets were established at Tokyo Stock Exchange and Osaka Securities Exchange.
June 1961	Tokyo Stock Exchange established Tokyo Stock Calculation Center Co., Ltd. (currently Tosho Computer Systems Co., Ltd.)
October 1961	Tokyo Stock Exchange and Osaka Securities Exchange each introduced a Second Section for listed stocks.
October 1966	Tokyo Stock Exchange established its Japanese Government Bond market.
July 1969	Tokyo Stock Exchange started the calculation and publication of Tokyo Stock Price Index (TOPIX).
May 1970	Tokyo Stock Exchange established its convertible bond market.
July 1971	Tokyo Stock Exchange introduced its book-entry settlement system for stocks.
December 1973	Tokyo Stock Exchange established its market for foreign stocks.
September 1974	Tokyo Stock Exchange launched its Market Information System (MIS). Osaka Securities Exchange launched its Computerized Market Information System.
October 1985	Tokyo Stock Exchange established its Japanese Government Bond futures market.
June 1986	Tokyo Stock Exchange established Tosho System Service Co., Ltd. as a subsidiary of Tokyo Stock Calculation Center Co., Ltd.
September 1988	Tokyo Stock Exchange and Osaka Securities Exchange established stock index futures markets.
June 1989	Osaka Securities Exchange established its stock index options market.
October 1989	Tokyo Stock Exchange established its stock index options market.
May 1990	Tokyo Stock Exchange established its Japanese Government Bond futures options market.
October 1996	Osaka Securities Exchange established its market for foreign stocks (trading started in August 1997).
November 1997	Tokyo Stock Exchange introduced its system for the after-hours trading of stocks and convertible bonds.
July 1998	Tokyo Stock Exchange launched its Timely Disclosure Network (TDnet).
April 1999	Tokyo Stock Exchange closed its stock trading floor.
July 1999	Osaka Securities Exchange closed its trading floor.
November 1999	Tokyo Stock Exchange established “Mothers,” a market for high-growth and emerging companies.
March 2000	The Hiroshima and Niigata stock exchanges merged into Tokyo Stock Exchange.
May 2000	Osaka Securities Exchange established its Nasdaq Japan Market (trading started in June 2000).
March 2001	Osaka Securities Exchange merged with Kyoto Stock Exchange.
April 2001	Osaka Securities Exchange demutualized and became a stock company.
July 2001	Tokyo Stock Exchange and Osaka Securities Exchange Co., Ltd. opened Exchange-Traded Fund (ETF) markets.
August 2001	Tokyo Stock Exchange changed its name to Securities Membership Corporation Tokyo Stock Exchange.
September 2001	Tokyo Stock Exchange established its Real Estate Investment Trust (REIT) market.
November 2001	Tokyo Stock Exchange demutualized and became a stock company.

January 2002	Japan Securities Depository Center, Inc. was established with investment by Tokyo Stock Exchange, Inc.
February 2002	Tokyo Stock Exchange, Inc. made Tosho System Service Co., Ltd. one of its subsidiaries. Tosho Computer Systems Co., Ltd. became an associate company (not a subsidiary) of Tokyo Stock Exchange, Inc.
July 2002	Tokyo Stock Exchange, Inc. established Japan Securities Clearing Corporation.
December 2002	Osaka Securities Exchange Co., Ltd. changed the name of the Nasdaq Japan Market to Nippon New Market - "Hercules."
January 2003	Japan Securities Clearing Corporation began operations, taking over cash equity clearing operations from Tokyo Stock Exchange, Inc.
February 2003	Japan Securities Clearing Corporation took over derivatives clearing operations from Tokyo Stock Exchange, Inc.
April 2004	Osaka Securities Exchange Co., Ltd. had its shares listed on Hercules.
July 2004	Tokyo Stock Exchange, Inc., Japan Securities Dealers Association, and Automatic Data Processing, Inc. (currently Broadridge Nederland II B.V.) jointly established ICJ, Inc.
October 2006	Osaka Securities Exchange Co., Ltd. carried out a 3-for-1 share split.
August 2007	Tokyo Stock Exchange Group, Inc. was established through a sole-share transfer.
October 2007	Tokyo Stock Exchange Group, Inc. established Tokyo Stock Exchange Regulation, which started operations in November 2007. Osaka Securities Exchange Co., Ltd. set up its Self-Regulation Committee based on the Financial Instruments and Exchange Act.
January 2008	Tokyo Stock Exchange, Inc. established the Tokyo Stock Exchange Trading NeTwork (ToSTNeT) market, which was separated from the regular trading session.
December 2008	Osaka Securities Exchange Co., Ltd. acquired 76.1% of all shares of JASDAQ Securities Exchange, Inc., making it one of its subsidiaries.
June 2009	Tokyo AIM, Inc., which was created as a joint venture between Tokyo Stock Exchange Group, Inc. and London Stock Exchange, started exchange operations.
September 2009	Osaka Securities Exchange Co., Ltd. acquired all shares of JASDAQ Securities Exchange, Inc., making it one of its wholly owned subsidiaries.
January 2010	Tokyo Stock Exchange, Inc. launched its cash equity trading system "arrowhead."
April 2010	Osaka Securities Exchange Co., Ltd. and JASDAQ Securities Exchange, Inc. merged.
September 2010	Japan Securities Clearing Corporation acquired 35.6% of all shares of Japan Government Bond Clearing Corporation.
October 2010	Osaka Securities Exchange Co., Ltd. established the new JASDAQ market.
February 2011	Osaka Securities Exchange Co., Ltd. launched its derivatives trading system "J-GATE."
July 2011	Osaka Securities Exchange Co., Ltd. started night session trading in the derivatives market.
March 2012	Tokyo Stock Exchange Group, Inc. acquired all shares of Tokyo AIM, Inc. previously held by London Stock Exchange. In July 2012, Tokyo AIM, Inc. was acquired by Tokyo Stock Exchange, Inc. in an absorption-type merger.
August 2012	Tokyo Stock Exchange Group, Inc. acquired 66.7% of all shares of Osaka Securities Exchange Co., Ltd. by tender offer.
September 2012	Osaka Securities Exchange Co., Ltd. established New Osaka Securities Exchange Preparatory Corporation (currently Osaka Exchange, Inc.).
October 2012	Japan Securities Clearing Corporation started interest rate swap clearing.
January 2013	Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd. merged, changing its name to Japan Exchange Group, Inc. (JPX) (surviving company: Osaka Securities Exchange Co., Ltd.) New Osaka Securities Exchange Preparatory Corporation changed its name to Osaka Securities Exchange Co., Ltd. and took over the financial instruments exchange business operated by the former Osaka Securities Exchange Co., Ltd. Shares of JPX were listed on the First Section of the Tokyo Stock Exchange.

July 2013	The cash equity markets, clearing operations, and self-regulatory operations of Osaka Securities Exchange Co., Ltd. were integrated into Tokyo Stock Exchange, Inc., Japan Securities Clearing Corporation, and Tokyo Stock Exchange Regulation, respectively.
October 2013	JPX carried out a 5-for-1 share split. Japan Securities Clearing Corporation and Japan Government Bond Clearing Corporation merged.
January 2014	JPX started calculation and publication of JPX-Nikkei Index 400.
March 2014	The derivatives market of Tokyo Stock Exchange, Inc. was integrated into that of Osaka Securities Exchange Co., Ltd. Osaka Securities Exchange Co., Ltd. changed its name to Osaka Exchange, Inc.
April 2014	Tokyo Stock Exchange Regulation changed its name to Japan Exchange Regulation.
December 2014	JPX entered into a joint venture agreement with Myanmar Economic Bank and Daiwa Institute of Research Ltd. to establish Yangon Stock Exchange (shareholding ratio: 18.75%).
April 2015	Tokyo Stock Exchange, Inc. established its infrastructure fund market.
May 2015	JPX established the Singapore Branch by reorganizing the Singapore Representative Office.
October 2015	JPX carried out a 2-for-1 share split.
March 2016	Stock trading started at Yangon Stock Exchange.
December 2017	JPX joined the Sustainable Stock Exchanges Initiative.
May 2018	The Japanese Government Bond settlement cycle was shortened to T+1.
July 2019	The stock settlement cycle was shortened to T+2.
October 2019	JPX acquired shares of Tokyo Commodity Exchange, Inc. by tender offer (shareholding ratio: 97.15%), making it (and Japan Commodity Clearing House Co., Ltd.) a new subsidiary.
November 2019	JPX acquired all shares of Tokyo Commodity Exchange, Inc., making it (and Japan Commodity Clearing House Co., Ltd.) a wholly owned subsidiary.
July 2020	Precious metal, rubber, and agricultural products were transferred from Tokyo Commodity Exchange, Inc. to Osaka Exchange, Inc. Japan Securities Clearing Corporation and Japan Commodity Clearing House Co., Ltd. merged.
December 2021	JPX Market Innovation & Research, Inc. was established.
April 2022	JPX Market Innovation & Research, Inc. started operations, taking over the Group's data and digital-related businesses.
April 2022	Tokyo Stock Exchange, Inc. started operations with new market segments: Prime Market, Standard Market, and Growth Market.
February 2023	JPX Market Innovation & Research, Inc. made SCRIPTS Asia, K.K. a wholly owned subsidiary.

### 3 Description of Business

The Company is a financial instruments exchange holding company under the Financial Instruments and Exchange Act. It has seven consolidated subsidiaries and three associates accounted for under the equity method. As a financial instruments exchange holding company group under the Financial Instruments and Exchange Act, the Group as a whole is committed to providing a series of services related to Japan's markets, ranging from the listing of securities and derivatives to the provision of trading venues, clearing and settlement services, and index and information services. For more information on our associates, please refer to "I. Overview of Company, 4 Subsidiaries and Other Associated Entities as of March 31, 2023." The Company falls under the category of a specified listed company as stipulated in Article 49, Paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions. As a result, decisions regarding the de minimis criteria for material facts under insider trading regulations are based on figures on a consolidated basis.

The characteristics and sources of income of the Group are as follows:

#### (1) Characteristics of the Group

##### (i) Cash Equity Markets

The Group's cash equity markets are centered on the stock market, which is one of the largest stock markets in the world and has established a firm position as the core infrastructure of the Japanese financial and capital markets.

##### (ii) Derivatives Markets

The Group's derivatives markets offer the trading of, among other things, index futures, index options, Japanese Government Bond futures, options on Japanese Government Bond futures, securities options, and commodity futures. In addition to daytime trading hours, trading is also available in the evening and overnight.

Index futures and index options are offered for the Nikkei 225 and TOPIX, Japan's leading stock price indices, and these are the leading derivatives products in Japan. In Japanese Government Bond futures trading, the prices of long-term Japanese Government Bond futures serve as an indicator for the long-term interest rate market due to their high liquidity.

##### (iii) Trading Systems

The stable operation of systems is an essential requirement for smooth trading and maintaining market stability and reliability. In addition, it is necessary to continually improve our IT infrastructure in order to respond appropriately and flexibly to (1) the diversification and sophistication of trading methods due to technological advances and (2) the listing of new products, and thus satisfy the needs of market users.

The Group operates "arrowhead," a fast, reliable, and scalable trading system for the cash equity market, and "J-GATE," a trading system that offers world-class trading functionality and order processing for the derivatives market.

##### (iv) Information Services

The Group distributes information such as execution prices of securities and derivatives trades immediately as it is created or changed. It also provides trading participants, information vendors, and other market participants with index information and various statistical information that is calculated based on data such as stock prices.

The Group provides a variety of market information services to meet the needs of market participants, including a service that enables users to search for timely disclosure information on listed companies and a service that provides corporate action information.

##### (v) Self-Regulation

In order for investors to participate in the market with confidence, the market must be fair and reliable, and in order to ensure this fairness and reliability, it is essential that the self-regulatory function be properly exercised.

In the case of the financial instruments markets, the Group has established Japan Exchange Regulation under the holding company, and it acts as a kind of "quality control center" for the exchanges to maintain fairness and trust in the market. Since it performs self-regulatory operations as a separate entity from the exchanges, which are the market operators, it can position itself close to the market and demonstrate a high level of expertise, while at the same time maintaining an organizational structure that ensures neutrality and effectiveness. In addition, to ensure the independence of self-regulatory operations in the commodities market, a Self-Regulatory Committee has been set up as an advisory body to the board of directors of Tokyo Commodity Exchange, Inc. to deliberate on matters of self-regulation. A department responsible for self-regulatory affairs has also been set up to support the work of this Committee.



(vi) Clearing and Settlement

In order for investors to participate in the market with confidence, it is extremely important to ensure that clearing and settlement are conducted in a reliable manner.

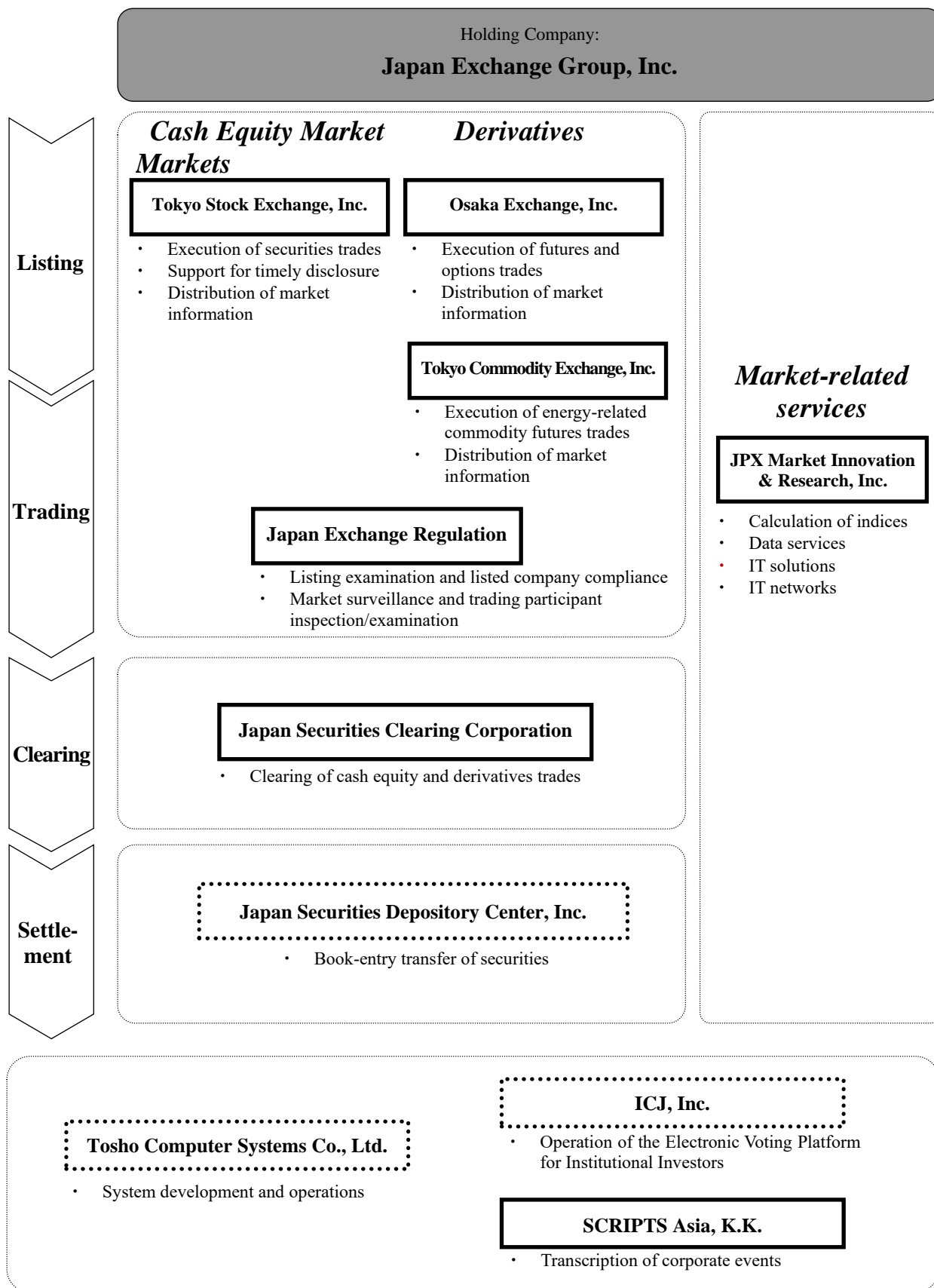
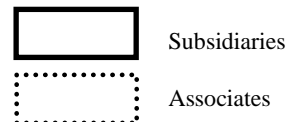
As a clearing house, Japan Securities Clearing Corporation (JSCC) provides clearing services for cash equity transactions and derivatives transactions executed on the exchanges, as well as for trading through proprietary trading systems (PTSs), over-the-counter derivatives transactions, and over-the-counter Japanese Government Bond transactions. As well as guaranteeing the fulfilment of settlement by assuming rights and obligations itself, JSCC gives settlement instructions to settlement organizations after carrying out netting to enable the efficient exchange of securities and cash.

Japan Securities Depository Center, Inc. acts as the book-entry transfer institution and handles book-entry transfer of securities among securities companies and banks, among other things.

(2) Sources of Income of the Group

Source	Description
Trading services revenue	Mainly revenue earned from trading participants based on trading value/volume or number of orders
Clearing services revenue	Mainly revenue related to the assumption of obligations
Listing services revenue	Mainly revenue earned from listed companies based on, for example, market capitalization and capital increases
Information services revenue	Mainly fees for providing market information to trading participants and information vendors, among others
Other	Mainly arrownet usage fees and co-location usage fees

The Group's business structure is shown in the diagram on the next page.



(Note) On April 1, 2022, the Company carried out a restructuring in the form of (1) an absorption-type company split in which Tokyo Stock Exchange, Inc. (TSE) and Osaka Exchange, Inc. (OSE) were the split companies and JPX Market Innovation & Research, Inc. (JPXI) was the succeeding company and (2) an absorption-type merger in which JPXI was the surviving company and Tosho System Service Co., Ltd. (TSS) was the absorbed company. The restructuring integrated the data- and digital-related businesses of the Group into JPXI by (1) transferring the data- and digital-related businesses of TSE and OSE (excluding the information service business related to the provision of market information) to JPXI and (2) merging TSS into JPXI.

4 Subsidiaries and Other Associated Entities as of March 31, 2023

Name	Address	Share Capital (JPY mil.)	Principal Business	Ratio of Voting Rights Held (%) (Note 3)	Related Details
(Consolidated Subsidiaries)					
Tokyo Stock Exchange, Inc. (Notes 1, 4)	Chuo-ku, Tokyo	11,500	Establishment/operation of financial instrument exchange markets for securities trading	100.0	- Business management - Lease of facilities - Number of concurrent directors/executive officers: four
Osaka Exchange, Inc. (Notes 1, 4)	Chuo-ku, Osaka-shi, Osaka	4,723	Establishment/operation of financial instruments exchange markets for market derivatives transactions	100.0	- Business management - Number of concurrent directors/executive officers: three
Tokyo Commodity Exchange, Inc. (Note 1)	Chuo-ku, Tokyo	1,989	Establishment/operation of commodities markets	100.0	- Business management - Number of concurrent directors/executive officers: two
JPX Market Innovation & Research, Inc. (Notes 1, 4)	Chuo-ku, Tokyo	1,000	Provision of market-related services	100.0	- Business management - Number of concurrent directors/executive officers: four
Japan Exchange Regulation (Notes 1, 2)	Chuo-ku, Tokyo	3,000	Self-regulatory operations entrusted by Tokyo Stock Exchange and Osaka Exchange	100.0	- Business management
Japan Securities Clearing Corporation (Notes 1, 4)	Chuo-ku, Tokyo	9,584	Provision of financial instruments obligation assumption services, etc.	(Note 5)	- Number of concurrent directors/executive officers: two
SCRIPTS Asia, K.K.	Minato-ku, Tokyo	5	Corporate event transcription agency services	100.0 (100.0)	
(Associates Accounted for Under the Equity Method)					
ICJ, Inc.	Chuo-ku, Tokyo	200	Operation of the Electronic Voting Platform for Institutional Investors	50.0 (50.0)	
Tosho Computer Systems Co., Ltd.	Koto-ku, Tokyo	400	Entrusted data processing, etc.	35.0 (35.0)	

Name	Address	Share Capital (JPY mil.)	Principal Business	Ratio of Voting Rights Held (%) (Note 3)	Related Details
Japan Securities Depository Center, Inc.	Chuo-ku, Tokyo	4,250	Business related to book-entry transfer of securities, etc.	24.8	- Number of concurrent directors/executive officers: one

On April 1, 2022, the Company carried out a restructuring in the form of (1) an absorption-type company split in which Tokyo Stock Exchange, Inc. (TSE) and Osaka Exchange, Inc. (OSE) were the split companies and JPX Market Innovation & Research, Inc. (JPXI) was the succeeding company and (2) an absorption-type merger in which JPXI was the surviving company and Tosho System Service Co., Ltd. (TSS) was the absorbed company. The restructuring integrated the data- and digital-related businesses of the Group into JPXI by (1) transferring the data- and digital-related businesses of TSE and OSE (excluding the information service business related to the provision of market information) to JPXI and (2) merging TSS into JPXI.

- (Notes)
1. The company is classified as a specified subsidiary.
  2. For Japan Exchange Regulation, the amount shown in the “share capital” column is of non-stock capital.
  3. Figures in parentheses in the “ratio of voting rights held” column indicate the percentage of indirectly owned voting rights out of the totals.
  4. The respective operating revenues of TSE, OSE, JPXI, and Japan Securities Clearing Corporation (JSCC) (excluding inter-company operating revenues among consolidated companies) account for more than 10% of consolidated operating revenue.

Major profit/loss information (Japanese GAAP): (JPY mil.)

	Tokyo Stock Exchange, Inc.	Osaka Exchange, Inc.	JPX Market Innovation & Research, Inc.	Japan Securities Clearing Corporation
(1) Operating revenue	85,879	17,599	32,056	29,118
(2) Ordinary income	47,852	3,832	6,891	8,272
(3) Net income	33,147	2,648	4,790	5,702
(4) Net assets	117,334	19,779	24,159	90,061
(5) Total assets	143,202	28,638	32,717	9,074,942

5. Class A shares: 100.0% / Class B shares: 100.0% / Class C shares: 60.4% / Class D shares: 52.9%

## 5 Employees

### (1) Information about the Group

As of March 31, 2023

Segment Name	Number of Employees (Persons)
Consolidated Companies	1,238

- (Notes)
1. As the Company has only a single segment, the financial instruments exchange business, the total number of employees of the consolidated companies is shown. The total number of employees of the Company and the Group's core subsidiaries (hereinafter "the Core Subsidiaries") is 1,224.
  2. The number of employees excludes those assigned temporarily to entities outside the Group and includes those assigned temporarily from entities outside the Group.
  3. The number of temporary employees (including part-time workers and persons dispatched from employment agencies) is omitted because the total number of said employees is less than 10 percent of the total number of employees.
  4. The percentage of female employees in management positions (as of March 31, 2023) and the percentage of parental leave taken by male employees (the percentage of statutory parental leave, statutory post-birth paternity leave, and company-provided parental leave taken) in FY2022 at the Company and the Core Subsidiaries are as follows:

Percentage of Female Employees in Management Positions (%)	Percentage of Parental Leave Taken by Male Employees (%)
8.2	66.7

Notably, the percentage of statutory parental leave and post-birth paternity leave taken in FY2022 was 23.3%.

5. The gender pay gap at the Company and the Core Subsidiaries in FY2022 is as follows:

	Gender Pay Gap (%) (Female employees' wages as a percentage of male employees' wages)
All employees	71.3
Regular employees	71.5
Employees on non-regular contracts (such as those rehired after mandatory retirement)	70.9

In light of the need for varied basic roles and future career paths, as well as diversifying lifestyles and other factors, the Group offers three career tracks for staff: the GS Track, the DS Track, and the SS Track. Although uniform pay standards are applied regardless of sex, female employees' wages are lower, in part because of differences in roles and because of the high percentage of female employees in the SS Track, which has a different salary structure.

**GS Track:** Employees are expected to work on operations that help strengthen the Group's business, gain experience in various fields of operation, and gain a broad range of knowledge and advanced expertise.

**DS Track:** Employees are expected to promote the diversification of business and enhancement of services by exhibiting advanced expertise, specifically in the development of trading systems and other aspects of the digital networks field.

**SS Track:** Employees are expected to gain expertise and engage in mainly general and specialized clerical work in operations that support the stable business operations of the Group.

### (2) Information about the Reporting Company

As of March 31, 2023

Number of Employees (Persons)	Average Age (Years)	Average Years of Employment (Years)	Average Annual Salary (JPY)
204	47.0	20.4	10,566,018

- (Notes)
1. The number of employees excludes those assigned temporarily to entities outside the Company and includes those assigned temporarily from entities outside the Company.
  2. The number of temporary employees (including part-time workers and persons dispatched from employment agencies) is omitted because the total number of said employees is less than 10 percent of the total number of employees.
  3. Average annual salary is calculated including bonuses and extra wages, excluding for employees assigned temporarily from entities outside the Company.

(3) Labor Union

The Group used to have three labor unions (the Tokyo Stock Exchange Labor Union, the Osaka Securities Exchange Labor Union, and the Osaka Securities Labor Union), but they merged to form the Japan Exchange Group Employees Union in September 2019. Tokyo Commodity Exchange, Inc., which became a subsidiary of the Company in October 2019, used to have the Tokyo Commodity Exchange Labor Union, but it was dissolved in July 2020 when all employees were transferred to Osaka Exchange, Inc.

There are no particular matters to be noted regarding the labor-management relationship.

## II Overview of Business

### 1 Management Policy, Business Environment, and Issues to be Addressed

Forward-looking statements are based on judgments made in accordance with information available as of the date of submission.

#### (1) Management Policy

The Group shall contribute to the realization of an affluent society by promoting sustainable development of the market by ensuring reliability and public visibility, laying the foundation of a market which is highly convenient, efficient, and transparent, and providing creative and attractive services. These efforts bring rewards in the form of profits resulting from the increased support and confidence of investors and other market users.

Based on this corporate philosophy, the Group has established its basic management policies, business strategies, and management targets with an eye to the medium- to long-term future in its Medium-Term Management Plan. The Group also drafted a long-term vision called Target 2030 to be achieved by 2030: to “contribute to sustainable societal and economic development by evolving into a global, comprehensive finance and information platform which provides solutions for a wide range of societal issues, centered on the ability to raise and circulate capital.”

In the “Medium-Term Management Plan 2024” (formulated in March 2022), which covers the three-year period from FY2022 to FY2024 and is positioned as the first stage in achieving this long-term vision, the Group expressed its purpose as “Exchange & beyond.” This is to strengthen its functionality as a traditional exchange—namely to provide stable market operations—while also advancing into new fields without being overly bound by this framework. The basic policy for these three years is to take proactive action on building the foundations of the global, comprehensive finance and information platform.

By steadily implementing the Medium-Term Management Plan and taking appropriate actions in response to the needs of investors and users, changes in the business environment, technological advances, and revisions to the regulatory framework, the Group aims to continue as one of the key markets in the world by serving as a central market not only in Japan but also in the time zones of the Asia-Pacific region.

#### (2) The Medium-Term Management Plan, Business Environment, and Issues to be Addressed

##### (i) Review of the First Year of Medium-Term Management Plan 2024

Under the slogan “Exchange & beyond,” in which the Group aims to strengthen its functionality as a traditional exchange—namely to provide stable market operations—while also advancing into new fields without being overly bound by this framework, the Group steadily implemented the initiatives listed in the following three Focus areas in order to contribute to improving the attractiveness of the Japanese financial and capital markets as a whole and enhance their global competitiveness.

	Important Actions and Achievements
Focus 1 Facilitating Cycle of Corporate Innovation/Growth and Asset Formation	<ul style="list-style-type: none"> <li>- Launched new market segments</li> <li>- Summarized discussions of the Council of Experts Concerning the Follow-up of Market Restructuring and set out TSE’s future actions</li> <li>- Published a framework for the JPX Prime 150 Index, a new index focusing on value creation</li> <li>- Increased support for IPOs and executed 110 IPOs</li> <li>- Released outline of specifications for a smoother initial listing process and other things</li> <li>- Published list of TOPIX phased weighting reduction constituents</li> <li>- Asked listed companies with investment units of JPY 500,000 or more to consider lowering their investment units</li> <li>- Completed construction of the secondary data center in the Kansai area in preparation for the predicted large earthquake under Tokyo</li> </ul>
Focus 2 Achieving Market Transformation (MX)	<ul style="list-style-type: none"> <li>- Launched derivatives holiday trading to enhance investor convenience by providing hedging opportunities</li> <li>- Released outline of specifications for the introduction of a new margin calculation method (VaR Method) for listed derivatives</li> <li>- With the aim of creating a digital securities market, issued a Digitally Tracked Green Bond, established a study group, joined consortia on digital issues, began joint discussions on establishing Progmatt, and invested in BOOSTRY</li> <li>- Implemented DLT technology for settlement by physical delivery and payment of rubber futures contracts</li> </ul>



	Important Actions and Achievements
Focus 3 Promoting Sustainability That Connects Society and Economy	<ul style="list-style-type: none"> <li>- Launched ESG Bond Information Platform</li> <li>- With FTSE, launched FTSE JPX Net Zero Japan Index Series, an index series using environmental metrics</li> <li>- Launched Electricity Futures as a permanent listing and LNG Futures as a trial listing</li> <li>- Completed carbon credit market demonstration project</li> </ul>

(ii) Management/Business Environment and Challenges/Issues

The Group as a whole is committed to providing a series of services related to Japan’s markets, ranging from the listing of securities and derivatives to the provision of trading venues, clearing and settlement services, and index and information services. (For more information on our corporate structure, please refer to our business structure diagram under “I. Overview of Company, 3 Description of Business.”) In the markets that the Group operates, we provide fundraising opportunities for companies, asset management opportunities for investors, and price discovery functions for the wider society. While other domestic exchanges and proprietary trading systems (PTS) provide markets in Japan, the Group has established a firm position here by aggregating large volumes of supply and demand from domestic and overseas investors through securities companies and other trading participants.

Since the markets that the Group operates are greatly affected by changes in the external environment including (1) local and global economic conditions, (2) financial policies, and (3) geopolitical risks, it is necessary to manage them by closely monitoring domestic and overseas economic trends and market conditions. The Group recognizes that its greatest management challenge is to provide a market infrastructure that continually and consistently satisfies users while accurately addressing various risks arising from the opacity and uncertainty of the environment. As the operator of the central market in Japan, we recognize the importance of further cooperation with trading participants, listed companies, system vendors, and other market players in order to continue stable market operations. Additionally, given the Japanese government’s new policies such as the formulation of a Doubling Asset-based Income Plan and the plan to make the NISA scheme permanent in 2024, the Group now has a larger role than ever to play in achieving a virtuous cycle of growth and distribution. Furthermore, it will need to respond to changes in the global environment, which is undergoing a transition to a sustainable society and economy. In particular, action on ESG issues has become the most pressing priority. The Group considers that while taking action on its own ESG issues, it should also work from a financial and capital markets perspective to encourage and support listed companies, investors, and other market players in their responses to ESG and various other societal issues.

(iii) Medium-Term Management Plan 2024: FY2023 Update

With this understanding, during FY2023, the second year of the plan, the Group will continue to steadily execute the plan, maintaining its general framework while making the necessary improvements to the initiatives listed in the following three Focus areas.

Focus 1: Facilitating Cycle of Corporate Innovation/Growth and Asset Formation

- Develop an environment that supports companies’ sustainable growth
- Develop products and rules to contribute to asset formation
- Further improve convenience and resilience as a market infrastructure

Focus 2: Achieving Market Transformation (MX)

- Strengthen the functionality of interest rate-related markets
- Invigorate the derivatives market
- Advance digitization and enhance information usage

Focus 3: Promoting Sustainability that Connects Society and Economy

- Strengthen the dissemination of sustainability-related information
- Calculate ESG indices and list related ETFs/futures
- Vitalize the energy market and advance the creation of an emissions trading market

The Group will also strengthen information provision about its efforts inside and outside Japan to further everyone’s understanding.

“Target 2030”: our long-term vision to be achieved by 2030

Contribute to sustainable societal and economic development by evolving into a global, comprehensive finance and information platform\* which provides solutions for a wide range of societal issues, centered on the ability to raise and circulate capital

\*Named “G-HUB” (Heighten market integrity, Unlock opportunity, Benefit society)

Basic Policy of the Medium-Term Management Plan 2024

- The Group has developed a three-year plan to start from FY2022 as the first stage of progress towards Target 2030.
- We will utilize new frameworks including JPX Market Innovation & Research to take proactive action on building the foundations of the global, comprehensive finance and information platform “G-HUB.”



The Group has established the following key targets as objective indicators to assess the status of achievement of the initiatives listed in the three Focus areas.

Areas	Key Targets
Focus 1 Facilitating Cycle of Corporate Innovation/Growth and Asset Formation	<ul style="list-style-type: none"> <li>- 30% increase* in average daily trading value and net assets held in ETFs and ETNs in FY2024 compared to FY2021</li> <li>- 20 listings of cross-border companies over the three years of the plan</li> <li>- Replacement of cash equity trading system in H2 FY2024 and extension of trading hours at the time of replacement</li> </ul>
Focus 2 Achieving Market Transformation (MX)	<ul style="list-style-type: none"> <li>- Creation of a digital securities market and start of trading of new products in that market by the end of FY2024</li> <li>- Development of three new digital technology-driven services for internal and external use over the three years of the plan</li> <li>- 280 new clients for information services and 12 cases of creating new information services or updating existing information services and rules over the three years of the plan</li> </ul>
Focus 3 Promoting Sustainability That Connects Society and Economy	<ul style="list-style-type: none"> <li>- Launch of an information platform for publicly offered ESG bonds in FY2022 (achieved)</li> <li>- Launch of a new ESG index in FY2022 (achieved) and listing of related futures</li> <li>- Increase in trading volume of electricity futures in FY2024 to five times that of FY2021</li> <li>- Permanent listing of LNG futures by FY2024</li> </ul>

\*Average daily trading value excludes leveraged/inverse products. Net assets exclude BOJ purchases.

(iv) Financial Targets and Capital Policy of Medium-Term Management Plan 2024 (FY2022 - FY2024)

The Group's financial policy is to stabilize revenues through the creation of new services along with the medium- and long-term expansion of trading volume and other indicators which make up the Group's revenue base. It aims to do this by steadily implementing the initiatives in the three Focus areas and making investments to (1) enhance market convenience and resilience and (2) build the foundations of a global, comprehensive finance and information platform. In addition, our fundamental capital policy is to support the sustainable development and evolution of the market by making continual investments while striking a balance between shareholder returns and the financial resilience needed for stable market operations. We also aim to maintain over the medium to long term an ROE of 10% higher than the cost of capital irrespective of market conditions. Based on both the financial and capital policies, we have established the following financial targets for the final year of the plan and a target for total capital expenditures during the plan period.

## Financial targets for the final fiscal year

Operating Revenue	<b>JPY 147.0 bil.</b>
Net Income (attributable to owners of the parent company)	<b>JPY 53.0 bil.</b>
ROE	<b>At least 15%</b>

## CAPEX

- While working on enhancing market convenience and resilience, we will invest in building the foundations of a global, comprehensive finance and information platform.

Total CAPEX over 3 years **Approx. JPY 50 bil.**

Although we updated the plan in March 2023, we maintained the financial targets and will expend every effort to manage expenses and prioritize the right investments while continuing to invest toward further improvement of the convenience and resilience of the market and future growth.

## 2 Approach to Sustainability and Related Initiatives

### (1) Approach and Organization

In order to “contribute to the realization of an affluent society by promoting sustainable development of the market” as set out in its Corporate Philosophy, the Group works on initiatives to improve its corporate value with attention to the surrounding environment and societal issues and the Group’s relationship to them. The Group considers this an important management issue and formulates its management policies and plans accordingly (see “1 Management Policy, Business Environment, and Issues to be Addressed” in “II Overview of Business”).

Given its business model, which is to provide attractive services along with a highly convenient, efficient, and transparent market that ensures fairness and reliability, the Group considers it essential to work on initiatives that utilize market mechanisms. Accordingly, in line with its long-term vision, the Group set out “promoting sustainability that connects society and economy” as one of the three Focus areas in its Medium-Term Management Plan 2024 and is working on related initiatives such as enhancing dissemination functions for sustainability-related information, calculating sustainability-related indices and listing-related products, and advancing the creation of an emissions trading market.

For more information on the Group’s approach to sustainability and related initiatives, please see the below webpage.

<https://www.jpx.co.jp/english/corporate/sustainability/index.html>

### Governance

In line with the above approach, the Group has established a Sustainability Committee with the Group CEO as Chair and Group COO as Vice-Chair. The Committee has analyzed how related issues affect business operations and is proceeding to address these. The Group has also established a system where overall approaches and important matters relating to these issues are reported to the board of directors where necessary, ensuring appropriate oversight (see “4 Corporate Governance” in “IV Information about the Reporting Company”).

In addition, the Group has designated “an inadequate response to the promotion of sustainability” as a “significant risk” with respect to group-wide risk management, meaning that sustainability risks are also reported to the board of directors from a risk management perspective on a quarterly basis. Moreover, under the direction of the executive officer in charge of sustainability, the Sustainability Department leads analysis and monitoring so that risks to and opportunities for the Group’s businesses can be identified and appropriately addressed.

Furthermore, the medium- to long-term incentive (monetary compensation) awarded to executive officers is linked to the performance of consolidated ROE and sustainability initiatives set out in the Medium-Term Management Plan 2024 (see “4 Corporate Governance” in “IV Information about the Reporting Company”).

### Risk Management

JPX Group has established a Risk Policy Committee chaired by an outside director and a Risk Management Committee chaired by the Group CEO in order to address the various risks faced by the Group. In line with the Group’s Risk Management Policy, these committees are responsible for preventing risk materialization through identification of risks and development and management of countermeasures, as well as preparing processes for a swift and appropriate response in the case risks do or are likely to materialize. Under the Risk Management Policy, the Group identifies and classifies the risks it faces, each of which is managed by the department with jurisdiction. Assessments of these operations and issues to be addressed are periodically brought before the Risk Policy Committee (semiannually) and Risk Management Committee (quarterly) and reported in each case to the board of directors. Sustainability-related risks have been identified by the Risk Policy Committee as significant risks under “business environment and business strategy risk” and are managed by the Sustainability Department (see “3 Business Risks” in “II Overview of Business”).

(2) Initiatives on Climate Change

JPX Group recognizes that climate change has the potential to impact its sustainable growth in terms of both risks and opportunities. Consequently, it is working to improve its resilience and sustainable growth potential through disclosing information in line with the recommendations of the Task-Force for Climate-related Financial Disclosures (TCFD) and using these recommendations as a guideline when addressing climate-related risks and opportunities.

Strategy

JPX Group has considered the possible risks and opportunities brought on by climate change and their effects on operations, strategy, and financial planning. It is accordingly implementing measures to reduce risks and increase corporate value and has summarized these initiatives as its Green Strategy in the Medium-Term Management Plan 2024.

In addition, given that climate change and responses to it are long-term issues with high levels of uncertainty, in order to review the resilience of the Group's strategies, the Company carries out scenario analysis with reference to guidance such as technical supplements provided by the TCFD. In performing this analysis, the Company identifies physical risks and transition risks/opportunities related to climate change that are foreseeable within its decided timeframes: short term (to 2025), medium term (to 2030), and long term (to 2050). It then uses multiple external scenarios to evaluate their possible impact on strategy and financial planning, as well as the Group's responses.

Possible Risks and Opportunities Brought on by Climate Change and Related Actions

Classification		Possible Risks and Opportunities	Timeframe	Main Related Actions
Physical risk*	Acute	Risk of short-term downturns in earnings and medium- to long-term alienation of investors if intensifying natural disasters cause suspensions of operations or physical damage	Short to long term	<ul style="list-style-type: none"> <li>Establishment of Business Continuity Plan (BCP)</li> <li>Enhancement of back-up capabilities for both business operations and systems</li> <li>Creation of Contingency Plan</li> </ul>
	Chronic	Risk of disruption to exchange business operations such as increases in suspensions of operations and related response measures due to changes in long-term weather patterns	Long term	
Transition risk**	Policy and Legal	Risk of increased costs associated with emissions from business activities and investment to reduce emissions due to strengthening of government policies and regulations pertaining to GHG emissions reductions	Medium to long term	<ul style="list-style-type: none"> <li>Energy saving initiatives</li> <li>Setting of carbon neutrality target</li> </ul>
		Risk of various impacts on the Group's products, markets, and business operations due to tightening of laws and regulations on ESG disclosure or ESG-related products and services	Short to long term	<ul style="list-style-type: none"> <li>Keeping track of trends in laws and regulations, strengthening ties with regulatory authorities and others</li> <li>Promotion of understanding about ESG disclosure among issuers</li> </ul>
	Technology	Risk of increased costs associated with bringing new technology into IT systems and other areas to keep up with intensifying innovation in decarbonization-related technologies	Medium to long term	<ul style="list-style-type: none"> <li>Utilization of the latest technologies in IT system facilities</li> </ul>
	Market	Risk of impact on earnings due to falling demand if investors raise their standards on climate change initiatives and disclosure practices by companies or related to products listed on markets operated by the Group	Short to long term	<ul style="list-style-type: none"> <li>Keeping track of market user needs, expanding services</li> <li>Pushing listed companies to address sustainability issues</li> </ul>

Classification		Possible Risks and Opportunities	Timeframe	Main Related Actions
	Reputation	Risk of diminishing business opportunities and rising financing costs if confidence in/evaluation of the Group and the Japanese market declines due to the perception that responses to climate change are insufficient in terms of the Group's market operations and commitment, or in terms of management policies of Japanese companies	Short to long term	<ul style="list-style-type: none"> <li>Information disclosure/dissemination, strengthening dialogue with stakeholders</li> <li>Participation in domestic and international discussions</li> </ul>
Opportunities	Products and services	Possibility of increased ESG-related income through expansion of products and services related to climate change and other ESG issues in response to growing ESG investment	Short to medium term	<ul style="list-style-type: none"> <li>Advancing initiatives related to "promoting sustainability that connects society and economy" under the Medium-Term Management Plan 2024</li> </ul>
		Possibility of reducing financing costs by utilizing sustainable finance	Short to medium term	<ul style="list-style-type: none"> <li>Issuance of Digitally Tracked Green Bond</li> </ul>
	Energy source	Possibility of increased resilience to price volatility and potential cost rises related to energy procurement through diversifying energy procurement methods	Short to medium term	<ul style="list-style-type: none"> <li>Self-generation of renewable energy</li> </ul>

\* Physical risk refers to risk involving direct damage or disruption to assets or business activity caused by natural disasters and other such events attributable to climate change.

\*\* Transition risk refers to risk that arises from changes in government policy, legal affairs, technological innovation, market preferences and other such developments that occur in conjunction with transition to a low-carbon economy.

For details on the Group's scenario analysis, please see the below page.

<https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/environment/01.html>

#### Metrics and Targets

As a response to climate change, JPX Group has reviewed its approach to procuring electricity, which is the primary factor in its GHG emissions. This move aims to eliminate Scope 2 emissions by switching 100% of electricity consumed throughout the Group to renewable energy by FY2024, and to achieve carbon neutrality (Scopes 1 and 2) across Group companies in the same timeframe. The Group also calculates Scope 3\* emissions and will appropriately manage emissions across its value chain while taking the steps required to reduce GHG emissions.

#### JPX Group GHG Emissions (Scopes 1 and 2; t-CO<sub>2</sub>)

	FY2019	FY2020	FY2021	FY2022
Scope 1 (direct CO <sub>2</sub> emissions)	738	688	774	824
Scope 2 (indirect CO <sub>2</sub> emissions)	13,708	13,500	11,751	9,041
Total (Scopes 1 and 2)	14,446	14,188	12,525	9,865

\* Scope 3 emissions for the Group in FY2022 were 27,916 t-CO<sub>2</sub>. All 15 Scope 3 categories are calculated, and this figure includes capital goods, fuel and energy-related activity, acquired goods and services, business travel, employee commuting, downstream leased assets, and waste generated in operations.

For all environmental data including GHG emissions, please see the below webpage.

