

Value Creation Process

JPX Group is working to expand the base of market participants and realize sustainable market growth through continuously providing a robust financial market infrastructure and diverse products and services. By continuously providing society with vibrant financial markets, we support the development of the economy and society as a whole and contribute to realizing an affluent society.

Sources of value creation

INPUT

External capitals

Social capital

Active Japanese financial markets

- Ranked 5th in the world for market capitalization of listed companies
- Abundant household financial assets of over JPY 2 quadrillion

Unique Points 01/02 P.15, 16

Natural capital

JPX Group Environmental Policy/
Support for TCFD

Internal capitals

Financial capital

Stable financial base

Human capital

Human Rights Policy/Hiring policy and human resource development policy

Instrumental capital

Highly reliable and convenient market infrastructure with IT as the source of competitiveness

Intellectual capital

Unique intellectual capital accumulated as core infrastructure of financial and capital markets

Unique Point 03 P.17

Unique Point 04 P.18

Our long-term vision to be achieved by 2030

Target 2030

Corporate Philosophy

JPX Group's Business Model

P.13

Corporate Governance

P.65

Risk Management

P.75

Reinvestment in sustainable growth

External capitals

Social capital/Natural capital

Listed companies

Promoting corporate value enhancement

- Market capitalization
- Financing functionality for listed companies
- Strengthening governance of listed companies

Investors

Providing effective asset management opportunities

- Developing products and rules to contribute to asset formation

■ Non-Financial Highlights P.82

Society and environment

Utilizing market mechanisms to promote sustainability

- Support for and enhancement of listed companies' ESG information disclosure
- Development of ESG-related indices

■ Green Strategy P.26

Initiatives as a corporate entity

- Long-term ESG target
- Working to achieve carbon neutrality by FY2024

■ Society and environment P.51

Providing value to stakeholders
 ■ P.11

Internal capitals

Financial capital

Management that is conscious of cost of capital and stock price

- Message from the CFO P.29
- Financial Highlights P.81

Human capital

Employees

Promoting diversity and work style reforms

■ Employees P.59

Instrumental capital

Capital expenditures JPY 13.1 billion

■ Message from the CIO P.27

Intellectual capital

Unique intellectual capital accumulated as core infrastructure of financial and capital markets

■ Unique Point 04 P.18

Contributing to realizing an affluent society through sustainable market development

