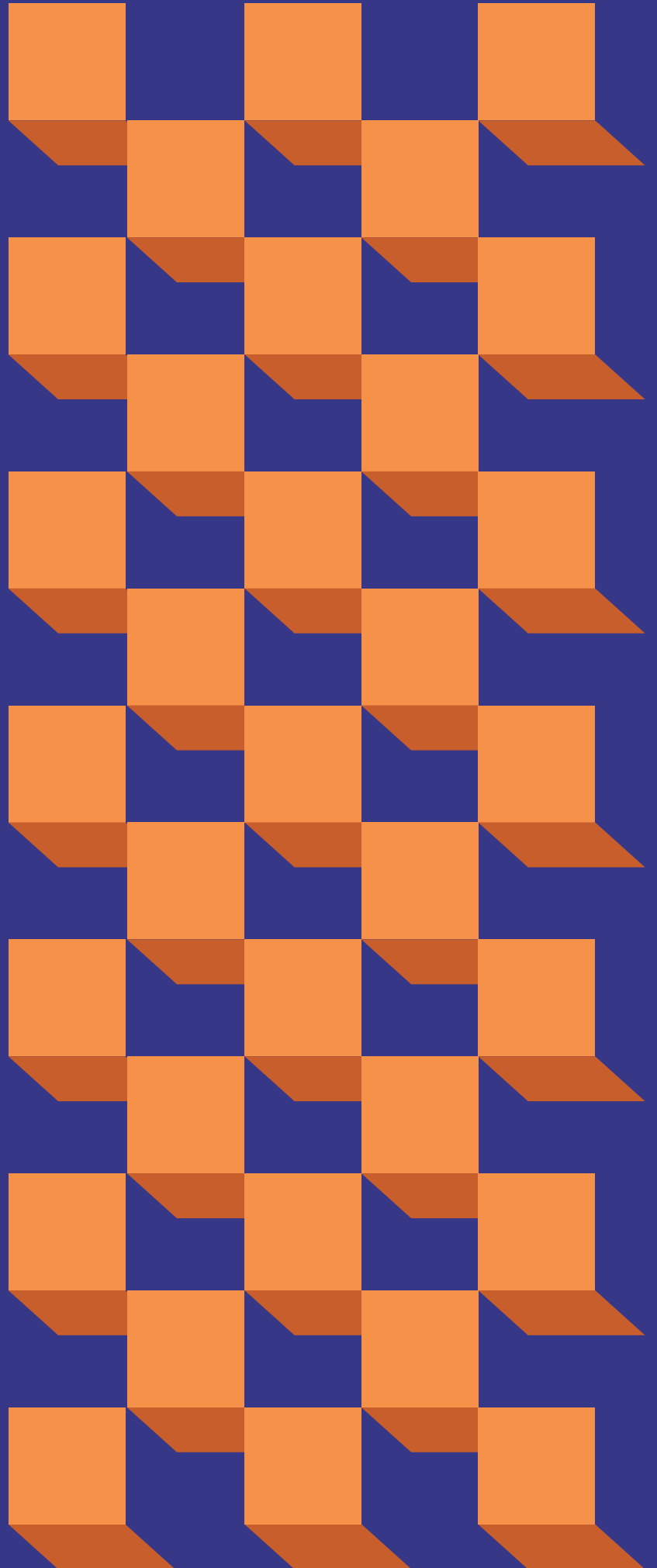


# Market Watch

Korea Venture Investment Corporation

vol.10

August 2023



**KVIC**  
Korea Venture Investment Corp.

Intro



# Disclaimer



KVIC MarketWatch has been prepared by Korea Venture Investment Corp. (KVIC). It is a periodical publication intended to spur investments in SMEs and startups, and bring about a more sophisticated industrial structure by reporting the performance of Korea Fund of Funds and other funds managed by KVIC. The publication ultimately aims to serve public interest and support balanced economic growth.

The content contained in this publication is not intended as a recommendation or solicitation by KVIC of any investment in a particular company and should not be used as the basis for any investment decision.

Under no circumstances will KVIC be liable for any loss or damage caused by your reliance on information obtained through this publication.

KVIC cannot and does not guarantee the accuracy and completeness of the information contained herein. The information and opinions in the publication are subject to change without notice.

The ownership and rights of this publication including all content, information and data shall be the sole and exclusive property of KVIC. Except media citation, the content of the publication and any information obtained or generated from the content shall not be reproduced, copied, distributed or transmitted, in whole or in part, without the prior written permission of KVIC.

The content of this publication originated in Korean. No warranty of any kind, either expressed or implied, is made as to the accuracy, correctness or reliability of any translations made from Korean into English. KVIC shall not be liable for translation errors.

KVIC kindly asks for your understanding that any primary data owned by KVIC with respect to this publication will not be disclosed.



# Contents

August 2023

Vol. 10

---

05

**An Introduction to KVIC & Korea Fund of Funds**

13

**Korean VC Industry at a Glance**

21

**Korea Fund of Funds: Trends in Fundraising, Investments and Exits**

29

**1Q2023 KFoF Investments by Industry**

36

**K-Uncorn Spotlight: OASIS**

---

**Issuer**

Korea Venture Investment Corp.

**Publisher**

KVIC Building, 16 Seocho-daero 45-gil, Seocho-gu, Seoul, South Korea  
WoongHwan Ryu

**Editing and Planning**

Korea Venture Investment Corp. [www.kvic.or.kr](http://www.kvic.or.kr)

**Questions**


[MarketWatch@kvic.or.kr](mailto:MarketWatch@kvic.or.kr)

**Design**

KS Sensation

**Market  
Watch**

Korea Venture Investment Corporation

An aerial night view of a city skyline, likely Seoul, South Korea, featuring a river and several high-rise buildings. The image is overlaid with glowing blue lines that form a network across the city, suggesting a digital or technological theme. The sky is a deep blue, and the city lights are visible in the background.

# AN INTRODUCTION TO **KVIC & KOREA** **FUND OF FUNDS**

The exchange rate applied at the time of writing is USD 1 = KRW 1,310.0  
(basic exchange rate or market average rate as of March 31, 2023)

# Fund Manager: Korea Venture Investment Corp.

Korea Venture Investment Corp. (KVIC) was established with the aim of promoting investment for the growth and development of small and medium-sized enterprises (SMEs) and startups. KVIC serves as the general partner (GP) of government-backed funds of funds and direct co-investment funds pursuant to the Act on Special Measures for the Promotion of Venture Businesses.

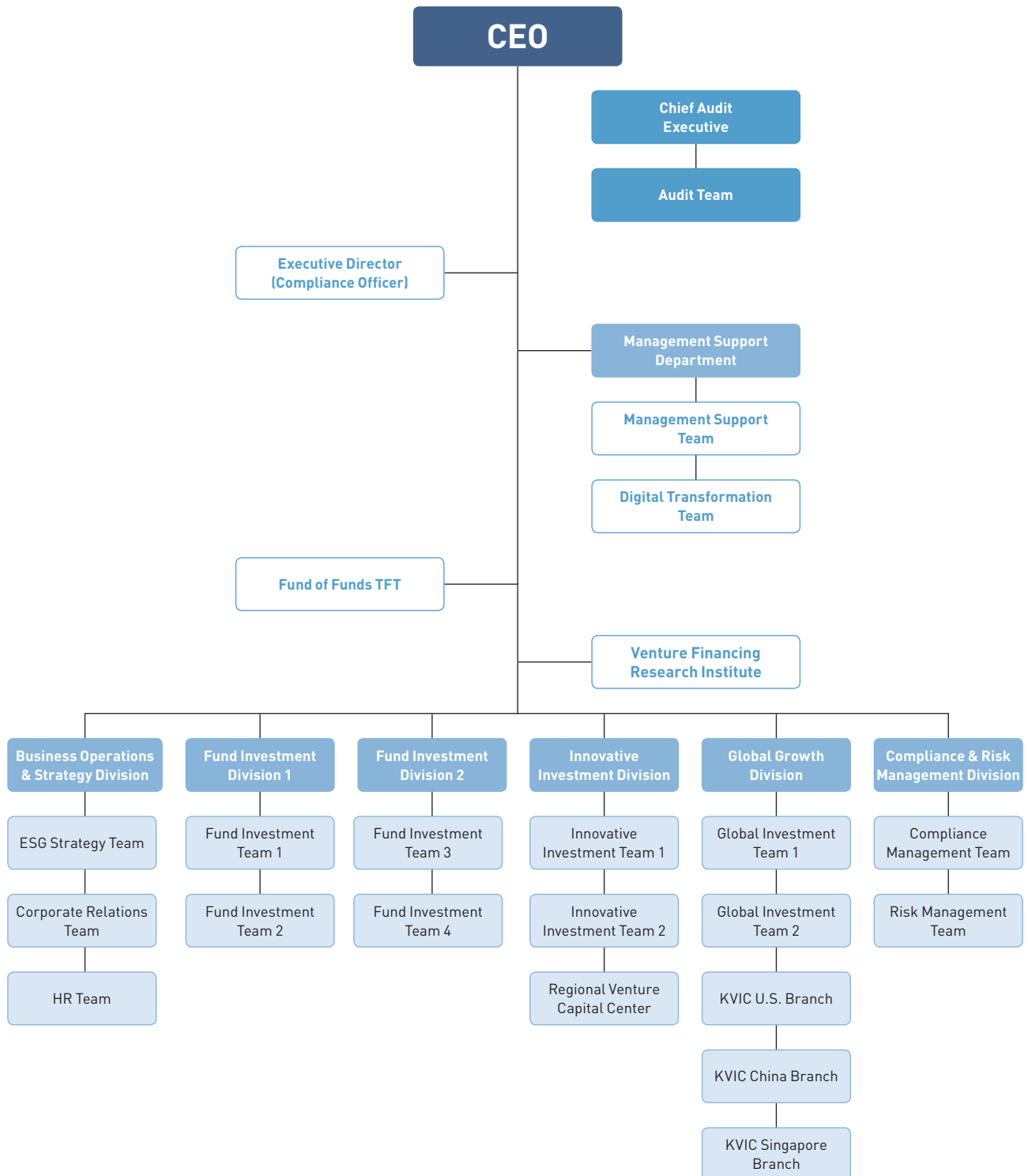
## A Glimpse into KVIC History & Milestones

2022	<b>December</b>	A new Regional Innovation Venture Fund was formed to facilitate regional development in Daegu, Jeju, and Gwangju.
	<b>August</b>	KVIC launched its regional venture capital center in Busan.
	<b>April</b>	KVIC received an “excellent” grade in customer satisfaction surveys for public sector organizations for three consecutive years.
	<b>January</b>	Korea Fund of Funds (KFoF) secured a cumulative total of USD 6,107 million (KRW 8 trillion) in capital commitments. KVIC established its Venture Financing Research Institute.
2021	<b>November</b>	A venture capital (VC) fund was launched with approximately USD 23 million (KRW 30.4 billion) in commitments for regional development in Busan under the Korean New Deal. This fund is called the Busan Regional Innovation Venture Fund.
	<b>October</b>	A VC fund was created with roughly USD 23 million (KRW 30.5 billion) in commitments for regional development in the Chungcheong region under the Korean New Deal. This fund is called the Chungcheong Regional Innovation Venture Fund (also known as Water Sector Fund).
	<b>June</b>	Job Creation Scale-up Fund 2 was established, totaling USD 16 million (KRW 20.5 billion) in commitments.
	<b>January</b>	KFoF reached a cumulative total of USD 5,344 million (KRW 7 trillion) in capital commitments.
2020	<b>August</b>	KVIC became a statutory body under the Venture Investment Promotion Act.
	<b>February</b>	The basis of converting KVIC into a statutory body was enacted on February 11, 2020 and was called the Venture Investment Promotion Act.
	<b>January</b>	KFoF achieved USD 3,817 million (KRW 5 trillion) in cumulative commitments.
2019	<b>September</b>	The Ministry of Land, Infrastructure and Transport (MOLIT) became a limited partner (LP) in KFoF.
	<b>January</b>	The Ministry of Oceans and Fisheries (MOF) joined as an LP in KFoF.
2018	<b>December</b>	KVIC introduced new base bylaws for investee funds.
	<b>August</b>	Job Creation Scale-up Fund was formed with USD 39 million (KRW 50.6 billion) in commitments. KEB Hana-KVIC Fund was launched with USD 84 million (KRW 110 billion) in commitments.
	<b>June</b>	KFoF raised USD 3,053 million (KRW 4 trillion) in aggregate commitments on a cumulative basis.
	<b>August</b>	KFoF’s cumulative commitments totaled USD 2,290 million (KRW 3 trillion).
2017	<b>May</b>	The Ministry of Education (MOE) participated as an LP in KFoF.
	<b>April</b>	The Ministry of Environment (ME) became an LP in KFoF.
2016	<b>October</b>	KVIC launched Venture Investment Comprehensive System (VICS).
	<b>June</b>	Cumulative commitments to Foreign VC Investment Fund reached USD 763 million (KRW 1 trillion).
	<b>August</b>	KVIC opened its Korea Venture Investment Center in Singapore (KVIC Singapore Branch).
2015	<b>May</b>	KFoF’s cumulative commitments hit USD 1,527 million (KRW 2 trillion).
	<b>January</b>	Korea Sports Promotion Foundation (KSPO) joined as an LP in KFoF.
2014	<b>June</b>	KVIC opened its Korea Venture Investment Center in China (KVIC China Branch).
2013	<b>August</b>	The Ministry of Health and Welfare (MOHW) became an LP in KFoF. KVIC launched its Korea Venture Investment Center in the United States (KVIC U.S. Branch).
	<b>June</b>	SME M&A Matching Fund was formed with capital commitments worth about USD 23 million (KRW 30.5 million).
2011	<b>December</b>	Angel Matching Fund No. 1 was set up with USD 8 million (KRW 10 billion) in commitments.
	<b>May</b>	The Ministry of Employment and Labor (MOEL) participated as an LP in KFoF.
2010	<b>August</b>	The Korean Film Council (KOFIC) joined as an LP in KFoF.
	<b>June</b>	The Korea Communications Commission (KCC) became an LP in KFoF.
2009	<b>September</b>	KFoF’s cumulative commitments reached USD 763 million (KRW 1 trillion).
2006	<b>June</b>	The Ministry of Culture, Sports and Tourism (MCST) participated as an LP in KFoF.
	<b>May</b>	The Korean Intellectual Property Office (KIPO) joined as an LP in KFoF.
2005	<b>June</b>	KFoF, a government VC program, was launched and KVIC was established for the purpose of managing KFoF. KVIC was designated as the GP of KFoF.
	<b>December</b>	The legal basis of KFoF formation and operation was laid down by amendments to the Act on Special Measures for the Promotion of Venture Businesses.
2004		The government announced measures to vitalize startups.
	<b>July</b>	The government unveiled its comprehensive initiative aimed at enhancing SME competitiveness.

