Matters Disclosed on the Internet Concerning Notice of the 21st Annual General Shareholders Meeting

The above-stated matters constitute information deemed to have been provided to shareholders by their being posted on the Company's website in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company.
These matters are included in the scope of the respective audits by the Audit Committee or the Independent Auditors when they created their audit reports.
<The Company's website> https://www.jpx.co.jp/english/corporate/investor-relations/

Japan Exchange Group, Inc.

Status of Subscription Warrants (shinkabu-yoyakuken), etc.

There are no matters to report.

Matters Related to Development of Frameworks Designed to Ensure Appropriate Execution of Operations

I. Outline of Decisions Regarding Frameworks to Ensure Appropriate Execution of Operations

The outline of the content of decisions regarding the Company's frameworks to ensure that executive officers carry out their duties in compliance with laws, regulations, and the Articles of Incorporation, and that other company operations are conducted appropriately, is as follows.

1. Matters regarding Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties
   In order to set forth matters regarding employees that support the Audit Committee in the execution of its duties, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", containing the following details, as company rules, and apply such rules appropriately.
   (1) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
   (2) Four (4) or more employees, including one (1) head of department, shall be assigned to the Audit Committee Office.

2. Matters regarding Independence of Board Members and Employees that Support the Audit Committee of the Company in Execution of Duties from Executive Officers of the Company
   In order to ensure the independence of employees assigned to the Audit Committee Office, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", including the following details, as company rules, and apply such rules appropriately.
   (1) The Company shall obtain prior consent of the Audit Committee (in cases where the Committee has designated a specific Audit Committee member, it shall be said member) regarding employment, personnel transfer, employee evaluation, salary, and disciplinary punishment of employees assigned to the Audit Committee Office.
   (2) Executive officers and employees shall be careful not to undermine the independence of employees assigned to the Audit Committee Office by unduly restricting the execution of such employees' duties.

3. Matters regarding Ensuring the Effectiveness of Instructions of the Audit Committee of the Company to Board Members and Employees that Support the Audit Committee in Execution of Duties
   In order to ensure the effectiveness of the instructions of the Audit Committee given to employees assigned to the Audit Committee Office, the Company shall establish "Rules regarding Employees that Support the Audit Committee in Execution of Duties", including the following details, as company rules, and apply such rules appropriately.
   (1) Employees assigned to the Audit Committee Office shall support the Audit Committee in executing its duties, and follow the instructions of the Audit Committee.
   (2) The head of the Audit Committee Office shall assist the Audit Committee in executing its duties, and shall oversee operations and take overall command of other employees assigned to the Audit Committee Office to ensure smooth audits by the Audit Committee.

4. Frameworks for Reporting to the Audit Committee of the Company, including the following:
   (1) Frameworks for reporting to the Audit Committee, including those for the Company's board members (excluding Audit Committee members), executive officers, and employees reporting to the Audit Committee of the Company.
   In order to establish frameworks for reporting to the Audit Committee, the Company shall establish "Rules regarding Reporting to the Audit Committee, etc.", including the following details, as company rules, and apply such rules appropriately.
      (a) When a board member (excluding Audit Committee members), executive officer, or employee is requested to report on the execution of duties by the Audit Committee or an Audit Committee member designated by the Audit Committee, said board member, executive officer, or employee shall promptly make an appropriate report.
      (b) When an executive officer or employee discovers a matter that is likely to have a material impact on the business or financial condition of the Company, its subsidiaries, or affiliated companies, said executive officer or employee must immediately report the details of said matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

(2) Frameworks for reporting to the Audit Committee of the Company by the Company's subsidiary board member, auditor, executive officer, other person equivalent thereto, and employee as well as a person who has received a report from said board member, etc. (hereinafter collectively referred to as "Subsidiary Board Member, etc." in this item)

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

(a) When a Subsidiary Board Member, etc., or an executive officer or employee of the Company is requested to report on matters regarding the subsidiaries by the Audit Committee or an Audit Committee member designated by the Audit Committee, said Subsidiary Board Member, etc. shall promptly make an appropriate report.

(b) When a Subsidiary Board Member, etc., or an executive officer or employee of the Company discovers a matter that is likely to have a material impact on the business or financial condition of any of the subsidiaries, said Subsidiary Board Member, etc. must immediately report the details of said matter to the Audit Committee or an Audit Committee member designated by the Audit Committee.

5. Frameworks for Ensuring that the Person Who Made a Report in the above 4. Shall Not Be Subject to Any Unfavorable Treatment for Reasons of Having Made Such a Report

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

(1) A person who made a report to the Audit Committee or an Audit Committee member designated by the Audit Committee shall not be subject to unfavorable treatment by the Company, executive officers, employees, etc. for the reason of having made such a report.

(2) The Company, executive officers, employees, etc. must not disadvantage a person who made such a report to the Audit Committee or the Audit Committee member designated by the Audit Committee for the reason of having made such a report.

6. Matter regarding the Policy for Handling Expenses or Payables in relation to Execution of Duties of Members of the Audit Committee of the Company (Limited to Those related to the Execution of Duties of the Audit Committee), such as Procedures for Advance Payment or Reimbursement in relation to Execution of Such Duties

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

(1) When an Audit Committee member or the Audit Committee claims expenses necessary for activities such as requesting advice from or entrusting investigation, appraisement, and other work to a lawyer, certified public accountant, and other outside experts for the purpose of audits, executive officers and employees may not refuse such claims unless the claimed expenses are deemed unnecessary for the execution of duties of the Audit Committee member or the Audit Committee.