Medium-Term Strategy
 Medium-Term Management Plan
 ■ P.21

Internal Control Systems and Compliance
 ■ P.80

OUTCOME

Value creation

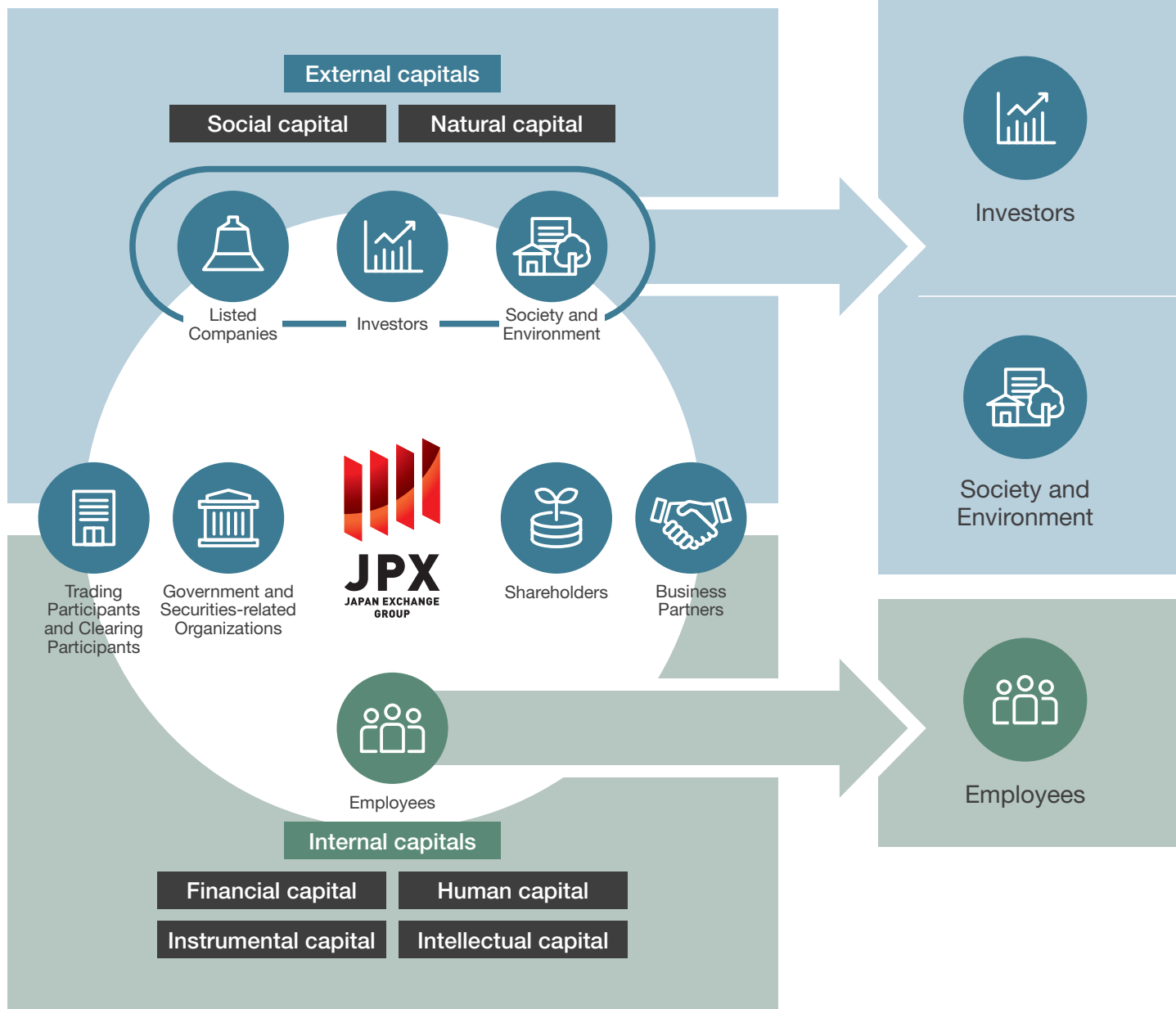
Providing Value to Stakeholders

—To Realize an Affluent Society—

Through the markets that it has established, JPX Group works together with its diverse stakeholders to carry out its corporate philosophy – contributing to the realization of an affluent society – through utilizing market mechanisms to provide solutions to a wide range of societal issues, as well as providing companies with financing opportunities and investors with asset management opportunities.

JPX Group's stakeholders

■ Co-creation with Stakeholders P.43



Providing value to major stakeholders

- Contributing to medium- to long-term improvement of corporate value through the supply of equity funds
- Developing the markets through support activities including development of new indices and increasing corporate value of listed companies
- Contributing to asset formation by providing attractive investment opportunities
- Providing hedging instruments for price fluctuation risk of a wide range of assets and highly transparent price indices (price discovery function)
- Providing instruments for direct investment into the entire market and price indicators
- Utilizing market mechanisms to promote sustainability
- Maintaining and further developing the capital market into one that can coexist with the environment
- Contributing to a decarbonized economy

- Developing human resources
- Promoting diversity
- Employee health and safety

Our long-term vision to be achieved by 2030

Target 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)

Long-term ESG target

Contribute to sustainable societal and economic development by providing solutions for a wide range of societal issues



Environmental Vision

Japan Exchange Group will maintain and further develop the capital market into one that can coexist with the environment, by creating a clear action plan on environmental issues and making ongoing efforts to reduce our environmental footprint



Aim for carbon neutrality in securities market operations (our value chain) by 2030

Medium-Term Management Plan 2024

Exchange & beyond

To contribute to improving the attractiveness of the Japanese financial and capital markets as a whole and enhance their global competitiveness, we will prioritize initiatives in three specific "Focus" areas.

■ P.21

- FOCUS 1** Facilitating cycle of corporate innovation/growth and asset formation
- FOCUS 2** Achieving market transformation (MX)
- FOCUS 3** Promoting sustainability that connects society and economy