## Organizational Structure

KVIC has 6 divisions, 1 department, 1 research institute, 17 teams, 1 regional center and 3 overseas branches (as of June 30, 2023).

[Figure 1] KVIC Organizational Chart



Source: KVIC

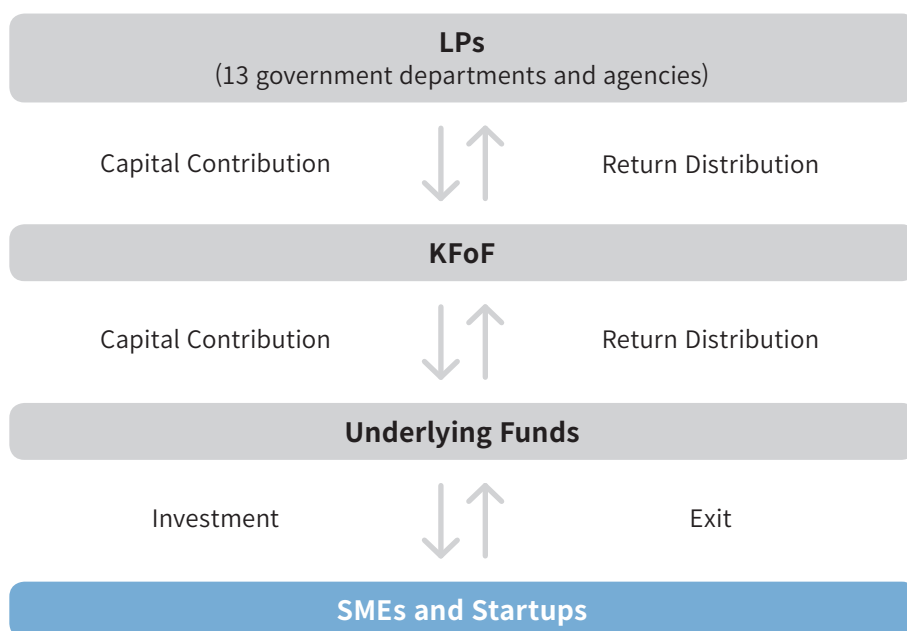
# Korea Fund of Funds

Korea Fund of Funds (KFoF) is a publicly backed fund of funds that invests in venture capital (VC) funds managed by private VC firms. Investors or limited partners (LPs) in KFoF are government departments and agencies that have committed capital to the fund for venture investments in their respective policy areas. The underlying funds of KFoF invest in SMEs and venture companies, playing an important part in creating a venture ecosystem.

## Fund Overview

<b>Date of Formation</b>	July 15, 2005
<b>Fund Size</b>	USD 6,790 million (KRW 8,894.8 billion) (as of March 31, 2023)
<b>Size of Underlying Funds</b>	USD 28,814 million (KRW 37,746.6 billion) (cumulative as of March 31, 2023)
<b>Fund Term</b>	30 years (2005 - 2035)
<b>LPs (13 government departments and agencies)</b>	The Ministry of SMEs and Startups (MSS); Korea SMEs and Startups Agency (KOSME); Ministry of Culture, Sports and Tourism (MCST); Korean Intellectual Property Office (KIPO); Korean Film Council (KOFIC); Ministry of Science and ICT (MSIT); Ministry of Employment and Labor (MOEL); Ministry of Health and Welfare (MOHW); Korea Sports Promotion Foundation (KSPO); Ministry of Environment (ME); Ministry of Education (MOE); Ministry of Land, Infrastructure and Transport (MOLIT); Ministry of Oceans and Fisheries (MOF)
<b>GP</b>	KVIC

## Fund Structure



# Other Funds of Funds

## Foreign VC Investment Fund

Foreign VC Investment Fund (FVCIF) was first set up to invest in offshore VC funds managed by non-Korean VCs as part of the Measures to Develop a Virtuous Cycle in the Venture-Startup Funding Ecosystem, unveiled by the government on May 15, 2013. Its mandate is to help local SMEs and startups attract global investors and expand overseas.

	FVCIF	FVCIF II
<b>Date of Formation</b>	October 4, 2013	July 15, 2016
<b>Fund Size</b>	USD 258 million (KRW 337.4 billion) (as of March 31, 2023)	USD 223 million (KRW 291.9 billion) (as of March 31, 2023)
<b>Size of Underlying Funds</b>	USD 6,529 million (KRW 8,553.5 billion) (cumulative as of March 31, 2023)	
<b>Fund Term</b>	21 years (2013 - 2034)	19 years (2016 - 2035)
<b>LPs</b>	KFoF/KVIC	KFoF/KVIC
<b>GP</b>	KVIC	

## Angel Fund of Funds

Established in 2015, this fund of funds invests solely in angel funds that concentrate on early-stage startups.

	Fund Profile
<b>Date of Formation</b>	November 18, 2015
<b>Fund Size</b>	USD 56 million (KRW 74 billion) (as of March 31, 2023)
<b>Size of Underlying Funds</b>	USD 88 million (KRW 114.7 billion) (cumulative as of March 31, 2023)
<b>Fund Term</b>	20 Years (2015 - 2035)
<b>LPs</b>	KFoF/KVIC
<b>GP</b>	KVIC

## KEB Hana-KVIC Fund

This fund launched its operations in 2018, primarily financed by KEB Hana Bank, with the aim of building a venture ecosystem and nurturing unicorns. It makes indirect investments in SMEs and startups through its underlying funds.

	Fund Profile
<b>Date of Formation</b>	August 21, 2018
<b>Fund Size</b>	USD 84 million (KRW 110 billion) (as of March 31, 2023)
<b>Size of Underlying Funds</b>	USD 567 million (KRW 742.9 billion) (cumulative as of March 31, 2023)
<b>Fund Term</b>	10 years (2018 - 2028)
<b>LPs</b>	KEB Hana Bank/KFoF/KVIC
<b>GP</b>	KVIC

## KEPCO Fund

KEPCO Fund is specially designed to foster the growth of not only the power and energy sectors but also ICT SMEs and startups related to the sectors, and to identify and nurture SMEs and startups in Gwangju and South Jeolla Province (Jeonnam region) in which the Energy Valley is located. The primary LP or investor in this fund of funds is state-run utility Korea Electric Power Corporation (KEPCO).

	Fund Profile
<b>Date of Formation</b>	August 19, 2015
<b>Fund Size</b>	USD 40 million (KRW 52.5 billion) (as of March 31, 2023)
<b>Size of Underlying Funds</b>	USD 67 million (KRW 88 billion) (cumulative as of March 31, 2023)
<b>Fund Term</b>	10 years (2015 - 2025)
<b>LPs</b>	KEPCO/KFoF/KVIC
<b>GP</b>	KVIC

## Smart Korea Fund

This fund of funds makes investments in startups and ventures in business areas that drive the transition towards a digital economy as part of the Korean New Deal initiative, which was announced on July 14, 2020.

	Fund Profile
Date of Formation	August 14, 2020
Fund Size	USD 69 million (KRW 91 billion) (as of March 31, 2023)
Fund Term	12 years (2020 - 2032)
LPs	KBIZ Yellow Umbrella Mutual Aid/ Korea Technology Finance Corp. (KOTEC)/ Se-Ri Pak/KFoF/KVIC
GP	KVIC

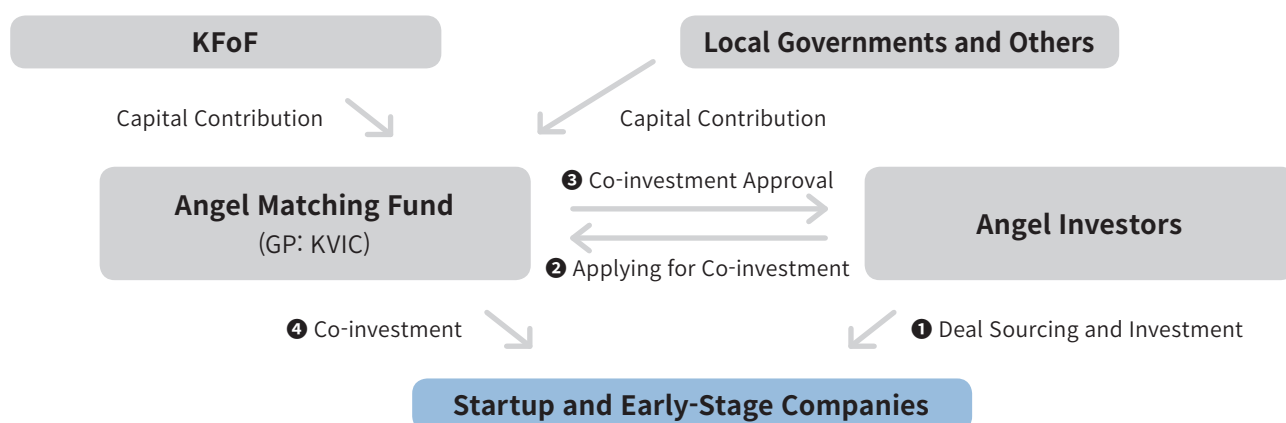
## Other Funds

Other funds managed by KVIC include the Fund of Funds for Industrial Technology Commercialization with USD 19 million (KRW 25 billion) in assets under management (AUM), and KoFC-KVIC I and II with USD 92 million (KRW 120 billion) and USD 82 million (KRW 107 billion) in AUM, respectively. The job creation funds, KoFC-KVIC I and II, are currently being liquidated.

# Co-Investment Funds

## Angel Matching Fund

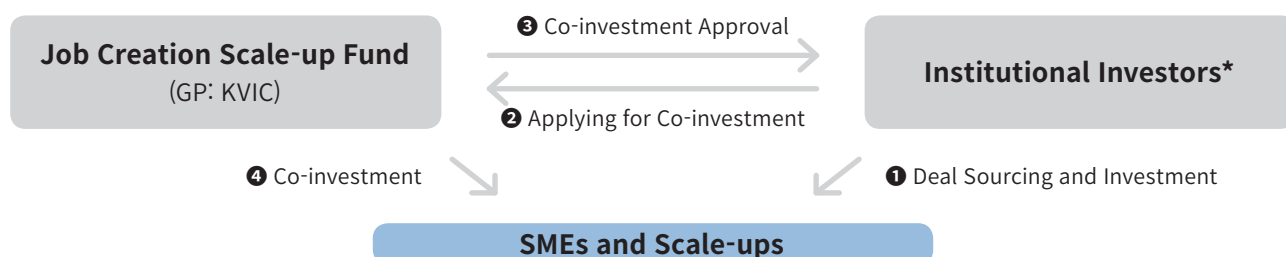
Angel Matching Fund is a public-private co-investment fund that is specially designed to nurture angel investors and angel clubs, ultimately laying the foundation for startup creation and helping startup and early-stage companies fill their equity gaps. As of March 2023, there were 16 Angel Matching Funds collectively worth USD 147 million (KRW 192 billion).



## Job Creation Scale-up Fund

In August 2018, Job Creation Scale-up Fund was first introduced to co-invest alongside institutional investors in SMEs and scale-up companies that are designated as key drivers of job creation.

	Job Creation Scale-up Fund	Job Creation Scale-up Fund 2	Job Creation Scale-up Fund 3
<b>Date of Formation</b>	August 16, 2018	June 25, 2021	October 26, 2022
<b>Fund Size</b>	USD 40 million (KRW 50.6 billion) (as of March 31, 2023)	USD 16 million (KRW 20.5 billion) (as of March 31, 2023)	USD 16 million (KRW 20.5 billion) (as of March 31, 2023)
<b>Fund Term</b>	8 years (2018 - 2026)	8 years (2021 - 2029)	8 years (2022 - 2030)
<b>LPs</b>	KFoF/KVIC		
<b>GP</b>	KVIC		



\* Institutional investors who are qualified to manage Korea Venture Funds (KVF), new technology venture investment partnerships and/or private equity funds (PEFs).



# KOREAN VC INDUSTRY **AT A GLANCE**

This report does not include private equity (PE) activity data and hence there may be some discrepancies in activity statistics between the overall VC market and the VC funds described below.

