

# Long-Term Trend In Venture Capital Investment In Japan - From VC Survey by Venture Enterprise Center -

Japan Venture Research Co., LTD.

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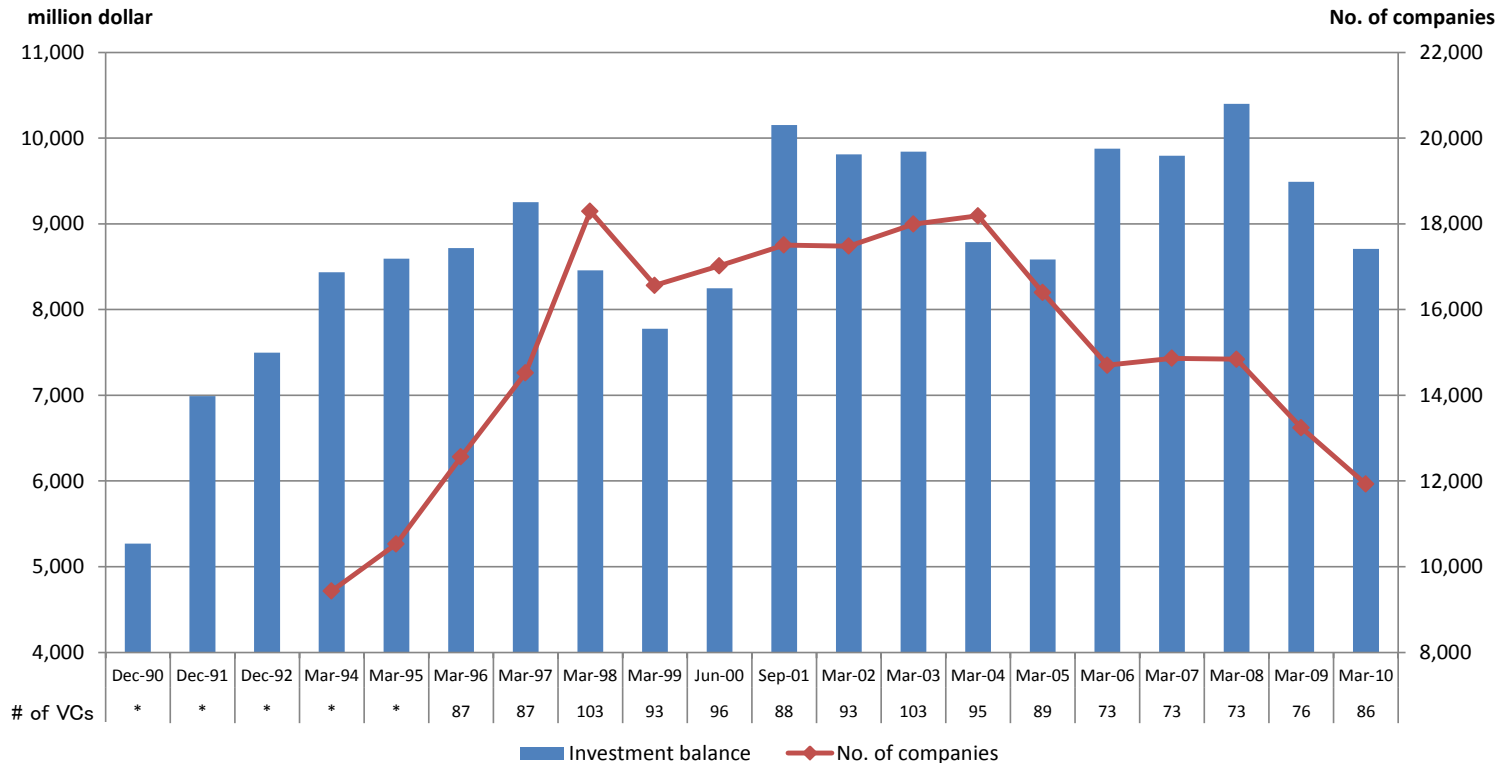
# Preface

This paper provides an overview of the long term trend of VC investment in Japan. Since 1985, a survey of Japanese VC investments has been conducted annually by the Venture Enterprise Center (VEC), an extra-government organization affiliated with the Ministry of Economy, Trade and Industry. The number of respondents varies from year to year and the survey contents and questions relative to data on industry, geography, type of investment security and so on have also varied from time to time. Therefore, reports on the long term trends have never been produced. To produce a report on long term VC activities, considerable effort was made to establish standards in order to enable comparisons of each data item. When we were unable to standardize the data, we have added a note of caution for those datasets.

