Document 1

Results of Corporate Survey on Expectations of and Requests to Investors (Draft)

Listing Department, Tokyo Stock Exchange

August 6, 2026

Overview and Responses

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 June 12 to July 24**

Overview of Survey Questions

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* Q11 will not be published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)

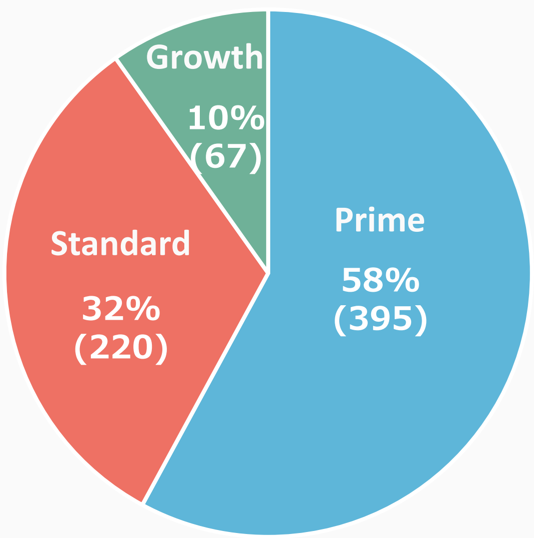
Q13. Initiatives you expect the exchange to undertake (open response)

Results of Corporate Survey on Expectations of and Requests to Investors: Responses

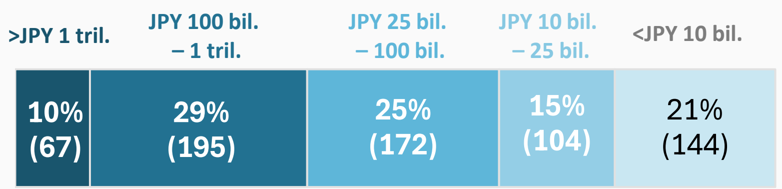
◆ To promote more effective dialogue, we conducted a **survey of listed companies on the Prime, Standard, and Growth Markets regarding their expectations of and requests to investors.** **682 companies** responded.

Characteristics of Responding Companies

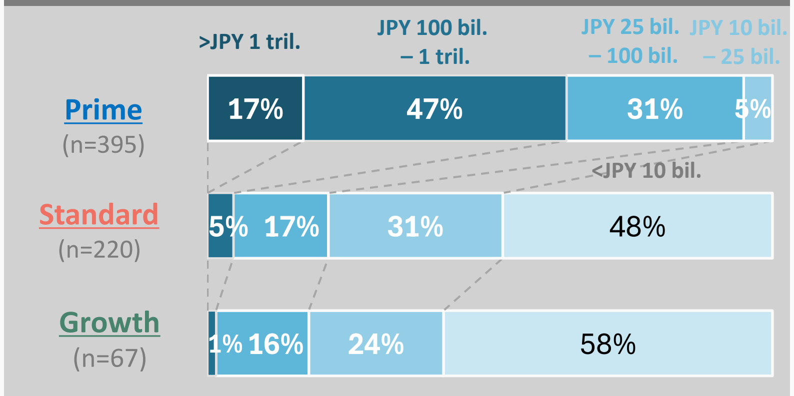
Market Segment



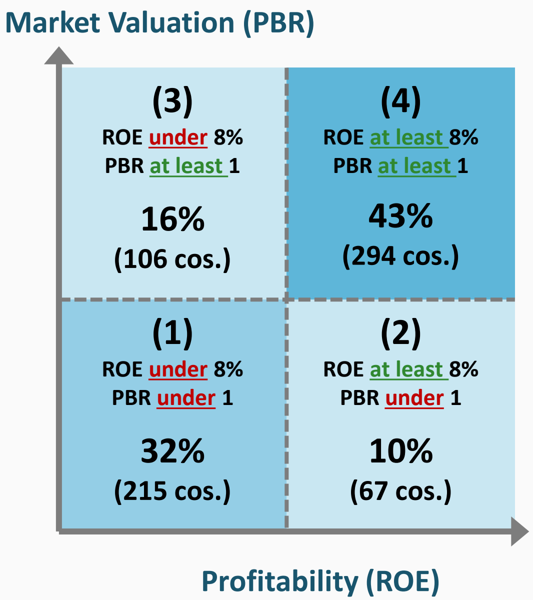
Market Capitalization



(Ref.) Market Cap by Segment



Four Quadrants (PBR/ROE)



(Note) Market capitalization, ROE, and PBR are as of July 24, 2026

Summary

Summary of Corporate Survey Results (1/2)

① Dialogues with investors are driving corporate initiatives, and 75% of companies found them productive.

- Investors are **highly interested in business and growth strategies, improving profitability, and shareholder returns**. **(See p. 10 (1) for results)**
- The higher the level of investor interest in a particular issue, the higher the rate at which companies implement related initiatives, suggesting that **dialogue is driving corporate action**. **(See pp. 11, 12 (2) and (3) for results)**
- **75% of companies rate their dialogue with investors as "productive"** and recognize the value of such dialogue. **(See p.13 (4) for results)**

② Productive dialogue leads to insights into companies' challenges and perception gaps, as well as discussions that are substantive and focused on the medium- to long-term.

- Companies responded that **productive dialogues achieved the following**: **(See pp. 15-20 (5), (6), and (7) for results)**
  - ✓ **New insights and suggestions, such as identifying the company's challenges and areas for improvement,** as well as **recognizing gaps in understanding with investors**
  - ✓ **Discussions that go beyond short-term performance to cover business strategies, capital policies, and other topics** in a substantive medium- to long-term and manner
  - ✓ **Concrete results,** such as **improvements in disclosure and initiatives,** as well as the **building of mutual understanding and trust with investors**

③ In unproductive dialogues, challenges include a lack of understanding about companies and industries, a short-term perspective, and one-sided or superficial discussions.

- In conversations that companies perceive as unproductive, the **following points were repeatedly cited as challenges:** **(See pp. 16-25 (8), (9), and (10) for results)**
  - ✓ **Insufficient understanding of the company and the industry**, leading to an **inability to obtain useful insights regarding the company's challenges and areas for improvement.**
  - ✓ **Discussions overly focused on short-term performance and shareholder returns, without substantive discussions regarding the medium- to long-term outlook.**
  - ✓ **One-sided, superficial dialogue resulting in an inability to build mutual understanding or trust.**

Summary of Corporate Survey Results (2/2)

④ The value and challenges companies perceive in dialogue differ by investor type

- **Long-only institutional investors (active management) are highly regarded from a wide range of perspectives, including the insights they provide, constructive discussions, and the outcomes of their dialogue.**
- While many companies find **dialogue with passive institutional investors to be productive,** they cite **"a lack of understanding of the company or industry"** and **"decisions based on standardized voting criteria"** as reasons why some dialogues feel unproductive**.**
- **While hedge funds are generally well-regarded,** many cite issues related to the **"quality and process of dialogue" as reasons why it is sometimes unproductive.**
- **Opinions on activist investors are evenly split between productive and unproductive.**

(See pp.26-28 (11), (12), and (13) for results)

⑤ Companies expect investors to adopt a "medium- to long-term perspective," "share their insights," and "foster mutual understanding."

- **Regarding expectations of and requests for investors, in addition to calls for dialogue with a medium- to long-term perspective and for insights and perspectives unique to investors, we received many comments seeking a better understanding of the company's business and industry, as well as requests for greater disclosure of information on the part of investors.** **(See pp. 31-37 (15) for results)**

We would like to see discussions that go beyond short-term performance and shareholder returns to cover medium- to long-term business and growth strategies.

We would like to hear objective perspectives unique to investors, as well as their candid feedback on our initiatives and disclosures.

We hope investors will gain an understanding of our company's business and industry before engaging in dialogue.

We want to know the evaluation criteria and investment decision-making standards, the purpose of the meeting, and the status of their holdings of our company's stock.

Please don't limit the session to one-sided questions. Set aside time for the company to provide explanations, share their opinions, and ask questions as well.

Corporate Survey Results

Contents: Results of Corporate Survey on Expectations of and Requests to Investors

(1) Aspects of Interest to Investors (Q1)

◆ Institutional investors have a **particularly strong interest in business and growth strategies, target setting, shareholder returns, and improving the profitability of existing businesses**.

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.)

Aspects of Interest to Investors		Total (682)	(Ref.) Aggregated by Four Quadrants (1) ROE under 8% PBR under 1 (215)	(2) ROE at least 8% PBR under 1 (67)	(3) ROE under 8% PBR at least 1 (106)	(4) ROE at least 8% PBR at least 1 (294)
Business/Growth Strategies	Policies/targets for business/growth strategies	**92%**	89%	88%	92%	95%
	Profitability improvement for existing businesses	**73%**	69%	73%	71%	76%
	Investment in growth areas (incl. M&A)	**67%**	60%	67%	59%	75%
	Human capital strategy/investment	26%	18%	30%	23%	33%
	Downsizing/withdrawal from unprofitable businesses	21%	24%	22%	19%	20%
	Investment in R&D and IP	12%	9%	12%	17%	11%
Capital Policy/ Balance Sheet	Shareholder returns (dividends/share buybacks)	**83%**	79%	90%	69%	89%
	Optimization/more efficient use of cash and deposits, real estate, and other assets	35%	37%	40%	25%	37%
	Balance between capital and debt (financial leverage)	29%	28%	27%	25%	32%
	Cross-shareholdings	25%	30%	33%	15%	23%
Governance/ Sustainability	Enhancement of functionality of board of directors (composition, effectiveness, etc.)	30%	31%	24%	29%	30%
	Sustainability-related initiatives	21%	20%	25%	21%	21%
Other	Short-term earnings forecast	**73%**	60%	76%	75%	81%
	Enhancement of information disclosure	39%	35%	37%	39%	42%
	Enhancement of dialogue with shareholders and investors	22%	21%	16%	23%	24%
	Other	9%	10%	4%	13%	7%

(2) Initiatives Implemented Based on Opinions Obtained Through Dialogue (Q2)

◆ Initiatives implemented based on dialogue primarily included **enhancing information disclosure or shareholder returns, reviewing business and growth strategies, and improving the profitability of existing businesses.**