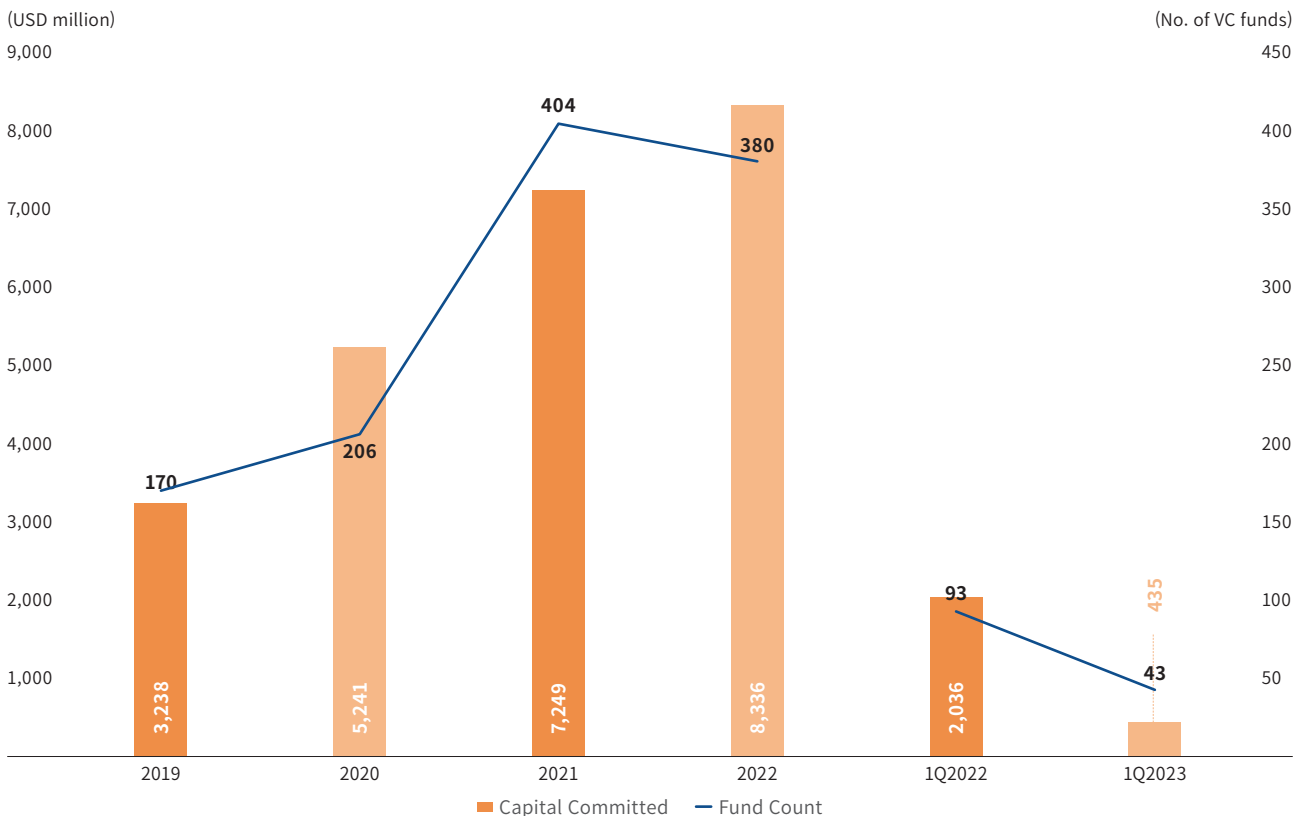
The exchange rate applied at the time of writing this report is USD 1 = KRW 1,310.0  
(basic exchange rate or market average rate as of March 31, 2023)

# Venture Capital Funds in Korea

## Fundraising

Korea experienced a substantial year-over-year (YoY) decline in venture capital (VC) funding during the first quarter of 2023, as evidenced by the capital commitments made to new funds. The total capital committed to newly launched VC funds<sup>1)</sup> in the first quarter plummeted by 78.6% YoY to USD 435 million (KRW 569.6 billion), while the number of new funds dropped by 50 YoY, totaling 43.

[Figure 1] 5-year Trends in VC Fund Creation



\*As of March 31, 2023

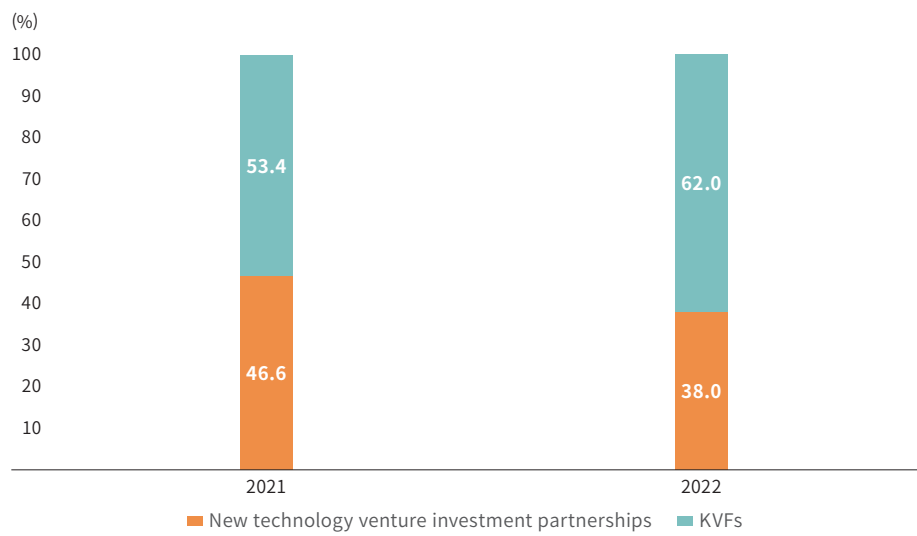
Source: Korea Venture Capital Association (KVCA)

1) Korea's VC market has two main types of investment vehicles: Korea Venture Funds (KVF) and new technology venture investment partnerships. While the Ministry of SMEs and Startups (MSS) is the competent authority for KVF, the Financial Services Commission (FSC) is the competent authority for new technology venture investment partnerships. Each competent authority collates and analyzes VC data and produces VC statistics annually. The proportion of KVF in total capital committed to VC was 53.4% in 2021 and 62.0% in 2022, which illustrates their vital role in the Korean VC market. For this report based on VC data from KVCA, KVF are defined as VC funds.

**Main Types of  
Investment Vehicles  
in the Korean VC Market**

Vehicle	KVF	New Technology Investment Partnership
<b>Applicable Law</b>	Venture Investment Promotion Act	Specialized Credit Finance Business Act
<b>GP</b>	Startup investment company, new technology venture investment company, limited company, limited liability company, etc.	New technology venture investment company
<b>Competent Authority</b>	Ministry of SMEs and Startups (MSS)	Financial Services Commission (FSC)

**Composition of Fundraising  
in the VC Market**

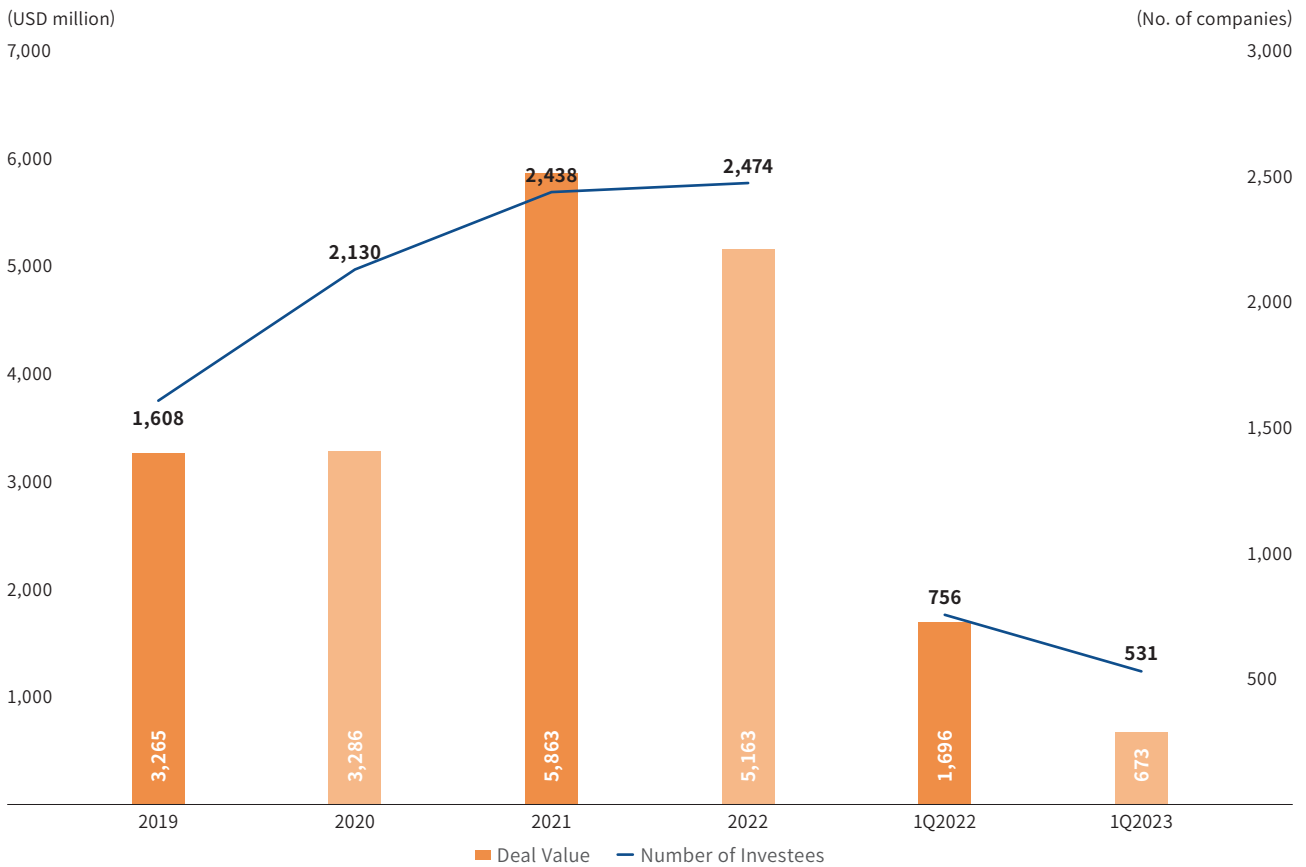


# Investments

## Investments by VC Funds

As at the end of March 2023, Korean VC funds invested a total of USD 673 million (KRW 881.5 billion), marking a significant YoY decline of 60.3% in deal value. Moreover, the number of companies receiving VC investments fell by 225, bringing the total to 531. These decreases signal a contraction in VC investments. The average deal size was USD 1.3 million (KRW 1.66 billion) in the first quarter, down USD 1.0 million (KRW 1.07 billion) from a year ago.

**[Figure 2] 5-year Trends in Investments by VC Funds**



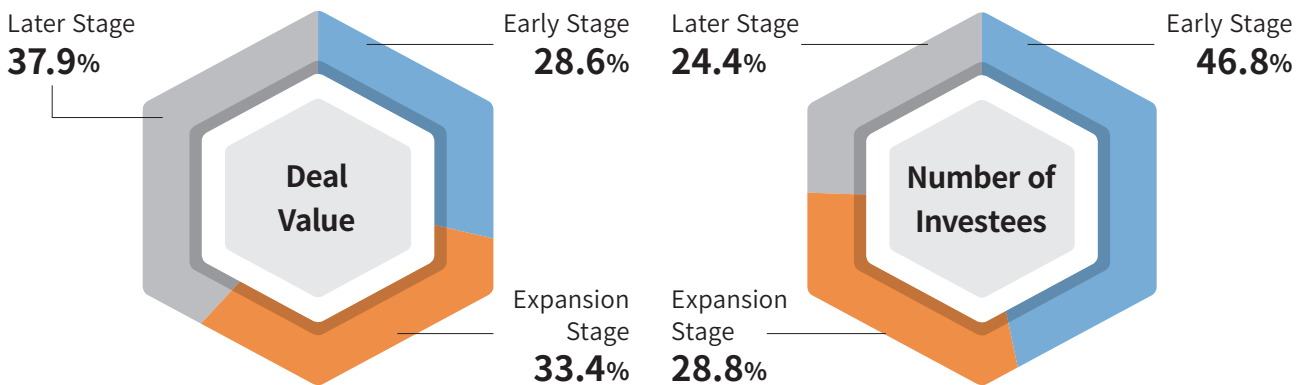
Source: KVCA

\* As of March 31, 2023

## Deals by Stage and Industry

When it comes to the distribution of investment deals made by Korean VC funds as of March 31, 2023, based on the stage of the investee companies<sup>2)</sup>, USD 255 million (KRW 334.2 billion) was allocated to later-stage companies, accounting for 37.9% of the total deal value. USD 225 million (KRW 294.8 billion) went to expansion-stage companies, representing 33.4% of the total, while USD 193 million (KRW 252.4 billion) was funneled into early-stage companies, making up 28.6% of the total. In terms of the number of investees, early-stage, expansion-stage, and later-stage companies represented 46.8%, 28.8%, and 24.4% of overall investee companies, respectively. The larger portion of the deal value was directed towards later-stage companies, and the average deal value tended to be higher for companies at later stages.

[Figure 3] 1Q2023 Deal Activity by Stage - VC Funds



Source: KVCA

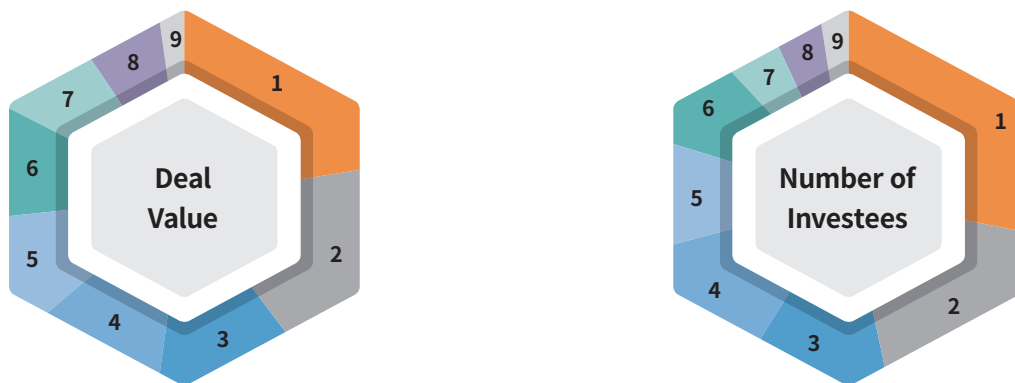
In the first quarter of 2023, VC funds deployed USD 152 million (KRW 198.6 billion) into ICT services, making it the leading sector<sup>3)</sup> in both value and count. ICT services captured 22.5% of the total deal value and accounted for 28.3% of all investee companies. Biotechnology/healthcare attracted USD 116 million (KRW 152 billion), constituting 17.2% of the total, while film and TV/performing arts/recording received USD 84 million (KRW 110.2 billion), accounting for 12.5% of the total. On a count basis, distribution/services came in second with 18.4% of all investees, followed by biotechnology/healthcare and film and TV/performing arts/recording, each accounting for 12.2%.

