

# Transformation of the Japanese Market and Increased Business Opportunities

Interest in the Japanese market among global institutional investors is suddenly on the rise. In addition to growing momentum in the domestic consumer market (due to the post-COVID-19 normalization of the domestic economy and the increase in foreign tourists beginning in the fall of 2022) and stable corporate performance backed by a relatively stable political economy, the historically weak yen is also providing a tailwind. With Japanese stocks already undervalued and the impact of exchange rates, the current Japanese stock market presents a great opportunity for foreign investors to stock up over the medium to long term. There is more interest than ever before from global institutional investors making long-term investments, says Mr. Kazuhiko Yoshimatsu, General Manager & Chief Representative of the Tokyo Stock Exchange in Singapore.

Meanwhile, attention is focused on signs of change in the Japanese stock market. In 2021, five cross-border IPOs were launched on the TSE Growth Market (formerly known as Mothers). This is a significant change for the Japanese market, which for many years has seen a lack of IPOs by foreign companies. In addition to two IPOs by companies founded by foreign entrepreneurs in Japan, IPOs by Taiwanese and Singaporean companies also came to fruition.

- OMNI-PLUS SYSTEM LIMITED (SG)
- YCP Holdings (Global) Limited (SG)
- Appier Group, Inc. (TW)
- AXXZIA Inc. (CN)
- Hybrid Technologies Co., Ltd (VN)

## Company list of Cross-border IPOs in 2021

Startup investment by Japanese VCs and CVCs has increased over the past five to six years in Taiwan and Southeast Asia. Japanese business has been viewed as difficult for foreign companies to venture into. However, this is set to change as Japanese VCs and CVCs have served as a bridge between them and Japan, and Japanese companies have gradually become more proactive in collaborating with overseas companies. Moreover, the increased difficulty in accessing Hong Kong, which has been a major IPO market in Asia, is another reason it has become easier for Asian startups to turn their attention to the Tokyo market.

The recent listings in Tokyo include some notable examples. One was the first Asian listing using a Japanese Depository Receipt (JDR) scheme. The Asian companies which were listed on the TSE Growth Market using this scheme were Omni-Plus System (CEO: Neo Puay Keong) and YCP Holdings (CEO: Yuki Ishida), both of which are based in Singapore. JDR is expected to be widely used by Asian startup companies in the future, as listing in Japan is possible while maintaining the same taxation system of the relevant country and organizational structure.



Left: Hiromi Yamaji, President & CEO of Tokyo Stock Exchange  
Right: Neo Puay Keong, CEO of Omni-Plus System

Another noteworthy point is that young Japanese business leaders like YCP Holdings' Ishida, who went abroad to start their own businesses with a view to scaling up in overseas markets from the very beginning, have been growing with great momentum. Ishida said "As the Japan market

matures, it has become critical to go global and to ride the wave of rapidly growing markets in Asia, for both Japanese corporates and entrepreneurs." As in the case of Japan's national teams that made great strides in the rugby and soccer World Cups, we are seeing a new generation of young business leaders making great strides on the global stage together with overseas talent in various settings. Along with the increase of foreign startups listing on the Japanese market, the emergence of young, energetic business leaders who will overturn the traditional image of the Japanese market in a positive way makes us look forward to the Japanese market in future.



Yuki Ishida, CEO of YCP Holdings

Prior to the Japan-Southeast Asia Market Forum, JPX and JETRO signed a memorandum of understanding on Nov. 7 that includes business matchmaking between startups and listed companies. As Japanese companies are now turning toward innovation and internationalization, the doors of Japanese business are about to open wide for Asian startups.



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