<https://www.jpx.co.jp/english/corporate/sustainability/jpx-esg/environment/02.html>

### (3) Efforts to Manage Human Capital

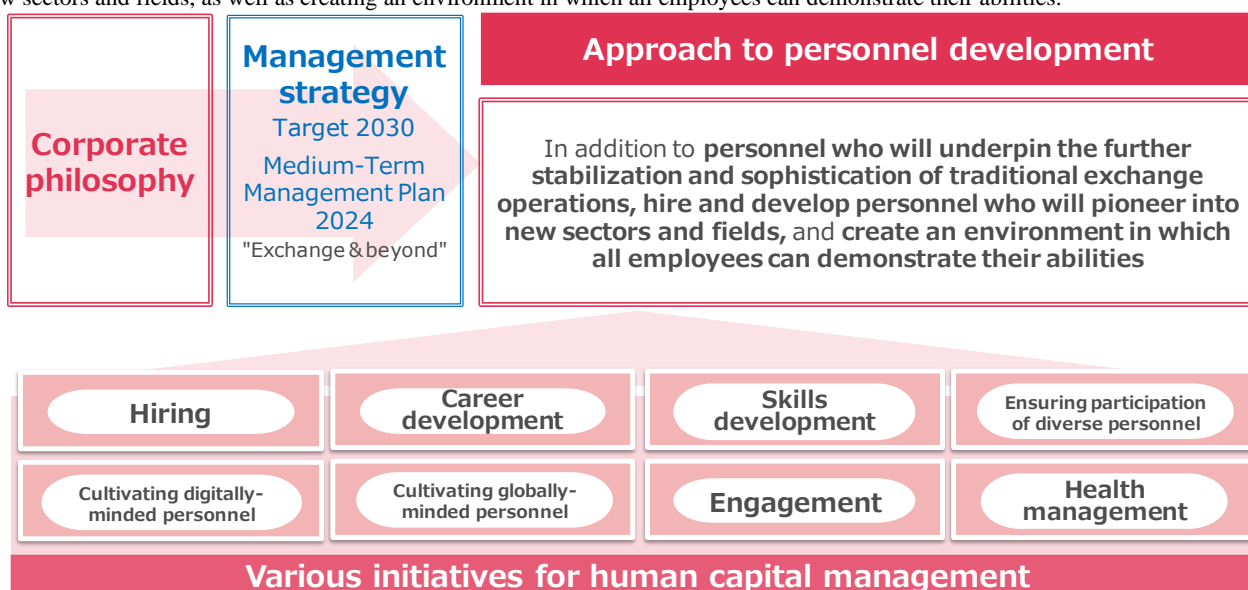
#### (i) Approach to Personnel Development

"JPX Group shall contribute to the realization of an affluent society by promoting sustainable development of the market by ensuring reliability and public visibility, laying the foundation of a market which is highly convenient, efficient, and transparent, and providing creative and attractive services. The Group believes that these efforts bring rewards in the form of profits resulting

from the increased support and confidence of investors and other market users.”

Under this corporate philosophy, the Group’s primary mission is to contribute to the realization of an affluent society by constructing a highly reliable market foundation and providing attractive services, and the Group believes that responding to the market’s needs will also have the effect of maximizing profits. This propensity for creating public benefits and contributing to society is one of the hallmarks of the Group’s business and is also one of the sources of its competitiveness in hiring and employee engagement. The Group also takes steps to ensure that its hiring activities resonate with this corporate philosophy.

Additionally, under this corporate philosophy, the Group set out a long-term vision called Target 2030 to be achieved by 2030: to “contribute to sustainable societal and economic development by evolving into a global, comprehensive finance and information platform which provides solutions for a wide range of societal issues, centered on the ability to raise and circulate capital.” The Medium-Term Management Plan 2024, which is the first stage in achieving this long-term vision, includes the slogan “Exchange & beyond,” in which the Group aims to strengthen its functionality as a traditional exchange—namely to provide stable market operations—while also advancing into new fields without being overly bound by this framework. In order to achieve its long-term vision, the Group’s basic approach to personnel development is to hire and develop not only people who will underpin the further stabilization and sophistication of traditional exchange operations, but also those who will pioneer into new sectors and fields, as well as creating an environment in which all employees can demonstrate their abilities.



Note: Individual initiatives for human capital management and data pertaining to human capital apply to the Company and the Core Subsidiaries.

(ii) Hiring and Developing People to Underpin the Further Stabilization and Sophistication of Traditional Exchange Operations

As put forth in the corporate philosophy, the Group’s core mission is to construct a highly reliable market foundation and provide attractive services, and stable market operations form the roots of this mission. Accordingly, to further stabilize traditional exchange operations, the Group proactively hires people who share its responsibility to the public and are capable of earnestly carrying out the work necessary for stable market operations with a strong sense of duty and responsibility, people who demonstrate advanced communication skills and see themselves as connectors between the Group and its diverse stakeholders, and people who aim for higher levels because they are not satisfied with the status quo.

Innovation is also necessary to ensure stable market operations in this time of advancing digital technology and diversifying market needs. Given this background and the need for more diverse work styles, namely the desire to build a career on the strength of advanced expertise in specific fields, the Group has begun hiring people on its new digital solutions track (as opposed to the general non-specialized career track) in which they will specialize in the digital networks field, particularly developing and operating core systems and information systems.

Regarding the Group’s policy for personnel development after hiring (career development), for the following reasons, it believes personnel development through job rotation (the system of periodically reassigning employees to new departments and roles) is crucial for strengthening the functionality of the entire Group, including exchange operations.

- Discovering individual aptitudes within the distinctive operations of an exchange



- Acquiring skills to gain a broader perspective of the entire value chain, from listing to trading, clearing, and settlement
- Acquiring the ability to adapt to circumstances in order to sustain operations when unexpected events occur

By rotating employees in the first halves of their careers (from younger employees to pre-management) across departments in order to discover their aptitude and then rotating them according to their specialties thereafter, the Group provides a variety of opportunities to gain operational experience with the aim of enhancing its employees' skills, discovering their aptitude, and developing people with broad perspectives and multiple areas of specialty and strength.

Regarding skills development, the Group provides skills development programs to support the well-balanced acquisition of the techniques, knowledge, and other skills needed for its operations based on three pillars: (1) business experience, namely opportunities to develop skills through operational experience, (2) knowledge sharing, namely opportunities to learn from supervisors and superiors as they provide guidance and share their experiences, and (3) training, namely opportunities to learn through training and other types of education.

The first pillar, business experience, is a core element of personnel development. In addition to the introductory and on-the-job training into the Group's distinctive operations given by each department, it is also important for employee engagement that each can carve out their desired career path. For this reason, the Group uses direct surveys, internal recruitment programs, and a specific transfer request system to keep track of employees' career aspirations, and carries out job rotations and secondments to related domestic and overseas organizations tailored to employees' desires and aptitudes.

As for the second pillar, knowledge sharing, to support the growth of each and every employee, the Group deploys an evaluation process in which employees set their own goals, reflect on the results of their work and how they responded to issues, and receive feedback to encourage additional improvement and growth, which uses regularly scheduled one-on-one interviews to allow guidance to be given between supervisors and subordinates. Furthermore, to allow sharing of knowledge and experience within the Group, and with the belief that the cross-departmental relationships built through this will strengthen it as an organization, the Group has established a framework known as the JPX College under which it undertakes various efforts, including career support training, a mentor program, employee-led training on specific topics, counseling communities, and more.

As for the third pillar, training, the Group offers level-based training in which employees learn different things depending on where they are in their careers, various internal and external training programs, support for obtaining certifications and qualifications, and more. Additionally, under the "career design support" program, the Group provides an annual subsidy of up to JPY 300,000 per employee to cover the cost of education or training courses to acquire techniques, knowledge, or other skills needed for its operations. In FY2022, a total of 227 employees took advantage of this subsidy. By increasing the number of users of this support program, the Group will further develop an environment in which employees can take the initiative to absorb specialized knowledge and the latest information to acquire a broader perspective and the ability to think more openly.

		Staff		Management		Executive management	
		New graduates	Younger employees to pre-management	New managers	Mid-level managers	Executives	
Business experience	General	Introductory and on-the-job training					
	Finance	Secondment to domestic/overseas financial institutions					
	IT	Secondment to system vendors, IT consulting firms, etc.					
	Global	Experience in overseas offices					
		Secondment to related overseas institutions					
Knowledge sharing	Career nurturing Self-improvement	JPX College (community where employees mutually teach and learn) Career support training*, employee-led training on specific topics, mentor program, discussion community**, etc.					
		"Career design support" program (up to JPY 300,000 annually)					
Training	Career Development Training	Graduate training	Younger employee training	Pre-management training	New manager training	Mid-level manager training	Executive training
	Compliance Diversity	Information security training					
		Training on harassment and bullying, the JPX Code of Conduct, and compliance					
	Securities	Support for acquisition of securities analyst certification					
	IT	Online training, qualification maintenance training, training for new IT staff, training within IT divisions					
		Group training	Quality control training, IT professional training				
			Training for DX/digital personnel development				
	Global	Intensive language learning programs, support for TOEIC exams					
	Studying abroad	Sponsored MBAs at domestic and overseas universities					
	Others	Healthcare seminars (sleep, diet, exercise, etc.)					
		Self-care training		Career/life planning seminars			

\* Career support training: training in which an employee lectures on the missions and duties of a particular department and their own career path, for example.

\*\* Discussion community: a community where employees can comfortably discuss with other employees about their past experiences on certain projects, how they approach work, or other topics, and gain insights while interacting with other employees.

### (iii) Hiring and Developing People Who Will Pioneer into New Sectors and Fields

In order to contribute to improving the attractiveness of Japanese capital and financial markets as a whole from the perspective of global competitiveness, JPX Group must innovate: proactively pioneer beyond the bounds of the exchange status quo. At the core of the push to explore what this next-generation exchange should look like, and realize this vision, are individual employees who independently identify issues and take proactive steps to solve them. In addition to the qualities outlined in the previous section, the Group also prizes people who have the strength and toughness to explore new areas and lead it into new fields.

To make inroads into new sectors and fields, the Group needs people who are well versed in both business and digital technology and can use their knowledge and experience in those areas to bring change to its businesses, and people who will promote automation of operations, process reform, and other advances to better allocate human resources to the tasks of discovering new sectors and fields. With the new digital solutions track, the Group will add more people who want to build their careers in the IT divisions, mainly development and operation of core systems and information systems, thereby invigorating job rotations in operational and IT departments and enhancing the development of staff who can bring change through expertise in both business and digital technology. The Group intends for this to also lead to the hiring and development of personnel with the advanced expertise needed to respond to rapidly developing technology.

The aforementioned skills development plays a crucial role in developing personnel who will pioneer into new sectors and fields, in addition to those who contribute to the further stabilization and sophistication of traditional exchange operations. In particular, the Group currently dispatches employees to educational institutions and related organizations in Japan and overseas through its internal recruitment program, but to evolve into a global, comprehensive finance and information platform, the Group plans to increase the number of employees with overseas experience and further the development of personnel who can lead its global business through even more proactive use of positions at overseas offices (New York, London, Singapore, Beijing, and Hong Kong), study abroad programs at overseas graduate schools (e.g. MBAs, law schools), secondments to related overseas organizations, and other experiences.

Furthermore, to achieve “Exchange & beyond,” JPX Group needs the organizational strength to anticipate technological advancements and how they will change market needs, discover issues before they become apparent, and swiftly devise and execute solutions to them. It needs employees to have a mindset under which they grow by actively absorbing a broad range of

knowledge and new technology beyond the bounds of exchange operations, pioneer and explore, and support each other in such endeavors. Therefore, the Group will incorporate these elements into its process of evaluating employees to promote the development of people who will pioneer into new sectors and fields.

(iv) Establishing an Environment in Which Everyone can Demonstrate Their Abilities

(a) Promoting Active Participation by Diverse Personnel

JPX Group has a Diversity Promotion Group within its Human Resources Department that implements various initiatives to ensure that a wide range of people can play active roles regardless of their sex, nationality, age, or other characteristics. In addition to establishing systems that provide employees with young children with support for balancing work and parenting beyond what is legally mandated, the Group proactively encourages male employees to take advantage of childcare support schemes, such as by holding paternity leave seminars, based on the belief that increasing men’s involvement in parenting will promote active participation by women in society as a whole. In FY2022, 20 male employees took an average of 21.3 days of parental leave.

	FY2022
Percentage and number of male employees who took parental leave	66.7% (20)
Average number of days taken	21.3

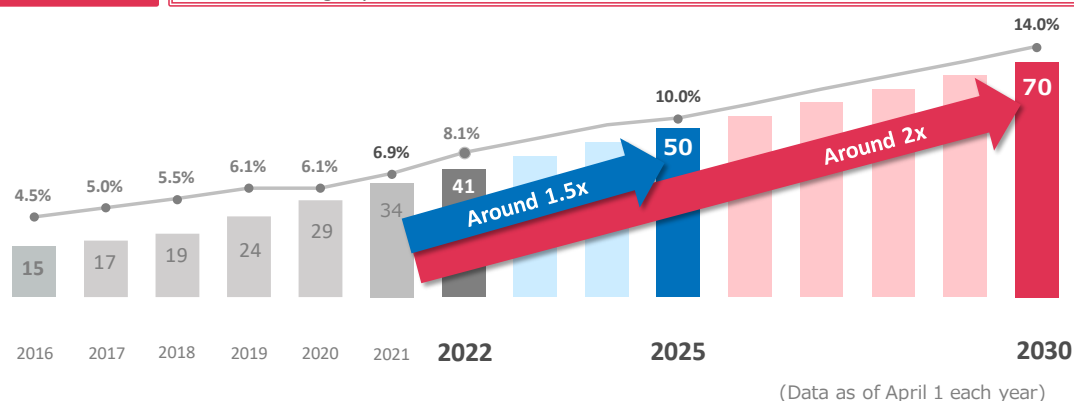
Note: “Parental leave” refers to the total of statutory parental leave, statutory post-birth paternity leave, and company-provided parental leave (from previously unused paid leave) taken

Additionally, the Group believes support from the company is particularly important for female employees as they are more susceptible to career gaps associated with childbirth, parenting, and other life events. Therefore, it provides support for facilitating a smooth return to work after parental leave such as pre-return interviews, in addition to enhancing systems that provide support for balancing work and parenting, and as a result has maintained a 98% rate of return from parental leave for the past five years. As well as establishing an environment in which female employees can continue working without interrupting their careers, the Group has also set targets for promoting them to management positions. As a result of these efforts, FY2022 saw the first internal promotion of a female employee of the Group to the position of executive officer. Four female employees have also been promoted to department/section director level positions, which represents the steady increase in the number of female employees in management positions in recent years. The 41 female employees in management positions as of March 31, 2023 represent 8.2% of management, meaning that the Group achieved its goal of 8% or more female managers by April 2022. Now, the Group has new promotion targets: at least 50 female employees in management positions by FY2025 and at least 70 by FY2030 (roughly 50% and 100% increases from FY2021, respectively). If these targets are achieved, in FY2025 and FY2030 the Group will have, respectively, 3.3 and 4.6 times as many female employees in management or higher positions as it did when targets were first set in FY2016, and at least 10% and 14% of managers will be women.

**Target up to 2030**

At least **50** female employees in executive management and management positions **by 2025 (an increase of around 1.5 times from FY2021)** and at least **70 by 2030 (around double)**

(This focuses on the number rather than the ratio, which is affected by a change in the number of male managers)



As of March 31, 2023, the percentage of mid-career hires was 31.8%, the percentage of mid-career hires in management positions was 33.3%, the percentage of non-Japanese employees was 1.4%, and the percentage of non-Japanese in management positions was 0.8%. JPX Group aims to maintain and improve the numbers of mid-career hires and non-Japanese in management positions through continued hiring of mid-career professionals with operational experience and expert skills in law, accounting, finance, IT, and other areas, regardless of nationality, as well as hiring non-Japanese new graduates with no operational experience, and promoting the most talented of these.

(Reference) Status of Non-Japanese Employees and Mid-Career Hires (As of March 31, 2023)

	Total	Mid-Career Hires	Non-Japanese
Number of employees (Percentage)	1,224 (100%)	389 (31.8%)	17 (1.4%)
Number in management positions (Percentage)	501 (100%)	167 (33.3%)	4 (0.8%)

Additionally, to promote further participation by older employees, in April 2023, the Group extended the mandatory retirement age from 60 to 65. Although employees who retired at age 60 were already able to work until 65 through the rehiring system, by extending the mandatory retirement age and revising the expected roles and treatment of older employees, the Group has established an environment in which employees can work with a sense of security through age 65, not having to think about going through the retirement process at 60, while maintaining their strong sense of duty and responsibility. JPX Group intends to capitalize on the ample operational experience and knowledge of its older employees to further stabilize and advance its functionality as a traditional exchange, namely stable market operations.

(b) Well-being

Employees' well-being—the state in which their bodies and minds are healthy and they are socially fulfilled because they are working with passion and vitality—is essential for them to demonstrate their capabilities to the fullest. The Group conducts engagement surveys to ascertain employees' level of engagement and help improve HR policies. The results of the FY2022 survey were excellent: a work engagement score of 75% (percentage of positive responses) in terms of vitality, passion, and immersion in work, and an organizational engagement score of 78% in terms of attachment and a sense of belonging to the company. Looking ahead, the Group will devote energy to maintaining the organizational engagement score and improving the work engagement score, which has relatively more room for improvement.

Until recently, the Group's efforts to promote health management mainly involved collaboration with occupational physicians, such as providing support for sick and injured employees to receive proper care and return to work as soon as possible. In FY2022, there was one sick or injured employee, and the Group achieved an overall health risk score of 81 on stress checks. In FY2022, however, the Group hired a public health nurse and established systems to facilitate consultation, discussion, education, information provision, and the like regarding mental and physical health. In the immediate future, the Group will devote energy to further strengthening its system for promoting health management and carrying out activities to prevent sickness and injury in order to establish an environment in which every employee can demonstrate their capabilities to the fullest.

	Category	FY2022
Engagement survey	Work engagement score	75%
	Organizational engagement score	78%
Health management	Number of sick or injured employees (Note 1)	1
	Stress check score (overall health risk (Note 2))	81

(Notes) 1. The number of employees with an illness that forced them to take a long-term absence (one month or more) or a leave of absence from work

2. An index in which the average score is 100 and lower is better; a score below 80 is considered good.

Additionally, in terms of helping employees with long-term asset building, the Group has introduced an Employee Stock Ownership Plan and a workplace NISA plan as benefits, as well as a matching-contribution program to the corporate defined contribution pension plan. More than 60% of employees are participating in the Employee Stock Ownership Plan, and more

than 30% are taking advantage of the workplace NISA plan. Also, more than 60% of employees are receiving matching contributions. To improve financial literacy and expand the investor base in Japan, the Group is sending instructors to schools and workplaces and otherwise devoting energy to financial and economic education activities from a fair and neutral position. Employees must be financially literate and apply their knowledge correctly in order to fulfill those roles, so the Group conducts training for young employees on financial literacy and asset building. The Group will continue to enhance its education for employees on financial literacy to support their efforts to build individual assets.

(v) Data on Human Capital

Category	Breakdowns	FY2019	FY2020	FY2021	FY2022
Number of employees (employees may be counted in more than one subcategory)	All	1,208	1,197	1,193	1,224
	Male (Percentage)	875 (72.4%)	859 (71.8%)	843 (70.7%)	861 (70.3%)
	Female (Percentage)	333 (27.6%)	338 (28.2%)	350 (29.3%)	363 (29.7%)
	Non-Japanese (Percentage)	16 (1.3%)	19 (1.6%)	18 (1.5%)	17 (1.4%)
	Mid-career hires (Percentage)	331 (27.4%)	336 (28.1%)	393 (32.9%)	389 (31.8%)
New hires	New graduates	26	25	25	27
	Female	12	11	11	12
	Non-Japanese	1	1	0	0
	Mid-career hires	15	13	18	25
	Female	3	0	4	10
	Non-Japanese	2	0	0	0
Number of voluntary resignations	All (% of all employees)	11 (0.9%)	10 (0.8%)	18 (1.5%)	9 (0.7%)
	Male	7	8	14	7
	Female	4	2	4	2
Average years of employment	All	17.1	17.4	17.4	17.6
	Male	16.4	16.9	16.9	17.3
	Female	18.4	18.7	18.6	18.3
Ratio of employees undergoing annual health check		80.2%	65.1%	92.3%	96.5%
Ratio of employees who exercise regularly		76.4%	75.7%	78.6%	80.0%
Ratio of employees who smoke		12.1%	11.9%	9.8%	10.6%
Ratio of employees answering annual stress check survey		91.4%	91.1%	90.6%	95.2%
Number of sick or injured employees		6	6	3	1
Average overtime hours		23 hours and 52 minutes	27 hours and 35 minutes	28 hours and 15 minutes	27 hours and 46 minutes
Average days of paid leave taken (usage rate)		14.4 days (72%)	12.0 days (60%)	12.2 days (61%)	12.6 days (63%)

(Reference)

For more information about the Group's HR policies and initiatives, please refer to the JPX website and the integrated report (JPX Report).

<https://www.jpx.co.jp/corporate/sustainability/jpx-esg/employee/index.html>

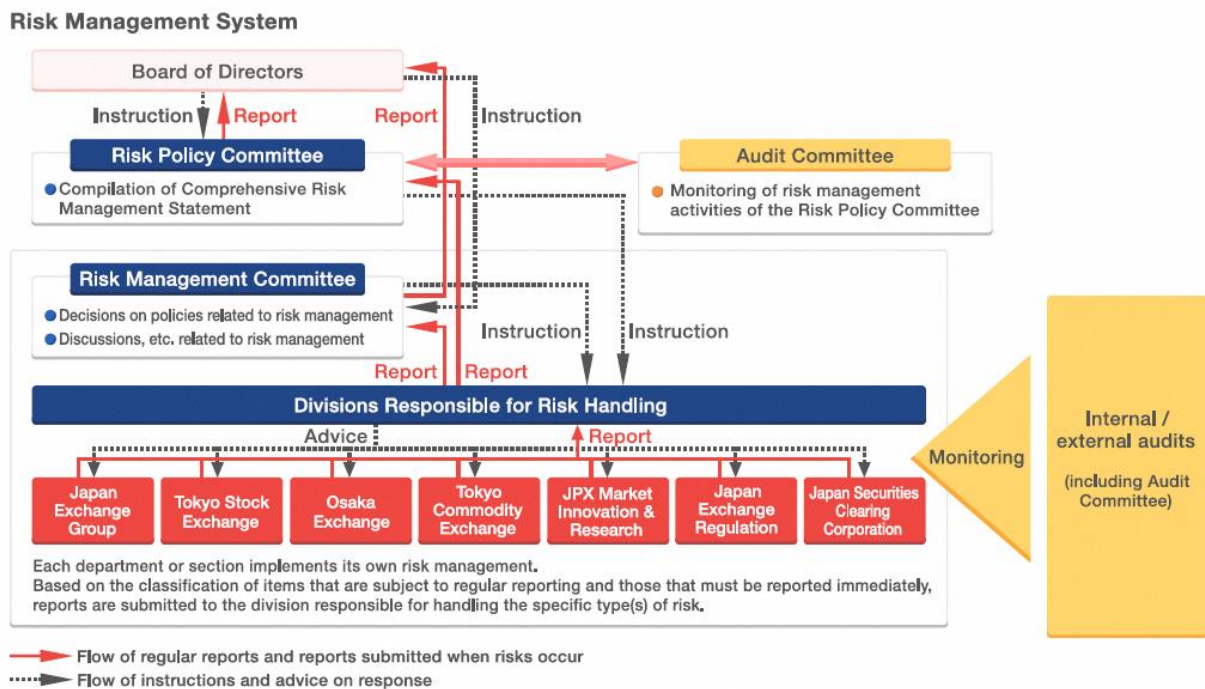
<https://www.jpx.co.jp/corporate/investor-relations/ir-library/integrated-report/index.html>

### 3 Business Risks

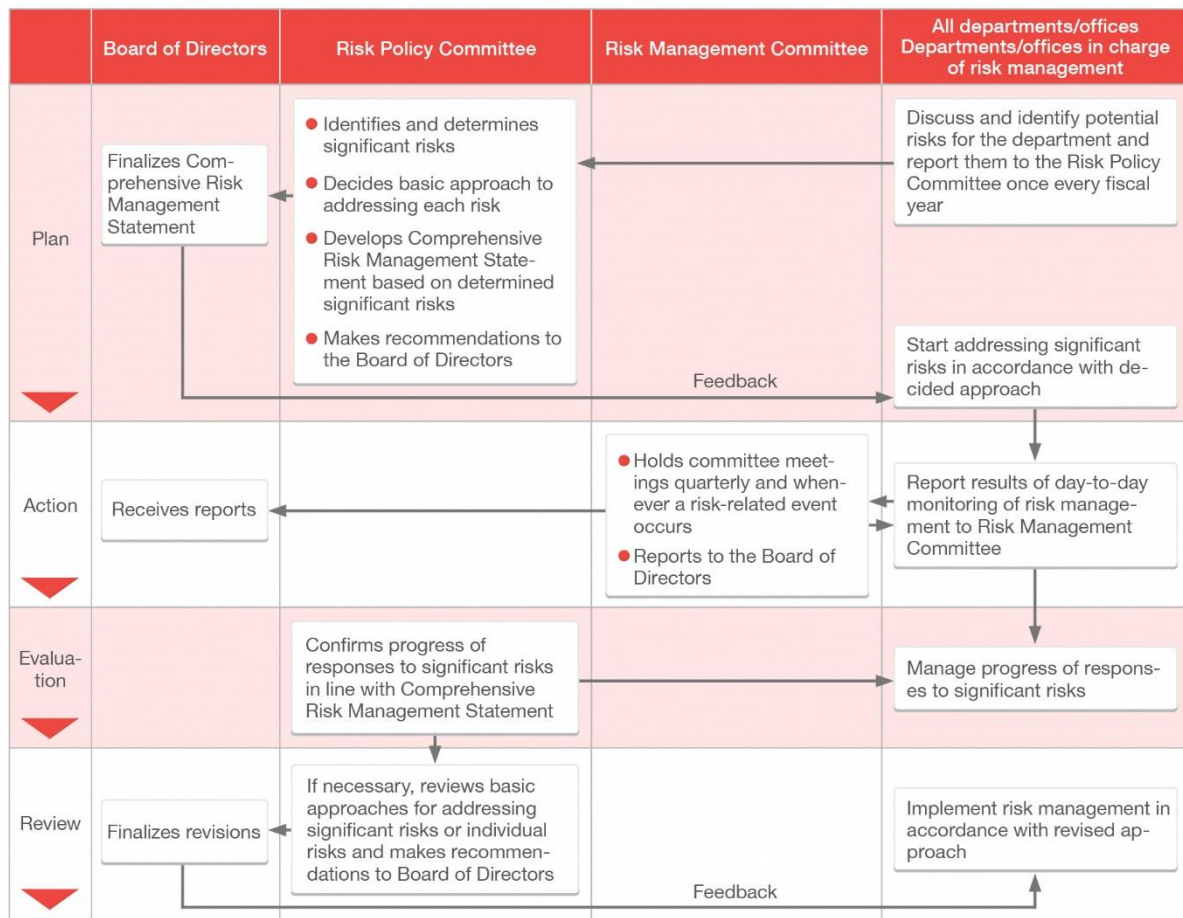
#### Basic Policy for Risk Management

The Group faces various risks in the course of its operations, including those associated with system failures, compensation in the event that a clearing participant defaults, and clerical errors. To address these risks, the Group has established a Risk Policy Committee chaired by an outside director and a Risk Management Committee chaired by the CEO. These committees are responsible for identifying risks as well as developing and implementing measures to prevent such risks in accordance with the Group’s Risk Management Policy. The Group also has a system in place to ensure a swift and appropriate response when risks do or are likely to materialize. (For more details on each committee, please refer to “IV. Information about the Reporting Company 4 Corporate Governance (1) Overview of Corporate Governance (iv) Establishment of Risk Management Systems.”)

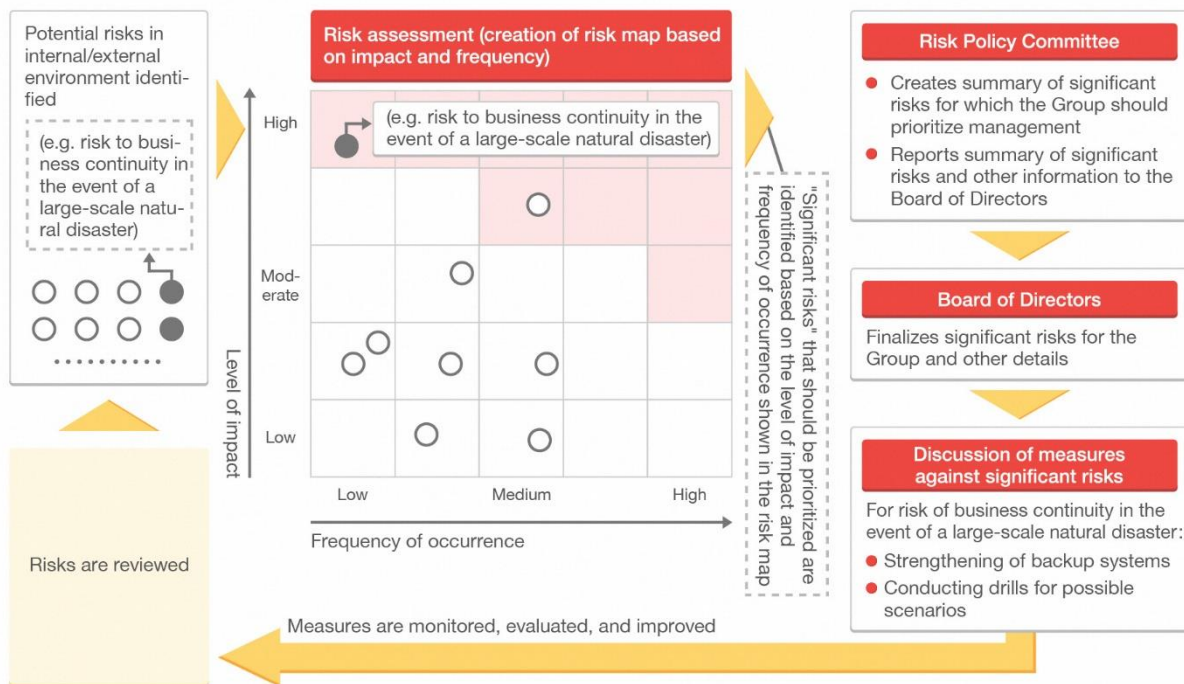
In addition, each fiscal year, the Group identifies the significant risks that it should prioritize. Along with this, to improve the effectiveness of risk management in each department within the Group, it takes steps to prevent significant risks and other risks in advance by formulating basic policies for addressing each significant risk, thereby reducing the likelihood of their materialization and enabling flexible responses when they do materialize. When a serious incident occurs, the Risk Management Committee gains an overall grasp of the situation and gives directions so that the matter can be resolved as quickly as possible. The system is set up so that all necessary information is reported to management promptly and without fail.



## JPX Group's Risk Management Process



## System for Identifying Significant Risks





## Individual Risks

The following is a list of potential risk factors related to the Group's business and other aspects. Note, however, that this list is not necessarily exhaustive, and risks not anticipated or considered minor at the date of submission may affect the business operations, financial position, and operating results of the Group in the future.

In addition, matters that are not necessarily considered to be risk factors but are considered important for investors' investment decisions are included from the viewpoint of proactive information disclosure.

Forward-looking statements are based on judgments made in accordance with information available as of the date of submission.

### 1. Risks Related to Management Structure and Business Strategy

#### (1) Characteristics of the Management Structure, etc.

##### (i) Position as a Holding Company

As a holding company, the Company's income is heavily dependent on management fee income and dividends from its subsidiaries and associates. Legal or business restrictions, however, may limit the payment of dividends from such companies to the Company.

Japan Exchange Regulation, a subsidiary of the Company, is not allowed to pay dividends as the Financial Instruments and Exchange Act stipulates that it must not conduct services for profit. In addition, Japan Securities Clearing Corporation, another subsidiary of the Company, is required to secure a certain amount of surplus from the perspective of ensuring the continuity of the company as a clearing house and the functionality of settlement guarantee schemes (see "7. Framework for Ensuring Implementation of Settlement"). ("Principles for Financial Market Infrastructures," published in April 2012 by the Committee on Payment and Settlement Systems/Bank for International Settlements and the Technical Committee of the International Organization of Securities Commissions, also states that "a CCP that is involved in activities with a more complex risk profile... should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.")

Regarding dividends, the Group 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, taking into account financial health as a financial instruments exchange group, preparedness for risks as a clearing house, and investment opportunities to raise the competitiveness of its markets. However, if the Company's subsidiaries or associates fail to generate sufficient earnings or cash flow to pay dividends to the Company, it may be difficult or impossible for the Company to pay dividends to its shareholders.

##### (ii) Self-Regulatory Function

In order for investors to participate in the market with confidence, the market must be fair and reliable, and in order to ensure this fairness and reliability, it is essential that the self-regulatory function be properly exercised.

In order to take every step possible to avoid conflicts of interest between the interests of the Group as a corporate entity and the fairness of the market, and to ensure their effectiveness, in the case of the financial instruments markets, the market operators (Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc.) and the self-regulatory organization (Japan Exchange Regulation) are placed under the umbrella of the holding company, and Japan Exchange Regulation conducts self-regulatory operations entrusted by Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc.

The fees for these self-regulatory operations are fundamentally long-term and fixed amounts, as the Financial Instruments and Exchange Act requires the entrustment agreement to appropriately and clearly specify the cost calculation method under entrustment in a way that allows a self-regulatory organization to conduct the self-regulatory services with which it is entrusted. In addition, to ensure the independence of self-regulatory operations in the commodities market, a Self-Regulatory Committee has been set up as an advisory body to the board of directors of Tokyo Commodity Exchange, Inc. to deliberate on matters of self-regulation. A department responsible for self-regulatory affairs has also been set up to support the work of this Committee.

The Group recognizes that the self-regulatory function, as well as being the basis of the Group's functionality as a market operator, inseparable from and closely linked to market operations, and acting as one kind of quality assurance for the market, also maintains and improves the market's brand image. The Group considers that this contributes to the acquisition and improvement of revenues over the medium to long term. However, in the short term, the exercise of the self-regulatory function may conflict with the pursuit of profitability, and in addition, if the Group's business performance does not progress favorably due to deterioration in the market environment or other factors, the Group's operating results may be affected as a result of investing the necessary management resources in operations related to the self-regulatory function. In addition, if the self-



regulatory function is not properly exercised, the trust of market participants, investors, and others may be severely damaged, which in turn may damage the brand value of the market, thereby seriously affecting the business operations of the Group.

The cost structure may also be disadvantageous in competition with proprietary trading systems (PTSs) and similar trading venues, which have a significantly lower burden of self-regulatory operations compared to that of financial instruments exchanges.

## (2) Risks Related to Business Strategy

### (i) Risk of Business Strategy Failure

In March 2022, the Group announced its Medium-Term Management Plan covering the three-year period from FY2022 to FY2024 and has been implementing the various actions it set out.

The Group may not be able to execute its business strategies for sustainable development of the market as initially planned due to, among other things, shifting investor and user needs, negotiations with stakeholders, or changes in the business environment resulting from the materialization of the various risks described in this section.

To address these risks, the Group pays close attention to the likelihood that risks will materialize and changes in the economic and market environments, regularly monitors the progress of business strategies and changes in the business environment, and has systems in place to swiftly conduct appropriate financial management and revise core strategies in response to these environmental changes.

### (ii) System Investment

With the development of information technology in recent years, exchanges have also been enhancing their systems, and the stability and processing performance of these systems have a significant impact on securing a competitive advantage among markets.

The Group operates “arrowhead,” a fast, reliable, and scalable trading system for the cash equity market, and “J-GATE,” a trading system that offers world-class trading functionality and order processing for the derivatives market.

In order to appropriately respond to the ever-changing needs of users, such as use of the increasingly sophisticated and diverse investment methods that come with technological development, and therefore maintain competitiveness as an exchange, the Group needs to continue capital expenditures in IT and improve trading and other systems in order to utilize ever-faster evolving technology to the maximum extent. To achieve this, following on from the upgrade to the J-GATE system in September 2021, the Group is moving ahead with development for a scheduled upgrade of arrowhead in November 2024.

However, these capital expenditures do not necessarily lead to an immediate increase in revenue, and if the Group is unable to generate revenue commensurate with costs due to a deterioration in market conditions or other factors, its financial indicators may be squeezed and additional subsequent capital expenditures may be significantly affected.

### (iii) Promoting Sustainability

The Group considers that working on initiatives to improve corporate value with attention to the surrounding environment and societal issues and the Group’s relationship to them as an important management issue. Based on this, it has established a Sustainability Committee headed by the Group CEO to formulate various policies and strategies and implement initiatives across the entire Group (see “II Overview of Business - 2. Approach to Sustainability and Related Initiatives”).

Despite these efforts to promote sustainability using market mechanisms based on the Group’s business model, an inadequate response could lead to a decline in confidence in and support for the exchange infrastructure provided by the Group, a loss of revenue opportunities, or a decline in the attractiveness of the markets.

## 2. Risks Related to Business Environment

### (1) Regulations or Rules Related to Laws, etc.

#### (i) Position as a Licensed Business

The Group conducts its business under the regulations of the Financial Instruments and Exchange Act (referred to as “FIEA” in this section), the Commodity Derivatives Transaction Act (referred to as “CDTA” in this section), and related laws and regulations.

The Company is a “financial instruments exchange holding company” authorized by the Prime Minister as stipulated by the FIEA, and its subsidiaries Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. are “financial instruments exchanges” with a license from the Prime Minister to establish and operate financial instruments exchange markets as stipulated by the FIEA. Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. have entrusted their self-regulatory operations to Japan Exchange Regulation with authorization from the Prime Minister as stipulated by the FIEA, and Japan Exchange Regulation conducts self-

regulatory operations with authorization from the Prime Minister as stipulated by the FIEA. In addition, the Company has made Tokyo Commodity Exchange, Inc. its subsidiary with authorization from the Prime Minister as stipulated by the FIEA. Tokyo Commodity Exchange, Inc. is an “incorporated commodity exchange” licensed by the competent minister to establish and operate markets necessary to conduct futures trading as stipulated by the CDTA.

Japan Securities Clearing Corporation provides “financial instruments obligation assumption services, etc.” as a financial instruments clearing house with a license from the Prime Minister as stipulated by the FIEA as well as approval from the competent minister as stipulated by the CDTA, and also provides “commodity transaction debt assumption services” as a commodity clearing house with a license from the competent minister as stipulated by the CDTA as well as approval from the Prime Minister as stipulated by the FIEA.

Furthermore, in order to acquire or hold voting rights constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by a Cabinet Office Order as something that is presumed to have a material impact on decisions about financial and operational policies) of all shareholders’ voting rights of a financial instruments clearing house, it is necessary to obtain prior authorization from the Prime Minister, which the Company has received.

At present, no event has occurred that would result in the withdrawal of the above licenses or approvals. However, if for some reason an event were to occur or fact were to be found in the future that led to the withdrawal of the licenses or approvals, or a suspension or other type of penalty regarding business operations in whole or in part, the Group’s business operations, operating results, and the like may be severely affected.

#### Summary of Major Licenses, Authorizations, and Approvals

Type of License, Authorization, or Approval	Relevant Clause	Company Name	Expiration Date	Possible Reasons for Withdrawal
Authorization as an exchange holding company	FIEA Article 106-10, Paragraph 1	Japan Exchange Group, Inc.	Not applicable	FIEA Article 106-26; Article 106-28, Paragraph 1
License for exchange business	FIEA Article 80, Paragraph 1	Tokyo Stock Exchange, Inc. Osaka Exchange, Inc.	Not applicable	FIEA Article 134, Paragraph 1; Article 148; Article 152, Paragraph 1
Authorization for entrusting self-regulatory operations	FIEA Article 85, Paragraph 1	Tokyo Stock Exchange, Inc. Osaka Exchange, Inc.	Not applicable	FIEA Article 153-2
Authorization for self-regulatory operations	FIEA Article 102-14	Japan Exchange Regulation	Not applicable	FIEA Article 153-4
License for financial instruments obligation assumption services	FIEA Article 156-2	Japan Securities Clearing Corporation	Not applicable	FIEA Article 156-17, Paragraphs 1 and 2
Authorization as a major shareholder of a financial instruments clearing house	FIEA Article 156-5-5, Paragraph 1	Japan Exchange Group, Inc.	Not applicable	FIEA Article 156-5-9, Paragraph 1
Authorization for acquisition of a commodity exchange	FIEA Article 106-24, Paragraph 1	Japan Exchange Group, Inc.	Not applicable	FIEA Article 106-26; Article 106-28, Paragraph 1
Approval for commodity transaction debt assumption services as a concurrent business	FIEA Article 156-6, Paragraph 2	Japan Securities Clearing Corporation	Not applicable	FIEA Article 156-17, Paragraph 2
License as an incorporated commodity exchange	CDTA Article 78	Tokyo Commodity Exchange, Inc.	Not applicable	CDTA Article 94, Paragraph 1; Article 159, Paragraphs 1 and 2
License for commodity transaction debt assumption services	CDTA Article 167	Japan Securities Clearing Corporation	Not applicable	CDTA Article 186, Paragraphs 1 and 2
Approval for financial instruments obligation assumption services, etc. as a concurrent business	CDTA Article 170, Paragraph 2	Japan Securities Clearing Corporation	Not applicable	CDTA Article 186, Paragraphs 1 and 2

(ii) Restrictions on Business Activities, etc.

The Group is subject to the following business restrictions under the FIEA and the CDTA. The Company, as a financial instruments exchange holding company, is prohibited from conducting any business other than the management and administration of its subsidiaries such as incorporated financial instruments exchanges and other businesses incidental thereto. Additionally, in principle, Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc., as financial instruments exchanges, are prohibited from conducting any business other than the operation of financial instruments exchange markets and other

businesses incidental thereto; Japan Exchange Regulation, as a self-regulatory organization, is prohibited from conducting any business other than self-regulatory operations and other businesses incidental thereto; Tokyo Commodity Exchange, Inc., as a commodity exchange, is prohibited from conducting any business other than the operation of commodity markets, appraisal of the quality of listed commodities, the issuance of publications, and other businesses incidental thereto; and Japan Securities Clearing Corporation, as a financial instruments clearing house and a commodity clearing house, is prohibited from conducting any business other than financial instruments obligation assumption services, etc., commodity transaction debt assumption services, and other services incidental thereto. Thus, the scope of operations of these companies is limited.

Similarly, financial instruments exchange holding companies, financial instruments exchanges, and commodity exchanges are also subject to restrictions on the scope of business of subsidiaries under the FIEA and CDTA. JPX Market Innovation & Research, Inc., as a subsidiary of a financial instruments exchange holding company, may engage in businesses incidental to the operation of financial instruments exchange markets, as well as, when authorized by the Prime Minister, businesses related to the operation of financial instruments exchange markets.

In addition, Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Japan Exchange Regulation, and Japan Securities Clearing Corporation are required to gain authorization from the Prime Minister when amending their Articles of Incorporation, Business Regulations, Brokerage Agreement Standards, and Business Rules. Similarly, Tokyo Commodity Exchange, Inc. and Japan Securities Clearing Corporation are required to gain authorization from the competent minister when amending these rules and regulations. As hereby stated, the Group conducts its business under extensive regulations.

Since these regulations are not necessarily intended to protect the Group's shareholders, if for some reason the Group is unable to obtain the necessary authorizations for its operations in the future, this could have a significant impact on its business operations, operating results, and the like, such as a loss of business opportunities from being unable to implement initiatives it deems necessary.

#### (iii) Restrictions on the Acquisition and Ownership of the Company's Issued Shares

Under the FIEA, with respect to shares issued by the Company (a financial instruments exchange holding company), it is prohibited for any person, with the exception of an authorized financial instruments firms association, financial instruments exchange, financial instruments exchange holding company, commodity exchange, or commodity exchange holding company, or local governments and other persons specified by a Cabinet Order, to acquire or hold voting rights (excluding the voting rights that are specified by a Cabinet Office Order in consideration of the manner in which they are acquired or held and any other circumstances; hereinafter referred to as "Subject Voting Rights") constituting 20 percent or more (or 15 percent or more, if a fact has occurred that is specified by a Cabinet Office Order as something that is presumed to have a material influence on decisions about financial and operational policies) of all shareholders' voting rights.

In addition, a person who has become a holder of Subject Voting Rights exceeding five percent of all shareholders' voting rights must submit to the Prime Minister, as pursuant to the provisions of the Cabinet Office Order and without delay, a statement of holdings in Subject Voting Rights, stating the percentage of Subject Voting Rights held, the purpose of the holding, and the matters otherwise specified by the Cabinet Office Order.

#### (iv) Impact of Changes to Laws and Regulations

The introduction, amendment, or repeal of laws and regulations related to the Group's business or changes in policies regarding the enforcement of these may affect the Group, either directly or through changes in market conditions resulting from such changes.

For example, shifts in the competitive environment due to regulatory changes or revisions to the tax system may lead to a decline in the Group's market share or trading volumes.

It is difficult to predict future changes in laws and regulations and their impact on the Group's business, and these are not within the Group's control, but even so, the implementation of new regulations and other changes may have a significant impact on its business operations, operating results, and the like.

