

Japan Securities Depository Center, Incorporated

Consolidated Financial Statements

For the year ended March 31, 2024

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 ¥151.41 to \$1, the approximate rate of exchange at March 31, 2024. 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 Balance Sheet (As of March 31, 2024)

	¥ (million)	\$ (thousands)
ASSETS		
Current Assets:		
Cash and deposits	¥ 46,041	\$ 304,081
Accounts receivable—trade	3,767	24,879
Prepaid expenses	281	1,855
Designated assets for participants fund	56,858	375,523
Others	10	66
Allowance for doubtful accounts	(0)	(0)
Total Current Assets	106,958	706,413
Non-current Assets:		
Property and Equipment:		
Buildings and accompanying facilities	1,168	7,714
Tools and furniture	1,451	9,583
Total Property and Equipment	2,619	17,297
Intangible Assets:		
Software	13,529	89,353
Software in progress	7,996	52,810
Others	15	99
Total Intangible Assets	21,541	142,269
Investments and Other Assets:		
Long-term prepaid expenses	529	3,493
Deferred tax assets	767	5,065
Long-term refundable lease deposits	803	5,303
Claims provable in bankruptcy, rehabilitation and other	3	19
Others	1	6
Allowance for doubtful accounts	(1)	(6)
Total Investments and Other Assets	2,103	13,889
Total Non-current Assets	26,264	173,462
Total Assets	¥ 133,223	\$ 879,882

	¥ (million)	\$ (thousands)
LIABILITIES		
Current Liabilities:		
Accounts payable—trade	¥ 1,271	\$ 8,394
Accounts payable—other	606	4,002
Consumption taxes payable	328	2,166
Income taxes payable	1,174	7,753
Allowance for employees' bonuses	504	3,328
Allowance for executives' bonuses	32	211
Deposits received for participants fund	56,858	375,523
Others	162	1,069
Total Current Liabilities	60,938	402,470
Non-current Liabilities:		
Liability for retirement benefits	1,264	8,348
Total Non-current Liabilities	1,264	8,348
Total Liabilities	62,203	410,824
NET ASSETS		
Shareholders' Equity:		
Common stock	4,250	28,069
Capital surplus	4,250	28,069
Retained earnings	62,520	412,918
Total Shareholders' Equity	71,020	469,057
Total Net Assets	71,020	469,057
Total Liabilities and Net Assets	¥ 133,223	\$ 879,882

(Note) Amounts are rounded down to the nearest one million yen.

Consolidated Financial Statement of Income (For the year ended March 31, 2024)

	¥ (million)	\$ (thousands)
Operating Revenue	¥ 23,659	\$ 156,257
Selling, General and Administrative Expenses	17,398	114,906
Operating Income	6,260	41,344
Non-operating Income		
Interest income	0	0
Income from money trusts for participants fund	0	0
Others	83	548
Total Non-operating Income	83	548
Non-operating Expenses		
Commitment fees	60	396
Trust management fees for participants fund	8	52
Others	0	0
Total Non-operating Expenses	68	449
Ordinary Income	6,275	41,443
Income before Income taxes	6,275	41,443
Income taxes—current	2,010	13,275
Income taxes—deferred	(67)	(442)
Total Income Taxes	1,942	12,826
Net Income	4,332	28,611
Net Income attributable to shareholders of the parent company	¥ 4,332	\$ 28,611

(Note) Amounts are rounded down to the nearest one million yen.

Consolidated Statement of Changes in Net Assets (For the year ended March 31, 2024)

¥ (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	59,207	67,707	67,707
Changes during the period:					
Dividends from surplus	-	-	(1,020)	(1,020)	(1,020)
Net income attributable to shareholders of the parent company	-	-	4,332	4,332	4,332
Total changes during the period	-	-	3,312	3,312	3,312
Balance at the end of the period	4,250	4,250	62,520	71,020	71,020

\$ (thousands)

	Shareholders' Equity				Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity	
Balance at the beginning of the period	28,069	28,069	391,037	447,176	447,176
Changes during the period:					
Dividends from surplus	-	-	(6,736)	(6,736)	(6,736)
Net income attributable to shareholders of the parent company	-	-	28,611	28,611	28,611
Total changes during the period	-	-	21,874	21,874	21,874
Balance at the end of the period	28,069	28,069	412,918	469,057	469,057

(Note) Amounts are rounded down to the nearest one million yen.

Notes to Consolidated Financial Statements

(Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements)

1. Consolidation

(1) Number of consolidated subsidiaries and names of consolidated subsidiaries

Number of consolidated subsidiary: One

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

2. Application of the Equity Method

None.

3. Accounting Policies

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

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: 8-50 years

Tools and furniture: 4-15 years

Intangible assets

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

Years of depreciation is based on the same standard as stipulated in the Corporate Tax Law.

However, software for internal use is amortized by the straight-line method over its estimated useful life (five years).

Long-Term prepaid expenses

The amount is amortized in equal amounts.

Years of depreciation is based on the same standard as stipulated in the Corporate Tax Law.

(2) Recognition criteria for provisions

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.

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.

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) Recognition criteria for revenue and expenses

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 share 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.

