

Global and Japan Venture Capital Market Update · 2023H1

September 2023
Japan Investment Corporation

Acknowledgments



- Japan Investment Corporation (JIC) conducts research on domestic and international capital market trends for its own investment activities. This document discloses a portion of our research result and serves the public with available market information and reference.
- Unless otherwise noted, the following material is based on information available as of August 2023.

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1	Start-up	
1.1	Japan Deal Activity	6
1.2	Japan Exit	14
1.3	US Deal Activity	18
1.4	US Valuation	23
1.5	US Exit	27
2	Venture Capital	
2.1	Japan Fundraising	29
2.2	US Fundraising	32
2.3	US Dry Powder	35

Summary

- In the US, the first half of 2023 recorded an even steeper downturn in terms of start-up financing activities and venture capital market.
- Japan's start-up financing activities also faced market headwind and showed fatigue.

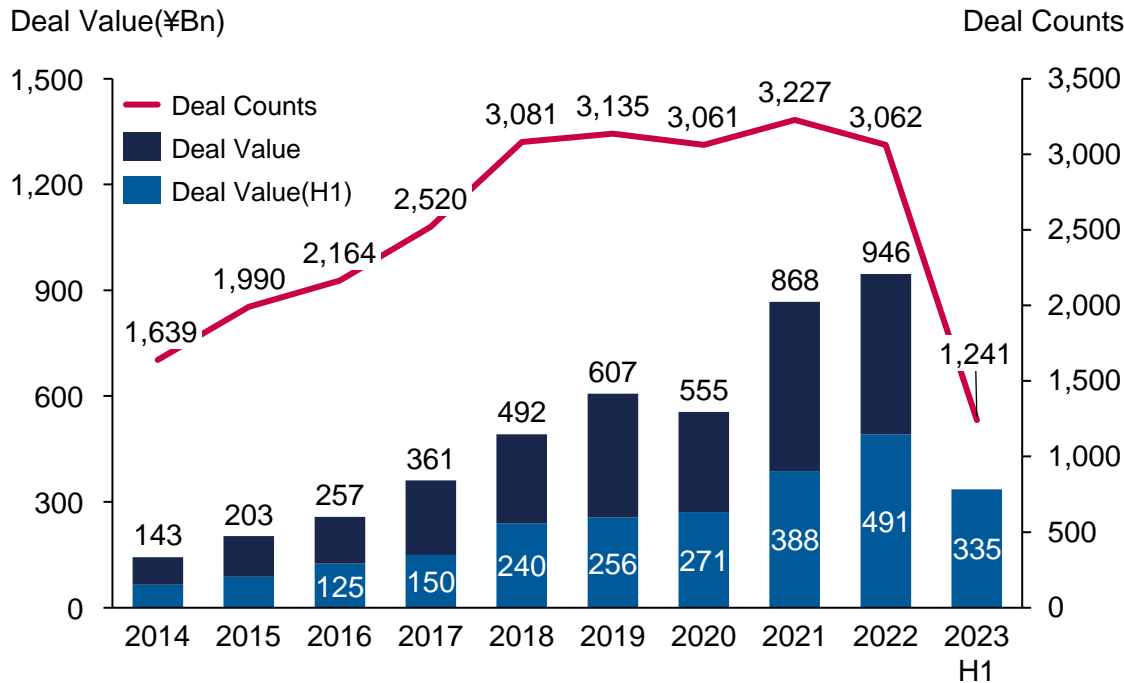
	 US	 Japan
Start-up	<ul style="list-style-type: none">• Deal activity continued to plummet in both dollar value and deal counts. Valuations adjustment materialized in both late and early stages, while venture growth stage was hit most.• Non-traditional Investors' (cross-over investor etc.) participation in deal activity declined sharply.• Exit still muted for both IPO and M&A.	<ul style="list-style-type: none">• Deal activity began to show fatigue. Average deal size in late stage shrinks, implying the down trend of valuation.• International investors' participation in major deals continued dropping.• IPO counts slightly decline compared to last year's record, whereas M&A activities kept the same pace with last year's record.
Venture Capital	<ul style="list-style-type: none">• Fundraising stalled, and LP preferred to concentrate commitments on proven VC funds rather than emerging managers.• Dry powder continued to pile up due to slow-down in capital deployment.• LP reduces commitment due to the diminishing distributions from VC funds.	<ul style="list-style-type: none">• Total amount raised by 2023 vintage VC funds slightly increased compared to last year's record.

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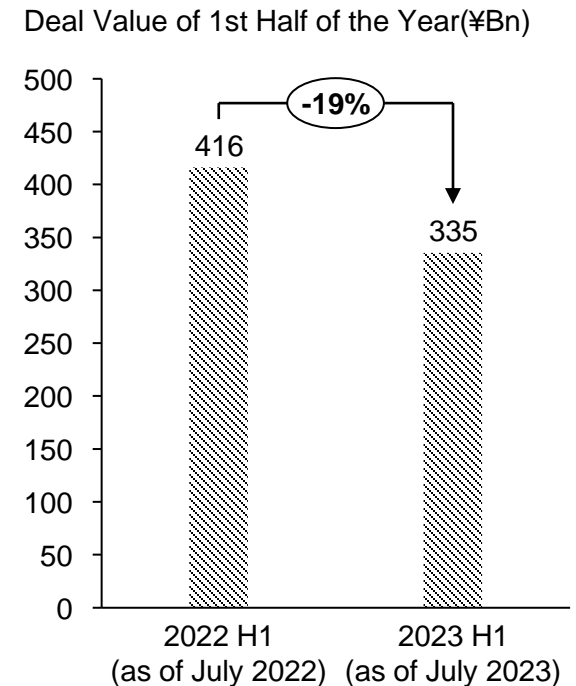
Deal Activity | Overview

- Start-ups raised total amount of ¥335Bn in the first half of 2023H1.
- It is a clear slow-down compared to the preliminary results of the same period last year.

Deal Activity¹



Half on Half Comparison

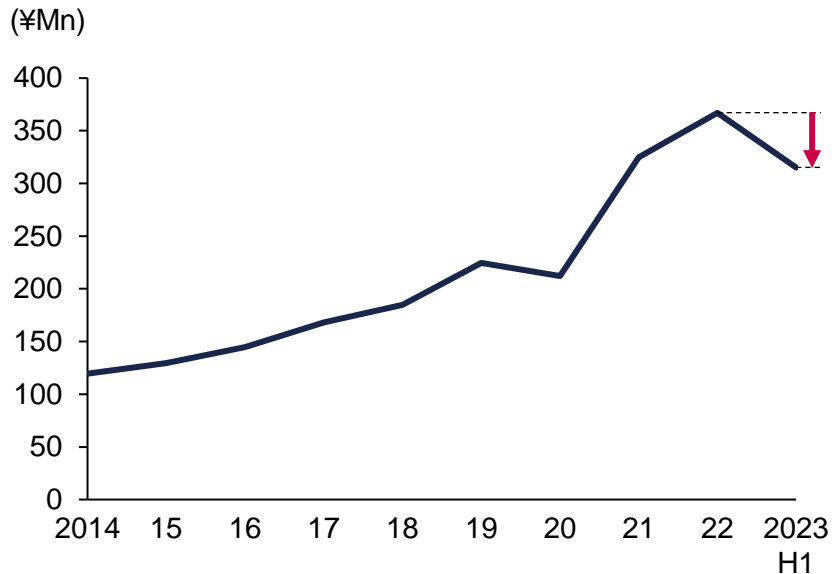


Note 1) The above figure is the aggregate value of current data. It might be subject to revise when deals in the past are identified retrospectively.
Source: INITIAL(as of July 2023)

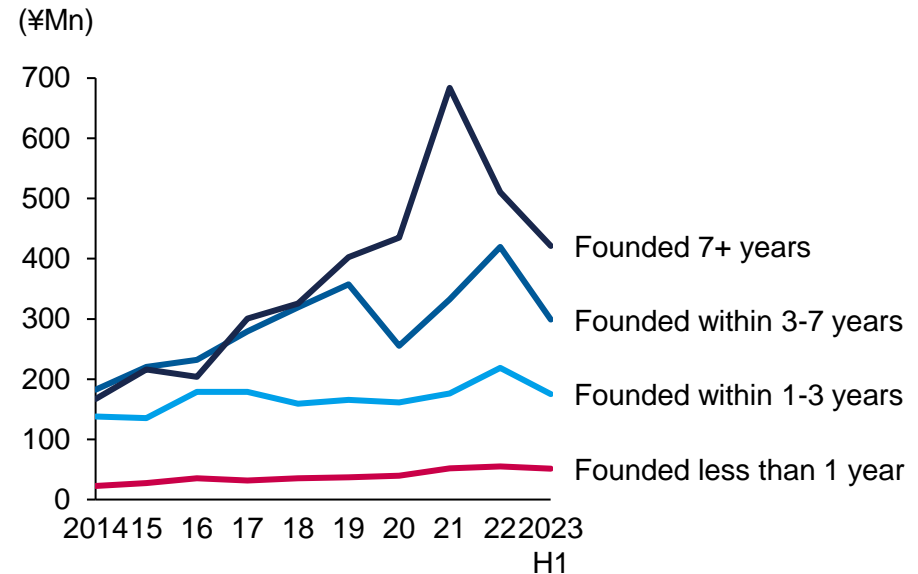
Deal Activity | Average Deal Size

- The overall average deal size slips due to the increase in smaller transactions.
- The average deal size falls significantly for established companies (founded within 3-7 years; founded 7 or more years ago).
- Meantime, the less established companies (founded within 1-3 years) were also impacted by the trend of valuation adjustment.

Average¹ Deal Size²



Average³ Deal Size by Found Year Bucket



Note 1) Total amount of deal value divided by the total number of deal counts

Note 2) The above figure is the aggregate value of current data. It might be subject to revise when deals in the past are identified retrospectively.

Note 3) Total amount of deal value divided by the total number of deal counts for each bucket.

Source: INITIAL(as of July 2023)

Reference | SU founded 7+ years

- The following table lists up Top 10 deals of SU that founded 7 or more years ago, ranked by value.

