

(Reference Translation)

TSE Index Guidebook (TOPIX Next-tier)

October 30, 2026
JPX Market Innovation & Research, Inc.

Published: January 31, 2025

DISCLAIMER: This translation may be used for reference purposes only. This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. This translation is subject to change without notice. JPX Market Innovation & Research, Inc., Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc., Osaka Exchange, Inc., Tokyo Commodity Exchange, Inc., Japan Exchange Regulation and/or their affiliates shall individually or jointly accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or changes with regard to this translation.

Contents

Record of Changes 3

Introduction 4

I. Outline of Indices 4

II. Index Calculation 4

 1. Calculation Method 4

 2. Index Type 4

 3. Constituent Inclusion and Removal 5

III. Other 7

 1. Distribution of Index Values and Index Data 7

 2. Licensing 7

 3. Contact 7

Record of Changes

DATE	Changes
2024/9/27	• Launch
2025/1/31	• Correction of a misstatement related to the base date in "I. Outline of indices" ,etc. • Uniformity of terminology in each calculation methodology.

Introduction

- JPX Market Innovation & Research, Inc. (JPXI) calculates and distributes the TOPIX Next-tier 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.
- Copyright of this document is owned by JPXI and any copies, reprints, or reproductions of this document in whole or in part are prohibited without the prior approval of JPXI. This document is prepared solely for the understanding of indices calculated, distributed, and published by JPXI and is not to be construed as a solicitation for trading any securities or related financial instruments. JPXI shall accept no liability or responsibility for any loss or damage arising from errors, delays, or termination of the calculation, distribution, or publication of TOPIX Next-tier; changes to its calculation or publication method; the use of TOPIX Next-tier or all or any part of this document; or other similar events.

I. Outline of Indices

- TOPIX Next-tier is a market capitalization-weighted index whose index universe will be the constituents of Tokyo Stock Exchange Prime Market Index, Tokyo Stock Exchange Standard Market Index, and Tokyo Stock Exchange Growth Market Index (hereinafter "Tokyo Stock Exchange Prime Market Index, etc.") and whose constituents will be selected by JPXI based on the criteria of liquidity and market capitalization.
- The base date is October 29, 2026. The base value is 1,000 points.

II. Index Calculation

1. Calculation Method

- The calculation formula shall be the market capitalization weighting formula specified in the Index Calculation Guidebook.
- The free-float weight used in TOPIX Next-tier calculation is the free-float weight specified in the Free Float Weight Calculation Methodology (hereinafter "FFW") multiplied by a cap-adjustment factor applied in the calculation of the Tokyo Stock Exchange Prime Market Index, etc.

2. Index Type

- 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) Periodic Review and Other Details

a. Date of Periodic Review and Other Details

- The initial selection shall be conducted on the last business day of October 2026, with the initial selection base date shall be the last business day of August 2026.
- A periodic review shall be conducted once a year on the periodic rebalance date (the last business day of October), with the periodic review base date shall be the last business day of August. However, the first periodic review shall be conducted on the last business day of October 2028 (the periodic review base date shall be the last business day of August 2028).
- The same selection method shall be used in the initial selection and periodic review (hereinafter "periodic review, etc.").
- The results of the periodic review shall be posted on the JPX website on the fifth business day of October.

b. Constituent Selection Process

(a) Selection of the Index Universe

- The index universe shall be the constituents of the Tokyo Stock Exchange Prime Market Index, etc. as of either the initial selection base date or the periodic review base date (hereinafter "the periodic review, etc. base date"). However, issues that fall under any of the following criteria shall be excluded.
 - Securities to Be Delisted as of the periodic review, etc. base date
 - Securities on Special Alert as of the periodic review, etc. base date
- Please note that the status of securities that are or are likely to be designated as Securities to Be Delisted or Securities on Special Alert between the periodic review, etc. base date and the periodic rebalance date (including the date of initial selection) may be taken into account when necessary.

(b) Selection of Constituents

- Of the index universe selected in (a) above, the issues that meet all of the following criteria will be selected as constituents.
 - Criteria i : Annual traded value ratio of 0.1 or more
 - Criteria ii : Percentage of cumulative free-float adjusted market capitalization is in the top 99%
 - Criteria iii: Excluding issues that have been selected as constituents in the periodic

review of TOPIX in the same year. However, in the initial selection, issues subject to transitional measures of TOPIX may also be included as constituents.

- The percentage of cumulative free-float adjusted market capitalization is defined as “the cumulative free-float adjusted market capitalization starting from the issue with the largest free-float adjusted market capitalization in the group of issues that meet criteria i / the total free-float adjusted market capitalization of said group of issues.”

c. Data Used for Constituent Selection

- The annual traded value ratio used for periodic review, etc. shall be the sum of the monthly traded value ratios for the previous 12 months including the month containing the periodic review, etc. base date. The monthly traded value ratio is defined as “(the median daily traded value in TSE’s trading sessions for the month × the number of business days in the month) / the free-float adjusted market capitalization on the last business day of the month (the value obtained by multiplying the number of listed shares used in index calculation by its FFW and its final price on the day (hereinafter referred to as the "final stock price used for calculation" among the stock price used for calculation specified in the "Calculation Guidelines for Index Calculation").” However, the annual traded value ratio for issues listed for less than one year as of the periodic review, etc. base date shall be the ratio obtained by dividing the sum of the monthly traded value ratios from the month following the month of listing to the month containing the periodic review, etc. base date by the number of months in said period, and then multiplying the result by 12.
- The percentage of cumulative free-float adjusted market capitalization shall be calculated by using the average free-float adjusted market capitalization (the value calculated by multiplying the number of listed shares for each issue by its FFW and its final stock price used for calculation) for the month containing the periodic review, etc. base date.

(2) Non-periodic Removal from Constituents

- Constituents that have been delisted, designated as Securities to Be Delisted, or designated as Securities on Special Alert shall be removed.

(3) Dates of Constituent Inclusion and Removal

	Event Requiring Adjustment	Adjustment Date
Inclusion	Periodic review, etc.	Last business day of October

	Event Requiring Adjustment	Adjustment Date
Removal	Delisting	Delisting date (*)
	Designation as a Security to be Delisted or a Security on Special Alert	Four business days after the date of designation (*)
	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

- The daily closing values of TOPIX Next-tier are distributed.

(2) Index Data

- Daily index data (e.g. base market value) 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 TOPIX Next-tier. Because of this, the use of TOPIX Next-tier 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 TOPIX Next-tier to third parties.

3. Contact

Index Business Department

JPX Market Innovation & Research, Inc.

Email: index@jpx.co.jp