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

Initiatives Implemented by Companies		Total (682)	(Ref.) Aggregated by Four Quadrants (1) ROE under 8% PBR under 1 (215)	(2) ROE at least 8% PBR under 1 (67)	(3) ROE under 8% PBR at least 1 (106)	(4) ROE at least 8% PBR at least 1 (294)
Business/Growth Strategies	Review of policies/targets for business/growth strategies	**48%**	43%	40%	55%	51%
	Measures to improve profitability of existing businesses	**44%**	50%	43%	42%	40%
	Advancement of investment in growth areas (incl. M&A)	32%	27%	34%	30%	35%
	Review of strategy/advancement of investment for human capital	17%	13%	19%	15%	20%
	Advancement of downsizing/withdrawal from unprofitable businesses	11%	12%	4%	10%	12%
	Advancement of investment in R&D and IP	7%	6%	6%	11%	7%
Capital Policy/ Balance Sheet	Enhancement of shareholder returns (dividends/share buybacks)	**55%**	62%	60%	43%	54%
	Optimization/more efficient use of cash and deposits, real estate, and other assets	17%	20%	13%	10%	19%
	Balance between capital and debt (financial leverage)	13%	13%	9%	16%	12%
	Review of cross-shareholdings	18%	24%	22%	12%	15%
Governance/ Sustainability	Enhancement of functionality of board of directors (composition, effectiveness, etc.)	23%	27%	13%	27%	22%
	Advancement of sustainability-related initiatives	19%	17%	27%	19%	20%
Other	Enhancement of information disclosure	**59%**	51%	57%	62%	65%
	Enhancement of dialogue with shareholders and investors	**41%**	37%	42%	45%	43%
	Other	6%	3%	4%	8%	7%

(3) Cross-Analysis of Elements of Interest and Initiatives Implemented (Q1/Q2)

◆ **Elements that attracted investor interest generally had high rates of initiatives by companies,** particularly **"enhancement of information disclosure," "enhancement of dialogue with shareholders and investors," "enhancement of shareholder returns," and "review of cross-shareholdings."**

⇒ This suggests that dialogue with investors is **leading to the implementation and enhancement of concrete initiatives**.

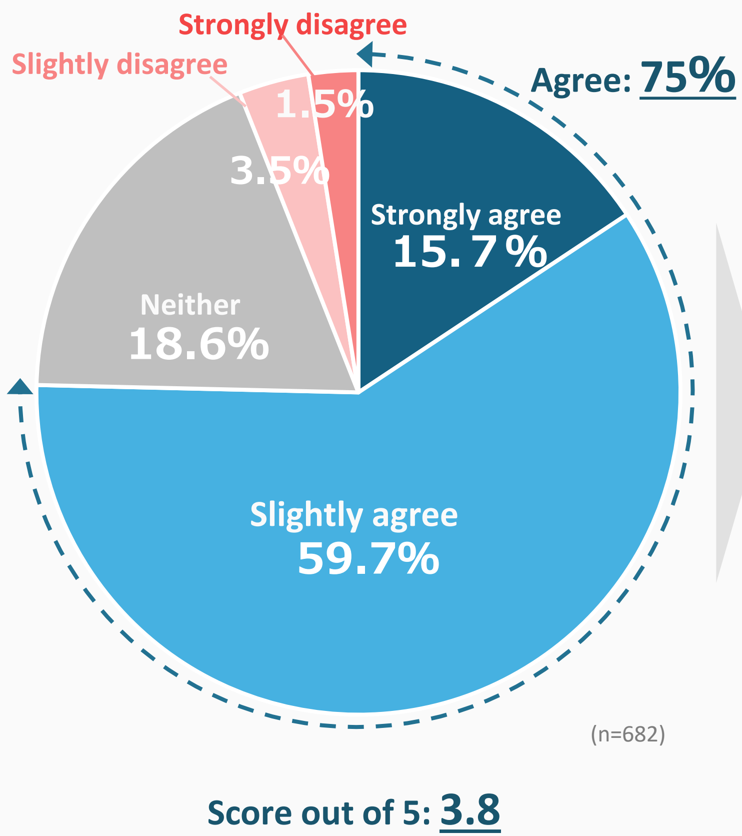
Rates of Implementation of Company Initiatives by Whether They Were of Interest to Investors (Cross-Analysis of Q1 and Q2)

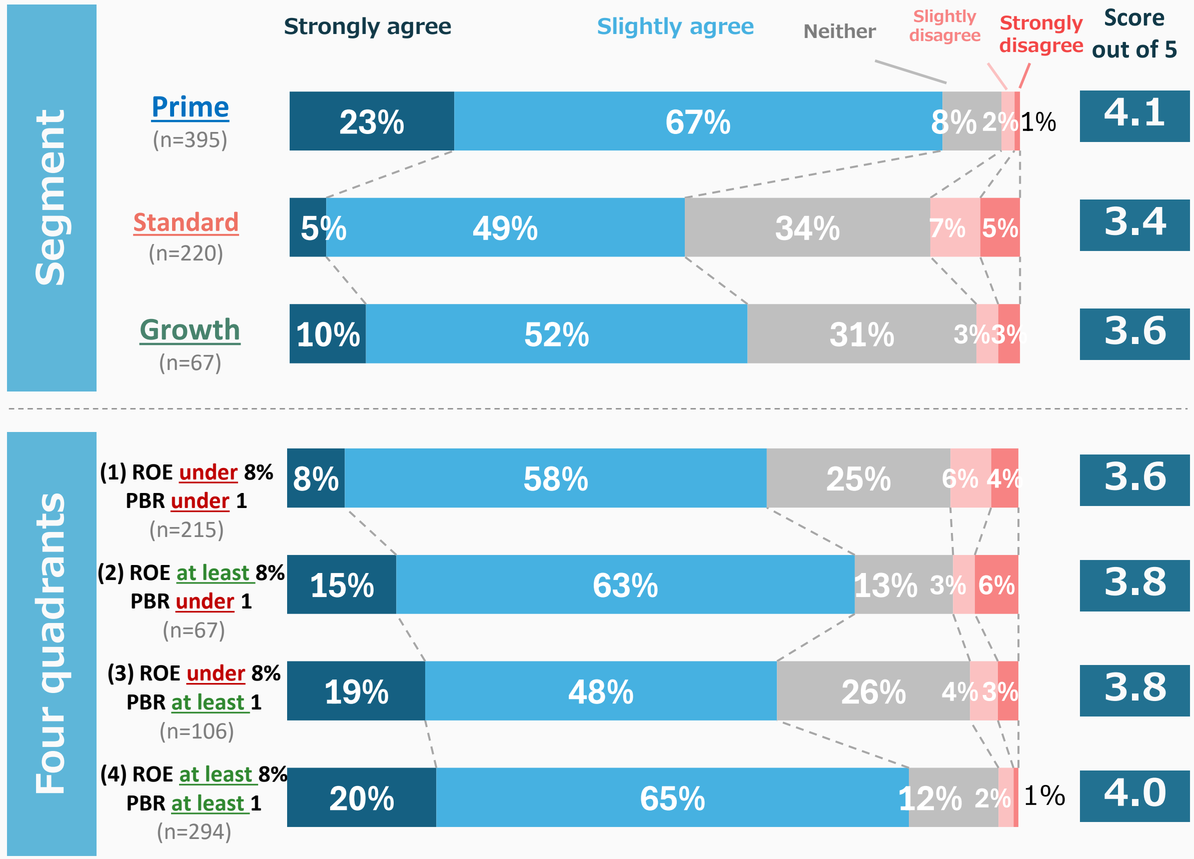
Initiatives Implemented by Companies		Rate of implementation by companies for which the element was of interest (a)	(Ref.) Rate of implementation by companies for which the element was not of interest (b)	(Ref.) Increase in rate of implementation caused by investor interest (a - b)
Business/Growth Strategies	Review of policies/targets for business/growth strategies	**51%**	19%	+32pt
	Measures to improve profitability of existing businesses	**56%**	11%	+45pt
	Advancement of investment in growth areas (incl. M&A)	43%	9%	+34pt
	Review of strategy/advancement of investment for human capital	41%	8%	+33pt
	Advancement of downsizing/withdrawal from unprofitable businesses	39%	3%	+35pt
	Advancement of investment in R&D and IP	41%	3%	+38pt
Capital Policy/ Balance Sheet	Enhancement of shareholder returns (dividends/share buybacks)	**62%**	22%	+40pt
	Optimization/more efficient use of cash and deposits, real estate, and other assets	42%	4%	+38pt
	Balance between capital and debt (financial leverage)	34%	4%	+30pt
	Review of cross-shareholdings	**60%**	4%	+57pt
Governance/ Sustainability	Enhancement of functionality of board of directors (composition, effectiveness, etc.)	**60%**	8%	+52pt
	Advancement of sustainability-related initiatives	**62%**	8%	+54pt
Other	Enhancement of information disclosure	**88%**	41%	+46pt
	Enhancement of dialogue with shareholders and investors	**87%**	28%	+59pt

(4) Level of Satisfaction With Dialogue (Q3)

- **75% of all companies** felt that their **dialogue with institutional investors was "productive**." The **average score given out of 5 was 3.8**.
- Companies in the **Prime segment** and companies in the **"(4) ROE at least 8% and PBR at least 1"** quadrant were **relatively more likely to feel that their dialogue was productive** (giving a score **above 4**).

