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**Takahashi:** Thank you very much for taking the time out of your busy schedule to join us today. We would like to begin the Japan Exchange Group, Inc., Medium-Term Management Plan 2027 Update and FY2025 Earnings Conference.

We have a hybrid on-site and live webinar session today. After our presentation, a question-and-answer session will follow.

English transcription of the conference including the Q&A session will be prepared and distributed after the event. It will also be published on our website. Please note that.

Now, let me introduce our speakers. Yamaji Hiromi, Director & Representative Executive Officer, Group CEO. Kawai Hiroki, Senior Executive Officer & CFO (Corporate Strategy and Treasury). I am Takahashi Hiroyuki, Corporate Communications Department and serve as the moderator. Thank you.

First, Yamaji will walk you through Medium-Term Management Plan 2027 Update for FY2026 and FY2025 financial results.



**Yamaji:** I am Yamaji of Japan Exchange Group. Today, I will first present Medium-Term Management Plan 2027 Update for FY2026 and then explain FY2025 financial highlights.

First, I would like to show you Medium-Term Management Plan 2027 Update for FY2026. JPX's business initiatives may not always generate immediate profits. We aim to achieve sustainable growth over the medium to long term by providing a highly reliable and convenient market infrastructure.

With this philosophy, JPX formulated its three-year plan, Medium-Term Management Plan 2027 in March 2025, and has promoted initiatives under the slogan Exchange & Beyond.

The first year of the three-year plan has passed, and we have made steady progress in implementing initiatives for the core themes of the plan. Also, we have made some updates in light of recent changes in the environment, and I would like to present these updates.

## Review of First Year of Plan (FY2025)

Japan Exchange Group, Inc.

### Results of Main Initiatives (includes activities up to April 28, 2026)

**Core Theme 1**

**Forge a new era for the Japanese stock market**

- Action on "management that is conscious of cost of capital and stock price" spreading among mostly Prime companies
- English disclosure made mandatory in the Prime Market
- Request for "management that strives for high growth" and revision of continued listing criteria for the Growth Market
- Start of calculation of JPX Start-Up Acceleration 100 Index
- Revision of Code of Corporate Conduct for MBOs, etc.
- AUM of TSE-listed ETFs over JPY 100 trillion
- Publication of results of Study Group on Small-Size Investments
- Publication of report from Working Group on Trading Rules
- Wed. expiry contracts added to Nikkei 225 mini Options
- Record high trading volume for securities options in FY2025

**Core Theme 2**

**Strive to become a comprehensive platform**

- Listing of currency futures
- Listing of Pocket Gold 100 Futures and Pocket Platinum 100 Futures
- Record high trading volumes for 20-year JGB Futures and electricity futures in FY2025
- Record high clearing value for JPY interest rate swaps in FY2025
- Authorization given by CFTC for use of JPY interest rate swap clearing services by U.S. customers
- Listing of fiscal year contracts and Chubu area contracts for electricity futures
- Electricity spot and futures trade linking service "JJ-Link" moved to Phase 2

**Core Theme 3**

**Collaborate for digital innovation**

- Start of provision of arrowhead timestamp data
- Start of provision of J-Quants DataCube and enhanced data on J-Quants Pro
- Provision of index fundamentals and TDnet disclosure started on Snowflake
- Development of AI use cases regarding listed company-related information, such as the release of AI-based disclosure search service "J-LENS (Beta Version)"
- Optimization/sophistication of self-regulatory operations using AI
- Launch of study toward establishment of industry-wide common data platform

### Financial Targets and Non-financial Commitments

	ROE	Strengthening human resources through ongoing investment in human capital	Stable provision of core systems and demonstration of resilience
Status after first year	23.1%	The three indicators from the results of the engagement survey all rose due to proactive investment in human capital	Achieved 100% operational availability for core systems and worked toward maintaining/improving high level of reliability

### Financial Management Indicators

	Operating revenue*	Operating profit	Net income (attributable to owners of the parent company)
FY2025	JPY 198.7 billion	JPY 116.2 billion	JPY 79.1 billion

\* Interest rate-related revenue (excluding the portion of JSCC's revenue from deposited collateral assets which is passed on to clearing participants) was JPY 20.9 billion (up 47% from FY2024). Data services revenue was JPY 3.5 billion (up 11% from FY2024 (excluding impacts from consolidated subsidiary SCRIPTS Asia changing its fiscal year)).

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Please see our review of the first year of the plan.

Interest in the Japanese stock market has reached unprecedented levels, driven by the spread of management practices focused on cost of capital and stock prices, as well as progress in development of Japan as a leading asset management center. We have seen positive changes in the behavior of the listed companies, and we believe that we are moving in the right direction as a whole.

Also, we are focusing on Japanese interest rate-related products and services to take advantage of the revitalization of the Japanese interest rate market amid the transition to a positive-interest economy. Specifically, in addition to promoting listed interest rate derivatives, we are strengthening our OTC clearing services, centering interest rate swap clearing.

Under the medium-term management plan, we expect interest rate-related revenue to grow at an average annual rate of about 12%. In the previous fiscal year, it grew by 47%.

FY2025 was the first year of introduction of collateral management for repo transactions in our exchange trades product clearing division, which has brought additional revenue.

We have also improved the convenience of the market by utilizing cutting-edge technologies such as AI. We have established a company-wide AI promotion system and are promoting AI-based information sharing services and market operation sophistication.

In addition, we are also actively improving our data services by enriching data we distribute and diversifying data provision methods, as the need for data is increasing against the backdrop of the active Japanese stock market.

Our medium-term management plan aims for an average annual growth rate of approximately 8% in revenue from data services. We achieved 11% growth in the previous fiscal year.

Also, from a medium- to long-term perspective, we have launched currency futures and are promoting the electricity futures market. We are making steady progress to achieve the goals of our long-term vision for 2030.

### Policy Updates From Second Year of Plan

Japan Exchange Group, Inc. —

- In the first year of the plan, in addition to continued progress in corporate governance reforms at listed companies – driven by the spread of "management that is conscious of cost of capital and stock price" and advancements in Growth Market reform – businesses outside the Japanese stock market expanded, centered on interest rate and data-related businesses.
- As operator of the market infrastructure that forms part of the investment chain, we aim to enhance market functionality, support the efforts of listed companies aiming for growth, and contribute to the further development of Japan as a leading asset management center. To this end, from the second year of the plan, we will work under the following policy:

#### Updated Policy

- Taking into account changes in the business environment as well as the progress and results of our initiatives to date, we will **maintain the overall direction of the Medium-Term Management Plan 2027** while steadily implementing initiatives under each Core Theme to advance the diversification of our business portfolio and the stabilization of our revenue base.
- We will reliably fulfill our role as market infrastructure, continuing in step with the government's initiatives toward promoting Japan as a leading asset management center. At the same time, we will contribute to the sustainable growth of Japan's capital markets as a whole by **supporting listed companies' efforts to have meaningful dialogue with investors through consideration and disclosure of allocation of management resources**.
- While **accelerating discussions on future-focused investments**, among other things, and working to ensure stable operation of the market, we will also work to improve the convenience of the market by meeting newly arising needs and proactively utilizing new technologies in response to changes in the business environment such as rising interest rates and advancements in AI.