Sustainability Policies

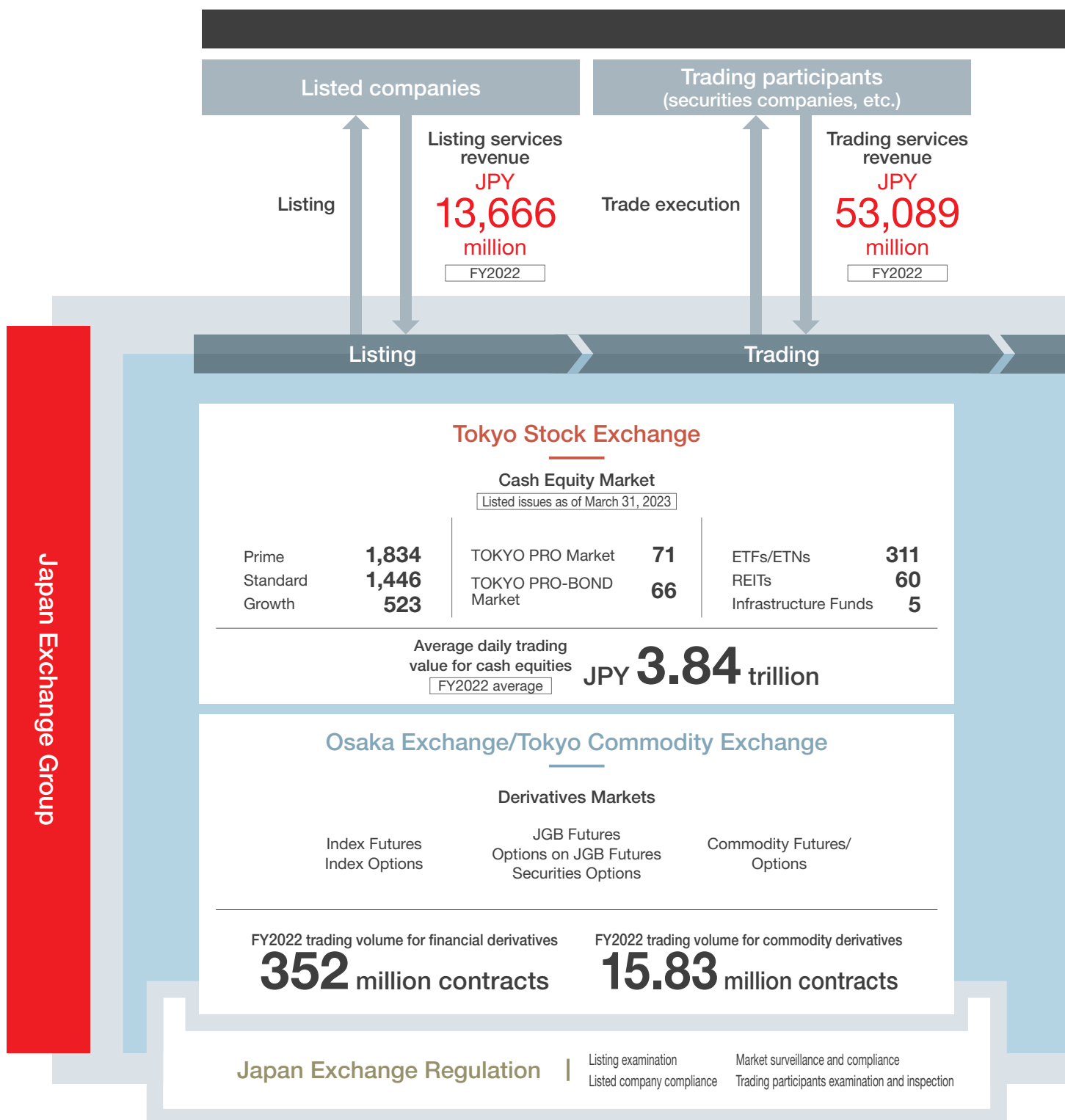
Environmental Policy Human Resource Development and Hiring Policy Human Rights Policy

