

Future Measures in the Growth Market

Listing Department
Tokyo Stock Exchange, Inc.

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Future Measures in the Growth Market

1. Revision of continued listing criteria

- ◆ **Published an outline** on September 26 and **carried out the public comment process until October 26**

⇒ **Plan to revise rules in December**

2. Initiatives to promote "management that aims for high growth"

- ◆ Presented “**Investors’ expectations for Growth Market-listed companies**” to **all Growth Market-listed companies** on September 26, and **requested the analysis and evaluation of growth status and update of disclosure of growth strategy**

⇒ Going forward, **encourage companies to take action through support and other activities**, and **continuously follow up with them**

3. Support and creation of benefits for companies making active efforts

- ◆ **Provide materials to use when considering initiatives** and **provide support for connecting with institutional investors**

1. Around December, provide **good examples of initiatives by companies listed on the Growth Market that were well received by investors** (→Page 2)
2. From the beginning of next year, begin to **enhance visibility of companies proactively engaging in initiatives for investors** (→Page 3)
3. Begin to hold **seminars that focus on companies listed on the Growth Market** and **dialogue events with institutional investors** (→Page 4)
4. Development of **a new index focused on the growth potential of startups** (under consideration by JPXI)

⇒ In order to **support companies making active efforts** and **create benefits for listing on the Growth Market**, **collaborate and cooperate with market stakeholders and advance various measures** by continuously exchanging opinions with startup executives

(Reference) 1. Examples of Initiatives by Growth Market-Listed Companies That Were Well Received By Investors

- ◆ Around December 2025, we plan to provide “Examples of Initiatives by Companies Listed on the Growth Market That Were Well Received by Investors (Good Case Studies)” as a material to use when working on “management that aims for high growth.”

Example of good case study compilation

We will introduce examples of initiatives that were well received due to meeting expectations in accordance with each item under “Investors’ expectations for Growth Market-listed companies” (published September 2025).

Investors’ expectations	
# 1	We want companies to present a vision and strategy that inspires confidence in the sustainability and acceleration of growth
# 2	We want companies to present a concrete and compelling equity story
# 3	At this stage of growth, what we expect from companies is growth investment rather than dividends
# 4	We want companies to make growth investments without being overly concerned about short-term losses
# 5	We want companies to rebuild their growth strategies, including inorganic growth strategies such as M&A
# 6	We want companies to target investors suited to their growth stage and conduct effective information disclosure and IR activities
# 7	Continuous disclosure of growth targets, KPIs, and their progress will build investors’ trust

Investors’ Expectations #3

Investors’ expectations #3

At this stage of growth, what we expect from companies is growth investment rather than dividends

Mindset of executives who are not aligned with investors’ expectations

Sales and profits are steadily growing, but this is not reflected in the stock price and investors are not being rewarded

Explanation

- They expect shareholder returns, such as dividends, from companies that have established stable businesses, but expect companies in the growth stage that have not sufficiently established a business model to fully leverage the risk capital they have secured to advance bold growth strategies and growth investments rather than expecting short-term dividends.
- To gain the understanding and support of investors regarding growth investments, companies should clearly present sp behind their med along with their fut
- Investors also ne term perspective efforts toward gr

Initiative Examples

Company A

Company B

Well-Received Improvements (●●●)

By presenting a compelling equity story and obtaining investor support, the company proactively raises risk capital through the market and invests in growth.

The company has clearly articulated a policy of prioritizing business growth over dividends in order to enhance long-term corporate value.

The company has clearly stated the areas and scale of its future investments, making its focus easy to understand.

To gain the understanding and support of investors regarding growth investments, companies should clearly present specific policies and the approach behind their medium- to long-term capital policy along with their future growth targets.

Source: Matters Relating to Business Plans and Growth Potential from ●●● Co., Ltd. (NMY 00, 2025)

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(Reference) 2. Enhancing visibility of companies proactively engaging in initiatives for investors

- ◆ Around the beginning of 2026, we plan to launch a special page that lists up “Matters Relating to Business Plans and Growth Potential” for companies actively working to achieve “management that aims for high growth.”

