Document 1

Status after Market Restructuring and Future Follow-up

Tokyo Stock Exchange　Listing Department

May 21, 2024

Contents

1. Introduction

Introduction

- In previous Follow-up Council sessions, we discussed and examined **various measures to make the market restructuring more effective**, and these measures have been implemented by TSE.
  - **Clarified the end date of the transitional measures** regarding continued listing criteria and provided an opportunity to **re-select the Standard Market**
  - Implemented measures to encourage companies to make efforts to increase their corporate value over the medium- to long-term through dialogue with investors, promotion of **management that is conscious of cost of capital and stock price**, and the decision to **make English disclosure mandatory in the Prime Market**
  - Considered measures to **enhance the functionality of the Growth Market**
- Two years have passed since the market restructuring as of April 2024, and it is important to **continually promote efforts to improve its effectiveness, with the goal being the achievement of substantial changes in listed companies**.
- Today we would like to **review the situation post market restructuring and discuss the current situation and future follow-up.**

(Reference) Overview of new market segments

Establishment of three market segments with clear concepts to support sustainable growth of listed companies and medium to long term improvement of corporate value, and to provide an attractive stock market that is highly supported by a diverse range of domestic and foreign investors.

Prime	Standard	Growth
The market oriented to companies which center their business on constructive dialogue with global investors	The market oriented to companies with sufficient liquidity and governance levels to be investment instruments	The market oriented to companies with high growth potential

2.1 Transitional Measures Regarding Continued Listing Criteria

Status of Transitional Measures Regarding Continued Listing Criteria and Future Follow-Up

(Past/Present situation)

- **Clarified the end date of the transitional measures regarding continued listing criteria** in January 2023 and provided Prime Market listed companies with the opportunity to **re-select to the Standard Market**.
  - **The original continued listing criteria will be applied from the record date after March 2025**, and if the criteria are not met after a one-year improvement period, the company will be designated as Security Under Supervision or Security to Be Delisted (in principle, for six months) and then delisted.
  - **177 companies re-selected to the Standard Market** during the re-selection period (515 companies in total if market restructuring transitions are included)

- Among **492 companies subject to transitional measures at the time of market restructuring, around 60% (283) are no longer subject to transitional measures** (criteria met/transferred segment/delisted), while **around 40% (209) have not met the criteria**. **136 companies newly failed to meet** the continued listing criteria, bringing **the total number of companies currently subject to transitional measures to 345.**

- **Along with efforts to comply with the criteria, listed companies are expected to consider and take various actions**, such as a segment transfer (from the Prime Market or Growth Market to the Standard Market) *and, in some cases, listing on other exchanges or mergers and acquisitions.

  *TSE has set up a consultation desk regarding market transfers and has already received consultation from a certain number of companies subject to transitional measures.

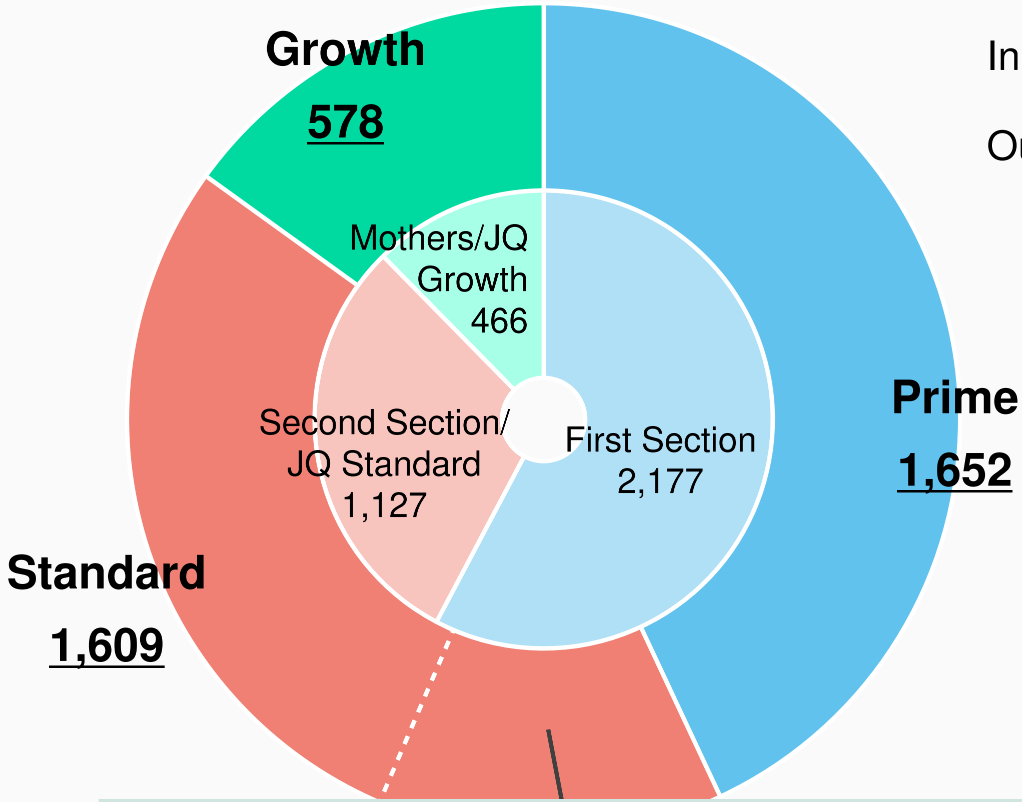
(Future follow-up)

- **TSE will communicate more closely with companies that have not met the criteria** (including new companies that have not met the criteria) to ensure that they are aware of the end of the improvement period and are able to quickly move forward with efforts to meet the criteria and consider appropriate corporate actions.
- In addition, **TSE will provide sufficient notice to investors** so that there is no confusion in the market.

Number of Listed Companies by Market Segment

◆ During the re-selection period (April-September 2023), **177 companies re-selected to the Standard Market** (transferred in October 2023)

➢ **515 companies in total moved to the Standard Market from the former First Section.** (24% of the companies listed on the former First Section)



Inner circle: **Old** market segments
(3,770 companies as of 4/1/2022)
Outer circle: **New** market segments
(3,839 companies as of 4/1/2024)

First Section to Standard: 515 companies in total (Prime Market criteria met: 37 companies in total)
➢ **Of which, selected at the time of market restructuring: 338 companies** (〃 : 23 companies)
➢ **re-selection: 177 companies** (〃 : 14 companies)

Changes in Companies Subject to Transitional Measures After Market Restructuring

- Among **492 companies subject to transitional measures at the time of market restructuring, around 60% (283) are no longer subject to transitional measures** (meeting criteria/segment transfer/delisted), while **around 40% (209) have not met the criteria**.
- **136 companies newly failed to meet** the continued listing criteria, bringing **the total number of companies currently subject to transitional measures to 345.**

Companies subject to transitional measures at the time of market restructuring (July 2022)

492

Prime 262, Standard 191, Growth 39

subsequent situation

Meeting Criteria
124
P : 59
S : 55
G : 10

Segment Transfer
135
P : 135
※segment transfer from Prime to Standard

Delisted
24
P : 8
S : 14
G : 2

Companies exempted from transitional measures: 283 (approx. 60%)

Yet to Meet Criteria
209
P : 60
S : 122
G : 27

Approx. 40%

Newly Not Meeting Criteria
136
P : 45
S : 67
G : 24

Companies currently subject to transitional measures (December 2023)

345

Prime 104, Standard 190, Growth 51

Note: Reflects judgments made up to the end of December 2023.

Current Status of Companies That Do Not Meet the Continued Listing Criteria

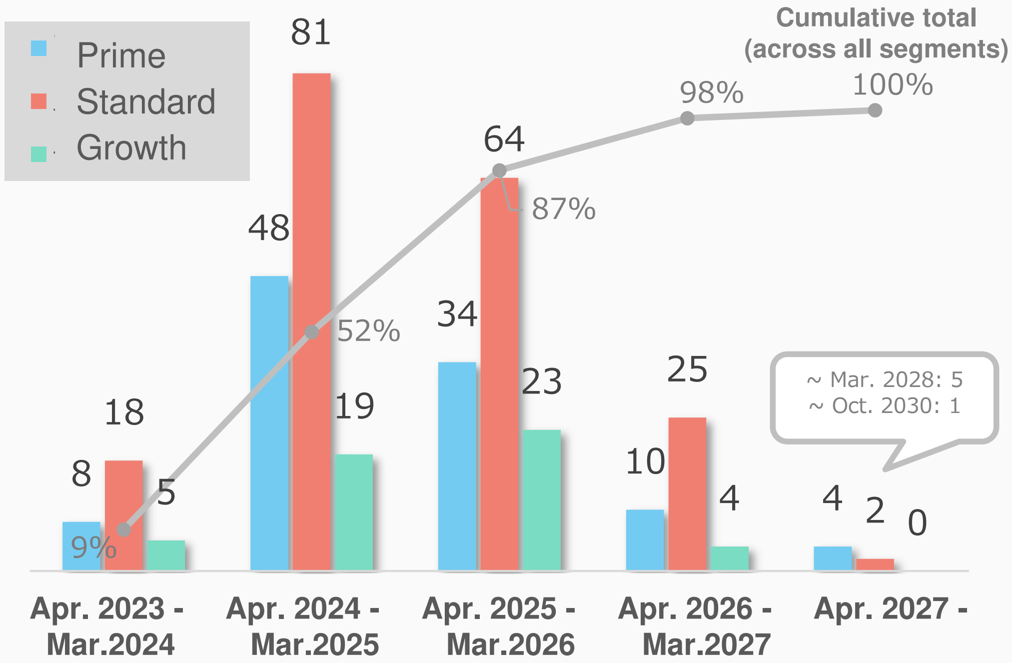
◆ The number of companies subject to transitional measures is 345 in total

※ Reflects status of judgement until the end of December 2023.

Number of Companies That Do Not Meet the Criteria

Prime	Tradable Share Market Cap (JPY 10 bil.)	:	76
	Tradable Share Ratio (35%)	:	28
	Trading Value (daily avg. JPY 20 mil.)	:	3
	Total (excluding duplications)	:	**104**
Standard	Tradable Share Market Cap (JPY 1 bil.)	:	127
	Tradable Share Ratio (25%)	:	75
	# of Shareholders (400 shareholders)	:	4
	Total (excluding duplications)	:	**190**
Growth	Tradable Share Market Cap (JPY 0.5 bil.)	:	11
	Tradable Share Ratio (25%)	:	21
	Market Cap. (JPY 4 bil. from 10th yr. of IPO)	:	23
	Total (excluding duplications)	:	**51**

Distribution of Plan Lengths



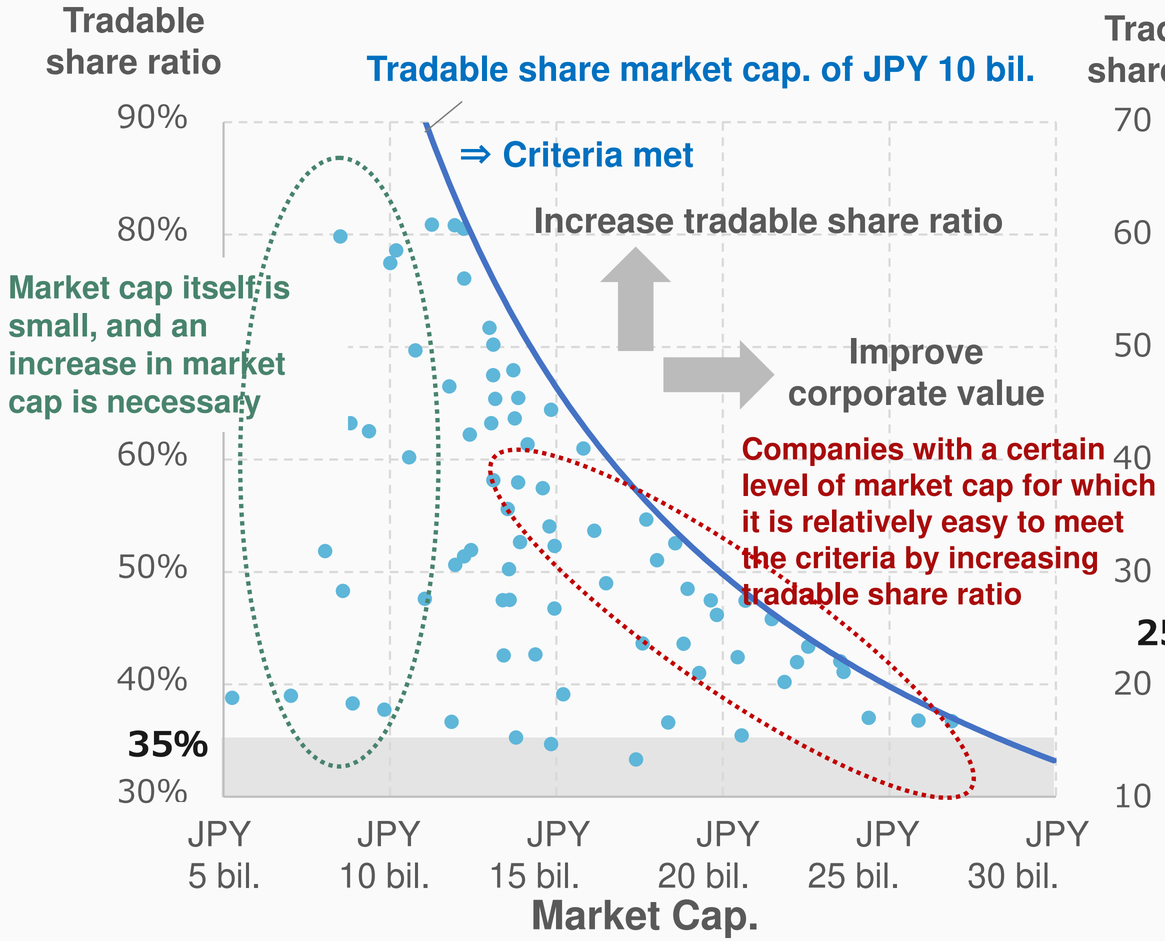
Note: Reflects status of judgement until the end of December 2023.
Note: Excluding companies that plan to go private.
Note: If multiple criteria are not met and different length plans are set for each, the longest length plan is used.

