

Future Initiatives for Management That Is Conscious of Cost of Capital and Stock Price

Listing Department
Tokyo Stock Exchange, Inc.

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Overview of Future Initiatives for Management That Is Conscious of Cost of Capital and Stock Price

I. Advancement of Initiatives for Appropriate Allocation of Management Resources

- **We will follow-up on feedback from investors and status of companies' responses** following update to the request. (Apr. 2026)
[Summer 2026]
 - * Recently, we have received feedback expressing expectations that, because the latest update to the request summarizes key points, it will help raise awareness and encourage companies to further advance their initiatives.

II. Corporate Survey on Expectations of and Requests to Investors ⇒ Page 2

- To promote effective dialogue, **we will gather feedback from companies on their expectations of and requests to investors, and provide this information to investors.** [Summer 2026]
 - * In addition, we will collect information on challenges faced by companies in dialogue as well as on initiatives undertaken by companies engaging in meaningful dialogue and use this information for communication with companies.

III. Investor Survey on Companies Demonstrating Meaningful Changes ⇒ Page 6

- We will gather **opinions from institutional investors** regarding **companies making good progress and the areas evaluated for this, and publish results as “Companies Whose Progress Has Been Well Received by Investors.”** [Summer 2026]
 - * The published content will consist of a compilation of survey responses (including the number of responding investors and a summary of evaluation comments), **with a larger number of companies featured than in previous case collections.**

IV. Approaching Companies That Have Yet to Disclose ⇒ Page 8

- For **companies that have not taken steps toward disclosure** due to a lack of resources or know-how, **we will specify initiatives to encourage them to take the first step toward disclosure and to pursue step-by-step improvements (by collecting investors' opinions through surveys and organizing key points and examples).** [Summer 2026]
 - * Existing support initiatives (case collections, seminars, individual visits, etc.) will be continued and strengthened.
- For **companies that have deliberately decided not to disclose, we will encourage them to describe the reasons for non-disclosure and their future disclosure policy** as reference information for investors. [Summer 2026]

II. Corporate Survey on Expectations of and Requests to Investors



Overview of Corporate Survey on Expectations of and Requests to Investors

Overview

- ◆ To promote more effective dialogue, we will conduct a survey of listed companies regarding their expectations of and requests to investors and communicate the results to investors.
- ◆ We will also identify the challenges faced by companies in advancing dialogue and the initiatives undertaken by companies that are achieving meaningful dialogue, and use this information as reference material for future communications and support for companies.

Target Audience

- ◆ All companies listed on Prime, Standard, and Growth Markets

Survey Period

- ◆ From early-to-mid June to mid-July (Results to be reported at next Council of Experts)

Overview of Survey Questions (Proposal)

Q1. Which aspects of your company's initiatives are of interest to institutional investors? (multiple choice)

Q2. What initiatives has your company implemented based on opinions obtained through dialogue? (multiple choice)

Q3. Do you feel that your company has been engaging in meaningful dialogue? (multiple choice)

Meaningful dialogue:

Q4. Reasons (multiple choice)

Q5. Specific anecdotes, considerations, or efforts made (open response)

Q6. Attributes of institutional investors (multiple choice)

Q7. Names of institutional investors (open response)

Not meaningful dialogue:

Q8. Reasons (multiple choice)

Q9. Specific anecdotes, challenges for your company (open response)

Q10. Attributes of institutional investors (multiple choice)

Q11. Names of institutional investors (open response)

* Q11 will not be published

Q12. Requests to and expectations of institutional investors (open response)

Q13. Initiatives you expect the exchange to undertake (open response)

Survey Questions (In Detail) (1)

Q1. Based on dialogue over the past year, which aspects of your company's initiatives are of interest to institutional investors? (Select all that apply.)

Business/Growth Strategies

- Policies/targets for business/growth strategies
- Investment in growth areas (incl. M&A)
- Investment in R&D and IP
- Human capital strategy/investment
- Profitability improvement for existing businesses
- Downsizing/withdrawal from unprofitable businesses

Governance/Sustainability

- Enhancement of functionality of board of directors (composition, effectiveness, etc.)
- Sustainability-related initiatives

Capital Policy/Balance Sheet

- Shareholder returns (dividends/share buybacks)
- Optimization/more efficient use of cash and deposits, real estate, and other assets
- Balance between capital and debt (financial leverage)
- Cross-shareholdings

Other

- Short-term earnings forecast
- Enhancement of information disclosure
- Enhancement of dialogue with shareholders and investors
- Other

Q2. In the past year, what initiatives has your company implemented based on opinions obtained through dialogue? (Select all that apply.)