[Needs that have been identified]

Corporations: Highlight more broadly to investors updated growth strategies and other initiatives

Investors: It would be helpful to have a place where one can easily search for companies making active efforts and the details of their initiatives

Example of special page

This page will disclose “Matters Relating to Business Plans and Growth Potential” from companies that have applied* to be included on the page.

*On the premise that actions are being taken based on Initiatives to Promote Action to Achieve “Management That Strives for High Growth” (published September 2025)

 日本取引所グループ

English

「高い成長を目指した経営」に取り組む企業の「事業計画及び成長可能性に関する事項」の開示一覧（仮）

本ページでは、「高い成長を目指した経営」に積極的に取り組んでおり、本ページへの掲載希望の申請を行っているグロース上場企業について、直近の「事業計画及び成長可能性に関する事項」の開示を掲載しています。

開示日	コード	企業名	業種	決算期	上場日	開示書類	関連情報
2025/11/13	1111	●●株式会社 New	化学	3月	2021/3/9		リンク
2025/11/10	2222	●●株式会社 New	金属製品	9月	2019/12/8		リンク
2025/11/7	3333	株式会社●● New	卸売業	3月	2022/4/3		リンク
2025/10/30	4444	●●株式会社	小売業	2月	2015/12/13		リンク
2025/10/29	5555	株式会社●●	医薬品	12月	2019/2/5		リンク
2025/10/16	6666	●●株式会社	サービス業	3月	2025/4/1		リンク

[Key features]

- Recent disclosures from each company
- Highlight companies with new disclosures
- Possible to sort by disclosure date, code, sector, etc.
- Possible to check past disclosures, stock prices, and other related information through the links

※ Planning to also roll out an English page over time

(Reference) 3. Seminars for Growth Market-Listed Companies and Dialogue Events With Institutional Investors

- ◆ In response to companies expressing concerns such as “We don't know what investment policies institutional investors follow or what we can do to attract their interest,” TSE **holds periodic dialogue events with institutional investors.**
 - ⇒ Held first **dialogue event limited to companies listed on the Growth Market** on October 2025
 - ⇒ Going forward, we are also considering planning **seminars and dialogue events that invite companies featured in the good case study compilation as speakers**

Overview of dialogue event for companies listed on the Growth Market (October)

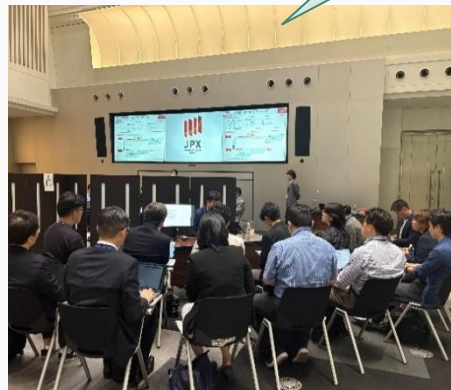
Event name	Limited to the Growth Market! Key Points for Dialogue with Institutional Investors
Date	Tuesday, October 7, 2025, 16:00 to 19:00
Venue	Tokyo Stock Exchange building
Participants	43 companies
Speakers	Institutional investors that include growth companies in their portfolios

[Key questions raised at the venue]

- What is your process for finding and selecting stocks?
- What degree of liquidity or market capitalization is considered sufficient for investment?
- What specific quantitative criteria have you established?
- What factors are prioritized when selecting small- and mid-cap stocks for investment, and how does this differ from large-cap stocks?
- What indicators or factors are considered important when assessing a company's growth potential?

[Survey results]

- Because the event was limited to growth companies, we shared common questions and had the opportunity to ask things we normally wouldn't be able to.
- Hearing directly from those involved added depth to my understanding. I hope to apply these insights in practice.
- I was glad to have the opportunity to speak with institutional investors whose market cap. targets align with ours.
- Since there are not many opportunities to meet with institutional investors, this was a valuable experience. I hope this kind of event will be held again.