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This shows policy updates from the second year of plan.

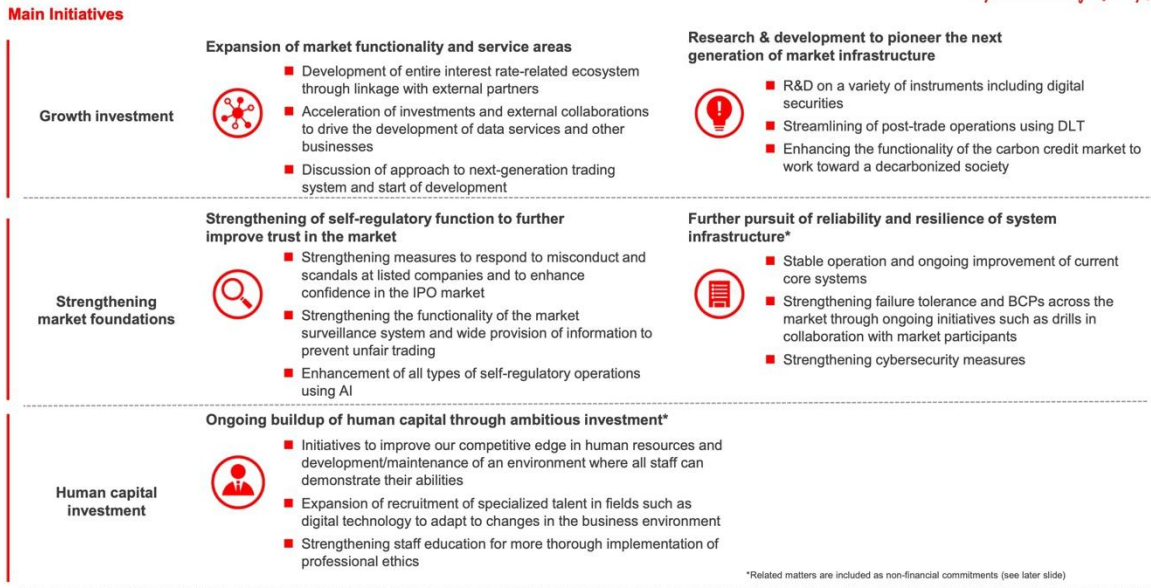
With regard to the business environment, there is still uncertainty about the future of the domestic and overseas economic environment amid heightened geopolitical risks due to the situation in Iran and other factors.

However, we will not change our course and will continue to fulfill our role as market infrastructure, aligned with government initiatives to promote Japan as a leading asset management center.

Therefore, we will maintain the overall direction of the plan while steadily implementing initiatives under each core theme to advance the diversification of our business portfolio and the stabilization of our revenue base.

At the same time, we will also work to improve the functionality of the market by meeting newly arising needs and proactively utilizing cutting-edge technologies in response to changes in the business environment such as rising interest rates and advancements in AI.

Pages six through page ten of the presentation provide updates on our initiatives. Please review them later.



This slide shows our future-focused investments including investment for growth.

Main initiatives include investment for expansion of market functionality and services in interest rates, data and digital areas and for the next generation of market infrastructure, strengthening market foundations for enhancing self-regulatory functions and pursuing the reliability and resilience of system infrastructure, and human capital investment to improve our competitive edge in human resources.

**Approach to Sustainability**

We aim for the "realization of an affluent society" by promoting "sustainable development of the market" and resolving societal issues through the Medium-Term Management Plan 2027.

Medium-Term Management Plan 2027

**Core themes**

- 1 Forge a new era for the Japanese stock market
- 2 Strive to become a comprehensive platform
- 3 Collaborate for digital innovation

JPX Group's future-focused investments

Growth investment	Expansion of market functionality and service areas	Research & development to pioneer the next generation of market infrastructure
Strengthening market foundations	Strengthening of self-regulatory function to further improve trust in the market	Further pursuit of reliability and resilience of system infrastructure
Human capital investment	Ongoing buildup of human capital through ambitious investment	

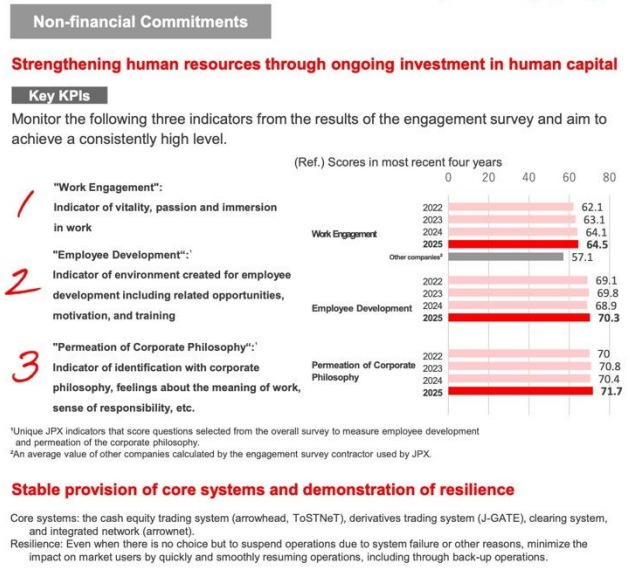
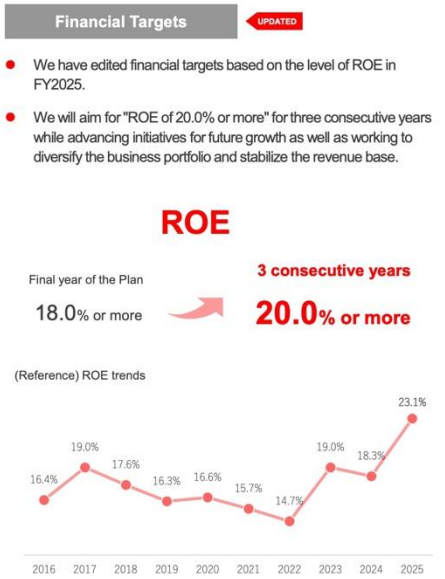
**To Realize a Sustainable and Affluent Society**  
 Promotion of Japan as a leading asset management center, internationalized and diversified market functions, solutions to cross-industry issues, and more...



