

·Inquiries: Action Officer Jang Han-hee of the Spokesperson Office (042-481-4598)

## **First Quarter Venture Investment and Funds Formation in the Republic of Korea: The Highest Ever**

**- Investments and funds surpassed KRW 1 trillion in the first quarter respectively, along with the second venture boom -**

- **(Investment)** Investment in the first quarter this year grew by over 60% year-on-year (+ KRW 472.3 billion), reaching **KRW 1.246 trillion, the highest ever in the first quarter.**
  - In all business types, investment grew by **over KRW 100 billion**, especially in the **distribution and service, information and communications technology (ICT), and biomedical business types**, which have mainly attracted investment recently.
  - Companies that drew more than **KRW 10 billion** in investment amounted to **23**, the highest ever for the first quarter.
- **(Funds)** Fund-raising jumped by close to three times in the first quarter year-over-year thanks to fund of funds investment, recording **KRW 1.456 trillion**, the highest attained in the first quarter.
  - While **policy financing investment** by funds of funds and policy agencies, among others, **largely surged** (+231.0%, + KRW 324.5 billion), **private investment also jumped** (+169.8%, + KRW 623.8 billion).

The Korean Ministry of SMEs and Startups (MSS, Minister Kwon Chil-seung) analyzed venture investment and fund-raising records of the first quarter of 2021. As a result, it announced that **investment during the first quarter reached KRW 1.246 trillion, and fund-raising amounted to KRW 1.456 trillion, both the highest records for the first quarter.**

## Venture Investment Trends

(1) Total: **KRW 1.246 trillion (+61.1% year-over-year), the highest ever for a first quarter**

Venture investment made during the first quarter of 2021 was calculated as having increased by 61.1% year-on-year (+ KRW 472.3 billion), reaching **KRW 1.246 trillion**.

In addition, the **number of investments made** and the **number of companies receiving investment** were each confirmed as having reached **989 and 558**, respectively, during the first quarter this year, both of which were the highest since 2000.

< State of Venture Investment Made During the First Quarter from 2017 to 2021  
(Unit: KRW 100 Million, %, No.) >

Category		2017	2018	2019	2020	2021
1Q	Invested amount	4,054	6,377	7,789	7,732	12,455
1Q	Year-over-year Change	-	+2,323	+1,412	△ 57	+4,723
1Q	Year-on-year Change rate	-	+57.3	+22.1	△ 0.7	+61.1
1Q	No. of investments	493	608	774	719	989
1Q	Investment per case	8.2	10.5	10.1	10.8	12.6
1Q	No. of companies receiving investment	307	357	418	405	558

An examination of monthly investment records shows that investment steadily grew monthly from January this year. In particular, it grew by about 66.8% month-over-month in March, which is **over by about 80%** compared to the **same month last year**.

< Comparison of Monthly Venture Investment from January to March  
in 2019, 2020, and 2021 (Unit: KRW 100 Million, %) >

Category	2019	2020	2021	Compared to 2020	
				Change	Change rate
January	2,618	2,462	3,322	+860	+34.9
February	1,934	2,103	3,423	+1,320	+62.8
March	3,237	3,167	5,710	+2,543	+80.3
<b>Total</b>	<b>7,789</b>	<b>7,732</b>	<b>12,455</b>	<b>+4,723</b>	<b>+61.1</b>

(2) **Business types: Investment in all business types increased in the first quarter year-over-year. In particular, it grew by over KRW 100 billion in the distribution and service, ICT, and biomedical business types.**

Compared to the investment records by business type of the first quarter last year, **investment grew in all business types** in the first quarter this year.

In particular, investment in **distribution and service, ICT service, as well as bio and medical**, which are recently emerging as main business types for investment, jumped by **more than KRW 100 billion**.

These three business types accounted for the **top three types invested in** this year as well, following last year.

Regarding the **distribution and service business**, investment lagged last year because of damages incurred by related industries suffering from COVID-19 pandemic. However, it became the **business with the greatest leap in investment**, as investment related to the e-commerce and professional industries in the first quarter this year largely soared.

Meanwhile, the **ICT and biomedical** business proved **promising in the era** following the COVID-19 crisis last year. As a result, they experienced **KRW 115.2 billion and KRW 102.1 billion** growth year-on-year, respectively, in the first quarter this year.