2023H1 Top 10 Deals

Company Name	Deal Size (¥Bn)
1 Astroscale Holdings	10.0
2 GO	9.9
3 Cluster	5.2
4 Enito Group, Inc.	4.6
5 Terra Motors	4.0
6 CureApp	3.5
7 Gojo and Company, Inc.	3.3
8 hacomono	2.9
9 Cellusion Inc.	2.8
10 STORES	2.8

Average 4.9

2022 Top 10 Deals

Company Name	Deal Size (¥Bn)
1 Shizen Energy Inc.	24.4
2 ANDPAD Inc.	10.6
3 Spiber	10.5
4 Gojo and Company, Inc.	8.0
5 Rapyuta Robotics	6.4
6 SPREAD Co., Ltd.	5.6
7 Kyash	5.2
8 SUPER STUDIO	5.0
9 ELIY Power Co., Ltd.	5.0
10 XICA Inc.	4.5

Average 8.5

2021 Top 10 Deals

Company Name	Deal Size (¥Bn)
1 SmartNews, Inc.	25.1
2 GO	17.6
3 SmartHR	15.6
4 Spiber	14.4
5 Astroscale Holdings	11.6
6 TBM	9.7
7 STORES	8.1
8 NETSTARS	7.9
9 bitbank, Inc.	7.5
10 ATONARP Inc.	5.9

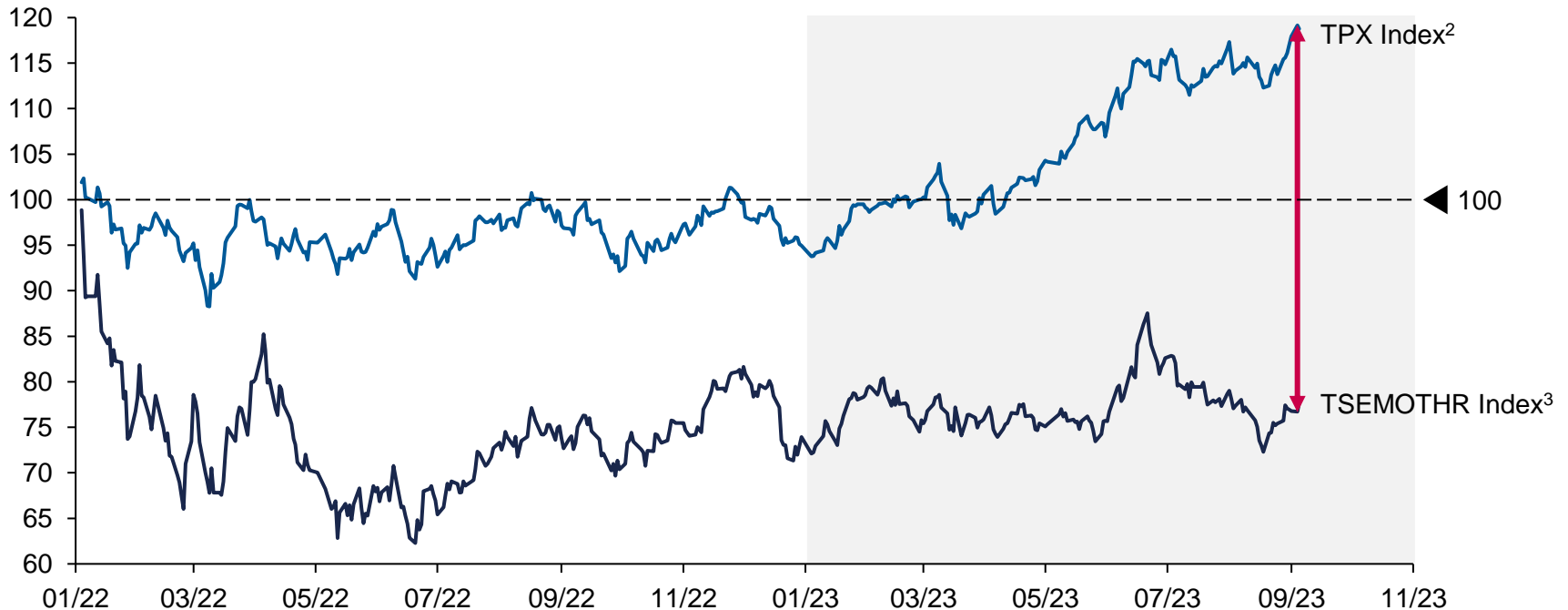
Average 12.3

Source: INITIAL

Reference | Japan Stock Market Index. JAPAN INVESTMENT CORPORATION

- TSE Mothers Index's underperformance over TOPIX suggests the sluggish recovery of Japanese tech companies stock in the first half of 2023.

Stock Price on Dec 30th 2021 as starting value of 100¹



Note 1) The range of above data set is from Jan 4th 2022 to Sept 5th 2023.

Note 2) Ticker: TPX Index

Note 3) Ticker: TSEMOTHR Index

Source: Bloomberg

Deal Activity | Major Deals(2023H1)

• International investors' participation in major deals continued dropping.(4 out of top 20) (Unit ¥Bn)

Company Name	Business Description	Amount ¹	Series	Valuation	Date	Investors International Investors (Blue), JIC VGI (Red)
1 Kyoto Fusioneering	Developer of fusion technology	10.5	C	54.5	5/17	JIC VGI ; INPEX; SMBC Venture Capital; MOL; PLUS GK.; K4 Ventures; Coral Capital; Sumitomo Mitsui Trust Investment; Jafco Group; DBJ Capital; Power Development; Global Brain; Mitsui & Co; Mitsubishi Corporation; Mitsubishi UFJ Capital; Mitsubishi UFJ Bank
2 Astroscale HD	Space/space debris removal	10.0	E	126.1	2/27	Mitsubishi Electric Corporation; Bank of Mitsubishi UFJ; Mitsubishi Corporation; Development Bank of Japan; FEL Inc.
3 GO	Dispatch system for taxi drivers	9.9	B	136.5	5/19	The Goldman Sachs Group, Inc.
4 CADDi	Procurement platform for manufacturers	8.8	C	63.1	3/10	
5 LayerX	Corporate expense management service "Bakuraku", etc.	8.1	B	36.4	5/31	Mitsui; ANRI; BEENEXT Capital Management; GMO Venture Partners; Jafco Group; Spiral Capital; Z Venture Capital; Dawn Capital; Mitsubishi Estate; Mitsubishi UFJ Capital; JIC VGI ; Mitsubishi UFJ Innovation Partners; DIMENSION; UB Ventures; SBI Investment; Mizuho Capital
6 cluster	Metaverse platform (live music/conferences, etc.)	5.2	D	29.2	5/31	Sparks Asset Management; SBI Investment; ORIX Corporation; Global Brain; Skyland Ventures; Sumitomo Mitsui Trust Bank; NOBUNAGA Capital Village; Hakuodo DY Holdings.
7 Enito Group	Dating Apps Service	4.6	-	80.5	4/6	
8 Terra Motors	Charging Infrastructure for EVs	4.0	-	10.7	6/26	Osaka Gas; Tokyo Century Corporation; Sumitomo Mitsui Auto Service Company, Limited; Pegasus Tech Ventures; KSK Angel Fund LLC
9 TEG	e-sports and entertainment (theme park development, platform business)	3.6	C	6.9	4/28	IMAGICA GROUP; Saif; GCI Ventures Pte. Ltd. ; Japan Tobacco; Property Agent; Media Create Communications; Robot Home; Maruichi
10 CureApp	Disease treatment App	3.5	E	49.7	5/10	
11 frontier field	Mobile communication device for medical institutions	3.4	D	12.4	5/29	Suzuken; Otsuka Pharmaceutical Factory
12 Gojoy & Co.	Microfinance in developing countries	3.3	-	73.9	2/3	Cool Japan Fund
13 hacomono	Membership management and reservation platform	2.9	C	11.9	2/3	Coral Capital; Rakuten Group; Cygames Capital; GMO Venture Partners; Signifiant; BEENEXT Capital Management Pte. Ltd.
14 Luup	Micro electric mobility	3.0	C	16.2	5/12	
15 CELLUSION	Development of cell therapy using iPS cell-derived corneal endothelial replacement cells	2.8	B	5.8	5/31	JIC VGI ; Nissay Capital; Sparks Asset Management; Axil Capital Partners II Limited Liability Partnership; SBI Investment; AIS CAPITAL; University of Tokyo Edge Capital Partners; DBJ Capital DBJ Capital; SMBC Venture Capital; Gemseki
16 STORES	Platform for small merchants setting up online store, POS cash register, cashless payment, reservation system, and store applications.	2.8	E	-	1/16	Google LLC
17 Toku Inc	Comprehensive, global solution for token compensation & tax compliance	2.7	-	-	5/9	Next Web Capital; gmjip; Orange DAO
18 WOTA	Small-scale decentralized water circulation system	2.7	-	23.6	4/28	Mitsubishi UFJ Trust and Banking Corporation; Sumitomo Mitsui Trust Bank; Metawater; Takasago Thermal Engineering; San-ai Obbli; Sekisui Chemical; Dentsu Innovation Partners; Maesawa Industry; Iyogin Capital; NCB Venture Capital; Himegin Lease; Ocean Lease; Future Venture Capital; Yamanashi Chugin Management Consulting Co. Future Venture Capital; Yamanashi Chugin Management Consulting; Iwagin Creative Capital; KOBASHI HD; quantum
19 FLYWHEEL, Inc.	Platform that enables the collection, analysis, and utilization of data across departments in a company.	2.5	-	19.0	4/3	KDDI; KDDI Digital Divergence HD
20 Telexistence	Robot/AR/VR	2.5	C	46.0	5/31	Monoful Venture Partners LLC; Global Brain; Airbus Ventures ; Softbank Group; Foxconn Technology Co. , Globis Capital Partners

Source: INITIAL, Pitchbook, Company websites

Deal Activity | Major Deals(2022)

- 8 out of top 20 deals witnessed the international investors' participation.

