Appendix 2

Growth Market Reform Initiatives and Reference Data

Listing/New Listings Department, Tokyo Stock Exchange, Inc.

August 21, 2026

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Growth Market Reform Initiatives to Date

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Growth Market Reform Initiatives to Date

- With a focus on **encouraging high growth after listing**, TSE is **advancing reforms to make the Growth Market more growth-oriented.**

Current situation: Nearly half of listed companies have a market capitalization below their IPO level, and few have achieved substantial growth after listing.

Growth Market Reform Initiatives

I. Revision to the Continued Listing Criteria

- **From 2030, companies will be required to have a market capitalization of JPY 10 billion or more, five years after initial listing. [effective December 2025]**
  - ✓ **To encourage high growth and M&A among companies after listing**
  - ✓ Initial listing criteria remain unchanged**, allowing companies to continue to list with a market capitalization of less than JPY 10 billion and pursue high growth**

Note: Transitional measures were introduced to ensure growth opportunities, and the criteria for segment transfers to the Standard Market were revised.

II. Call for Management That Aims for High Growth

- **All companies listed on the Growth Market** have been requested to **analyze and evaluate their growth status** based on **investor expectations and update their growth strategies and disclosures**. **[since September 2025]**
  - ✓ **To encourage proactive initiatives to achieve high growth**, including for companies with a market capitalization of JPY 10 billion or more
  - ⇒ **To continue to follow up** on companies' responses

III. Support for Proactive Companies and Conveying Benefits of Listing

- **Provided materials to use when considering initiatives, and support for connecting with institutional investors**.

1. Provided **good examples of initiatives by Growth Market-listed companies that were well received by investors [December 2025]**
2. Started publishing **a list of companies actively advancing initiatives to highlight them to investors [February 2026]**
3. Held **seminars that focus on Growth Market-listed companies and small-group meetings with institutional investors [Ongoing]**
4. **Developed a new index focused on growth of startups [March 2026]**

⇒ In addition, continued to exchange views with corporate managers and **promote various initiatives in coordination and collaboration with market stakeholders**.

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Requests Related to Action to Achieve "Management That Strives for High Growth" (Since September 2025)

◆ Based on **Investors' Expectations, all Growth Market-listed companies are requested to (1) analyze their growth status and the market's evaluation of them, (2) update their growth strategies/objectives, and (3) proactively disclose information to investors and conduct IR.**

(1) Analyze the Growth Status and the Market's Evaluation of the Company	**Companies should quantitatively analyze their growth status and the market's evaluation of them thus far.** ✓ Companies should analyze **whether they are achieving the growth that is expected of Growth Market-listed companies and whether the market has recognized their future growth potential. [See Investors' Expectations #1]** ✓ **Indicators for the analyses should be set based on the individual company's situation and investor needs.** They may include sales/profits, market capitalization, share price, PSR/PER, or more detailed indicators (e.g., number of customers and per-customer spending).
(2) Update Growth Strategy/ Objectives	**Companies that fall short of expectations for growth status or receive a poor evaluation from the market should update their growth strategies/objectives.** ✓ In the above analyses, if the company finds that **it has not achieved its estimated growth** or that **the market has not recognized the company's future growth potential**, it should check whether **its present business model is functioning** (e.g., whether it has secured a competitive advantage and whether high growth is possible at its market scale) and whether **it has presented a vision/strategy that convinces investors that the company can sustain/accelerate its growth**. Then, it should **update its growth strategy/objectives. [See Investors' Expectations #1, 2, 3, and 5]**
(3) Proactively Disclose Information to Investors and Conduct IR	**Companies should disclose the contents of the above analyses and their updated growth strategies/objectives in a way that investors can easily understand.** ✓ In **"Matters Relating to Business Plans and Growth Potential,"** companies should disclose **the contents of the above analyses and their updated growth strategies/objectives in detail along with quantitative KPIs to measure their progress. [See Investors' Expectations #7]** * TSE requests companies to consider **proactively checking and updating their disclosures outside of the regularly scheduled update period.** **Executives should take the lead in proactively and effectively conducting IR activities. [See Investors' Expectations #1, 2, 4, and 6]**

Companies should carry out (1) - (3) on an ongoing basis.

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Investors' Expectations for Growth Market-Listed Companies (Published in September 2025)

- In the course of advancing its initiatives for the Growth Market, TSE has exchanged opinions with market stakeholders, including **institutional investors (approx. 100 companies) and most of the Growth Market-listed companies (executives (mainly CEOs and CFOs) at over 200 companies).**
- Based on their feedback, TSE has summarized **Investors' Expectations for Growth Market-Listed Companies**(*) and the **Mindset of Executives Who Are Not Aligned with Investors' Expectations** in the table below (Published in September 2025).

* Prepared based on feedback from institutional investors who invest mainly in growth stocks and small- and mid-cap stocks over the medium-to-long term.

	Executives' mindset that is not aligned with investors' expectations		Investors' expectations for Growth Market-listed companies
#1	Sales and profits are steadily growing, but this is not reflected in the stock price and investors are not being rewarded	▶	**We want companies to present a vision and strategy that inspires confidence in the sustainability and acceleration of growth**
#2	Investors perceive capital increases as dilution, so fund raising causes the stock price to fall	▶	**We want companies to present a concrete and compelling equity story**
#3	Investors demand shareholder returns, so if dividends are not increased, they will not invest	▶	**At this stage of growth, what we expect from companies is growth investment rather than dividends**
#4	Since losses are not well-received by investors, companies hesitate to invest make growth investments	▶	**We want companies to make growth investments without being overly concerned about short-term losses**
#5	Growth has stalled, so we will aim for a path toward expansion in the same manner as usual	▶	**We want companies to rebuild their growth strategies, including inorganic growth strategies such as M&A**
#6	Since there are few institutional investors in the Growth Market, putting effort into disclosures is pointless	▶	**We want companies to target investors suited to their growth stage and conduct effective information disclosure and IR activities**
#7	Investors dislike downward revisions, so it is better to avoid disclosing earnings forecasts if possible	▶	**Continuous disclosure of growth targets, KPIs, and their progress will build investors' trust**

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Publication of Examples of Initiatives by Growth Market-Listed Companies (December 2025)

◆ For **11 companies**, presented **examples of initiatives that were well received by investors due to the initiatives meeting investors' expectations for Growth Market-listed companies**

Investors' Expectations for Growth Market-Listed Companies (Mindset of Executives Who Are Not Aligned with Investors' Expectations) (Published in Sep. 2025)

Overview of Investors' Expectations for Growth Market-Listed Companies

◆ In the course of advancing its initiatives for the Growth Market, TSE has exchanged opinions with market stakeholders, including **institutional investors (approx. 100 companies) and most of the Growth Market-listed companies (executives (mainly CEOs and CFOs) at over 200 companies).**

