



IPO on Tokyo Stock Exchange for Future Growth

June, 2015

New Listings, Tokyo Stock Exchange, Inc.

Executive Summary

- 1 No. 1 market in Asia by market capitalization**
- 2 86 IPOs in Japan in 2014**
- 3 IT industry takes 51% in 2014 IPOs**
- 4 10 Biotech and Medtech IPOs in last 2yrs**
- 5 Median of PE Ratio of 2014 IPOs was 50.9 x**
- 6 Successful small IPOs on Mothers (junior section)**
- 7 High liquidity in Mothers**
- 8 Successful follow-on offerings by Biotech cos**



1. Comparison among Major Stock Markets

2. Features of IPO Market in Japan

3. Biotech Sector in Tokyo Stock Exchange

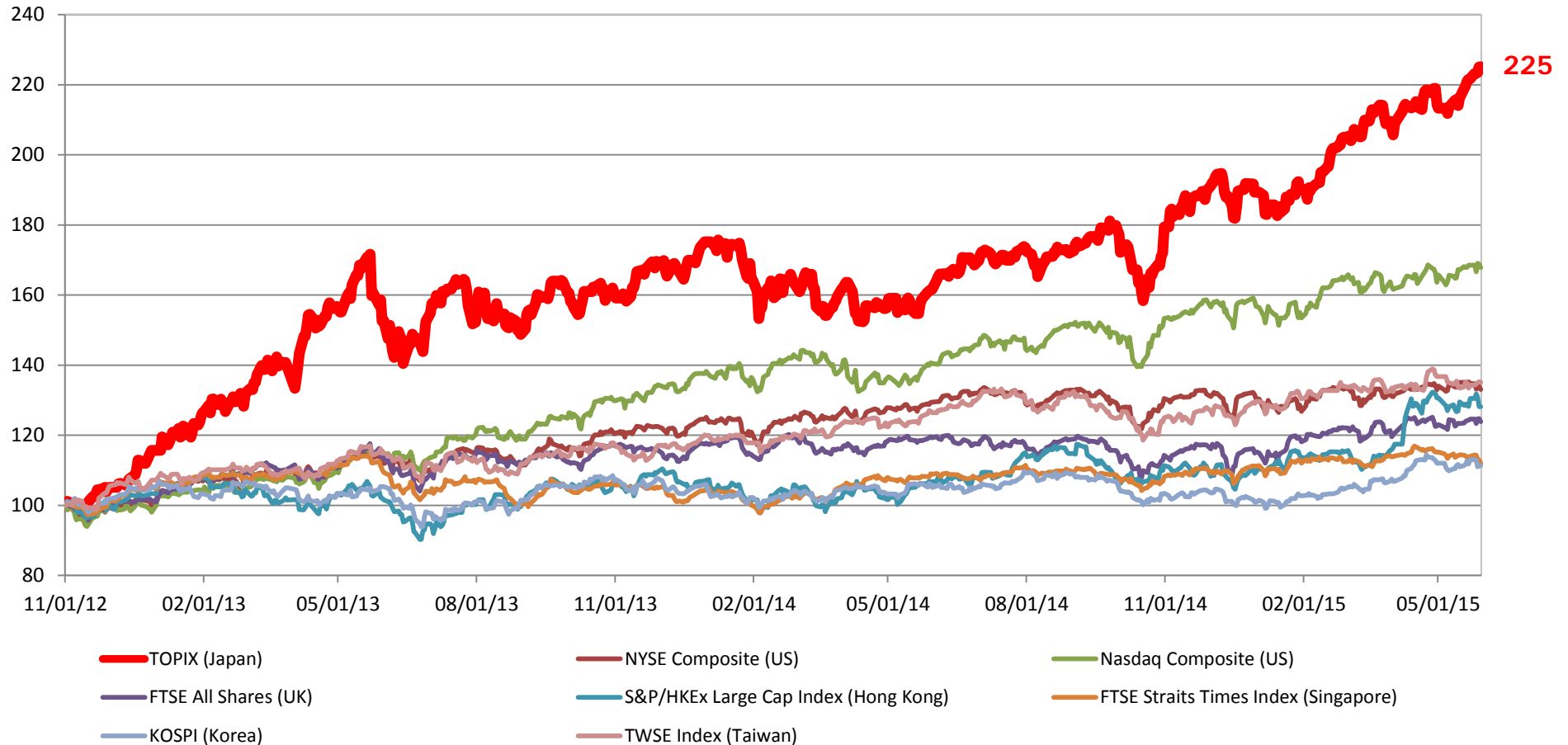
4. Listing on Tokyo Stock Exchange

A. Overview of the Japanese Financial Market

B. Key Points for U.S. Companies

Stock Market Index Performance

TOPIX, which represents the movement of the Tokyo market overall, is recording a high growth rate as compared with other markets.

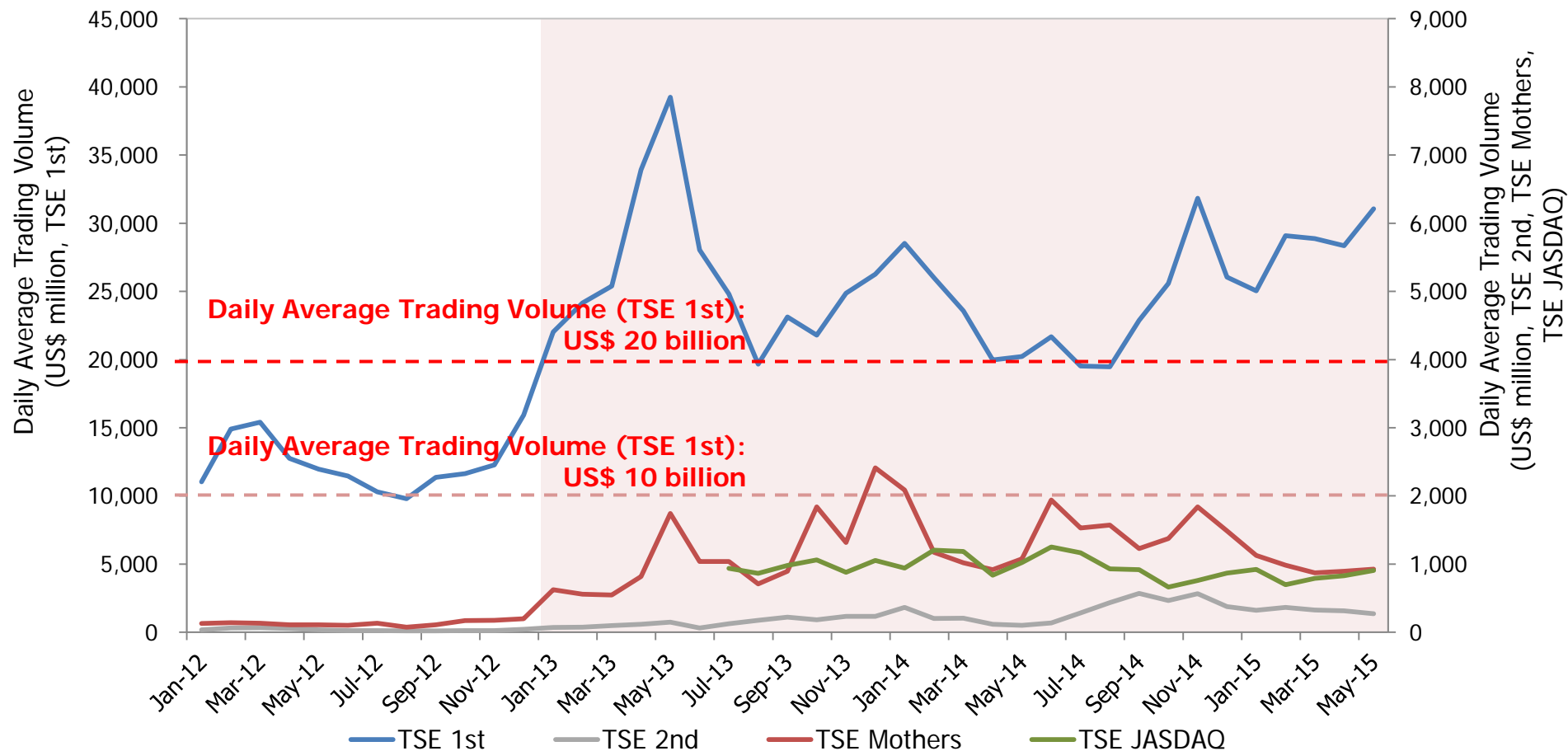


Source: Bloomberg

Note: As of May 29, 2015. Indices rebased to 100 as of November 1, 2012.

Daily Average Trading Volume

Daily average trading volume has exceeded US\$ 20 billion on an ongoing basis since January 2013.

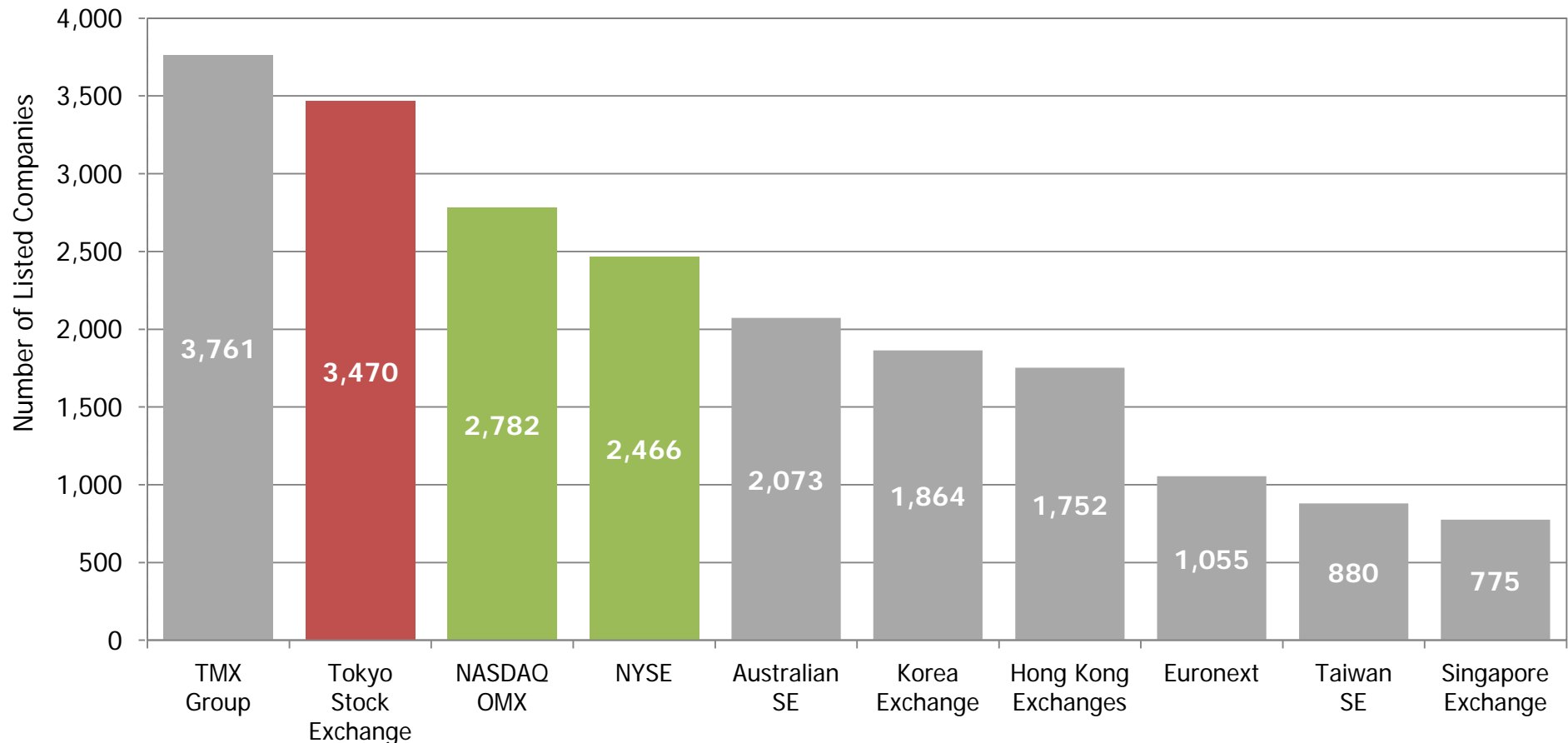


Source: Tokyo Stock Exchange

Note: US\$ = 100 JPY. JASDAQ was integrated with TSE market in July 2013.

Number of Listed Companies

Tokyo Stock Exchange exceeds NYSE and NASDAQ in terms of number of listed companies.

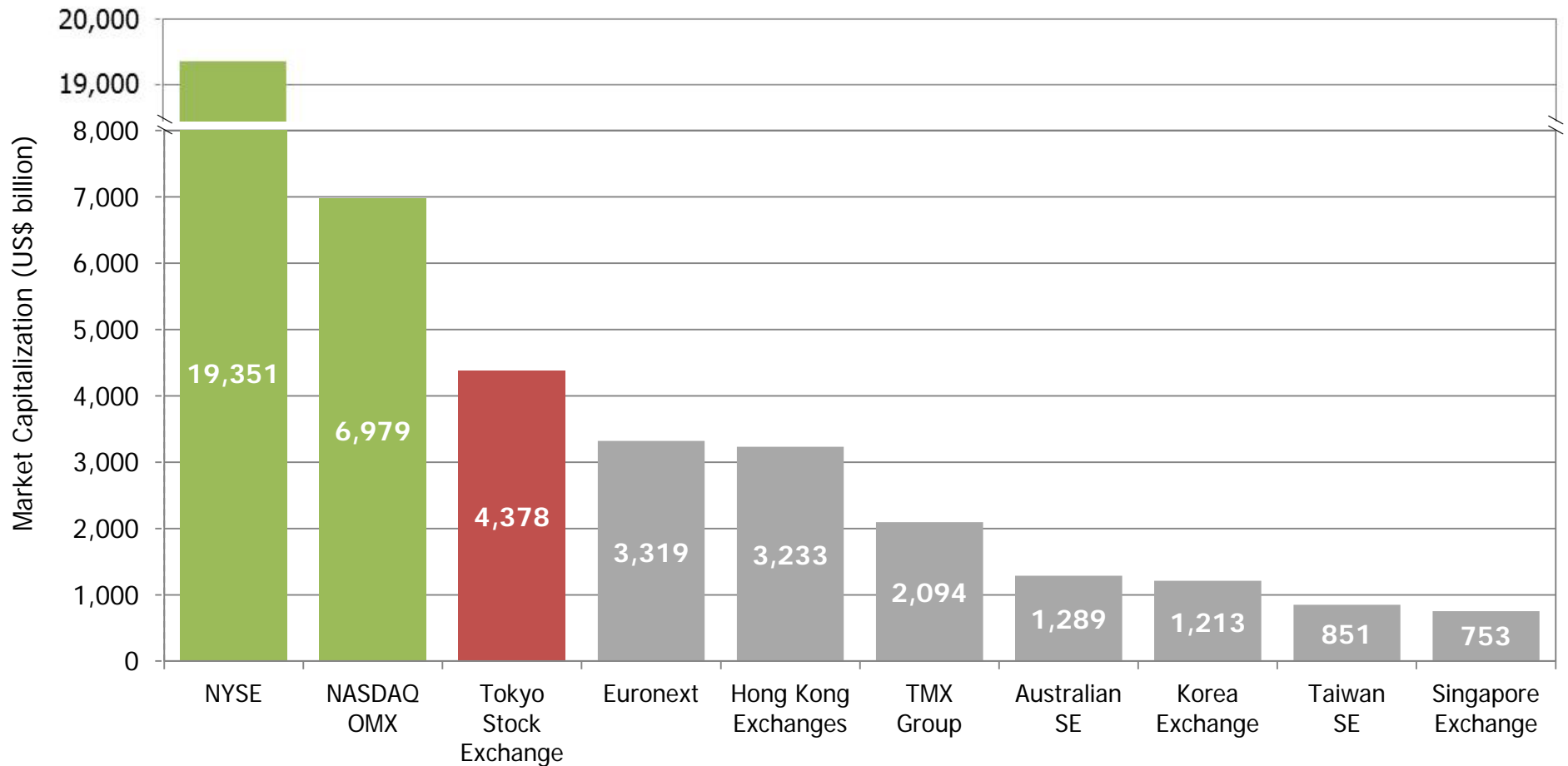


Source: WFE

Note: Number of listed companies as of the end of December 2014

Market Capitalization

Tokyo Stock Exchange ranks No.3 globally and No. 1 in Asia by market capitalization.

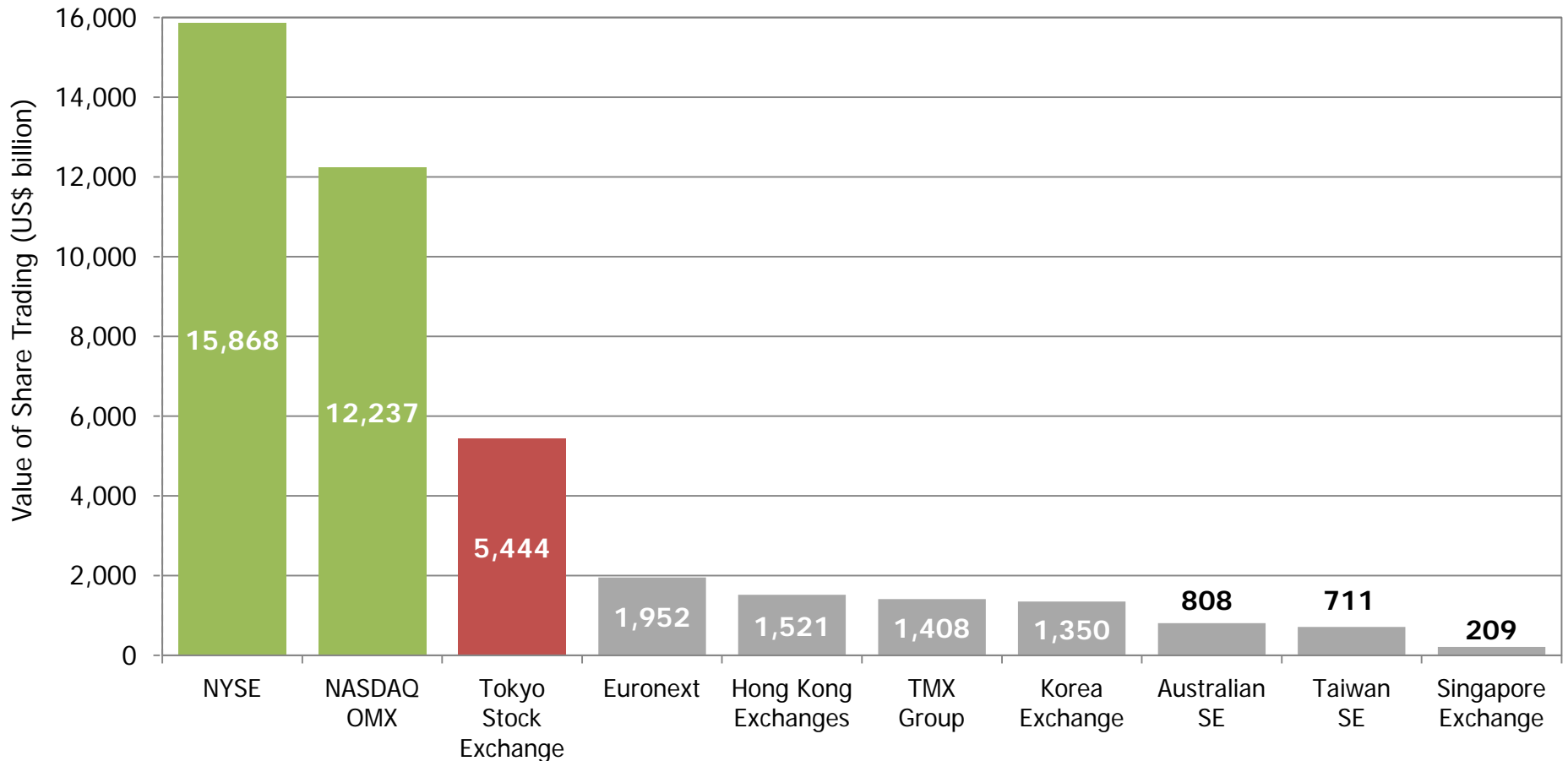


Source: WFE

Note: Domestic market capitalization as of the end of December 2014

Value of Share Trading in the World

Tokyo Stock Exchange is about 3.6 times larger than Hong Kong Exchanges by value of share trading.



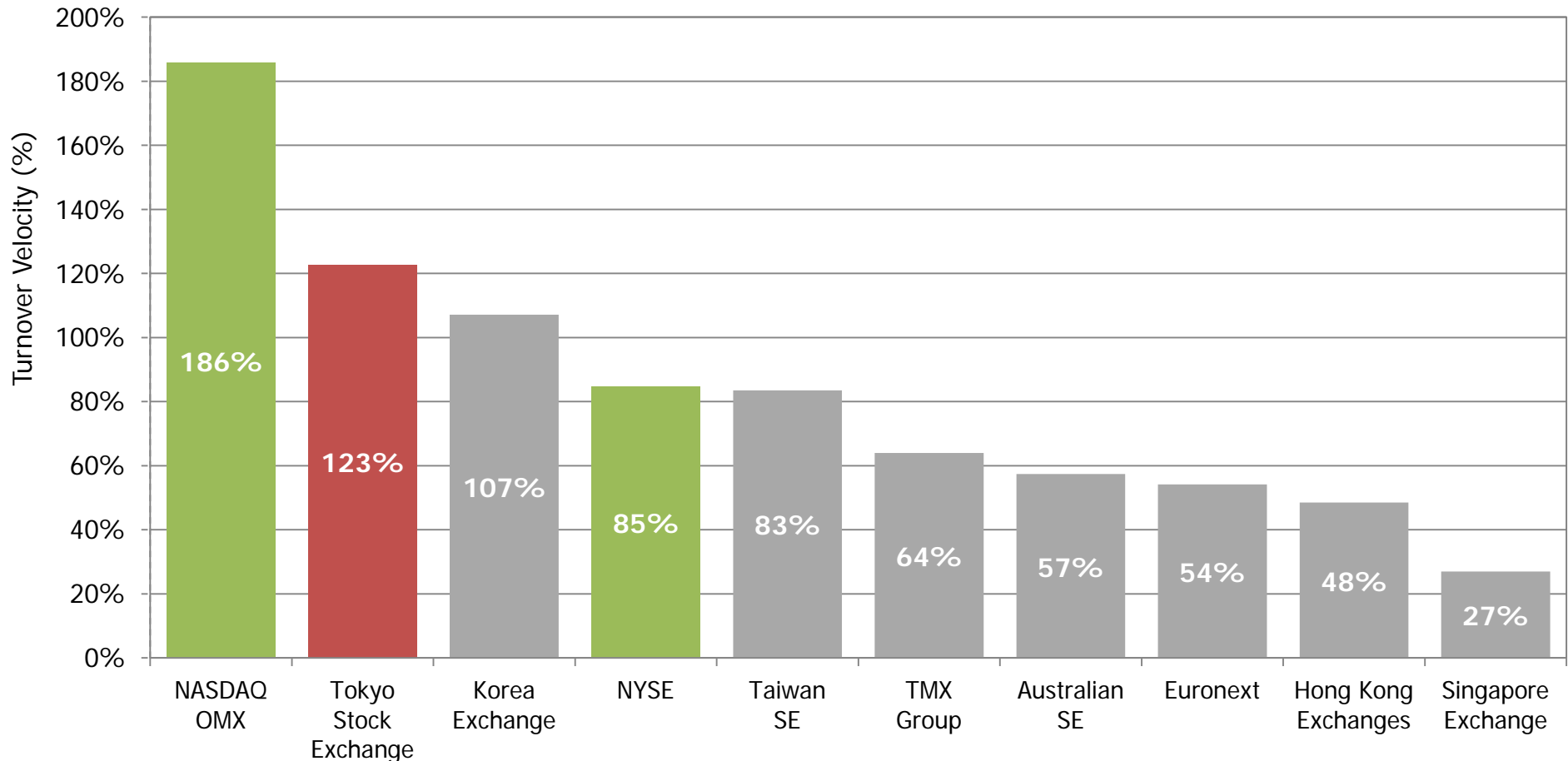
Source: WFE

Note: Value of share trading - Electronic order book trades from January 2014 to December 2014

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Turnover Velocity

Tokyo Stock Exchange has high turnover velocity.

