< Index History >

Date	History
December 11, 2019	○ **Change of sector classification and constituent selection methods** - (Before) Companies in each of the non-technology sectors are selected first for index inclusion, followed by any technology sector - (After) In each sector, companies that meet the criteria are selected for index inclusion. Sector classification is based on 11 sectors of the Global Industry Classification Standard (the financials sector included)
December 21, 2023	**< Change of eligible securities >** ○ (Before) Common stocks listed on the KOSDAQ market → (After) Constituents of KOSDAQ Index **< Introduction of a provision concerning 'exceptional addition of newly listed companies' >** ○ A newly listed company in the top 30 common shares in the KOSDAQ market by the average daily market capitalization over 15 trading days following the listing day is subject to index inclusion. **< Introduction of a separate eligibility screening for a spin-off >** ○ When a KOSDAQ 150 constituent company spins off, whether the original/spun-off company is included in the index is determined through a separate eligibility screening. - (Before) The original company remains in the index while the spun-off company is not included. - (After) Both original and spun-off companies are subject to the eligibility screening.
November 1, 2024	**< Tightening the provision concerning "exceptional addition of newly listed companies">** ○ Introduction of new constituent selection criteria involving float-adjusted market capitalization ○ Revision on the provision concerning "exceptional addition of large-cap stocks"

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Date	History
November 2, 2026	**<Revision on constituent selection methods>** ○ Change of company classifications - (Before) Companies are classified into one of the eleven sectors based on the Global Industry Classification Standard - (After) Companies are classified into one of the nine sectors based on the KRX Industry Classification Standard **<Repealing the Reserved Issues Scheme>**

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1. Overview

1.1 The KOSDAQ 150 Index Methodology (hereinafter referred to as the "Guide") describes requirements for calculation and management of the KOSDAQ 150 administered by the Korea Exchange (hereinafter referred to as "KRX").

1.2 The Guide is to be read in conjunction with the Basic Methodology for KRX Indices.

1.3 First introduced in July 2015 to represent the KOSDAQ market, the KOSDAQ 150 Index is currently used as an underlying index for financial instruments such as futures and ETFs. In order for the index to accurately reflect the KOSDAQ market, the Guide defines constituent selection criteria and how to calculate the index level, considering the index representativeness, liquidity, and marketability.

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2. Management Responsibility

2.1 (Administrator) As an index administrator, KRX takes charge of calculating and managing the KOSDAQ 150 including;

- Addition and removal of constituents;
- Any change of weights of constituents in accordance with the methodology;
- Periodic index review and application of any resulting change; and
- Distribution of index values.

2.2 (Periodic review of methodology) KRX periodically reviews the Guide to make sure that the methodology is in line with the index objective while meeting the needs of stakeholders. Such review is examined by the Index Committee.

3. Methodology Change and Exceptions

3.1 Any material change to the Guide are confirmed after the Index Committee's review. In the process, various comments and suggestions from stakeholders and subscribers are thoroughly considered. Material changes include;

- Changes in the index concept or objective;
- Revision of the Guide that may result in material rebalancing; and
- Revision of the Guide that may influence the index's properties including returns rates and volatility.

3.2 When a corporate action not indicated in the Guide is to be applied to the index or when an event is to be applied to the index differently from the Guide, the Index Committee or Index Management Committee reviews the case before confirmation. When needed, comments may be collected from external experts, market participants, and stakeholders and reflected during such process.

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4. KRX Index Policy and Guidelines

○ The Guide is to be read in conjunction with the following documents.

4.1 General information on equity index calculation

○ Refer to the Basic Methodology for KRX Indices.

4.2 Application of corporate actions to indices

○ Refer to the Corporate Actions and Events Methodology.

4.3 Index correction

○ Refer to the Guidelines on Corrections to Indices.

4.4 Index cessation or transfer, or index calculation during market suspension or closure

○ Refer to the Guidelines on Index Cessation.

4.5 Complaints on index calculation and their management

○ Refer to the Guidelines on Complaints.

4.6 Comments for index methodology

- Refer to the Guidelines on Public Comments.

5. Expert Judgement

5.1 The Guide is designed to objectively present what is required to calculate and manage the KOSDAQ 150 and thereby to avoid subjective, arbitrary judgements to the extent possible.

5.2 As KRX equity indices are automatically calculated and published based on prices formed in, and number of shares listed on, the KRX market, KRX does not make a separate Expert Judgement regarding input data. However, corporate events or a unique and complicated circumstance not covered herein may arise between the screening base date and the rebalancing day.

5.3 In such case, KRX reviews constituent eligibility and seeks to address the issue through the Index Committee or the Index Management Committee. Comments from stakeholders may be accepted, if necessary. In an urgent circumstance, the issue may be handled, to the extent possible, in accordance with Section 4 hereof.

5.4 For any exercise of Expert Judgement, KRX makes a prior notice of it along with its background on the KRX index website.