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	Executives' mindset that is not aligned with investors' expectations	Investors' expectations for Growth Market-listed companies	
#1	Sales and profits are steadily growing, but this is not reflected in the stock price and investors are not being rewarded	We want companies to present a vision and strategy that inspires confidence in the sustainability and acceleration of growth	Page 4
#2	Investors perceive capital increases as dilution, so fund raising causes the stock price to fall	We want companies to present a concrete and compelling equity story	Page 5
#3	Investors demand shareholder returns, so if dividends are not increased, they will not invest	At this stage of growth, what we expect from companies is growth investment rather than dividends	Page 6
#4	Since losses are not well-received by investors, companies hesitate to invest make growth investments	We want companies to make growth investments without being overly concerned about short-term losses	Page 7
#5	Growth has stalled, so we will aim for a path toward expansion in the same manner as usual	We want companies to rebuild their growth strategies, including inorganic growth strategies such as M&A	Page 8
#6	Since there are few institutional investors in the Growth Market, putting effort into disclosures is pointless	We want companies to target investors suited to their growth stage and conduct effective information disclosure and IR activities	Page 9
#7	Investors dislike downward revisions, so it is better to avoid disclosing earnings forecasts if possible	Continuous disclosure of growth targets, KPIs, and their progress will build investors' trust	Page 10

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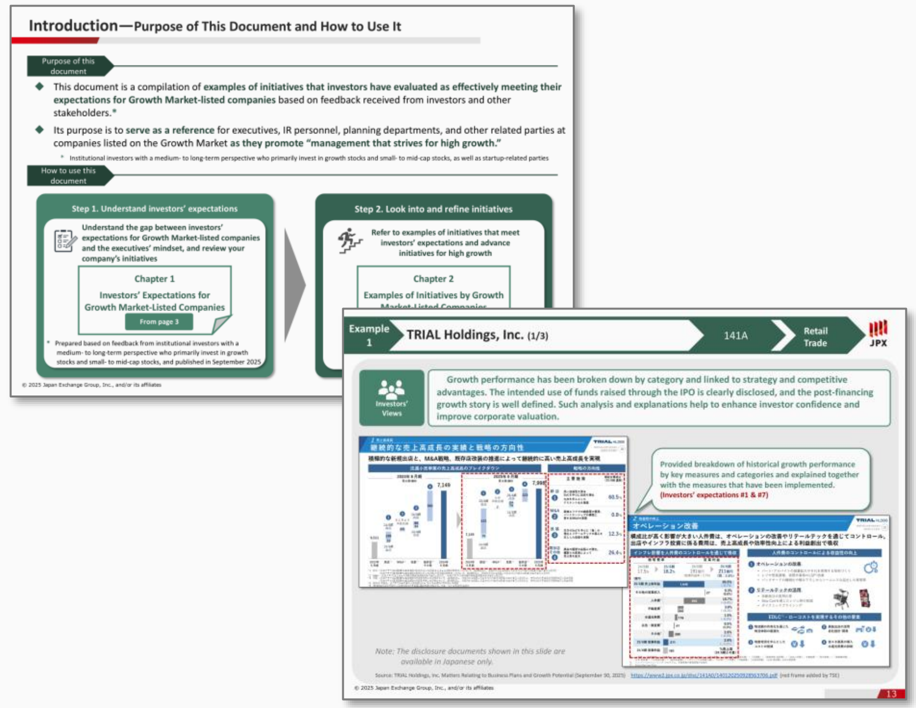
Examples of Initiatives by Growth Market-Listed Companies (Published in Dec. 2025)



Link to Document (JPX Group website) : https://www.jpx.co.jp/english/news/1020/20251226-02.html

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Launch of Growth Market Special Page

On February 6, 2026, we launched a **special page that lists up disclosures on "Matters Relating to Business Plans and Growth Potential" from Growth Market-listed companies that are actively working to achieve high growth. This page provides an overview of these companies and their initiatives.**

➢ As of early August 2026 , **<u>163 companies</u> are featured on the Growth Market special page.**

＊ This page features companies that are taking actions based on "Requests Related to Action to Achieve 'Management That Strives for High Growth'" (September 26, 2025) and wish to be featured on the page.

Example of special page

https://clientportal.jpx.co.jp/ClientPortalEN/s/growth

List of growth strategy disclosures for companies actively working to achieve "management that aims for high growth."

In this page, we list disclosures of "Matters Relating to Business Plans and Growth Potential" from Growth Market-listed companies that are actively working to achieve management that aims for high growth and have applied to be featured on this page.

Showing 6 of 6 items

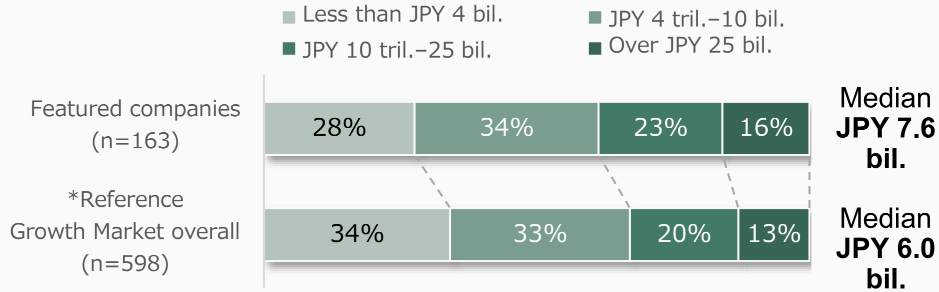
	Date	Code	Company Name	Industry	Fiscal Year End	Date of Listing (TSE)	Disclosure Document	Related Info
New	2025-11-13	1111	****** Co.	Chemicals	Mar.	2021-3-9	Business Plan and Growth Strategy Materials	Detail
New	2025-11-10	2222	****** Ltd.	Metal Products	Sep.	2019-12-8	Business Plan and Growth Strategy Materials	Detail
New	2025-11-7	3333	****** Co.,Ltd.	Wholesale Trade	Mar.	2022-4-3	Business Plan and Growth Strategy Materials	Detail
	2025-10-30	4444	****** Inc.	Retail Trade	Feb.	2015-12-13	Business Plan and Growth Strategy Materials	Detail
	2025-10-29	5555	****** Corp.	Pharmaceutical	Dec.	2019-2-5	Business Plan and Growth Strategy Materials	Detail
	2025-10-16	6666	****** Plc.	Services	Mar.	2025-4-1	Business Plan and Growth Strategy Materials	Detail