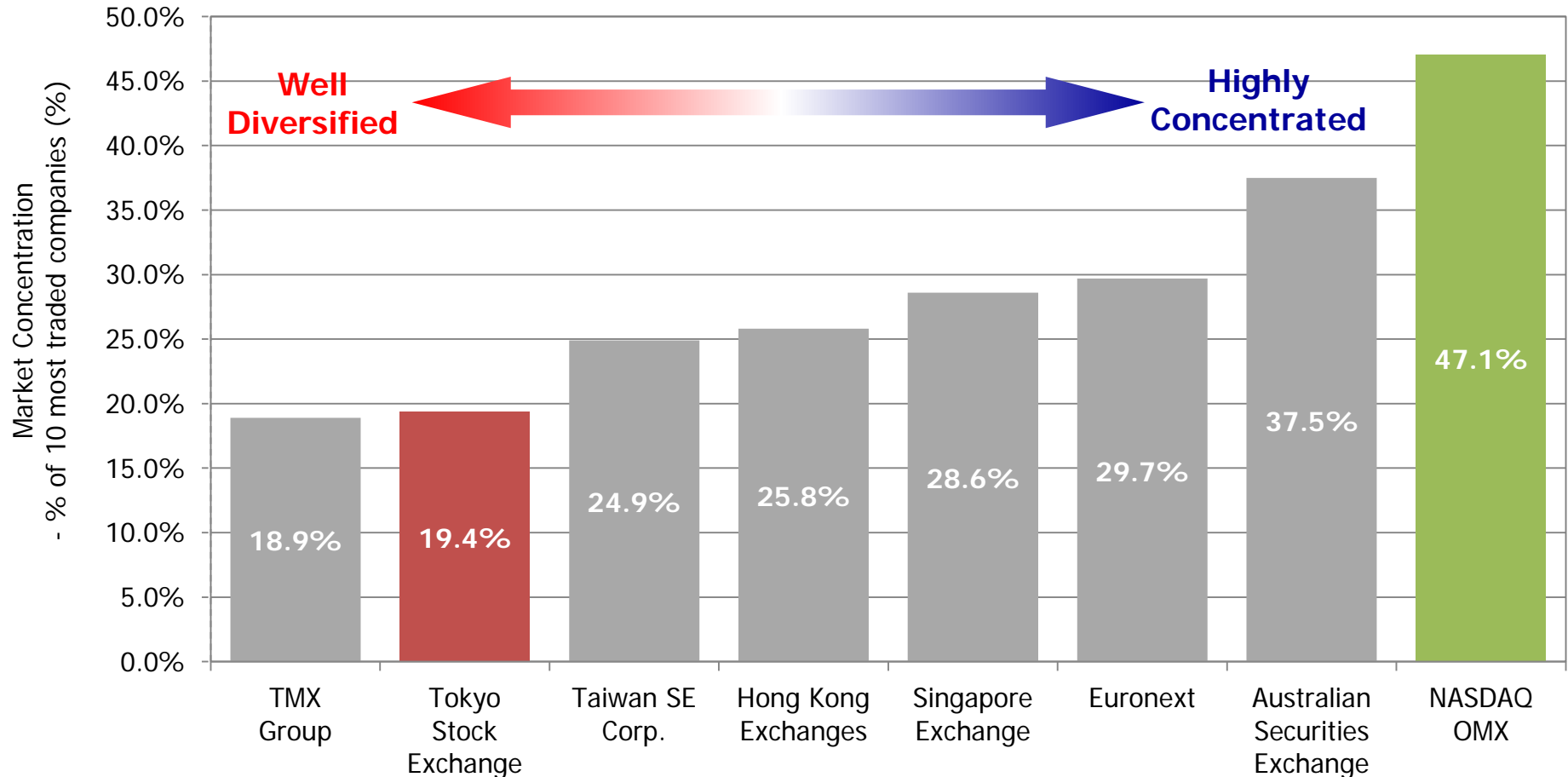


Source: WFE

Note: Turnover velocity = yearly value of share trading / average of market capitalization in LTM as of the end of December 2014

Market Concentration

Trading is not concentrated on a few companies and there are many highly liquid companies.



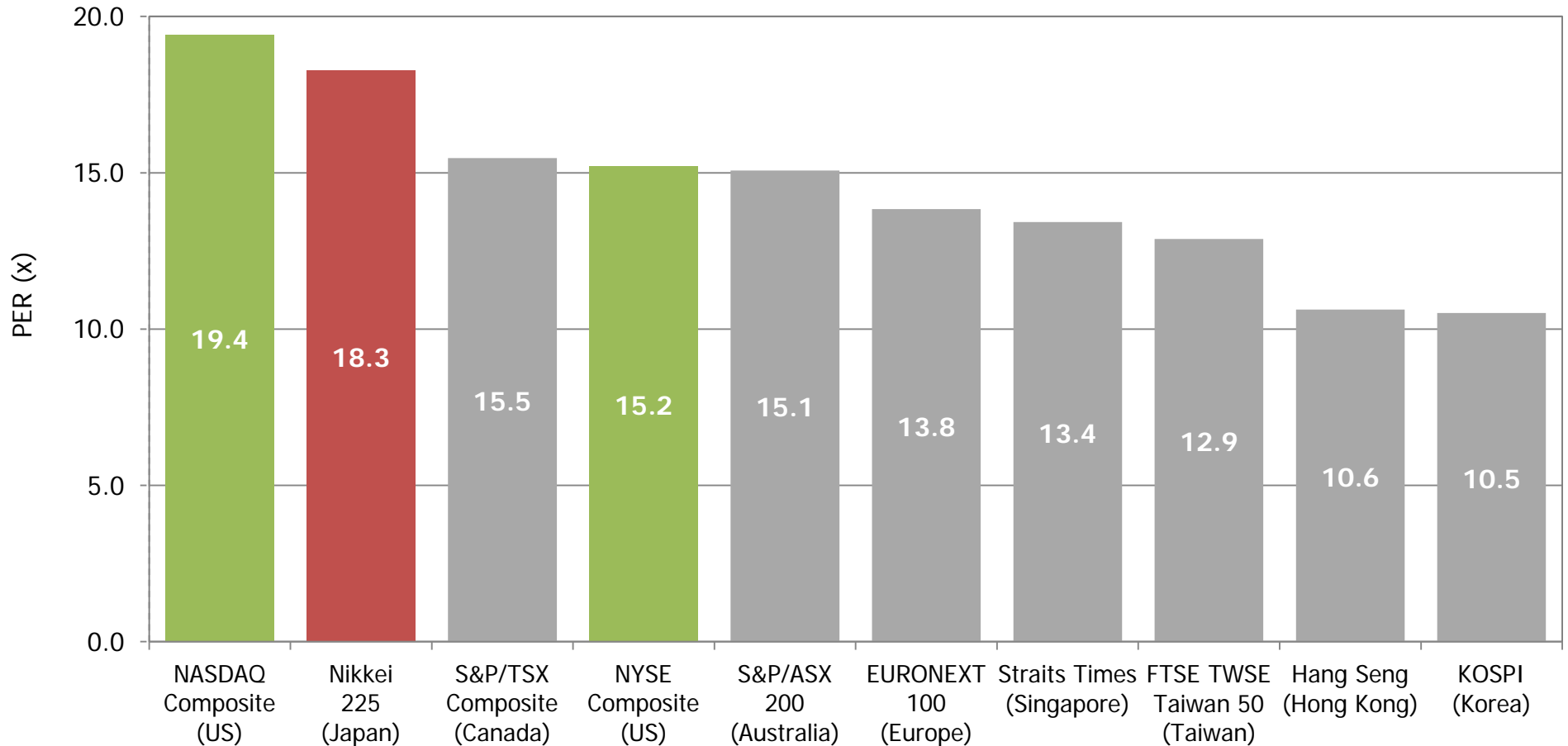
Source: WFE 2013 ANNUAL REPORT & STATISTICS

Note: Percentage of 10 most traded companies in 2013. Data of NYSE and Korea Exchange is not available.

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Valuation: PER

Valuations for Japanese companies are highly appreciated based on PER.

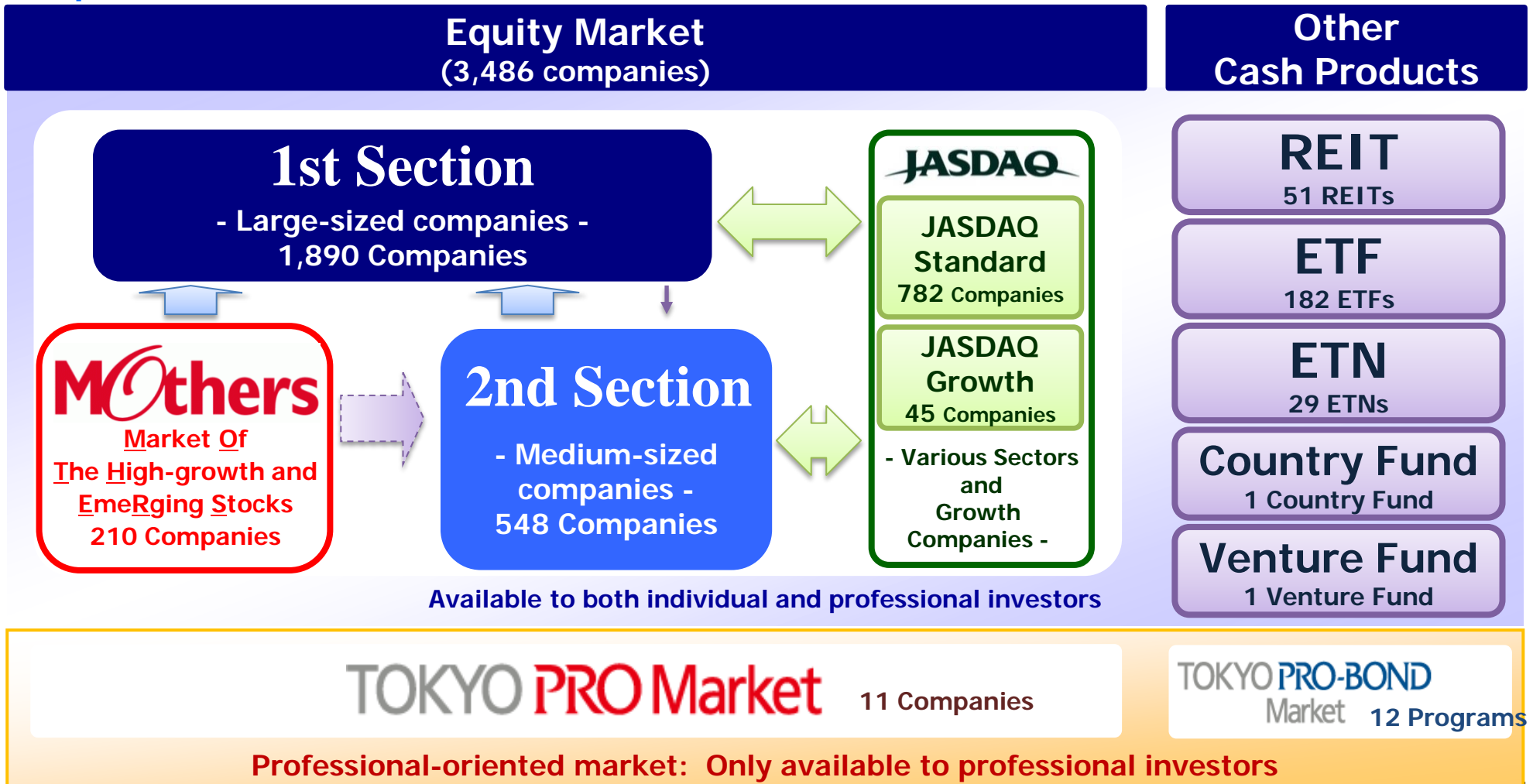


Source: Bloomberg

Note: Based on estimated PER from Bloomberg as of January 6, 2015. PER = Price/Estimated EPS Ratio

Structure of TSE Cash Equity Market

JPX offers several markets with different concepts to allow companies to make an optimal choice.

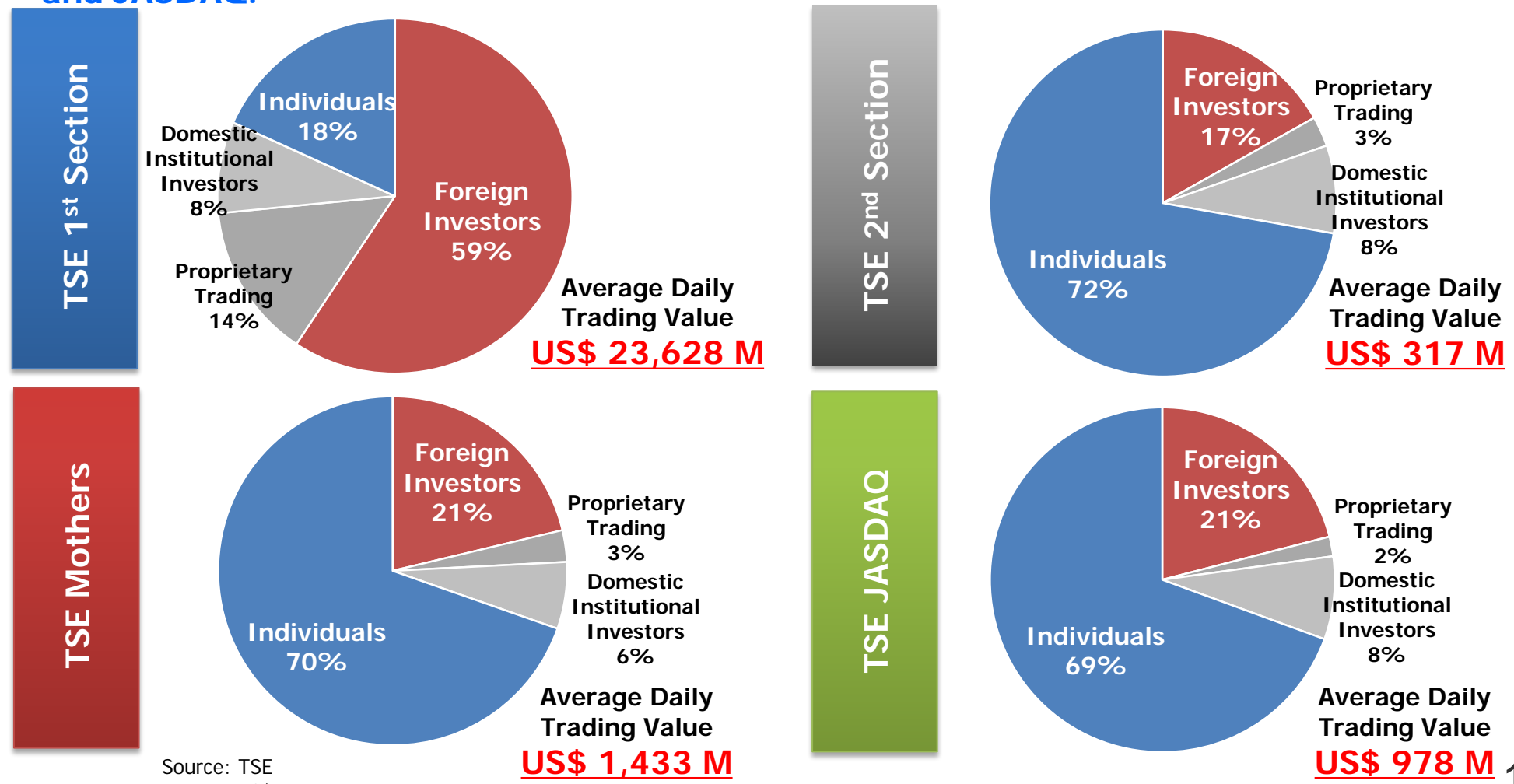


Note: As of May 31, 2015

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Stock Trading Value by Investor Category (2014)

Foreign investors account for more than half of trading in the TSE 1st Section. By contrast, individual investors make up the majority in the TSE 2nd Section, Mothers, and JASDAQ.



Source: TSE
 Note: 1 US\$ = 100 JPY



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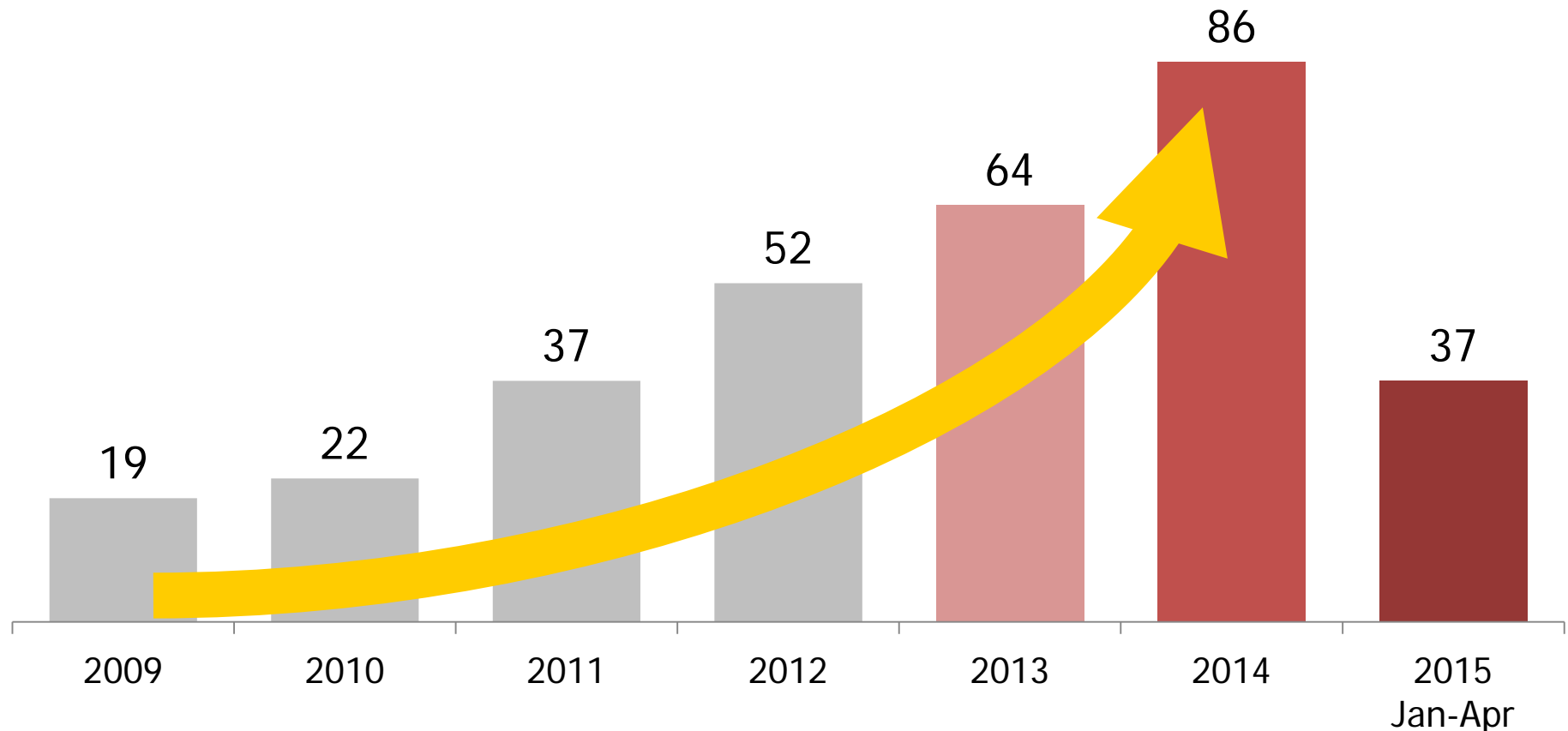
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Number of IPOs in Japan

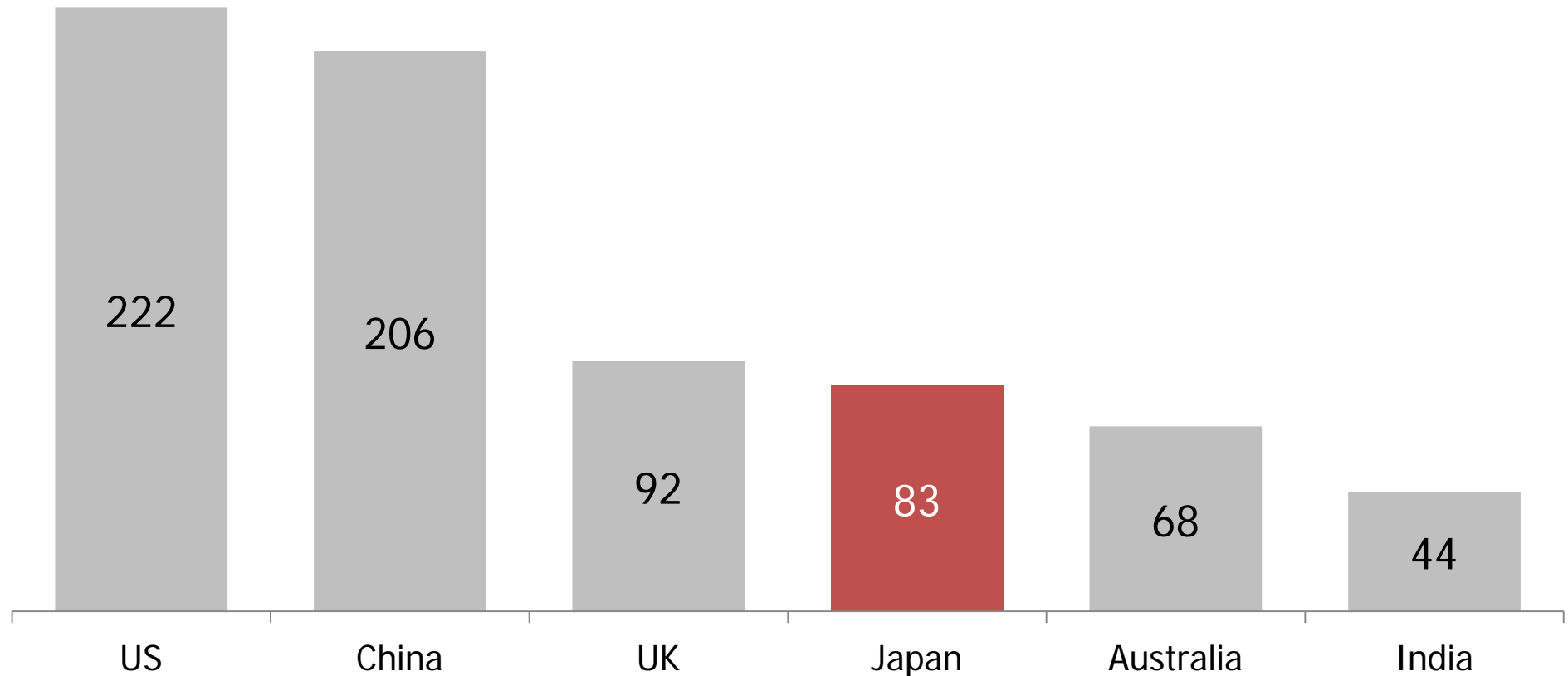
IPOs figures showed a significant increase to 86¹ in 2014 from 64 in 2013, confirming a full-fledged recovery in the Japanese IPO market. The number of IPOs is expected to increase from 2014 onward.



