

VEC Venture News

— Latest Quarterly Trend (Issue No.3, 2014) —

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Venture Enterprise Center, Japan (VEC)

Venture Capital Investments for the first half of 2014 reached

85.4 Billion Yen!

Venture Enterprise Center, Japan (VEC) reports on the results of our quarterly survey on venture capital (VC) investments by Japanese VCs for the second quarter (April to June, 2014).

The VC investments in Q2 2014 were ¥26.6 billion (¥12.9 billion for domestic, ¥13.7 billion for overseas), a ¥32.2 billion decrease from the prior quarter (Q1 2014) and a ¥5.7 billion increase from the previous year (Q2 2013) (Fig.1-1&1-2). The number of invested domestic companies was 119, the smallest number since Q2 2012 (91 companies).

The VC investment amount for the first half of 2014 reached ¥85.4 billion, a ¥17.7 billion increase compared to the first half of 2013 (¥67.7 billion) and a ¥9.7 billion decrease compared to the second half of 2013 (¥95.1 billion) (Fig. 1-2).

Compared to ¥28.7 billion invested in domestic companies for the first half of 2014, the investments in overseas companies reached ¥56.7 billion, which is predominantly large (Fig. 1-2).

¥28.5 billion was invested in domestic companies for the first half of 2013 and the investments for the second half of 2013 reached ¥39.7 billion, but the investments for the first half of 2014 decreased to ¥28.7 billion (Fig.1-2).

We revised the VC investment amount for Fiscal Year 2013 upward from ¥169.5 billion reported in “VEC Venture News, Issue No. 2 [May 29, 2014 release] to ¥174.8 billion mainly due to an increase in the number of companies responded to the survey.

For VC investment amount by industry in Q2 2014, the “IT related” industry accounted for 50.5% (48.3% for domestic, 52.6% for overseas). The second largest sector was “Industrial/Energy/Other” accounted for 25.0% (Fig.2-1).

For VC investment amount by stage, early stage yens accounted for 45.4% and seed stage yens accounted for 9.4%, the total reached 54.8% (Fig.3-1).

Nine VC funds were launched with total fund value of ¥18.0 billion in Q2 2014, the smallest total value compared to that of the past three quarters (Fig.4-1&4-2).

Fig.1-1 VC Investment Amount in the second quarter of 2014 (Domestic vs. Overseas)

("0" is considered a valid response)

		domestic	overseas	Total
VC	Amount (¥ billions)	12.9	13.6	26.6
	Number of invested companies	119	59	178
	per invested companies (¥ mil)	108.7	231.3	149.3

*90 companies that provided figures for both domestic and overseas are included for the calculation.