(Unit ¥Bn)

Company Name	Business Description	Amount ¹	Series	Valuation	Date	Investors International Investors (Blue), VGI (Red)
1 Shizen Energy Group	Renewable energy power plants (IPP)	24.4	A	43.2	10/26	Caisse de dépôt et placement du Québec; JIC VGI; SIGMAXIS Investment
2 LegalOn Technologies	AI contract review platform that enables legal professionals to review contracts quickly and efficiently.	13.6	D	88.4	6/29	SB Investment Advisers (UK) Limited; Sequoia Capital China; The Goldman Sachs Group Inc; World Innovation Lab; Mizuho Capital; Mitsubishi UFJ Capital
3 Dynamic Map Platform	High-precision 3D map data	13.4	C	68.5	4/26	HULIC STARTUP; Mitsubishi UFJ Capital
4 TIER IV	Open source automated driving software	12.1	C	90.8	6/3	SOMPO Holdings; Yamaha Motor; Bridgestone Corporation
5 ANDPAD	Cloud-based construction project management service	10.6	D	85.3	9/2	Minerva Growth Partners; T. Rowe Price Japan; Globis Capital Partners; DNX Ventures; Sumitomo Mitsui Trust Investment; Development Bank of Japan; for Startups, Inc
6 Spiber	Structural protein material development	10.5	D	145.7	3/28	The Carlyle Group; Cool Japan Fund; Tokyo Century; Spiber Group Employee Stock Ownership Plan
7 SkyDrive	Development of flying cars and logistics drones	9.1	D	29.9	9/21	SCSK; Kansai Electric Power Company; Kintetsu Group HD.; Suzuki Motor Corporation; Sompo Japan; Tokio Marine HD; Toyoda Iron Works; Nippon Kayaku; NHK SPRING CO., LTD.; Sumitomo Mitsui Trust Bank; Mitsubishi UFJ Bank; Pegasus Tech Ventures
8 Gojo & Co.	Microfinance in developing countries	8.0	-	70.2	12/27	GMO Venture Partners; TGWest Capital Inc.; Miyagin Venture Capital; Itochu Corporation; Venture Lab Investment; HFA Capital; FFG Venture Business Partners; Samurai Incubate; Hashimoto Foundation; CAPITAL X; QR Investment; TransLink Capital; Sumisho Venture Partners; Marubeni; Chiba Dojo; Tsuneishi Capital Partners; iSGS Investment Works; SMBC Nikko Securities; ACA Investments Pte Ltd; Hakuodo DY Ventures; Global Brain
9 AI Medical Service	Development of AI to support diagnostic imaging of endoscopes	8.0	C	40.4	5/11	SB Investment Advisers (UK) Limited; Globis Capital Partners; World Innovation Lab; Incubate Fund
10 Kakehashi	Cloud-based electronic medication history system for patients	7.7	-	40.5	12/20	Mynavi; AXIOM ASIA PRIVATE CAPITAL PTE. LTD; Dai-ichi Life Insurance; Aozora Corporate Investment; for Startups Capital LLC; Globis Capital Partners; DNX Ventures; Sumitomo Mitsui Trust Investment; Salesforce Ventures
11 Animoca Brands	Building platform utilizing blockchain technology	7.4	A	74.3	8/26	Mitsubishi UFJ Bank; Animoca Brands Corporation Limited.; MCP NFT I Management Limited
12 Rapyuta Robotics	Robot platform developer	6.4	D	22.2	5/13	The Goldman Sachs Group Inc; Mercuria Investment; Mizuho Leasing; Mitsubishi Warehouse; MOL PLUS
13 Ubie	Telemedicine/symptom search system	6.2	C	31.1	10/6	Norinchukin Capital; NVenture Capital; Dai-ichi Life Insurance; Egg Forward; Suzuken; Chubu Electric Power; SOGO Medical; AAIC INVESTMENT PTE. LTD; Rakuten Group; Japan Impact Investment No. 2 LLP
14 Spread	Management of vertical farms and sales of vertically farmed produce	5.6	A	13.8	8/1	MANSEI CORPORATION
15 Synspective	Development and operation of small SAR satellites	5.4	B	40.2	6/20	Sumitomo Mitsui Trust Investment; Shinsei Corporate Investment; Sompo Japan; Oriental Consultants Global; Japan Post Capital; Mizuho Capital; Growth Capital of Japan, INC.; Mori Trust
16 DAIZ	Development, production and sales of plant meat	5.3	E	33.5	11/24	Toyo Seikan Group Holdings; Miyoshi Oil & Fat; JA Mitsui Leasing; Nissin Flour Milling Group; Cool Japan Fund; Investment Lab; MITSUI SUMITOMO INSURANCE Venture Capital; SBI Investment; Nissin Foods Holdings Co.
17 Kyash	Wallet App	5.2	D	33.9	6/3	
18 UPSIDER	Provider of corporate cards and payment tools for fast-growing companies	5.2	D	39.7	6/30	Mizuho Capital; SMBC Venture Capital; DST Global Partners; Arena Holdings Management; Tybourn Capital; Mitsubishi UFJ Capital; Saison Ventures; World Innovation Lab; ANRI; Global Brain; DNX Ventures
19 Jinjer	Business efficiency support cloud service	5.1	A	27.0	6/30	Link and Motivation Co.
20 SUPER STUDIO	E-commerce platform "ecforce"	5.0	B	23.5	7/7	SB Payment Service Co.

Deal Activity | Major Deals(2021)

- 13 out of top 20 deals witnessed the overseas investors participation.

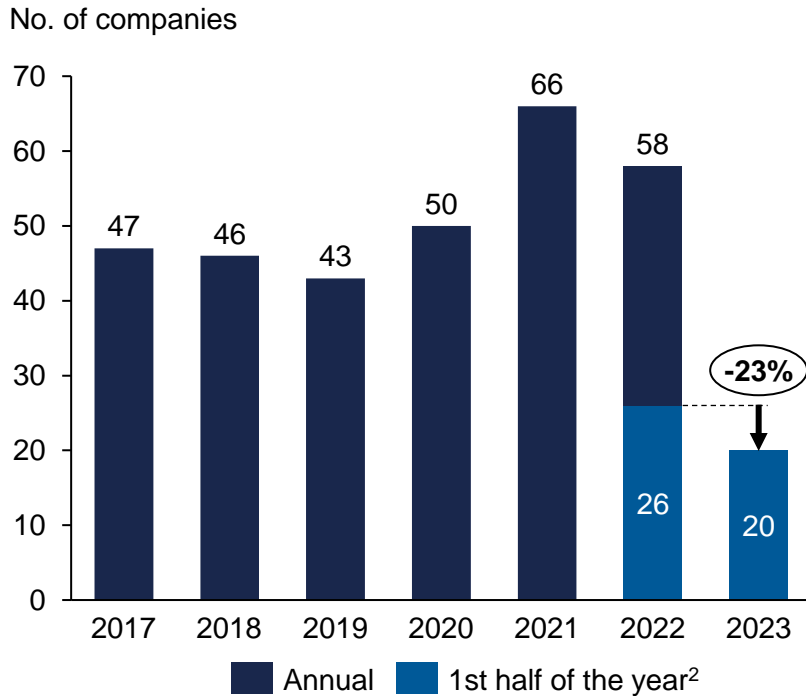
(Unit ¥Bn)

Company Name	Business Description	Amount ¹	Series	Valuation	Date	Investors International Investors (Blue), VGI (Red)
1 SmartNews	News App "SmartNews"	25.1	F	203.9	10/29	Princevi Capital; Woodline Partners; ACA Investments. JIC VGI ; Green Co-Invest Investment; Yamauchi-No.10 Family Office; SMBC Venture Capital Co.
2 GO	Dispatch system for taxi drivers	17.6	B	116.9	6/30	Aioi Nissay Dowa Insurance Co.
3 SmartHR	Provision of "SmartHR" cloud-based HR software	15.6	D	173.2	6/30	Light Street Capital; Signifiant; Sequoia Heritage; Sequoia Capital Global Equities; Arena Holdings Management; Greyhound Capital; Whale Rock Capital Management
4 Spiber(株)	Structural Protein Material Development	14.4	D	135.2	12/29	Universal Materials Incubator Corporation; Baillie Gifford; The Carlyle Group; Cool Japan Fund; Fidelity Investment Trust; Tokyo Century; The Yamagata Bank, Ltd; Satake Chemical Equipment MFG.
5 Astroscale Holdings	Space/space debris removal	11.6	E	95.5	11/30	Signifiant; Japan Growth Capital Investment Corporation; Seraphim Space Investment Trust; DNCA Invest Beyond Global Leaders; Energy & Environment Investment; AXA Life Insurance Company; Innovation Engine; Ops Inc. Solaris ESG Master Fund LP; Chiba Dojo K.K.; Prelude Structured Alternatives Master Fund; Yamauchi-No.10 Family Office; Y's Investment
6 TBM	Development and production of environmentally friendly materials	9.7	F	133.7	6/30	SK Japan Investment; Musashi Paint Holdings Co.
7 SODA	"SNKR DUNK", a sneaker & high-brand flea market app	9.1	C	36.8	12/3	SB Investment Advisers (UK) Limited; KREAM Corporation; Altos Ventures; SoftBank Ventures Asia; JAFCO Group Co., Ltd.; BP1 LLP; COLOPL NEXT; THE GUILD Co., Ltd.
8 Linc'well	Healthcare platform business	8.2	C	28.2	12/10	Bain Capital Private Equity; Pavilion Capital; Incubate Fund.; Doll Capital Management; Nissay Capital
9 STORES	Platform for small merchants setting up online store, POS cash register, cashless payment, reservation system, and store applications	8.1	E	92.2	7/9	
10 CADDi	Procurement platform for manufacturers	8.0	C	48.0	9/3	Globis Capital Partners Co., Ltd.; World Innovation Lab; Doll Capital Management; Global Brain Co., Ltd.; DST Global; Arena Holdings Management; Minerva Growth Partners; Tybourn Capital Management; JAFCO Group Co., Ltd.; SBI Investment Co., Ltd.
11 Netstars	Multi-QR payment gateway "StarPay"	7.9	E	36.2	3/31	Susquehanna International Group; Kohlberg Kravis Roberts; Lunn Partners Group
12 bitbank	Crypto currency exchange "bitbank"	7.5	C	35.3	9/30	MIXI
13 Aculyx	Drug discovery in neurological and psychiatric diseases	6.8	A	10.9	10/29	SB Investment Advisers (UK) Limited; Catalys Pacific; HBM Healthcare Investments; Global Founders Capital; Sumitomo Mitsui Trust Investment Co., Ltd.; ANRI
14 Bitkey	Digital key platform for ID linkage, authentication and processing	6.7	E	69.6	11/30	Sankei Building Co., Ltd.; Daikin Industries, Ltd.; Nippon Steel Kowa Real Estate; Tokyo Tatemono; Sparks Group; Prime Life Technologies; Panasonic Holdings; SHIFT Co., Ltd.
15 HIKKY	Planning, production, and operation related to the metaverse	6.5	A	64.4	10/29	NTT Docomo
16 atama plus	Developing educational services using AI	6.2	B	52.2	12/24	Doll Capital Management; JAFCO Group Co., Ltd.; Pavilion Capital; T. Rowe Price Japan Co., Ltd.
17 ORIZURU THERAPEUTICS	Development project for regenerative medicine products derived from iPS cells	6.2	A	10.5	9/30	Kyoto University Innovation Capital; Takeda Pharmaceutical; SMBC Venture Capital; Mitsubishi UFJ Bank; Medipal Holdings; Sumitomo Mitsui Finance & Lease; Sumitomo Mitsui Trust Bank; Japan Venture Capital
18 ATONARP	Digital molecular profiling	5.9	D	24.9	10/29	Banner Industries; Furukawa Electric; JP Investment; Boscolo Interinvest; ATIK CO.; Celesta Capital
19 iSpace	Lunar robotic exploration	5.6	C	75.6	10/22	Incubate Fund; Innovation Engine; SBI Investment; HiJoJo Partners Co., Ltd.; Aizawa Investments; Aizawa Asset Management; AXIOM ASIA PRIVATE CAPITAL; Airbus ventures
20 CBcloud	Crowdsourced delivery services	5.0	C	28.0	12/8	SBI Investment

