

Discussions of the Study Group on Developing the Growth Market

Listing/New Listings Department, Tokyo Stock Exchange

October 14, 2026



Study Group on Developing the Growth Market (From August 2026)

Objective

- TSE is promoting initiatives to ensure that the Growth Market becomes a **hub for companies aiming for high growth, regardless of company size or number of years since listing**
- As part of these efforts, we are making revisions to the continued listing criteria and encouraging management that strives for high growth. To **further pursue growth** going forward, we will discuss **what Growth Market listed companies and startups aiming to go public should be like, as well as what infrastructures need to be developed**, and proceed with necessary measures.

Overview

- The study group will be held on an ongoing basis, and **Growth Market listed companies, not-yet-listed startups, institutional investors, venture capitalists, and other startup stakeholders** will be invited to participate
 - ◆ The participants for each session will not be the same; they will change as needed depending on the topics to be discussed
 - ◆ As the issues faced toward achieving high growth vary depending on factors such as company size and nature of business, **we welcome a wide range of opinions from different perspectives**
- Materials and meeting minutes will be posted on the JPX website and **distributed to stakeholders** promptly after each study group session

Available at : <https://www.jpx.co.jp/english/equities/follow-up/05.html>

Session 1 (Aug. 21): Primarily Listed Company Perspectives

Participants

Companies	CanBas Co.,Ltd.	Makoto Katozumi	Director, CFO
	TRIAL Holdings,Inc.	Kazuhisa Kirishima	Senior Executive Officer and Head of Group Corporate Finance
	f-code Inc.	Tsutomu Kudo	President and Representative Director
	SAKURA internet Inc.	Kunihiro Tanaka	Founder & CEO, President
	MTG Co.,Ltd.	Tsuyoshi Matsushita	President
	Astroscale Holdings Inc.	Nobuhiro Matsuyama	Director and Deputy President, Group CFO
Investors	Crossover Capital Asset Management One Co., Ltd.	Shohei Iwaya	
	Invesco Asset Management (Japan) Limited	Yukihiro Hattori	Portfolio Manager, Japanese Growth Equity
	Lazard Japan Asset Management K.K.	Tomomi Fukuta	Director, Portfolio Manager/Analyst, Investment Management
	Signifiant Inc.	Takafumi Murakami	Founder & Representative Director

Discussion Topics

◆ What should Growth Market listed companies be like?

[Companies] How are companies planning for “high growth” on the Growth Market and what efforts have they made so far? In addition, how have companies conveyed that information to investors?

[Investors] What attitudes and initiatives are expected from Growth Market listed companies related to high growth?

- * In addition, what matters do Growth Market listed companies always bear in mind? What do companies think about transferring to the Prime Market? What should be communicated to companies that are aiming to meet the revised continued listing criteria (JPY 10 billion market cap. in 5 years) and that are aiming for further growth afterward?

◆ What are the problems with the Growth Market and what infrastructure needs to be developed?

[Companies/Investors] What problems do Growth Market listed companies face? What support measures and infrastructure development are expected from TSE and other stakeholders? (Ref.: [Survey Results](#))

Key Opinions From 1st Meeting (1) - What Growth Market Listed Companies Should Be Like

