

Japan Securities Depository Center, Incorporated

Consolidated Financial Statements

For the year ended March 31, 2022

The accompanying consolidated financial statements expressed in Japanese yen are the translation of those issued domestically. The amounts expressed in U.S. dollars are not included in the original audited consolidated financial statements. Such U.S. dollar amounts are translated in accordance with the basis stated in “Basis of Presentation” on the next page and are additionally presented herein solely for the convenience of readers outside Japan, and are not subject to audit.

Basis of Presentation

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.39 to \$1, the approximate rate of exchange at March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet (As of March 31, 2022)

	¥ (million)		\$ (thousands)
	2021	2022	2022
ASSETS			
Current Assets:			
Cash and deposits	¥ 29,912	¥ 35,776	\$ 292,311
Accounts receivable—trade	4,004	3,435	28,066
Prepaid expenses	242	258	2,108
Income taxes receivable	-	382	3,121
Consumption taxes receivable	40	0	0
Designated assets for clearing funds (Note 1)	65,917	64,917	530,410
Others	25	26	212
Allowance for doubtful accounts	0	0	0
Total Current Assets	100,141	104,795	856,238

	¥ (million)		\$ (thousands)
	2021	2022	2022
Non-current Assets:			
Property and Equipment:			
Buildings and accompanying facilities	1,261	1,424	11,634
Accumulated depreciation	(1,101)	(182)	(1,487)
Buildings and accompanying facilities, net	159	1,241	10,139
Tools and furniture	1,829	2,024	16,537
Accumulated depreciation	(1,188)	(1,185)	(9,682)
Tools and furniture, net	640	839	6,855
Total Property and Equipment, net	800	2,080	16,994
Intangible Assets:			
Software	30,081	24,289	198,455
Software in progress	162	426	3,480
Others	16	16	130
Total Intangible Assets	30,260	24,731	202,067
Investments and Other Assets:			
Long-term prepaid expenses	431	379	3,096
Deferred tax assets	768	597	4,877
Long-term refundable lease deposits	766	691	5,645
Claims provable in bankruptcy, rehabilitation and other	3	2	16
Others	1	1	8
Allowance for doubtful accounts	(1)	(1)	(8)
Total Investments and Other Assets	1,969	1,671	13,653
Total Non-current Assets	33,030	28,483	232,723
Total Assets	¥ 133,172	¥ 133,279	\$ 1,088,969

	¥ (million)		\$ (thousands)	
	2021	2022	2022	
LIABILITIES				
Current Liabilities:				
Accounts payable—trade	¥ 1,305	¥ 1,034	\$ 8,448	
Accounts payable—other	77	115	939	
Consumption taxes payable	8	531	4,338	
Income taxes payable	1,786	-	-	
Allowance for employees' bonuses	442	445	3,635	
Allowance for executives' bonuses	27	27	220	
Deposits received for clearing funds (Note 1)	65,917	64,917	530,410	
Asset retirement obligations	356	128	1,045	
Others	118	129	1,054	
Total Current Liabilities	70,040	67,328	550,110	
Non-current Liabilities:				
Liability for retirement benefits	1,015	1,111	9,077	
Asset retirement obligations	138	-	-	
Total Non-current Liabilities	1,153	1,111	9,077	
Total Liabilities	71,193	68,440	559,196	
NET ASSETS				
Shareholders' Equity:				
Common stock	4,250	4,250	34,725	
Capital surplus	4,250	4,250	34,725	
Retained earnings	53,478	56,338	460,315	
Total Shareholders' Equity	61,978	64,838	529,765	
Total Net Assets	61,978	64,838	529,765	
Total Liabilities and Net Assets	¥ 133,172	¥ 133,279	\$ 1,088,969	

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Financial Statement of Income and Comprehensive Income
(For the year ended March 31, 2022)