### (2) Impact of Financial Market Trends

#### (i) Characteristics of the Group's Earnings Structure

Of the Group's operating revenues, "trading services revenue" and "clearing services revenue" (39.6% and 20.9% of consolidated operating revenues for FY2022, respectively) are largely dependent on the trading value and volume of securities and derivative products, and "listing services revenue" (10.2%) is largely dependent on the market capitalization of already listed companies, the amount of funds raised, and the number of newly listing companies.

In line with this, the Group's revenues are significantly affected by trends in the secondary market for securities and derivative products and the primary market for securities, and by extension trends in the global financial markets and domestic and international economic conditions.

In particular, since the majority of listed companies are Japanese companies, the Japanese economy has a significant impact on the Group's operating results. If the environment surrounding the primary and secondary markets deteriorates due to an economic slowdown or other reasons, and this causes declines in trading volume, market capitalization of listed companies, fund-raising amounts, or other indicators in the cash equity and derivatives markets, the Group's operating results may be severely affected.

In addition, trends in the primary and secondary markets can fluctuate significantly due to the economic environment and various other factors, making it extremely difficult to predict such trends with any degree of precision.

To address these risks, the Group, as the core infrastructure of Japan's financial and capital markets, will work as one unit to stably provide the fundamental functions of market operations, from listing, trading, and clearing and settlement to data services, and at the same time increase the added value that the Group provides to society by creating new services to stabilize revenues while maintaining a strong financial base.

(ii) Impact of Trends among Overseas Investors

During the period from January to December 2022, overseas investors accounted for an important share in the market, including approximately 60% of the trading value of stocks and approximately 70% of the trading volume of flagship derivative products Nikkei 225 Futures and TOPIX Futures.

Therefore, if the Japanese market becomes less attractive to overseas investors due to, for example, the Japanese economy, stock price performance of Japanese companies in general, foreign exchange conditions, or tighter regulations, and if trading volume declines as a result, the Group's business operations, financial position, and operating results may be severely affected.

To address these risks, the Group is expanding sales and marketing activities toward and strengthening relationships with domestic and international investors, including those based overseas, and is actively working to acquire investment and capital flows into the Japanese market.

(3) Impact of Competition

(i) Competition with Other Securities Exchanges and Off-Exchange Trading in Cash Equities

The Group recognizes that competition for trading of cash equities and similar products has been intensifying and will continue to intensify in a variety of areas, including market liquidity, speed and cost of trade execution, trading system performance, diversity of products and services offered to trading participants and listed companies, and the regulatory environment.

Stock trading value on markets operated by the Group accounted for about 83% of the total trading value of listed stocks in Japan from January to December 2022, and off-exchange trading venues (PTSs, OTC, etc.) accounted for about 17%. However, the volume of off-exchange trading has been increasing in recent years, and there is a possibility that it will threaten the Group's market share in the future.

If the Group is unable to respond appropriately to this competitive environment, and market liquidity and other factors deteriorate, the Group's business operations, operating results, and the like may be severely affected.

In recent years, the exchange industry has been also exposed to intense global price competition. If competitors start offering services with lower fees than the Group, and it is required to lower its own fees for trading or listing, the Group's operating results and the like may be affected.

(ii) Competition with Nikkei 225 Futures and Options at Singapore Exchange Limited

Nikkei 225 Futures on Osaka Exchange mainly compete with Nikkei 225 Futures on Singapore Exchange. Nikkei 225 Futures on Singapore Exchange, like Nikkei 225 Futures on Osaka Exchange, are stock index futures based on the Nikkei 225, which is a representative index of the Japanese stock market.

Trading volumes of Nikkei 225 Futures on Osaka Exchange and Singapore Exchange for the past three years are as follows.

Fiscal year	Osaka Exchange	Singapore Exchange
FY2020	48,848,761 contracts	9,313,283 contracts
FY2021	42,683,737 contracts	7,190,255 contracts
FY2022	47,085,779 contracts	7,105,164 contracts

- (Note 1) Trading volume of Nikkei 225 Futures on Osaka Exchange and Singapore Exchange includes mini contracts (Nikkei 225 mini on Osaka Exchange and Mini Nikkei 225 Index Futures on Singapore Exchange). However, since these mini contracts carry one-tenth of the trading value of Nikkei 225 Futures contracts on Osaka Exchange, the trading volume of these contracts is shown as one-tenth of the actual volume.
- (Note 2) Of Nikkei 225 Futures contracts on Singapore Exchange, Nikkei 225 Index Futures and USD Nikkei 225 Index Futures carry half of the trading value of Nikkei 225 Futures contracts on Osaka Exchange, and therefore the trading volume of these contracts is shown as half of the actual volume.

With regard to index options, the main competing product for Nikkei 225 Options on Osaka Exchange is Nikkei 225 Options on Singapore Exchange.

Trading volumes of Nikkei 225 Options on Osaka Exchange and Singapore Exchange for the past three years are as follows.

Fiscal year	Osaka Exchange	Singapore Exchange
FY2020	26,004,282 contracts	3,460,446 contracts
FY2021	24,504,420 contracts	2,598,087 contracts
FY2022	24,963,946 contracts	1,753,756 contracts

- (Note 1) Since Nikkei 225 Options on Singapore Exchange carry half of the trading value of Nikkei 225 Options on Osaka Exchange, the trading volume of these contracts is shown as half of the actual volume.
- (Note 2) The trading volume of Nikkei 225 Options on Osaka Exchange is the combined trading volume of Regular Options and Weekly Options.

Although the trading volume of Nikkei 225 Futures and Nikkei 225 Options on Osaka Exchange in FY2022 exceeded that of Singapore Exchange, depending on future trends among market participants, Osaka Exchange may see a decline in trading fee revenue if its users move to Singapore Exchange, which may affect the Group's business operations, operating results, and the like.

### (iii) Management Integration Between Exchanges

In the exchange industry, there has been a marked trend toward mergers and acquisitions among the major exchanges mainly in the United States and Europe, especially since the late 2000s, against the backdrop of the expansion of cross-border trading and intensifying inter-market competition due to the advancement of communications technology, intensifying efforts to increase scale and improve management efficiency through demutualization or listing, and progress in international regulatory harmonization. Most recently, there has been movement toward the integration of exchanges in Europe, such as Euronext's acquisition of Oslo Bors and Borsa Italiana (2019 and 2021) and SIX Swiss Exchange's acquisition of BME (the Spanish stock exchange; 2020), and similar trends can be seen in the Asia-Pacific region, such as Cboe Global Markets, which operates Chicago Board Options Exchange, acquiring Chi-X Asia Pacific Holdings, which operates PTSs in Japan and Australia (2021). Meanwhile, there have been more than a few cases where management integration has been announced but then put off due to failure to obtain regulatory approval. Over the past few years, there has also been an increase in the number of acquisitions by exchanges for the purpose of expanding their areas of business, such as into clearing, IT-related and information businesses.

It is difficult to predict the impact on the Group's business from mergers or acquisitions among other exchanges, but if these exchanges were to provide better services or reduce costs as a result, it could lead to a relative decline in the Group's competitive advantage and a decrease in its international presence, and affect the Group's business operations, operating results, and the like.

To address these risks, the Group is working to strengthen market functionality and provide fair and convenient trading services by closely monitoring changes in the market environment and other factors, and reviewing market rules based on discussions with market stakeholders.

### 3. Risks Related to Accidents, Disasters, and Other External Events

In order to fulfill its responsibilities for providing social infrastructure as a market operator and clearing house, the Group has formulated a business continuity plan (BCP) for emergencies and is working to maintain a solid and stable business continuity system to ensure that it can continue business operations to the furthest possible extent when any of the various risks emerge, and in the event of unavoidable interruptions, resume business as soon as possible.

However, if the Group suffers more damage than expected and is forced to suspend operations for an extended period of time due to a natural disaster such as an earthquake, windstorm, flood, or fire, an outage of social infrastructure such as electricity or telecommunications, an act of terrorism such as a physical or cyber attack, or the spread of an epidemic such as a new strain of influenza, it may suffer serious consequences, not just enormous economic losses but also a decline in credibility among society.

Even if business is not interrupted, depending on the extent of damage, the Group may be required to incur substantial recovery costs, which could have a significant impact on its business operations, operating results, and the like.

In order to address these risks, the Group conducts regular drills to quickly and accurately implement the necessary responses stipulated in the BCP, with the aim of minimizing the impact on trading participants, listed companies, investors, and other stakeholders in the event of an accident or disaster after consulting with various related organizations such as Japan Securities Depository Center, Inc., which provides the settlement infrastructure for stocks and funds, and the Bank of Japan. Further, in order to maintain market functionality even in the event of a wide-area disaster such as an earthquake directly under the Tokyo metropolitan area, the Group is strengthening the East-West mutual backup system for both operations and systems, for example in the construction of a new data center in the Kansai area.

With regard to COVID-19, to avoid any impact on stable market operations, the Group implemented the following initiatives to ensure business continuity in addition to various measures to prevent the further spread of the disease based on the Japanese government's "Basic Policies for Novel Coronavirus Disease Control."

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

To prevent other risks such as "risks related to information leaks" and "administrative risks" from materializing, the Group implemented COVID-19 measures including the above while taking appropriate measures such as providing employee training through e-learning and ensuring sufficient opportunities for communication about business operations among employees. The Group will take flexible actions as necessary to ensure business continuity in accordance with the future pandemic situation with the aim of stable market operations.

#### 4. Risks Related to Systems

Since cash equity and derivatives trading, clearing, and related operations are processed through systems, stable operation of the trading systems is essential for maintaining the stability and reliability of the market.

In addition, trading systems have become more advanced in recent years with the development of technology, and their performance has become a source of competitiveness in the exchange business.

Therefore, if confidence in the market is damaged due to system failures or similar events, or if the exchange is unable to properly respond to user demands and performance of trading systems falls behind those of other exchanges or trading venues, trading volume may decrease, which could have a significant impact on the Group's business operations, operating results, and the like.

To address these risks, the Group, reflecting on past trading halts due to system failures and insufficient capacity, has, among other things, built a risk management system which includes standardization of development methods, sufficient operation verification tests, preparation and compliance with detailed operation manuals, and thorough quality control of development and operation work. Furthermore, in light of the failure of arrowhead that occurred on October 1, 2020, the Group is not only striving to further improve system stability and reliability but is also working to expand and enhance procedures for prompt and appropriate recovery in the rare event of a system failure or similar.

#### 5. Risks Related to Information Leaks

The Group holds corporate and personal information on trading participants, listed companies, and others, as well as internal information including various types of management information. Although most officers and employees of the Group are obligated to maintain confidentiality under the Financial Instruments and Exchange Act and the Commodity Derivatives Transaction Act, information leaks due to intentional or negligent actions of officers or employees cannot be completely ruled out.

Furthermore, strict management is required to prevent unauthorized access from outside the Group, as set out in related rules and guidance including the Act on the Protection of Personal Information and the Guidelines for Protection of Personal Information in the Finance Sector. However, in the unlikely event that important information is leaked to outside parties, the Group's business operations, operating results, and the like may be significantly affected, such as by claims for damages from market users and other parties, disciplinary actions by regulatory authorities, or reputational damage.

To address these risks, the Group has, among other things, established policies and administrative procedures related to information management, uses e-learning to thoroughly educate and train officers and employees on the importance of information management, and implements security measures for systems. In addition, the Group has obtained the "ISO/IEC 27001/JIS Q 27001" certification, an international standard for Information Security Management Systems (ISMS), and continues to be certified under this standard.

## 6. Administrative Risks

In the event of a serious clerical error by an officer or employee, whether intentional or negligent, in connection with important operations as a market operator or clearing house, the Group's business operations, operating results, and the like may be affected, such as through incurred losses, disciplinary action by regulatory authorities, and reputational damage.

To address these risks, the Group continuously reviews its business processes to prevent the occurrence of clerical errors. In addition, when reviewing business processes, the Group works to automate, streamline, and otherwise improve operations, for example by utilizing Robotic Process Automation (RPA) and promoting digital transformations (DX).

## 7. Framework for Ensuring Implementation of Settlement

There are four financial instruments exchanges<sup>1</sup> for trading securities in Japan including Tokyo Stock Exchange, Inc. (TSE). For transactions in securities at these exchanges, and those traded on PTSs<sup>2</sup>, all the clearing operations are conducted by Japan Securities Clearing Corporation (JSCC). In addition, JSCC performs the clearing of futures and options traded on the markets of Osaka Exchange, Inc. (OSE), Tokyo Commodity Exchange, Inc. (TOCOM), and Osaka Dojima Exchange, Inc. (ODEX) and offers clearing for credit default swaps and interest rate swaps traded on over-the-counter (OTC) markets (hereinafter "OTC derivative transactions") as well as OTC-traded Japanese government bonds.

As a clearing house, JSCC provides a settlement guarantee by assuming obligations for transactions conducted by market participants and acting as the counterparty to each side of the transactions. This enables market participants to conduct transactions without regard to the credit risk of their counterparties. However, if a clearing participant defaults on a settlement, JSCC is obliged to fulfill settlements with other clearing participants. Therefore, in these cases, while JSCC basically follows the "defaulter-pays principle" under which the loss incurred is compensated for with collateral or other funds from the defaulting clearing participant, in the rare event of a shortage, JSCC has established a loss compensation system to which it contributes its own funds as well as requiring other clearing participants to share the burden.

JSCC's efforts for ensuring fulfilment of settlement and an overview of the loss compensation system are as follows:

### Measures for Ensuring Settlement

#### (i) Clearing participant system and monitoring

In order to reduce the credit risk of clearing participants, JSCC only admits as participants those with a certain financial base, management structure, and operating structure and ensures this through setting clearing qualification requirements by type of product with separate criteria for the acquisition and maintenance of each. JSCC monitors clearing participants' conformance with these criteria periodically. If it finds any problems, JSCC may suspend the assumption of obligations for said clearing participant or revoke its clearing qualifications.

JSCC also monitors the status of clearing participants' positions periodically and works to ensure that credit risks are not overly concentrated in one or a small group of clearing participants. If an excessive position is taken, JSCC considers measures as needed.

#### (ii) Collateral framework

In order to prepare for losses due to default, JSCC requires clearing participants to deposit collateral. Collateral includes clearing fund<sup>3</sup>, margin for futures and options<sup>4</sup>, initial margin<sup>5</sup>, and variation margin<sup>6</sup>. JSCC periodically confirms that it has sufficient collateral, and checks and reviews the model for calculating the required amount when appropriate.

In addition, JSCC has set certain eligibility requirements for cash or substitute securities deposited as collateral and assesses their value daily.

#### (iii) Delivery Versus Payment (DVP) settlement

The settlement of securities between JSCC and its clearing participants is conducted via the DVP settlement system, in which the delivery of securities and the payment of funds are linked; that is, securities are delivered on the condition that the corresponding payment is made, while payment is made on the condition that the corresponding securities are delivered. Consequently, should defaults occur, the counterparties will not be left with the non-receipt of securities or payment.

(iv) Ensuring liquidity

In order to secure the liquidity required in cases of defaults by clearing participants, JSCC has entered into agreements with fund settlement banks to supply it with lines of liquidity and periodically confirms that said lines are adequate.

#### Overview of the Loss Compensation System

When a clearing participant defaults on a settlement, JSCC stops the assumption or sharing of obligations for which the clearing participant is a party as well as the delivery of securities and money that JSCC is due to deliver to the clearing participant and, at the same time, appropriates the securities and money whose delivery has been stopped as compensation for the clearing participant's default.

In cases where JSCC still has losses even after the above process, it makes up for them by the following methods. As a general rule, this compensation is made individually by JSCC, according to the clearing qualifications of the defaulting clearing participant, for losses incurred in the clearing of each of the following: securities trades, futures and option transactions, OTC derivative transactions, and OTC-traded Japanese government bonds<sup>7</sup>. (The amounts indicated below are final figures as of the end of March 2023.)

If losses on default are incurred in the clearing of securities trades, they will be compensated under the following multi-tiered scheme:

- 1) Compensation from collateral deposited by the defaulting clearing participant (initial margin, clearing funds, margin for when-issued transactions, security money for facilitating DVP settlement)
- 2) Loss compensation by financial instruments exchanges and PTSs<sup>8</sup>
- 3) Compensation by JSCC
- 4) Compensation from clearing funds contributed by non-defaulting clearing participants
- 5) Compensation from special clearing charges collected from non-defaulting clearing participants

Hence, if the above losses cannot be fully compensated through the measure in 1), the Group may incur losses due to the compensation made by TSE or OSE up to the amount stipulated in the loss compensation contracts specified in 2) or the compensation made by JSCC up to the amount funded as a "settlement guarantee reserve for securities trading, etc."<sup>9</sup> (JPY 20.0 billion) for the measure in 3).

If losses on default are incurred in the clearing of futures and options transactions, they will be compensated under the following multi-tiered scheme:

- 1) Compensation from collateral deposited by the defaulting clearing participant (margin for futures and options, clearing funds, etc.)
- 2) Loss compensation by financial instruments exchanges or commodity exchanges<sup>10</sup>
- 3) Compensation by JSCC
- 4) Compensation from clearing funds contributed by non-defaulting clearing participants<sup>10</sup>
- 5) Compensation from special clearing charges collected from non-defaulting clearing participants
- 6) Compensation by non-defaulting clearing participants who are the recipients of variation margin/option premium equivalent after the default

Hence, if the above losses cannot be fully compensated through the measure in 1), the Group may incur losses due to the compensation made by TSE, OSE, or TOCOM up to the amount stipulated in the loss compensation contracts (financial derivatives: JPY 17.4 billion, commodity derivatives: JPY 2.1 billion) specified in 2) or the compensation made by JSCC up to the amount funded as a "settlement guarantee reserve for securities trading, etc." (JPY 20.0 billion) for financial derivatives and up to the amount funded as a "settlement guarantee reserve for commodity futures, etc." (JPY 2.37 billion) for commodity derivatives for the measure in 3).



If losses on default are incurred in the clearing of OTC derivative transactions, they will be compensated under the following multi-tiered scheme:

- 1) Compensation from collateral deposited by the defaulting clearing participant (initial margin and clearing funds)
- 2) Compensation by JSCC (first-tier settlement guarantee reserve)
- 3) Compensation from clearing funds contributed by non-defaulting clearing participants and by JSCC (second-tier settlement guarantee reserve)
- 4) Compensation from special clearing charges collected from non-defaulting clearing participants
- 5) Compensation by non-defaulting clearing participants who are the recipients of variation margin after the default

Hence, if the above losses cannot be fully compensated through the measure in 1), the Group may incur losses for each type of clearing operation due to the compensation made by JSCC up to the amount funded as the first-tier settlement guarantee reserve (credit default swaps: JPY 1.5 billion, interest rate swaps: JPY 2.0 billion) specified in 2) or the compensation made by JSCC up to the amount funded as the second-tier settlement guarantee reserve (credit default swaps: JPY 1.5 billion, interest rate swaps: JPY 2.0 billion) specified in 3).

If losses on default are incurred in the clearing of OTC-traded Japanese government bonds, they will be compensated under the following multi-tiered scheme:

- 1) Compensation from collateral deposited by the defaulting clearing participant (initial margin and clearing funds)
- 2) Compensation by JSCC (first-tier settlement guarantee reserve)
- 3) Compensation from clearing funds contributed by non-defaulting clearing participants and by JSCC (second-tier settlement guarantee reserve)
- 4) Compensation from special clearing charges collected from non-defaulting clearing participants
- 5) Compensation from clearing funds contributed by clearing participants subject to original transaction proration<sup>11</sup> and by JSCC (second-tier settlement guarantee reserve that is not used in 3))
- 6) Compensation from special clearing charges collected from clearing participants subject to original transaction proration
- 7) Compensation by non-defaulting clearing participants who are the recipients of variation margin after the default

Hence, if the above losses cannot be fully compensated through the measure in 1), the Group may incur losses due to the compensation made by JSCC up to JPY 1.75 billion, which has been funded as the first-tier settlement guarantee reserve specified in 2), or the compensation made by JSCC up to JPY 1.75 billion, which has been funded as the second-tier settlement guarantee reserve specified in 3) and 5).

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- 1 Financial instruments exchanges for buying and selling securities: TSE, Nagoya Stock Exchange, Inc., Sapporo Securities Exchange, and Fukuoka Stock Exchange
  - 2 PTSs: Proprietary Trading Systems operated by Japannext Co., Ltd. and Cboe Japan Limited
  - 3 Clearing funds: Clearing participants are required to deposit these funds in order to ensure their fulfillment of obligations to JSCC. The required amount is calculated to cover losses that may be incurred in cases such as that where multiple clearing participants default on clearing obligations in extreme but plausible market conditions, margin and other funds deposited by the defaulting clearing participants are insufficient.
  - 4 Margin for futures and options: Clearing participants are required to deposit this margin in order to ensure their fulfillment of obligations to JSCC related to futures and options transactions. The minimum required amount is the amount derived by deducting the total amount of net option value from the amount calculated by SPAN®\* for open positions in futures and options.  
\* SPAN®, which is an abbreviation of Standard Portfolio Analysis of Risk, is a methodology developed by Chicago Mercantile Exchange to calculate margin. The amount of margin is calculated according to risks arising from the open positions in all futures and options.
  - 5 Initial margin: Clearing participants are required to deposit this margin in order to ensure their fulfillment of obligations to JSCC. The required amount is calculated for each transaction by adding the amount needed to cover a certain level of risk to the amount of losses expected from price (or yield curve, for interest rate swaps) fluctuations in the time it takes to process the clearing participant's positions in the event of a default.
  - 6 Variation margin: To cover daily price fluctuations, each clearing participant pays or receives "variation margin" as cash, which is the difference between the value of their position on the previous day and the value of their position on the current day. Clearing participants for whom the difference is negative pay that portion to JSCC, while those for whom the difference is positive receive that portion from JSCC.
  - 7 JSCC has introduced a Cross Margining system, meaning that profits/losses pertaining to government bond futures transactions subject to Cross Margining are treated as those pertaining to clearing of OTC derivatives transactions (interest rate swap transactions).
  - 8 Loss compensation from financial instruments exchanges and PTSs: Losses are compensated up to the amounts stipulated under loss compensation contracts that JSCC has concluded with financial instruments exchanges and PTSs. JSCC has agreements on cash equities with five financial instrument exchanges as well as each PTS, with a total maximum compensation amount of JPY 11.8 billion (of which JPY 10.4 billion is the total from Group companies TSE and OSE).
  - 9 The "settlement guarantee reserve for securities trading, etc." is used to compensate not only losses incurred in the clearing of securities trading but also losses incurred in the clearing of financial derivatives transactions.
  - 10 Loss compensation of financial instruments exchanges or commodity exchanges: Losses are compensated up to the amounts stipulated under loss compensation contracts that JSCC has concluded with financial instruments exchanges and commodity exchanges. JSCC has agreements on financial derivatives with TSE and OSE, with a total maximum compensation amount of JPY 17.4 billion. JSCC has agreements on commodity derivatives with TOCOM and ODEX, and the maximum compensation amount from Group company TOCOM is JPY 2.1 billion. Regarding losses on default associated with derivatives holiday trading at OSE and TOCOM, they are first compensated based on the aforementioned loss compensation contracts, and then compensated individually under loss compensation contracts for holiday trading concluded with each exchange by JSCC, with maximum compensation amounts for holiday trading by OSE and TOCOM of JPY 5 billion and JPY 500 million, respectively.
  - 11 Clearing participants subject to original transaction proration: These are clearing participants who have trust accounts.

## 8. Risks Related to Contracts and Agreements

### (i) License Agreement with Chicago Mercantile Exchange for Use of SPAN

Japan Securities Clearing Corporation accepts margin for futures and options transactions. The SPAN method developed by Chicago Mercantile Exchange is used as the margin calculation method.

In adopting this method, Japan Securities Clearing Corporation concluded a license agreement with Chicago Mercantile Exchange for the use of SPAN. If the agreement is terminated due to unforeseen circumstances, the Group's operating results may be affected due to the extra resources needed for system modifications and other preparations required to adopt a replacement for SPAN.

(ii) License Agreement with Nikkei, Inc. for Use of the Nikkei 225

With regard to Nikkei 225 Futures, Nikkei 225 mini, and Nikkei 225 Options, which are the Group's flagship derivative products, the Group has entered into a license agreement with Nikkei Inc. for use of the Nikkei 225, which is the underlying asset. (Nikkei 225 micro Futures and Nikkei 225 mini Options introduced on May 29, 2023 are also subject to the license agreement.)

Under this license agreement for Nikkei 225 Futures, Nikkei 225 mini, and Nikkei 225 Options, in addition to the basic contract fee, Osaka Exchange, Inc. pays Nikkei Inc. a monthly fee based on trading volume. Under the terms of the agreement, either party may terminate the agreement by notifying the other party in cases such as non-fulfillment of contractual obligations by the other party or a material change in control of the business related to the agreement due to transfer or acquisition of majority voting rights, or merger. However, if no party gives notice to terminate, the agreement is automatically renewed every five years. In addition, Nikkei Inc. may discontinue compilation and publication of the Nikkei 225 for unavoidable reasons, subject to approval by Osaka Exchange, Inc. If the agreement were to be terminated for any of the above reasons, Osaka Exchange, Inc. would be forced to suspend or discontinue trading of Nikkei 225 Futures, which could have a significant impact on the Group's business operations, operating results, and the like.

Other situations that may arise with respect to the agreement that could have a significant impact on the Group's business operations, operating results, and the like include the following:

- With regard to the licensing fee, in addition to the basic contract fee, Osaka Exchange, Inc. pays a certain amount per futures contract and options contract traded to Nikkei Inc. as monthly compensation under a memorandum of understanding concluded between the parties separately from the agreement, and the details of the memorandum of understanding are subject to change upon consultation between Osaka Exchange, Inc. and Nikkei Inc. In the event of a significant change in the said licensing fee, there may be a significant impact.
- Since the agreement is not an exclusive agreement, a party other than Osaka Exchange, Inc., either domestic or international, may in the future enter into a license agreement with Nikkei Inc. concerning the use of the Nikkei 225 and acquire the right for its use. If a party other than Osaka Exchange, Inc. acquires the right to use the Nikkei 225 and provides Nikkei 225 Futures and Options contracts in Japan or overseas, and if the trading volume on Osaka Exchange declines due to the convenience or other aspects of these contracts, it may have a significant impact.

## 9. Lawsuits and Other Legal Risks

### (i) Risks Related to Legal Compliance

In order to prevent information leaks and other violations of laws and regulations caused by the intentional or negligent actions of its officers and employees, the Group has focused on legal compliance by establishing a Charter of Corporate Behavior that outlines fundamental policies for corporate behavior, a compliance hotline as an internal reporting system, and ongoing internal training programs. However, these efforts are not necessarily effective in detecting and preventing all violations of laws and regulations, and are not always able to eliminate such violations by officers and employees.

In the event that a violation of a law or regulation by an officer or employee of the Group occurs, there could be administrative or judicial sanctions such as administrative penalties from regulatory authorities or claims for damages from market users or other related parties, as well as a serious impact on the Group's business operations due to a loss of credibility in society or other effects.

### (ii) Risks Related to Lawsuits

The Group's business is exposed to various legal liabilities, including those that would arise if the risk of errors made by officers and employees or by computer systems in the course of business operations (so-called "operational risk") was to materialize.

Operational risk may include, for example, the following:

- Risk that officers and employees may fail to perform their duties or take incorrect actions in contradiction with the proper execution of duties (e.g., taking necessary market control measures) required by laws, regulations, the Group's Articles of Incorporation, Business Regulations, and other rules and regulations
- Risk of system outages or malfunctions due to technological failures or major natural disasters
- Risk that trading may be interrupted due to errors by officers, employees, or outsourced system operators
- Risk of errors in the various types of information distributed by the Group, such as TOPIX and other stock price indices calculated by the Group or statistical information

If any of the above risks materialize, the Group may be subject to penalties imposed by regulatory authorities and may receive compensation demands from market users who have suffered damage.

Although the Group's rules and contracts stipulate that the Group shall not be held liable for damage incurred by users, except in cases of intentional action or gross negligence on the part of the Group, if a lawsuit is filed for some reason, including the materialization of operational risk, the cost of defending the lawsuit may be substantial. In addition, if a judgment is rendered against the Group in a lawsuit, the Group's business operations, operating results, and the like may be affected, not only by payment of the damages resulting from the lawsuit, but also by a loss of credibility in society.

## 10. Reputational Risk

The Group recognizes credibility in society and the strength of its brand as one of the sources of its competitiveness.

The credibility of the Group may be damaged not only by various factors attributable to the Group, such as errors in systems and self-regulatory operations, but also by other factors such as illegal acts by trading participants, listed companies, and other market participants, or other third parties.

Damage to the Group's credibility could lead to a decrease in trading volume or prevent issuers from listing on markets operated by the Group, which in turn could have a significant effect on the Group's business operations, operating results, and the like.

#### 4 Management Analysis of Financial Position, Operating Results, and Cash Flows

##### 1. Overview of Financial Results and Cash Flows

###### (1) Financial Results

The consolidated financial results of the Group during the fiscal year ended March 31, 2023 included operating revenue of JPY 133,991 million (down 1.1% year on year) and operating expenses of JPY 67,502 million (up 6.8% year on year), which resulted in operating income of JPY 68,253 million (down 7.1% year on year), and income before income taxes of JPY 68,207 million (down 7.1% year on year).

With respect to ROE, the Group aims to maintain an ROE of 10% higher than the cost of capital over the medium to long term, irrespective of market conditions, by conducting business with an awareness of capital efficiency. The ROE for the fiscal year ended March 31, 2023 was 14.7%.

###### (2) Cash Flows

Cash and cash equivalents as of March 31, 2023 increased by JPY 5,458 million year on year to JPY 98,812 million.

###### (i) Cash Flows from Operating Activities

There was a cash inflow of JPY 66,878 million from operating activities mainly as a result of adding JPY 18,971 million in depreciation and amortization to JPY 68,207 million in income before income taxes and then deducting the JPY 17,855 million in income taxes paid.

###### (ii) Cash Flows from Investing Activities

There was a cash outflow of JPY 8,522 million from investing activities mainly as a result of a cash outflow of JPY 10,736 million from the purchase of intangible assets.

###### (iii) Cash Flows from Financing Activities

There was a cash outflow of JPY 52,898 million from financing activities mainly as a result of a cash outflow of JPY 38,057 million from dividends paid and JPY 12,006 million from the acquisition of treasury shares.

##### 2. Results of Production, Orders Received, and Sales

Not stated as there is no applicable information due to the nature of the business.

### 3. Analysis of Financial Position, Operating Results, and Cash Flows

The forward-looking statements, including forecasts, predictions, prospects, outlooks, and policies, contained in this section have been made based on the Group's judgment as of the filing date of this document and may differ significantly from actual future events.

#### (1) Significant Accounting Policies and Estimates

The consolidated financial statements of the Group are prepared in accordance with IFRS, and the significant accounting policies and estimates adopted are described in "V Financial Information - 1 Consolidated Financial Statements - Notes to Consolidated Financial Statements - 3. Significant Accounting Policies" and "4. Significant Accounting Estimates and Judgments Involving Estimations."

In preparing these consolidated financial statements, the Group has made estimates and judgments based on various factors that it believes are reasonable in light of past results and circumstances, but such assessments may differ from actual results due to the uncertainties inherent in estimates.

Among the estimates made by the Group, goodwill is tested for impairment at the end of each fiscal year or whenever there is any indication of impairment. The recoverable amount for impairment testing is calculated based on value in use. The value in use is calculated by discounting estimated future cash flows based on the management plan, etc. at the discount rates on the basis of the weighted-average cost of capital of the relevant cash-generating unit. Cash flows in the period beyond the final fiscal year of the management plan are assumed to remain at the same level as the final fiscal year, taking into account future uncertainty. The impairment test for goodwill is conducted after allocating goodwill to cash-generating units or cash-generating unit groups that are expected to benefit from the synergy of the business combination.

As described in "II Overview of Business - 3 Business Risks - 2. Risks Related to the Business Environment - (2) Impact of Financial Market Trends - (i) Characteristics of the Group's Earnings Structure" the Group's revenue is greatly affected by the state of the Japanese economy, and because trends in the primary and secondary markets may fluctuate significantly due to the economic environment and various other factors, it is very difficult to predict such trends in a precise manner. Therefore, if the Japanese economy were to deteriorate rapidly and remain stagnant for a long period of time, the estimated cash flows based on the Group's management plan and other related items may decrease significantly, resulting in impairment of goodwill.

#### (2) Analysis of Operating Results for the Fiscal Year Ended March 31, 2023

##### (Operating Revenue)

##### (i) Trading Services Revenue

Trading services revenue is mainly comprised of trading fees based on the trading value of cash equities and the trading volume of financial and commodity derivatives, basic fees based on the trading qualifications of the trading participants, access fees based on the number of orders, and trading system facilities usage fees based on the types of trading system facilities used.

Trading services revenue for the fiscal year ended March 31, 2023 decreased to JPY 53,089 million (down 0.2% year on year), due mainly to the value of cash equities traded falling year on year and a decrease in revenue from trading fees.

Breakdown of Trading Services Revenue

(JPY mil.)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	
			Change (%)
Trading services revenue	53,196	53,089	(0.2)
Trading fees	43,298	43,143	(0.4)
Cash equities	31,563	31,414	(0.5)
Financial derivatives	10,168	10,361	1.9
TOPIX Futures	1,885	2,027	7.5
Nikkei 225 Futures (Note 1)	4,071	4,306	5.8
Nikkei 225 Options (Note 2)	2,460	2,291	(6.9)
10-year JGB Futures	1,544	1,498	(3.0)
Other	205	237	15.6
Commodity derivatives	1,567	1,366	(12.8)
Basic fees	1,000	986	(1.4)
Access fees	5,141	5,165	0.5
Trading system facilities usage fees	3,647	3,691	1.2
Other	108	103	(5.2)

(Note 1) Figures include Nikkei 225 mini futures.

(Note 2) Figures exclude weekly options.

(ii) Clearing Services Revenue

Clearing services revenue comprises clearing fees related to the provision of financial instruments obligation assumption services carried out by Japan Securities Clearing Corporation, and other similar fees.

Clearing services revenue for the fiscal year ended March 31, 2023 rose to JPY 28,008 million (up 0.2% year on year).

(iii) Listing Services Revenue

Listing services revenue is comprised of initial/additional listing fees, which are received based on the number of shares issued when a company initially lists or when a listed company issues additional shares, and annual listing fees, which are received from listed companies based on their market capitalization.

Listing services revenue for the fiscal year ended March 31, 2023 fell to JPY 13,666 million (down 13.2% year on year), due mainly to a decrease in revenue from initial/additional listing fees.

Breakdown of Listing Services Revenue

(JPY mil.)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	
			Change (%)
Listing services revenue	15,736	13,666	(13.2)
Initial/additional listing fees	4,171	2,021	(51.5)
Annual listing fees	11,565	11,644	0.7

(iv) Information Services Revenue

Information services revenue comprises revenue related to the provision of market information to information vendors, etc., which represents market information fees, revenue related to the index business, and other revenue.

Information services revenue for the fiscal year ended March 31, 2023 rose to JPY 27,597 million (up 1.6% year on year), due mainly to an increase in revenue from market information fees.

(v) Other Operating Revenue

Other operating revenue includes the following: usage fees for arrownet, which connects trading, market news, and other systems to trading participants and other users; and usage fees related to co-location services, which allow trading participants,

information vendors, and other users to install devices in the system center for the purpose of improving trade execution efficiency mainly by shortening order transmission time.

Other operating revenue for the fiscal year ended March 31, 2023 rose to JPY 11,630 million (up 2.2% year on year).

#### Breakdown of Other Operating Revenue

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	
			Change (%)
Other operating revenue	11,378	11,630	2.2
Arrownets usage fees	3,516	3,309	(5.9)
Co-location service fees	4,650	4,676	0.6
Other	3,211	3,644	13.5

#### (Operating Expenses)

For the fiscal year ended March 31, 2023, personnel expenses rose to JPY 19,599 million (up 2.9% year on year).

System maintenance and operation expenses comprise expenses related to the maintenance and operation of various systems, including trading systems for cash equities and derivatives. System maintenance and operation expenses rose to JPY 16,931 million (up 13.0% year on year).

Depreciation and amortization rose to JPY 18,971 million (up 8.4% year on year).

Other operating expenses rose to JPY 12,000 million (up 2.6% year on year).



(3) Overview of Financial Position in the Fiscal Year Ended March 31, 2023

(Assets, Liabilities, and Equity)

Within the Group's assets and liabilities, (1) clearing business financial assets and liabilities undertaken by Japan Securities Clearing Corporation (JSCC) as a clearing house and (2) deposits from clearing participants entrusted to JSCC as collateral are recorded as both assets and liabilities. Both (1) clearing business financial assets and liabilities and (2) deposits from clearing participants are large in amount and fluctuate daily depending on, among other things, positions held by clearing participants. As a result, the amounts of the Group's assets and liabilities are significantly impacted by such fluctuations. Legal guarantee funds, trading participant security money, and default compensation reserve funds, which are based on various rules and regulations for ensuring the security of financial instruments and commodities trading, are also recorded as both assets and liabilities (or equity).

Assets as of March 31, 2023 rose to JPY 82,187,392 million (up JPY 10,723,957 million year on year), due mainly to an increase in clearing business financial assets. After deducting clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds, assets increased to JPY 395,064 million (up JPY 7,896 million year on year).

Liabilities as of March 31, 2023 rose to JPY 81,865,583 million (up JPY 10,726,000 million year on year), due mainly to a similar increase in clearing business financial liabilities. After deducting clearing business financial liabilities, deposits from clearing participants, legal guarantee funds, and trading participant security money, liabilities increased to JPY 92,445 million (up JPY 9,913 million year on year).

Equity as of March 31, 2023 fell to JPY 321,809 million (down JPY 2,042 million year on year), due mainly to a capital reduction as a result of dividend payments and the acquisition of treasury shares despite a capital increase from net income attributable to owners of the parent company. After deducting default compensation reserve funds, equity fell to JPY 293,861 million.

(Reference)

	Total assets		Total equity		Equity attributable to owners of the parent company		Equity attributable to owners of the parent company ratio	
	(JPY mil.)		(JPY mil.)		(JPY mil.)		%	
Fiscal year ended March 31, 2023	82,187,392	[395,064]	321,809	[293,861]	312,734	[284,786]	0.4	[72.1]
Fiscal year ended March 31, 2022	71,463,434	[387,168]	323,852	[295,903]	315,653	[287,704]	0.4	[74.3]

	Net income attributable to owners of the parent company ratio		Income before income taxes to total assets ratio		Equity attributable to owners of the parent company per share	
	%		%		(JPY)	
Fiscal year ended March 31, 2023	14.7	[16.2]	0.1	[17.4]	599.47	[545.90]
Fiscal year ended March 31, 2022	15.7	[17.2]	0.1	[18.6]	598.35	[545.37]

(Note) The figures in square brackets for total assets have been calculated by deducting clearing business financial assets, deposits from clearing participants, legal guarantee funds, and default compensation reserve funds; those for total equity and equity attributable to owners of the parent company have been calculated after deducting default compensation reserve funds.

(4) Equity Resources and Liquidity of Funds

Funds necessary for the Group's business activities and to return profits to shareholders are raised mainly through the use of cash on hand and operating cash flows. In addition, to ensure liquidity on hand and reduce the cost of capital, the Group raises funds by borrowing from financial institutions or issuing bonds as needed.

The Group's major capital demands include (1) working capital for market operations, such as system maintenance and operation expenses and personnel expenses, and (2) capital expenditures in system development. In addition, the Group's basic policy on shareholder returns is to pay dividends in line with its business performance while also paying attention to its financial soundness as a financial instruments exchange group. Specifically, the Group aims to maintain a dividend payout ratio of approximately 60%.

The status of cash flows is described in "1. Overview of Financial Results and Cash Flows - (2) Cash Flows."

(Contractual Obligations)

A summary of contractual obligations as of March 31, 2023 is as follows:

Contractual obligations	Required payments by year (JPY mil.)			
	Total	Due within 1 year	Due after 1 year and within 5 years	Due after 5 years
Loans payable	32,500	32,500	—	—
Bonds payable	20,500	500	20,000	—

(5) Factors That Have a Significant Impact on Operating Results

Factors that have a significant impact on operating results are described in "II Overview of Business - 3 Business Risks."

5 Material Contracts

Details of Contract	Name of Counterparty	Name of Contracting Company	Term of Contract	Remarks
Contract for the license to use the Nikkei 225 for Nikkei 225 Futures, Nikkei 225 mini, Nikkei 225 micro Futures, Nikkei 225 Options, and Nikkei 225 mini Options	Nikkei Inc.	Osaka Exchange, Inc.	Five years from January 1, 2011 Automatically renewed every five years thereafter	
License agreement for the use of SPAN	Chicago Mercantile Exchange	Japan Securities Clearing Corporation	February 2, 2004	*

\*Since the agreement has no fixed term, the effective date of the contract is stated.

6 Research and Development Activities

There are no matters to report.

### III Information about Facilities

#### 1 Overview of Capital Expenditures

During the fiscal year ended March 31, 2023, the Group made overall capital expenditures of approximately JPY 13.1 billion in the development of trading, clearing, and other systems to strengthen its international market competitiveness.

There was no retirement or sale of significant facilities during said fiscal year.

#### 2 Major Facilities

The Group's major facilities are as follows:

##### (1) Reporting Company

There are no matters to report.

##### (2) Subsidiaries in Japan

As of March 31, 2023

Name of Company	Name of Office (Location)	Type of Facility	Right-of-Use Assets (JPY mil.)	Number of Employees (Persons)
Tokyo Stock Exchange, Inc.	Head Office (Chuo-ku, Tokyo)	Head Office Building	—	312

##### (3) Subsidiaries Outside Japan

There are no matters to report.

#### 3 Planned Addition, Retirement, and Other Changes of Significant Facilities

##### (1) Planned Addition of Significant Facilities

There are no matters to report.

##### (2) Planned Retirement and Other Changes of Significant Facilities

There are no matters to report.

#### IV Information about the Reporting Company

##### 1 Company's Shares and Other Information

###### (1) Total Number of Shares and Issued Shares

###### (i) Total Number of Shares

Class	Total Number of Shares Authorized to Be Issued (Shares)
Common share	2,180,000,000
Total	2,180,000,000

###### (ii) Issued Shares

Class	Number of Issued Shares as of the End of the Fiscal Year (Shares) (March 31, 2023)	Number of Issued Shares as of the Filing Date (Shares) (June 9, 2023)	Name(s) of the Financial Instruments Exchange(s) on Which the Company Is Listed or of the Authorized Financial Instruments Firms Association(s) Where the Company Is Registered	Description
Common share	528,578,441	528,578,441	Tokyo Stock Exchange Prime Market	Number of shares per unit: 100 shares
Total	528,578,441	528,578,441	–	–

###### (2) Subscription Warrants

###### (i) Employee Stock Option Plans

There are no matters to report.

###### (ii) Shareholder Rights Plans

There are no matters to report.

###### (iii) Other Subscription Warrants

There are no matters to report.

###### (3) Exercise of Moving Strike Convertible Bonds

There are no matters to report.

###### (4) Changes in Total Number of Issued Shares, Share Capital, and Legal Capital Surplus

Date	Increase (Decrease) in the Total Number of Issued Shares (Shares)	Balance of the Total Number of Issued Shares (Shares)	Increase (Decrease) in Share Capital (JPY mil.)	Balance of Share Capital (JPY mil.)	Increase (Decrease) in Legal Capital Surplus (JPY mil.)	Balance of Legal Capital Surplus (JPY mil.)
February 10, 2022 (Note)	(7,773,007)	528,578,441	–	11,500	–	3,000

(Note) This is due to the retirement of treasury shares.

## (5) Shareholding by Shareholder Category

As of March 31, 2023

Category	Status of Shares (Number of Shares per Unit: 100 shares)								Status of Shares Less Than One Share Unit (Shares)
	National and Local Governments	Financial Institutions	Financial Instruments Business Operators	Other Corporations	Foreign Entities		Individuals and Others	Total	
					Non-Individuals	Individuals			
Number of Shareholders (Persons)	–	52	59	549	665	148	115,115	116,588	–
Number of Shares Held (Units)	–	1,742,992	1,083,234	201,396	1,941,810	496	313,285	5,283,213	257,141
Percentage of Shares Held (%)	–	32.99	20.50	3.81	36.75	0.01	5.93	100	–

(Note) The 5,035,800 treasury shares are included as 50,358 share units under “Individuals and Others.”