Note 1: The number includes Tokyo Pro Market and REITs.

Top Six Countries by Number of IPOs in 2014

Japan ranks No.4 globally by number of IPOs in 2014.



Source: EY Global Trends 2014 4Q

Note: Based on the listed company domicile nation. Number of Japan IPOs does not include TOKYO PRO Market.

IPO Amount Ranking in Japan in 2014

22 IPOs offered more than US\$ 50 millions

#	Listing date	Ticker	Company Name	Market	Sector	Total IPO Amt (US\$ m)	Offering of New Shares (US\$ m)	Offering for Sale (US\$ m)	Market Cap (IPO Price) (US\$ m)	Market Cap (First Price) (US\$ m)
1	19-Mar-14	6740	JAPAN DISPLAY	TSE 1st	Electric Appliances	3,347	1,260	2,087	5,412	4,625
2	16-Oct-14	6098	RECRUIT HOLDINGS	TSE 1st	Web Service/Adtech	2,138	915	1,224	17,795	18,197
3	18-Mar-14	6810	HITACHI MAXELL	TSE 1st	Electric Appliances	766	0	766	1,104	1,051
4	9-Oct-14	3197	SKYLARK	TSE 1st	Retail Trade	753	50	703	2,331	2,331
5	7-Feb-14	3295	HULIC REIT	TSE REIT	REIT	702	667	35	704	795
6	3-Dec-14	3309	SEKISUI HOUSE REIT	TSE REIT	REIT	693	660	33	695	853
7	15-Dec-14	6028	TECHNOPRO HOLDINGS	TSE 1st	Services	532	0	532	664	631
8	18-Dec-14	3903	GUMI	TSE 1st	Digital Contents & Games	450	50	401	946	946
9	23-Apr-14	9024	SEIBU HOLDINGS	TSE 1st	Land Transportation	445	0	445	5,474	5,474
10	5-Jun-14	3298	INVESCO OFFICE J-REIT	TSE REIT	REIT	444	423	21	446	471
11	7-Apr-14	3296	NIPPON REIT INVESTMENT	TSE REIT	REIT	382	363	18	383	398
12	19-Dec-14	9551	METAWATER	TSE 1st	Electric Power & Gas	276	240	36	600	564
13	13-Feb-14	4589	ACUCELA	Mothers	Biotech & Medtech	190	166	25	641	819

Note: 1 US\$ = 100 JPY.

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Recruit Holdings Co.,Ltd.



On October 16, 2014, staffing and internet service giant, Recruit Holdings Co.,Ltd., listed on TSE 1st section. The IPO amount exceeds US\$ 2 billion and their market cap exceeded US\$ 20 billion.

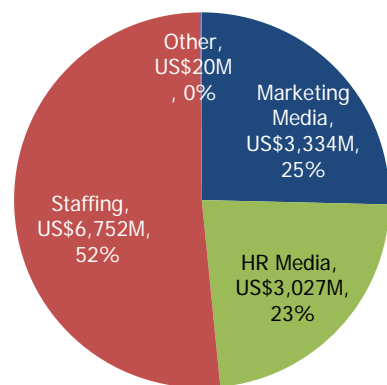
Company Profile/IPO summary	
Company Name	Recruit Holdings [TSE 1st: 6098]
President	Masumi Minegishi
Foundation	August 26, 1963
IPO Date	October 16, 2014
Underwriter	Nomura, Mizuho, SMBC Nikko, Mitsubishi UFJ Morgan Stanley
IPO Price/First Price	JPY3,100(US\$31)/JPY3,170(US\$31.7)
IPO Amount (New Shares / Sale)	US\$ 2,138.2 million (US\$914.7 million/US\$1,223.5 million)
Market Cap (IPO Price /First Price)	US\$17,795million/ US\$18,197million
WEB	http://www.recruit-rgf.com/

Business

Recruit Holdings Co.,Ltd. is a Japan-based holding company primarily engaged in the temporary staffing business. It operates in four business segments. Its Promotional Media segment provides information related to marriage, houses, travel, food, beauty and other daily consumption areas. Its Human Resources Media segment involves in both domestic and overseas recruitment, providing job advertisements and recruiting services. Its Temporary Staffing segment involves in the staffing of clerical, manufacturing and other professional positions. The Others segment operates R25, a information site targeted at businessman of 25 years age or old.

Note: 1 US\$ = 100 JPY.

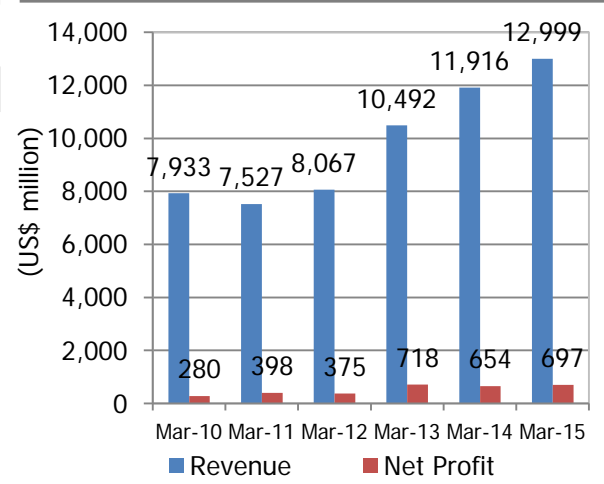
Business Segment



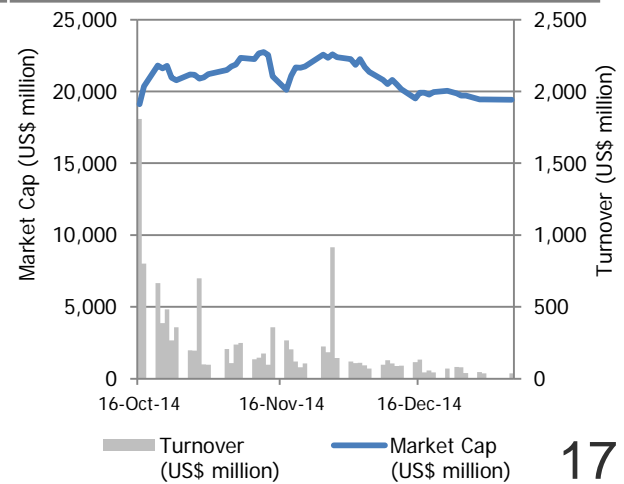
Business Segments & Major Services

Marketing Media	Life Event	Housing and Real Estate, Bridal, Automobiles, Education suumo ビブリア カーセンサー 977E 進学
	Lifestyle	Travel, Dining, Beauty, other info Hot Pepper Beauty
	Other	(Overseas) MOVOTO
HR Media	Domestic Recruiting	Job Advertising, HR Placement 977E 977E NEXT RECRUIT AGENT TOWNWORK
	Overseas Recruiting	Job Advertising indeed
	Other	Executive Search, HR Training RGF HR Agent RECRUIT 977E-IT 977E-IT
Staffing	Domestic Staffing	(Domestic) RECRUIT リクルート スタッフサービスクループ
	Overseas Staffing	(Overseas) Staffmark Advantage Resourcing The CD Companies
	Other	リクルートID R25

Summary of Financial Data



Market Cap Chart



Acucela Inc., (Seattle, U.S.)



On Feb. 13, 2014, Acucela Inc. (TSE Mothers: 4589), a Seattle company, has successfully completed its IPO in Japan. Acucela raised US\$190.4 million. The market capitalization of Acucela has exceeded US\$800 million on the first trading day.

Company Profile/IPO summary

Company Name	Acucela Inc. [Mothers: 4589]
CEO	Brian O'Callaghan
Foundation	April 25, 2002
IPO Date	February 13, 2014
Underwriter	Mitsubishi UFJ Morgan Stanley Sec.
IPO Price / First Price	JPY1,800 (US\$18)/JPY2,300 (US\$23)
IPO Amount (New Shares / Sale)	US\$ 190.4 million (US\$165.6 million/US\$24.8 million)
Market Cap (IPO Price /First Price)	US\$ 641 million/ US\$ 819 million
WEB	http://www.acucela.com/

Business

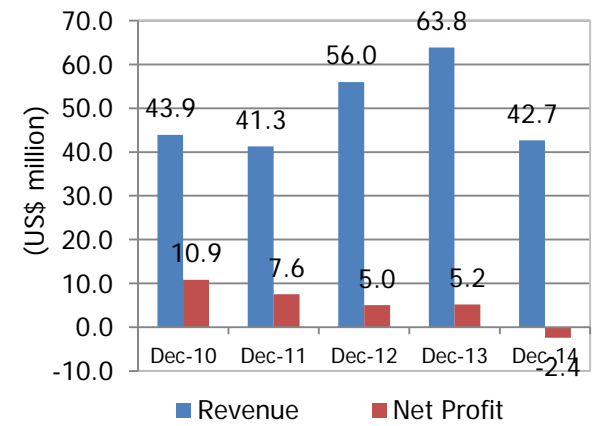
Acucela is a Seattle based clinical-stage biotechnology company that specializes in discovering and developing novel therapeutics to treat and slow the progression of sight-threatening ophthalmic diseases impacting millions of individuals worldwide. Acucela focuses on developing oral products based on Acucela's proprietary visual cycle modulation, or VCM, compounds to address a variety of retinal diseases, primarily age-related macular degeneration, or AMD, diabetic retinopathy, or DR, and diabetic macular edema, or DME, and potentially Stargardt disease, retinitis pigmentosa and retinopathy of prematurity.

Note: 1 US\$ = 100 JPY.

Product Pipeline

Drug	Indication	Pre Clinical	Phase 1	Phase 2	Phase 3	Originator	Acucela Territory	IP Expiration Date
	AMD	→						
VCM Emixustat HCI	DR/DME Stargardt, Retinitis Pigmentosa, Retinopathy of Prematurity	→				Acucela	North America (Joint), EU, South America and Africa	Nov. 2029 (subject to extension)
Other VCM and retina product candidates	Stargardt, Retinitis Pigmentosa, Retinopathy of Prematurity	→				Acucela	Worldwide	
OPA-6566	Glaucoma	→				Otsuka	US (joint)	April 2025

Summary of Financial Data



Market Cap Chart



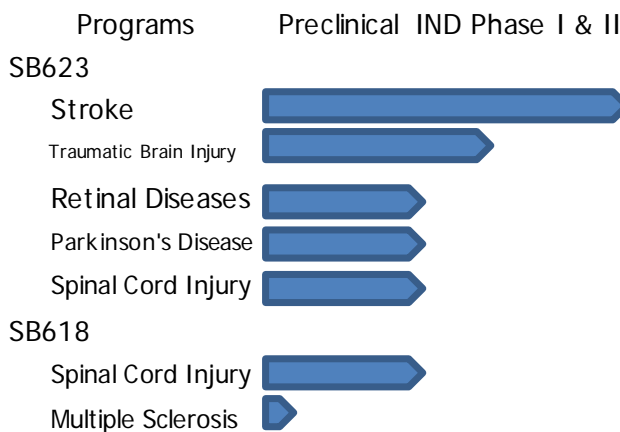


SanBio, a Mountain View cell therapy company, has successfully offered US\$ 149.5 million and newly listed on Mothers (Market of the high-growth and emerging stocks) of Tokyo Stock Exchange as Japanese Company on April 8, 2015.

Company Profile/IPO summary

Company Name	SanBio Co Ltd [Mothers: 4592]
President	Keita Mori
Foundation	Feb. 27, 2013 (Japanese Co) * Originally found in U.S. in Feb. 2001.
IPO Date	Apr. 8, 2015
Underwriter	Nomura Securities
Offering Price	JPY2,000 (First Price: JPY1,710)
IPO Amount (New Shares / Sale)	US\$149.5 million (US\$80.0 million/US\$69.5 million)
Market Cap (offering price/first price)	US\$872.4 million / US\$745.9 million
WEB	http://www.san-bio.com/

Product Pipeline



SB623 When administered into neural tissue, SB623 reverses neural damage. Since SB623 cells are allogeneic, a single donor's cells can be used to treat many patients.

SB618 SanBio is developing SB618 for the treatment of conditions involving inflammatory injury of neurons such as multiple sclerosis and spinal cord injury. Like SB623, SB618 cells are allogeneic, a single donor's cells can be used to treat many patients.

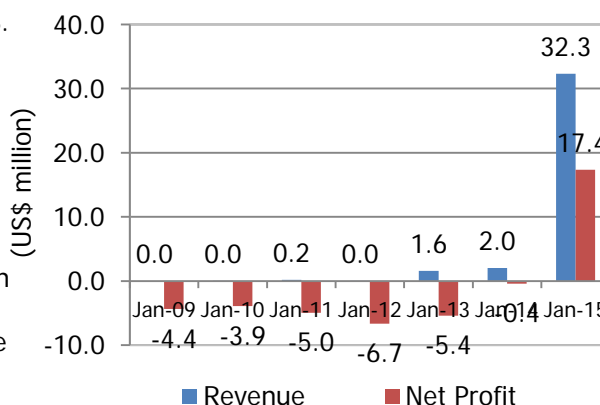
Business

Source: Dow Jones News, BioCentury

SanBio develops regenerative cell therapy, undertaking U.S. clinical trials on chronic stroke patients who have not responded to conventional therapies. Thus far, its SB623 treatment has shown promising results, and could have positive implications for other firms involved in the therapy. In September 2014, **Sumitomo Dainippon Pharma Co. Ltd.** exercised an option to co-develop and exclusively market SB623 in the U.S. and Canada. The pharma paid \$6 million up front and the biotech can receive up to \$74 million in development milestones, up to \$125 million in sales milestones and double-digit royalties. **Teijin** has an exclusive development and sales rights license for Japan for SB623.

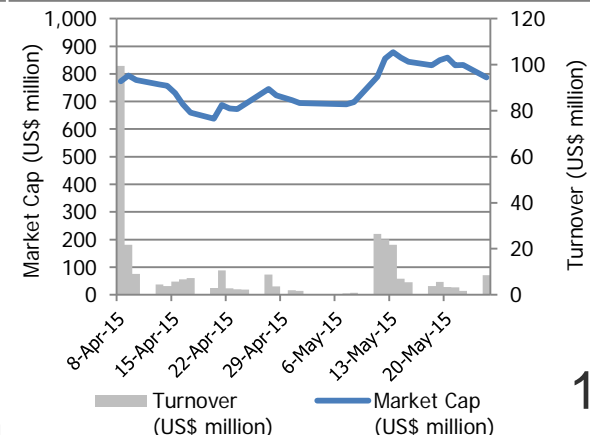
Note: 1 US\$ = 100 JPY.

Summary of Financial Data



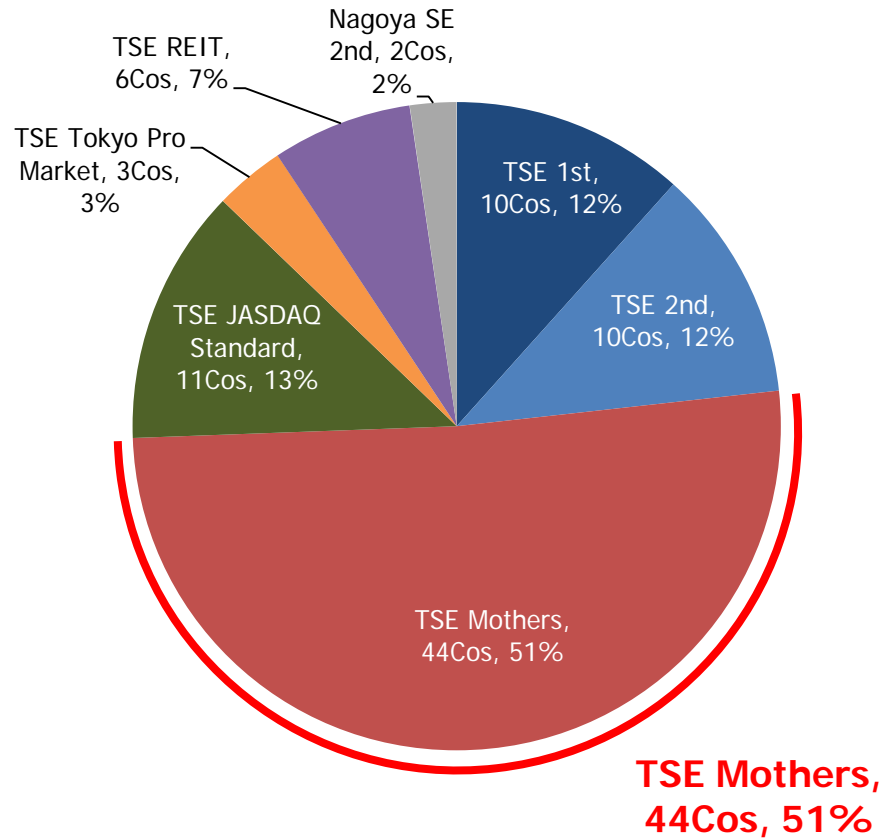
Market Cap Chart

Source: Bloomberg

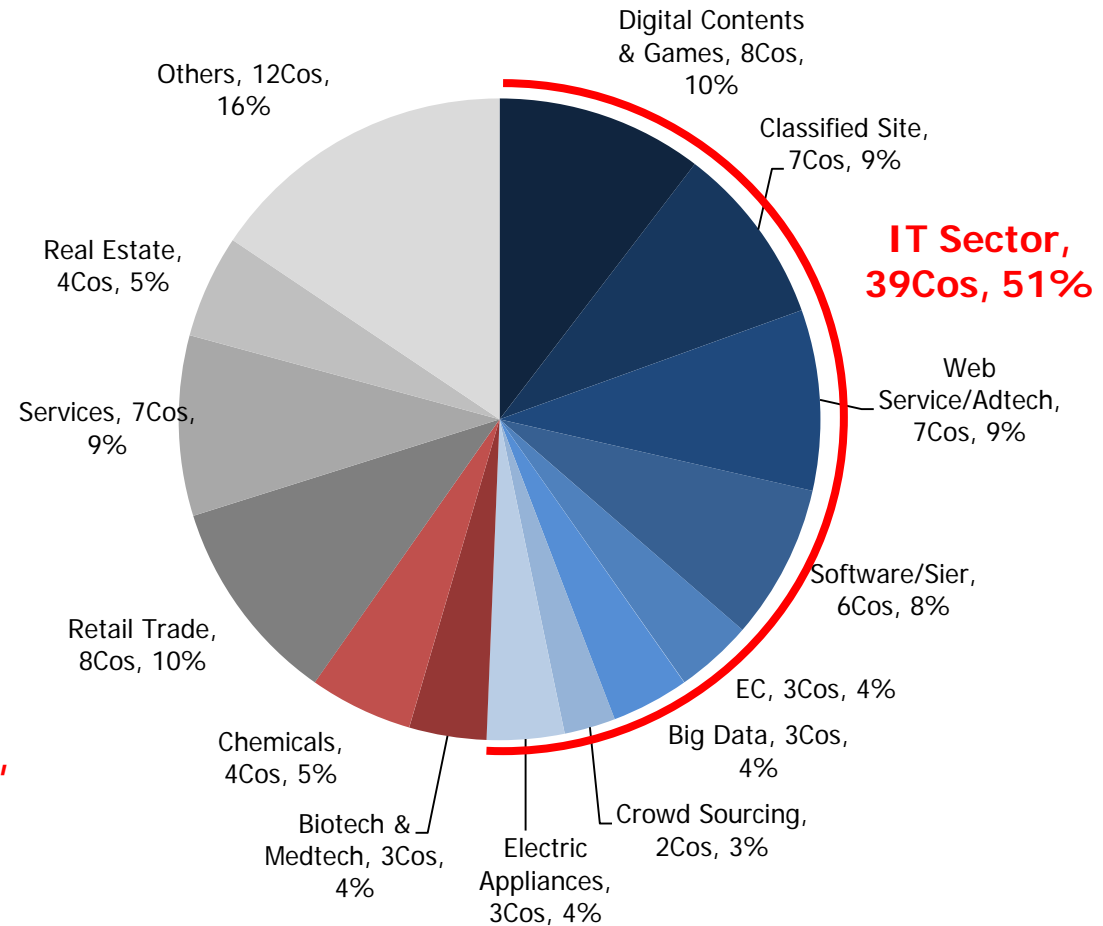


IPOs in Japan in 2014 - Markets & Sectors

Number of IPOs by Market in Japan in 2014
(Total: 86 Cos)¹



Number of IPOs by Sector in Japan in 2014
(Total: 77 Cos)²



Note: 1 The data includes Tokyo Pro Market and REITs.
2 The data excludes Tokyo Pro Market and REITs.

