

# Nikkei 225 Shareholder Return Stock 40 Index

## Index Guidebook

Nikkei Inc.

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(November 4, 2025 Edition)

## 1: Overview

- The Nikkei 225 Shareholder Return Stock 40 Index is a stock price index composed of 40 issues with the highest shareholder return yield among the constituents of the Nikkei Stock Average (Nikkei 225). The index is calculated using a market capitalization × dividend yield-weighted methodology.

## 2: Name

(Japanese)

Official : 日経平均株主還元株 40 指数

Abbreviation : 日経株主還元株 40

(English)

Official : Nikkei 225 Shareholder Return Stock 40 Index

Abbreviation : Nikkei Shareholder Return 40

## 3: Management of Constituents

### (1) Basic Information

- The Nikkei 225 Shareholder Return Stock 40 Index (Nikkei Shareholder Return 40) consists of 40 issues in principle. A regular review of constituents is conducted on the seventh business day of January and July each year. If any issue is removed between semiannual reviews, it will generally not be replaced until the next regular review, at which time the number of constituents will be restored to 40.

### (2) Eligible Issues

- Eligible issues are selected from the constituents of the Nikkei 225, excluding those classified under Banking, Securities, Insurance, Other Financial Services, and Real Estate according to Nikkei industrial classification (middle category).

### (3) Periodic Review

- The last business day of May and November each is year is designated as the “base date”. After the start of calculation and publication, 40 issues will be selected using the following method, and replacements will be implemented on the seventh business day of the second month after the base date. Changes due to periodic reviews will be announced in advance after a certain period.
- Among eligible issues as of the base date, those in the top 70% based on the latest expect dividend yield are selected. Issues with delayed earnings announcements as of the base date are excluded.

- For the selected issues, a *Shareholder Return Yield\* Ranking* is created as of the base date, and 40 issues with the highest shareholder return yield are chosen according to steps I–III below:

- I. Determine whether share buybacks were conducted in each of the three periods, i.e. past year 1, past year 2 and past year 3, within the past three years counting back from one month before the base date. From issues that conducted buybacks in at least two of these three periods and have a positive Shareholder Return Yield, prioritize current constituents ranked within 56th place (140% of 40 issues), then select from non-constituents until reaching 40.
- II. If the number of selected issues is still fewer than 40, select in the following priority order:
  - (a) Issues with positive Shareholder Return Yield that conducted buybacks in one of the three periods, in the order of current constituents, then non-constituents.
  - (b) Issues with negative Shareholder Return Yield that conducted buybacks in at least two of the three periods, in the order of current constituents, then non-constituents.
  - (c) Issues with negative shareholder Return Yield that conducted buybacks in one of the three periods, in the order of current constituents, then non-constituents.
- III. If the number of selected issues is still fewer than 40, select from issues that did not conduct buybacks in the past three years, in the order of current constituents, then non-constituents.

\* *Shareholder Return Yield* is calculated as follows:

Shareholder Return Yield

$$= \frac{(\text{Total Dividends} + \text{Total Share Buybacks} + \text{Total Debt Repayment}) \div 3}{\text{Market Capitalization as of the Base Date}}$$

Total Dividends	The sum of (a) actual dividends for the past two fiscal periods from the fiscal year-end up to two months before the base date, and (b) expected dividends for the fiscal period ending after one month prior to the base date. The expected dividend is based on Nikkei’s full-year forecast as of the base date and calculated using the number of common shares excluding treasury shares. In the case of an irregular fiscal
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	period due to a change in fiscal year-end, the expected dividend is adjusted on a 12-month basis.
Total Share Buybacks	The total amount of share buybacks executed during the three years prior to the end of the month preceding the base date.
Total Debt Repayment	The reduction in net interest-bearing debt, defined as “total borrowings and bonds” minus “total cash, deposits, and marketable securities”, from three fiscal years ago. If the necessary data for calculation is not available, the total debt repayment amount is assumed to be zero.

#### (4) Extraordinary Removal/Replacement

- In case that a constituent is removed from the Nikkei 225, the constituent stock will be deleted from the index on the same day as the removal from the Nikkei 225.
- On the final business day of each month (except from March to May), if a company’s expected dividend changes to zero, the stock will be removed from the index on the seventh business day of the following month.
- In principle, no new constituents will be added to replace those removed under these extraordinary removals. However, in cases where a newly listed stock which succeeds the substance of such removed stock is added to Nikkei 225, the newly listed stock will replace the removed one on its listing date (in principle, the same date as its inclusion in the Nikkei 225).

