

Listed Company Action Status

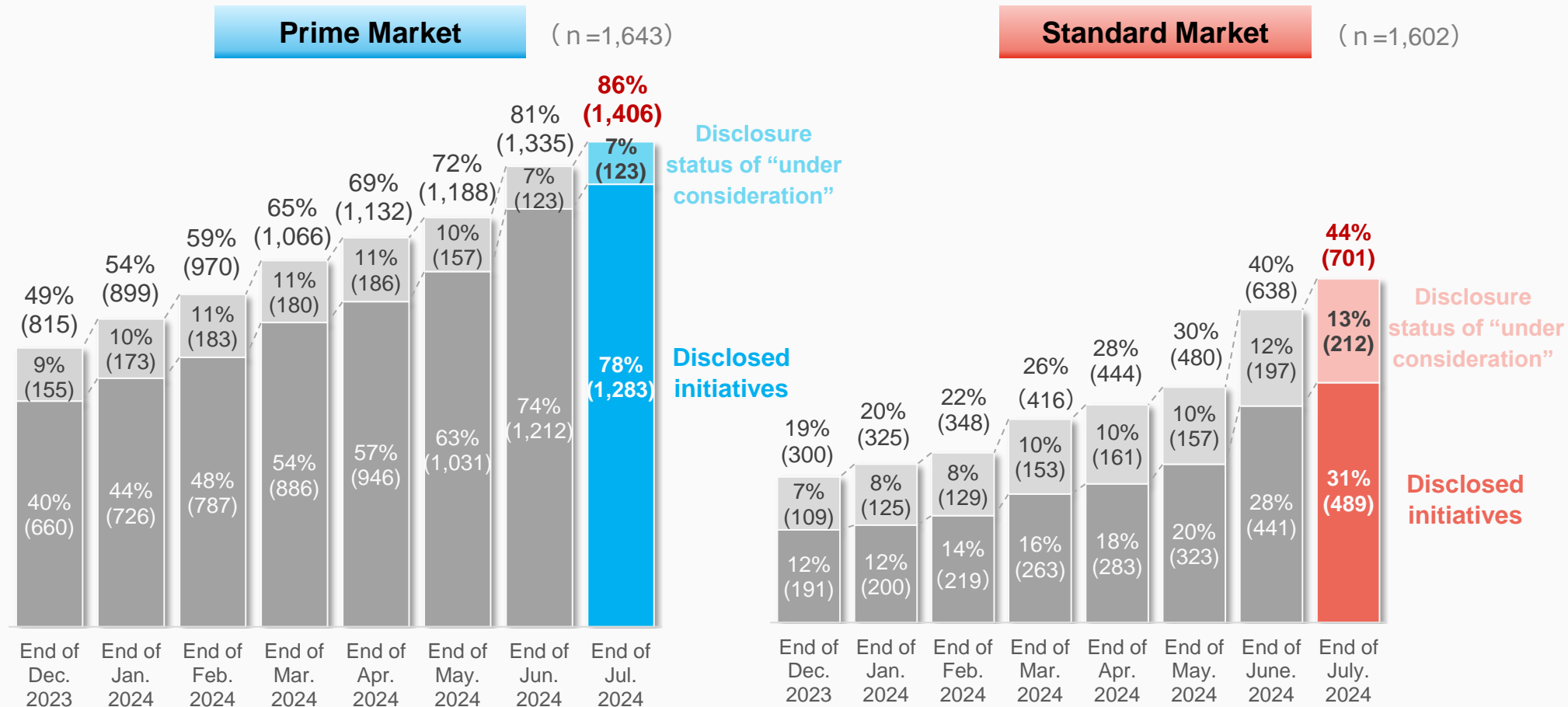
Tokyo Stock Exchange Listing Department

August 30, 2024



Status of Disclosure on “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

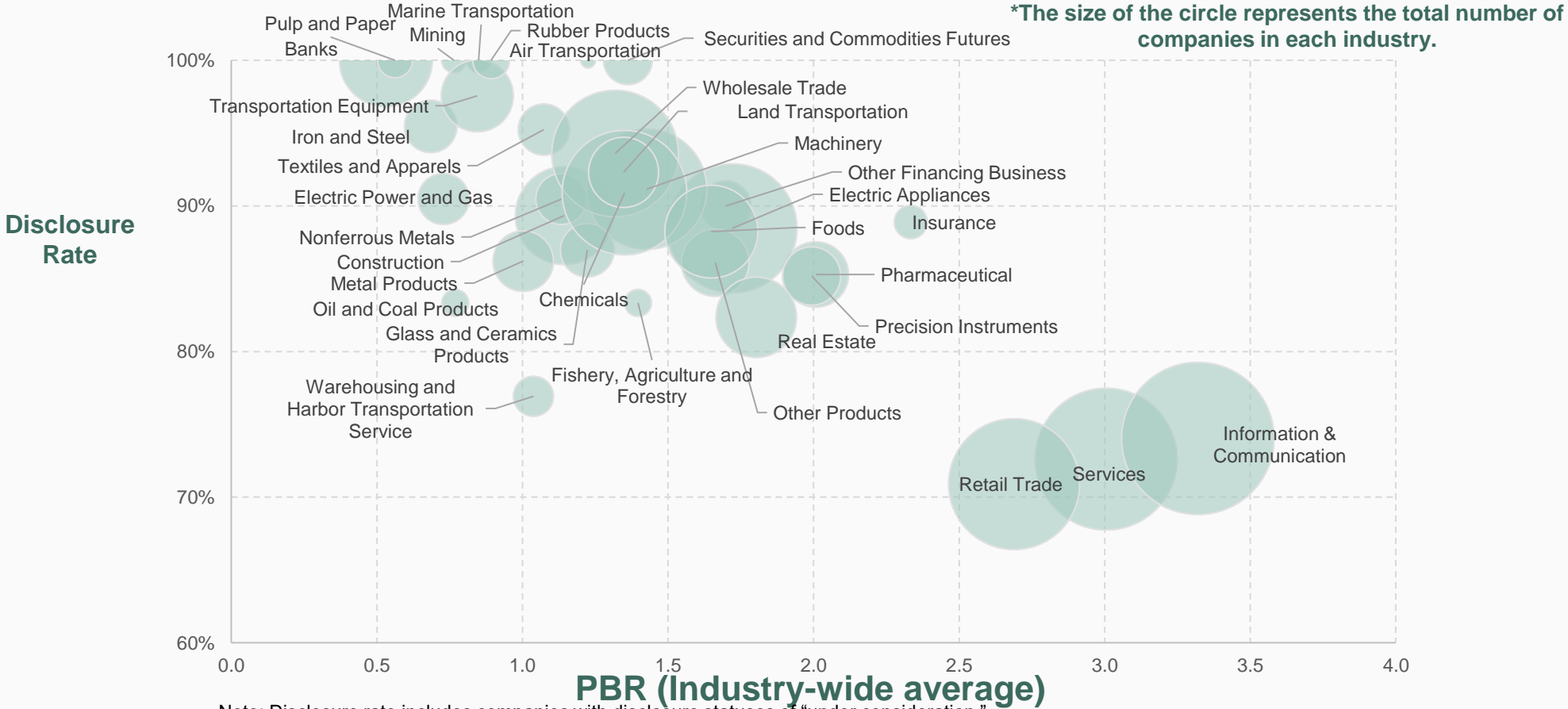
- ◆ As of July 31, 2024, 86% of Prime Market listed companies (1,406 cos.) and 44% of Standard Market listed companies (701cos.) have disclosed. (including companies with a disclosure status of “under consideration”.)
- Many companies, especially those with fiscal years ending in March, disclosed or updated their initiatives from June to July, an increase of 14 pts (218 companies) in the Prime Market and 14 pts (221 companies) in the Standard Market from the end of May 2024



Disclosure Status by Industry (Prime Market)

◆ While disclosure progress is further along among companies in industries with lower average PBRs, progress is also being made in industries with high average PBRs, such as Information & Communication, Services, and Retail Trade.

