



Mission

Mission for JPX Group

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)



Corporate Philosophy

Contributing to realizing an affluent society through sustainable market development

We 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.

We believe that these efforts bring rewards in the form of profits resulting from the increased support and confidence of investors and other market users.

Contents

Editorial Policy

JPX Group's corporate philosophy is to contribute to the realization of an affluent society by promoting sustainable development of the market. We believe that working to realize this corporate philosophy as a market operator is the social responsibility of JPX and that such efforts will enable us to create sustainable value.

The JPX Report has been published since the foundation of JPX in 2013. Currently, the report is prepared as an integrated report designed to convey the overall image of JPX Group's value creation by providing an explanation to a broad range of stakeholders both inside and outside the Group on the strategies and co-creation with stakeholders for realizing our corporate philosophy, while tying that together with important financial and non-financial information.

The three years beginning from FY2022, covered by the Medium-Term Management Plan 2024, are positioned as the first stage of progress toward the long-term vision Target 2030. In JPX Report 2023, we present an interview with the new Group CEO appointed in April 2023 to discuss JPX Group's corporate philosophy and its commitment to realizing the long-term vision. To better explain the appointment process and expectations concerning the new CEO, we also include a message from the Chairperson of the Nomination Committee.

In addition, to enlighten readers on JPX Group's approach to value creation, intended to contribute to the "realization of an affluent society" in line with our corporate philosophy, we have revised the value creation process chart and created a new page dedicated to explaining the provision of value to our stakeholders. In the messages from the respective President & CEOs of each JPX Group company, we include specific examples to present the strategies and initiatives of each company for realizing the long-term vision and, based on the idea that the Group's corporate philosophy can also lead to the realization of the society aspired to under the Sustainable Development Goals, introduce our co-creation with various stakeholders aimed at the realization of this philosophy.

Scope of Report

Japan Exchange Group, Inc. and JPX Group companies

Period Covered

April 1, 2022 to March 31, 2023
(This report may sometimes mention activities and data relating to before April 2022 or after March 2023.)

Accounting Standards

Unless otherwise stated, the presentation of financial data follows the International Financial Reporting Standards (IFRS).

Information disclosure in line with the Sustainability Accounting Standards Board (SASB) Standards
<https://www.jpjx.co.jp/english/corporate/sustainability/jpx-esg/sasb/index.html>

Disclaimer

This document is prepared solely for the purpose of providing information regarding Japan Exchange Group, Inc. (the "Company") and does not constitute an offering or a solicitation of securities whether inside or outside Japan. Our securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This document contains forward-looking statements. These statements are based on the information currently available to us as of the date of this document and our assumptions about uncertainties that may affect future results. There is no guarantee that such statements and assumptions will be realized in the future and they may differ significantly from actual results. In addition, matters concerning the future outlook including business strategy reflect our understanding at the date of this publication and contain certain risks and uncertainties. As a result, future outlooks and actual results do not always match. We disclaim any obligation to update any of the forward-looking statements contained in these materials to reflect future actual events or developments.

Reporting Guidelines

- Guidance for Collaborative Value Creation (METI)



- IFRS Foundation "Integrated Reporting Framework"

Initiatives We Support

As an infrastructure operator that supports Japan's financial and capital markets, JPX Group recognizes the importance of actively contributing to building a sustainable society and believes that this also serves as a source of its corporate value. Based on this concept, JPX Group endorses the following initiatives:



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Working with our diverse stakeholders to carve out a new future for Japan's markets

— First, what are your thoughts on taking up the role of CEO of JPX Group?