## Notes:

- In the VEC surveys the number of investee “companies” refers to the sum of the number reported by all VCs responding to the survey. Where more than one VC invested in the same company, that company has been counted multiple times.
- The number under the horizontal axis shows the number of VCs that answered the questionnaire in that year.
- “Principal” refers to direct investments by VC firms of their own capital, whereas “Fund” refers to investments through funds which they manage as general partners.

# Investment balance

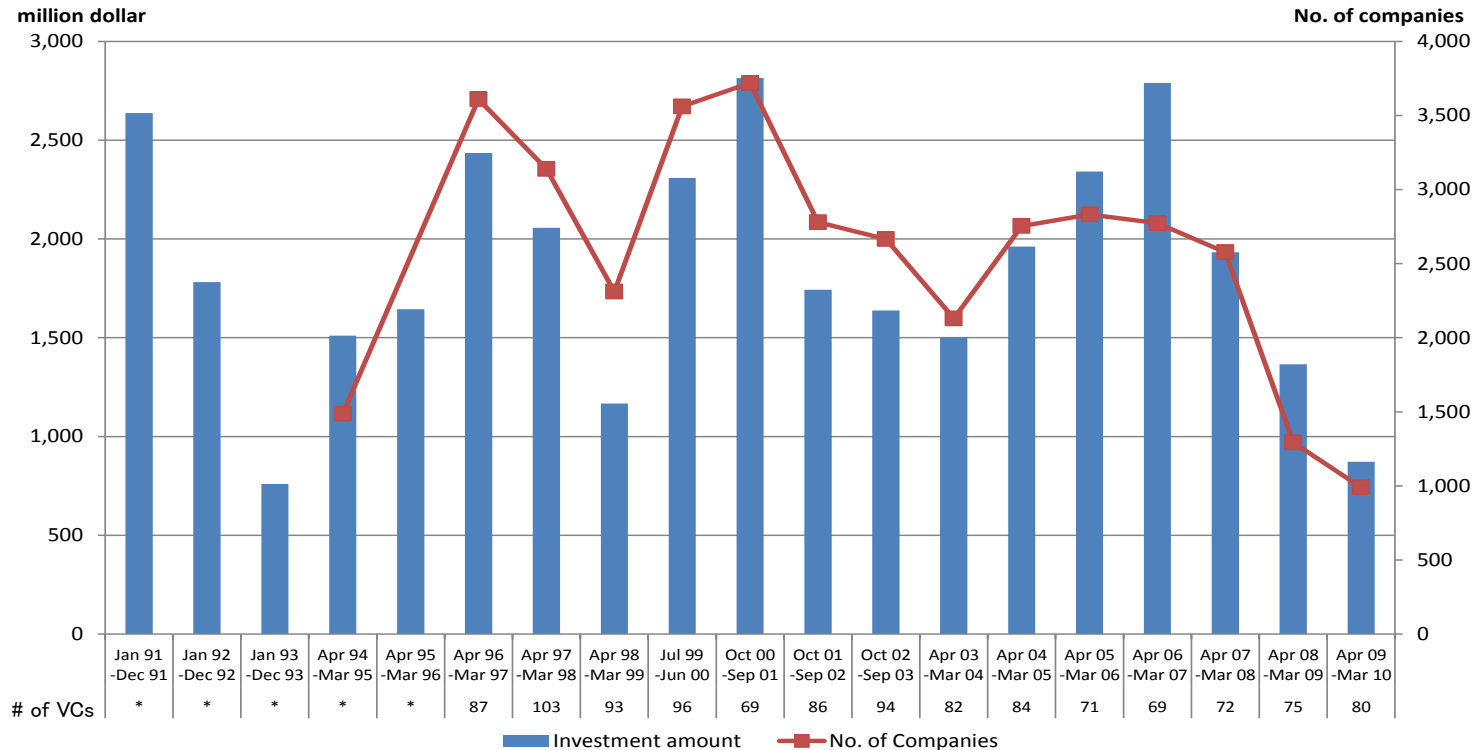


Source: VEC "Annual survey of Japanese VC investments"

