

# Future Direction of the TOKYO PRO Market

New Listings Department  
Tokyo Stock Exchange, Inc.

November 13, 2025



# Recent Trends in the TOKYO PRO Market

- As the number of listed companies on the TOKYO PRO Market (TPM) increase, the **number of companies that debut on TPM before attempting to list on a public market has also been increasing over the past several years.**
- Recently, **this trend** has become particularly **pronounced in response to the revision of the Growth Market.**

## (Comments from Market Stakeholders)

- The number of companies aiming to move from TPM to the public market had already been on the rise, but **over the past six months, inquiries from companies that were previously targeting the Growth Market have increased even further.** All of the companies had been aiming to list on a public market sometime in the future. I feel that the **characteristics of the companies that want to list on TPM has begun to change.** [J-Adviser]
- Our company (a privately-owned company) is large enough to satisfy the Growth Market's new continued listing criteria (i.e., market capitalization of JPY 10 billion or more (applicable when the company has been listed for five or more years)). However, **we would like to list on TPM first so that we can lay the groundwork for properly satisfying investors' expectations for growth. Then, once we have developed the infrastructure to grow larger, we would like to try to list on a public market.** [Privately-Owned Company]

- **TSE would like you to discuss the future direction of the TOKYO PRO Market, given that there are now companies that are considering listing there in order to achieve growth.**

# Current State of the TOKYO PRO Market (Facts)

# TPM Overview

- TOKYO AIM, a joint venture between TSE and the London Stock Exchange (LSE), was established in 2009 in order to **provide a new place for Japanese and Asian growth companies to raise funds** and also to **provide new investment opportunities for professional investors in Japan and abroad**. (TSE became the sole operator of TOKYO AIM in 2012 and changed the market's name to TOKYO PRO Market.)
- TPM is a **market for professional investors**. It has a **flexible design and no quantitative listing criteria**. A **J-Adviser** performs the **listing eligibility examinations** of the companies under its supervision and provides them with **guidance and advice before and after listing**.

## (Comparison with Public Markets)

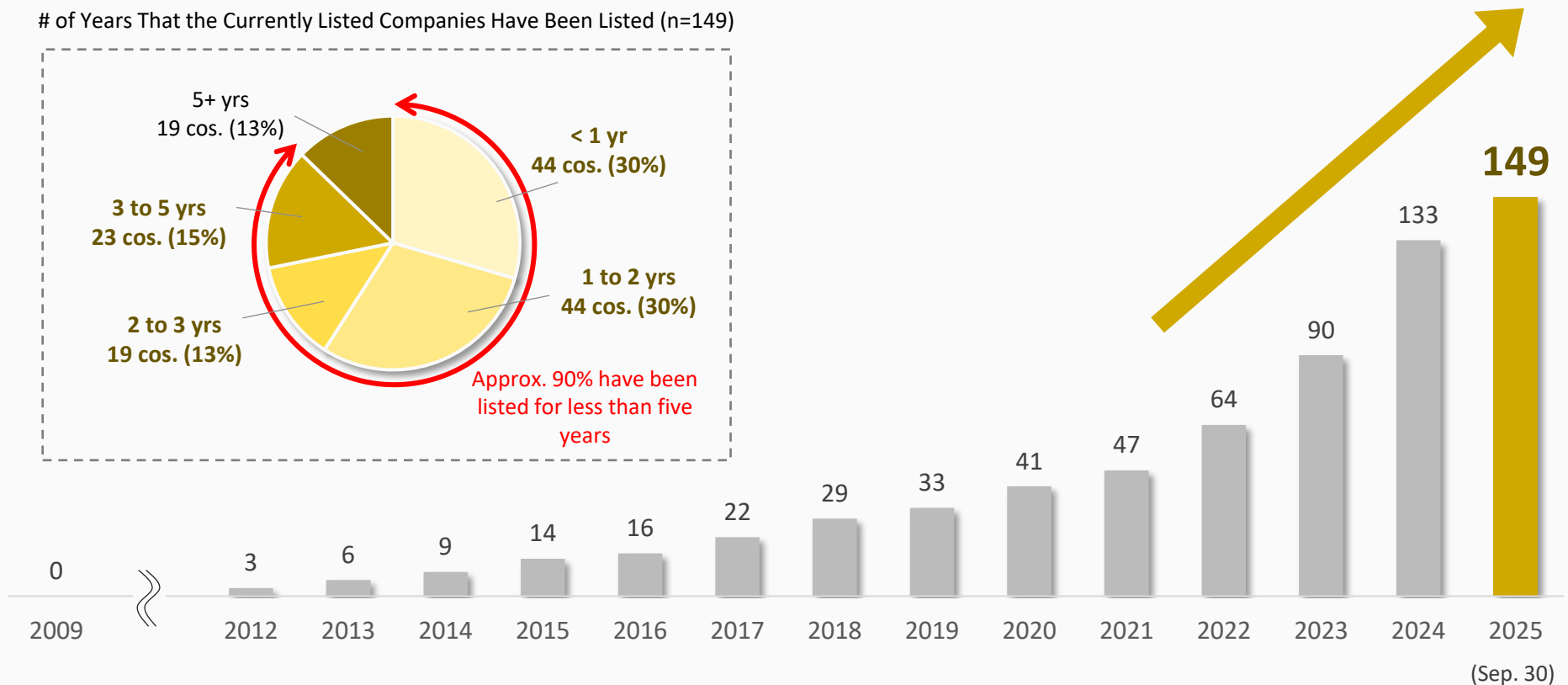
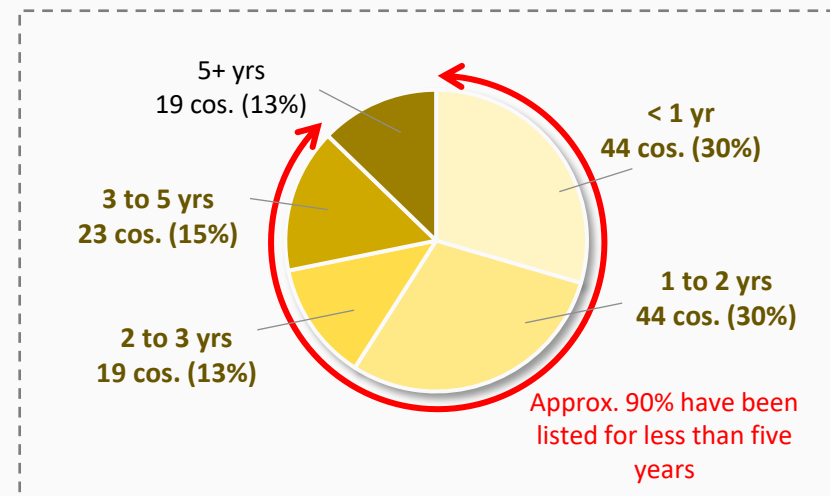
| Item   | TPM  | Public Markets   |
|--|--|--|
| Eligible Investors                                       | <b>Specified investors only (in principle)</b><br>* General investors may sell shares          | All investors may buy and sell shares                      |
| Listing Criteria   | <b>Quantitative Criteria: No</b><br>Qualitative Criteria: Yes                                  | Quantitative Criteria: Yes<br>Qualitative Criteria: Yes    |
| Adviser System   | <b>Yes (J-Adviser)</b><br>* Based on LSE's Nominated Adviser (NOMAD) system                    | No   |
| Listing Examiner   | <b>J-Adviser</b><br><b>(Continues to offer guidance and advice to companies after listing)</b> | Lead Underwriter + Exchange                                |
| Audit Period Before Listing                              | <b>Previous year</b>   | Previous two years   |
| Disclosure Formats for the Primary and Secondary Markets | <b>Based on the exchange's rules</b>   | Based on the Financial Instruments and Exchange Act (FIEA) |
| Quarterly Disclosures / J-SOX Compliance                 | <b>Optional</b>  | Required   |

# Changes in the Number of Listed Companies on TPM

- With the entry of new J-Advisers and increased awareness of TPM as a listing venue, the **number of listed companies on TPM has increased significantly over the past several years. Currently, most of the companies on TPM have been listed for less than five years.** (As of now, approximately 200 companies have been listed on TPM. Among them, 15 have successfully transitioned to the public market, while approximately 40 have been delisted)

## Changes in the Number of Listed Companies on TPM

# of Years That the Currently Listed Companies Have Been Listed (n=149)



Note: The number of listed companies is the number as of the end of each year (in the case of 2025: as of Sep. 30).

