

# SEA FinTech Investment Landscape

October 2022

# Executive summary



## State of the Tech markets

- Global equities are experiencing **high volatility** and have been roiled over **inflation fears, rising geopolitical tensions, and escalating interest rates**
- **High-growth companies** are witnessing **the greatest share price declines (>50%)** as cash flows far out into the future are **discounted harder**, amidst a hike in rates
- While public Tech valuations appear to have plummeted, they have in fact **eased down to the 10-year historical baseline**
- The pace of private capital deployment may have **moderated relative to 2021**, but **remains vigorous** and **surpasses that of all preceding years**
- **All-time high** dry powder in 2022 is expected to fuel **continued deal velocity**



## SEA FinTech landscape and exit thoughts

- SEA is one of the **most vibrant Tech ecosystems** globally with a **booming FinTech sector**
- **Singapore** and **Indonesia** account for two-thirds of SEA FinTech deals
- **Payments and lending** drive more than half the region's FinTech deals by value; **crypto/web3 companies** have been gaining traction amongst earlier-stage investors amidst growing institutional awareness
- **Mounting unrealized value** at a time when public listings/SPACs have lost their shine as a **viable, attractive exit route**
- Private financing rounds/M&A are expected **to intensify** over the longer term as the ecosystem matures and more investors flock to SEA to tap into the region's **growth, talent, and disruptive business models**

*“The best investors understand that we are only scratching the surface of disruptive FinTech, and are retaining a long-term perspective towards the sector. Unlike the dot-com bubble, the underlying trends now are more tangible and solid.”*

**Jeff Acton**

Partner, Head of Technology

*“Despite recent market volatility, the FinTech sector in SEA is flourishing and fast-growing companies with sound fundamentals and enduring business models will continue to drive financing activity.”*

**Anindita (Andi) Das**

Managing Director, Head of Technology SEA

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# I. State of the Tech markets

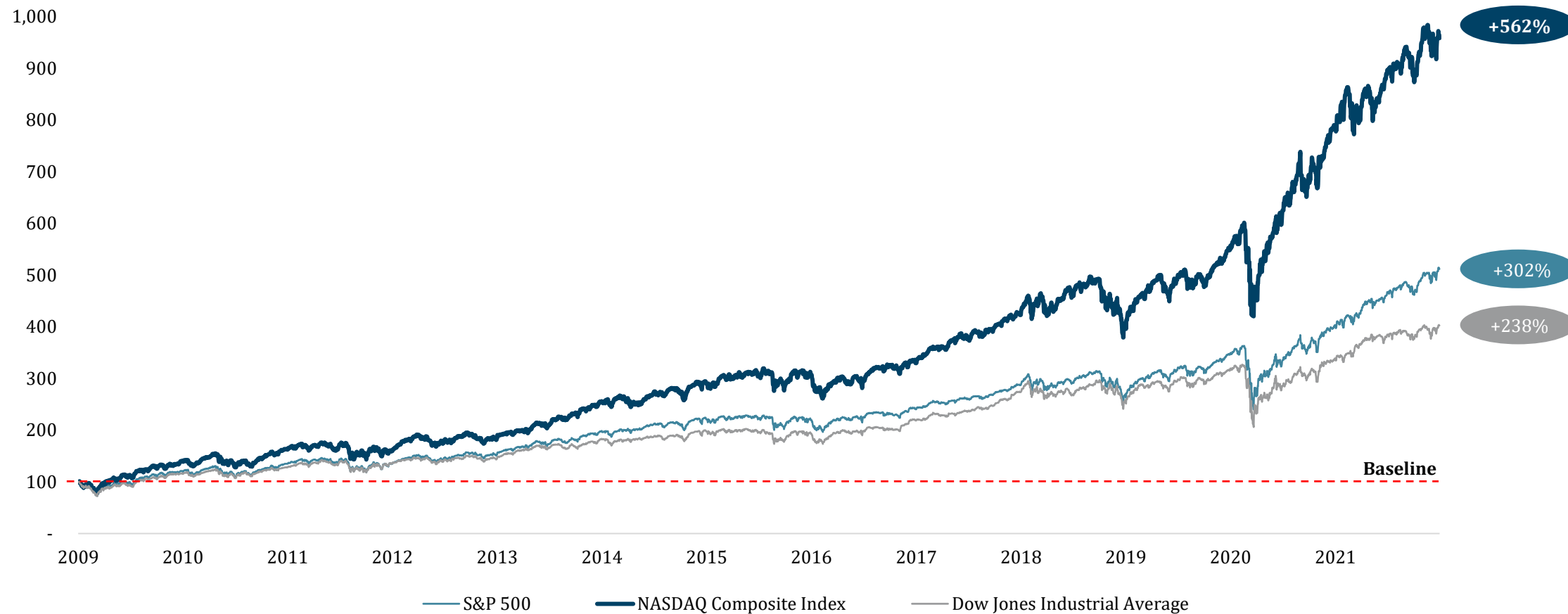


# 2021 – a record year on the back of the longest bull market in history

*Fuelled by low federal interest rates, easy monetary policies, rampant share buybacks, and increased retail participation across the global equity markets*

## Robust benchmark index appreciation over the last decade, led by the Tech-heavy NASDAQ

Index, 2 Jan 2009 = 100



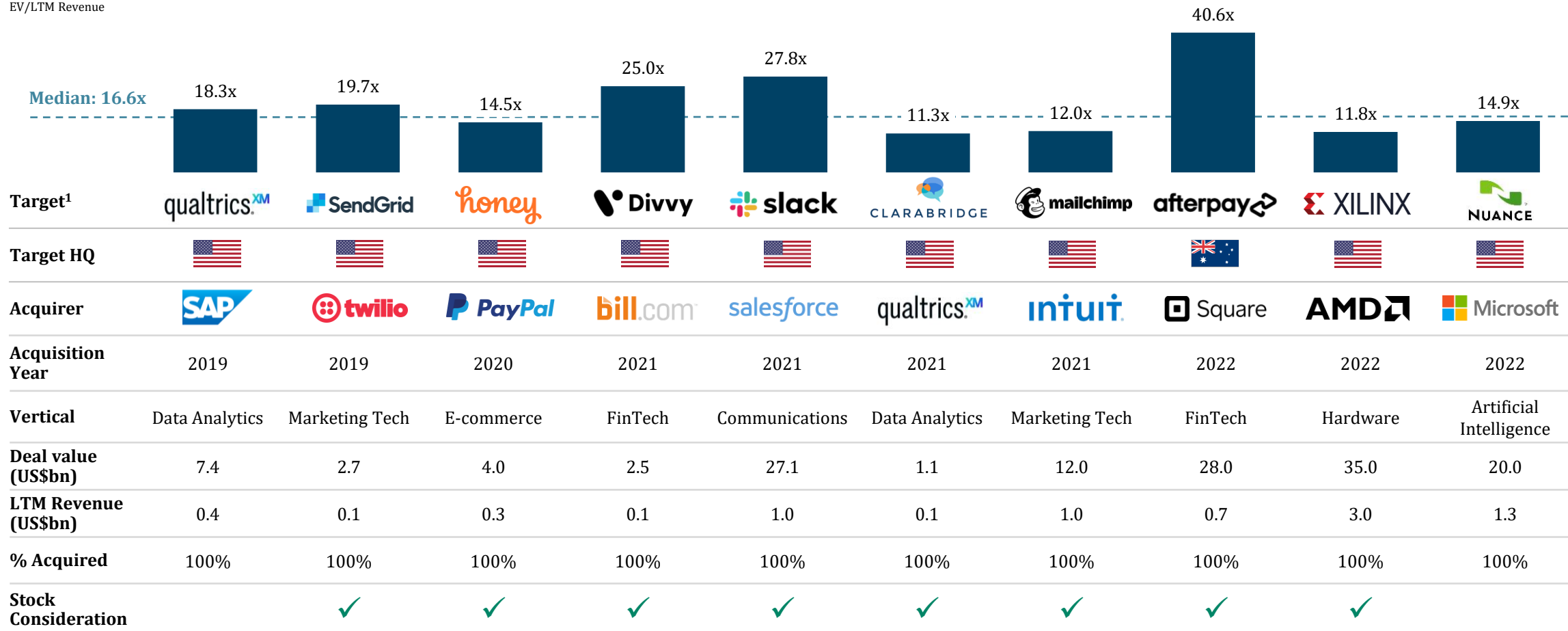
Source: Capital IQ  
Note (1): Chart depicts index price evolution from 2 Jan 2009 to 31 Dec 2021