➤ Increase of **41 pts in Information & Communication**, and **39 pts in the Services and Retail Trade** from disclosure rate as of the end of December 2023



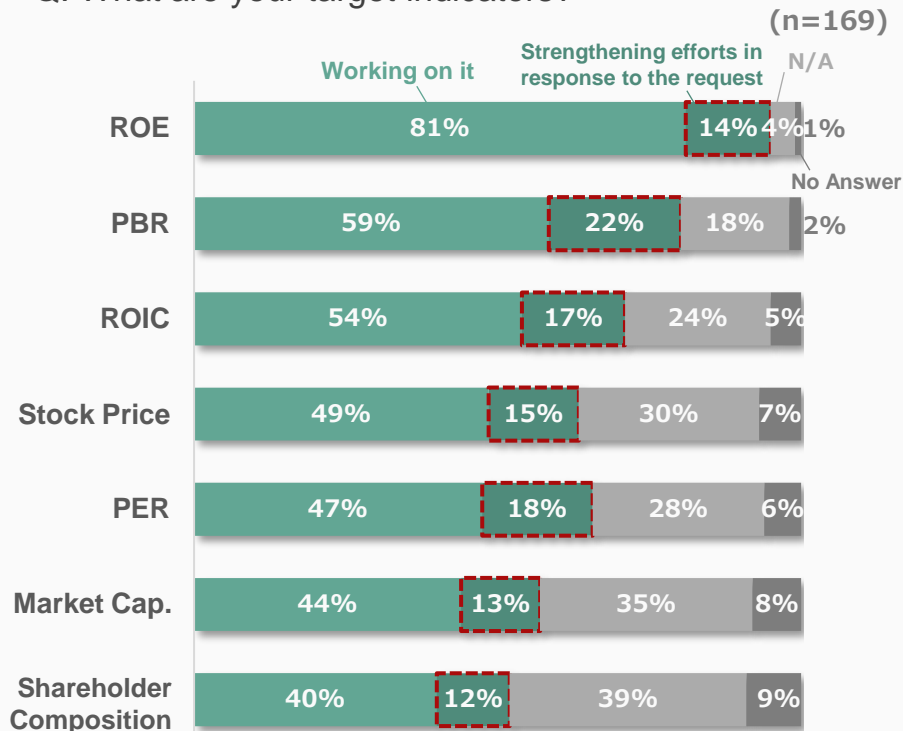
Note: Disclosure rate includes companies with disclosure statuses of "under consideration."

Target Indicators/Disclosure Method

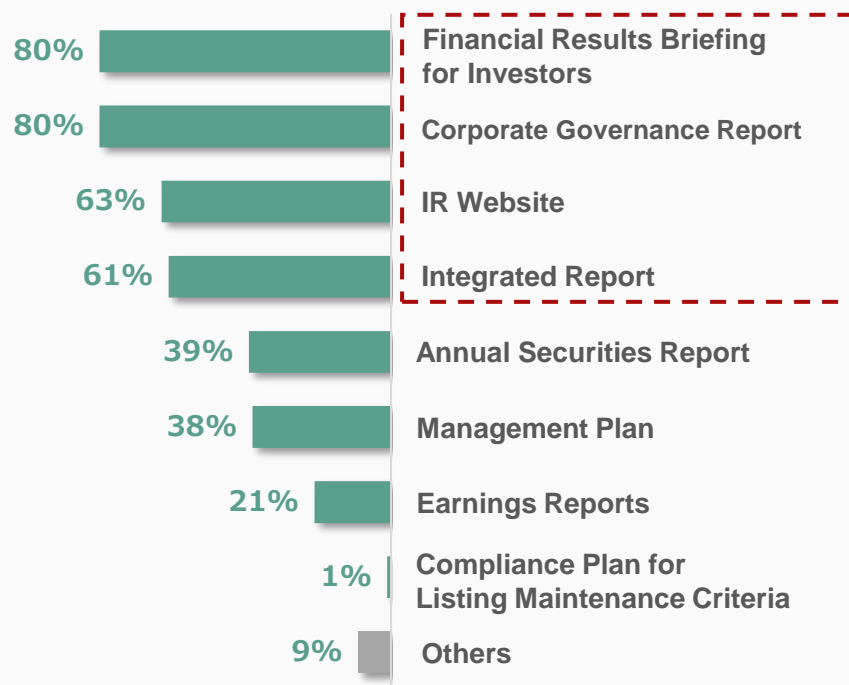
(Japan Investor Relations Association's Survey for Member Companies)