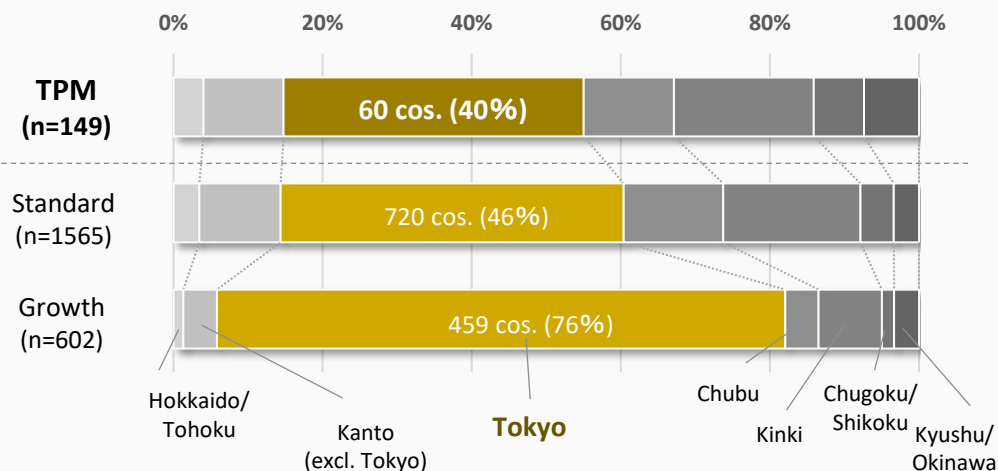
# Characteristics of TPM-Listed Companies

- TPM-listed companies are **smaller in scale** than the companies listed on a public market.
- **Comparatively more** of the companies are headquartered outside of Tokyo, and the market's sector classifications are **diversified** (i.e., businesses of diverse sectors are listed there).

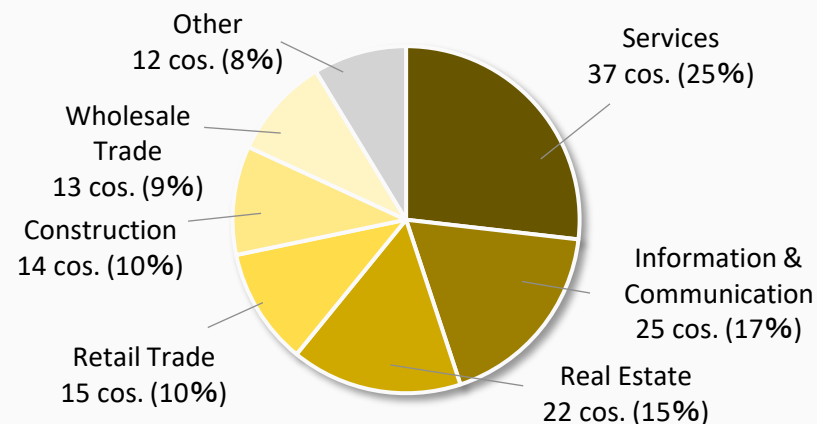
Comparison of Recent Financial Figures  
(Median Values for Each Market Segment)

| Market Segment     | Sales                | Ordinary Profit     | Net Income         | Total Assets         | Net Assets          |
|--------------------|----------------------|---------------------|--------------------|----------------------|---------------------|
| <b>TPM (n=149)</b> | <b>JPY 2.92 bil.</b> | <b>JPY 110 mil.</b> | <b>JPY 80 mil.</b> | <b>JPY 1.88 bil.</b> | <b>JPY 620 mil.</b> |
| Standard (n=1567)  | JPY 16.04 bil.       | JPY 830 mil.        | JPY 570 mil.       | JPY 18.15 bil.       | JPY 9.77 bil.       |
| Growth (n=604)     | JPY 3.93 bil.        | JPY 210 mil.        | JPY 150 mil.       | JPY 4.18 bil.        | JPY 2.19 bil.       |

Comparison of Head Office Locations

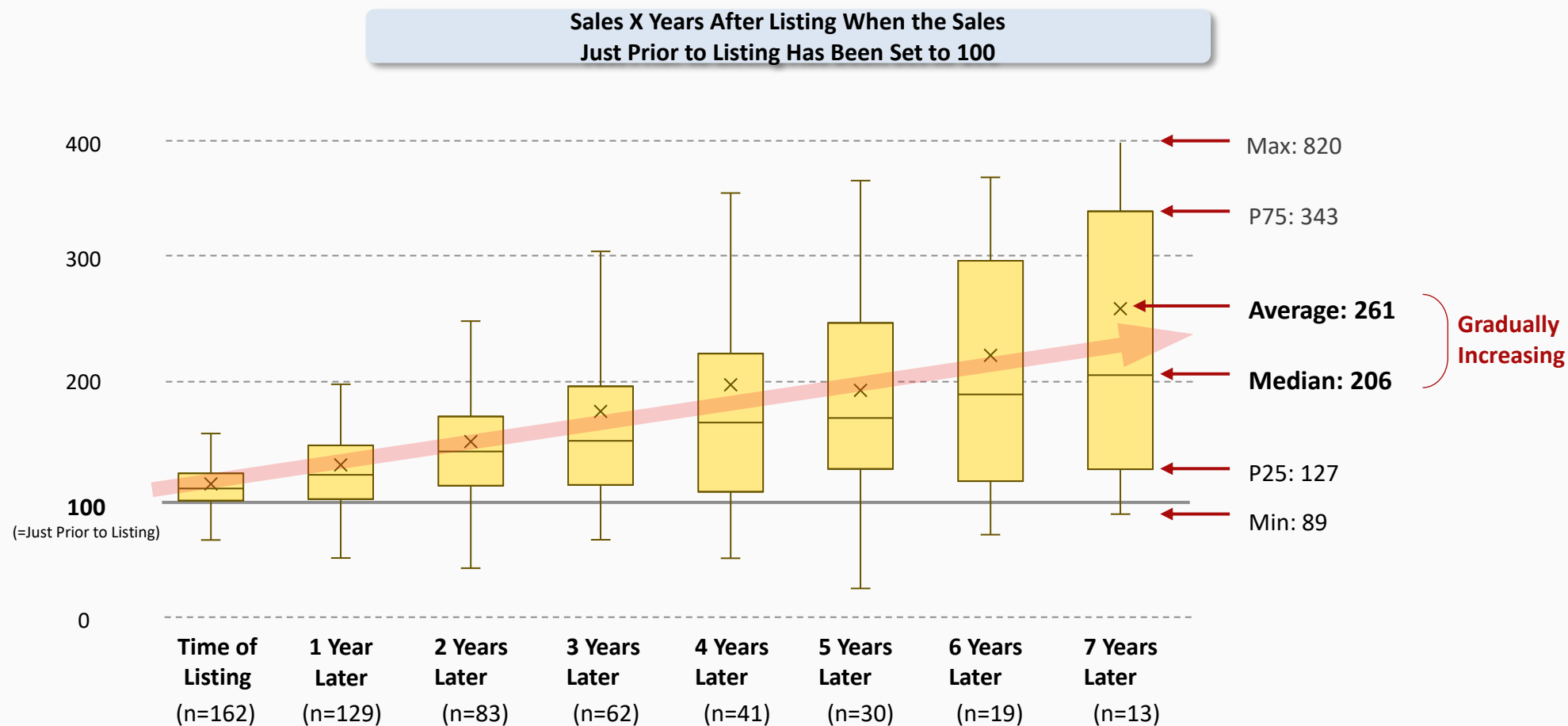


Sector Classifications of TPM-Listed Companies



# Growth of Companies After Listing on TPM

- The average and median sales growth rates of companies after they list on TPM have been gradually increasing.



Note: Data of companies that were initially listed on TPM between 2014 and the end of 2024.  
Companies that were delisted as of x years later were excluded from the calculation of the figures for x years later.  
P75 means companies in the 75th percentile, and P25 means companies in the 25th percentile.  
When displaying the max and min values, outliers (i.e., values 1.5 times or more above P75 or below P25) were excluded.

# Companies That Moved Their Listings from TPM to a Public Market

- **There are 15 companies that moved their listings from TPM to a public market.** (A substantial number of companies have been listed on a Public Markets of exchanges other than the Tokyo Stock Exchange)
- **The median market capitalization of the companies when they listed on a public market was JPY 2 billion.** (They approximately doubled in size after being listed on TPM for approximately two years.)