(2) The provisions of the preceding item shall be extended to other expenses for the execution of duties of the Audit Committee, such as advance payment of retainer fees, and reimbursement of ex-post facto expenses, etc.

7. Frameworks to Ensure Effectiveness of Audits by the Audit Committee of the Company

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

(1) The Representative Executive Officer shall regularly meet with the Audit Committee or an Audit Committee member designated by the Audit Committee and exchange opinions regarding management policies, issues that the Company should deal with, material risks involving the Company, improvement of the audit environment for the Audit Committee, and other important audit issues, etc.

(2) When an Audit Committee member designated by the Audit Committee delivers an opinion or requests explanation at board of executive officers' meetings or other important meetings, executive officers and employees shall respond to said opinion or request appropriately in good faith.

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

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

A compliance program shall be implemented with the following measures.

(1) The Company shall establish and observe company compliance rules (including those related to information management), such as the "Charter of Corporate Behavior", which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct.

(2) The Company shall appoint a chief compliance officer (CEO) and an officer in charge of compliance (executive officer in charge of general administration), and establish a secretariat for operations related to compliance (within the General Administration department) as an internal compliance system.

(3) The Company shall establish and operate a compliance hotline as a whistleblowing system.

(4) The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings for staff responsible for compliance, distributing compliance information over the intranet, and implementing inhouse training through e-learning.

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

(1) The Company shall take a firm stance against anti-social forces that threaten public order and safety, and work to stop and prevent any relationship with such entities.

(2) The Company shall work to prevent the intervention of anti-social forces in the markets and work to create sound and fair markets.

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

9. Framework regarding Information Storage and Management related to Execution of Duties of Executive Officers of the Company

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

10. Rules and Other Frameworks regarding Risk Management of the Company

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

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

The Risk Policy Committee shall discuss various issues pertaining to the management of material risks at JPX Group companies in accordance with the comprehensive risk management framework stipulated in the "Risk Management Policy", and make recommendations and report to the Board of Directors.

The Risk Management Committee shall gain a comprehensive understanding of daily risk management at JPX Group companies, as well as the circumstances in cases where any risk at JPX Group companies is actualized or such a possibility arises, enact measures for prompt resolution, etc., and report to the Board of Directors.

Particularly, the Company shall maintain a strong awareness of the core responsibilities of JPX Group companies as market operator to reliably provide opportunities for market users to trade with confidence. Furthermore, regarding risks related to the stable operation of systems, the Company will enact the required and appropriate measures in their development and operation frameworks, such as implementing standardized development methods and adequate operational tests, preparing

detailed operational manuals and complying with these, and maintaining thorough quality control pertaining to development and operations via the establishment of dedicated departments or divisions.
Moreover, in preparation for situations where the continued operation of the market becomes difficult due to natural disasters, or terrorist acts, etc., the Company shall establish a "Business Continuity Plan" to minimize the impact on related parties and provide appropriate measures through predetermined frameworks and procedures necessary for resuming operations as quickly as possible.
Additionally, with regard to the risks pertaining to the proper function of self-regulatory operations (meaning various risks including reputational risk in cases where self-regulatory operations are not carried out appropriately), in consideration of the importance of self-regulatory functions of JPX Group companies as market operator and the general public's high expectations for such functions, the Company shall take every possible measure to deal with them. For taking such actions, the Company shall establish measures to secure fairness, such as organizational measures to ensure the independence of self-regulatory operations. At the same time, by proactively investing management resources, the Company will pursue improvements to the quality of self-regulatory operations through such means as preparing detailed operational manuals and complying with these, and enhancing educational training in order to raise the quality of self-regulatory operations.

11. Frameworks to Ensure Efficient Execution of Duties of Executive Officers of the Company
The Company shall establish a framework for the management of operations in accordance with the division of duties and authority clarified in the company rules so as to specialize and enhance operations through a system of divided labor. Within this framework, the Company shall allow responsibilities to be delegated according to their importance and improve the agility of the decision-making process.
The Company shall formulate medium-term management and annual budget plans with the appropriate combination of top-down and division-driven bottom-up approaches and execute operations efficiently through appropriate work-flow management.

12. Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company, its Parent Company, and its Subsidiaries
(1) Framework for reporting of matters related to the execution of duties of board members, executive officers, and persons equivalent thereto of subsidiaries of the Company (hereinafter collectively referred to as "Board Members, etc. of Subsidiaries") to the Company
The Company shall conduct business management of its subsidiaries based on business management agreements or request various reports based on "Affiliated Company Management Rules".
(2) Frameworks including rules regarding management of risk of losses that may be incurred by subsidiaries of the Company
The Company shall conduct business management of its subsidiaries based on business management agreements. The Company shall also request that they report the state of risk management based on "Affiliated Company Management Rules" and provide advice, etc. to them on an as-needed basis.
(3) Framework for ensuring efficient execution of duties by Board Members, etc. of Subsidiaries
The Company shall conduct efficient execution of duties of JPX Group companies by appropriately managing and supporting subsidiaries in accordance with each JPX Group company's corporate positioning and scale based on business management agreements or "Affiliated Company Management Rules".
(4) Framework for ensuring that the execution of duties by Board Members, etc. of Subsidiaries and their employees is in compliance with laws, regulations, and the Articles of Incorporation
The Company shall conduct ongoing awareness and educational activities, such as holding liaison meetings with staff responsible for compliance at JPX Group companies and disseminating information on compliance.
The Company shall conduct business management of its subsidiaries based on business management agreements or request them to establish a compliance hotline as a whistleblowing system based on "Affiliated Company Management Rules", and provide advice, etc. to them on an as-needed basis.
The Company shall request its subsidiaries to report results of internal audits by the internal auditing office of the Company or those of internal audits by the subsidiaries and provide advice, etc. to them on an as-needed basis based on business management agreements or "Affiliated Company Management Rules".
(5) Other frameworks to ensure proper operations by the corporate group comprised of the Company, its parent company, and its subsidiaries

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

II. Outline of Application of Organization to Ensure Appropriate Execution of Operations

The Company endeavors to develop the above "Organization to Ensure Appropriate Execution of Operations" and apply it appropriately. Acting independently from the business execution divisions, the internal auditing office reports directly to the CEO and COO and checks and evaluates (monitors) whether the frameworks stipulated by said basic policy (excluding those for ensuring the effective implementation of audits by the Audit Committee) are appropriately developed and applied. The following is the outline of the major initiatives implemented during the fiscal year.

1. Operations for Compliance
   (1) In addition to continuing to operate the compliance hotline as a whistleblowing system and appropriately responding to and reporting tip-offs, the Company posted relevant documents on its intranet with the aim of raising the awareness of and disseminating thoroughly the observance of compliance-related internal rules and regulations, such as the "Charter of Corporate Behavior", which lays out universal values that executive officers and employees should adhere to from the perspective of corporate ethics, and the employee code of conduct, which is a guideline for employee conduct. The Company also distributed compliance-related information to executive officers and employees and provided training through e-learning courses.
   (2) As part of its efforts to prevent the intervention of anti-social forces in JPX Group companies and create sound and fair markets, the Company held a meeting of the "Liaison Council on Measures for Eliminating Anti-Social Forces from Exchange Markets" organized jointly with the National Police Agency and Tokyo Metropolitan Police Department in December 2021, where it shared detailed information on recent developments and actively exchanged opinions.

2. Operations regarding Information Storage and Management
   (1) In accordance with the information security policy standards and other relevant rules, the Company prepared minutes of board of executive officers' meetings and other documents related to the execution of duties of executive officers in a timely and appropriate manner and stored important documents as appropriate, internally or at an outsourcing contractor.
   (2) As initiatives to prevent information leakage and unauthorized access from the outside, the Company not only developed relevant rules and formulated administrative procedures, but also implemented ongoing system-based security measures. In addition, to thoroughly disseminate the importance of information management to executive officers and employees, the Company conducted training through e-learning courses and drills on how to deal with suspicious e-mails.

3. Operations regarding Risk Management
   (1) In accordance with the "Risk Management Policy", each department identified risks and developed and implemented appropriate measures on an ongoing basis from the viewpoint of prevention. The state of development and implementation as well as Group-wide risk analysis results were discussed quarterly at the Risk Management Committee chaired by the CEO. In addition to implementing risk management under the "Comprehensive Risk Management Framework" constructed as a risk management framework that places greater emphasis on prevention, JPX Group has established a Risk Policy Committee, which is mainly composed of Outside Directors, with the aim of strengthening corporate governance in risk management. The Risk Policy Committee discussed "critical risks" that JPX Group should prioritize in FY2022 in risk management, along with other topics, two times during the fiscal year.
   (2) In situations where the continued operation of the market becomes difficult due to events such as natural disasters and terrorist acts, the Company already has plans in place to take action in accordance with the "Business Continuity Plan" to minimize the impact on related parties and resume operations as quickly as possible, but during the fiscal year, to strengthen business continuity in the event of a wide-area disaster, such as the Tokyo Inland Earthquake or the Nankai Trough Earthquake, JPX Group advanced arrangements for its Tokyo and Osaka sites to serve as backup sites for each other. In addition, for thorough dissemination of emergency response procedures, the Company provided training for executive officers and employees through e-leaning courses and drills that simulated emergency situations.
   (3) With regard to the response to COVID-19, to fulfil its responsibility as a market operator to the greatest extent possible by ensuring that COVID-19 does not affect the stable operation of its markets, JPX Group has implemented the following initiatives to ensure business continuity, in addition to various measures to prevent the further spread of COVID-19 in line with guidance such as the Japanese government's Basic Policies for Novel Coronavirus Disease Control.

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

  and so on.

4. Operations to Ensure Efficient Execution of Duties
   (1) Each department conducts operations by delegating responsibilities as necessary according to their duties, thereby ensuring a swift and flexible decision-making process.
   (2) To achieve the targets in the 3rd Medium-Term Management Plan (FY2019-FY2021), the Company improved the efficiency of the execution of duties through appropriate progress management, such as reporting earnings and progress regularly to the board of directors and the board of executive officers, and reviewing the business plan according to changes in the business environment.