	¥ (million)		\$ (thousands)	
	2021	2022	2022	
Operating Revenue	¥ 26,299	¥ 22,044	\$ 180,112	
Operating Expenses:				
Executives' compensation	219	219	1,789	
Salaries	1,617	1,974	16,128	
Allowance for employees' bonuses	442	445	3,635	
Allowance for executives' bonuses	27	27	220	
Retirement benefit expenses	144	153	1,250	
Maintenance of systems	5,122	4,978	40,673	
Depreciation and amortization	5,218	7,276	59,449	
Rent	568	751	6,136	
Others	1,519	1,479	12,084	
Total Operating Expenses	14,879	17,304	141,384	
Operating Income	11,419	4,739	38,720	
Non-operating Income:				
Operational revenue on designated assets for clearing funds	0	0	0	
Registered members' information disclosure claim charges	25	32	261	
System-related income	24	20	163	
Others	4	5	40	
Total Non-operating Income	54	59	482	

	¥ (million)		\$ (thousands)	
	2021	2022	2022	
Non-operating Expenses:				
Commitment fees	59	59	482	
Fees for fund operation of designated assets for clearing fund	9	9	73	
Others	1	0	0	
Total Non-operating Expenses	70	69	563	
Ordinary Income	11,403	4,730	38,646	
Extraordinary Income:				
Asset retirement obligation performance difference	-	151	1,233	
Total Extraordinary Income	-	151	1,233	
Income before Income Taxes	11,403	4,881	39,880	
Income taxes—current	3,479	1,340	10,948	
Income taxes—deferred	30	170	1,389	
Total Income Taxes	3,509	1,510	12,337	
Net Income	7,894	3,370	27,534	
(Details of Net Income)				
Net Income attributable to shareholders of the parent company	7,894	3,370	27,534	
Net Income attributable to non-controlling interests	-	-	-	
Comprehensive Income	¥ 7,894	¥ 3,370	\$ 27,534	
(Details of Comprehensive Income)				
Comprehensive income attributable to shareholders of the parent company	¥ 7,894	¥ 3,370	\$ 27,534	
Comprehensive income attributable to non-controlling interests	-	-	-	

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statement of Changes in Net Assets (For the year ended March 31, 2022)

For the year ended March 31, 2021

¥ (million)

	Shareholders' Equity				Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity	
Balance at the beginning of the period	4,250	4,250	46,093	54,593	54,593
Changes during the period:					
Dividends from surplus	-	-	(510)	(510)	(510)
Net income attributable to shareholders of the parent company	-	-	7,894	7,894	7,894
Total changes during the period	-	-	7,384	7,384	7,384
Balance at the end of the period	4,250	4,250	53,478	61,978	61,978

For the year ended March 31, 2022

¥ (million)

	Shareholders' Equity				Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity	
Balance at the beginning of the period	4,250	4,250	53,478	61,978	61,978
Changes during the period:					
Dividends from surplus	-	-	(510)	(510)	(510)
Net income attributable to shareholders of the parent company	-	-	3,370	3,370	3,370
Total changes during the period	-	-	2,860	2,860	2,860
Balance at the end of the period	4,250	4,250	56,338	64,838	64,838

\$ (thousands)

	Shareholders' Equity				Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity	
Balance at the beginning of the period	34,725	34,725	436,947	506,397	506,397
Changes during the period:					
Dividends from surplus	-	-	(4,167)	(4,167)	(4,167)
Net income attributable to shareholders of the parent company	-	-	27,534	27,534	27,534
Total changes during the period	-	-	23,367	23,367	23,367
Balance at the end of the period	34,725	34,725	460,315	529,765	529,765

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statement of Cash Flows (For the year ended March 31, 2022)