Main functions

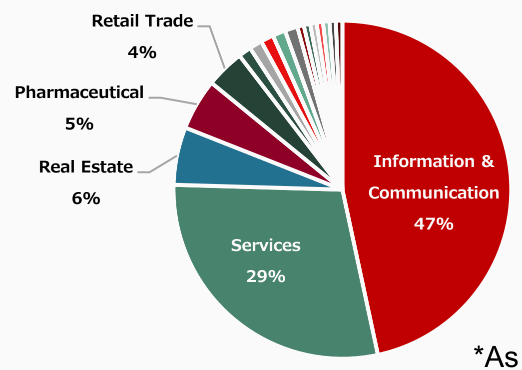
- Displays **disclosures of "Matters Relating to Business Plans and Growth Potential"** released within the past year
- **Highlights companies that have made disclosures within the past week**
- Allows **sorting by disclosure date, code, or company name**
- From the linked pages, users can check **stock price trends, past disclosure documents**, and other information

Breakdown of posted companies

Distribution by market capitalization



Distribution by sector



*As of early August 2026

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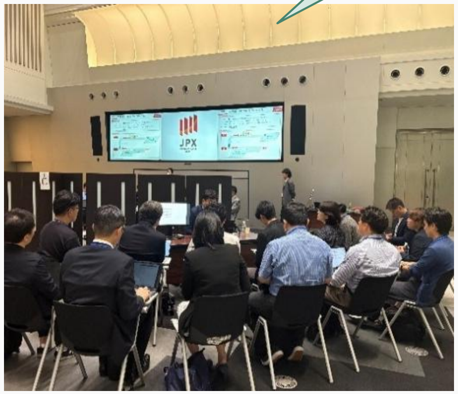
Seminars for Growth Market-Listed Companies and Dialogue Events With Institutional Investors

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

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

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



[Key questions raised at the venue]

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

[Survey results]

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

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Calculation of the JPX Start-Up Acceleration 100 Index (Announced in Dec. 2025)

- On Mar. 9, 2026, JPXI will **begin distributing the JPX Start-Up Acceleration 100 Index, which is a new index that is focused on the growth of startups.**
  - Through the use of the new index and investment in linked products such as ETFs, **we hope to create a virtuous cycle that encourages the management at startups to be more growth-oriented and increases investment in the startups that achieve growth.**

Index Name	JPX Start-Up Acceleration 100 Index
Concept	An index that is composed of Japan's high-growth startups
Issue Selection Method	**Universe**: Growth Market issues / Issues that have transferred from the Growth Market **Issue selection**: Growth criteria: Sales growth rate (20% or more) or market capitalization growth rate (double) → Top market capitalization 100 issues * Issues that have transferred from the Growth Market will be eligible for a certain period following the market change.
Number of Constituents	100
Calculation Method	Free-float adjusted market capitalization-weighted
Constituents & Calculation Methodology	Plan to publish the calculation methodology, including the constituents and the issue selection criteria, sometime in Feb. 2026
Planned Launch Date	Mon., Mar. 9, 2026
Periodic Review	Once a year (issues replaced every July)

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Reference Data

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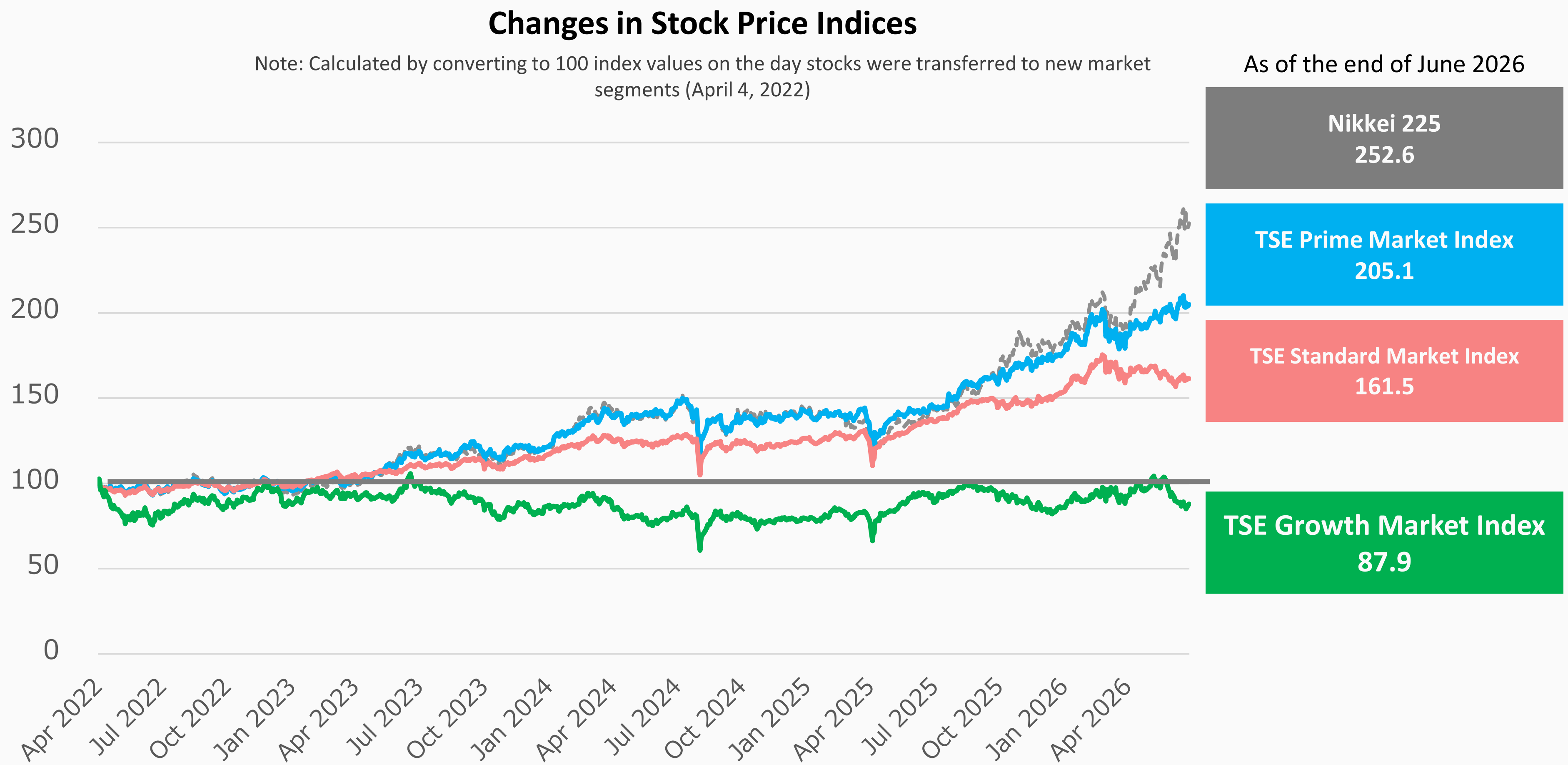
Changes in the TSE Growth Market Index

- Since the market restructuring in April 2022, **stock prices in the Prime and Standard Markets have risen, while those in the Growth Market have remained low**.