- ◆ Many companies have set up indicators related to capital efficiency and market valuation, such as ROE, PBR, and ROIC, as target indicators for their efforts, and are strengthening their efforts in relation to these indicators in response to the request.
- ◆ Disclosure of "Management that is Conscious of Cost of Capital and Stock Price" is often made in corporate governance reports, financial results presentation materials, IR websites, and integrated reports.

Q. What are your target indicators? (n=169)



Q. Please tell us about how you disclose your efforts. (n=174)



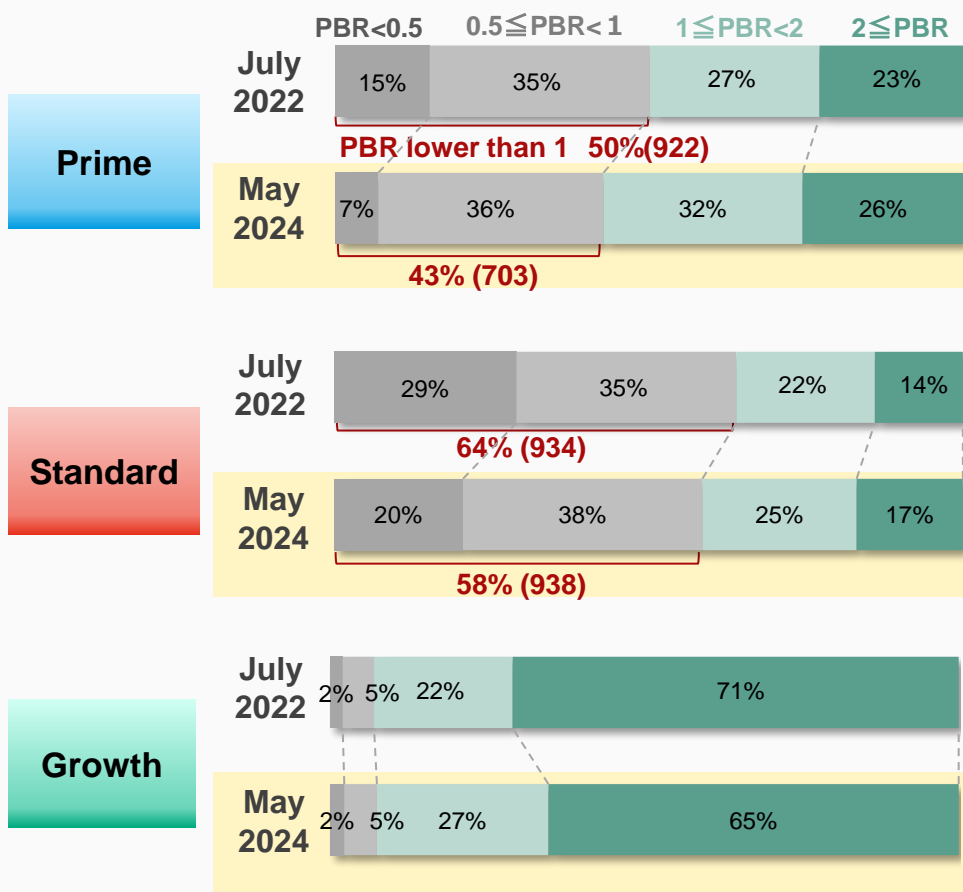
Source: Excerpt from the results of a survey conducted by the Japan Investor Relations Association for its member companies in May and June 2024.