Growth expected of Growth Market listed companies

- **As a growth company**, we have set a sales target of JPY 10 trillion and aim to achieve **annual growth of at least 20% over the next 20 years**. While we are currently achieving annual growth of over 30%, **we intend to continually take on new business challenges to sustain this high level**. (Listed company)
- As previously discussed, when executives—particularly **the CEO—take the lead in explaining the company's growth strategy and vision in their own words**, it makes **investors feel more confident and fosters trust**. In the process, the strategy itself also becomes more refined, and permeates more quickly through the company. (Investor)
- For investors in Growth Market companies, the key question is **whether the stock price will grow significantly** from its current level. Although we **do not necessarily expect stock price to double, we do expect considerable increases**. As a key factor in this, we place particular emphasis on whether EPS will grow over the medium to long term. (Investor)
- It is essential **for Growth Market listed companies to maintain high growth rates in sales** to drive up stock price. As long as there are significant opportunities for future growth, **companies should allocate funds to growth investments rather than prioritizing short-term profits or shareholder returns**. (Listed company)
- Substantial fund raising is also necessary for growth investments. We believe **it is important to maintain a continuous cycle in which we use the funds raised for growth investments to expand our business, demonstrate the results to investors, and then conduct additional fund raising**. (Listed company)
- There are very few Japanese companies that have achieved 30% growth in profits for 10 consecutive years, but there are a number of companies sustaining 20% growth in profits or 30% growth in sales. **When companies and investors share a realistic perspective, it becomes easier to discuss growth strategies**. (Investor)
- Depending on a company's stage of growth, the **key selling point for investors shifts** from growth story to profitability, maintaining profits, and shareholder returns. Accordingly, **investor benchmarks also shift** from EV and sales to EBITDA, P/E ratio, P/B ratio, cash flow, and dividend yield. Given these changes, isn't it **important to establish a common framework and language for discussion between companies and investors?** (Investor)

Key Opinions From 1st Meeting (2) - What Growth Market Listed Companies Should Be Like

Governance expected of Growth Market listed companies

- It is difficult for companies to maintain high growth indefinitely, as they **face obstacles such as business stagnation and changes in the business environment**. In such situations, **there are limits to what management can decide on its own**, so **it is important to build a management framework that incorporates advisory and oversight functions**. Governance is not merely an administrative cost but the very foundation for growth, and **it must be implemented with an eye toward future business and organizational expansion**. (Investor)
- As an investor, we **prioritize whether management and the board of directors are functioning effectively with a focus on improving stock price and corporate value**, rather than the number of outside directors or management structures that are just a formality. we would like Growth Market listed companies, especially those where the founding CEO has a strong presence, **to perform effective governance by bringing up feedback from investors and other sources as management issues at board meetings**. (Investor)
- In the past, moving to the First Section of Tokyo Stock Exchange was the trigger for strengthening governance. However, under the **assumption that high-growth companies will continue to pursue growth in the Growth Market**, it is **necessary to advance governance reforms (shift governance models) toward further growth, without relying on a segment transfer to the Prime Market**. (Listed company/Investor)

Key Opinions From 1st Meeting (3) – Future Initiatives

What is expected of the Growth Market

- Isn't it important for the Growth Market to be branded as a **market where growth is recognized; where companies pursuing growth can receive appropriate evaluation and gain access to investors**? Wouldn't this clarify the significance of listing, **raise the aspirations of not-yet-listed companies, and contribute to the development of the entire startup ecosystem**? (Investor)
- We hope **the Growth Market will be a place where companies aiming for high growth can continue to take on challenges with a focus on future growth, rather than being a stepping stone to the Prime Market**. To achieve this, isn't it important for the Growth Market to be a **market where companies can be evaluated for future growth potential** rather than being evaluated on their current size? This would **make it easier to conduct fund raising and make growth investments, which leads to increased corporate value**. (Listed company)