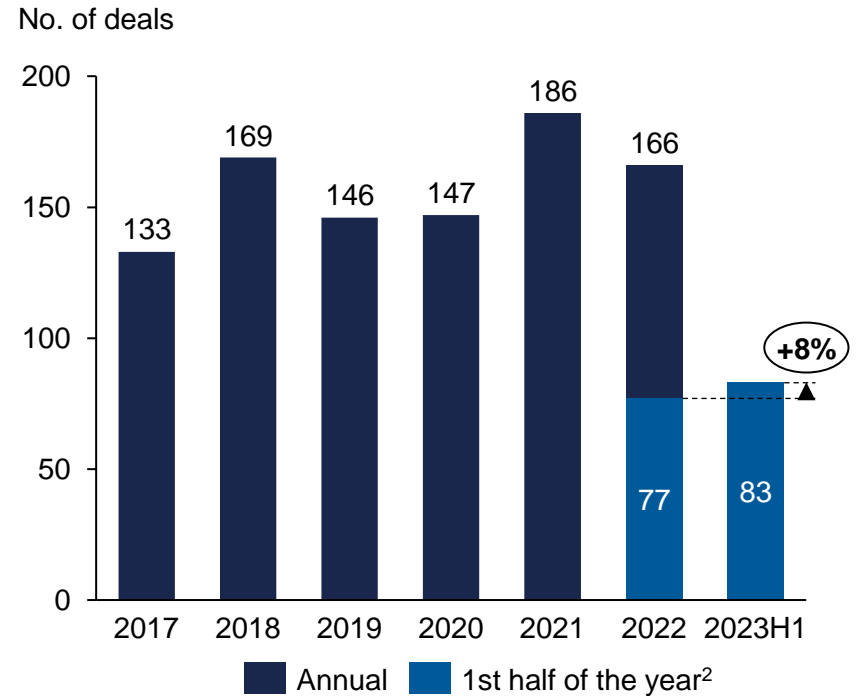
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- IPO counts slightly decline compared to last year's record, whereas M&A activities kept the same momentum with last year's record.

Start-up IPOs counts¹



Start-up M&A deals counts



Note 1) Only count IPOs filing in Japan market.

Note 2) Compared with data collected same period last year.

Source: INITIAL(as of July 2023)

Exit | Major SU IPOs

- The following table listed up all major startup IPOs in 2023H1, ranked by IPO date.

Date	Company Name	Business Description	IPO Info.			Last Primary Round		Change (A)÷(B)-1 (%)
			IPO price	Current Price	Market Cap (¥Bn) ¹	Date/ Series ²	Valuation (¥Bn)	
6/30	Kuradashi	• “Kuradashi”, a shopping site that aims to reduce food loss.	520	449	3.8	2022/6/28 A	6.7	▲43%
6/28	Noile-Immune Biotech	• Development of novel cancer immunotherapies mainly using CAR T cells.	740	472	18.7	2022/8/31 D	34.2	▲45%
6/27	CUORIPS	• Development and commercialization of iPS cell-derived cardiomyocyte sheets	1,560	1,921	11.8	2021/3/26 B	5.6	110%
6/22	Aidemy	• AI/DX-related product and solution services for corporate clients and individual customers.	1,050	2,274	8.8	2021/11/29 A	5.7	54%
6/14	Globee	• Develop AI adopted English learning App and platform.	1,150	2,002	9.6	2018/8/31 -	0.6	1619%
6/13	ABEJA	• “ABEJA Platform”, an AI platform that support DX execution	1,550	4,995	39.5	2018/11/30 C	24.5	61%
4/26	Ridge-i	• Consulting and development of AI/deep learning technology, AI analysis solutions using satellite data	1,750	2,084	7.2	2020/12/25 B	8.4	▲14%
4/12	ispace	• Lunar robotic exploration	254	1,516	84.0	2021/10/22 C	75.6	11%
3/29	AnyMind Group	• One-stop platform to support production, EC construction, marketing& logistics for enterprises, publishers, creators, etc.	1,000	1,189	67.8	2022/7/15 -	55.6	22%
3/28	Monstarlab	• Digital consulting business and product business (RPA tools, order systems for stores, etc.)	720	330	10.7	2022/12/30 F	31.2	▲66%
3/28	Arent	• Digital consulting and system development for construction companies.	1,440	6,230	36.0	2021/10/29 A	11.2	221%
3/27	Cover	• VTuber production and live streaming service	750	2,143	127.8	2020/4/30 B	2.9	4255%

Note 1) The current stock price (closing price on August 22, 2023) multiplied by the number of issued shares before IPO.

Note 2) By INITIAL Definition

Source: JPX, EDINET, INITIAL, Company disclosures

Exit | Major SU M&A deals

- The following table listed up all major startup M&A deals in 2023H1, ranked by transaction date.

Date	Company Name	Found Date	Business Description	Acquisition Info.		Last Primary Round		Change
				(A) Deal Value ¹ (¥Bn)	Acquirer	(B) Date/ Series	Valuation (¥Bn)	(A) ÷ (B) - 1 (%)
7/31	LAMILA	2019/5/27	• A platform that helps corporate to convert manuals and knowledge into videos	0.5	J-Stream Inc.	2021/9/17	- 3	96%
6/30	Stadium	2012/8/30	• Sales support and BPO • Web services and system development	2.7	EXAWIZARDS	2022/5/13	C 68	▲60%
6/28	BUSICONET	2020/2/14	• Business consulting and digital marketing support	1.7	VECTOR INC.	-	- -	-
4/28	VES	2003/7/1	• Providing software testing (third party verification) service	1.9	Orchestra HD	-	- -	-
4/5	Shuumatu WORKER	2016/9/12	• Agent service that matches companies with part-time job hunter.	1.2	Crowd Works	2023/4/5	C 19	▲41%
4/3	Dr.KENKO KEIEI	2019/2/22	• Medical and mental care service for corporate employees	0.5	Project Company	-	- -	-
4/1	Realive Corporation	2012/4/2	• Provide consulting services and support on new graduate recruitment	0.9	Boutiques, Inc	-	- -	-
3/31	Kanmu	2011/1/14	• Prepaid card service "bundle card"	14.3	Mitsubishi UFJ Bank	2020/7/31	C 107	33%
2/24	Pacific Porter	2013/12/3	• Web reservation management system for beauty salon	2.9	CYND	2022/3/25	A 16	83%
1/31	OriCiro	2018/12/3	• Products using cell-free technologies for large DNA assembly and amplification	11.1 ²	Moderna	2022/5/20	C 38	196%
1/16	Brainsellers.com	2000/1/26	• Development and sales of software package product	0.8	Tecnos Japan	-	- -	-

Note 1) Include INITIAL estimates

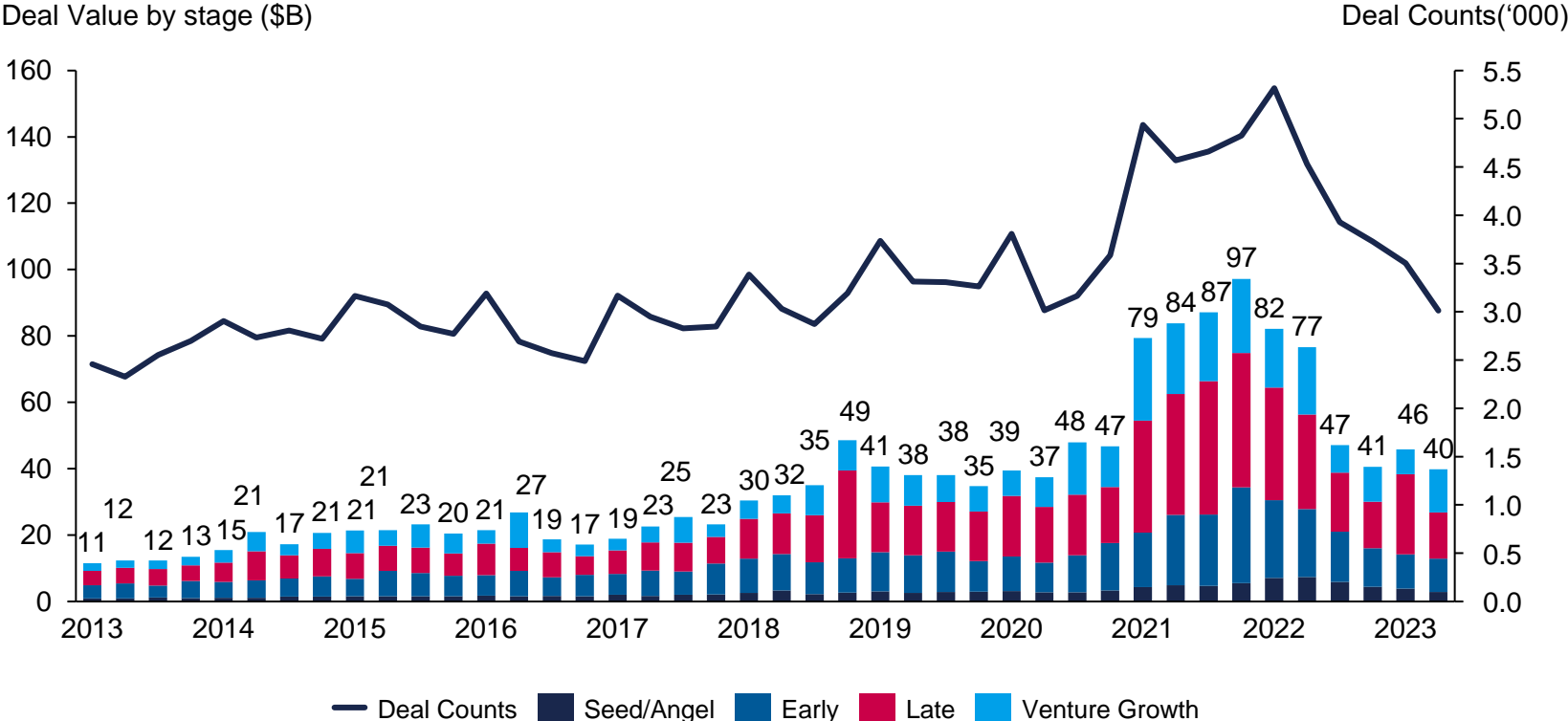
Note 2) calculated at the currency rate of 129.47 yen/dollar.