(Companies That Moved Their Listings from TPM to a Public Market (PM))

|    | Name                    | Time Between TPM Listing & PM Listing |                      |                               | Listing Venue on PM | Market Cap Growth Rate  |                        |                              |
|----|-------------------------|---------------------------------------|----------------------|-------------------------------|---------------------|-------------------------|------------------------|------------------------------|
|    |                         | (1) TPM Listing Date                  | (2) PM Listing Date  | (3) Time Elapsed [(1) -> (2)] |                     | (4) On TPM Listing Date | (5) On PM Listing Date | (6) Growth Rate [(4) -> (5)] |
| 1  | Ci Medical              | Jun 2016                              | Dec 2017             | 1 yr 6 mos                    | JASDAQ Standard     | JPY 24.0 bil.           | JPY 43.5 bil.          | 1.8x                         |
| 2  | AIAl Group              | Oct 2017                              | Dec 2019             | 2 yrs 2 mos                   | Mothers             | JPY 1.1 bil.            | JPY 8.9 bil.           | 8.1x                         |
| 3  | PAPANETS                | Oct 2017                              | Mar 2025             | 7 yrs 4 mos                   | FSE Q-Board         | JPY 300 mil.            | JPY 1.8 bil.           | 6x                           |
| 4  | Nissou                  | Feb 2018                              | Mar 2020<br>Jul 2022 | 2 yrs 1 mos                   | NSE Centrex Growth  | JPY 800 mil.            | JPY 1.4 bil.           | 1.8x                         |
| 5  | Frontier                | Jul 2018                              | Nov 2021             | 3 yrs 3 mos                   | FSE Q-Board         | JPY 400 mil.            | JPY 600 mil.           | 1.5x                         |
| 6  | STG                     | Jun 2019                              | Mar 2024             | 4 yrs 8 mos                   | Growth              | JPY 2.7 bil.            | JPY 3.1 bil.           | 1.1x                         |
| 7  | QLS HOLDINGS            | Nov 2019                              | Jun 2023<br>Dec 2024 | 3 yrs 7 mos                   | NSE Next Growth     | JPY 2.8 bil.            | JPY 2.0 bil.           | 0.7x                         |
| 8  | BARCOS                  | Oct 2020                              | Feb 2025             | 4 yrs 4 mos                   | NSE Next            | JPY 1.0 bil.            | JPY 1.6 bil.           | 1.6x                         |
| 9  | Geolocation Technology  | Dec 2020                              | Sep 2021             | 9 mos                         | FSE Q-Board         | JPY 300 mil.            | JPY 2.3 bil.           | 7.7x                         |
| 10 | J.E.T.                  | Mar 2021                              | Sep 2023             | 2 yrs 5 mos                   | Standard            | JPY 11.1 bil.           | JPY 18.2 bil.          | 1.6x                         |
| 11 | UPCON                   | Jul 2021                              | Dec 2022             | 1 yr 5 mos                    | NSE Next            | JPY 1.3 bil.            | JPY 1.2 bil.           | 0.9x                         |
| 12 | ASMARQ                  | Jan 2022                              | Dec 2023             | 1 yr 10 mos                   | Standard            | JPY 1.1 bil.            | JPY 2.2 bil.           | 2x                           |
| 13 | Bridge Consulting Group | May 2022                              | Jun 2023             | 1 yr                          | Growth              | JPY 3.1 bil.            | JPY 6.1 bil.           | 2x                           |
| 14 | Nihon OA Research       | Dec 2022                              | Dec 2024             | 2 yrs                         | NSE Next            | JPY 300 mil.            | JPY 600 mil.           | 2x                           |
| 15 | SHINWA HOLDINGS         | Jan 2023                              | Oct 2024             | 1 yr 8 mos                    | SSE Ambitious       | JPY 700 mil.            | JPY 2.0 bil.           | 2.9x                         |

**Median: 2 yrs 1 mo**

**Median: JPY 1.1 bil. JPY 2.0 bil.**

**1.8x**



# J-Adviser Status

- The J-Adviser's role is to examine a company's listing eligibility and to offer it guidance and advice before and after listing. (Under the FIEA, the system is designed so that the financial instruments exchange **entrusts part of its self-regulatory operations** to the J-Adviser.)
- **Securities companies, consulting companies, and security printing companies are among the companies that serve as J-Advisers. Recently, several new J-Advisers have been designated.**

## J-Advisers with Companies Listed on TPM

| Name                      | # of Cos.<br>Listed |
|---------------------------|---------------------|
| Phillip Securities Japan  | 61 cos.             |
| Nihon M&A Center          | 45 cos.             |
| TAKARA PRINTING           | 17 cos.             |
| J TRUST GLOBAL SECURITIES | 8 cos.              |
| AIZAWA SECURITIES         | 4 cos.              |
| Japan Investment Adviser  | 4 cos.              |
| Meinan Consulting Network | 3 cos.              |
| SBI SECURITIES            | 2 cos.              |
| G-FAS                     | 2 cos.              |
| Mita Securities           | 1 co.               |
| IR Japan                  | 1 co.               |
| Funai Soken               | 1 co.               |

## Newly Designated J-Advisers

| Name                    | Designation<br>Date |
|-------------------------|---------------------|
| SBI SECURITIES          | Aug 2023            |
| Mita Securities         | Jan 2024            |
| BANK OF SAGA            | Mar 2024            |
| Kyushu FG Securities    | May 2024            |
| TANABE CONSULTING       | May 2025            |
| Bridge Consulting Group | Sep 2025            |

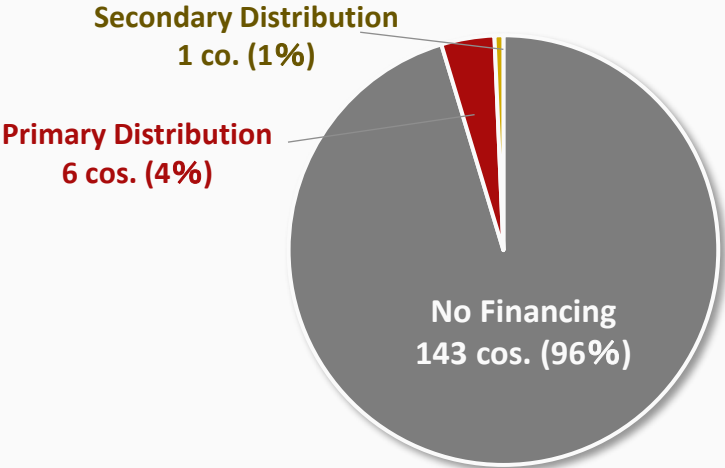
Note: There are also nine J-Advisers that do not have any companies listed on TPM.

Note: As of Sep. 30, 2025

# Status of Primary and Secondary Distributions on TPM

- A small percentage of companies made primary or secondary distributions on or after listing on TPM.
  - \* Likewise, a small percentage of companies tried to make good use of their stock by issuing stock options.

Actions at Time of Listing

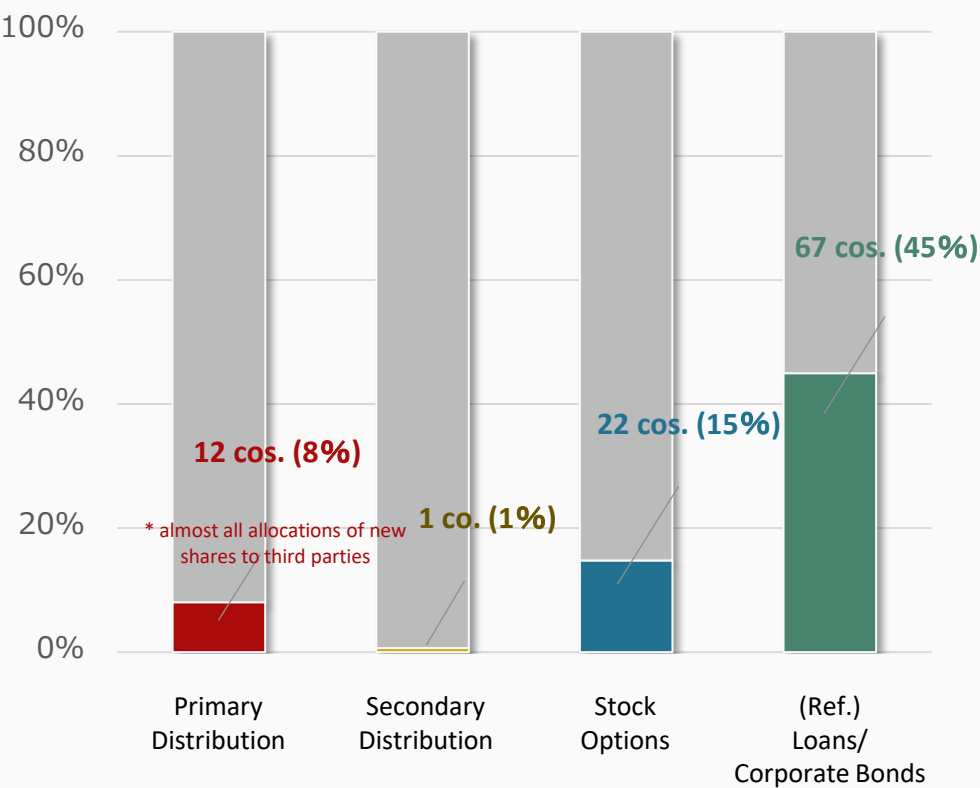


(Ref.: Companies That Made Primary or Secondary Distributions)

| Name             | Type      | Year | Amount       |
|------------------|-----------|------|--------------|
| GOKENDO          | Primary   | 2021 | JPY 940 mil. |
| Tsukuba Seiko    | Primary   | 2018 | JPY 870 mil. |
| BABY JOB         | Secondary | 2024 | JPY 320 mil. |
| NPT              | Primary   | 2025 | JPY 310 mil. |
| STG              | Primary   | 2019 | JPY 250 mil. |
| URBAN LiKE       | Primary   | 2021 | JPY 190 mil. |
| Yamamoto Trading | Primary   | 2025 | JPY 190 mil. |

Note: Totals of the actions that were made by companies that were listed on TPM as of Sep. 2025.