▶ Policies

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

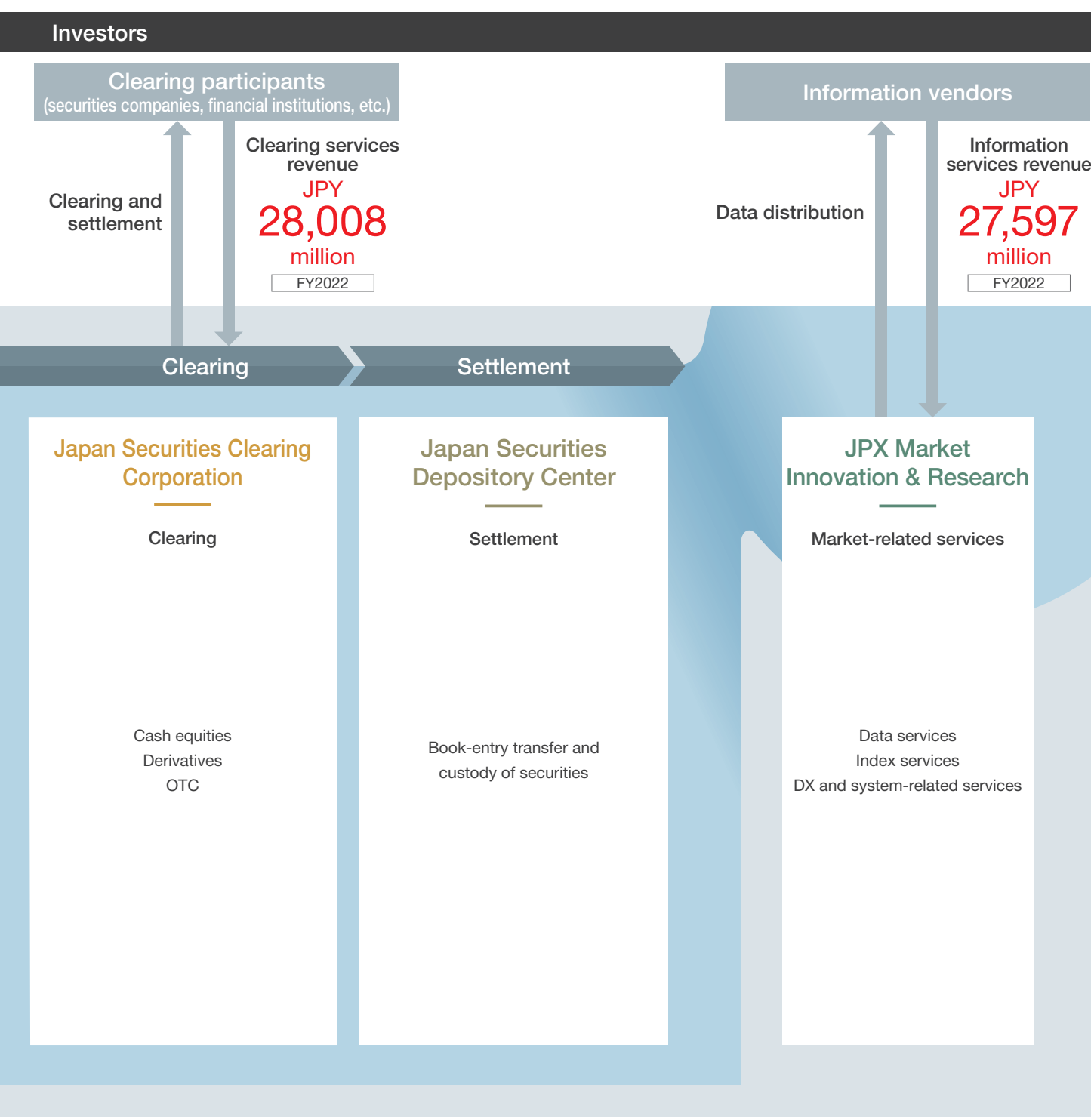
JPX Group's Business Model

In addition to TSE, which handles the cash equity market, and OSE and TOCOM, which handle derivatives markets, JPX Group also includes a self-regulatory subsidiary which carries out the examination and supervision processes needed to maintain market quality. Our comprehensive services also include clearing and settlement functions. JPX Market Innovation & Research, Inc. (JPXI), which integrates JPX Group's index, data, and digital businesses and unifies provision of various market-related services, is working to advance the diversification of businesses and sophistication of services by strengthening digital and network-related businesses that utilize data and technology.



As consideration for the services it provides, JPX Group receives various types of fees from market users, namely securities companies and other trading participants, information vendors, and listed companies. Specifically, our sources of income are mainly comprised of revenue from trading services, revenue from clearing services, revenue from information services, and revenue from listing services.

Financial and Corporate Data P.81



JPX Group's Unique Points

The markets established by JPX Group provide companies with financing opportunities, investors with asset management opportunities, and society as a whole with price discovery functions. By fulfilling these social roles, the Group has received the support and trust of market users in Japan and overseas and has grown as a company.