## Note

- This figure shows the total outstanding balance of all principal and fund investments at the time of the survey for all VCs surveyed.
- “Investment” types include equity shares, bonds including convertible bonds, new share subscription rights and investment into other funds as an LP. It doesn't include straight bonds in Dec-90, Dec-91, Dec-92 and Sep-01.
- The numbers of investee companies in Mar-99 and Jun-00 are simply the sum of the number of each investment class, so they even investments by a single firm through multiple types of security will be double-counted.
- “Number of deals” were used in Mar-02 and Mar-03 instead of the number of companies meaning that multiple investments in a single company by the same firm in the same year will be double-counted.
- The numbers of investee companies in Dec-90, Dec-91 and Dec-92 were not collected in the VEC surveys for those years.
- Exchange rate used throughout is;1\$=100yen

# Annual Investment

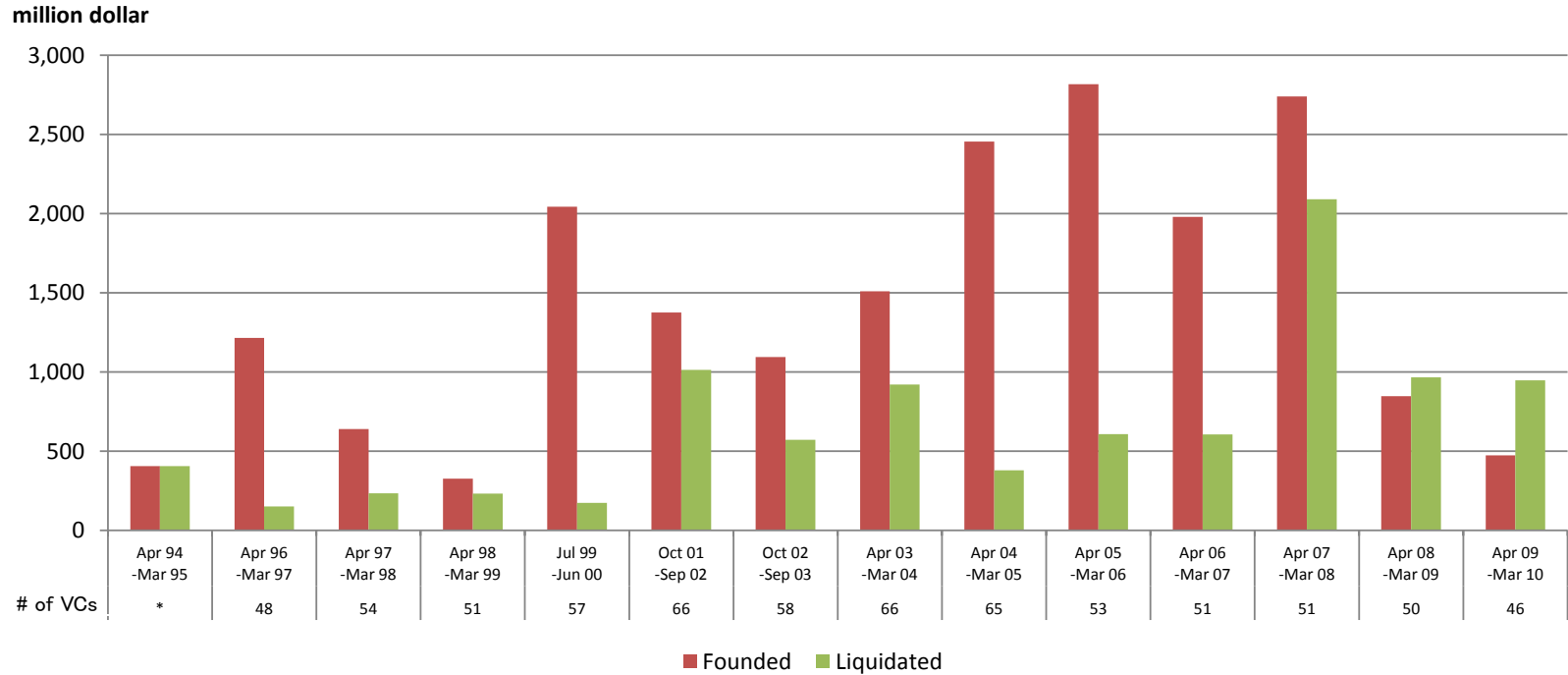


Source: VEC "Annual survey of Japanese VC investments"