Actions After Listing (Over the Past Five Years)

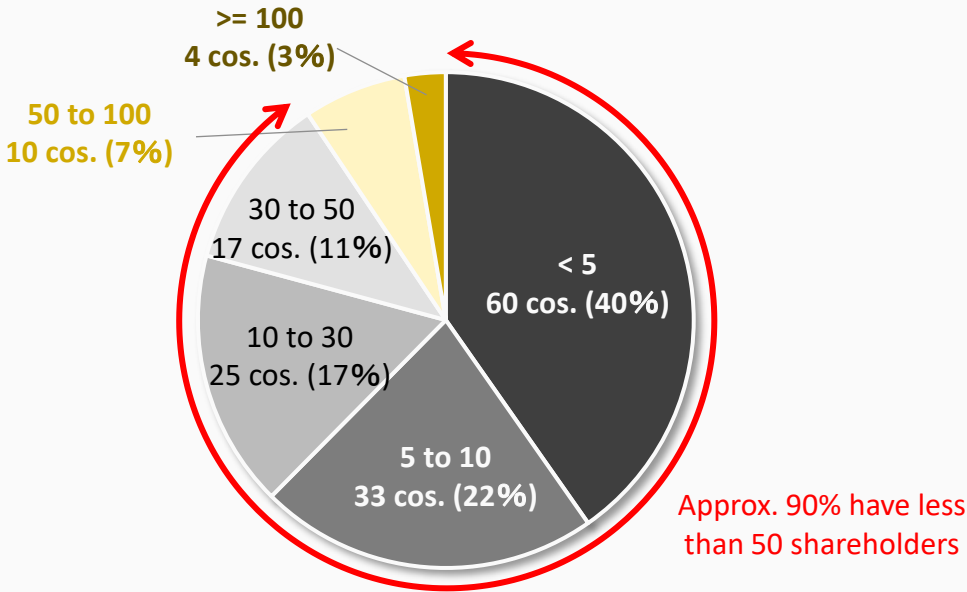


Note: Totals of the corporate actions that were made during or after Oct. 2020 by companies that were listed on TPM as of Sep. 2025 (based on their timely disclosures).

# Number of Shareholders & Share Trading Status of TPM-Listed Companies

- Currently, many TPM-listed companies have a small number of shareholders, and their shares are seldom traded on the market.

Number of Shareholders of TPM-Listed Companies

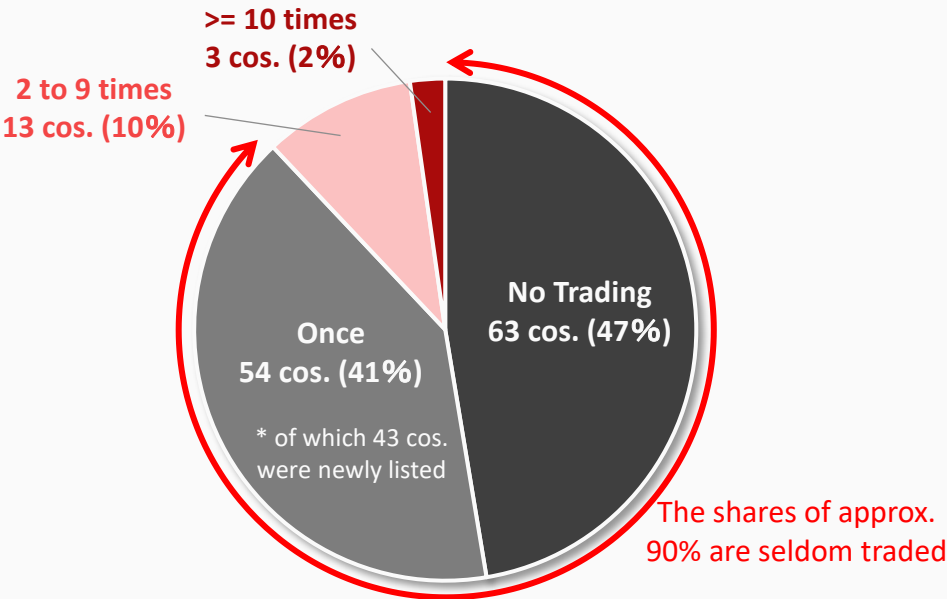


(Ref.: Companies with 100 or More Shareholders)

| # | Name                       | # of Shareholders |
|---|----------------------------|-------------------|
| 1 | NPT                        | 501               |
| 2 | RYUKYU ASTEEDA Sports Club | 199               |
| 3 | Fujitechno holdings        | 171               |
| 4 | Dentas                     | 135               |

Note: For each company that was listed on TPM as of Sep. 30, 2025, the total number of shareholders as of the end of said company's most recent fiscal year was calculated.

TPM Trading Status (2024)



(Ref.: Companies Whose Shares Were Traded 10 or More Times)

| # | Name        | # of Times Traded | # of Shareholders |
|---|-------------|-------------------|-------------------|
| 1 | Grantomato  | 13 times          | 43                |
| 2 | AIDA SEKKEI | 10 times          | 48                |
| 3 | Yottavias   | 10 times          | 54                |

Note: Includes off-auction trading.

Note: Data for the 133 companies that were listed on TPM as of the end of 2024.

# Liquidity Provider System

- TPM has a **liquidity provider system**. (A liquidity provider has been designated for each listed company, and it is **obligated to make a sincere effort to provide such services as market making** for said company.)

## Liquidity Provider System Overview

| Item                  | Details  |
|-----------------------|--|
| Objective             | <ul style="list-style-type: none"><li>• To ensure the smooth circulation of TPM-listed shares</li></ul>  |
| Role                  | <ul style="list-style-type: none"><li>• Liquidity providers are <b>obligated to make a sincere effort to provide such services as bid and ask quotes</b> for TPM-listed shares. (However, <b>in practice, they are not providing continuous market making. Instead, they are helping to open accounts for listed company shareholders.</b>)</li><li>* Meanwhile, J-Advisers are obligated to make a sincere effort to support the work of liquidity providers.</li></ul> |
| Method of Designation | <ul style="list-style-type: none"><li>• Each listed company designates a liquidity provider from among TSE’s trading participants (i.e., securities companies), notifies TSE, and makes a public announcement.</li><li>* In practice, <b>several specific trading participants have taken on the responsibility.</b></li></ul>   |

## Changes in the Environment Surrounding TPM (1): Revisions to the Requirements for Conversion to a Specified Investor

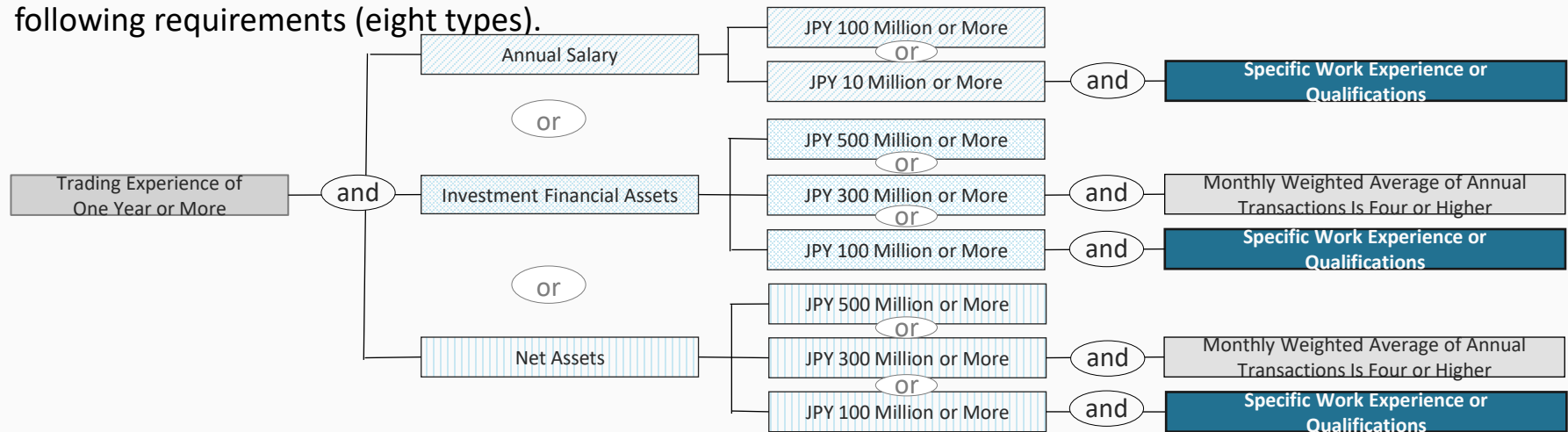
- In July 2022, regulatory reforms **expanded the scope of individual investors that was eligible to become a specified investor**.
- In February and March 2025, the rules were revised in order to **clarify the requirements and make solicitations via the Internet more convenient**.
  - \* Presently, however, it is estimated that there are only around 2,000 individual investors that have become specified investors (the exact amount is unknown).