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Market Capitalization Growth and Distribution

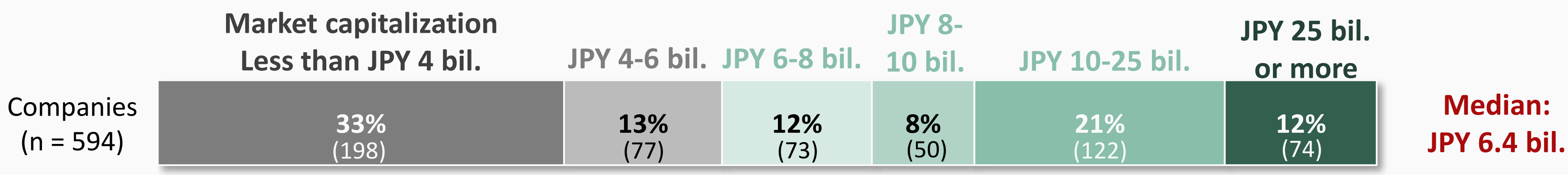
- Few Growth Market-listed companies have achieved high growth after listing, and their median market capitalization is JPY 6.4 billion.

Market Capitalization Growth for Growth Market-Listed Companies

Companies whose market capitalization has grown to 10 times or more that at IPO: 6%

Notes:
1. Mothers/Growth Market-listed companies between January 2004 and the end of June 2026, excluding delisted companies
2. Market capitalization growth calculated by dividing current market capitalization (based on the average closing price from April to June 2026) by market capitalization at IPO (based on the IPO price)

Market Capitalization Distribution for Growth Market-Listed Companies



Notes:
1. Growth Market-listed companies as of the end of June 2026
2. Market capitalization based on the average closing price from April to June 2026

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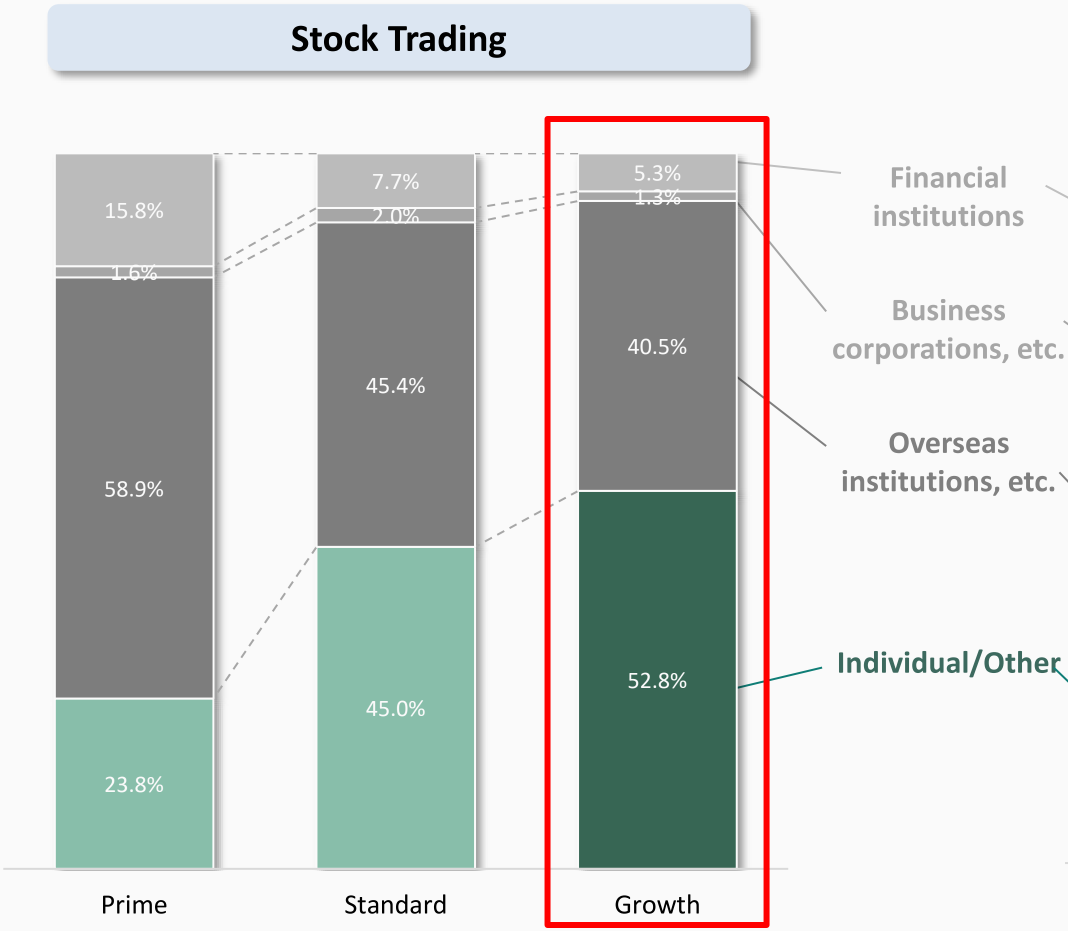
Stock Trading and Shareholdings by Investor Type

- In the Growth Market, **individual investors account for more than half of both trading and shareholdings**.



Notes:
1. Based on the 2025 survey results
2. "Financial institutions" includes commercial banks, trust banks, life and non-life insurance companies, securities companies, and other financial institutions

Notes:
1. Based on data as of June 30, 2026
2. "Financial institutions" includes commercial banks, trust banks, life and non-life insurance companies, securities companies, and other financial institutions