## Note

- This figure shows the total of all principal and fund investments made in the year prior to the survey for all VCs surveyed.
- “Investment” types include equity shares, bonds including convertible bonds, new share subscription rights and investment into other funds as an LP. It doesn't include straight bonds in Dec-90, Dec-91, Dec-92 and Sep-01.
- The numbers of investee companies in Mar-99 and Jun-00 are simply the sum of the number of each investment class, so they even investments by a single firm through multiple types of security will be double-counted.
- “Number of deals” were used in Mar-02 and Mar-03 instead of the number of companies meaning that multiple investments in a single company by the same firm in the same year will be double-counted.
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- Exchange rate used throughout is; 1\$=100yen

# Total Commitment to the Funds



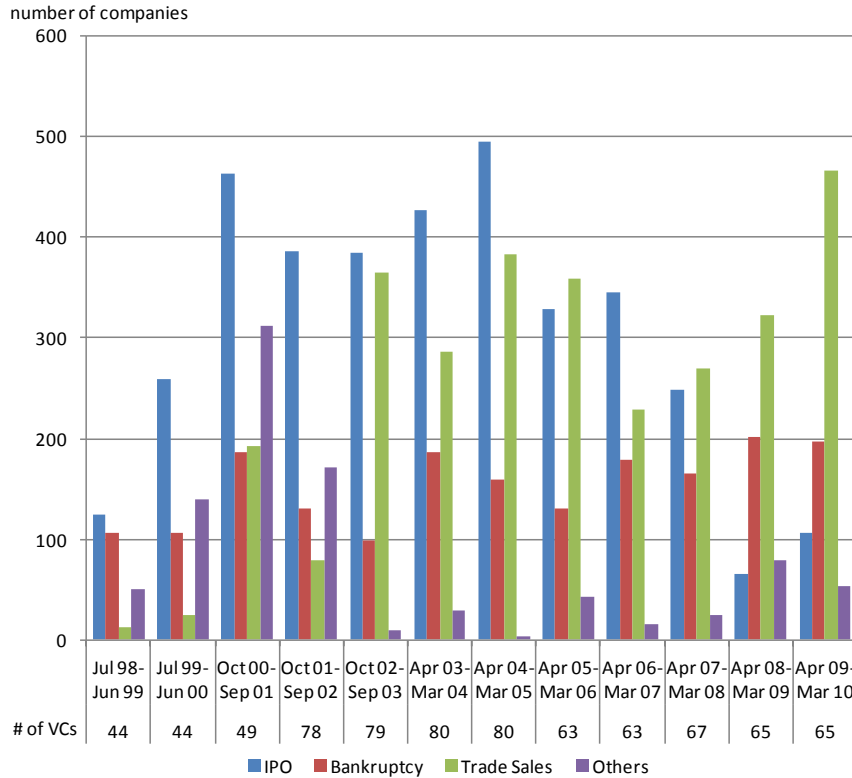
Source: VEC "Annual survey of Japanese VC investments"

Note

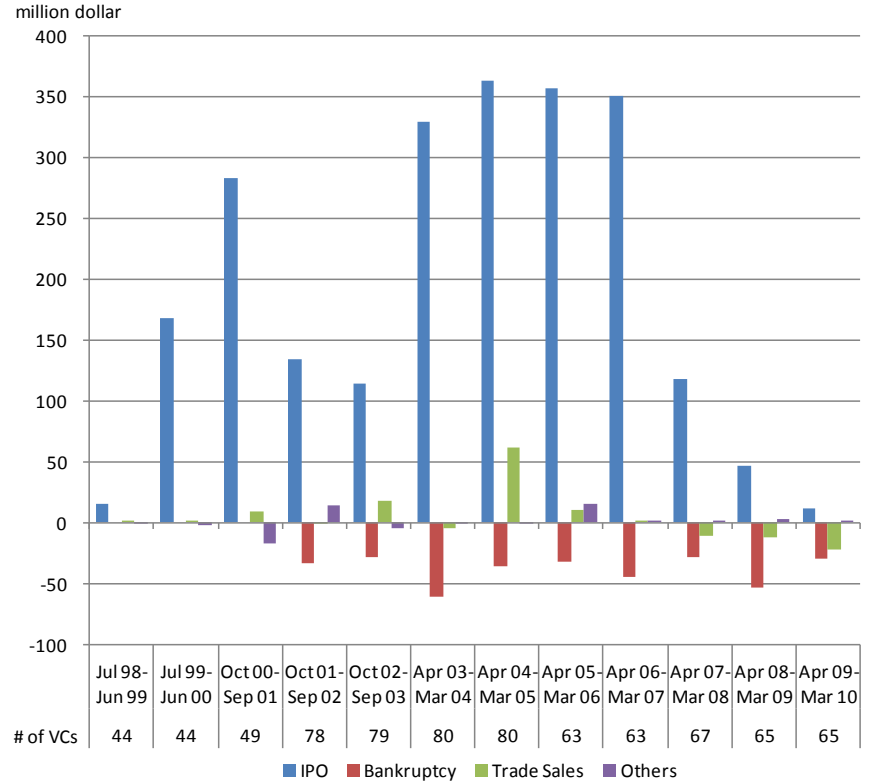
- Exchange rate used throughout is; 1\$=100yen

