Pensions&Investments

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Mothers venue makes unicorns elusive species

DOUGLAS APPELL

売買高 Trading Volume		TOPIX		日経平均株価 Nikkei 225		
東江一部 Int Section	944.66 百万株 ·····	現在值 Current	1716.26	現在值 Current	2122	1.28
東証二部 Just Section マザーズ Hostart	93.88 百万件 1100 34.80 百万株 1100	前日比 Change	-49.43	前日比 Change	-	669.58
JASDAQ 7974-F	81.55 百万株 11.00	始任 Open	1733.02	始值 Open		507.74
ETF	夏万日	満 🛍 High	1733.53	高值 High	1 1 2 3	510.30
J-REIT	81955 🛄 🚥	安值 Low	1708.10	安值 Low	21	128.52
売買代金 Trading Value OJPX-NIKKEI 400			400	為替 Exchange Rates		
HE Lector	1717763 頁万円 🚥	現在値	15202.40		現在值 Current	前日比 Charge
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マザーズ Prothers	51668 百万円 🗤	前日比 Change	-436.79	USD/JPT(Tokyo Hartet)		
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ETF	百万円	高值 High	15352.04	7-ルド円レート 対ユーロ 13:	3.32-37 🕫	+0.16
J-REIT	13579 頁万円 🚥	安備 Low	15129.73	wFFRレート対ポンド 15:	1.60-64 🖻	+0.36
大理HD 4584 -119	### ### 住友電工 1650.0 -48.0	■## ### パナツニック 1559.5 -47.5 ソニー 5132 -188	wess いす21自 1687.0 - トヨタ自 7386 -	₩48 #08. 1714.5 -55.0	目経225先数 (品限) 目経225先数 (決限)	21190 -750 21000 -770
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黄生堂 5815 +109	クポタ 2039.0 -73.5	77777 26855 -1265	スズキ 5889 -218	· · · · · · · · · · · · · · · · · · ·	長川国使先物 (自然)	150.55 +0.13
J X 654.2 -35.7	9'44>I 12035 -550	京セラ 6008 -304	SUBARU 3673 -47			
ブリヂス 4902 -165	日 立 801.3 -25.1	村田観 14995 -310	HOYA 5361 -13	and the second se	東証二部指数 東証79'-3'指数	7138.19-158.39
日鉄住金 2541.0 -95.5 JFE 2466.5-105.0	三菱電 1818.0 -64.5 日本電度 16220 -380	日東電 8415 -359 三菱重 4176 -92	キャ/ン 任天堂		JASDAG INDEX	172.14 -4.63
JFE 2466.5-105.0 住友鉱 4655 -152	富士通 641.6 -11.8	日度自 1112.5 -51.0	9 8	ALC: NO.	意 EREIT 指数	1664. 41 -28. 55
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Bloomberg

The ease of listing on Japan's Mothers market boosted early stage venture capital activity but left later-stage capabilities underdeveloped.

Venture capital players in Japan have ambivalent feelings about Mothers, the Tokyo Stock Exchange market launched in 1999 to list and trade startup company stocks. Market players say the low bar Japanese startups need to clear in order to list on Mothers — as low as a ¥500 million (\$4.1 million) market capitalization — has contributed to the growth of Japan's venture capital market, giving entrepreneurs and their venture capital backers alike confidence in their ability to realize the value of their investments.

But critics say that convenience has come at a price.

Mothers' status as probably the easiest market in the world in which to go public has served to magnify the seed and early stage segments of Japan's venture capital market, while leaving later-stage investment capabilities considerably underdeveloped, said Sho Ito, Tokyo-based deputy director of the Japanese government's Cabinet Office's Bureau of Science, Technology and Innovation.

That warped industry structure shows up in the relatively small number of Japanese "unicorns," defined as unlisted startups with valuations of ¥100 billion or more, relative to the size of Japan's economy as well as the modest size of domestic venture capital funds, said Mr. Ito in an interview in late March.

Japan's tally of a mere 10 unicorns reflects the fact that so many of the country's startups are opting for early listings on Mothers, Mr. Ito said. According to a number of tallies, the U.S. boasts more than 400 unicorns at present.

Ironically, Japan's poor showing in the global competition to spawn unicorns might be a factor behind the country's political and business leaders moving now to take what looks to be relatively decisive steps to bolster Japan's startup ecosystem.

The sense of urgency that politicians, bureaucrats and business leaders are exhibiting this year can probably be traced to Japan's failure to produce unicorns at anywhere near the pace being seen in other leading economies, said Motoya Kitamura, a private equity and venture capital veteran who founded Tokyo-based private equity secondaries manager Northvillage Investment last year.

Meanwhile, with less need or opportunity to participate in later, bigger funding rounds, the average domestic venture capital fund can weigh in at around \$400 million, well below the \$1 billion funds that can be found overseas, Mr. Ito said.

Policymakers say they're working to give entrepreneurs other options to consider in lieu of an early listing.

Takuya Hirai, a Liberal Democratic Party member of the lower house of Japan's parliament and head of an LDP working group on startups and digitalization, said in an interview that IPOs on the Mothers market have been the only exit available to startup founders until now, but the LDP will urge the government to set up a secondary market where unlisted shares can be traded.

Prime Minister Fumio Kishida is scheduled to announce a package of measures aimed at bolstering Japan's startup ecosystem in June.

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