Business/Growth Strategies

- Review of policies/targets for business/growth strategies
- Advancement of investment in growth areas (incl. M&A)
- Advancement of investment in R&D and IP
- Review of strategy/advancement of investment for human capital
- Measures to improve profitability of existing businesses
- Advancement of downsizing/withdrawal from unprofitable businesses

Governance/Sustainability

- Enhancement of functionality of board of directors (composition, effectiveness, etc.)
- Advancement of sustainability-related initiatives

Capital Policy/Balance Sheet

- Enhancement of shareholder returns (dividends/share buybacks)
- Optimization/more efficient use of cash and deposits, real estate, and other assets
- Balance between capital and debt (financial leverage)
- Review of cross-shareholdings

Other

- Enhancement of information disclosure
- Enhancement of dialogue with shareholders and investors
- Other

Q3. In IR interviews with institutional investors over the past year, our company has been engaging in meaningful dialogue. (Select one from the following options.)

5. Strongly agree (Meaningful dialogue has been achieved to a great extent)
4. Slightly agree (Meaningful dialogue has been achieved to some extent)
3. Neither
2. Slightly disagree (Not much meaningful dialogue has been achieved)
1. Strongly disagree (Little to no meaningful dialogue has been achieved)

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Q4. For cases in which you consider dialogue with institutional investors to have been meaningful, why? (Select all that apply.)

Insights/Understanding Gained (Input)

- Able to obtain useful insights and advice regarding management policies, such as business strategies and capital policy
- Gained objective perspectives unique to investors, such as industry trends and peer comparisons
- Able to clearly identify our company's challenges, gaps in perception, and investors' evaluation criteria

Quality/Process of Dialogue

- Discussions conducted based on a thorough analysis and understanding of our company and the industry
- Able to engage in constructive, two-way discussions (mutual exchange of opinions)
- Able to have discussions from a medium- to long-term perspective and address fundamental topics

Results of Dialogue (Outcome)

- Dialogue led to the review and improvement of management initiatives (strategy, capital allocation, etc.)
- Able to improve the content of information disclosure and investor presentations
- Dialogue led to enhanced understanding and evaluation by investors and the development of ongoing dialogue
- Other

Q5. Please state specific anecdotes in which you consider dialogue with institutional investors to have been meaningful as well as considerations or efforts made in order to have meaningful dialogue.

(Open response)

Q6. What are the attributes of institutional investors with whom you have often had meaningful dialogue? (Select all that apply.)

- Domestic long-only institutional investor (active management)
- Domestic institutional investor focused on passive management (index management, etc.)
- Domestic hedge fund
- Domestic activist investor
- Overseas long-only institutional investor (active management)
- Domestic institutional investor focused on passive management (index management, etc.)
- Overseas hedge fund
- Overseas activist investor

Q7. What are the names of institutional investors with whom you have had meaningful dialogue?

(Open response)

Survey Questions (In Detail) (2)

Q8. For cases in which you consider dialogue with institutional investors to have been meaningful, why? (Select all that apply.)

Lack of Insights/Observations

- Did not obtain useful insights and advice regarding management policies, such as business strategies and capital policy
- Did not gain objective perspectives and information unique to investors, such as industry trends and peer comparisons
- Did not lead to a better understanding of investors' key evaluation criteria and areas of interest

Challenges Related to Quality/Process of Dialogue

- Dialogue took place without an adequate analysis and understanding of our company and the industry
- Limited to one-sided statements and routine questions and did not lead to constructive discussions
- Discussions overly focused on short-term results, such as earnings and shareholder returns

Lack of Results From Dialogue

- Dialogue did not lead to the improvement of our company's management or disclosures
- Dialogue did not lead to enhanced understanding and evaluation of our company by investors
- Dialogue did not lead to the development of ongoing dialogue
- Voting decisions are determined in a rigid manner and based on standardized criteria, making it difficult to perceive the significance of dialogue
- Other

Q9. Please state specific anecdotes in which you consider dialogue with institutional investors to have not been meaningful as well as challenges your company faces in fostering meaningful dialogue.

(Open response)

Q10. What are the attributes of institutional investors with whom you have often had not meaningful dialogue? (Select all that apply.)

- Domestic long-only institutional investor (active management)
- Domestic institutional investor focused on passive management (index management, etc.)
- Domestic hedge fund
- Domestic activist investor
- Overseas long-only institutional investor (active management)
- Domestic institutional investor focused on passive management (index management, etc.)
- Overseas hedge fund
- Overseas activist investor

Q11. What are the names of institutional investors with whom you have had not meaningful dialogue?

* Survey results will not be published

(Open response)

Q12. From the perspective of facilitating even more meaningful dialogue with institutional investors, what are your requests to and expectations of institutional investors?

(Open response)

Q13. What initiatives do you expect the exchange to undertake to promote more meaningful dialogue?

