

Initiatives regarding “Management that is Conscious of Cost of Capital and Stock Price”

Tokyo Stock Exchange Listing Department

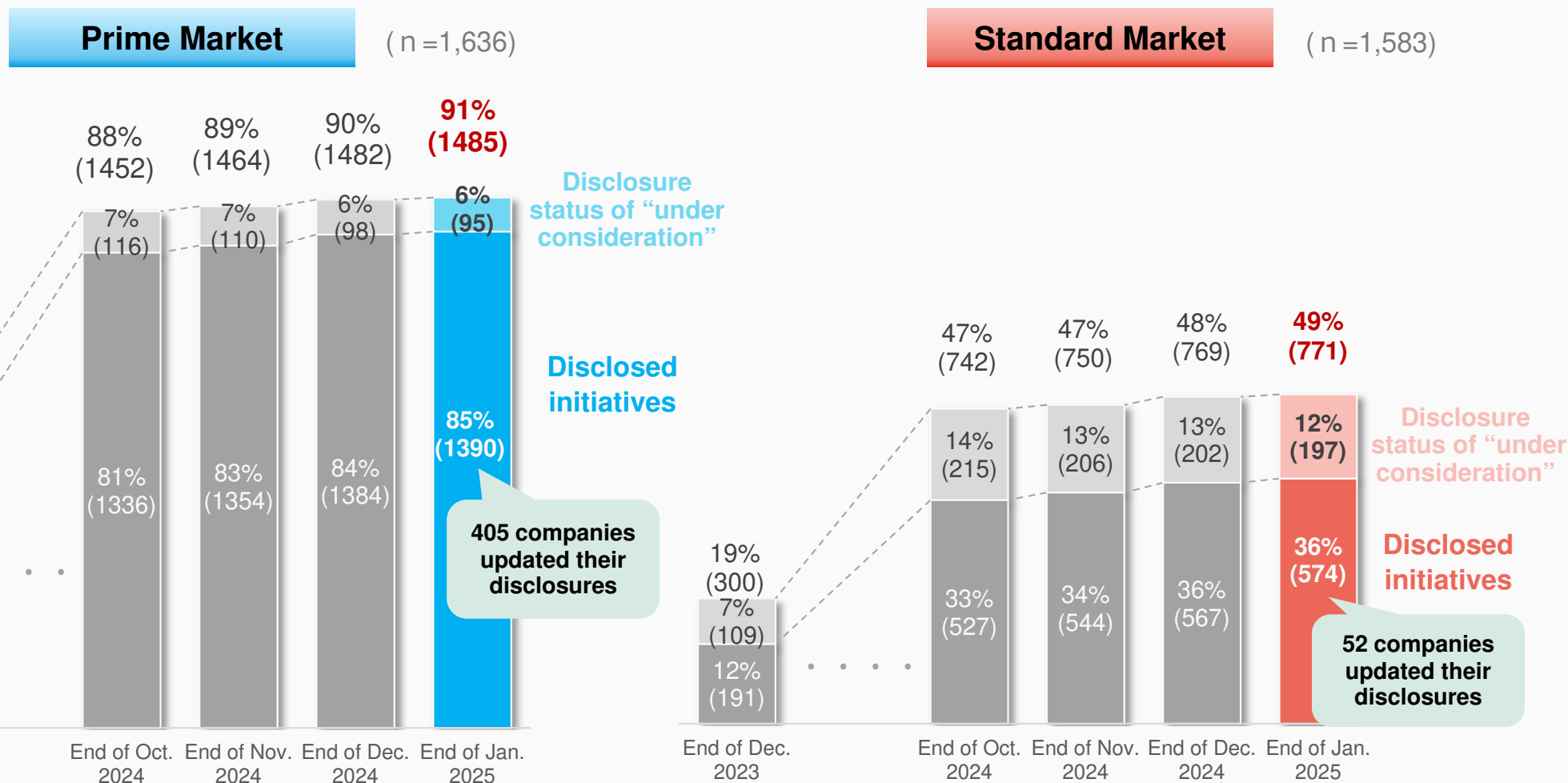
February 18, 2025



Status of Disclosure and Update

◆ **91% of Prime Market listed companies (1,485) and 49% of Standard Market listed companies (771) have disclosed.** (Including companies with a disclosure status of “under consideration”.)

➤ Of the disclosed companies, **405 companies in the Prime Market and 52 companies in the Standard Market updated their disclosures** after disclosing their initial initiatives.