(https://www.jira.or.jp/file/topics_file1_220.pdf) (Graphs processed by TSE)

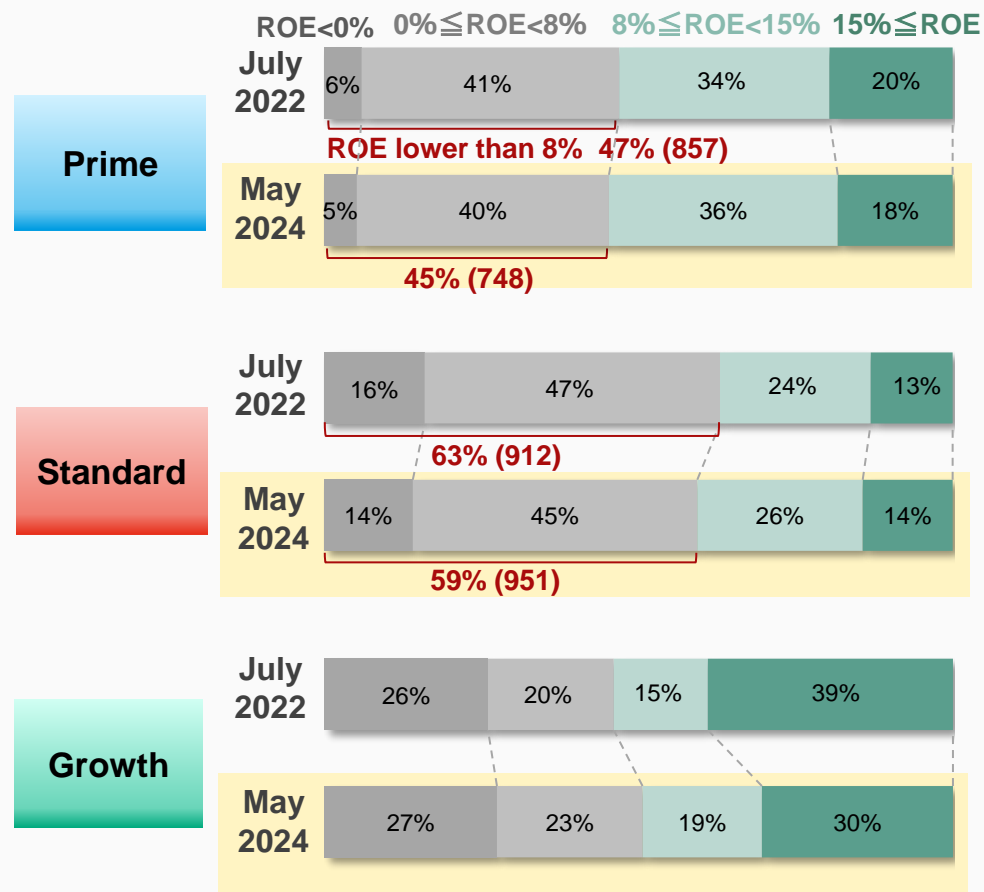
Changes in the Distribution of PBR and ROE *As of May 2024

- ◆ Companies with P/B ratios below 1x accounted for 43% (-7 pt) of companies in the Prime Market and 58% (-6 pt) in the Standard Market
- ◆ The distribution of ROE has not changed significantly

