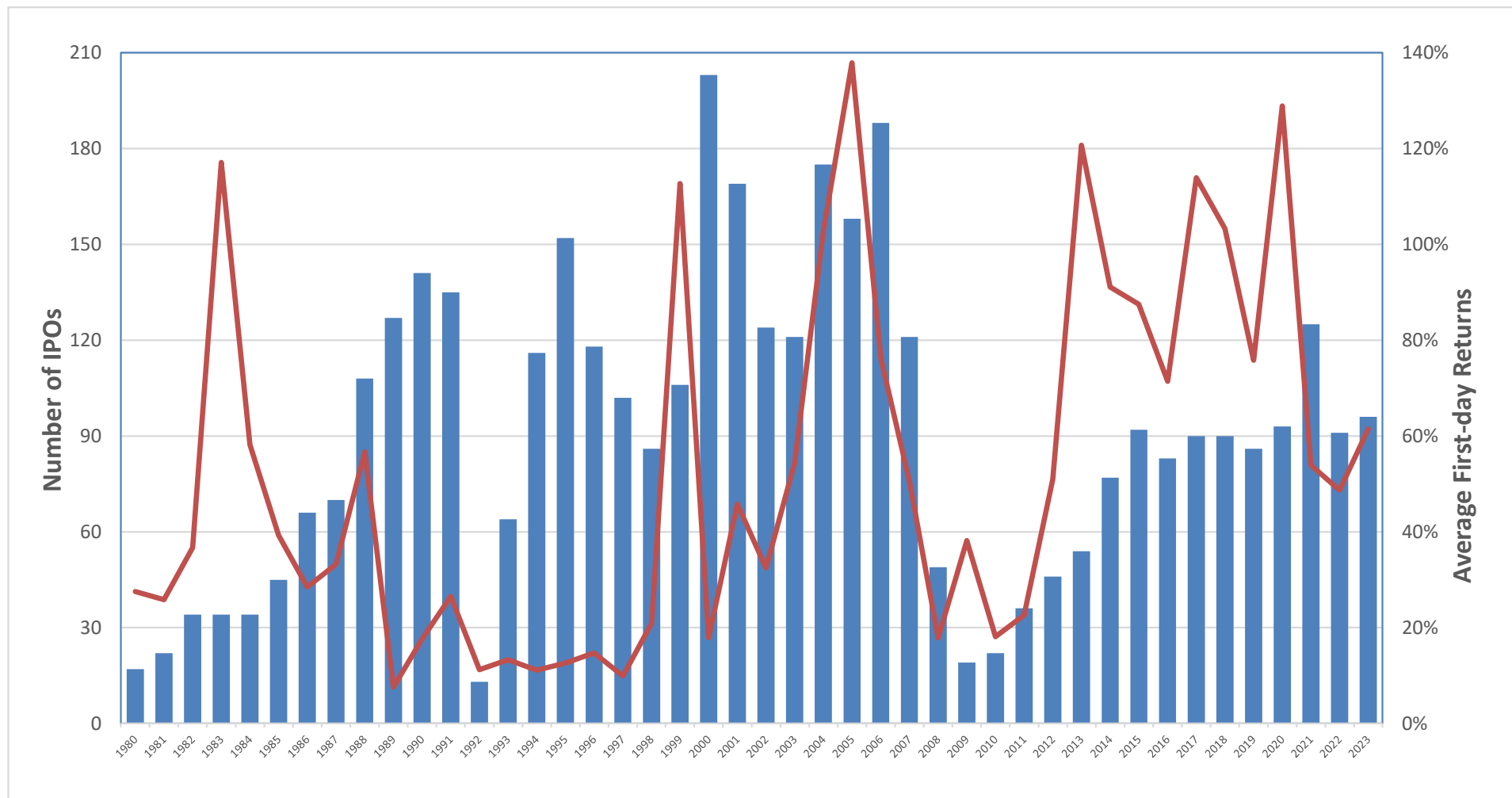


Number of Offerings and Average First-day Returns on Japanese IPOs, 1980-2023

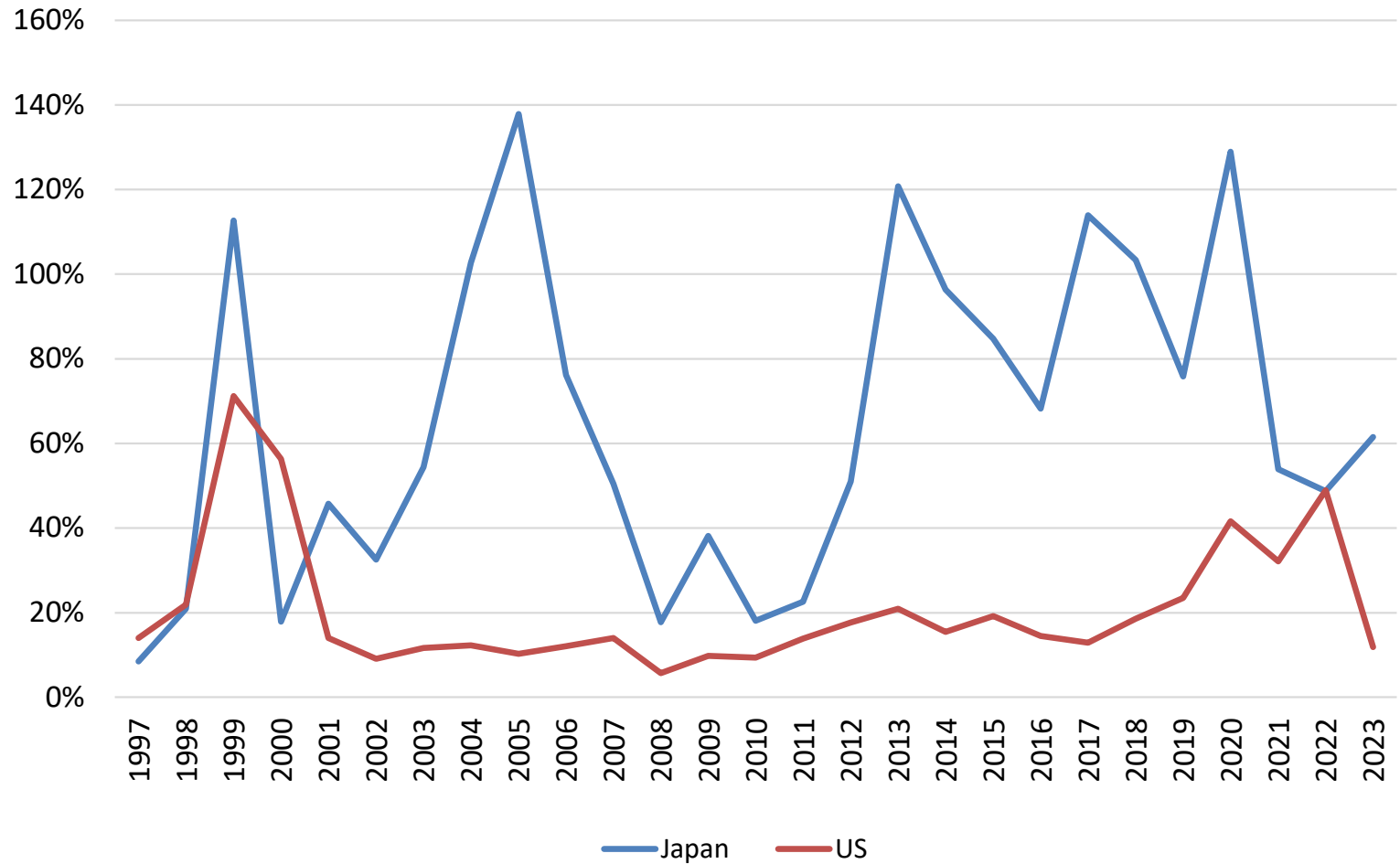
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Number of offerings (blue bars) and EW average first-day returns on Japanese IPOs, 1980-2023