Companies Wishing to Have More Active Contact from Institutional Investors

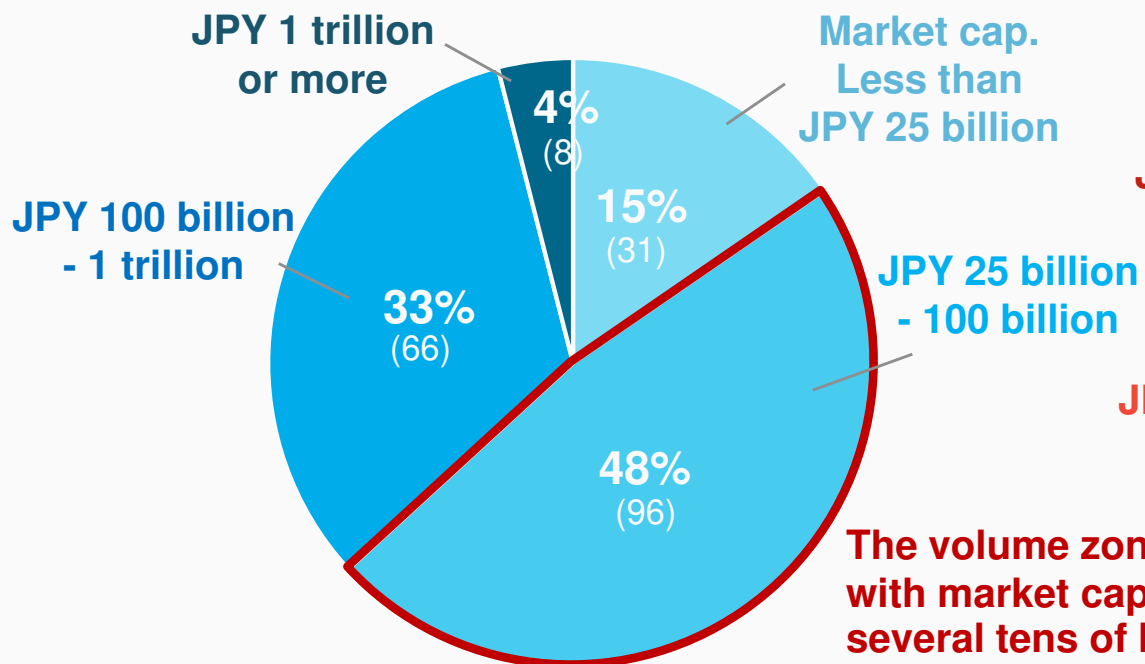
- ◆ From the List of Companies That Have Disclosed Information as of January 2025, **companies that have applied that they “wish to have more active contact from institutional investors”** are indicated on the list.
 - **As of the end of January 2025**, a total of **235 companies** had submitted applications (an increase of 42 companies from the end of the previous month)
 - **The volume zone is companies with market capitalization of several tens of billions of yen**
 - ⇒ TSE will further investigate **the use of the list, its effectiveness, and issues**, such as whether it is contributing to an increase in contacts.

Distribution of Market Capitalization of Companies That Have Applied

201 companies in total

(12% of companies on the Prime Market)

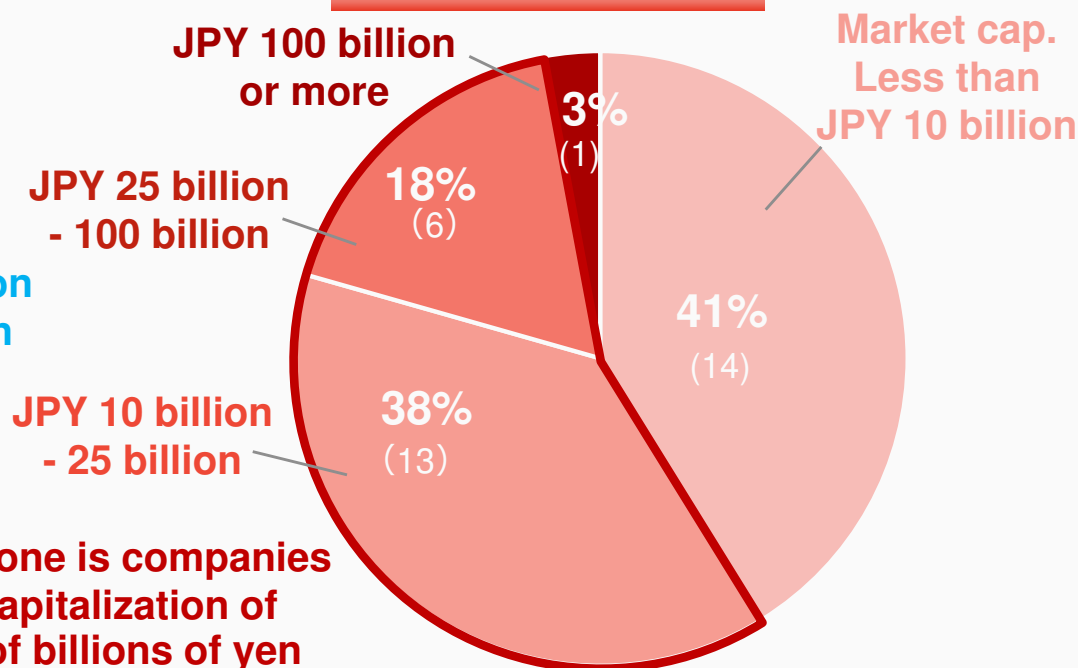
Prime Market



34 companies in total

(2% of companies on the Standard Market)