# Tech companies transacted at multiples unseen since the dot-com bubble

*It was not uncommon to see multibillion-dollar deals done at eye-watering multiples; some of the priciest Tech acquisitions were paid with “inflated” stock*

## Select mega Enterprise Tech M&A in excess of US\$1bn in deal value

EV/LTM Revenue

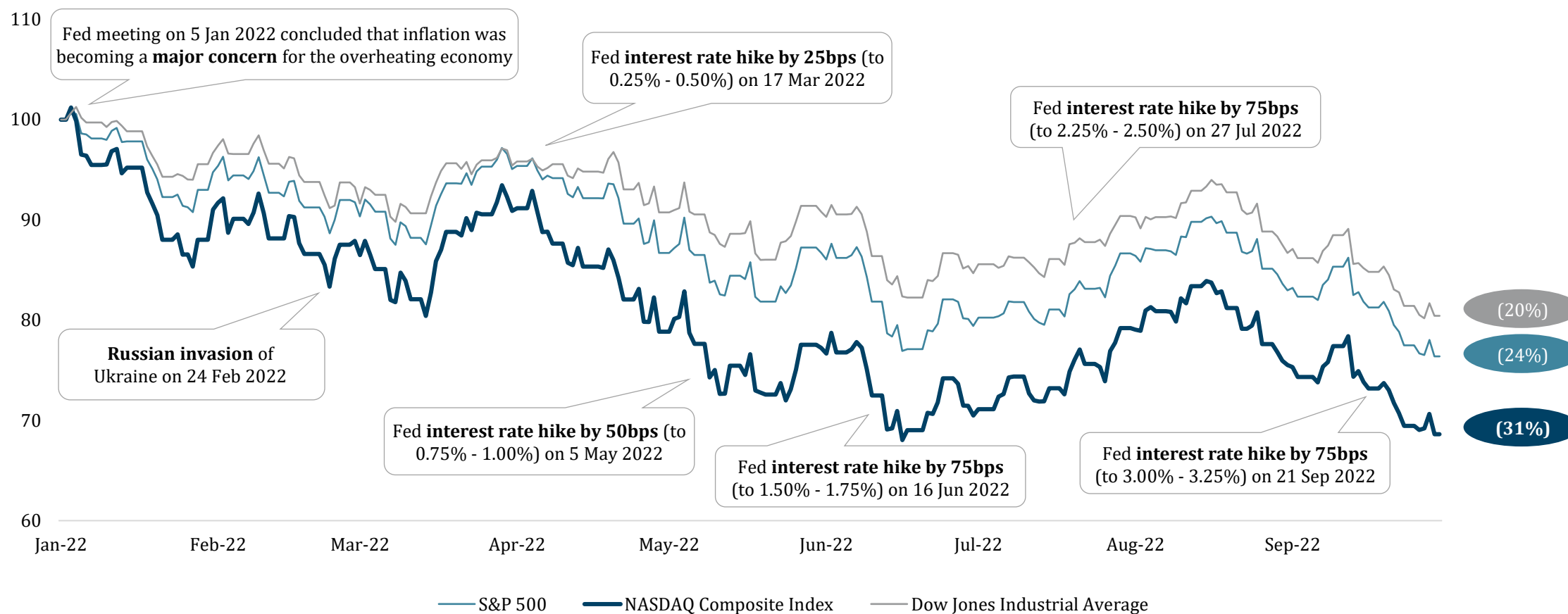


# 2022 – the music had to stop sometime

*Markets witnessed a sharp pullback in 2022 owing to hawkish economic policies and geopolitical tensions; Nasdaq was the first index to enter bear territory*

## All major benchmark indices have plunged this year, testing fresh lows month-on-month

Index, 1 Jan 2022 =100

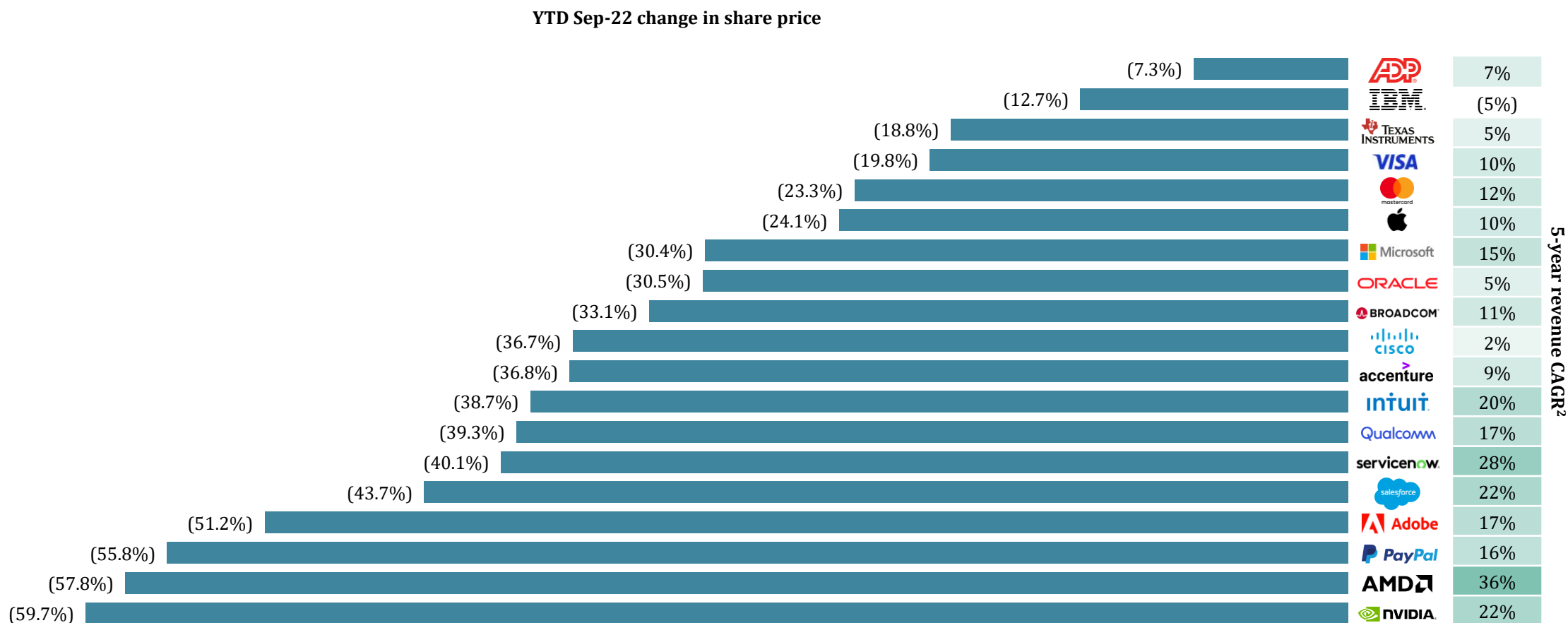


Source: Capital IQ  
Note (1): Index price reflects from 1 Jan 2022 to 30 Sep 2022