< Comparison of Venture Investment in the First Quarter in 2020 and 2021 by Business Type (Unit: KRW 100 Million, %) >

Business type	1Q 2020	1Q 2021	Change	Change rate	Business type	1Q 2020	1Q 2021	Change	Change rate
Distribution and service	1,004	2,444	+1,440	+143.4	Others	532	695	+163	+30.6
ICT service	2,193	3,345	+1,152	+52.5	Game	209	368	+159	+76.1
Bio / medical	2,464	3,485	+1,021	+41.4	ICT manufacturing	303	397	+94	+31.0
Electro-mechanics, machinery, equipment	311	770	+459	+147.6	Chemical and material	344	398	+54	+15.7
Video, performance, and music	372	553	+181	+48.7					

**(3) Non-face-to-face field: Investment grew by about 60%, while the number of companies that received investment increased by about 50%**

Venture investment in companies working in the **non-face-to-face fields** in the first quarter reached **KRW 561.7 billion**, close to a 60% jump (+ KRW 210.2 billion) from the first quarter last year (KRW 351.5 billion).

The **number of companies that received investment** in the non-face-to-face field increased to 262 in the first quarter, up 87 from 175 last year, the number **grew by close to 50% year-on-year**, investment in this field is expected to grow this year as well.

**< State of Venture Investment in the Non-Face-to-Face Field  
in the First Quarter of 2020 and 2021 (Unit: KRW 100 Million, %, No.) >**

Category	1Q 2020	1Q 2021	Year-over-year	
			Change	Change rate
Total venture investment (A)	7,732	12,455	+4,723	+61.1
Non-face-to-face field (B)	3,515	5,617	+2,102	+59.8
Share (B/A × 100)	45.5	45.1	△0.4%	-
Total no. of companies that received investment (A)	405	558	+153	+37.8
Non-face-to-face field (B)	175	262	+87	+49.7
Share (B/A × 100)	43.2	47.0	+3.8%	-

**(4) History: The share of investment in mid-history companies surged (+14.2%).**

An examination of the history of companies that received investment in the first quarter of 2021 revealed that investment grew for those in all historical stages (early, mid, late) compared to the first quarter of 2020.

The share of investment in companies in the early history stage dropped by about 10.8% year-on-year, but investment share in **mid-history stage** companies grew by **about 14.2%**. This is because of the **high share (78.1%) of follow-on investment in mid-history stage companies**.

< State of Venture Investment by History Stage in the First Quarter of 2020 and 2021  
(Unit: KRW 100 Million, %) >

Category	1Q 2020		1Q 2021			
	Amount	Share	Amount	Change (rate)	Share	Change
Early stage (less than 3 years in business)	2,943	38.1	3,400	+457 (+15.5)	27.3	△ 10.8%
Mid stage (from 3 years to less than 7 years in business)	2,700	34.9	6,118	+3,418 (+126.6)	49.1	+14.2%
Late stage (7 and more years in business)	2,089	27.0	2,937	+848 (+40.6)	23.6	△ 3.4%
<b>Total</b>	<b>7,732</b>	<b>100.0</b>	<b>12,455</b>	<b>+4,723 (+61.1)</b>	<b>100.0</b>	<b>-</b>

**(5) Share of follow-on investment: It steadily grew in the last five years and reached the highest of 72.9% in 2021.**

**Follow-on investment in the first quarter this year accounted for about 72.9% of total investment (KRW 1.246 trillion) at KRW 907.9 billion.**

An examination of the share of follow-on investment made in the first quarter in the last five years shows that it lagged below 60% in the first quarter of 2017 but rose yearly since then. It reached 70% in the first quarter of 2020 and eventually **peaked reaching the highest in the first quarter of 2021 in the last five years.**

As such, the share of follow-on investment is steadily rising because of the growing number of excellent startups and improved ability of venture capital in selecting startups. Therefore, there is a growing number of companies with a high possibility of getting follow-on investment.