（Reference）**List of Companies Subject to Transitional Measures:** https://www.jpx.co.jp/english/listing/market-alerts/improvement-period/index.html

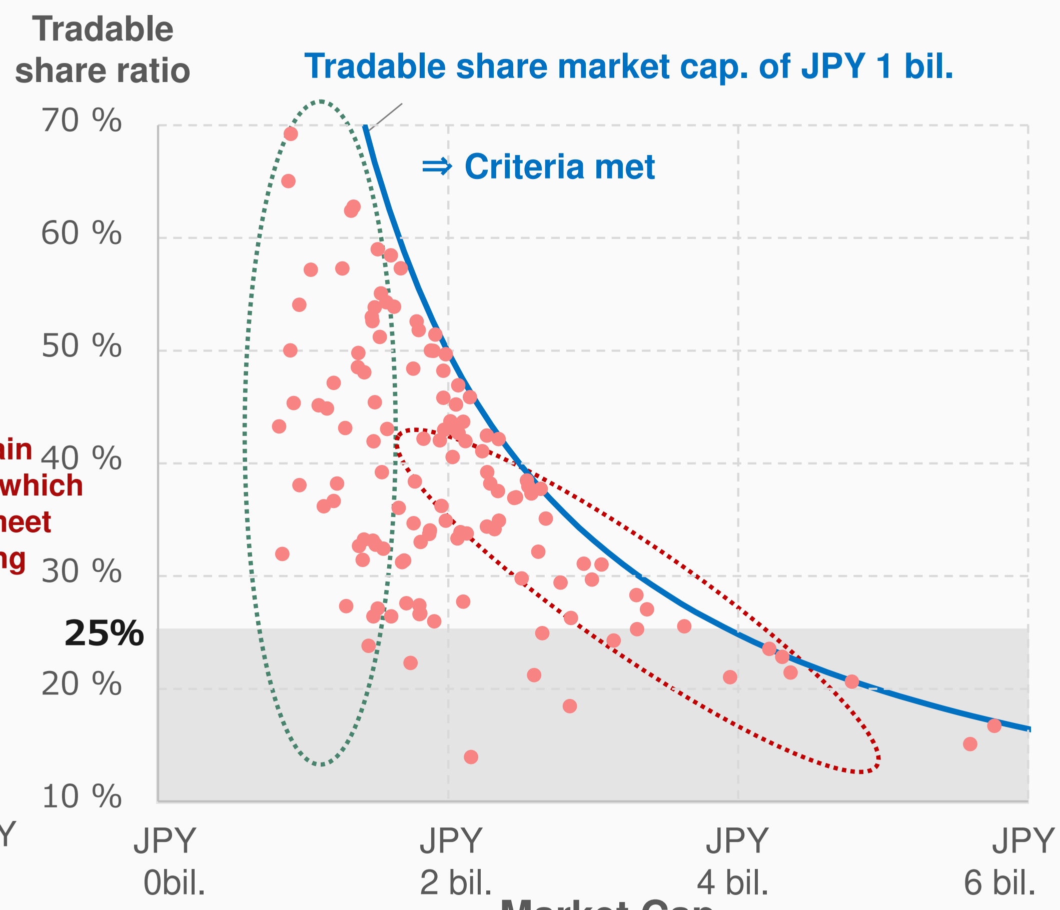
Status of Companies that Do Not Meet the Criteria for Tradable Share Market Cap

◆ Of the companies that do not meet the criteria for market capitalization of tradable shares in the Prime Market or the Standard Market, **a certain number have a somewhat substantial market capitalization and can relatively easily meet the criteria by increasing their tradable share ratio**, while **many others have a small market capitalization and need to increase their market capitalization.**

Prime Market（76 companies）



Standard Market（127 companies）



Note: As of the most recent record date for each company

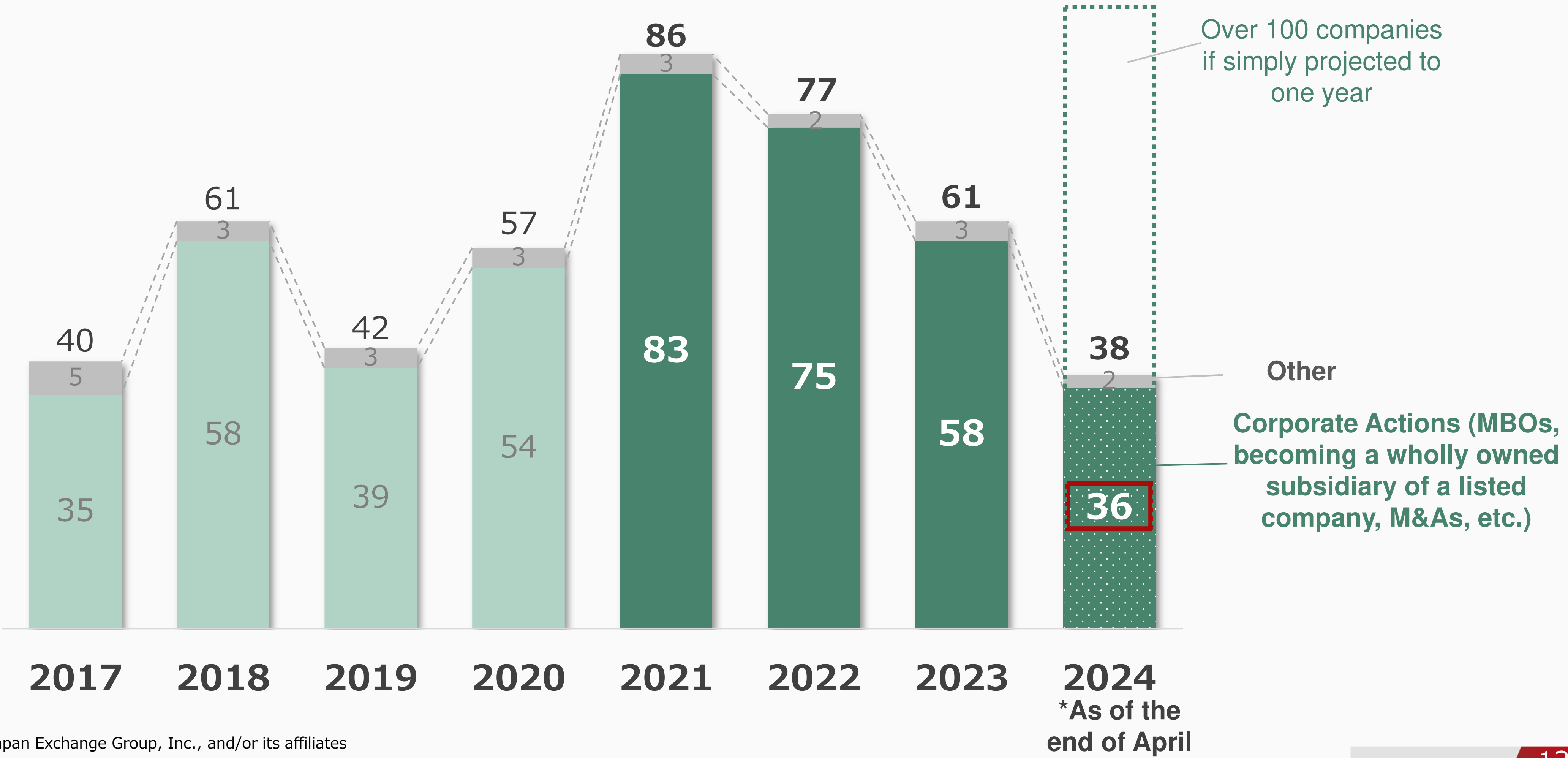
Reference: Status of Companies that Newly Failed to Meet the Continued Listing Criteria

* The figures in parentheses indicate the level of continued listing criteria.

Continued Listing Criteria that companies newly failed to meet	Prime	Standard	Growth	Total	Main reasons for failure to meet criteria
Tradable Share Market Cap	35 (JPY 10 bil.)	45 (JPY 1 bil.)	9 (JPY 0.5 bil.)	**89**	Decline in stock price due to deteriorating business performance, etc.
Tradable Share Ratio	10 (35%)	27 (25%)	7 (25%)	**44**	Increase in equity of major shareholders, capital increase through third-party allotment, etc.
Market Cap.	-	-	9 (JPY 4 bil. from 10th yr. of IPO)	**9**	Decline in stock price due to deteriorating business performance, start of application of criteria after 10 years of listing, etc.
Trading Value	1 (daily avg. JPY 20 mil.)	-	-	1	-
# of Shareholders	0 (800 shareholders)	1 (400 shareholders)	0 (150 shareholders)	1	-
# of Tradable Share	0 (20,000 units)	1 (2,000 units)	0 (1,000 units)	1	-
Total (excluding duplications)	45	67	24	136	-

Status of Companies Going Private (Delisting)

◆ **Delisting due to corporate actions (MBOs, becoming a wholly owned subsidiary of a listed company, or M&As, etc.) has increased** since before and after the market restructuring.

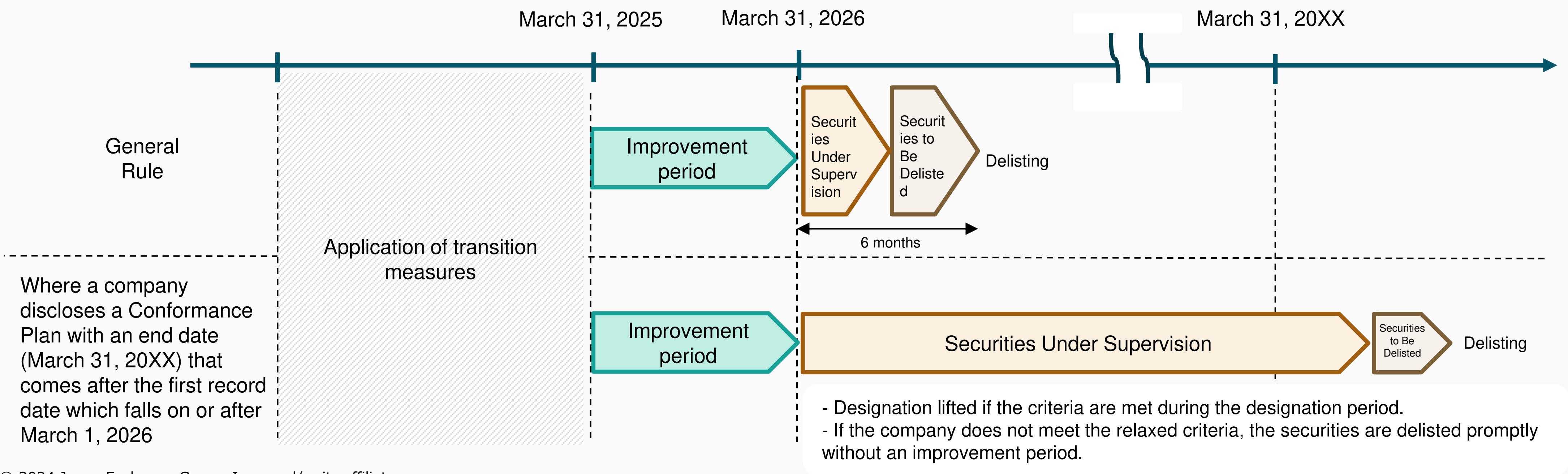


Reference: Schedule for the End of Transition Measures

◆ **The regular continued listing criteria will be applied from record dates relating to the continued listing criteria that fall on or after March 1, 2025.**

- ➢ If a company does not meet the continued listing criteria, it shall enter an improvement period of one year (six months if the trading volume criteria is not met).
- ➢ If a company does not meet the criteria during the improvement period, its securities will be delisted following designation as Securities Under Supervision and Securities to Be Delisted (total six months).
  - ✓ However, as of the day before the implementation date of this revision (March 31, 2023), if a company has disclosed a plan to meet the continued listing criteria (“Conformance Plan”) with an end date that goes beyond the first record date that falls on or after March 1, 2026, the company’s securities shall be designated as Securities Under Supervision after the end of the improvement period and said designation shall continue until the company is confirmed to meet or not meet the criteria at the end of its Plan.

Example of schedule for a company with a fiscal year ending March 31



2.2 Initiatives to Enhance Corporate Value

Status of Initiatives to Enhance Corporate Value and Future Follow-up

(Past/Present situation)

- In March 2023, **TSE requested all listed companies in the Prime Market and the Standard Market to take "Actions to Implement Management that is Conscious of Cost of Capital and Stock Price."** This is to encourage listed companies to make autonomous efforts to enhance corporate value and to engage in constructive dialogues with investors.
  - As of April 30, 2024, **69% of companies on the Prime Market (57% have already disclosed) and 28% in Standard Market (18% have already disclosed) disclose their initiatives. Many companies have begun to act, and domestic and foreign investors have given positive feedback.**
- Due to multiple factors, including the shift from deflation to inflation and geopolitical influences, **stock prices and market capitalization have increased overall, and P/B ratios and other indicators are showing some signs of improvement, but substantial progress still needs to be made.**

(Future follow-up)

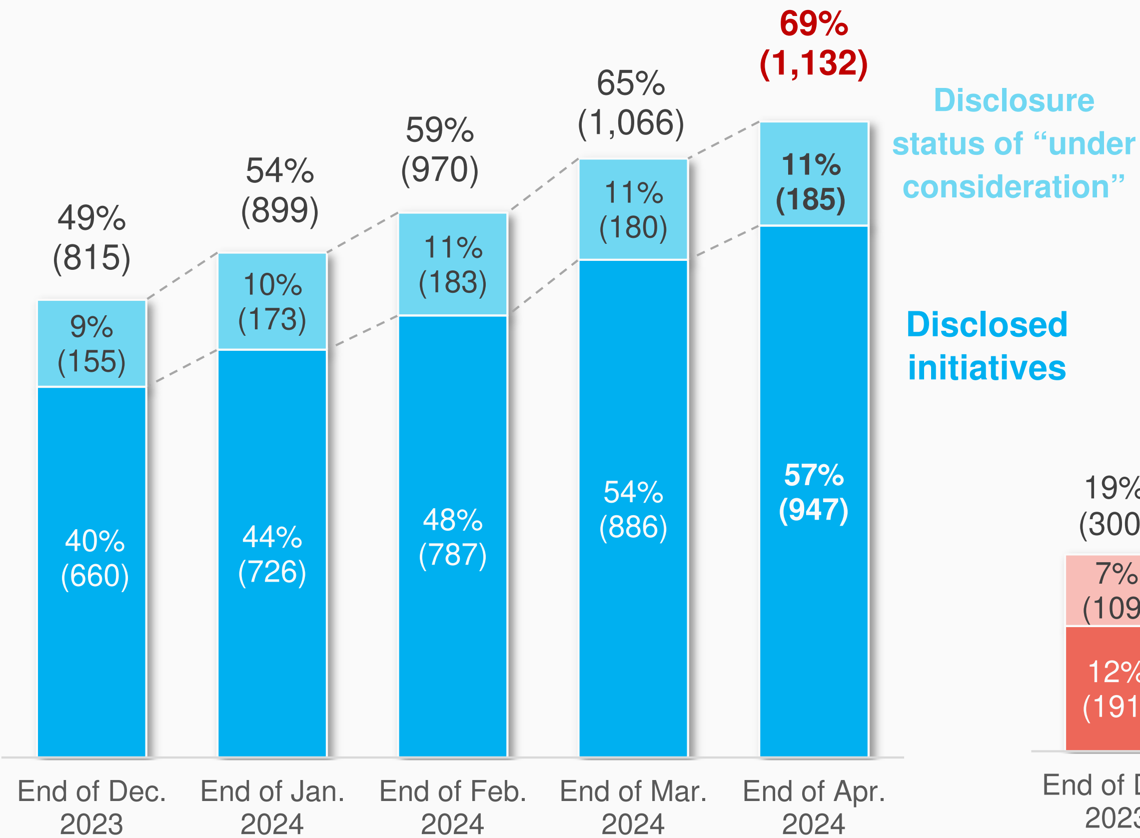
- **After this summer,** when many companies, especially those with fiscal years ending in March, will have disclosed and updated their initiatives, **TSE will analyze the status of companies' action and feedback from investors. We will then consider measures to further encourage effective corporate initiatives and constructive dialogue with investors.**
  - For the **Prime Market, the focus will shift from "disclosure status" as an initial response to the substantive aspects.**
  - For the **Standard Market, we will consider approaches** based on the situation at that time.

※ The status of "Explain" and other aspects of corporate governance will also be summarized during the discussions after this summer.