### Previous Requirements



An individual investor may apply to become a specified investor if the investor meets any of the following requirements (eight types).

### New Requirements



### Specific Work Experience or Qualifications

A total of at least one year of work experience in financial institutions

A total of at least one year of work experience as a professor or associate professor of economics or business administration

Hold one of the following qualifications and have a total of at least one year of actual work experience  
 Securities analyst, securities broker, FP(Grade 1 and 2), registered management consultant

Have a total of at least one year of work experience in corporate management consulting and have equivalent or greater knowledge and experience than those listed on the left  
 \* In 2025, examples were given of those having "equivalent or greater knowledge and experience."

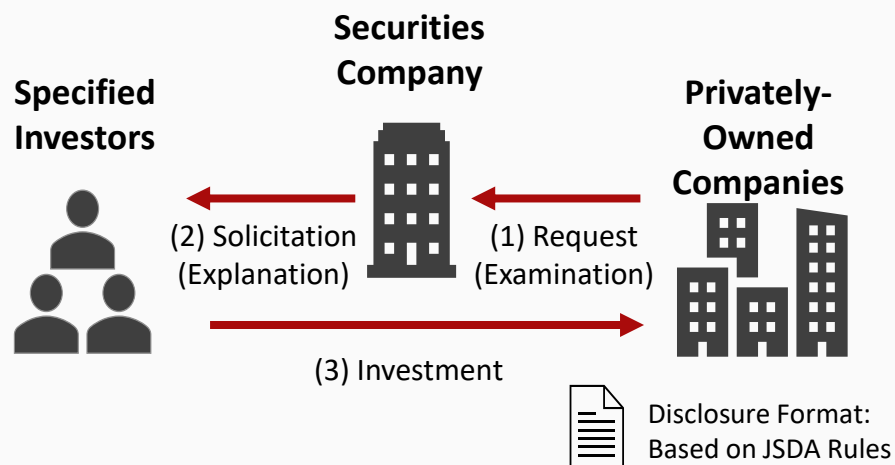
Note: When a securities company verifies whether an investor meets the asset and trading requirements, it may take into account the circumstances at its own company as well as those at other securities companies.

Note: Created by TSE from FSA documents.

# Changes in the Environment Surrounding TPM (2): Creation of J-ships

- In July 2022, the Japan Security Dealers Association (JSDA) created **J-ships**, which is a system for issuing shares to specified investors.
- By utilizing the FIEA's framework for private placements to specified investors, the system enables **securities companies to intermediate in the efforts of privately-owned companies to raise funds from (make private placements to) specified investors**. The **disclosure workload is lower** in comparison to raising funds from (making public offerings to) general investors.

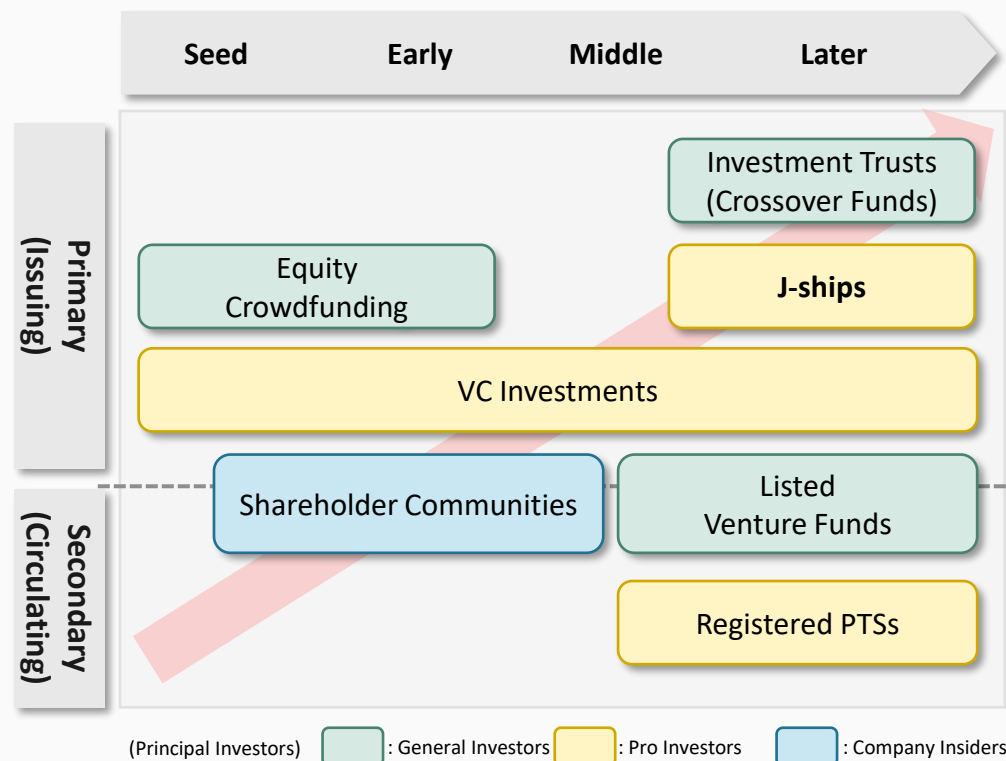
## J-ships Overview



Results  
(As of the end of  
2024)

- Total Funds Raised: Approx. JPY 124.5 bil.
- Total Cases Managed: 25
- Managing Securities Companies: 6 cos.  
(Designated by JSDA)

## Systems for Issuing and Circulating Unlisted Stocks

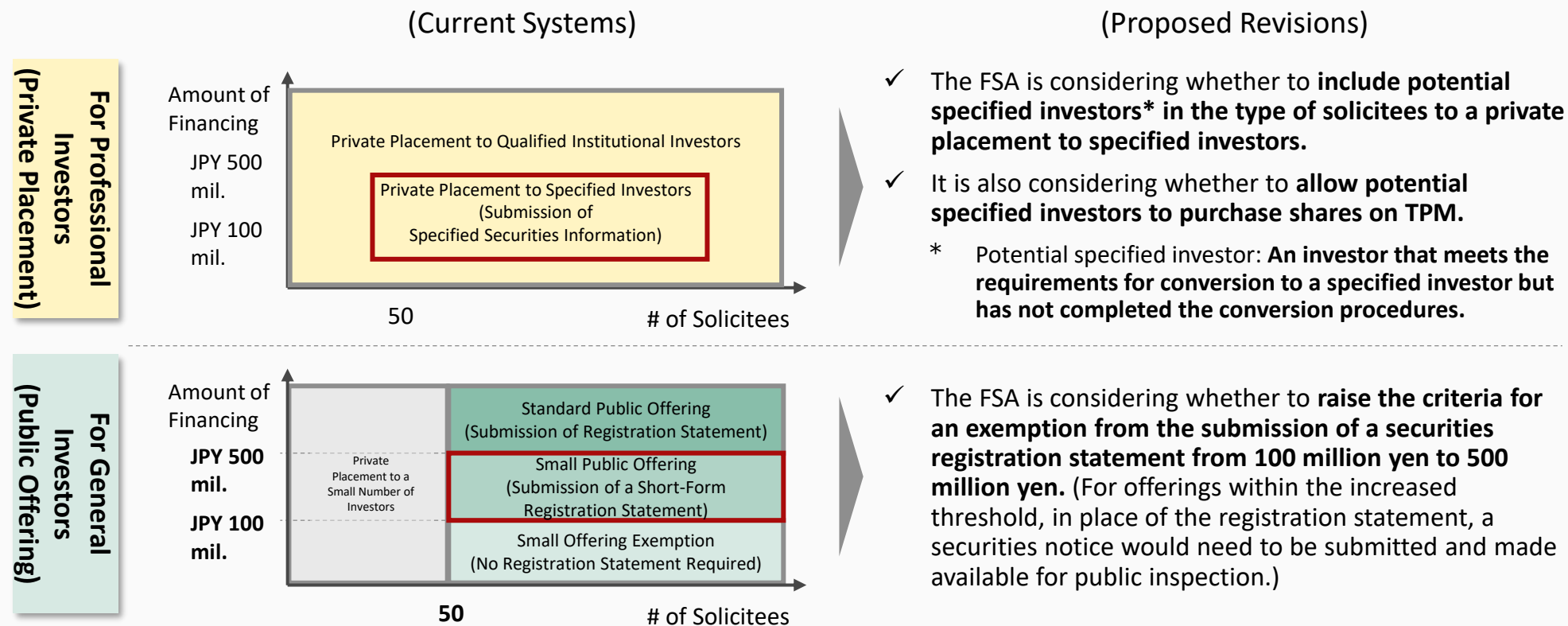


Note: Created by TSE from materials on the JSDA website, including "Document 3: JSDA Explanatory Materials" from the First Discussion Meeting Regarding the Supply of Growth Capital to Startups

## Changes in the Environment Surrounding TPM (3): Possible Revisions to the Private Placement and Public Offering Systems

- Currently, the Financial Services Agency (FSA) is **considering whether to revise the private placement and public offering systems** in order to **further facilitate the supply of funding to startups**. At the same time, it is also considering whether to **expand the type of investors that can purchase shares on TPM**.
  - This will not only **make it easier for TPM-listed companies to raise funds**, it will also make it possible for a wider range of investors to participate on TPM.