5.5 All the details of any exercise of Expert Judgement are permanently stored electronically.

6. Constituent Selection

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6.1 Eligibility Criteria

6.1.1 Eligible securities for the KOSDAQ 150 are the constituents of KOSDAQ Index as of the final trading day in the month before the previous month from rebalancings (hereinafter the "screening base date"), excluding :

- companies on the KRX's watchlist or scheduled to be delisted;
- companies designated as prudence-required stock;
- companies investing in real estate, ship, or social infrastructure, or special purpose acquisition companies (SPACs); and
- issues of which free-float rate is under 10%.

6.1.2 Companies that have been listed on the KOSDAQ market for less than six months (including those became publicly listed by merging with a SPAC) are deemed ineligible for screening; provided, however, that a company falling under any of the following cases may not be excluded :

- ○ a company added to the index prior to the screening base date as a spun-off company in the case of a constituent's spin-off, or a constituent company as of the screening base date after being added to the index prior to the screening base date as an exceptional addition of a newly listed issue.

6.1.3 Companies that fall into the classification that is subject to exclusion from the index in accordance with 6.2 below are deemed ineligible for screening.

6.1.4 Other companies deemed disqualified (companies described in 8.2 of the Basic Methodology for KRX Equity Indices or other disqualified securities) may be subject to exclusion.

6.2 Sector Classification

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○ Eligible securities are classified into one of the 9 Sectors below in accordance with the KRICS* as of the screening base date. However, if a cause for reclassification of a company arises between screening base date and Regular Rebalancing date, the company may be reclassified and the result of which may be applied to Regular Rebalancing.

* KRICS(KRX Industry Classification Standard)

1. Energy & Chemicals 2. Materials 3. Industrials
4. Mobility 5. Information Technology (IT) 6. Finance & Real Estate
7. Consumer Products 8. Healthcare 9. Media & Contents

○ Any sector of which total market capitalization is less than 1% of the aggregate market capitalization of all eligible securities is excluded from the index.

6.3 Screening

6.3.1 (Screening criteria) Screening for index inclusion is based on the average daily market capitalization and the average daily trading value of an eligible company.

6.3.2 (Screening period) Companies are screened over the six months preceding the screening base date. In such case, the one-month period spans from the first trading day to the last trading day of the applicable month.

○ In the case where a merger (excluding a small scale merger) or a spin-off takes place between the screening base day and the rebalancing date, the screening period spans from the day of listing to the screening base date.

○ As for a company added to the index prior to the screening base date as an exceptional addition of a newly listed issue, the screening period spans from the day of listing to the screening base date.

○ With respect to the stocks whose trading is resumed before the screening

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base date that arrives after being under long-term trading suspension following a listing maintenance review, the screening period shall be from the trading resumption day to the screening base date.

6.3.3 In the case where a merger (excluding a small scale merger) or a spin-off takes place, or trading of a stock is resumed after having long-term trading suspension following a listing maintenance review, between the first trading day of the screening period and the rebalancing day, average daily market capitalization and average daily trading value may be adjusted, if necessary.

6.4 Constituent selection

6.4.1 (Step 1)

- In each sector, companies are selected in order by average daily market capitalization. Companies in 60% by cumulative market capitalization in a given sector, including the first company that crosses the 60% mark, are selected.

- In each sector, companies that ranked in the bottom 20% by average daily trading value (liquidity basis) are excluded.

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6.4.2 (Step 2) Companies selected in the first selection go through the following steps to be confirmed as a constituent.

- Current index constituents with average daily market capitalization ranking within 120% of the number of current constituents in a given sector are included in the index, if they meet the liquidity requirement.

- Non-constituents are selected for index inclusion if their average daily market capitalization ranking is within 80% of the number of current constituents in a given sector. However, this does not apply if the number of existing constituents in the corresponding sector is less than 3.

6.4.3 (Step 3) Additional inclusion or deletion is made if the number of

constituents is below or above 150 after Step 2 is completed.

- ○ Below 150 : If the 150 company target count has not been reached so far, remaining companies that meet the liquidity requirement are selected regardless of sector classification in order by average daily market capitalization, until 150 stocks are included.

- ○ Above 150 : When the stock target count has been over-reached, companies are deleted regardless of sector classification in ascending order of average daily market capitalization until the target count of 150 companies is satisfied.

6.4.4 (Exceptional addition of large-cap stocks) Notwithstanding 6.2 – 6.4.3 above, a security in the top 50 stocks by market capitalization among those meeting the criteria specified in 6.1 is subject to index inclusion considering sectoral balance and liquidity. In such case, the company replaces a company with the smallest market capitalization among the selected companies. The market capitalization refers to the average daily market capitalization over the 15 trading days preceding the screening base date.

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6.4.5 (Removal of small-cap stocks) An eligible security may be removed from the index when its average daily market capitalization ranked below 300th among common shares in the KOSDAQ market. In such case, the removed company is replaced with a company that has the largest market capitalization among eligible securities that satisfy the liquidity requirement.