	¥ (million)		\$ (thousands)	
	2021	2022	2022	
Cash Flows from Operating Activities:				
Income before income taxes	¥ 11,403	¥ 4,881	\$ 39,880	
Depreciation and amortization	5,218	7,276	59,449	
Increase (decrease) in allowance for doubtful accounts	0	(1)	(8)	
Increase (decrease) in allowance for employees' bonuses	18	2	16	
Increase (decrease) in liability for retirement benefits	69	96	784	
Foreign exchange losses (gains)	0	(2)	(16)	
(Increase) decrease in accounts receivable—trade	56	569	4,649	
Increase (decrease) in accounts payable—trade	370	(270)	(2,206)	
Increase/decrease in consumption taxes receivable/payable	(444)	562	4,591	
Asset retirement obligation performance difference	-	(151)	(1,233)	
Others	4	(116)	(947)	
Sub-total	16,696	12,846	104,959	
Income taxes paid	(3,935)	(3,440)	(28,106)	
Net Cash Provided by Operating Activities	12,761	9,406	76,852	
Cash Flows from Investing Activities:				
Payments for purchases of property and equipment	(82)	(1,776)	(14,510)	
Payments for purchases of intangible assets	(10,795)	(1,153)	(9,420)	
Payments for refundable lease deposits	(3)	(323)	(2,639)	
Proceeds from refund of refundable lease deposits	5	427	3,488	
Payments for asset retirement obligations	-	(208)	(1,699)	
Net Cash Used in Investing Activities	(10,874)	(3,034)	(24,789)	
Cash Flows from Financing Activities:				
Cash dividends paid	(510)	(510)	(4,167)	
Net Cash Used in Financing Activities	(510)	(510)	(4,167)	
Effect of exchange rate changes on cash and cash equivalents	0	2	16	
Increase (Decrease) in Cash and Cash Equivalents	1,376	5,863	47,904	
Cash and Cash Equivalents, Beginning of Year	28,535	29,912	244,399	
Cash and Cash Equivalents, End of Year (Note 1)	¥ 29,912	¥ 35,776	\$ 292,311	

The accompanying notes are an integral part of these consolidated statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

[Note on Going Concern Assumption]

None.

[Basis of Preparation of the Consolidated Financial Statements]

1. Consolidation

The accounts of all subsidiaries are included in the consolidated financial statements.

(1) Number of consolidated subsidiary: One

(2) Name of the consolidated subsidiary: JASDEC DVP Clearing Corporation (“JDCC”)

2. Application of the Equity Method

None.

3. Fiscal Year of the Consolidated Subsidiary

The fiscal year-end of the consolidated subsidiary is the same date as the consolidated balance sheet date.

4. Accounting Policies

(1) Depreciation of non-current assets and amortization of intangible assets

① Property and equipment

Depreciation of property and equipment is calculated using the straight-line method.

The major estimated useful lives are as follows:

Buildings and accompanying facilities: 3–50 years

Tools and furniture: 4–15 years

② Intangible assets

Amortization of intangible assets is calculated using the straight-line method.

Software for internal use is amortized over the estimated useful life of the software (five years).

(2) Recognition criteria for major provisions

① Allowance for doubtful accounts

The estimated unrecoverable amount is determined after examining the collectability of receivables outstanding based on historical results and the bad debt loss ratio for general accounts receivable. For certain receivables, the specific identification method is used to estimate the allowance for doubtful accounts.

② Allowance for employees' bonuses

Allowance for employees' bonuses is provided for bonuses attributable to each fiscal year based on the estimated amount of the respective payments.

③ Allowance for executives' bonuses

Allowance for executives' bonuses is provided for bonuses attributable to each fiscal year based on the estimated amount of the respective payments.

(3) Scope of cash and cash equivalents for the consolidated financial statement of cash flows

Cash and cash equivalents include cash on hand, deposits on demand, and short-term investments with a maturity of three months or less carrying insignificant risk of any fluctuation in market value.

(4) Recognition criteria for revenue and expenses

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 as of March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 as of March 26, 2021) have been applied since the beginning of the year ended March 31, 2022.

The Company and its subsidiary provide book-entry transfer services for shares, etc., book-entry transfer services for short-term corporate bonds, book-entry transfer services for corporate bonds, book-entry transfer services for investment trusts, pre-settlement matching services, custody services for foreign stock certificates, etc., financial instruments obligation assumption services and services incidental or related to these services, and the revenue of the Company and its subsidiary consists of fees related to book-entry transfer and other such services that qualify as services provided. As the performance obligation of the Company and its subsidiary is satisfied at the time that services are provided to the customer, the Company and its subsidiary recognize revenue based on the amount expected to be received at that point in time. The adoption of this

(5) Accounting policy for retirement benefits

Liability for retirement benefits is provided at the amount that would be payable by the Company if all eligible employees voluntarily terminated their employment at the balance sheet date.