Digital Contents & Games IPOs from 2013 to 2015

Listing date	Ticker	Company Name	Market	Lead Underwriter	Business	Revenue (US\$ m)	Net Profit (US\$ m)	Total IPO Amont (US\$ m)	Market Cap (IPO Price) (US\$ m)	Market Cap (First Price) (US\$ m)	PSR (First Price) (x)	PER (First Price) (x)	Market Cap (5/29/15) (US\$ m)	Change (IPO to 5/29/15)
28-Apr-15	6047	GUNOSY	Mothers	Nomura	News Apps	3.6	-13.9	103.3	332.5	332.5	92.6	-	397.3	19%
26-Mar-15	3912	MOBILE FACTORY	Mothers	SBI	Game	15.5	0.7	15.2	32.2	64.2	4.1	94.3	48.3	50%
25-Mar-15	3911	AIMING	Mothers	Nomura	Game	26.3	-2.1	59.2	293.4	329.2	12.5	na	666.1	127%
23-Feb-15	3907	SILICON STUDIO	Mothers	Mizuho	Game Middleware	72.6	4.0	31.0	115.4	233.1	3.2	58.9	228.2	98%
25-Dec-14	3904	KAYAC	Mothers	Daiwa	Games & Apps	28.0	1.3	8.9	42.1	135.5	4.8	102.8	157.9	275%
25-Dec-14	6033	EXTREME	Mothers	Daiwa	Game	13.3	-0.3	4.0	15.8	62.7	4.7	na	41.1	160%
18-Dec-14	3903	GUMI	TSE 1st	Nomura	Game	111.9	-1.8	450.4	945.9	945.9	8.5	na	425.6	-55%
16-Dec-14	9418	U-NEXT	Mothers	Daiwa	Video on Demand	179.0	11.8	46.9	158.1	208.2	1.2	17.7	217.9	38%
30-Oct-14	9467	ALPHAPOLIS	Mothers	Daiwa	Novel/Comic	20.5	3.9	28.5	102.9	198.7	9.7	50.9	95.9	-7%
15-Jul-14	3689	IGNIS	Mothers	Nomura	Games & Apps	8.7	2.0	26.1	111.3	492.2	56.3	245.2	217.7	96%
26-Mar-14	3686	DLE	Mothers	Nomura	Animation	9.4	0.7	18.0	62.3	125.2	13.3	188.9	131.8	112%
12-Mar-14	9414	NIPPON BS BROADCASTING	TSE 2nd	Nomura	TV	70.2	13.2	48.8	156.1	166.4	2.4	12.6	221.1	42%
20-Nov-13	3678	MEDIA DO	Mothers	Ichiyoshi	eBook	40.9	0.0	12.9	73.6	262.5	6.4	5,848.3	206.5	181%
14-Mar-13	3672	ALTPLUS	Mothers	Nomura	Game	9.1	1.1	23.4	60.0	160.6	17.6	143.2	84.5	41%
				Median		23.4	0.9	27.3	107.1	203.4	7.4	98.6	212.1	73%



Source: Bloomberg, Companies' website

Note:

1 US\$ = 100 JPY

2 As of May 29, 2015



Big Data IPOs from 2013 to 2015

Listing date	Ticker	Company Name	Market	Lead Underwriter	Revenue (US\$ m)	Net Profit (US\$ m)	Total IPO Amount (US\$ m)	Market Cap (IPO Price) (US\$ m)	Market Cap (First Price) (US\$ m)	PSR (First Price) (x)	PER (First Price) (x)	Market Cap (5/29/15) (US\$ m)	Change (IPO to 5/29/15)
28-Apr-15	3914	JIG-SAW	Mothers	SMBC Nikko	5.1	0.8	6.9	76.2	256.5	95.8	322.3	167.2	119%
19-Feb-15	3906	ALBERT	Mothers	SBI	6.5	0.9	9.9	56.8	122.6	18.9	129.9	64.9	14%
24-Dec-14	3905	DATASECTION	Mothers	Daiwa	3.2	0.5	13.2	48.6	84.1	26.5	186.1	70.4	45%
19-Dec-14	6031	SCIGINEER	Mothers	SMBC Nikko	5.6	-1.0	11.6	50.3	113.6	20.5	na	212.3	322%
24-Jun-14	6094	FREAKOUT	Mothers	Nomura	21.6	0.9	16.0	120.4	421.3	19.5	485.6	177.5	47%
9-Dec-13	3680	HOTTO LINK	Mothers	Nomura	6.4	0.3	14.6	49.3	130.9	20.5	446.3	109.0	121%
25-Apr-13	3674	AUCFAN	Mothers	SMBC Nikko	6.2	1.0	9.6	45.9	184.8	29.8	182.9	97.1	112%
				Median	6.2	0.8	11.6	50.3	130.9	20.5	254.2	109.0	112%

JIG-SAW
(Big Data Analysis)



ALBERT
(Personalized Recommendation)



DATASECTION
(Social Data Analysis)



SCIGINEER
(Personalized Recommendation)



FREAKOUT
(Big Data Analysis)



HOTTO LINK
(SNS Data Analysis)



AUCFAN
(EC Statistics)



Source: Bloomberg, Companies' website

Note:

- 1 US\$ = 100 JPY
- 2 As of May 29, 2015

Crowd Sourcing IPOs from 2013 to 2015

Listing date	Ticker	Company Name	Market	Lead Underwriter	Revenue (US\$ m)	Net Profit (US\$ m)	Total IPO Amt (US\$ m)	Market Cap (IPO Price) (US\$ m)	Market Cap (First Price) (US\$ m)	PSR (Frist Price) (x)	PER (Frist Price) (x)	Market Cap (5/29/15) (US\$ m)	Change (IPO to 5/29/15)
12-Dec-14	3900	CROWDWORKS	Mothers	Daiwa	0.5	-1.6	16.2	95.4	165.1	321.3	na	154.9	62%
18-Sep-14	3691	REAL WORLD	Mothers	Daiwa	20.7	0.0	14.3	68.4	121.8	5.9	5,914.2	57.6	-16%
10-Jul-13	6075	PHOTOCREATE	Mothers	SBI	24.8	0.6	3.8	19.6	44.2	1.8	68.5	17.5	-10%
Median					20.7	0.0	14.3	68.4	121.8	5.9	2,991.3	57.6	-10%

CROWDWORKS (Crowd Sourcing)



REAL WORLD (Crowd Sourcing)



PHOTOCREATE (Photography)



Source: Bloomberg, Companies' website

Note:

- 1 US\$ = 100 JPY
- 2 As of May 29, 2015

IPO Companies Size (2010-2014)

	Revenue	Net Profit	Net Asset	Market Cap (First Price)	Actual PER (First Price)	IPO Amount ²
Median	US\$ 1,637M	US\$ 41M	US\$ 704M	US\$ 958M	16.5x	US\$ 425M
Max	US\$ 52,253M	1,866M	9,485M	US\$ 18,197M	214.6x	US\$ 10,089M
Min	US\$ 112M	US\$ -1.8M	US\$ -35M	US\$ 297M	3.7x	US\$ 67M
TSE 1st	US\$ 197M	US\$ 6.3M	US\$ 50M	US\$ 64M	11.8x	US\$ 69M
TSE 2nd	US\$ 854M	US\$ 19M	US\$ 130M	US\$ 183M	130.8x	US\$ 455M
Mothers	US\$ 18M	US\$ 1.9M	US\$ 6.1M	US\$ 108M	63.8x	US\$ 11M
JASDAQ	US\$ 69M	US\$ 4.0M	US\$ 17M	US\$ 41M	15.0x	US\$ 7.9M
	US\$ 283M	US\$ 26M	US\$ 177M	US\$ 1,018M	10,210x	US\$ 190M
	US\$ 0.5M	US\$ -11M	US\$ -0.8M	US\$ 23M	9.6x	US\$ 1.7M
	US\$ 1,173M	US\$ 29M	US\$ 91M	US\$ 1,478M	71.4x	US\$ 74M
	US\$ 0.6M	US\$ -13M	US\$ 1.6M	US\$ 9.6M	2.8x	US\$ 3.6M

Source: TSE

Note:

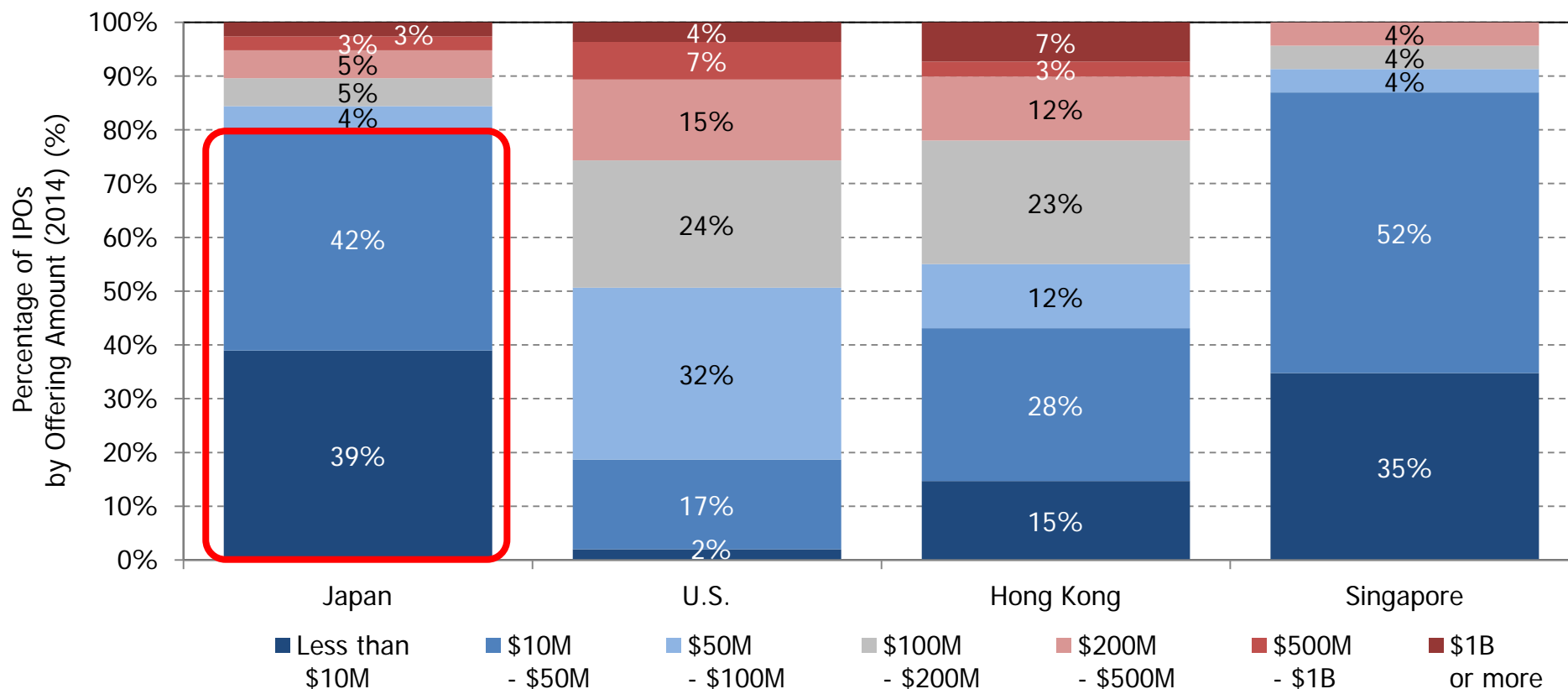
1 Excluding REIT. US\$ = 100JPY.

2 Total of offering and sales.

IPO Deal Size Comparison of JP, US, HK and SG

More than 80% of IPOs in Japan raised less than \$50M.

Comparison of Number of IPOs by Offering Amount in 2014 (Japan, US, Hong Kong, Singapore)



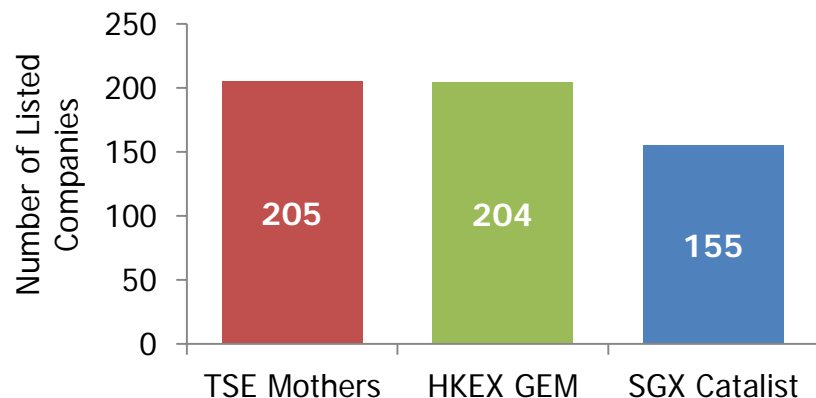
Source: Tokyo Stock Exchange, NASDAQ website, Hong Kong Exchanges and Clearing Limited website, Singapore Exchange website

Note: The total number of IPOs in each country. It includes new listings of foreign companies in the country, excludes listings without public offerings or selling and JREIT. It includes new listings on NASDAQ and NYSE in the United States. Exchange rates as of the listing date.

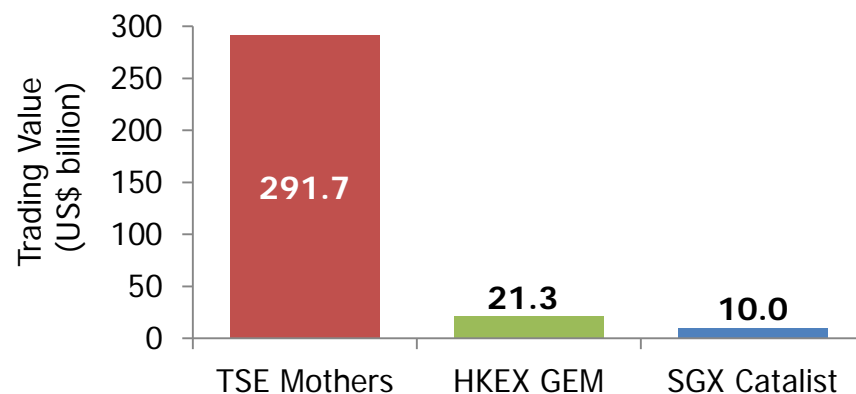
High Liquidity in Mothers

TSE Mothers is larger and more liquid than HKEX GEM and SGX Catalist.

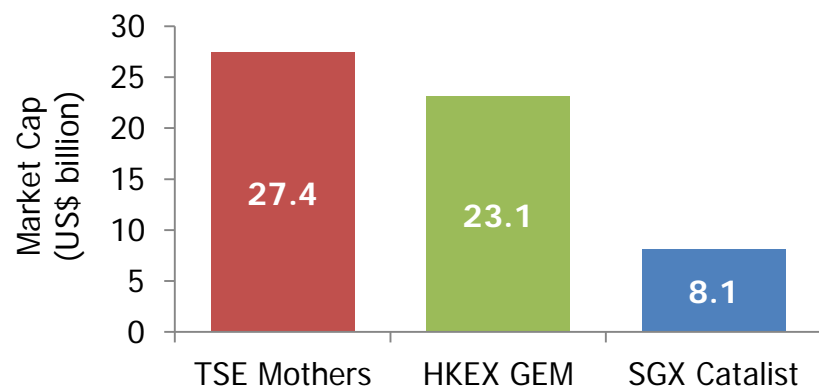
Number of Listed Companies (as at of end of Dec. 2014)



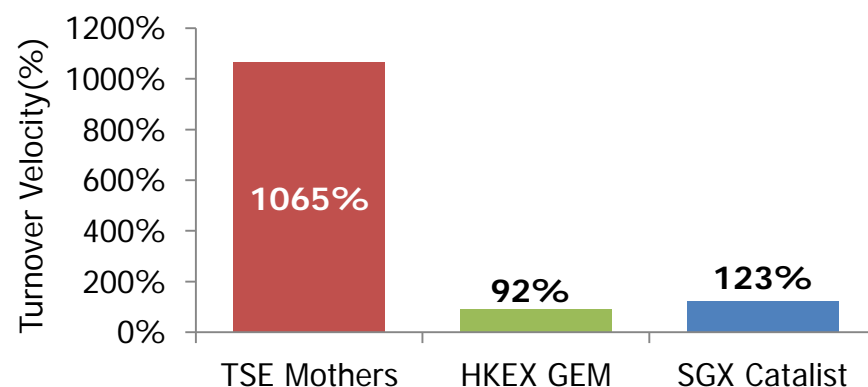
Annual Trading Value (2014)¹



Market Capitalization (as of end of Dec. 2014)¹



Turnover Velocity (2014)²



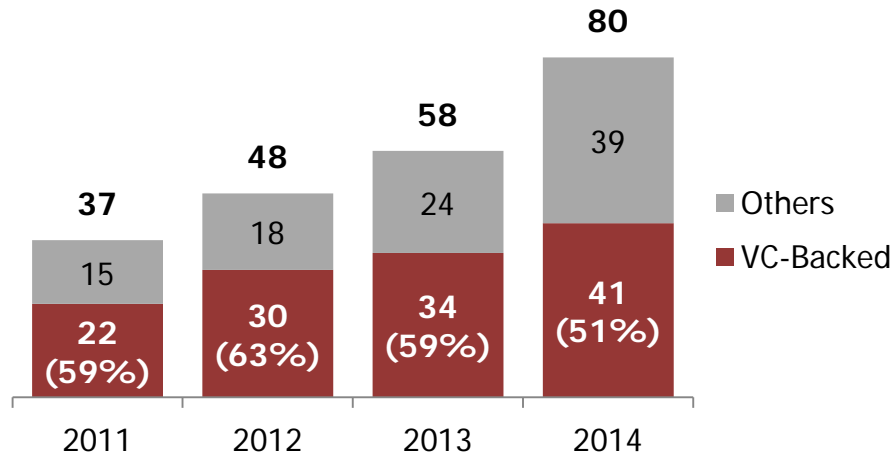
Source: Tokyo Stock Exchange, Hong Kong Exchanges and Clearing Limited, Singapore Exchange

Note: 1 Converted into USD as at the end of Dec 2014

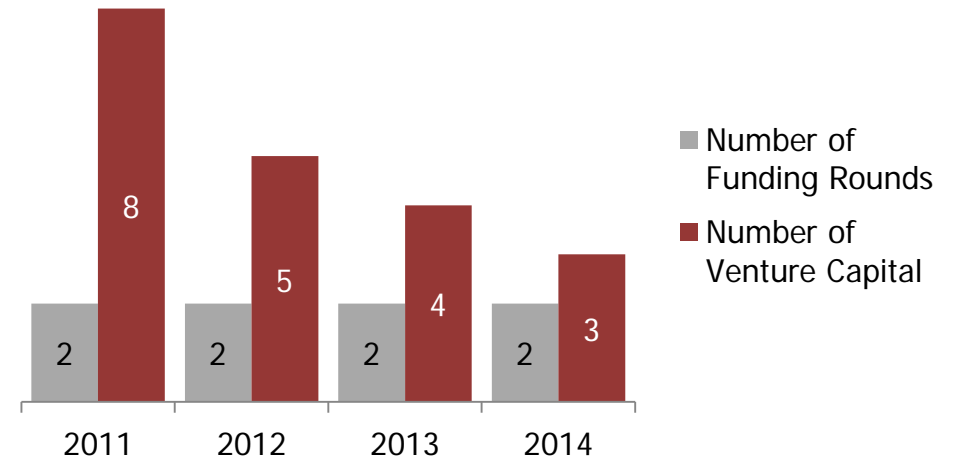
2 Turnover Velocity = Annual Trading Value / Market Capitalization as at the end of Dec. 2014

Venture-Capital-Backed IPOs

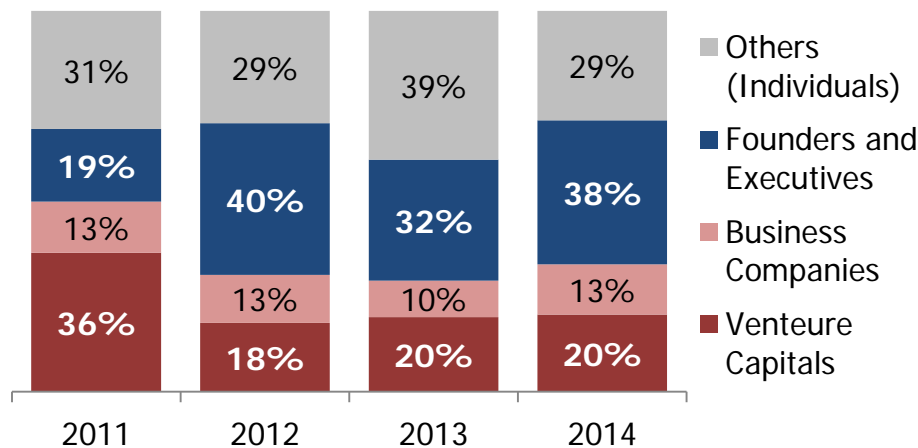
Number & % of VC-Backed IPOs



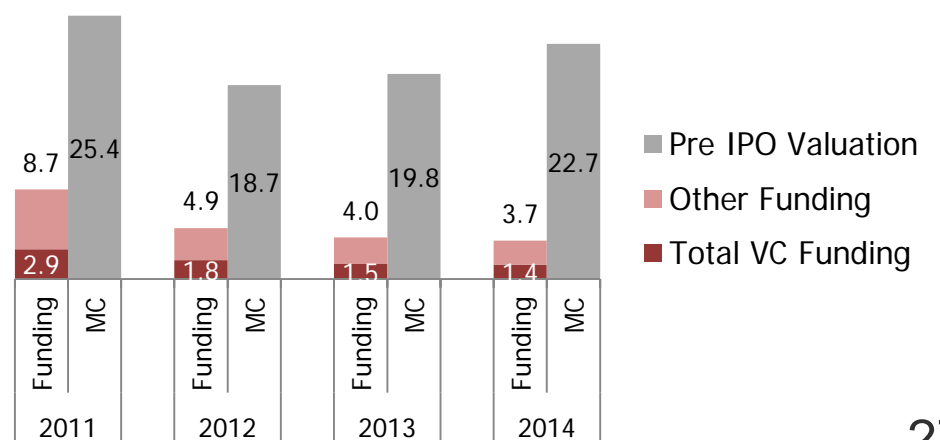
VC Funding –Round & Number (Median)



Ownership at IPO (Median)



VC Funding –Amount & Valuation (Median, US\$ million)



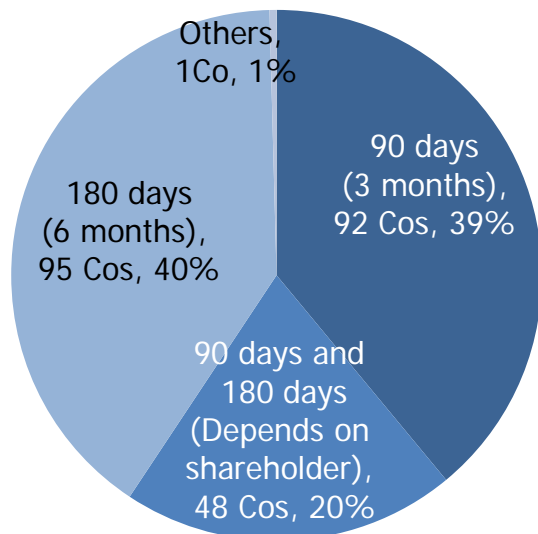
Source: Japan Venture Research Report "2014 IPO Companies Analysis"

Flexible IPO Structure

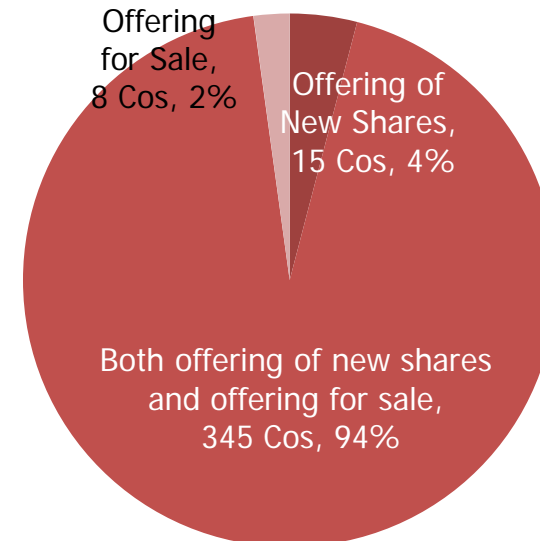
Tokyo market accepts flexible IPO structure and procedure.