< State of Follow-On Investment in the First Quarter from 2017 to 2021  
(Unit: KRW 100 Million, %) >

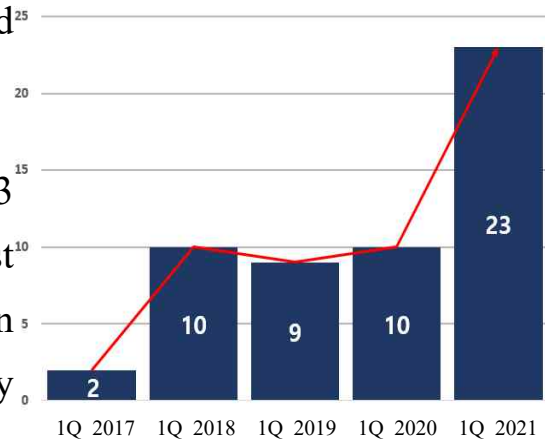
Category		1Q 2017	1Q 2018	1Q 2019	1Q 2020	1Q 2021
Invested amount	Total	4,054	6,377	7,789	7,732	12,455
	Follow-on	2,302	3,959	5,235	5,618	9,079
	Share	56.8	62.1	67.2	72.7	72.9

(6) Large investment: **The number of companies that drew large investments of over KRW 10 billion reached 23, the highest ever.**

Among the companies that received venture investments in the first quarter of 2021, **a total of 23** received **more than KRW 10 billion in investment.**

In the **first quarter of 2020** alone\*, **10 companies**, that is the highest ever, received investment of more than KRW 10 billion.

During the first quarter of this year, **23** companies, more than twice that of last year, drew large investment of more than KRW 10 billion. Accordingly, it is highly likely that the number of companies receiving large investment will surpass this year that of an average year.



**Number of Companies that Drew Investments of Over KRW 10 Billion**

\* Reference (number of companies that drew investments of more than KRW 10 billion in the last five years): (2016) 20 → (2017) 29 → (2018) 54 → (2019) 70 → (2020) 75

## Fund Formation Trends

(1) Total: **Highest ever first quarter record of KRW 1.456 trillion (+186.7% year-over-year)**

During the first quarter of 2021, **53 funds raised KRW 1.456 trillion.**

This is **about a 186.7% rise** from the first quarter last year, and both the amount formed and number of formed organizations recorded the **highest ever during the first quarter** this year.

< State of Fund Formation in the First Quarter from 2017 to 2021

(Unit: KRW 100 Million, %, No.) >

Category		2017	2018	2019	2020	2021	
1Q	Formed amount	6,701	10,494	6,605	5,078	14,561	
	Year-over-year	Change	-	+3,793	△ 3,889	△ 1,527	+9,483
	Year-on-year	Change rate	-	+56.6	△ 37.1	△ 23.1	+186.7
	No. of formed funds	24	26	34	20	53	
	Amount formed by fund	279.2	403.6	194.3	253.9	274.7	

Around more than 70% of the fund-raising recorded in the first quarter happened in January (KRW 1.047 trillion), during which over KRW 1 trillion was raised.

This was thanks to the funds of funds investment of about KRW 300 billion in scale made in baby funds of the funds of funds selected in October last year. (It took three to six months from the selection to the fund formation). According to analyses, more than KRW 1 trillion in funds were raised in January alone.

< State of New Fund Formation from January to March in 2020 and 2021

(Unit: KRW 100 Million, %) >

Category	2020	2021		
			Change	Change rate
January	1,809	10,468	+8,659	+478.7
February	549	2,287	+1,738	+316.6
March	2,720	1,806	△ 914	△ 33.6
<b>Total</b>	<b>5,078</b>	<b>14,561</b>	<b>+9,483</b>	<b>+186.7</b>

(2) Investor: Policy financing investment of KRW 465 billion (+231.0%, + KRW 324.5 billion year-over-year)

Private sector investment of KRW 991.1 billion (+169.8%, + KRW 623.8 billion year-over-year)

The state of investors who raised funds during the first quarter of 2021 showed that policy financing investment grew by about 231.0% to KRW 465 billion, while private sector investment jumped by approximately 169.8% to KRW 991.1 billion.

An examination of policy financing investment shows that the **fund of funds investment increased the highest at KRW 147 billion**, compared to the first quarter last year.

Investment by **other policy agencies**, including the Korea Development Bank and government funds, also surged by **KRW 99 billion**, while **growth finance** climbed about **KRW 78.5 billion**. This shows that public sector investment was actively made from the first quarter.

Next, investment by the private sector, including **financial institutions, pension/mutual aid, venture capital, and corporations**, soared by **more than KRW 100 billion** year-on-year. **Individual investments** that plummeted last year, compared to two years ago, also shot up by **more than KRW 70 billion** this year.