(4) Other important items for the preparation of consolidated financial statements

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 Regarding Consolidated Balance Sheet)

1. Accumulated depreciation of property and equipment 2,064 million yen (\$ 13,631 thousand)

2. Assets and Liabilities Held for Sound Operation and Management of DVP Settlement Services for NETDs

In order to secure the Delivery Versus Payment (“DVP”) Settlement Services for Non-Exchange Transaction Deliveries (“NETDs”), JDCC, a consolidated subsidiary of the Company, receives cash (participants fund) and pledged securities from the “DVP Participants” whom JDCC officially acknowledges as counterparties of financial instruments obligation assumption services pursuant to the provisions of JDCC’s Business Rules in accordance with Article 156-7, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25, 1948).

JDCC manages participants fund and pledged securities received from the DVP Participants separately from other assets as clearing funds prescribed in Article 156-11 of the Financial Instruments and Exchange Act pursuant to Article 18 of the Cabinet Office Order on Financial Instruments Clearing Organizations (Cabinet Office Ordinance No. 76, 2002) and the provisions of JDCC’s Business Rules.

(1) Designated assets for participants fund and deposits received for participants fund

Under the DVP Settlement Services for NETDs, when JDCC assumes DVP Participants’ obligations to counterparties, said DVP Participants shall assume the same obligations to JDCC.

JDCC requires each DVP Participants to contribute to participants fund in excess of the minimum amount set forth in JDCC’s Business Rules to ensure that the respective obligations of DVP Participants are fulfilled (the aggregate amount of minimum participants fund as of March 31, 2024 was ¥15,000 million (\$ 99,068 thousand)). In the event a DVP Participant defaults on the required payment obligations of the DVP settlement for NETDs, JDCC shall take the participants fund contribution from such DVP Participant to fulfill its obligations to other DVP Participants.

The participants fund contributed to is managed as money trusts, pursuant to the provisions of JDCC’s Business Rules.

The valuation method of these money trusts is applied in accordance with available-for-sale securities (the cost method for securities without market value).

Assets and liabilities pertaining to participants fund are stated under the account items with the purpose (designated assets for participants fund and deposits received for participants fund, respectively).

(2) Pledged securities

Under the DVP Settlement Services for NETD, DVP Participants are able to deposit securities prescribed in JDCC’s Business Rules (“pledged securities”) to ensure that obligations to JDCC are fulfilled.

In the event a DVP Participant fails to fulfill its obligations to JDCC, JDCC is authorized to dispose of the pledged securities deposited by such DVP Participant by selling them in securities markets or

through other methods JDCC deems appropriate.

The market value of outstanding pledged securities deposited to JDCC as of March 31, 2024 was 57,033 million yen (\$ 376,679 thousand).

(Notes Regarding Consolidated Statement of Changes in Net Assets)

1. Class and total number of issued shares at the end of the consolidated fiscal year

Ordinary shares: 8,500 shares

2. Dividends

(1) Payment of the dividends

Resolution	Class of share	Total amount	Dividend per share	Basis date	Effective date
Board of Directors Meeting (May 26, 2023)	Ordinary shares	¥ 1,020 (million) (\$ 6,736 thousand)	¥ 120,000 (\$ 792)	March 31, 2023	June 5, 2023

(2) Dividends for which the basis date is in the year ended March 31, 2024 and the effective date is in the following fiscal year

Resolution	Class of Share	Payment source	Total amount	Dividend per share	Basis date	Effective date
Board of Directors Meeting (May 24, 2024)	Ordinary Shares	Retained earnings	¥ 1,020 (million) (\$6,736 thousand)	¥ 120,000 (\$ 792)	March 31, 2024	June 3, 2024

(Notes Regarding Financial Instruments)**1. General Information on Financial Instruments**

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

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.

Participants fund is assets and liabilities that are held to secure the DVP Settlement Services for NETDs.

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, 2023 and March 31, 2024. 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.

¥ (million)			
	Carrying amount on the balance sheet	Fair value	Difference
(1) Designated assets for participants fund	56,858	56,858	-
(2) Deposits received for participants fund	(56,858)	(56,858)	-

(*) Items recorded as liabilities are shown in parentheses ().

¥ 56,858 million is equivalent to \$ 375,523 thousand.

Notes: Calculation methods for fair value of financial instruments

(1) Designated assets for participants fund, and (2) Deposits received for participants fund:

The book value is deemed to be fair value since these items represent assets and liabilities that are held to secure the DVP Settlement Services for NETDs.

(Notes Regarding Per Share Information)

1. Net assets per share 8,355,301.65 yen (\$ 55,183)

2. Net income per share 509,691.78 yen (\$ 3,366)

(Notes Regarding Revenue Recognition)**1. Basic information for understanding revenue**

Basic information for understanding revenue is described in "Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements (Item 3. (3)) Recognition criteria for revenue and expenses."

(Notes Regarding Significant Subsequent Events)

None.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 23, 2024

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

Pursuant to the fourth paragraph of Article 444 of the Companies Act, 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, 2024, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, and the related notes.

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, 2024, and its consolidated financial performance 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

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

(TRANSLATION)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

(TRANSLATION)

- 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.

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 as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the Business Report and the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.