# High-growth Tech stocks were disproportionately affected

*A surging interest rate quickly devalues the growing profits companies expect to see years into the future, resulting in a sharper fall for high-growth companies*

## YTD returns of the world's leading Tech companies<sup>1</sup> demonstrate an inverse correlation between growth and share performance



Source: Capital IQ

Note: (1) Year-to-date performance of the 20 largest constituents of the Vanguard Information Technology ETF as of 30 Sep 2022. Excludes Intel Corporation due to company-specific events/factors that have impacted its performance;

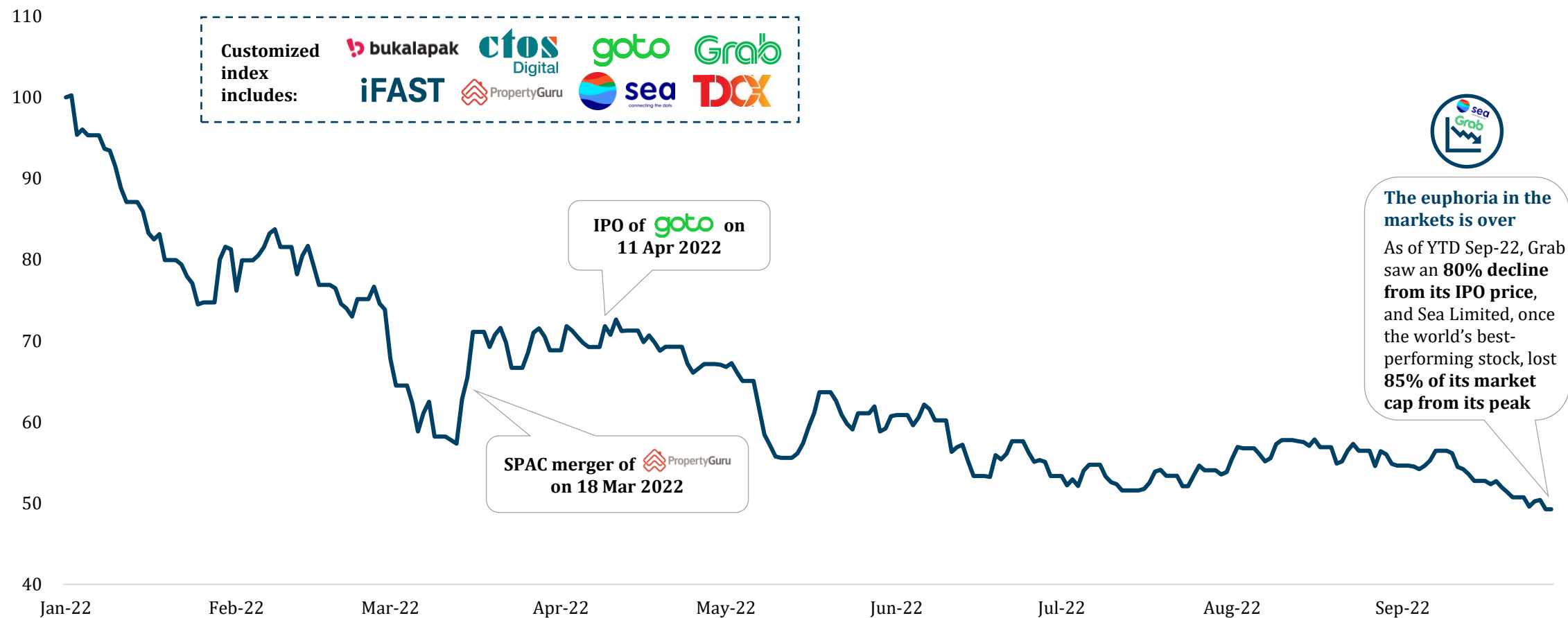
(2) 2018 – 2023 revenue CAGR

# When the world sneezes, SEA will catch a cold

*The valuations of SEA public listed Tech companies have similarly taken a beating amidst drying up liquidity and the global Tech rout*

## YTD<sup>1</sup> mean share prices of major listed SEA Tech companies have halved since the start of 2022

Index, 1 Jan 2022 = 100



Source: Capital IQ  
Note: (1) Year-to-date as of 30 Sep 2022

**You will be missed...**



# Or not? We're actually just witnessing a reversion to the mean

*The progressive slowdown in valuations, deal velocity, and sizes is a necessary, healthy reset for the Tech ecosystem; growth at all costs is no longer rewarded*

## EV/NTM Revenue of public-listed SaaS companies<sup>1</sup> retreating to baseline

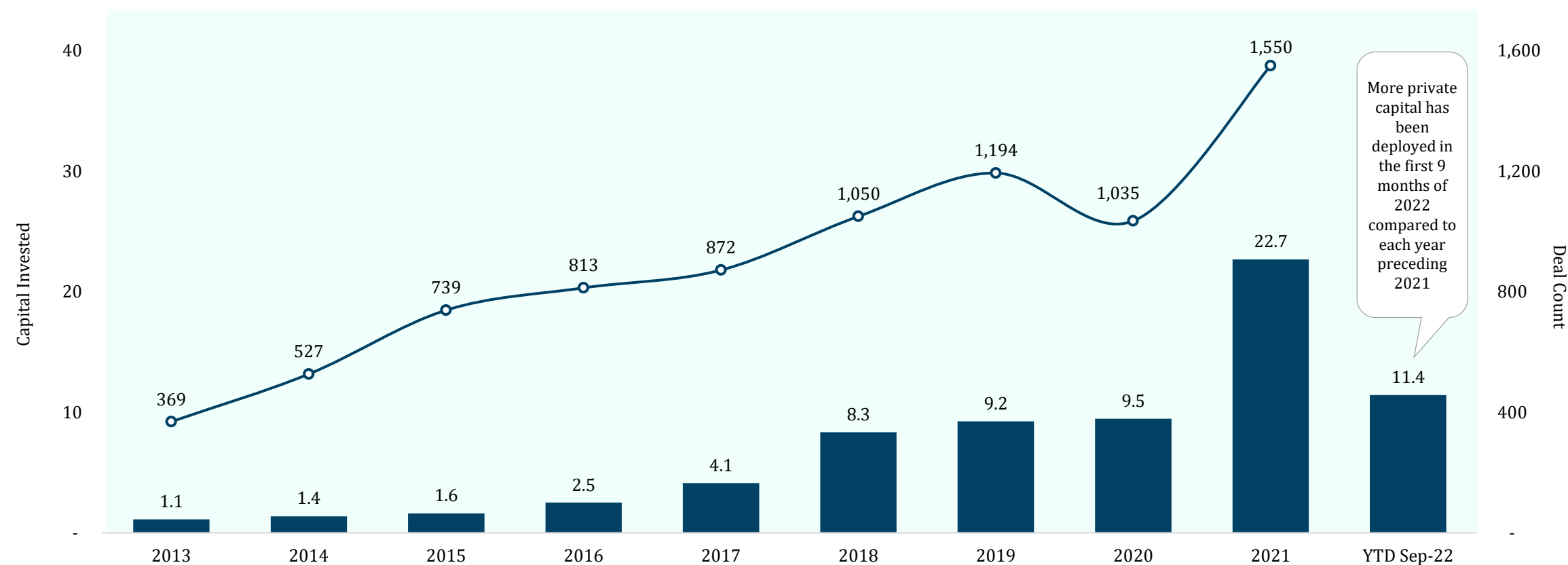


# Public market swoons have not exactly propagated down to the private markets

*Despite a pullback in private allocations relative to 2021, more capital has been invested in the first 9 months of this year compared to the years before 2021*