Ten years have passed since I joined JPX Group. I was appointed President & CEO of Osaka Exchange (OSE) in 2013, and then President & CEO of Tokyo Stock Exchange (TSE) in 2021. During this time, JPX Group has also seen some significant changes, including the launch of the Comprehensive Exchange and the establishment of JPX Market Innovation & Research. Tracing our history back to before the war, it is 145 years since trading sessions first began on TSE and OSE. The times have changed considerably, but we have consistently provided a market where all kinds of investors can trade with confidence. In times to come, we are expected to continue to fulfill our role as a provider of the infrastructure that underpins Japan's securities and financial markets, while engaging with a variety of stakeholders. To achieve this, I believe it is important to be constantly aware of external changes and of opinions that significantly differ from the conventional wisdom and approaches of the past, while remaining open in our discussions, and taking on challenge after challenge. It is also necessary to foster and deepen this kind of culture within the JPX Group. By leveraging my experience at OSE and TSE, I hope that I can boldly take on challenges in new areas to contribute to the growth of JPX Group and the development of Japan's securities and financial markets.

— Amid drastic changes in the external environment, what are your thoughts on JPX Group's mission and social roles in these circumstances?

Our mission is to achieve sustainable market growth and contribute to the realization of an affluent society by continuously providing investors and companies, both in Japan and overseas, with an attractive market that supports fair and highly reliable trading. We must continue to perform the role that is expected of us, without being swayed by environmental changes. However, I think it is important that we do not become conservative just because our mission stays unchanged. In order for Japanese securities and financial markets to continue to be a preferred choice amid global competition for investment capital, we ourselves must continue to move forward without fearing transformation. Based on the Doubling Asset-Based Income Plan formulated by the government, starting next year the NISA scheme is scheduled to be expanded and made permanent. This should kickstart the full-fledged shift away from savings and towards investments. As technological innovation advances rapidly, we are going to need to take on challenges in new areas, such as our own digital technologies and sustainability. We need to communicate this transformation and our initiatives to stakeholders in Japan and internationally so that people can see the investment appeal of Japanese securities and financial

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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



Yamaji Hiromi

Director & Representative
Executive Officer, Group CEO
Japan Exchange Group, Inc.

markets. I therefore intend to take steps to strengthen our information provision. In order to continue to fulfill our mission, it is vital that each and every employee evolves and continues to generate change.

— Last year, in the **Medium-Term Management Plan 2024**, for the first time a **long-term vision, Target 2030**, was established, and a **long-term ESG target** has been set. **What were the thoughts underpinning their formulation?**

Recently, we are sensing major changes in the economy and society, partly due to the impact of the COVID-19 pandemic, and even greater changes are expected in the future. In particular, such factors as the rapid transition to a decarbonized society, the tight supply and demand of food and other resources following global population growth, the technological reforms referred to as the Fourth Industrial Revolution, the potential shift of the

global center of economic gravity to Asia, and the progressive super-aging of Japanese society will all have a tremendous impact on the foundation of Japan's securities and financial markets in the long run. We too will be required to adapt along with our stakeholders. First, continuing our efforts to widen the scope and improve the quality of the markets we provide, with a view beyond the short and medium terms to the long term; and second, also over the long term, continuously providing market users and stakeholders with an attractive market: these are the ideas that we incorporated into Target 2030. It is also becoming increasingly important to address the issues surrounding sustainability, including social and environmental problems. Investors are becoming ever more interested in ESG (environmental, social, governance) factors. It is in this context that, by setting a long-term ESG target in addition to the long-term vision, JPX Group is moving to address carbon neutrality. Through these initiatives we will contribute to realizing a sustainable and affluent society, which is exactly our mission.

— The first year of the Medium-Term Management Plan 2024 has come to an end. Please tell us about the initiatives and progress made.

The Medium-Term Management Plan 2024 is the first stage in achieving our long-term vision. In the first year in particular, under the slogan of Exchange & beyond, we adopted a two-pronged approach of strengthening the traditional exchange functions while also taking on challenges in new areas. To strengthen the traditional exchange functions, we have been working to achieve stable market operations based on three points: 1) increasing the quality and volume of listed products, 2) expanding the number and breadth of investors, and 3) appropriately revising the trading rules as well as the clearing rules and services. Using the new start that came with the launch of new market segments in April 2022, JPX Group has been working vigorously as a united force to motivate listed companies to enhance their corporate value. Examples include the request for management that is conscious of cost of capital and stock price, implemented by TSE, and the new JPX Prime 150 Index developed by JPX Market Innovation & Research. In the areas of digital technology and ESG, we are also actively working on initiatives such as issuance of a Digitally Tracked Green Bond and the creation of a carbon credit market. We aim to further accelerate JPX Group's two-pronged approach next year and beyond.