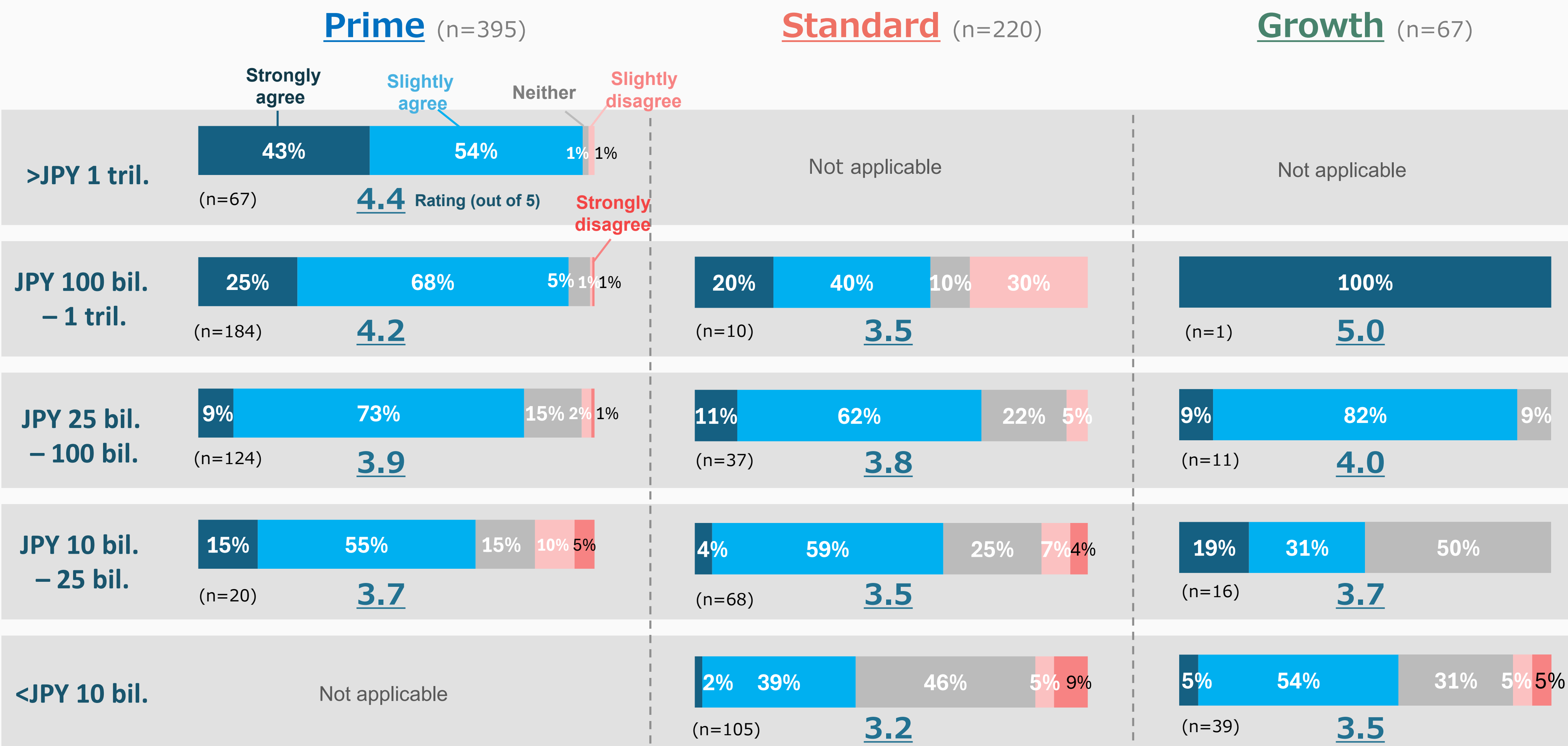
Q3. Do you feel as if your IR interviews and other dialogue with institutional investors over the past year have been productive? Give a productiveness score from one to five.





(Reference) Level of Satisfaction With Dialogue by Market Capitalization (Q3)

◆ By market capitalization, **companies with larger market capitalizations tend to be more likely to feel that they are engaging in meaningful dialogue.**



(5) Reasons Companies Found Dialogue Productive (Q4)

◆ Respondents often felt that dialogue was productive because a) **they were able to clearly identify the company's challenges, gaps in perception, and investors' evaluation criteria**; b) **it led to enhanced understanding and evaluation from investors and the development of ongoing dialogue**; and c) **they were able to improve the content of information disclosure and investor presentations**.

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

Insights/ Understanding Attained (Input)	62%	The company was able to clearly identify its challenges, gaps in perception, and investors' evaluation criteria.
	47%	The company was able to gain objective perspectives unique to investors, such as industry trends and peer comparisons.
	45%	The company was able to obtain useful insights and advice regarding management policies, such as business strategies and capital policy.
Quality/Process of Dialogue	42%	The discussion was conducted based on a thorough analysis and understanding of our company and the industry.
	39%	We were able to engage in constructive, two-way discussions (mutual exchange of opinions).
	38%	We were able to have discussions from a medium- to long-term perspective and address fundamental topics.
Results of Dialogue (Outcome)	52%	Dialogue led to enhanced understanding and evaluation by investors and the development of ongoing dialogue.
	52%	The company was able to improve the content of information disclosure and investor presentations.
	30%	Dialogue led to the review and improvement of management initiatives (strategy, capital allocation, etc.)
Other	2%	Other

(6) Cross-Analysis of Satisfaction With Dialogue and Reasons Companies Found Dialogue Productive (Q3/Q4)

- Compared to companies that felt dialogue was unproductive, **companies that felt dialogue was productive often selected "able to clearly identify our company's challenges, gaps in perception, and investors' evaluation criteria," "dialogue led to enhanced understanding and evaluation by investors and the development of ongoing dialogue," and "able to have discussions from a medium- to long-term perspective and address fundamental topics."**

  ⇒This suggests that these aspects **may be contributing to increased satisfaction with the dialogue**.

Rates of Selection of Each Reason for Productiveness by Whether Dialogue was Productive (Cross-Analysis of Q3 and Q4)

Reasons Companies Found Dialogue Productive (Q4)		Whether Dialogue Was Productive (Q3): Selection rate when dialogue was "productive" (a) (n=514)	Selection rate when dialogue was "neither" (b) (n=127)	Selection rate when dialogue was "unproductive" (c) (n=41)	Difference in selection rate between "productive" and "unproductive" (a – c)
Insights/ Understanding Attained (Input)	The company was able to clearly identify its challenges, gaps in perception, and investors' evaluation criteria.	72%	35%	17%	**+55pt**
	The company was able to gain objective perspectives unique to investors, such as industry trends and peer comparisons.	54%	26%	27%	+27pt
	The company was able to obtain useful insights and advice regarding management policies, such as business strategies and capital policy.	54%	14%	20%	+35pt
Quality/ Process of Dialogue	The discussion was conducted based on a thorough analysis and understanding of our company and the industry.	48%	23%	15%	+34pt
	We were able to engage in constructive, two-way discussions (mutual exchange of opinions).	48%	11%	12%	+36pt
	We were able to have discussions from a medium- to long-term perspective and address fundamental topics.	47%	9%	5%	**+42pt**
Results of Dialogue (Outcome)	Dialogue led to enhanced understanding and evaluation by investors and the development of ongoing dialogue.	64%	17%	15%	**+50pt**
	The company was able to improve the content of information disclosure and investor presentations.	60%	25%	24%	+36pt
	Dialogue led to the review and improvement of management initiatives (strategy, capital allocation, etc.)	36%	12%	12%	+24pt

(7) Examples of Dialogue That Felt Productive/Approaches to Improving Dialogue (Q5) (1/4)

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

Examples of dialogue that felt productive

We were able to identify our company's challenges and points for improvement

- ✓ Through constructive dialogue with investors, **we recognized a gap** between the **capital profitability targets** established in our medium-term management plan and the **expectations of institutional investors. This recognition led to a refinement of the plan. External perspectives** of this nature **have been extremely valuable in helping us advance our growth and corporate strategies**.
- ✓ Through ongoing dialogue with an institutional investor, **we received feedback on our company's challenges and recommendations for improvement regarding ROE enhancement, capital policy, and growth investment**. These points were subsequently **shared and discussed among members of the board of directors**. Beyond simply deciding whether to adopt the recommendations, the dialogue was meaningful in that **it prompted us to reassess our management challenges and served as an opportunity for further consideration and discussion with the board and relevant departments**.
- ✓ Regarding initiatives related to our medium- to long-term growth strategy and business portfolio, **receiving feedback from an external perspective on peer comparisons and the evaluation criteria** used by capital markets enabled us to **identify issues that had not been sufficiently communicated to investors, as well as areas where our disclosures and explanations were lacking**.
- ✓ Through ongoing dialogue with institutional investors, we **gained a clearer understanding of the issues that are of particular interest to investors** and were able to **obtain specific feedback on our business operations and initiatives under our medium-term management plan**. In addition, investors pointed out that our strengths and key differentiators from competitors were not being communicated sufficiently, **providing us with valuable new insights into how we should approach our information disclosure**.
- ✓ The dialogue went beyond a simple review of financial figures and provided **specific feedback on the underlying background, intent, and investor perspectives**. In particular, discussions regarding the importance of profit/loss and balance sheet management, as well as the cost-effectiveness and sustainability of shareholder returns, **helped align our explanations with investors' key concerns, thereby clarifying the next areas for improvement and further discussion**.
- ✓ In some cases, institutional investors provided details regarding their **fund's investment policy, assets under management, key portfolio holdings, and investment criteria**. This helped us gain a **clearer understanding of investors' expectations of and assessments of our company, as well as the challenges we face and the areas where improvements are needed**.