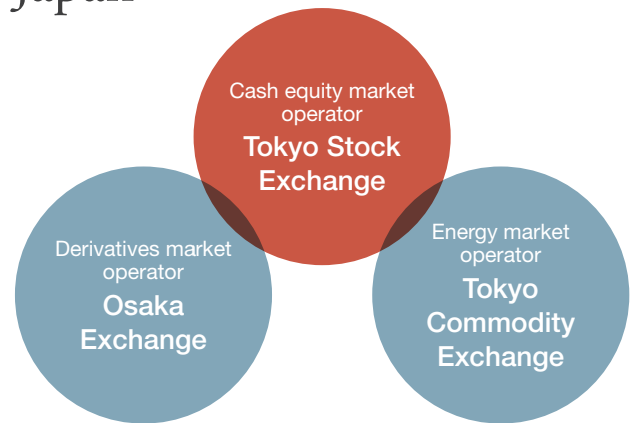
01

Japan Exchange Group's Unique Points

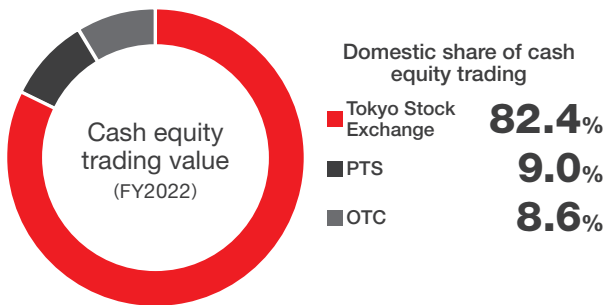
An exchange group that plays a central role in cash equities and derivatives in Japan

Currently, JPX Group companies operate three markets. Tokyo Stock Exchange (TSE) handles approximately 82% of the trading value for cash equities traded in Japan, and from a global perspective, Osaka Exchange (OSE) handles approximately 80% of the Nikkei 225 Futures trading volume worldwide.

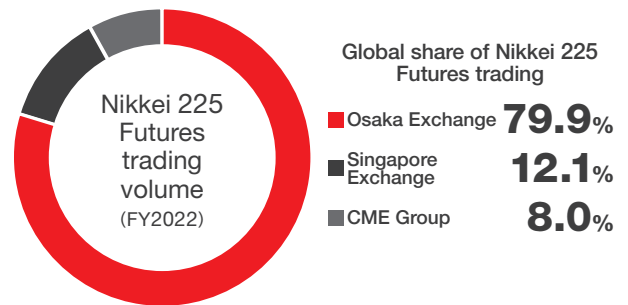
As the core market for cash equities and derivatives in Japan, JPX Group provides vibrant financial markets to users around the globe, based on stable business foundations that have steadily grown together with the Japanese economy.



Core market for cash equities and derivatives in Japan

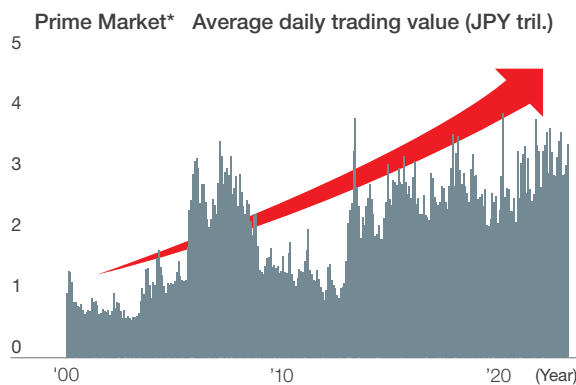


Sources: TSE, SBI Japannext, Chi-X Japan, and JSDA statistics

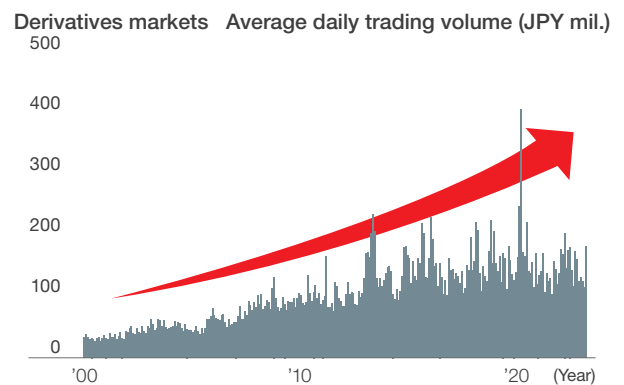


Source: Statistics from each exchange

Steady growth with the development of the Japanese economy



*Prior to FY2022, the "First Section"