Key Opinions From 1st Meeting (4) – Future Initiatives

Specific Support Measures

- The Growth Market is home to a mix of companies ranging from those with a market capitalization of around JPY 10 billion, those worth tens of billions of yen, and those valued at JPY 100 billion or more. However, as there is a significant difference in operating environments and the challenges companies face, such as investor access, available fund raising methods, and the impact of revisions to continued listing criteria, isn't it necessary to tailor discussions and support to each company's size and growth phase? (Listed company/Investor)
- As well as supporting efforts to secure the talent that underpins growing companies, such as CFOs and outside directors, shouldn't we also further enhance knowledge-sharing and training opportunities for listed companies regarding, for example, effective investor relations (IR) strategies (such as targeting and approaching investors, utilizing IR videos, and providing Markdown-formatted files for AI)? (Listed company/Investor)
- Some companies have expressed that they do not know how to access institutional investors, so perhaps we should consider similar initiatives to Nasdaq, and provide platforms and other tools to support efficient matchmaking between companies and investors. (Investor)
- To make fund raising easier, discussions should be held on whether to revise TSE rules, such as relaxing the 25% rule for third-party allotments. At the same time shouldn't we explore whether a system is needed that provides incentives for securities firms and other entities to support companies with fund raising and investor relations even after they achieve listing? (Listed company)
- Institutional investors place importance not only on market price but also on liquidity, as they want to ensure they can later sell the stocks they add to their portfolios. Therefore, it is important for companies to bear in mind shareholder numbers, percentage of tradable shares, and trading value when they implement capital policies, as this creates a more accessible environment for institutional investors. Communicating these investor perspectives and approaches is important, and highlighting the new TOPIX inclusion criteria that cover the Growth Market and emphasize liquidity could contribute to this. (Listed company/Investor)

Session 2 (Sep. 16): Primarily Not-Yet Listed Company Perspectives

Participants

Companies	ANDPAD Inc.	Yasuhiro Ogino	CFO
	Preferred Networks, Inc.	Yotaro Katayama	Chief Financial Officer
	KAKEHASHI Inc.	Yuya Takemoto	Executive Officer, CFO
	Sakana AI K.K.	Yuta Tamaru	Corporate Operations Manager
	TBM Co., Ltd.	Seigo Nakashima	Senior Executive Officer and CFO, Administration Division Head
Investors	Crossover Capital Asset Management One Co., Ltd.	Shohei Iwaya	
	Dual Bridge Capital Inc.	Shusuke Terada	Managing Partner
	Lazard Japan Asset Management K.K.	Tomomi Fukuta	Director, Portfolio Manager/Analyst, Investment Management
	Signifiant Inc.	Takafumi Murakami	Founder & Representative Director

Discussion Topics

◆ What should startups that are aiming to go public be like?

[Companies] How should companies position and use going public within their growth strategies?

[Investors] What attitudes and initiatives are expected from companies aiming to go public on the Growth Market?

- ※ In addition, what do companies aiming for “high growth” bear in mind? What do companies think about choosing a market (e.g., Prime, Standard, or overseas)? What should be communicated to companies that are aiming to go public?

◆ What are the problems with going public on the Growth Market and prior to that stage and what infrastructures need to be developed?

[Companies/Investors] What are the problems with going public on the Growth Market and prior to that stage? What support measures and infrastructure development are expected from TSE and other stakeholders? (Ref.: [Survey Results](#))

Key Opinions From 2nd Meeting (1) - Key Considerations for IPOs

The Role of an IPO

- An IPO is **not an end goal, but a means for a company to achieve greater growth**. Its value lies in **providing ongoing, flexible access to capital that is difficult to obtain in private markets, making it easier for the company to execute its next-stage growth strategy**. (Private company/Investor)
- An IPO marks a company's transition from private to public ownership and represents **an important step toward becoming an entity with a broader public role and responsibility**. It is **important** for a public company to **accelerate growth while explaining its business activities and initiatives transparently**. (Private company)

Choosing an IPO and IPO Timing

- When considering options such as an IPO, M&A, or remaining private, **companies should not go automatically for IPO** based only on best-efforts obligations under investment agreements or the wishes of the founders. **Management should compare and evaluate an IPO against other alternatives** from the perspective of enhancing corporate value. (Investor)
- An IPO should be undertaken not after a company has already matured, **but at a time when it can generate expectations for further growth**. **The capital raised through the IPO should then be used to implement the company's next growth strategy**. If the company cannot demonstrate its growth potential soon after listing, it may not be easy to regain investors' interest later. (Private company)
- The conventional route appears to be to conduct an IPO when a company's products or services have gained market acceptance and it is ready to properly scale up its business. However, listing before the organization and management team are fully prepared could hinder subsequent growth. **It is also important to consider whether the company has in place the organizational and management capabilities and next-generation leadership talent needed to achieve high growth**. (Private company)
- **We are not aware of any companies whose growth has stalled because they went public too early**. In principle, for companies that meet the listing eligibility requirements, **undertaking an IPO as early as practicable and then taking agile action such as M&As and talent acquisition after listing may be more conducive to enhancing corporate value**. (Private company/Investor)