- No limit to the ownership of the largest shareholder.
- No rules about lock-up period. However, lock-up of three months or six months are generically set as a market practice.
- No restrictions on offering for sale at IPO even on Emerging Enterprise Markets, Mothers or JASDAQ.
- In 97% of the IPO in Japan, both offering of new shares and offering for sale are implemented. Tokyo market is providing funding opportunities and investment income realization opportunities of major shareholders and/or management.

Breakdown of the lock-up period for the major shareholder at the time of IPO¹



Breakdown of IPO Structure^{1,2}

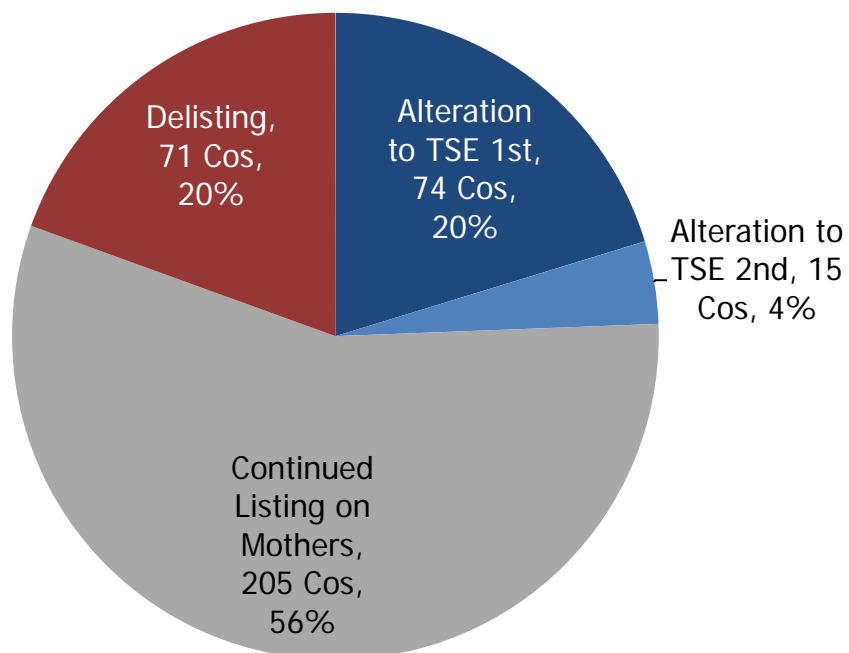


- Note: 1 Population is 236 companies that conducted IPOs in Japan from 2010 to 2014.
2 Over allotments are not included in offering for sales.

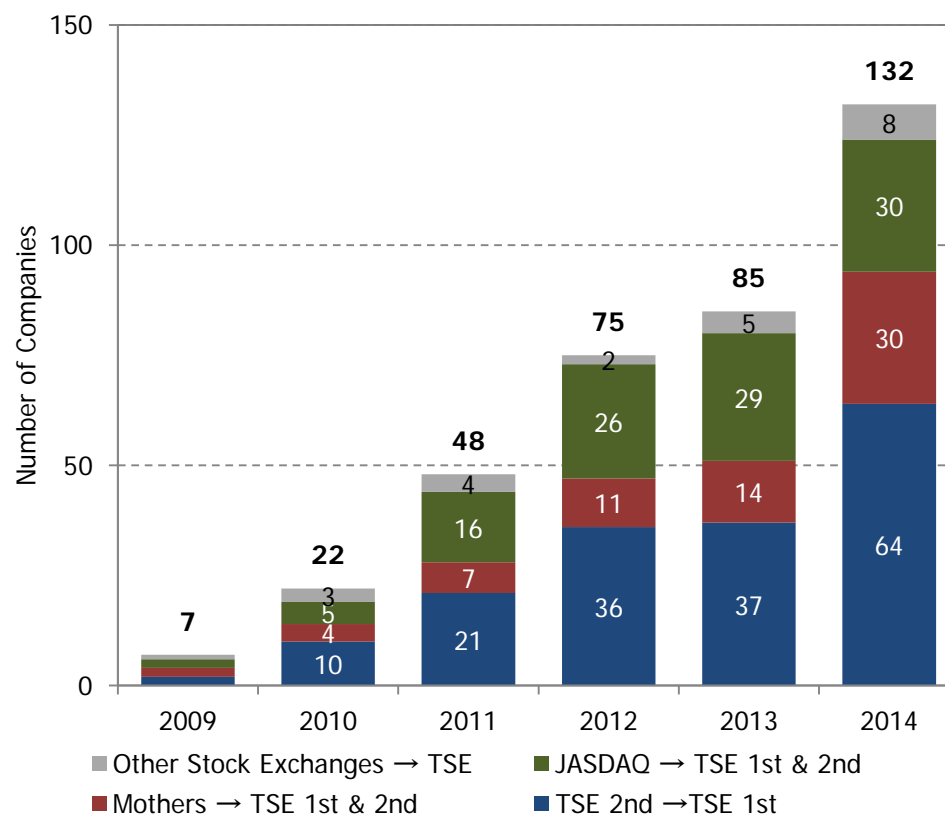
Post-listing Trends on Mothers

20% of Mothers IPO companies (74 cos.) moved up to the TSE 1st Section.

Post-listing Trends on Mothers
(365 companies)



Trend of Market Transfers



Note: As of the end of 2014

Note: As of the end of 2014



1. Comparison among Major Stock Markets

2. Features of IPO Market in Japan

3. Biotech Sector in Tokyo Stock Exchange

4. Listing on Tokyo Stock Exchange

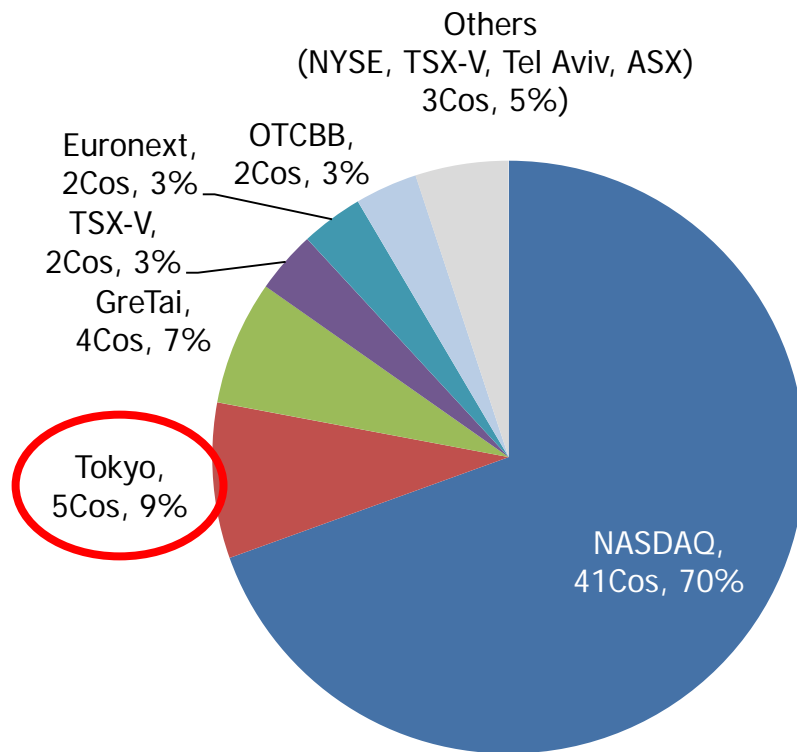
A. Overview of the Japanese Financial Market

B. Key Points for U.S. Companies

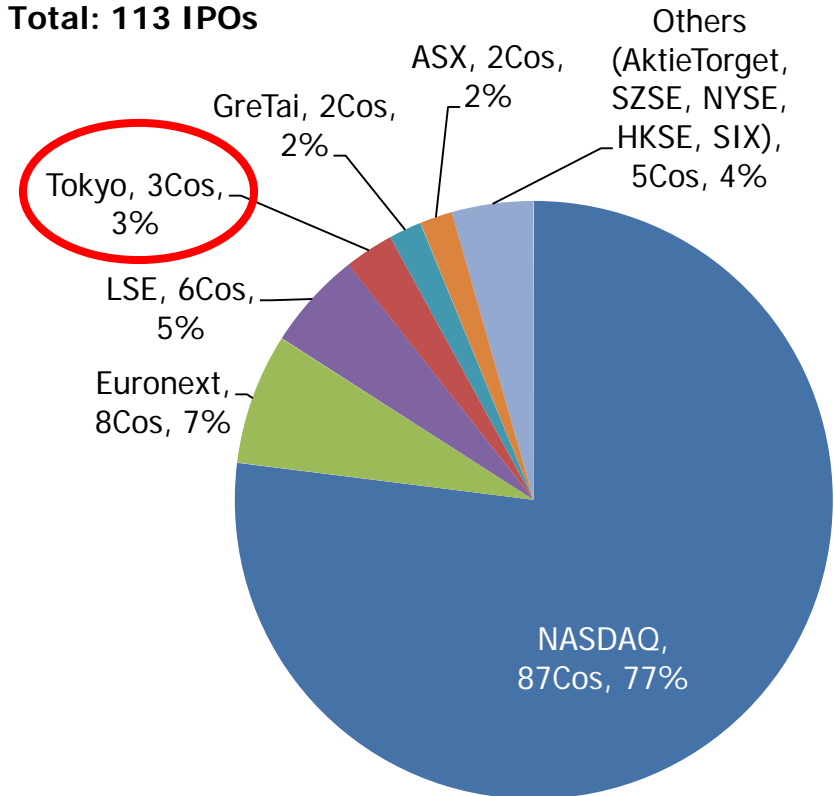
Number of Biotech IPOs by Exchange

TSE ranks 2nd to NASDAQ in the biotech IPO market by number of IPOs in 2013.

Number of IPOs by Exchange (2013)
Total: 59 IPOs



Number of IPOs by Exchange (2014)
Total: 113 IPOs



Source: Biocentury.com

Note: EUGLENA (TSE Mothers: 2931) is added to Biocentury IPO list of 2013. Cyberdyne (TSE Mothers: 7779) is added to Biocentury IPO list of 2014.

Number of Biotech & Medtech IPOs in Japan

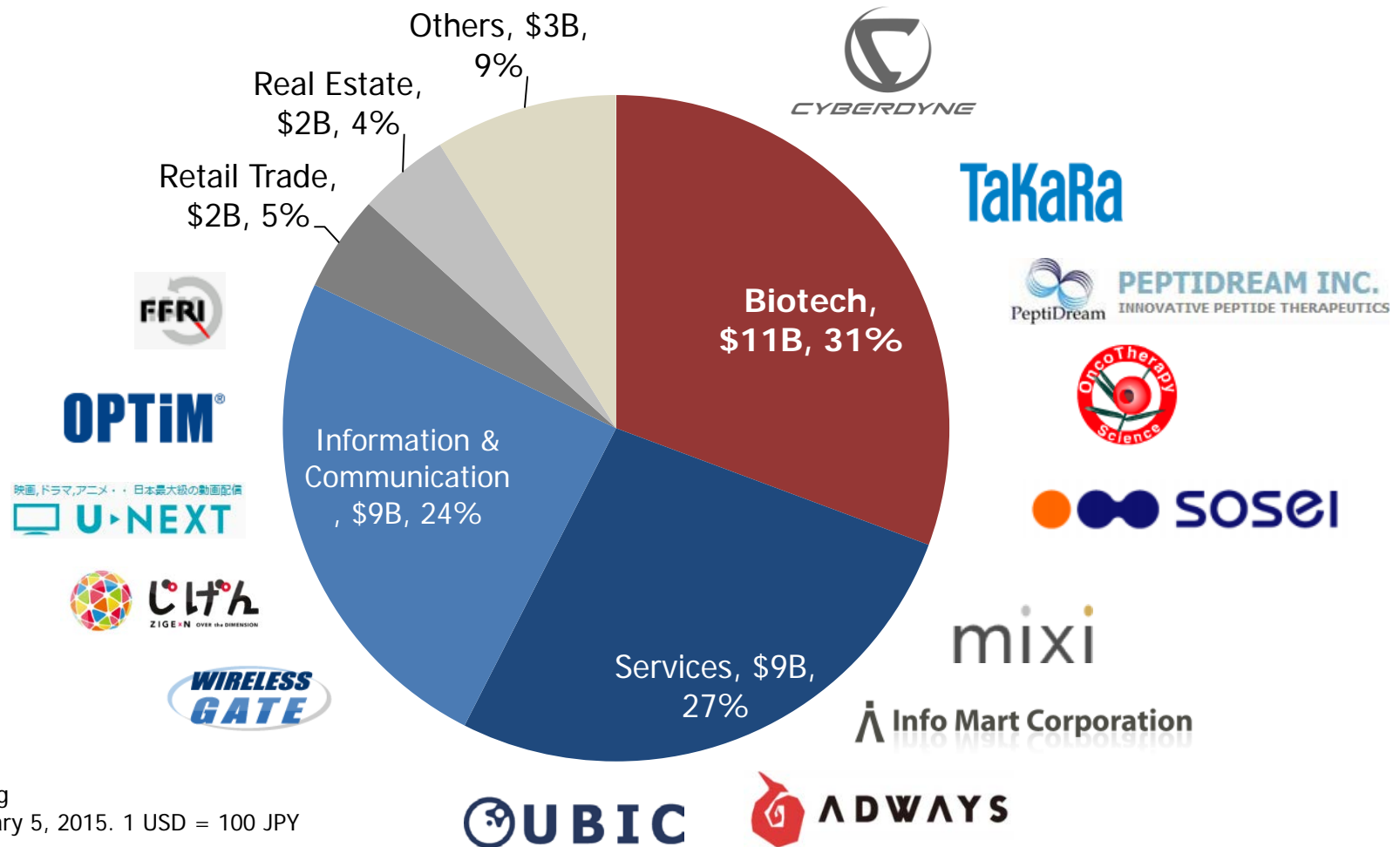
5 biotech companies, highest number in history, succeeded IPO on Tokyo Stock Exchange in 2013.



Mothers Market Capitalization by Industrial Sector

Biotech sector occupies more than 30% by market capitalization in TSE Mothers section.

Mothers Market Capitalization by Industrial Sector



Source: Bloomberg


Note: As of January 5, 2015. 1 USD = 100 JPY

Biotech/Medtech IPOs from 2013 to 2015


2 U.S. based companies and 3 cell therapy companies conducted IPO on Japan since 2013.

Listing date	Ticker	Company Name	Market	Lead Underwriter	Revenue (US\$ m)	Net Profit (US\$ m)	Total IPO Amt (US\$ m)	Offering of New Shares (US\$ m)	Offering for Sale (US\$ m)	Market Cap (IPO Price) (US\$ m)	Market Cap (First Price) (US\$ m)	PSR (First Price) (x)	PER (First Price) (x)	Market Cap (5/29/15) (US\$ m)	Change (IPO to 5/29/15)
16-Jun-15	4593	HEALIOS	Mothers	Nomura	2.8	-4.8	83.6	72.7	10.9	476.8	-	-	-	-	-
8-Apr-15	4592	SANBIO	Mothers	Nomura	2.0	-5.9	149.5	80.0	69.5	872.4	745.9	365.1	na	832.5	-5%
26-Mar-15	7813	PLATZ	Mothers	Daiwa	45.0	1.8	6.1	3.9	2.1	29.6	50.4	1.1	28.0	73.9	150%
26-Mar-15	6039	JAPAN ANIMAL REFERRAL MEDICA	Mothers	SMBC Nikko	14.8	0.9	9.4	1.5	7.9	24.9	35.9	2.4	41.6	55.4	123%
25-Sep-14	4591	RIBOMIC	Mothers	Daiwa	1.5	-2.1	57.2	27.6	29.6	277.8	221.0	146.2	na	165.1	-41%
26-Mar-14	7779	CYBERDYNE	Mothers	SMBC Nikko	2.9	-5.7	89.6	45.2	44.4	401.6	923.6	322.4	na	3,171.1	690%
13-Feb-14	4589	ACUCELA	Mothers	Mitsubishi UFJ Morgan Stanley	47.6	4.3	190.4	165.6	24.8	641.2	819.3	17.2	191.4	254.2	-60%
24-Dec-13	6090	HUMAN METABOLOME TECHNOLOGIE	Mothers	Ichiyoshi	5.0	-1.0	22.0	11.9	10.1	66.3	146.8	29.6	na	64.0	-4%
6-Dec-13	4588	ONCOLYS BIOPHARMA	Mothers	SMBC Nikko	4.0	-1.0	66.4	47.3	19.1	221.3	297.9	75.1	na	71.4	-68%
26-Jun-13	4978	REPROCELL	JOG	SMBC Nikko	3.2	-0.2	47.7	20.5	27.2	265.6	1,477.6	466.8	na	399.2	50%
11-Jun-13	4587	PEPTIDREAM	Mothers	Mizuho	2.7	0.1	77.6	41.5	36.1	322.2	1,018.0	378.4	10,209.8	1,443.2	348%
13-Feb-13	4586	MEDRX	Mothers	Nomura	7.4	-4.3	26.8	22.0	4.8	51.1	112.5	15.2	na	58.3	14%
		Median			3.6	-1.0	61.8	34.6	21.9	271.7	297.9	75.1	116.5	165.1	14%


HEALIOS
(Biotech – Cell therapy, Ophthalmic)




SANBIO
(Biotech – Cell therapy, Stroke)




PLATZ
(Nursing Care Beds)




JARMeC
(Animal Referral Medical Center)




RIBOMIC
(Biotech – Aptamers)




CYBERDYNE
(Medical Device -Cyborg-type Robot)




ACUCELA
(Biotech – Ophthalmic)




HUMAN METABOLOME TECHNOLOGIE
(Metabolome Analysis)




ONCOLYS BIOPHARMA
(Biotech – Infectious)




REPROCELL
(iPS Cell Supply)



PEPTIDREAM
(Peptide Therapeutics)



MEDRX
(Biotech – Cardiovascular, Inflammation)



Source: Bloomberg, Companies' website
Note:

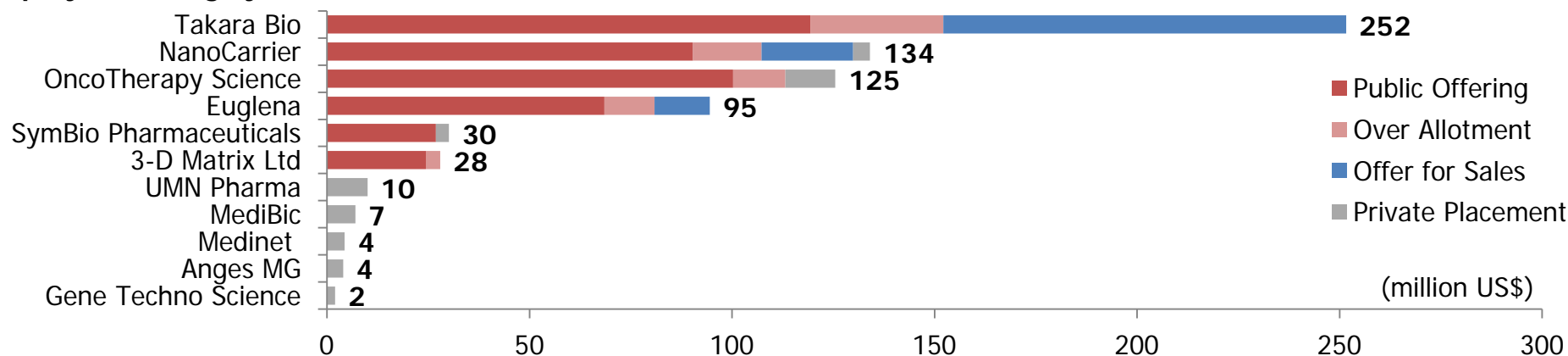
- 1 US\$ = 100 JPY
- 2 Based on estimated IPO price

 : U.S. based companies
 : Cell therapy companies

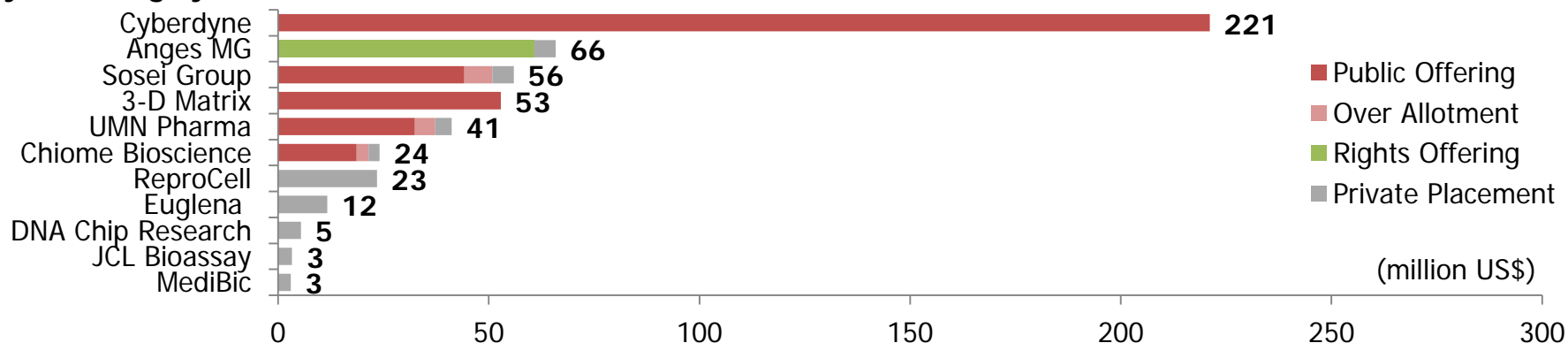
Equity Financing by Biotech Cos

Many biotech Companies successfully conduct follow-on offerings in 2013 and 2014.

Equity Financing by Biotech Cos in 2013



Equity Financing by Biotech Cos in 2014



- Note: 1 Raised amount of companies which list on JASDAQ Growth or JASDAQ Standard was sum up only finance carried out after integration of market in July, 2013.
 2 1US\$ = 100 JPY

Regulatory Reform for Regenerative Medicine in Japan

Government policy

- Regenerative Medicine Promotion Act (Enacted in May 2013)
- Goals for the next 7 years
 1. **Increase the number of approved cellular therapeutic products**
 2. **Develop equipment or devices related to regenerative medicines**
 3. **Expand the target of illness in clinical trials**
 4. **Apply new drugs developed by iPS cells technology in clinical trials**

New legislative Framework

- These two acts were promulgated in November 2013 by the Japanese Diet (Parliament) in line with the Regenerative Medicine Promotion Act, in order to reform the pharmaceutical and medical regulation related to regenerative medicine
 1. **Revision of the Pharmaceutical Affairs Law: The Pharmaceuticals, Medical Devices, and Other Therapeutic Products Act (PMD Act)**
 - Definition of regenerative and cellular therapeutic products and establishment of new framework are needed
 2. **The Act on the Safety of Regenerative Medicine**
 - New legislation is needed for prompt and safe regenerative medicine.
- These two acts were enacted on 25 November 2014

The Pharmaceuticals and Medical Devices Act (PMD Act)

- Separate category and definition of “regenerative medical products”
- Expedited approval system for regenerative medical products
 - After the safety is confirmed and the results predict likely efficacy, the product will be given conditional, time-limited marketing authorization in order to enable timely provision of the products to patients.