Standard Market



The volume zone is companies with market capitalization of several tens of billions of yen

Conducting a Survey for Listed Companies

- ◆ **TSE plans to conduct a survey of listed companies around March 2025** in order to gain a deeper understanding of the actual conditions and challenges they face in promoting and considering their initiatives, which will lead to the TSE's consideration of future measures.

➤ **The results of the survey will be reported at the next follow-up conference.**

(Reference) Image of the survey for listed companies

Q1. Status of disclosure

☐ Disclosed ☐ Under consideration ☐ Yet to disclose

Q2. Challenges in promoting and considering initiatives (multiple choice)

- | | |
|---|---|
| <input type="checkbox"/> Not sure how to figure out cost of capital | <input type="checkbox"/> Consideration is limited to the level of the person in charge and does not reach the board of directors' level |
| <input type="checkbox"/> Lack of resources/structures for consideration | <input type="checkbox"/> Efforts are not rewarded as they are not reflected in the stock price. |
| <input type="checkbox"/> Difficulty in identifying the gap between company's initiatives and the investor's perspective | <input type="checkbox"/> Gaps have been identified, but it is difficult to consider and implement improvement measures based on the gaps. |
| <input type="checkbox"/> Lack of contacts with institutional investors | <input type="checkbox"/> Dialogue with institutional investors is not constructive. |
| <input type="checkbox"/> Difficult to update initiatives during the period of the current medium-term management plan | <input type="checkbox"/> Not aware of the need to proceed with initiatives. |
| <input type="checkbox"/> Other (free answer) | <input type="checkbox"/> N/A |

Q3. Initiatives and support you expect exchanges to provide or expand (multiple choice)

- | | |
|---|--|
| <input type="checkbox"/> Examples of initiatives that meet investors' expectations (good examples) | <input type="checkbox"/> Examples of gaps with investors' perspectives |
| <input type="checkbox"/> Opportunities for explanation by TSE (for management) | <input type="checkbox"/> Opportunities for explanation by TSE (for staff) |
| <input type="checkbox"/> Content to improve IR skills (seminars by experts, etc.) | <input type="checkbox"/> Opportunities to deepen understanding of institutional investors (e.g., roundtable discussions) |
| <input type="checkbox"/> Opportunities for dialogue with institutional investors (small meetings, etc.) | <input type="checkbox"/> Networking opportunities with IR staff from other companies |
| <input type="checkbox"/> Providing educational programs and content for outside directors | <input type="checkbox"/> Other (free answer) |
| <input type="checkbox"/> N/A | |

Ensuring Establishment of Investor Relations Systems

- While there is an increasing number of listed companies that are working to enhance corporate value by engaging with shareholders and investors, based on the request for action to implement management that is conscious of cost of capital and stock price, **there are also listed companies that make no attempt to engage with shareholders and investors.**



- It could be effective to stipulate in the Corporate Code of Conduct (matters to be observed) that **listed companies must develop a system for providing information to build relationships with shareholders and investors (IR system).**

Note: While the exchange will not set uniform rules on what kind of IR systems listed companies must have, **it will continue to require companies to disclose information on their own IR systems in Corporate Governance Reports.**

Reference: Items required to be stated in the Corporate Governance Report (current)

Status of IR-related activities	<ul style="list-style-type: none">□ IR-related systems<ul style="list-style-type: none">– The officer in charge of IR (such as a director responsible for IR activities), the department in charge of IR, the staff members in charge of IR, and other matters□ Regular investor briefings (held for individual investors, analysts and institutional investors, and/or overseas investors)<ul style="list-style-type: none">– Dates of the briefings, contents, presenter (including whether or not a representative provided an explanation personally) and other matters□ IR information posted on the website<ul style="list-style-type: none">– Posted information (such as corporate presentation materials), the URL, and others
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Reference: Status of IR-related activities

Question 91. Please select the options that apply to the dialogue with shareholders and investors that your company has conducted in the past year (multiple answers possible).



There are also a certain number of companies that do not carry out IR activities.

Source: Sumitomo Mitsui Trust Bank “Corporate Governance Reforms towards “Maximizing” Corporate Value - Governance Survey 2024” (translated by TSE)