<sup>1</sup>Supporting transition to decarbonization by advancing measures to address climate change including development of market for emission trading.  
<sup>2</sup>Contributing to the realization of a sustainable society by providing solutions that utilize market mechanisms and technologies

This slide shows our approach to sustainability. Please review it later.

## Financial Targets and Non-Financial Commitments



Next, I would like to talk about financial targets and other matters. FY2025 ROE was 23.1% as a result of strong trading in the Japanese stock market owing to growing global interest in Japanese stocks.

We will continue to promote initiatives for future growth, diversify our business portfolio, and stabilize our revenue base in FY2026, while aiming to achieve ROE of 20% or more for three consecutive fiscal years.

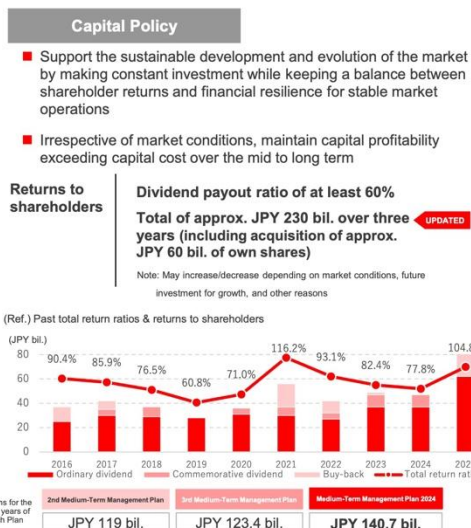
Also, to ensure market reliability and sustainable development, securing human and system resources is a top priority for our group, and therefore we have set non-financial commitments together with financial targets.

All key KPIs, including work engagement as an indicator of vitality, passion and immersion in work, surpassed the FY2024 results.

## Capital Policy

Japan Exchange Group, Inc.

- Based on an increase in forecasted total cash inflows for the three years of the Plan, we will increase total returns to shareholders over the three years while advancing future-focused investments.
- Further returns to shareholders will be flexibly considered based on the future financial situation and other factors.



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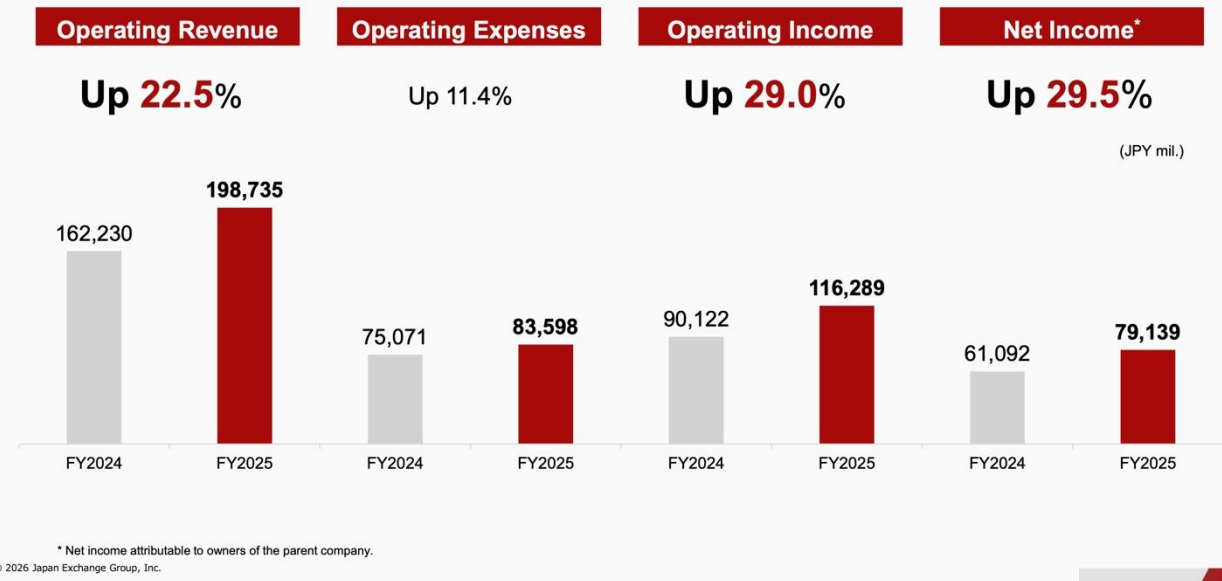
This slide shows our cash allocation for the three-year plan.

We intend to use operating cash flow for redemption of corporate bonds and system investments, and to actively return profits to shareholders while promoting investment for growth, such as venture investment and M&A.

Based on the FY2025 results and FY2026 forecast, we have raised our forecast for operating cash flow to approximately JPY340 billion and increased the amount of shareholder returns to approximately JPY230 billion.

That's all for the Medium-Term Management Plan 2027 Update for FY2026.

## Highlights



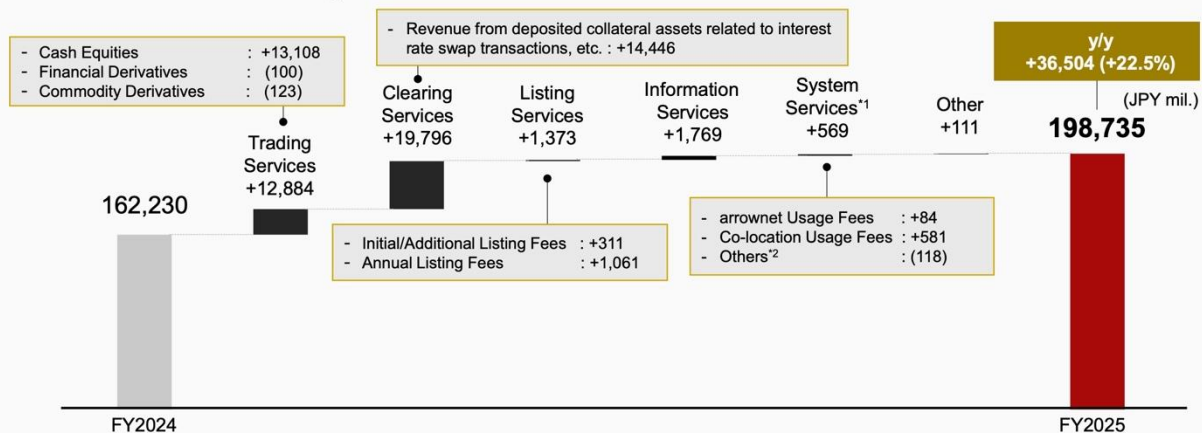
Now, I would like to present FY2025 financial results.

First, let's look at financial highlights. Operating revenue increased YoY by JPY36.5 billion, or 22.5% to JPY198.7 billion, operating income increased YoY by JPY26.1 billion, or 29% to JPY116.2 billion, and net income increased YoY by JPY18 billion, or 29.5% to JPY79.1 billion.