2) Stages of an investee company are determined based on the time elapsed between the date of its founding and the date of its VC investment received. This provides information about the stage at which the investee company has received VC funding, with early stage defined as less than 3 years, expansion stage as 3-7 years, and later stage as more than 7 years.

3) The above industry breakdown is based on the KVCA Industry Classification Standard.

Industry	Sub-Industry
ICT Manufacturing	Semiconductor/other electronic components; computer/peripheral equipment; broadcasting and communications equipment; audio and video equipment
ICT Services	Communications; software; information services
Electrics/Machinery/Equipment	Electrical equipment; general purpose machinery; transport equipment/parts; precision instruments
Chemicals/Materials	Chemical materials/products; rubber/plastics; metals; non-metallic minerals
Biotechnology/Healthcare	Medical devices; medical materials/pharmaceuticals; healthcare facilities/services
Film and TV/Performing Arts/Recording	Publishing/broadcasting; audiovisual content; performing arts/exhibition/music
Game	Game software; sports/leisure
Distribution/Services	Wholesale and retail trade; transportation; accommodation/food services; education; professional services
Other	Food and beverages; textiles/clothing/leather; wood/paper/printing/furniture; energy/resources; construction; finance; real estate/renting and leasing; other

[Figure 4] 1Q2023 Deal Activity by Industry - VC Funds



No	Sector	% of Total
1	ICT Services	22.5
2	Biotechnology/Healthcare	17.2
3	Film and TV/Performing Arts/Recording	12.5
4	Distribution/Services	11.7
5	Electrics/Machinery/Equipment	9.4
6	Other	9.2
7	ICT Manufacturing	8.0
8	Chemicals/Materials	7.2
9	Game	2.2

No	Sector	% of Total
1	ICT Services	28.3
2	Distribution/Services	18.4
3	Biotechnology/Healthcare	12.2
4	Film and TV/Performing Arts/Recording	12.2
5	Electrics/Machinery/Equipment	8.7
6	Other	8.3
7	Chemicals/Materials	5.0
8	ICT Manufacturing	4.6
9	Game	2.3

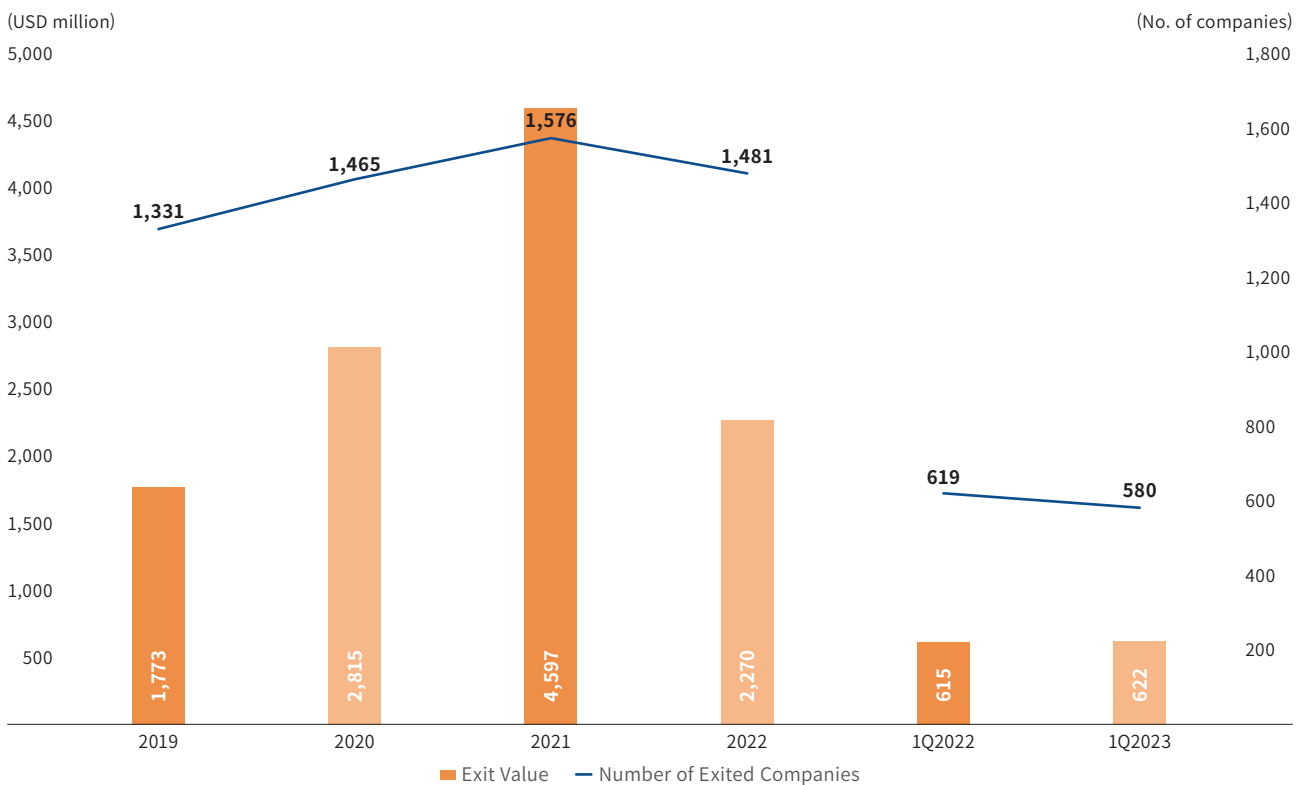
Source: KVCA

# Exits

## Exits by VC Funds

For the first three months of the year, VC-backed exits have amounted to USD 622 million (KRW 814.2 billion), comprising USD 312 million (KRW 409.2 billion) in exited invested capital and USD 309 million (KRW 405 billion) in proceeds. The exits delivered a multiple on invested capital (MOIC) of 1.99x. The overall exit value showed a modest increase of 1.1% YoY, primarily driven by a 13.2% YoY rise in exited invested capital, despite an 8.7% YoY drop in exit proceeds. In contrast, the number of exited companies declined by 39 YoY, reaching a total of 580.

[Figure 5] 5-year Trends in Exits by VC Funds



\* As of March 31, 2023

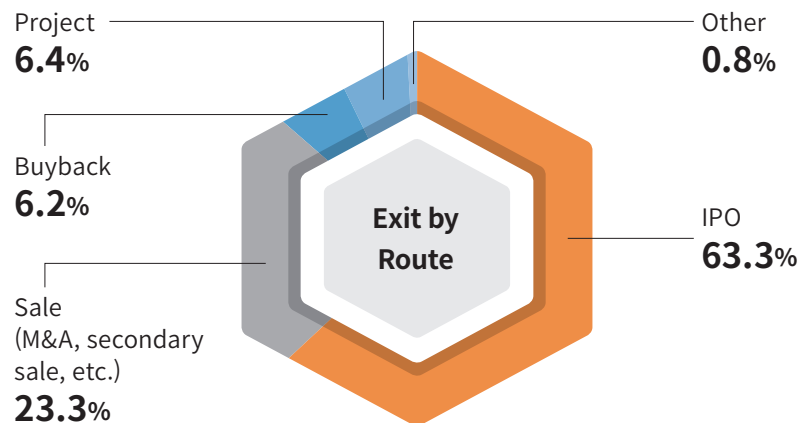
\*\* The number of exited companies is based on the aggregate value of exits.

Source: KVCA

## Exits by Route

As of March 31, 2023, exits via IPO accounted for 63.3% of the total VC-backed exits, reaching USD 394 million (KRW 515.5 billion), while exits via sale (M&A, secondary sale, and more) contributed 23.3% of the total, amounting to USD 145 million (KRW 189.9 billion). Collectively, IPOs and sales made up the majority of the exits.

[Figure 6] Exits by Route



Source: KVCA

# KOREA FUND OF FUNDS: **TRENDS IN FUNDRAISING, INVESTMENTS AND EXITS**

This report is updated on a quarterly basis,  
and its findings this time are based on data from the first quarter of 2023.

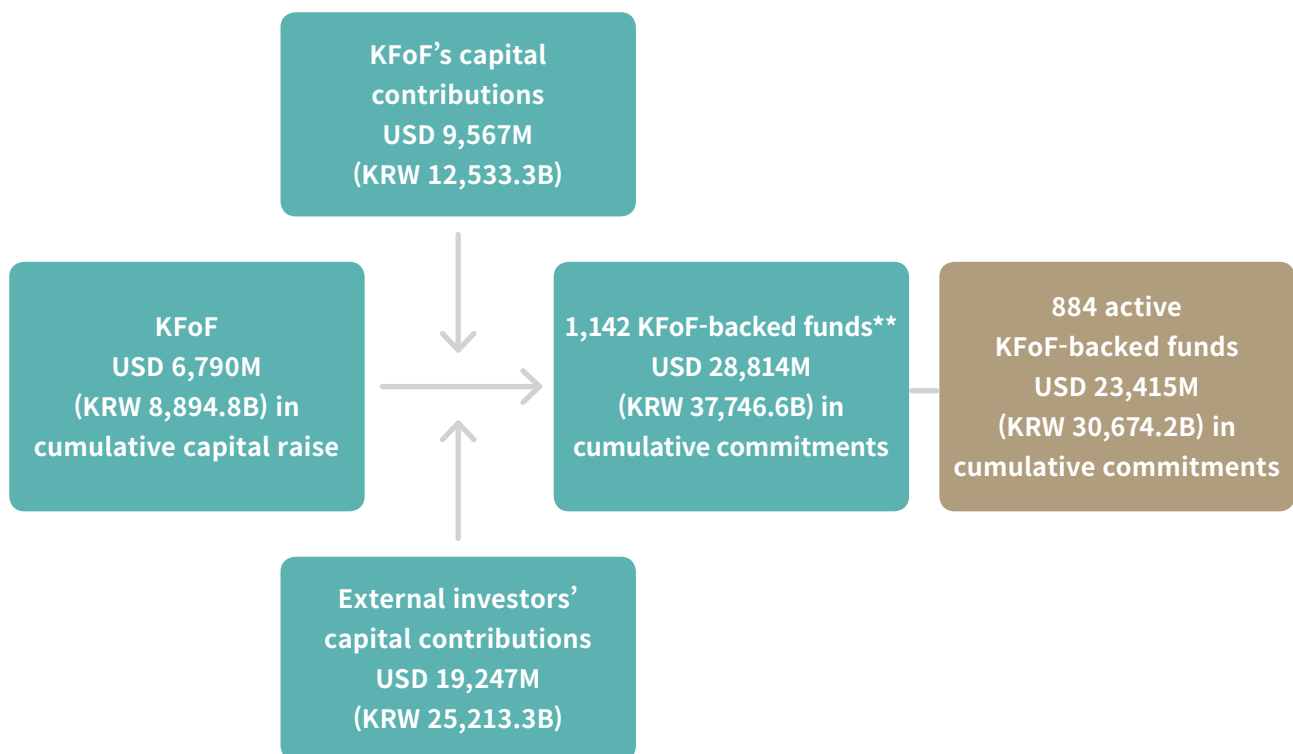
The exchange rate applied at the time of this writing is USD 1 = KRW 1,310.0  
(basic exchange rate or market average rate as of March 31, 2023)



# Korea Fund of Funds

As of March 31, 2023, Korea Fund of Funds (KFoF) has secured a cumulative total of USD 6,790 million (KRW 8,894.8 billion) and set up funds with a combined capital commitment of USD 28,814 million (KRW 37,746.6 billion), out of which USD 19,247 million (KRW 25,213.3 billion) was contributed by outside investors. Currently, 884 of these KFoF-backed funds remain active, holding cumulative commitments of USD 23,415 million (KRW 30,674.2 billion). Since its inception, KFoF has invested USD 21,841 million (KRW 28,611.9 billion) in 9,312 companies\* through its 1,142 underlying funds\*\*.

[Figure 1] KFoF at a Glance



\* Overlapping companies were removed from investment activity data.

\*\* KFoF's underlying funds (hereafter, KFoF-backed funds) include Korea Venture Funds (KVF), new technology venture investment partnerships, private equity funds (PEFs), corporate restructuring companies (CRCs), and private investment funds.

# Fundraising

KFoF created 17 funds with a total commitment of USD 225 million (KRW 473.9 billion) during the first quarter of 2023. Despite a 37.7% reduction in committed capital compared to the same quarter in the previous year, the number of new funds increased to 17. Consequently, the average capital commitment per fund decreased.