Organizational and Governance Framework Expected of Newly Listed Companies

- It is important to **establish an organizational and management structure that can function effectively** in support of post-listing growth. **Rather than appointing directors merely as a formality for the purpose of an IPO, companies should appoint directors who can contribute to enhancing corporate value** and ensure that the board of directors functions effectively. (Private company/Investor)
- Companies that have just listed should not use this fact as an excuse. **From the time of their IPO, they are expected to have in place structures that enable them to engage in meaningful dialogue with investors** regarding their business model, total addressable market (TAM), long-term equity story, management, and governance. (Investor)

Key Opinions From 2nd Meeting (2) - Future Initiatives

Direction of Future Initiatives

- The Growth Market is, by nature, **a market in which companies of varying quality coexist**. Few investors invest in the Growth Market as a whole or in Growth-Market indices as they are. Rather, **investors selectively invest in individual companies**. Therefore, setting a goal of enhancing the attractiveness of the market as a whole can easily lead to broad and unfocused discussions. Efforts to improve the market environment should **focus not on raising the overall standard of the market, but on increasing the number of companies capable of achieving significant growth**. (Investor)
- When **the Mothers market was established, there was value in just increasing the number of IPOs**. Today, however, **what has become important is how much value can be created per share after listing**. Companies need to understand that market expectations have changed. (Investor)

Sharing Talent and Knowledge

- **Individuals with experience in management, capital policy, IPO preparation, and investor engagement**, all of which are essential to supporting startup growth, **remain in short supply**. **It is important to create an environment with a circulation of talent and knowledge**, whereby founders re-enter the startup ecosystem as serial entrepreneurs and employees re-enter the same ecosystem equipped with experience and know-how. (Private company)
- Making stock option schemes for external talent easier to use, for example, could help establish mechanisms **for sharing the expertise of knowledgeable individuals across multiple companies**. (Private company)
- Given the expectation that the number of listed companies will continue to increase, shortages of experienced personnel are inevitable. **It is therefore important to develop and train new CFO talent, IR professionals, and other specialized personnel**. **We also expect TSE to provide guidance and educational programs for companies seeking IPOs, including the sharing of best practice examples relating to disclosure and governance design**. (Private company/Investor)

Key Opinions From 2nd Meeting (3) - Future Initiatives

Expanding Access to Investors

- Access to **leading global venture capital firms** is not easy, and **only a limited number of private companies are able to connect with the global startup ecosystem**. It is important to create an environment that enables more startups to access overseas investors, for example by matching private companies with overseas investors through collaboration with domestic VCs and corporates that have networks with overseas venture capital firms. (Private company)
- **Overseas investors often have high expectations, seeking tenfold or even twentyfold growth from companies**. Providing opportunities to meet overseas investors at an early stage and receive their feedback could **help startup founders and management teams raise their sights and ambitions**. (Private company)
- While **non-financial corporates** are increasingly becoming a source of risk capital for private companies, there is also a growing trend toward **reducing cross-shareholdings**. To promote open innovation, **it is important to create an environment that makes it easier for corporates to invest in startups**. This is particularly important in the deep-tech sector, where the involvement of corporates as shareholders and their assessment of technologies and business models **are important for attracting capital from overseas investors**. (Private company)
- Private startups are afforded few opportunities to engage with and learn from **public equity investors**. Since investors in private companies and public equity investors often evaluate companies from different perspectives and seek different types of information, it is important to provide opportunities for companies, **even before listing**, to engage with public equity investors and crossover investors and **learn how public equity investors view companies and what to expect in terms of investor relations and liquidity after listing**. (Private company)
- If a company's first meeting with **public equity investors** takes place during the IPO roadshow, investors may have to price the offering without fully understanding the business and may then remain on the sidelines for several quarters after listing. **To encourage investors to give serious consideration to the company as a potential investment from the time of the IPO, it is important to engage with investors well before listing and deepen their understanding of the business**. (Private company)