## Operating Revenue



- All revenue categories increased due to the lively Japanese stock market.
- Revenue from deposited collateral assets related to interest rate swap transactions, etc. contributed significantly to the increase in clearing services revenue.



\*1 In FY2025, the breakdown of operating revenue was revised to six categories with the addition of "System Services Revenue." "arrownet Usage Fees," "Co-location Usage Fees," and a portion of "Others," which were included under "Other Operating Revenue" until FY2024, are now displayed under "System Services Revenue."

\*2 Revenue from system development and operations, etc.

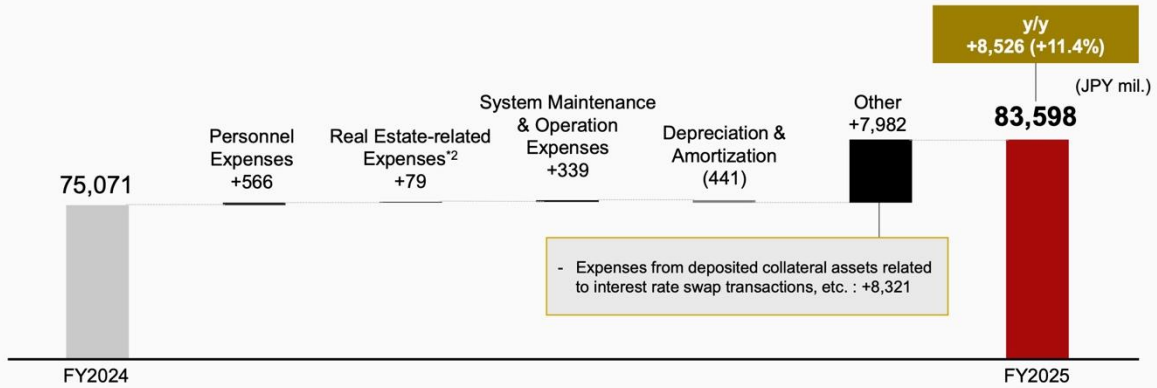
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This slide focuses on the operating revenue. All revenue categories increased owing to the lively Japanese stock market. Revenue from deposited collateral assets related to interest rate swap transactions, etc. contributed significantly to the increase in clearing services revenue.

## Operating Expenses



- Other operating expenses increased due to an increase in the amount returned to clearing participants for deposited collateral assets related to interest rate swap transactions, etc.\*1



\*1 The amount of the revenue from deposited collateral assets related to interest rate swap transactions, etc. which has been returned to clearing participants is recorded under other operating expenses.  
 \*2 A portion of real estate-related expenses, which are reported under depreciation in line with IFRS 16, Leases, is included under "Real Estate-related Expenses" in this chart.

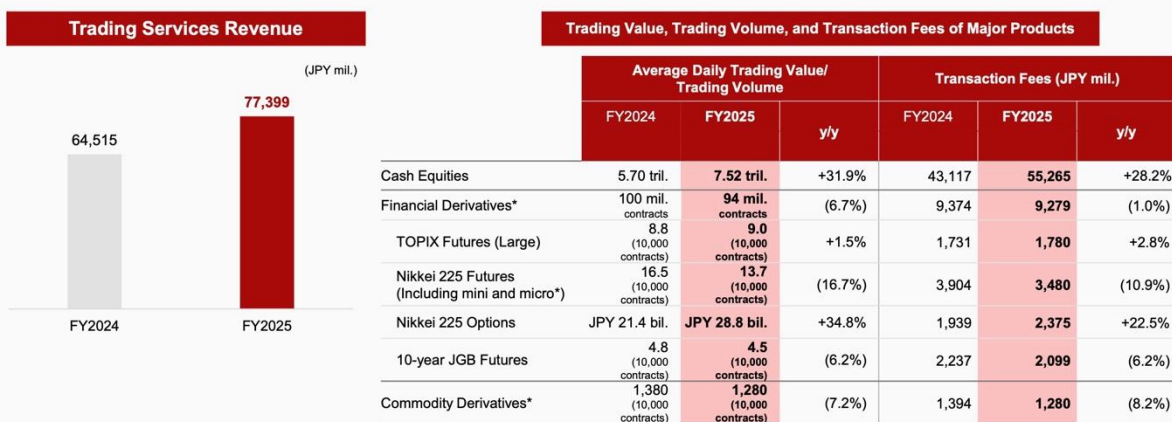
Let's look at operating expenses.

As I mentioned earlier, revenue from deposited collateral assets increased. Therefore, other operating expenses increased due to an increase in the amount returned to clearing participants for deposited collateral assets.

## Trading Services Revenue



- Although trading volume for financial derivatives increased as JPX entered the fourth quarter, trading volume was sluggish through the third quarter in light of a reactionary decline following the surge in volatility in April 2025, resulting in lower trading volume and fees for financial derivatives for the full year.
- On the other hand, the increase in revenue from higher cash equity trading value more than offset the decrease in derivatives trading fees, resulting in higher trading services revenue overall.



\* In line with the contract unit of each, the trading volumes of mini contracts and micro contracts are calculated using factors of 1/10 and 1/100, respectively.

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I would like to talk about each revenue item from the following slides.

In FY2025, the Nikkei Stock Average kept renewing its record, and a record high trading value was also achieved in a single month. The average daily trading value of cash equities increased YoY by 31.9% to JPY7.52 trillion.

On the other hand, although trading volume for financial derivatives increased as the needs for hedging increased, trading volume was sluggish in light of a reactionary decline following the surge in volatility in April 2025, resulting in the decline in the trading volume for all products for the full year. As a result, the trading volume after contract unit conversion, which indicates the actual trading volume, was 94 million contracts, a 6.7% decrease YoY.

Commodity derivatives' trading volume also decreased YoY by 7.2% to 12.8 million contracts.