### Proposed Revisions to the Private Placement and Public Offering Systems



## Changes in the Environment Surrounding TPM (4): Establishment of PRO Markets at Other Exchanges

- In December 2024, Fukuoka Stock Exchange (FSE) **established the Fukuoka PRO Market (FPM) out of consideration for companies aiming to list on a public market. (It works in basically the same way as TPM.)**
- \* In addition, **Sapporo Securities Exchange (SSE)** is also considering the creation of a PRO Market.

| Item  | TSE's TPM   | FSE's FPM  |
|---|---|--|
| <b>Date Established</b>                           | Jun 2009<br>(under the name of TOKYO AIM)   | Dec 2024   |
| <b>Objective</b>                                  | To provide a new place for Japanese and Asian growth companies to raise funds<br>To provide new investment opportunities for professional investors in Japan and abroad | To provide a place where companies such as <b>startups that have the desire to grow and to list on a public market</b> can receive the support of a wide variety of market stakeholders<br>To expand the possible paths they may take for growth |
| <b>No. of Listed Companies</b><br>(as of Sep. 30) | 149 cos.  | 9 cos.<br>(2 cos. are listed <b>only on FPM</b> )  |
| <b>No. of J-Advisers</b>                          | 21 cos.   | 9 cos.   |

Note: Created by TSE from such sources as the FSE website.

Note: FPM's "No. of J-Advisers" refers to its number of F-Advisers.





# Survey of TPM Stakeholders

# Survey Outline

- TSE conducted a survey of TPM-listed companies, investors, market stakeholders, and others.

## Participants

- Companies that raised funds upon listing on TPM
- Companies that have moved their listings from TPM to a public market and those aiming to do so
- Securities companies and J-Advisers that support TPM-listed companies' financing and public market listings
- Institutional investors and venture capital firms making crossover investments in privately-owned companies
- Academic experts with expertise in the financing environment for privately-owned companies
- Etc.

## Survey Contents

### Current State of TPM

- TPM Needs
- Corporate and Investor Landscapes
- Market Stakeholder Landscape

### Future Measures

- Direction of Future Measures
- Specific Measures
- Etc.

# Current State of TPM: TPM Needs (1)

## Benefits of Improved Visibility and Credit Ratings

- Currently, **the primary need for TPM lies in enhancing a company's visibility and credit rating to drive business expansion.** In practice, **this leads to benefits such as securing talent, expanding transactions, and increasing financing from financial institutions.** [J-Adviser]
- **After listing on TPM, borrowing from banks became significantly easier, leading to substantial growth in performance.** Another benefit is that removing management guarantees facilitates business succession. When management guarantees are required, even if a successor is trained, business succession becomes impossible. TPM is becoming indispensable, especially for regional companies. [TPM-Listed Company]
- After listing on TPM, not only our company but also our executives and employees have seen an **increase in credit ratings from banks**, making it easier to secure loans. This has led to a **noticeable boost in motivation.** [TPM-Listed Company]
- After listing on TPM, we **started receiving more requests for M&As.** It seems people feel reassured that **employees will be secure if the company is sold to a publicly listed firm.** Furthermore, unlike privately-owned companies, **audited financial information is disclosed, which appears to provide a certain level of reassurance when considering M&A targets.** [TPM-Listed Company, J-Adviser]

## A Step Towards Listing on a Public Market

- Recently, an **increasing number of companies are utilizing TPM as a step toward listing on a public market**, aiming to maintain employee motivation while **progressively expanding their business and strengthening internal systems.** [J-Adviser]
- Although our company was capable of listing directly on a public market based on its performance, **we first listed on TPM to gradually establish our internal management systems.** The benefits of the TPM listing **enabled us to recruit excellent management personnel, and preparations for a public market listing are progressing steadily.** Therefore, **taking this step-by-step approach was the right decision.** [TPM-Listed Company]
- Since listing on TPM, **there is a sense of heightened awareness within the company of being a publicly listed entity.** A **positive atmosphere has also emerged, encouraging us to strive harder to move to a public market.** [TPM-Listed Company]
- For investors, **the clear appeal of TPM lies in the opportunity to invest in companies with the potential to list on the public market in the future.** When researching investment targets, **we also first confirm whether they have the desire to list on the public market.** [J-Adviser]

# Current State of TPM: TPM Needs (2)

## Quality Control as an Investment Target

- The fact that **TPM-listed companies undergo audits is extremely important for investment decisions and represents an advantage over privately-owned companies.** Without audits, investors must conduct their own due diligence, and if that incurs enormous costs, investment becomes unfeasible. Last year, **investment trusts gained the ability to include unlisted stocks**, but they must generally undergo audits. In this sense too, TPM-listed companies are attractive. [Crossover Investor]
- In the Growth Market, the shortage of post-IPO advisers has become a topic of discussion. However, under the TPM system, **J-Advisers continue to provide guidance and advice even after listing, ensuring that listing eligibility is continuously maintained.** For example, internal systems and structures are maintained at a certain standard. [J-Adviser]

## A Platform for Fundraising and Trading

- **Companies seeking a TPM listing are aware of the limited track record in primary distribution and the lack of market liquidity.** While there is potential funding demand, **the market currently lacks the capacity to meet such needs**, resulting in few companies listing specifically to address this demand. [J-Adviser]
- **TPM is rarely used by companies with significant funding needs because it offers little opportunity for primary distribution.** Companies like deep tech firms—which carry high risk but require enormous capital—should ideally fit the purpose of a professional market. **Yet, ironically, such companies find it particularly difficult to utilize this market.** [Securities Company]
- **To begin with, the pool of professional investors is small**, and it's also necessary to communicate that liquidity is scarce and **the possibility of selling shares after listing is low.** Consequently, **finding funding sources is quite difficult for TPM.** [J-Adviser]
- Unless liquidity improves in the future, **TPM cannot be expected to function as a secondary market (a platform for stock trading) under current conditions.** With neither buyers nor sellers present, it is not working as a stock market. [Securities Company]
- **As a venture capitalist, given the TPM's current liquidity, exiting is difficult.** Therefore, we prefer an IPO on a public market or an M&A exit over listing on TPM. **We do not recommend TPM as a listing platform to our portfolio companies.** [Venture Capitalist]

# Current State of TPM: Corporate Landscape

## TPM-Listed Companies

- Among TPM-listed companies, **some went public to raise capital or advance to a public market, while others listed solely for business succession**. This mix makes it difficult for outsiders to distinguish between them, **resulting in a market whose appeal remains somewhat ambiguous**. [TPM-Listed Company]
- We believe that as a listed company, **we should accept external shareholders, and raised funds at the time of listing**. We actively receive input from external shareholders, which fosters a sense of responsibility and tension in management. Furthermore, through TPM, **a company could raise JPY 1 billion if it were truly committed**. In our case, **we received demand exceeding our projected amount from investors and had to turn down some offers for capital policy reasons**. [TPM-Listed Company]
- **Many companies recognize the value of TPM in enabling them to go public while retaining ownership**. Even if they intend to accept outside shareholders when listing on a public market, **there remains a strong preference to avoid bringing in external shareholders while in TPM, partly because the company's valuation is still low during this period**. [J-Adviser]
- Despite going public, **many TPM-listed company executives remain reluctant to issue shares to enhance liquidity in order to maintain ownership**. Yet this defeats the purpose of listing. Unfortunately, **some companies express a desire to raise funds while simultaneously stating they do not wish to relinquish shares**. [Company That Moved to a Public Market, TPM-Listed Company]
- **Some TPM-listed companies are wholly owned by their management or family members, but this prevents shares from entering the market**. **Without creating available shares and making them attractive enough to find buyers, liquidity cannot be generated**. [Academic Expert]
- Even if the owner family currently holds 100% of the shares, **if the company has thoroughly established its internal structure with the intention of accepting external shareholders in the future, it would be an overstatement to say that a company lacks listing eligibility simply because it currently lacks liquidity**. [J-Adviser]
- **Inquiries about whether funding can be secured through TPM were virtually nonexistent before, but have clearly increased recently**. As TPM gains momentum, **the profile of companies going public is changing, with more firms aiming for a listing on a public market**. Consequently, **they are increasingly seeking funding through TPM as an intermediate step**. [J-Adviser]