**[Figure 2] 5-year Trends in Fund Creation by KFoF**



Source: KVIC

\* As of March 31, 2023

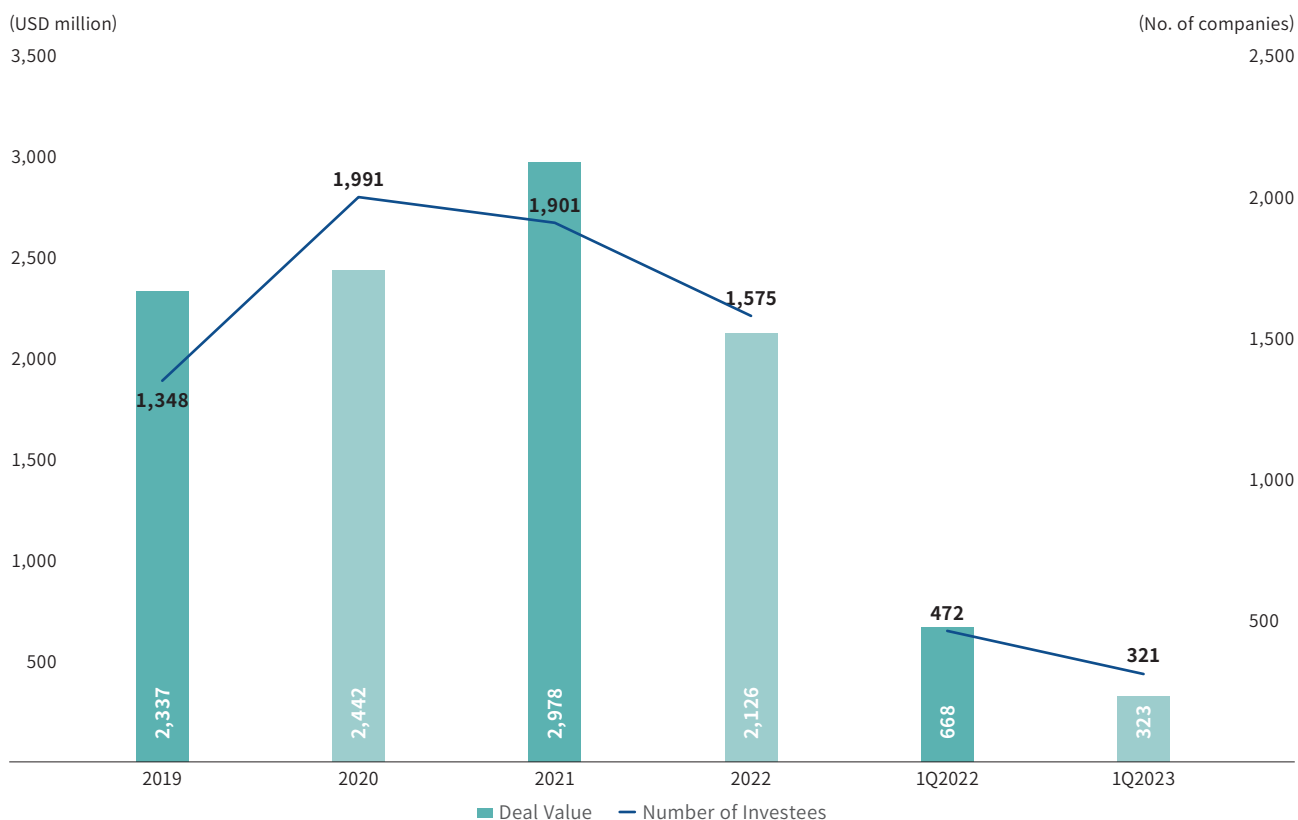
\*\* The total amount committed between 2018 and 2022 is based on available data at the end of each year.

# Investments

## Investments by KFoF-Backed Funds

By the end of March 2023, 230 KFoF-backed funds pumped USD 323 million (KRW 422.7 billion) into 321 companies. On a year-over-year (YoY) basis, both deal value and the number of companies invested in fell significantly by 51.7% and 32.0%, respectively. These declines reflect the persisting impact of unfavorable economic conditions, both internal and external, on investment sentiment towards the venture capital market.

[Figure 3] 5-year Trends in Investments by KFoF-Backed Funds



Source: KVIC

\* As of March 31, 2023.

\*\* The total amount invested between 2018 and 2022 is based on available data at the end of each year.

\*\*\* The number of investees above excludes overlapping companies.

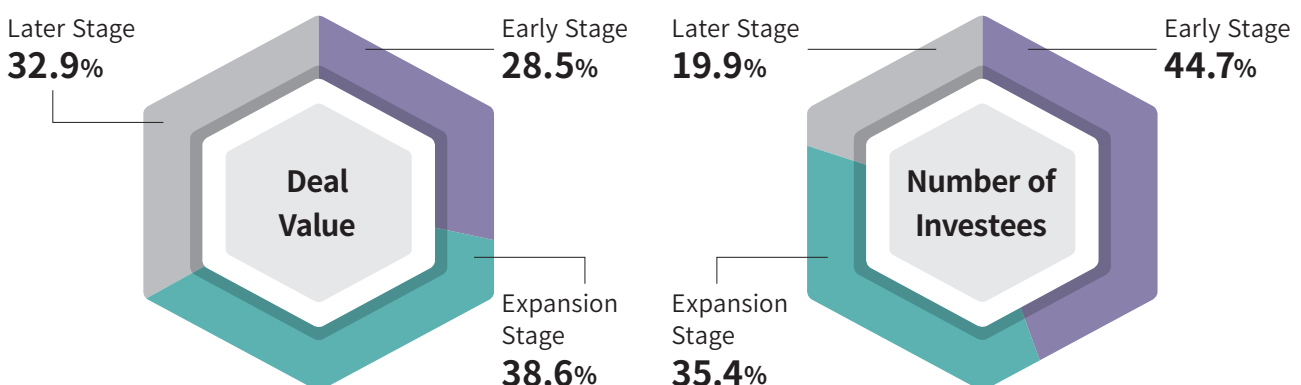
## Deals by Stage

The distribution of deals made by KFoF-backed funds in the first quarter by the stage of the investee company shows that USD 92.1 million (KRW 120.7 billion), accounting for 28.5% of the total deal value, came to early-stage companies (defined as being 3 years old or younger). USD 124.4 million (KRW 163 billion), constituting 38.6% of the total, went to expansion-stage companies (3-7 years old), while USD 106.0 million (KRW 138.9 billion), representing 32.9% of the total, was invested in later-stage companies (above 7 years old). On a count basis, there were 144 early-stage companies (44.1% of all investees), 114 expansion-stage companies (35.4%), and 64 later-stage companies (19.9%).

Compared to the same period last year, there has been a downward trend in both deal value and the number of investees across all stages. The total deal value plummeted by 49.7% YoY to USD 322.6 million (KRW 422.6 billion) as of March 2023 from USD 641.2 million (KRW 839.9 billion) as of March 2022. Among the stages, expansion-stage companies experienced the most significant decline with a 60.5% YoY drop in deal value, followed by early-stage companies with a 50.3% YoY decrease and later-stage companies with a 24.7% YoY decrease.

A decline in average deal size was evident, varying across the stages of investee companies. The average deal size for later-stage companies was down slightly to USD 22 million (KRW 2.17 billion) from the same quarter in the prior year. Meanwhile, the average deal size for early-stage companies dipped sharply by 42.3% YoY to USD 1.1 million (KRW 0.84 billion), and that for expansion-stage companies shrank by 14.1% YoY to USD 14 billion (KRW 1.43 billion). Furthermore, when compared to the previous quarter, a consistent reduction in average deal size was noted across all stages.

[Figure 4] 1Q2023 Deal Activity by Stage – KFoF-Backed Funds



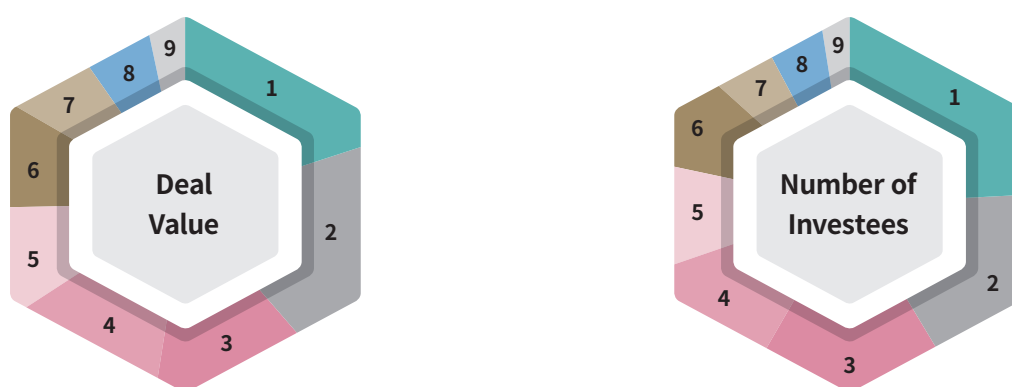
Source: KVIC

\* Overlapping companies are excluded.

## Deals by Industry

In the first quarter of 2023, ICT services received the largest share of investments from KFoF-backed funds, totaling USD 64.9 million (KRW 85 billion), and accounting for 20.1% of the total deal value. Film and TV/performing arts/recording and biotechnology/healthcare came in second and third, with USD 59.9 million (KRW 78.5 billion) or 18.6% of the total, and USD 44.9 million (KRW 58.8 billion) or 13.9% of the total, respectively. Among the industries, the game industry recorded the highest average deal size of USD 1.29 million (KRW 1.69 billion), followed by ICT manufacturing with an average deal size of USD 1.23 million (KRW 1.61 billion).

[Figure 5] 1Q2023 Deal Activity by Industry – KFoF-Backed Funds



No	Sector	% of Total
1	ICT Services	20.1
2	Film and TV/Performing Arts/Recording	18.6
3	Biotechnology/Healthcare	13.9
4	Distribution/Services	13.3
5	Electrics/Machinery/Equipment	8.8
6	Other	8.8
7	ICT Manufacturing	6.8
8	Chemicals/Materials	6.4
9	Game	3.2

No	Sector	% of Total
1	ICT Services	24.2
2	Distribution/Services	17.4
3	Film and TV/Performing Arts/Recording	16.8
4	Biotechnology/Healthcare	11.5
5	Other	8.6
6	Electrics/Machinery/Equipment	8.3
7	Chemicals/Materials	5.6
8	ICT Manufacturing	5.3
9	Game	2.4

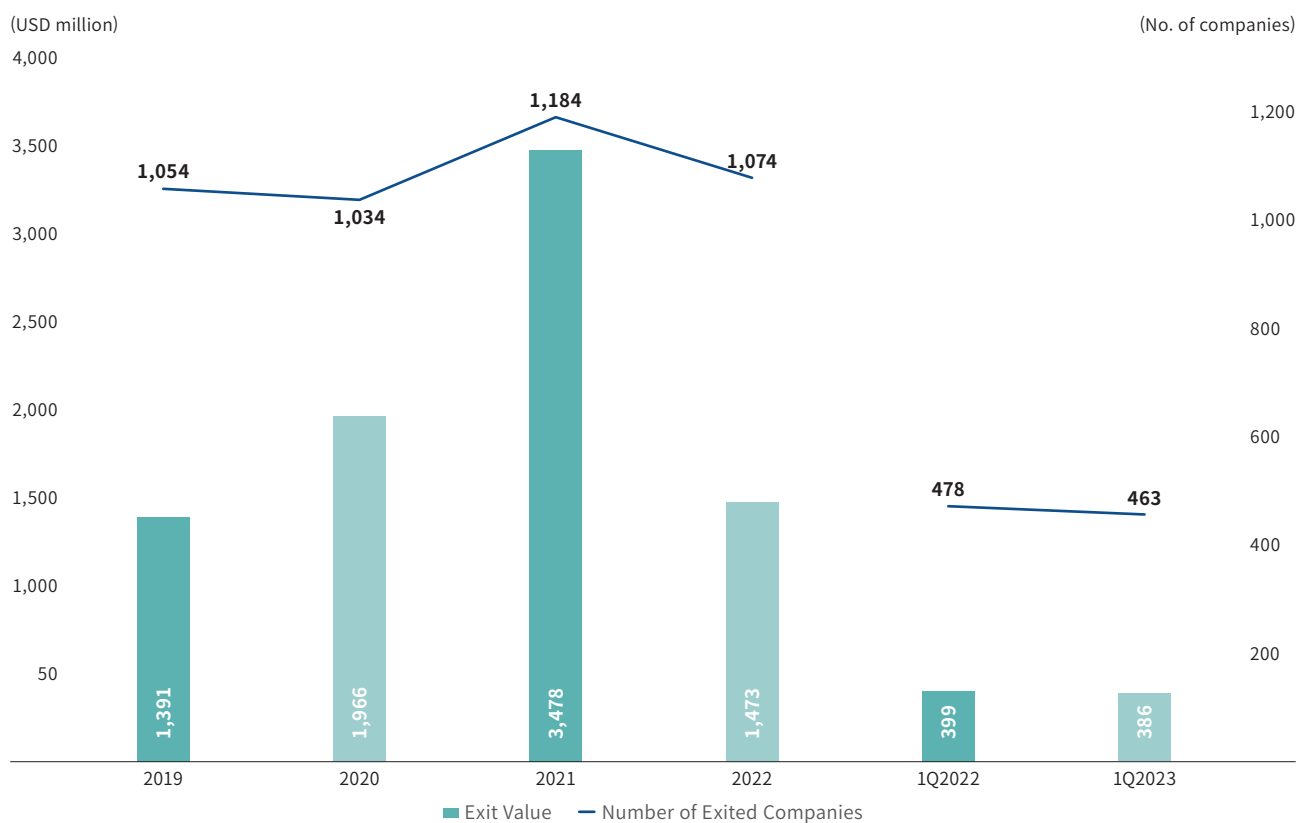
Source: KVIC

# Exits

## Exits by KFoF-Backed Funds

During the first quarter, 300 KFoF-backed funds completed exits from 463 companies, reaching an aggregate value of USD 386 million (KRW 506.3 billion), which includes USD 176 million (KRW 230.1 billion) in exited invested capital and USD 211 million (KRW 276.1 billion) in exit proceeds. The exits achieved a multiple on invested capital (MOIC) at 2.2x. The exit value and the number of exited companies both showed a 3.1% decrease, with figures that closely resemble those from the same period last year.