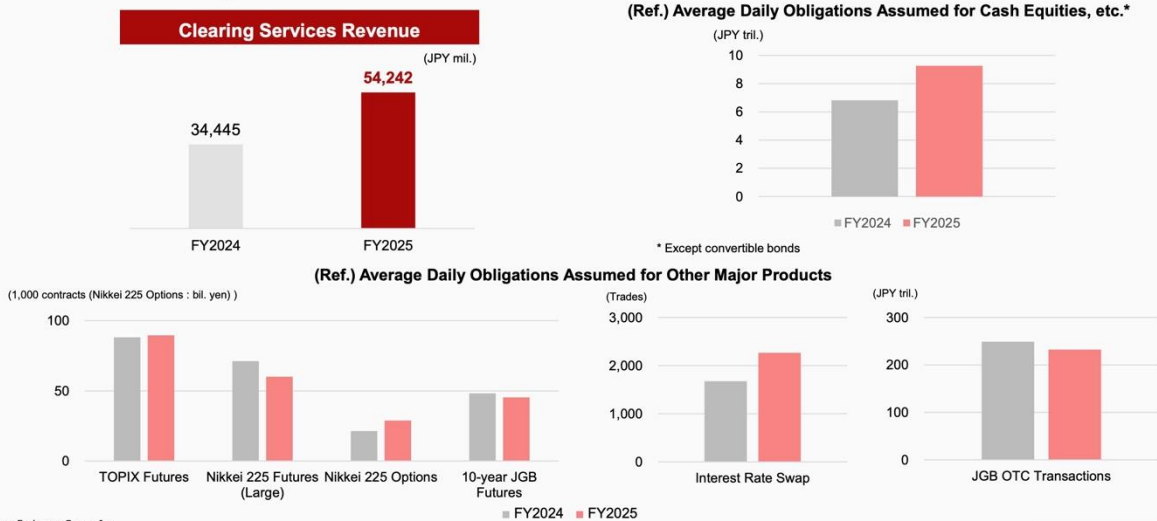
Overall, trading services revenue increased YoY by JPY12.8 billion, or 20% to JPY77.3 billion.

Slide 22 and slide 23 show market trends from April 2025 to March 2026. Please check them later.

## Clearing Services Revenue



- Revenue from deposited collateral assets related to interest rate swap transactions, etc. increased significantly.
- In addition, the increase in obligations assumed for cash equities, etc. and interest rate swaps contributed to the increase in clearing services revenue.



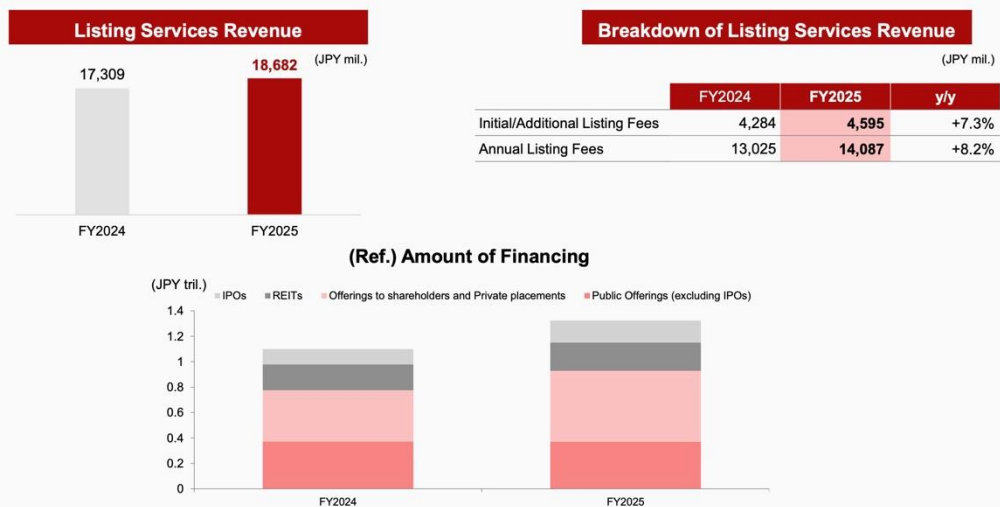
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Clearing service revenues increased YoY by JPY19.7 billion, or 57.5%, to JPY54.2 billion as revenue from deposited collateral assets increased and obligations assumed for cash equities and interest rate swaps increased.

## Listing Services Revenue



- Annual listing fees increased due to an increase in assets under management resulting from domestic ETF prices exceeding the previous years' prices as of the calculation of annual listing fees (end of each year).



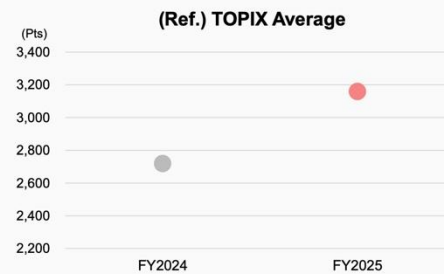
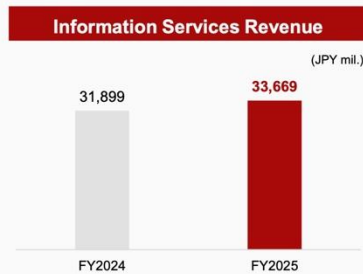
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Listing services revenue increased YoY by JPY1.3 billion, or 7.9% to JPY18.6 billion owing to an increase in assets under management for domestic ETFs.

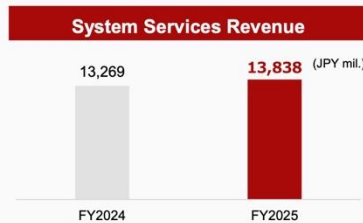
## Information Services Revenue & System Services Revenue



- Information services revenue increased due to an increase in revenue from market information usage fees resulting from the expanded use of market data and an increase in revenue from index licensing fees.



- System services revenue increased due mainly to an increase in the usage of co-location services.



**Breakdown of System Services Revenue**  
(JPY mil.)

	FY2024	FY2025	y/y
arrownet Usage Fees	3,553	3,638	+2.4%
Co-location Usage Fees	5,898	6,480	+9.9%
Others*	3,817	3,720	(2.5%)

\* Revenue from system development and operations, etc.

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Information services revenue increased YoY by JPY1.7 billion, or 5.5% to JPY33.6 billion owing to an increase in revenue from market information usage fees resulting from the expanded use of market data and an increase in revenue from index licensing fees.

System services revenue increased YoY by JPY0.5 billion, or 4.3% to JPY13.8 billion, mainly owing to an increase in the usage of co-location services.

## FY2026 Forecast



- Although operating revenue is expected to increase due to higher revenue from deposited collateral assets related to interest rate swap transactions, operating income and net income are forecast to decrease as higher operating expenses are expected due to increases in system-related expenses and the amount returned to clearing participants.<sup>\*1</sup>

	FY2025	FY2026 (Forecast)	y/y
Operating Revenue (JPY mil.)	198,735	205,000	+3.2%
Operating Expenses (JPY mil.)	83,598	91,000	+8.9%
Operating Income (JPY mil.)	116,289	115,000	(1.1%)
Net Income <sup>*2</sup> (JPY mil.)	79,139	77,500	(2.1%)
Earnings <sup>*2</sup> Per Share	JPY 76.81	JPY 75.39	-
Dividend Per Share	JPY 61	JPY 61	-
Dividend Payout Ratio	79.4%	80.9% <sup>*3</sup>	-

### Average daily trading volume/value of major products

	FY2025	FY2026 (Forecast)	y/y
Cash Equities (trading value) <sup>*4</sup>	JPY 7.5243 tril.	JPY 7.5 tril.	(0.3%)
TOPIX Futures (trading volume)	89,529 contracts	86,000 contracts	(3.9%)
Nikkei 225 Futures (trading volume) <sup>*5</sup>	137,175 contracts	136,000 contracts	(0.9%)
Nikkei 225 Options (trading value)	JPY 28.8 bil.	JPY 25.5 bil.	(11.5%)
10-year JGB Futures (trading volume)	45,286 contracts	51,000 contracts	+12.6%

<sup>\*1</sup> The amount of the revenue from deposited collateral assets related to interest rate swap transactions, etc. which has been returned to clearing participants is recorded under other operating expenses. <sup>\*2</sup> Attributable to owners of the parent company

<sup>\*3</sup> Estimate that does not take the acquisition of own shares into consideration.