— How will your engagement with stakeholders change going forward?

As a provider of infrastructure that underpins Japan's securities and financial markets, JPX Group engages with investors, companies, and a variety of other stakeholders. Although I used the word "companies," this term covers a wide range of organizations from listed companies seeking access to the capital markets in order to raise funds, to unlisted companies. In terms of those seeking to manage assets, users of JPX Group markets are also a diverse group and include everyone from domestic and overseas institutional investors, to individual investors. I feel that we have an obligation to work together with this group of stakeholders, with their variety of perspectives, in order to explore the direction in which Japan's capital markets should travel and make choices to carve out the future. In order to continue to fulfill this role, I hope that we ourselves will also continue to drive reforms from the viewpoint of market users, creating even better markets and services.

— What are your thoughts about JPX Group's human resources strategy and governance system?

We put great emphasis on human capital management and governance structures in contributing to the realization of JPX Group's mission and social roles. In particular, in order to achieve our mission, it is important that we respond to the diverse needs of stakeholders in Japan and overseas and accept their feedback without flinching, and that we actively seek out and listen to external voices and take a flexible approach in response. It is people that conduct dialogue with stakeholders, which is to say that it is the individual employees of JPX Group that constitute our most important management resource. For that reason, it is essential that we invest in human capital

■ Medium-Term Management Plan P.21

Basic Policy of the 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



Facilitating cycle of corporate innovation/
growth and asset formation



Achieving market transformation
(MX)



Promoting sustainability that
connects society and economy

(human resources) in order to enhance JPX Group's corporate value over the medium to long term.

The basis of our human resources strategy, based on our management strategy, 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. We are working on various initiatives for the management of human capital, such as recruitment, skills development, nurturing of digitally- and globally-minded personnel, and promotion of health management.

For our governance system, we are building appropriate corporate governance structures to act as the foundation for achieving our mission. Under the basic policy of appointing diverse directors with different fields of expertise and experience in order to reflect the opinions of diverse stakeholders, JPX Group's board of directors includes experienced corporate managers, a legal professional, a certified public accountant, an academic, and former government officials (16 directors, 10 independent directors). The adequate provision of materials and explanations to outside directors in advance leads to lively discussions at each meeting of the board of directors, in some cases to the point where we run short of time. We face numerous risks in the course of our operations, including those associated with system failures, compensation in the event of clearing participant defaults, and administrative errors. We consider it important not just to avoid these causing disruption in the market, but also to have resilience when disruption does occur. For this reason, in line with JPX Group's Risk Management Policy, as well as understanding risks and developing and

operating response measures from a preventative standpoint, we have put in place systems to enable us to respond flexibly in the event that risks materialize. Each fiscal year, the Risk Policy Committee (which is chaired by an independent director) identifies risks requiring priority action ("significant risks") and shares the results of this process with the board of directors as a Comprehensive Risk Management Statement. When a major issue occurs, the Risk Management Committee, which is chaired by myself, works to get a grasp of the overall situation and gives instructions for dealing with the issue as quickly as possible.

— Finally, what is your message to stakeholders?

As a market operator, we will continue to fulfill our mission of contributing to the development of Japan's securities and financial markets, and to its economic growth. To achieve this, it is necessary for JPX Group itself to achieve improvements in its corporate value over the medium to long term. We will take on new initiatives and challenges while listening to feedback from stakeholders. We also hope to convey the attraction of Japan's markets and companies to the world. While fulfilling our unchanging mission, I hope that we will be able to carve out a new future for Japan's capital markets in cooperation with all our stakeholders.

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