5. Operations regarding Management of Group Companies
   (1) Regarding management of its subsidiaries, the Company implements business management based on business management agreements or receives various reports, including documents on financial conditions and the state of risk management, based on "Affiliated Company Management Rules". The Company continuously monitored financial conditions and state of business execution, and provided advice, etc. when necessary.
   (2) The Company received reports on results of internal audits on subsidiaries by the internal auditing office of the Company or those of internal audits by its subsidiaries. No material deficiencies were identified in said audit results.

6. Operations to Ensure Effective Audits by the Audit Committee

   While endeavoring to ensure effective audits by the Audit Committee through the Committee members' participation in important meetings such as board of directors meetings, board of executive officers' meetings, and Risk Management Committee meetings, examination of important documents such as those for important meetings and internal approval procedures, and coordination with the internal auditing office, the Company appropriately made various reports on matters related to execution of duties and processed auditing expenses based on the "Rules regarding Reports to the Audit Committee, etc."

Consolidated Statement of Changes in Equity

(From April 1, 2021 to March 31, 2022)

(JPY million)

	Equity attributable to owners of the parent company				
				Other components of equity	
	Share capital	Capital surplus	Treasury shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan
Balance as of April 1, 2021	11,500	39,716	(1,825)	992	–
Net income	–	–	–	–	–
Other comprehensive income, net of tax	–	–	–	(5)	633
Total comprehensive income	–	–	–	(5)	633
Acquisitions of treasury shares	–	–	(20,333)	–	–
Cancellation of treasury shares	–	(19,999)	19,999	–	–
Dividends paid	–	–	–	–	–
Changes of interests in subsidiaries without losing control	–	32	–	–	–
Transfer from retained earnings to capital surplus	–	19,100	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	(541)	(633)
Other	–	(5)	245	–	–
Total transactions with the owners	–	(872)	(87)	(541)	(633)
Balance as of March 31, 2022	11,500	38,844	(1,912)	445	–

	Equity attributable to owners of the parent company			Non-controlling interests	Total equity
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2021	992	271,006	321,391	7,378	328,769
Net income	–	49,955	49,955	874	50,830
Other comprehensive income, net of tax	627	–	627	–	627
Total comprehensive income	627	49,955	50,583	874	51,457
Acquisitions of treasury shares	–	–	(20,333)	–	(20,333)
Cancellation of treasury shares	–	–	–	–	–
Dividends paid	–	(36,269)	(36,269)	–	(36,269)
Changes of interests in subsidiaries without losing control	–	8	41	(53)	(12)
Transfer from retained earnings to capital surplus	–	(19,100)	–	–	–
Transfer from other components of equity to retained earnings	(1,175)	1,175	–	–	–
Other	–	–	239	–	239
Total transactions with the owners	(1,175)	(54,186)	(56,321)	(53)	(56,375)
Balance as of March 31, 2022	445	266,776	315,653	8,198	323,852

Notes to Consolidated Financial Statements

I. Notes Regarding Important Items Underlying the Preparation of the Consolidated Financial Statements

1. Accounting standards for preparing consolidated financial statements

The consolidated financial statements of Japan Exchange Group, Inc. (the "Company") and its subsidiaries (collectively "JPX Group") are prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. In the consolidated financial statements, some items required to be disclosed in IFRS are omitted under the provision of the second sentence of the same Paragraph.

2. Items related to scope of consolidation

Number of consolidated subsidiaries: Seven

Names of consolidated subsidiaries:

Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Tokyo Commodity Exchange, Inc., JPX Market Innovation & Research, Inc., Japan Exchange Regulation, Japan Securities Clearing Corporation, and TOSHO SYSTEM SERVICE CO., LTD.

Among these, JPX Market Innovation & Research, Inc. has been newly included in the scope of consolidation following its establishment in the fiscal year under review.

3. Items related to application of the equity method

Number of associates accounted for by the equity method: Three

Names of associates accounted for by the equity method:

Japan Securities Depository Center, Inc., ICJ, Inc., and Tosho Computer Systems Co., Ltd.

4. Items related to accounting policies

(1) Policies and methods of financial asset valuation

(a) Financial assets:

i. Initial recognition and measurement

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

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

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

JPX Group may make an irrevocable designation of recognizing changes in fair value of investments in equity instruments as other comprehensive income at initial recognition.

All financial assets are measured at the fair value plus transaction costs that are directly attributable to the financial assets, except for the case of being classified in the category of financial assets measured at fair value through profit or loss.

ii. Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

a. Financial assets measured at amortized cost

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

b. Financial assets measured at fair value through profit or loss

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

c. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are measured at fair value, and changes in the fair value are recognized as other comprehensive income. When such a financial asset is derecognized or the decline in its fair value compared to its acquisition cost is significant, the amount recognized in other comprehensive income is transferred directly to retained earnings, rather than being recognized as profit or loss.

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

iii. Derecognition

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

(b) Impairment of financial assets measured at amortized cost:

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

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

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

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

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

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

(c) Clearing business financial assets and clearing business financial liabilities:

As a clearing organization, Japan Securities Clearing Corporation presents receivables and payables related to transactions to be cleared as clearing business financial assets and clearing business financial liabilities (hereinafter "clearing business financial assets and liabilities") and provides a settlement guarantee by assuming debts for the transactions conducted by market participants and acting as a party to the transactions.