# Current State of TPM: Investor Landscape

## Institutional Investors

- I want to invest in TPM, but even if there are attractive companies, **if there are no sell orders at all in the stock market, the first step is to confirm with the company and existing shareholders whether investment is even possible.** When you want to buy but don't know who will sell, **it's difficult to even get to the starting line of considering investment. It would be ideal to have connections with all J-Advisers,** but that's not realistic either. [Crossover Investor]

## Professional Investors

- Previously, it was thought that expanding the scope of eligible individual investors who could become specified investors would naturally increase liquidity. However, the reality is that **even with relaxed requirements for becoming a professional investor, few companies are raising funds, and liquidity has not improved.** [Company That Moved to a Public Market]
- **There should be a fair number of individual investors who potentially meet the requirements to become professional investors,** yet the actual number of individuals who have become professional investors remains low. Could it be that **awareness of the system is insufficient?** [Academic Expert]
- **The requirements for professional investor status have been relaxed, but is that still not enough?** Even privately-owned companies can sell their stocks to general individual investors through a private placement to a small number of investors, and using J-ships reduces their disclosure workload. Yet, TPM-listed stocks, which require more extensive disclosures and undergo J-Adviser examinations, can only be purchased by professional investors. This feels contradictory. **Specifically, couldn't the restrictions regarding the trading of TPM-listed stocks be eased a bit more?** [J-Adviser]
- There is debate among institutional investors about whether they should purchase illiquid stocks, while individual investors are generally advised to buy shares of companies listed on the public market. **Under the current system, there is simply no advantage to becoming a specified investor.** While reviewing the system is important, **we must also devise mechanisms to attract actual investors—such as showcasing the interesting companies listed on TMP.** [J-Adviser]
- **Recently, the number of individuals becoming professional investors is gradually increasing.** While the public markets are open to anyone, TPM is accessible only to a limited number of professional investors. Consequently, **awareness and interest in TPM are also growing among investors.** [Securities Company]

# Current State of TPM: Market Stakeholder Landscape (1)

## J-Advisers

- **There are many kinds of J-Advisers.** While some J-Advisers focus on supporting fundraising and growth, **others seem primarily concerned with getting companies listed.** Needless to say, **listing is a starting point for growth**, so market stakeholders supporting companies should also **heighten their awareness of this.** [Venture Capitalist]
- Some companies list on TPM solely for business succession purposes, **but we aim to support businesses seeking not just a TPM listing, but actual growth.** For instance, we plan to **serve as J-Advisers for startups with high growth potential and mid-sized companies steadily generating sales** while pursuing further expansion. [J-Adviser]
- We advise TPM-listed companies seeking to go public on a public market about key considerations. This **ability to discuss future prospects is a key selling point of our J-Adviser services and is well-received by companies aiming for growth.** [J-Adviser]
- While there are drawbacks to bringing in outside shareholders, **I've also seen J-Advisers marketing their services by emphasizing TPM allows companies to go public without changing their shareholder structure.** [TPM-Listed Company]

## Securities Companies

- Companies face limitations in finding investors to provide funding on their own, so to enable fundraising through TPM, securities companies must also be involved. **However, for securities companies, small-scale fundraising isn't particularly lucrative, making it difficult for them to get involved.** [Academic Expert]
- Major securities firms have connections with affluent individuals who could become professional investors. **To seriously increase the number of specified investors and enable fundraising, it is necessary to get the major securities firms on board.** [J-Adviser]
- Ideally, **companies that raised funds through J-ships could list on TPM in order to meet investors' selling needs, and they could raise funds again once they list on a public market.** However, **J-ships operates as a completely separate system from TPM, with distinct screening and disclosure requirements, and the two are not interconnected.** Consequently, TPM has lost its affinity with the securities industry, including major securities firms. [J-Adviser]

## Current State of TPM: Market Stakeholder Landscape (2)

### Other Market Stakeholders

- Securities firms acting as **liquidity providers** have a duty to make efforts to perform market-making, **but in reality, this is not being done**. Shouldn't their role be reconsidered, such as by imposing **stronger obligations**? [Academic Expert]
- Even now, **there is a shortage of liquidity providers, and it's unclear how long they will continue to participate**. It is important to note that **imposing strong obligations will only drive away providers**. [J-Adviser]
- **For companies that do not plan to list on a public market** in the future, there is also the challenge of **finding a suitable provider for stock administration services (such as trust banks)**. [J-Adviser]



# Future Measures: Direction of Future Measures (1)

## General Discussion

- **What kind of market is TPM? Since its concept remains vague, shouldn't it be more clearly defined?** Ten years ago, both listed companies and J-Advisers were extremely scarce, and the market at a stage where it first needed to gather players. **Now that the ecosystem has finally expanded to this point, isn't it time to establish a clear concept and move forward to the "TPM 2.0" phase?** [Academic Expert]
- As the **funding environment for privately-owned companies improves, proactive firms seeking growth through external investment may no longer go out of their way to list on TPM, potentially creating a market populated only by those that do not.** To prevent such adverse selection, **it is essential to clarify the desired direction early on.** [Crossover Investor]

## A Step Towards Listing on a Public Market and Post-Listing Growth

- **Could TPM serve as a stepping stone toward listing on a public market and subsequent growth?** Listing directly onto a public market requires rapidly expanding performance while simultaneously strengthening internal systems, placing significant strain on the company structure. However, if TPM can be used as a step to smoothly transition to a public market, **it would not only facilitate subsequent growth but also provide benefits for the company in listing on TPM.** [J-Adviser, Securities Company, Crossover Investor]
- Of course, it's perfectly fine TPM to continue growing organically, and there's no need to dismiss that path. **However, wouldn't promoting an IPO as one model for achieving growth also attract investors to TPM?** [J-Adviser, Crossover Investor]
- **Aiming for a public market listing is a good thing, but it should not become an end in itself.** It is important to consider the appropriate timing, giving due consideration to how to achieve growth after listing on a public market. **It may be acceptable to list on a public market after achieving significant growth through TPM.** [J-Adviser]
- Currently, **companies that have listed on a public market after listing on TPM are small-scale and listed out of necessity. Most companies would prefer to grow larger before moving to Tokyo Stock Exchange's public market if they could raise funds and trade shares within TPM.** If TPM could attract diverse investors and **enable fundraising from investors willing to wait long-term for an exit, or if liquidity could be created within TPM to facilitate sales to other investors,** it would become possible for companies to move to a public market after achieving significant growth. [J-Adviser]

# Future Measures: Direction of Future Measures (2)

## A Platform for Fundraising and Trading

- **For TPM to become a market that supports corporate growth, isn't it paramount to develop it into a market capable of raising capital?** Furthermore, to ensure smooth capital raising, **shouldn't a platform be established where investors can buy and sell shares, thereby advancing efforts to secure liquidity?** [J-Adviser, Securities Company]
- **The current TPM suffers from a lack of investors, preventing companies from raising capital.** This funding shortage makes it difficult for attractive growth companies to gather, further discouraging investors. It's a chicken-and-egg situation, but ultimately, the market revolves around companies. **Attractive companies that investors want to invest in gather, which in turn attracts investors. Therefore, the priority should be to encourage companies to pursue growth initiatives and showcase these efforts to investors.** [J-Adviser, Securities Company]
- With TPM, there's no need to demand a state where sellers and buyers are constantly present like a public market. **It's sufficient to have enough liquidity for investors to buy and sell when they need to. If TPM can create a state where trading occurs even just once a month, we can build funds incorporating such stocks.** Furthermore, even if the stock price moves in steps, we can show its progression. **If we demonstrate that the stock price is rising, investors will flock to it even if they have to stretch themselves.** [J-Adviser, Crossover Investor]
- Recently, due to growth market reforms, **venture capital firms have been actively seeking secondary funds as buyers for their portfolio companies.** Meanwhile, **listed stock investors are also seeking out privately-owned companies as crossover investments.** Given the limitations of finding counterparties through private negotiations, **could TPM serve as a bridge connecting these two parties?** [J-Adviser, Crossover Investor]