Fig.1-2 VC Investments by Japanese Venture Capitals

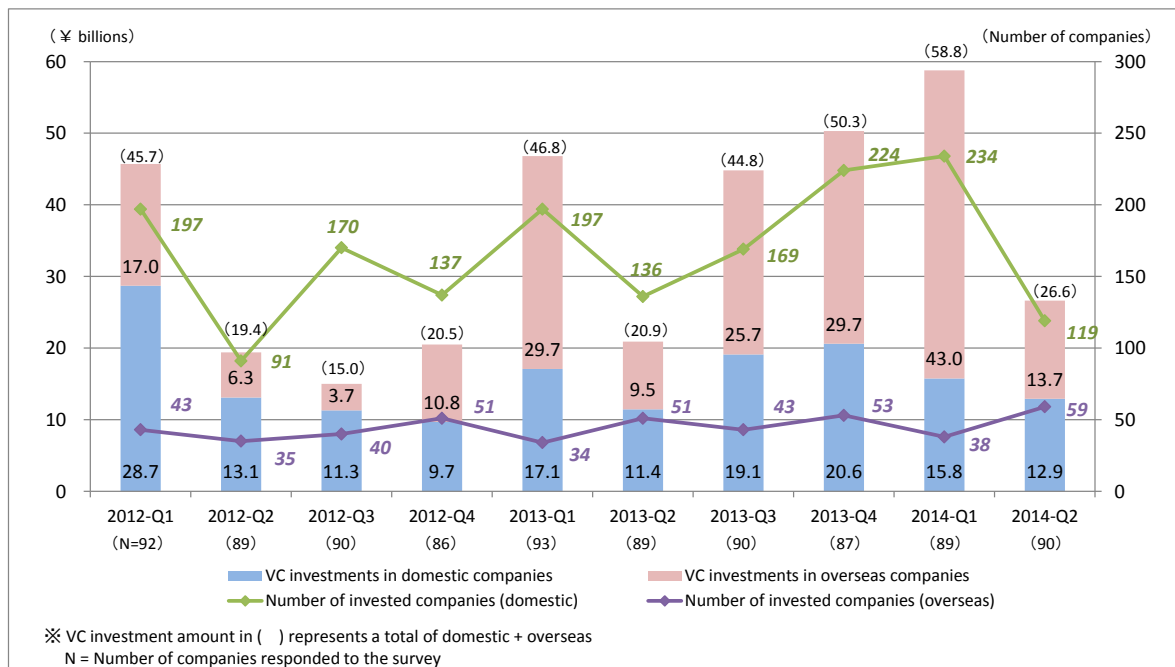


Fig.1-3 Comparison of VC investments in 2012 - 2014 (CY, FY)

	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2
CY2012 Total	¥100.6 billion (Domestic : ¥62.8 billion, Overseas : ¥37.8 billion)									
CY2013 Total					¥162.8 billion (Domestic : ¥68.2 billion, Overseas : ¥94.6 billion)					
CY2014					85.4 billion (Domestic : ¥28.7 billion, Overseas : ¥56.7 billion)					
FY2012 Total	¥101.7 billion (Domestic : ¥51.2 billion, Overseas : ¥50.5 billion)									
FY2013 Total					¥174.8 billion (Domestic : ¥66.9 billion, Overseas : ¥107.9 billion)					
FY2014					¥26.6 billion (Domestic : ¥12.9 billion, Overseas : ¥13.7 billion)					

(Note) CY = Calendar Year, FY = Fiscal Year (April to March)

Fig.2-1 VC investment amount by industry in Q2 2014 (Domestic vs. Overseas)

Industry	Domestic		Overseas		Total		
	Amount (¥ hundred mil)	%	Amount (¥ hundred mil)	%	Amount (¥ hundred mil)	%	
It related	Telecommunications/Networking & Equipment	4.0	3.2%	1.7	1.3%	5.7	2.2%
	Computers and Peripherals/IT Services	48.0	38.6%	31.8	23.5%	79.8	30.7%
	Software	5.5	4.4%	29.2	21.6%	34.7	13.4%
	Semi-conductors/Electrical Machinery & Equipment	2.6	2.1%	8.4	6.2%	11.0	4.2%
Biotech/Medical Services/Health Care	Biotechnology/Medicine	5.9	4.7%	11.6	8.6%	17.5	6.7%
	Medical Device and Equipment/Healthcare-related	5.1	4.1%	0.6	0.4%	5.7	2.2%
Industrial/Energy/Other Industries	Industrial/Energy/Other	23.0	18.4%	41.9	30.9%	64.9	25.0%
Products/Services	Media/Entertainment/Retailing/Consumer Goods	16.5	13.3%	7.0	5.2%	23.5	9.0%
	Finance, Real Estate and Business Services	13.9	11.2%	3.2	2.3%	17.1	6.6%
Clean Technology (Among the above)		10.2	8.2%	21.3	15.7%	31.5	12.1%
Total		124.5	100%	135.4	100%	259.9	100%

*89 companies that provided figures are included for the calculation. ("0" is considered a valid response)

Fig.2-2 VC investment amount by industry in Q2 2014
(By percentage of amount invested: domestic vs. overseas)