(7) Examples of Dialogue That Felt Productive/Approaches to Improving Dialogue (Q5) (2/4)

It led to improvements to our mid- to long-term business and management strategies

- ✓ Through dialogue with investors **who follow our company on an ongoing basis**, we have been able to engage in substantive discussions **focused on our medium- to long-term growth and capital strategies**, including **initiatives to address management challenges** and **how to leverage our company's strengths in its future direction**.
- ✓ We find our dialogue with institutional investors who **have a deep understanding of our strengths and medium- to long-term growth strategy** to be particularly productive. **With an eye toward formulating our next medium-term management plan, these discussions often involve the sharing of expectations and perspectives regarding our business portfolio and capital policy, as well as examples from other companies.**
- ✓ By receiving questions on our medium- to long-term initiatives from institutional investors in advance, **we were able to engage in substantive discussions that went into considerable detail, and the feedback received from investors helped inform management's thinking regarding the formulation of the next medium-term management plan.**
- ✓ In our dialogue with institutional investors that invest with a long-term perspective, **we sometimes receive questions and comments grounded in a deep understanding not only of short-term financial performance, but also of the business's fundamental risks, competitive advantages, and potential for future growth.** Such dialogue **provides an opportunity not only to explain our thinking, but also to reassess our company's challenges and strengths from an investor's perspective.**
- ✓ Regarding our shareholder return policies, we have at times received feedback that, rather than simply increasing dividends, **the company should place greater emphasis on balancing dividend increases against returns to employees and reinvestment in capital expenditures and research and development.** We found these discussions highly valuable, as **they provided meaningful insights into enhancing corporate value over the medium to long term.**
- ✓ During our efforts to restructure the business through measures such as scaling down unprofitable operations, optimizing costs, and reviewing our governance framework, **we were able to engage in discussions from a medium- to long-term perspective, focusing not only on short-term financial performance fluctuations but also on the sustainability of earnings following the reforms and the growth potential of our business.** These discussions proved highly valuable, as **they helped us reconfirm our key challenges and provided useful insights for enhancing our disclosure narrative.**

(7) Examples of Dialogue That Felt Productive/Approaches to Improving Dialogue (Q5) (3/4)

Dialogue enabled understanding of investor expectations and led to further enhancements to initiatives and stronger relationships with investors

- ✓ In response to investor requests for **more transparent disclosure to help assess the merits of our investments, including M&A transactions**, we began **providing disclosures on the earnings contribution of acquired subsidiaries and the specific synergies expected from those acquisitions in our earnings presentation materials**. As a result, **we believe these efforts have promoted greater investor understanding and strengthened confidence in our track record of executing investments.**
- ✓ In response to investor requests for **enhanced disclosure on human capital**, we **took an initial step toward greater transparency, while recognizing that our disclosures remain a work in progress**. Through meetings with multiple investors, we were able to confirm that **these efforts have helped deepen investor understanding of the direction in which our company seeks to evolve.**
- ✓ By conducting meetings based on **objective materials prepared by institutional investors**, we were able to **foster more active discussions regarding our medium- to long-term management strategy**. In addition, **we were informed that voting decisions had been made in consideration of the contents of our dialogue, which leads us to believe that the engagement was effective.**
- ✓ Regarding **our efforts to reduce cross-shareholdings**, institutional investors shared **specific examples of best practices at other companies regarding the disclosure of reduction plans and related progress**. By **refining our disclosures with reference to these examples**, we believe we **improved shareholder understanding, which contributed to higher approval rates for management proposals at shareholder meetings.**
- ✓ Through initiatives such as the sale of cross-shareholdings and non-core real estate assets, **we made substantial progress in our capital optimization efforts**. In addition, **our president personally engaged with investors to directly explain both the company's commitment to these reforms and the progress made.** This enabled us to receive **a substantive assessment of our reform efforts based on their actual merits, rather than being judged solely against standardized voting guidelines, even from investors with quantitative voting criteria on ROE or cross-shareholdings that we did not meet.**
- ✓ **Having had specific external perspectives on improving capital efficiency** and **constructive suggestions for enhancing human capital disclosures** expressed by institutional investors, **we were able to feed these back to management as external expectations and requests**. This input helped **strengthen our medium-term management plan and enhance our disclosures, including our integrated report. As a result, institutional investors have developed a deeper understanding of our company, leading to an increase in requests for continued engagement and dialogue.**

(7) Examples of Dialogue That Felt Productive/Approaches to Improving Dialogue (Q5) (4/4)

Company Approaches to Ensuring Productive Dialogue

Make dialogue as "two-way" as possible

- ✓ By **setting aside time for us to ask institutional investors for their perspectives on our initiatives**, we were able to **gain valuable insights into investors' assessment of our company, as well as the challenges and issues they believe we should address.**
- ✓ Rather than merely responding to investors' questions, we strive to **deepen mutual understanding by proactively engaging investors in discussions about their investment approach, investment policies, investment style, and perspectives on our company.**
- ✓ Regarding the advice received from investors, **we make it a point to share with investors how the advice was discussed internally and how we are thinking about the next steps, so that they can see that their valuable input is contributing to concrete actions.** By doing so, **we seek to obtain further guidance on subsequent steps and foster a virtuous cycle in which the quality and depth of dialogue continue to evolve.**

Work on enabling investors' understanding of the company

- ✓ To facilitate discussions on more substantive topics, **we provide investors with our company materials in advance of meetings to help deepen their understanding of our business and growth strategy.**
- ✓ By establishing an **investor FAQ section on our website**, **we reduced the number of repetitive questions**, allowing meetings to focus on **more substantive discussions grounded in investors' existing understanding of our company**, which in turn **enhanced the quality of our engagement and dialogue.**
- ✓ To enhance the quality of our dialogue with investors, we **conduct a survey of investors prior to meetings to gather their feedback on our disclosure materials.**
- ✓ As our company operates in a highly specialized field, we have found that **making technical terminology more accessible through the use of relatable analogies and concrete examples is key to establishing a shared understanding with investors**. Accordingly, **we tailor the level of detail of our explanations to match each investor's knowledge and areas of interest.**

Engage sincerely with critical feedback from investors

- ✓ While we sometimes receive **critical feedback or negative assessments from investors**, we believe that **engaging sincerely with such views** helps **build long-term relationships of trust**. In addition, when discussing challenges and other potentially negative aspects of our business, we strive not to avoid these topics, but rather to explain candidly the background and our approach to addressing them.
- ✓ With respect to proposals and recommendations received from investors, **even when they are difficult to implement**, we avoid simply stating that they are not feasible or will simply be taken into consideration. Instead, **we carefully explain the rationale and underlying circumstances behind our position**, and **engage in ongoing discussions with investors regarding alternative approaches and perspectives to foster a deeper mutual understanding.**

(8) Reasons Companies Found Dialogue Unproductive (Q8)

◆ Respondents often felt that dialogue was unproductive because a) **discussions were overly focused on short-term results, such as earnings and shareholder returns**; b) **dialogue took place without an adequate analysis and understanding of the company and industry**; and c) **it was limited to one-sided statements and routine questions and did not lead to constructive discussions**.

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

Lack of Insights/Observations	14%	Dialogue did not lead to a better understanding of investors' key evaluation criteria and areas of interest.
	17%	The company did not gain objective perspectives and information unique to investors, such as industry trends and peer comparisons.
	15%	The company did not obtain useful insights and advice regarding management policies, such as business strategies and capital policy.
Challenges Related to Quality/Process of Dialogue	33%	Dialogue took place without an adequate analysis and understanding of our company and the industry.
	27%	Dialogue was limited to one-sided statements and routine questions and did not lead to constructive discussions.
	41%	Discussions overly focused on short-term results, such as earnings and shareholder returns.
Lack of Results From Dialogue	13%	Dialogue did not lead to the development of ongoing dialogue.
	12%	Dialogue did not lead to enhanced understanding and evaluation of our company by investors.
	11%	Dialogue did not lead to the improvement of our company's management or disclosures.
	9%	Voting decisions are determined in a rigid manner and based on standardized criteria, making it difficult to perceive the significance of dialogue.
Other	4%	Other

(9) Cross-Analysis of Satisfaction With Dialogue and Reasons Companies Found Dialogue Unproductive (Q3/Q8)

- Compared with companies that felt dialogue was productive, **those that felt dialogue was unproductive often selected "limited to one-sided statements and routine questions and did not lead to constructive discussions," "did not obtain useful insights and advice regarding management policies, such as business strategies and capital policy," and "discussions overly focused on short-term results, such as earnings and shareholder returns."**

⇒This suggests that these aspects **may be contributing to decreased satisfaction with the dialogue**.

Rates of Selection of Each Reason for Unproductiveness by Whether Dialogue was Productive (Cross-Analysis of Q3 and Q8)

Reasons Companies Found Dialogue Unproductive (Q8)		Whether Dialogue Was Productive (Q3): Selection rate when dialogue was "productive" (a) (n=514)	Selection rate when dialogue was "neither" (b) (n=127)	Selection rate when dialogue was "unproductive" (c) (n=41)	Difference in selection rate between "unproductive" and "productive" (c – a)
Lack of Insights/Observations	Dialogue did not lead to a better understanding of investors' key evaluation criteria and areas of interest.	15%	9%	17%	+2pt
	The company did not gain objective perspectives and information unique to investors, such as industry trends and peer comparisons.	16%	17%	24%	+8pt
	The company did not obtain useful insights and advice regarding management policies, such as business strategies and capital policy.	15%	13%	24%	**+10pt**
Challenges Related to Quality/Process of Dialogue	Dialogue took place without an adequate analysis and understanding of our company and the industry.	36%	23%	20%	-16pt
	Dialogue was limited to one-sided statements and routine questions and did not lead to constructive discussions.	27%	21%	39%	**+12pt**
	Discussions overly focused on short-term results, such as earnings and shareholder returns.	44%	26%	54%	**+9pt**
Lack of Results From Dialogue	Dialogue did not lead to the development of ongoing dialogue.	12%	15%	20%	+7pt
	Dialogue did not lead to enhanced understanding and evaluation of our company by investors.	13%	6%	17%	+4pt
	Dialogue did not lead to the improvement of our company's management or disclosures.	11%	13%	15%	+4pt
	Voting decisions are determined in a rigid manner and based on standardized criteria, making it difficult to perceive the significance of dialogue.	11%	4%	0%	-11pt

(10) Examples of Dialogue That Felt Unproductive/Challenges Facing Your Company (Q9) (1/3)

Q9. Please state specific anecdotes in which you consider dialogue with institutional investors to have been unproductive, as well as challenges or concerns your company faces in achieving meaningful dialogue. (Free text input)

Examples of dialogue that felt unproductive

Superficial dialogue resulting from an insufficient understanding of the company and industry

- ✓ There are cases where interviews take place **without the investor having reviewed public information** such as securities reports, financial results presentations, and medium-term management plans **in advance, and with insufficient analysis of the company itself**, resulting in the discussion being **limited to confirming information already explained in public disclosures**.
- ✓ **There were times when discussions proceeded without a sufficient shared understanding of our company's business structure and revenue model,** resulting in a **mismatch between the points we wanted to convey and the investor's areas of interest and understanding,** which made it **difficult to deepen the dialogue**.
- ✓ In some cases, **the evaluation is limited to assessing compliance with voting guidelines, failing to lead to substantive discussions that take into account the company's unique business environment and specific circumstances.** The focus is primarily on determining whether the company meets or does not meet the criteria**, leaving a strong impression that the process amounts to a one-sided judgment rather than a genuine dialogue.**
- ✓ This is particularly common in dialogue with **passive institutional investors**, where **discussions do not always take sufficient account of a company's business characteristics, initiatives, and actual circumstances.** For example**, interactions may sometimes feel like one-sided notifications of investors' proxy voting policies or textbook-style prescriptions of ideal management practices. In some cases, companies are also strongly pressed to commit to achieving certain targets without sufficient consideration of their feasibility.**