(Open response)

3. Investor Survey on Companies Demonstrating Meaningful Changes



Investor Survey on Companies Demonstrating Meaningful Changes

Overview

- ◆ **We will survey institutional investors** on which **companies are demonstrating meaningful changes** and what **aspects of those companies they rate highly**, from the perspective of management that is conscious of cost of capital and stock price.
- ✓ **To highlight a wider range of companies** than in the previous compilation of case studies, respondents can list **up to 10 companies for each of four market segment/size categories**: Prime (JPY 100 billion or more), Prime (less than JPY 100 billion), Standard (JPY 10 billion or more), and Standard (less than JPY 10 billion)
- ⇒ **To motivate companies** demonstrating meaningful changes **to accelerate their efforts further**, the **names of companies selected by a certain number of respondents** for each category **will be published in Examples of Initiatives That Were Well Received by Investors, along with details of what aspects were rated highly**

Respondents

- ◆ **Japanese and overseas institutional investors** (Survey form will be posted on the JPX website)

Survey period

- ◆ **From early-to-mid June to mid-July** (Results to be reported at next Council of Experts)

Overview of Survey Questions (draft)

Which **companies have been demonstrating meaningful changes** (up to 10 companies per category) since March 2023 and what specific **aspects of those companies would you rate highly** from the perspective of management that is conscious of cost of capital and stock price?*

*The April 2026 update to the request (investor expectations and responses) has been attached for reference.

1-1 Prime Market—market cap. of JPY 100 billion or more

Company name	Code	Evaluation
Company A	1111	Clear, logical explanations of xxx
Company B	2222	Feel there is strong commitment to xxx
:	:	:

1-2 Prime Market—market cap. of less than JPY 100 billion

2-1 Standard Market—market cap. of JPY 10 billion or more

Company name	Code	Evaluation
:	:	:
:	:	:
:	:	:

2-2 Standard Market—market cap. of less than JPY 10 billion

Note: TSE will check the market cap. categories when compiling the survey results, so there is no need to focus too much on categorizing them yourself.

4. Approaching Companies That Have Yet to Disclose



Approaching Companies That Have Yet to Disclose

Current Situation

- ◆ As of the end of April 2026, there were **100 Prime Market companies (6%)** and **733 Standard Market companies (46%)** that had yet to disclose

Future Responses

- ◆ For **companies that have yet to disclose** due to lack of resources or know-how (which is common among non-disclosing companies in the Standard Market), **encourage them to take the first step and then make improvements to their disclosures in stages**
 - ⇒ To make clear what **investors specifically require companies to disclose first, gather investors' opinions** through **investor surveys** (adding questions to the survey mentioned in item 2) and **interviews**, then **compile key points and case studies to distribute to companies that have yet to disclose**

Note: Maintain and strengthen existing support initiatives (compilations of case studies, seminars, and company visits) (see page 10)

- ◆ For **companies that have deliberately chosen not to disclose** (common among non-disclosing companies in the Prime Market), **encourage them to provide their reasons for non-disclosure and their future policy on disclosure** as a reference for investors

In addition to the above, we will continue to explore additional measures to encourage companies yet to disclose to take action.

Ref: Maintaining and Strengthening Existing Initiatives

- ◆ Existing initiatives (case study compilations, seminars and company visits) have seen **some success in fostering changes in corporate attitudes and behavior**, so we will maintain and strengthen such measures by continuing to **engage with executives and provide support for initiatives to staff**

Engaging with executives

➤ Seminars for executives (Total since Jan. 2024)

- In collaboration with securities firms, banks and other organizations, we have held **55 seminars across Japan with about 1,000 companies/1,600 people participating**
- Prime 44%, Standard 37%, and Growth 17%



Feedback from executives

- We understand better the background of and reasoning behind TSEs measures.
- We want to put this to use right away in our company discussions.

➤ Customized workshops for executives (Total since Jan. 2024)

- **Held 27 workshops** following requests from companies
- Presented investor perspectives and case studies of other companies to management and outside directors

Changes following workshops

Example 1: The company's management/Board of Directors started in-depth discussions on enhancing corporate value and disclosed information on initiatives.

Example 2: The company realized that its initiatives and disclosures were insufficient, so it started working on improving them.

Existing initiatives

Providing support for initiatives to staff

➤ Publishing compilations of case studies

- Including initiatives well received by investors and companies' initiatives toward issue resolution

➤ Holding seminars

- Held seminars featuring investors and companies appearing in compilations of case studies
- **Presented at about 60 seminars** hosted by external organizations (Total in the last year)

➤ Streaming online IR seminar videos

- Currently streaming **13 videos of seminars** by guest speakers
- **Total number of views** has exceeded **20,000**

➤ Individual visits to and discussions with corporate staff (Total since Jan. 2024)

- Made **132 visits** following requests from companies



Feedback from companies that have yet to disclose

- We would like case studies on companies similar to ours.
- We would like training opportunities for inexperienced IR staff.
- It would be useful for staff to have somewhere to discuss concerns.

Future policy

Engage with executives and outside directors of companies, including those yet to disclose, to strengthen the top-down approach

Provide more case studies of easy-to-start initiatives for companies yet to disclose and enhance support tailored to staff proficiency levels