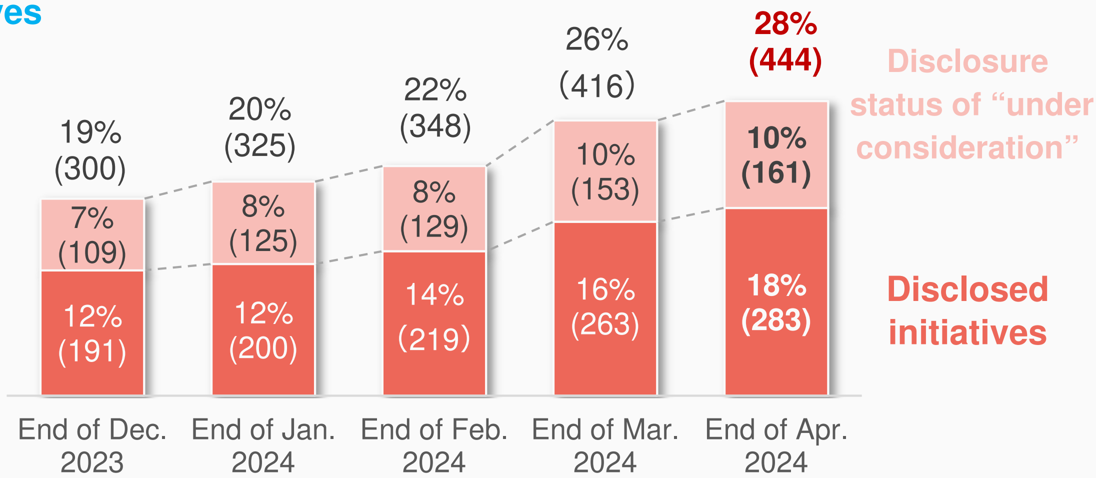
Status of Disclosure on "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

- As of **April 30, 2024**, **69% of Prime Market listed companies (1,132)** and **28% of Standard Market listed companies (444)** have disclosed information regarding "Action to Implement Management that is Conscious of Cost of Capital and Stock Price." (Including companies with a disclosure status of "under consideration".)
  - Increase of **20 pt (317 companies) in the Prime Market** and 9**pt (144 companies) in the Standard Market** from the end of December 2023

Prime Market (n =1,649)



Standard Market (n =1,602)



Disclosure Status by PBR and Market Cap. Levels (Prime Market) (As of April 30, 2024)

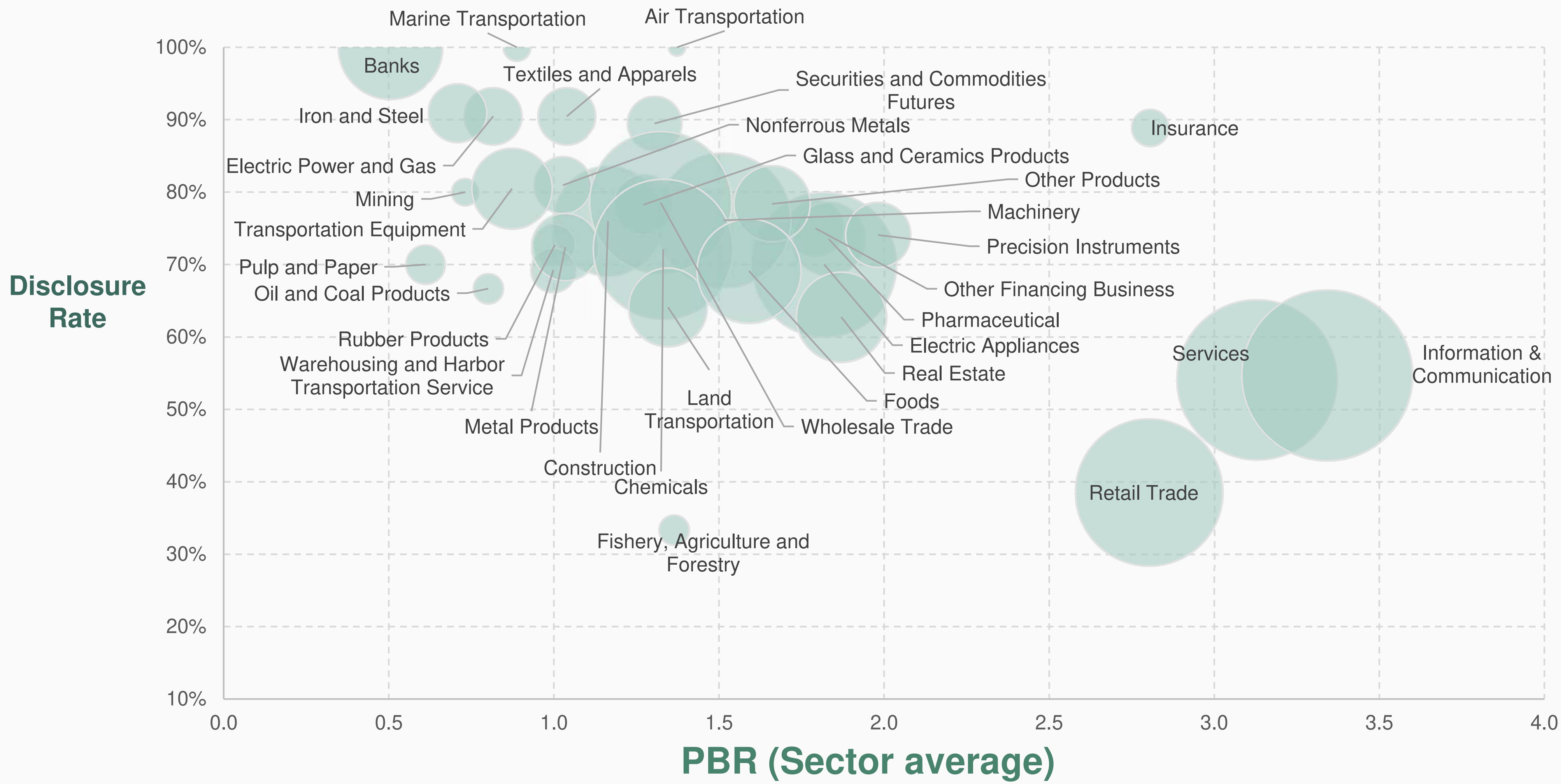
◆ While disclosure progress is further along among companies with low PBRs and large market capitalizations, **companies with PBRs of 1.0x or more and companies with relatively small market capitalizations are also making progress in disclosure**.

Note: Figures in ( ) indicate changes from December 31, 2023

Market Cap. \ PBR	**Less than 1.0**	1.0 or more
Market Cap. **JPY 100 billion or more**	**92% (+14pt)** Disclosed initiatives：81% (+16pts) Disclosed status of “under consideration"：11% (-2pts) n=269 (-23)	**70% (+24pt)** Disclosed initiatives：62% (+21pts) Disclosed status of “under consideration"：8% (+3pts) n=530 (+48)
JPY 25 billion – 100 billion	**73% (+15pt)** Disclosed initiatives：56% (+12pts) Disclosed status of “under consideration"：17% (+3pts) n=316 (-36)	**55% (+23pt)** Disclosed initiatives：44% (+21pts) Disclosed status of “under consideration"：11% (+2pts) n=357 (+27)
Less than JPY 25 billion	**56% (+19pt)** Disclosed initiatives：40% (+12pts) Disclosed status of “under consideration"：16% (+7pts) n=77 (-15)	**44% (+22pt)** Disclosed initiatives：38% (+21pts) Disclosed status of “under consideration"：6% (+0pt) n=100 (-8)

Reference: Disclosure Status by Industry (Prime Market) (As of April 30, 2024)

◆ While disclosure progress continues to be more prevalent in industries with lower average PBRs, progress is also being made in industries with high average PBRs, such as Information & Communication, Services, and Retail Trade.



Note: Disclosure rate includes companies with disclosure statuses of “under consideration.”

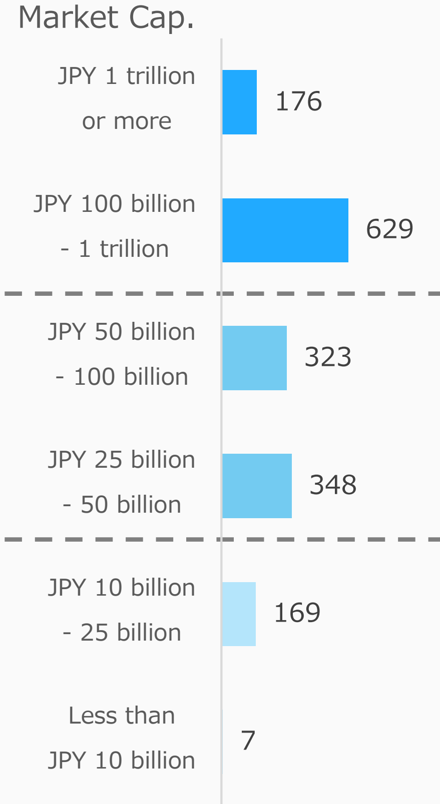
Distribution of Market Capitalization by Market Segment

- In the **Prime and Standard Markets, the number of companies with relatively large market capitalization increased** due to rising stock prices and re-selection of market segmentation (Prime to Standard).
- In the **Growth Market**, the number of companies increased with new listings, while **the distribution of market capitalization remained almost the same**.

Market capitalization distribution (as of April 1, 2024) *Changes from July 2022 are shown in parentheses.

Prime

Median: JPY 96.0 billion (+38.7 billion)



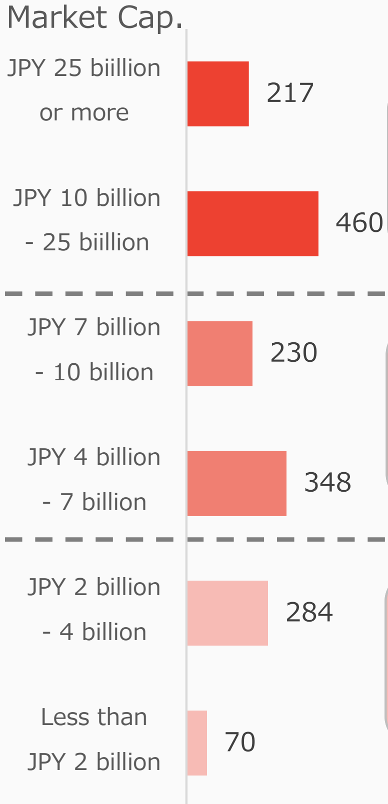
JPY 100 billion or more: 805 companies,49% (+125, +12pt)

JPY 25 billion - 100 billion: 671 companies,41% (-24, +3pt)

Less than JPY 25 billion: 176 companies,11% (-287, -14pt)

Standard

Median: JPY 8.2 billion (+2.0 billion)



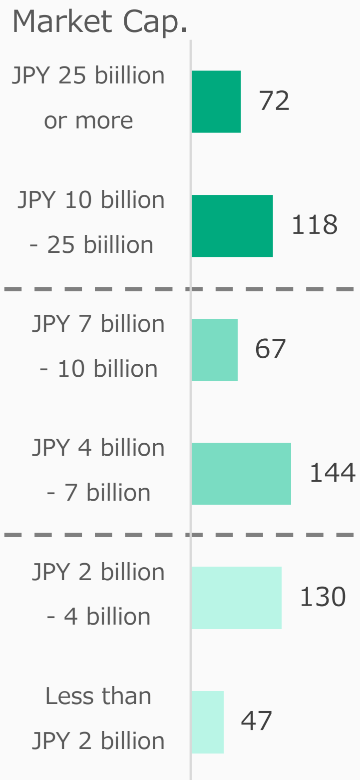
JPY 10 billion or more: 677 companies,42% (+256, +13pt)

JPY 4 billion - 10 billion: 578 companies,36% (-6, -4pt)

Less than JPY 4 billion: 354 companies,22% (-100, -9pt)

Growth

Median: JPY 5.9 billion (-1.0 billion)



JPY 10 billion or more: 190 companies,33% (+33, ±0pt)

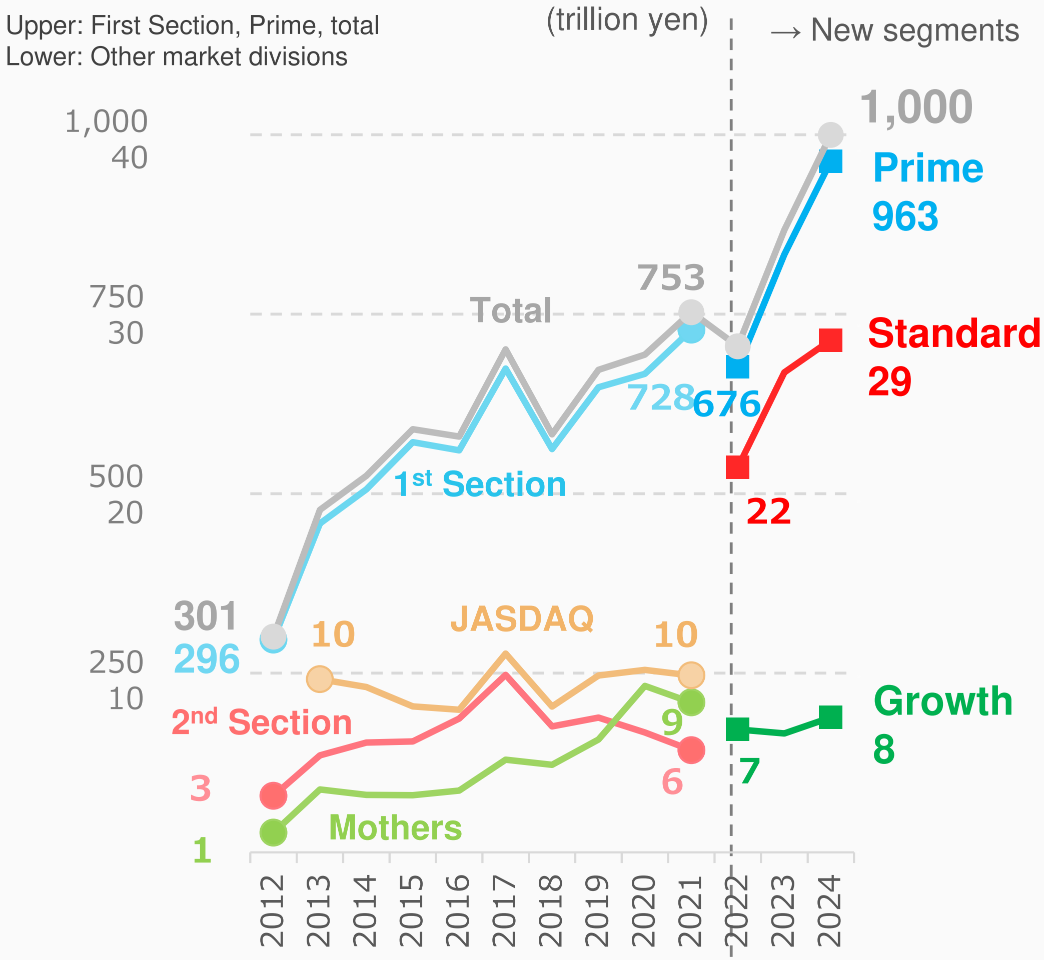
JPY 4 billion - 10 billion: 211 companies,37% (+45, +2pt)

Less than JPY 4 billion: 177 companies,31% (+21, -2pt)