## (6) Major Shareholders

As of March 31, 2023

Name	Address	Number of Shares Held (Thousands of Shares)	Percentage of Shares Held to the Total Number of Issued Shares (Excluding Treasury Shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo, Japan	99,706	19.04
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	34,053	6.50
Northern Trust Co. (AVFC) RE Non Treaty Clients Account (Standing Proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street, Canary Wharf, London E14 5NT, United Kingdom (3-11-1 Nihonbashi, Chuo-ku, Tokyo, Japan)	12,730	2.43
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	12,012	2.29
The Bank of New York 134104 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	Boulevard Anspach 1, 1000 Brussels, Belgium (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	10,654	2.04
State Street Bank West Client - Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	8,785	1.68
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	7,557	1.44
JP Morgan Chase Bank 385781 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	7,062	1.35
Tachibana Securities Co., Ltd.	1-13-14 Nihonbashi-Kayabacho, Chuo-ku, Tokyo, Japan	6,888	1.32
Okachi Securities Co., Ltd.	3-7-26 Sakae, Naka-ku, Nagoya-shi, Aichi, Japan	6,500	1.24
Total	—	205,951	39.34

(Note) The following corporations filed a Statement of Large-Volume Holdings, and the Company was notified that they held the Company's shares as of their respective dates of reporting obligation. However, the Company cannot confirm the number of shares that said corporations actually held as of March 31, 2023. Therefore, they are not included in the above list of major shareholders.

In the case where a corporation has filed multiple Statements of Large-Volume Holdings, only the information pertaining to the latest statement is listed. In the case where the statement pertains to shares held by a joint holder, the number and percentage of shares held include such shares.



Name	Address	Date of Filing	Date of Reporting Obligation	Number of Shares Held (Shares)	Percentage of Shares Held (%)
Nomura Holdings, Inc.	1-13-1 Nihonbashi, Chuo-ku, Tokyo, Japan	April 7, 2023	March 31, 2023	34,961,822	6.61
Baillie Gifford & Co Ltd	Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland	January 20, 2023	January 13, 2023	21,457,050	4.06
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	August 19, 2022	August 15, 2022	32,921,652	6.23

(7) Voting Rights

(i) Issued Shares

As of March 31, 2023

Category	Number of Shares (Shares)	Number of Voting Rights (Units)	Description
Shares Without Voting Rights	–	–	–
Shares with Limited Voting Rights (Treasury Shares)	–	–	–
Shares with Limited Voting Rights (Other)	–	–	–
Shares with Full Voting Rights (Treasury Shares)	Common shares 5,035,800	–	–
Shares with Full Voting Rights (Other)	Common shares 523,285,500	5,232,855	–
Shares Less Than One Share Unit	Common shares 257,141	–	1 unit=100 shares
Total Number of Shares	528,578,441	–	–
Total Number of Voting Rights	–	5,232,855	–

(ii) Treasury Shares

As of March 31, 2023

Shareholder Name	Shareholder Address	Number of Shares Owned in Own Name (Shares)	Number of Shares Owned in Another Entity's Name (Shares)	Total Number of Shares Owned (Shares)	Percentage of Shares Held to the Total Number of Issued Shares (%)
Japan Exchange Group, Inc.	2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo	5,035,800	–	5,035,800	0.95
Total	–	5,035,800	–	5,035,800	0.95

(8) Stock Ownership Plans for the Group's Employees and Executives

(i) Employee Stock Ownership Plan

At its meeting held on January 30, 2017, the Company's board of directors passed a resolution to introduce an employee incentive plan called the Stock-Granting ESOP Trust (hereinafter "the Plan") to improve medium- and long-term corporate value by giving the Group's employees (hereinafter "the Employees") a sense of participation in company management and further motivation toward improving corporate performance and increasing the price of the Company's stock.

a. Outline of the Plan

The Plan is an employee incentive plan based on ESOP plans in the U.S. The Plan acquires the Company's stock and grants it to the Employees upon their retirement in accordance with their level of achievement of management and financial benchmarks and productivity goals. The Company contributes all of the funding for the stock acquired by the Plan, and the Employees do not bear any such costs.

The Plan allows the Employees to receive economic benefits when the Company's stock price increases. Therefore, it

encourages them to adopt a stock price-conscious mindset in the performance of their duties, and it is also expected to boost employee morale.

b. Total Number of Shares Planned for Acquisition by Employees

1,198,300

c. Eligible Persons

The Employees who meet the beneficiary requirements

(ii) Stock Compensation Plan for the Group's Executives

On April 27, 2018, the Company's Compensation Committee passed a resolution to introduce a stock compensation trust plan (hereinafter "the Plan") for executive and equivalent officers (excluding such persons as outside directors, directors on the Audit Committee, and company auditors; hereinafter "the Executives") of the Company and the Group's core subsidiaries (hereinafter "the Core Subsidiaries"; the Company and the Core Subsidiaries are hereinafter collectively referred to as "the Implementing Companies"). The purpose of the Plan is to further facilitate the alignment of interests with shareholders and enhance the Executives' desire to contribute to the sustainable improvement of corporate value.

a. Outline of the Plan

In designing the Plan, the Company referred to performance share plans and restricted stock plans in the U.S. and Europe. Under the Plan, a trust shall acquire shares of the Company's stock and grant said shares and their cash equivalents (hereinafter "the Company's Shares and Cash Equivalents") as well as dividends arising from said shares to the Executives in accordance with such factors as their position and performance.

Specifically, based primarily on the resolution passed at the Compensation Committee meeting held every March, points equivalent to the stock compensation base amount for each fiscal year shall be issued to the Executives. After three years, in principle, from the issuance of such points, the Company's Shares and Cash Equivalents corresponding to the points issued as executive compensation shall be granted to the Executives.

The points shall be issued to the Executives each fiscal year. They consist of a portion that is fixed according to each Executive's position and other factors and a portion that varies according to each Executive's performance.

The fixed portion is aimed mainly at strengthening the alignment of interests with shareholders, while the performance-linked portion is aimed mainly at increasing the motivation for medium- to long-term corporate value improvement as well as strengthening the link between performance and compensation.

b. Amount of Trust Money

JPY 2.57 billion (for the four years from FY2021 to FY2024)

c. Eligible Persons

The Executives of the Implementing Companies who meet the beneficiary requirements

## 2 Acquisition and Disposal of Treasury Shares

Classes of Shares: Acquisition of common shares as stipulated in Article 155, Item 3 of the Companies Act

### (1) Acquisition by Resolution of Shareholders

There are no matters to report.

### (2) Acquisition by Resolution of the Board of Directors

Category	Number of Shares (Shares)	Total Amount (JPY)
Resolution of the board of directors (January 30, 2023) (Acquisition Period: January 31, 2023 to July 27, 2023)	20,000,000	20,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2023	–	–
Treasury shares acquired during the fiscal year ended March 31, 2023	5,035,800	10,028,089,500
Total number and amount of treasury shares yet to be acquired	14,964,200	9,971,910,500
Percentage of treasury shares yet to be acquired as of March 31, 2023 (%)	74.8	49.9
Treasury shares acquired during the period from April 1, 2023 to June 9, 2023, the date of filing this Annual Securities Report (the "subsequent period")	1,253,400	2,592,534,750
Percentage of treasury shares yet to be acquired as of filing date (%)	68.6	36.9

(Note) This year, treasury shares acquired during the subsequent period do not include the number of shares acquired from June 1 to June 9, 2023.

### (3) Acquisition Not Based on Resolution of Shareholders or the Board of Directors

There are no matters to report.

### (4) Disposal of Treasury Shares and Number of Treasury Shares Held

Category	Fiscal Year Ended March 31, 2023		Subsequent Period	
	Number of Shares Disposed (Shares)	Total Amount Disposed (JPY)	Number of Shares Disposed (Shares)	Total Amount Disposed (JPY)
Treasury shares for which subscribers were solicited	–	–	–	–
Treasury shares that were retired	–	–	–	–
Treasury shares that were transferred due to merger, stock swap, share delivery, or company split	–	–	–	–
Other (–)	–	–	–	–
Number of treasury shares held	5,035,800	–	1,253,400	–

(Note) This year, treasury shares shown in this table for the subsequent period do not include the number of shares acquired from June 1 to June 9, 2023.

### 3 Dividend Policy

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 house, and - Enabling the Group to pursue investment opportunities to improve the competitiveness of its markets

Furthermore, in its Articles of Incorporation, the Company stipulates:

“Unless otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the board of directors, but not by resolutions of the general shareholders meeting.”

The Company’s Articles of Incorporation stipulate that the Company may pay interim dividends as provided in the Companies Act. The Company’s policy is to pay dividends, in principle, twice a year: an interim dividend and a year-end dividend.

Dividends of surplus with record dates falling in the fiscal year ended March 31, 2023 are as follows:

Date of Resolution	Total Dividends (JPY mil.)	Dividends per Share (JPY)
Board of directors’ meeting October 27, 2022	13,743	26
Board of directors’ meeting May 12, 2023	19,371	37

(Note) The year-end dividend includes JPY 10 as a commemorative dividend.

## 4 Corporate Governance

### (1) Overview of Corporate Governance

#### (i) Fundamental Principles on Corporate Governance

In order to conduct management in line with its corporate philosophy, the Company is aware of the importance of having its stakeholders understand its corporate philosophy and corporate activities. Therefore, the Company has established fundamental principles on corporate governance from the following four perspectives of a) corporate philosophy and social mission, b) market operations, c) enhancing corporate value, and d) effective corporate governance, to help stakeholders understand the Company's business and raise confidence in the Company.

#### (a) Corporate Philosophy and Social Mission

The Group fulfills its social mission by pursuing the sustainable development of its markets, which are a public asset.

#### (b) Market Operations

The Group operates its markets with the view that garnering support and fostering confidence is beneficial for all investors and market users, and maintaining and enhancing such support and confidence builds the foundations for sustainable development of these markets.

#### (c) Enhancing Corporate Value

In pursuing the sustainable development of its markets, the Company must continue to accommodate the diverse needs of shareholders and other stakeholders. Through this, the Company will enhance its corporate value over the medium to long term.

#### (d) Effective Corporate Governance

The Company strives to constantly improve its corporate governance system to further facilitate effective and useful systems, so as to support the sustainable development of its markets.

#### (ii) Corporate Organization

The Company clearly segregates its management monitoring/supervisory functions and business execution functions in its management systems and has adopted the structure of a Company with Three Committees to strengthen its oversight and supervisory functions and improve the transparency of management. The Company has established its statutory Nomination, Compensation, and Audit Committees for which the majority of members are outside directors as well as executive officers in charge of business execution, thereby segregating the functions of management monitoring/supervision and business execution.

The outline of the Company's organizations is as follows. The status of activities of the Board of Directors, Nomination Committee, Compensation Committee, and Risk Policy Committee are described in "(xi) Work of the Board of Directors and Other Committees." The status of activities of the Audit Committee is described in "(3) Audit."

#### (a) Board of Directors

The Company acknowledges the need to further increase accountability to shareholders and other stakeholders. It also seeks to further enhance corporate governance by clearly segregating the management monitoring/supervisory functions and the business execution functions, which contributes toward strengthening oversight and improves the transparency of management. As such, the Company has adopted the structure of a Company with Three Committees (Nomination, Audit and Compensation). The board of directors makes decisions about basic policies regarding management and important matters, and its majority is comprised of outside directors in order to enhance the transparency and accountability of management and strengthen the function of supervising the appropriateness of business execution.

As of the filing date, the Company's board of directors is comprised of 13 members, of which two are women and nine are independent directors. The breakdown of the nine independent directors of the Company is as follows: three corporate managers, one legal expert, one certified public accountant, and four researchers or former officials of administrative bodies. Each director has considerable experience and insight in his/her respective field and contributes to a structure that allows for multifaceted external perspectives to be readily incorporated into the management of the Company. (The "Election of Sixteen (16) directors" will be presented as a proposal (matters to be resolved) for the Annual General Shareholders Meeting scheduled to be held on June 16, 2023. If the proposal is approved and adopted, the Company will have 16 directors, of which ten will be independent directors.)

The directors as of the filing date are as follows:

Tsuda Hiroki (Chairperson of the Board of Directors), Yamaji Hiromi (Representative Executive Officer, Group CEO), Iwanaga Moriyuki (Representative Executive Officer, Group COO), Kiyota Akira, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kohda Main, Kobayashi Eizo, Suzuki Yasushi, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi

- (Notes)
1. Tsuda Hiroki, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi are outside directors.
  2. Tsuda Hiroki, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi are independent directors required by Tokyo Stock Exchange, Inc. to be maintained for the protection of general shareholders.

The Company has established an Independent Directors Committee as a corporate organ composed exclusively of part-time independent directors to allow them to exchange information and gain mutual understanding. The Committee helps part-time independent directors to better perform management oversight and facilitate active discussion at board of directors meetings. When the Committee deems it necessary, the contents of the discussions of the Committee can be reported to the chairperson of the board of directors, CEO, and other members of management to ensure smooth communication.

Current members as of the filing date are as follows:

Ogita Hitoshi (chairperson), Endo Nobuhiro, Ota Hiroko, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi

(b) The Nomination, Compensation, and Audit Committees

The Company has a statutory Nomination Committee for the purpose of ensuring transparency, timeliness, and objectivity in the appointment/removal of its directors and executive officers. The Committee is made up of five directors, of which four are outside directors. The Nomination Committee mainly decides the contents of proposals for appointment/removal of directors which are put forth for approval at general shareholders meetings.

The Company also has a statutory Compensation Committee for the purpose of ensuring transparency and objectivity in the remuneration of its directors and executive officers. The Committee is made up of five directors, of which three are outside directors. The Compensation Committee decides the contents of, among other things, each director and executive officer's remuneration package.

The Company also has a statutory Audit Committee, which performs audit functions. The Committee is made up of five directors, of which four are outside directors. The Audit Committee audits the directors' and executive officers' execution of duties, creates audit reports, and decides the contents of proposals for the appointment or dismissal of external accounting auditors or proposals for non-reappointment of external accounting auditors, which are presented at general shareholders meetings.

Current members of each committee as of the filing date are as follows:

Nomination Committee: Ogita Hitoshi (chairperson), Kiyota Akira, Endo Nobuhiro, Kobayashi Eizo, and Yoneda Tsuyoshi

Compensation Committee: Kobayashi Eizo (chairperson), Kiyota Akira, Yamaji Hiromi, Ota Hiroko, and Mori Kimitaka

Audit Committee: Mori Kimitaka (chairperson), Ota Hiroko, Kohda Main, Suzuki Yasushi, and Takeno Yasuzo

(c) Risk Policy Committee

The Company has a Risk Policy Committee, which is made up of five members in total: four directors (including three outside directors) and one executive officer. The Risk Policy Committee holds discussions on what appropriate risk management systems for the Group should look like and how they should be managed and provides recommendations regarding risks to the board of directors for the purpose of providing assistance in the oversight of such systems, and therefore contributing to their establishment.

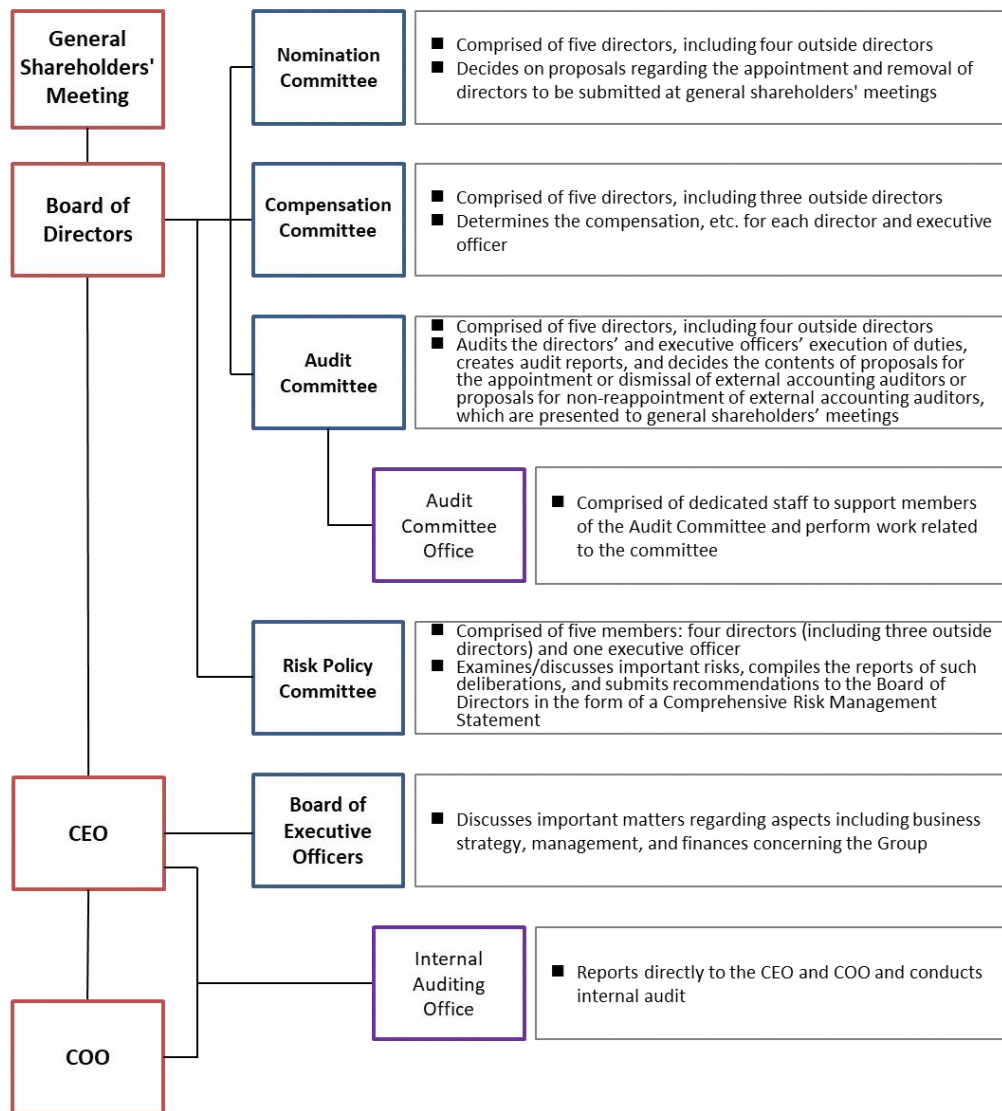
Current members as of the filing date are as follows:

Yoneda Tsuyoshi (chairperson), Kiyota Akira, Kohda Main, Takeno Yasuzo, and Hasegawa Isao (executive officer)

(d) Board of Executive Officers

The board of executive officers consists of all executive officers and discusses important matters concerning the execution of business operations which have been delegated to the CEO based on the items on the agenda for, and the resolutions at, the board of directors meetings.

## Corporate Governance System Diagram at Japan Exchange Group



### (iii) Establishment of Internal Control Systems

Our basic policies regarding building internal control systems are as described below.

#### (a) Matters Regarding Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties

In order to set forth matters regarding employees that support the Audit Committee in the execution of its duties, the Company shall establish "Rules Regarding Employees that Support the Audit Committee in Execution of Duties," containing the following details, as company rules, and apply such rules appropriately.

- i) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
- ii) Four or more employees, including one head of department, shall be assigned to the Audit Committee Office.

#### (b) Matters Regarding Independence of Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties from Executive Officers of the Company

In order to ensure the independence of employees assigned to the Audit Committee Office, the Company shall establish "Rules Regarding Employees that Support the Audit Committee in Execution of Duties," including the following details, as company rules, and apply such rules appropriately.

- i) The Company shall obtain prior consent of the Audit Committee (in cases where the Committee has designated a specific Audit Committee member, it shall be said member) regarding employment, personnel transfer, employee

evaluation, salary, and disciplinary punishment of employees assigned to the Audit Committee Office.

- ii) Executive officers and employees shall be careful not to undermine the independence of employees assigned to the Audit Committee Office by unduly restricting the execution of their duties.

(c) Matters Regarding Ensuring the Effectiveness of Instructions of the Audit Committee of the Company to Board Members and Employees that Support the Audit Committee in Execution of Duties

In order to ensure the effectiveness of the instructions of the Audit Committee given to employees assigned to the Audit Committee Office, the Company shall establish “Rules Regarding Employees that Support the Audit Committee in Execution of Duties,” including the following details, as company rules, and apply such rules appropriately.

- i) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
- ii) The head of the Audit Committee Office shall assist the Audit Committee in executing its duties, and shall oversee operations and take overall command of other employees assigned to the Audit Committee Office to ensure smooth audits by the Audit Committee.

(d) Frameworks for Reporting to the Audit Committee of the Company, Including the Following:

- i) Frameworks for reporting to the Audit Committee, including those for the Company’s board members (excluding Audit Committee members), executive officers, and employees reporting to the Audit Committee of the Company

In order to establish frameworks for reporting to the Audit Committee, the Company shall establish “Rules Regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- a. When a board member (excluding Audit Committee members), executive officer, or employee is requested to report on the execution of duties by the Audit Committee or an Audit Committee member designated by the Audit Committee, said board member, executive officer, or employee shall promptly make an appropriate report.
  - b. When an executive officer or employee discovers a matter that is likely to have a material impact on the business or financial condition of the Company, its subsidiaries, or associates, said executive officer or employee must immediately report the details of said matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.
- ii) Frameworks for reporting to the Audit Committee of the Company by the Company’s subsidiary board members, company auditors, executive officers, other persons equivalent thereto, and employees as well as persons who have received a report from one of said officers (hereinafter collectively referred to as “Subsidiary Officers” in this item)

In order to establish frameworks for reporting to the Audit Committee, the Company shall establish “Rules Regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- a. When a Subsidiary Officer, or an executive officer or employee of the Company is requested to report on matters regarding the subsidiaries by the Audit Committee or an Audit Committee member designated by the Audit Committee, said Subsidiary Officer shall promptly make an appropriate report.
- b. When a Subsidiary Officer, or an executive officer or employee of the Company discovers a matter that is likely to have a material impact on the business or financial condition of any of the subsidiaries, said Subsidiary Officer must immediately report the details of said matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

(e) Frameworks for Ensuring that the Person Who Made a Report in the Above (d) Shall Not be Subject to Any Unfavorable Treatment for Reasons of Having Made Such a Report

In order to establish frameworks for ensuring that a person who made a report to the Audit Committee shall not be subject to unfavorable treatment for the reason of having made such a report, the Company shall establish “Rules Regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- i) A person who made a report to the Audit Committee or an Audit Committee member designated by the Audit Committee shall not be subject to unfavorable treatment by the Company, executive officers, employees, or other related persons for the reason of having made such a report.
- ii) The Company, executive officers, employees, and other related persons must not disadvantage a person who made such a report to the Audit Committee or the Audit Committee member designated by the Audit Committee for the



reason of having made such a report.

(f) Matters Regarding the Policy for Handling Expenses or Payables in Relation to Execution of Duties of Members of the Audit Committee of the Company (Limited to Those Related to the Execution of Duties of the Audit Committee), Such as Procedures for Advance Payment or Reimbursement in Relation to Execution of Such Duties

With respect to the policy for handling expenses or payables in relation to the execution of duties of Audit Committee members, the Company shall establish “Rules Regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- i) When an Audit Committee member or the Audit Committee claims expenses necessary for activities such as requesting advice from or entrusting investigation, appraisal, and other work to a lawyer, certified public accountant, and other outside experts for the purpose of audits, executive officers and employees may not refuse such claims unless the claimed expenses are deemed unnecessary for the execution of duties of the Audit Committee member or the Audit Committee.
- ii) The provisions of the preceding item shall be extended to other expenses for the execution of duties of the Audit Committee, such as advance payment of retainer fees, and reimbursement of ex-post facto expenses, etc.

(g) Frameworks to Ensure Effectiveness of Audits by the Audit Committee of the Company

In order to ensure the effectiveness of audits by the Audit Committee, the Company shall establish “Rules Regarding Reporting to the Audit Committee, etc.,” including the following details, as company rules, and apply such rules appropriately.

- i) The representative executive officers shall regularly meet with the Audit Committee or an Audit Committee member designated by the Audit Committee and exchange opinions regarding management policies, issues that the Company should deal with, material risks involving the Company, improvement of the audit environment for the Audit Committee, and other important audit issues or other issues.
- ii) When an Audit Committee member designated by the Audit Committee delivers an opinion or requests explanation at board of executive officers meetings or other important meetings, executive officers and employees shall respond to said opinion or request appropriately and in good faith.

(h) Frameworks to Ensure that Execution of Duties of Executive Officers and Employees of the Company is in Compliance with Laws, Regulations, and the Articles of Incorporation

The Company shall conduct operations in accordance with the division of duties and authority prescribed in company rules and ensure that the execution of duties is in compliance with laws, regulations, and the Articles of Incorporation.

A compliance program shall be implemented with the following measures.

- i) The Company shall establish and observe company compliance rules (including those related to information management), such as the “Charter of Corporate Behavior,” which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct.
- ii) The Company shall appoint a chief compliance officer (the CEO) and an officer in charge of compliance (the executive officer in charge of general administration), and establish a secretariat for operations related to compliance (within the General Administration department) as an internal compliance system.
- iii) The Company shall establish and operate a compliance hotline as a whistleblowing system.
- iv) The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings for staff responsible for compliance, distributing compliance information over the intranet, and implementing in-house training through e-learning.

The Company shall enact the following measures based on the “Charter of Corporate Behavior” toward the exclusion of anti-social forces.

- i) The Company shall take a firm stance against anti-social forces that threaten public order and safety, and work to stop and prevent any relationship with such entities.
- ii) The Company shall work to prevent the intervention of anti-social forces in the markets and work to create sound and fair markets.

An internal auditing office shall be established to conduct internal audits, under the direct control of the CEO and COO.

(i) Framework Regarding Information Storage and Management Related to Execution of Duties of Executive Officers of the Company

The Company shall set forth provisions regarding the handling of the storage of documents pertaining to the execution of duties of executive officers, such as minutes of the board of executive officers meetings, in the information security policy standards clarified in the company rules.

(j) Frameworks Including Rules Regarding Management of Risk of Losses that May be Incurred by the Company

The Company shall employ a business operation framework in accordance with the division of duties and authority clarified in the company rules, and based on the idea that board members, executive officers, and employees shall conduct business and operations with an awareness of risk management with responsibility in accordance with their own scope of duties and authority.

The Company shall establish a Risk Policy Committee with an outside director as the chair and a Risk Management Committee with the CEO as the chair, as described below, in order to be aware of risks facing the corporate group comprised of the Company and its subsidiaries (hereinafter referred to as the “Group companies”), to develop and manage appropriate measures against such risks from the perspective of prevention, and to develop a structure where such risks and measures taken against them shall be regularly reported. At the same time, the Company shall set forth a “Risk Management Policy” and apply it appropriately.

The Risk Policy Committee shall discuss matters concerning significant risk management in the Group companies. Discussions shall be based on a comprehensive risk management framework specified in the “Risk Management Policy.” The Committee shall then report and make recommendations to the board of directors.

The Risk Management Committee shall obtain a comprehensive understanding of the status of day-to-day risk management at the Group companies and the circumstances in cases where a risk materializes or is likely to materialize, discuss measures for a prompt solution and so forth, and report to the board of directors.

Particularly, with a strong awareness of the core responsibility of the Group companies as market operators to reliably provide opportunities for market users to trade with confidence, regarding risks related to the stable operation of systems, the Company will enact the required and appropriate measures in their development and operation frameworks, such as implementing standardized development methods and adequate operational tests, preparing and complying with detailed operational manuals, and maintaining thorough quality control pertaining to development and operations via the establishment of dedicated departments or divisions.

Moreover, in preparation for situations where the continued operation of the market becomes difficult due to natural disasters, terrorist acts, or other such circumstances, the Company shall establish a “Business Continuity Plan” to minimize the impact on related parties and provide appropriate measures through predetermined frameworks and procedures necessary for resuming operations as quickly as possible.

Additionally, with regard to the risks pertaining to the proper function of self-regulatory operations (meaning various risks including reputational risk in cases where self-regulatory operations are not carried out appropriately), in consideration of the importance of self-regulatory functions of the Group companies as market operators and the general public’s high expectations for such functions, the Company shall take every possible measure to deal with them. Specifically, while establishing measures to secure fairness such as organizational measures to ensure the independence of self-regulatory operations, the Company will proactively invest management resources in pursuing improvements to the quality of self-regulatory operations, through such means as preparing and complying with detailed operational manuals, and improving educational training.

(k) Frameworks to Ensure Efficient Execution of Duties of Executive Officers of the Company

The Company shall establish a framework for the management of operations in accordance with the division of duties and authority clarified in the company rules so as to specialize and enhance operations through a system of divided labor. Within this framework, the Company shall allow responsibilities to be delegated according to their importance and improve the agility of the decision-making process.

The Company shall formulate medium-term management and annual budget plans with an appropriate combination of management-driven top-down and division-driven bottom-up approaches and execute operations efficiently through

appropriate work-flow management.

(l) Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries

- i) Framework for Reporting of Matters Related to the Execution of Duties of Board Members, Executive Officers, and Persons Equivalent Thereto of Subsidiaries of the Company (hereinafter Collectively Referred to as “Officers of Subsidiaries”) to the Company

The Company shall conduct business management of its subsidiaries based on business management agreements or request various reports based on “Affiliated Company Management Rules.”

- ii) Frameworks Including Rules Regarding Management of Risk of Losses that May be Incurred by Subsidiaries of the Company

The Company shall conduct business management of its subsidiaries based on business management agreements or request them to report the status of risk management based on “Affiliated Company Management Rules” and provide advice as necessary.

- iii) Framework for Ensuring Efficient Execution of Duties by Officers of Subsidiaries

The Company shall conduct efficient execution of duties of the Group companies by appropriately managing and supporting subsidiaries in accordance with each Group company’s corporate positioning and scale based on business management agreements or “Affiliated Company Management Rules.”

- iv) Framework for Ensuring that the Execution of Duties by Officers of Subsidiaries and Their Employees is in Compliance with Laws, Regulations, and the Articles of Incorporation

The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings with staff responsible for compliance at the Group companies and disseminating information on compliance.

The Company shall conduct business management of its subsidiaries based on business management agreements or request them to establish a compliance hotline as a whistleblowing system based on “Affiliated Company Management Rules” and provide advice as necessary.

The Company shall request its subsidiaries to report the results of internal audits by the internal auditing office of the Company or those of internal audits by the subsidiaries and provide advice as necessary based on business management agreements or “Affiliated Company Management Rules.”

- v) Other Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries

The Company shall establish the “Charter of Corporate Behavior,” which lays out universal values that executive officers and employees of the Group companies should adhere to from the perspective of corporate ethics.

(iv) Establishment of Risk Management Systems

The Company has established a “Risk Management Policy” as its policy for managing risks associated with the Group’s business activities. Under the Risk Management Policy, the Risk Policy Committee chaired by an outside director and the Risk Management Committee chaired by the CEO have been established to strengthen the Group’s risk management. Described below are the Risk Management Policy, the structure and functions of the Risk Policy Committee, and the structure and functions of the Risk Management Committee (please also refer to “II Overview of Business, 3 Business Risks, Basic Policy for Risk Management”).

(a) Risk Management Policy

The purpose of risk management is to maximize corporate value by appropriately addressing factors that may hinder the achievement of the Group’s business objectives, thereby ensuring its reliability and public visibility, laying the foundation of a market which is highly convenient, efficient, and transparent, and providing creative and attractive services. The risks faced by the Group are identified and categorized, and a department in charge of risk management for each category is designated.

(b) Structure of the Risk Policy Committee

The structure of the Risk Policy Committee is described in “(ii) Corporate Organization, (c) Risk Policy Committee.”

(c) Function of the Risk Policy Committee

By utilizing the Risk Policy Committee, which is led by outside directors, the Group incorporates perspectives of outside experts into the Group’s risk management and strengthens governance in risk management.

The Risk Policy Committee examines, among other things, the “significant risks” on which the Group should focus its efforts, compiles the results into a Comprehensive Risk Management Statement, and submits this as a recommendation to the board of directors. Based on the Comprehensive Risk Management Statement, the Company reduces the likelihood of the occurrence of risks by proactively addressing “significant risks” and other risks, and will respond swiftly when risks materialize.

(d) Structure of the Risk Management Committee

The Risk Management Committee consists of the chairperson, core members, and project members. The committee chairperson is the CEO, and core members are the CEO, COO, the executive officer in charge of the General Administration Department, and the director of the Department.

The committee chairperson assigns project members to specific cases as they arise. Such project members will be selected from executive officers and directors other than the core members, executive officers and directors of Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Tokyo Commodity Exchange, Inc., JPX Market Innovation & Research, Inc., and Japan Securities Clearing Corporation, as well as Governors engaging in regular business and department directors of Japan Exchange Regulation.

(e) Function of the Risk Management Committee

The Risk Management Committee is responsible for formulating basic policies for risk management and various rules and operation manuals necessary for risk management, as well as for providing direction and orders across the Group and handling external affairs when risks materialize.

The status of operation of the various rules and operation manuals established by the Risk Management Committee is periodically checked, and if necessary, instructions are given to improve this operation and revisions of said rules and operation manuals are conducted. In addition, when a risk materializes, the committee will gain a comprehensive picture of the situation around the incident, give direction and orders for an early recovery from the situation, and control all communications with external parties (public relations, response to administrative bodies and litigations, etc.).

In order to fulfill its responsibilities for providing social infrastructure as a market operator, the Group has formulated a business continuity plan (BCP) for emergencies and is working to maintain a solid and stable business continuity system, so as to ensure that its business operations can continue for as long as possible when various risks emerge, and in the event of unavoidable interruptions, to resume business as soon as possible.

(v) Summary of Limited Liability Agreements

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company’s Articles of Incorporation stipulate that liability for damages borne by directors (including former directors) and executive officers (including former executive officers) for negligence of their duties may be exempted by a resolution of the board of directors to the extent permitted by laws and regulations, so as to ensure that directors and executive officers can devote themselves to their duties and properly perform their expected duties without becoming unnecessarily hesitant to do so.

For the same purpose, the Company and its directors (excluding those who are executive directors, etc. as defined in Article 427, Paragraph 1 of the Companies Act, hereinafter referred to as the “non-executive directors”) have entered into agreements pursuant to the provisions of Article 427, Paragraph 1 of said Act to limit their liability for damages as stipulated in Article 423, Paragraph 1 of said Act. The liability limit under such agreements is the prescribed amount specified by laws and regulations. This limit on liability shall be limited to cases where the relevant non-executive director acted in good faith and was not grossly negligent in his/her performance of the duty that was the cause of liability.

(vi) Summary of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, with the insureds being the directors, executive officers (shikkōyaku or shikkōyakuin), company auditors (kansayaku or kanji), and governors (riji) of the Group. The insurance policy covers compensation for damages, litigation expenses, and other payments incurred by the insureds resulting from claims for damages arising from acts (including inaction) performed in the course of their duties as an officer of the Group. The full amount of the insurance premiums is borne by the Company.

(vii) Maximum Number of Directors

The Company's Articles of Incorporation stipulate that the maximum number of directors is 15.

(viii) Requirements for Adopting the Resolution for the Election of Directors

The Company's Articles of Incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

The Articles of Incorporation also stipulate that the election of directors shall not be by cumulative voting.

(ix) Requirements for a Special Resolution at General Shareholders Meetings

For the purpose of the smooth operation of general shareholders meetings of the Company, the Company's Articles of Incorporation stipulate that a special resolution at a General Shareholders Meeting stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

(x) Organizations that Determine Dividends of Surplus

For the purpose of flexible implementation of capital policy, the Company stipulates in the Articles of Incorporation that "except as otherwise provided by laws and regulations, the Company shall decide on matters provided in each item of Article 459, Paragraph 1 of the Companies Act including dividends paid out of retained earnings by resolutions of the board of directors, but not by resolutions of the general shareholders meeting."

(xi) Work of the Board of Directors and Other Committees

(a) Board of Directors

The status of activities in FY2022 is as follows:

Position	Name	Attendance
Outside Director (Chairperson of the Board of Directors)	Tsuda Hiroki	100% (11 out of 11)
Director & Representative Executive Officer Group CEO	Kiyota Akira	100% (11 out of 11)
Director & Representative Executive Officer Group COO	Yamaji Hiromi	100% (11 out of 11)
Director & Executive Officer	Iwanaga Moriyuki	100% (11 out of 11)
Director & Executive Officer	Shizuka Masaki	100% (11 out of 11)
Outside Director	Endo Nobuhiro	91% (10 out of 11)
Outside Director	Ota Hiroko	100% (9 out of 9)
Outside Director	Ogita Hitoshi	100% (11 out of 11)
Outside Director	Kohda Main	100% (11 out of 11)
Outside Director	Kobayashi Eizo	100% (11 out of 11)
Director	Suzuki Yasushi	100% (9 out of 9)
Outside Director	Takeno Yasuzo	100% (11 out of 11)
Outside Director	Mori Kimitaka	100% (11 out of 11)
Outside Director	Yoneda Tsuyoshi	100% (11 out of 11)

(Note) Shizuka Masaki retired from the position of director on March 31, 2023.

In FY2022, the first year of the Medium-Term Management Plan 2024, the board of directors monitored the progress of initiatives listed in the three Focus areas ("Facilitating Cycle of Corporate Innovation/Growth and Asset Formation," "Achieving Market Transformation (MX)," and "Promoting Sustainability That Connects Society and Economy") and deliberated on policy for future efforts. In particular, it deliberated on M&As, investments, and other partnership efforts as well as growth strategies and other activity in relation to the expansion of services for supporting information provision and

corporate value enhancement at listed companies under JPX Market Innovation & Research, Inc., which was established to serve as the organization at the center of strategic business development.

In addition to the above, the Board of Directors deliberated on budgets and other typical topics of discussion.

(b) Nomination Committee

The status of activities in FY2022 is as follows:

Position	Name	Attendance
Chairperson	Ogita Hitoshi	100% (12 out of 12)
Member	Kiyota Akira	100% (12 out of 12)
Member	Endo Nobuhiro	92% (11 out of 12)
Member	Kobayashi Eizo	100% (12 out of 12)
Member	Yoneda Tsuyoshi	100% (12 out of 12)

In FY2022, the Nomination Committee mainly deliberated on potential successors to the CEO under the CEO succession plan and future candidates for outside director.

(c) Compensation Committee

The status of activities in FY2022 is as follows:

Position	Name	Attendance
Chairperson	Kobayashi Eizo	100% (4 out of 4)
Member	Kiyota Akira	100% (4 out of 4)
Member	Yamaji Hiromi	100% (4 out of 4)
Member	Ota Hiroko	100% (2 out of 2)
Member	Mori Kimitaka	100% (4 out of 4)

In FY2022, the Compensation Committee deliberated mostly on basic salaries for individuals, annual incentives, and medium- and long-term incentives pertaining to compensation for directors and other officers of the Group.

(d) Risk Policy Committee

The Risk Policy Committee meets two times per year in principle, and met twice in FY2022 (each meeting was attended by all members). The committee held discussions mostly about significant risks, which are the risks on which the Group should focus intensively, organized them into a Comprehensive Risk Management Statement, and made recommendations to the board of directors.

Specific activities of the Audit Committee in FY2022 are described in “(3) Audit.”