[Ideal Growth Market-listed company]

- Based on the proposed reforms for the Growth Market, we are reviewing our growth strategies and targets. However, as we advance our deliberations, **we wish to understand the level of “high growth” expected in the Growth Market.**
- We want to actively work toward high growth, so **we would like you to outline** promising initiatives and **the ideal vision for growth companies.**

[Thoughts regarding selection of Growth Market]

- As a company grows, **we debate whether it is better to remain listed on the Growth Market or move to the Prime Market.** Many imagine the era of Mothers and the First Section and believe that it is normal to move to the Prime Market once a company has grown. However, looking at the recent revisions proposed for the Growth Market, **there are others who believe that remaining in the Growth Market and continuing to aim for high growth could be a good option. As a resource to use when considering which market segment to select, we want to know what TSE thinks about this.**

[Support for companies listed on the Growth Market]

- I would like to see key **points to consider in order to gain investors' understanding** when considering and disclosing growth strategies, as well as **examples of successful cases where companies have actively raised funds and made growth investments** while gaining investors' understanding and achieved growth.
- I would like **seminars to be held for executives and others on “Management That Strives for High Growth,”** which is expected in the Growth Market, similar to “Action to Implement Management That is Conscious of Cost of Capital and Stock Price.”
- **I currently lack contact points with institutional investors and am constantly struggling to find an effective way to approach them.** I would greatly appreciate your active **support in helping to connect institutional investors and companies listed on the Growth Market.**
- Smaller companies often find themselves **without analyst coverage**, feeling **the need to proactively disseminate information themselves.** However, **they struggle to grasp the nuances of how to do this well since investor types change after going public.** **We would appreciate opportunities to learn effective methods for information dissemination and IR, as well as to gain a deeper understanding of investors.**
- **If we understand the management policy, amount, and screening criteria,** we can develop strategies and approaches aligned with institutional investor perspectives, so we would like to receive such support.

[Benefits of listing on the Growth Market]

- If there was an index composed of companies achieving high growth, listed companies could more easily attract investments from institutional investors and be motivated to aim for high growth. For investors, it would also become easier to invest in attractive companies.
- To make the Growth Market a place where startups can take on bold challenges, it might be worth considering a system that allows concentrated authority for executives through preferred shares, as long as there is still growth, but that encourages dissolution of that concentration if growth stagnates.
- The “25% Rule” during capital increases allotted to third parties (requiring specific responses and procedures when the dilution rate exceeds 25%) significantly hinders fund raising for companies listed on the Growth Market. For example, would you consider easing the restrictions when it is confirmed that the fund raising is for growth investment?
- Regarding the continued listing criteria for net assets (positive net assets), exceptions are currently permitted for a certain period after listing or when market capitalization exceeds a certain threshold. However, since this can sometimes hinder flexible capital policies, it might be worth considering making it so that negative net assets do not violate the continued listing criteria if they result from capital policies for growth investment.
- Even when positive news drives up stock prices, companies are often hit with a massive wave of short selling, which causes prices to revert to their original levels over time, resulting in a lack of long-term growth in corporate value. We request the introduction of measures to regulate or prohibit short selling under certain conditions.

[Engagement with investors]

- The Growth Market does not yet have enough investors with a medium- to long-term perspective. Expanding the investor base that properly understands and evaluates corporate growth potential is a critical challenge. To avoid a bias toward short-term trading driven solely by publicity or benefits, we urge efforts to educate investors and enhance their discernment and perspectives.
- Companies wish to raise funds for growth, but investors harbor strong concerns about dilution, causing stock prices to fall and hindering companies' ability to do as they desire. Regarding growth investments, one challenge is that it is difficult to gain investor understanding about losses, which also leads to falling stock prices. Efforts should be made to engage with investors so that fund raising and growth investments are not uniformly viewed negatively.
- Under the frameworks and platforms provided by Tokyo Stock Exchange, we hope opportunities will be created for companies to communicate their intrinsic corporate value, which appropriately reflects their envisioned future growth potential, to retail investors and institutional investors, such as being able to express how they want their corporate value to be evaluated.