**[Figure 6] 5-year Trends in Exits by KFoF-Backed Funds**



Source: KVIC

\* As of March 31, 2023

## Exit Value and Exits by Industry

Among the exits made by KFoF-backed funds in the first quarter of the year, the largest exit was valued at USD 50.7 million (KRW 66.42 billion), and the highest exit multiple reached 32.5x. In terms of industries, ICT services, biotechnology/healthcare, and distribution/services stood out, accounting for 32.3% (USD 124.6 million or KRW 163.3 billion), 18.1% (USD 70.1 million or KRW 91.8 billion), and 15.1% (USD 58.2 million or KRW 76.3 billion) of the total exit value, respectively. At the sub-industry level, software claimed the largest share of the exits at 22.9%, totaling USD 88.6 million (KRW 116.1 billion). Following closely were medical materials/pharmaceuticals at 13.5% (USD 52.2 million or KRW 68.4 billion), information services at 9.3% (USD 36.0 million or KRW 47.2 billion), audiovisual content at 8.2% (USD 32.0 million or KRW 41.9 billion), and chemical materials/products at 7.6% (USD 29.6 million or KRW 38.7 billion).

# 1Q2023 KFOF **INVESTMENTS BY INDUSTRY**

The exchange rate applied at the time of writing is USD 1 = KRW 1,310.0  
(basic exchange rate or market average rate as of March 31, 2023)



The first quarter of 2023 witnessed KFoF-backed funds deploy a total of USD 322.6 million (KRW 422.7 billion) across 321 companies and projects. The total amount invested and the number of investee or portfolio companies shrank by 51.7% and 32.0% year over year (YoY), respectively. In addition, the average deal size for portfolio companies decreased by 29.0% to USD 1.0 million from USD 1.4 million in the same period last year.

### Overview of KVIC Industry Classification

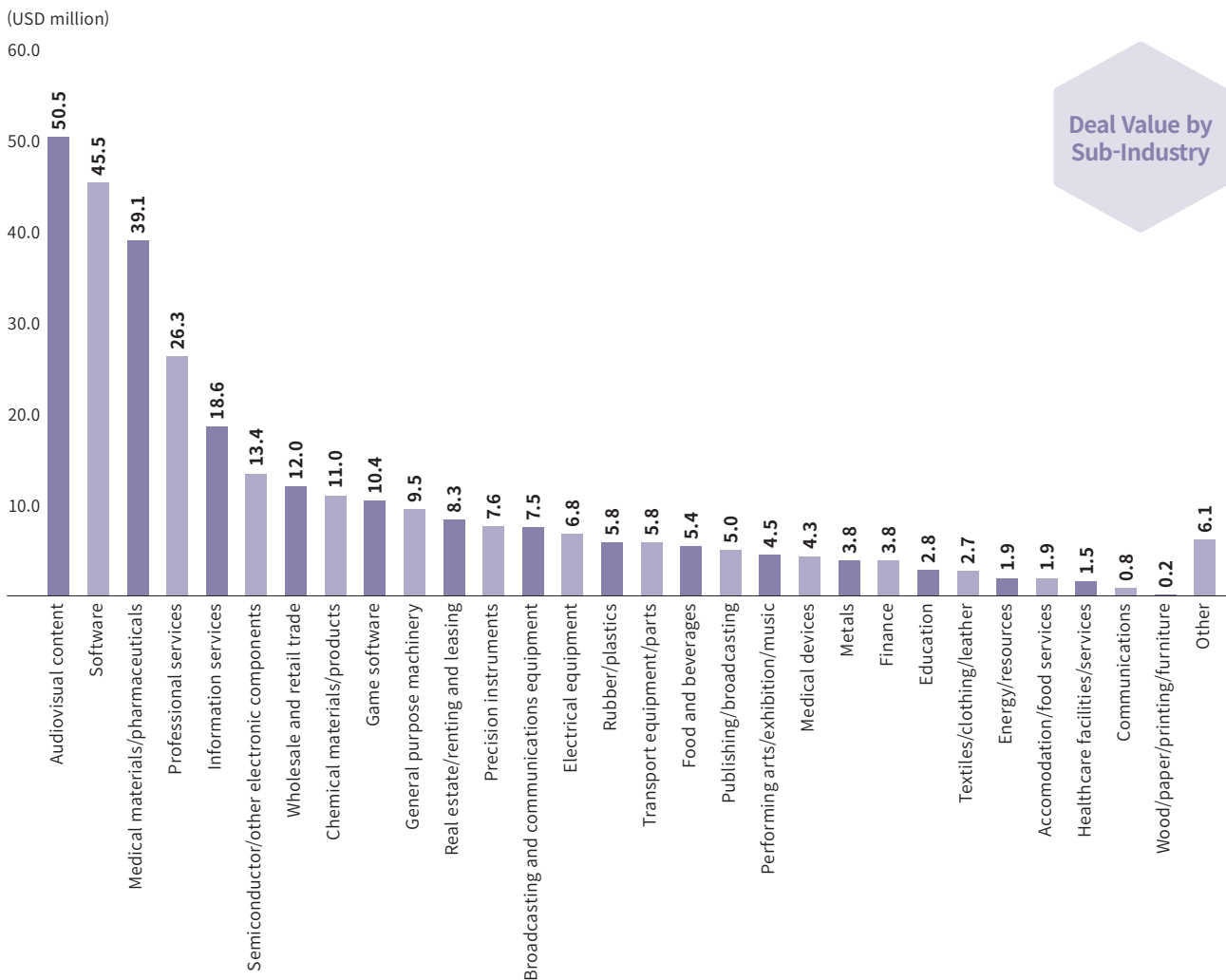
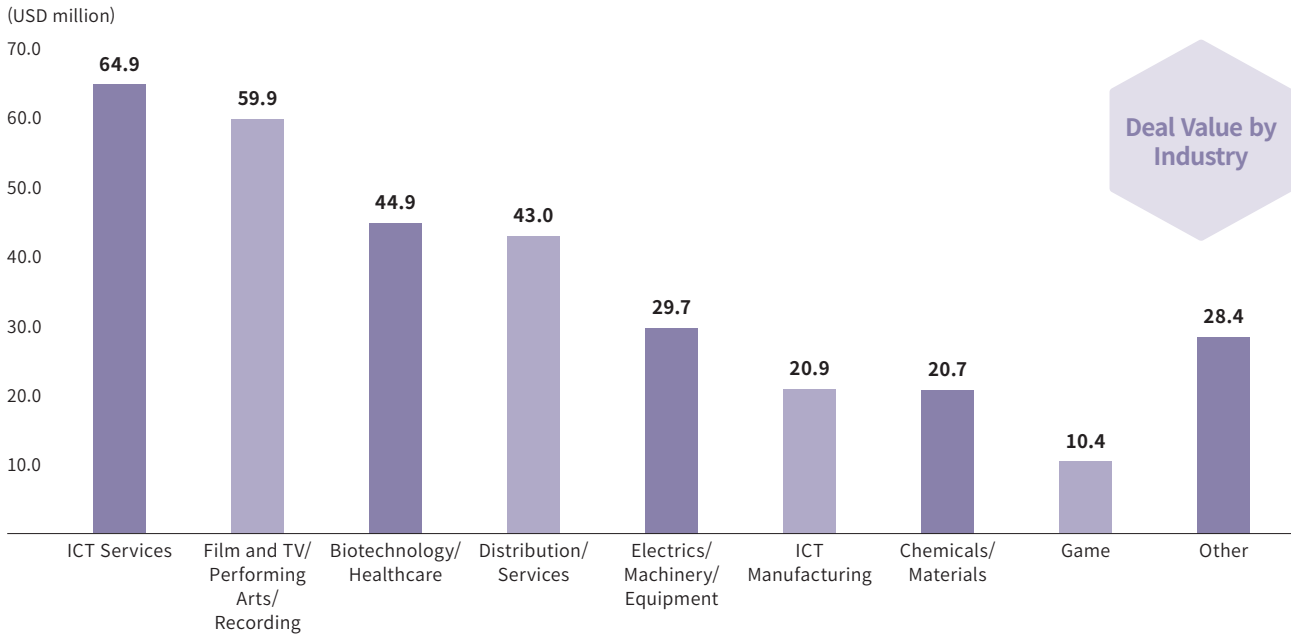
KVIC sorts portfolio companies into 9 industries and 36 sub-industries and compiles data accordingly.

- ❶ **9 industry categories:** 1) biotechnology/healthcare; 2) ICT services; 3) distribution/services; 4) electrics/machinery/equipment; 5) ICT manufacturing; 6) game; 7) chemicals/materials; 8) film and TV/performing arts/recording; and 9) other
- ❷ **36 sub-industry categories:** 1) medical materials/pharmaceuticals; 2) medical devices; 3) healthcare facilities/services; 4) software; 5) information services; 6) communications; 7) wholesale and retail trade; 8) professional services; 9) transportation; 10) education; 11) accommodation/food services; 12) general purpose machinery; 13) transport equipment and parts; 14) precision instruments; 15) electrical equipment; 16) semiconductor/other electronic components; 17) broadcasting and communications equipment; 18) computer/peripheral equipment; 19) audio and video equipment; 20) game software; 21) sports/leisure; 22) chemical materials/products; 23) metals; 24) non-metallic minerals; 25) rubber/plastics; 26) audiovisual content; 27) publishing/broadcasting; 28) performing arts/exhibition/music; 29) food and beverages; 30) construction; 31) finance; 32) energy/resources; 33) wood/paper/printing/furniture; 34) real estate/renting and leasing; 35) textiles/clothing/leather; and 36) other

[Table 1] KVIC Industry and Sub-Industry Classification

Industry	Biotechnology/Healthcare	ICT Services	Distribution/Services
Sub-Industry	Medical devices; medical materials/pharmaceuticals; healthcare facilities/services	Software; information services; communications	Wholesale and retail trade; professional services; transportation; education; accommodation/food services
Industry	Electrics/Machinery/Equipment	ICT Manufacturing	Game
Sub-Industry	General purpose machinery; transport equipment/parts; precision instruments; electrical equipment	Semiconductor/ other electronic components; broadcasting and communications equipment; computer/ peripheral equipment; audio and video equipment	Game software; sports/leisure
Industry	Chemicals/Materials		Film and TV/Performing Arts/Recording
Sub-Industry	Chemical materials/products; metals; non-metallic minerals; rubber/plastics		Audiovisual content; publishing/broadcasting; performing arts/exhibition/music
Industry	Other		
Sub-Industry	Food and beverages; construction; finance; energy/resources	Wood/paper/printing/furniture; real estate/renting and leasing; textiles/clothing/leather; other	

[Figure 1] 1Q2023 KFoF Investment Activity by Industry and Sub-Industry



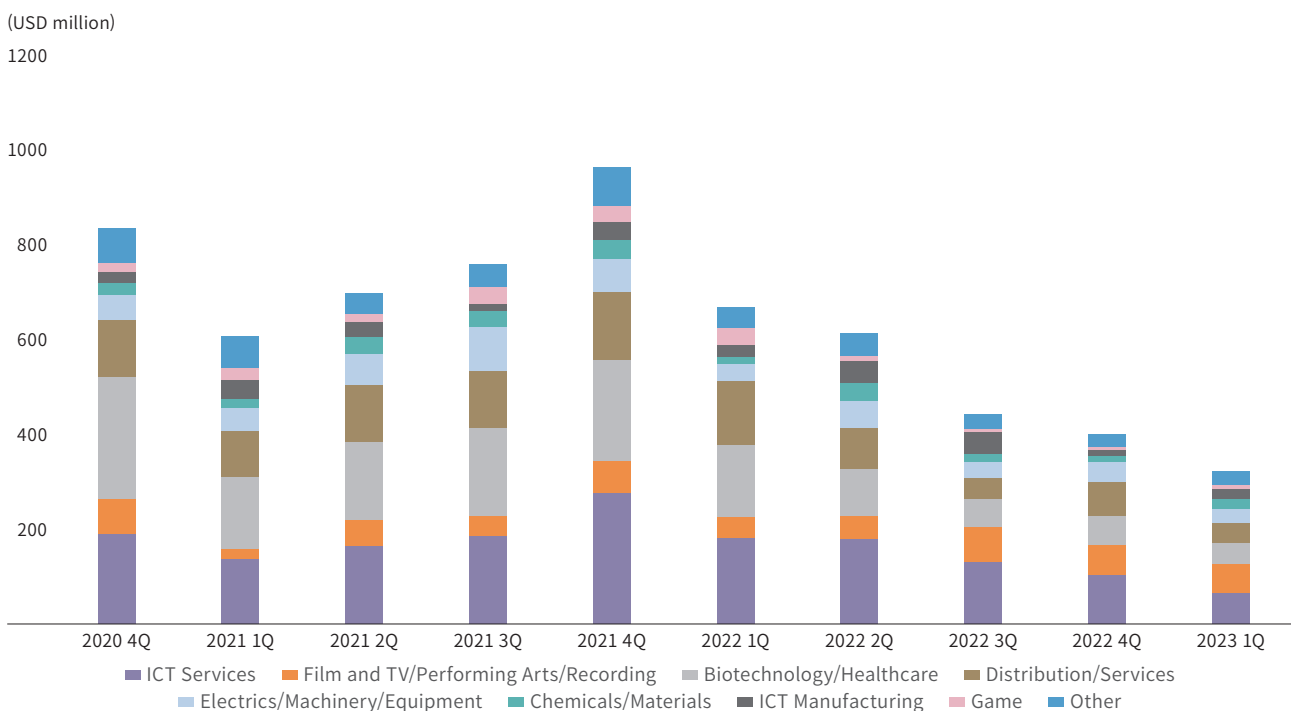
Source: KVIC

ICT services still ranked atop in terms of deal value, albeit a decrease of 64% YoY, recording USD 64.9 million (KRW 85 billion). Following closely were film and TV/performing arts/recording, which secured USD 59.9 million (up 31.1% YoY) and biotechnology/healthcare with USD 44.9 million (down 70.4% YoY). Distribution/services dropped to fourth place after experiencing a 41.0% quarter-over-quarter (QoQ) decline in deal value to USD 43.0 million (down 68.1% YoY), showing only a slight difference from the deal value attracted by biotechnology/healthcare, which stood as the third-largest funding recipient.