## (2) Directors (and Other Officers)

## (i) Directors (and Other Officers)

(a) Directors (and Other Officers) as of June 9, 2023 (date of filing this Annual Securities Report)

Directors/other officers include 20 men and three women (ratio of women directors/other officers: 13.0%)

## i) Directors

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director Chairperson of the Board of Directors	Tsuda Hiroki	August 11, 1948	<p>Apr. 1972    Joined Ministry of Finance</p> <p>Aug. 2002    Director-General, Tokyo Customs</p> <p>Jan. 2003    Deputy Vice Minister for Policy Planning and Co-ordination</p> <p>Jul. 2004    Deputy Vice Minister</p> <p>Jul. 2006    Director-General of the Budget Bureau</p> <p>Jul. 2007    Administrative Vice Minister of Finance</p> <p>Jul. 2008    Retired</p> <p>Sep. 2008    Professor, Graduate School of Public Management, Waseda University</p> <p>Jun. 2015    Outside Director of the Company (current position)</p> <p>Chairperson of the Board of Directors of the Company (current position)</p>	(Note 3)	3,800
Director & Representative Executive Officer Group CEO	Yamaji Hiromi	March 8, 1955	<p>Apr. 1977    Joined The Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)</p> <p>Jun. 1997    General Manager, Personnel Department</p> <p>Jun. 1998    Member of the Board in charge of Investment Banking Products Division</p> <p>Jun. 2000    Managing Director, Head of Global Investment Banking Division</p> <p>Apr. 2002    President &amp; CEO, Nomura Europe Holdings plc (London)</p> <p>Chairman, Nomura Holding America Inc. (New York)</p> <p>Apr. 2007    Executive Vice President, Global Investment Banking, in charge of Corporate Finance Division, Nomura Securities Co., Ltd.</p> <p>Jun. 2013    Director of the Company (current position)</p> <p>President &amp; CEO, Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.)</p> <p>Nov. 2015    Executive Officer of the Company</p> <p>Oct. 2019    Representative Executive Officer, Tokyo Commodity Exchange, Inc.</p> <p>Dec. 2019    Representative Director &amp; Chair, Chairperson of the Board</p> <p>Jun. 2020    Representative Executive Officer &amp; Group Co-COO of the Company</p> <p>Dec. 2020    Representative Executive Officer, Group COO</p> <p>Apr. 2021    President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2023    Representative Executive Officer, Group CEO of the Company (current position)</p> <p>Director, Tokyo Stock Exchange, Inc. (current position)</p>	(Note 3)	44,647



Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director & Representative Executive Officer Group COO	Iwanaga Moriyuki	November 8, 1961	<p>Apr. 1984 Joined Tokyo Stock Exchange</p> <p>Jun. 2007 Director, Corporate Strategy Department, Tokyo Stock Exchange, Inc.</p> <p>Aug. 2007 Director, Corporate Strategy Department, Tokyo Stock Exchange Group, Inc.</p> <p>Jun. 2008 Executive Officer &amp; Director, Corporate Strategy Department</p> <p>Jun. 2009 Executive Officer &amp; Director, Corporate Marketing Management Department, Tokyo Stock Exchange, Inc.</p> <p>Director, Japan Securities Clearing Corporation</p> <p>Jun. 2012 Executive Officer, Tokyo Stock Exchange Group, Inc.</p> <p>Jan. 2013 Executive Officer of the Company</p> <p>Jun. 2013 Senior Executive Officer</p> <p>Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2017 Director and Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2018 Director and Executive Vice President</p> <p>Apr. 2019 Executive Vice President, Japan Securities Clearing Corporation</p> <p>Jun. 2019 Director</p> <p>Apr. 2020 Senior Executive Vice President</p> <p>Apr. 2021 Executive Officer of the Company</p> <p>President &amp; CEO, Osaka Exchange, Inc.</p> <p>Representative Director &amp; Chair, Chairperson of the Board, Tokyo Commodity Exchange, Inc.</p> <p>Jun. 2021 Director of the Company (current position)</p> <p>Apr. 2023 Representative Executive Officer, Group COO (current position)</p> <p>President &amp; CEO, Tokyo Stock Exchange, Inc. (current position)</p>	(Note 3)	46,588

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Kiyota Akira	May 6, 1945	<p>Apr. 1969 Joined Daiwa Securities Co. Ltd. (currently Daiwa Securities Group Inc.)</p> <p>Jun. 1994 Director, Head of Tobu Area Sales Division</p> <p>May 1996 Director, Head of Bond &amp; Finance Division</p> <p>Jun. 1997 Managing Director, Head of Bond &amp; Finance Division</p> <p>Oct. 1997 Deputy President</p> <p>Apr. 1999 President, Daiwa Securities SB Capital Markets Co. Ltd. (currently Daiwa Securities Co. Ltd.)</p> <p>Jun. 2004 Deputy Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc.</p> <p>Chairman of the Institute, Daiwa Institute of Research Ltd.</p> <p>Jun. 2008 Chairman of the Board and Corporate Executive Officer, Daiwa Securities Group Inc.</p> <p>Apr. 2011 Director and Honorary Chairman</p> <p>Jun. 2011 Honorary Chairman</p> <p>Jun. 2013 Director of the Company (current position)</p> <p>President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2015 Representative Executive Officer &amp; Group CEO of the Company</p> <p>Director, Tokyo Stock Exchange, Inc.</p> <p>Dec. 2020 President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2021 Director</p>	(Note 3)	149,755
Director	Endo Nobuhiro	November 8, 1953	<p>Apr. 1981 Joined NEC Corporation</p> <p>Apr. 2006 Associate Senior Vice President, Executive General Manager of Mobile Network Operations Unit</p> <p>Apr. 2009 Executive Vice President</p> <p>Jun. 2009 Executive Vice President and Member of the Board</p> <p>Apr. 2010 President (Representative Director)</p> <p>Apr. 2016 Chairman of the Board (Representative Director)</p> <p>Jun. 2018 Outside Director of the Company (current position)</p> <p>Jun. 2019 Member, Board of Directors (Outside), Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.) (current position)</p> <p>Chairman of the Board, NEC Corporation</p> <p>Outside Director, Tokio Marine Holdings, Inc. (current position)</p> <p>Jun. 2022 Executive Advisor, NEC Corporation (current position)</p> <p>Outside Director, Nisshin Seifun Group Inc. (current position)</p>	(Note 3)	7,900

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Ota Hiroko	February 2, 1954	<p>May 1981 Research Fellow, Japan Institute of Life Insurance</p> <p>Apr. 1993 Visiting Associate Professor, Faculty of Economics, Osaka University</p> <p>Apr. 1996 Associate Professor, Saitama University</p> <p>Oct. 1997 Associate Professor, National Graduate Institute for Policy Studies</p> <p>Apr. 2001 Professor, National Graduate Institute for Policy Studies</p> <p>Apr. 2002 Director for Policy Analysis, Cabinet Office</p> <p>Mar. 2003 Deputy Director General for Economic Research, Cabinet Office</p> <p>Apr. 2004 Director General for Economic Research, Cabinet Office</p> <p>Aug. 2005 Professor, National Graduate Institute for Policy Studies</p> <p>Sep. 2006 Minister of State for Economic and Fiscal Policy</p> <p>Aug. 2008 Professor, National Graduate Institute for Policy Studies</p> <p>Jun. 2012 Outside Director, JX Holdings, Inc. (currently ENEOS Holdings, Inc.) (current position)</p> <p>Apr. 2019 Senior Professor, National Graduate Institute for Policy Studies</p> <p>Jun. 2022 Outside Director of the Company (current position)</p> <p>Sep. 2022 President, National Graduate Institute for Policy Studies (current position)</p>	(Note 3)	900
Director	Ogita Hitoshi	January 1, 1942	<p>Apr. 1965 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)</p> <p>Mar. 1997 Director, General Manager of Fukuoka Branch</p> <p>Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters</p> <p>Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Sep. 2002 Corporate Officer, Vice President, Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2003 President and Representative Director</p> <p>Mar. 2006 President and Representative Director, Asahi Breweries, Ltd.</p> <p>Mar. 2010 Chairman of the Board and Representative Director</p> <p>Mar. 2014 Senior Adviser, Asahi Group Holdings, Ltd.</p> <p>Jun. 2016 Outside Director of the Company (current position)</p>	(Note 3)	7,200

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Kohda Main	April 25, 1951	<p>Sep. 1995 Started independently as Novelist, to the present</p> <p>Jan. 2003 Member of Fiscal System Council, Ministry of Finance Japan</p> <p>Apr. 2004 Visiting professor, Faculty of Economics, Shiga University</p> <p>Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Nov. 2006 Member of the Tax Commission, Cabinet Office, Government of Japan</p> <p>Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation</p> <p>Jun. 2012 Outside Director, Japan Tobacco Inc. (current position)</p> <p>Jun. 2016 Outside Director of the Company (current position)</p> <p>Jun. 2018 Outside Director, MITSUBISHI MOTORS CORPORATION (current position)</p>	(Note 3)	5,300
Director	Kobayashi Eizo	January 7, 1949	<p>Apr. 1972 Joined C. Itoh &amp; Co. Ltd. (currently ITOCHU Corporation)</p> <p>Jun. 2000 Executive Officer</p> <p>Apr. 2002 Managing Executive Officer</p> <p>Jun. 2003 Representative Director, Managing Director</p> <p>Apr. 2004 Representative Director, Senior Managing Director</p> <p>Jun. 2004 President &amp; Chief Executive Officer</p> <p>Apr. 2010 Representative Director, Chairman</p> <p>Jun. 2011 Director, Chairman</p> <p>Jun. 2015 External Director, Japan Airlines Co., Ltd. (current position)</p> <p>Jun. 2016 Outside Director of the Company (current position)</p> <p>Chairman, ITOCHU Corporation</p> <p>Apr. 2018 Senior Representative for Business Community Relations</p> <p>Apr. 2020 Director Emeritus (current position)</p>	(Note 3)	9,800
Director	Suzuki Yasushi	September 20, 1962	<p>Apr. 1985 Joined Tokyo Stock Exchange</p> <p>Jun. 2008 Director, Listing Examination Department, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)</p> <p>Oct. 2010 Director, Corporate Strategy Department, Tokyo Stock Exchange Group, Inc.</p> <p>Jun. 2011 Director, Japan Securities Clearing Corporation</p> <p>Jun. 2015 Standing Governor, Japan Exchange Regulation</p> <p>Apr. 2017 Managing Governor</p> <p>Apr. 2020 Director and Senior Executive Officer, Japan Securities Clearing Corporation</p> <p>Jun. 2022 Director of the Company (current position)</p>	(Note 3)	25,282

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Takeno Yasuzo	June 9, 1959	Apr. 1987 Registered as attorney-at-law in Japan Joined Hamada & Matsumoto (currently Mori Hamada & Matsumoto) Mar. 1989 London Office Jan. 1998 Partner Dec. 2002 Partner, Mori Hamada & Matsumoto (current position) Jan. 2007 Member of the Management Committee Jun. 2021 Outside Director of the Company (current position)	(Note 3)	3,200
Director	Mori Kimitaka	June 30, 1957	Apr. 1980 Joined Shinwa Accountants (currently KPMG AZSA LLC) Jun. 2000 Representative Partner, Asahi & Co. (currently KPMG AZSA LLC) Jun. 2004 Director of financial services, KPMG AZSA & Co. (currently KPMG AZSA LLC) Jun. 2006 Board Member Jul. 2011 Chairman, KPMG FS Japan Jun. 2013 Retired from KPMG AZSA LLC Jul. 2013 Established Mori Certified Public Accountant Office Chairman and President, The Japanese Institute of Certified Public Accountants Jul. 2016 Advisor, The Japanese Institute of Certified Public Accountants (current position) Outside Director of the Company (current position) Jun. 2017 Outside Corporate Auditor, Mitsui & Co., Ltd. (current position) Outside Corporate Auditor, East Japan Railway Company (current position) Jul. 2017 Outside Director, Sumitomo Life Insurance Company (current position)	(Note 3)	7,100
Director	Yoneda Tsuyoshi	April 7, 1952	Apr. 1976 Joined National Police Agency Sep. 2001 General Manager, Criminal Affairs Department, Metropolitan Police Department Aug. 2003 General Manager, Kyoto Prefectural Police Headquarters Sep. 2007 Commissioner, Criminal Affairs Bureau, National Police Agency Jun. 2009 Director-General, Commissioner-General's Secretariat Oct. 2011 Deputy Director-General Jan. 2013 Commissioner-General Jan. 2015 Retired Jun. 2015 Outside Director of the Company (current position) Jun. 2017 External Audit & Supervisory Board Member, Marubeni Corporation (current position) Oct. 2020 Chief Director, Council for Public Policy (current position)	(Note 3)	8,700
Total					320,172

(Notes) 1. Tsuda Hiroki, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi are outside directors.

2. Tsuda Hiroki, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Mori Kimitaka, and Yoneda Tsuyoshi are independent directors required by Tokyo Stock Exchange, Inc. to be maintained for the protection of general shareholders.
3. The term of office expires at the conclusion of the Annual General Shareholders Meeting for the fiscal year ended March 31, 2023.

ii) Executive Officers

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director & Representative Executive Officer Group CEO	Yamaji Hiromi	March 8, 1955	Refer to i)	(Note)	44,647
Director & Representative Executive Officer Group COO	Iwanaga Moriyuki	November 8, 1961	Refer to i)	(Note)	46,588
Senior Executive Officer General Administration and Human Resources	Hasegawa Isao	September 9, 1964	Apr. 1987 Jun. 2010 Jun. 2014 Apr. 2019 Apr. 2022 Apr. 2023 Joined Tokyo Stock Exchange Director, Equities Department, Tokyo Stock Exchange, Inc. Executive Officer of the Company Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc. Senior Executive Officer of the Company (current position) Senior Executive Officer, Tokyo Stock Exchange, Inc. (current position) Senior Executive Officer, Osaka Exchange, Inc. (current position) Director and Senior Executive Officer, JPX Market Innovation & Research, Inc. (current position) Director, Tokyo Stock Exchange, Inc. (current position)	(Note)	27,771
Senior Executive Officer Corporate Strategy and Sustainability	Futagi Satoshi	May 11, 1964	Apr. 1988 Jun. 2011 Jan. 2013 Jun. 2014 Jun. 2015 Jun. 2017 Apr. 2020 Apr. 2022 Apr. 2023 Joined Tokyo Stock Exchange Director, Corporate Strategy Department, Tokyo Stock Exchange Group, Inc. Director, Corporate Strategy Department of the Company Director, Equities Department, Tokyo Stock Exchange, Inc. Executive Officer of the Company Director, Japan Securities Clearing Corporation (current position) Senior Executive Officer of the Company (current position) Senior Executive Officer, JPX Market Innovation & Research, Inc. (current position) Director, JPX Market Innovation & Research, Inc. (current position)	(Note)	30,471
Senior Executive Officer CFO Treasury, Corporate Communications, and Investor Relations	Tabata Atsushi	January 7, 1965	Apr. 1988 Jun. 2009 Jan. 2013 Jun. 2014 Apr. 2016 Apr. 2022 Joined Tokyo Stock Exchange Chief Secretary to Group CEO, Tokyo Stock Exchange Group, Inc. Chief Secretary to Group CEO of the Company Director, Corporate Strategy Department, Japan Securities Depository Center, Inc. Executive Officer of the Company Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc. Senior Executive Officer of the Company (current position)	(Note)	29,542

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Executive Officer Management of Osaka Exchange, Inc.	Yokoyama Ryusuke	May 6, 1963	<p>Apr. 1986    Joined Tokyo Stock Exchange</p> <p>Jun. 2009    Director, IT Business Department, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2011    Executive Officer</p> <p>Apr. 2017    Senior Executive Officer of the Company</p> <p>                 Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>                 Senior Executive Officer, Osaka Exchange, Inc.</p> <p>Apr. 2019    Director, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2022    Executive Vice President of the Company</p> <p>                 Executive Vice President, Tokyo Stock Exchange, Inc.</p> <p>                 Executive Vice President, Osaka Exchange, Inc.</p> <p>                 Director and Executive Vice President, JPX Market Innovation &amp; Research, Inc.</p> <p>Apr. 2023    Executive Officer of the Company (current position)</p> <p>                 President &amp; CEO, Osaka Exchange, Inc. (current position)</p> <p>                 Representative Director, Chair, Tokyo Commodity Exchange, Inc. (current position)</p>	(Note)	33,231



Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Executive Officer Management of Tokyo Commodity Exchange, Inc.	Ishizaki Takashi	May 14, 1967	<p>Apr. 1990 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>Apr. 1998 Second Secretary, Embassy of Japan in Myanmar</p> <p>Apr. 2000 First Secretary, Embassy of Japan in Myanmar</p> <p>Jun. 2001 Deputy Director of Distribution Industry Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry (METI)</p> <p>Jun. 2003 Deputy Director of Technical Cooperation Division, Trade and Economic Cooperation Bureau</p> <p>Apr. 2005 Executive Director of Commerce, Industry and Labor Department, Nagasaki Prefectural Government</p> <p>Apr. 2006 Director-General, Department of Industrial and Labor Affairs, Nagasaki Prefectural Government</p> <p>Apr. 2008 Director of Energy and Environmental Policy Office, Director-General's Secretariat, Agency for Natural Resources and Energy</p> <p>Jul. 2010 Director of Energy Supply and Demand Policy Office, Director-General's Secretariat, Agency for Natural Resources and Energy</p> <p>Jul. 2011 Director of Commerce and Consumer Affairs Policy Division, Commerce and Consumption Economic Policy Department, Commerce and Information Policy Bureau, METI</p> <p>Jul. 2014 Director of Electricity Infrastructure Division, Electricity and Gas Industry Department, Agency for Natural Resources and Energy</p> <p>Jul. 2015 Director of Policy Planning Division, Business Environment Department, Small and Medium Enterprise Agency</p> <p>Jul. 2016 Director, Office for the Promotion of Regulatory Reform, Cabinet Office</p> <p>Jul. 2019 Senior Researcher, The Research Institute of Economy, Trade and Industry.</p> <p>Apr. 2020 Advisor (komon), Tokyo Commodity Exchange, Inc.</p> <p>Jun. 2020 Executive Officer of the Company (current position) Representative Director, President, Tokyo Commodity Exchange, Inc. (current position)</p>	(Note)	12,103

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Executive Officer Management of JPX Market Innovation & Research, Inc.	Miyahara Koichiro	March 10, 1957	<p>Apr. 1979 Joined Electric Power Development Co., Ltd.</p> <p>Apr. 1988 Joined Tokyo Stock Exchange</p> <p>Jun. 2002 Director, General Administration Department, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2004 Director, Information Services Department</p> <p>Jun. 2005 President, Representative Director, ICJ, Inc.</p> <p>Dec. 2005 Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Oct. 2007 Standing Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)</p> <p>Jun. 2009 Senior Executive Officer, Tokyo Stock Exchange Group, Inc.</p> <p>Jan. 2013 Senior Executive Officer of the Company Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2014 Executive Vice President of the Company</p> <p>Jun. 2015 Director President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Nov. 2015 Director, Executive Officer of the Company</p> <p>Jun. 2020 Director &amp; Representative Executive Officer, Group Co-CEO</p> <p>Nov. 2020 Retired as Director &amp; Representative Executive Officer, Group Co-CEO Retired as President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2021 President, Tosho System Service Co., Ltd.</p> <p>Apr. 2022 Executive Officer of the Company (current position) President &amp; CEO, JPX Market Innovation &amp; Research, Inc. (current position)</p>	(Note)	51,355
Executive Officer Management of Japan Securities Clearing Corporation	Konuma Yasuyuki	July 30, 1961	<p>Apr. 1984 Joined Tokyo Stock Exchange</p> <p>Jun. 2007 Director, International Business Development Department, Tokyo Stock Exchange, Inc.</p> <p>Nov. 2007 Director, Business Development &amp; Listing Department</p> <p>Apr. 2011 Executive Officer &amp; Director of New Listings</p> <p>Jun. 2013 Executive Officer</p> <p>Apr. 2016 Senior Executive Officer</p> <p>Apr. 2017 Director and Senior Executive Officer</p> <p>Apr. 2020 Director and Executive Vice President</p> <p>Apr. 2023 Executive Officer of the Company (current position) President &amp; CEO, Japan Securities Clearing Corporation (current position)</p>	(Note)	35,071

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Executive Officer CIO IT Planning	Takura Satoshi	October 28, 1968	<p>Apr. 1991 Jun. 2014</p> <p>Joined Tokyo Stock Exchange Director, IT Planning Department of the Company</p> <p>Apr. 2016</p> <p>Director, IT Administration Department, Tokyo Stock Exchange, Inc. Director, IT Planning Department of the Company Director, IT Administration Department, Tokyo Stock Exchange, Inc. Director, IT Administration Department, Osaka Exchange, Inc.</p> <p>Apr. 2017</p> <p>Director, IT Development Department (Derivatives System)</p> <p>Apr. 2018</p> <p>Executive Officer, Tokyo Stock Exchange, Inc. Executive Officer, Osaka Exchange, Inc. (current position)</p> <p>Apr. 2022</p> <p>Executive Officer, JPX Market Innovation &amp; Research, Inc. (current position)</p> <p>Apr. 2023</p> <p>Executive Officer of the Company (current position) Executive Officer, Tokyo Stock Exchange, Inc. (current position) Director, Osaka Exchange, Inc. (current position)</p>	(Note)	29,036
Executive Officer Global Strategy and Sustainability	Yoshida Masanori	December 19, 1960	<p>Apr. 1984 Jul. 2006</p> <p>Joined Ministry of Finance Director, Corporation Tax Policy Division, Tax Bureau</p> <p>Jul. 2008</p> <p>Director, Regional Financial Cooperation Division, International Bureau</p> <p>Jul. 2010</p> <p>Director, International Organizations Division, International Bureau</p> <p>Jul. 2011</p> <p>Mission Chief, European Department, International Monetary Fund</p> <p>Jul. 2014</p> <p>Deputy Director-General, International Bureau, Ministry of Finance</p> <p>Jul. 2015</p> <p>Senior Deputy Director-General, International Bureau</p> <p>Jul. 2016</p> <p>Deputy Vice-Minister for International Tax Policy</p> <p>Jul. 2018</p> <p>Executive Director for Japan, The World Bank Group</p> <p>Feb. 2021</p> <p>Retired</p> <p>Sep. 2021</p> <p>Advisor, Meiji Yasuda Life Insurance Company</p> <p>Apr. 2022</p> <p>Executive Officer of the Company (current position)</p>	(Note)	5,083
Executive Officer Corporate Communications and Investor Relations	Lin Kay	April 8, 1966	<p>Apr. 1990 Nov. 1996</p> <p>Joined Nomura Securities Co., Ltd. Joined Taiwan Securities Central Depository Co., Ltd. (currently Taiwan Depository &amp; Clearing Corporation)</p> <p>Nov. 2007</p> <p>Deputy Director, Planning Department, Taiwan Depository &amp; Clearing Corporation</p> <p>Mar. 2009</p> <p>Joined Tokyo Stock Exchange, Inc.</p> <p>Apr. 2020</p> <p>Director of Client Relations, Equites Department</p> <p>Apr. 2021</p> <p>Director, Corporate Communications Department of the Company (current position)</p> <p>Apr. 2022</p> <p>Executive Officer (current position)</p>	(Note)	7,483
Total					352,381

(Note) The term of office is from April 1, 2023, i.e., the date of election, to the last day of the fiscal year that ends within one year of April 1, 2023.

(b) The “Election of Sixteen (16) Directors” will be presented as a proposal (matters to be resolved) for the Annual General Shareholders Meeting scheduled to be held on June 16, 2023. If this proposal is approved and adopted, the status of directors (and other officers) of the Company is scheduled to be as follows:

Directors/other officers include 20 men and three women (ratio of women directors/other officers: 13.0%)

i) Directors

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director Chairperson of the Board of Directors	Kinoshita Yasushi	March 28, 1957	<p>Apr. 1979    Joined Ministry of Finance</p> <p>May 1994    The Mission of Japan to the European Union</p> <p>Jul. 1997    Director, Office of the Financial System Stabilization Division, Banking Bureau, Ministry of Finance</p> <p>Jul. 1999    Budget Examiner (responsible for transport/the postal system), Budget Bureau</p> <p>Oct. 1999    Secretary to the Chief Cabinet Secretary</p> <p>Jul. 2001    Budget Examiner (responsible for general affairs), Budget Bureau, Ministry of Finance</p> <p>Jul. 2004    Director of the Policy Planning and Research Division, Minister’s Secretariat</p> <p>Jul. 2006    Director of the Overall Co-ordination Division, Minister’s Secretariat</p> <p>Jul. 2007    First Deputy Commissioner of the Budget Bureau</p> <p>Jul. 2010    Deputy Vice Minister for Policy Planning and Co-ordination</p> <p>Aug. 2011    Director-General of the International Bureau</p> <p>Aug. 2012    Director-General of the Budget Bureau</p> <p>Jun. 2013    Administrative Vice Minister of Finance</p> <p>Jul. 2014    Retired</p> <p>Jun. 2015    Deputy President, Development Bank of Japan Inc.</p> <p>Jun. 2018    Chairman (scheduled to retire on June 15, 2023)</p> <p>Jun. 2023    Outside Director of the Company (current position) Chairperson of the Board of Directors of the Company (current position)</p>	(Note 3)	0

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director & Representative Executive Officer Group CEO	Yamaji Hiromi	March 8, 1955	<p>Apr. 1977 Joined The Nomura Securities Co., Ltd. (currently Nomura Holdings, Inc.)</p> <p>Jun. 1997 General Manager, Personnel Department</p> <p>Jun. 1998 Member of the Board in charge of Investment Banking Products Division</p> <p>Jun. 2000 Managing Director, Head of Global Investment Banking Division</p> <p>Apr. 2002 President &amp; CEO, Nomura Europe Holdings plc (London) Chairman, Nomura Holding America Inc. (New York)</p> <p>Apr. 2007 Executive Vice President, Global Investment Banking, in charge of Corporate Finance Division, Nomura Securities Co., Ltd.</p> <p>Jun. 2013 Director of the Company (current position) President &amp; CEO, Osaka Securities Exchange Co., Ltd. (currently Osaka Exchange, Inc.)</p> <p>Nov. 2015 Executive Officer of the Company</p> <p>Oct. 2019 Representative Executive Officer, Tokyo Commodity Exchange, Inc.</p> <p>Dec. 2019 Representative Director &amp; Chair, Chairperson of the Board</p> <p>Jun. 2020 Representative Executive Officer &amp; Group Co-COO of the Company</p> <p>Dec. 2020 Representative Executive Officer, Group COO</p> <p>Apr. 2021 President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2023 Representative Executive Officer, Group CEO of the Company (current position) Director, Tokyo Stock Exchange, Inc. (current position)</p>	(Note 3)	44,647

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director & Representative Executive Officer Group COO	Iwanaga Moriyuki	November 8, 1961	<p>Apr. 1984 Joined Tokyo Stock Exchange</p> <p>Jun. 2007 Director, Corporate Strategy Department, Tokyo Stock Exchange, Inc.</p> <p>Aug. 2007 Director, Corporate Strategy Department, Tokyo Stock Exchange Group, Inc.</p> <p>Jun. 2008 Executive Officer &amp; Director, Corporate Strategy Department</p> <p>Jun. 2009 Executive Officer &amp; Director, Corporate Marketing Management Department, Tokyo Stock Exchange, Inc.</p> <p>Director, Japan Securities Clearing Corporation</p> <p>Jun. 2012 Executive Officer, Tokyo Stock Exchange Group, Inc.</p> <p>Jan. 2013 Executive Officer of the Company</p> <p>Jun. 2013 Senior Executive Officer of the Company</p> <p>Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2017 Director and Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2018 Director and Executive Vice President</p> <p>Apr. 2019 Executive Vice President, Japan Securities Clearing Corporation</p> <p>Jun. 2019 Director</p> <p>Apr. 2020 Senior Executive Vice President</p> <p>Apr. 2021 Executive Officer of the Company</p> <p>President &amp; CEO, Osaka Exchange, Inc.</p> <p>Representative Director &amp; Chair, Chairperson of the Board, Tokyo Commodity Exchange, Inc.</p> <p>Jun. 2021 Director of the Company (current position)</p> <p>Apr. 2023 Representative Executive Officer, Group COO (current position)</p> <p>President &amp; CEO, Tokyo Stock Exchange, Inc. (current position)</p>	(Note 3)	46,588
Director	Yokoyama Ryusuke	May 6, 1963	<p>Apr. 1986 Joined Tokyo Stock Exchange</p> <p>Jun. 2009 Director, IT Business Department, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2011 Executive Officer</p> <p>Apr. 2017 Senior Executive Officer of the Company</p> <p>Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Senior Executive Officer, Osaka Exchange, Inc.</p> <p>Apr. 2019 Director, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2022 Executive Vice President of the Company</p> <p>Executive Vice President, Tokyo Stock Exchange, Inc.</p> <p>Executive Vice President, Osaka Exchange, Inc.</p> <p>Director and Executive Vice President, JPX Market Innovation &amp; Research, Inc.</p> <p>Apr. 2023 Executive Officer of the Company (current position)</p> <p>President &amp; CEO, Osaka Exchange, Inc. (current position)</p> <p>Representative Director, Chair, Tokyo Commodity Exchange, Inc. (current position)</p> <p>Jun. 2023 Director of the Company (current position)</p>	(Note 3)	33,231

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Miyahara Koichiro	March 10, 1957	<p>Apr. 1979 Joined Electric Power Development Co., Ltd.</p> <p>Apr. 1988 Joined Tokyo Stock Exchange</p> <p>Jun. 2002 Director, General Administration Department, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2004 Director, Information Services Department</p> <p>Jun. 2005 President, Representative Director, ICJ, Inc.</p> <p>Dec. 2005 Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Oct. 2007 Standing Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)</p> <p>Jun. 2009 Senior Executive Officer, Tokyo Stock Exchange Group, Inc.</p> <p>Jan. 2013 Senior Executive Officer of the Company Senior Executive Officer, Tokyo Stock Exchange, Inc.</p> <p>Jun. 2014 Executive Vice President of the Company</p> <p>Jun. 2015 Director President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Nov. 2015 Director, Executive Officer of the Company</p> <p>Jun. 2020 Director &amp; Representative Executive Officer, Group Co-COO</p> <p>Nov. 2020 Retired as Director &amp; Representative Executive Officer, Group Co-COO Retired as President &amp; CEO, Tokyo Stock Exchange, Inc.</p> <p>Apr. 2021 President, Tosho System Service Co., Ltd.</p> <p>Apr. 2022 Executive Officer of the Company (current position) President &amp; CEO, JPX Market Innovation &amp; Research, Inc. (current position)</p> <p>Jun. 2023 Director of the Company (current position)</p>	(Note 3)	51,355
Director	Konuma Yasuyuki	July 30, 1961	<p>Apr. 1984 Joined Tokyo Stock Exchange</p> <p>Jun. 2007 Director, International Business Development Department, Tokyo Stock Exchange, Inc.</p> <p>Nov. 2007 Director, Business Development &amp; Listing Department</p> <p>Apr. 2011 Executive Officer &amp; Director of New Listings</p> <p>Jun. 2013 Executive Officer</p> <p>Apr. 2016 Senior Executive Officer</p> <p>Apr. 2017 Director and Senior Executive Officer</p> <p>Apr. 2020 Director and Executive Vice President</p> <p>Apr. 2023 Executive Officer of the Company (current position) President &amp; CEO, Japan Securities Clearing Corporation (current position)</p> <p>Jun. 2023 Director of the Company (current position)</p>	(Note 3)	35,071



Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Endo Nobuhiro	November 8, 1953	<p>Apr. 1981 Joined NEC Corporation</p> <p>Apr. 2006 Associate Senior Vice President, Executive General Manager of Mobile Network Operations Unit</p> <p>Apr. 2009 Executive Vice President</p> <p>Jun. 2009 Executive Vice President and Member of the Board</p> <p>Apr. 2010 President (Representative Director)</p> <p>Apr. 2016 Chairman of the Board (Representative Director)</p> <p>Jun. 2018 Outside Director of the Company (current position)</p> <p>Jun. 2019 Member, Board of Directors (Outside), Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.) (current position)</p> <p>Chairman of the Board, NEC Corporation</p> <p>Outside Director, Tokio Marine Holdings, Inc. (current position)</p> <p>Jun. 2022 Executive Advisor, NEC Corporation (current position)</p> <p>Outside Director, Nisshin Seifun Group Inc. (current position)</p>	(Note 3)	7,900
Director	Ota Hiroko	February 2, 1954	<p>May 1981 Research Fellow, Japan Institute of Life Insurance</p> <p>Apr. 1993 Visiting Associate Professor, Faculty of Economics, Osaka University</p> <p>Apr. 1996 Associate Professor, Saitama University</p> <p>Oct. 1997 Associate Professor, National Graduate Institute for Policy Studies</p> <p>Apr. 2001 Professor, National Graduate Institute for Policy Studies</p> <p>Apr. 2002 Director for Policy Analysis, Cabinet Office</p> <p>Mar. 2003 Deputy Director General for Economic Research, Cabinet Office</p> <p>Apr. 2004 Director General for Economic Research, Cabinet Office</p> <p>Aug. 2005 Professor, National Graduate Institute for Policy Studies</p> <p>Sep. 2006 Minister of State for Economic and Fiscal Policy</p> <p>Aug. 2008 Professor, National Graduate Institute for Policy Studies</p> <p>Jun. 2012 Outside Director, JX Holdings, Inc. (currently ENEOS Holdings, Inc.) (scheduled to retire on June 28, 2023)</p> <p>Apr. 2019 Senior Professor, National Graduate Institute for Policy Studies</p> <p>Jun. 2022 Outside Director of the Company (current position)</p> <p>Sep. 2022 President, National Graduate Institute for Policy Studies (current position)</p>	(Note 3)	900

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Ogita Hitoshi	January 1, 1942	<p>Apr. 1965 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)</p> <p>Mar. 1997 Director, General Manager of Fukuoka Branch</p> <p>Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters</p> <p>Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Sep. 2002 Corporate Officer, Vice President, Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2003 President and Representative Director</p> <p>Mar. 2006 President and Representative Director, Asahi Breweries, Ltd.</p> <p>Mar. 2010 Chairman of the Board and Representative Director</p> <p>Mar. 2014 Senior Adviser, Asahi Group Holdings, Ltd.</p> <p>Jun. 2016 Outside Director of the Company (current position)</p>	(Note 3)	7,200
Director	Kama Kazuaki	December 26, 1948	<p>Jul. 1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)</p> <p>Jun. 2004 Executive Officer, General Manager of Finance &amp; Accounting Division</p> <p>Apr. 2005 Managing Executive Officer, General Manager of Finance &amp; Accounting Division</p> <p>Jun. 2005 Director &amp; Managing Executive Officer, General Manager of Finance &amp; Accounting Division</p> <p>Apr. 2007 President &amp; Chief Executive Officer</p> <p>Apr. 2012 Representative Director and Chairman of the Board</p> <p>Apr. 2016 Director</p> <p>Jun. 2016 Executive Corporate Advisor</p> <p>Jul. 2016 Outside Director, SUMITOMO LIFE INSURANCE COMPANY (current position)</p> <p>Jun. 2019 Company Auditor (Outside), Tokyo Stock Exchange, Inc. (scheduled to retire on June 16, 2023)</p> <p>Outside Director, Daiichi Sankyo Company, Limited. (current position)</p> <p>Apr. 2020 Senior Advisor, IHI Corporation (current position)</p> <p>Apr. 2022 Company Auditor (Outside), JPX Market Innovation &amp; Research, Inc. (scheduled to retire on June 16, 2023)</p> <p>Jun. 2023 Outside Director of the Company (current position)</p>	(Note 3)	1,900

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Kohda Main	April 25, 1951	<p>Sep. 1995 Started independently as Novelist, to the present</p> <p>Jan. 2003 Member of Fiscal System Council, Ministry of Finance Japan</p> <p>Apr. 2004 Visiting professor, Faculty of Economics, Shiga University</p> <p>Mar. 2005 Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Nov. 2006 Member of the Tax Commission, Cabinet Office, Government of Japan</p> <p>Jun. 2010 Member of the Board of Governors, Japan Broadcasting Corporation</p> <p>Jun. 2012 Outside Director, Japan Tobacco Inc. (current position)</p> <p>Jun. 2016 Outside Director of the Company (current position)</p> <p>Jun. 2018 Outside Director, Mitsubishi Motors Corporation (current position)</p>	(Note 3)	5,300
Director	Kobayashi Eizo	January 7, 1949	<p>Apr. 1972 Joined C. Itoh &amp; Co. Ltd. (currently ITOCHU Corporation)</p> <p>Jun. 2000 Executive Officer</p> <p>Apr. 2002 Managing Executive Officer</p> <p>Jun. 2003 Representative Director, Managing Director</p> <p>Apr. 2004 Representative Director, Senior Managing Director</p> <p>Jun. 2004 President &amp; Chief Executive Officer</p> <p>Apr. 2010 Representative Director, Chairman</p> <p>Jun. 2011 Director, Chairman</p> <p>Jun. 2015 External Director, Japan Airlines Co., Ltd. (current position)</p> <p>Jun. 2016 Outside Director of the Company (current position)</p> <p>Chairman, ITOCHU Corporation</p> <p>Apr. 2018 Senior Representative for Business Community Relations</p> <p>Apr. 2020 Director Emeritus (current position)</p>	(Note 3)	9,800
Director	Suzuki Yasushi	September 20, 1962	<p>Apr. 1985 Joined Tokyo Stock Exchange</p> <p>Jun. 2008 Director, Listing Examination Department, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)</p> <p>Oct. 2010 Director, Corporate Strategy Department, Tokyo Stock Exchange Group, Inc.</p> <p>Jun. 2011 Director, Japan Securities Clearing Corporation</p> <p>Jun. 2015 Standing Governor, Japan Exchange Regulation</p> <p>Apr. 2017 Managing Governor</p> <p>Apr. 2020 Director and Senior Executive Officer, Japan Securities Clearing Corporation</p> <p>Jun. 2022 Director of the Company (current position)</p>	(Note 3)	25,282

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director	Takeno Yasuzo	June 9, 1959	<p>Apr. 1987 Registered as attorney-at-law in Japan Joined Hamada &amp; Matsumoto (currently Mori Hamada &amp; Matsumoto)</p> <p>Mar. 1989 London Office</p> <p>Jan. 1998 Partner</p> <p>Dec. 2002 Partner, Mori Hamada &amp; Matsumoto (current position)</p> <p>Jan. 2007 Member of the Management Committee</p> <p>Jun. 2021 Outside Director of the Company (current position)</p>	(Note 3)	3,200
Director	Matsumoto Mitsuhiro	March 21, 1961	<p>Apr. 1983 Joined National Police Agency</p> <p>Oct. 2009 Chief, Fukushima Prefectural Police</p> <p>Apr. 2012 Director, Personnel Division, Commissioner-General's Secretariat, National Police Agency</p> <p>Apr. 2013 Director-General, Public Security Department, Tokyo Metropolitan Police</p> <p>Apr. 2014 Chief, Kanagawa Prefectural Police</p> <p>Aug. 2015 Director-General, Foreign Affairs and Intelligence Department, National Police Agency</p> <p>Sep. 2016 Director-General, Security Bureau</p> <p>Jan. 2018 Director-General, Commissioner-General's Secretariat</p> <p>Sep. 2018 Deputy Director-General</p> <p>Jan. 2020 Commissioner-General</p> <p>Sep. 2021 Retired</p> <p>Jun. 2022 Outside Audit &amp; Supervisory Board Member, Daiichi Sankyo Company, Limited. (current position)</p> <p>Jun. 2023 Outside Director of the Company (current position)</p>	(Note 3)	0
Director	Mori Kimitaka	June 30, 1957	<p>Apr. 1980 Joined Shinwa Accountants (currently KPMG AZSA LLC)</p> <p>Jun. 2000 Representative Partner, Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>Jun. 2004 Director of financial services, KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)</p> <p>Jun. 2006 Board Member</p> <p>Jul. 2011 Chairman, KPMG FS Japan</p> <p>Jun. 2013 Retired from KPMG AZSA LLC</p> <p>Jul. 2013 Established Mori Certified Public Accountant Office</p> <p>Chairman and President, The Japanese Institute of Certified Public Accountants</p> <p>Jul. 2016 Advisor, The Japanese Institute of Certified Public Accountants (current position)</p> <p>Outside Director of the Company (current position)</p> <p>Jun. 2017 Outside Corporate Auditor, Mitsui &amp; Co., Ltd. (current position)</p> <p>Outside Corporate Auditor, East Japan Railway Company (current position)</p> <p>Jul. 2017 Outside Director, Sumitomo Life Insurance Company (current position)</p>	(Note 3)	7,100
Total					279,474

- (Notes) 1. Kinoshita Yasushi, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kama Kazuaki, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Matsumoto Mitsuhiro, and Mori Kimitaka are outside directors.
2. Kinoshita Yasushi, Endo Nobuhiro, Ota Hiroko, Ogita Hitoshi, Kama Kazuaki, Kohda Main, Kobayashi Eizo, Takeno Yasuzo, Matsumoto Mitsuhiro, and Mori Kimitaka are independent directors required by Tokyo Stock Exchange, Inc. to be maintained for the protection of general shareholders.
3. The term of office expires at the conclusion of the Annual General Shareholders Meeting for the fiscal year ending March 31, 2024.

ii) Executive Officers

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Director & Representative Executive Officer Group CEO	Yamaji Hiromi	March 8, 1955	Refer to i)	(Note)	44,647
Director & Representative Executive Officer Group COO	Iwanaga Moriyuki	November 8, 1961	Refer to i)	(Note)	46,588
Senior Executive Officer General Administration and Human Resources	Hasegawa Isao	September 9, 1964	Refer to (a) (ii)	(Note)	27,771
Senior Executive Officer Corporate Strategy and Sustainability	Futagi Satoshi	May 11, 1964	Refer to (a) (ii)	(Note)	30,471
Senior Executive Officer CFO Treasury, Corporate Communications, and Investor Relations	Tabata Atsushi	January 7, 1965	Refer to (a) (ii)	(Note)	29,542
Director & Executive Officer Management of Osaka Exchange, Inc.	Yokoyama Ryusuke	May 6, 1963	Refer to i)	(Note)	33,231
Executive Officer Management of Tokyo Commodity Exchange, Inc.	Ishizaki Takashi	May 14, 1967	Refer to (a) (ii)	(Note)	12,103
Director & Executive Officer Management of JPX Market Innovation & Research, Inc.	Miyahara Koichiro	March 10, 1957	Refer to i)	(Note)	51,355
Director & Executive Officer Management of Japan Securities Clearing Corporation	Konuma Yasuyuki	July 30, 1961	Refer to i)	(Note)	35,071
Executive Officer CIO IT Planning	Takura Satoshi	October 28, 1968	Refer to (a) (ii)	(Note)	29,036
Executive Officer Global Strategy and Sustainability	Yoshida Masanori	December 19, 1960	Refer to (a) (ii)	(Note)	5,083

Title	Name	Date of birth	Career summary	Term	Number of shares owned (Shares)
Executive Officer Corporate Communications and Investor Relations	Lin Kay	April 8, 1966	Refer to (a) (ii)	(Note)	7,483
Total					352,381

(Note) The term of office is from April 1, 2023, i.e., the date of election, to the last day of the fiscal year that ends within one year of April 1, 2023.

(ii) Outside Directors and Other Officers

(a) Number of Outside Directors

There are nine outside directors in the Company. As the Company has adopted the structure of a Company with Three Committees (Nomination, Audit and Compensation), the Company does not elect outside audit & supervisory board members.

(b) Conflicts of Interest between Outside Directors and the Company

During FY2022, Mr. Endo Nobuhiro served as Executive Advisor (a non-executive director) of NEC Corporation, whose corporate group paid the Group fees of approximately JPY 8 million (mainly listing fees and information-related fees), while the Group paid the corporate group fees of approximately JPY 73 million (mainly for system-related expenses). Mr. Kobayashi Eizo served as Director Emeritus (a non-executive director) at ITOCHU Corporation, whose corporate group paid the Group fees of approximately JPY 17 million (mainly listing fees), while the Group paid the corporate group fees of approximately JPY 10 million (mainly for lease and systems-related expenses). Mr. Takeno Yasuzo served as Partner at Mori Hamada & Matsumoto Law Office, which paid the Group fees of approximately JPY 1 million (mainly systems usage fees), while the Group paid the office fees of JPY 5 million (mainly legal advice fees). There is no consultation contract between the office and the Group. The amounts of such transactions in FY2022 were considerably small, accounting for less than 1% of the consolidated sales or similar measure of the Company and of the said corporate groups and office, or less than JPY 1 million, and are deemed to present no problems in terms of the independence of any of the outside directors. As stated in i) Directors, each outside director holds shares in the Company. In addition, none of the candidates for director have any particular conflicts of interest with the Company.

(c) Functions and Roles of Outside Directors for the Corporate Governance of the Company, Independence Standards for or Policy on Selection of Outside Directors, and the Company's Views in the Status of Selection of Outside Directors

The Company clearly segregates its management monitoring/supervisory functions and its business execution functions, and has adopted the structure of a Company with Three Committees (Nomination, Audit and Compensation) to strengthen its oversight and supervisory functions and improve the transparency of management.

The Company's board of directors plays a central role in monitoring and supervising management of the Company, and consists of 13 directors, including two women. The functions of the board include increasing the transparency and accountability of management and strengthening supervision of the appropriateness of business execution. To accomplish this, the composition of the board includes a non-executive chairperson who is an outside director separate from business execution, and outside directors constitute a board majority.

The nine outside directors include corporate managers, a legal expert, a certified public accountant, a researcher, former officials of governmental organizations, and a system network expert. Each director has considerable experience and insight in their respective fields and contributes to a structure that allows for multifaceted external perspectives to be readily incorporated into the management of the Company.

The independence standards and qualifications for the Company's candidates for independent directors are as follows:  
(Independence Standards and Qualifications for Independent Directors)

The Company verifies the status of outside directors to the furthest extent possible and determines that an outside director is independent if they satisfy all Items 1 through 13 below.

1. Candidate has not been an executive director or similar (Note 2) or an employee of the Group (Note 1) in the last ten years;
2. Candidate has not been an officer executing business or employee of the Company's current major shareholder's (Note

- 3) company group or a company in which the Company is a current major shareholder in the last five years;
3. Candidate has not been an officer executing business or employee of a major business partner (Note 4) of the Group in the last fiscal year or during any of the three fiscal years prior to the last fiscal year;
4. Candidate is not an officer executing business or employee of an organization that receives a donation or subsidy exceeding the specified amount (Note 5) from the Group;
5. Candidate is not an officer executing business of a corporate group that has appointed an executive director of the Group as an outside director;
6. Candidate has not been an officer executing business or employee of a group company of a major creditor or the like (Note 6) of the Group in the last three years;
7. Candidate is not a member, partner, or employee of the accounting auditor of the Group;
8. Candidate has not been a member, partner, or employee of the current accounting auditor of the Group who engaged in actual audit work of the Group (except for secondary involvement) in the last three years;
9. Candidate is not an attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount (Note 7) other than compensation for directors, company auditors, or executive officers from the Group;
10. Candidate is not a member, partner, associate, or employee of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm for which the Group is a major client (Note 8);
11. Candidate is not the spouse, a relative within the second degree of kinship, or a relative residing in the same household of a person falling under any of the following items:
  - (1) An officer executing business or significant employee (Note 9) of the Group in the last five years;
  - (2) A director, auditor, or executive officer of a company that is the Company's current major shareholder or of which the Company is a current major shareholder in the last five years;
  - (3) An officer executing business or significant employee of a major business partner of the Group in the last fiscal year or during any of the three fiscal years prior to the last fiscal year;
  - (4) An officer executing business or significant employee of an organization that receives from the Group a donation or subsidy exceeding the specified amount;
  - (5) An officer executing business or significant employee of a group company of a major creditor or the like of the Group in the last three years;
  - (6) A member, partner, or employee of the current accounting auditor of the Group in the last three years who engaged in actual audit work of the Group (except for secondary involvement) during said period;
  - (7) An attorney-at-law, certified public accountant, certified public tax accountant, or other consultant who receives money and other economic benefits in an amount exceeding the specified amount from the Group; or
  - (8) A member, partner, or associate of a law firm, audit firm, tax accounting firm, consulting firm, or other professional advisory firm for which the Group is a major client and who is directly engaged in services for the Group;
12. Candidate has not served as outside director of the Company for a period exceeding eight years in total (including time served as an outside director, outside company auditor, outside governor, etc. of the Group);
13. Notwithstanding each of the preceding items, candidate is not likely to have constant and substantial conflict of interest with the Company's general shareholders;
14. Even if a candidate does not satisfy any of the above Items 2 to 11, they may be appointed as an independent director of the Company on the conditions that (1) they satisfy the requirements of outside directors under the Companies Act and (2) the Company explains to external parties the reason why they are considered appropriate as its independent director.

(Notes)

1. "The Group" refers to the Company and its consolidated subsidiaries.
2. "Executive director or similar" refers to an executive director, executive officer (shikkōyaku or shikkōyakuin), president (rijichō), or standing governor (jōninriji).
3. "Major shareholder" refers to a shareholder that holds 10% or more of the voting rights of the Company.
4. "Major business partner" refers to a party for which the Group was a major client (a party that received payment from the Group accounting for 2% or more of the amount equivalent to its consolidated annual gross sales for the last fiscal year), a party that was a major client of the Group (a party that made a payment to the Company accounting for 2% or more of the amount equivalent to the consolidated annual gross sales of the Company for the last fiscal year among the fiscal years included), or a parent company or significant subsidiary of either of the above.

5. “Specified amount” in Items 4 and 11 (4) refers to JPY 10 million per year on average over the past three fiscal years or 30% of the average annual total expenses of the organization, whichever is greater.
6. “Major creditor or the like” refers to a financial institution or other major creditor that is essential for the Company’s financing, which the Company is dependent on to the extent that it cannot be replaced with another party.
7. “Specified amount” in Items 9 and 11 (7) refers to JPY 10 million or more per year on average over the past three fiscal years (excluding compensation for directors, company auditors, or executive officers).
8. “Firm for which the Group is a major client” refers to a firm that received payment from the Group accounting for 2% or more on average over the past three fiscal years of its consolidated annual gross sales.
9. “Significant employee” refers to a person who executes business in a position of department/section director or higher in the Group or any person who is objectively and reasonably considered to be of equivalent significance.