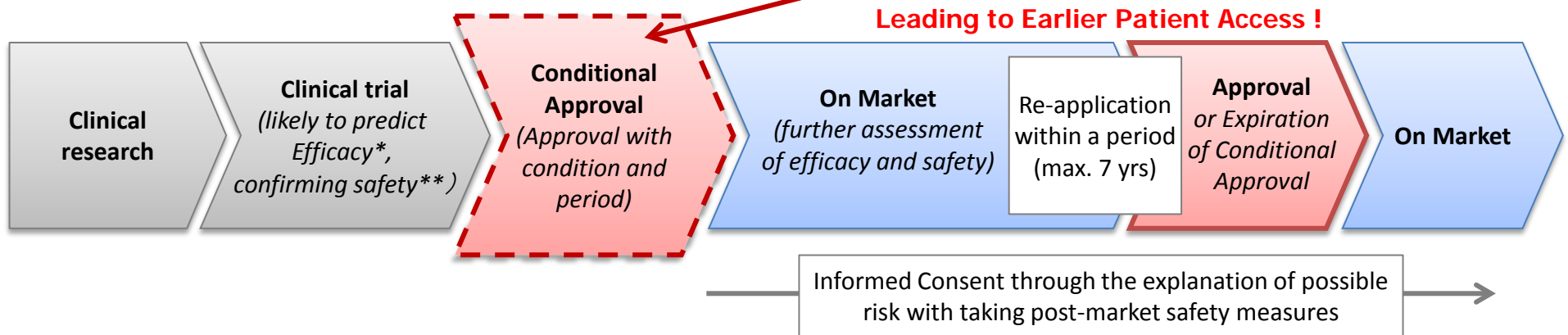
Source: Presentation material of “Regulatory Reform for Regenerative Medicine in Japan” by Daisaku Sato, PhD. Director, Office of Cellular and Tissue-based Products Pharmaceuticals and Medical Devices Agency (PMDA), Japan

New Approval System in PMD Act for Regenerative Medicine

<Previous Pathway of Approval System>



<New Pathway of Approval System>



* Likely to predict efficacy (Clinical benefit)

- To approve products based on the limited data, such as surrogate endpoints in exploratory study.
- Similarity to accelerated approval of USFDA (USFDA--Accelerated Approval of New Drugs for Serious or Life-Threatening Illnesses). The product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit.

** Safety

- Earlier detection and evaluation of adverse events

Source: PMDA (Pharmaceuticals and Medical Devices Agency), Jbpress, Presentation material of "Regulatory Reform for Regenerative Medicine in Japan" by Daisaku Sato, PhD.Director, Office of Cellular and Tissue-based Products Pharmaceuticals and Medical Devices Agency (PMDA), Japan

Company Profile/IPO summary

Company Name	Healios KK [Mothers: 4593]
President	Tadahisa Kagimoto
Foundation	Feb. 24, 2011
IPO Date	Jun. 16, 2015
Underwriter	Nomura Securities
Offering Price	JPY1,200
IPO Amount (New Shares / Sale)	US\$83.6 million (US\$72.7 million/US\$10.9 million)
Market Cap (offering price)	US\$476.8 million
WEB	https://www.healios.co.jp/en/

Business

Source: Dow Jones News, BioCentury

HEALIOS K.K. is a Japan-based company mainly engaged in research and development of pharmaceutical products. The Company has compound pharmaceutical products line and induced pluripotent stem cell (iPSC) regenerative medicine product line. The compound pharmaceutical product line contains HLM0021, HLM0022 and HLM0023. The products are ophthalmological surgery adjuvants, mainly contain brilliant blue G-250 (BBG250) which help capsule temporarily safely stained to protect the inner limiting membranes and lens during surgery of vitreous and cataract. The iPSC regenerative medicine product line contains HLCR011 and HLCR012. The products are in the preclinical testing and preparation for trial in Japan, which are candidate of regenerative medicine products.

Note: 1 US\$ = 100 JPY.

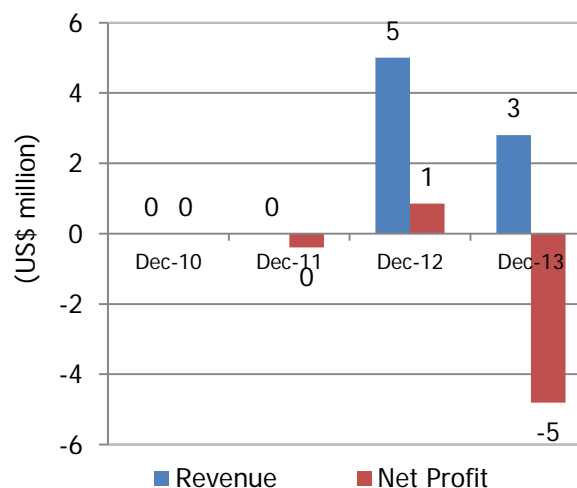
Product Pipeline: Development of cellular and tissue-based products

Area	Development code	Indication	Market	Preclinical study	Clinical study	Application for authorization	Launch	Progress
iPSC Regenerative medicine	HLCR011	WetAMD	Japan					Preclinical studies currently underway

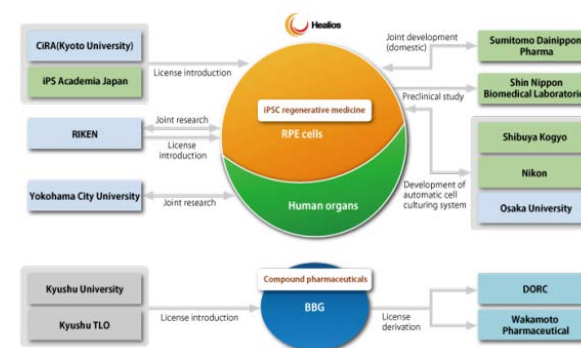
Area	Development code	Indication	Market	Preclinical study	Phase I study	Phase II study	Phase III study	Application for authorization	Launch	Progress
iPSC Regenerative medicine	HLCR012	DryAMD	USA							Technical transfer underway
	HLCR012	DryAMD	Europe							Global clinical trial under consideration

Healios is seeking conditional approval for HLCR011 under newly established regulations for conditional and temporary approval ("conditional approval") for cellular and tissue-based products (Article 23 and Article 26, Clause 1 of the revised Pharmaceutical Affairs Law).

Summary of Financial Data



Alliances



JASDAQ-Listed US Company: MediciNova, Inc.



Company Profile/IPO summary

Company Name	MediciNova, Inc [JASDAQ Standard: 4875, NASDAQ:MNOV]
President	Yuichi Iwaki
Foundation	26th Sep. 2000
IPO Date	8th Aug. 2005
Underwriter	Daiwa
Offering Price	JPY 400 (First Price: JPY 405)
Fund Raised	US\$ 120 million
Market Cap (offering price/first price)	US\$ 389 million / US\$ 394 million
WEB	http://www.medicinova.com/

Business

Source: reuters.com

MediciNova, Inc. is a development-stage biopharmaceutical company focused on acquiring and developing small molecule therapeutics for the treatment of serious diseases with unmet medical needs with a focus on the United States market. Through strategic alliances, primarily with Japanese pharmaceutical companies, it holds rights to a diversified portfolio of clinical and preclinical product candidates. The company has relationships with a number of pharmaceutical companies, including Kissei Pharmaceutical Co., Ltd., Kyorin Pharmaceutical Co., Ltd., Mitsubishi Tanabe Pharma Corporation and Meiji Seika Kaisha, Ltd. in Japan and Angiogene Pharmaceuticals, Ltd. in the United Kingdom, pursuant to which the company has obtained rights to develop and commercializes its product candidates.

Note: 1US\$ = 100 JPY

Development pipeline progress

Core Programs / Indications	Preclinical	Phase 1	Phase 2	Phase 3
MN-166, Oral Anti-inflammatory / Neuroprotective Therapeutic				
Neurodegenerative Diseases:				
Progressive Multiple Sclerosis NeuroNEXT/Cleveland Clinic, Funded by NINDS	[Progress bar]			
ALS (Amyotrophic Lateral Sclerosis) Carolinas Neuromuscular/ALS-MDA Center	[Progress bar]			
Drug Dependence:				
Methamphetamine Dependence UCLA, Funded by NIDA	Fast Track	[Progress bar]		
Opioid Dependence Columbia University, Funded by NIDA		[Progress bar]		
Alcohol Dependence UCLA, Funded by NIAAA		[Progress bar]		
MN-001, Oral Anti-inflammatory / Anti-Fibrotic				
NASH (nonalcoholic steatohepatitis)	Fast Track	Pending (IND is Open)		
IPF (Idiopathic Pulmonary Fibrosis)	Orphan Drug	Pending (IND is Open)		
MN-221, Intravenous Bronchodilator				
Acute Exacerbations of Asthma	[Progress bar]			

Partners & Collaborators

MN-001 and MN-166:
Kyorin Pharmaceutical Co., Ltd.



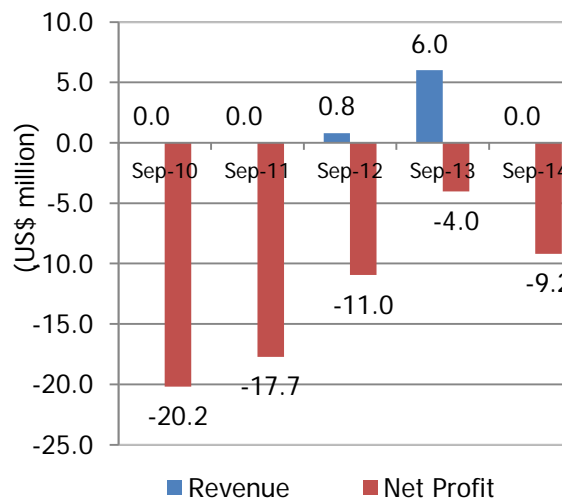
MN-221:
Kissei Pharmaceutical Co., Ltd.



MN-029(cancer):
Angiogene Pharmaceuticals Ltd.

MN-447 and MN-462:
Meiji Seika Kaisha Ltd.

Summary Financial Data



Market Cap Chart

Source: Bloomberg



Q&A on Guidelines on Listing on Mothers for Drug Discovery Companies



**Q What points are important for drug discovery venture companies to be listed?
Usually they need a lot of payout time for their investment?**

A The drug discovery venture companies have high specificity, because they need a lot of payout time for their investment, they have no products and are in the process of research and development for drug at the time of listing, they need high degree of expertise, administrative authorities hold the authorization right of their enterprise, they need complex management technologies for intellectual property rights and so on. Therefore it may be relatively risky for general investors to invest in such drug discovery companies according to the circumstances.

Then we recommend you (the drug discovery venture companies) to maintain the points described below, when you make provision for the listing on Mothers.

- a. Have any medicinal values been proven in clinical trials covering patients in your pipelines?**
- b. Have you given concrete priorities to your pipelines with respect to their commercialization prospects?
- c. Have your main pipeline(s)' R&D or commercialization (manufacturing, sales and others) in the future been covered by the alliance(s) with a pharmaceutical company?**
- d. Have you protected the intellectual property rights of your main pipeline(s) considered to be necessary in your business?
- e. Does the right person, who has good experience and know-how about drug discovery, take up the important post?
- f. Through your explanation, can we confirm the validities of your capital demands at the time of, and after, your listing?
- g. Can you make concrete and plain disclosures about your company, risks of your business and other factors influencing the investors making investment decision crucially? And do the disclosures cater to the investors without the expert knowledge of biotechnology?

- Note: 1 It is need for you to fit out the points which are required to all applicants, like "Organized Operation", "Compliance", "Governance" and so on.
- 2 It is preferable to fulfill all the seven points, if you bring drug discovery into the heart of your growth. However biotech business has extensive variation of the corporate structure, and sometimes it may be in fluid situation. Therefore we can assume some of the seven points could prove unfit for you. In such cases you have to explain rationally that they will not push up your business risk relatively.



1. Comparison among Major Stock Markets

2. Features of IPO Market in Japan

3. Biotech Sector in Tokyo Stock Exchange

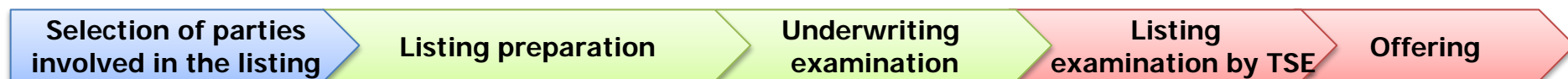
4. Listing on Tokyo Stock Exchange

A. Overview of the Japanese Financial Market

B. Key Points for U.S. Companies

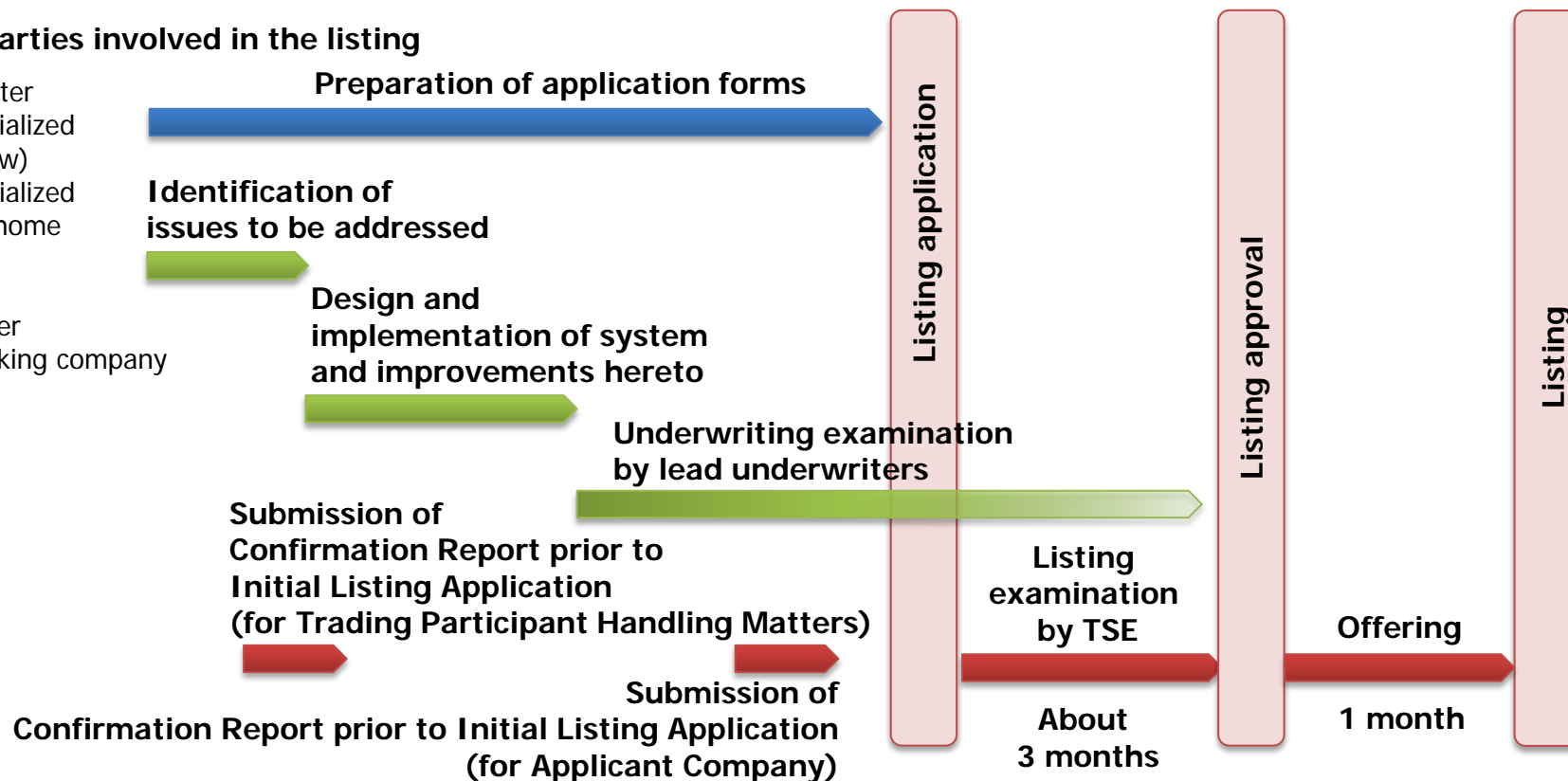
Listing Schedule

Depending on the internal systems of the company, however, it takes about one year from kick-off to listing. Note that the company needs to be audited for two business years.

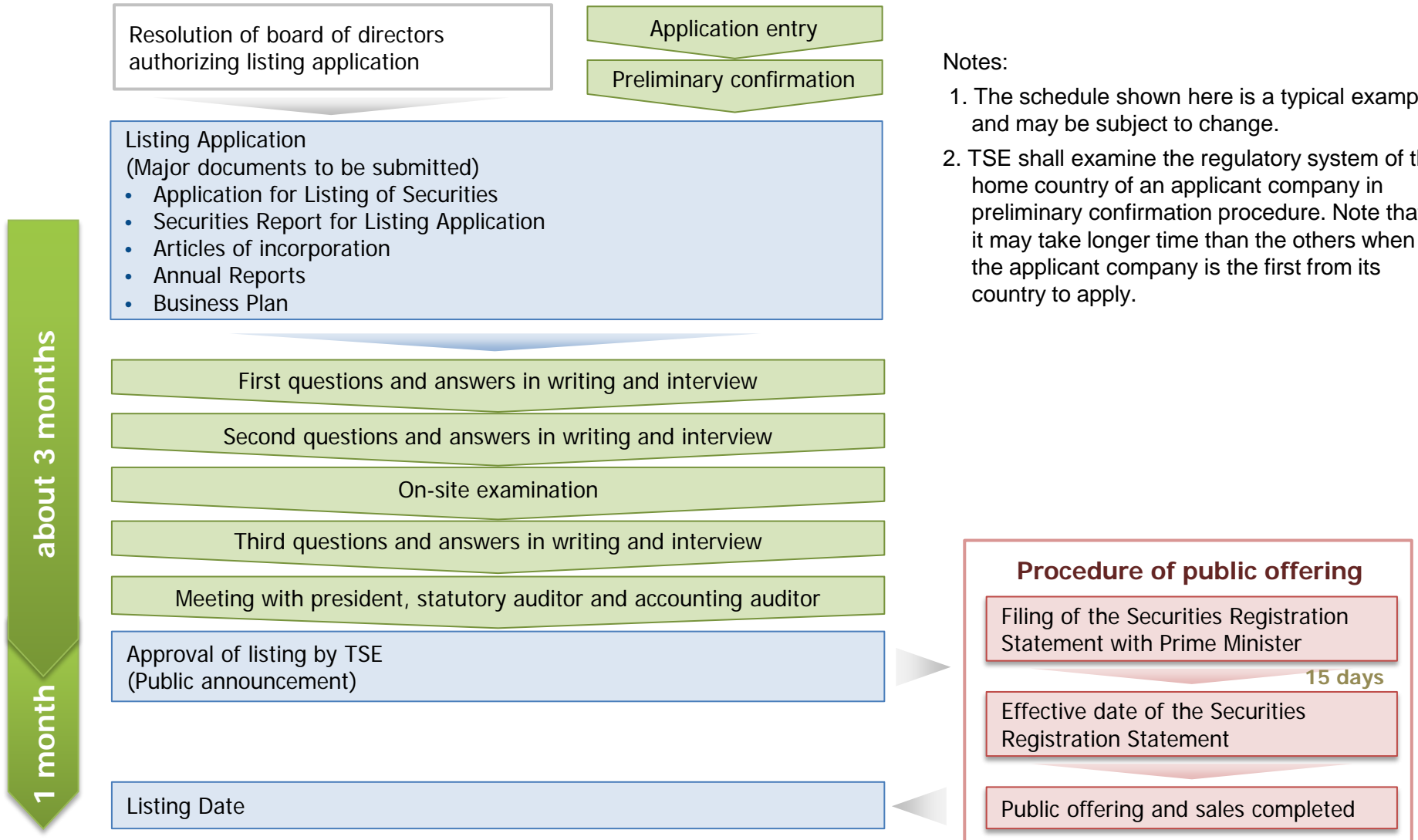


Selection of parties involved in the listing

- ✓ Lead underwriter
- ✓ Lawyers (specialized in Japanese law)
- ✓ Lawyers (specialized in applicant's home country laws)
- ✓ Audit firm
- ✓ Financial printer
- ✓ Trust and banking company



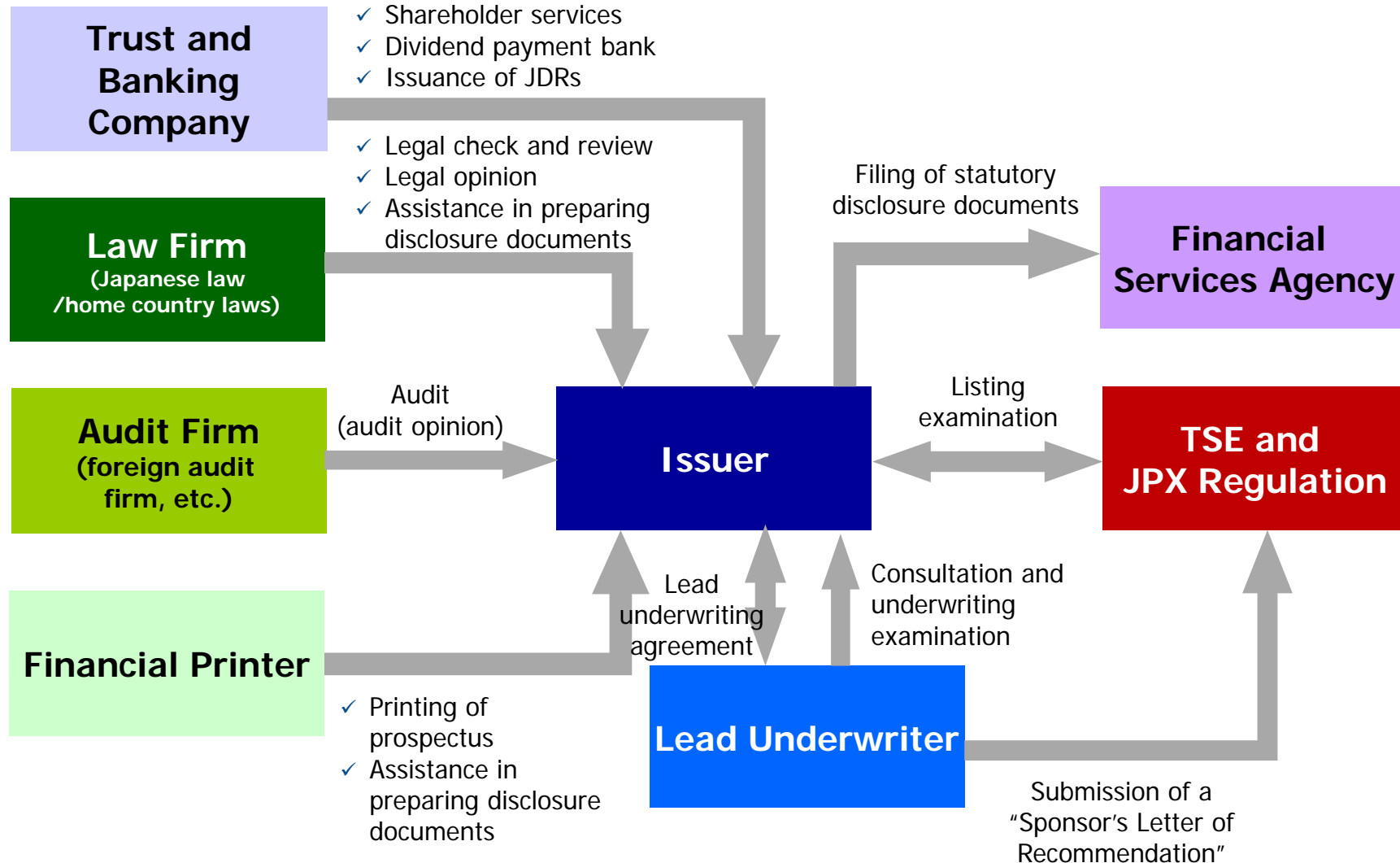
Listing Examination Schedule



Notes:

1. The schedule shown here is a typical example and may be subject to change.
2. TSE shall examine the regulatory system of the home country of an applicant company in preliminary confirmation procedure. Note that, it may take longer time than the others when the applicant company is the first from its country to apply.