<sup>\*4</sup> Average daily trading value of auction and off-auction trades of common stock on the Prime, Standard, and Growth Markets and the TOKYO PRO Market, as well as ETFs/ETNs/REITs, etc.

<sup>\*5</sup> Includes Nikkei 225 mini contracts (calculated using a factor of 1/10) and Nikkei 225 Micro Futures contracts (calculated using a factor of 1/100).

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Let's look at FY2026 forecast.

Regarding the assumed market conditions, we assume average trading value of JPY7.5 trillion for cash equities, based on FY2025 results and the current external environment. Based on this assumption, operating revenue is expected to increase YoY by 3.2% to JPY205 billion.

On the other hand, operating expenses are expected to increase YoY by 8.9% to JPY91 billion, due to an increase in system-related and deposited collateral assets-related expenses.

As a result, operating income is expected to decrease YoY by 1.1% to JPY115 billion, and net income to decrease YoY by 2.1% to JPY77.5 billion.

## Shareholder Return for FY2025



- To further enhance capital efficiency and shareholder returns in accordance with the capital policy set forth in the Medium-Term Management Plan 2027, JPX will pay ordinary dividends and acquire own shares as shown below. As a result, the total return ratio is expected to be approx. 106%\*<sup>1</sup>.
- Ordinary dividend
  - ✓ The forecasted dividend amount is JPY 61\*<sup>2</sup> per share.
  - ✓ Forecasted ordinary dividend payout ratio is **80.9%**\*<sup>3</sup>.
- Acquisition of own shares
  - ✓ Implementation shall be as follows:

Details of acquisition of own shares	
Acquisition amount	Maximum of JPY 20 billion
No. of shares to be acquired	Maximum of 40 million shares (3.9% of total no. of issued shares)
Acquisition period	June 1, 2026 – October 26, 2026
Acquisition method	Purchase on the auction market

\*1 Estimate calculated based on JPX achieving the net income amount announced in the FY2026 forecast and acquiring JPY 20 billion in own shares.

\*2 The forecasted interim dividend is JPY 30, and the forecasted year-end dividend is JPY 31.

\*3 Estimate that does not take the acquisition of own shares into consideration.

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FY2025 ordinary dividend amount is JPY61 per share for full year, assuming ordinary dividend payout ratio of about 80%.

Also, we will further enhance capital efficiency, and shareholder returns for FY2026 in accordance with the capital policy set forth in the Medium-Term Management Plan 2027.

The basic policy of ordinary dividend payout ratio is 60% or more. For FY2026, ordinary dividend amount will be JPY61 per share for full year, with an expected dividend payout ratio of 80.9%.

In addition, as announced the day before yesterday, JPX's Board of Directors resolved acquisition of own shares. The amount of acquisition of own shares is maximum of JPY20 billion. The acquisition period is between June 1 and October 26, 2026. The acquisition method is purchase on the auction market.

The amount of JPY20 billion is equivalent to about 1% of our market capitalization, based on our recent share price.

That is all for me.

## Question & Answer

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**Takahashi:** Let's begin the Q&A session. Please ask your questions.

**Watanabe: I am Watanabe of Daiwa Securities. Thank you for the presentation. I have three questions.**

**First, on page 27 regarding your forecast, you expect an increase of JPY7.4 billion in operating expenses. Can you tell me the details?**

**In addition, please let me know about your policy rate assumption during FY2026.**

**Kawai:** Operating expenses are increasing mainly due to the amount returned for deposited collateral assets. Also, as current arrowhead system started in November the year before last, the amount of depreciation was significant in FY2025. We plan to make system investments, such as increasing the capacity of arrowhead, so system costs will increase to some extent.

Real estate-related expenses are about the same. Although it is a little difficult to see the direction of personnel expenses due to timing of provisions and other factors, we increased salary by more than 5% in FY2025. It increased by about 8% for younger employees. We expect similar amount for labor expenses in the future, depending on the future situation and our policy.

In addition, other expenses, such as promotion expenses, for products that we are strategically promoting, especially derivatives, will increase from FY2025.

Concerning interest rates, we heard that the policy rate may be raised in June from the market. But we are relatively conservative in our assumption and have prepared our budget based on the assumption that the interest rates will be raised once during FY2026.

**Watanabe: I want to know the average gross investment yield for FY2026. When may it be raised?**

**Kawai:** I think it would be during H2 of FY2026. In that sense, we are conservative.

**Watanabe: My second question is about capital policy on page 15. You significantly increased the forecast for total returns in your medium-term management plan. However, the amount of share buyback is left unchanged at JPY60 billion over three years. I would appreciate it if you could share your discussions regarding changes in dividend and share buyback.**

**Also, you mentioned that you are considering the use of debt, such as borrowings. I would like to know your intention and room for debt financing.**

**Kawai:** This capital policy is essentially based on the approach we took when we announced our medium-term management plan last year, rather than being newly introduced this year. The basic idea is to calculate the necessary capital and related surplus when formulating this medium-term management plan, and then systematically optimize these over the three-year period.

We are the market operator, and a strong financial foundation is essential. We receive questions every time about how much equity capital is required for that purpose. So, I would say we expect about JPY270 billion at present.

Equity capital is now about JPY307.9 billion after deductions for declared dividends, so we calculate that we have about JPY38 billion of surplus capital at this stage. This is to be optimized over the three years, or until the end of FY2027.

We have also seen an increase in equity capital. So, I would like to touch upon the required level of equity capital. One of the main reasons is due to JSCC's institutional arrangements.

Specifically, the amount of funds to compensate for potential losses in interest rate swaps has increased. Collateral management at exchange traded products clearing division started in June last year. Under the rules, the net revenue shall be included in funds for compensation for potential losses.

Therefore, in this sense, the equity capital required for us as the market operator is different from that for general businesses. I would like you to understand why our equity capital is increasing.

In that sense, as indicated here, we are trying to systematically optimize the JPY60 billion own share acquisition plan while keeping an eye on this surplus capital situation.