(iii) Supervision/Audit and Internal Audit by Outside Directors, Cooperation between Audit Committee’s Audit and Accounting Audit, and Relationship with the Internal Control Department

Outside directors receive reports on the results of internal audits and the audits conducted by the Audit Committee, as well as on the status of risk management including the status of compliance and the status of the development and operation of the internal control system, at board of directors meetings or at other times. Outside directors then use this information to supervise management as part of the board of directors. In addition, while continuously communicating with the full-time Audit Committee member, outside Audit Committee members receive reports on the results of audits and other matters from the internal auditing office and the accounting auditor, and then audit the business execution in light of this information.



(3) Audit

(i) Details of Audits by the Audit Committee

(a) Composition, Members and Procedures of Audits by the Audit Committee

The Audit Committee audits the directors' and executive officers' execution of duties, creates audit reports, and decides the contents of proposals for the appointment or dismissal of external accounting auditors or proposals for non-reappointment of external accounting auditors, which are presented at general shareholders meetings.

The Committee is made up of five directors, four of whom are outside directors (part-time members including a member with extensive knowledge of finance and accounting) and one of whom is a full-time member. The Audit Committee is aided in its work by the Audit Committee Office, which provides assistance for its audit work and carries out other administrative duties in relation to the Audit Committee.

In the course of conducting audits, and in an effort to conduct them efficiently, the Audit Committee monitors and verifies the establishment of the internal control system and its application based on the audit plan and division of roles determined by the Committee, while collaborating closely with the external accounting auditors, internal auditing office, and the audit board members of subsidiaries (including auditors of Japan Exchange Regulation; this applies throughout "(3) Audit").

One member chosen by the Committee (the full-time Committee member) carries out day-to-day audit duties such as (i) attending important meetings including those of the board of directors, the board of executive officers, and the Risk Management Committee, (ii) inspecting key documents approving project proposals and the like, (iii) sharing information with full-time auditors of subsidiaries, the accounting auditor, and the internal auditing office, and (iv) interviewing employees, and reports back to the Audit Committee about these duties. The Audit Committee also receives direct reports from the representative executive officer and others when needed, including other executive officers, the head of the internal auditing office, and external accounting auditors. The Audit Committee receives these reports and engages in deliberations based on the members' individual expertise and backgrounds.

(b) Work of the Audit Committee and its Members

a) Audit Committee Meetings and Members' Attendance

The Audit Committee held 12 meetings during the fiscal year. Members' attendance at Audit Committee meetings was as follows:

Title	Name	Attendance (attendance rate)
(Outside) Audit Committee member (Chairperson)	Mori Kimitaka	12 out of 12 (100%)
(Outside) Audit Committee member	Ota Hiroko	9 out of 10 (90%)
(Outside) Audit Committee member	Kohda Main	12 out of 12 (100%)
(Outside) Audit Committee member	Takeno Yasuzo	12 out of 12 (100%)
(Full-Time) Audit Committee member	Suzuki Yasushi	10 out of 10 (100%)
(Former) (Outside) Audit Committee member	Christina Ahmadjian	2 out of 2 (100%)
(Former) (Full-Time) Audit Committee member	Minoguchi Makoto	2 out of 2 (100%)

(Notes) 1. Ota Hiroko and Suzuki Yasushi were appointed as directors at the 21st Annual General Shareholders Meeting held on June 16, 2022 and assumed office as Audit Committee members that same day.

2. Christina Ahmadjian and Minoguchi Makoto retired as directors at the conclusion of the 21st Annual General Shareholders Meeting held on June 16, 2022.

b) Specific Considerations of the Audit Committee

i. Resolutions and Reports by the Audit Committee

Major resolutions and reports by the Audit Committee are as follows:

Major resolutions and reports	
Resolutions	Formulate audit plan, prepare audit report, reappoint the accounting auditor, agree on compensation for the accounting auditor, etc.
Reports	Accounting auditor's audit plan/quarterly review results, internal audit status, status of execution of duties by executive officers and others, status of execution of duties by full-time Audit Committee members, status of compliance, etc.

In addition, during the fiscal year, to ensure the transparency and substantiality of the evaluation process that led to deciding to reappoint the accounting auditor, the Audit Committee requested information from and held interviews with multiple audit firms (including current accounting auditor Deloitte Touche Tohmatsu LLC) before evaluating them by comparing them to each other. The Audit Committee has determined a policy to continue requesting information from and interviewing multiple audit firms at set intervals before evaluating them through comparison. Notably, this initiative was considered and discussed over five Audit Committee meetings.

Furthermore, in light of the revision of the Japanese Institute of Certified Public Accountants Code of Ethics for ensuring accounting auditor independence, the Audit Committee has determined systems such as one that requires Audit Committee approval before Deloitte Touche Tohmatsu LLC and member firms and affiliated firms of Deloitte Touche Tohmatsu Limited provide non-assurance services to the Group.

These activities of the Audit Committee were reported to the board of directors as appropriate.

ii. Understanding of Circumstances and Status of Activities Thereunder from the Perspectives of the Chairperson of the Audit Committee and the Audit Committee

Given that the Group's main business is establishing and operating financial instruments exchange markets, and that measures to ensure stable market operations and invigorate markets must be promoted, the chairperson of the Audit Committee and the committee itself focus on (1) the effectiveness of corporate governance and (2) the establishment and operation of internal control systems as well as (3) business strategies and responses to the business environment and other management risks and (4) the development and operation of systems for ensuring the resilience of transactions and the like. Based on these areas of focus, the Committee verified the key topics of the fiscal year: (1) the status of the transitional measures associated with the market restructuring, (2) work associated with the commencement of operations (in April 2022) by JPX Market Innovation & Research, Inc., which is tasked with a crucial role pertaining to proactively pioneering into new business domains, and (3) preparation of operations and systems for the start of derivatives holiday trading (in September 2022).

c) Work of the Full-Time Audit Committee Member

The full-time Audit Committee member continuously carried out auditing duties, including attending important internal meetings such as those of the board of executive officers and the Risk Management Committee, inspecting documents approving project proposals, conducting on-site audits, and interviewing employees as appropriate.

The full-time Audit Committee member also works to ensure detailed information gathering and communication within the Group by, for example, holding regular meetings with the full-time auditors of subsidiaries and sharing information whenever necessary. For information about communication between the accounting auditor and the Internal Auditing Office, please refer to the next section d).

d) Collaboration with the Accounting Auditor and the Internal Auditing Office

i. Main Collaboration with the Accounting Auditor

Details of collaboration	Timing	Remarks
Explanation of interim report on the status of audits, proposed audit fees, and other topics by the accounting auditor	April 2022	Also attended by the internal auditing office.
Reception of audit report explanation and final report document on year-end audit under the Companies Act	May 2022	The full-time Audit Committee member received a verbal explanation of the report and the report document.
Explanation of audit plan by the accounting auditor	July 2022	Also attended by the internal auditing office.
Explanation of quarterly review results by the accounting auditor	August 2022, November 2022, February 2023	The full-time Audit Committee member received the explanation and reported to the Audit Committee.
Communication with the accounting auditor about key audit matters (KAM)	December 2022, March 2023, April 2023	Now that JPX Market Innovation & Research has commenced operations, new points of discussion are included in considerations, which are underway.

Furthermore, during the fiscal year, as explained previously in b), in light of the revision of the Japanese Institute of Certified Public Accountants Code of Ethics, the full-time Audit Committee member has led multiple discussions about the policy regarding approval before Deloitte Touche Tohmatsu LLC and member firms and affiliated firms of Deloitte Touche Tohmatsu Limited provide non-assurance services.

ii. Collaboration with the Internal Auditing Office

Details of collaboration	Timing	Remarks
Explanation of internal audit plan by the internal auditing office	April 2022	Also attended by the accounting auditor.
Explanation of internal audit results by the internal auditing office	April 2022, July 2022, October 2022, January 2023	

Additionally, in the course of formulating plans for internal audits and Audit Committee meetings, the full-time Audit Committee member strives to reach mutual understandings and shares information with the internal auditing office on a regular basis.

(ii) Internal Audit

The Company has an internal auditing office that reports directly to the CEO and COO and has ten staff members. The basic policy behind the establishment of this office is to carry out checks and evaluations regarding the status of development and management of the internal control system and audit the status of business execution from the perspective of legality and propriety.

The internal auditing office carries out its duties based on its audit plans formulated every fiscal year.

When the office has finished auditing a department, it reports the results to the CEO and COO in the form of an audit report, as well as presenting the results to the head of the audited department. If there are matters which require improvement as a result of a department audit, the internal auditing office will confirm implementation and operation of the improvement measures by asking for a written response regarding the improvement measures and carrying out follow-up audits as necessary.

The internal auditing office communicates with the full-time Audit Committee member as necessary and submits reports on the audit plan for internal audits and results of internal audits to the Audit Committee in an appropriate and timely manner.

(iii) Accounting Audit

(a) Name of Audit Firm

Deloitte Touche Tohmatsu LLC

(b) Continuous Audit Period

Eleven years from the fiscal year ended March 31, 2013

(c) Certified Public Accountants Who Executed the Duties

Designated Limited Liability Partner, Engagement Partner, Iizuka Satoshi

Designated Limited Liability Partner, Engagement Partner, Yamamoto Michiyuki

Designated Limited Liability Partner, Engagement Partner, Otokozaawa Eriko

(d) Composition of Assistants for Audit Services

Certified public accountants: 15 persons, other members: 28 persons

(e) Policy and Reason for Selection of Audit Firm

The Company has determined the following reasoning for the appropriateness of the reappointment of the audit firm based on the following policy and evaluation.

With regard to reappointing an audit firm, the Company checks whether or not there is any relevant information while conducting an evaluation as outlined in “(f) Evaluation of Audit Firm by Audit Committee” in light of the Policy Regarding Decisions to Dismiss or to Not Reappoint the Accounting Auditor\* established by the Audit Committee, and makes a decision after giving comprehensive consideration to those results.

Additionally, to ensure the transparency and substantiality of the evaluation process for deciding to reappoint the accounting auditor, the Company has decided to interview with multiple accounting firms and the like at set intervals before evaluating them through comparison.

\*This policy concerning such decisions is as follows:

“The Audit Committee shall submit a proposal to the general shareholders meeting on the dismissal or non-reappointment of the accounting auditor in the event that the Committee determines that such action is necessary in light of a comprehensive assessment of the accounting auditor’s independence, trustworthiness, and other conditions related to the performance of its duties. In addition, if any of the provisions of the items of Article 340, Paragraph 1 of the Companies Act are deemed to apply to the accounting auditor, the Company shall dismiss the accounting auditor.”

(f) Evaluation of Audit Firm by Audit Committee

The Audit Committee evaluates the accounting auditor under the following items:

- Quality control system and independence of the accounting auditor
- Appropriateness of the audit team
- Audit plan and implementation status of audits
- Communication with management, Audit Committee, etc.
- Application of audit firm governance code
- Response to fraud risks
- Appropriateness of audit fees, etc.

During the fiscal year, as is usual, the Audit Committee evaluated the items above through communication with the accounting auditor, such as reporting on the audit plan, quarterly reviews and implementation status of the year-end audit, as well as through hearing evaluation results on the accounting auditor from the executive officer in charge of treasury and the Treasury Department.

In addition, during the fiscal year, the Audit Committee requested information from and held interviews with multiple audit firms (including current accounting auditor Deloitte Touche Tohmatsu LLC) before comparing them to each other based on evaluations of the items listed previously.

As a result, the committee judged the current accounting auditor to have sufficient systems for providing audit services to the Company, to be independent, and to be suitable in terms of audit methods and results.

(g) Change of Audit Firm

There are no matters to report.

(iv) Details Regarding Audit Fees, etc.

(a) Details Regarding Compensation for Certified Public Accountants for Audits

Classification	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Compensation for audit certificate services (JPY million)	Compensation for non-audit services (JPY million)	Compensation for audit certificate services (JPY million)	Compensation for non-audit services (JPY million)
Reporting company	45	–	49	4
Consolidated subsidiaries	70	–	88	–
Total	115	–	137	4

The non-audit services provided for the Company include preparing comfort letters when the Company issues corporate bonds.

(b) Compensation for the Same Network as Certified Public Accountants for Audits (Excluding (a))

Classification	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023	
	Compensation for audit certificate services (JPY million)	Compensation for non-audit services (JPY million)	Compensation for audit certificate services (JPY million)	Compensation for non-audit services (JPY million)
Reporting company	–	30	–	27
Consolidated subsidiaries	3	21	–	20
Total	3	51	–	48

The non-audit services provided for the Company and its consolidated subsidiaries include tax consulting services.

(c) Details on Compensation for Other Significant Audit Certificate Services

There are no matters to report.

(d) Policy on Determining Audit Fees

There are no matters to report.

(e) Reasons the Audit Committee Agreed to the Audit Fees

The Audit Committee reviewed the audits performed during the preceding fiscal year and the content of the audit plan for the fiscal year in accordance with evaluations of the process of evaluating audit firms. It then considered the appropriateness of the estimated audit hours and audit fees before granting the consent required pursuant to Article 399, Paragraphs 1 and 4 of the Companies Act for the amount of audit fees.

(4) Compensation for Directors and Other Officers

(i) Policy on Determining Compensation Amount, etc. for Directors and Other Officers and the Calculation Methods Thereof, and Method for Determining the Policy

Compensation for directors and other officers of the Company is comprised of a. basic salary, b. annual incentive (bonus), and c. medium- to long-term incentive (stock compensation and monetary compensation) in accordance with “1) Basic Policy on Compensation for Directors and Other Officers” below. Directors who are not concurrently serving as executive officers will only be paid a. basic salary.

1) Basic Policy on Compensation for Directors and Other Officers

In order to contribute to the sustainable growth of the Company and the improvement of corporate value over the medium to long term, compensation for directors and other officers shall be determined in accordance with the following policies:

- Compensation should be appropriate for the duties and responsibilities of the directors, executive officers, etc.
- Compensation should provide motivation for achieving the long-term vision and management plan
- Compensation should maintain enough competitiveness to secure the personnel necessary to steadily implement the Company’s corporate philosophy
- In view of our responsibility as a social infrastructure, compensation should be appropriate in light of social conditions, and ensure that decision-making procedures, etc. are objective and transparent

The details of each type of compensation are as follows.

a. Basic Salary

As compensation for executives executing their duties and participating in management, basic salary is determined in accordance with their position and responsibilities with reference to the level of executive compensation at other companies based on research conducted by external expert organizations.

b. Annual Incentive (Bonus)

Annual incentive (bonus) is paid to executive officers at an amount proportionate to net income (meaning net income attributable to owners of the parent company on the consolidated statement of income, hereinafter the same). Net income is used as the indicator for two major reasons. First, net income is a source of funds for dividends to shareholders and for investments intended to enhance corporate value. Second, it is also appropriate to base the payment of the annual incentive (bonus) for each fiscal year on the net income recorded in the relevant fiscal year. Other than this, a bonus related to individual performance is paid in order to evaluate the achievement of each executive for each fiscal year.

However, an annual incentive (bonus) will not be paid if net income for the fiscal year fails to reach JPY 10.0 billion.

c. Medium- to Long-Term Incentive (Stock Compensation and Monetary Compensation)

The medium- to long-term incentive (stock compensation) is paid to executive officers with the aim of strengthening the alignment of their interests with shareholders, increasing the motivation for medium- to long-term improvement in corporate value, and strengthening the link between performance and compensation. The Company’s stock compensation utilizes a stock-granting trust mechanism and is comprised of a fixed portion and a performance-linked portion.

For the fixed portion, points are issued to executives in accordance with their position and other aspects for each fiscal year, and shares corresponding to the points issued are granted after three years from the issuance date of such points.

For the performance-linked portion, “Performance-linked Basic Points” are issued to executives for each fiscal year, and after three years from the point issuance date, “Performance-linked Points” are calculated by multiplying such Performance-linked Basic Points by a “Performance-linked Factor” in accordance with the degree of achievement of the Company’s performance conditions, and then shares corresponding to the Performance-linked Points are granted. The Performance-linked Factor will be determined between 0–150% based on the relative evaluation of (i) the Company’s consolidated ROE when three years have elapsed from the issuance date of such Performance-linked Basic Points and (ii) Total Shareholder Return (TSR) of the Company shares for the period from the end of the last fiscal year before the issuance date of such points until three years have elapsed (in comparison with the growth rate of JPX-Nikkei 400 Total Return Index). Consolidated ROE is used as an indicator from the perspective of improving capital efficiency, while Total Shareholder Return (TSR) is used from the perspective of enhancing shareholder value.

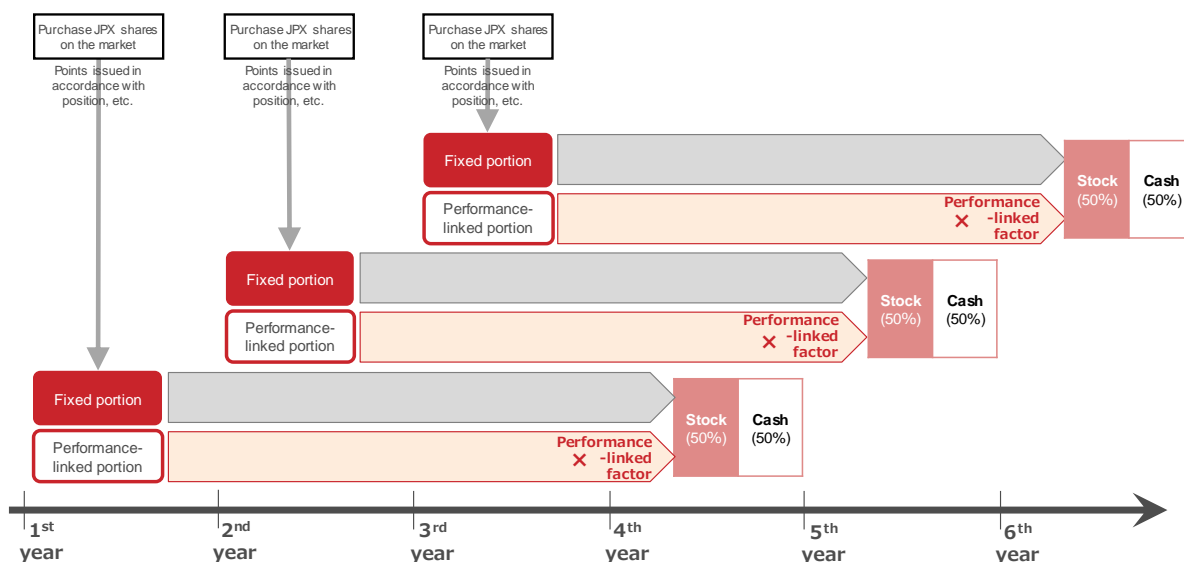
In accordance with the Company’s rules for executive officers, in principle, shares in the Company acquired through stock compensation or other means may not be sold for one year from the time of departure from the Company. Furthermore, based

on the share delivery regulations, in the event of any misconduct on the part of the officer to whom the stock compensation is granted, in the case of issuance prior to the delivery of shares, delivery shall be canceled, and if delivery has been made, a request for the return of the amount equivalent to the delivery may be made to the officer.

Reference: Conditions Regarding Performance Pertaining to Performance-linked Portion of Medium- to Long-Term Incentive (Stock Compensation)

		Consolidated ROE		
		Below 10%	10% to under 14%	14% and above
Total Shareholder Return (TSR) VS JPX-Nikkei 400 (total return)	Outperform	Performance-linked Factor 50%	Performance-linked Factor 100%	Performance-linked Factor 150%
	Underperform	Performance-linked Factor 0%	Performance-linked Factor 50%	Performance-linked Factor 100%

### Image of Stock Compensation Plan



(Formula for Calculating Points)

(i) Calculation of Fixed Points (Note 1)

Fixed Points = Stock compensation base amount for the fixed portion / Average acquisition price (Note 2) (rounded down to the nearest integer)

(ii) Calculation of Performance-linked Points (Note 1)

Performance-linked base points = Stock compensation base amount for the performance-linked portion / Average acquisition price (Note 2) (rounded down to the nearest integer)

Performance-linked points = Performance-linked base points x Performance-linked factor (rounded down to the nearest integer)

(Notes) 1. The number of the Company's shares per point shall be one share.

2. The amount shall be the average acquisition price of the Company's shares acquired by the Trust during the fiscal year in which such points are issued.

(Total Fixed Points and Total Performance-linked Base Points by Position)

	The Company			Core subsidiaries		
	Fixed points	Performance-linked base points	Maximum performance-linked points	Fixed points	Performance-linked base points	Maximum performance-linked points
Group CEO/President and CEOs	32,721	10,068	15,102	43,039	28,692	43,038
Executive officers with titles	24,916	16,610	24,915	30,805	20,536	30,804
Executive officers, etc.	9,966	6,644	9,966	54,813	36,542	54,813

The medium- to long-term incentive (monetary compensation) is paid to executive officers in accordance with the achievement level of consolidated ROE and sustainability measures specified in the Medium-Term Management Plan 2024.

With respect to consolidated ROE, the condition for payment is that consolidated ROE is 10% or more in each year during the period of the Medium-Term Management Plan (three years), and the amount will be decided in accordance with the average consolidated ROE during the three years. The amount paid will reach a maximum if either of the consolidated ROE in the final year of the Medium-Term Management Plan or the average consolidated ROE across the period of the Medium-Term Management Plan (three years) is 15% or more. The amount to be paid to each executive will be decided in accordance with their respective positions.

Additionally, with respect to the sustainability measures specified in the Medium-Term Management Plan 2024 (promoting sustainability using market mechanisms, achieving carbon neutrality as a corporation, achieving carbon neutrality in securities market operations by 2030, etc.), if the plan has been achieved by the end of the Medium-Term Management Plan 2024, the final incentive amount will be calculated by multiplying the incentive amount calculated based on the degree of achievement of the consolidated ROE above by a factor of 2 for the Group CEO and 1.5 for the other executive officers.

## 2) Composition of Executive Officers' Compensation

Compensation for executive officers consists of a basic salary, annual incentive (bonus), and medium- to long-term incentive.

The composition of executive officers' compensation assuming the forecast results published on April 27, 2023 is as follows.

	Basic Salary	:	Annual Incentive	:	Medium- to Long-term Incentive
CEO	30	:	25	:	45
Executive Officers Excluding CEO	40	:	30	:	30

Note: Percentages assuming a performance-linked factor for stock compensation of 100% plus one year's worth of medium- to long-term incentive linked to the degree of achievement of the Medium-Term Management Plan



(ii) 1) Total Compensation for Directors/Other Officers by Classification, Total Compensation by Type, and Number of Eligible Directors/Other Officers

Director/Executive classification	Total amount of compensation, etc. (JPY million)	Total compensation by type (JPY million)					Eligible number of directors/executives
		Basic salary	Annual incentive	Medium- to long-term incentive			
		Monetary compensation	Monetary compensation (bonus)	Stock compensation		Monetary compensation (degree of achievement of the Medium-Term Management Plan)	
Fixed portion	Performance-linked portion						
Directors (excluding outside directors)	38	38	–	–	–	–	2
Executive officers	608	229	169	132	66	9	7
Outside directors	184	184	–	–	–	–	10

- (Notes)
- The Company does not pay director compensation to directors who concurrently serve as executive officers.
  - Of the executive officers, those who also serve as representative directors of Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., JPX Market Innovation & Research, Inc., Tokyo Commodity Exchange, Inc., and Japan Securities Clearing Corporation are not included in the number of eligible executive officers because they are not paid compensation as executive officers.
  - The above table includes one director (not an outside director) and one outside director who retired at the conclusion of the Annual General Shareholders Meeting held on June 16, 2022.
  - It is Company policy that outside directors purchase shares of the Company from their basic salary through the Officers' Shareholding Association.
  - Bonuses are mainly paid at an amount that correlates with the Company's net income for the year under review, and are not paid if net income fails to reach JPY 10.0 billion. Net income for the fiscal year was JPY 46,342 million.
  - Concerning the indicators used for the performance-linked portion of stock compensation, consolidated ROE comprises a two-tier target of 10% or more and 14% or more, and the performance-linked factor changes depending on the level of achievement. Concerning Total Shareholder Return (TSR), the goal is for TSR to outperform the growth rate of the JPX-Nikkei Index 400 (total return index). The amount of stock compensation in the table above is the amount among the stock compensation for FY2019 to FY2022 that is recorded as an expense in the fiscal year of reporting. Of that, the indicators for stock compensation granted in FY2019 were as follows: consolidated ROE was 15.7%, and the three-year TSR of the Company's shares underperformed the growth rate of the JPX-Nikkei Index 400 (total return index) over the same period. Accordingly, the performance-linked factor was 100%.
  - Monetary compensation related to the degree of achievement of the Medium-Term Management Plan will be paid to the executive directors retiring on March 31, 2023 in an amount commensurate with the duration of their terms. During their terms under the current Medium-Term Management Plan, consolidated ROE of at least 10% is a condition for payment, with the maximum payment amount based on consolidated ROE when it is at least 15%. Given consolidated ROE of 14.7% in FY2022, the payment amount was calculated proportionate to consolidated ROE. Also, additional amounts were added for sustainability measures promoted under the current Medium-Term Management Plan, all of which progressed according to plans in FY2022.
  - The bonus, the performance-linked portion of the stock compensation, and the monetary compensation related to the degree of achievement of the Medium-Term Management Plan fall under "performance-linked compensation, etc." provided for by the Regulation for Enforcement of the Companies Act, and stock compensation falls under "non-monetary compensation, etc." provided for by the same Regulation.

2) Compensation for Directors/Other Officers Whose Total Consolidated Compensation Is JPY 100 million or More

Name	Total consolidated compensation, etc. (JPY million)	Director/Executive classification	Corporate classification	Total consolidated compensation by type (JPY million)				
				Basic salary	Annual incentive	Medium- to long-term incentive		
				Monetary compensation	Monetary compensation (bonus)	Stock compensation		Monetary compensation (degree of achievement of the Medium-Term Management Plan)
Fixed portion	Performance-linked portion							
Kiyota Akira	199	Director & Representative Executive Officer (Group CEO)	Reporting company	60	46	63	19	9
Yamaji Hiromi	130	President & CEO (Note 1)	Tokyo Stock Exchange, Inc.	54	39	22	15	–
Iwanaga Moriyuki	111	President & CEO (Note 2)	Osaka Exchange, Inc.	46	33	18	12	–

- (Notes)
1. Yamaji Hiromi concurrently serves as Director and Representative Executive Officer of the reporting company, but does not receive compensation as Director or Representative Executive Officer thereof.
  2. Iwanaga Moriyuki concurrently serves as Director and Executive Officer of the reporting company, but does not receive compensation as Director or Executive Officer thereof.
  3. The amount of stock compensation in the table above is the amount among the stock compensation for FY2019 to FY2022 that is recorded as an expense in the fiscal year of reporting.
  4. The bonus, the performance-linked portion of the stock compensation, and the monetary compensation related to the degree of achievement of the Medium-Term Management Plan fall under “performance-linked compensation, etc.” provided for by the Regulation for Enforcement of the Companies Act, and stock compensation falls under “non-monetary compensation, etc.” provided for by the same Act.

(iii) Those Who Have Authority to Determine the Policy on Determining Compensation Amount, etc. for Directors and Other Officers and its Calculation Methods

The Company is a Company with Three Committees (Nomination, Audit and Compensation). It has established a statutory Compensation Committee for the purpose of ensuring transparency and objectivity concerning compensation paid to directors and other officers. The Compensation Committee is made up of a majority of independent directors and chaired by an independent director. Based on laws and regulations, the Compensation Committee has the authority to establish the policy concerning decisions on the details of compensation for each director and other officer and the authority to decide the details of compensation for each director and other officer based on said policy. The Compensation Committee determines the policy concerning decisions on compensation for directors and other officers of the Company and its calculation methods.

The Compensation Committee has determined the compensation for directors and other officers for the fiscal year as follows:

Date	Resolution details
March 14, 2022	Basic salary and stock compensation for each executive officer
May 13, 2022	Additional contribution to share delivery trust of stock compensation
June 16, 2022	Basic salary for each director who does not concurrently serve as an executive officer
April 12, 2023	Bonus and medium- to long-term incentive for each executive officer

(5) Shareholding

The Group classifies shares held solely for the purposes of gaining income from movements in share values or dividends from those shares as “investment shares held for pure investment,” whereas it classifies other investment shares as “investment shares held for purposes other than pure investment.” With regard to investment shares held for purposes other than pure investment, the Company may hold shares issued by other companies if the holding is expected to enhance the corporate value of the Group for the medium to long term through, for instance, strengthening business relationships. In addition, regarding shares issued by listed companies, the board of directors shall evaluate every year whether the continued holding of shares issued by each listed company is justifiable from the perspective of enhancing corporate value, and consider reducing the holding if its maintenance is deemed as having limited necessity.

The following shows information regarding the Company, the amount of investment securities of which, as recorded on each balance sheet, is the largest among the Company and its consolidated subsidiaries.

(a) Number of Issues and Total Investment Securities Amount on Balance Sheet for Investment Shares Held for Purposes Other than Pure Investment

	Number of issues	Total amount on balance sheet (JPY million)
Unlisted stocks	8	1,323
Stocks other than unlisted stocks	—	—

(Issues for which the number of held shares increased during the fiscal year)

	Number of issues	Total acquisition cost for share increase (JPY million)	Reasons for increase in number of shares
Unlisted stocks	2	195	To encourage constructive dialogue between listed companies and investors and promote security token-related business
Stocks other than unlisted stocks	—	—	—

(Issues for which the number of held shares decreased during the fiscal year)

	Number of issues	Total sales amount for share decrease (JPY million)
Unlisted stocks	—	—
Stocks other than unlisted stocks	—	—

(b) Issue Names, Number of Shares, and Amount on Balance Sheet, etc. for Specified Investment Shares Held for Purposes Other than Pure Investment

There are no matters to report.

(c) Number of Shares and Total Amount on the Balance Sheet for the Previous Fiscal Year and the Fiscal Year, as Well as Each Total Amount of Dividend Income, Profit or Loss Relating to Asset Sales, and Valuation Profit or Loss Regarding Investment Shares Held for Pure Investment

There are no matters to report.

## V Financial Information

### 1. Basis of Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as the “IFRS”), pursuant to the provision of Article 93 of “Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the “Regulations on Consolidated Financial Statements”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations on Terminology, Forms and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the “Regulations on Financial Statements”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations on Financial Statements.

- (3) Amounts in consolidated financial statements and non-consolidated financial statements are rounded down to the nearest million yen.

### 2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements for the fiscal year (April 1, 2022 to March 31, 2023) and non-consolidated financial statements for the fiscal year (April 1, 2022 to March 31, 2023) have been audited by Deloitte Touche Tohmatsu LLC.

### 3. Special Efforts to Ensure Appropriateness of Consolidated Financial Statements, etc. and Development of System for Appropriate Preparation of Consolidated Financial Statements, etc. in Accordance with IFRS

The Company is making special efforts to ensure the appropriateness of consolidated financial statements, etc. and developing a system for the appropriate preparation of consolidated financial statements, etc. in accordance with IFRS. The details are as follows:

- (1) In order to gain a proper understanding of the contents of accounting standards, and to develop a system to appropriately respond to changes in accounting standards, the Company has joined the Financial Accounting Standards Foundation, and engaged in such activities as participating in seminars and other events organized by that Foundation and audit firms.
- (2) In applying IFRS, the Company keeps abreast of the latest standards by obtaining press releases and publications about the standards issued by the International Accounting Standards Board. In order to appropriately prepare proper consolidated financial statements in accordance with IFRS, the Company has established group-wide accounting policies in compliance with IFRS and conducts account processing in accordance with these policies.

# 1 Consolidated Financial Statements

## (1) Consolidated Statement of Financial Position

	Notes	As of March 31, 2022	As of March 31, 2023
		JPY million	JPY million
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8,25	93,354	98,812
Trade and other receivables	9,25	15,305	16,023
Clearing business financial assets	25	64,368,444	72,108,539
Specified assets for deposits from clearing participants	10,25	6,679,236	9,655,223
Specified assets for legal guarantee funds	10,25	637	616
Income tax receivable		2,022	5,359
Other financial assets	11,25	118,000	112,400
Other current assets		2,910	3,582
<b>Total current assets</b>		<b>71,279,910</b>	<b>82,000,557</b>
<b>Non-current assets</b>			
Property and equipment	12,29	13,029	11,041
Goodwill	13	67,374	72,043
Intangible assets	13	37,734	36,109
Retirement benefit assets	14	9,035	10,025
Investments accounted for using the equity method	15	17,650	18,593
Specified assets for default compensation reserve funds	10,25	27,948	27,948
Other financial assets	11,25	2,418	3,068
Other non-current assets		6,030	6,253
Deferred tax assets	16	2,303	1,751
<b>Total non-current assets</b>		<b>183,524</b>	<b>186,834</b>
<b>Total assets</b>		<b>71,463,434</b>	<b>82,187,392</b>

	Notes	As of March 31, 2022	As of March 31, 2023
		JPY million	JPY million
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	17,25,26	4,813	8,883
Bonds and loans payable	18,25,26	32,500	33,000
Clearing business financial liabilities	25,26	64,368,444	72,108,539
Deposits from clearing participants	10,25,26	6,679,236	9,655,223
Legal guarantee funds	10,25,26	637	616
Trading participant security money	10,25,26	8,731	8,757
Income taxes payable		3,800	9,963
Other current liabilities	29	10,003	8,274
Total current liabilities		71,108,167	81,833,258
Non-current liabilities			
Bonds and loans payable	18,25,26	19,967	19,973
Retirement benefit liabilities	14	8,985	8,485
Other non-current liabilities	29	2,361	3,795
Deferred tax liabilities	16	101	69
Total non-current liabilities		31,415	32,324
Total liabilities		71,139,582	81,865,583
Equity			
Share capital	19	11,500	11,500
Capital surplus	19	38,844	38,841
Treasury shares	19	(1,912)	(13,575)
Other components of equity	19	445	445
Retained earnings	10,19	266,776	275,523
Total equity attributable to owners of the parent company	26	315,653	312,734
Non-controlling interests		8,198	9,075
Total equity		323,852	321,809
Total liabilities and equity		71,463,434	82,187,392

## (2) Consolidated Statement of Income

		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Notes	JPY million	JPY million
<b>Revenue</b>			
Operating revenue	20	135,432	133,991
Other revenue		205	504
Total revenue		135,637	134,496
<b>Expenses</b>			
Operating expenses	13,14,21,29	63,220	67,502
Other expenses		11	59
Total expenses		63,232	67,562
Share of income of investments accounted for using the equity method	15	1,067	1,319
Operating income		73,473	68,253
Financial income	22	58	49
Financial expenses	22	103	96
Income before income taxes		73,429	68,207
Income tax expenses	16	22,598	20,987
Net income		50,830	47,219
<b>Net income attributable to</b>			
Owners of the parent company		49,955	46,342
Non-controlling interests		874	876
Net income		50,830	47,219
<b>Earnings per share</b>			
Basic (JPY)	23	94.35	88.03
Diluted (JPY)	23	-	-



(3) Consolidated Statement of Comprehensive Income

		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Notes	JPY million	JPY million
Net income		50,830	47,219
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	25	(5)	(0)
Remeasurements of defined benefit plan	14	633	462
Share of other comprehensive income of investments accounted for using the equity method	15	0	–
Other comprehensive income, net of tax	27	<u>627</u>	<u>462</u>
Comprehensive income		<u><u>51,457</u></u>	<u><u>47,681</u></u>
Comprehensive income attributable to:			
Owners of the parent company		50,583	46,805
Non-controlling interests		<u>874</u>	<u>876</u>
Comprehensive income		<u><u>51,457</u></u>	<u><u>47,681</u></u>

## (4) Consolidated Statement of Changes in Equity

## Equity attributable to owners of the parent company

	Notes	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
JPY million	JPY million	JPY million	JPY million	JPY million		
Balance as of April 1, 2021		11,500	39,716	(1,825)	992	–
Net income		–	–	–	–	–
Other comprehensive income, net of tax		–	–	–	(5)	633
Total comprehensive income		–	–	–	(5)	633
Acquisitions of treasury shares	19	–	–	(20,333)	–	–
Retirement of treasury shares	19	–	(19,999)	19,999	–	–
Dividends paid	28	–	–	–	–	–
Changes in interests in subsidiaries without losing control		–	32	–	–	–
Transfer from retained earnings to capital surplus		–	19,100	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	(541)	(633)
Other		–	(5)	245	–	–
Total transactions with the owners		–	(872)	(87)	(541)	(633)
Balance as of March 31, 2022		11,500	38,844	(1,912)	445	–

## Equity attributable to owners of the parent company

	Notes	Equity attributable to owners of the parent company				
		Other components of equity	Retained earnings	Total	Non-controlling interests	Total equity
		JPY million	JPY million	JPY million	JPY million	JPY million
Balance as of April 1, 2021		992	271,006	321,391	7,378	328,769
Net income		–	49,955	49,955	874	50,830
Other comprehensive income, net of tax		627	–	627	–	627
Total comprehensive income		627	49,955	50,583	874	51,457
Acquisitions of treasury shares	19	–	–	(20,333)	–	(20,333)
Retirement of treasury shares	19	–	–	–	–	–
Dividends paid	28	–	(36,269)	(36,269)	–	(36,269)
Changes in interests in subsidiaries without losing control		–	8	41	(53)	(12)
Transfer from retained earnings		–	(19,100)	–	–	–

to capital surplus					
Transfer from other					
components of equity to	(1,175)	1,175	–	–	–
retained earnings					
Other	<u>–</u>	<u>–</u>	<u>239</u>	<u>–</u>	<u>239</u>
Total transactions with the	<u>(1,175)</u>	<u>(54,186)</u>	<u>(56,321)</u>	<u>(53)</u>	<u>(56,375)</u>
owners					
Balance as of March 31, 2022	<u>445</u>	<u>266,776</u>	<u>315,653</u>	<u>8,198</u>	<u>323,852</u>

		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
Notes		JPY million	JPY million	JPY million	JPY million	JPY million
	Balance as of March 31, 2022	11,500	38,844	(1,912)	445	–
	Net income	–	–	–	–	–
	Other comprehensive income, net of tax	–	–	–	(0)	462
	Total comprehensive income	–	–	–	(0)	462
19	Acquisitions of treasury shares	–	–	(12,003)	–	–
28	Dividends paid	–	–	–	–	–
	Transfer from other components of equity to retained earnings	–	–	–	–	(462)
	Other	–	(3)	340	–	–
	Total transactions with the owners	–	(3)	(11,663)	–	(462)
	Balance as of March 31, 2023	11,500	38,841	(13,575)	445	–

		Equity attributable to owners of the parent company			Non-controlling interests	Total equity
		Other components of equity	Retained earnings	Total		
		Total				
Notes		JPY million	JPY million	JPY million	JPY million	JPY million
	Balance as of April 1, 2022	445	266,776	315,653	8,198	323,852
	Net income	–	46,342	46,342	876	47,219
	Other comprehensive income, net of tax	462	–	462	–	462
	Total comprehensive income	462	46,342	46,805	876	47,681
19	Acquisitions of treasury shares	–	–	(12,003)	–	(12,003)
28	Dividends paid	–	(38,057)	(38,057)	–	(38,057)
	Transfer from other components of equity to retained earnings	(462)	462	–	–	–
	Other	–	–	337	–	337
	Total transactions with the owners	(462)	(37,594)	(49,724)	–	(49,724)
	Balance as of March 31, 2023 shares	445	275,523	312,734	9,075	321,809



## (5) Consolidated Statement of Cash Flows

		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Notes	JPY million	JPY million
Cash flows from operating activities			
Income before income taxes		73,429	68,207
Depreciation and amortization		17,525	18,971
Financial income		(58)	(49)
Financial expenses		96	90
Share of income of investments accounted for using the equity method		(1,067)	(1,319)
(Increase) decrease in trade and other receivables		(369)	(653)
Increase (decrease) in trade and other payables		295	171
(Increase) decrease in retirement benefit assets		(830)	(989)
Increase (decrease) in retirement benefit liabilities		(33)	(499)
Other		(1,129)	467
Subtotal		<u>87,857</u>	<u>84,395</u>
Interest and dividends received		343	428
Interest paid		(96)	(90)
Income taxes paid		<u>(29,912)</u>	<u>(17,855)</u>
Cash flows generated from operating activities		<u>58,191</u>	<u>66,878</u>
Cash flows from investing activities			
Payments into time deposits		(116,000)	(113,400)
Proceeds from withdrawal of time deposits		116,300	117,000
Purchase of property and equipment		(2,344)	(565)
Purchase of intangible assets		(12,586)	(10,736)
Proceeds from sales of investment securities		1,244	–
Proceeds from redemption of investment securities		500	2,000
Payments for acquisition of subsidiaries	7	–	(1,904)
Other		(413)	(916)
Cash flows used in investing activities		<u>(13,299)</u>	<u>(8,522)</u>
Cash flows from financing activities			
Repayments of lease liabilities		(3,125)	(3,334)
Dividends paid		(36,269)	(38,057)
Acquisition of treasury shares		(20,339)	(12,006)
Other		(12)	500
Cash flows used in financing activities		<u>(59,747)</u>	<u>(52,898)</u>
Net increase (decrease) in cash and cash equivalents		<u>(14,855)</u>	<u>5,457</u>
Cash and cash equivalents at the beginning of the year		<u>108,209</u>	<u>93,354</u>
Effect of changes in exchange rate on cash and cash equivalents		<u>0</u>	<u>0</u>
Cash and cash equivalents at the end of the year	8	<u><u>93,354</u></u>	<u><u>98,812</u></u>

## Notes to Consolidated Financial Statements

### 1. Reporting Entity

Japan Exchange Group, Inc. (hereinafter the “Company”) is a stock company based in Japan, and the address of the registered head office is 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo. The Company’s consolidated financial statements, the reporting date of which is March 31, 2023, are composed of financial statements of the Company and its subsidiaries (hereinafter the “Group”) and the Group’s interests in associates. The Group operates its businesses under regulations of the Financial Instruments and Exchange Act, the Commodity Derivatives Act and related laws and regulations, and its major line of business is establishing and operating financial instruments exchange markets and assuming financial instruments obligations.

### 2. Basis of Preparation

#### (1) Compliance with IFRS

As the Company satisfies all the requirements prescribed in Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter the “Ordinance on CFS”) the Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) pursuant to the provision of Article 93 of the Ordinance on CFS.

#### (2) Approval of Consolidated Financial Statements

The Group’s consolidated financial statements were approved by Yamaji Hiromi, Director & Representative Executive Officer, Group CEO, and Tabata Atsushi, Senior Executive Officer, CFO, on June 9, 2023.

#### (3) Basis of Measurement

As stated in Note “3. Significant Accounting Policies,” the Group’s consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments, etc. measured at fair value.

#### (4) Functional Currency and Presentation Currency

The Group’s consolidated financial statements are presented in Japanese yen (JPY), which is the functional currency of the Company, and amounts less than JPY 1 million are rounded down.

### 3. Significant Accounting Policies

#### (1) Basis of Consolidation

##### 1) Subsidiaries

A subsidiary is an entity that is controlled by the Group. In determining whether an entity is a subsidiary, various elements related to assessment of control such as holding of voting rights, composition of members of a governing body including the board of directors and influence over decision making on financial and operating policies are taken into account comprehensively.

All subsidiaries are consolidated from the date on which the Group obtains control until the date on which the Group loses the control.

The balances of receivables from, payables to, and transactions with subsidiaries, and unrealized gains that arise from intragroup transactions are eliminated in the preparation of the consolidated financial statements.

##### 2) Associates

An associate is an entity which is not controlled by the Group, but for which the Group has significant influence over the financial and operating policies. If the Group holds 20% or more and 50% or less of an entity's voting power, it is presumed that the Group has significant influence over the entity.

Investments in associates, which are accounted for using the equity method, are measured at cost at the time of acquisition, and the amount of the investments is subsequently changed according to changes in the Group's share of net assets of the associates. In this case, the amount equivalent to the Group's share of net profit or loss of associates is recorded in the consolidated statement of income. The amount equivalent to the Group's share of other comprehensive income of associates is recorded as other comprehensive income in the consolidated statement of comprehensive income.

Profits on significant internal transactions are eliminated in proportion to the share in the associate.

#### (2) Business Combinations

Business combinations are accounted for using the acquisition method.

Consideration transferred in a business combination is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities assumed and the equity instruments issued by the Company in exchange for control over an acquiree. On the acquisition date, identifiable assets and liabilities are recognized at fair value as of the acquisition date, except for assets and liabilities to be measured at an amount other than fair value under IFRS 3 "Business Combinations," such as deferred tax assets, deferred tax liabilities and assets and liabilities on employee benefits, which are recognized at the value specified in IFRS 3 "Business Combinations."

For each business combination, the Group chooses whether non-controlling interests are measured at fair value or the proportionate share of identifiable net assets of the acquiree on the acquisition date.