[Notes to the Consolidated Balance Sheet]

1. Assets and Liabilities Held for Sound Settlement System Operation and Management

In order to secure the Delivery Versus Payment (“DVP”) for Non-Exchange Transaction Deliveries (“NETDs”) settlement system, JDCC, a consolidated subsidiary of the Company, receives cash or securities as collateral from the DVP participants whom JDCC officially acknowledges as parties who undertake securities obligations in accordance with the provisions set forth in JDCC’s general provisions in accordance with Article 156-7, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25, 1948).

JDCC manages cash and securities entrusted by the DVP participants as clearing funds defined in Article 156-11 of the Financial Instruments and Exchange Act separately from other assets in accordance with JDCC’s general provisions and Article 18 of the Cabinet Office Ordinance on Financial Instruments Clearing Organization (Cabinet Office Ordinance No. 76, 2002).

(1) Participant fund specified assets and participant funds under management

Under the DVP for NETDs settlement system, when JDCC accepts DVP participants’ obligations to counterparties, the DVP participants involved in the transactions shall assume the same obligations to JDCC.

JDCC requires each DVP participant to establish a participant fund in excess of the minimum amount set forth in JDCC’s general provisions to ensure that the respective obligations of DVP participants are covered (the aggregate amount of minimum participant funds required by JDCC’s general provisions as of March 31, 2022 was ¥15,000 million (\$ 122,559 thousand)). In the event a DVP participant defaults on the required payment obligations of the DVP for NETDs settlement system, JDCC shall take deposits from the participant fund of such DVP participant to fulfill its obligations to other DVP participants.

The participant funds entrusted to JDCC will be managed as money trusts, in line with the stated general provisions of JDCC.

These money trusts are stated at cost, as financial instruments accounted for under the cost method.

Assets and liabilities pertaining to participant funds are presented as designated assets for clearing funds and deposits received for clearing funds, respectively.

(2) Collateral securities

Under the DVP for NETDs settlement system, DVP participants are able to entrust marketable securities listed in JDCC’s general provisions (“collateral securities”) to ensure that obligations to JDCC are met.

When a DVP participant fails to meet its obligations to JDCC, JDCC is authorized to dispose of the entrusted collateral securities by selling them in securities markets or through other methods deemed appropriate by JDCC.

The market value of collateral securities entrusted to JDCC as of March 31, 2021 and 2022 was as follows:

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Market value of collateral securities entrusted to JDCC	22,968	27,673	226,105

2. Overdraft Contracts and Commitment Line Agreements

To ensure prompt and stable fundraising, the Company has concluded overdraft contracts with three banks. In addition, to prepare for a possible deficiency of funds due to a default by DVP participants, JDCC has concluded commitment line agreements with four banks as part of a liquid fund for completing fund settlement on the required day.

The unused balances of these overdraft contracts and commitment line agreements are summarized as follows:

(1) Overdraft contracts

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Aggregate maximum amount of overdraft amounts	7,000	7,000	57,194
Amount used	—	—	—
Unused balance	7,000	7,000	57,194

(2) Commitment line agreements

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Aggregate amount of commitment line agreements	60,000	60,000	490,236
Amount used	—	—	—
Unused balance	60,000	60,000	490,236

[Notes to the Consolidated Statement of Changes in Net Assets]

For the year ended March 31, 2021

1. Outstanding Shares

Class of share	April 1, 2020	Increase	Decrease	March 31, 2021
Ordinary shares	8,500	—	—	8,500

2. Treasury Stock

None.

3. Stock Subscription Rights and Other Securities

None.

4. Dividends

(1) Payment of the dividends

Resolution	Class of share	Total amount ¥ (million)	Dividend per share ¥	Basis date	Effective date
Board of Directors Meeting (May 22, 2020)	Ordinary shares	510	60,000	March 31, 2020	June 1, 2020

(2) Dividends for which the basis date is in the year ended March 31, 2021 and the effective date is in the following fiscal year

Resolution	Class of share	Payment source	Total amount ¥ (million)	Dividend per share ¥	Basis date	Effective date
Board of Directors Meeting (May 28, 2021)	Ordinary shares	Retained earnings	510	60,000	March 31, 2021	June 7, 2021

For the year ended March 31, 2022**1. Outstanding Shares**

Class of share	April 1, 2021	Increase	Decrease	March 31, 2022
Ordinary shares	8,500	—	—	8,500

2. Treasury Stock

None.