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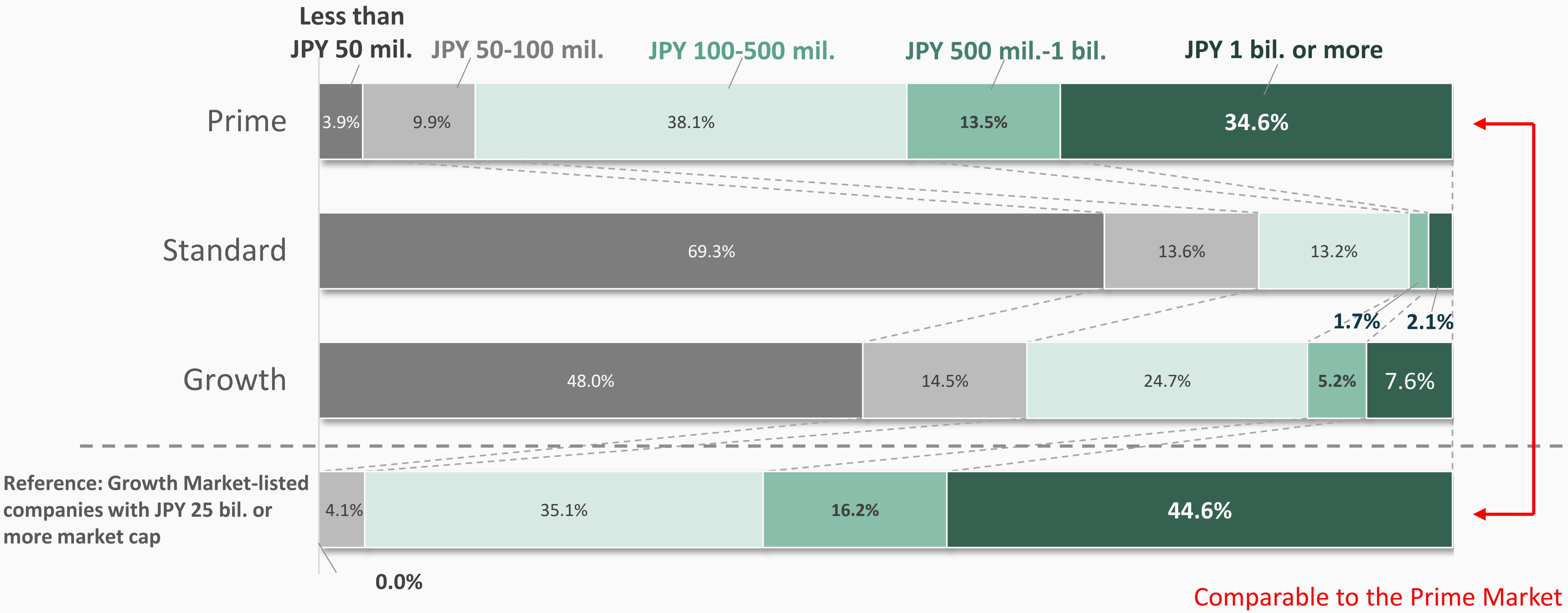
Trading Value Distribution

- **Across the Growth Market, a high proportion of companies have low trading values.**
- However, **Growth Market-listed companies with a certain level of market capitalization have trading values comparable to those of Prime Market-listed companies.** (Company size matters more than market segment.)

Distribution of Average Daily Trading Value



Note: Classification based on the average daily trading value over the 250 trading days ending June 30, 2026

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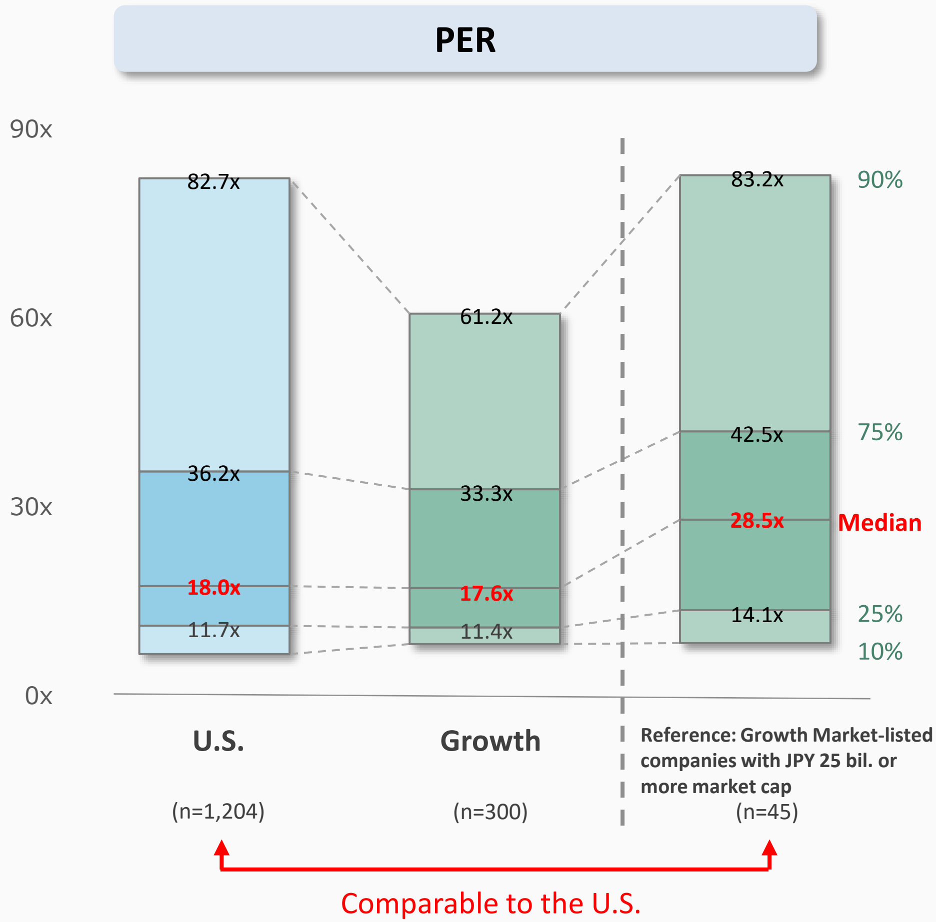
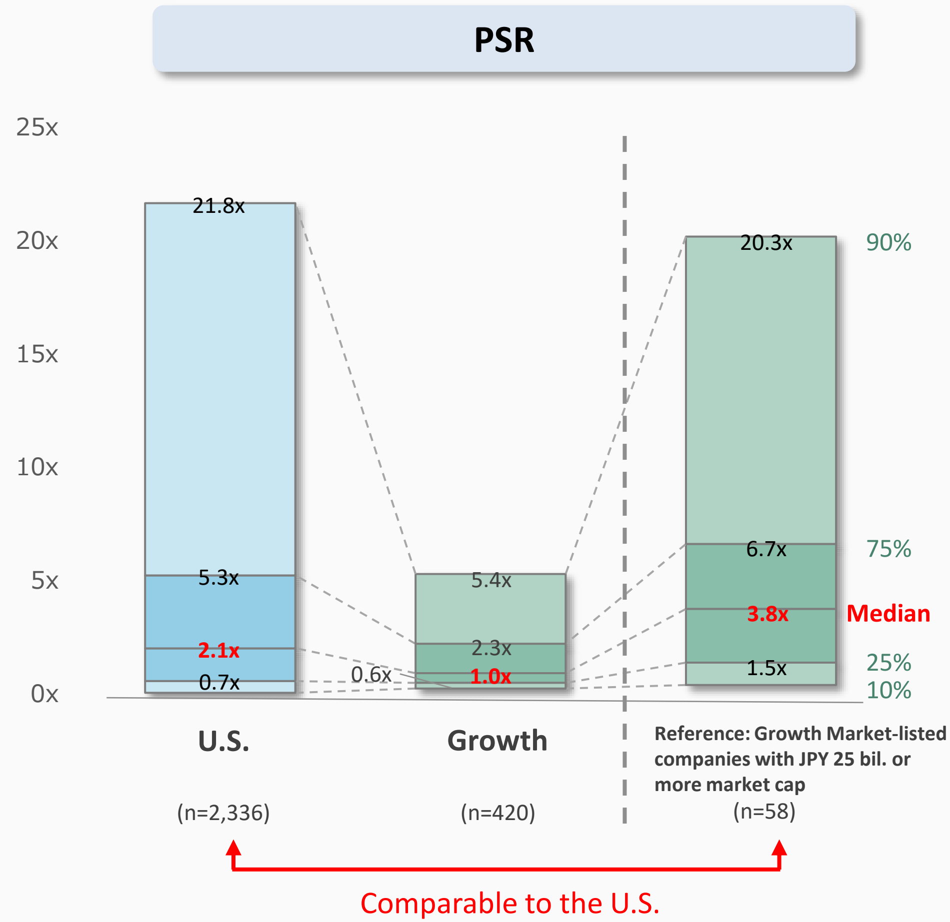
PER and PSR (International Comparison)