Promoting Secondary Trading in Private Companies

- To enable companies to **choose the timing of an IPO more flexibly in line with their growth strategies**, rather than feeling pressured to go public prematurely, it is necessary to expand later-stage funding, extend the exercise period for tax-qualified stock options, and **expand secondary trading in private companies**. (Private company)
- In expanding secondary trading in private companies, it is important not merely to establish a marketplace, but to **develop an effective framework that takes into account actual trading demand and disclosure burdens**. It is also **important to coordinate with the private sector to ensure that the use of secondary trading does not make it more difficult for companies to pursue an IPO in the future**. (Private company)

Key Opinions From 2nd Meeting (4) - Future Initiatives

Information Sharing on Listing Examinations and Revisions to Examination Content

- An IPO is typically a **one-time process for an issuer, making it difficult to accumulate experience and know-how**. As a result, companies often find it difficult to determine for themselves whether each particular measure is necessary and what level of response is required, resulting in information asymmetries. Consequently, they have little choice but to rely on the advice of advisors. However, **advisors may hold differing views, and companies may sometimes be asked to take a more conservative approach than is actually necessary**. (Private company)
- As a result, during the IPO preparation process, **companies may become excessively cautious even about actions that are necessary from a business perspective**, such as M&As or capital structure reorganizations. Although there are already various forms of information being provided, **we would like TSE to communicate more proactively on the basic principles underlying listing examinations, key assessment criteria, and examples of past submission materials**. (Private company)
- It is also necessary to ensure that **the content of listing examinations is better aligned with the actual risks** faced by individual companies. **Rather than relying on formulaic and standardized checks, the level of scrutiny should be calibrated according to the nature and materiality of the risks involved**. (Private company)
- In the United States, the approach is to ensure robust disclosure and leave investors to make their own judgments and bear responsibility for their decisions. In Japan as well, a more flexible approach could be considered for certain matters based on a comply-or-explain approach. **Rather than uniformly requiring companies to establish formal frameworks, this approach could allow them to disclose and explain areas where they have deliberately adopted alternative methods in light of the underlying objectives of the requirements, leaving investors to make their own judgments**. (Private company)
- **Excessive focus on establishing organizational and management structures during IPO preparation can result in insufficient attention being paid to corporate value and market capitalization**, causing them to be assigned a lower priority. **IPO preparation should not become a brake on growth but rather a runway for future growth**. In addition to questions regarding internal controls and governance, **TSE should also raise questions focused on enhancing corporate value** that companies can answer only if they have engaged with investors in advance. (Private company)
- In the examination process, it is important to look beyond surface-level organizational arrangements at the time of application and recent financial performance and assess **whether a company has the organizational capabilities and management structure necessary to support future growth, as well as mechanisms to strengthen those capabilities and structures on an ongoing basis**. **TSE and securities firms should align their examination perspectives and consider how listing examinations should be conducted with a view to future growth**. (Investor)

