Measures to Expand and Improve the Dissemination of Information to Investors in the Growth Market

Listing Department

Tokyo Stock Exchange, Inc.

May 31, 2024

JPX
JAPAN EXCHANGE GROUP

Introduction

- While companies listed on the Growth Market are expected **to disclose their business plans to realize their high growth potential and the progress made toward that goal** and **to proactively make efforts to increase their corporate value while gaining the recognition of investors**, investors have pointed out that the companies **need to further expand and improve their dissemination of information**.

  Issues That Were Brought Up

  - Companies should **proactively disseminate the purpose of (i.e., how they intend to use) their IPOs in achieving their post-listing growth strategies.**
  - After listing, companies should **use briefings, individual meetings, and the like to proactively disseminate how their business plans for achieving growth are progressing and what efforts they will make** in response.

- In light of the above, this document **presents the matters that companies listed on the Growth Market are expected to address with respect to their dissemination of information to investors,** from the standpoint of **"I. Intensifying Information Disclosure" and "II. Intensifying IR Activities."**

I. Intensifying Information Disclosure (see p. 2-)

- Expand and improve disclosure at the time of initial listing
  - Purpose of the IPO in achieving the company's post-listing growth strategy
- Ongoing disclosure of progress after listing

II. Intensifying IR Activities (see p. 4-)

- Proactive use of briefings, individual meetings, and the like
  - Proactively disseminate the company's efforts toward growth and the progress made toward said efforts
  - In addition, regularly disclose the implementation status of said efforts

Note: At the Council of Experts Concerning the Follow-up of Market Restructuring, TSE is discussing measures to enhance the functionality of the Growth Market, including this matter. For details, please refer to the JPX website. https://www.jpx.co.jp/english/equities/follow-up/index.html

I. Intensifying Information Disclosure

- **At the time of their initial listing** on the Growth Market, companies are required to **disclose matters related to their business plans and growth potential**. **After listing**, they are required to give **updates on their progress at least once a year** (see p. 3).

- In **their disclosures at the time of their initial listing**, companies are expected **to state the purpose of (i.e., how they intend to use) their IPOs in light of their post-listing growth strategies and proactively demonstrate this to investors**.

  - For example, in "Business Plan (1) Growth Strategy," a company may **state the purpose of its IPO in relation to its growth strategy and the specific measures to achieve it (R&D, capital investment, sales/marketing, personnel, capital planning, etc.)**.

- In **their disclosures after listing**, companies are expected to **state the progress of their business plans**, including **whether they have achieved the purpose of their IPO which they disclosed at the time of their initial listing**, and **proactively demonstrate this to investors through IR activities and other means**.

  - Companies that are already listed are also expected **to be conscious of whether the business plans and growth strategies that they made at the time of their IPOs and afterward are progressing sufficiently and whether they are gaining recognition from investors and to give updates** accordingly.

Reference: Disclosure of Matters Related to Business Plans and Growth Potential

Item to Be Disclosed		Contents
Business Model	Business	➢ Details and characteristics of products and services, contributions of each business, and the details and processes of permits and licenses that will be required in the future
	Earnings Structure	➢ Earnings and cost structures, cash flow acquisition streams, and contracts with terms and conditions that have a significant impact on earnings structures
Market Environment	Market Size	➢ Details and size of the market (e.g., type of customer, region)
	Competitive Environment	➢ Details of the competition, the company's positioning, market share, etc.
Source of Competitiveness	Competitive Advantage	➢ Technology, intellectual properties, business models, know-how, brands, human resources, etc. that will serve as growth drivers
Business Plan	Growth Strategy	➢ Management policies/growth strategies and the specific measures to achieve them (R&D, capital investment, sales/marketing, personnel, capital planning, etc.) **- At the time of initial listing, state the purpose of the IPO in light of the above**
	Management Indicators	➢ Indicators that are important for management (reasons for adopting them as indicators, actual values, specific target values, etc.)
	Profit Planning and Assumptions	➢ If a medium-term profit plan has been announced, its contents and assumptions
	Progress	➢ Status of achievement of items stated in previous disclosures **(also note whether the purpose of the IPO has been achieved)**, updates to items stated in previous disclosures, and the next scheduled disclosure date
Risk Information	Perceived Risks and Countermeasures	➢ Major risks that could have a significant impact on the realization of the company's growth and the execution of its business plan, measures to address said risks

(For more information about each item, please refer to "Points to Consider When Making a Disclosure of Matters Related to Business Plans and Growth Potential.")

II. Intensifying IR Activities

- In addition to making a disclosure of matters related to their business plans and growth potential, companies listed on the Growth Market are expected to **use briefings, individual meetings, and the like to proactively disseminate information to investors** regarding the contents of said disclosure.

- Furthermore, companies have thus far been required to **state the implementation status of such information dissemination** in the **"Status of IR-related Activities" section of their corporate governance reports**. The **following specific items are expected to be stated** in said section.

> ➢ **Recent implementation status of investor-oriented briefings, individual meetings, and the like**
>
> * For example, a company may state the demographics of the investors who attended (e.g., retail/institutional investors, domestic/overseas investors), the principal attendees from the company side, the items that were prioritized for information dissemination, the status of any Q&A sessions, and the release status (e.g., website URL) of any videos and transcripts of investor-oriented briefings in the most recent fiscal year.
>
> ➢ **Plans for future implementation and detailed implementation schedule**

Note: If a company has included any of the above items in **other places such as its annual report or website, it may include a statement to that effect along with ways to access these in its corporate governance report.** Please refer to page 5 for guidance on the specific content of disclosure.

> TSE will continue to expand its support for listed companies that are proactively making efforts at IR with institutional investors. As part of this effort, TSE **has made online seminars available for streaming** since March 2024. (see p. 6)

Ⅲ Implementation of Measures for Shareholders and Other Stakeholders

2. Status of IR-related Activities

<table>
<tr><th></th><th>Supplementary Explanation</th><th>Explanation by a representative director or a representative executive officer</th></tr>
<tr><td>Formulation and Publication of Disclosure Policies</td><td></td><td></td></tr>
<tr><td>Regular Investor Briefings held for Individual Investors</td><td rowspan="3">➢ On investor briefings, a company may give such information as the recent implementation status as well as general plans and a detailed schedule for future implementation, per type of investor.
* Information on the implementation of briefings that are not held on a regular basis (in principle, at least once a year) should be stated in the “Other” section.</td><td></td></tr>
<tr><td>Regular Investor Briefings held for Analysts and Institutional Investors</td><td></td></tr>
<tr><td>Regular Investor Briefings held for Overseas Investors</td><td></td></tr>
<tr><td>Online Disclosure of IR Information</td><td></td><td></td></tr>
<tr><td>Establishment of Department and/or Placement of a Manager in Charge of IR</td><td></td><td></td></tr>
<tr><td>Other</td><td>➢ On individual meetings and other types of events, a company may give such information as the recent implementation status as well as general plans and a detailed schedule for future implementation.</td><td></td></tr>
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Note: Please refer to the "Preparation Guidelines for Corporate Governance Reports."

Reference: Online Seminars for Listed Companies about IR

- TSE is providing support for listed companies that are proactively making efforts at IR with institutional investors.
  - ➢ TSE has made online seminars for listed companies about IR available since March 2024.

(Part 1)

Presents basic knowledge about IR activities and points to consider

(Part 3)

Presents points to consider for the expansion of English disclosure

(Part 2 / Part 4)

Presents what institutional investors expect from listed companies' IR

Note: In the future, TSE will also introduce examples of management proactively disseminating their companies' growth stories and create opportunities (points of contact) for companies to disseminate information to institutional investors.