- **Valuations across the Growth Market tend to be lower than in the U.S. (NASDAQ).**
- However, **Growth Market-listed companies with a certain level of market capitalization are valued at broadly comparable levels to those in the U.S.**





Notes:
1. “90%,” “75%,” “25%,” and “10%” represent the 90th, 75th, 25th, and 10th percentile values, respectively, based on companies ranked in ascending order.
2. Data obtained from QUICK and Bloomberg and processed by TSE; limited to companies with available data
3. Growth Market- and NASDAQ- listed companies as of the end of June 2026

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IPO Trends

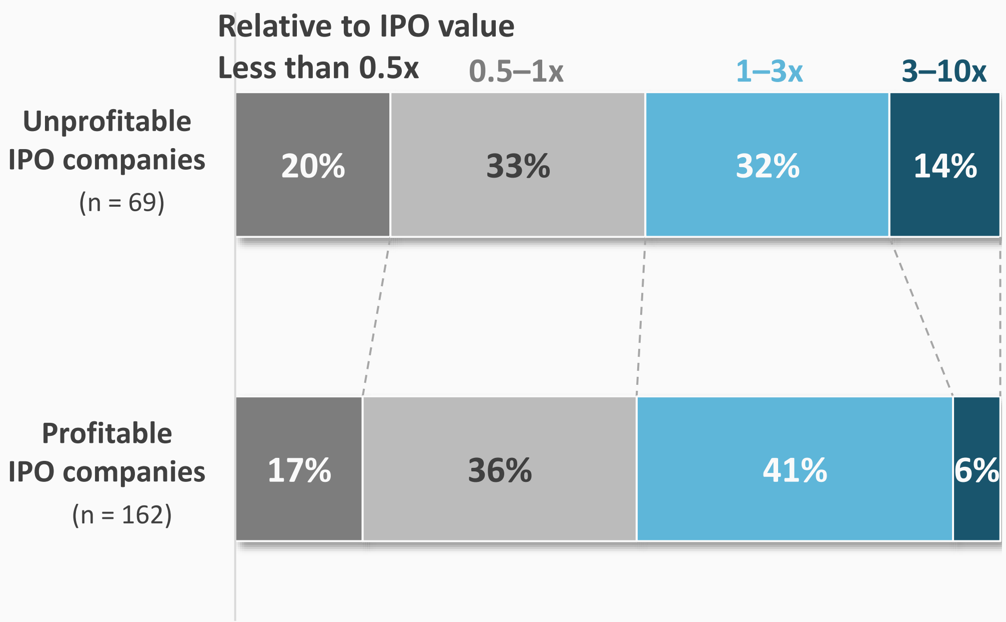
- **While IPOs are becoming larger, there are still some small-scale IPOs and unprofitable IPOs.**
- **There is no significant difference in market capitalization growth** after listing **between profitable and unprofitable IPO companies.**

IPO Size on the Growth Market

Top: maximum Middle: median Bottom: minimum (JPY billion)	2024 (n = 64)	2025 (n = 41)
Initial market capitalization	263.3 **8.8** 1.7	82.8 **12.5** 3.2
IPO offering size	53.8 **1.5** 0.4	22.2 **3.2** 0.3
Ordinary profit	14.4 **0.1** ▲9.3	3.2 **0.4** ▲5.7

Notes:
1. Excluding listings via TOKYO PRO Market
2. IPO offering size = public offering + secondary distribution (including overallotment)

Market Capitalization Growth of Unprofitable and Profitable IPO Companies After Listing



Notes:
1. "Unprofitable IPO companies" includes companies listed on the Mothers or Growth Market since 2022 that reported negative ordinary profit in the fiscal year immediately preceding their IPOs (excluding those delisted as of the end of June 2026)
2. Market capitalization growth calculated by dividing current market capitalization (based on the average closing price from April to June 2026) by market capitalization at IPO (based on the IPO price)

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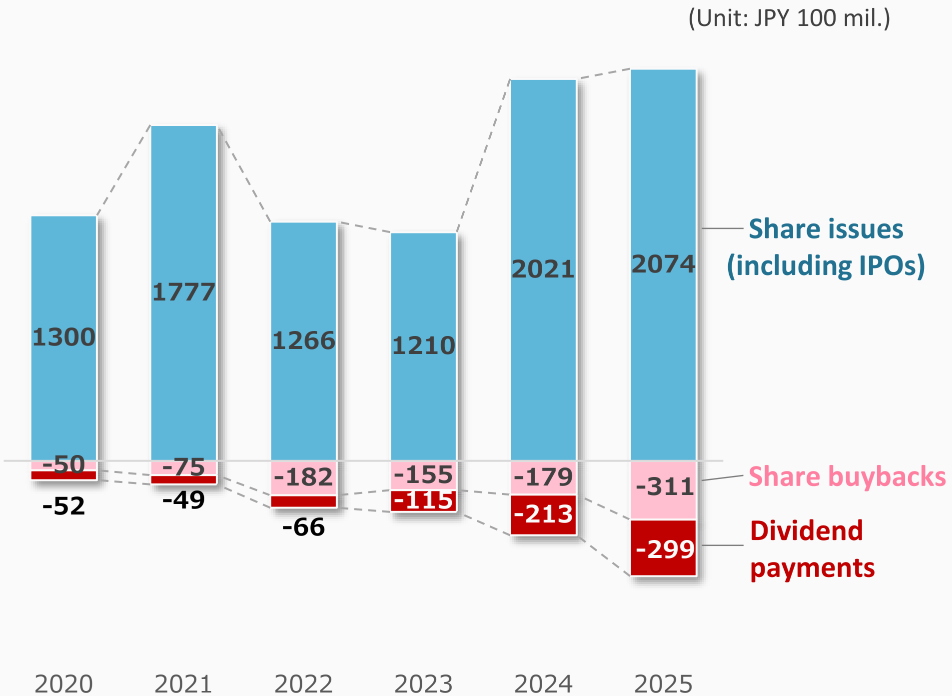
Trends in Fund Raising and Shareholder Returns