Lack of two-way communication due to one-sided, checklist dialogue

- ✓ **We are unilaterally asked questions about short-term performance and specific figures,** but there are **no recommendations to management regarding business policies or other matters.** Furthermore, **there are times when no time is set aside for our company to ask questions of the investors.**
- ✓ In discussions with some institutional investors, **the conversation sometimes proceeds unilaterally along the lines of the narrative or proposals prepared by the other party, and does not lead to an exchange of views that fully takes into account our company's medium- to long-term management strategy and efforts to strengthen corporate governance.**
- ✓ **Dialogue with investors who reject a company's views, strategies, and policies and make extreme demands that disregard feasibility and legal compliance, or who persist in asserting only their perspective** tends to feel unproductive.
- ✓ **Since questions regarding the requirements of the Stewardship Code are often posed in the form of a checklist, I sometimes feel that they do not lend themselves to recommendations that contribute to management.** Furthermore, **regarding KPIs, there are many check-box type questions, such as whether they have been set and what the target rate is,** rather than questions about how they are actually being utilized in management**.**

(10) Examples of Dialogue That Felt Unproductive/Challenges Facing Your Company (Q9) (2/3)

Over-emphasis on the short-term such as current performance and shareholder returns

- ✓ **Discussions sometimes focus too heavily on short-term business performance, stock price trends, and shareholder returns, while insufficient attention is paid to enhancing corporate value over the medium- to long-term.** Since our company operates multiple businesses, each with its own characteristics and payback periods, **we believe it is important to approach these discussions not only from the perspective of a single fiscal year's performance and metrics, but also from the perspective of transforming our overall business portfolio and creating value over the medium- to long-term.**

- ✓ **There are cases where the questioning focuses entirely on short-term earnings trends, or where the company is pressured to disclose undisclosed future projections and other information that cannot be answered under the Fair Disclosure Rules.**

- ✓ There were cases where investors had a short-term perspective**, focusing solely on current earnings and shareholder returns, and exercised their voting rights without evaluating the measures the company had implemented in response to these discussions**.

- ✓ **Since the focus is often primarily on confirming short-term business performance trends, there are often few follow-up questions or evaluations regarding the company's responses, making it difficult to engage in a two-way dialogue that yields new insights or perspectives.**

- ✓ There was a case where **the discussion focused entirely on industry analysis and comparisons with competitors, with almost no interest shown in our company's management policies or initiatives; I got the impression that the meeting was conducted primarily to gather information for investment decisions regarding our competitors**.

- ✓ **During meetings with hedge funds in particular, questions tend to focus on current performance, such as quarterly progress and factors that could cause deviations from future plans**, which makes it difficult to see the value in these discussions. However, given our company's market capitalization and liquidity, **we do recognize the importance of hedge funds that engage in relatively short-term trading.**

Information from the investor side (evaluation criteria, status of their holdings of the company's stock, etc.) is unclear, making it difficult to have productive dialogue

- ✓ During dialogue**, if an investor's investment criteria or evaluation standards are unclear, it becomes difficult to determine the key points the company should highlight to the investor or to adjust the level of detail in the company's explanations.** As a result, **this does not lead to improved understanding or a more favorable evaluation from the investor**.

- ✓ In some dialogue, discussions may **be limited to confirming short-term performance and verifying facts, without leading to a sufficient exchange of views regarding investors' evaluation criteria, whether they hold the company's stock, or their expectations for the company. This makes it difficult to identify the company's strengths and areas for improvement, as well as the issues that investors prioritize**, and thus prevents the dialogue from realizing its full potential.

- ✓ We often receive **detailed questions and comments, particularly regarding non-financial information.** However**, if the companies do not share how these points are actually reflected in investment decisions or corporate valuation, it is difficult for us to determine from which perspectives we should further the discussion**.

Challenges or concerns your company faces in achieving meaningful dialogue

Expanding disclosure and strengthening communication

- ✓ To ensure that discussions do not focus solely on short-term performance or shareholder returns, **we feel it is necessary to provide explanations that emphasize a medium- to long-term perspective even within limited opportunities for dialogue, while also devising ways to provide information tailored to investors' interests and level of understanding.**
- ✓ **It is important to clarify, to the extent possible, the medium- to long-term vision for the portfolio and the capital allocation policy, and to actively work toward fostering more constructive dialogue that goes beyond discussions focused solely on short-term performance.**
- ✓ We recognize the importance of **further enhancing the quality of our dialogue by communicating our growth strategies and business strengths in a more detailed and easy-to-understand manner.**

Improving transparency from investors

- ✓ **One challenge is that we do not fully understand the metrics and evaluation criteria sought by investors, as well as their investment decision-making standards.**
- ✓ We feel that a key challenge is that, **during our discussions, we have not been able to fully exchange views on investors' evaluation criteria, investment decision-making standards, and expectations for our company**. As a result, **we are unable to identify the points and criteria that investors prioritize,** making it difficult to pinpoint the areas where our company needs improvement.

Strengthening IR frameworks

- ✓ To foster meaningful dialogue, **it is necessary to enhance the disclosure of information that is of high interest to investors,** such as segment-level revenue and numerical targets. To achieve this, key challenges include **establishing an information management system and ensuring that an understanding of investor needs is thoroughly instilled throughout the company.**
- ✓ We recognize the need to continue **enhancing our presentation materials, organizing information before and after meetings, and sharing key points internally** in order to communicate our business activities and medium- to long-term strategies more clearly to investors.

(11) Productive/Unproductive Dialogue by Investor Type (Q6/Q10)

- **Most respondents deemed dialogues with long-only institutional investors (active management) and passive institutional investors (index management, etc.), to be productive.**
- **In the case of hedge funds,** although some companies responded “productive,” **a greater number responded “unproductive.”**
- **For domestic activist investors,** the number who responded “productive” and “unproductive” was **roughly the same**, while in the case of **overseas activist investors**, **the number who responded “unproductive” was slightly higher**.

Q6/Q9: What are the attributes of institutional investors with whom you have often had meaningful dialogue?

		Productive	Unproductive	Difference (productive - unproductive)
Domestic	Long-only institutional investors (active management)	439	53	+386
	Passive institutional investors (index management, etc.)	156	46	+110
	Hedge funds	135	166	-31
	Activist investors	32	30	+2
Overseas	Long-only institutional investors (active management)	283	25	+258
	Passive institutional investors (index management, etc.)	46	9	+37
	Hedge funds	112	161	-49
	Activist investors	23	40	-17
Other	Other (Sell-side analysts, proxy voting firms, unspecified type, etc.)	24	16	+8

(12) Cross-Analysis of the Reasons Companies Found Dialogue Productive by Investor Type (Q4/Q6)

◆ **Long-only institutional investors (active management), both domestic and overseas, were highly rated in terms of output, process, and outcome.**

Rates of Selection of Each Reason Companies Found Dialogue Productive by Investor Type (Cross-Analysis of Q4 and Q6)

Figures in the chart below: The rate of selection for each reason for finding dialogue productive among companies that found dialogue with the specified investor type productive, minus the rate of selection among companies that did not find dialogue with that investor type productive
⇒ **Provides insight into why companies perceive dialogue with the specified investor type as productive.**

Investor Types With Which Dialogue was Found Productive

Reasons Companies Found Dialogue Productive		Domestic Institutional Investors				Overseas Institutional Investors			
		Long-only institutional investors (active management)	Passive institutional investors (index management, etc.)	Hedge funds	Activist investors	Long-only institutional investors (active management)	Passive institutional investors (index management, etc.)	Hedge funds	Activist investors
Insights/ Understanding Attained (Input)	The company was able to clearly identify its challenges, gaps in perception, and investors' evaluation criteria.	+34pt	+12pt	+14pt	+14pt	+26pt	+8pt	+12pt	+26pt
	The company was able to gain objective perspectives unique to investors, such as industry trends and peer comparisons.	+30pt	+7pt	+16pt	+13pt	+26pt	+15pt	+21pt	+24pt
	The company was able to obtain useful insights and advice regarding management policies, such as business strategies and capital policies.	+36pt	+18pt	+15pt	+6pt	+36pt	+15pt	+29pt	+21pt
Quality/Process of Dialogue	The discussion was conducted based on a thorough analysis and understanding of our company and the industry.	+24pt	+11pt	+16pt	+5pt	+29pt	+21pt	+22pt	+15pt
	We were able to engage in constructive, two-way discussions (mutual exchange of opinions)	+30pt	+11pt	+17pt	+18pt	+31pt	+25pt	+28pt	+31pt
	We were able to have discussions from a medium- to long-term perspective and address fundamental topics	+32pt	+11pt	+3pt	+13pt	+39pt	+18pt	+22pt	+24pt
Results of Dialogue (Outcome)	Dialogue led to enhanced understanding and evaluation by investors and the development of ongoing dialogue.	+34pt	+22pt	+22pt	+11pt	+33pt	+23pt	+25pt	+22pt
	The company was able to improve the content of information disclosure and investor presentations.	+29pt	+19pt	+14pt	+5pt	+24pt	+29pt	+17pt	+14pt
	Dialogue led to the review and improvement of management initiatives (strategy, capital allocation, etc.)	+23pt	+14pt	+16pt	+18pt	+30pt	+19pt	+23pt	+23pt

(13) Cross-Analysis of the Reasons Companies Found Dialogue Unproductive by Investor Type (Q8/Q10)

- Among companies that viewed dialogue with **hedge funds and activist investors as unproductive**, many cite the **quality and process of the dialogue as the reason.**
- Among companies that view dialogue with **passive institutional investors as unproductive,** many cite the following reasons: **"dialogue took place without an adequate analysis and understanding of our company and the industry," and "voting decisions are determined in a rigid manner and based on standardized criteria, making it difficult to perceive the significance of dialogue."**

Rates of Selection for Each Reason Companies Found Dialogue Unproductive by Investor Type (Cross Analysis of Q8 and Q10)

