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Venture Investment and Fund Formation Surpass 4 Trillion won for the First Time in the First Half of the Year

- Despite economic challenges including increased interest rates, both the venture investment and fund performance for the first half of the year surpass 4 trillion won-

- **(Investment)** The amount of venture investments in the first half of this year **increased by 24.3% (+782.1 billion won) compared to the same period last year (3.224 trillion won) to 4.0061 trillion won**, which is the **first time** the amount surpassed **4 trillion won**
 - The increase in venture investment is largely due to **the amount of increased investments in ICT services (1.4927 trillion won)** in terms of the **amount (609.3 billion won)** and **rate (+69.0%)**, which are the **highest** among all industries
- **(Funds)** The amount of fund formation **increased by 55.9% (+1.59 trillion won) compared to the same period last year (2.8444 trillion won) to 4.4344 trillion won**, which is the **first time** the amount surpassed **4 trillion won** along with investments
 - **Private investment** amounted to **3.6339 trillion won**, which **increased by 77.2% (+1.5835 trillion won)** compared to the **same period last year (2.0504 trillion won)** and represented **81.9% of total fund formation**

The Ministry of SMEs and Startups (Minister LEE Young, hereinafter “MSS”) announced on Friday, July 29, that the total amount of venture investments and fund formation in the first half of 2022 resulted in a

record high among all first halves for both venture investment and fund formation.

Venture Investments

(1) Summary: **4.0061 trillion won, the highest performance among all first halves (+24.3% compared to the same period last year)**

The amount of venture investments in the first half of 2022 resulted in **4.0061 trillion won**. This is an **increase of 24.3%** (+782.1 billion won) compared to the first half of 2021 (3.224 trillion won), which was also a **record high**. It is also the **first time** the amount **surpassed 4 trillion won**.

Also, in the first half of this year, **the number of investments** (2,815), **amount of investment per investment case** (1.42 billion won), **number of companies that received investment** (1,350 companies), and the **amount of investment received per company** (2.97 billion won) all **reached record highs among all first halves**. Therefore, compared to the fact global venture investment has contracted due to increased interest rates and other factors, **the venture investment market in Korea is faring relatively well**.

By quarters, **the amount of investment in the first quarter of the year increased by 65.3%** (+861.5 billion won) compared to the first quarter of 2021 (KRW 1.3187 trillion), to **2.1802 trillion won**. This is the **first time the amount surpassed 2 trillion won in the first quarter**.

However, during **the second half**, due to **external economic uncertainties**, including the **increased interest rate** from the US Federal Reserve and the prolonged war in Ukraine, venture capitals took a more wait-and-see approach. As a result, the amount **decreased slightly (Δ 4.2%p)** compared to the second half of 2021.

(2) Industry: **Investments in the ICT service sector, which has been gaining traction since COVID-19, greatly increase**

In terms of venture investments by industry in the first half, **the top 3 industries of ICT services, retail and services, and bio and healthcare represented 73.1%** of all total venture investments, with **the total worth of investments of 2.9288 trillion won.**

Fund Formation

(1) Summary: **4.4344 trillion won, the highest performance among all first halves (+55.9% compared to the same period last year)**

In the first half of 2022, a total of 176 funds were formed with **4.4344 trillion won, which is the highest among all first halves.** The amount **increased by 55.9% (+1.59 trillion won)** compared to the same period last year, which is the **first time** the amount **surpassed 4 trillion won** along with investments.

By quarters, **the amount of fund formation in the first quarter of the year increased by more than 1 trillion won (+68.8%, +1.0849 trillion won)** compared to the first quarter of 2021 (1.5763 trillion won), which was also a record high for the first quarter, **to 2.6612 trillion won.** This is the **first time** the amount **surpassed 2 trillion won in the first quarter.**

The second quarter also set a new record for the quarter, surpassing **(+39.8%, 505.1 billion won)** the amount in the same period last year (1.2681 trillion won), which was also a record high. The amount resulted in **1.7732 trillion won** for the quarter, **which is a record high among all second quarters.**

(2) Investors: **800.5 billion won from policy finance (+0.8%, +6.5 billion compared to the same period last year)** **3.6339 trillion won from private investments (+77.2%, +1.5835 trillion compared to the same period last year)**

In terms of the investors of the new venture funds in the first half of 2022, **policy finance investments** including Fund of Funds **increased by 6.5 billion won (+0.8%)** compared to the same period last year to **800.5 billion won**, which represented **18.1%** of all total investments.

Private investment amounted to 3.6339 trillion won, which **increased by approximately 1.5835 trillion won(+77.2%)** compared to the same period last year, and represented **81.9%** of total fund formation. **Venture funds centered on the private sector were key contributors to the greatest amount of the fund formed in the first half.**

In terms of **policy finance** investments, the amount from **Fund of Funds** in the first half of 2022 was **293.2 billion won**, which is a **decrease of 153.7 billion won(△34.4%)** compared to the same period last year. It is expected that the amount **will recover if the Fund of Funds selected this year officially launches.**

Director KWON Young-hak from the MSS Investment Management Division stated, “It is quite significant that both venture investments and fund formation resulted in a record high for the first half despite a lack of confidence in the global investment market due to high interest rates and inflation.

However, as there are signs of concern including the decrease in performance from the second half compared to the same period last year, we continue to observe the investment market trends very closely.”

KWON added, “By investing in Fund of Funds, we will provide more policy finance and implement private venture parent funds to drive a large amount of private funds to flow into the investment market.”