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

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

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

Over-the-counter transactions of Japanese government bonds that are transactions with repurchase or resale agreement and cash-secured bonds lending transactions are initially recognized on the commencement date of transactions and subsequently measured at fair value.

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

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

(2) Methods of depreciation and amortization of assets

(a) Property and equipment:

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

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

(b) Intangible assets:

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

Estimated useful lives, residual values, and amortization method are reviewed at the end of each fiscal year, and any change is applicable toward the future as changes in accounting estimates. If changes to development plans arise for software under development, it could significantly affect the consolidated financial statements.

(c) Right-of-use assets:

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

Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives or lease terms.

Lease payments are recognized by allocating them to finance costs and repayments of lease liabilities.

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

(3) Accounting for employee retirement benefits

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

(a) Defined benefit plans:

For each plan, JPX Group calculates the present value of defined benefit obligations, and related current service cost and past service cost using the projected unit credit method. A discount rate is determined based on the market yields on high-rating corporate bonds for the period until the expected date of benefit payment in each plan at the end of the fiscal year.

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

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

Except when JPX Group has legal power to use surplus in defined benefit plans for settling obligations of other plans, assets and liabilities are not set off between the plans.

(b) Defined contribution plans:

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

(4) Standards for revenue

(a) Revenue from contracts with customers

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

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when satisfies a performance obligation

JPX Group is primarily engaged in the financial instruments exchanges business and its revenue consists mainly of revenue related to the rendering of services, such as trading services revenue and clearing services revenue. Revenue is recognized at a point in time when the services are provided to customers, which is when the JPX Group’s performance obligations are deemed to be satisfied.

(b) Dividend

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

(5) Translation of foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency transactions are translated into Japanese yen, which is the Company’s functional currency, at the rates of exchange prevailing at the dates of transactions.

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

(6) Accounting for consumption taxes, etc.

Consumption taxes and local consumption taxes are not included in transaction amounts.

(7) Goodwill

Goodwill is not amortized. It is tested for impairment at the end of each fiscal year or whenever there is any indication of impairment, and impairment losses are recognized, if any. No reversal of impairment losses is made.

(8) Application of consolidated taxation system and transition to group tax sharing system

The Company and some of its subsidiaries started to apply the consolidated taxation system at the beginning of the fiscal year under review and will transit from the consolidated taxation system to the group tax sharing system at the beginning of the next fiscal year.

II. Notes to Consolidated Statement of Financial Position

1. Allowance for doubtful accounts directly deducted from assets
   (1) Trade and other receivables: JPY 7 million
   (2) Other financial assets: JPY 119 million

2. Accumulated depreciation of property and equipment (including accumulated impairment losses): JPY 20,459 million

3. Guarantee:
   Guarantee for employee housing loans from financial institutions: JPY 854 million

4. Assets and liabilities based on various rules for ensuring safety of financial instruments trading
   Deposits from clearing participants are collaterals that Japan Securities Clearing Corporation requires clearing participants to deposit (clearing deposit for clearing fund, clearing margin, initial margin and variation margin) in order to provide for possible losses incurred by the company in the event of settlement default of clearing participants.

   Legal guarantee funds are collaterals that Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., and Tokyo Commodity Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by these companies, etc. in the event of default by trading participants.

   Trading participant security money is collateral that Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., and Tokyo Commodity Exchange, Inc. require trading participants to deposit to provide for possible losses incurred by these companies in the event of default by trading participants.

   Each type of collateral is deposited in the form of cash or substitute securities (only those permitted by each company's rules). For collateral that is deposited in the form of cash, an asset and a corresponding liability are recorded in the consolidated statement of financial position.

   Collateral deposited in the form of substitute securities is not recorded in the consolidated statement of financial position. Fair values of substitute securities for the collateral are as follows:
   (a) Substitute securities for deposits from clearing participants: JPY 3,767,957 million
   (b) Substitute securities for legal guarantee funds: JPY 679 million
   (c) Substitute securities for trading participant security money: JPY 2,551 million

   Default compensation reserve funds are reserve funds to cover losses incurred by Japan Securities Clearing Corporation in association with clearing operations.

III. Notes to Consolidated Statement of Changes in Equity

1. Number and type of issued shares as of the end of the fiscal year under review: 528,578,441 common shares

2. Dividend

(1) Dividend paid

Resolution	Share type	Total amount of dividend (JPY million)	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 13, 2021	Common share	22,526	(Note) 42.00	March 31, 2021	May 27, 2021
Board Meeting of October 27, 2021	Common share	13,743	26.00	September 30, 2021	December 1, 2021

Note: The amount of the dividend per share includes a special dividend of JPY 10 per share.

(2) Dividend with a record date that falls in the fiscal year under review but whose effective date falls in the next fiscal year (expectation)

Resolution	Share type	Total amount of dividend (JPY million)	Source	Dividend per share (JPY)	Record date	Effective date
Board Meeting of May 13, 2022	Common share	24,314	Retained earnings	(Note) 46.00	March 31, 2022	May 27, 2022

Note: The amount of the dividend per share includes a special dividend of JPY 15 per share.