Total Market Capitalization

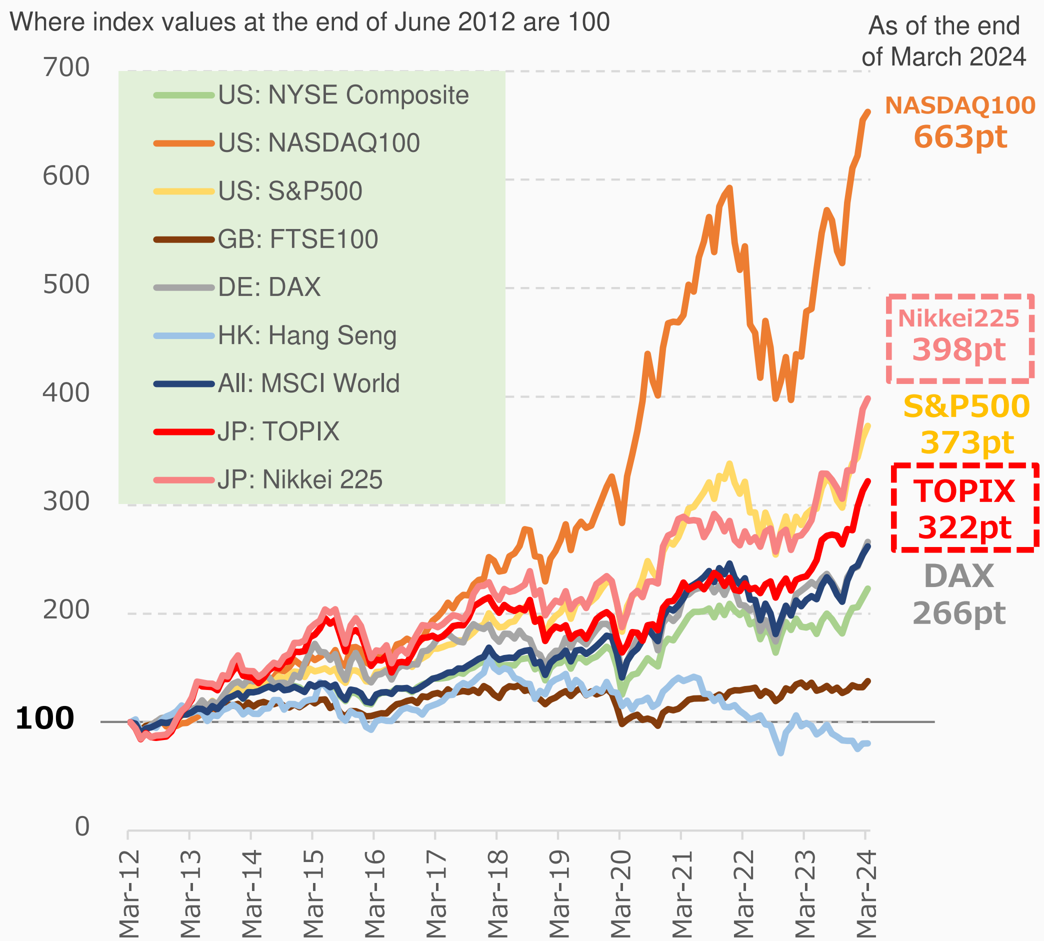
◆ After market restructuring, the total market capitalization of the **Prime and Standard Markets increased significantly**, while the total market capitalization of the **Growth Market increased slightly**.

Total Market Capitalization



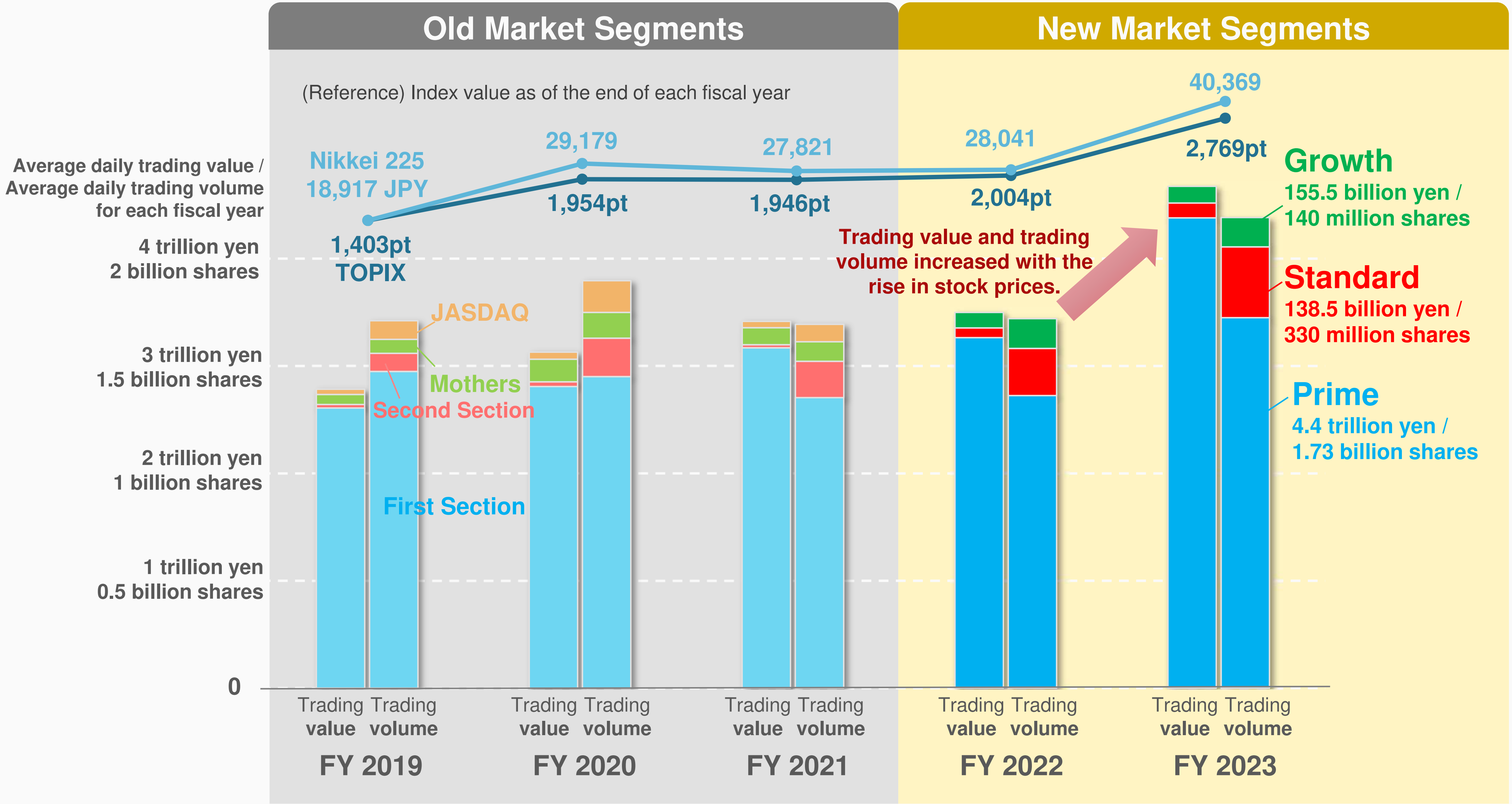
Note: As of the end of the year for 2012 through 2023, and as of April 1 for 2024.

Major Stock Indices



Note: Compiled by TSE based on Bloomberg data.

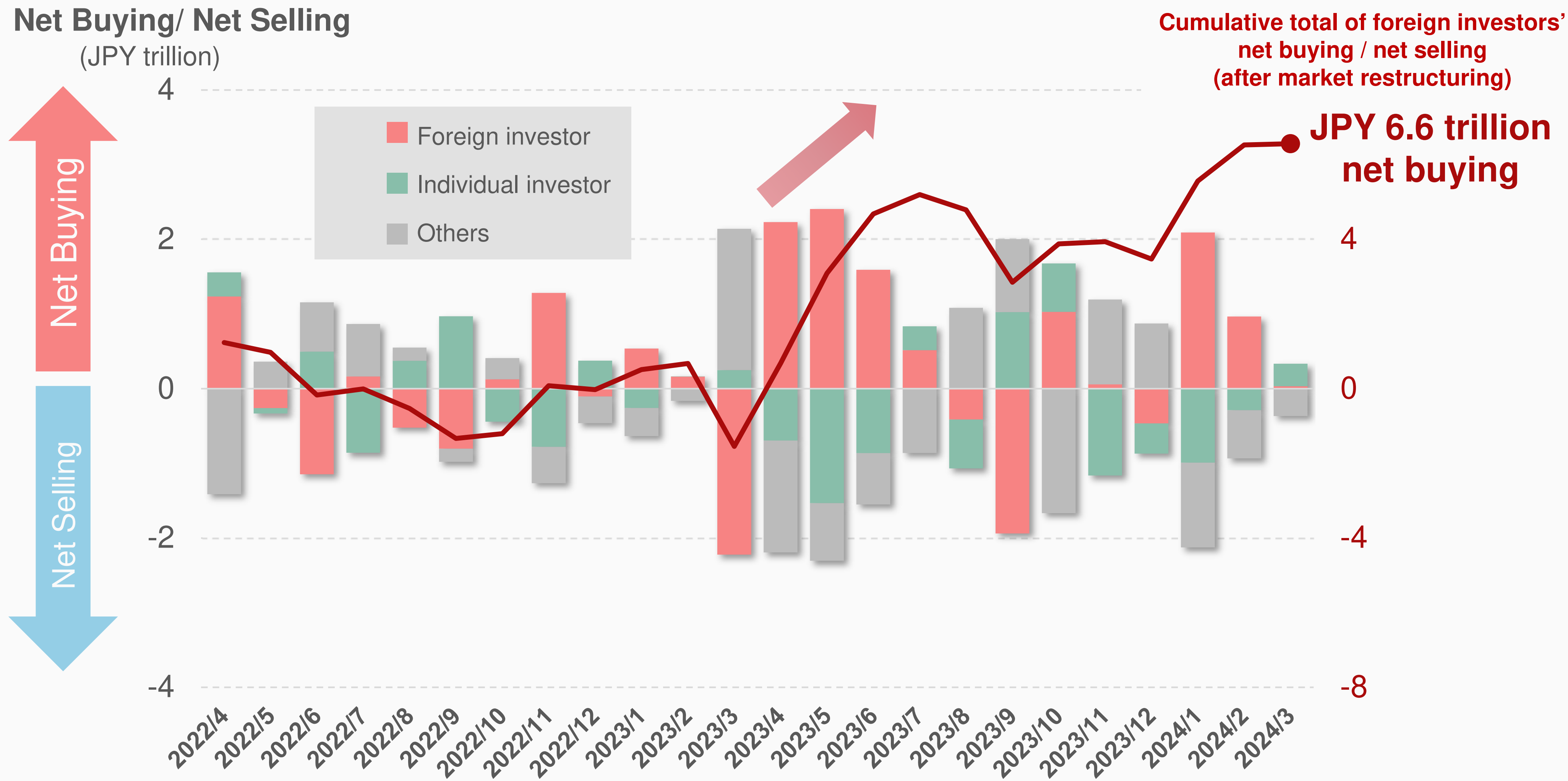
Reference: Trends in trading value and trading volume



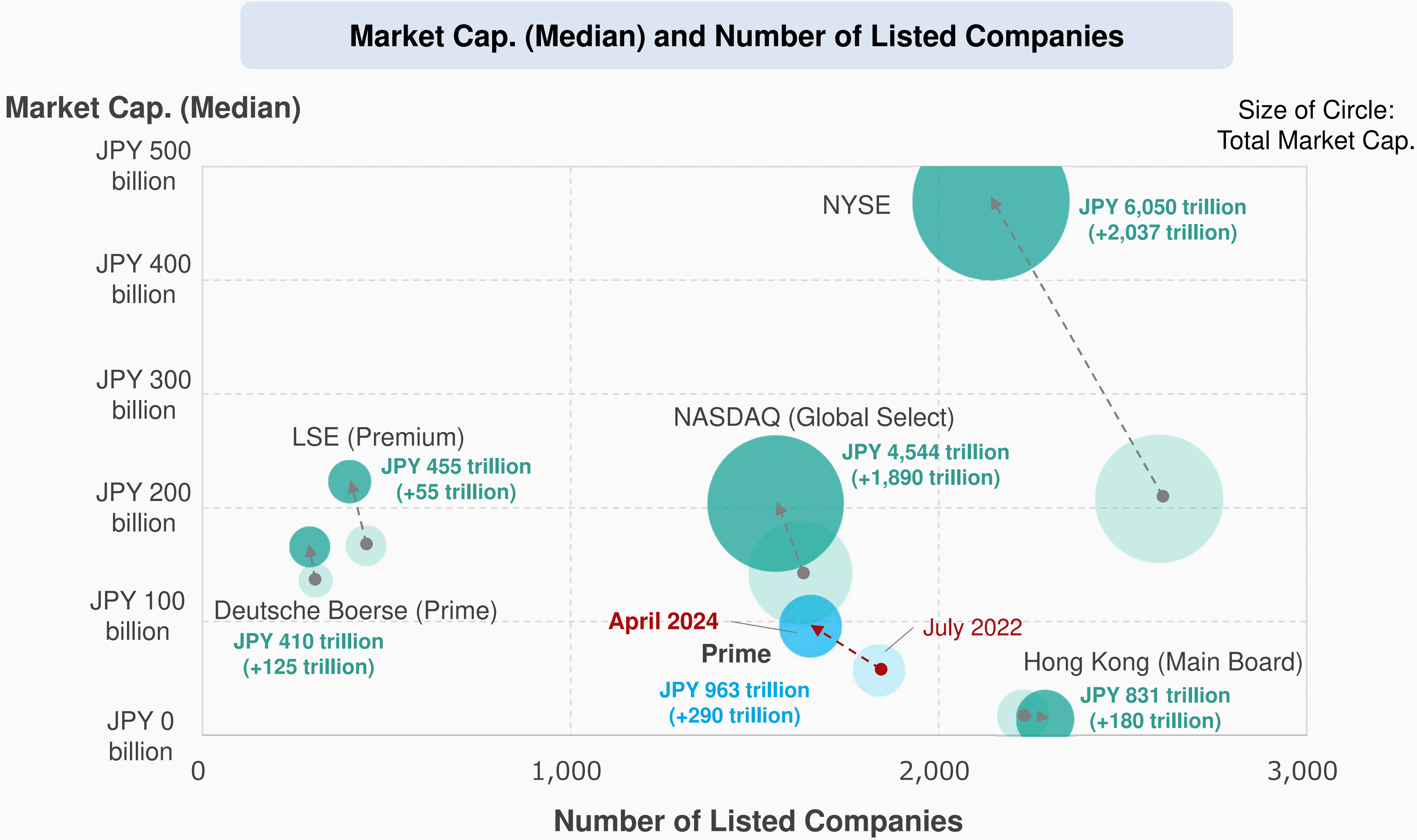
Trading Trends of Foreign Investors in the Prime Market

- After the market restructuring, foreign investors have increased their presence in the market, with **a cumulative purchase by foreign investors of approximately JPY 6.6 trillion, further increasing the necessity and importance of English disclosure.**