# Exit

## Number of companies



## Number of companies

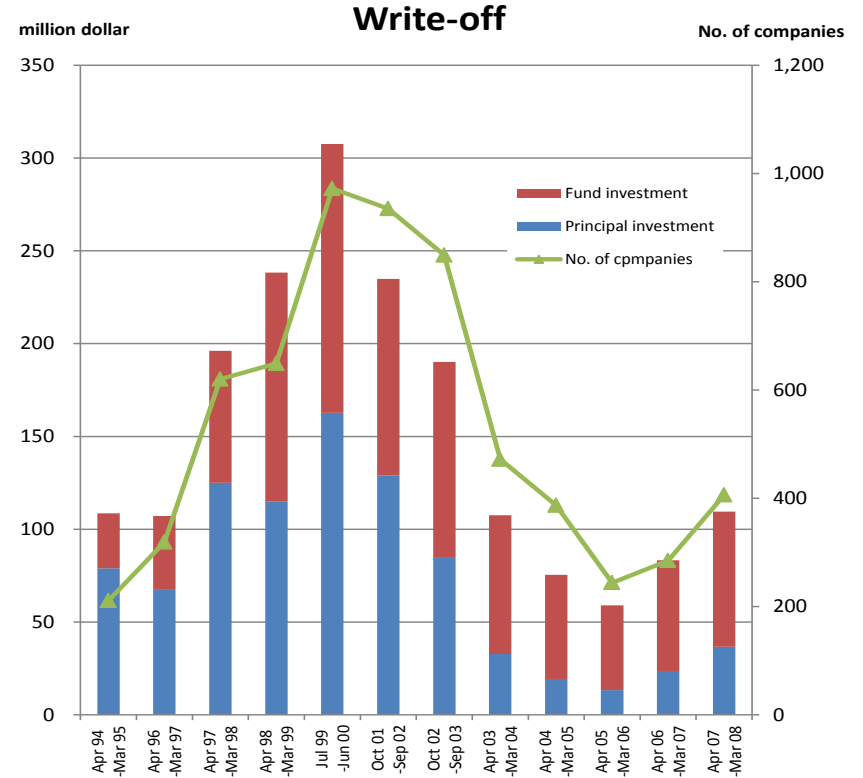
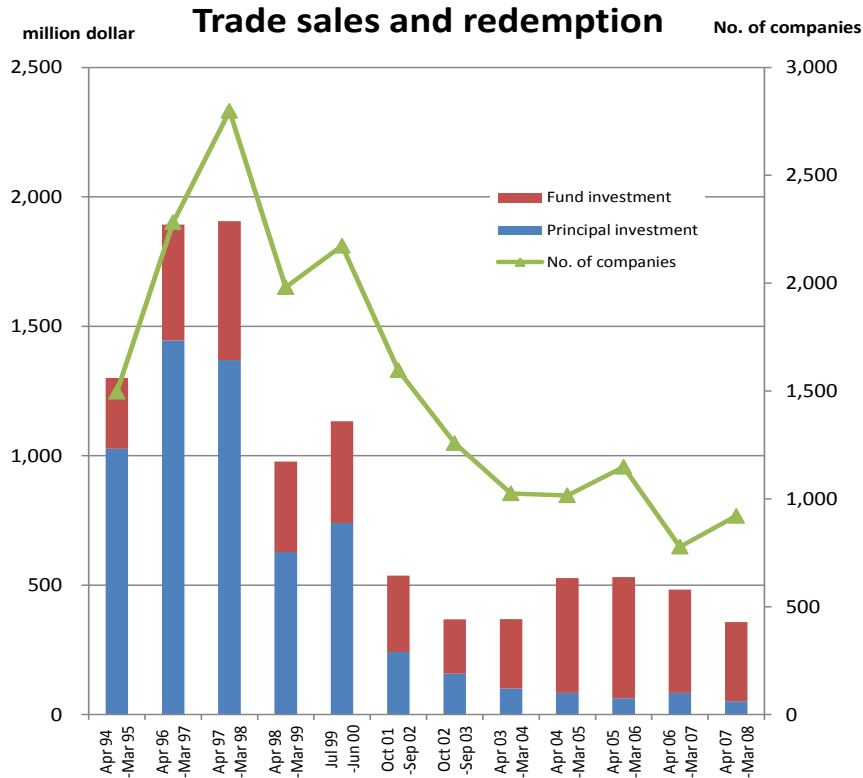