IV. Notes Relating to Financial Instruments

1. Items relating to financial instruments

Although JPX Group is exposed to various financial risks such as credit risk and liquidity risk from financial instruments in the process of carrying out business activities, JPX Group works to avoid or reduce such risks by identifying and analyzing the risks, and carrying out integrated risk management by appropriate methods.

Major risks JPX Group is aware of are credit risk and liquidity risk from clearing operations of Japan Securities Clearing Corporation.

Although Japan Securities Clearing Corporation is exposed to credit risks of clearing participants on clearing business financial assets, which are receivables the corporation acquires by assuming obligations from transactions carried out by market participants, these risks are addressed through the maintenance of systems such as a qualification system and a collateral system for clearing participants. In addition, even in cases of settlement default by clearing participants, it may be necessary for Japan Securities Clearing Corporation to cover the shortfall in funds and complete settlement itself, thus exposing the corporation to liquidity risk on clearing business financial liabilities. Even so, the said risk is addressed through the maintenance of a system to secure sufficient liquidity by such means as entering into contracts with funds settlement banks regarding liquidity supply.

2. Items relating to fair value, etc. of financial instruments

Financial instruments held by JPX Group comprise cash and cash equivalents, trade and other receivables, clearing business financial assets, specified assets for deposits from clearing participants, specified assets for legal guarantee funds, specified assets for default compensation reserve funds, other financial assets, trade and other payables, bonds and loans payable, clearing business financial liabilities, deposits from clearing participants, legal guarantee funds and trading participant security money. The carrying amounts of these financial instruments are the same as or approximate their fair values.

3. Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires entities to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used to measure fair value.

The hierarchy of fair value used to measure fair value (fair value hierarchy) is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Fair values that is calculated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair values that is calculated using unobservable inputs for the asset or liability

The level of the fair value hierarchy for financial instrument is determined based on the lowest level of significant inputs used in the measurement of fair value.

The fair value hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis in the consolidated statement of financial position according to the above definition is as follows:

(JPY million)

	Level 1	Level 2	Level 3
Clearing business financial assets	336,211	64,032,233	—
Other financial assets	—	—	2,353
Total	336,211	64,032,233	2,353
Clearing business financial liabilities	336,211	64,032,233	—
Total	336,211	64,032,233	—

The carrying amounts, fair values and fair value hierarchy of financial assets and financial liabilities that are not measured at fair value in the consolidated statement of financial position are as follows:

(JPY million)

	Level 1	Level 2	Level 3
Other financial assets	116,064	1,999	—
Total	116,064	1,999	—
Bonds and loans payable (non-current)	—	19,914	—
Total	—	19,914	—

For financial assets and financial liabilities that are not measured at fair value in the consolidated statement of financial position, their carrying amounts reasonably approximate the fair values as such items are all short term. Accordingly, the fair values of the following items are not disclosed.

Cash and cash equivalents
Trade and other receivables
Specified assets for deposits from clearing participants
Specified assets for legal guarantee funds
Specified assets for default compensation reserve funds
Trade and other payables
Bonds and loans payable (current)
Deposits from clearing participants
Legal guarantee funds
Trading participant security money

4. Method for measuring fair value

Fair values of financial assets and financial liabilities are as follows:

(1) Clearing business financial assets and liabilities

The fair values of these instruments are estimated by each method in accordance with the following classification:

・ For futures transactions, option transactions and OTC derivative transactions, fair value is estimated based on clearing prices at the end of the fiscal year.

・ For repo transactions, fair value is estimated by discounting amounts of delivery settlement as of the settlement date of transactions.

(2) Other financial assets

Fair values of marketable securities are estimated by using market prices, etc.

(3) Bonds and loans payable

For bonds and loans payable with long periods to maturity, fair value is estimated by discounting future cash flows using the discount rate that reflects the Group's credit standing.

V. Notes Relating to Per Share Information

1. Equity attributable to owners of the parent company per share: JPY 598.35
2. Basic earnings per share: JPY 94.35

Note: The shares of the Company held by the stock-granting ESOP trust and by the trust related to the stock compensation plan for directors are treated as treasury shares.

VI. Notes Relating to Revenue Recognition

1. Disaggregated revenue

"Operating revenue" is disaggregated as follows:

Trading services revenue	JPY 53,196 million
Clearing services revenue	JPY 27,945 million
Listing services revenue	JPY 15,736 million
Information services revenue	JPY 27,175 million
Other	JPY 11,378 million
Total	JPY 135,432 million

Trading services revenue is comprised of "trading fees" based on the value of securities traded and the volume of financial derivatives and commodity derivatives traded, "basic fees" based on the classification of the trading participant's trading qualification, "access fees" based on the number of orders placed, "trading system facility usage fees" based on the types of trading system facilities used and other fees.

Clearing services revenue is mainly comprised of clearing fees related to the financial instruments obligation assumption services carried out by Japan Securities Clearing Corporation.

Listing services revenue is comprised of "initial/additional listing fees" mainly consisting of fees received based on the issue amount when a company initially lists or when a listed company issues additional shares and "annual listing fees" mainly consisting of fees received from listed companies based on their market values.