Trading by Investor Category



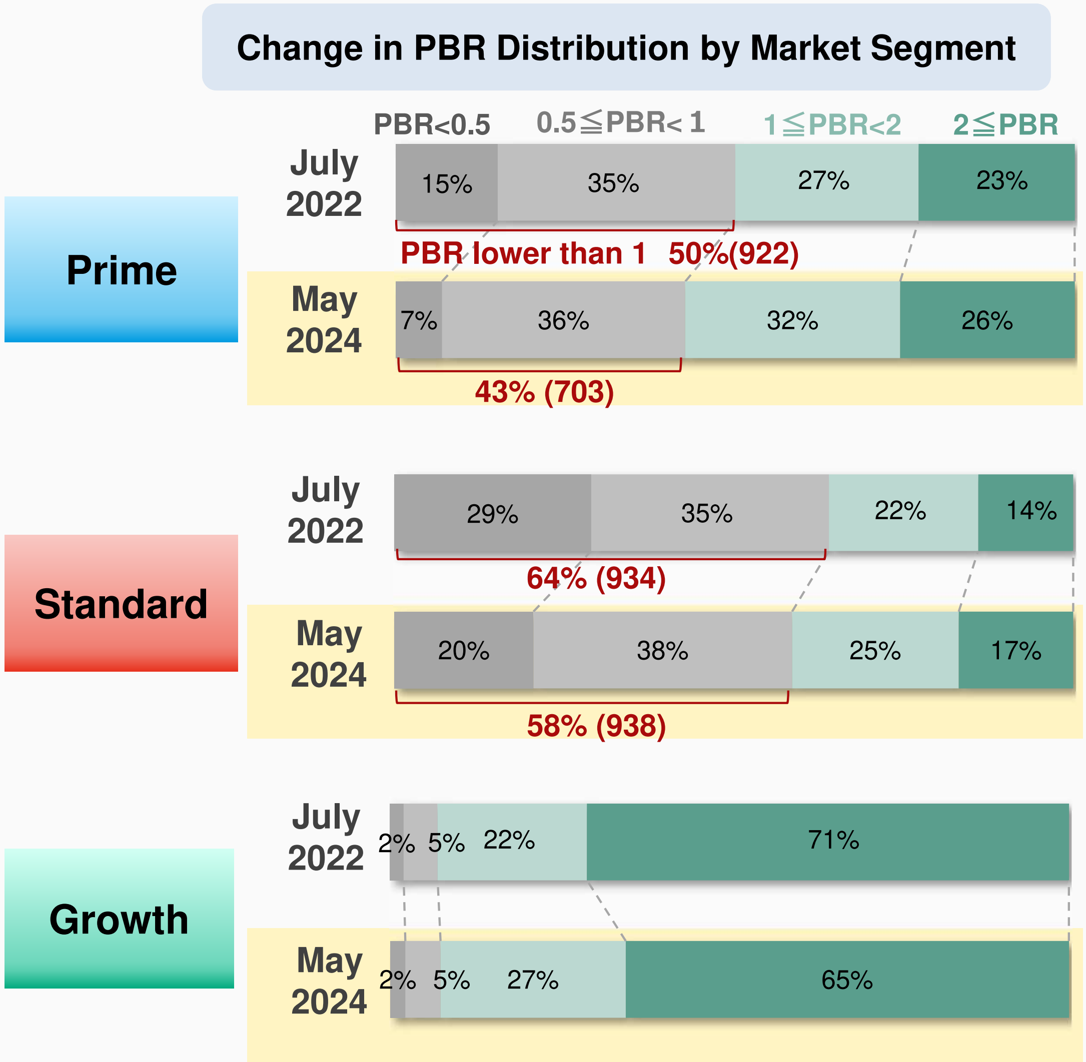
Comparison with Global Exchanges (Prime Market)

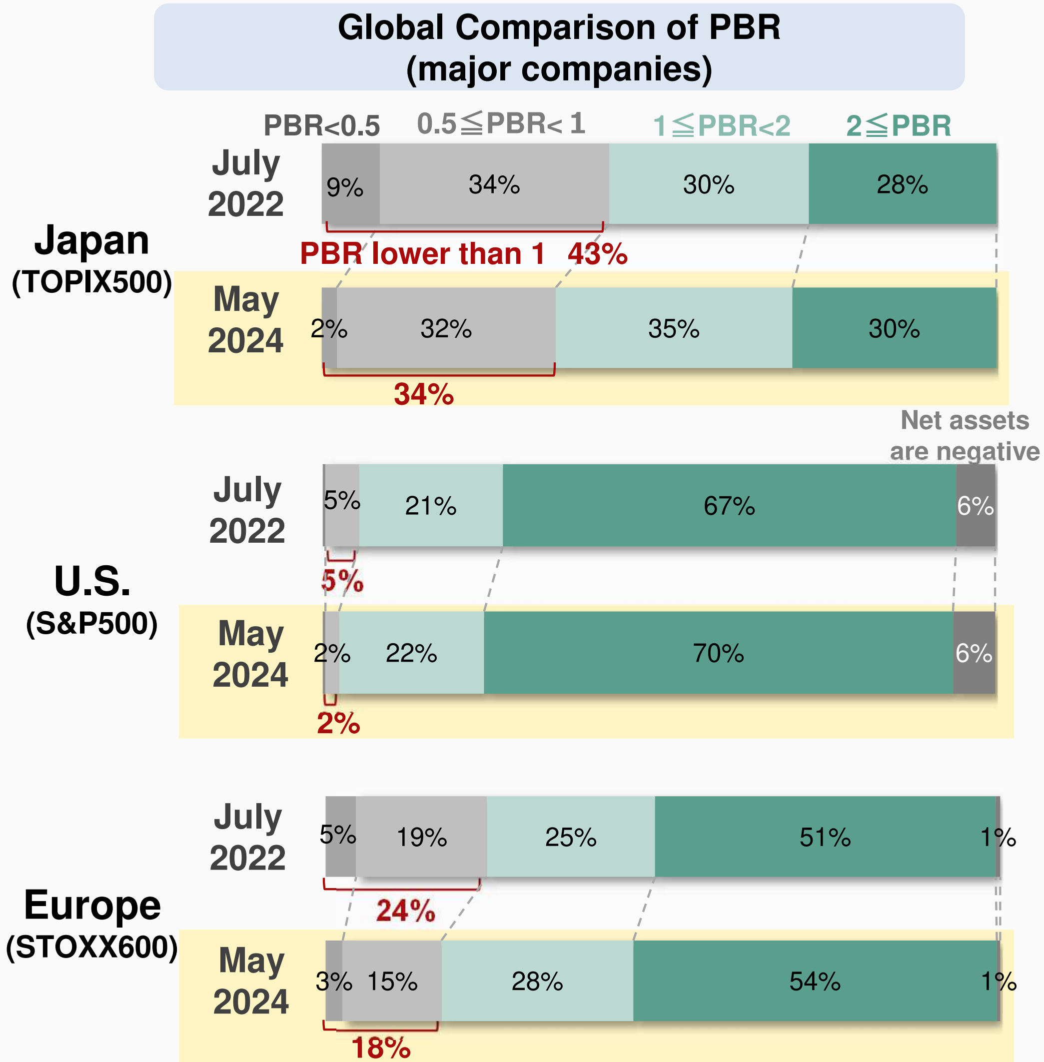


Note: Most recent data as of April 1, 2024, showing changes from July 1, 2022. (source: each exchange’s website)

PBR (Price to Book Ratio)

- **Companies with P/B ratios below 1x** accounted for **43% (-7 pt) of companies in the Prime Market and 58% (-6 pt) in the Standard Market**.
- On the other hand, **the percentage of companies with P/B ratios below 1x is still large** compared to the constituent companies of the major U.S. and European indices.



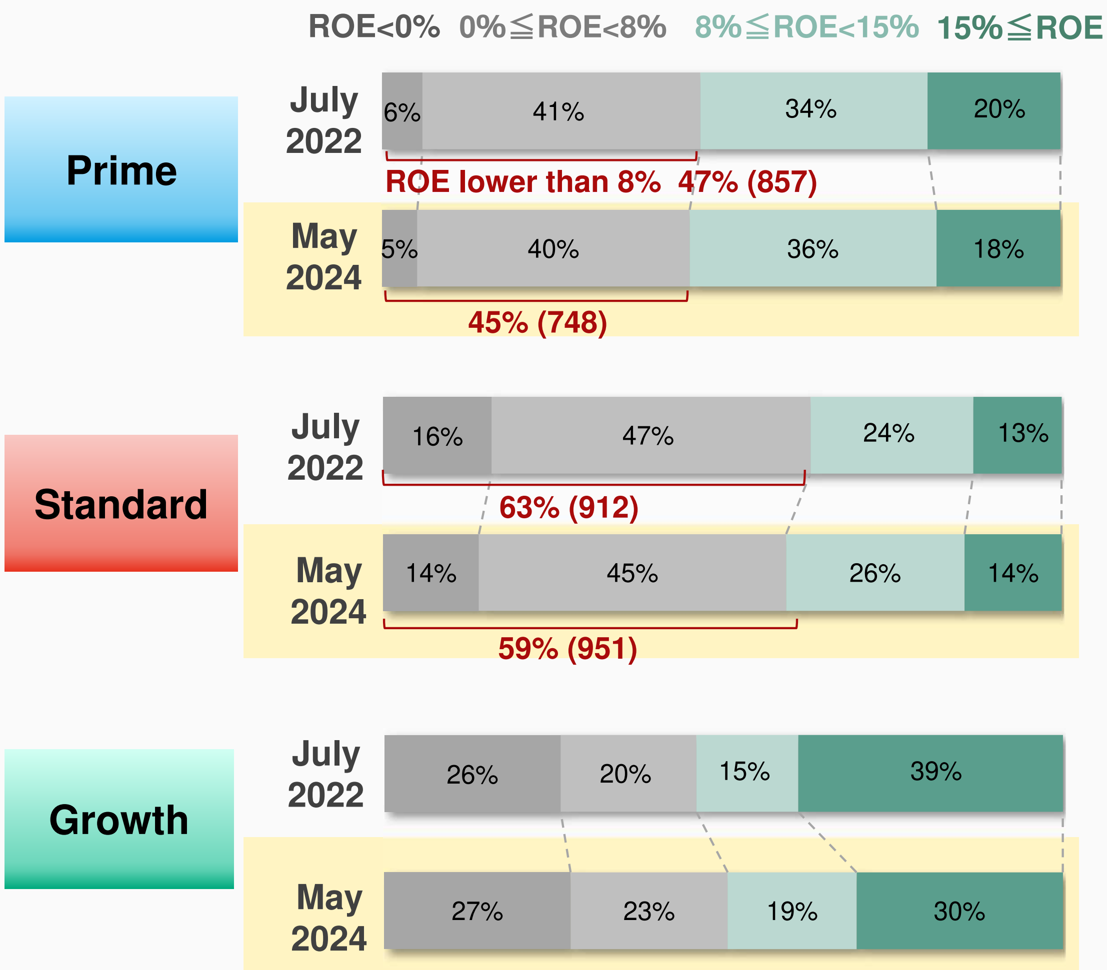


Note: Compiled by TSE based on QUICK and Bloomberg data.
Note: Data as of July 1, 2022 and May 15, 2024

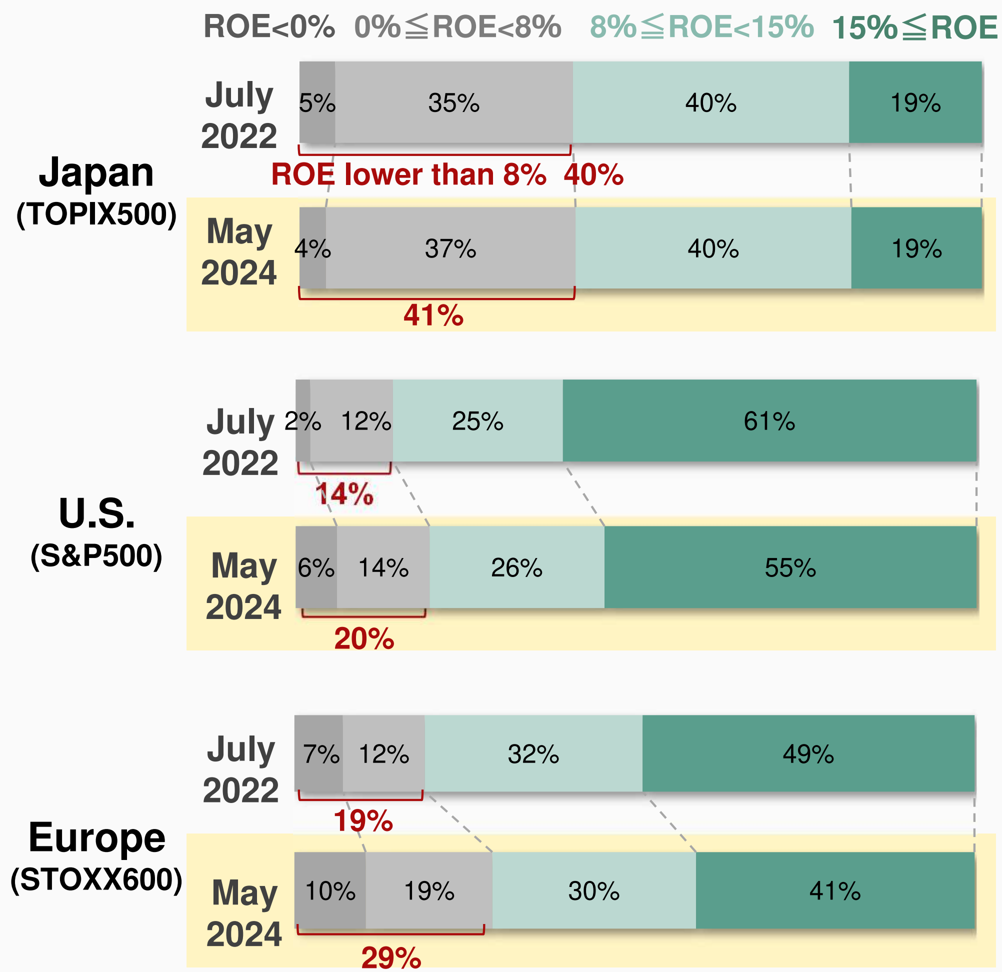
ROE (Return on Equity)

- **The distribution of ROE has not changed significantly**
- Compared to major European and U.S. indices, **the percentage of companies with ROE below 8% remains large**

Change in ROE Distribution by Market Segment



Global Comparison of ROE (major companies)