**Aggregate VC investment in SEA companies is trending upwards, barring 2021 which was an outlier year**

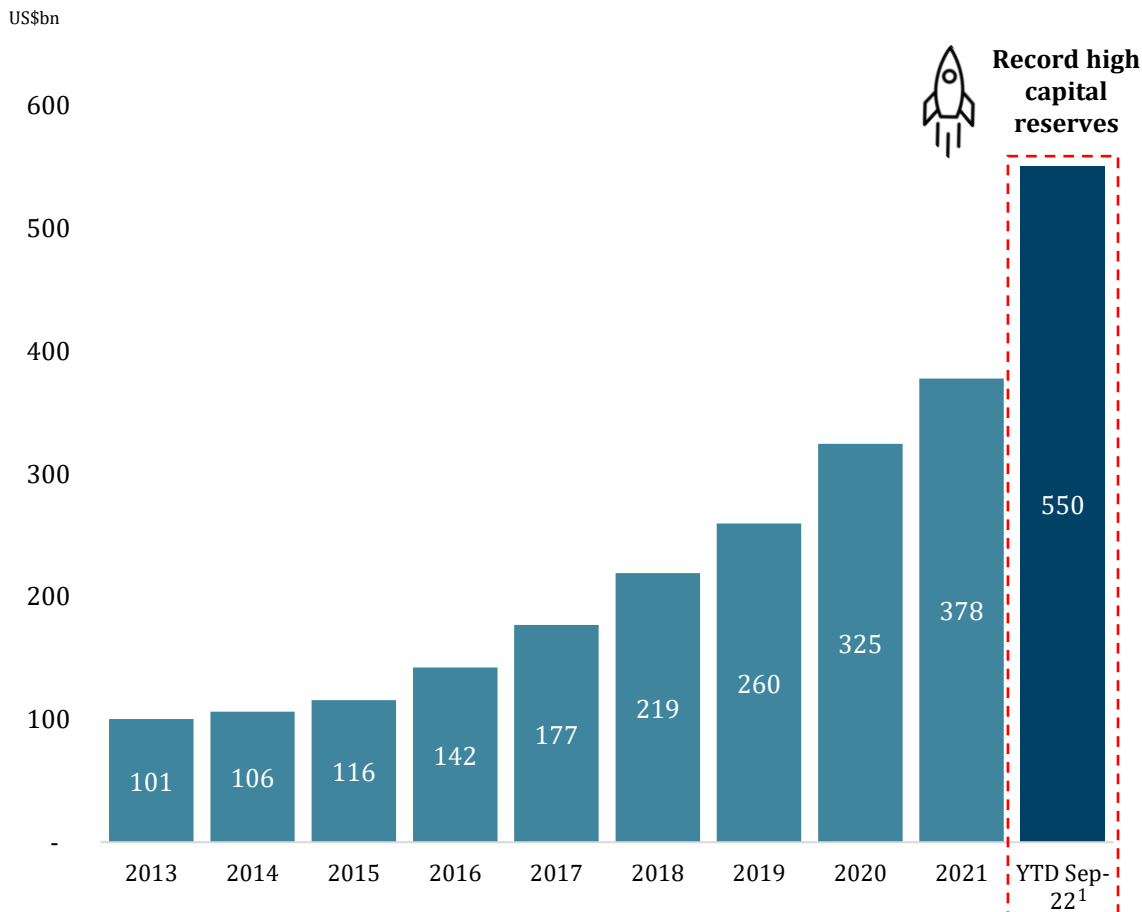
US\$bn



# All-time high dry powder should stoke continued deal momentum

*The pace of fundraising shows no signs of abating, signalling investors' optimism and deep commitment to Tech, globally and across SEA*

## Global VC dry powder is now over half a trillion dollars...



Source: Preqin, PitchBook  
Note: (1) As of 30 Sep 2022

## ...with many notable SEA focused Tech-oriented funds raised in 2022

<b>SEQUOIA</b> Sequoia SEA Fund I Jun 22 <b>US\$850m</b>	<b>Accel</b> Accel India VII Mar 22 <b>US\$650m</b>
<b>JUNGLE</b> Jungle Ventures IV May 22 <b>US\$600m</b>	<b>East Ventures</b> East Ventures IX/ East Ventures Growth II May 22 <b>US\$550m</b>
<b>INSIGNIA VENTURES PARTNERS</b> Insignia Ventures Partners Fund III Aug 22 <b>US\$516m</b>	<b>Lightspeed</b> Lightspeed Venture Partners Select V Jul 22 <b>US\$500m</b>
<b>wavemaker -PARTNERS-</b> Wavemaker SEA Fund IV Mar 22 <b>US\$136m</b>	<b>ANTLER</b> Antler Southeast Asia Fund II May 22 <b>US\$100m</b>

# There is an unequivocal flight to quality but deals are still getting done

*Deals are still happening, albeit at a different pace and with some nuances relative to the frothy pre-2021 environment*

## Investors – more discerning in their decision making



### Heightened focus on durable and enduring business models

- Capital is still chasing **good operators** despite the market volatility. Investors are prioritising companies with **solid fundamentals** and **efficient growth**



### Greater due diligence scrutiny

- More emphasis is placed on **stress testing** and understanding a company's ability to deal with **adverse situations**



### Riding their winners

- Historically, **inside rounds** were seen as a sign of weakness, but of late, it has become a sign of strength as investors pile more money into portfolio successes



### Increased deal structuring and use of convertible securities

- Investors see this as an opportunity to negotiate **favourable terms**; using **convertibles** allows them to defer potentially lengthy discussions on what a company's "fair valuation" is



### Moderating deployment velocity

- Portfolio focus has moved from "capital deployment" to "**capital management**". Allocations have not dried up but investing parameters have **shifted cautious**

## Companies – those that adapt quickly and have discipline will emerge stronger



### Embrace austere financial management

- Reforecast, revisit budget and **cash burn** projections. We're entering an era of tighter financial management where **growth at all costs is no longer rewarded**



### Reassess priorities and rethink strategies

- Revisit the **long-term strategy**; it is no longer the norm to be raising every few months at 3x – 4x the last valuation. **Focus on fundamentals** and building a **sustainable and profitable** business



### Prepare ahead and forget timing the market

- The right time to raise money is when the business needs it. No one knows if the capital markets will improve or worsen. Founders should **prepare ahead** for liquidity events and consider engaging advisors with deep investor relationships



### Be receptive towards lower valuations

- While there are many factors that can affect valuation, a **down round** relative to the frothy pre-2021 environment **is not the end of the world**. After all, no investor wants to do a 2022 deal at a 2021 valuation



### Recognize the silver lining

- With every crisis **lies an opportunity**. The likes of Airbnb, Salesforce, Google, and Amazon were all **founded during a crisis**

# They didn't hear it from us... but echo the same sentiments

*While investors' threshold to invest are higher than before, capital reserves are aplenty and businesses with solid fundamentals will continue to attract funding*



**Kelvin Teo**  
Founder and CEO



*"Learning from our past fundraising experiences, we successfully closed an oversubscribed Series C+ round in February 2022 and are fortunate to **be receiving continued interest from investors**. Since 2019, we've been **focusing on profitable growth** to build an enduring FinTech firm, **prioritizing long-term success over short-term valuation gains**. At the same time, we also believe it is important to **regularly engage investors to build strong relationships**, and investor conferences such as the ones organized by BDA are excellent avenues to do so."*



**Daniel Stuart-Smith**  
Chief Finance and Investment Officer



*"Despite the undoubted change in capital markets sentiment globally, PE/VC investors have an **all-time high amount of committed capital** at their disposal, with many SEA-specific funds raised in 2022. It has become much **harder for many companies that do not have winning characteristics to raise capital**, but equally that means there is proportionally more capital available to deploy to companies that look like they can be category leaders. Investors want to put capital to work, it is just that they are putting **greater weight on truly differentiated business models with defensible market advantages and real technological innovation**. **Client stickiness, high gross profit margins, and strong cash flow generation** are good ways to identify potential future winners."*