Figures in the chart below: The rate of selection for each reason for finding dialogue unproductive among companies that found dialogue with the specified investor type unproductive, minus the rate of selection among companies that did not find dialogue with that investor type unproductive
⇒ **Provides insight into why companies perceive dialogue with the specified investor type as unproductive.**

Investor Types With Which Dialogue was Found Unproductive

Reasons Companies Found Dialogue Unproductive		Domestic Institutional Investors: Long-only institutional investors (active management)	Domestic: Passive institutional investors (index management, etc.)	Domestic: Hedge funds	Domestic: Activist investors	Overseas Institutional Investors: Long-only institutional investors (active management)	Overseas: Passive institutional investors (index management, etc.)	Overseas: Hedge funds	Overseas: Activist investors
Lack of Insights/Observations	Dialogue did not lead to a better understanding of investors' key evaluation criteria and areas of interest.	+16pt	+11pt	+13pt	**+20pt**	+15pt	**+20pt**	+10pt	**+30pt**
	The company did not gain objective perspectives and information unique to investors, such as industry trends and peer comparisons.	**+25pt**	+12pt	+19pt	+17pt	+16pt	+17pt	+11pt	**+25pt**
	The company did not obtain useful insights and advice regarding management policies, such as business strategies and capital policy.	+17pt	+17pt	**+20pt**	+2pt	+14pt	**+30pt**	+19pt	+13pt
Challenges Related to Quality/Process of Dialogue	Dialogue took place without an adequate analysis and understanding of our company and the industry.	**+20pt**	**+28pt**	**+25pt**	+11pt	**+28pt**	**+57pt**	**+27pt**	**+32pt**
	Dialogue was limited to one-sided statements and routine questions and did not lead to constructive discussions.	+18pt	+4pt	**+27pt**	**+35pt**	+18pt	**+29pt**	**+21pt**	**+30pt**
	Discussions overly focused on short-term results, such as earnings and shareholder returns.	-2pt	+12pt	**+43pt**	**+37pt**	+3pt	+3pt	**+49pt**	**+38pt**
Lack of Results From Dialogue	Dialogue did not lead to the development of ongoing dialogue.	+16pt	+2pt	+9pt	+7pt	+15pt	**+20pt**	+9pt	+12pt
	Dialogue did not lead to enhanced understanding and evaluation of our company by investors.	**+20pt**	+9pt	+13pt	+5pt	+9pt	**+33pt**	+8pt	+17pt
	Dialogue did not lead to the improvement of our company's management or disclosures.	+12pt	-0pt	+16pt	+2pt	+5pt	+11pt	+15pt	+7pt
	Voting decisions are determined in a rigid manner and based on standardized criteria, making it difficult to perceive the significance of dialogue.	+3pt	**+26pt**	+4pt	+12pt	-1pt	**+25pt**	+7pt	+17pt

(14) Institutional Investors With Whom Dialogue Was Productive (Q7) (1/2)

Q7. What are the names of institutional investors with whom you have had meaningful dialogue? (Free text input)

(Note) Respondents that answered “unproductive dialogue” in Q11 were subtracted from the total.

Institutional investors named by 10 or more companies (in Japanese alphabetical order. The highest number was 47)

Asset Management One	Mitsubishi UFJ Trust and Banking
Amova Asset Management	Mitsubishi UFJ Asset Management
Daiwa Asset Management	BlackRock
Nissay Asset Management	Capital Group
Nippon Life Insurance Company	Fidelity
Nomura Asset Management	Lazard Asset Management
Sumitomo Mitsui DS Asset Management	Schroder Investment Management
Sumitomo Mitsui Trust Asset Management	

Institutional investors named by three to nine companies (in Japanese alphabetical order)

Ichiyoshi Research Institute	AGB Capital
Invesco Asset Management	Amundi
Cadira Capital Management	Arcus Investment
Goldman Sachs Asset Management	Baillie Gifford
Commons Asset Management	Indus Capital Partners
Simplex Asset Management	JP Morgan Asset Management
SPARX Asset Management	M&G Investment Management
Tokai Tokyo Intelligence Laboratory	Marathon Asset Management
Tokio Marine Asset Management	Millennium Capital Management
TriVista Capital	Neuberger Berman
Bayview Asset Management	PALM Investment Management
Mizuho Securities	PineBridge Investments
Meiji Yasuda Asset Management	Polymer Capital Management
United Managers Japan	SBI Securities
Resona Asset Management	Taiyo Pacific Partners
Rheos Capital Works	Wellington Management

(Companies that were named in responses but are not institutional investors are also included.)

(14) Institutional Investors With Whom Dialogue Was Productive (Q7) (2/2)

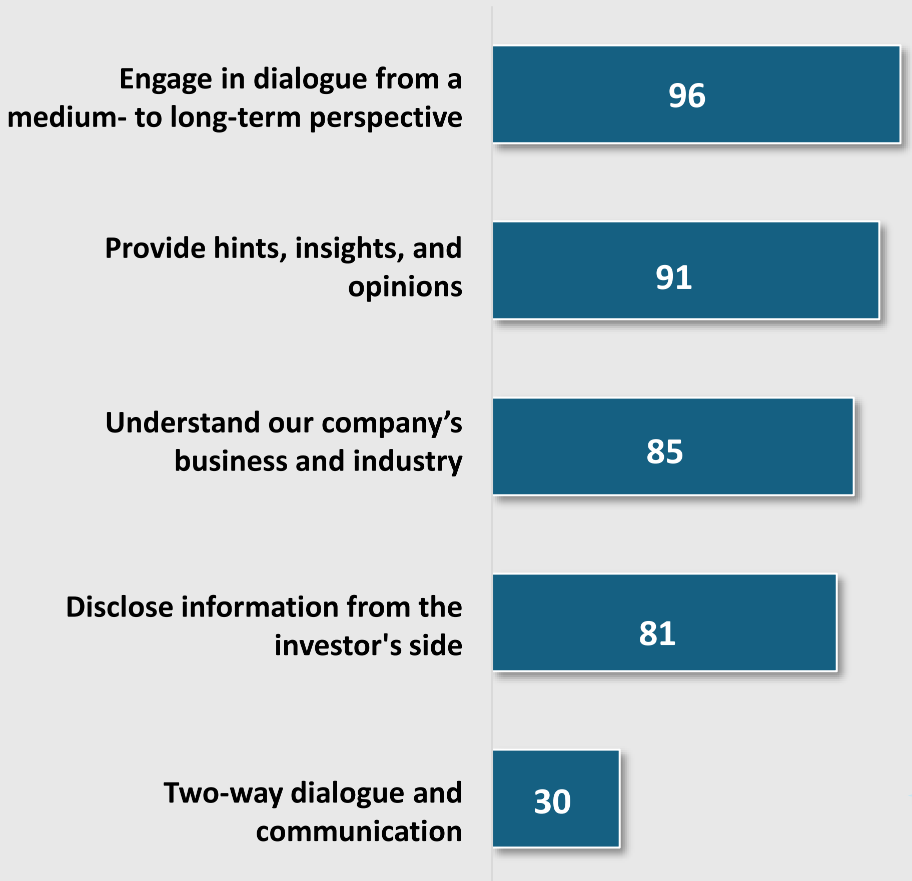
Institutional investors named by one to two Companies (in Japanese alphabetical order)		
Aizawa Securities	3D Hibiki Path Aoba Strategy	LIM Advisors
Aozora Bank	Allianz Global Investors	Long Corridor Asset Management
Ariake Capital	Alpha Japan LO am	Mackenzie Investments
Ichiyoshi Asset Management	Anker Capital Management	Manulife Investment Management
Integral	Bain Capital	MFS Investment Management
Investment Lab	Blue Swell Asset Management	Miri Capital Management
Epic Advisors	BofA Securities	MOON CAPITAL MANAGEMENT
Japan Catalyst	Brandes Investment Partners	Morant Wright Management
Kamakura Investment Management	Carlyle	Newton Investment Management
Camphora Capital	Columbia Management Investment Advisers	Nezu Asia Capital
Institutional Investors Collective Engagement Forum	Cornwall Capital	Norges Bank Investment Management
Global Capital Management	Crossover Impact Fund	Old Peak Group
Koganei Capital	Dimensional Fund Advisors	Pictet Asset Management
Sawakami Asset Management	DUAL BRIDGE CAPITAL	Pinpoint Asset Management
Citigroup Global Markets Japan	Eastspring Investments	Polar Capital
SeitaCapital	Edwall Management	Robeco Institutional Asset Management
Daiichi Life Insurance	Effissimo Capital Management	Sengu Capital
Taiju Life Insurance	Eurizon Capital	Senjin Capital
Daiwa Securities	Finepoint Capital	SMBC Nikko Securities
Chibagin Asset Management	Fundnote	SOMPO Asset Management
Chibagin Capital	Glass Lewis	Starfort Capital
Tokyo Marine & Nichido Fire Insurance	GLG Partners	Statera Capital
Nakano Asset Management	Global Asset Management	Symphony Financial Partners
Next Partners	GMO	T. Rowe Price
The Norinchukin Bank	Gordian Capital	Theoria Capital Management Pte Ltd
Nomura Securities	Harris Associates	UBP Investments
Fivestar Asset Management	Heights Capital Management	UBS Securities
Fukoku Mutual Life Insurance	Highclere International Investors	Union Investment
Mercuria Investment	ISC Advisors	Vanguard
Misaki Capital	Janus Henderson Investors	Wealth and Investment Management (W1M)
Mizuho Bank	Jefferies	Will Field Family Office
SMBC Trust Bank	Jin Investment Management	YorkLion
MUFG Bank	KBI Global Investors	Zennor Asset Management
Mitsubishi UFJ Morgan Stanley Securities	Kikaku Management	ZYG
Meiji Yasuda Life Insurance	Lepercq Group	

(Companies that were named in responses but are not institutional investors are also included.)

(15) Expectations and Requests for Institutional Investors (Q12): Outline

◆ Regarding expectations and requests for institutional investors, **in addition to calls for dialogue from a medium- to long-term perspective and for investors to provide insights and expertise unique to their role**, there were many requests for a **deeper understanding of the company's business and industry, as well as for greater disclosure of information on the part of investors**.