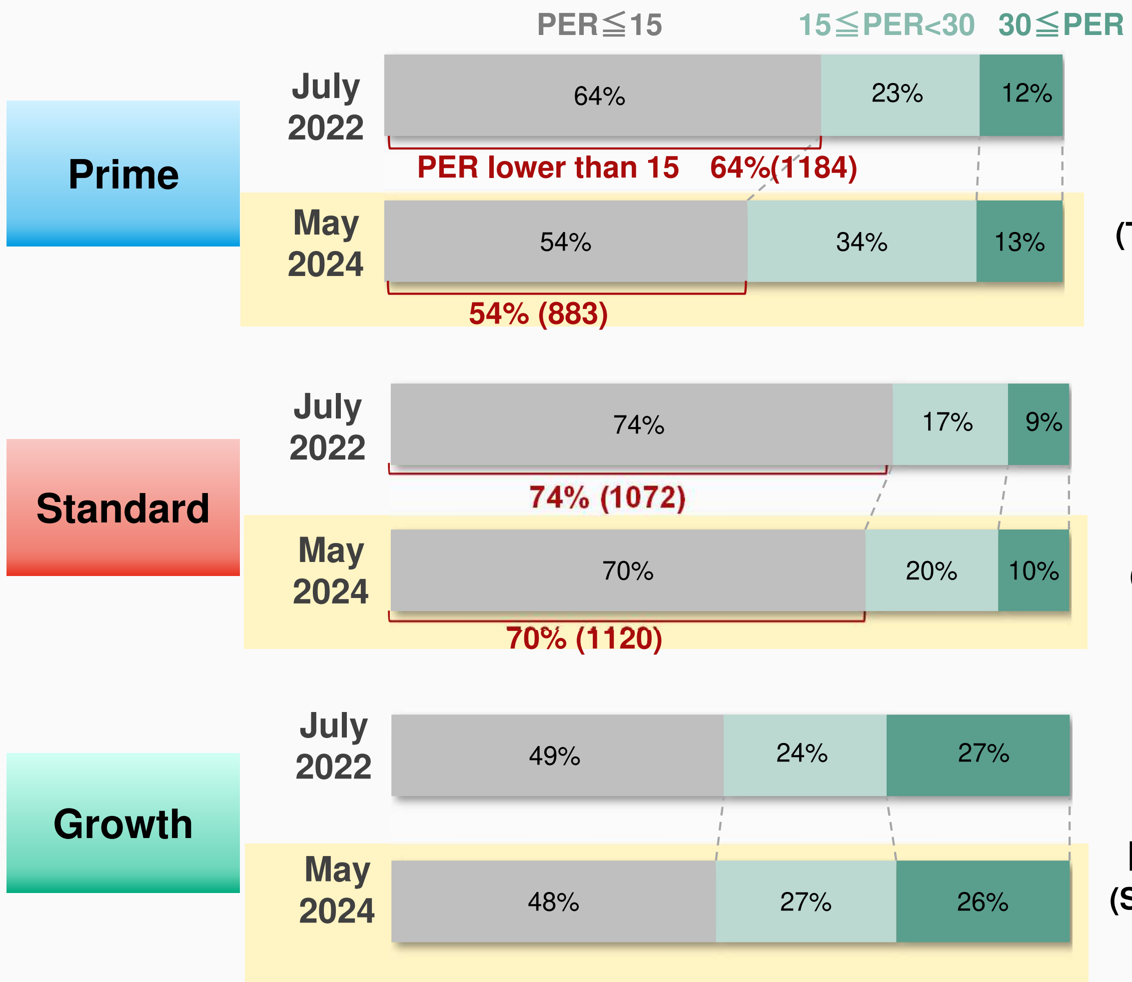


Note: Compiled by TSE based on QUICK and Bloomberg data.
Note: Data as of July 1, 2022 and May 15, 2024

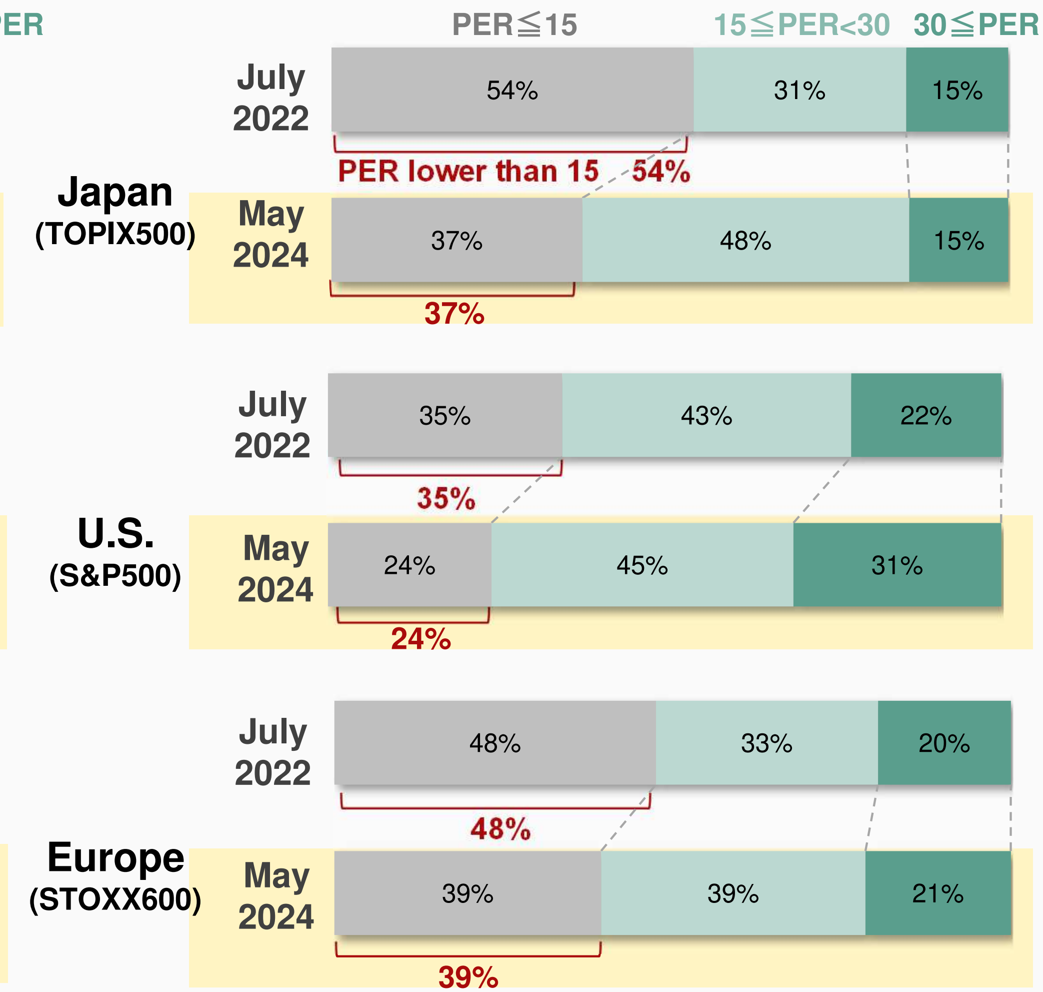
PER (Price Earnings Ratio)

◆ **P/E ratios below 15x have declined from 64% to 54% in the Prime Market and from 74% to 70% in the Standard Market.**

Change in PER Distribution by Market Segment



Global Comparison of PER (major companies)



Note: Compiled by TSE based on QUICK and Bloomberg data.
Note: Data as of July 1, 2022 and May 15, 2024

Reference: Recent Initiatives to Promote "Action to Implement Management That is Conscious of Cost of Capital and Stock Price" (Excerpt)

- TSE has implemented the following measures to **encourage more companies to consider and disclose effective measures.**
  - TSE will **continue to monitor the status of companies' responses and feedback from investors** (focusing on the status of responses by companies whose fiscal year ends on March 31) and **consider and implement additional measures as necessary.**

Publication of a list of companies that have disclosed	Publish a list of listed companies that have disclosed the information in accordance with the request to inform investors of who is taking action, thereby encouraging companies to make a proactive effort (Started on Jan. 15, 2024, and updated monthly).
Publication of key points from responses/ **examples** of initiatives	Compile and publish several key points based on responses from investors and examples of initiatives that investors deemed as fulfilling these expectations. (On Feb. 1, 2024)
Compilation and distribution of companies' response statuses	Compile corporate disclosures and feedback from investors, etc., approximately once every quarter. (Started on Jan. 15, 2024)
Reminder to listed companies	Inform all listed companies on the Prime and Standard about points to keep in mind regarding initiatives and disclosure, and procedures to be included in the list. Such points and procedures are frequently inquired about by listed companies. (On Mar. 29, 2024)

Note: In addition to the above, TSE internally established a dedicated group (Listed Company Support Group) in Jan. 2024 to support listed companies to consider initiatives to enhance their corporate value over the medium to long term.

Note: The above documents and data are available on the website page at https://www.jpx.co.jp/english/equities/follow-up/02.html

2.3 English Disclosure

Status of English Disclosure and Future Follow-Up

(Past/Present situation)

Prime Market

- Decided to **revise the listing rules to further expand English disclosure in the Prime Market** (effective from April 2025).
  - Instated a new obligation to make efforts to disclose material corporate information in English and Japanese simultaneously.
  - **Financial information and timely disclosure information** must be disclosed in English and Japanese simultaneously as a matter to be observed in accordance with the Code of Corporate Conduct.
- As of March 31, 2024, **the English disclosure rate in the Prime Market rose to 98.2% (+6.1 pt from July 2022)**.
  - By document, **91.8% (+14.7 pt) for earnings reports** and **52.4% (+13.7 pt) for timely disclosure (other than earnings reports)**
  - By market cap., **the rate of English disclosure increased more among small- and medium-sized companies.**
  - However, **the number of companies disclosing simultaneously in English and Japanese remains limited.**
- After the market restructuring, foreign investors have increased their presence in the market, with **a cumulative purchase by foreign investors of approximately JPY 6.6 trillion, further increasing the necessity and importance of English disclosure.**

Standard/Growth Market

- To promote voluntary English disclosure in the Standard Market and Growth Market as well, we **expanded content to include examples of English disclosure efforts in each market segment and held English disclosure seminars for those in charge of English disclosure.**
- As of March 31, 2024, **the English disclosure rate in the Standard Market rose to 31.9% (+11.2 pt) and in the Growth Market to 30.2% (+5 pt).**

(Future follow-up)

- **Follow up on the Prime Market's English disclosure requirements** and **continue to provide support to listed companies, including the Standard and Growth Markets, by expanding content that will be helpful to all listed companies in their efforts to disclose in English.**

English Disclosure in the Prime Market

- As of March 31, 2024, **the English disclosure rate in the Prime Market rose to 98.2% (+6.1 pt from July 2022)**.
  - By document, **91.8%(+14.7 pt) for earnings reports** and **52.4%(+13.7 pt) for timely disclosure (other than earnings reports)**
  - By market cap., **the rate of English disclosure increased more among small- and medium-sized companies.**

Status of English Disclosure by Material (as of March 31, 2024) *Bottom row (pt) shows changes from July 2022

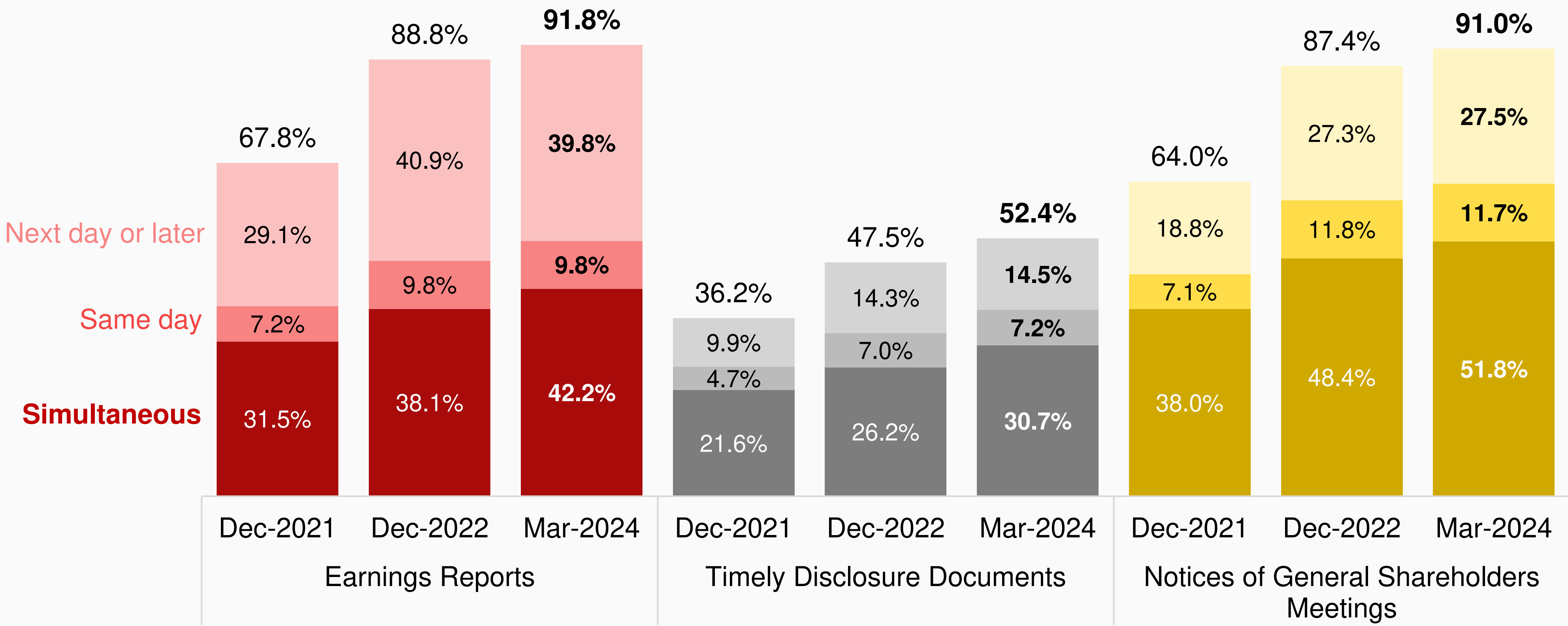
		English Disclosure Rate	Proportion by type of document					
			Earnings Reports (Kessan Tanshin)	Notice of Annual General Shareholders Meeting	IR Presentation	Timely Disclosure Documents (other than Earnings Reports)	Corporate Governance Report	Annual Securities Report
Prime (n=1,650)		98.2%	91.8%	91.0%	71.5%	52.4%	32.6%	24.5%
		+6.1pt	**+14.7pt**	**+14.9pt**	**+10.4pt**	**+13.7pt**	+8.1pt	**+11.2pt**
Market Cap.	**JPY 100 bil. or more** (n=814)	99.9%	95.8%	95.5%	85.6%	70.0%	50.7%	38.1%
		+1.5pt	+6.3pt	+5.6pt	-0.5pt	+3.1pt	+1.6pt	**+11.6pt**
	JPY 25-100 bil. (n=671)	96.4%	87.3%	87.6%	56.9%	35.6%	15.5%	12.4%
		+5.8pt	**+14.7pt**	**+12.7pt**	+4.7pt	+9.3pt	+2.4pt	+5.2pt
	Less than JPY 25 bil. (n=165)	97.0%	89.7%	82.4%	60.6%	33.9%	12.7%	7.3%
		+12.1pt	**+24.3pt**	**+25pt**	**+23pt**	**+18.2pt**	+7.3pt	+4pt

Source: Compiled from TSE's "Availability of English Disclosure Information by Listed Companies."
Note: The English disclosure implementation rate is the percentage of companies that reported English disclosure for any of the following documents: earnings reports, timely disclosure materials (other timely disclosure materials excluding financial results information), notices of convocation of general meetings of shareholders, corporate governance reports, securities reports, IR presentation materials, and other English disclosure materials. Companies that did not respond were added to the denominator and the percentage was calculated as if they did not disclose in English.

Reference: Timing of English Disclosure in the Prime Market

- The number of companies **disclosing simultaneously in English and Japanese remains limited.**
  - As of March 31, 2024, simultaneous disclosure rates were 42.2% for earnings reports, 30.7% for timely disclosure, and 51.8% for notices of general shareholders meetings.

Percentage of Companies Disclosing in English by Disclosure Timing



Source: Compiled from TSE's "Summary Report of the English Disclosure Implementation Status Survey" and "Availability of English Disclosure Information by Listed Companies."

English Disclosure in the Standard and Growth Markets

- As of March 31, 2024, **the English disclosure rate in the Standard Market rose to 31.9% (+11.2 pt) and in the Growth Market to 30.2% (+5 pt).**

Status of English Disclosure by Material (as of March 31, 2024) *Bottom row (pt) shows change from July 2022

	English Disclosure Rate	Proportion by type of document					
		Earnings Reports (Kessan Tanshin)	Notice of Annual General Shareholders Meeting	IR Presentation	Timely Disclosure Documents (other than Earnings Reports)	Corporate Governance Report	Annual Securities Report
Standard（n=1,607）	31.9%	23.8%	15.7%	10.5%	6.7%	1.8%	1.6%
	+11.2pt	**+10.5pt**	**+8.4pt**	**+4.3pt**	**+4pt**	+0.8pt	+0.9pt
Growth（n=573）	30.2%	23.7%	6.5%	20.6%	12.9%	2.8%	1.9%
	+5pt	**+4.6pt**	-0.1pt	+1.5pt	+2.6pt	+0.5pt	+0.2pt

Source: Compiled from TSE's "Availability of English Disclosure Information by Listed Companies."
Note: The English disclosure implementation rate is the percentage of companies that reported English disclosure for any of the following documents: earnings reports, timely disclosure materials (other timely disclosure materials excluding financial results information), notices of convocation of general meetings of shareholders, corporate governance reports, securities reports, IR presentation materials, and other English disclosure materials. Companies that did not respond were added to the denominator and the percentage was calculated as if they did not disclose in English.