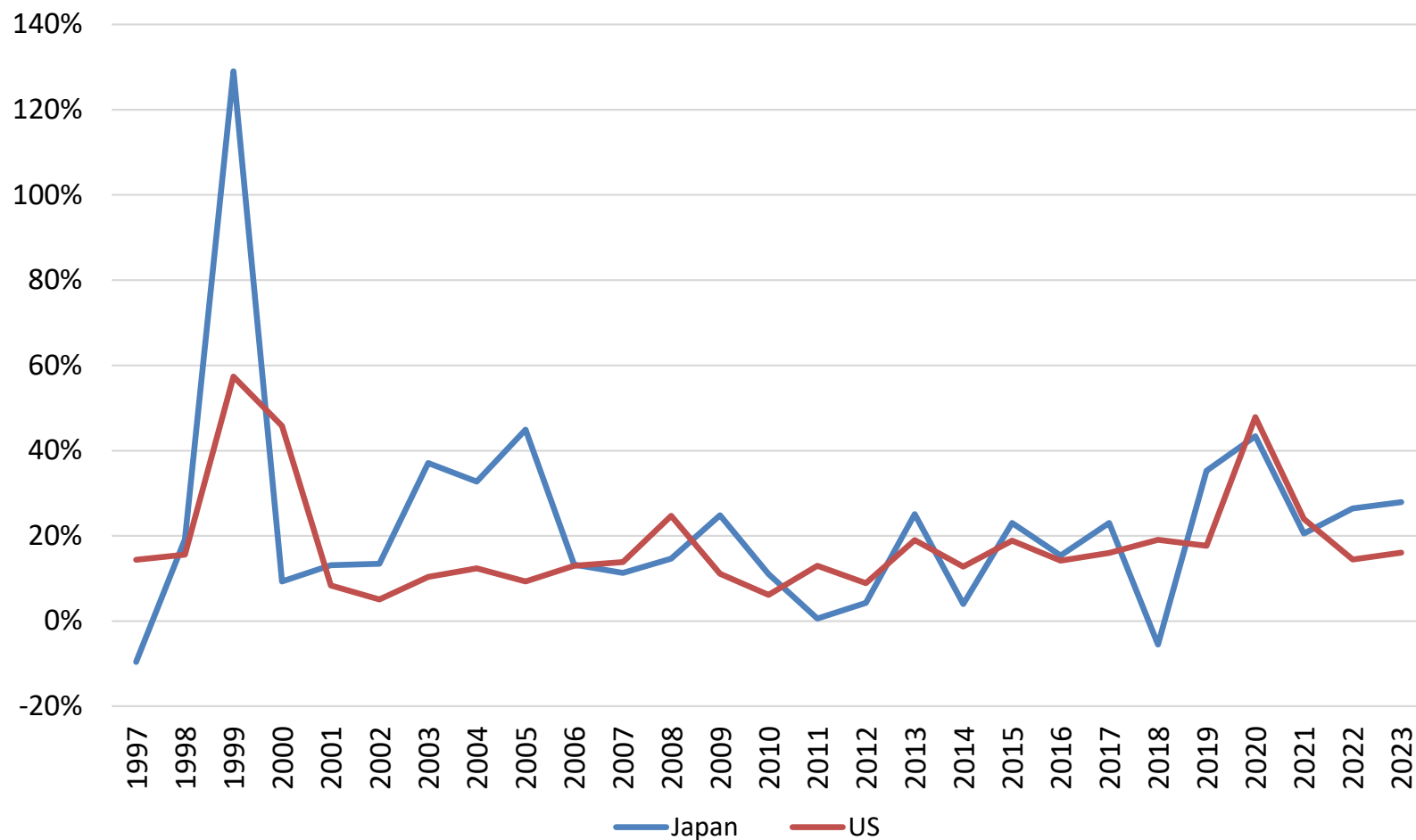
Source of data: Takashi Kaneko, Takato Hiraki, and others. The average equally weighted (EW) first-day return for 2001-2023 is 75.4%, but the proceeds-weighted return is 16.5%.

Equal-Weighted Average of Initial Returns, 1997-2023



Source: Takashi Kaneko of Keio University

Proceeds-Weighted Average of Initial Returns, 1997-2023



Source: Takashi Kaneko of Keio University

Details regarding Japanese IPOs

The equally weighted average first-day return on 4,161 IPOs in Japan from 1970-2023 is 49.3%.

From 1989 until mid-1997, auctions were used in Japan, and the average first-day return was 14.1%. It should be noted that the Japanese average initial returns are sensitive to whether some very small issues are included, and whether the first trading day close is used or the close on the first day that price limits are not a binding constraint is used. For example, in December 2006, Piped Bits raised ¥420 million (about \$4 million) by selling 2,000 shares at an offer price of ¥210,000 per share, with a first-day close of ¥430,000 (probably constrained by price limits) and a one-week close of ¥1,200,000 (up 471%). Also in December 2006, eBase sold 1,000 shares at ¥185,000 per share, raising less than \$2 million. The stock closed at ¥428,000 on the first day and ¥890,000 after one week (up 381%). The 1998-2009 numbers use the first closing market price that is unconstrained by price limits. For 2010 and 2011, TokyoIPO.com is the source. For 2012-2023, Takashi Kaneko of Keio University is the source. For 2015, Takato Hiraki of Tokyo University of Science has also supplied information. For 2015 and 2016, the average initial returns on IPOs raising more than ¥2 billion were 15.8% and 9.5%, respectively, whereas smaller IPOs had average first-day returns of 117.3% and 96.5%, respectively.

Takashi Kaneko's book *Economic Analysis of Initial Public Offering* (in Japanese) on page 134 reports that the average first-day return on 1,620 IPOs from 2001-2017 is 74.8% on an equally weighted basis and 18.6% on a proceeds-weighted basis. Prof. Kaneko has supplied updated numbers for 2001-2023, with 2,205 IPOs having equally weighted average initial returns of 75.4% and proceeds-weighted average initial returns of 16.5%. He reports that the corresponding numbers for the U.S. for 2001-2023 are 18.9% and 18.2%. Although since 1997 bookbuilding has been used, in practice a file price range is set and the final offer price is never above the maximum of the file range, with the offer price at the maximum 90% of the time. Thus, in practice, effectively a fixed price system is used in which the offer price is set before information about the state of demand is collected.