Looking at the sub-industry level, audiovisual content, software, and medical materials/pharmaceutical took the lead in deal value, pulling in USD 50.5 million (up 39.4% YoY), USD 45.5 million (down 66.8% YoY), and USD 39.1 million (down 69.6% YoY), respectively. These top three sub-industries remained consistent with the previous quarter, although there was a shift in the rankings for audiovisual content and software. Among these, audiovisual content was the sole sub-industry to register an upswing in deal value on both a QoQ and YoY basis, thanks to consistent investments in film, dramas, and other formats of audiovisual content.

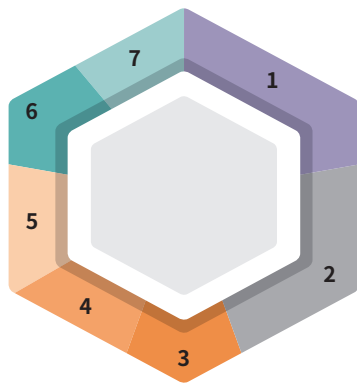
The ICT manufacturing industry boasted the highest average deal size of USD 1.4 million (KRW 1.82 billion). On the other hand, game, which had recorded the lowest average deal size at USD 0.5 million in the preceding quarter, surged to become the second-largest industry in terms of average deal size, with a significant increase to USD 1.3 million (KRW 1.69 billion).

**[Figure 2] Quarterly Trends in KFoF Investments by Industry**



In the first quarter of 2023, only two mega-deals greater than USD 7.63 million (KRW 10 billion) occurred, in contrast to the nine mega-deals reported in the same period of 2022. The industries securing these mega-deals were film and TV/performing arts/recording and electrics/machinery/equipment. Furthermore, there were nine deals valued at USD 3.82 million (KRW 5 billion) or more, indicating a notable decrease of 33 deals compared to the first quarter a year ago. The largest venture funding was directed towards an animation production company.

**[Figure 3] 1Q2023 Industry Breakdown of Companies with USD 3.82M+ (KRW 5B+) in VC Funding from KFoF-Backed Funds**



Source: KVIC

No	Sector	% of Total
1	Film and TV/Performing Arts/Recording	22
2	Electrics/Machinery/Equipment	22
3	ICT Services	11
4	Distribution/Services	11
5	Chemicals/Materials	11
6	ICT Manufacturing	11
7	Other	11
8	Biotechnology/Healthcare	0
9	Game	0

[Table 2] 1Q2023 VC Investments by KFoF-Backed Funds

(USD million)

Industry/Sub-industry	1Q2023	YoY	Number of portfolio companies	Average amount invested
<b>Total</b>	<b>322.6</b>	<b>-51.7%</b>	<b>321</b>	<b>1.0</b>
<b>ICT Services</b>	<b>64.9</b>	<b>-64.0%</b>	<b>79</b>	<b>0.8</b>
Software	45.5	-66.8%	55	0.8
Information services	18.6	-54.6%	23	0.8
Communications	0.8	-58.3%	1	0.8
<b>Biotechnology/Healthcare</b>	<b>44.9</b>	<b>-70.4%</b>	<b>37</b>	<b>1.2</b>
Medical materials/pharmaceuticals	39.1	-69.6%	31	1.3
Medical devices	4.3	-81.1%	5	0.9
Healthcare facilities/services	1.5	167.0%	1	1.5
<b>Distribution/Services</b>	<b>43.0</b>	<b>-68.1%</b>	<b>53</b>	<b>0.8</b>
Professional services	26.3	-56.3%	29	0.9
Wholesale and retail trade	12.0	-75.3%	19	0.6
Education	2.8	-79.1%	4	0.7
Accommodation/food services	1.9	-	1	1.9
<b>Film and TV/Performing Arts/Recording</b>	<b>59.9</b>	<b>31.1%</b>	<b>56</b>	<b>1.1</b>
Audiovisual content	50.5	39.4%	44	1.2
Performing arts/exhibition/music	4.5	-19.0%	9	0.5
Publishing/broadcasting	5.0	25.1%	3	1.7
<b>Electrics/Machinery/Equipment</b>	<b>29.7</b>	<b>-18.5%</b>	<b>28</b>	<b>1.1</b>
Electrical equipment	6.8	-55.2%	6	1.1
General purpose machinery	9.5	27.2%	12	0.8
Transport equipment/parts	5.8	-25.7%	3	1.9
Precision instruments	7.6	28.4%	7	1.1
<b>Chemicals/Materials</b>	<b>20.7</b>	<b>-22.8%</b>	<b>17</b>	<b>1.2</b>
Chemical materials/products	11.0	-38.2%	11	1.0
Metals	3.8	72.6%	3	1.3
Rubber/plastics	5.8	247.7%	3	2.0
<b>ICT Manufacturing</b>	<b>20.9</b>	<b>48.7%</b>	<b>15</b>	<b>1.4</b>
Semiconductor/other electronic components	13.4	111.7%	11	1.2
Broadcasting and communications equipment	7.5	13.9%	4	1.9
<b>Game</b>	<b>10.4</b>	<b>-69.9%</b>	<b>8</b>	<b>1.3</b>
Game software	10.4	-69.2%	8	1.3
<b>Other</b>	<b>28.4</b>	<b>-36.1%</b>	<b>28</b>	<b>1.0</b>
Energy/resources	1.9	-38.1%	2	1.0
Food and beverages	5.4	66.9%	6	0.9
Finance	3.8	64.8%	4	1.0
Textiles/clothing/leather	2.7	-37.3%	3	0.9
Real estate/renting and leasing	8.3	123.3%	3	2.8
Wood/paper/printing/furniture	0.2	-	2	0.1
Other	6.1	-78.1%	8	0.8

Source: KVIC

Table 3 features hashtags that describe either the attributes of products or services developed, produced or offered by portfolio companies that obtained USD 3.82 million (KRW 5 billion) or more in VC funding from KFoF-backed funds in the first quarter of 2023, or the characteristics of the industries to which these portfolio companies belong. The hashtags, sorted by industry, aim to help readers better understand the traits of portfolio companies within KFoF's underlying funds.

**[Table 3] 1Q2023 Keyword Hashtags for Portfolio Companies with USD 3.82M+ (KRW 5B+) in VC Funding from KFoF-Backed Funds**

ICT Services	#Advertising Media Platform for Private Cram Schools
Distribution/ Services	#Beauty Care/Fashion Product Sales
Electrics/ Machinery/ Equipment	#Explosion Prevention Materials for Secondary Batteries #Satellite Launch Vehicle Production
Film and TV/ Performing Arts/ Recording	#Animation Production #Film Production
ICT Manufacturing	#Optical Testing and Analytical Instruments
Chemicals/ Materials	#Additives in the Active Pharmaceutical Ingredient (API) Category
Other	#Patent Monetization Services

# K-Unicorn Spotlight: OASIS

The exchange rate applied at the time of writing is USD 1 = KRW 1,310.0  
(basic exchange rate or market average rate as of March 31, 2023)



# OASIS: The E-Commerce Leader with Tech-Driven Logistics

## Company Overview

Oasis Corp. is a rapidly expanding South Korean company specializing in early morning, next-day grocery delivery services, boasting an impressive 90% repurchase rate that reflects exceptional customer satisfaction. Positioned as the only profitable grocery e-commerce operator in the industry, Oasis has become the country's second largest provider of early morning, next-day deliveries, competing with Kurly and SSG.COM. The company is renowned for offering eco-friendly and organic produce at affordable prices. What truly sets Oasis apart is its unique combination of online and offline presence, a distinction unparalleled by its industry peers. This approach yields several advantages, including 1) higher operating profits achieved through reducing the destruction of unsold inventory to zero, 2) viral marketing efficiency, and 3) innovations in inventory management. As the demand for online grocery shopping continues to surge, Oasis is poised for continuous growth in the years to come.

Founded as Woori Networks in 2011, the company changed its name to Oasis in 2017. It started its grocery business by offering organic and eco-friendly produce through a partnership with consumer cooperatives. Its online members has surpassed 1.3 million (as of January 2023), and the average purchase amount per customer has risen from USD 23.4 (KRW 30,595) to USD 30.2 (KRW 39,501), demonstrating consistent growth in online sales.

Noteworthy is the company's revenue growth, driven by expanding existing business lines and launching new ventures. Particularly, Oasis's non-food categories have broadened, and its next morning delivery service has gradually expanded beyond the greater Seoul area to cover the entire country. Additionally, with a continuous rise in the number of its offline stores, the company is proactively establishing distribution centers and sales channels nationwide. It has also ventured into live commerce in partnerships with large companies, and is set to enter the quick commerce (rapid grocery delivery) market, capitalizing on its online and offline networks.

Achieving unicorn status with a valuation of over USD 763.4 million (KRW 1 trillion) in 2022, Oasis plans to make its debut on Korea's secondary stock market KOSDAQ in the near future. This market debut would make it the country's first e-commerce company to go public.

Company Brief	
CEO	Ahn Jun-hyung
Year Founded	October 14, 2011
Head Office	333-3, Sangdaewon-dong, Jungwon-gu, Seongnam City, Gyeonggi Province, South Korea
Number of Employees	Approx. 696 (as of January 2023)
Main Services	Early morning, next-day grocery delivery, offline grocery retail, live commerce, etc.
Sale Items	Fresh and processed foods, household products, kitchen essentials, beauty care products, etc.
Revenue	USD 180.9 million ('20) > USD 270.6 million ('21) > USD 323.9 million ('22) (KRW 238.6 billion ('20) > KRW 356.9 billion ('21) > KRW 427.2 billion ('22))
Lead Investors/Cumulative Funding	Korea Investment Partners and others/Approx. USD 96.2 million (KRW 112.6 billion)
Valuation	Approx. USD 763.4 million (KRW 1 trillion)
Contact	Website: <a href="http://oasis.co.kr">http://oasis.co.kr</a>

## Main Services and Their Strengths

### (1) Eco-friendly and organic products at affordable prices

Oasis has established a solid foundation for stable revenue generation by cultivating a loyal customer base through its range of private brand (PB) grocery staples. Its own brand of foods encourages repeat purchases and motivates customers to explore an even more diverse selection of items.

[Figure 1] Oasis's Strength 1: Organic Grocery Market

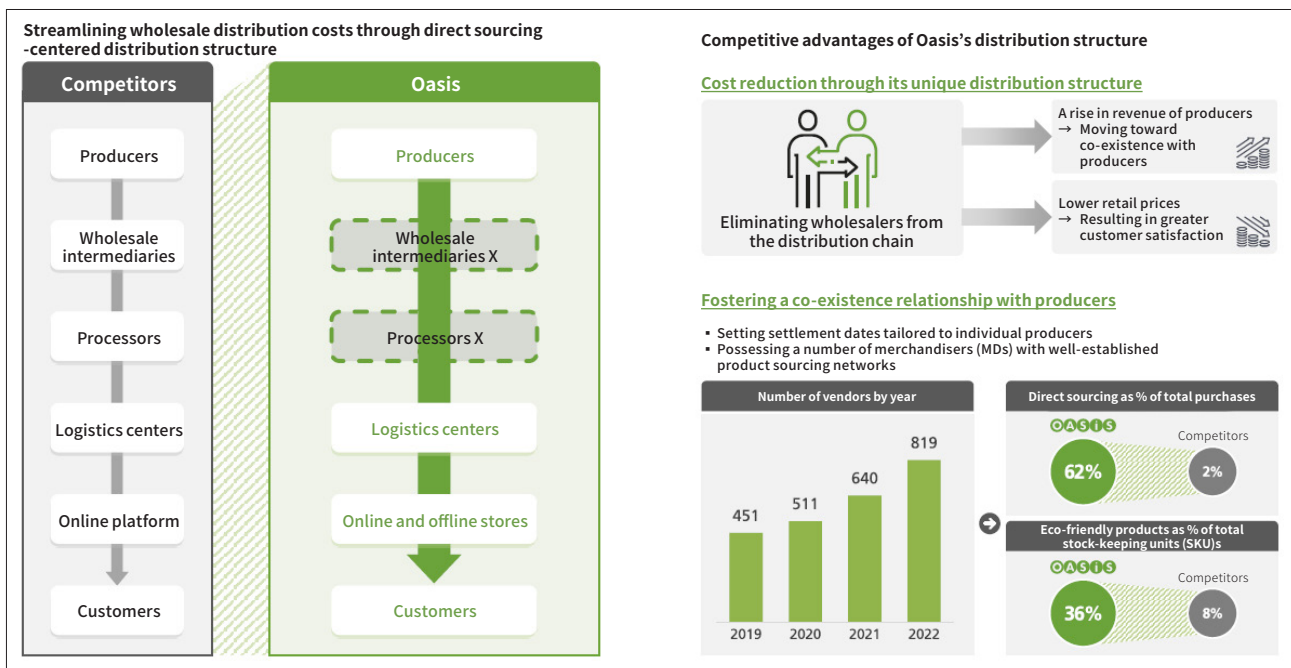


Source: Oasis's investor relations presentation material

## (2) A strong network of producers, centered on direct sourcing

Oasis enjoys a sourcing competitive edge thanks to its robust and established network of producers, which sets itself apart from its competitors. Cost-saving benefits obtained from such distribution structure enable the company to bring more income to producers and offer consumers products at lower prices, ultimately enhancing satisfaction for both sides.