02

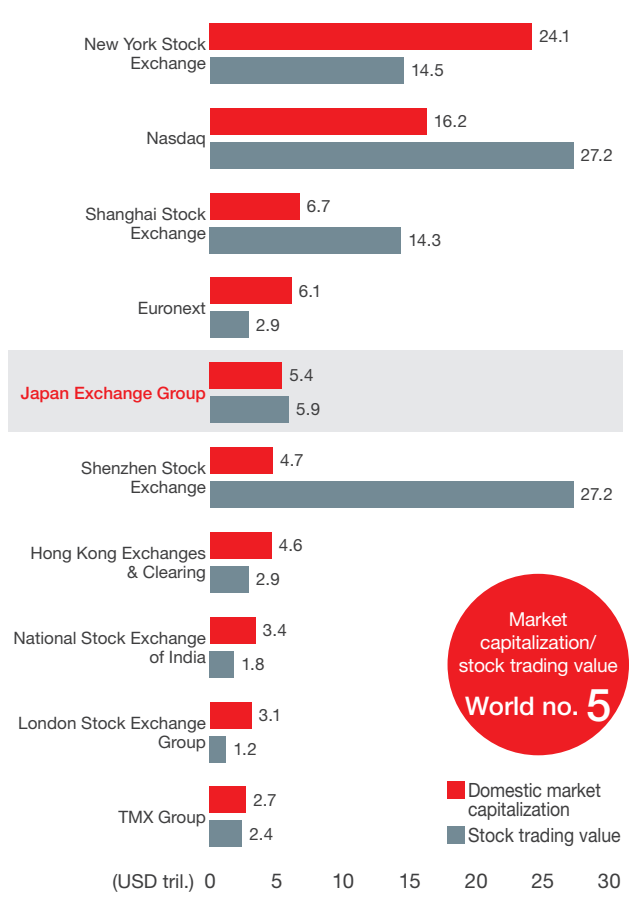
Japan Exchange Group's Unique Points

A high global standing

The market capitalization of companies listed on TSE (Japan Exchange Group) was USD 5.4 trillion as of December 31, 2022, ranking number five among exchanges around the world. In addition, JPX Group was ranked 18th in the world in 2022 for derivatives, with a trading volume of 390 billion contracts for the year. In all aspects of its current

business areas, JPX Group has been working with a view to strengthening its global competitiveness and improving the appeal of Japanese markets. In line with this, under the Medium-Term Management Plan 2024 which began in FY2022, the Group aims to continue as a key market on an international level and will strive to further elevate its global standing.

Domestic listed market capitalization/ stock trading value rankings



Derivatives trading volume rankings



Sources: WFE and Cboe statistics
 Note: Market capitalization is that of domestic stocks as of the end of Dec. 2022. Stock trading value is that of domestic auction and electronic trading in 2022.

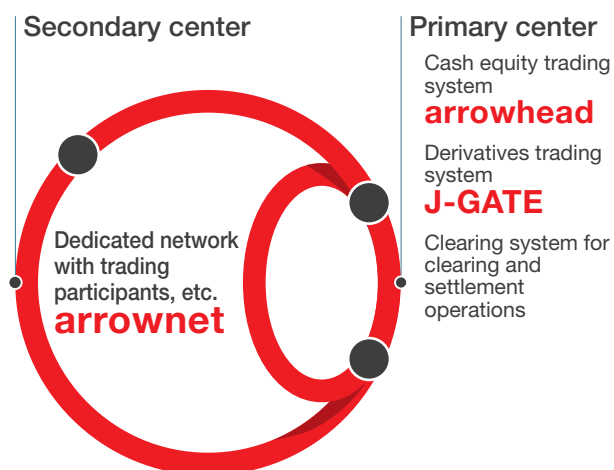
Source: Futures Industry Association statistics
 Note: Annual trading volume for 2022

Highly reliable and convenient market infrastructure with IT as the source of competitiveness

JPX Group has developed and operated a large number of systems offering ample capacity, diverse connectivity, and high reliability, such as trading systems including a cash equity trading system (arrowhead) and a derivatives trading system (J-GATE), and a network providing robust connections with market participants (arrownet). These systems are the foundation for creating new value that go beyond the provision of basic market functions such as order placement and execution.

- About arrowhead:
<https://www.jpx.co.jp/english/systems/equities-trading/01.html>
- About J-GATE:
<https://www.jpx.co.jp/english/systems/derivatives-trading/01.html>
- About arrownet:
<https://www.jpx.co.jp/english/systems/network/index.html>

Main systems of JPX Group



As a part of the market infrastructure that supports society, JPX Group will continue providing Japanese financial instruments exchange market functions that enable everyone to participate daily with confidence and trust. To this end, we will engage in a range of initiatives for building robust systems and networks and reducing various risks that could impact them. At the same time, we will continue striving to create new businesses and value.

Please see the following for specific initiatives.

- Message from the CIO P.27

Preparation for diverse risks that could impact JPX Group systems



04

Japan Exchange Group's Unique Points

Unique intellectual capital developed as a core infrastructure of the financial and capital markets

JPX Group has been involved in stable operation of cash equities and derivatives markets for many years. While performing the role of a core infrastructure of the financial and capital markets, we have accumulated unique expertise in exchange operations.