Among them, **investment by a corporation** largely dropped by close to KRW 100 billion year-on-year in the first quarter last year. However, it largely rose by **about KRW 115.2 billion this year**.

Large enterprises with the top corporate investments made, such as **Amorepacific and Naver**, also invested in not only the Smart Korea Fund that the ministry launched last year but also in venture funds established to discover promising startups. As such, **large enterprises are showing a growing interest in venture investment**.

Meanwhile, **individual investments**, which dropped by more than KRW 100 billion year-on-year in the first quarter last year, **surged by about KRW 78.9 billion** in the first quarter this year.

As such, even individuals are showing such high interest in venture investments that much of their liquid cash has apparently flown into not only the stock market but also venture funds.



**< Policy Financing / Private Investment: Comparison of States in the First Quarter of  
2019, 2020, and 2021 (Unit: KRW 100 Million, %) >**

Category		1Q 2019	1Q 2020	1Q 2021	Change	Change rate	
Policy financing	Fund of funds	1,730	900	2,370	+1,470	+163.3	
	Other policy agencies	85	190	1,180	+990	+521.1	
	Growth finance	175	315	1,100	+785	+249.2	
	<b>Subtotal</b>	<b>1,990</b>	<b>1,405</b>	<b>4,650</b>	<b>+3,245</b>	<b>+231.0</b>	
Private	Pension/mutual aid	-	950	2,320	+1,370	+144.2	
	VC	556	627	1,993	+1,366	+217.9	
	Financial institution (except for Korea Development Bank)	Bank	140	40	550	+510	+1,275.0
		Insurance	20	-	245	+245	Net
		Securities	30	25	115	+90	+360.0
		Other finance	370	245	930	+685	+279.6
		560	310	1,840	+1,530	+493.5	
	Individual	1,566	450	1,239	+789	+175.3	
	Other (other groups, foreigners)	135	536	567	+31	+5.8	
	Corporation	1,798	800	1,952	+1,152	+144.0	
	<b>Subtotal</b>	<b>4,615</b>	<b>3,673</b>	<b>9,911</b>	<b>+6,238</b>	<b>+169.8</b>	
<b>Total</b>	<b>6,605</b>	<b>5,078</b>	<b>14,561</b>	<b>+9,483</b>	<b>+186.7</b>		

“The venture investment fever last year, which reached its all-time high, also continued during the first quarter this year, scoring the **highest for the first quarter**. The recently announced first quarter investment in the United States also showed that it recorded the highest quarterly amount (about USD 69 billion or KRW 76.7 trillion), proving that the **venture boom** is sweeping not only Korea but **the entire world**,” said MSS Vice Minister Kang Sung-cheon.

“The rich investment capacity filled with **fund-raising of KRW 6.6 trillion**, the highest ever recorded last year, led to **surging investment in the biomedical and ICT business types**, among others, which have risen as promising business types amid the COVID-19 pandemic. Furthermore, heightened **expectations for the exit market**, which are due to the Korea Securities Dealers Automated Quotation having surpassed the 1,000 mark,

led to continued investment fever. Should this trend continue in the future, we can expect to surpass the records set last year," he forecast.

"The ministry will continue to introduce multiple voting rights, K-unicorn projects, and Silicon Valley-type financial systems so that the second venture boom continues. We will equally check if there are any areas for improvement so that the startup and venture ecosystem operates smoothly and the virtuous cycle of investment-collection-reinvestment settles," he continued.

**(Case 1) trenbe: drew KRW 23.8 billion in investment in the first quarter of 2021**

☞ As an e-commerce retail broker company operating a platform for the direct purchase of designer goods overseas, it drew about KRW 23.8 billion in investment in the first quarter of 2021.

**(Case 2) Standigm: drew investment of KRW 22.7 billion in the first quarter of 2021**

☞ As a company developing an artificial intelligence (AI) technology platform for discovering the most crucial new drug substances, it drew about KRW 22.7 billion in investment in the first quarter of 2021.

**(Case 3) Company C: drew investment of KRW 19.6 billion in the first quarter of 2021**

☞ As a company operating a mobile legal broker platform that provides professional services, it drew about KRW 19.6 billion in investment in the first quarter of 2021.

※ In the case of company C, it did not agree on disclosing the company name and drawn investment amount.