6.5 Reserved issues

- ○ Reserved issues are not selected for the KOSDAQ 150.

7. Rebalancing

7.1 The KOSDAQ 150 is biannually reconstituted using the constituent selection criteria. Rebalancing takes place on the trading day following the last trading day of the June and December delivery month for KOSPI 200 futures contracts.

7.2 Selected companies are confirmed as constituents in May and November after the Index Committee's review before being published on the KRX index website (http://index.krx.co.kr).

8. Other Maintenance

○ A constituent involved in any of the following causes for Other Maintenance is excluded from or included to the index.

When a constituent company to be removed remains suspended from trading on the 16th trading day after a respective cause for disqualification occurred, the company is removed on the 17th trading day.

○ Such removal may take place on different schedule, if necessary, for example, for the convenience of index users.

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8.1 (Disqualification) A constituent involved in any of the following causes for disqualification is removed from the index.

8.1.1 (Delisting) A constituent company is removed on the third trading day after it is determined to be delisted. If such delisting is due to a merger, full stock exchange, or transfer, the stock is removed from the index on the day it is suspended from trading.

In the case of delisting of a constituent for the purpose of being listed on the KOSPI market, the constituent is removed on the day it is delisted.

8.1.2 (Watchlist) A constituent company is removed on the third trading day after the company is put on the KRX's watchlist.

8.1.3 **(Prudence-required stock)** A constituent company is removed on the third trading day after the company is designated as prudence-required stock.

8.1.4 **(Others)** A constituent considered disqualified for reasons other than those above is removed on a day set by KRX.

8.2 **(Exceptional addition of newly listed companies)** A newly listed stock that is in the top 30 common shares in the KOSDAQ market by market capitalization and whose float-adjusted market capitalization exceeds the result of multiplying the market capitalization of top 30th listed company by 0.5 is subject to index inclusion. The company can be selected prior to rebalancing considering sectoral balance and liquidity. The market capitalization and float-adjusted market capitalization refer to the average daily market capitalization and average daily float-adjusted market capitalization (daily float-adjusted market capitalization defined by KRX considering factors such as mandatory stock holding period) over the 15 trading days following the listing day.

Such inlcusion takes place on the trading day following the last trading day of the nearest month KOSPI 200 futures contract that is the first to arrive after 15 trading days since the listing day.

Any exceptional addition of newly listed companies may take place on different schedule when it is found to have reasonable grounds.

8.3 **(Merger and acquisition)** Identical to that of the KOSPI 200.
* Please refer to the KOSPI 200 Index Methodology.

8.4 **(Spin-off)** Identical to that of the KOSPI 200.
* Please refer to the KOSPI 200 Index Methodology.

9. Calculations

9.1 Formula

○ The formula to calculate the KOSDAQ 150 Index is as follows

$$\text{KOSDAQ 150} = \frac{\text{Current market capitalization}}{\text{Base market capitalization}} \times 1000$$

where the multiplier is a base value of 1000 and the base date is 4 January 2010.

○ The definitions of the current market capitalization, index share, and stock price are identical to those of the KOSPI 200 and most KRX indices.

* Please refer to the Basic Methodology for KRX Indices and the KOSPI 200 Index Methodology.

9.2 Free-float shares

○ The KOSDAQ 150 is a float-adjusted market-cap weighted measure of its constituents. Please refer to the Basic Methodology for KRX Indices for more details.

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9.3 Weight Capping

○ KOSDAQ 150 constituent companies are not capped.

9.4 Calculation time and interval

○ The KOSDAQ 150 is calculated from 30 seconds after the start of trading on the exchange (exchange opening) to the end of trading on the exchange (exchange closing). When the closing price of any of the constituents is not confirmed by the exchange closing time, the calculation continues until all closing prices are confirmed.

○ The KOSDAQ 150 is calculated every second.

10. Governance

10.1 Index Committee

- KRX has put in place the Index Committee to manage KRX indices in an impartial and objective manner. The Committee, mostly consisting of experts from outside of KRX, reviews how benchmark indices are managed.

10.2 Index Management Committee

- KRX runs the Index Management Committee, consisting of KRX staff who have expertise in indices, to manage indices other than benchmark indices and to review the application of corporate actions to the indices.

<Note> Index Distribution

- KOSDAQ 150 Index values and constituent information are provided as paper or electronic copies via the KRX index website (http://index.krx.co.kr), its major vendors, and other media. The information is created in the KRX Information Distribution System and disseminated through various channels including securities networks and the File Transfer Protocol (FTP).

- Users can subscribe to the KRX index data products to receive detailed information of the index such as constituent companies' index calculation shares.

- The index's Bloomberg ticker is as follows.

Index	Bloomberg Ticker
KOSDAQ 150 Index	KOSDAQ150

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