Source: INITIAL (as of July 14th 2023), EDINET, Nikkei

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US Deal Activity | Overview

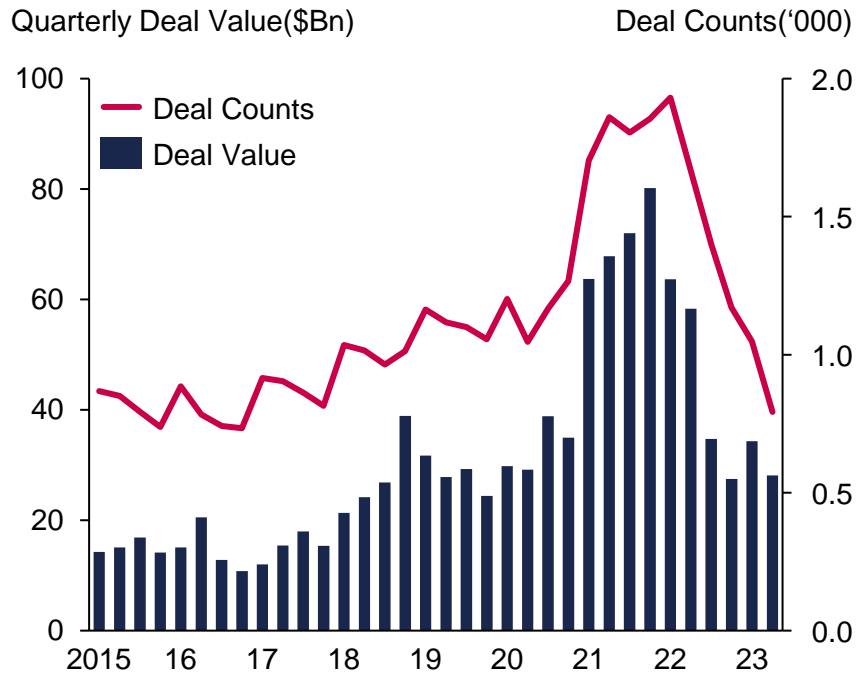
- VC deal value plummets dramatically after peaking in 2021Q4, and gradually falling to pre-covid level around \$40Bn.



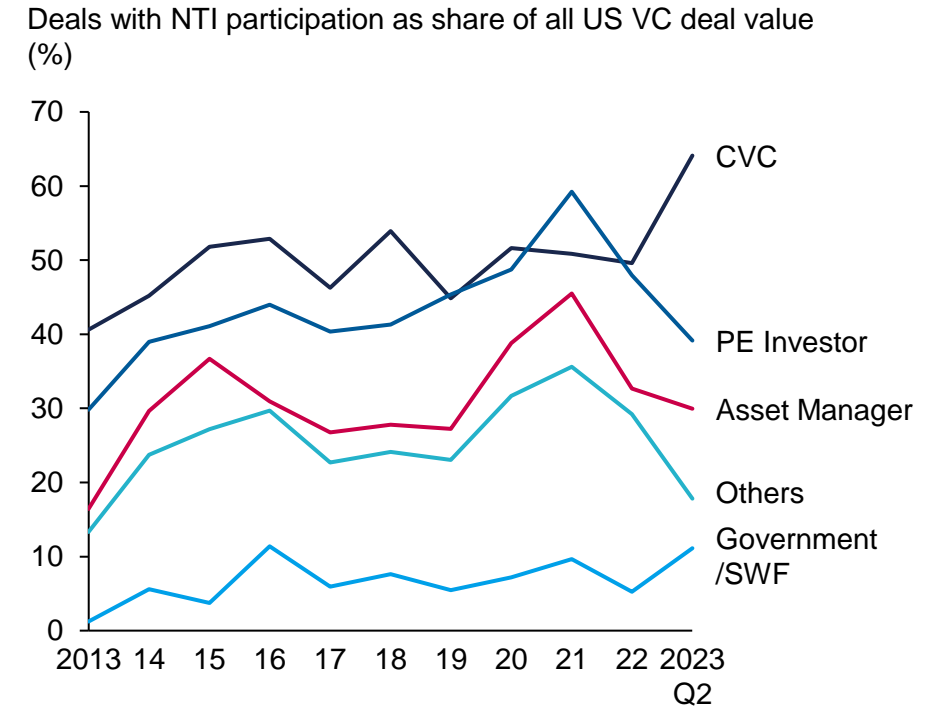
Note: Pitchbook defined venture growth stage as rounds after E series.
Source: Pitchbook

- In the bull market of 2021, Non-traditional investors (NTIs: cross-over fund, hedge fund, PE, etc.) actively participated in venture capital market. However, NTI started to flee out since 2022 when the market turns down.

VC deal activity with NTI participation



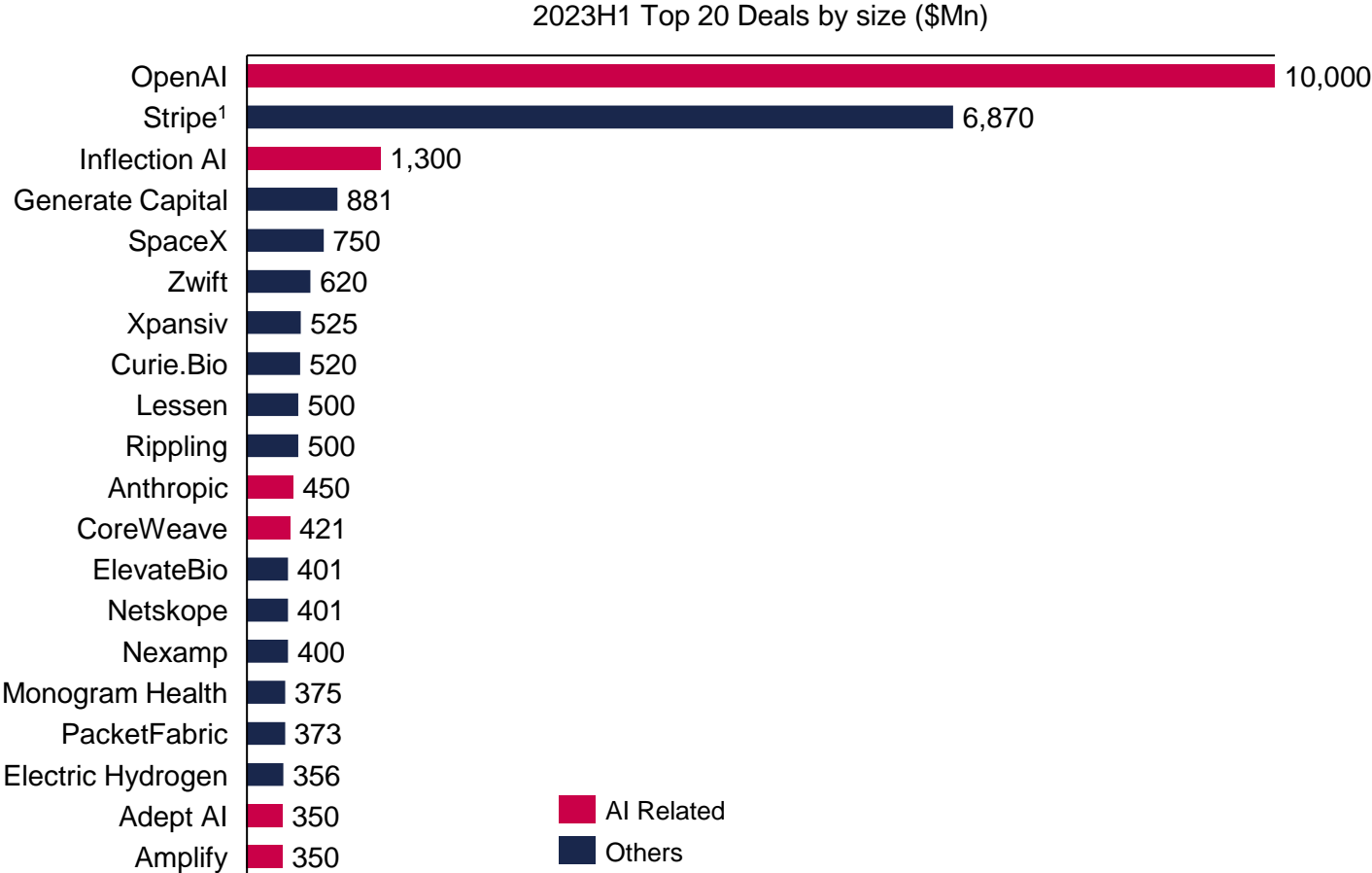
Deal activity by NTI investor type



Note: As of 6/30/2023
Source: Pitchbook

US Deal Activity | Mega Deals

- First half of 2023 witnessed multiple mega deals in Generative AI sector, such as OpenAI, Inflection AI.