Key Opinions From 2nd Meeting (5) - Future Initiatives

Other IPO-Related Matters

- Some companies considering an IPO are **uncertain whether to list on the Standard Market or the Growth Market**. It may be worthwhile to **make the differences between the two markets more visible and communicate them more clearly**, including the level of growth expected of companies listed on the Growth Market and the timeframes and indicators used in assessing such growth. (Investor)
- Some companies are advised to pursue a **NASDAQ listing** on the grounds that listing on TSE is difficult and time-consuming. As a result, there have been cases in which issuers incur substantial costs in paying domestic and overseas advisors, with no benefits for either issuers or investors. **To enable issuers to select the most appropriate listing market, TSE should provide accurate comparative information on TSE and overseas markets.** (Private company)
- **Classes of shares with different voting rights have rarely been used in Japan, and their advantages and disadvantages are not readily apparent. However, they may broaden the options available to companies seeking an IPO. Further discussion on how such shares should be used may therefore be warranted.** (Investor)
- In 2022, following discussions by a **working group of the Japan Securities Dealers Association, several IPO-related reforms were implemented**, including “information meetings,” the “S-1 method,” and the ability to set the offering price outside the indicative price range. It may be worthwhile to **follow up on the effects of these reforms and the issues that remain**, and to **consider whether additional measures may be warranted** in areas such as lock-up arrangements, pre-IPO share transfers, and information management relating to crossover investments. (Investor)
- Discussions regarding the offering price often do not take place until shortly before listing approval, and feedback provided by investors during the roadshow is not always sufficiently shared with issuers. It is important to **enable issuers to make informed decisions on whether and when to pursue an IPO by gaining an early understanding of the expected offering price and investor evaluations.** (Private company)
- Growth after listing also requires a **transition in the shareholder base toward institutional investors**. Consideration could therefore be given to establishing a **process under which the offering size and offering ratio, expected post-listing liquidity, and anticipated demand from institutional investors are thoroughly assessed at the IPO stage.** (Investor)
- As new audit-related issues arise in connection with new businesses and technologies such as AI, it may be worth considering **mechanisms that enable audit firms and auditors with up-to-date expertise to conduct IPO audits**, from the perspective of preventing fraud. (Private company)
- During IPO preparation, consideration could be given to **reviewing working-hour restrictions and related requirements** to ensure that compliance efforts do not unduly constrain key personnel from carrying out their core business responsibilities. (Private company)

Key Opinions From 2nd Meeting (6) - Future Initiatives

Promoting the Circulation of Talent and Capital

- Even for companies operating in business environments where achieving further growth after listing is difficult, **management teams** that led their companies to listing **have accumulated valuable experience in driving business growth and managing listed companies**. When such companies **exit the market through privatization or M&A**, experienced management talent can apply that expertise to **new challenges in growth areas and industries**. **Directing capital toward managers and investors with proven track records of growing companies may also contribute to a virtuous cycle throughout the startup ecosystem.** (Investor)
- **The revision to the continued listing criteria of the Growth Market initially prompted companies that found it difficult to meet the criteria to seriously consider options such as M&As, mergers with other companies, and bold capital policy measures.** However, **the growing perception that companies can remain listed by transferring to another market segment or another exchange has weakened the impetus for such actions.** It is important to **ensure** that the revised criteria **function effectively** rather than becoming merely a formality. (Investor)
- To promote the circulation of talent and capital, transactions that take a company private and M&As following an IPO should not be viewed negatively across the board. Instead, they should be recognized as legitimate strategic options depending on a company's stage of growth and business environment, and **it is important to move away from the widely held perceptions that "once a company goes public, it must remain listed indefinitely" and that "it is more impressive to remain listed."** Consideration should be given to developing M&A markets and related infrastructure so that companies can more readily pursue M&As or go private when appropriate. (Private company/Investor)

Next Steps

- The third meeting is scheduled to be held on December 7, with participants from the first and second meetings.
 - From the third meeting onward, the Study Group will identify key issues and potential measures and clarify what actions can be taken by TSE and by other stakeholders.

Potential Discussion Topics (Examples)

- ✓ Clarifying the Vision of Companies Expected on the Growth Market (the concept of “high growth” and governance-related initiatives etc.)
- ✓ Sharing Talent and Knowledge
- ✓ Expanding Access to Investors and Promoting Secondary Trading in Private Companies
- ✓ IPO Preparation That Supports Post-Listing Growth
- ✓ Promoting the Circulation of Talent and Capital After Listing etc.