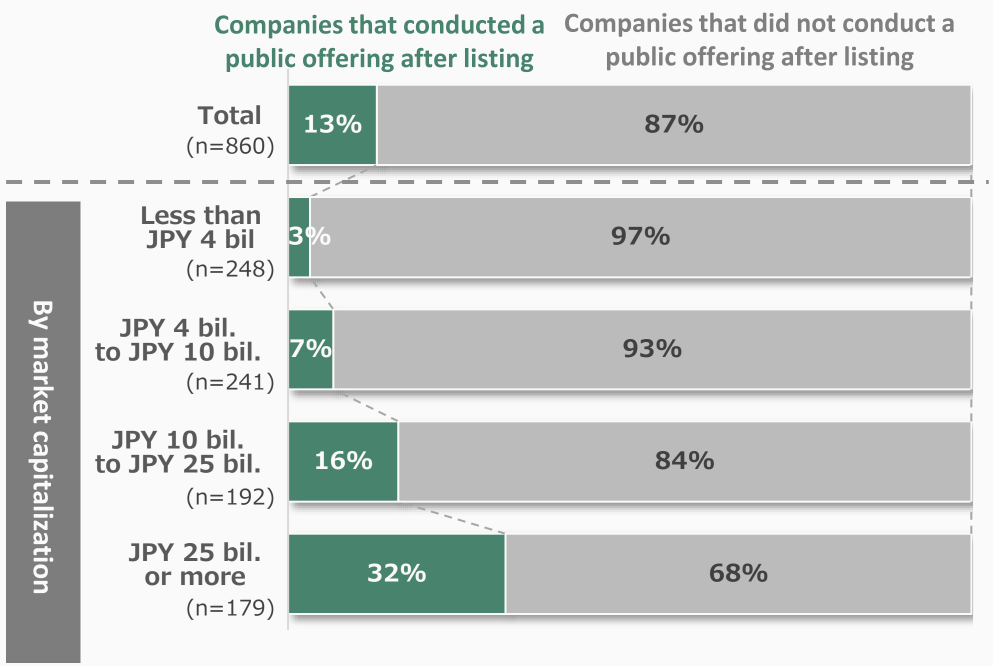
- Across the **Growth Market, fund raising amounts exceed shareholder returns.**
- However, **only a limited number of companies conduct public offerings after listing,** with **small market cap companies in particular almost never doing so.**

Incomings and outgoings through fund raising and shareholder returns across the Growth Market



Note: Based on cash flow statements of Growth Market-listed companies as of the end of July 2026

Percentage of Mothers/Growth Market-listed companies that conducted a public offering after listing



Notes:
1. Data is for companies that listed on the Mothers or Growth Markets between 2003 and the end of June 2026, and are still listed now
2. Market capitalization figures are based on the average closing price from April to June, 2026

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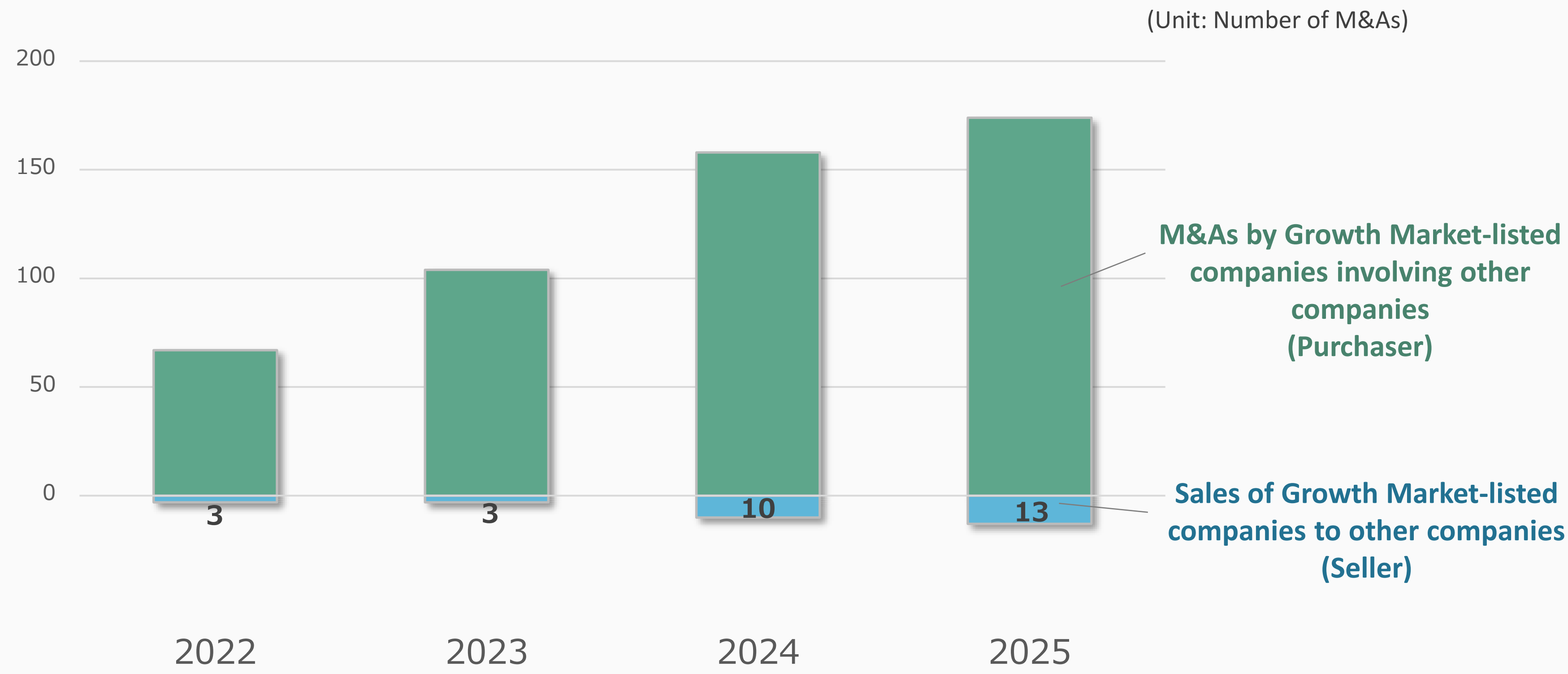
M&A Trends for Growth Market-Listed Companies