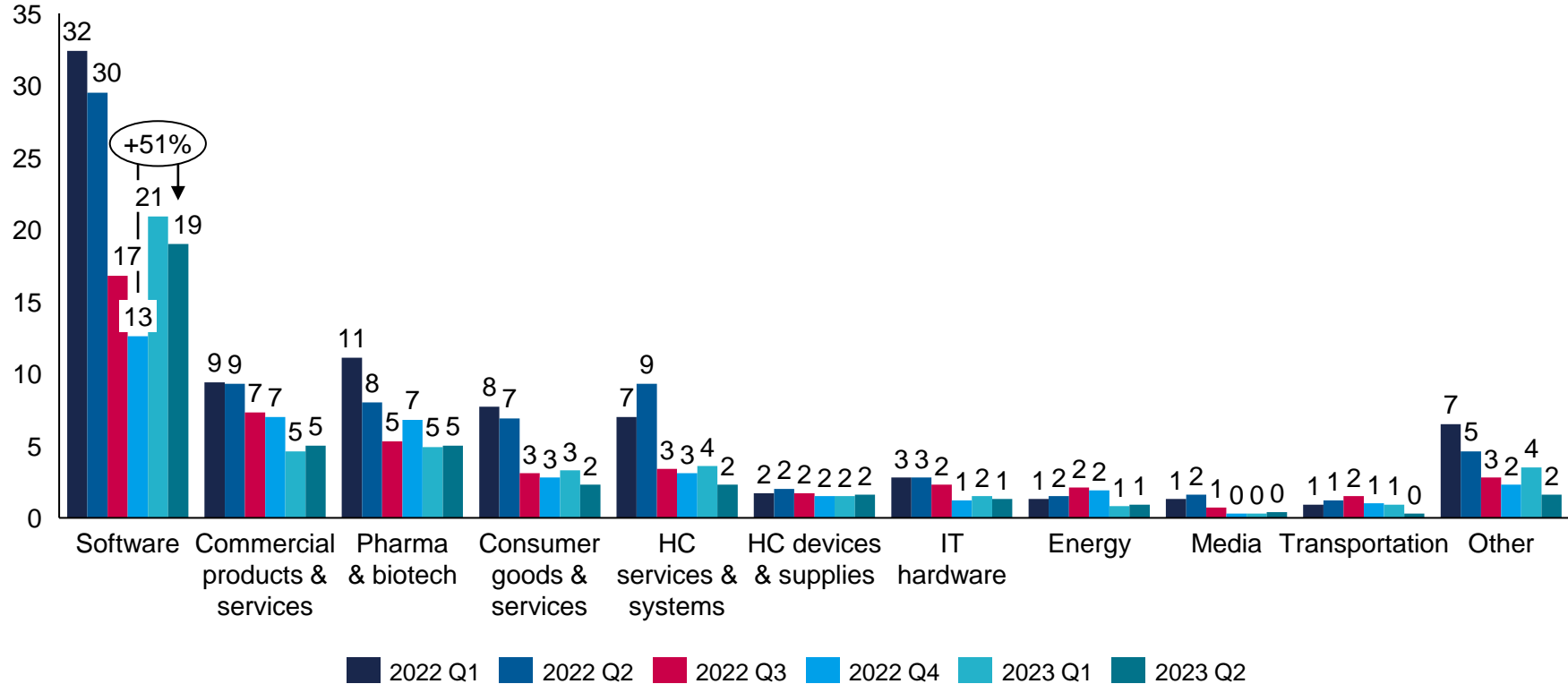


Note 1) The funds raised will be used to provide liquidity to current and former employees and address employee withholding tax obligations related to equity awards. Stripe does not need this capital to run its business.
 Source: Pitchbook, Stripe website

US Deal Activity | Sectors

- Deal Activities slowed down across all sectors
- Software sector as the only exception, which was mostly driven by the recent generative AI boom.

Quarterly US VC deal value (\$Bn) by sector



Note: As of 6/30/2023
Source: Pitchbook

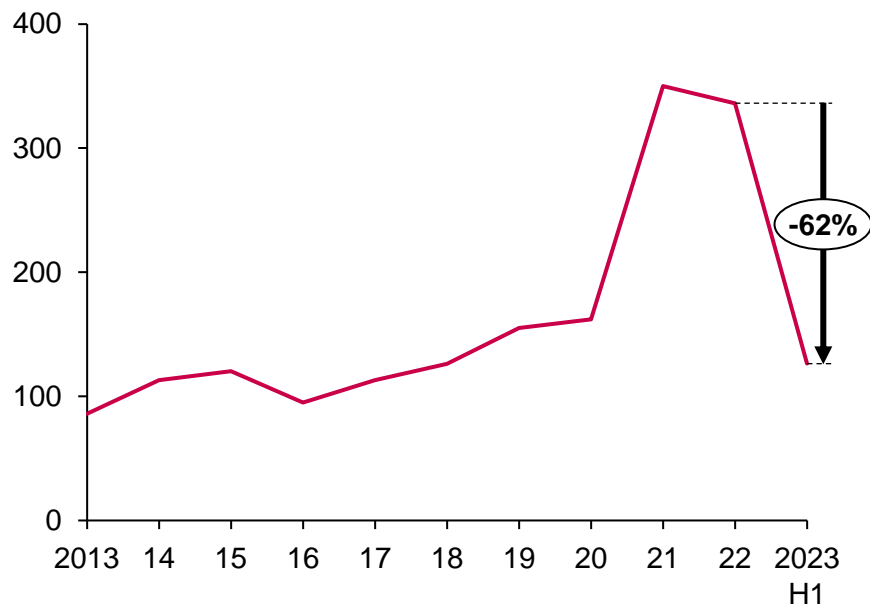
1	Start-up	
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1.5	US Exit	27
2	Venture Capital	
2.1	Japan Fundraising	29
2.2	US Fundraising	32
2.3	US Dry Powder	35

US Valuation | Overview

- Valuation adjustment materialized in both late and early stages, while venture growth stage was hit most.

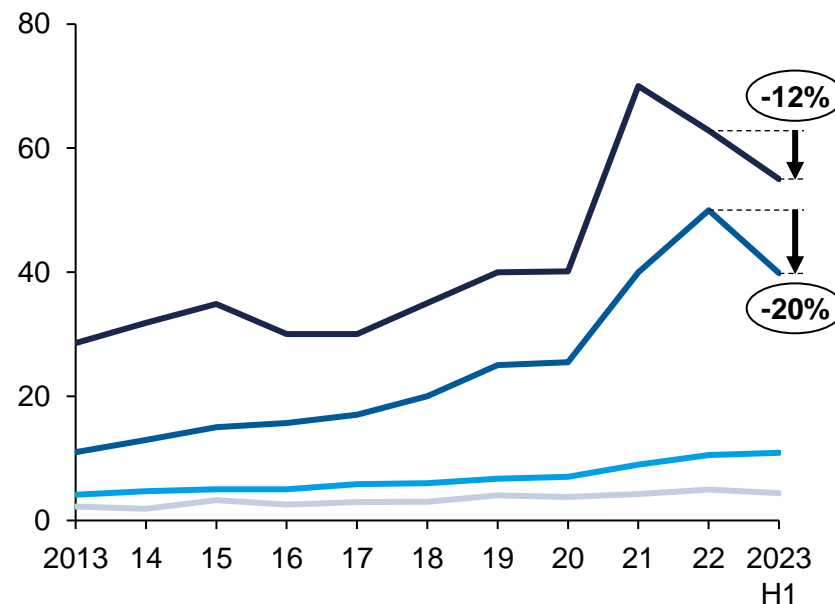
Valuation Changes: Venture Growth Stage

Pre-money Valuation • Median (\$Mn)



Valuation Changes: Other stages

Pre-money Valuation • Median (\$Mn)

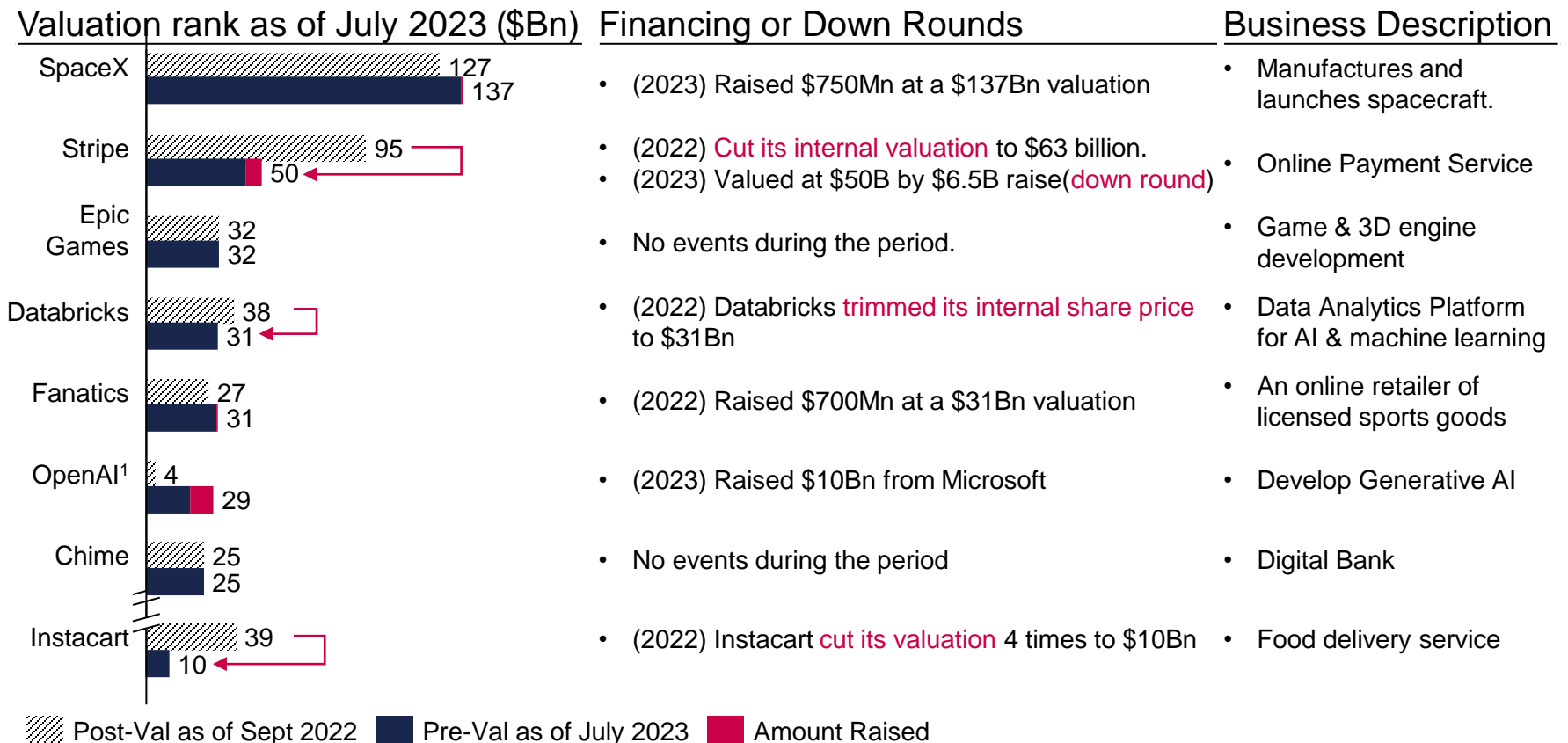


— Venture Growth — Late — Early — Angel — Seed

Note: Pitchbook defined venture growth stage as rounds after E series.
Source: Pitchbook

US Valuation | Unicorn Down Round

- Some top unicorns' valuation shrank by down rounds and/or internal valuation cut.
- Generative AI developer “Open AI” broke into the ranking for the first time.