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



- ✓ Engage in discussions that go beyond short-term performance and shareholder returns to cover medium- to long-term business and growth strategies

- ✓ Provide objective prospectives unique to investors
- ✓ Provide candid feedback on companies' disclosures and initiatives

- ✓ Gain a deeper understanding of each company before the dialogue
- ✓ Engage in dialogue based on companies' business environment and industry dynamics

- ✓ Provide information on shareholdings in the company
- ✓ Share evaluation criteria, investment decision-making standards, and the purpose of the meeting

- ✓ Set aside time for companies to provide explanations, share opinions, and ask questions
- ✓ Provide candid feedback to executives as well

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (1/6)

Engage in dialogue from a medium- to long-term perspective: 96 companies

We would like you to discuss and evaluate not only short-term performance and shareholder returns, but also medium- to long-term growth strategies, business strategies, and other factors.

- ✓ Given the nature of our business, short-term fluctuations in performance are inevitable. **Rather than focusing too much on the performance fluctuations of the current quarter,** we look forward to **constructive discussions based on our plans to enhance corporate value, including our medium- to long-term growth and business strategies, over the next five to ten years**.
- ✓ We would like to hear **questions and opinions not only regarding short-term performance and shareholder returns, but also from the perspective of evaluating our medium- to long-term growth potential, market size, management policies, and management structure**.
- ✓ When discussions focus primarily on non-public information, which can only be addressed to a limited extent, or on questions specific to short-term performance, **it can be difficult to engage in substantive discussions aimed at enhancing corporate value. We believe the ideal scenario is to build a win-win relationship by deepening discussions on topics such as medium- to long-term management strategies, capital allocation, and the direction of the business portfolio, with both the company and investors contributing their insights**.
- ✓ Rather than basing discussions and evaluations solely on metrics such as ROE and PBR, **we hope that investors will conduct a comprehensive evaluation to enhance corporate value over the medium- to long-term**, one that takes into account **factors such as business strategy, capital allocation, research and development, human capital, and sustainability**.
- ✓ **With regard to projects of significant public interest,** we expect **constructive dialogue based not only on short-term capital efficiency but also on the ability to generate stable cash flow over the medium to long term and on evaluation criteria tailored to the specific characteristics of the project.**
- ✓ **Since it takes a certain amount of time for the results of our research and development and capital investments to materialize,** we ask that **investors evaluate our company from a long-term perspective, taking into account the nature of our business, rather than focusing solely on short-term performance.**

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (2/6)

Provide hints, insights, and opinions: 91 companies

We would like you to share your insights as an investor and how we compare to other companies

- ✓ To gain an objective understanding of our company's strengths and issues, **we would like to hear your opinion about us in comparison to other companies and based on other company examples.**
- ✓ We would greatly appreciate your **insights on how our company is perceived by the market**, based on your unique perspective gained from **research and analysis of a wide range of companies and industries.**
- ✓ As company strengths and issues are not always easy to identify internally, **we would like your objective opinion in your capacity as a market participant.**
- ✓ **We would like to hear from an investor perspective what you rate highly about other companies,** so that we can apply this to future strategies and improving disclosures.
- ✓ After establishing a shared understanding of corporate value enhancement and investment allocation, we would like to be able to **discuss future strategies based on the company's current position, drawing on best practices from other companies, examples of governance improvements, capital policy initiatives, and IR disclosure practices.**

We would like your honest opinion on our company initiatives and disclosures, including any negative points

- ✓ To further improve our growth strategy and capital policy, we would like you to **point out honestly not only our strengths** regarding our initiatives and disclosures, **but also any issues or areas for improvement.**
- ✓ To bridge the gap between company perception and investor evaluation, **we ask that you freely share any points you find unconvincing or any concerns you may have.**
- ✓ To understand how our disclosure materials and explanations are being received by investors, and use this to enhance our disclosures and dialogue, **please let us know exactly what points are difficult to understand or where explanations are insufficient.**
- ✓ Regarding discussions on capital policy and sustainability, **we hope to receive not only a check-box review of figures and initiatives, but also specific feedback and recommendations from an investor's perspective**.

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (3/6)

Understand our company's business and industry: 85 companies

We would like you to deepen your understanding of our company before meetings

- ✓ **To ensure that limited meeting time is spent discussing more substantive issues** rather than just reviewing publicly available information, **we ask that you familiarize yourself with our Annual Securities Report, financial results materials, and other disclosed information beforehand.**
- ✓ If you have no interest in our business or company, starting the conversation with a company overview will likely result in a formulaic exchange that offers little benefit to either party. Therefore, **we ask that you at least review our business overview or our most recent financial results before coming to the interview.**
- ✓ **It often happens that during the first meeting especially, participants do not fully understand our company's initiatives**, so time is lost on explanations. **We would like you to come to the meeting with a basic understanding of our company's initiatives.**
- ✓ **Depending on a company's growth stage**, the priorities for capital expenditures, R&D investments, M&A investments, and **shareholder returns will vary**. **If shareholders demand one-off measures such as shareholder returns without understanding the company's growth stage, the company will not be able to accept such demands, and meaningful dialogue based on a shared perspective will not be possible.** Therefore, in order to assess which growth stage the company is in, we ask that you **approach the meeting with a clear understanding of the overall business landscape and the growth stages of individual businesses**.

We would like you enter dialogue having considered our company's business environment and industry characteristics

- ✓ Even among manufacturing companies like us, the nature of our business, market environment, and sources of competitive advantage vary significantly by industry. We hope you will engage in dialogue with us **based on a thorough understanding of each company's business environment, mid- to long-term strategies, technological capabilities, customer base, and initiatives for human resource development, rather than just relying on general indicators or simple comparisons with other companies**.
- ✓ **We expect discussions that go beyond general principles and checklist-style topics** to delve into the company's business structure, strategy, and medium- to long-term value creation, taking into account the unique characteristics of our business.
- ✓ **When making decisions regarding exercising voting rights**, rather than just judging automatically based on whether or not a company meets uniform criteria, **we ask that you make judgments and engage in dialogue from key perspectives based on each company's business characteristics and specific circumstances**.

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (4/6)

Disclose information from the investors' side: 81 companies

We would like you to share information on investor evaluation and investment criteria, and the purpose of meetings

- ✓ If you could **share as much detail as possible on the criteria (such as investment time horizon and key indicators)** that investors prioritize when evaluating companies to make investment decisions, it would **make it easier to tailor presentation details for meetings and help foster mutual understanding.**
- ✓ To help our company improve its information disclosure and management decision-making, **we would like you to share specific perspectives and key considerations not only regarding financial information but also regarding evaluation criteria related to non-financial information—such as the cost of capital, capital efficiency, ESG, and human capital.**
- ✓ To make the most of our limited time, we ask that you **clearly state your investment stance (philosophy and perspective) and what you are looking for from our company through this meeting, as well as the key points you wish to focus on.**
- ✓ **If you could let us know the purpose of meetings in advance (whether it be to check business performance or for mid- to long-term engagement)**, the company would be able to select appropriate attendees and prepare accordingly, **for a more fruitful meeting experience for both parties.**

We would like information on ownership of our company's shares

- ✓ If you could share details such as **why you newly acquired our company's shares**, the **background behind changes in your shareholding ratio**, or **factors affecting why you sold shares**, we would be able to gain a deeper understanding of how the capital markets view our company.
- ✓ **We request that investors provide information regarding their stock holdings** to the extent possible**—whether they are a current shareholder or are considering an investment, as well as how long they have held the shares and how this has changed over time—**as this will help us **understand their investment time horizon, investment strategy, continuity with past discussions, and the context behind their opinions and proposals.**
- ✓ When preparing for a meeting, so that we can tailor our presentation to your areas of interest and investment perspective and ensure an efficient and high-quality dialogue, **please share, to the extent possible, information such as whether you hold shares in the company, your investment strategy, and the characteristics of your portfolio of holdings and investees.**
- ✓ To facilitate more productive dialogue, we **hope for your cooperation in areas such as investigations to identify beneficial shareholders.**

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (5/6)

Two-way dialogue and communication: 30 companies

We would like you to set aside time for the company to give explanations/opinions and ask questions so dialogue is not just one-sided

- ✓ We believe it would be beneficial if, in addition to questions from investors to issuers, **more time was set aside for issuers to ask about investor perspectives and expectations.**
- ✓ Initial meetings sometimes begin with Q&A-style dialogue, but **we cannot always provide the answers investors want because we do not fully understand the questions or their intent.** To ensure more productive and sustained dialogue, **we would appreciate for time to be set aside during the meeting for investors to give a company overview and explain initiatives.**
- ✓ Even when we provide answers to questions, **there is often little reaction to those answers or follow-up questions, leaving us unsure of how our company's responses and statements are being received**. We believe **that true "dialogue" is not a Q&A-style interview format, but rather a process of deepening mutual understanding between the company and investors and aligning their perspectives through in-depth exploration of answers and two-way discussion.**

We would like candid feedback about our management

- ✓ We would like you to feel free to **raise any questions or concerns you may have with management.** This provides more insightful feedback than meeting feedback received through IR representatives.
- ✓ If, during dialogue, you find an explanation by our management is not fully convincing, we would like you to engage in further discussion rather than just moving on to the next topic.
- ✓ Even if it's harsh criticism, we ask that investors provide **messages to our executives** during the meeting.

(15) Expectations and Requests for Institutional Investors (Q12): Specific Responses (6/6)

Other

- ✓ We feel that **holding regular IR meetings,** rather than just a one-off meeting, would lead to **more productive dialogue.**
- ✓ **Sometimes we get multiple meeting requests from different funds or roles within one institutional investment firm.** We would be grateful if you could take into consideration listed company workload and look at improving efficiency by **establishing ways to combine meetings and share information internally.**
- ✓ If there are any points of concern, rather than scheduling a meeting to get answers, **if we could build a relationship where you feel free to ask questions via email or other means**, we believe this would **ensure a timely response** and **reduce the burden for both parties.**
- ✓ Requests for meetings from investors may sometimes be intended not to explore investment in the company, **but rather to gather industry and related information necessary for making investment decisions regarding other companies. In such cases where the purpose is research, we encourage you to actively utilize group meetings and IR events,** rather than limiting yourselves to one-on-one meetings.
- ✓ Some investors focused on short-term profit-seeking may cite seemingly legitimate arguments such as “enhancing shareholder value” or “protecting the interests of minority shareholders,” while **interpreting laws, regulations, and codes in a selective and arbitrary manner**. In reality, with the aim of maximizing their own short-term profits, they may **press companies to meet one-sided demands that are difficult to fulfill**. Such short-term profit-seeking can significantly hinder efforts to enhance corporate value over the medium to long term. To promote constructive dialogue between companies and investors, **we expect institutional investors not to support extreme and short-term investment behavior**.