Information services revenue is comprised of market information fees, which are revenue related to the provision of market information to information vendors, etc., as well as revenue related to the index business and revenue related to the provision of various information including corporate action information.

Trading services revenue or clearing services revenue is recognized primarily on the trade date when the performance obligation is satisfied. Listing services revenue is recognized mainly in the period to which the relevant fee relates. Information services revenue is recognized primarily at the time of the provision of market information when the performance obligation is satisfied.

Consideration for contracts with customers do not have significant financing components.

2. Contract balances

The closing balance of contract liabilities is stated below.

Unearned revenue JPY 247 million

3. Transaction price allocated to the remaining performance obligations

JPX Group did not recognize any significant transactions with original expected contract duration of more than one year and therefore has not disclosed information about its remaining performance obligations applying a practical expedient.

There was no significant consideration from contracts with customers that was not included in the transaction price.

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2021 to March 31, 2022)

(JPY million)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	
					General reserve	Retained earnings brought forward
Balance at the beginning of current period	11,500	3,000	899	3,899	5,302	116,104
Changes of items during the period						
Dividends of surplus	–	–	–	–	–	(36,269)
Acquisitions of treasury shares	–	–	–	–	–	–
Cancellation of treasury shares	–	–	(19,999)	(19,999)	–	–
Transfer from retained earnings to capital surplus	–	–	19,100	19,100	–	(19,100)
Net income	–	–	–	–	–	43,365
Other	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–
Total changes of items during the period	–	–	(899)	(899)	–	(12,004)
Balance at the end of current period	11,500	3,000	–	3,000	5,302	104,100

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at the beginning of current period	121,407	(1,825)	134,981	349	349	135,331
Changes of items during the period						
Dividends of surplus	(36,269)	–	(36,269)	–	–	(36,269)
Acquisitions of treasury shares	–	(20,333)	(20,333)	–	–	(20,333)
Cancellation of treasury shares	–	19,999	–	–	–	–
Transfer from retained earnings to capital surplus	(19,100)	–	–	–	–	–
Net income	43,365	–	43,365	–	–	43,365
Other	–	245	245	–	–	245
Net changes of items other than shareholders' equity	–	–	–	(543)	(543)	(543)
Total changes of items during the period	(12,004)	(87)	(12,991)	(543)	(543)	(13,535)
Balance at the end of current period	109,402	(1,912)	121,990	(194)	(194)	121,796

Notes to Non-consolidated Financial Statements

I. Accounting Policies

1. Standards and methods of asset valuation

   Securities

   (a) Held-to-maturity debt securities: Amortized cost method (straight-line method)

   (b) Shares of subsidiaries and associates: Cost determined by the moving-average method

   (c) Other securities:

   Securities other than equity securities, etc. without market values: Stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, and cost of securities sold being determined by the moving-average method

   Equity securities, etc. without market values: Primarily stated at cost determined by the moving-average method

   The Company started to apply the ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement", at the beginning of the current fiscal year.
   There was no effect of applying the accounting standard on the non-consolidated financial statements for the current fiscal year.

2. Methods of depreciation of non-current assets

   (1) Property and equipment:
   The straight-line method is used.

   (2) Intangible assets:
   The straight-line method is used. The straight-line method based on the expected period of use (5 years) is used for software for internal use.

3. Standards for allowances and provision

   (1) Provision for bonuses:
   For payment of employee bonuses, allowance is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year.

   (2) Provision for directors' bonuses:
   For payment of bonuses to directors and executive officers, allowance is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year.

   (3) Provision for retirement benefits:
   This reserve is provided for payments of future retirement benefits to employees. It is recorded as the amount accrued at the end of the fiscal year, based on the projected retirement benefit obligation and estimated value of plan assets at the end of the fiscal year.
   In the calculation of retirement benefit obligation, the benefit formula basis is used to attribute the projected retirement benefit to the period through the end of the fiscal year.
   Actuarial differences are amortized using the straight-line method over a fixed number of years (10 years), which is within the average remaining years of service of the employees, as these differences are incurred, from the fiscal year following the fiscal year in which the respective actuarial differences are incurred.

   (4) Provision for stock benefits:
   This reserve is provided for delivery of shares of the Company to employees and directors in accordance with the share delivery regulations, and recorded based on the projected stock benefit obligation at the end of the fiscal year.

4. Standards for revenue

   (1) Revenue from contracts with customers

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

   Step 1: Identify the contract(s) with a customer
   Step 2: Identify the performance obligations in the contract
   Step 3: Determine the transaction price
   Step 4: Allocate the transaction price to the performance obligations in the contract
   Step 5: Recognize revenue when satisfies a performance obligation

   The Company, as a financial instruments exchange holding company, is engaged in the management, administration, etc. of the financial instruments exchange holding company group to which it belongs, and its revenue consists mainly of management fee income for the rendering of services, and others. Revenue is recognized at a point in time when the services are provided to customers, which is when the Company’s performance obligations are deemed to be satisfied.

The Company started to apply the ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition", and the ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition", at the beginning of the current fiscal year.

There was no effect of applying the accounting standard and the guidance on the non-consolidated financial statements for the current fiscal year.