Note 1) The \$4Bn valuation is estimated at a secondary transaction conducted in Jan 2023

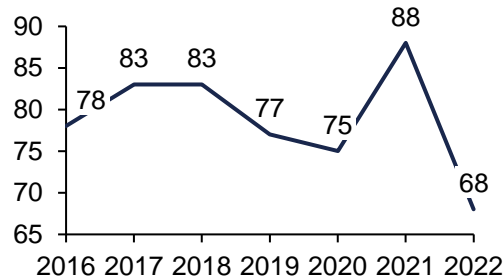
Source: Pitchbook, CB Insights, PwC Top 100 Unicorn Report, Forbes, TechCrunch, The Information, CNBC

US Valuation | VC Secondaries

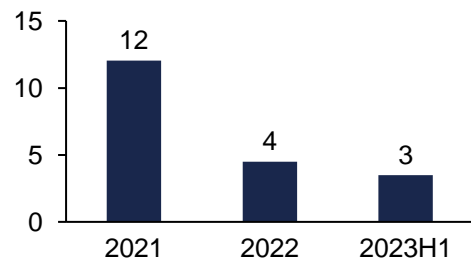
- As the valuation collapse of private market continued to materialize, the pricing of secondary(LP portfolio/fund stake and start-up shares) significantly discounted (as of NAV).
- However, this might be just the discount that routinely applied by investors, considering a foreseeably shrinking NAV in 2023.

Fund Stake Secondaries

VC LP portfolio pricing (% of NAV)

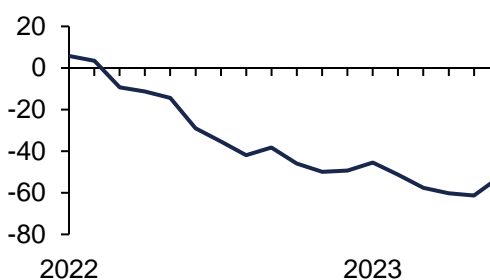


VC LP Portfolio Secondaries Deal Value³ (\$Bn)

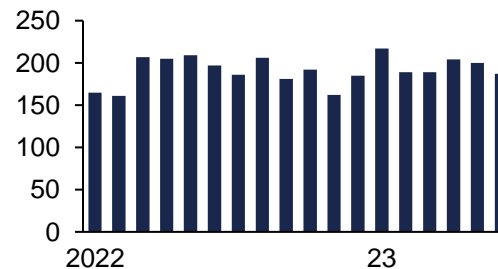


Start-up Shares Secondaries

(% of post-valuation of last primary round)



Indication of Interest of selling shares on Forge Market (No. of unique Issuer)



Deal Examples in 2023

StepStone Group

- StepStone Group manages one of the world's largest dedicated VC secondary funds.
- StepStone Group is seeing stakes in VC funds trade at discounts closer to 40-60% below net asset value.

—Business Insider

Tiger Global

- Tiger Global conducted a strip sale in secondary market with a package of portfolio assets.

—Pitchbook News

Note 1) based on Jefferies report

Note 2) based on Forge Market (one of the major secondary transaction platforms) report

Note 3) JIC estimation based on Jefferies report

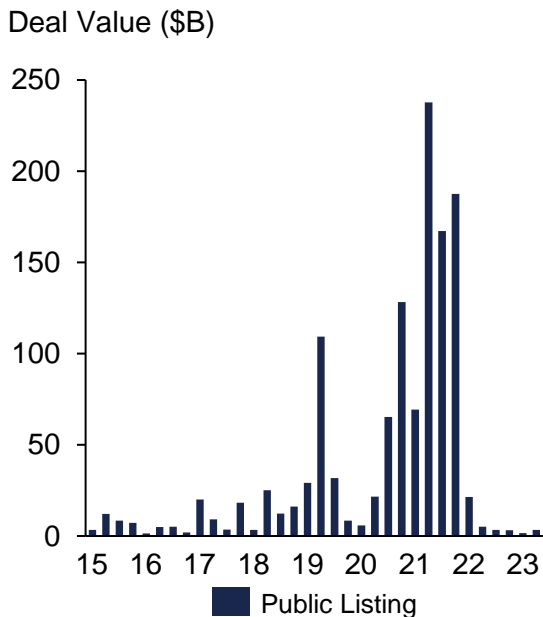
Source: Jefferies, Forge Market, Pitchbook, Business Insider

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US Exit | Overview

- Exit still muted for both IPO and M&A.
- However, the latest IPO or IPO plans might reignite IPO market

IPO Activity by quarter



Latest IPO and IPO plans

CAVA

- A casual Mediterranean restaurant chain
- Its shares opened on the New York Stock Exchange at nearly double its IPO price.



- Vietnam EV Start-up
- Share price skyrocketed 270% on the first day of trade, propelling VinFast's market cap above \$85 billion, more than Volkswagen or Ford.

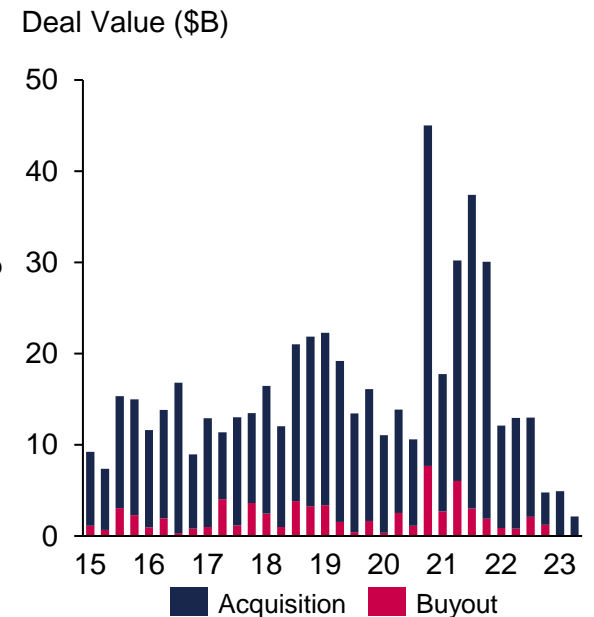
ARM

- ARM planned to IPO in September
- Targeting at a valuation of between \$60 billion and \$70 billion, which could be the biggest IPO deal this year.



- Grocery delivery unicorn Instacart said it plans to go public on the Nasdaq in September

M&A Activity by quarter



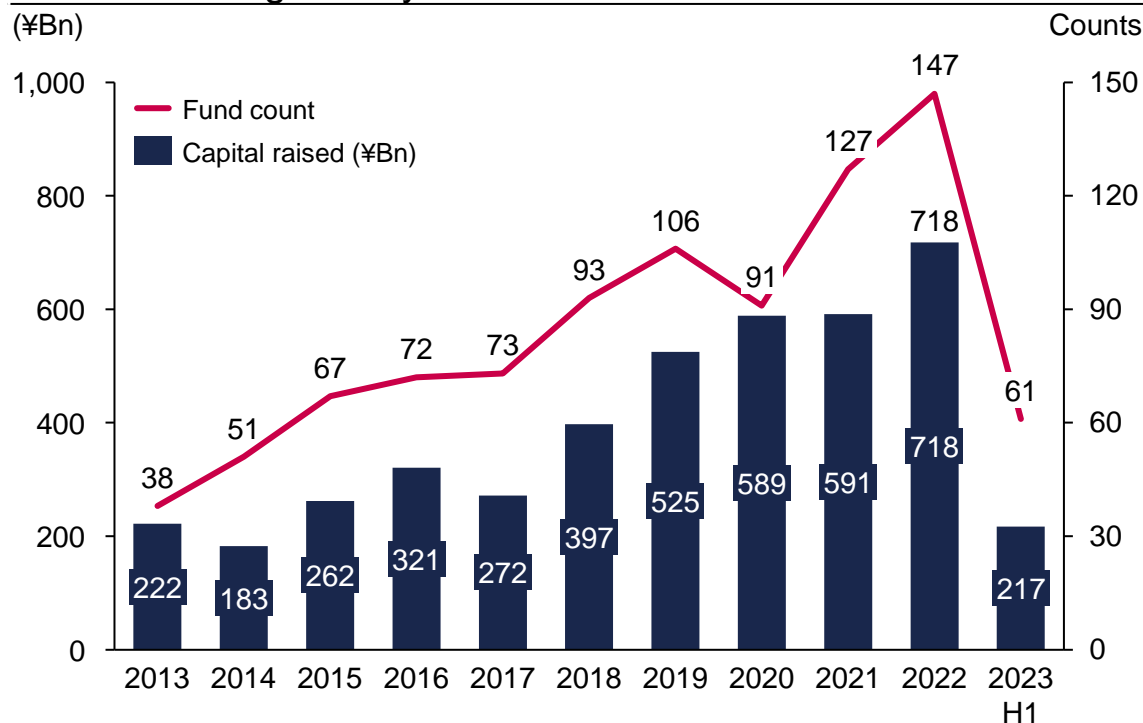
Source: Pitchbook, Press Research

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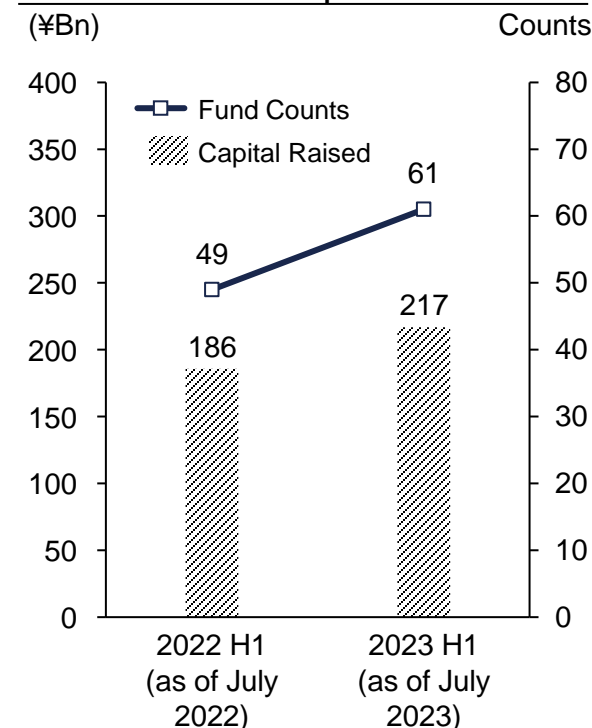
Fundraising | Overview

- 61 new funds launched and raised ¥217Bn in 2023H1, which outpaced last year's fundraising activities of the same period.
- The yearly capital raised is expected to increase in the second half of 2023 as the fundraising activities continues.

VC Fundraising Activity¹



Half on Half Comparison



Note 1) The figure above is presented on a fund vintage year basis and may be subject to upward revisions as past vintage funds close successive rounds moving forward.

Source: INITIAL(as of July 2023)

- No independent VCs were found in the 2023H1 top ten roster.

Top 10 Funds Launched in 2022

★ VCs managed by independent managers that are not affiliated with any parent organization.