We have also set the target of dividend payout ratio of 60% or more. But we see about 80% this time, taking into account the strong performance of FY2025. From next fiscal year, we intend to consider it flexibly while carefully monitoring the financial and business environment.

Then, about borrowings. As I mentioned earlier, we have a certain amount of surplus capital, which we intend to optimize through share buybacks or dividends as our financial leverage is very low. In terms of DE ratio, I would say it's somewhere between 0.15 and 0.2.

This is not directly comparable to overseas exchanges because they have different business models, but it is very low. At the same time, WACC is rising due to the market conditions. In that sense, we hope to actively utilize borrowings for financing and reduce WACC when investment projects for growth emerge in the future.

The room for borrowings and external financing has been checked internally. Assuming the maintenance of our current AA rating, we estimate that there is room for JPY80 billion to JPY100 billion.

**Watanabe: My third and final question is regarding AI. With the rise of the AI threat theory, I would like to know about the impact of AI on the exchange business and M&A, including changes in the data business appetite through the current series of developments.**

**Yamaji:** We see AI can be used in two ways.

One is to improve the efficiency of our operations. The second way is to improve the efficiency of our service provision and sophisticate our services.

First, with regard to internal business or operational efficiency, for example, at TSE, the daily order flow is already roughly between 200 million and 300 million orders, including illegal orders. At the Japan Exchange Regulation, AI is utilized to reduce the number of transactions for human inspection. This was first introduced in 2018 and has been improved since then.

Another example at the Japan Exchange Regulation is the initial examination of IPO applications handled by AI. AI checks if the required fields are completed.

Last year, we began to use AI more extensively throughout our business and operations. A recent estimate based on the results of a survey shows that the use of AI saves about 12 hours per person a month.

This is roughly equivalent to about 4.7% of labor costs, which is considerable savings. It is low-hanging fruit captured by promoting company-wide AI utilization. At the same time, our next challenge is how to use the time saved in more productive areas.

Also, we have already launched three products, to make our data services more efficient and sophisticated. JPX Market Explorer is a service available in 12 languages where users can quickly check business and financial scores of all listed companies for less than 30 seconds.

JPxData Portal is a search engine and translator for information provided by JPX such as quarterly disclosures and corporate governance reports.

The third product is J-LENS launched in December last year. The OpenAI chatbot-like service allows users to search in a conversation without using technical terms. It had about 5,000 page views on the first day.

As Japanese companies are attracting attention from all over the world, we have become more and more aware of the demand for these search engines and translation services.

We have a disclosure system called TDnet that you may be familiar with. It is said that the most time-consuming task for listed companies is timely disclosure. Quarterly disclosures such as financial results have their standardized format. However, M&As, MBOs, and corporate actions, for example, are not done every year. Therefore, preparation for its announcement takes time.

So, our AI-based assistance service is under development, which we hope to launch in 2027.

We believe that AI is a technology that can contribute greatly to enhanced efficiency in operations and sophistication of our services. We will continue to actively utilize this technology.

But at the same time, there is increasing discussion around potential risks of AI technology like Claude Mythos of Anthropic.

Recently, Minister Katayama held a meeting with the three megabank presidents. I was invited, too. Mr. Ueda, Governor of the Bank of Japan was also there. There is a limit to what individual companies can do to address such threats, so I believe that a council will be established in the future to address this issue with the support of the government. We would like to actively participate in such meetings and be well-prepared to defend ourselves.

**Watanabe: Regarding the M&A pipeline, what about AI-related deals?**

**Yamaji:** Regarding M&As, we continuously monitor the market, as there are many patterns as to whether it will be an outright acquisition or a minority one.

There are large, medium, and small companies. It would be difficult for us to conduct a sudden M&A without their consent for a company with know-how or technology that we cannot acquire in-house, due to our nature.

However, if there is an opportunity to improve the efficiency of our market or to contribute to business diversity, we would like to actively work on it while building consensus among the parties concerned.

**Tsujino: I am Tsujino from BofA Securities.**

**First of all, your forecasted FY2026 dividend payout ratio is 80.9%. If your forecast is revised upwards later, should we still assume it at 80%?**

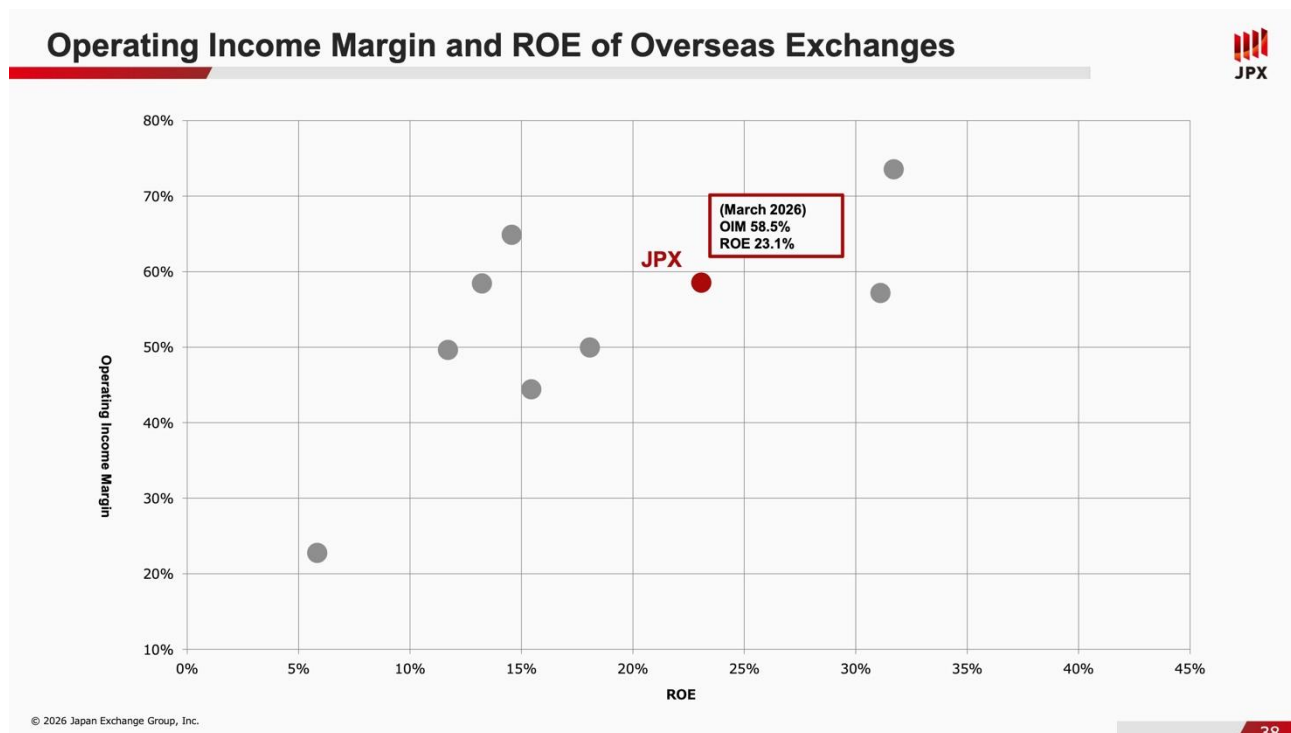
**Kawai :** That's basically how I see it.