(16) Expectations of the Exchange (Q13): Summary

◆ Regarding expectations of and requests to the exchange, **there were many calls in particular for knowledge sharing through case studies and seminars. In addition, there were numerous requests for help building networks with investors and other companies, support for disclosure, administration, and dialogue, and calls for the promotion of effective dialogue**.

Q13. Please describe any initiatives you would like to see the exchange undertake to foster more productive dialogue.
(Free text input)

- ✓ Continue providing company case studies
- ✓ Hold regular seminars

- ✓ Help building networks with investors and provide matchmaking support
- ✓ Help building networks with other companies

- ✓ Provide guidelines for disclosure and dialogue
- ✓ Reduce administrative burden

- ✓ Approach investors to promote effective dialogue

- ✓ Establish mechanisms and rule frameworks to facilitate productive dialogue with investors

(16) Expectations of the Exchange (Q13): Specific Responses (1/5)

Sharing case studies and knowledge: 90 companies

We would like you to continue providing company case studies

- ✓ We believe compiling **case studies of other companies** regarding cost of capital, capital efficiency and enhancing corporate value will lead to better disclosure and reporting by companies, **contributing to the development of a common language for dialogue.**
- ✓ Rather than just good practices, **we would like you to actively provide examples of less-than-ideal practices with reasons why they are not ideal.**
- ✓ In putting “Management That is Conscious of Cost of Capital and Stock Price” into practice, we would like to see **not only standard models for large corporations but also best practices for Growth Market companies that prioritize growth investments and for small- and mid-cap stocks.**
- ✓ **As a reference, we would like examples of good practices for meeting with investors**, including approaches, how to interact with investors, and examples of questions for companies to investors.
- ✓ We would like you to **share good practices for engagement that contribute to enhancing corporate value over the mid- to long-term,** and **examples of initiatives to improve quality of dialogue.**

We would like you to hold regular seminars

- ✓ We would be grateful for regular **opportunities to learn about other companies’ specific initiatives** through seminars and other events.
- ✓ We would like you to hold regular **seminars to gain insights from institutional investors,** as there is little chance to meet with them.
- ✓ We would like you to **continue holding seminars and study groups for executives and IR personnel.**
- ✓ Please hold a seminar **on improving engagement between companies and investors.**
- ✓ We would like to request seminar-style presentations covering questions such as: **"From what perspectives do medium- to long-term investors evaluate companies, and what kind of disclosures do they seek?" "What are some examples of good disclosure practices from the investors’ perspective?"** and **"What are some examples of successful constructive dialogue?"**

(16) Expectations of the Exchange (Q13): Specific Responses (2/5)

Help building networks with investors and other companies, and matchmaking support: 68 companies

We would like you to help building networks with investors and provide matchmaking support

- ✓ As well as Japanese institutional investors, we are hoping for **events that enable us to meet with overseas institutional investors too.**
- ✓ We are hoping for **matchmaking opportunities and jointly-hosted IR events** that help **small- and mid-cap companies** build networks with more **institutional investors with mid- to long-term perspectives.**
- ✓ We would definitely participate if there were **opportunities for company and investor interaction according to sector or company size.**
- ✓ We would like more **information sessions and matchmaking opportunities to introduce corporate initiatives to investors.**
- ✓ We would like you to **create opportunities for companies to approach institutional investors directly.**
- ✓ **Through dialogue with institutional investors in the form of seminars** with one institutional investor and several listed companies, we can learn a lot through questions raised by other companies' IR personnel, so we would like you to **regularly hold** such events.

We would like you to help building networks with other companies

- ✓ We are hoping for regular **opportunities for operational staff to exchange honest opinions with each other.**
- ✓ As such opportunities are limited, we would like more **events to interact with public relations and IR personnel of other companies, to share initiatives and challenges.**

(16) Expectations of the Exchange (Q13): Specific Responses (3/5)

Support for disclosure, administration, and dialogue: 59 companies

We would like you to provide guidelines for disclosure and dialogue

- ✓ We are hoping for **more information and opportunities** for companies to better understand institutional investors' **evaluation and investment criteria, and areas of interest.**
- ✓ We would like the exchange to publish **guidelines on dialogue** so as to **encourage more active discussion** on growth strategy, business strategy and other **factors contributing to mid- to long-term value enhancement, rather than just relying on short-term performance.**
- ✓ Companies have different approaches and timelines for initiatives depending on their industry or nature of business, so we are hoping for **initiatives that enable companies and investors to understand each other better**, through **dialogue based on industry characteristics and long-term investment perspectives.**
- ✓ We are hoping for **more guidance on disclosure and dialogue.** In particular, we believe that clarifying **guidelines on how to disclose information in areas such as non-financial matters, human capital, and growth investment** would lead to more effective dialogue for both companies and investors.
- ✓ **We would like you to provide model examples and roadmaps according to company size and growth phase, detailing what IR initiatives should be prioritized** in relation to English disclosure, overseas IR, and ESG disclosure, including approaches based on market cap, growth stage, and key work practices.

We hope that the administrative burden will be reduced

- ✓ We would like you to operate platforms or databases connecting investors and listed companies, such as with **lists containing companies' IR personnel contact details**, to make it easier for investors to contact IR personnel.
- ✓ For simultaneous disclosure in English, we believe that if you **provided translation services** on TDnet, it would not only help **standardize and improve translation quality**, but also **help streamline companies' disclosure practices.**
- ✓ To enable us to focus resources on more substantive dialogue, and **to give us practical support and reduce the burden of cost and resources needed for mandatory English disclosure, we request that you provide infrastructure and tools that support real-time disclosure**, such as high-precision automated English translation systems utilizing AI or other technology.

(16) Expectations of the Exchange (Q13): Specific Responses (4/5)

Communicating information and messages to investors: 41 companies

We would like you to approach investors to promote effective dialogue

- ✓ We are hoping that the expectations and requests from companies in this survey will **not just be published as a one-off**, but rather **will be compiled into practical guidelines, that investors can refer to when requesting meetings and that will be regularly distributed**.
- ✓ **We would like you to share with investors the expectations and requests for investors identified in these survey results** to **foster effective dialogue**, and **to conduct these surveys on an ongoing basis.**
- ✓ We would like the exchange to approach not only companies, but **also investors** to encourage them to **enhance their information disclosure** on investment policies, management philosophies, and other **matters relating to investor perspective and investment stance.**
- ✓ Although corporate disclosure is progressing following requests from TSE, quite a few investors still prioritize the short term; so we are hoping the exchange will **work to encourage a shift in investor mindset so that, when companies explain their mid- to long-term growth investments and human capital management, investors can evaluate constructively and engage in dialogue based on the same timeframe.**
- ✓ We would like TSE to **adequately warn** investors about matters such as **asking questions that focus excessively on short-term performance** or **questions that could increase the risk of fair disclosure rules being violated.**
- ✓ As some investors regard all companies with a PBR of less than 1 as bad, we would like TSE to encourage investors to **evaluate companies overall and make investment decisions based on industry characteristics, growth potential and dialogue with companies, rather than just relying on specific indicators like PBR and ROE.**
- ✓ We would like the exchange to highlight not only what investors expect from companies, but also **what companies expect from investors** and to **publish examples of company to investor dialogue**.

(16) Expectations of the Exchange (Q13): Specific Responses (5/5)

Creating environments to promote effective dialogue: 34 companies

We would like you to establish mechanisms and rule frameworks to facilitate productive dialogue with investors

- ✓ We believe that appropriate evaluation of companies' individual circumstances and progress status leads to better dialogue across the market, so we are hoping for an **environment that promotes constructive dialogue** not only with institutional investors but also with **a diverse range of market stakeholders, including proxy advisory firms.**
- ✓ We would like you to work on **creating mechanisms to bridge the gap in understanding between companies and institutional investors** through, for example, examining appropriate disclosure and dialogue practices based on sector characteristics.
- ✓ While this may not be something to ask of the exchange, we are hoping for a **system that makes it easier to identify beneficial shareholders** so that **companies can actively make requests to them and engage them in dialogue**.
- ✓ By **managing data duplication in disclosure materials, work relating to creating and updating documents could be reduced and streamlined,** meaning more time could be devoted to dialogue.
- ✓ There are some investors who, for short-term profit, exert pressure on companies through shareholder proposals or by other means, thereby hindering companies' efforts to enhance corporate value. We believe that, as the exchange responsible for overseeing the market, you **should appropriately advance efforts to create an environment that promotes more constructive dialogue between companies and investors** and **to introduce initiatives aimed at the sound development of the market**.

Other

- ✓ We would like you to consider adopting an index that would encourage interest in companies performing well in the Standard Market.
- ✓ We would like you to consider creating an environment and mechanisms that make it easier for investors to invest in companies with low market cap.
- ✓ Following on from the request for companies to improve PBRs of less than 1, we are hoping for measures and communications that will serve as incentives for fundamental corporate transformation.

Future Initiatives

Future Initiatives

Distribute and explain survey results to institutional investors

- Distribute survey results and communicate/explain listed company expectations of and requests for institutional investors to institutional investor associations and networks, and at one-on-one meetings with institutional investors.

Provide feedback to listed companies

- Give feedback to listed companies on this survey as well as on the Institutional Investor Survey on Companies Demonstrating Meaningful Progress.

Share results with relevant organizations

- Share results with the government (Financial Services Agency and Ministry of Economy, Trade and Industry).
- Share what support measures* are wanted by listed companies with organizations offering listed companies services such as IR support and consulting.

* Sharing case studies and knowledge, building networks with investors and other companies, support for disclosure/administration/dialogue, etc.

Continue with support measures at TSE

- Continue conducting this survey next fiscal year and beyond.
- Continue with support measures for listed companies, including compiling case studies (scheduled for around fall) based on the institutional investor survey, visiting individual companies, and building networks with investors.