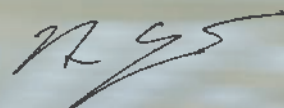


Message From the CEO

Supporting a new phase of growth for Japan's financial and capital markets with a "market-in" approach, built on trust in the market

Director & Representative
Executive Officer, Group CEO

Yamaji Hiromi



KEY POINTS

- ① We will ensure equitable and fair market operations, especially in today's active market environment
- ② We will listen to feedback from market users and further advance the Medium-Term Management Plan 2027
- ③ We will promote operational efficiency and enhance market services by harnessing AI and data
- ④ We will maintain discipline by striking a balance between capital efficiency and shareholder returns
- ⑤ We will continue pursuing ongoing reform while balancing public visibility and growth

JPX's unchanging mission

Japan's financial and capital markets are currently at a major turning point. Interest in Japan's markets among domestic and international investors is rising to new heights with an accelerating shift from savings to investment due to more widespread adoption of the new NISA and Japan transitioning to a positive-interest economy. These changes reflect the increasingly important role of the capital markets that constitute the investment chain.

JPX Group's mission is to provide fair and equitable trading opportunities and maintain stable market operations, regardless of the market environment. The true value of our market infrastructure is put to the test precisely when market prices are volatile and trading activity increases. I believe that continuing to fulfill our role as a market operator leads to greater support and trust from investors, which in turn is reflected in our stock price as an indicator of market valuation. For the first fiscal year of the Medium-Term Management Plan 2027, we achieved an ROE of 23.1%. At the same time, I find great significance in the fact that we have been steadily delivering on our mission in this environment.

The most significant change I have observed over the past year is the expanding investor base in the Japanese market. Overseas, we are seeing more contact not only with investors with experience in Japanese equity investment, but also with new investors who have not yet purchased Japanese equities but are currently learning about them. I sense that there is growing momentum in terms

of people reassessing the Japanese market as an investment option against the backdrop of factors that include signs of the Japanese economy emerging from deflation, improvements in Japanese corporate profitability, and expectations of progress in corporate governance reforms. In Japan, the growing adoption of the new NISA is expanding the investor base, particularly among younger age groups and working-age adults. Another important change with respect to the Japanese market is that companies as well as households are beginning to turn their attention to restructuring their business portfolios and harnessing their management resources.

These changes also provide tangible momentum toward the evolution into a global, comprehensive finance and information platform, as set forth in our Target 2030 long-term vision. I believe our role is to channel such momentum into sustainable growth, unencumbered by the ups and downs of short-term trends.

Quality is what counts

In the Medium-Term Management Plan 2027, we have set the following three core themes: forge a new era for the Japanese stock market, strive to become a comprehensive platform, and collaborate for digital innovation. With the first fiscal year behind us, I believe these efforts are now entering a phase where we must further increase their effectiveness.

For the stock market, it is critical that we establish an environment that underpins the sustainable growth of listed companies. The key question going forward is whether each company is enhancing

its medium- to long-term corporate value while adopting a market perspective. This can also be seen as further improving the quality of listed companies. To such end, we continue to request listed companies, through TSE, to take "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." Whereas progress has already been made with respect to initiatives among listed companies, in the next phase, we are asking companies to provide investors with explanations on the growth trajectories they envision and how they plan to allocate management resources to achieve such aims. Beyond disclosure, companies need to more extensively develop their unique approaches to enhancing corporate value through effective dialogue with investors.

From the perspective of becoming a comprehensive platform, the transition to a positive-interest economy is a major theme. JPX Group offers listed interest rate products such as Japanese Government Bond (JGB) Futures and 3-Month TONA Futures, as well as clearing services for interest rate swaps and over-the-counter (OTC) JGB transactions through Japan Securities Clearing Corporation (JSCC). These serve as both risk management tools and investment opportunities amid the changing interest rate environment.

A well-functioning secondary market underpins investor confidence and expectations in the primary market. Stimulation of interest rate-related markets broadens investment opportunities and enhances risk management tools for investors, and also leads to revenue opportunities for JPX Group.

In the digital domain, we will harness AI and data to provide greater value to market users. We will advance initiatives to elevate market credibility, convenience, and transparency through efforts that include developing more sophisticated examination/surveillance operations and other self-regulatory functions, enhancing information services for investors, and reducing the burden of disclosure operations for listed companies.

The three core themes are not intended solely to drive the growth of JPX Group. As a market operator, we seek to contribute to the further advancement of the government's initiative to promote Japan as a leading asset management center by enhancing market functions and supporting listed companies in their pursuit of growth. By heeding the feedback from market users and spurring the evolution of our services with a "market-in" approach, we will elevate the overall appeal of the Japanese market and establish market infrastructure that is the first choice for users in Japan and abroad.

Changes driven by AI

There are two main reasons for our utilization of AI. One is the optimization of our own operations. The other is the enhancement of services for market

users, such as investors and listed companies.

Japan Exchange Regulation (JPX-R) has already begun utilizing AI in market surveillance and listing examination-related operations. Many transactions are executed in the market every day. In market surveillance operations, which entail investigation of market manipulation and other unfair transactions, the use of AI scoring has enabled staff to focus more on advanced analysis and surveillance. Harnessing AI in this way also leads to the overall development of more advanced and substantive self-regulatory functions that underpin market fairness and credibility.