**Jeremy Sng**  
GM Corporate Finance & Strategy; Head of Centre of Excellence



*"We are **still consistently receiving inbound inquiries** for meetings and funding interest. Through our conversations, we can tell that investors are now placing **greater focus on companies' path to profitability and length of runway**. There is a general **flight to safety** and startups that have reached breakeven are far and few between. Investors are eager to **hear more about near-term revenue-generating initiatives rather than new projects and blue-sky opportunities**. We have been very fortunate to have strong institutional support thus far, even when considering fundraising initiatives for acquisitions."*

## II. Enter SEA FinTech landscape



# SEA is home to sizeable, emerging economies – a key driver of global growth

*The six key markets in SEA contribute to 96% of the region's GDP and represent 88% of the 650 million inhabitants*



**88%** of SEA's population reside in its six mega economies

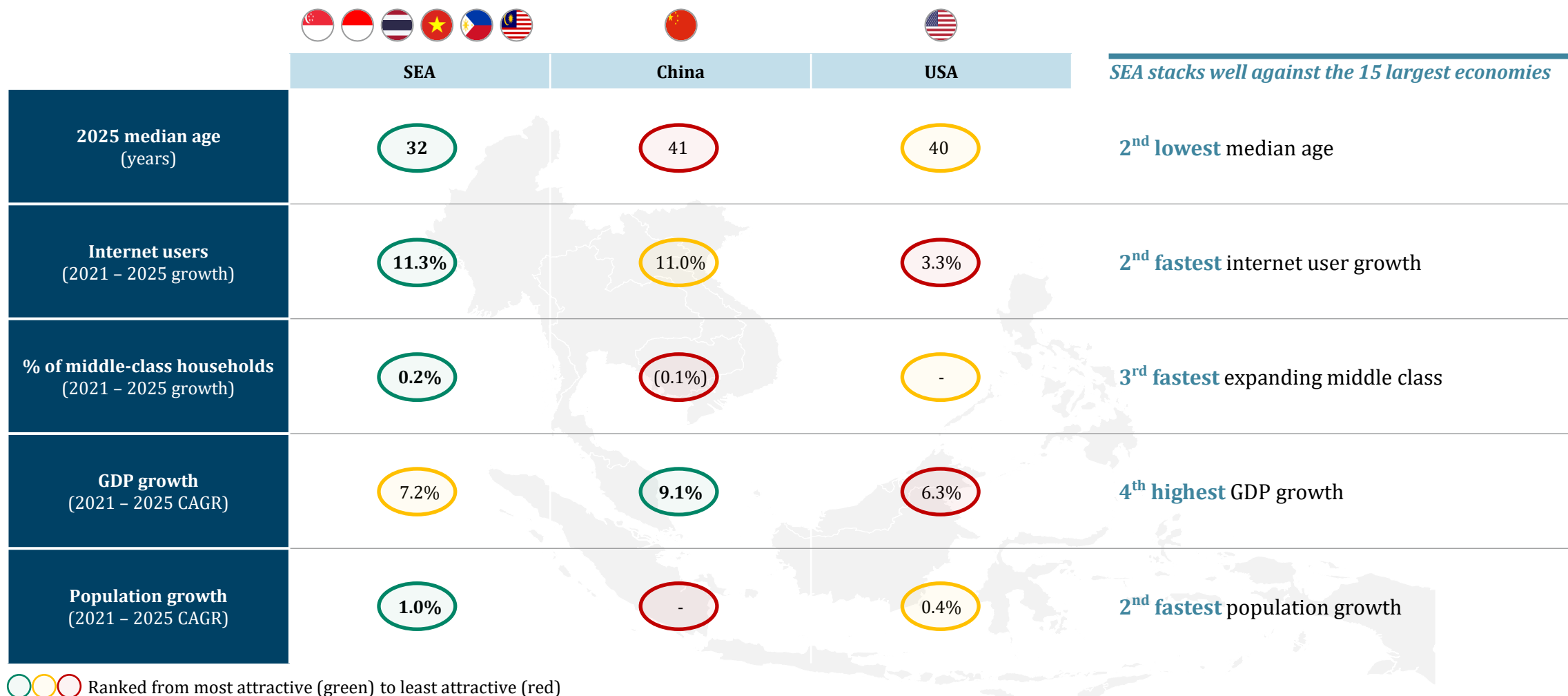
**3<sup>rd</sup> most populous** region after China & India

**US\$3.3tr** combined GDP, 7<sup>th</sup> highest in the world

**7.2%** GDP CAGR, 4<sup>th</sup> highest of the top 15 economies

# Attractive demographics form the bedrock of a burgeoning digital ecosystem

SEA's expanding, young, Tech-savvy population and increasing disposable income make it an appealing market for Tech adoption

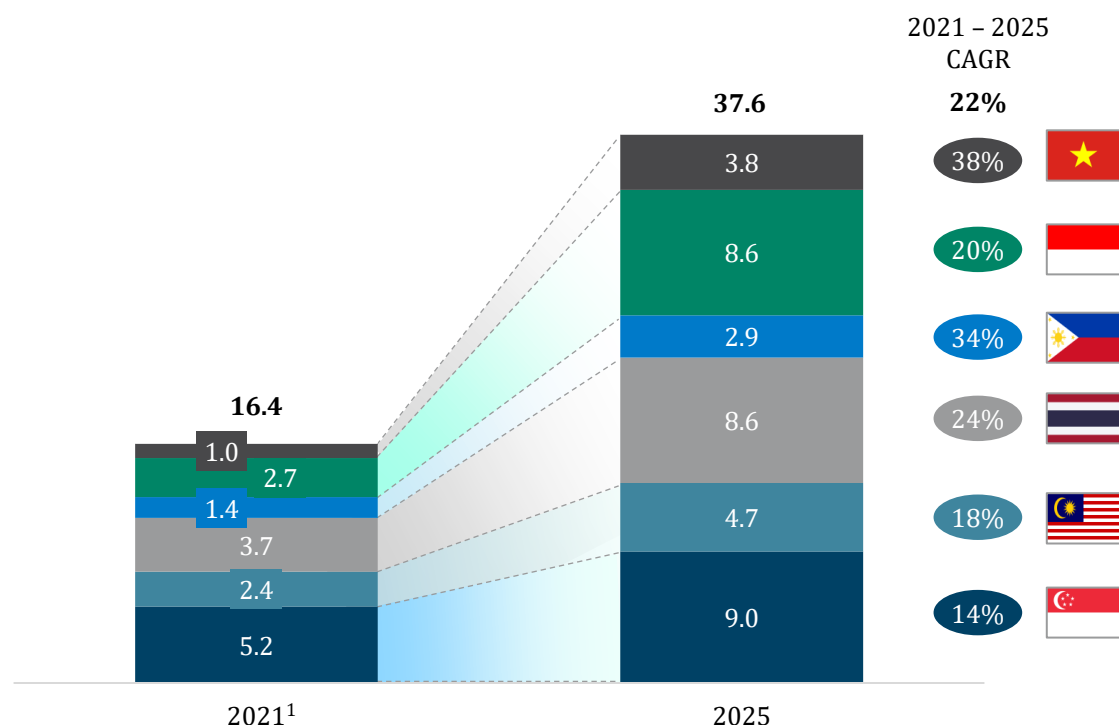


# Massive opportunity for digital financial services in SEA

*Tremendous potential for growth given the region's high internet penetration, large unbanked population, and evolving consumer behaviour*

