

(Reference Translation)

TSE Index Guidebook

(TSE Standard Market TOP20 Index/ TSE Growth Market Core Index)

September 16, 2025
JPX Market Innovation & Research, Inc.

Published: July 31, 2025

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Record of Changes

DATE	Changes
2022/4/4	• Launch
2024/1/31	• “Securities on Alert” was renamed to “Securities on Special Alert.”
2025/1/31	• Uniformity of terminology in each calculation methodology
2025/7/31	• Added the handling of spin-offs

Introduction

- JPX Market Innovation & Research, Inc. (hereinafter “JPXI”) calculates and distributes the Tokyo Stock Exchange Standard Market TOP20 Index (hereinafter “TSE Standard Market TOP20 Index”) and the Tokyo Stock Exchange Growth Market Core Index (hereinafter “TSE Growth Market Core Index”) in accordance with the methods described in this document. If an event not specified in this document occurs, or if JPXI determines that it is difficult to use the methods described in this document, JPXI may use an alternative method of index calculation as it deems appropriate.
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I. Outline of Indices

- The TSE Standard Market TOP20 Index and TSE Growth Market Core Index are selected from among constituents of the TSE Standard Market Index and the TSE Growth Market Index respectively, based on their levels of market capitalization and liquidity.
- A periodic review of constituents will be conducted once a year (on the last business day of October).
- The base date for the periodic review (hereinafter “rebalance base date”) is the last business day of every September and the base date for weighting calculations used in cap adjustments (hereinafter “weighting base date”) is the last business day of every August. The list of inclusions/removals will be published on the JPX website on the fifth business day of October.
- However, the first rebalance base date and weighting base date will be December 30, 2021. This first periodic review will be based on the listed market segment of each issue as of April 4, 2022.
- The base date for the TSE Standard Market TOP20 Index/TSE Growth Market Core Index is April 1, 2022. The index value on the base date is JPY 1000.

II. Index Calculation

1. Calculation Method

- The calculation formula shall be the share price average formula specified in the Index Calculation Guidebook.
- The upper weighting limit for any one constituent is 20%.
- The weighting for any newly included issues is 5%.
- Issues whose weight as of the weighting base date is over the upper limit and newly included issues have an adjustment factor applied on the last business day of October. Even if the weight then exceeds the upper limit later on due to movements of stock prices, etc., the adjustment factor will not be changed until the last business day of the following October.

2. Index Type

- For the TSE Standard Market TOP20 Index/TSE Growth Market Core Index, a price return index and a total return index are calculated.
- The method of reflecting dividends in index values is in accordance with the Index Calculation Guidebook.

3. Constituent Inclusion and Removal

(1) October periodic review

a. Constituent selection

A) Selection of the Index Universe

- The constituent universe of the TSE Standard Market TOP20 Index and TSE Growth Market Core Index are issues which are constituents of the TSE Standard Market Index and the TSE Growth Market Index respectively as of the rebalance base date. However, issues which fall under any of the following criteria will be excluded:
 - Securities designated as Securities to be Delisted as of the rebalance base date;
 - Securities designated as Securities on Special Alert as of the rebalance base date; or
 - Securities that have announced a listing market transfer as of the rebalance base date.

B) Constituent selection using market capitalization, etc.

- I. Among the 18 issues with the highest market capitalization of all constituents on the base date, issues excluding those listed on markets other than the

relevant universe market will continue to be included.

- II. To make 20, issues will be added based on the following criteria in descending order of market capitalization.
 - An FFW of at least 0.2
 - Trading value which is in the top 90% of issues in the universe market (based on no. of issues) in the most recent year to date.

b. Others

- The number of constituents as of the rebalance date can be fewer than 20 as defined in a. Constituent selection due to constituents being designated as Securities to be Delisted after the announcement of the periodic review.

(2) Non-periodic removal from Constituents

- Constituents which are delisted, those designated as Securities to be Delisted or designated as Securities on Special Alert shall be removed.

(3) Non-periodic inclusion to Constituents

- When a constituent in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index has been delisted due to a share transfer, merger, share exchange, or company split (hereinafter “share transfer, etc.”), and the resulting newly created, surviving, parent, or succeeding company (hereinafter “newly created company, etc.”) immediately lists its stock, said newly created company, etc. will be included in the index.
- When a spin-off (an allocation of shares of a spun-off subsidiary or business division through surplus dividends) of a constituent in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index results in a new listing of the company that has become independent via the spin-off (hereinafter “spun-off company”) between the ex-rights date and the effective date, the spun-off company will be included in the index.
- When a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index has been delisted due to a share exchange or absorption-type merger, and the surviving or parent company is not a constituent, said surviving or parent company will be included in the Index.
- Even if the number of constituents in the TSE Standard Market TOP20 Index/TSE Growth Market Core Index becomes fewer than 20 due to the removal of constituents by means other than the periodic review as described in the previous item (2), no supplementary inclusions are made to meet the intended number of constituents.

(4) Treatment of data for selection

- The market capitalization used in constituent selection is the number of shares of each issue used for calculation of the TSE Standard Market Index/TSE Growth Market Index as of the rebalance base date, multiplied by the stock price used for calculation.

(5) Dates of constituent inclusion and removal

	Event Requiring Adjustment		Adjustment Date
Inclusion	Initial listing	When a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index has been delisted due to a share transfer, etc. and the resulting newly created company, etc. is included as a constituent in the index.	Initial listing date (*)
		<u>When a spin-off of a constituent of the TSE Standard Market TOP20 Index/TSE Growth Market Core Index results in a new listing of the spun-off company between the ex-rights date and the effective date</u>	Initial listing date (*)
		When a constituent has been delisted due to a share exchange or absorption-type merger, and the surviving or parent company, which was not a constituent, is included as a constituent in the index.	Delisting date(*)
		Periodic Review	Last business day of October
Removal	Delisting	When a constituent has been delisted due to a share transfer, etc. and the resulting newly created company, etc. is included as a constituent in the index.	Initial listing date of the newly created company, etc. (normally two business days following the delisting date)(*)
		Other than the above (e.g., non-surviving company as a result of a merger, share exchange, etc.)	Delisting date(*)
		Designation as Securities to be Delisted or Securities on Special Alert	Four business days after designation (*)

	Event Requiring Adjustment	Adjustment Date
	Periodic Review	Last business day of October

*: Next business day when the date in question falls on a non-business day.

III. Other

1. Distribution of Index Values and Index Data

1) Index Values

- TSE Standard Market TOP20 Index/TSE Growth Market Core Index price index values are distributed in real-time through the Market Information System to securities companies, news media, and other institutions all over the country. The price index is distributed every 15 seconds.
- The Total Return Index is calculated daily at market close.

2) Index Data

- Index data relating to the TSE Standard Market TOP20 Index/TSE Growth Market Core Index (divisor, etc.) is distributed through the Index Data service.

2. Licensing

JPXI and/or its affiliates reserve all calculation, distribution, publication, usage, and other rights pertaining to TSE Standard Market TOP20 Index/ TSE Growth Market Core Index. Because of this, the use of TSE Standard Market TOP20 Index/ TSE Growth Market Core Index in the composition and/or sale of financial products such as funds or linked bonds (including its use as the basis for options, swaps, warrants, or other OTC derivatives) requires a license from JPXI.

A license from JPXI is also required for the provision, distribution, etc. of TSE Standard Market TOP20 Index/ TSE Growth Market Core Index to third parties.

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