#### (5) Constituents for Retroactive Calculation

- For the retroactive calculation (see 4-(7) below), the constituent were selected as of each base date using the method described in (3) above, and replacements were implemented on the seventh business day of the second month after each base date.
- However, no replacement was conducted as of the base date at the end of May 2020, when many listed companies left their earnings forecasts undecided due to the COVID-19 pandemic. In addition, adjustments such as converting actual total dividends to a 12-month basis for irregular fiscal periods and extraordinary removals of issues whose expected dividend became zero during the period were not considered.

## 4 : Index Calculation

### (1) Basic Information

- The index is calculated using a market capitalization × dividend yield-weighted methodology.
- The base value is set at 10,000 as of January 13,2011 (the Inception Date).
- The unit of the index is points, rounded to the second decimal place (third decimal place rounded).
- Calculated on an end-of-day basis using stock prices from the Tokyo Stock Exchange.

### (2) Calculation Formula

- The daily index value shall be calculated by the following formula.

$$\text{Index value} = \Sigma \{ \text{Share price} \times \text{Weight Factor} \} \div \text{Divisor}$$

### (3) Weight Factor

- The Weight Factor (number of shares for the index) for each constituent used in the index calculation is determined on the base date of the Periodic Review according to the following method. Any fractional part is truncated.

$$\begin{aligned} \text{Weight Factor} \\ = \text{Number of issued common shares} \times \text{Expected dividend yield} \div 100 \end{aligned}$$

#### (a) Expected Dividend Yield (%)

The expected dividend yield is calculated by dividing Nikkei's full fiscal year expected dividend as of the base date by the stock price and annualizing the result. The value is expressed as a percentage, truncated to two decimal places.

#### (b) Weight Cap

When determining the weight factor at the time of periodic review using the above method, if the weight of a specific issue exceeds 8% of the total index constituents, the weight factor will be adjusted so that it does not exceed 8%.

#### (c) Stock Split and Reverse Split

After the weight factor has been set, if a constituent undergoes a stock split or reverse split, the weight factor will be adjusted on the ex-rights date according to the applicable ratio.

#### (4) Divisor

- The Divisor on January 13th, 2011, the Inception Date, is determined by the following formula.

$$\text{Divisor} = \Sigma \{ \text{Share prices} \times \text{Weight Factor on the Inception Date} \} \div 10000$$

- After the Inception Date, the Divisor is adjusted each time a constituent replacement occurs using the following formula.

$$\begin{aligned} \text{Divisor (Next Day)} &= \text{Divisor (Today)} \\ &\times (\Sigma \{ \text{Base Price of each constituent on the next day} \\ &\quad \times \text{Weight Factor for the next day} \}) \\ &\div (\Sigma \{ \text{Base Price of each constituent today} \\ &\quad \times \text{Weight Factor today} \}) \end{aligned}$$

- The Divisor is rounded to the fourth decimal place (fifth decimal place rounded).

#### (5) Spin-Offs

- When shares of the spun-off independent company are distributed to the shareholders of a constituent company and the spun-off company is going to be listed in the short period, the spun-off company is temporarily incorporated into the index calculation between the spin-off ex-date and the listing date. The spun-off company is to be excluded from the index calculation on the next business day after the listing date.
- The offering price or the reference price submitted by the listing sponsor is to be used as the price of the stock temporarily included in the index calculation until the market price is determined after its listing. The Weight Factor is to be set by considering the original component stock's Weight Factor and the spin-off distribution ratio.

#### (6) Modification of the index value

- If any event occurs and comes out at a later date where it is necessary to modify

the index value, as a general rule, Nikkei reflects the modified data into the index value on the index calculation date coming subsequently after the event comes out, as the date when the event occurs. Retroactive calculation for the modification will not be conducted in principle.

#### (7) Retroactive calculation in the past

- The index is retroactively calculated to the Inception Date (January 13th, 2011=10,000) on an end-of-day basis.
- The constituents used for the retroactive calculation are as described in section 3-(5).

### **5: Others**

#### (1) Total Return Index calculation

As related indices to the “Nikkei 225 Shareholder Return Stock 40 Index,” the following indices, which take dividends into account, are calculated on an end-of-day basis:

- “Nikkei 225 Shareholder Return Stock 40 Index (Total Return)”
- “Nikkei 225 Shareholder Return Stock 40 Index (Net Total Return)”

The basic calculation principles, including the treatment of dividends, follow those of the “Nikkei 225 Total Return Index.”

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(Appendix) Index Guidebook Change History

November 4, 2025 Edition	First Edition
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