- Growth Market-listed companies **are increasingly acting as purchasers for M&A**, but **still not many are sellers.**

M&A trends for Growth Market-listed companies



Notes:
1. "M&As by Growth Market-listed companies involving other companies" covers companies that were listed on the Growth Market when they conducted M&A. Data is for IN-IN deals (Source: Ministry of Economy, Trade and Industry subcommittee materials)
2. "Sales of Growth Market-listed companies to other companies" covers companies that were delisted after being made a subsidiary of, or undergoing a merger with, an external purchaser (excluding MBOs, intra-group transfers, share transfers; Source: TSE research)

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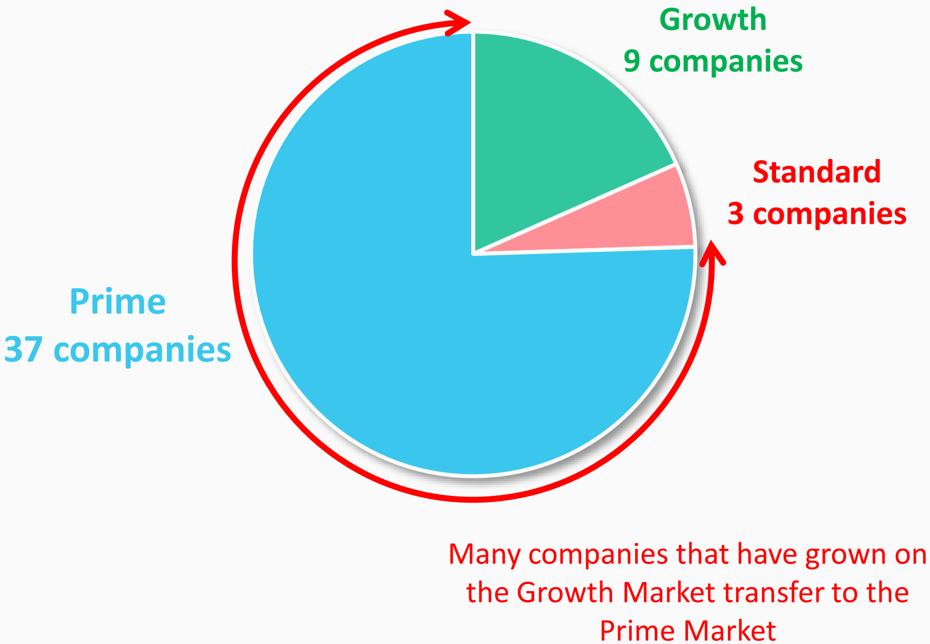
Market Segment Transfer Trends for Growth Market-Listed Companies

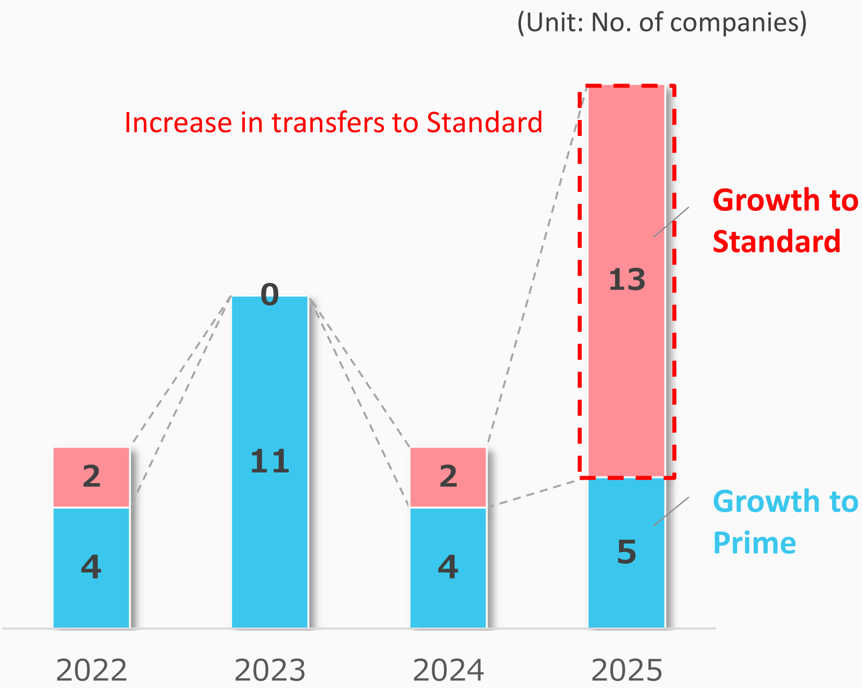
- Many **companies that have grown on the Growth Market** tend to **transfer market segment to the Prime Market.**
- Recently, following the expiration of transitional measures regarding market restructuring, there has been an **increase in companies transferring to the Standard Market.**
  (This trend is likely to continue, with new continued listing criteria to be applied from 2030)

Current market segment of companies whose market capitalization grew to 10 times or more that at initial listing



Note: Data shows current market segments for 49 companies whose market capitalization grew to 10 times or more that at initial listing on the Growth Market (listed on p11)

No. of companies transferring segment recently



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Initial Listing Criteria and Continued Listing Criteria for Each Market Segment

Initial Listing Criteria (Key criteria)

Item	Growth Market	Standard Market	Prime Market
Market Cap	–	—	JPY 25 billion or more
Market Cap of Tradable Shares	**JPY 0.5 billion or more**	JPY 1 billion or more	JPY 10 billion or more
Percentage of Tradable Shares	**25% or higher**	25% or higher	35% or higher
Earnings	**—**	Profts of JPY 0.1 billion or more in past year	Total profits of JPY 2.5 billion or more, or both revenue of JPY 10 billion and market cap of JPY 100 billion or more in the past 2 years
Public Offering	**500 trading units or more**	—	—

Continued Listing Criteria (Key criteria)

Item	Growth Market	Standard Market	Prime Market
Market Cap	**JPY 4 billion or more, ten years after initial listing** Note: From 2030, **JPY 10 billion or more, five years after initial listing**	—	—
Market Cap of Tradable Shares	**JPY 0.5 billion or more**	JPY 1 billion or more	JPY 10 billion or more
Percentage of Tradable Shares	**25% or higher**	25% or higher	35% or higher
Trading Volume/ Trading Value	**Monthly average trading volume of 10 units or more**	Monthly average trading volume of 10 units or more	Average daily trading value of JPY 20 million or more

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