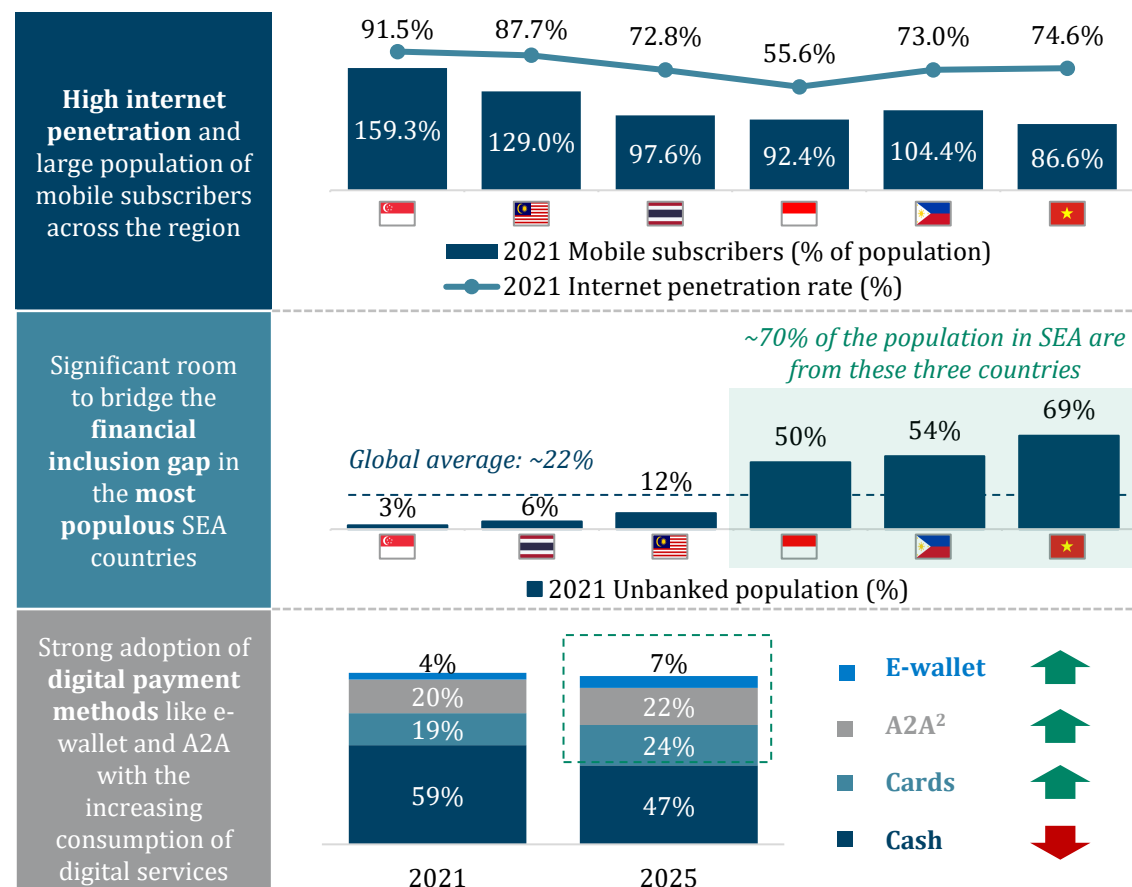
## Large total addressable market and double-digit growth across geographies

Digital financial services market size, US\$bn



*Digital financial services in **Vietnam and the Philippines** are expected to **grow the fastest**, while **Singapore, Thailand, and Indonesia** will continue to be the **largest markets** in the region*

## Key drivers catalysing the adoption of digital financial services in SEA



Sources: Euromonitor, E-economy SEA (Bain, Temasek, Google), The World Bank

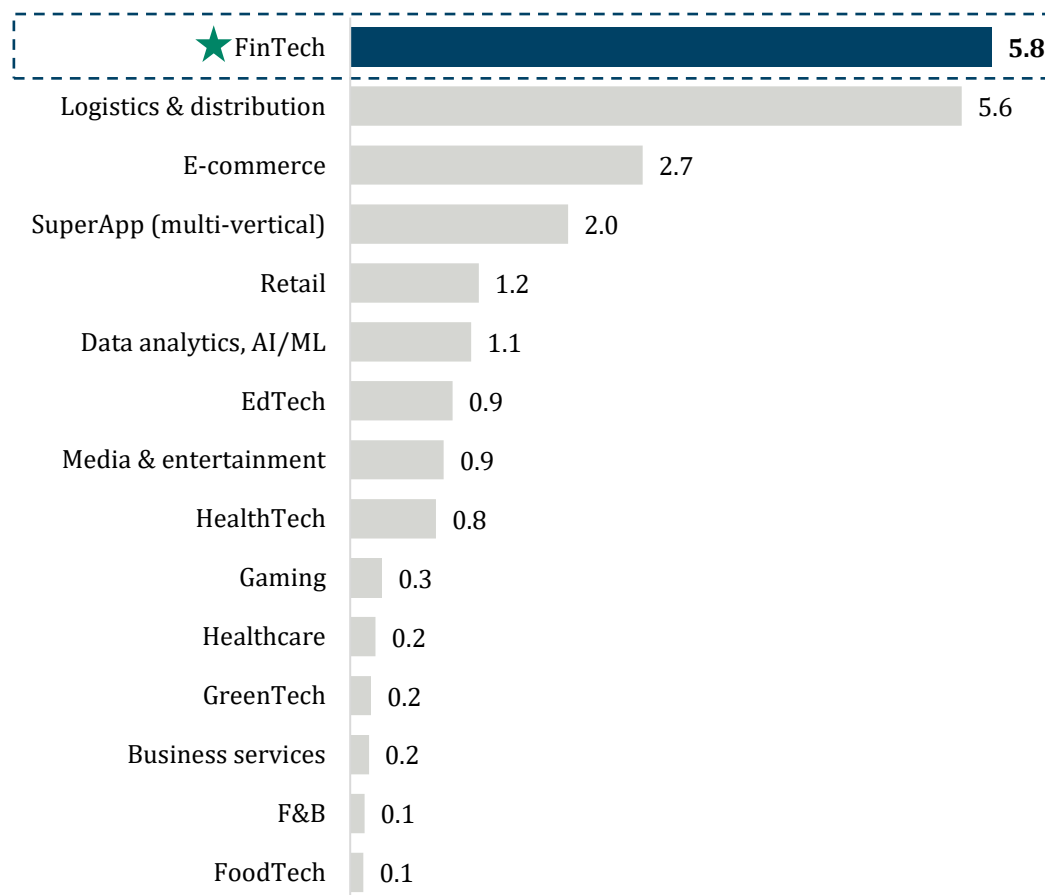
Note: (1) Interpolated based on digital financial services market size in E-economy SEA report; (2) Account-to-account

# FinTech has been attracting the lion's share of capital allocated to SEA Tech

*Investors appreciate the market opportunity and continue to pour funding, making SEA one of the fastest-growing FinTech economies globally*