Additionally, to achieve more widespread adoption of AI across the Group, we launched a company-wide AI promotion framework in FY2025. For instance, there are weekly "AI Monday" webinars open to all employees, where various departments share use cases and the outcomes achieved. AI does not automatically yield results just by being implemented. It is important that each employee initially has a clear sense of what aspects of their own work they want to improve and what kind of new value they are capable of creating. We have found that building on such practical AI applications has resulted in an average time saving of approximately 12 working hours per person per month, according to the results of an in-house survey.

On the other hand, services utilizing AI and data also contribute to providing value to investors and listed companies. For investors, we are enhancing access to the Japanese market and the convenience of obtaining information through services such as JPX Market Explorer, JPxData Portal, and J-LENS. For listed companies, we are considering the possibility



of offering new services through the next-generation TDnet, which supports the preparation and creation of disclosure materials. Enhancing convenience for market users ultimately leads to increased transparency and reliability of the entire market.

Going forward, it is important that we redirect the time savings and insights gained through the use of AI toward higher value-added tasks. We intend to enhance our reliability in serving as market infrastructure while also creating new services.

Market accountability also applies to us

With respect to the financial target, we have increased our outlook from the initial Medium-Term Management Plan 2027 target of achieving "ROE of 18% or more in the final fiscal year" to a new target of achieving "ROE of 20% or more for three consecutive years." It demonstrates our commitment to continue efforts to enhance the appeal of the Japanese market.

To achieve this, it is important that we strike a balance between management that is conscious of capital efficiency and investment that supports future growth. As a listed company, we also need to implement management practices that meet the expectations of the market. From an investor's perspective, even if individual measures have been presented, it is difficult to evaluate the overall picture and to envision a trajectory for medium- to long-term growth unless a medium- to long-term strategy is clearly defined. Our capital policy lays out the overall framework for how best to allocate funds across IT investment, capital expenditure, R&D, M&A, human capital investment,

and shareholder returns, based on a three-year cash flow outlook.

Going forward, we intend to clearly articulate cash allocations and update them in response to changes in the business environment. Based on an expanded outlook for cash inflows, we have set a policy of increasing cumulative shareholder returns to around JPY 230.0 billion over the three years. However, in order to continue fulfilling our mission, investments for growth and strengthening the market infrastructure are also necessary. I believe it is possible to sustainably increase our corporate value by balancing capital efficiency with enhanced shareholder returns, while persisting with investments that underpin market credibility and resilience.

Looking outward to look forward

The prospect of achieving sustainable growth and persistently venturing into new areas hinges on strengthening our human resources and corporate culture. Since assuming office as CEO, I have consistently emphasized internally the importance of listening to external feedback. As a company that provides market infrastructure, it is essential that we adopt a "market-in" mindset and leverage external feedback to improve our services.

The first step is to go out and engage directly with market users to obtain feedback and real-time information. The next step is to incorporate that external feedback into our efforts to improve our services and operations. In FY2025, we established the JPX Corporate Value Improvement Awards

Program to recognize initiatives for enhancing corporate value, such as improvements to operations and efficiency, challenges pursued from new perspectives, and cross-departmental efforts. JPX Group is an organization with substantial expertise in each of its business domains, including cash equities, derivatives, and clearing. It also maintains a strong commitment to stability in its day-to-day operations from the perspective of ensuring stable market operations. Although we were initially concerned about whether the awards could overcome these barriers, the initiatives submitted involved 36 teams and more than 350 employees and others, meaning that roughly one in four employees were involved in some way.

Above all, there were a significant number of projects rooted in day-to-day operations, such as those focusing on how to make our own work more efficient and how to enhance the services we provide to our customers.

These projects would not have materialized if employees had not approached their day-to-day work with an awareness that there might be room for improvement. Initiatives such as these awards go beyond simply boosting employee engagement in that they also foster the ability to identify challenges transcending departments and turn them into actual operational improvements and enhanced services. The goal is to raise service standards for market users and drive greater efficiency in our operations. I believe that these efforts will ultimately lead to increased profits and enhanced corporate value. I also believe that the foundation of our human capital lies in each employee taking ownership of this mindset, and that this will serve as a driving force that supports our future growth.

Another leap forward as market infrastructure

As core infrastructure of Japan's financial and capital markets, JPX Group provides fair and equitable trading opportunities and stable market operations. This stands as the foundation of our public visibility and serves as a mission that remains unwavering no matter the environment.

At the same time, JPX is a listed company. We also have a responsibility to present our growth story and efforts to improve capital efficiency to our shareholders and investors. I believe that balancing public visibility and growth is what is required of our management. We have a diverse range of stakeholders. Our shareholders, domestic and international investors, listed companies, and securities companies all have diverse perspectives and needs. Precisely for this reason, the criterion we should ultimately return to is: What is best for the market? It is important to continue making decisions that contribute to the sustainable development of the entire market while listening to individual opinions.

There is no end to corporate governance reform at listed companies. It is essential to continuously strive to aim higher and maintain an attitude of endless improvement and enhancement. Such continuous reform is also required of us. As an entity responsible for market infrastructure, we aspire to be an inclusive and open organization where employees feel psychologically safe to express their views. Building on this organizational culture, we will contribute to the sustainable development of Japan's financial and capital markets by providing reliable market infrastructure and enhancing the appeal of the markets as we work toward evolving into a global, comprehensive finance and information platform, as set forth in the Target 2030.