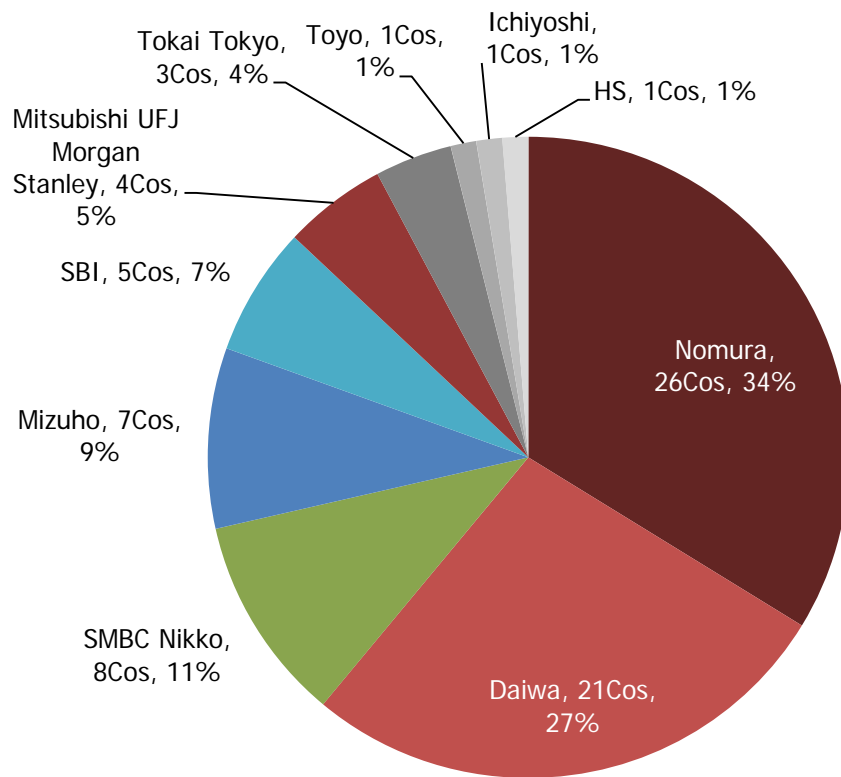
Roles of Each Party Involved in an IPO



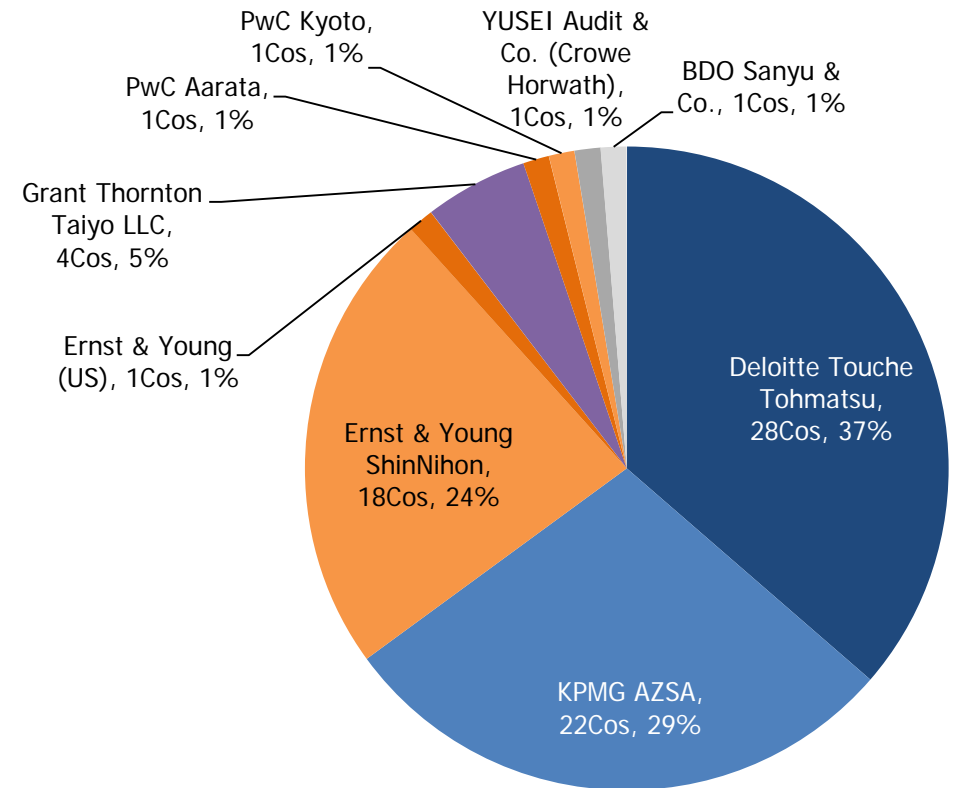
IPOs in Japan in 2014

- Underwriters & Accounting Firms

Number of IPOs by Underwriter in Japan in 2014
(Total: 77 Cos) ¹



Number of IPOs by Accounting Firm in Japan in 2014
(Total: 77 Cos) ¹



Note: ¹ The data excludes Tokyo Pro Market and REITs.

Formal Requirements for Listing

Each market has different criteria in line with its concept.

	Main Market		Mothers	JASDAQ		TOKYO PRO Market
	1st Section	2nd Section		Standard	Growth	
Number of shareholders	2,200 or more	800 or more	200 or more	200 or more		—
Tradable shares						
Number of tradable shares	20,000 units or more	4,000 units or more	2,000 units or more	—		—
Market capitalization of tradable shares	JPY 1 billion (USD 10m) or more	JPY 1 billion (USD 10m) or more	JPY 500 million (USD 5m) or more	JPY 500 million (USD 5m) or more		—
Ratio of tradable shares to listed shares	35% or more	30% or more	25% or more	—		—
Public offering	—	—	500 trading units or more	10 percent or more or 1,000 trading units		—
Market capitalization of listed shares	JPY 25 billion (USD 250m) or more	JPY 2 billion (USD 20m) or more	JPY 1 billion (USD 10m) or more	—		—
Number of years of business operation	3 years or more		1 year or more	—		—
Shareholders' equity	JPY 1 billion (USD 10m) or more		—	JPY 200 million (USD 2m) or more	Not negative	—
Amount of profits or Market capitalization	[Ordinary profit] Total amount of JPY500 million (USD 5m) or more in the last 2 fiscal years [Market cap] Market cap: JPY 50 billion (USD 500m) or more Sales: JPY 10 billion (USD 100m) or more		—	[Ordinary profit] JPY100 million (USD 1m) or more [Market cap] JPY5 billion (USD 50m) or more	—	—

Note: 1US\$ = 100JPY

Overview of Listing Examination for Mothers

TSE examines the company, which meets “Formal Requirements” and conducts an examination based on the “Eligibility Requirements.”

When applying TSE rules to a foreign country or a foreign corporation where the foreign country or the foreign corporation is an issuer of a listed security, TSE shall also take into account the legal systems, practices and customs in such foreign country or the country of the foreign corporation.

- 1 Appropriateness of the Disclosure of Corporate Information, Risk Information, etc.**
 - The company is able to make disclosure of the corporate information, risk information, etc. may be carried out in an appropriate manner
- 2 Soundness of Corporate Management**
 - The company is carrying out business in a fair and faithful manner
- 3 Effectiveness of Corporate Governance and Internal Management System of an Enterprise**
 - Corporate governance and internal management system are developed in accordance with the size, corporate maturity, etc. of the enterprise, and functioning properly
- 4 Reasonableness of the business plan**
 - The listing applicant has developed reasonable and suitable business plans, and has developed the operating base necessary for executing such business plans, or there is reasonable expectation that it will develop such operating base
- 5 Other matters deemed necessary by the Exchange from the viewpoint of the public interest or the protection of investors**
 - a. Shareholders’ rights and exercise of such rights are not unduly restricted.
 - b. Relationship with a parent company is deemed appropriate.
 - c. Other matters are deemed appropriate in light of public interest and investor protection.

Listing Fees to Tokyo Stock Exchange

Fees for Initial Listing on TSE

	When TSE is the main market		When TSE is not the main market	Mothers	JASDAQ
	First Section	Second Section	First & Second Sections		
Listing Examination Fee	US\$ 40,000		US\$ 20,000	US\$ 20,000	US\$ 20,000
Initial Listing Fee	US\$ 150,000	US\$ 120,000	US\$ 25,000 + Fixed rate fee (See below)	US\$ 10,000	US\$ 60,000
Public Offering/Sales Fee	Number of new shares offered × offer price × (9/10,000) Number of existing shares sold × sales price × (1/10,000)		—	Number of new shares offered × offer price × (9/10,000) Number of existing shares sold × sales price × (1/10,000)	—

Note:

- 1 US\$ = 100JPY
- 2 Furthermore, in cases where an applicant previously filed a listing application or preliminary application and the applicant intends to file a re-application within three years counting from the beginning of the business year to which the most recent application date belongs (in case of the preliminary application, the date which was described in the preliminary application form for listing of securities as the date on which the listing application was expected to be filed), the listing fees is expected to be halved.
- 3 When TSE implements a on-site visit or meeting, etc. at locations remote from Japan, in particular including Europe, the US, and so on, TSE will separately charge the applicant the amount equivalent to actual expenses incurred for the on-site visit and meeting purposes.

Initial Listing Fee for Foreign Stock, etc. with a Main Market Listing on any Overseas Exchange

Initial listing fee for foreign stock, etc. with a main market listing on any overseas exchange is computed as JPY2.5 million plus a fixed rate fee as shown in the table below:

Ratio of number of foreign stock, etc. held by individuals and legal entities having address and residence in Japan to the total number of listed foreign stock, etc.	Initial Listing Fee
More than 5%	US\$ 25,000 + Number of Listed Foreign Stock, etc. × (225/10 ⁶) × 1/10
More than 2% and less than or equal to 5%	US\$ 25,000 + Number of Listed Foreign Stock, etc. × (225/10 ⁶) × 1/20
Less than or equal to 2%	US\$ 25,000 + Number of Listed Foreign Stock, etc. × (225/10 ⁶) × 1/50

Note:

- 1 US\$ = 100JPY

List of TSE-listed Foreign Companies

Asian companies on TSE include those based in Korea, Malaysia, and China.
U.S. drug development companies, MediciNova and Acucela, had successful IPOs on TSE.

Region	Country	Ticker	Issue name	Market	Sector	Stock / DR	English Disclosure	Accounting standard	Multiple /Single
Asia	S. Korea	5412	POSCO	TSE 1st	Iron & Steel	ADR	-	K-IFRS	Multiple
	Malaysia	1773	YTL Corporation Berhad	TSE 1st	Construction	Stock	-	Malaysia GAAP	Multiple
	The Cayman Islands	9399	Xinhua Holdings Limited	TSE 2nd	Information & Communication	Stock	-	JGAAP	Single
North America	US	4850	THE DOW CHEMICAL COMPANY	TSE 1st	Chemicals	Stock	-	US GAAP	Multiple
	US	8648	Bank of America Corporation	TSE 1st	Banks	Stock	-	US GAAP	Multiple
	US	8685	American International Group, Inc.	TSE 1st	Insurance	Stock	Conducting	US GAAP	Multiple
	US	8686	Aflac Incorporated	TSE 1st	Insurance	Stock	-	US GAAP	Multiple
	US	8710	Citigroup Inc.	TSE 1st	Banks	Stock	Conducting	US GAAP	Multiple
	US	4589	Acucela Inc.	Mothers	Pharmaceuticals	Stock	-	US GAAP	Single
	US	4875	MediciNova, Inc.	JQ	Pharmaceuticals	Stock	-	US GAAP	Multiple (IPO)



1. Comparison among Major Stock Markets

2. Features of IPO Market in Japan

3. Biotech Sector in Tokyo Stock Exchange

4. Listing on Tokyo Stock Exchange

A. Overview of the Japanese Financial Market

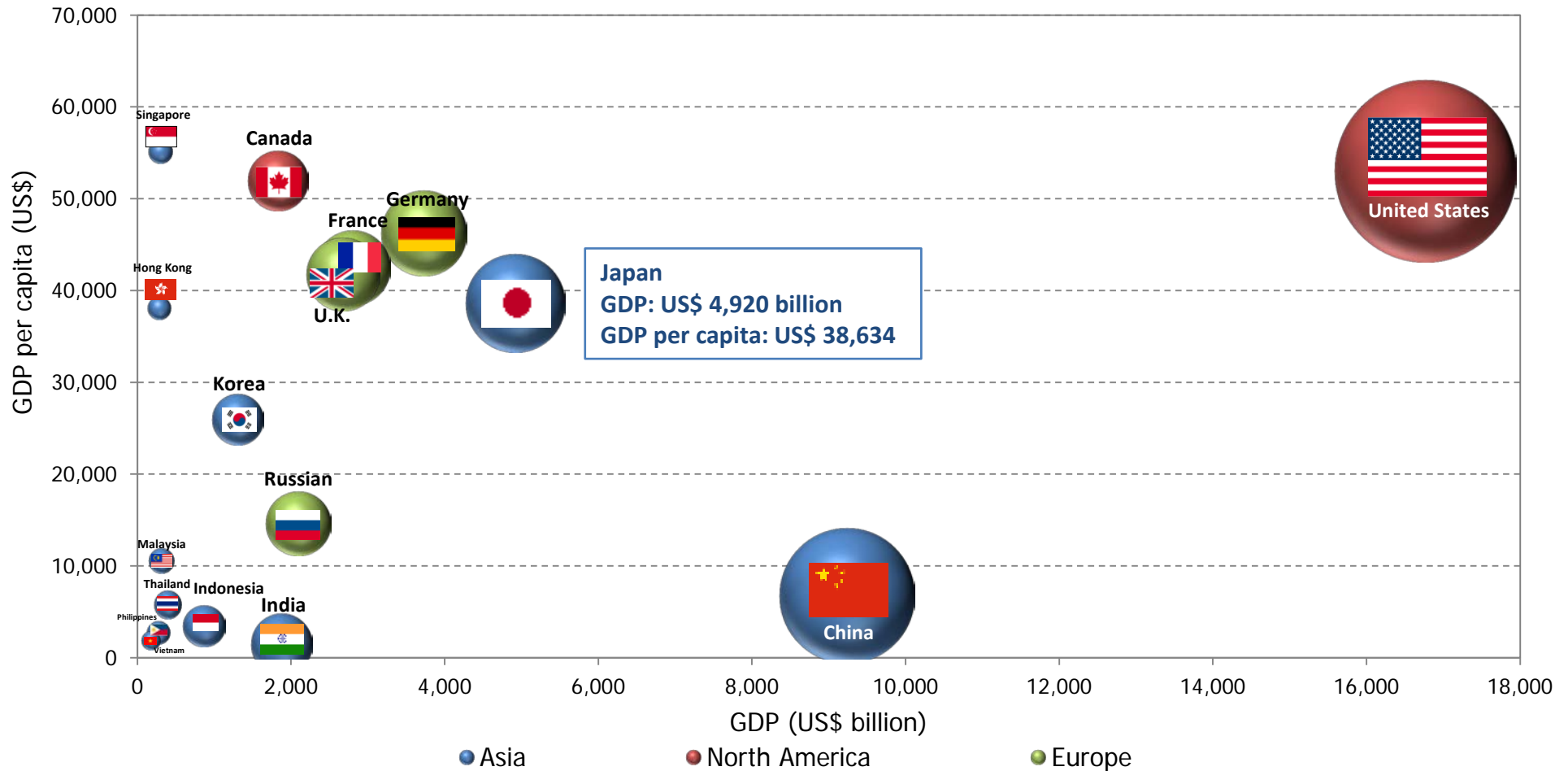
B. Key Points for U.S. Companies

Overview of the Japanese Market

- 
- 1 The World's Third Largest Economy
- 2 The World's Largest Institutional Investors
- 3 High Net Worth Individuals
- 4 International Investors

GDP and GDP per capita (2013)

Japan is a leading global economy with world-class GDP and per capita GDP.



Source: World Bank
 Note: Circle size indicates relative GDP

Deep and Diverse Investor Base

Participation by various types of investors in the TSE market creates fair and reliable valuations of its listed companies.

1 The World's Largest Institutional Investor

- Japan is the primary investment focus for the Government Pension Investment Fund, Japan (GPIF), the largest institutional investor in the world.
- Assets under management at GPIF was valued at US\$1.4 trillion¹ (Dec. 2014), an amount comparable to the GDP of South Korea (US\$ 1.3 trillion, 2013). GPIF's investments in foreign stocks accounted for 19.6% of its entire portfolio, an amount valued at US\$269 billion¹ (Dec. 2014).
- There are also other pension funds that manage huge amounts of funds.

2 High Net Worth Individuals

- Financial assets held by Japanese individuals stood at US\$16.2 trillion at the end of 2014
- This is comparable to 3 times of Japan's GDP. This is a very high level worldwide.

3 Accessibility to Japanese Markets for International Investors

- Foreign investors are the largest players in Japan. The increase in investments by foreign investors can be seen from their trading value, which reached US\$6.8 trillion^{1, 2} in 2014.
- Globally reputable investors from many countries have shown interest in the Tokyo market. A TSE listing promises a company access to investment by international investors.

Source: GPIF web site, BOJ, World Bank

Note: 1 US\$= 100 JPY

2 Total amount of buy and sell

Top 12 Pension Funds

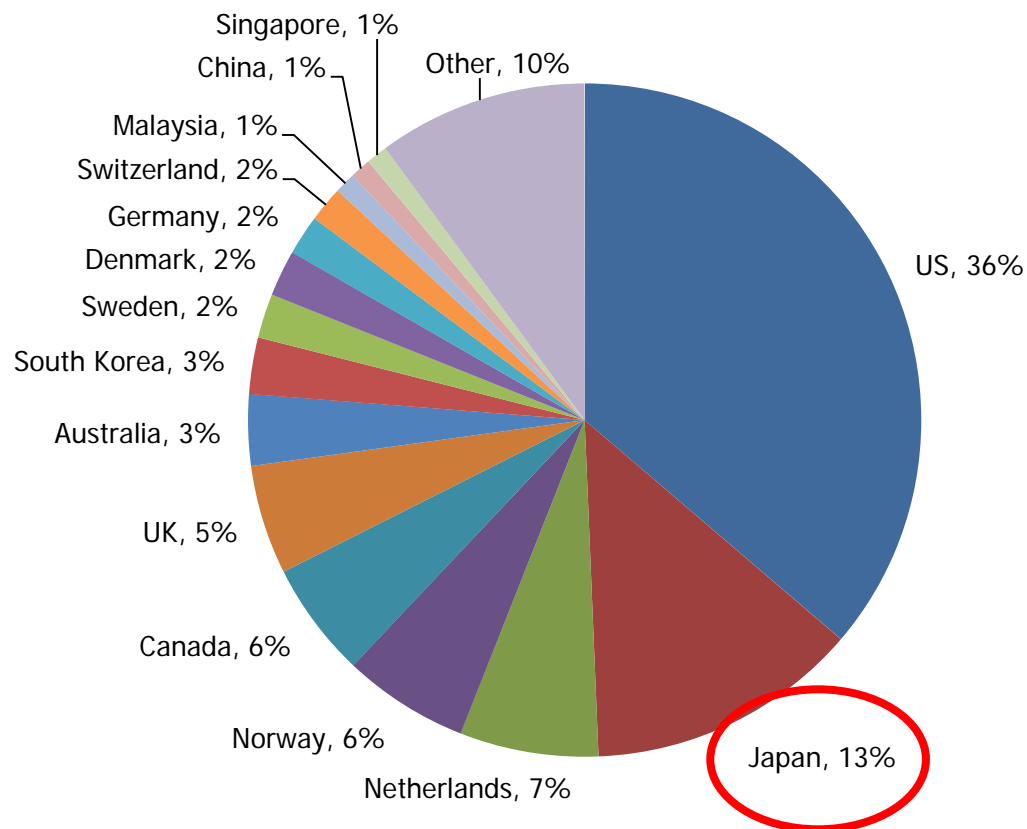
GPIF (Government Pension Investment Fund) is the largest investor in the world.