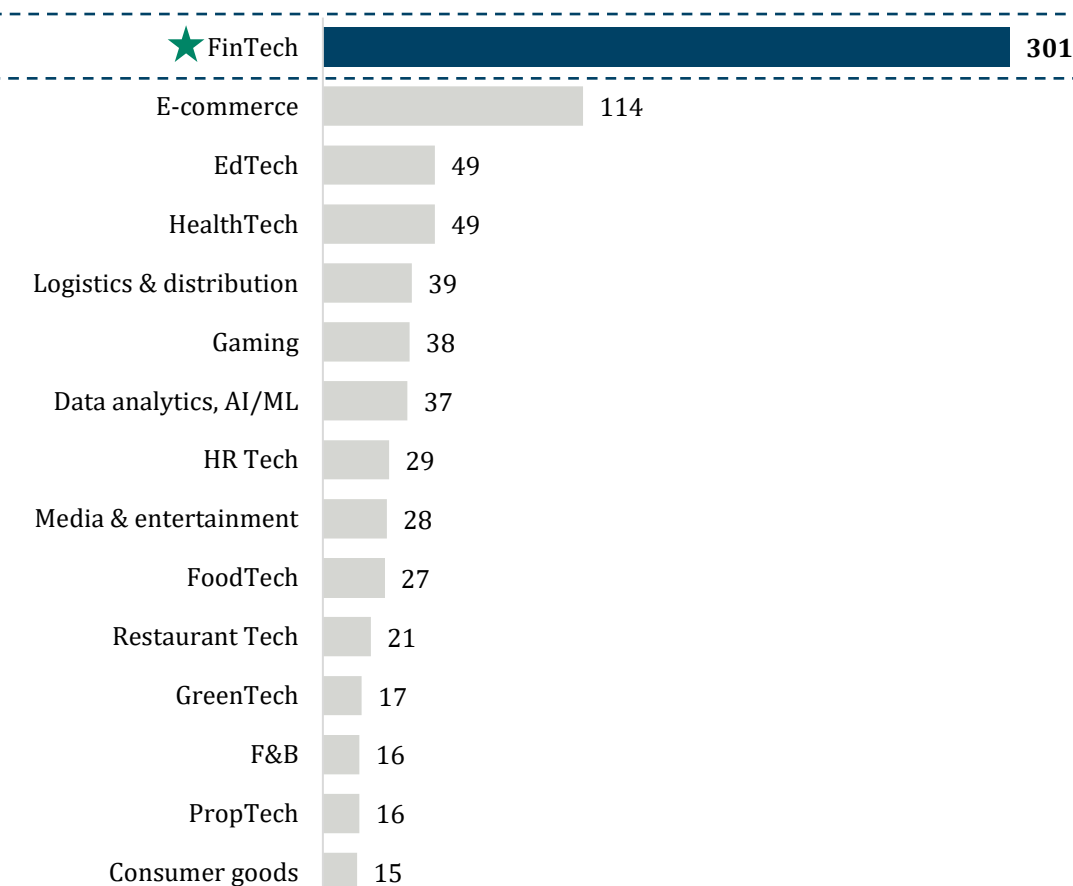
Capital invested by Tech vertical in SEA in 2021

US\$bn



Deal count by Tech vertical in SEA in 2021

#



# SEA-riously appealing place to be building FinTech in

*Regulatory tailwinds, favourable demographics and a sizeable financial inclusion gap are helping drive momentum in one of the world's hottest FinTech markets*



**Andi Taufan Garuda Putra**  
Founder and CEO



*"We believe that the **addressable market in Southeast Asia is huge and relatively untapped**. In Indonesia alone, there is a population of more than 270 million people, and unlike Western economies, a significant portion of the population **lacks access to proper financial and digital services**. The rapid pace of technological innovation is changing this by enabling the delivery of financial services in a **cost-efficient, secure, and frictionless manner**. As a result, we are seeing **strong growth** not just in our business, but across the industry. **Now is the best time** to build in Southeast Asia."*



**Daniel Stuart-Smith**  
Chief Finance and Investment Officer



*"Southeast Asia is a **fantastic region** to build FinTech businesses right now, with the macro trends all supporting rapid adoption and large addressable markets. **High smartphone penetration** provide the means of distribution, while a **young, digitally-native** population expects to consume financial services with the same convenience as any other consumer product. Continuing levels of chronic financial exclusion across all banking services implies **significant pent-up demand**. Coupled with **strong governmental support** for technological innovation and entrepreneurship, Southeast Asia provides an **ideal environment to be a FinTech entrepreneur**."*



**Jaideep Lakshminarayanan**  
Chief Financial Officer

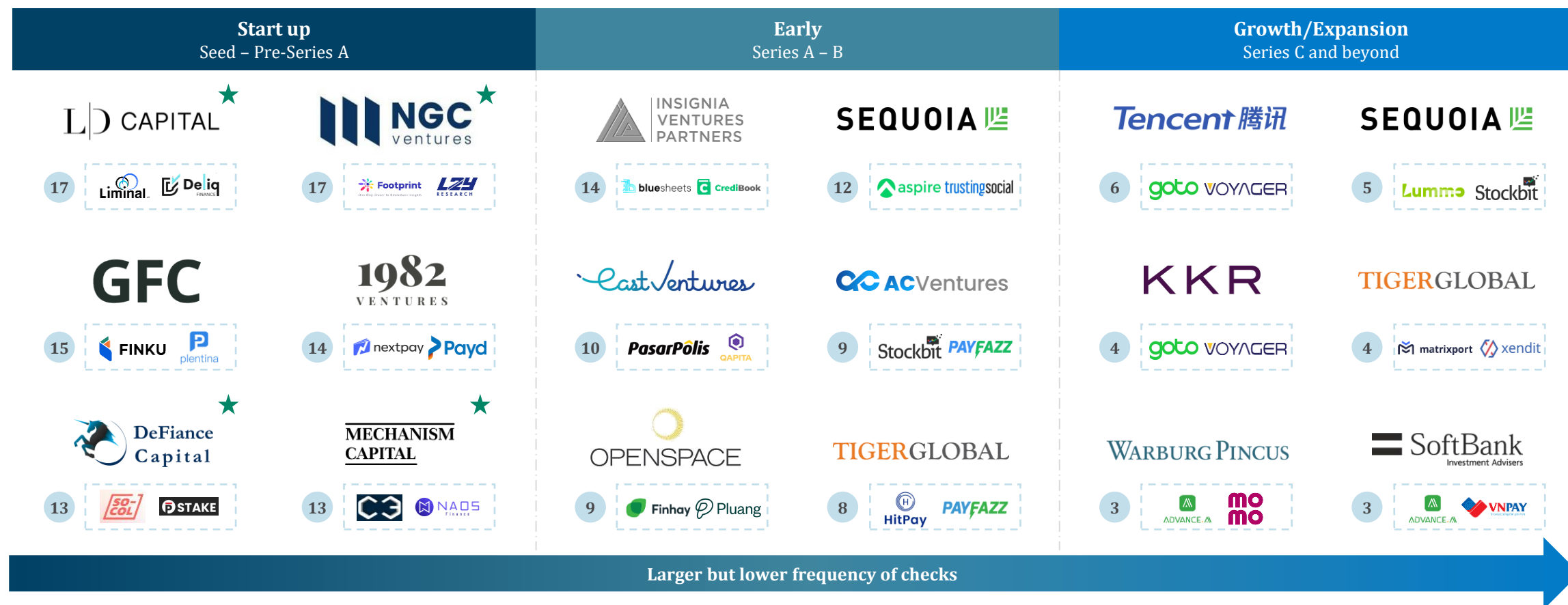


*"We see Southeast Asia as a **very attractive market** to be building FinTech businesses, primarily due to the **evident need to raise financial inclusion** in the region. To date, a **significant proportion** of the population in Southeast Asia remain unbanked and underbanked, with **little to no access to any form of credit**. With a relatively **younger demographic** that is more attuned to digital products, the market is **ripe for exponential growth**. The ecosystem has also been **extremely supportive to us**, with the key players such as regulators recognizing the **necessity of innovation** and constantly adapting existing regulations to advance financial inclusion across the region."*

# Nuanced spectrum of institutional participation at every growth stage

Crypto investors drove most of the smaller checks; some overlap between early and growth investors; more global players participating in the later stages

## Most active institutional investors across the SEA FinTech landscape by deal count



● Number of FinTech investments between 1 Jan 2020 to 30 Sep 2022<sup>1</sup>    Select FinTech investments    ★ Crypto/web3 focused investors

Source: PitchBook

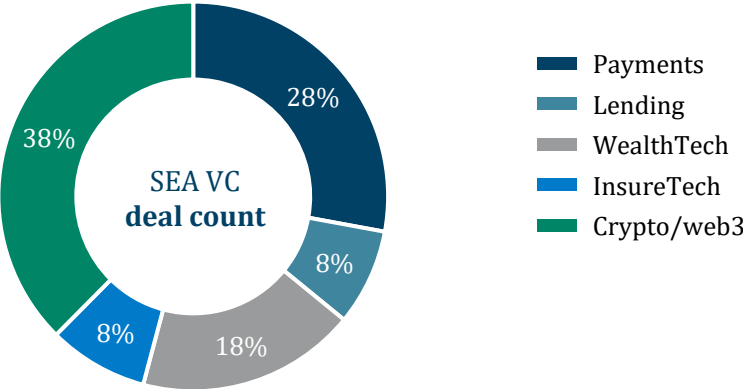
Note: (1) Participation in multiple rounds in any given company is treated as distinct transactions