(2) Dividend

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

5. Other significant matters which constitute the basis for preparation of the non-consolidated financial statements
   (1) Translation of foreign currency-denominated assets and liabilities into Japanese yen
       Foreign currency-denominated assets and liabilities are translated into Japanese yen based on the exchange rate as of the closing date of the fiscal year.
   (2) Accounting for consumption taxes, etc.
       Consumption taxes and local consumption taxes are not included in transaction amounts.
   (3) Application of consolidated taxation system
       The Company started to apply the consolidated taxation system at the beginning of the current fiscal year.
   (4) Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system
       The Company will start to apply the group tax sharing system instead of the consolidated taxation system at the beginning of the next fiscal year. However, as for items regarding the transition to the group tax sharing system established by the "Act Partially Amending the Income Tax Act, etc." (Act No. 8 of 2020) and items in the non-consolidated taxation system revised in connection with the transition to the group tax sharing system, the Company has not applied the provisions of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020). Accordingly, the amounts of deferred tax assets and liabilities are determined in accordance with the provisions of the tax law before the revision.
       At the beginning of the next fiscal year, the Company will start to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), which prescribes the accounting treatments and disclosures of the corporation income tax and the local corporation income tax as well as tax effect accounting when a company applies the group tax sharing system.

II. Accounting Estimates

The item, which is accounted for based on accounting estimate, recognized in the non-consolidated financial statements for the current fiscal year and may have material impact on the non-consolidated financial statements for the next fiscal year, is stated below.

Shares of subsidiaries and associates

1. Amounts recorded in the non-consolidated financial statements for the current fiscal year
   Shares of subsidiaries and associates JPY 123,784 million
2. Information of significant accounting estimate relating to identified item
   When performing valuation on shares of subsidiaries and associates, the Company follows the standards and methods described in “I. Accounting Policies, 1. Standards and methods of asset valuation.” If, under such valuation, the actual value decreased significantly due to the investee’s financial results being affected by changes in uncertain future economic conditions, etc., valuation losses will be incurred.

III. Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation on property and equipment — JPY 46 million

2. Monetary claims and monetary liabilities vis-à-vis affiliated companies (excluding those presented separately)

Short-term monetary claims	JPY 6,923 million
Short-term monetary liabilities	JPY 394 million

3. Guarantee:

Guarantee for employee housing loans from financial institutions	JPY 854 million

4. Loss compensation, etc.

The Company has "Specified assets for default compensation reserve funds" recorded under assets in its balance sheet as reserve for compensation of loss suffered by Japan Securities Clearing Corporation concerning the clearing services.

IV. Notes to Non-consolidated Statement of Income

Transactions with affiliated companies

Transaction from operating transactions	
Operating revenue	JPY 52,724 million
Operating expenses	JPY 1,376 million
Transaction from non-operating transactions	JPY 138 million

* Loss on valuation of shares of subsidiaries and associates under extraordinary losses was recognized in consideration of the financial position of consolidated subsidiaries and other factors.

V. Notes to Non-consolidated Statement of Changes in Shareholders' Equity

Type of treasury shares and number of shares at the end of the current fiscal year

Common share	1,037,782 shares

Note: Mainly the shares of the Company held by the stock-granting ESOP trust and by the trust related to the stock compensation plan for directors

VI. Note Relating to Tax Effect Accounting

The cause of deferred tax assets mainly consisted of provision for bonuses.

VII. Note Relating to Transactions with Related Parties

Subsidiaries

Type of company	Name of company, etc.	Percentage of voting rights, etc. held (held by others)	Business relationship	Type of transaction	Value of transactions (JPY million)	Accounting classification	Balance at end of period (JPY million)
Subsidiaries	Tokyo Stock Exchange, Inc.	Directly held 100.0%	Borrowing of funds Employee secondment Consolidated tax receivables Concurrent positions of directors	Borrowing of funds (Note 1)	42,500	Short-term loans payable to subsidiaries and associates	42,500
				Payment for secondment (Note 2)	1,899	Accrued expenses	104
				Payment received for secondment (Note 3)	773	Accounts receivable - other	7
				Amount of individual attribution of consolidated taxation	6,346	Accounts receivable - other	6,346
	Osaka Exchange, Inc.	Directly held 100.0%	Borrowing of funds Employee secondment Concurrent positions of directors	Borrowing of funds (Note 1)	8,500	Short-term loans payable to subsidiaries and associates	8,500
				Payment for secondment (Note 2)	715	Accrued expenses	10
	Japan Exchange Regulation	Directly held 100.0%	Borrowing of funds	Borrowing of funds (Note 1)	4,400	Short-term loans payable to subsidiaries and associates	4,400

The transaction amounts shown above do not include consumption taxes, etc.; balance at end of period includes consumption taxes, etc.

Transaction-related conditions and policies for determining such conditions, etc.

(Note 1) Interest rates for borrowed funds are determined in consideration of market rates, etc.

(Note 2) The amount of payment for secondment is determined in consideration of personnel expenses for secondment to the Company.

(Note 3) The amount of payment received for secondment is determined in consideration of personnel expenses for secondees from the Company.

VIII. Notes Relating to Per Share Information

1. Net assets per share: JPY 230.88
2. Net income per share: JPY 81.90

Note: The shares of the Company held by the stock-granting ESOP trust and by the trust related to the stock compensation plan for directors are treated as treasury shares.