Reference: Expansion of English Disclosure in the Prime Market

- It will be stipulated in “Matters Desired to be Observed” under the Code of Corporate Conduct that Prime Market listed companies should endeavor to **simultaneously disclose the same material corporate information in Japanese and English.**
- In addition, taking into consideration the practical burdens on listed companies, as the “Matters to be Observed” in the Code of Corporate Conduct, for **financial results and timely disclosure information**, which have a particularly large impact on investment decisions and are required to be promptly disclosed, **simultaneous disclosure in English and Japanese will be mandatory.**

[Obligation Details]

Type of Documents		Timing of disclosure	Points to Note
Financial Results	• Earnings Reports (Annual/Quarterly) • Supplementary Explanatory Materials	• Simultaneously with Japanese*	• While **simultaneous disclosure of all documents in full is preferred**, **disclosure of an excerpt or summary in English is acceptable.**
Timely Disclosure Information	• All timely disclosure items		

*In the case where simultaneous disclosure in English would cause a delay in disclosure in Japanese because urgent action is required due to the occurrence of an incident, or because the content of disclosure in Japanese is not finalized until immediately prior to disclosure due to the coordination with relevant parties, disclosure in English is not necessary to be made at the same time as the Japanese disclosure. (i.e. Disclosure in Japanese is prioritized.).

[Applicable Period]

Effective for disclosures made on or after April 1, 2025

*However, since some companies are expected to take time to establish the necessary system for English disclosure., TSE will give a grace period to listed companies that submit a document with a specific estimated date of implementation. The grace period will be one year from when the rules take effect. (TSE will make a list of companies that have been given the grace period and their estimated dates of implementation and publish it on the official JPX website in late March 2025.).

- English disclosures are regarded as **reference translations of Japanese disclosures** (**accuracy of the translation is not subject to enforcement measures in the listing rules**).

  *In cases where no English disclosure is made (limited to cases where the plan is not disclosed), enforcement measures in the listing rules apply.

➢ **Further enhancement of disclosure content and** expanding **the scope of documents (to Annual Securities Reports, etc.) will continue to be considered.**

Reference: TSE’s Approach to English Disclosure

- TSE has launched "JPX English Disclosure GATE," a portal site that consolidates information related to English disclosure. The site provides examples of English disclosure forms, a collection of bilingual Japanese-English translations, a handbook summarizing English disclosure knowhow, and other useful content for the practical use of listed companies.

  https://www.jpx.co.jp/english/equities/listed-co/disclosure-gate/index.html

Main Contents

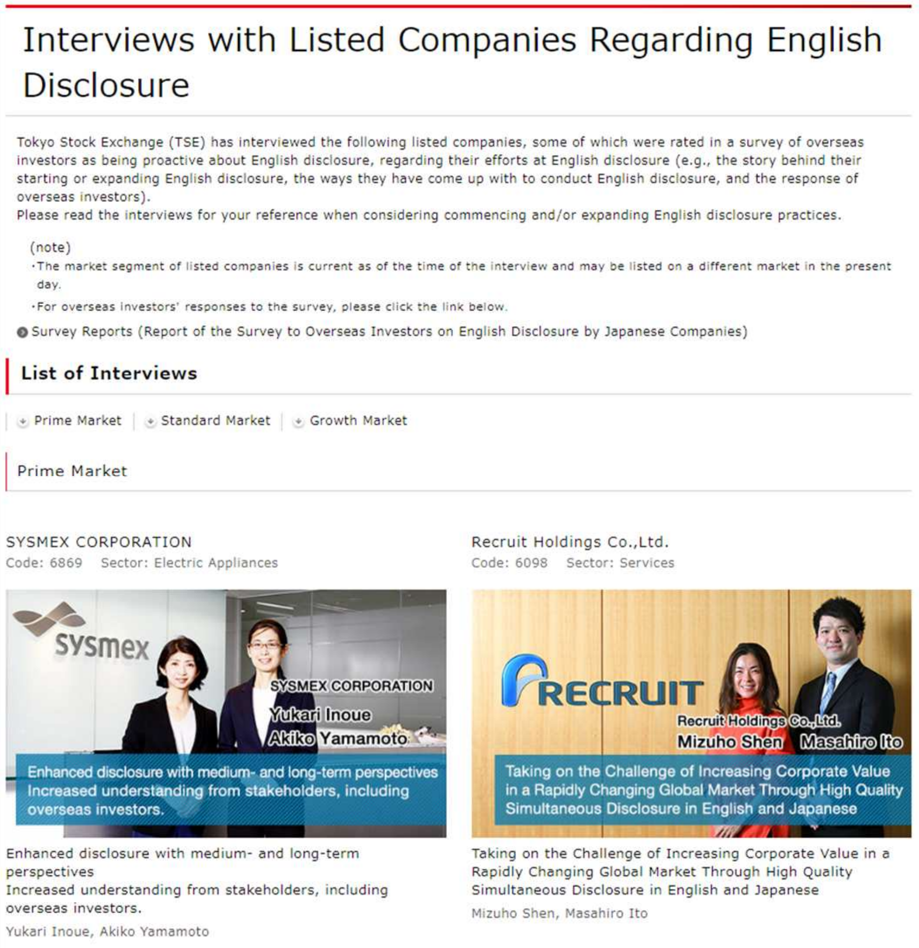
- **Sample of English Disclosure Forms**
  Examples of English disclosure forms for timely disclosure materials, examples of English convocation notices, etc.
- **List of Terms in Japanese and English**
  Japanese-English glossary and links to related sites
- **Practical Handbook for English Disclosure**
  A handbook on knowhow and points to consider regarding English disclosures
- **Interviews with listed companies regarding English disclosure**
  Interviews on English disclosure initiatives
- **Guide to English materials distribution service**
  Guide to using the English document distribution service for listed companies
- **Companies supporting overseas IR/translation**
  Information on overseas IR and translation support companies
- **Investor transcript service**
  Transcription service for financial results briefings and other events
- **Survey Reports**
  "Summary Report of the English Disclosure Implementation Status Survey" Report and "Results of Survey of Overseas Investors" Survey are posted on the website.

- Seminars on English disclosure know-how, such as outsourced translation and the key points of using machine translation, are also held (to be continually updated).

Reference: Interviews With Listed Companies on English Disclosure

- TSE publishes interviews with listed companies that have been recognized by overseas investors as being proactive in English disclosure about these efforts (e.g., how they started or expanded English disclosure, their efforts in English disclosure, and the reactions of overseas investors)
  - In March 2024, the number of interviews will be expanded to **include companies listed on the Standard and Growth Markets.**

https://www.jpx.co.jp/english/equities/listed-co/disclosure-gate/interview/index.html



Interviews with Listed Companies Regarding English Disclosure

Tokyo Stock Exchange (TSE) has interviewed the following listed companies, some of which were rated in a survey of overseas investors as being proactive about English disclosure, regarding their efforts at English disclosure (e.g., the story behind their starting or expanding English disclosure, the ways they have come up with to conduct English disclosure, and the response of overseas investors).
Please read the interviews for your reference when considering commencing and/or expanding English disclosure practices.

(note)
・The market segment of listed companies is current as of the time of the interview and may be listed on a different market in the present day.
・For overseas investors' responses to the survey, please click the link below.

Survey Reports (Report of the Survey to Overseas Investors on English Disclosure by Japanese Companies)

List of Interviews

Prime Market | Standard Market | Growth Market

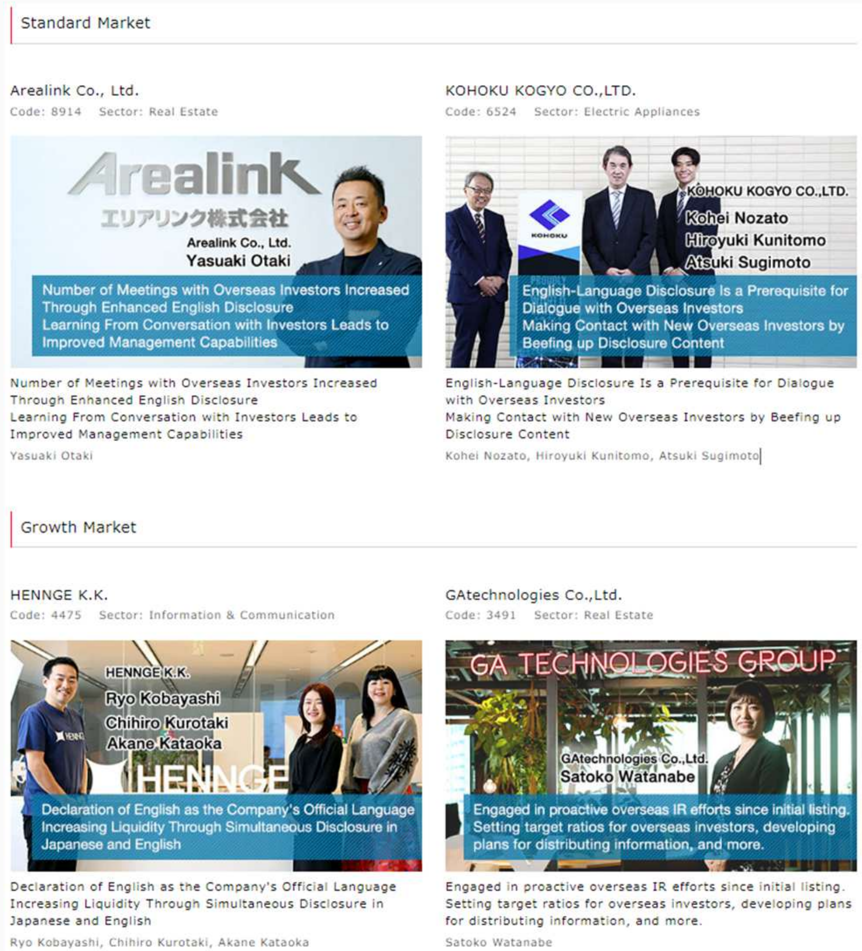
Prime Market

SYSMEX CORPORATION
Code: 6869 Sector: Electric Appliances

Enhanced disclosure with medium- and long-term perspectives
Increased understanding from stakeholders, including overseas investors.
Yukari Inoue, Akiko Yamamoto

Recruit Holdings Co.,Ltd.
Code: 6098 Sector: Services

Taking on the Challenge of Increasing Corporate Value in a Rapidly Changing Global Market Through High Quality Simultaneous Disclosure in English and Japanese
Mizuho Shen, Masahiro Ito



Standard Market

Arealink Co., Ltd.
Code: 8914 Sector: Real Estate

Number of Meetings with Overseas Investors Increased Through Enhanced English Disclosure
Learning From Conversation with Investors Leads to Improved Management Capabilities
Yasuaki Otaki

KOHOKU KOGYO CO.,LTD.
Code: 6524 Sector: Electric Appliances

English-Language Disclosure Is a Prerequisite for Dialogue with Overseas Investors
Making Contact with New Overseas Investors by Beefing up Disclosure Content
Kohei Nozato, Hiroyuki Kunitomo, Atsuki Sugimoto

Growth Market

HENNGE K.K.
Code: 4475 Sector: Information & Communication

Declaration of English as the Company's Official Language
Increasing Liquidity Through Simultaneous Disclosure in Japanese and English
Ryo Kobayashi, Chihiro Kurotaki, Akane Kataoka

GAtechnologies Co.,Ltd.
Code: 3491 Sector: Real Estate

Engaged in proactive overseas IR efforts since initial listing.
Setting target ratios for overseas investors, developing plans for distributing information, and more.
Satoko Watanabe

2.4 Enhancing the Functionality of the Growth Market

Status of the Growth Market and Future Follow-up

(Past/Present situation)

- **The number of IPOs has remained around 100 per year after the market restructuring (about 70% are listed on the Growth Market).**
  - **The size of market cap. and amount of funds raised at the time of initial listing continue to be small.**
- The median market cap. of companies listed on the Growth Market is about JPY 6 billion, and **about half of them have not grown in market cap. since their initial listing.**
- In January 2024 (14th meeting), **TSE decided on a policy to support the growth efforts of startups** so that listing on the Growth Market will serve as a foundation for further growth.
  - Promptly implement the following efforts: (1) Encourage companies to disclose their reasons for listing, etc., (2) Promote a proper understanding of listing preparation, (3) Promote proactive sharing of information with investors, and (4) Assist in the sharing of information with institutional investors.
  - Continue to consider: (5) Implement stricter listing criteria and (6) Promote the use of professional markets.

(Future follow-up)

- **Promote measures (1) through (6) listed in the policy** to further demonstrate the functionality of the Growth Market.
  - Regarding **(1) Encourage companies to disclose their reasons for listing, etc.** and **(3) Promote proactive sharing of information with investors**, TSE plans to **provide Appendix 1 to issuers and market participants** by the end of this month.

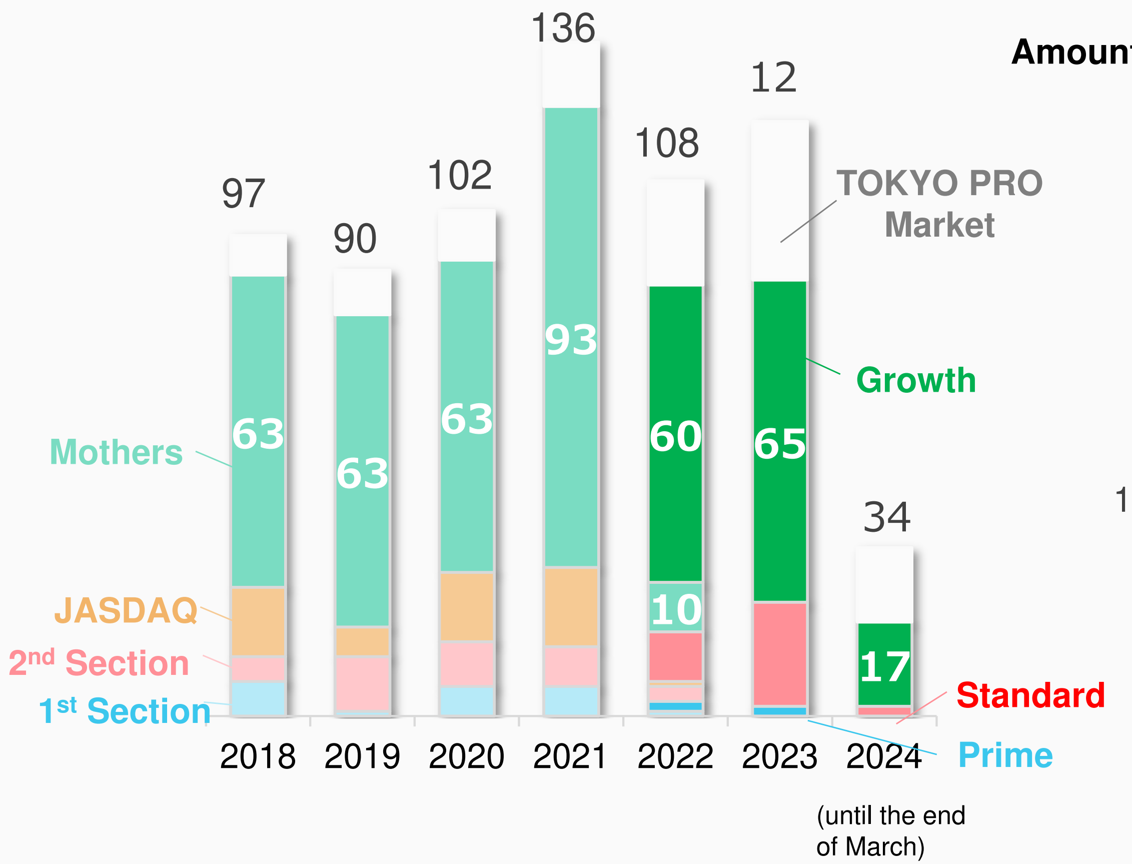
  * TSE also plans to announce (4) Assist in the sharing of information with institutional investors (support measures will be expanded sequentially).