Source: VEC "Annual survey of Japanese VC investments"

### Note

- This figure shows the total sum of the principal investment and the investment from their funds for each VCs.
- Share buy back is generally included in the trade sale figures but was reported as other for 1998-2001.
- Realized profits and losses in 1998-2000 were not found in the VEC reports.
- Exchange rate used throughout is; 1\$=100yen

# Trade Sales, Redemption and Write-offs

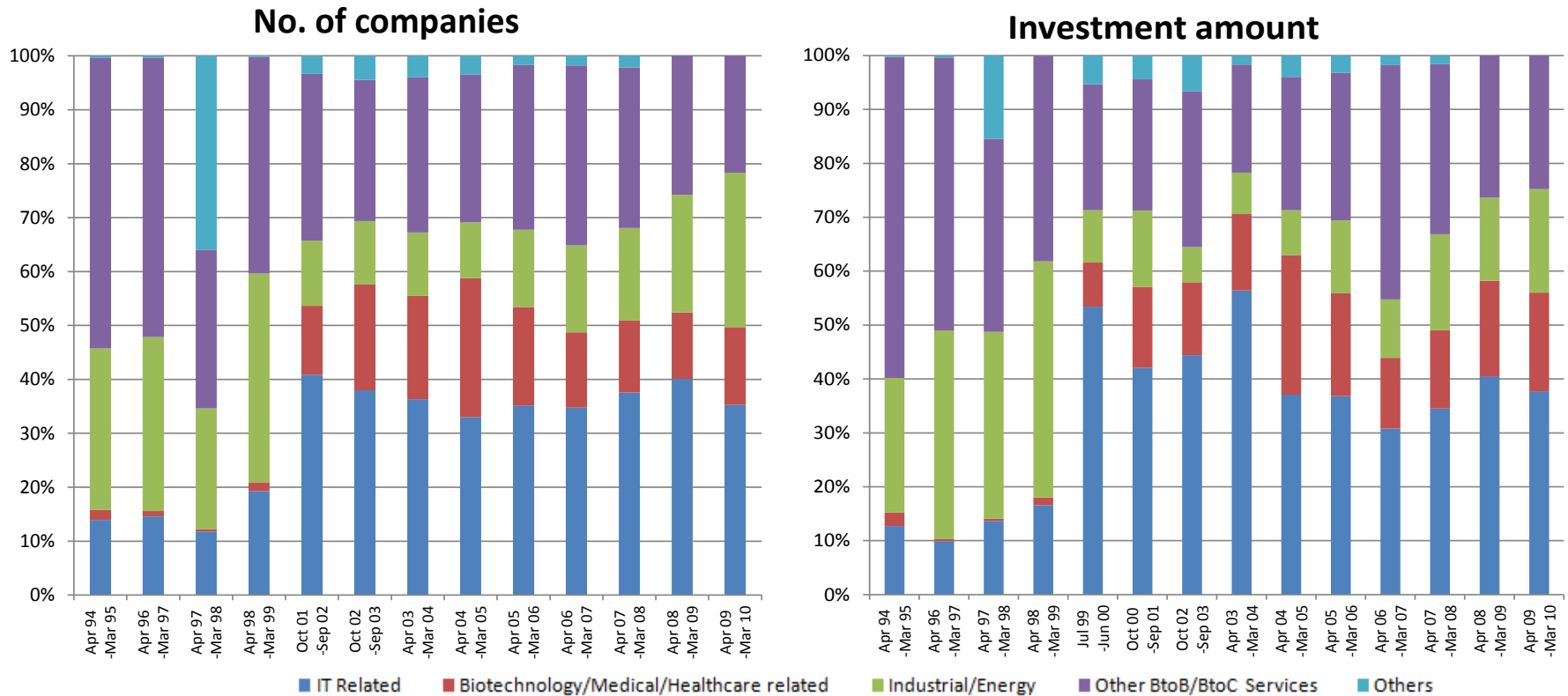


Source: VEC "Annual survey of Japanese VC investments"