# Future Measures: Specific Measures (1)

## Visibility of Corporate Initiatives

- Since there is a diverse mix of companies on TPM, **it is important for the exchange to show investors which companies are proactive in stepping up to a public market or raising funds from external shareholders.** For companies that take a proactive approach, investors who wish to invest are likely to emerge. [J-Adviser, Crossover Investor]
- Our company raised funds from external investors at the time of its TPM listing, aiming for a future step up to a public market. **If the exchange decided to show investors which TPM-listed companies are actively pursuing initiatives, we would be the first to raise our hand in favor of it.** [TPM-Listed Company]
- **As investors, we would appreciate it if companies on TPM also disclosed their earnings presentation materials and held earnings briefings.** It might be worth considering encouraging companies to actively share information. [Crossover Investor]
- In the Growth Market, **disclosure of “matters relating to business plans and growth potential” is advancing the communication of growth strategies to investors.** The very act of preparing this material also provides a **valuable opportunity to rethink growth strategies and the company's key selling points.** While it may be difficult to mandate this for TPM-listed companies, encouraging **voluntary preparation** could be considered. [J-Adviser]

## Creating Connections Between Companies and Investors

- **As an investor, I would very much like to have access to listed companies.** I haven't been able to engage with TPM companies as much as those in the Growth Market, and I believe securities companies also find it difficult to make this a viable business. Therefore, there would be value in the exchange providing this service. [Crossover Investor]
- To resolve the uncertainty over whether investment is even possible, **compiling a list of companies willing to accept external shareholders is useful.** Conversely, from the seller's perspective, this also creates a situation where finding buyers is difficult. Therefore, **compiling a list of investors with an interest in TPM investment could be considered.** [Crossover Investor, J-Adviser]
- Ideally, **J-Advisers should be able to connect buyers and sellers,** but non-securities J-Advisers face difficulties due to investment solicitation regulations. Could we consider **enlisting the cooperation of liquidity providers?** [J-Adviser]

# Future Measures: Specific Measures (2)

## Providing Materials for Consideration of Initiatives

- **There are numerous points TPM-listed companies should share among themselves, such as how to cultivate external shareholders and key considerations when aiming for a public market listing after TPM.** It would be greatly appreciated if the exchange could facilitate this communication. In particular, **hearing real-world experiences through seminars and similar events would be highly beneficial.**

## Facilitating Smooth Listings on Public Markets

- **The examination for moving from TPM to a public market is similar to the examination of privately-owned companies in that everything is verified from scratch, and this entails a significant burden. Since TPM-listed companies already have certain systems, such as timely disclosure and information management, in place, could the examination be conducted more efficiently by taking such results into account?** [Securities Company]
- **If the disclosure items for “Issuer Filing Information” (TPM’s ongoing disclosure document) align to a certain extent with securities reports, a smooth transition is possible. On the other hand, if they are identical, the burden becomes heavy. Therefore, flexible approaches such as making disclosure optional for items of lower materiality under TPM could be considered.** [J-Adviser]

## Listing Criteria

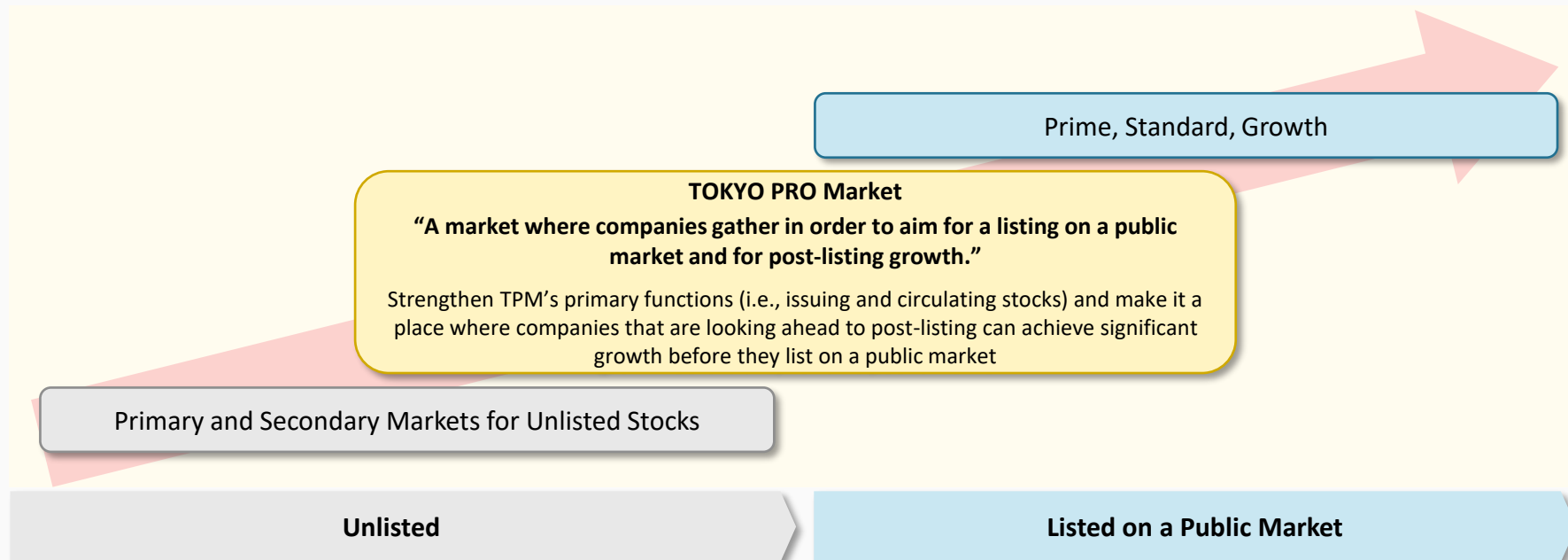
- **Companies that have no intention of trading their own shares should not be allowed to remain on the stock market.** Those that seek only to exploit the label of being a listed company without contributing wealth to the market through their own growth are nothing but freeloaders. **To ensure market quality, could implementing listing criteria be considered?** [Crossover Investor]
- **It is also true that some companies are expanding their business performance by enhancing their visibility and credit ratings, even if they are not utilizing TPM as a market.** Moreover, considering the situation where companies may want to utilize it but cannot, **is it not unnecessary at this point to mandate fundraising at the time of listing or introduce liquidity requirements?** [J-Adviser]
- **Even for privately-owned companies, sufficient funding has become increasingly accessible. Forcing them to list on Tokyo Stock Exchange solely for funding or liquidity purposes, without commensurate benefits, will only dampen their motivation to list on TPM. This risks leaving the market without participants.** [J-Adviser, Academic Expert]
- **While I would like to see companies raise funds from external investors for growth in the medium to long term, considering that privately-owned companies generally seek to consolidate shares under strong leadership to drive management, it may not be necessary to forcefully demand share diversification from the TPM stage.** [J-Adviser]

# Items for Discussion

# Items for Discussion (1)

## (Direction to Take)

- ◆ Following the revision of the Growth Market, there will be a greater focus on post-listing growth. In light of this, could we not consider **turning TPM into a market where companies that are looking ahead to post-listing can achieve significant growth before they list on a public market?**
- ⇒ Could we consider positioning TPM as **“a market where companies gather in order to aim for a listing on a public market and for post-listing growth”** and cooperating with market stakeholders in order to support such companies?
- ⇒ Could we consider not only providing such secondary benefits to companies as improved visibility and credit ratings but also **strengthening the market’s primary functions, which include providing opportunities for equity financing and for stock trading?**



# Items for Discussion (2)

## (Approach)

◆ What approaches could we take to respond to the situation? For example, what do you think of the following?

- **Sharing an Understanding with J-Advisers:**

- Encourage J-Advisers to offer companies pre- and post-listing guidance and advice that is based on the new direction that TPM will take

- **Supporting Companies That Make Proactive Efforts:**

| Item  | Specific Measures  |
|---|--|
| Provide Materials for the Consideration of Initiatives    | <ul style="list-style-type: none"><li>➤ Publicize the key points for taking action to list on a public market and to achieve post-listing growth (e.g., by holding seminars)</li></ul>   |
| Support Financing and Investments from External Investors | <ul style="list-style-type: none"><li>➤ Make a list of companies that are aiming to list on a public market, a list of companies that would like investments from external investors, and other lists</li><li>➤ Encourage the voluntary disclosure of earnings presentation materials, medium-term management plans, and other materials</li><li>➤ Create connections between listed companies and institutional investors which focus on companies before they go to the Public Market (e.g., by holding dialogue sessions)</li><li>➤ Revise the listing fees for primary distributions</li></ul> |
| Facilitate Smooth Listings on Public Markets              | <ul style="list-style-type: none"><li>➤ Streamlining the examination process for listing on public markets</li><li>➤ Sort out the disclosure items for Issuer Filing Information and other disclosures</li></ul>   |

- **Other:**

- Are there any other approaches you can think of?