Change in PBR Distribution by Market Segment

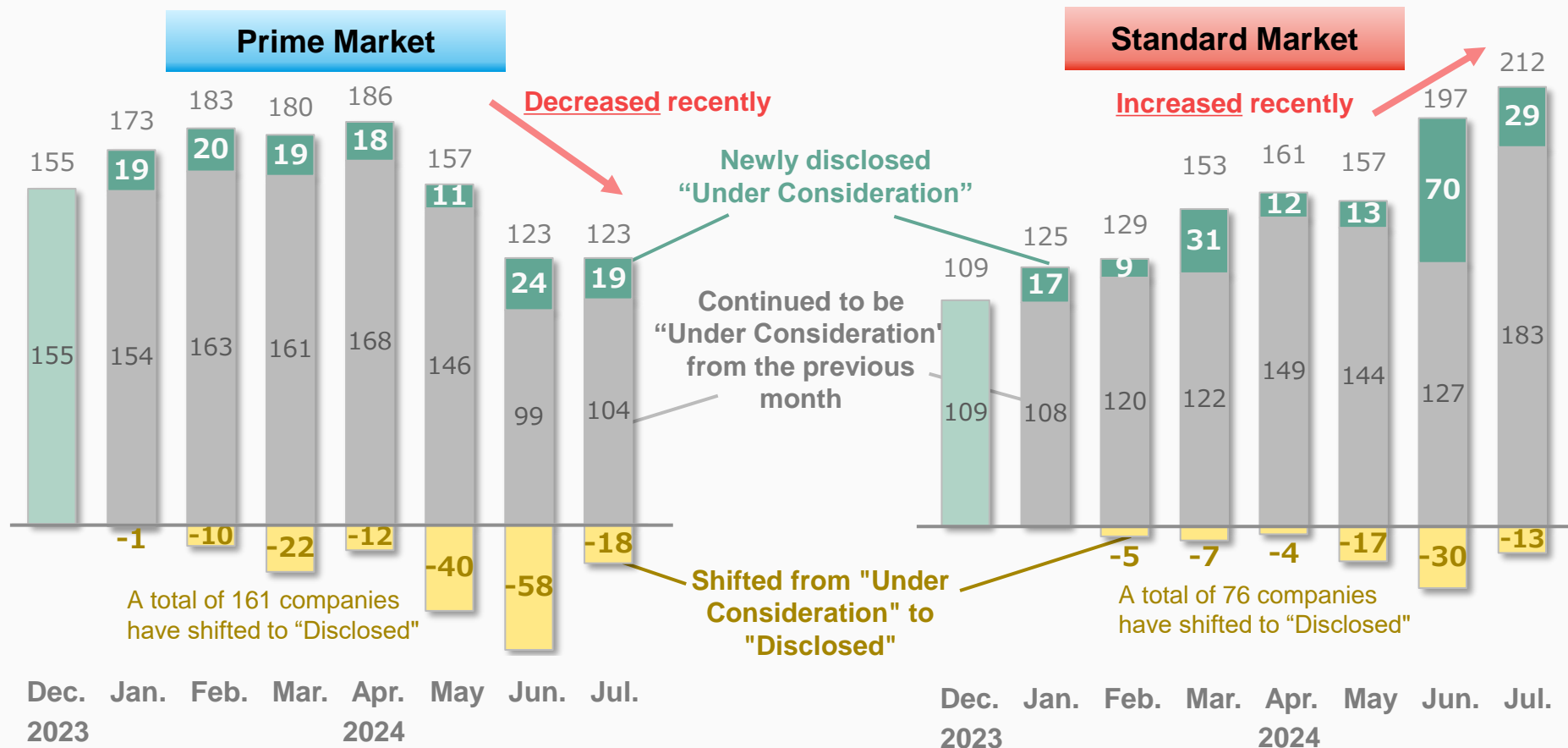


Change in ROE Distribution by Market Segment



Changes in the Number of Companies “Under Consideration”

- ◆ In the **Prime market**, the number of companies shifting from “Under Consideration” to “Disclosed” is increasing, and **the total number of companies with statuses of “Under Consideration” is decreasing.**
- ◆ In contrast, in the **Standard market**, the number of companies newly disclosing statuses of “Under Consideration” has been increasing, and **the total number of companies with status of “Under Consideration” is on an upward trend.**



Status of Companies Yet to Disclose

- ◆ Compared to companies who have disclosed, **companies who have not** are more likely to have **smaller market capitalization, higher P/B ratios, and skewed share ownership, such as companies with controlling shareholders.**