**Tsujino: Secondly, please tell me about the status of currency futures and how you include their revenue and expenses in your forecast.**

**Kawai:** Currency futures have just started, and the average daily volume is about 4,000 contracts at this stage.

For the introduction of this product, we started with the idea of developing this product over the medium-to long term, so we have not explicitly included in our budgeting and earnings forecast.

**Takahashi [M]:** Thank you. Please ask next questions.



**Niwa: My name is Niwa from UBS Securities. I have two questions.**

**My first question is a bit premature, but I have a question in terms of your target ROE, keeping in mind the next mid-term plan. What is the missing piece?**

**Looking at page 39 of your presentation, it appears to be JPX is in a well-balanced position, given the current level. Naturally, I think you are aiming for the upper right side. I would appreciate any comments on what you think should be done, or if there is a missing piece.**

**Kawai:** In this medium-term plan, we have interest rate-related business as one of the major pillars. In that sense, the level of absolute interest rates is still low for this interest rate-related business.

This is true in terms of products and deposited collateral assets, and we also offer futures, and clearing of interest rate swaps and government bonds, and other products and services with our existing functions.

As stated in the future-focused Investments page, it is difficult to give specific figures, visions, or plans at this stage as there are some aspects that we will consider later. I think it will be necessary to move things forward by collaborating and partnering with stakeholders.

In addition to our functions, from the perspective of strengthening our JGB products and services, we need to consider collaboration with stakeholders and to explore provision of related information services.

In fact, for example, we have a cooperative relationship with Ueda Tradition, an Ueda Yagi Tanshi Group company, focusing on short-term interest rate futures. We are working together on marketing and providing common services. I hope to expand our business, including these initiatives as well. A missing piece, or let's say what we will strengthen, is this interest rate-related business.

In terms of products, we are now considering and preparing ETFs and derivatives related to crypto assets. As you know, the law is currently under review, and the new law is scheduled to be enforced at the beginning of 2028, including the taxation system. We also hope to provide market functions targeting that area, and we are currently studying and preparing for both ETFs and derivatives with relevant parties.

From the perspective of ROE, business growth is essential. So, I believe that for the numerator, we need to strengthen products and business areas for growth as revenue contributors.

As for the denominator, as I mentioned earlier, I hope that through proper management of our balance sheet, we will make our initiative more stable or even more appreciated by shareholders.

**Niwa: My second question. I have two points to ask about TSE reform. One is your evaluation of your efforts to improve corporate value. I am wondering if there is a second stage and beyond. Please let me know if you have any comments you would like to share with us.**

**The second point, the number of companies being listed overseas or going private seems to be increasing. Can you tell us how you see the problem in this area, a problem that I think is common to all but US companies?**

**Yamaji:** In terms of corporate governance reform, or market reform, particularly with regard to the request issued by TSE three years ago, at the end of March 2023, regarding management that is conscious of cost of capital and stock price, I think the refined version has been issued, just recently, as an evolutionary version to achieve evolution.

However, the awareness of management practices that are conscious of cost of capital and stock prices have definitely increased over the past three years. This is not only our evaluation, but also the assessment of global investors.

The main reason for updating the request this time was not only to raise awareness, but also to make the results of such efforts visible.

Cash allocation issues are drawing increased attention. Each company has its own circumstances and situation, and I believe that the people who best understand this are the company's members of board of directors. Therefore, we want them to recognize their problems, analyze the current situation, create improvement measures, and then translate them into tangible results by engaging in constructive dialogue with the market.

Therefore, even without such requests from TSE, many companies have already worked on this on their own. Unfortunately, for those that are not able to take such measures on their own, we will continue to support them by providing case studies and other support.

We believe that corporate governance reform has no end and will continue over a long time, and for this reason, it is necessary for each company to voluntarily take action. We would like to provide a variety of information and tools to support their voluntary efforts.

I saw it in stats of the World Bank the other day. It seems that the number of listed companies is decreasing by about 10% worldwide, from about 52,000 in 2021 to about 47,000 by the end of 2024.

Surprisingly, as you know, in the United States, there were about 8,000 listed companies in the 1990s, but it decreased to 4,000 today, and the market cap has increased by 7.3 times, so the average per company has increased by 15 times. I think this means that there have been quite a bit of mergers and acquisitions.

When we reviewed the market classification, we raised the delisting standards. As I have been saying since then, this reform is not intended to reduce the number of listed companies, but to improve their quality.

The reason why we issued the request on management practices that are conscious of cost of capital and stock prices a year later is because global funds will not come to Japan unless the quality is improved, and we have said that we are not so much conscious of a decrease in the number of companies.

The number of listed companies declined for the first time in 2024. The number of delisting announcements has already exceeded 60 so far this year. I think there is a possibility of another decrease this year if the number of IPOs remains between 70 and 80 this year.

We do not have any particular evaluation of the decline in the number, and since this is a decision to be made by each company, we do not feel that we have any say in the matter.

However, the existing listed companies have remained because they have considered the significance of staying public, and from the standpoint of aiming for sustainable growth and medium- to long-term corporate value, this is a sign that the market is getting stronger, which I think we should welcome.

On the other hand, we would like to continue to actively invite IPOs to TSE. We will continue our IPO initiatives for Japanese companies as well as companies in Asia.**Tsujino: One additional question. Now that deposit investments of OTC derivatives see a return of over 20 basis points. As interest rates keep rising, could you consider changing the cap?**

**Kawai:** In terms of your question about whether it could be a consideration, I think it could be, but as to whether it is currently being discussed and planned in concrete terms, we have not gotten to that point.

**Tsujino: If you were to do this, you would have to obtain the consent of all participants, which would require a certain administrative cost and time.**

**Kawai :** Instead of obtaining the consent of all participants, we need to communicate properly with all participants and gain their understanding before changing the practice.

**Tsujino: I believe the terms and conditions are written in the investment agreement, but can JSCC unilaterally change those terms?**

**Kawai :** I think that is practically impossible.

**Takahashi [M]:** Thank you. That concludes the Q&A session. This concludes our conference for today.

Thank you very much for participating today.

**Yamaji [M]:** Thank you.

[END]