**Note**

- Redemptions and write-offs don't include the maturity of loans.
- The numbers of investee companies in 1997, 1998 and 1999 are simply the sum of the number of each investment class, so they even investments by a single firm through multiple types of security will be double-counted.
- The numbers of deals were used in 2001 and 2002 instead of the number of companies.
- Exchange rate used throughout is; 1\$=100yen

# Annual Investment by Industry



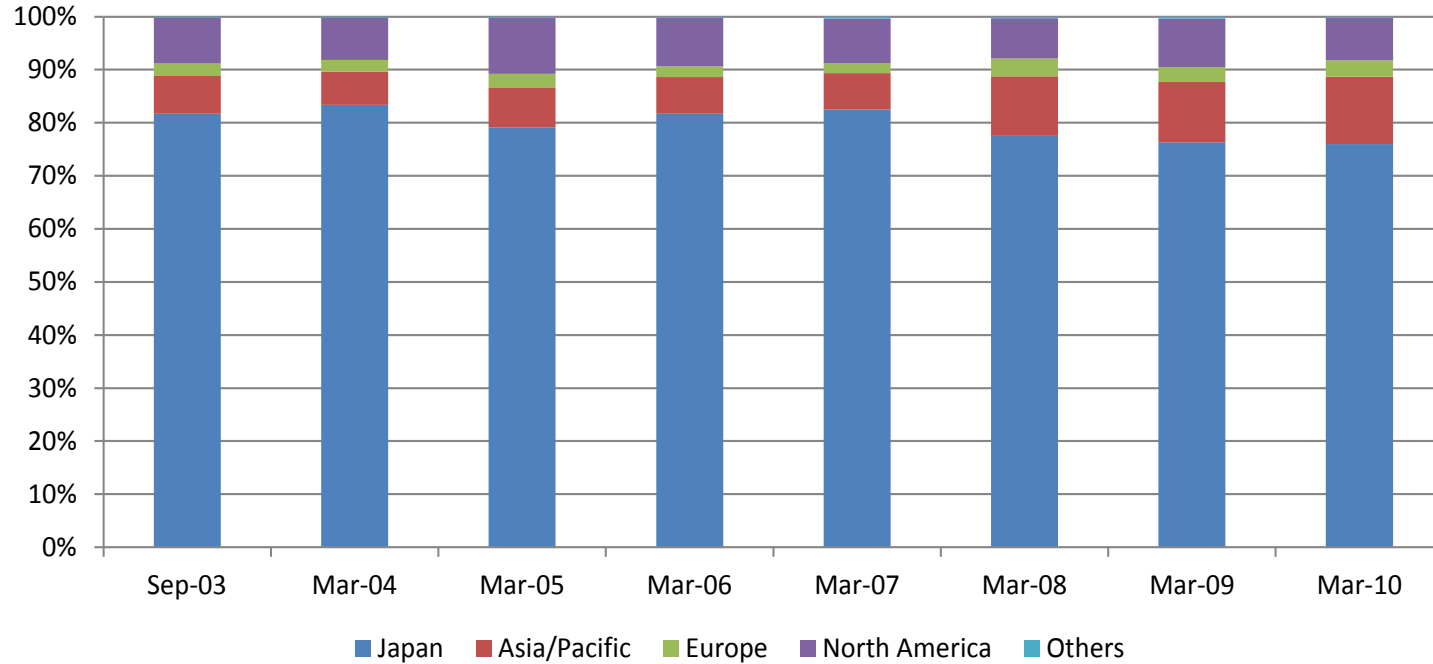
Source: VEC "Annual survey of Japanese VC investments"

**Note**

- JVR has reviewed and reclassified the VEC survey industry classifications.
- Total investments (new and follow-on) were used in 1994, 1996-1998 and 2001.
- New investments were used in 2000 and 2002-2009.
- The numbers of deals were used in 2001 and 2002.