3. Stock Subscription Rights and Other Securities

None.

4. Dividends**(1) Payment of the dividends**

Resolution	Class of share	Total amount ¥ (million)	Dividend per share ¥	Basis date	Effective date
Board of Directors Meeting (May 28, 2021)	Ordinary shares	510 (\$ 4,167 thousand)	60,000 (\$ 490)	March 31, 2021	June 7, 2021

**(2) Dividends for which the basis date is in the year ended March 31, 2022
and the effective date is in the following fiscal year**

Resolution	Class of share	Payment source	Total amount ¥ (million)	Dividend per share ¥	Basis date	Effective date
Board of Directors Meeting (May 27, 2022)	Ordinary shares	Retained earnings	1,020 (\$ 8,334 thousand)	120,000 (\$ 980)	March 31, 2022	June 6, 2022

[Notes to the Consolidated Statement of Cash Flows]

1. The Balance of Cash and Cash Equivalents and Its Reconciliation to the Balance of Cash and Deposits in the Consolidated Balance Sheet

	¥ (million)		\$ (thousands)
For the years ended March 31	2021	2022	2022
Cash and deposits	29,912	35,776	292,311
Cash and cash equivalents	29,912	35,776	292,311

[Lease Transaction]

(Lessee)

1. Operating Lease Transaction

The following table shows the future minimum lease payments under non-cancellable operating leases.

Category	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Within one year	1	534	4,363
More than one year	—	1,600	13,072
Total	1	2,135	17,444

[Financial Instruments]

1. General Information on Financial Instruments

(1) Basic policies for financial instruments

The Company and its subsidiary limit financial investments to short-term deposits.

(2) Details and risks of financial instruments and the risk control system

Accounts receivable—trades are subject to the credit risk of participants in the book-entry transfer system. The Company and its subsidiary continuously monitor the financial condition of the participants in accordance with internal policies.

Designated assets and deposits received for clearing funds are assets and liabilities that are held to secure the DVP for NETDs settlement system.

Most of the accounts payable—trades are due within three months.

2. Estimated Fair Value of Financial Instruments

The following table presents the carrying amounts on the consolidated balance sheet, fair values, and the differences between them as of March 31, 2021 and March 31, 2022. Notes have been omitted for cash, and since deposits, accounts receivable - trade and accounts payable - trade are settled in the short term, fair values are approximate to carrying amounts and notes have been omitted.

As of March 31, 2021

	¥ (million)	¥ (million)	¥ (million)
	Carrying amount on the balance sheet	Fair value	Difference
(1) Designated assets for clearing funds	65,917	65,917	—
Assets total	65,917	65,917	—
(2) Deposits received for clearing funds	65,917	65,917	—
Liabilities total	65,917	65,917	—

As of March 31, 2022

	¥ (million)	\$ (thousands)	¥ (million)	\$ (thousands)	Difference
	Carrying amount on the balance sheet		Fair value		
(1) Designated assets for clearing funds	64,917	530,410	64,917	530,410	—
Assets total	64,917	530,410	64,917	530,410	—
(2) Deposits received for clearing funds	64,917	530,410	64,917	530,410	—
Liabilities total	64,917	530,410	64,917	530,410	—

Notes:

1. Calculation methods for fair value of financial instruments

(1) Designated assets for clearing funds, and (2) Deposits received for clearing funds:

The book value is deemed to be fair value since these items represent assets and liabilities reflecting their roles in maintaining a stable securities trading environment for the DVP for NETDs settlement system.

[Retirement Benefits]

1. Outline of Retirement Benefit Schemes Adopted

The Company and its subsidiary adopt a lump-sum retirement allowance scheme and a defined contribution pension plan.