Fund Name (Manager)	Size ¹ (¥Bn)	Vintage Date
JIC VGF2 (JIC Venture Growth Investments Co., Ltd.)	200.0	2022/12
Globis Fund VII, L.P. ★ (Globis Capital Partners & Co.)	72.7	2022/4
JP Investment II (Japan Post Investment Corporation)	70.0	2022/7
JAFCO SV7 ★ (JAFCO Group Co., Ltd.)	37.5	2022/6
82 Sustainability I (82 Investment)	30.0	2022/1
Eight Roads Ventures Japan III, L.P. (Eight Roads Ventures Japan)	28.0	2022/6
Sony Innovation Fund 3 L.P. (Sony Ventures Corporation)	26.5	2022/2
EEI5 ★ (Energy & Environment Investment, Inc.)	21.8	2022/9
UMI3★ (Universal Materials Incubator Co., Ltd.)	17.1	2022/9
DNX Partners Japan IV, LP★ (DNX Ventures)	16.0	2022/10

Top 10 Funds Launched in 2023H1

Fund Name (Manager)	Size ¹ (¥Bn)	Vintage Date
Mitsubishi UFJ Capital IX, L.P. (Mitsubishi UFJ Capital Co., Ltd.)	30.0	2023/4
NTT Investment Partners Fund IV, L.P. (NTT DOCOMO Ventures, Inc.)	20.0	2023/4
Mitsubishi UFJ Life Science IV, L.P. (Mitsubishi UFJ Capital Co., Ltd.)	20.0	2023/4
Nissay Capital XIII (NISSAY CAPITAL CO., LTD.)	10.0	2023/1
MSIVC2023V (Mitsui Sumitomo Insurance Venture Capital)	10.0	2023/6
NSCF I (Norinchukin Capital Co., Ltd)	10.0	2023/5
DCI Venture Growth Investment L.P. II (Daiwa Corporate Investment)	7.2	2023/1
Value Chain Innovation Fund (Spiral Innovation Partners)	7.0	2023/6
Yokohama Next Fund (Yokohama Capital)	6.0	2023/3
NX Global Innovation Fund (SBI Investment Co., Ltd.)	5.0	2023/1

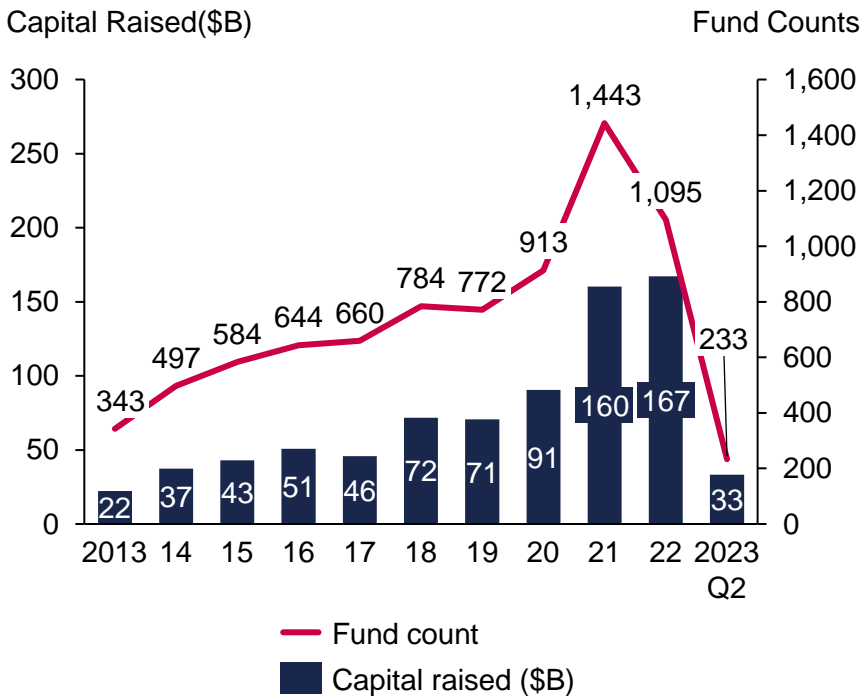
Source: INITIAL (as of August 16th 2023)

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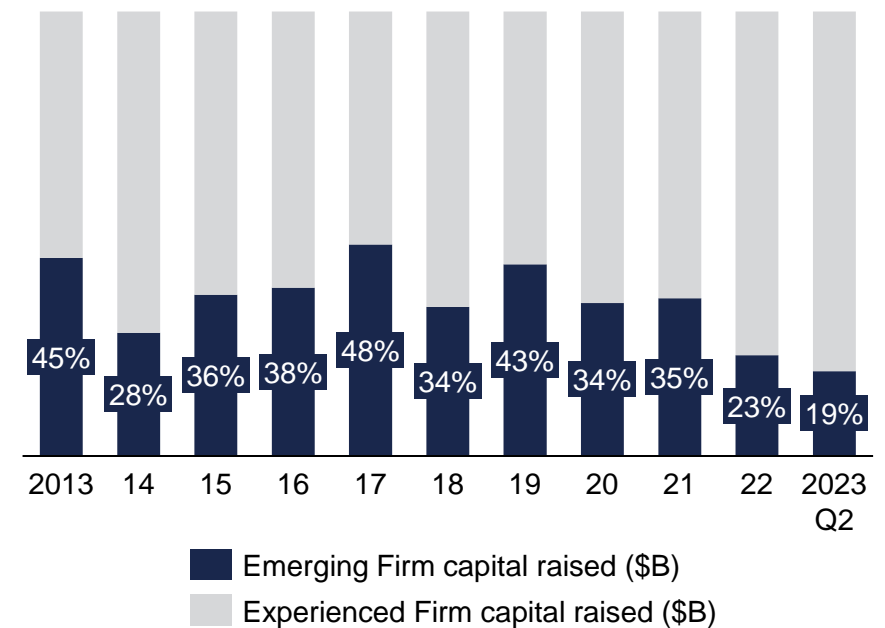
US Fundraising | Overview

- Fundraising stalled, and LP preferred to concentrate commitments on VC funds with proven performance other than emerging managers.

VC fundraising activity by vintage year



Fundraising by emerging¹ & experienced firms



Note 1) Emerging is defined as firms that have launched fewer than 4 funds. Experienced firms are defined as firms that have opened 4 or more funds
Source: Pitchbook

US Fundraising | Major New Funds

- Most funds closed in 2023 H1 were the early stage focused funds, which signaled the weak investment interests in later stage amid market downturn.

	Fund ¹	Size ² (\$Mn)	Strategy	Geo Focus	Investment Themes
1	GC Venture XI	4,600	General	North America	—
2	Lux Ventures VIII	1,150	Early Stage	United States	• Artificial Intelligence , HealthTech, Manufacturing, Robotics
3	8VC Fund V	880	Early Stage	United States	• Information Technology
4	Canaan XIII	850	Early Stage	North America	• Artificial Intelligence , Autonomous Vehicle, E-commerce, FinTech, Machine Learning, Robotics, Smart Supply Chain
5	Felicis Ventures IX	825	Early Stage	North America	—
6	Eclipse Ventures Fund V	720	General	United States	• Manufacturing, Smart Supply Chain
7	Nexus Ventures VII	700	Early Stage	United States	• Artificial Intelligence , E-commerce, FinTech, Saas
8	QED Fund VIII	650	Early Stage	North America	• FinTech
9	8VC Fund IV	640	Early Stage	North America	• Information Technology, Health Care
10	SR One Capital Fund II	600	Early Stage	United States	• Life Science

Note 1) US focused closed funds only, exclude evergreen funds

Note 2) Closed

Source: Preqin, Pitchbook

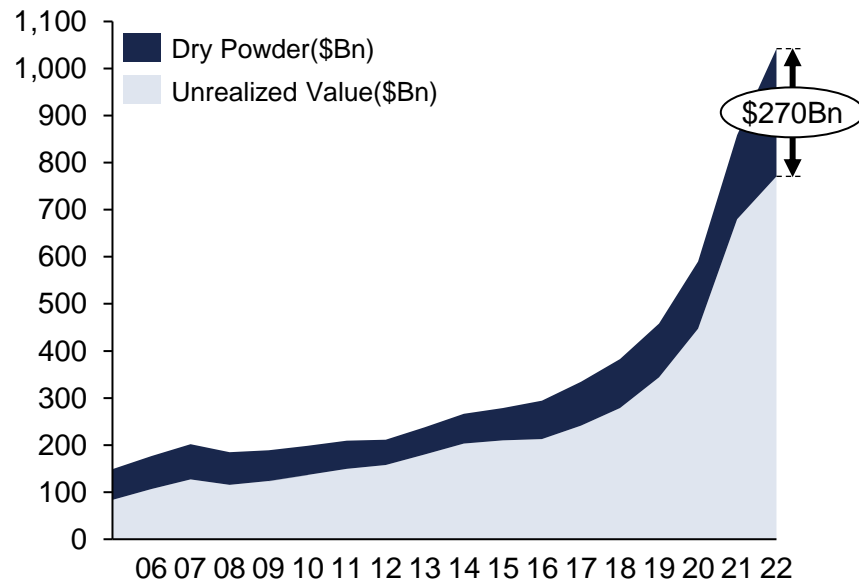
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Dry Powder | Overview

- Dry powder reached record high level due to the deteriorated dealmaking environment.
- Accordingly, GPs show less appetite for commitments while LPs reduce the new commitment due to the slower distributions from existing fund portfolio.
- Some GPs to cut the size of the funds that had already been raised or to lower the fundraising targets for new funds, based on the market reality that too much dry power for too few promising investment opportunities.

Dry Powder Volume • Yearly

North America VC Asset under Management ²(\$Bn)



Note 1) as of December 31st 2022

Source: Preqin, The Information, Financial Times, Press Research

Major VC company responses to dry powder

Insight Partners

- Insight Partners has just **under \$10bn of “dry powder”** but they still chosen to slow the pace of dealmaking because
 - “not seeing a volume of companies that excited about”
 - “Still seeking the bottom of the valuation”
- **Slashed the \$20bn target for its latest fund to \$15Bn** as an counteract to the depressed dealmaking environment
— Financial Times

Tiger Global Management

- **Reducing the target size for its latest venture fund to \$5 billion, down from an expected size of \$12.7Bn**
— The Wall Street Journal

Founders Fund

- **Cut the size of its \$1.9Bn VC fund raised a year ago by half.**
- The reductions can appease VC funds’ limited partners upset about paying management fees on cash that’s not immediately slated for investment.
— The Information

Sequoia Capital

- **Cut the size of its cryptocurrency fund to \$200Mn from \$585Mn** and shift the strategy from late to early stage.
- **Slashed the size of ecosystem fund to \$450Mn from \$900Mn.**
- **Lowered the amount of committed capital required from LPs.**
— The Wall Street Journal