# Geographical Breakdown

## Composition of investment balance by dollars



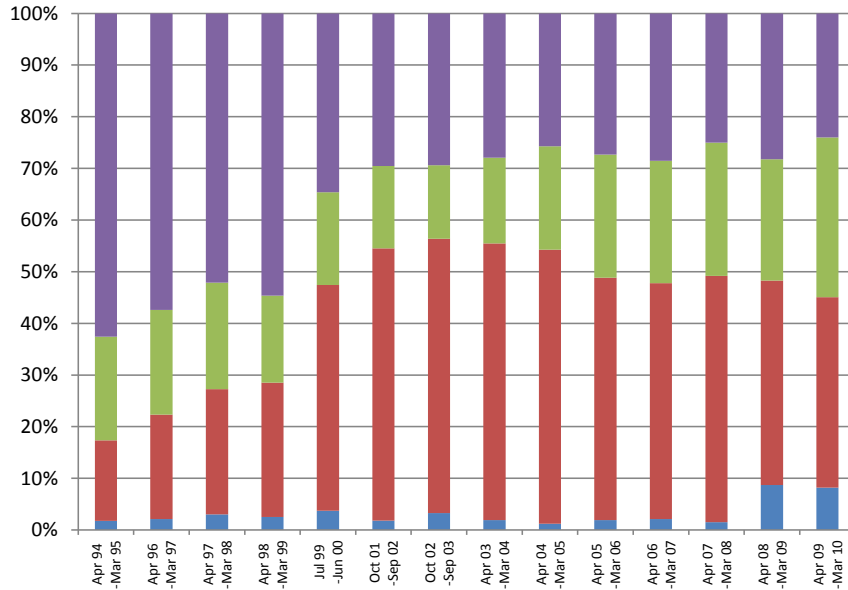
Source: VEC "Annual survey of Japanese VC investments"

### Note

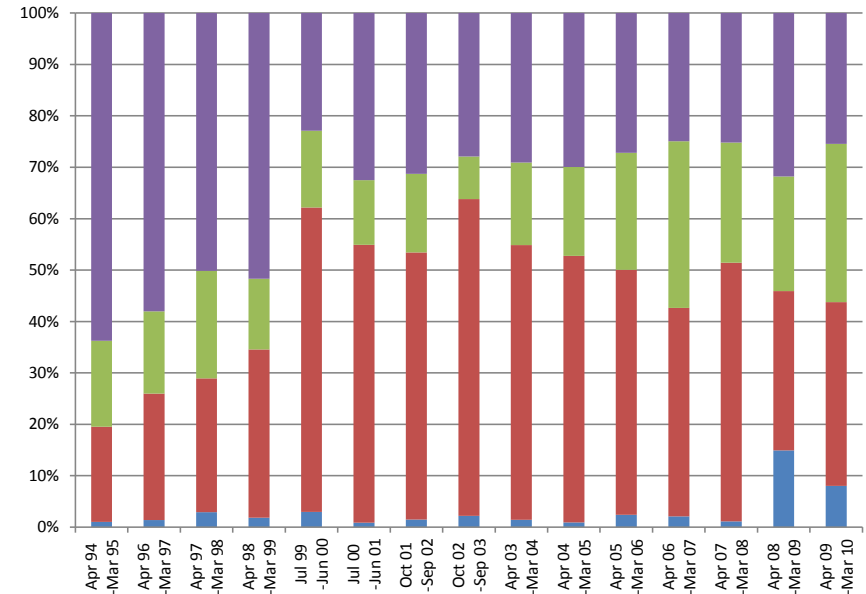
-This figure shows the geographical breakdown of total investment balance of all principal and fund investments.  
 -"Investment" types include equity shares, bonds including convertible bonds, new share subscription rights and investment into other funds as an LP.

# Annual Investment by Age of Investee Companies (Partially by Development Stage)

## Number of companies



## Investment amount



Apr 94-Mar 08    Start-up    0-5 years    5-10 years    10 years or more  
 Apr 08-Mar 10    Seed    Early Stage    Expansion    Later Stage

Source: VEC "Annual survey of Japanese VC investments"

### Note

- The number of companies and investment amount were classified by development stage from 2008.
- This figure shows the total sum of the principal investment and the investment from their funds.
- Total investment (new and follow-on) was used in 2000 and new investment in other years.
- The "investment" refers to investing in equity, bonds including convertible bonds, new share subscription rights and investment to other funds as a LP. It doesn't include straight bond in 1991-1995 and 2000.
- The numbers of deals were used in 2001 and 2002 instead of the number of companies.

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