2. Defined Benefit Plan

(1) Reconciliation of liability for retirement benefits

at the beginning and end of the period accounted for by the simplified method

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Liability for retirement benefits at the beginning of the period	945	1,015	8,293
Net periodic benefit costs	99	105	857
Payments of retirement benefits	(29)	(9)	(73)
Liability for retirement benefits at the end of the period	1,015	1,111	9,077

(2) Reconciliation of retirement benefit obligation at the end of the period with liability for retirement benefits reflected on the consolidated balance sheet

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Retirement benefit obligation	1,015	1,111	9,077
Liability for retirement benefits	1,015	1,111	9,077

(3) Net periodic benefit costs

	¥ (million)		\$ (thousands)
For the years ended March 31	2021	2022	2022
Net periodic benefit costs accounted for by the simplified method	99	105	857

3. Defined Contribution Plan

The amount contributed by the Company and its consolidated subsidiary to the defined contribution pension plan, accounted for as net periodic benefit costs, was as follows:

	¥ (million)		\$ (thousands)
	2021	2022	2022
For the years ended March 31			
Amount contributed to the defined contribution pension plan	44	47	384

[Income Taxes]

1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Deferred tax assets			
Allowance for employees' bonuses	135	136	1,111
Accrued enterprise tax	116	0	0
Accrued business facility taxes	3	3	24
Accrued social insurance premiums	19	19	155
Liability for retirement benefits	310	340	2,778
Excess depreciation of non-current assets	51	3	24
Asset retirement obligations	151	39	318
System development and research expenses	—	63	514
Other	1	0	0
Deferred tax assets— subtotal	790	607	4,959
Deferred tax liabilities			
Accrued enterprise tax	—	6	49
Expenses related to disposal of asset retirement obligations	22	3	24
Deferred tax liabilities— subtotal	22	9	73
Net deferred tax assets	768	597	4,877

2. Reconciliation between the Nominal Statutory Income Tax Rate and the Effective Income Taxes Rate

The note on the reconciliation between the nominal statutory income tax rate and the effective income tax rate for the years ended March 31, 2021 and 2022 was omitted since the difference was less than 5% of the statutory income tax rate.

[Segment Information]

Segment Information

The Company and its subsidiary have one business segment, Book-entry Transfer of Securities. Therefore, segment information has been omitted.

Related Information

For the year ended March 31, 2021

1. Information by Product or Service

Information by product or service has been omitted because operating revenues from external customers in one business product or service exceeded 90% of total operating revenues recorded in the consolidated statement of income and comprehensive income.

2. Information on Geographic Areas

(1) Operating revenues

Disclosure is omitted because the Company had no operating revenues from external customers overseas.

(2) Property and equipment

Disclosure is omitted because the Company had no property and equipment overseas.

3. Information by Major Customer

Name of customer	Operating revenues ¥ (million)	Related segment
Japan Securities Clearing Corporation	2,329	Book-entry Transfer of Securities

For the year ended March 31, 2022

1. Information by Product or Service

Information by product or service has been omitted because operating revenues from external customers in one business product or service exceeded 90% of total operating revenues recorded in the consolidated statement of income and comprehensive income.

2. Information on Geographic Areas

(1) Operating revenues

Disclosure is omitted because the Company had no operating revenues from external customers overseas.

(2) Property and equipment

Disclosure is omitted because the Company had no property and equipment overseas.

3. Information by Major Customer

Name of customer	Operating revenues		Related segment
	¥ (million)	\$ (thousands)	
Japan Securities Clearing Corporation	1,495	12,215	Book-entry Transfer of Securities

Disclosure of Information on Impairment Loss on Non-current Assets by Reportable Segment

None.

Disclosure of Information on Amortization and Year-End Balance of Goodwill by Reportable Segment

None.

Disclosure of Information on Gain on Negative Goodwill by Reportable Segment

None.

[Related Party Information]

1. Transactions with Related Parties

(1) Transactions between the Company and related parties

a) Corporations that share the same parent company with the Company, subsidiaries of other affiliated companies of the Company, and others

For the year ended March 31, 2021

Type	Name of company	Address	Capital ¥ (million)	Principal business	Percentage of voting right owning/owned	Relationship		Transactions	Amount ¥ (million)	Descriptions	Balance at end of period ¥ (million)
						Interlocking directors	Business relationship				
Subsidiary of other affiliated companies	Japan Securities Clearing Corporation	Chuo-ku, Tokyo	9,580	Financial instrument obligation assumption service	—	1 director	Commission income	Commission income	2,329	Accounts receivable—trade	261
Subsidiary of other affiliated companies	Tosho System Services Co., Ltd.	Chuo-ku, Tokyo	100	Design and development of software	—	—	Development, operation and maintenance of systems	Payment of system maintenance fee	1,966	Accounts payable—trade	279
								Purchase of software	451	Accounts payable—other	11

Notes:

The terms and conditions of the above transactions are on an arm's-length basis.