Recently in particular, we been working to strengthen our various types of intellectual capital. These efforts have included using technological innovation and partnerships to diversify our data and index services, strengthening our IT system infrastructure and promoting DX ❶, and acquiring knowledge in the field of digital assets.

In JPX Group's Medium-Term Management Plan 2024, we are aiming to evolve into a global, comprehensive finance and information platform under the slogan "Exchange & beyond." JPX Group will work to provide stable operation of markets based on the proprietary intellectual capital it has accumulated. It will also strive proactively to engage in new business fields, including issuing a Digitally Tracked Green Bond ❷ to help establish a digital

securities market, implementing distributed ledger technology (DLT) for settlement by physical delivery and payment of rubber futures contracts ❸, and the establishment of a carbon credit market ❹.

Moreover, with a view to further developing this intellectual capital and contributing to the realization of a sustainable society and economic development, we will work with external institutions and researchers to conduct surveys and research on the market environment. The results of these initiatives will be communicated to the general public, including market-related entities such as securities companies and investors, through means such as publication in JPX Working Papers and research reports.

➤ Research and Studies / Policy Recommendations
<https://www.jpx.co.jp/english/corporate/research-study/index.html>

- ❶ Message from the CIO P.27
- ❷ Green Strategy P.26
- ❸ Japan Securities Clearing Corporation P.41
- ❹ Society and Environment P.51



History of Value Creation

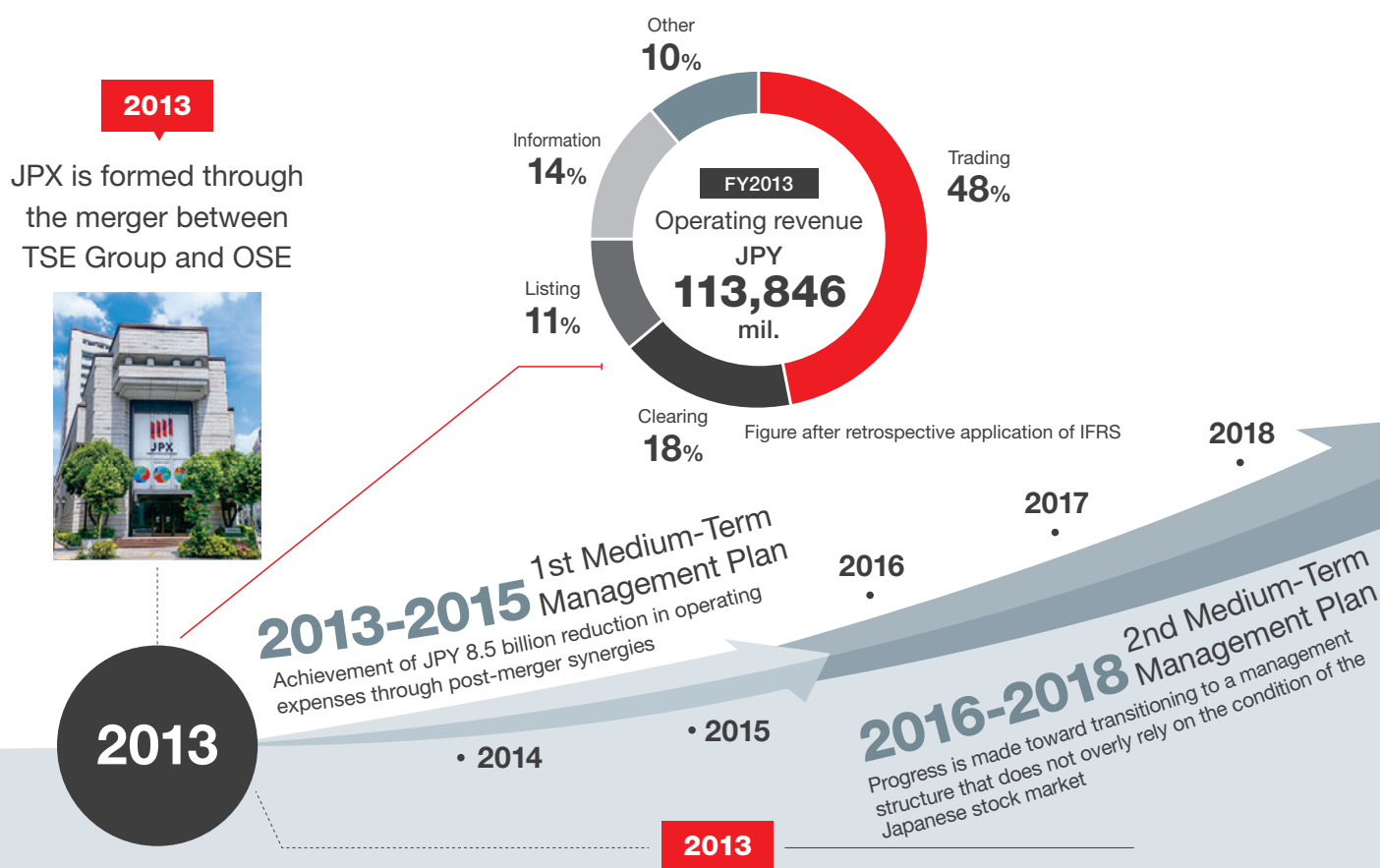
In 1878, soon after the Meiji Restoration, Shibusawa Eiichi, who is known as the "father of Japanese capitalism," established Tokyo Stock Exchange, and Godai Tomoatsu, a businessman who was instrumental in the economic development of Osaka, established Osaka Stock Exchange. Since their establishment, the Tokyo and Osaka exchanges have consistently served as the driving force behind the Japanese economy, responding to the needs of the times for over 140 years.