When the total of the consideration transferred and the amount of non-controlling interests in an acquiree exceeds the fair value of identifiable assets and liabilities on the acquisition date, the excess is recognized as goodwill in the consolidated statement of financial position. In contrast, when the total is lower than the fair value of identifiable assets and liabilities, the difference is immediately recognized as profit in the consolidated statement of income. Acquisition-related costs incurred are accounted for as expenses. In the case of a business combination in which control is achieved in stages, the equity interests in the acquiree previously held by the Group are revalued at fair value as of the acquisition date and any resulting gain or loss is recognized in profit or loss.

#### (3) Foreign Currency Translation

##### Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of each fiscal year are translated into the functional currency at the rates of exchange prevailing at the end of the fiscal year. Differences arising from the translation are recognized in profit or loss. However, exchange differences arising from the translation of financial assets measured at fair value through other comprehensive income are recognized as other comprehensive income.

#### (4) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments that are readily convertible to cash and subject to insignificant risk of changes in value and due within three months from the date of acquisition.



(5) Financial Instruments

1) Financial Assets

(i) Initial Recognition and Measurement

The Group recognizes a financial asset when the Group becomes a party to the contractual provisions of the financial instrument.

The Group classifies financial assets as those measured at amortized cost if both of the following conditions are met on the basis of facts and circumstances that existed at initial recognition of the assets. Otherwise, financial assets are classified as those measured at fair value through profit or loss.

- The asset is held within a business model whose objective is to hold the asset in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, the Group may make an irrevocable designation of recognizing subsequent changes in fair value of investments in equity instruments as other comprehensive income.

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to the financial assets, except for when they are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent Measurement

After initial recognition, financial assets are measured based on the following classifications:

(a) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are measured using the effective interest method.

(b) Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are measured at fair value, and changes in the fair value are recognized in profit or loss.

(c) Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income are measured at fair value, and changes in the fair value are recognized as other comprehensive income. When such a financial asset is derecognized or the decline in its fair value compared to its acquisition cost is significant, the amount recognized in other comprehensive income is transferred directly to retained earnings, not being recognized in profit or loss.

However, dividend income from the financial assets is recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets expire, or when contractual rights to receive cash flows generated from the financial assets are transferred in a transaction where substantially all the risks and rewards of the ownership of those financial assets are transferred.

2) Impairment of Financial Assets Measured at Amortized Cost

For financial assets measured at amortized cost, allowance for doubtful accounts is recognized for expected credit losses. Expected credit losses are calculated based on historical loss experience, future recoverable amount and others.

For trade receivables, allowance for doubtful accounts is always recognized at an amount equal to lifetime expected credit losses. For financial assets other than trade receivables, in principle, allowance for doubtful accounts is measured at an amount equal to 12-month expected credit losses. However, if credit risk has increased significantly since initial recognition, allowance for doubtful accounts is measured at an amount equal to lifetime expected credit losses.

The assessment of whether credit risk has increased significantly is based on changes in the risk of default occurring, and past-due information; financial difficulty of the borrower and others are taken into account in the assessment.

If it is considered extremely difficult to recover all or part of a financial asset, the asset is deemed to be in default and treated as a credit-impaired financial asset. In addition, when it is reasonably determined that all or part of a financial asset cannot be recovered, the carrying amount of the financial asset is directly written off.

For trade receivables that are not credit impaired, because these receivables consist of many homogeneous business partners, expected credit losses are measured collectively with the receivables grouped together.

Provision of allowance for doubtful accounts for financial assets is recognized in profit or loss. If any event that reduces the

allowance for doubtful accounts arises, reversal of allowance for doubtful accounts is recognized in profit or loss.

### 3) Financial Liabilities

#### (i) Initial Recognition and Measurement

The Group recognizes a financial liability when the Group becomes a party to the contractual provisions of the financial instrument.

As a general rule, financial liabilities are classified as financial liabilities measured at amortized cost. However, derivative liabilities and financial liabilities held for trading are classified as financial liabilities measured at fair value through profit or loss. The classification is determined at initial recognition of financial liabilities.

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at fair value less transaction costs that are directly attributable to the financial liabilities.

#### (ii) Subsequent Measurement

After initial recognition, financial liabilities are measured based on the following classifications:

##### (a) Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are measured using the effective interest method.

##### (b) Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and changes in the fair value are recognized in profit or loss.

#### (iii) Derecognition

Financial liabilities are derecognized when the contractual obligation is discharged, canceled or expired.

### 4) Clearing Business Financial Assets and Clearing Business Financial Liabilities

Japan Securities Clearing Corporation, a subsidiary of the Company, as a financial instruments clearing organization and commodity clearing organization, presents receivables and payables related to transactions to be cleared as clearing business financial assets and clearing business financial liabilities (hereinafter “clearing business financial assets and liabilities”) and provides a settlement guarantee by assuming obligations for the transactions conducted by market participants and acting as a party to the transactions.

For cash equity transactions at financial instruments exchanges, and sales and purchase transactions of Japanese government bonds at over-the-counter markets, clearing business financial assets and liabilities are initially recognized and simultaneously derecognized on the settlement date basis.

Futures transactions are initially recognized as clearing business financial assets and liabilities on the transaction date. Subsequently, those transactions are measured at fair value and their valuation differences are recognized in profit or loss. Since this company receives and pays such profit or loss as net settlements from and to clearing participants on a daily basis, the clearing business financial assets and liabilities are derecognized upon receipt or payment.

Option transactions are initially recognized on the transaction date, while interest rate swap transactions and credit default swap transactions at over-the-counter markets (hereinafter “OTC derivative transactions”) are initially recognized on the date when the obligation is assumed. Subsequently, these transactions are measured at fair value and their valuation differences are recognized in profit or loss.

Over-the-counter transactions of Japanese government bonds that are transactions with repurchase or resale agreements and cash-secured bond lending or borrowing transactions (hereinafter “repo transactions”) are initially recognized on the commencement date of transactions and subsequently measured at fair value.

Clearing business financial assets and liabilities recognized are offset and presented as a net amount in the consolidated statement of financial position when the company currently holds a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Because clearing business financial assets and liabilities are recognized at the same amount, profit or loss arising from changes in their fair value is also the same amount. Hence, the profit or loss is eliminated and is not presented in the consolidated statement of income.

### (6) Property and Equipment

Property and equipment are measured by using the cost model. After initial recognition, they are stated at cost less

accumulated depreciation and accumulated impairment losses.

The acquisition cost includes any costs directly attributable to the acquisition of the asset.

Depreciation of property and equipment is recorded using the straight-line method over their estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings: 2 to 50 years
- Information system equipment: 5 years

The estimated useful lives, residual values and depreciation method are reviewed at least at each fiscal year end and when any changes are made, such changes are applied prospectively as changes in accounting estimates.

Property and equipment are derecognized when they are disposed of, or when future economic benefits are no longer expected from their continued use or disposal. A gain or loss arising from derecognition of an item of property and equipment is recognized in profit or loss when the respective asset item is derecognized.

## (7) Goodwill and Intangible Assets

### 1) Goodwill

Measurement of goodwill at initial recognition is described in Note “3. Significant Accounting Policies (2) Business Combinations.” After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized. It is tested for impairment at the end of each fiscal year or whenever there is any indication of impairment, and impairment losses are recognized, if any. No reversal of impairment losses is made.

### 2) Intangible Assets

Intangible assets are measured by using the cost model. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

Expenditures in the development phase are recognized as intangible assets when all of the following have been demonstrated: 1) the Group has the ability to measure those expenditures reliably, 2) the technical feasibility of completing the intangible asset, 3) the intent and ability to use or sell the intangible asset, 4) the availability of adequate resources to use or sell the intangible asset, and 5) a high probability that the intangible asset will generate future economic benefits.

Amortization of intangible assets is recorded using the straight-line method over their estimated useful lives. The estimated useful life of software, a major asset item, is five years.

The estimated useful lives, residual values and amortization method are reviewed at each fiscal year end and when any changes are made, such changes are applied prospectively as changes in accounting estimates. Changes in development plans for software under development may have a significant impact on the consolidated financial statements.

## (8) Right-of-Use Assets

For lease transactions as a lessee, right-of-use assets are measured at acquisition cost and lease liabilities are measured at the present value of the total lease payments payable at the lease commencement date.

Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives or lease terms. Lease payments are recognized by allocating them to finance costs and repayments of lease liabilities.

For short-term leases (with a lease term of 12 months or less) and leases of low-valued assets, the total lease payments are recognized by the straight-line method over a lease term.

## (9) Impairment of Non-financial Assets

The Group assesses at the end of each fiscal year whether there is any indication that an asset may be impaired. If any such indication exists or in cases where an impairment test is required to be performed each fiscal year, the recoverable amount of the asset is estimated. In cases where the recoverable amount cannot be estimated for an individual asset, it is estimated for the cash-generating unit to which the asset belongs. The recoverable amount is determined at the higher of an asset’s or cash-generating unit’s fair value less costs to sell it or its value in use. If the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognized, and the carrying amount is reduced to its recoverable amount. In determining value in use, estimated future cash flows are discounted to the present value, using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell of an asset or cash-generating unit, the Group uses an appropriate valuation model supported by available fair value indicators.

The Group assesses at the end of each fiscal year whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may have decreased or may no longer exist. If any such indication exists, the recoverable

amount of the asset or cash-generating unit is re-estimated. In cases where the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the lower of the recoverable amount determined or the carrying amount (net of depreciation) that would have been determined if no impairment loss had been recognized in prior years.

Information on goodwill is described in Note “13. Goodwill and Intangible Assets (4) Impairment Test for Goodwill.”

#### (10) Employee Retirement Benefits

The Company and some of its subsidiaries have introduced contract-type defined benefit corporate pension plans and lump-sum retirement benefit plans as defined benefit plans, and defined contribution plans.

##### 1) Defined Benefit Plans

For each plan, the Group calculates the present value of defined benefit obligations, and related current service cost and past service cost using the projected unit credit method. A discount rate is determined by reference to the market yields as of the end of the fiscal year, depending on the expected date of benefit payment in each plan, on high-quality corporate bonds.

Net defined benefit liability (asset) is calculated by deducting the fair value of the plan assets (including adjustments for the asset ceiling for defined benefit plan and minimum funding requirements, if necessary) from the present value of the defined benefit obligation. The net amount of interest on the net defined benefit liability (asset) is recognized as operating expenses.

Remeasurements of defined benefit plans are recognized in full as other comprehensive income in the period when they are incurred and transferred to retained earnings immediately. Past service costs are recognized in profit or loss in the period when they are incurred.

Except when the Group has a legally enforceable right to use surplus in defined benefit plans to settle obligations under the other plans, assets and liabilities are not set off between the plans.

##### 2) Defined Contribution Plans

Cost for retirement benefits is recognized as expenses at the time of contribution.

#### (11) Revenue

##### 1) Revenue From Contracts With Customers

The Group recognizes revenue from contracts with customers based on the five-step approach detailed below.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group is primarily engaged in the financial instruments exchange business and its revenue consists mainly of revenue related to the rendering of services, such as trading services revenue and clearing services revenue. The Group considers that its performance obligations are satisfied at the points in time when the services are provided to customers, and accordingly, revenues are recognized at said points.

##### 2) Dividend

Dividends are recognized when the rights of shareholders receiving payments are confirmed.

#### (12) Income Taxes

Income taxes consist of current taxes and deferred taxes and are recognized in profit or loss, except for items arising from business combinations and items that are recognized in other comprehensive income or directly in equity.

Current taxes are the amount expected to be paid or recovered on taxable profit for the current fiscal year, which is calculated using the tax rates that have been enacted or substantively enacted by the end of the fiscal year, with any tax adjustments for prior years.

Deferred taxes are recognized for temporary differences between the carrying amount of assets or liabilities for accounting purposes and the amount of assets or liabilities for tax purposes in accordance with the asset and liability approach. Deferred taxes are not recognized for the following temporary differences arising from:

- the initial recognition of goodwill
- deductible temporary differences arising from investments in subsidiaries and associates to the extent that it is probable that the temporary differences will not reverse in the foreseeable future
- taxable temporary differences arising from investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary differences are controlled and that it is probable that the temporary differences will not reverse in

the foreseeable future

Deferred taxes are measured using the tax rates for the fiscal year when the temporary difference is expected to reverse in accordance with the laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off current tax assets against current tax liabilities and income taxes are levied by the same taxation authority on the same taxable entity.

Deferred tax assets are recorded for tax loss carryforwards for tax purposes, refunds by carrying back tax losses and deductible temporary differences to the extent that it is probable that sufficient taxable profits will be available against which they can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The Company and some of its subsidiaries started to apply the group tax sharing system at the beginning of the current fiscal year.

(13) Treasury Shares

Treasury shares are measured at cost and deducted from equity. No gain or loss is recognized on the purchase, sale or cancellation of treasury shares. Any difference between the carrying amount and the consideration paid is recognized in equity.

(14) Contingent Liabilities

The Group discloses contingent liabilities in the notes to the consolidated financial statements if it has possible obligations at the end of the fiscal year but cannot confirm whether they are obligations as of that date, or if the obligations do not meet the recognition criteria of a provision (a present obligation (legal or constructive obligation) is held as a result of past events, it is probable that the settlement of the obligation is required, and the amount of that obligation can be reliably estimated).

#### 4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Given their nature, actual results may differ from these estimates.

Estimates and their underlying assumptions are continuously reviewed. The effects of a change in any accounting estimate are recognized in the fiscal period of the change and future periods.

Judgments and estimates made by management is required that may have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Estimated useful lives of property and equipment and intangible assets (Note 3. Significant Accounting Policies (6) and (7))
- Impairment of non-financial assets (Notes 12. Property and Equipment and 13. Goodwill and Intangible Assets)
- Lease terms of right-of-use assets (Note 29. Leases)
- Recoverability of deferred tax assets (Note 16. Income Taxes)
- Measurement of defined benefit obligations (Note 14. Employee Benefits)
- Fair value measurement of financial instruments (Note 25. Financial Instruments)

(Changes in Accounting Estimates)

Tokyo Stock Exchange, Inc. has reviewed the useful lives of its current systems, changing the initial estimates ahead of the launch of new IT systems from the fiscal year.

As a result of this change, operating income and income before income tax decreased by JPY 203 million for the fiscal year ended March 31, 2023 in comparison with those calculated by the previous method.

#### 5. New Accounting Standards Not Yet Applied by the Group

There are no such accounting standards that have a significant impact on the Group's consolidated financial statements.

#### 6. Operating Segments

##### (1) General Information

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

##### (2) Information about Products and Services

This information is omitted since similar information is disclosed in Note "20. Operating Revenue."

##### (3) Information about Geographical Areas

###### 1) Operating Revenue

This information is omitted since operating revenue from external customers in Japan makes up most of operating revenue recorded in the consolidated statement of income.

###### 2) Non-current Assets

This information is omitted since the amount of non-current assets located in Japan makes up most of the amount of non-current assets recorded in the consolidated statement of financial position.

##### (4) Information by Major Customer

This information is omitted since there is no single customer that makes up 10% or more of the operating revenue recorded in the consolidated statement of income.

## 7. Business Combinations

Fiscal year ended March 31, 2022

No companies were acquired through business combinations.

Fiscal year ended March 31, 2023

(1) Transaction Under Common Control, etc. (Company Split)

Outline of Transaction

(Company split from Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. to JPX Market Innovation & Research, Inc.)

1) Names of Companies Subject to Split and Details of Their Business

Name of company	Tokyo Stock Exchange, Inc.
Details of business	Business related to information services business, information systems business and IT services business (excluding the information service business pertaining to market information provision)

Name of company	Osaka Exchange, Inc.
Details of business	Business pertaining to information services, information systems, and IT services (excluding information services related to the provision of market information)

2) Date of Business Combination

April 1, 2022

3) Legal Structure of Business Combination

Company split with Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. as the splitting companies and JPX Market Innovation & Research, Inc. as the succeeding company

4) Name of Company After Business Combination

JPX Market Innovation & Research, Inc.

5) Other Matters Regarding Overview of Transaction

The purpose is to integrate JPX Group's data and digital-related businesses into JPX Market Innovation & Research, Inc.

(2) Transaction, etc. Under Common Control (Absorption-type Merger)

Overview of the Transaction

(Absorption-type merger between JPX Market Innovation & Research, Inc. and Tosho System Service Co., Ltd. with JPX Market Innovation & Research, Inc. as the surviving company)

1) Names of Companies Involved and Details of Their Business

Name of the receiving company	JPX Market Innovation & Research, Inc.
Details of business	Data and index services and system-related services related to financial instruments markets, etc.

Name of the transferred company	Tosho System Service Co., Ltd.
Details of business	Contract development of computer systems, etc.

2) Date of Business Combination

April 1, 2022

3) Legal Structure of Business Combination

An absorption-type merger where JPX Market Innovation & Research, Inc. is the surviving company and Tosho System

Service Co., Ltd. is the absorbed company

4) Name of Company After Business Combination

JPX Market Innovation & Research, Inc.

5) Other Matters Regarding Overview of Transaction

The purpose is to integrate JPX Group's data and digital-related businesses into JPX Market Innovation & Research, Inc.

(3) Business Combination by Acquisition

1. Overview of Business Combination

1) Names of Companies Involved and Details of Their Business

Name of the acquirer	JPX Market Innovation & Research, Inc.
Details of business	Data and index services and system-related services related to financial instruments markets, etc.

Name of the acquiree	SCRIPTS Asia, K.K.
Details of business	Preparation of transcripts, translation into English, provision of data, and other information communication support services for financial results briefings and other dialogue events held by listed companies in Asia

2) Reason for Business Combination

The transaction aims to help revitalize and expand the base of the Japanese stock market through the promotion of further disclosures in English by providing support to listed companies to expand their disclosures in English.

3) Acquisition Date

February 28, 2023

4) Legal Structure of Business Combination

Share acquisition

5) Percentage of Voting Rights Acquired

100%

2. Consideration for Acquisition

Cash JPY 1,930 million

Consideration for acquisition JPY 3,975 million\*

In addition to the above, acquisition-related costs related to this business combination of JPY 261 million are expensed as "operating expenses."

\*A conditional acquisition consideration (earn-out consideration) of a maximum amount of USD 15 million is included in contingent on the satisfaction of certain criteria.

3. Fair Value of Assets Acquired and Liabilities Assumed on the Date of Business Combination

	(JPY million)
Cash and cash equivalents	25
Current assets (excluding cash and cash equivalents)	133
Non-current assets	-
Total assets	158
Current liabilities	94
Non-current liabilities	757
Total liabilities	852
Fair value of assets acquired and liabilities assumed (net)	(693)



4. Amount of Goodwill Recognized, etc.

1) Amount of Goodwill Recognized

JPY 4,669 million

2) Reason for Recognition of Goodwill

Acquired assets and liabilities assumed are measured at fair value in connection with the business combination and compared with the acquisition consideration.

Goodwill mainly includes fair value resulting from the increase in corporate value based on extensive English disclosures.

5. Breakdown of Cash Flows from Acquisitions

	(JPY million)
Cash and cash equivalents transferred in acquisition	1,930
Cash and cash equivalents held by the acquiree at the time of the acquisition	25
<hr/>	
Payments for acquisition of subsidiaries (net)	1,904

6. Impact on Financial Results

The revenue and profit or loss information of the said business combination from the acquisition date to March 31, 2023 and the income and loss information under the assumption that the said business combination was conducted at the beginning of the fiscal year are immaterial to the consolidated financial statements and therefore not disclosed.

8. Cash and Cash Equivalents

The breakdown of “Cash and cash equivalents” is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Cash and cash equivalents		
Cash and deposits	93,354	98,812
Total	93,354	98,812

9. Trade and Other Receivables

The breakdown of “Trade and other receivables” is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Operating accounts receivable	15,198	15,913
Other	114	117
Allowance for doubtful accounts	(7)	(6)
Total	15,305	16,023

(Note) Trade and other receivables are presented in the amount after deduction of allowance for doubtful accounts in the consolidated statement of financial position.

10. Assets and Liabilities Based on Various Rules for Ensuring Safety of Financial Instruments Trading

Deposits from clearing participants is collateral that Japan Securities Clearing Corporation requires clearing participants to deposit (clearing deposit for clearing fund, etc., clearing margin, initial margin and variation margin) in order to provide for possible losses incurred by this company in the event of settlement default of clearing participants.

Legal guarantee funds are collateral that Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., and Tokyo Commodity Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by these companies, etc. in the event of default by trading participants.

Trading participant security money is collateral that Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., and Tokyo Commodity Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by these companies in the event of default by trading participants.

Each type of collateral is deposited in the form of cash or substitute securities (only those permitted by each company’s rules). For collateral that is deposited in the form of cash, an asset and a corresponding liability are recorded in the consolidated statement of financial position.

In contrast, collateral deposited in the form of substitute securities is not recorded in the consolidated statement of financial position. Fair values of substitute securities for the collateral are as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Substitute securities for deposits from clearing participants	3,767,957	3,778,595
Substitute securities for legal guarantee funds	679	716
Substitute securities for trading participant security money	2,551	2,627

Default compensation reserve funds are reserve funds to cover losses incurred by Japan Securities Clearing Corporation in association with clearing operations.

## 11. Other Financial Assets

The breakdown of “Other financial assets” is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Current assets		
Time deposits	116,000	112,400
Debt securities	2,000	–
Total	<u>118,000</u>	<u>112,400</u>
Non-current assets		
Equity securities	2,091	2,748
Other	445	439
Allowance for doubtful accounts	(119)	(119)
Total	<u>2,418</u>	<u>3,068</u>

(Note 1) Other financial assets are presented in the amount after deduction of allowance for doubtful accounts in the consolidated statement of financial position.

(Note 2) Equity securities are classified as financial assets measured at fair value through other comprehensive income, and time deposits and debt securities are classified as financial assets measured at amortized cost.

## 12. Property and Equipment

### (1) Schedule of Property and Equipment

The schedules of changes in carrying amount, acquisition cost as well as accumulated depreciation and accumulated impairment losses of “Property and equipment” are as follows:

#### 1) Carrying Amount

	Buildings	Information system equipment	Land	Right-of-use assets	Other	Total
	JPY million	JPY million	JPY million	JPY million	JPY million	JPY million
As of April 1, 2021	2,029	5,361	1,910	141	1,253	10,697
Individual acquisition	305	1,506	30	5,975	118	7,935
Depreciation	(224)	(2,071)	–	(3,129)	(177)	(5,603)
Sale or disposal	–	–	–	–	–	–
As of March 31, 2022	2,110	4,796	1,940	2,987	1,194	13,029
Individual acquisition	295	830	–	2,135	559	3,821
Depreciation	(214)	(2,004)	–	(3,414)	(176)	(5,809)
Sale or disposal	–	–	–	–	–	–
As of March 31, 2023	2,191	3,622	1,940	1,709	1,577	11,041

#### 2) Acquisition Cost

	Buildings	Information system equipment	Land	Right-of-use assets	Other	Total
	JPY million	JPY million	JPY million	JPY million	JPY million	JPY million
As of April 1, 2021	7,575	13,201	1,910	6,400	4,568	33,657
As of March 31, 2022	7,834	12,593	1,940	6,294	4,826	33,489
As of March 31, 2023	8,068	12,168	1,940	8,111	5,231	35,520

#### 3) Accumulated Depreciation and Accumulated Impairment Losses

	Buildings	Information system equipment	Land	Right-of-use assets	Other	Total
	JPY million	JPY million	JPY million	JPY million	JPY million	JPY million
As of April 1, 2021	5,545	7,839	–	6,259	3,315	22,959
As of March 31, 2022	5,723	7,797	–	3,306	3,632	20,459
As of March 31, 2023	5,876	8,545	–	6,402	3,654	24,478

### (2) Impairment Losses

The grouping of property and equipment is based on the smallest identifiable group of assets that generates cash inflows that are largely independent.

No impairment loss was recognized in the fiscal years ended March 31, 2022 and 2023.

### 13. Goodwill and Intangible Assets

#### (1) Schedule of Goodwill and Intangible Assets

The schedules of changes in carrying amount, acquisition cost as well as accumulated amortization and accumulated impairment losses of “Goodwill” and “Intangible assets” are as follows:

##### 1) Carrying Amount

	Goodwill	Intangible assets		
		Software	Other	Total
		JPY million	JPY million	JPY million
As of April 1, 2021	67,374	27,116	8,860	35,977
Individual acquisition	–	18,437	(4,757)	13,679
Amortization	–	(11,759)	(162)	(11,921)
Sale or disposal	–	–	–	–
As of March 31, 2022	67,374	33,794	3,939	37,734
Individual acquisition	4,669	8,909	2,627	11,537
Amortization	–	(13,002)	(159)	(13,162)
Sale or disposal	–	–	–	–
As of March 31, 2023	72,043	29,701	6,408	36,109

(Note 1) The amount of “Individual acquisition” of “Intangible assets-Other” includes the acquisition cost of “Software in progress” and the amount transferred to “Software.” The amount of “As of March 31, 2023” includes “Software in progress” of JPY 5,663 million.

(Note 2) Amortization of intangible assets is included in “Operating expenses” in the consolidated statement of income.

##### 2) Acquisition Cost

	Goodwill	Intangible assets		
		Software	Other	Total
		JPY million	JPY million	JPY million
As of April 1, 2021	67,374	114,177	9,753	123,930
As of March 31, 2022	67,374	130,156	4,994	135,150
As of March 31, 2023	72,043	137,022	7,594	144,617

##### 3) Accumulated Amortization and Accumulated Impairment Losses

	Goodwill	Intangible assets		
		Software	Other	Total
		JPY million	JPY million	JPY million
As of April 1, 2021	–	87,060	892	87,953
As of March 31, 2022	–	96,361	1,054	97,416
As of March 31, 2023	–	107,321	1,186	108,507

#### (2) Material Goodwill

Goodwill recorded in the consolidated statement of financial position arose mainly in the business combination between Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.

#### (3) Impairment Losses

The grouping of intangible assets is based on the smallest identifiable group of assets that generates cash inflows that are largely independent.

No impairment loss was recognized in the fiscal years ended March 31, 2022 and 2023.

#### (4) Impairment Test for Goodwill

The Group performs an impairment test for goodwill at the end of each fiscal year or whenever there is any indication of impairment. The recoverable amount for impairment testing is calculated based on value in use.

The value in use is calculated by discounting estimated future cash flows based on the management plan, etc. at the discount rate on the basis of the weighted-average cost of capital of the relevant cash-generating unit. Cash flows in the period beyond the final fiscal year of the management plan are assumed to remain at the same level as the final fiscal year, taking into account future uncertainty.

For the purpose of the impairment test, goodwill is allocated to either each cash-generating units or cash-generating unit groups which are expected to benefit from synergy of the business combination.

### 14. Employee Benefits

#### (1) Employee Retirement Benefits

The Company and some of its subsidiaries have introduced contract-type defined benefit corporate pension plans and lump-sum retirement benefit plans as defined benefit plans, and defined contribution plans.

##### 1) Reconciliation of Defined Benefit Obligations

The reconciliation of the defined benefit obligations is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Balance at the beginning of the year	22,934	22,574
Current service cost	1,142	1,031
Interest expense	125	159
Increase (decrease) due to remeasurements		
Actuarial gains and losses - effect of changes in financial assumptions	(451)	(898)
Actuarial gains and losses - experience adjustments	82	78
Past service cost	–	(963)
Benefits paid	(1,258)	(966)
Balance at the end of the year	22,574	21,015

##### 2) Reconciliation of Plan Assets

The reconciliation of the plan assets is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Balance at the beginning of the year	22,120	22,625
Interest income	132	181
Increase (decrease) due to remeasurements		
Return on plan assets (excluding amounts included in interest income)	543	(153)
Contributions by the employer	576	588
Benefits paid	(748)	(686)
Balance at the end of the year	22,625	22,555

##### 3) Reconciliation of Defined Benefit Obligations and Plan Assets

The reconciliation between the defined benefit obligations and plan assets and the retirement benefit liabilities and assets recognized in the consolidated statement of financial position is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Funded defined benefit obligations	13,589	12,529
Plan assets	(22,625)	(22,555)
Subtotal	(9,035)	(10,025)
Unfunded defined benefit obligations	8,985	8,486
Net amount of liabilities and assets recognized in consolidated statement of financial position	(50)	(1,539)
Retirement benefit liabilities	8,985	8,485
Retirement benefit assets	(9,035)	(10,025)
Net amount of liabilities and assets recognized in consolidated statement of financial position	(50)	(1,539)

#### 4) Breakdown of Defined Benefit Cost

The breakdown of defined benefit cost is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Current service cost	1,142	1,031
Interest expense	125	159
Interest income	(132)	(181)
Past service cost	-	(963)
Total	1,135	46

(Note) Defined benefit cost is included in "Operating expenses."

#### 5) Major Breakdown of Plan Assets

The Group's investment policy is to manage plan assets for ensuring sufficient return on investment in the long term within the Group's risk tolerance in order to secure the future benefit payments, including pension benefits and lump-sum payments. Specifically, setting a target rate of return which exceeds the assumed rate of return in pension funds in order to maintain sound management of pension plans in the future, the Group adopts an asset composition in light of the risk tolerance taking into account predictions of the expected rate of return, the employer's financial capacity and other factors.

The Group also pays adequate attention to risk management in line with the asset composition introduced to achieve the target for investment and maximize returns under the assumed risk.

The breakdown of plan assets by major category is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Assets with quoted market prices in active markets		
Equity instruments	6,417	6,457
Domestic stocks	3,156	3,063
Foreign stocks	3,261	3,394
Debt instruments	7,542	7,673
Domestic bonds	2,310	2,508
Foreign bonds	5,232	5,164
Other	2,704	2,427
Subtotal	16,665	16,558
Assets without quoted market prices in active markets		
Corporate pension insurance contracts	5,959	5,996
Subtotal	5,959	5,996
Total plan assets	22,625	22,555

In the fiscal year ending March 31, 2024, the Group will contribute approximately JPY 524 million to the plan assets as contributions.

The weighted-average duration of the defined benefit obligations was 14 years in the fiscal year ended March 31, 2022 and 17 years in the fiscal year ended March 31, 2023.

#### 6) Matters Related to Actuarial Assumptions

The major actuarial assumptions are as follows:

	As of March 31, 2022	As of March 31, 2023
	%	%
Discount rate	0.6~0.8	1.1~1.3%

(Note) The valuation of defined benefit obligations reflects judgments regarding uncertain future events. The sensitivities of defined benefit obligations as of March 31, 2023 that are affected by changes in discount rates are as follows. These sensitivities assume that other variables remain fixed; however, in fact, they do not always change independently. Negative figures represent decreases in defined benefit obligations, while positive figures represent increases.

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Rise of 0.5%	(1,244)	(1,387)
Drop of 0.5%	1,378	1,540

#### 7) Defined Contribution Plans

The amounts recognized as expenses for defined contribution plans were JPY 183 million and JPY 186 million for the fiscal years ended March 31, 2022 and 2023, respectively.

#### (2) Short-term Employee Benefits

The amounts of short-term employee benefits included in the consolidated statements of income for the fiscal years ended March 31, 2022 and 2023 were JPY 18,695 million and JPY 18,403 million, respectively.



## 15. Investments Accounted for Using the Equity Method

### Associates

Information on aggregation of the Group's interests in associates is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Share of income of investments accounted for using the equity method	1,067	1,319
Share of other comprehensive income of investments accounted for using the equity method	0	-
Total share of comprehensive income	<u>1,067</u>	<u>1,319</u>
Total carrying amount of the Group's interests in associates	<u>17,650</u>	<u>18,593</u>

## 16. Income Taxes

### (1) Deferred Tax Assets and Deferred Tax Liabilities

The breakdown and movements of "Deferred tax assets" and "Deferred tax liabilities" by major cause of their occurrence are as follows:

Fiscal year ended March 31, 2022

	As of April 1, 2021	Recognized in profit or loss	Recognized in other comprehen sive income	Other	As of March 31, 2022
	JPY million	JPY million	JPY million	JPY million	JPY million
Deferred tax assets					
Retirement benefits	272	(3)	(279)	9	-
Lease liabilities	43	871	-	-	914
Non-current assets	242	(105)	-	-	137
Enterprise taxes payable	975	(413)	-	-	561
Accrued expenses	958	(33)	-	-	924
Other	2,202	(218)	-	-	1,983
Total	<u>4,694</u>	<u>97</u>	<u>(279)</u>	<u>9</u>	<u>4,521</u>
Deferred tax liabilities					
Retirement benefits	-	-	-	(9)	(9)
Right-of-use assets	(43)	(872)	-	-	(916)
Fair value of financial assets measured at fair value through other comprehensive income	(445)	-	241	-	(203)
Other	(1,238)	47	-	-	(1,190)
Total	<u>(1,727)</u>	<u>(825)</u>	<u>241</u>	<u>(9)</u>	<u>(2,320)</u>

Fiscal year ended March 31, 2023

	As of April 1, 2022	Recognized in profit or loss	Recognized in other comprehen sive income	Other	As of March 31, 2023
	JPY million	JPY million	JPY million	JPY million	JPY million
Deferred tax assets					
Lease liabilities	914	(365)	–	–	549
Non-current assets	137	66	–	–	203
Enterprise taxes payable	561	(10)	–	–	551
Accrued expenses	924	18	–	–	942
Other	1,983	(132)	–	–	1,851
Total	<u>4,521</u>	<u>(423)</u>	<u>–</u>	<u>–</u>	<u>4,098</u>
Deferred tax liabilities					
Retirement benefits	(9)	(289)	(204)	–	(503)
Right-of-use assets	(916)	392	–	–	(523)
Fair value of financial assets measured at fair value through other comprehensive income	(203)	–	1	–	(201)
Other	(1,190)	2	–	–	(1,188)
Total	<u>(2,320)</u>	<u>105</u>	<u>(202)</u>	<u>–</u>	<u>(2,416)</u>

In recognizing deferred tax assets, the Group takes into account whether deductible temporary differences can be utilized from future taxable profits.

The amount for which deferred tax assets have not been recognized was JPY 707 million as of March 31, 2022 and JPY 707 million as of March 31, 2023. Tax loss carryforwards for tax purposes were JPY 6,933 million as of March 31, 2022 and JPY 6,065 million as of March 31, 2023. There were no significant temporary differences arising from investments in subsidiaries and investments accounted for using the equity method for which deferred tax liabilities have not been recognized.

(2) Income Tax Expenses

The breakdown of “Income tax expenses” is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Current tax expenses	21,870	20,670
Deferred tax expenses	728	317
Total	<u>22,598</u>	<u>20,987</u>

(3) Reconciliation of Effective Tax Rate

The Group is subject to corporate tax, inhabitant tax, and enterprise tax. The effective statutory tax rates calculated based on these taxes are primarily 30.6% for the fiscal year ended March 31, 2022 and 30.6% for the fiscal year ended March 31, 2023. The difference between the effective statutory tax rate and the actual tax rate in the consolidated statement of income is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	%	%
Effective statutory tax rate	30.6	30.6
Other	0.2	0.1
Actual tax rate	<u>30.8</u>	<u>30.7</u>

#### 17. Trade and Other Payables

The breakdown of "Trade and other payables" is as follows:

	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million
Operating accounts payable	3,235	3,498
Other payable	1,578	5,385
Total	<u>4,813</u>	<u>8,883</u>

#### 18. Bonds and Loans Payable

The breakdown of "Bonds and loans payable" is as follows:

	As of March 31, 2022	As of March 31, 2023	Average interest rate (Note 1)
	JPY million	JPY million	%
Short-term loans payable	32,500	32,500	0.024
Bonds	19,967	20,473	0.355
Total	<u>52,467</u>	<u>52,973</u>	
Current liabilities	32,500	33,000	
Non-current liabilities	19,967	19,973	
Total	<u>52,467</u>	<u>52,973</u>	

(Note 1) The interest rate and outstanding balance used to calculate the average interest rate are as of March 31, 2023.

(Note 2) There are no financial covenants associated with loans payable that have material impacts on the Group's financing activities.

(Note 3) The terms and conditions for corporate bonds are as follows:

Issuer	Bond name	Issuance date	As of March 31, 2023	Interest rate	Maturity date
			JPY million	%	
Japan Exchange Group, Inc.	First series of unsecured bonds	March 16, 2017	20,000	0.355	March 16, 2027

#### 19. Equity and Other Equity Items

(1) Share Capital and Treasury Shares

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	No. of shares	No. of shares
Authorized shares	2,180,000,000	2,180,000,000
Issued shares	528,578,441	528,578,441
Treasury shares	1,037,782	6,891,928

(Note 1) The shares issued by the Company are non-par value ordinary shares that have no restriction on any rights.

(Note 2) The increase in treasury shares in the fiscal year ended March 31, 2023 is mainly due to the acquisition of treasury shares.

(Note 3) Treasury shares include the stock benefit trust ESOP and the trust account related to the compensation system for executive officers.

(2) Surplus

1) Capital Surplus

The Companies Act of Japan stipulates that 50% or more of the amount paid for share issue shall be incorporated into share capital and the remaining amount shall be incorporated into capital reserves included in capital surplus. Capital reserves may be incorporated into share capital by resolution of the general shareholders meeting.

2) Retained Earnings

The Companies Act of Japan provides that until the sum of capital reserves included in capital surplus and retained earnings reserves included in retained earnings reaches 25% of share capital, 10% of the surplus distributed as dividends needs to be set aside either as capital reserves or retained earnings reserves. Accumulated retained earnings reserves may be used to cover a deficit. Retained earnings reserves may be reduced by resolution of the general shareholders meeting.

If any investment in equity securities designated as the category in which changes in fair value are recognized through other comprehensive income is derecognized or the fair value decreases significantly, any gain or loss on sale or valuation loss is transferred from “Other comprehensive income” to “Retained earnings.”

20. Operating Revenue

(1) Disaggregation of Revenue

The breakdown of “Operating revenue” is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Trading services revenue	53,196	53,089
Clearing services revenue	27,945	28,008
Listing services revenue	15,736	13,666
Information services revenue	27,175	27,597
Other	11,378	11,630
Total	135,432	133,991

Trading services revenue comprises “Transaction Fees” based mainly on the value of securities traded or volumes of financial derivatives and commodity derivatives traded, “Basic Fees” based on 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, and other similar fees.

Clearing services revenue comprises clearing fees related to the assumption of obligations of financial instrument transactions carried out by Japan Securities Clearing Corporation, and other similar fees.

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, and other similar fees.

Information services revenue comprises revenue related to the provision of market information to information vendors, etc., which represents market information fees, revenue related to the index business, and revenue related to the provision of corporate action information and other information.

Of the above revenues, trading services revenue and clearing services revenue are recognized as revenues at the specific points in time when performance obligations are fulfilled, mainly on the contract dates, etc. Listing services revenue is recognized as revenue within the period of time for which fees are charged. Information services revenue is recognized as revenue at the specific point in time when performance obligations are fulfilled by distribution of market information, etc. In addition, consideration in contracts with customers does not include significant financial factors.

(2) Accounts Arising from Contracts

Outstanding balance of contractual debt is as indicated below.

	As of April 1, 2021	As of March 31, 2022	As of March 31, 2023
	JPY million	JPY million	JPY million
Unearned revenue	311	247	207

(3) Transaction Prices Allocated to the Remaining Performance Obligations

At the Group, material transactions whose expected initial contractual periods exceed one year are not recognized. As such, convenient practical methods are applied and, thus, information on the remaining performance obligations is not disclosed.

In addition, considerations derived from contracts with customers do not include any significant amount that is not included in transaction prices.

21. Operating Expenses

The breakdown of “Operating expenses” is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Personnel expenses	19,048	19,599
System maintenance and operation expenses	14,984	16,931
Depreciation and amortization	17,493	18,971
Other	11,693	12,000
Total	63,220	67,502

22. Financial Income and Financial Expenses

The breakdown of “Financial income” and “Financial expenses” is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Dividend income	45	42
Interest income	13	7
Total financial income	58	49
Interest expenses		
Financial assets measured at amortized cost	8	8
Lease liabilities	16	10
Interest on bonds	71	71
Other	6	6
Total financial expenses	103	96

23. Earnings per Share

Basic earnings per share for the fiscal year ended March 31, 2023 was calculated based on the net income attributable to owners of the parent company of JPY 46,342 million (fiscal year ended March 31, 2022: JPY 49,955 million) and the weighted-average number of ordinary shares outstanding of 526,414 thousand shares (fiscal year ended March 31, 2022: 529,487 thousand shares). Diluted earnings per share are not presented because there were no potential shares.

The Company’s shares held in the trust account related to the stock-granting ESOP and the trust account related to the stock remuneration plan for executive officers are treated as treasury shares.

24. Changes in Liabilities Arising from Financing Activities

The major changes in liabilities arising from financing activities are those arising from financing cash flows, and there are no significant non-cash changes other than the increase in lease liabilities described in Note “29. Leases.”

25. Financial Instruments

(1) Classification of Financial Assets and Liabilities

Carrying amounts and accounting classification of financial assets and liabilities are as follows:

As of March 31, 2022

1) Financial Assets

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost
	JPY million	JPY million	JPY million
Cash and cash equivalents	–	–	93,354
Trade and other receivables	–	–	15,305
Clearing business financial assets	64,368,444	–	–
Specified assets for deposits from clearing participants	–	–	6,679,236
Specified assets for legal guarantee funds	–	–	637
Specified assets for default compensation reserve funds	–	–	27,948
Other financial assets	–	2,353	118,064
Total	<u>64,368,444</u>	<u>2,353</u>	<u>6,934,545</u>

2) Financial Liabilities

	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost
	JPY million	JPY million
Trade and other payables	–	4,813
Bonds and loans payable (current)	–	32,500
Clearing business financial liabilities	64,368,444	–
Deposits from clearing participants	–	6,679,236
Legal guarantee funds	–	637
Trading participant security money	–	8,731
Bonds and loans payable (non-current)	–	19,967
Total	<u>64,368,444</u>	<u>6,745,885</u>

As of March 31, 2023

1) Financial Assets

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost
	JPY million	JPY million	JPY million
Cash and cash equivalents	–	–	98,812
Trade and other receivables	–	–	16,023
Clearing business financial assets	72,108,539	–	–
Specified assets for deposits from clearing participants	–	–	9,655,223
Specified assets for legal guarantee funds	–	–	616
Specified assets for default compensation reserve funds	–	–	27,948
Other financial assets	–	3,015	112,452
Total	<u>72,108,539</u>	<u>3,015</u>	<u>9,911,077</u>

2) Financial Liabilities

	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortized cost
	JPY million	JPY million
Trade and other payables	–	8,883
Bonds and loans payable (current)	–	33,000
Clearing business financial liabilities	72,108,539	–
Deposits from clearing participants	–	9,655,223
Legal guarantee funds	–	616
Trading participant security money	–	8,757
Bonds and loans payable (non-current)	–	19,973
Total	72,108,539	9,726,454

(2) Fair Value Hierarchy

IFRS 13 “Fair Value Measurement” requires entities to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used to measure fair value.

The hierarchy of fair value used to measure fair value (fair value hierarchy) is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair value that is calculated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value that is calculated using unobservable inputs for the asset or liability

The level of the fair value hierarchy for financial instruments is determined based on the lowest level of significant inputs used in the measurement of fair value.

The fair value hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis in the consolidated statement of financial position according to the above definition is as follows:

As of March 31, 2022

	Level 1	Level 2	Level 3
	JPY million	JPY million	JPY million
Clearing business financial assets	336,211	64,032,233	–
Other financial assets	–	–	2,353
Total	336,211	64,032,233	2,353
Clearing business financial liabilities	336,211	64,032,233	–
Total	336,211	64,032,233	–

As of March 31, 2023

	Level 1	Level 2	Level 3
	JPY million	JPY million	JPY million
Clearing business financial assets	292,989	71,815,550	–
Other financial assets	–	–	3,015
Total	292,989	71,815,550	3,015
Clearing business financial liabilities	292,989	71,815,550	–
Total	292,989	71,815,550	–

The carrying amounts, fair values and fair value hierarchy of financial assets and financial liabilities that are not measured at fair value in the consolidated statement of financial position are as follows:

As of March 31, 2022

	Carrying amount	Fair value	
		Level 1	Level 2
		JPY million	JPY million
Other financial assets	118,064	116,064	1,999
Total	118,064	116,064	1,999
Bonds and loans payable (non-current)	19,967	–	19,914
Total	19,967	–	19,914

As of March 31, 2023

	Carrying amount	Fair value	
		Level 1	Level 2
		JPY million	JPY million
Other financial assets	112,452	112,452	–
Total	112,452	112,452	–
Bonds and loans payable (non-current)	19,973	–	19,871
Total	19,973	–	19,871

For financial assets and financial liabilities that are not measured at fair value in the consolidated statement of financial position, since the following items are all short term and their carrying amounts reasonably approximate the fair values, their fair values are not disclosed.