  - **Regarding (2) Promote a proper understanding of listing preparation, TSE plans to provide issuers and market participants with a window for direct consultation with TSE on IPO-related questions and FAQs regarding listing examinations** by the end of this month (In the future, TSE plans to establish a forum to share understanding with market participants regarding the content of the listing examination and other matters)**.**
  - Continue to discuss (5) Implement stricter listing criteria and (6) Promote the use of professional markets at these meetings.

Number of IPOs, Amount of Capital Raised, and Market Cap. at Initial Listing

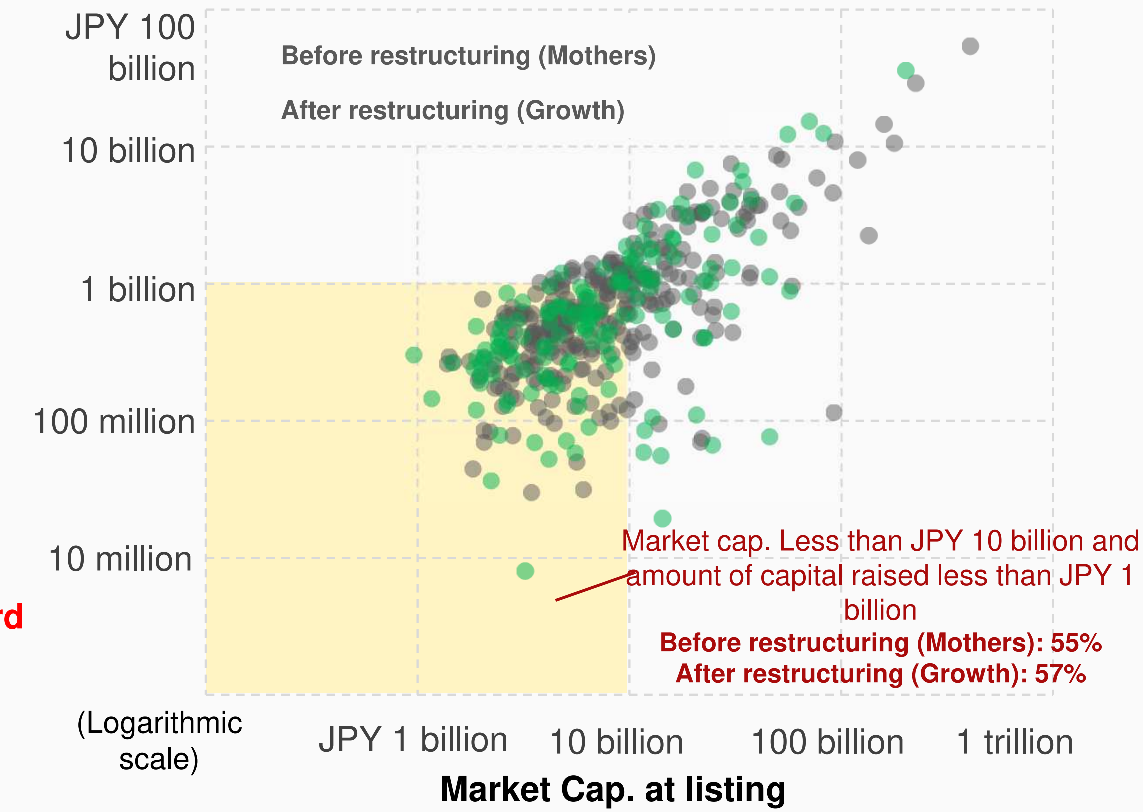
- **The number of IPOs has remained around 100 per year after the market restructuring (about 70% are listed on the Growth Market).**
  - **The size of market cap. and amount of funds raised at the time of initial listing continue to be small.** (Of the newly listed companies on the Growth Market, **57% have a market capitalization of less than JPY 10 billion and have raised less than JPY 1 billion.**)

Number of New Listings



Note: Excludes technical listings and listings via TOKYO PRO Market

Market Cap. and Amount of Capital Raised at newly listing

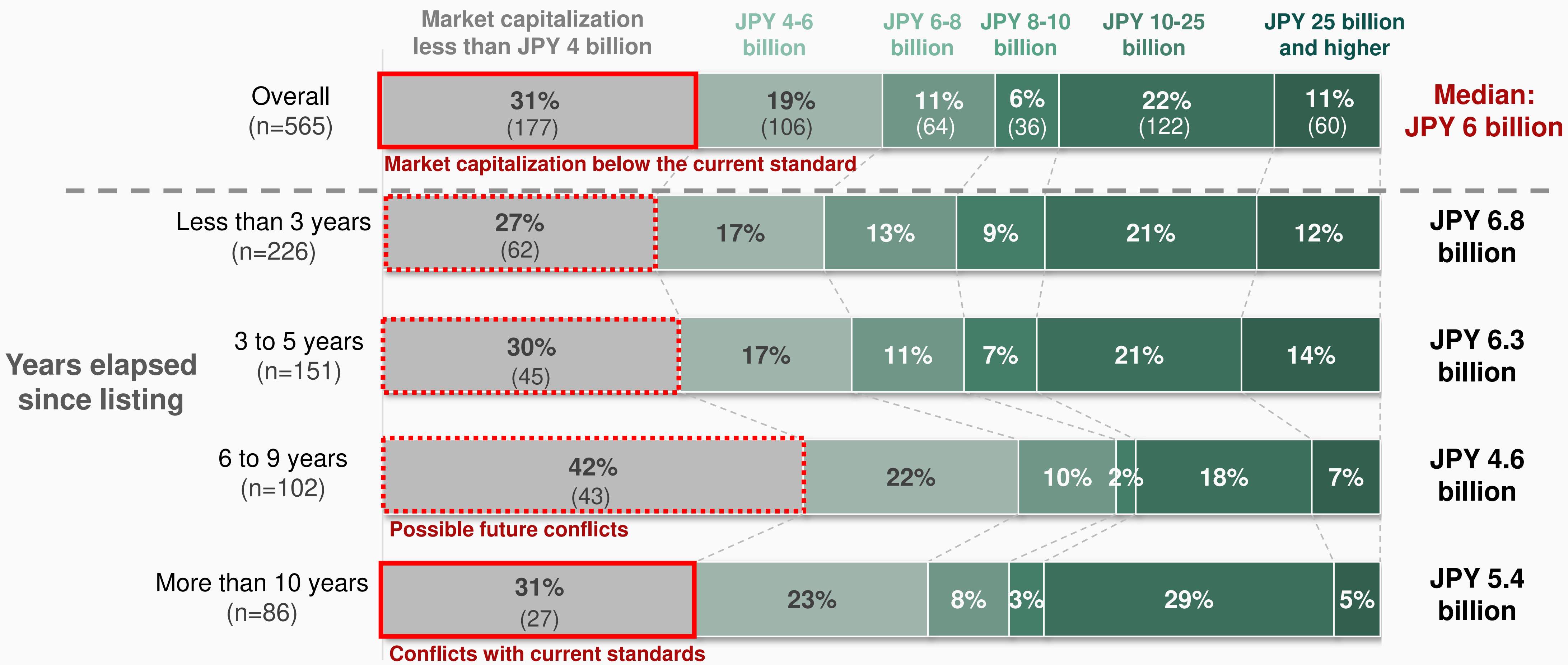


Note: Plots 292 companies newly listed on Mothers from 2018 and 144 companies newly listed on Growth Market

Status of Market Capitalization (Excerpt From 15th Document)

- **The median market capitalization** of Growth Market listed companies **is JPY 6 billion**
  - **31% (177 companies) have not reached the current standard of JPY 4 billion** (If 10 years elapse since listing, the standard will be considered not met).

Growth Market Capitalization of Listed Companies

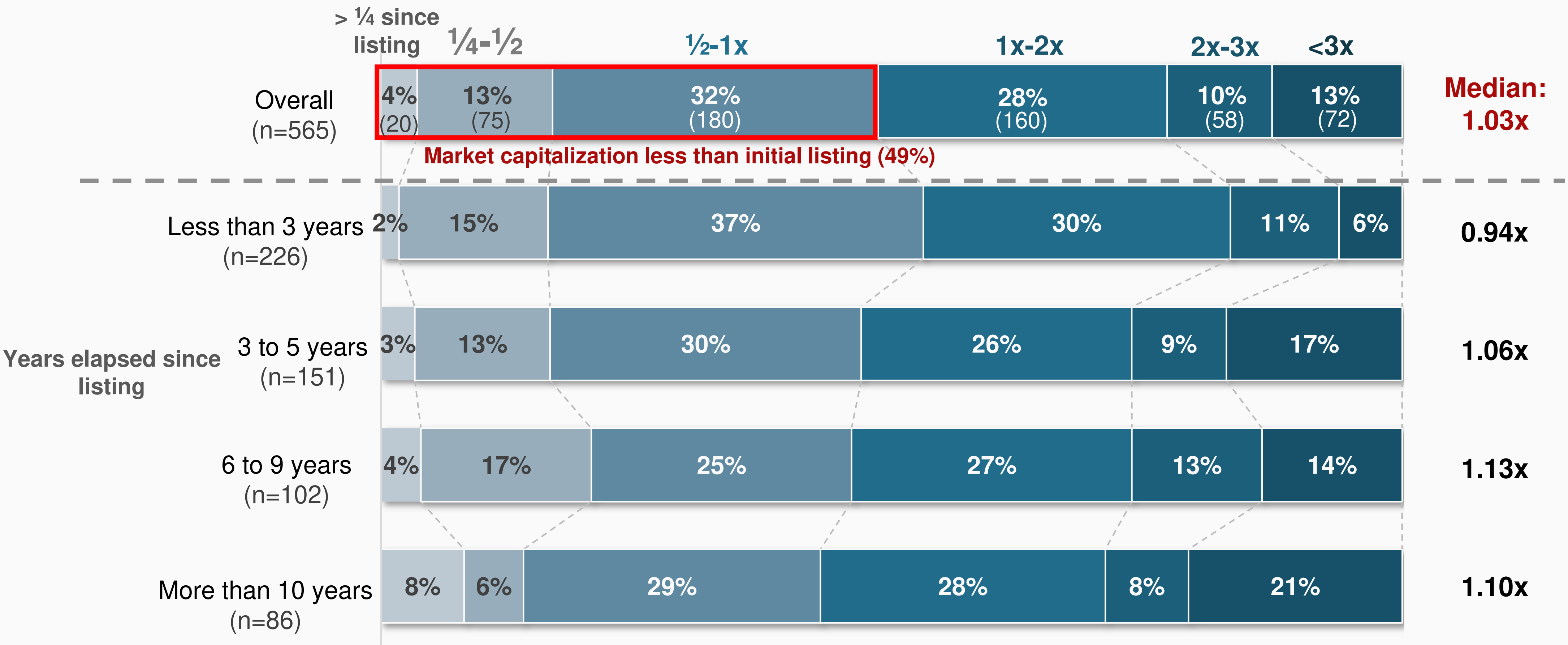


Note: Growth market listed companies as of the end of 2023
Note: Market capitalization is based on the average closing price from October to December 2023

Growth After Listing (Excerpt From 15th Document)

- ◆ **The median market capitalization growth after initial listing for** current Growth Market listed companies is **1.03x.**
  - ➢ **49% of listing companies have a current market capitalization lower than their initial listing.**

Market Capitalization Growth Rate for Growth Market Listed Companies



Note: Growth Market listed companies as of the end of 2023

Note: Market capitalization growth rate is calculated by dividing the initial listing market capitalization (based on the IPO price, or if there is no IPO price, based on the closing price at the end of the month of listing) by the current market capitalization (based on the average closing price from October to December 2023).

Reference: Measures to Enhance the Functionality of the Growth Market

#	Measure	Implementation Status and Future Plans
1	Encourage companies to disclose their reasons for listing, etc.	● Encourage the disclosure of "Matters Relating to Business Plans and Growth Potential" at the time of initial listing, including the reasons for listing [Starting this month]
2	Promote a proper understanding of listing preparation	● Make more effective use of listing consultation for listed companies to consult with TSE directly on questions related to IPOs [Starting this month]
		● Publish a collection of FAQs on topics that are often misunderstood by companies preparing for listing, such as IPOs of unprofitable companies and M&A prior to IPO, showing the concept of listing examination based on case studies [Starting this month]
		● Establish a forum for exchanging opinions on a wide range of issues surrounding IPOs, including other topics, with related parties (managing securities companies, auditing companies, VCs, issuers, etc.) [In order]
3	Promote proactive sharing of information with investors	● Encourage companies to actively communicate their growth story through investor briefings, individual meetings, etc., and promote the disclosure of implementation status in corporate governance reports, etc. [Starting this month]
4	Assist in the sharing of information with institutional investors	● Provide IR seminars that introduce basic IR knowledge and the perspective of institutional investors. [In order]
		● Provide good examples of management that proactively communicated their growth stories. [As soon as they are finalized]
		● Create opportunities for management to share information with institutional investors (create points of contact) [As soon as preparation is complete]
5	Implement stricter listing criteria	● To be considered based on facts presented in this meeting. [Since last meeting]
6	Promote the use of professional markets	

Reference: Recent Initiatives Related to IPOs, etc.

◆ TSE implemented the following measures to encourage smooth IPOs by startups. (2022-2023)

Listing Examination in line with Corporate Characteristics	● Review of examination methodologies for research and development-oriented companies (deep tech companies) that aim to develop new markets by utilizing new technologies in cutting-edge fields such as space, materials, and healthcare ➢ Conduct examinations based on the evaluation obtained from institutional investors who invest in the company. ● Clarify the concept and points of listing examination for bio-ventures. ➢ Conduct examinations according to the business model of each company in light of the diversification of the biotech business.
Smoother Initial Listing Process	● Flexible procedures from initial listing application to listing ➢ Simplification of examination documents in the case of reorganization prior to initial listing application. ➢ Continuation of examination even if the annual shareholders' meeting (determination of financial results) is held after the initial listing application is filed, etc.
Use of Direct Listing	● Introduction of Direct Listings to the Growth Market ➢ A public offering, which is normally required as a formality requirement, is not required of companies with a market capitalization expected to exceed a certain level, bearing in mind that such companies have raised sufficient funds prior to listing.
Revisions to Net Asset Criteria	● Revision of Growth Market Continued Listing Criteria for net assets ➢ Making the improvement period flexible in case of insolvency if the market capitalization exceeds a certain level, with the idea of increasing the flexibility of corporate actions. (M&A, etc.)