Japan Exchange Group, Inc. (JPX) is a financial instruments exchange holding company group that was established through the merger between Tokyo Stock Exchange Group and Osaka Securities Exchange on January 1, 2013.

Since its establishment, JPX has engaged in initiatives to expand its business fields to create a Comprehensive Exchange while working to realize post-merger synergies and transform its management structure.

JPX established JPX Market Innovation & Research, Inc. (JPXI) in 2021 as a non-exchange-operating subsidiary, and will continue to strengthen the traditional function of the exchange, that is to maintain stable market operations, while also proactively taking on challenges in new fields without being overly bound by this framework in order to achieve our Medium-Term Management Plan which began in FY2022.

JPX History
<https://www.jpx.co.jp/english/corporate/about-jpx/history/index.html>

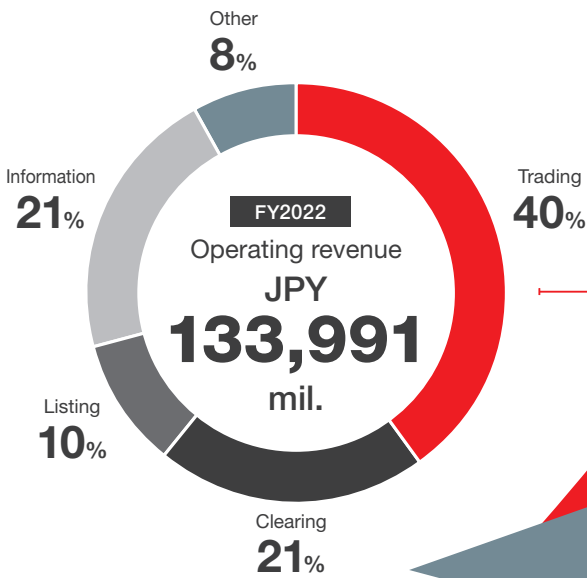


Expansion of OTC clearing business through clearing house merger

Japan Securities Clearing Corporation (JSCC) and Japan Government Bond Clearing Corporation (JGBCC) merged in 2013. As a result, the clearing operations related to over-the-counter trading for Japanese government bonds which had been carried out by JGBCC were taken over by JSCC, and JSCC became a clearing house that handles a wide range of yen interest rate instruments in addition to clearing operations for Japanese government bond futures trading and interest rate swap trading.

Exchange & beyond

Strengthening the traditional function of the exchange and actively taking on challenges in new areas



2019-2021 3rd Medium-Term Management Plan

2021

2021

Establishment of JPXI

JPXI was newly established in 2021 as a non-exchange-operating subsidiary with the aim of pursuing the creation of market services that lead to enhanced functionality and efficiency across the market. JPXI started its operations in April 2022, integrating JPX Group's data and digital operations.



2019

2020

2019

2020

TOCOM acquired as a subsidiary

JPX merged with Tokyo Commodity Exchange (TOCOM) to create a Comprehensive Exchange that enables one-stop trading for a wide range of instruments from financial instruments to commodities.

Launch of Comprehensive Exchange

Futures and options on precious metals, rubber, and agricultural commodities which were listed on TOCOM were transferred to Osaka Exchange (OSE). In conjunction with this, JSCC and Japan Commodity Clearing House Co., Ltd. (JCCH) completed their merger and the Comprehensive Exchange commenced full operations.