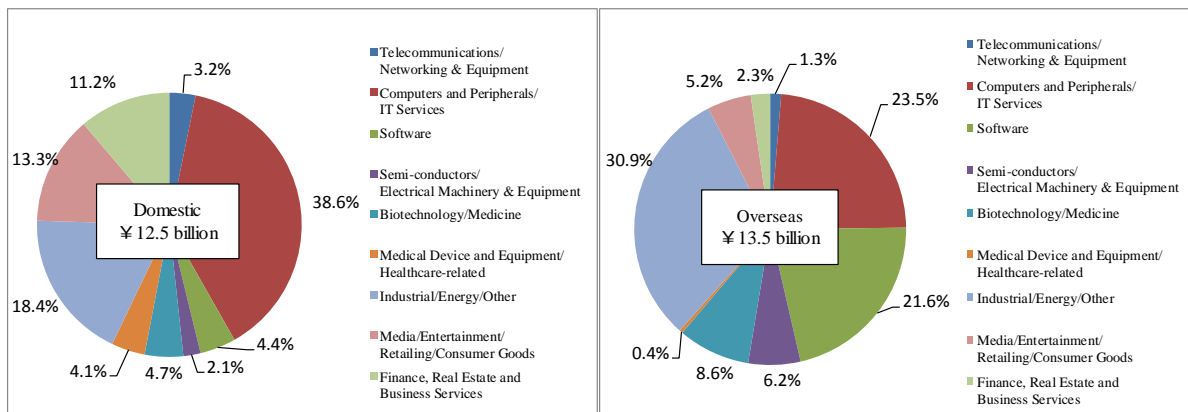


Fig.3-1 VC investment amount by stage in Q2 2014 (Domestic vs. Overseas)

(¥ hundred millions)

Stage	Domestic	Overseas	Total	Percentage
Seed	14.2	4.5	18.7	9.4%
Early	58.1	31.9	90.0	45.4%
Expansion	17.8	50.4	68.2	34.4%
Later	20.3	1.1	21.4	10.8%
Total	110.4	87.9	198.3	100%

*88 companies that provided figures for both domestic and overseas are included for the calculation. ("0" is considered a valid response)

Fig.3-2 VC investment amount by stage in Q2 2014 (Domestic vs. Overseas)

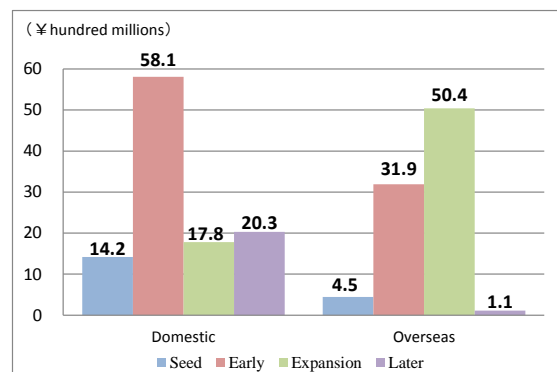
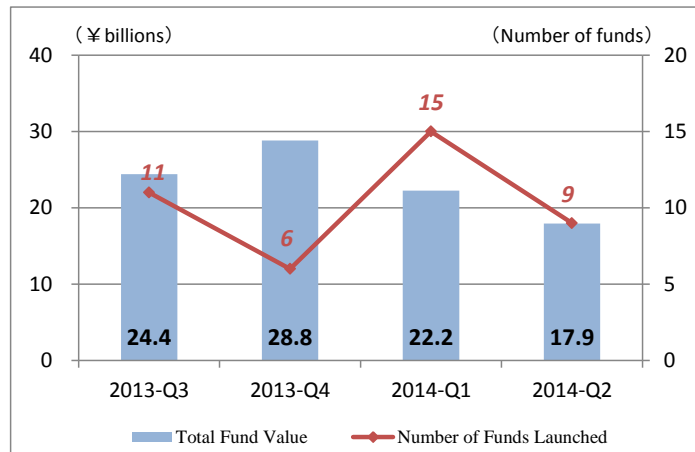


Fig.4-1 New VC funds launched and VC funds additionally invested in Q2 2014

New VC fund launched					Follow-On		
Amount (¥ hundred millions)		Number of funds launched		Per fund (¥ millions)		Amount (¥ hundred millions)	
179.5	Overseas Financing among the left	9	Overseas Financing among the left	1,994.4	Overseas Financing among the left	18.5	Overseas Financing among the left
	2.1		1				2.1

*88 companies that provided figures for both the amount invested and number of deals for domestic and overseas are included for the calculation.('0' is considered a valid response)

Fig.4-2 Total fund value and number of new funds launched in Q2 2014



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