Rank	Fund	Market	Total Asset (US\$ billion)
1	Government Pension Investment	Japan	1,292
2	Government Pension Fund	Norway	713
3	ABP	Netherlands	373
4	National Pension	South Korea	368
5	Federal Retirement Thrift	U.S.	326
6	California Public Employees	U.S.	245
7	Canada Pension	Canada	206
8	National Social Security	China	205
9	Central Provident Fund	Singapore	200
10	PFZW	Netherlands	197
11	Employees Provident Fund	Malaysia	182
12	Local Government OfficialsJapan\$	Japan	180

Source: P&I / TW Top 300 Pension Funds Analysis as at 2013 year end

Total Value of Fund Assets

Total Value of Fund Assets (Split by fund domicile)

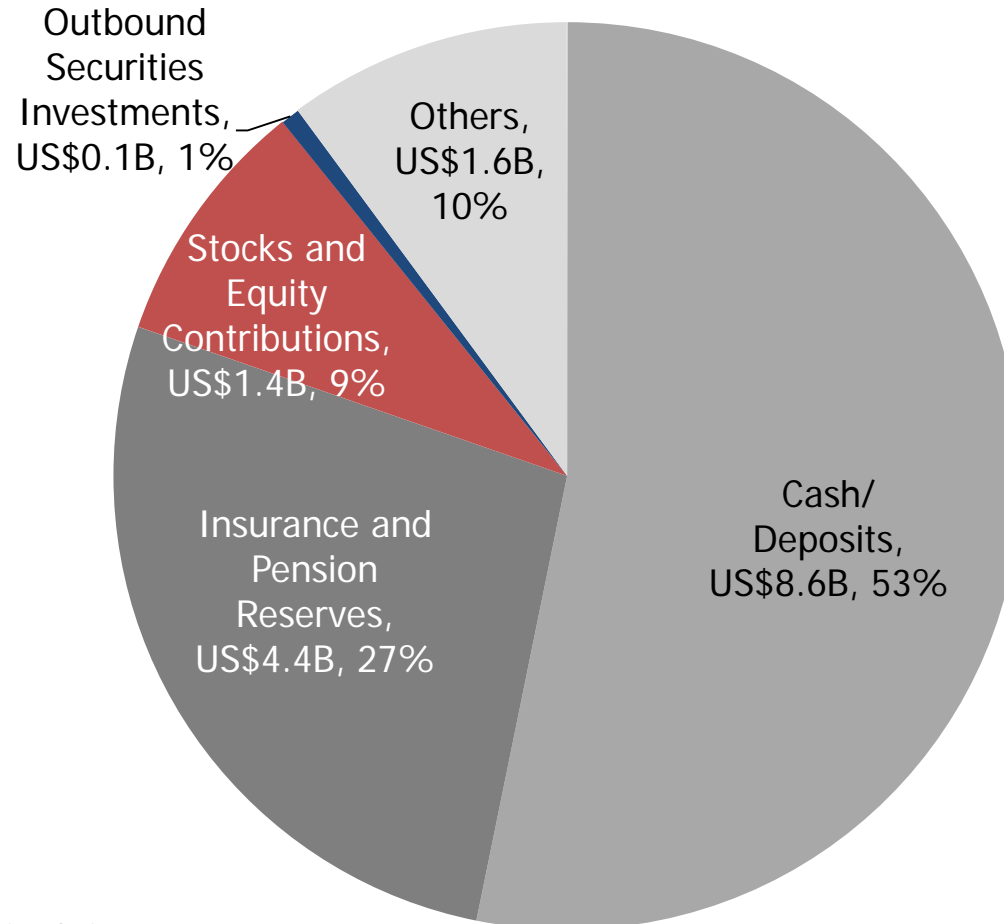


#	Country	% of Total Value	No. funds
1	US	36%	126
2	Japan	13%	14
3	Netherlands	7%	13
4	Norway	6%	1
5	Canada	6%	19
6	UK	5%	26
7	Australia	3%	16
8	South Korea	3%	3
9	Sweden	2%	7
10	Denmark	2%	8
11	Germany	2%	12
12	Switzerland	2%	10
13	Malaysia	1%	2
14	China	1%	1
15	Singapore	1%	1
16	Other	10%	41
Total		100%	300

Source: P&I / TW Top 300 Pension Funds Analysis as at 2013 year end

High Net Worth Individuals

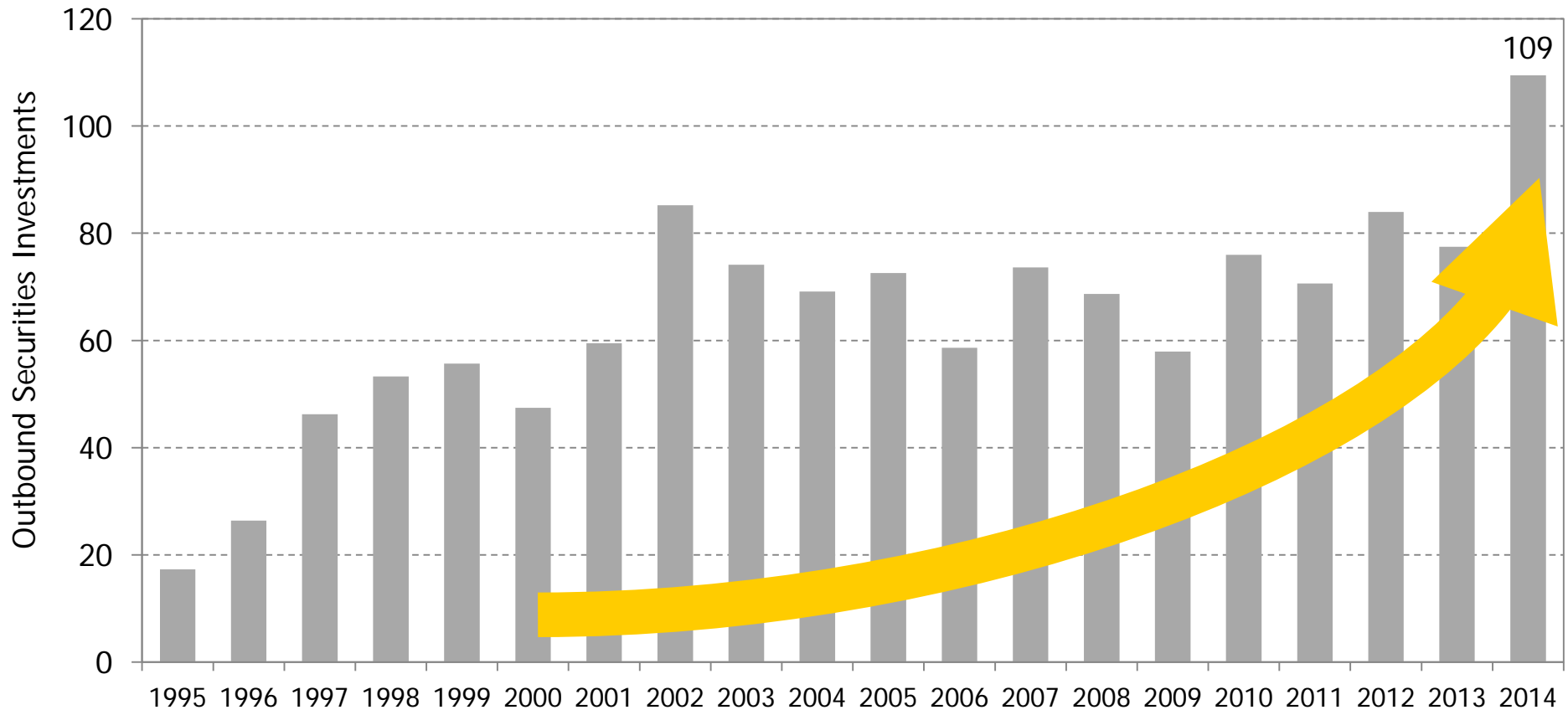
Financial assets held by Japanese individuals stood at US\$16.2 trillion at the end of 2014 and is comparable to 3 times of Japan's GDP. This is a very high level worldwide.



Source: Bank of Japan
Note: US\$ = JPY 100 As of end of 2014

Outbound Securities Investments

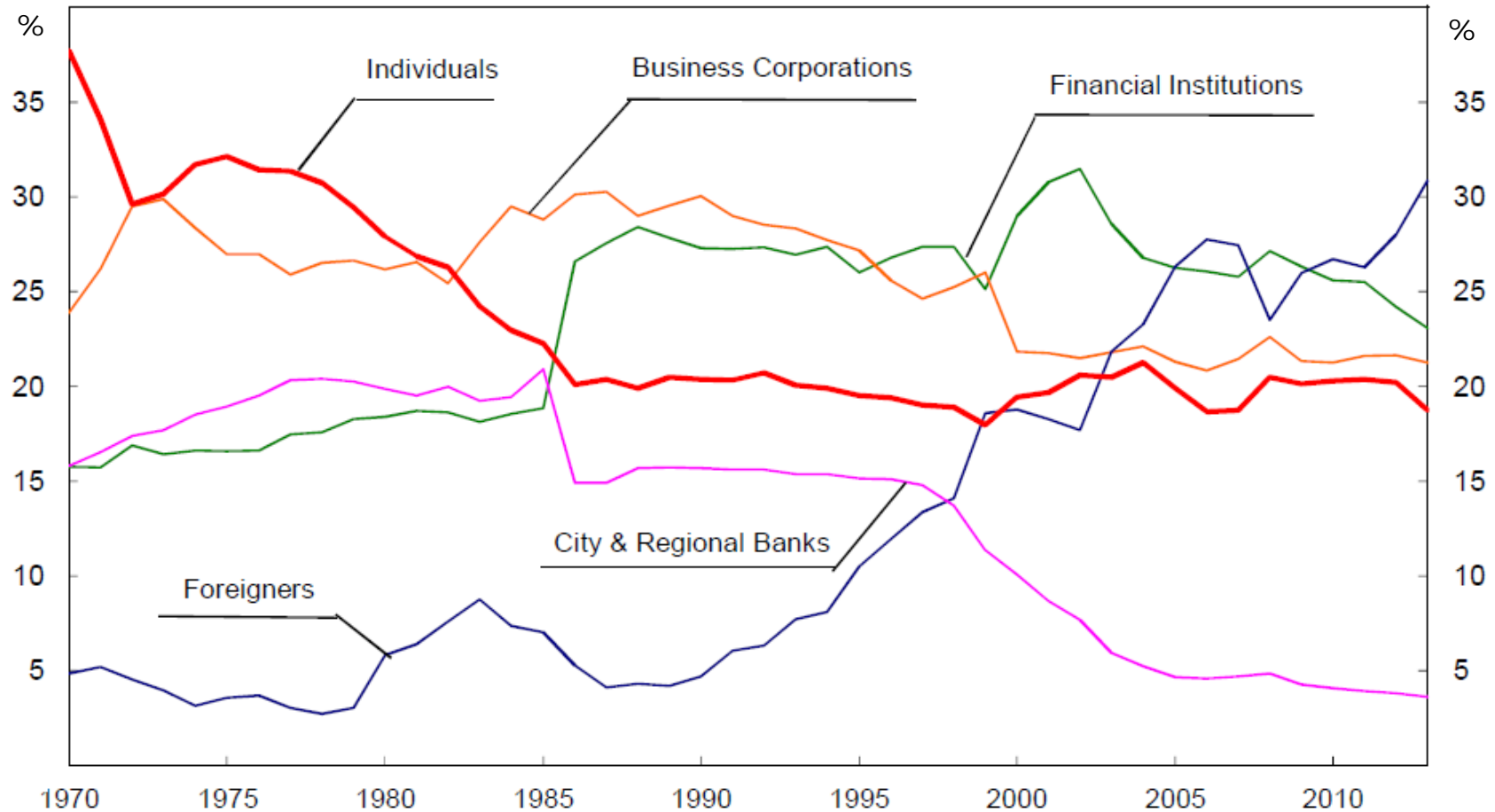
The value of outbound securities investments from household assets by Japanese individual investors shows a continued upward trend. Japanese investors also warmly welcome foreign stock listings on the TSE market.



Source: Bank of Japan
Note: US\$ = JPY 100

Distribution of Market Value by Type of Shareholder

Foreign Investors continue to buy Japanese stocks.



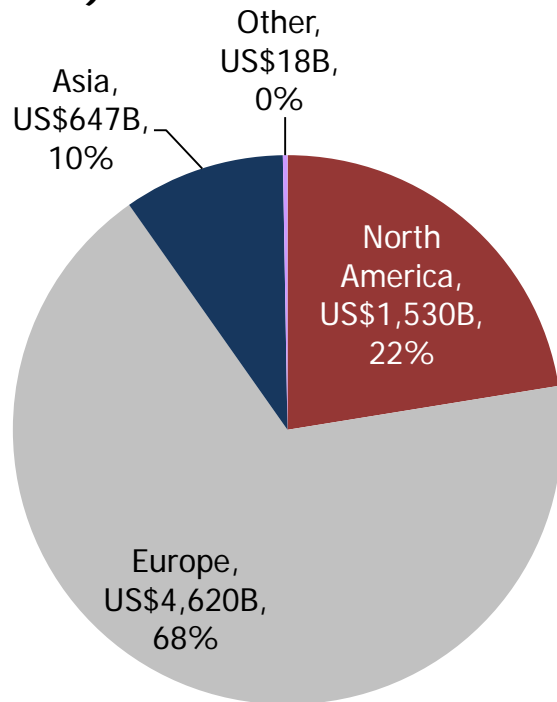
Note:

1. Survey has been conducted on a "Unit-of-Share" basis since 1985 Survey.
2. The market value of Financial Institutions excludes that of City & Regional Banks.

Share of Trading Value by Overseas Investors by Region

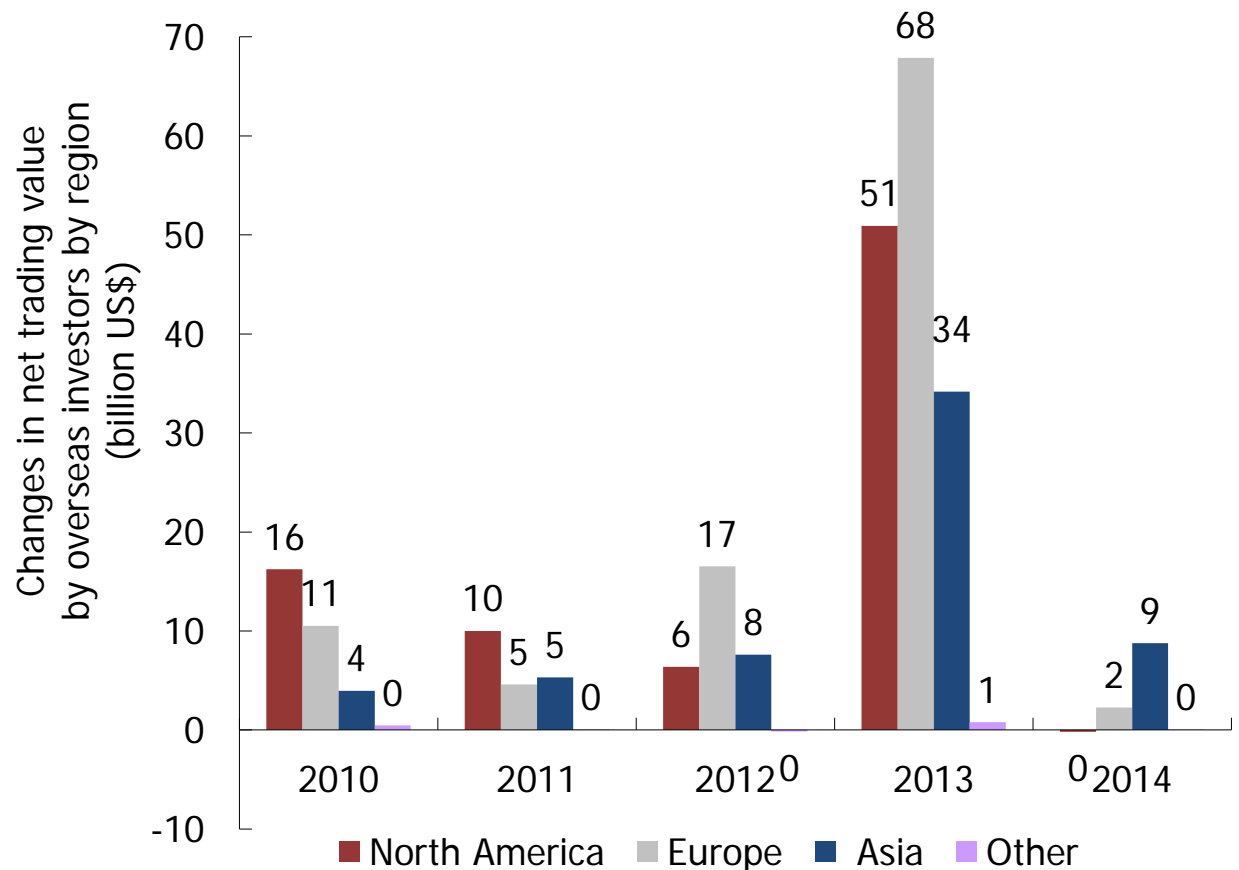
Largest European investors occupies about 70% of the trading value. Investors in all regions are net buyers on an ongoing basis since 2009.

Share of trading value by overseas investors by region (2014)



Source: Tokyo Stock Exchange

Changes in net trading value by overseas investors by region





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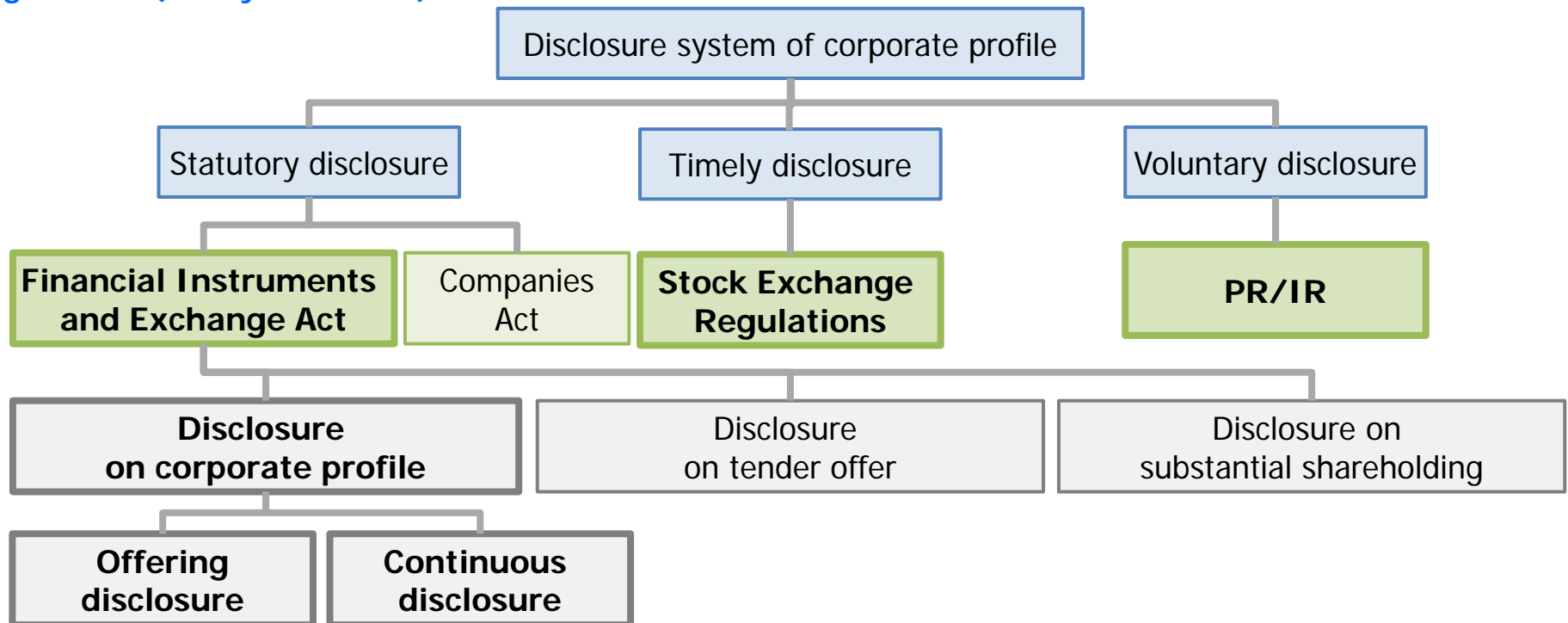
4. Listing on Tokyo Stock Exchange

A. Overview of the Japanese Financial Market

B. Key Points for U.S. Companies

Rules and Regulations on the Disclosure System on the Secondary Market

Information used for decisions on the value of securities must be accurate, fair, and disclosed in a timely manner to ensure that investors can invest in securities based on reasonable judgment. For this purpose, the Financial Instruments and Exchange Act prescribes requirements for information disclosure in the corporate profiles of issuers (statutory disclosure) and TSE prescribes requirements on timely disclosure by listed companies in the Regulations (timely disclosure).



- ✓ Securities Registration Statement
- ✓ Prospectus
- ✓ Other

- ✓ Securities Report
- ✓ Letter of Confirmation
- ✓ **Quarterly report**
- ✓ Extraordinary Report
- ✓ **Internal Control Report**
- ✓ Other

Required Disclosure and Filings

U.S. companies aiming to list on TSE are required to submit SEC filings under SEC rules, conduct statutory disclosure under the Financial Instruments and Exchange Act of Japan as well as exchange disclosure under TSE rules and regulations.

1. SEC filings

- It is common practice for a U.S. company conducting a public offering in Japan to also file Form S-1 because they cannot rule out the possibility that U.S. investors may buy the shares issued.
- Such issuers may face an additional burden in communication costs with SEC which may result due to unfamiliarity with U.S. companies listing on non-U.S. markets.

2. Statutory disclosure (Financial Instruments and Exchange Act of Japan)

a. Accounting Standards

- US-GAAP (SEC) is acceptable
 - In cases where (i) a foreign issuer discloses financial statements in the home country or another country other than Japan, and (ii) the Commissioner of the Financial Services Agency determines that such financial statements are appropriate in light of the public interest and investor protection, the foreign issuer may use the financial statements disclosed in the home country.
 - US-GAAP is acceptable based on the assumption that U.S. issuers make SEC filings.

b. Audit certification

- Audit certification deemed equivalent to that of a foreign audit firm, etc. shall suffice. (Audit certification issued by an audit firm or certified public accountant in Japan is not required.)
- However, prior notification to FSA is required for recognition as a "foreign audit firm, etc."

Required Disclosure and Filings

2. Statutory disclosure (Financial Instruments and Exchange Act of Japan) (Continued)

c. Response to US-SOX Act

– Disclosure based upon US-SOX Act is required.

- It is mandatory to disclose an internal control report irrespective of the rules in the home country, etc. This means that U.S. companies aiming to list on TSE must file an internal control report to EDINET.
- In cases where the foreign issuer has disclosed a similar document in the home country, etc. and the Commissioner of the Financial Services Agency determines that such documents are appropriate in light of the public interest and investor protection, the issuer may submit such document as an internal control report. In the case of U.S. companies, internal control documents based on the US-SOX Act must be submitted to EDINET.

d. Quarterly disclosure

- It is necessary to disclose quarterly earnings reports irrespective of the rules in the home country, etc.
- However, under Japanese laws and regulations, it is not required to attach an audit report or quarterly review. As such, it is common practice for U.S. companies to submit quarterly earnings reports without quarterly reviews.

e. Disclosure in English language

- U.S. companies making SEC filings can use the English language disclosure system. However, in general, securities companies do not conduct English language disclosure since they would face certain constraints in solicitation for investment due to the suitability rule.

3. Timely disclosure (Exchange Rules and Regulations)

- Since insider trading restrictions are lifted based on disclosure in the Japanese language, timely disclosure must be made in Japanese.

4. Other documents to be submitted or disclosure documents (Exchange Rules and Regulations)

- A foreign company listed only on the Japanese market is required to submit a corporate governance report.

Investor Relations (IR) Activities after Listing

1. IR system

- Foreign issuers are not required to set up an office in Japan.
- However, IR activities following listing are important from the perspective of maintaining liquidity.
- For example, a U.S. company that is incorporated in the U.S. but is listed on TSE, has one person in charge of IR matters in Japan and holds briefing sessions for investors once a month.
- In the case of TSE Mothers listed companies, it is mandatory to hold a briefing session at least twice a year.

2. IR staff dedicated to Japanese shareholders

- While it is not required under TSE listing rules, it is recommended to appoint IR staff for smooth communications with Japanese shareholders.
- An ideal person would be someone who is bilingual in English and Japanese that has a certain degree of expertise in the field of finance and IR, and is capable of doing jobs as an assistant to the CFO.
- The person should be able to explain the difference between US-GAAP and J-GAAP. Qualification, desirably as a certified public accountant.

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