- Cash and cash equivalents
- Trade and other receivables
- Specified assets for deposits from clearing participants
- Specified assets for legal guarantee funds
- Specified assets for default compensation reserve funds
- Trade and other payables
- Bonds and loans payable (current)
- Deposits from clearing participants
- Legal guarantee funds
- Trading participant security money

### (3) Method for Measuring Fair Value

Fair values of financial assets and financial liabilities are as follows:

#### 1) Clearing Business Financial Assets and Liabilities

The fair values of these instruments are estimated by each method in accordance with the following classification:

- For futures transactions, option transactions and OTC derivative transactions, fair value is estimated based on clearing prices at the end of the fiscal year.
- For repo transactions, fair value is estimated by discounting amounts of delivery settlement as of the settlement date of transactions.

#### 2) Other Financial Assets

Fair values of marketable securities are estimated by using market prices, etc.

#### 3) Bonds and Loans Payable

For bonds and loans payable with long periods to maturity, fair value is estimated by discounting future cash flows using the discount rate that reflects the Group's credit standing.



(4) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and presented as a net amount in the consolidated statement of financial position only when the Group holds a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The effects of offsetting on clearing business financial assets and liabilities in the consolidated statement of financial position are as follows:

As of March 31, 2022

1) Financial Assets

	Gross amount of recognized financial assets	Gross amount of financial assets offset in the consolidated statement of financial position	Balance in the consolidated statement of financial position
	JPY million	JPY million	JPY million
Repo transactions	110,216,461	46,272,648	63,943,812
Listed option transactions	1,588,516	1,312,515	276,001
Other	8,597,907	8,449,276	148,631
Total	<u>120,402,884</u>	<u>56,034,439</u>	<u>64,368,444</u>

2) Financial Liabilities

	Gross amount of recognized financial liabilities	Gross amount of financial liabilities offset in the consolidated statement of financial position	Balance in the consolidated statement of financial position
	JPY million	JPY million	JPY million
Repo transactions	110,216,461	46,272,648	63,943,812
Listed option transactions	1,588,516	1,312,515	276,001
Other	8,597,907	8,449,276	148,631
Total	<u>120,402,884</u>	<u>56,034,439</u>	<u>64,368,444</u>

As of March 31, 2023

1) Financial Assets

	Gross amount of recognized financial assets	Gross amount of financial assets offset in the consolidated statement of financial position	Balance in the consolidated statement of financial position
	JPY million	JPY million	JPY million
Repo transactions	130,637,022	58,865,237	71,771,785
Listed option transactions	1,188,244	950,321	237,923
Other	13,913,768	13,814,937	98,830
Total	<u>145,739,035</u>	<u>73,630,496</u>	<u>72,108,539</u>

2) Financial Liabilities

	Gross amount of recognized financial liabilities	Gross amount of financial liabilities offset in the consolidated statement of financial position	Balance in the consolidated statement of financial position
	JPY million	JPY million	JPY million
Repo transactions	130,637,022	58,865,237	71,771,785
Listed option transactions	1,188,244	950,321	237,923
Other	13,913,768	13,814,937	98,830
Total	<u>145,739,035</u>	<u>73,630,496</u>	<u>72,108,539</u>

Under certain conditions, including the settlement default of any clearing participant, the amounts of clearing business financial assets and liabilities recorded in the consolidated statement of financial position are set off by appropriating securities and money for which delivery to the defaulting clearing participant is suspended and deposits from clearing participants in accordance with the designated methods established by each instrument.

## 26. Management of Financial Risks

### (1) Capital Management

It is the Group's basic policy for capital management to maintain an appropriate capital level and composition of liabilities and equity that are commensurate with the risks of the business for the purpose of achieving sustainable growth and maximization of the corporate value while ensuring stability of the financial base for business operations in order to carry out its mission as a public infrastructure in the Japanese securities market. Equity represents "Equity attributable to owners of the parent company."

A certain amount of surplus has been set aside in accordance with the guidelines for clearing institutions, in order to ensure the continuity of the Group's clearing organization, Japan Securities Clearing Corporation, and the functioning of settlement guarantee schemes.

Under the Financial Instruments and Exchange Act, restrictions are placed on the acquisition of and holding shares of the Company, which is a financial instruments exchange holding company.

### (2) Management of Financial Risks Arising from Financial Instruments

The Group is exposed to financial risks arising from financial instruments, such as credit risk, liquidity risk and market risk, in the course of business activities. The Group seeks to avoid or mitigate such risks by identifying and analyzing risks and comprehensively managing them in an appropriate manner.

Major risks recognized by the Group are credit risk and liquidity risk arising from the clearing operations of Japan Securities Clearing Corporation. The following shows risk management for the Group's clearing operations and other risk management by financial risk.

#### 1) Credit Risk Management

Credit risk is the risk that the Group may incur financial losses due to a counterparty's failure to fulfill a contract and other reasons. Japan Securities Clearing Corporation is exposed to credit risks of clearing participants for clearing business financial assets that are receivables acquired by assuming obligations for the transactions conducted by market participants, and has established a system to respond to the risks, including the qualification system and collateral requirement system for clearing participants. Please refer to "II Overview of Business, 3 Business Risks, 7" . Framework for Ensuring Implementation of Settlement" for details of Japan Securities Clearing Corporation's settlement execution system and Note "10. Assets and Liabilities Based on Various Rules for Ensuring Safety of Financial Instruments Trading" for fair values of substitute securities including deposits from clearing participants.

Specified assets for deposits from clearing participants that are deposited as collateral by clearing participants are exposed to credit risks of entities where the assets are kept and funds are managed. As a general rule, such assets are deposited into bank settlement accounts and a Bank of Japan current account, which are free from credit risks. For asset management, the Group also avoids the risks by funding only call loans collateralized by Japanese government bonds to financial institutions or ordinary deposits with trust banks that have a certain degree of credit strength.

#### 2) Liquidity Risk Management

Liquidity risk is the risk that the Group may incur financial losses due to inability to secure necessary funds and other reasons.

Japan Securities Clearing Corporation is exposed to liquidity risks for clearing business financial liabilities because it needs to cover the fund shortage and complete the settlement even in the case of a clearing participant's settlement default. However, it has established a system to ensure sufficient liquidity for such risks by concluding contracts on provision of liquidity with fund settlement banks and other measures.

For specified assets for deposits from clearing participants that have been deposited as collateral by each clearing participant, the Group avoids liquidity risks at the time of return of collateral by keeping and managing the funds as highly liquid, short-term financial assets.

Furthermore, the Group raises funds through loans payable and is exposed to liquidity risk of failing to repay the debts by the due date. The Group avoids such risks by monitoring its financial condition and forecast and flexibly accommodating group companies with funds within the Group.

The financial liability balance by maturity is as follows:

As of March 31, 2022

	Book balance	Contractual cash flow	Due within one year	Due after one year through two years	Due after two years
	JPY million	JPY million	JPY million	JPY million	JPY million
Trade and other payables	4,813	4,813	4,813	–	–
Bonds and loans payable (current)	32,500	32,500	32,500	–	–
Clearing business financial liabilities	64,368,444	64,368,444	64,368,444	–	–
Deposits from clearing participants	6,679,236	6,679,236	6,679,236	–	–
Legal guarantee funds	637	637	637	–	–
Trading participant security money	8,731	8,731	8,731	–	–
Bonds and loans payable (non-current)	19,967	20,000	–	–	20,000
<b>Total</b>	<b>71,114,329</b>	<b>71,114,362</b>	<b>71,094,362</b>	<b>–</b>	<b>20,000</b>

As of March 31, 2023

	Book balance	Contractual cash flow	Due within one year	Due after one year through two years	Due after two years
	JPY million	JPY million	JPY million	JPY million	JPY million
Trade and other payables	8,883	8,883	8,883	–	–
Bonds and loans payable (current)	33,000	33,000	33,000	–	–
Clearing business financial liabilities	72,108,539	72,108,539	72,108,539	–	–
Deposits from clearing participants	9,655,223	9,655,223	9,655,223	–	–
Legal guarantee funds	616	616	616	–	–
Trading participant security money	8,757	8,757	8,757	–	–
Bonds and loans payable (non-current)	19,973	20,000	–	–	20,000
<b>Total</b>	<b>81,834,994</b>	<b>81,835,020</b>	<b>81,815,020</b>	<b>–</b>	<b>20,000</b>

## 27. Other Comprehensive Income

The amount arising during the year and tax effects for each component of “Other comprehensive income” are as follows:

### Fiscal year ended March 31, 2022

	Amount arising during year	Before tax effects	Tax effects	Net of tax effects
	JPY million	JPY million	JPY million	JPY million
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(8)	(8)	2	(5)
Remeasurements of defined benefit plan	912	912	(279)	633
Share of other comprehensive income of investments accounted for using the equity method	0	0	(0)	0
Total	<u>904</u>	<u>904</u>	<u>(276)</u>	<u>627</u>

### Fiscal year ended March 31, 2023

	Amount arising during year	Before tax effects	Tax effects	Net of tax effects
	JPY million	JPY million	JPY million	JPY million
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(1)	(1)	1	(0)
Remeasurements of defined benefit plan	666	666	(203)	462
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	-
Total	<u>664</u>	<u>664</u>	<u>(202)</u>	<u>462</u>

## 28. Dividends

### (1) Dividends Paid

(Resolution)	Class of shares	Total amount of dividends	Amount of dividends per share	Basis date	Effective date
		JPY million	JPY		
Board of directors (May 13, 2021)	Ordinary shares	22,526	(Note 1) 42.00	March 31, 2021	May 27, 2021
Board of directors (October 27, 2021)	Ordinary shares	13,743	26.00	September 30, 2021	December 1, 2021
Board of directors (May 13, 2022)	Ordinary shares	24,314	(Note 2) 46.00	March 31, 2022	May 27, 2022
Board of directors (October 27, 2022)	Ordinary shares	13,743	26.00	September 30, 2022	December 1, 2022

(Note 1) The amount of dividends per share includes a special dividend of JPY 10.00 per share.

(Note 2) The amount of dividends per share includes a special dividend of JPY 15.00 per share.

### (2) Dividend with a Basis Date That Belongs to the Current Fiscal Year and with an Effective Date That Will Belong to the Following Fiscal Year

(Resolution)	Class of shares	Total amount of dividends	Amount of dividends per share	Basis date	Effective date
		JPY million	JPY		
Board of directors (May 12, 2023)	Ordinary shares	19,371	(Note) 37.00	March 31, 2023	May 26, 2023

(Note 1) The amount of dividends per share includes a commemorative dividend of JPY 10.00 per share.

## 29. Leases

The Group leases assets whose underlying assets are real estates as a lessee. The breakdown of income and expenses for the leases are as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Depreciation of right-of-use assets (Note 1)		
Whose underlying assets are real estates	3,129	3,414
Total	3,129	3,414
Interest expenses on lease liabilities (Note 2)	16	10
Expenses relating to short-term leases (Note 3)	1,108	1,066
Total	1,124	1,077

(Note 1) Depreciation of right-of-use assets is included in “Operating expenses” in the consolidated statement of income.

(Note 2) Interest expenses on lease liabilities are included in “Financial expenses” in the consolidated statement of income.

(Note 3) Expenses relating to short-term leases are included in “Operating expenses” in the consolidated statement of income.

The total cash outflow for leases is JPY 3,142 million for the fiscal year ended March 31, 2022 and JPY 3,344 million for the fiscal year ended March 31, 2023.

Additions to and breakdown of right-of-use assets are described in Note “12. Property and Equipment.”

The increase in lease liabilities for the fiscal year ended March 31, 2023 is JPY 2,135 million.

Lease liabilities of the Group are included in other current liabilities and other non-current liabilities.

Lease liabilities by maturity date are as follows:

	Book balance	Contractual cash flow	Due within one year	Due after one year through two years	Due after two years
	JPY million	JPY million	JPY million	JPY million	JPY million
As of March 31, 2022					
Lease liabilities	2,991	3,000	3,000	–	–
As of March 31, 2023					
Lease liabilities	1,793	1,802	750	608	444

### 30. Related Parties

#### (1) Major Subsidiaries and Associates

Major Subsidiaries and Associates as of March 31, 2023 are described in “Part One: Company Information, I Overview of Company, 4 Subsidiaries and Other Associated Entities as of March 31, 2023”.

#### (2) Compensation for Key Management Personnel

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
Directors (excluding outside directors)	28	38
Executive officers	528	608
Outside directors	164	184

### 31. Contingencies

#### Guarantee Liabilities

The Group provides debt guarantees for loans of employees from financial institutions for their housing acquisition as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	JPY million	JPY million
	854	687

### 32. Subsequent Events

As of June 9, 2023, the Annual Securities Report issuance date for the current consolidated fiscal year, there are no significant subsequent events to be reported.



## (2) Other

## Quarterly Information for the Current Fiscal Year

(Cumulative Period)	Three months ended June 30, 2022	Six months ended September 30, 2022	Nine months ended December 31, 2022	Fiscal Year Ended March 31, 2023
Operating revenue (JPY million)	33,576	66,486	100,529	133,991
Income before income tax (JPY million)	17,790	34,122	51,736	68,207
Net income attributable to owners of the parent company (JPY million)	12,089	23,189	35,175	46,342
Net income per share (JPY)	22.93	44.01	66.76	88.03

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share (JPY)	22.93	21.07	22.76	21.27

2 Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheet

(JPY million)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	82,725	64,465
Operating accounts receivable	*1 17	*1 13
Marketable securities	2,000	-
Prepaid expenses	151	121
Other	*1 8,940	*1 6,382
Total current assets	93,834	70,983
Non-current assets		
Property and equipment		
Buildings	3	2
Vehicles	19	13
Tools, furniture and fixtures	7	7
Total property and equipment	30	23
Intangible assets		
Trademark right	9	6
Software	108	172
Total intangible assets	117	178
Investments and other assets		
Investment securities	1,158	1,323
Shares of subsidiaries and associates	123,784	124,839
Investments in capital of subsidiaries and associates	3,000	3,000
Long-term prepaid expenses	4	3
Prepaid pension cost	54	82
Deferred tax assets	441	515
Specified assets for default compensation reserve funds	*3 10,580	*3 10,580
Other	146	147
Total investments and other assets	139,170	140,492
Total non-current assets	139,318	140,694
Total assets	233,153	211,678

(JPY million)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	*1 282	*1 218
Short-term loans payable	32,500	32,500
Short-term loans payable to subsidiaries and associates	55,400	52,500
Accounts payable - other	249	194
Accrued expenses	*1 225	*1 251
Deposits received	225	286
Unearned revenue	118	0
Provision for bonuses	543	541
Provision for directors' bonuses	204	175
Other	190	769
<b>Total current liabilities</b>	<b>89,939</b>	<b>87,438</b>
<b>Non-current liabilities</b>		
Bonds	20,000	20,000
Provision for retirement benefits	72	99
Provision for stock benefits	1,299	1,699
Other	46	—
<b>Total non-current liabilities</b>	<b>21,418</b>	<b>21,799</b>
<b>Total liabilities</b>	<b>111,357</b>	<b>109,237</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,500	11,500
<b>Capital surplus</b>		
Legal capital surplus	3,000	3,000
<b>Total capital surplus</b>	<b>3,000</b>	<b>3,000</b>
<b>Retained earnings</b>		
Other retained earnings		
General reserve	5,302	5,302
Retained earnings brought forward	104,100	96,429
<b>Total retained earnings</b>	<b>109,402</b>	<b>101,732</b>
Treasury shares	(1,912)	(13,575)
<b>Total shareholders' equity</b>	<b>121,990</b>	<b>102,656</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(194)	(215)
<b>Total valuation and translation adjustments</b>	<b>(194)</b>	<b>(215)</b>
<b>Total net assets</b>	<b>121,796</b>	<b>102,440</b>
<b>Total liabilities and net assets</b>	<b>233,153</b>	<b>211,678</b>

## (ii) Non-consolidated Statement of Income

(JPY million)

Fiscal year ended March 31, 2022 Fiscal year ended March 31, 2023

Operating revenue		
Management fee income	*1 7,926	*1 8,172
Dividend income from subsidiaries and associates	*1 44,798	*1 29,477
Other	*1 3	*1 325
Total operating revenue	52,727	37,975
Operating expenses	*1, *2 6,388	*1, *2 7,187
Operating income	46,339	30,787
Non-operating income		
Interest income	6	3
Dividend income	*1 170	*1 293
Other	32	35
Total non-operating income	209	333
Non-operating expenses		
Interest expenses	*1 9	*1 8
Interest on bonds	71	71
Other	17	12
Total non-operating expenses	97	92
Ordinary income	46,451	31,029
Extraordinary income		
Gain on sales of investment securities	780	–
Total extraordinary income	780	–
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	*3 3,036	–
Total extraordinary losses	3,036	–
Income before income taxes	44,195	31,029
Income taxes - current	700	706
Income taxes - deferred	129	(64)
Total income taxes	829	642
Net income	43,365	30,387

(iii) Non-consolidated Statement of Changes in Shareholders' Equity  
Fiscal year ended March 31, 2022

(JPY million)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward		
Balance at the beginning of current period	11,500	3,000	899	3,899	5,302	116,104	121,407
Changes of items during the period							
Dividends of surplus	–	–	–	–	–	(36,269)	(36,269)
Acquisitions of treasury shares	–	–	–	–	–	–	–
Cancellation of treasury shares	–	–	(19,999)	(19,999)	–	–	–
Transfer from retained earnings to capital surplus	–	–	19,100	19,100	–	(19,100)	(19,100)
Net income	–	–	–	–	–	43,365	43,365
Other	–	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–
Total changes of items during the period	–	–	(899)	(899)	–	(12,004)	(12,004)
Balance at the end of current period	11,500	3,000	–	3,000	5,302	104,100	109,402

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,825)	134,981	349	349	135,331
Changes of items during the period					
Dividends of surplus	–	(36,269)	–	–	(36,269)
Acquisitions of treasury shares	(20,333)	(20,333)	–	–	(20,333)
Retirement of treasury shares	19,999	–	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	–	–
Net income	–	43,365	–	–	43,365
Other	245	245	–	–	245
Net changes of items other than shareholders' equity	–	–	(543)	(543)	(543)
Total changes of items during the period	(87)	(12,991)	(543)	(543)	(13,535)
Balance at the end of current period	(1,912)	121,990	(194)	(194)	121,796

Fiscal year ended March 31, 2023

(JPY million)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				General reserve	Retained earnings brought forward	
Balance at the beginning of current period	11,500	3,000	3,000	5,302	104,100	109,402
Changes of items during the period						
Dividends of surplus	–	–	–	–	(38,057)	(38,057)
Acquisitions of treasury shares	–	–	–	–	–	–
Net income	–	–	–	–	30,387	30,387
Other	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–
Total changes of items during the period	–	–	–	–	(7,670)	(7,670)
Balance at the end of current period	11,500	3,000	3,000	5,302	96,429	101,732

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,912)	121,990	(194)	(194)	121,796
Changes of items during the period					
Dividends of surplus	–	(38,057)	–	–	(38,057)
Acquisitions of treasury shares	(12,003)	(12,003)	–	–	(12,003)
Net income	–	30,387	–	–	30,387
Other	340	340	–	–	340
Net changes of items other than shareholders' equity	–	–	(21)	(21)	(21)
Total changes of items during the period	(11,663)	(19,333)	(21)	(21)	(19,355)
Balance at the end of current period	(13,575)	102,656	(215)	(215)	102,440

## Notes to Non-consolidated Financial Statements

### (Going Concern Assumption)

Not applicable.

### (Significant Accounting Policies)

#### 1. Standards and Methods of Asset Valuation

##### Marketable securities

(1) Shares of Subsidiaries and Associates: Cost Determined by the Moving-Average Method

(2) Other Securities

Shares, etc. without market prices: Stated at cost determined by the moving-average method

The Company started to apply Accounting Standards Board of Japan (ASBJ) Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," at the beginning of the current fiscal year.

There was no effect of applying this guidance on the non-consolidated financial statements for the current fiscal year.

#### 2. Methods of Depreciation of Non-current Assets

(1) Property and Equipment

The straight-line method is applied.

(2) Intangible Assets

The straight-line method is applied. Software for internal use is depreciated over its estimated useful life (5 years) based on the straight-line method..

#### 3. Recording Criteria for Allowances and Provision

(1) Provision for Bonuses

For payment of employee bonuses, the estimated liabilities in the current period are recorded based on the estimated amount of bonus payment.

(2) Provision for Directors' Bonuses

For payment of directors bonuses, the estimated liabilities in the current period are recorded based on the estimated amount of bonus payment.

(3) Provision for Retirement Benefits

For payment of future retirement benefits to employees, the Company records its retirement benefit obligations based on estimated benefit obligations and estimated value of plan assets as of the end of the current fiscal year.

In calculating retirement benefit obligations, the benefit calculation standard is applied to the projected retirement benefit for imputing the applicable period for the end of the current fiscal year.

Past service cost is amortized using the straight-line method over a certain number of years (10 years) within the average remaining years for employees at the time of recognition.

Actuarial differences are amortized using the straight-line method from the following fiscal year over a period equaling the average remaining service period of employees (10 years) expected to receive pension benefits as of the fiscal year-end.

(4) Provision for Stock Benefits

This reserve is provided for delivery of shares of the Company to employees and directors in accordance with the share delivery regulations, and recorded based on the projected stock benefit obligation at the end of the current fiscal year.

#### 4. Recording Criteria for Revenue

(1) Revenue From Contracts With Customers

The Company recognizes revenue from contracts with customers based on the five-step approach detailed below.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company, as a financial instruments exchange holding company, is engaged in the management, administration, etc. of the financial instruments exchange holding company group to which it belongs, and its revenue consists mainly of management fee income for the rendering of services, and others. Revenue is recognized at a point in time when the services are provided to customers, which is when the Company's performance obligations are deemed to be satisfied.

(2) Dividends

Dividends are recognized when the rights of shareholders receiving payments are confirmed.

5. Other Significant Matters Which Constitute the Basis for Preparation of the Non-consolidated Financial Statements

(1) Translation of Foreign Currency-Denominated Assets and Liabilities into Japanese Yen

Foreign currency-denominated assets and liabilities are translated into Japanese yen based on the exchange rate as of the closing date of the fiscal year.

(2) Accounting for Consumption Taxes, etc.

Consumption taxes and local consumption taxes are not included in transaction amounts.

(3) Application of Group Tax Sharing System

The Company started to apply the group tax sharing system from the current fiscal year. Accounting treatments and disclosures of corporation income tax and local corporation income tax as well as tax effect accounting depends on the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"(ASBJ PITF No.42, August 12,2021). In accordance with Paragraph 32-1 of the ASBJ PITF No. 42, the Company considers that there is no financial impact of this change in accounting policies resulting from the application of the Practical Response Report No. 42.



(Significant Accounting Estimates)

The significant accounting estimates and assumptions that were applied for preparation of the non-consolidated financial statements for the current fiscal year and may have material impact on the non-consolidated financial statements for the next fiscal year are described below.

Shares of Subsidiaries and Associates

1. Amounts Recognized in the Non-consolidated Financial Statements for the Current Fiscal Year

	(JPY million)	
	As of March 31, 2022	As of March 31, 2023
Shares of subsidiaries and associates	123,784	124,839

2. Information of Significant Accounting Estimate Relating to Identified Item

When performing valuation on shares of subsidiaries and associates, the Company follows the standards and methods described in (Significant Accounting Policies) "1. Standards and Methods of Asset Valuation". In case in which the actual value decreases significantly due to the investee's financial performance being affected by changes in future economic conditions, etc., valuation losses will be recognized.

(Unapplied Accounting Standards)

Not applicable.

(Changes in Presentation)

Not applicable.

(Balance Sheet)

\*1 Monetary Claims and Monetary Liabilities for Subsidiaries and Associates (Excluding Those Presented Separately)

	(JPY million)	
	As of March 31, 2022	As of March 31, 2023
Short-term monetary claims	6,923	1,032
Short-term monetary liabilities	394	414

2 Debt Guarantee

Debt Guarantee for Employee Housing Loans From Financial Institutions

	(JPY million)	
	As of March 31, 2022	As of March 31, 2023
Employees	854	687

\*3 Loss Compensation, etc.

The Company records "Specified assets for default compensation reserve funds" in its asset account as a reserve to cover losses recognized from clearing services by Japan Securities Clearing Corporation.

(Non-consolidated Statement of Income)

\*1 Transactions with Subsidiaries and Associates

	(JPY million)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Transaction from operating transactions		
Operating revenue	52,724	37,970

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating expenses	1,376	1,247
Transaction from non-operating transactions	138	255

\*2 Major Expense Items and Amount in Operating Expenses

(JPY million)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Salaries	1,833	1,815
Provision for bonuses	543	541
Provision for directors' bonuses	204	175
Depreciation	29	82

- \*3 Loss on valuation of shares of subsidiaries and associates under extraordinary losses was recognized in consideration of the financial position of consolidated subsidiaries and other factors.

(Securities)

Shares of Subsidiaries and Associates

Amount of Shares, etc. in the Balance Sheet for Securities With No Market Value

(JPY million)

	As of March 31, 2022	As of March 31, 2023
Shares of subsidiaries	121,375	122,430
Shares of associates	2,408	2,408
Total	123,784	124,839

(Tax Effect Accounting)

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities by Their Major Causes

(JPY million)

	As of March 31, 2022	As of March 31, 2023
Deferred tax assets		
Provision for bonuses	166	165
Enterprise taxes payable	–	20
Loss on valuation of shares of subsidiaries	1,738	1,738
Provision for stock benefits	173	212
Valuation difference on available-for-sale securities	85	95
Other	47	40
Subtotal of deferred tax assets	2,212	2,273
Valuation allowance	(1,738)	(1,738)
Total deferred tax assets	473	534
Deferred tax liabilities		
Enterprise tax receivable	(16)	–
Other	(15)	(19)
Total deferred tax liabilities	(32)	(19)
Net deferred tax assets/(liabilities)	441	515

2. Breakdown of Major Reconciliation Items Between the Statutory Tax Rate and the Effective Tax Rate After Adoption of Tax-effect Accounting When a Significant Difference is Recognized

	As of March 31, 2022	As of March 31, 2023
Statutory Effective Tax Rate	30.6%	30.6%
(Adjustments)		
Items permanently excluded from deductible expenses, such as entertainment expenses	2.4%	0.6%
Items permanently excluded from taxable income, such as dividend income	(31.1)%	(29.1)%
The burden rate of income taxes after applying tax effect accounting	2.0%	2.1%

(Significant Subsequent Events)

Not applicable.

## (iv) Supplementary Data

## Detailed Schedule of Property and Equipment, etc.

(JPY million)

Classification	Types of assets	Balance at the beginning of current period	Increase in the current period	Decrease in the current period	Depreciation and amortization in the current period	Balance at the end of current period	Accumulated depreciation
Property and equipment	Buildings	3	–	–	0	2	5
	Vehicles	19	–	–	6	13	24
	Tools, furniture and fixtures	7	1	–	1	7	23
	Construction in progress	–	1	1	–	–	–
	Total	30	2	1	8	23	54
Intangible assets	Trademark rights	9	–	–	2	6	–
	Software	108	135	–	71	172	–
	Other	–	135	135	–	–	–
	Total	117	270	135	74	178	–

## Other reserves

(JPY million)

Accounting classification	Balance at the beginning of current period	Increase in the current period	Decrease in the current period	Balance at the end of current period
Provision for bonuses	543	541	543	541
Provision for directors' bonuses	204	175	204	175
Provision for stock benefits	1,299	740	341	1,699

## (2) Components of Major Assets and Liabilities

The description is omitted as the Company has prepared consolidated financial statements.

## (3) Other Information

Not applicable.

VI Administrative Information on the Company's Shares

Fiscal Year	From April 1 to March 31
Annual General Shareholders Meeting	June
Record Date	March 31
Record Date for Dividends of Surplus	September 30 March 31
Number of Shares Constituting One Share Unit of Shares	100 shares
Purchase or Sale of Shares Less Than One Unit	
Location	Stock Transfer Agency, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Administrator of Shareholder's Register	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Handling Office	–
Purchasing Fee	None
Method of Public Notice	Public notices are given electronically. However, in the event that the Company is unable to give an electronic public notice due to an accident or any other unavoidable circumstances, a public notice will be published in the Nikkei. Electronic public notices are posted on the Company's website at: <a href="https://www.jpx.co.jp/">https://www.jpx.co.jp/</a>
Shareholder Benefits	Special Benefits for Shareholders (1) Eligible Shareholders All shareholders holding shares of one share unit (100 shares) or more who are recorded in the final shareholder register of the Company as of March 31 every year. (2) Gift Vouchers and Cards - Continuous holding period of less than one year: gift vouchers or cards with a monetary value of JPY 1,000 - Continuous holding period of one year or more but less than two years: gift vouchers or cards with a monetary value of JPY 2,000 - Continuous holding period of two years or more but less than three years: gift vouchers or cards with a monetary value of JPY 3,000 - Continuous holding period of three years or more: gift vouchers or cards with a monetary value of JPY 4,000 Note: "Continuous holding period" refers to the following number of times that a specific shareholder number is consecutively recorded in the Company's shareholder register, which is updated twice a year at the end of March and September. - One year or more: at least three times - Two years or more: at least five times - Three years or more: at least seven times (3) Date of Offering After the conclusion of the Annual General Shareholders Meeting held every June

(Note) The Company's Articles of Incorporation provide for the rights associated with shares of less than one share unit. Pursuant to said provision, a shareholder holding shares of less than one share unit may not exercise any rights other than the following:

- (1) The rights stipulated in the items of Article 189, Paragraph 2 of the Companies Act
- (2) The right to receive an allotment of offered shares and offered subscription warrants in proportion to the number of shares held by the shareholder

## VII Reference Information of the Reporting Company

### 1. Information About the Parent of the Reporting Company

The Company has no parent company as stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

### 2. Other Reference Information

The Company has filed the following documents from the start of the fiscal year (the 22nd Term) to the filing date of the Annual Securities Report for said fiscal year.

(1) Annual Securities Report, Its Attachments, and Confirmation Letter	Fiscal Year (21st Term)	(from April 1, 2021 to March 31, 2022)	Submitted on June 9, 2022 to the Director-General of the Kanto Local Finance Bureau
(2) Internal Control Report and Its Attachments	Fiscal Year (21st Term)	(from April 1, 2021 to March 31, 2022)	Submitted on June 9, 2022 to the Director-General of the Kanto Local Finance Bureau
(3) Quarterly Securities Reports and Their Respective Confirmation Letters	Fiscal Year (First Quarter of the 22nd Term)	(from April 1, 2022 to June 30, 2022)	Submitted on August 12, 2022 to the Director-General of the Kanto Local Finance Bureau
	Fiscal Year (Second Quarter of the 22nd Term)	(from July 1, 2022 to September 30, 2022)	Submitted on November 11, 2022 to the Director-General of the Kanto Local Finance Bureau
	Fiscal Year (Third Quarter of the 22nd Term)	(from October 1, 2022 to December 31, 2022)	Submitted on February 13, 2023 to the Director-General of the Kanto Local Finance Bureau
(4) Extraordinary Report	An Extraordinary Report pursuant to provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act, and Article 19, Paragraph 2, Item 9-2 (results of the exercise of voting rights at a general shareholders meeting) of the Cabinet Office Order on Disclosure of Corporate Affairs.		Submitted on June 20, 2022 to the Director-General of the Kanto Local Finance Bureau
(5) Report on Own Share Repurchase		(from January 1, 2023 to January 31, 2023)	Submitted on February 13, 2023 to the Director-General of the Kanto Local Finance Bureau
		(from February 1, 2023 to February 28, 2023)	Submitted on March 10, 2023 to the Director-General of the Kanto Local Finance Bureau
		(from March 1, 2023 to March 31, 2023)	Submitted on April 12, 2023 to the Director-General of the Kanto Local Finance Bureau
		(from April 1, 2023 to April 30, 2023)	Submitted on May 12, 2023 to the Director-General of the Kanto Local Finance Bureau

Part Two: Information about the Reporting Company's Guarantor, etc.

Not applicable.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

June 9, 2023

To the Board of Directors of  
Japan Exchange Group, Inc.

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:  
Satoshi Iizuka

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Designated Engagement Partner,  
Certified Public Accountant:  
Michiyuki Yamamoto

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Designated Engagement Partner,  
Certified Public Accountant:  
Eriko Otokozawa

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**Audit of Financial Statements**

*Opinion*

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Japan Exchange Group, Inc. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Evaluation of IT controls for revenue recognition	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As stated in Note "20. Operating Revenue", trading service revenue and clearing service revenue for this fiscal year were 53,089 million yen and 28,008 million yen, respectively, or 60.5% of operating revenue in the consolidated statement of income.</p> <p>These operating revenues mentioned above are accounted for based on trading and transaction amounts, transaction volume or notional amounts. Such amounts are then multiplied by certain commission rates derived from daily cash equity transactions, futures transactions, and other transactions which are high in volume and processed through the IT systems. Consequently, the recognition of such revenues is highly dependent on IT systems. The Group's IT systems have been periodically upgraded to appropriately and flexibly respond to the trading method diversification and sophistication due to technological development and listing of new services, and to meet the needs of market users including the improvement of resilience. In the current fiscal year, the Derivatives Clearing System has been replaced.</p> <p>We consider that the stable operation of the IT systems is essential to our direct verification of whether operating revenues are appropriately recorded and presented in the consolidated financial statements. Therefore, we consider it important to evaluate the effectiveness of the automated controls performed by a series of IT systems for trading, clearing and others.</p> <p>Furthermore, the Derivatives Clearing System has been replaced this fiscal year and this replacement has significant impact on the stable operation of the IT systems. Consequently, we determined that careful consideration is necessary in the evaluation of the effectiveness of general IT controls relevant to system development management and data migration in the changing areas.</p> <p>In addition, appropriate expertise and experiences in the exchange business and IT systems are required and essential in order to evaluate the effectiveness of these controls for the operating revenue transactions.</p>	<p>With the assistance of our IT specialists, we understood the series of data flow, data processing process and automated controls in IT systems from the beginning to the end of the operating revenue transactions and tested the effectiveness of controls designed for the stable operation of the IT systems. In addition, we performed testing of operating revenue, mainly focusing on inspection of support evidence. The audit procedures we primarily performed are the following, among others:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of general IT controls by inspecting the evidence of approval of the authorized persons for program changes of the IT systems, authorization and upgrade of access rights to the key data files and periodical inspection of the access rights.</li> <li>• In order to test the effectiveness of application controls for data interface processing between IT systems, we evaluated whether trading and transaction amounts and transaction volume between the IT systems agree with each other.</li> <li>• In order to test the effectiveness of application controls related to automated calculation in major IT systems for trading and clearing transactions, we evaluated the accuracy of the IT system algorithm by recalculating the transaction fees, access fees and clearing fees.</li> </ul> <p>In addition, for the Derivatives Clearing System replaced this fiscal year, we tested the effectiveness of internal controls, especially focusing on the controls which have changed as a result of the replacement. The audit procedures performed include the following, among others:</p> <ul style="list-style-type: none"> <li>• In order to test the effectiveness of general IT controls for the system development management and data migration of Derivatives Clearing System, we made inquiries of system administrators, and inspected materials related to the following items: <ul style="list-style-type: none"> <li>—User division participation in and approval for system requirement definitions</li> <li>—Quality assessment of vendor-developed programs by acceptance testing</li> </ul> </li> </ul>

Based on above, we determined that the evaluation of IT controls for revenue recognition is a key audit matter.	—Final quality test via pre-release operation evaluation
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2 Evaluation of software and software in progress	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As stated in Note "13. Goodwill and Intangible Assets," software and software in progress were 29,701 million yen and 5,663 million yen, respectively as of March 31, 2023.</p> <p>As also mentioned in the Key Audit Matter above ("1 Evaluation of IT controls for revenue recognition," ), the dependency on IT systems is extremely high in the exchange business, and the Group performs periodic upgrades of the systems in order to appropriately and flexibly respond to the trading method diversification and sophistication due to technological development and listing of new services, and to meet the needs of market users including the improvement of resilience. Given this situation, the Group made a large amount of capital investments in IT systems that were replaced this fiscal year including the Derivatives Clearing System, as well as on a replacement planned for the two fiscal year later related to "arrowhead".</p> <p>We recognized that careful evaluation was necessary for indications of impairment for new systems currently under development in cases where the Group is considering a policy change for the utilization of such systems. It was possible that the new systems would not be in service and be disposed or the part of related investments were not recoverable.</p> <p>In addition, as the estimated useful lives of the current systems could be changed due to the development of the new systems, we also deemed that careful consideration was necessary for the changes in accounting estimates of useful lives of the current systems in connection with the Group's review of the estimated useful lives of the current system for the operation of new systems, as described in Note "4. Significant Accounting Estimates and Judgments Involving Estimations."</p> <p>Due to the above, we determined that the evaluation of software and software in progress is a key audit matter.</p>	<p>With the assistance of our IT specialists, we evaluated the effectiveness of the controls designed for the evaluation of the software and software in progress and performed audit procedures described below in order to examine whether the impairment indications exist for the Derivatives Clearing System replaced this fiscal year, and the new systems under development, including the "arrowhead" that is planned to be replaced in two fiscal years later.</p> <ul style="list-style-type: none"> <li>•For new systems under development, we made inquiries of system administrators regarding whether there have been significant changes in utilization and development policies since planning, and reviewed evidence such as minutes of the system information division meetings.</li> </ul> <p>Additionally, in order to examine whether the Group reviewed the useful lives of the current systems properly, we performed the following procedures, among others:</p> <ul style="list-style-type: none"> <li>•In order to examine whether the Group completely identified the current systems whose estimated useful lives would be subject to change and made the changes in the useful lives appropriately, we inspected approval documents and related support documents obtained from information systems divisions.</li> <li>•In order to examine whether depreciation is accurately calculated for the current systems whose estimated useful lives were changed, we conducted a recalculation.</li> </ul>

### *Other Information*

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Audit of Internal Control**

### *Opinion*

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Japan Exchange Group, Inc. as of March 31, 2023.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Japan Exchange Group, Inc. as of March 31, 2023, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### *Basis for Opinion*

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and the Audit Committee for Report on Internal Control*

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. The Audit Committee is responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

### *Auditor's Responsibilities for the Internal Control Audit*

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

June 9, 2023

To the Board of Directors of  
Japan Exchange Group, Inc.

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:  
Satoshi Iizuka

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Designated Engagement Partner,  
Certified Public Accountant:  
Michiyuki Yamamoto

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Designated Engagement Partner,  
Certified Public Accountant:  
Eriko Otokozawa

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### Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Japan Exchange Group, Inc. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 22th fiscal year from April 1, 2022 to March 31, 2023, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and its financial performance and for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Valuation of shares of affiliated companies and investments in affiliated companies	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Company is a pure holding company, and the total amount of 127,839 million yen of shares of affiliated companies and investments in affiliated companies (hereinafter referred to as "Shares of Affiliated Companies, etc.") recorded in the nonconsolidated balance sheet for the current fiscal year accounted for 60.3% of total assets of 211,678 million yen.</p> <p>As stated in "Significant Accounting Estimates" in the notes to the financial statements, the actual value of Shares of Affiliated Companies, etc. has not decreased significantly as of the end of the current fiscal year, and there has been no situation where Shares of Affiliated Companies, etc. may not be recoverable. However, considering the fact that the Company is a pure holding company, we determined that the valuation of Shares of Affiliated Companies, etc. is the relatively most important audit area.</p> <p>Based on the above, we identified this matter as a key audit matter.</p>	<p>In addition to evaluating the effectiveness of the internal controls over the valuation of Shares of Affiliated Companies, etc., we examined the validity of the valuation results of the Shares of Affiliated Companies, etc. by the Company as follows:</p> <ul style="list-style-type: none"> <li>• We tested the reliability of financial information of each affiliated company, which served as the basis for the calculation of the actual value of Shares of Affiliated Companies, etc., based on the audit procedures conducted and the results thereof.</li> <li>• In order to examine the validity of the valuation results of Shares of Affiliated Companies, etc., we compared the carrying value with the actual value for each of Shares of Affiliated Company.</li> </ul>

## Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties

relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Cover Page

Filed Document	Internal Control Report
Applicable Law	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	June 9, 2023
Company Name	Kabushiki Kaisha Nippon Torihikijo Gurupu
Company Name in English	Japan Exchange Group, Inc.
Name and Title of Representative	Yamaji Hiromi, Director & Representative Executive Officer, Group CEO
Name and Title of Chief Financial Officer	Tabata Atsushi, Senior Executive Officer, CFO
Address of Head Office	2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo
Place Where the Filed Document Is Available for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1 Matters Relating to the Basic Framework for Internal Control Over Financial Reporting

Yamaji Hiromi, Director & Representative Executive Officer, Group CEO, and Tabata Atsushi, Senior Executive Officer, CFO, are responsible for designing and operating internal control over financial reporting in the Group (the Company, its consolidated subsidiaries, etc.), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2 Matters Relating to the Scope of Assessment, the Basis Date of Assessment and the Assessment Procedure

The assessment of internal control over financial reporting was conducted with March 31, 2023, the end of the current fiscal year, as the basis date. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis ("entity-level controls") and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Group from the perspective of the materiality that may affect the reliability of the Group's financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of entity-level controls conducted for the Group, we reasonably determined the scope of assessment of internal controls over business processes. Regarding consolidated subsidiaries and associates accounted for under the equity method for which we concluded they did not have any material impact on the consolidated financial statements, we did not include them in the scope of assessment of entity-level controls.

Regarding the scope of assessment of internal control over business processes, significant locations were selected in such a way as to cover roughly 2/3 based on consolidated operating revenue (after elimination of inter-company transactions). We included in the scope of assessment, at the selected significant locations, business processes leading to “Operating revenue,” “Operating accounts receivable” and “Non-current assets,” as accounts that may have a material impact on the Group's business objectives. Furthermore, we also selected for testing, as business processes having greater materiality, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management's judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

3 Matters Relating to the Results of Assessment

As a result of the assessment described above, as of the end of the current fiscal year (March 31, 2023), we concluded that the Group's internal control over financial reporting was effectively maintained.

4 Supplementary Matters

None.

5 Special Notes

None.

Cover Page

Filed Document	Confirmation Letter
Applicable Law	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing Date	June 9, 2023
Company Name	Kabushiki Kaisha Nippon Torihikijo Gurupu
Company Name in English	Japan Exchange Group, Inc.
Name and Title of Representative	Yamaji Hiromi, Director & Representative Executive Officer, Group CEO
Name and Title of Chief Financial Officer	Tabata Atsushi, Senior Executive Officer, CFO
Address of Head Office	2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo
Place Where the Filed Document Is Available for Public Inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1 Matters Relating to the Appropriateness of the Contents of the Annual Securities Report

Yamaji Hiromi, Director & Representative Executive Officer, Group CEO, and Tabata Atsushi, Senior Executive Officer, CFO, verified that the contents of the Company's Annual Securities Report for the 22nd term (April 1, 2022 to March 31, 2023) are presented appropriately pursuant to the Financial Instruments and Exchange Act.

2 Special Notes

None.

Fiscal Year	From April 1 to March 31
Annual General Shareholders Meeting	June
Record Date	March 31
Record Date for Dividends of Surplus	September 30 March 31
Number of Shares Constituting One Share Unit of Shares	100 shares
Purchase or Sale of Shares Less Than One Unit	
Location	Stock Transfer Agency, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Administrator of Shareholder's Register	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Handling Office	–
Purchasing Fee	None
Method of Public Notice	Public notices are given electronically. However, in the event that the Company is unable to give an electronic public notice due to an accident or any other unavoidable circumstances, a public notice will be published in the Nikkei. Electronic public notices are posted on the Company's website at: <a href="https://www.jpx.co.jp/">https://www.jpx.co.jp/</a>
Shareholder Benefits	Special Benefits for Shareholders (1) Eligible Shareholders All shareholders holding shares of one share unit (100 shares) or more who are recorded in the final shareholder register of the Company as of March 31 every year. (2) Gift Vouchers and Cards - Continuous holding period of less than one year: gift vouchers or cards with a monetary value of JPY 1,000 - Continuous holding period of one year or more but less than two years: gift vouchers or cards with a monetary value of JPY 2,000 - Continuous holding period of two years or more but less than three years: gift vouchers or cards with a monetary value of JPY 3,000 - Continuous holding period of three years or more: gift vouchers or cards with a monetary value of JPY 4,000 Note: "Continuous holding period" refers to the following number of times that a specific shareholder number is consecutively recorded in the Company's shareholder register, which is updated twice a year at the end of March and September. - One year or more: at least three times - Two years or more: at least five times - Three years or more: at least seven times (3) Date of Offering After the conclusion of the Annual General Shareholders Meeting held every June

(Note) The Company's Articles of Incorporation provide for the rights associated with shares of less than one share unit. Pursuant to said provision, a shareholder holding shares of less than one share unit may not exercise any rights other than the

following:

- (1) The rights stipulated in the items of Article 189, Paragraph 2 of the Companies Act
- (2) The right to receive an allotment of offered shares and offered subscription warrants in proportion to the number of shares held by the shareholder