[Figure 2] Oasis's Strength 2: Network

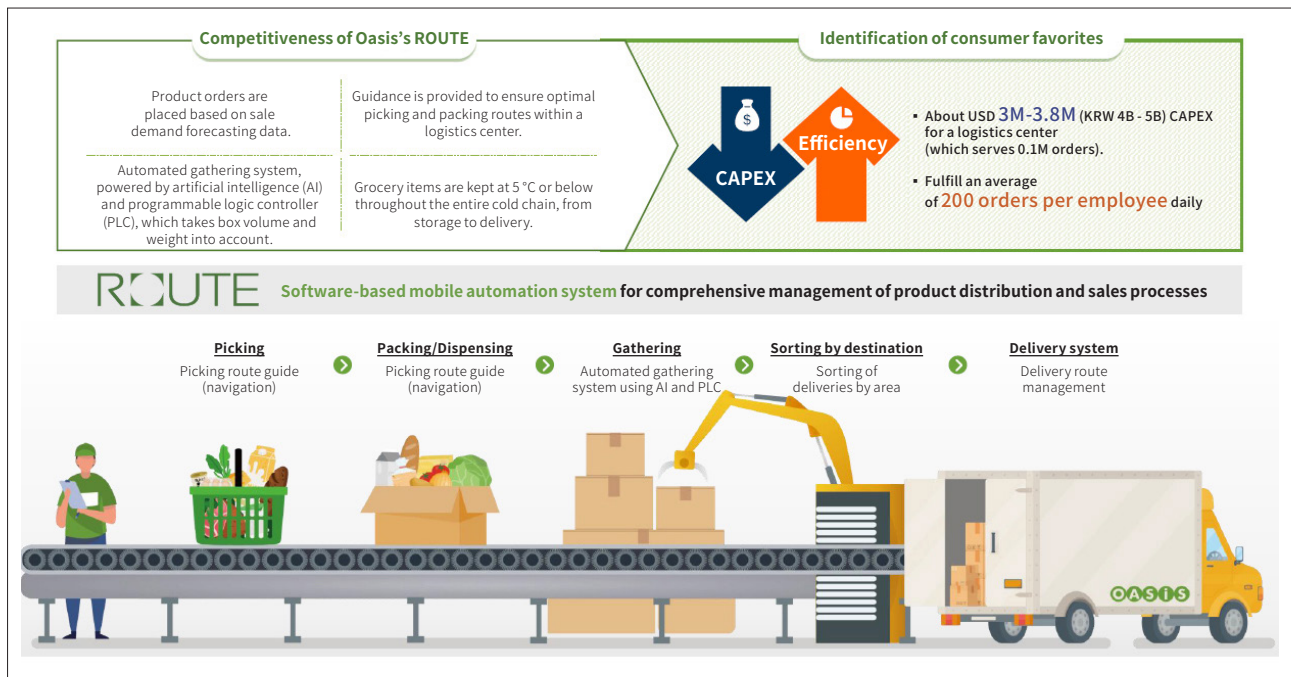


Source: Oasis's investor relations presentation material

### (3) Proprietary logistics solution

Oasis has developed its own smart logistics solution that seamlessly integrates software, hardware, and personnel. This innovation maximizes logistics efficiency and serves as a reliable source of continuous income generation.

[Figure 3] Oasis's Strength 3: Logistics System

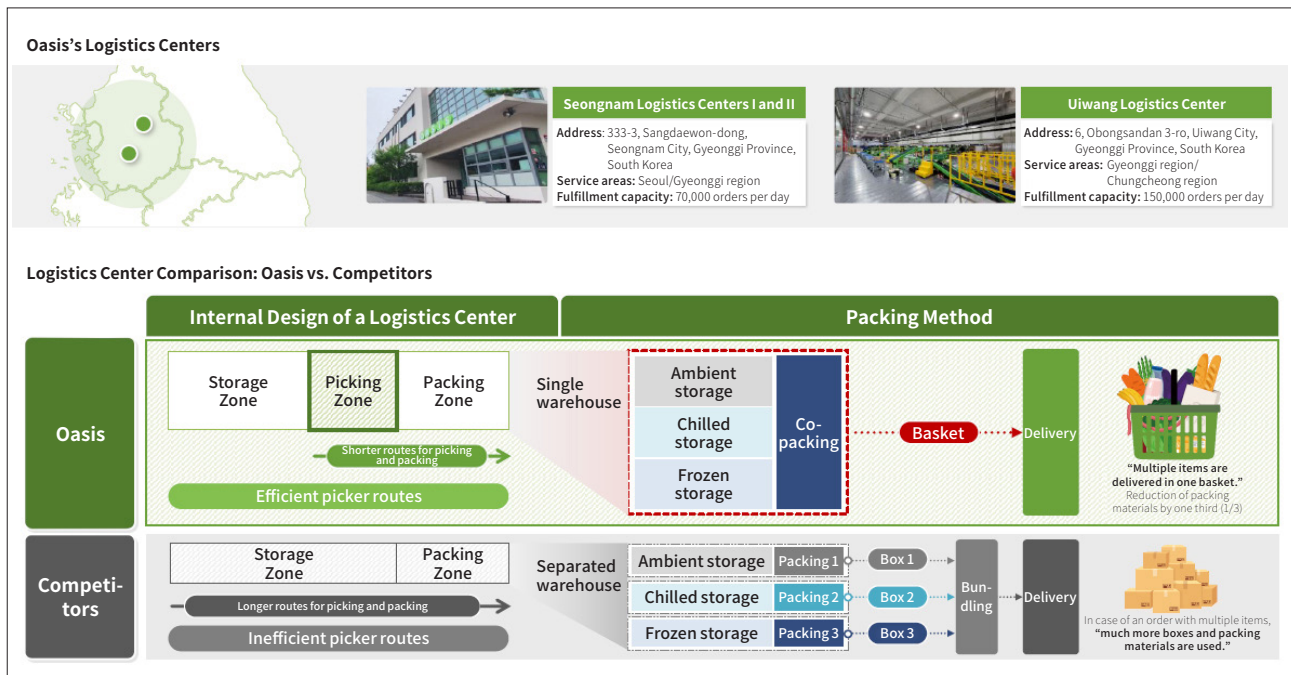


Source: Oasis's investor relations presentation material

#### (4) Smart logistics centers with a distinctive co-packing capability, a novelty in the industry

The company's smart logistics centers boast efficient logistics flows and a unique co-packing capability, which is new to the industry. Leveraging these logistics centers, Oasis enjoys far-enhanced efficiency compared to its competitors and significantly reduces the use of redundant packaging materials.

[Figure 4] Oasis's Strength 4: Logistics Centers

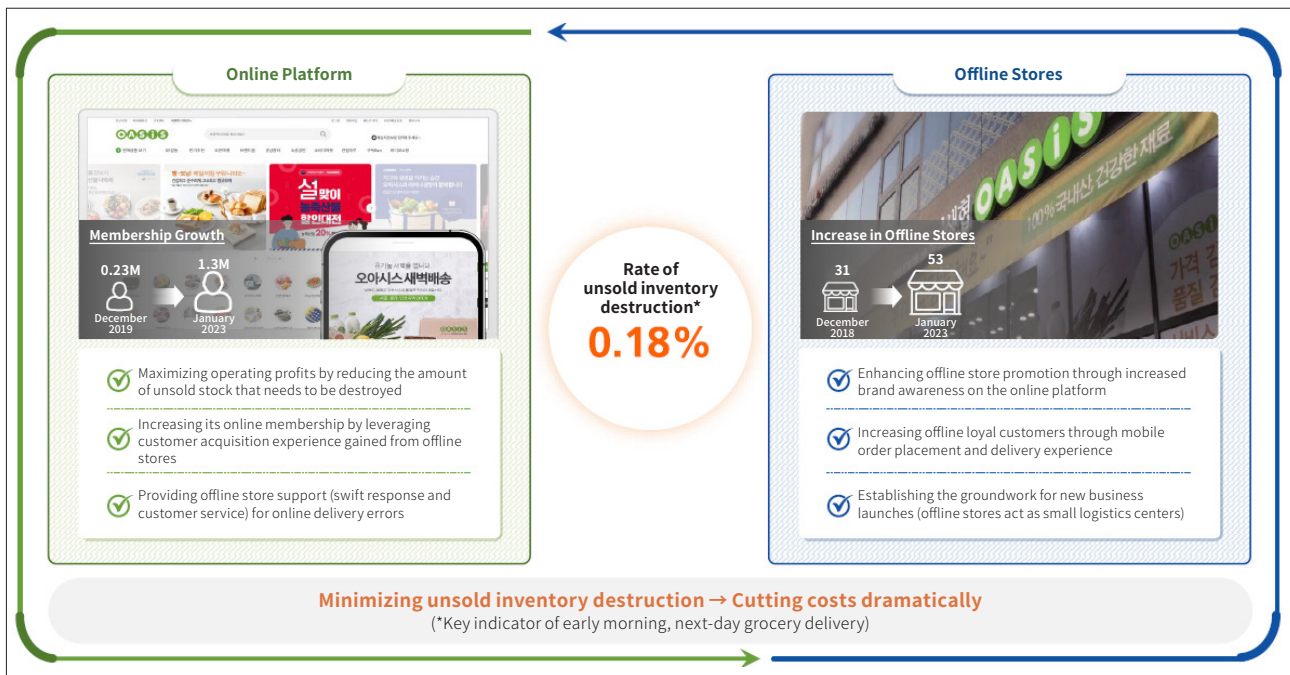


Source: Oasis's investor relations presentation material

### (5) Synergies between online and offline channels

Oasis's omnichannel strategy, utilizing online and offline advantages, generates synergies in terms of profitability and growth potential. This strength enables the company to significantly cut costs that might otherwise arise from higher rates of unsold inventory destruction (resulting in an annual cost-saving of USD 0.6 million (KRW 0.75 billion), according to the company's estimates).

[Figure 5] Oasis's Strength 5: Synergies between Online and Offline Channels



Source: Oasis's investor relations presentation material

## Strategies Going Forward

### (1) Strategy to expand existing businesses

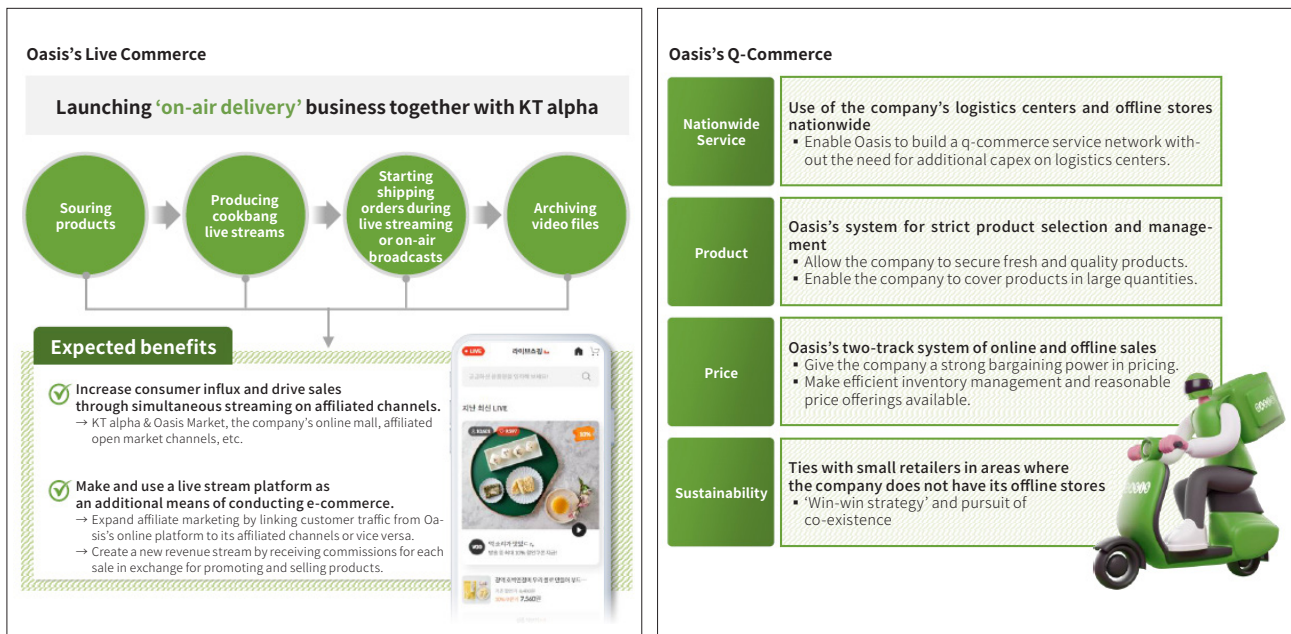
Oasis offers a diverse range of categories, encompassing not only fresh foods but also processed foods and daily necessities, to cater to the diverse needs of its target customers. Notably, the company is dedicated to extending its early morning, next day delivery services nationwide, expanding beyond Seoul and its surrounding areas by establishing additional logistics centers. In addition, Oasis continues to increase the number of offline stores as part of its efforts to build a robust sales network, supporting aggressive business expansion.

### (2) Strategy to achieve further growth through new businesses

To achieve further growth, the company is actively pursuing entry into the market for highly-personalized home shopping through partnerships between its own platform and other platforms. Moreover, it plans to make forays into the quick commerce market, aiming to boost its business-to-customer (B2C) services.

\* Quick commerce, often referred to as q-commerce, is the practice of providing ultra-fast doorstep delivery of everyday essentials and foods within the shortest time possible.

[Figure 6] Oasis's Business Strategies to Move Forward



Source: Oasis's investor relations presentation material

# Market Watch

Korea Venture Investment Corporation