For the year ended March 31, 2022

Type	Name of company	Address	Capital ¥ (million)	Principal business	Percentage of voting right owning/owned	Relationship		Transactions	Amount ¥ (million)	Descriptions	Balance at end of period ¥ (million)
						Interlocking directors	Business relationship				
Subsidiary of other affiliated companies	Japan Securities Clearing Corporation	Chuo-ku, Tokyo	9,580 (\$ 78,274 thousand)	Financial instrument obligation assumption service	—	1 director	Commission income	Commission income	1,495 (\$ 12,215 thousand)	Accounts receivable—trade	147 (\$ 1,201 thousand)
Subsidiary of other affiliated companies	Tosho System Services Co., Ltd.	Chuo-ku, Tokyo	100 (\$ 817 thousand)	Design and development of software	—	—	Development, operation and maintenance of systems	Payment of system maintenance fee	1,885 (\$ 15,401 thousand)	Accounts payable—trade	274 (\$ 2,238 thousand)
								Purchase of software	49 (\$ 400 thousand)	Accounts payable—other	—

Notes:

The terms and conditions of the above transactions are on an arm's-length basis.

b) Executives, major shareholders and others of the Company (individuals only)

-For the year ended March 31, 2021

None

- For the year ended March 31, 2022

None

(2) Transactions between the consolidated subsidiary of the Company and the related parties

None

2. Notes on the Parent Company and Important Affiliated Companies

None

[Per Share Information]

As of/for the years ended March 31	2021	2022	2022
Net assets per share	¥7,291,581.27	¥7,628,104.83	\$ 62,326.20
Net income per share	928,772.67	396,523.56	3,239.83

Notes:

1. Diluted net income per share is not presented because no shares with potential dilutive effect were outstanding.
2. The basis for calculating net assets per share as of March 31, 2021 and 2022 is as follows:

	¥ (million)		\$ (thousands)
As of March 31	2021	2022	2022
Total net assets as reported in the consolidated balance sheet	¥61,978	¥64,838	\$ 529,765
Amount to be deducted from total net assets	—	—	—
Net assets pertaining to common stock shareholders	¥61,978	¥64,838	\$ 529,765
Number of common stock shares outstanding as of the consolidated balance sheet dates used to calculate net assets per share (in shares)	8,500	8,500	—

3. The basis for calculating net income per share for the years ended March 31, 2021 and 2022 is as follows:

	¥ (million)		\$ (thousands)
For the years ended March 31	2021	2022	2022
Net income attributable to shareholders of the parent company	¥ 7,894	¥ 3,370	\$ 27,534
Net income not pertaining to common stock shareholders	—	—	—
Net income attributable to the common stock shareholders of the parent company	¥ 7,894	¥ 3,370	\$ 27,534
Weighted-average number of common stock shares outstanding during the period (in shares)	8,500	8,500	—

[Notes on revenue recognition]

Basic information for understanding revenue

Basic information for understanding revenue is described in "Basis of Preparation of the Consolidated Financial Statements (Item 4 (4)) Recognition criteria for revenue and expenses."

[Subsequent Events]

None.

Consolidated Supplementary Schedules

[Details of Bonds]

None.

[Details of Borrowings]

None.

[Details of Asset Retirement Obligations]

The amount of asset retirement obligations at both the beginning and end of the current period consolidated fiscal year are less than 1% of the combined total of liabilities and net assets at the beginning and end of the current period, and so have been omitted in accordance with Article 92-2 of the Regulations for Consolidated Financial Statements.

[Other Information]

None.

INDEPENDENT AUDITOR'S REPORT

June 15, 2022

To the Board of Directors of
Japan Securities Depository Center, Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yoshiaki Kitamura

Designated Engagement Partner,
Certified Public Accountant:

Michiyuki Yamamoto

Opinion

We have audited the consolidated financial statements of Japan Securities Depository Center, Inc. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's disclosure documents accompanying audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(TRANSLATION)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report for the conveniences of the reader.