# Robust FinTech deal activity across SEA and verticals

Singapore and Indonesia are the most active geographies; plenty of crypto/web3 deals got done in 2021 but had smaller sizes vis-à-vis payments/lending

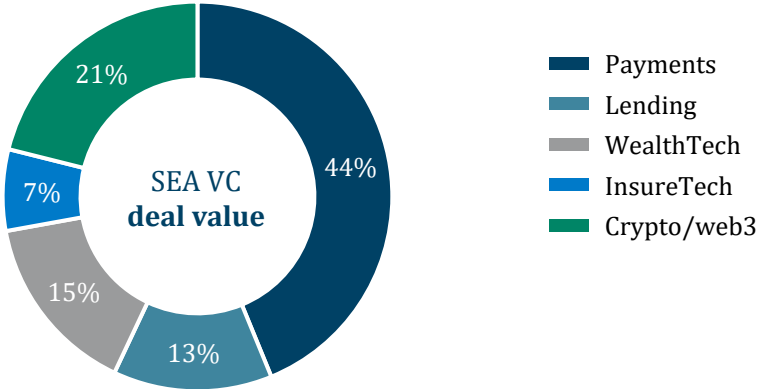
## Surging institutional awareness resulted in more crypto deals than any other vertical

Breakdown by vertical, 2021



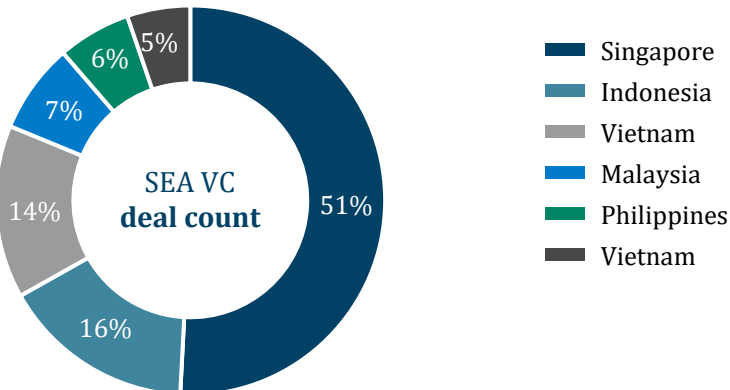
## Payments and lending comprised more than half of capital invested in SEA FinTechs

Breakdown by vertical, 2021



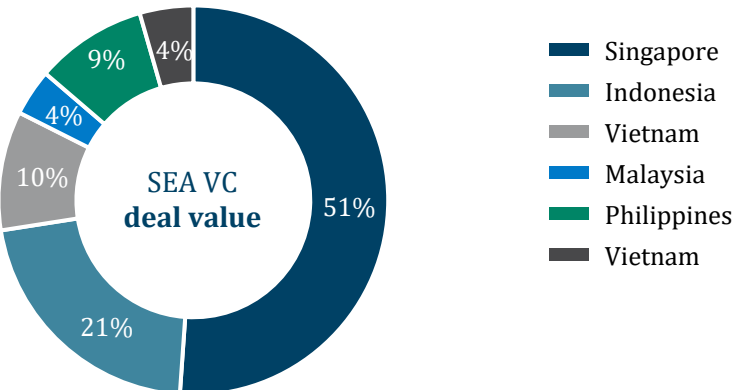
## 2 in 3 SEA FinTech deals consummated in either Singapore or Indonesia

Breakdown by geography, 2021








































## Singapore and Indonesia make up the lion's share of capital invested in SEA FinTech

Breakdown by geography, 2021























































# Snapshot of the key FinTech verticals in SEA

	 Payments	 Lending	 WealthTech	 InsureTech	 Crypto/Web3
SEA industry scale (2021A)	<b>US\$707bn</b> <i>gross transaction value</i>	<b>US\$39bn</b> <i>loan book value</i>	<b>US\$33bn</b> <i>assets under management</i>	<b>US\$3bn</b> <i>gross written premium</i>	n/a
CAGR (2021A – 2025E)	13%	31%	29%	30%	42% <sup>1</sup>
Key M&A/investment trends	<ul style="list-style-type: none"> <li>Consolidation activity has been predominantly driven by larger incumbents seeking to broaden their reach, capture greater market share, and gain regulatory access across the SEA markets</li> </ul>	<ul style="list-style-type: none"> <li>BNPL companies, P2P platforms, and other digital lenders have been investing in banks to lower their cost of funds and diversify their financial services offering to address the large underbanked population</li> </ul>	<ul style="list-style-type: none"> <li>The pandemic accelerated the adoption of digital investing/trading by retail investors. These platforms have been successful in attracting capital to increase consumer awareness and roll out other solutions</li> </ul>	<ul style="list-style-type: none"> <li>Most InsureTech deals have been centered around Singapore and Indonesia – both markets have varied insurance penetration rates and the players leverage different approaches in addressing consumers' needs</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory and market access have been the main motivation for incumbents investing in this space. With crypto prices and sentiment significantly lower vs last year's peak, distressed opportunities are presenting themselves</li> </ul>
Examples of well-funded SEA companies	       	    	       	     	    

# Payments has seen the most exits but remains ripe for consolidation

Active consolidation of payment players, with larger incumbents seeking to broaden their service offering and capture greater market share in SEA

## M&A activity in the payments space has been primarily driven by regional strategies

Deal date	Target	Target HQ	Acquirer	Acquirer HQ	Services offered by Target	Stake	Enterprise value (US\$m)
Apr-22	 socash		 NIUM		Cash management   Payments processing   Cash withdrawal app	100%	13
Apr-22	 Tookitaki		 Thunes.		Payments processing   Automation services	100%	15
Apr-22	 2c2p		 ANT GROUP		B2B and B2C payments	89%	590
Feb-22	 curlec		 Razorpay		B2C payments   Automation services	100%	20
Apr-21	 fave		 Pine Labs		B2C payments   Loyalty solutions	100%	45
Apr-20	 moka		 goto		Mobile POS   B2C payments   Integrated merchant platform	100%	130
Jul-19	 red dot payment		 PayU		Credit card acceptance   Payment processing   B2C payments	100%	65
Jan-19	 coins.ph		 goto		B2C payments   Cryptocurrency trading   E-wallet	100%	95
Oct-18	 Tranglo		 TNG TNG Fintech Group		Cross-border payments   Prepaid mobile top-ups   Bill payments	60%	47
Apr-18	 MOL		 R A Z E R		Virtual credit   E-wallet	65%	94
Dec-17	 kartuku		 goto		Third party processor   Payment service provider	100%	50
Oct-17	 goswiff		 Paynear		Mobile POS   B2C payments   Integrated merchant platform	100%	100
Apr-17	 kudo		 Grab		B2C payments   Online to offline e-commerce	100%	100

Sources: DealStreetAsia, Mergermarket, Finch Capital, MDI Ventures, Bain & Company, McKinsey, PitchBook  
 Note: The above is a non-exhaustive list of recent control payments transactions with a disclosed deal value of >US\$10m

# Lending upstarts have embraced M&A to achieve their digital banking goals

*Growing appetite from digital lenders to transform into digital banks to ensure a steady supply of capital and lower their overall cost of funds*

## Spur of M&A activity among lenders and licensed banks, particularly in Indonesia...

Target	Target HQ	Acquirer	Acquirer HQ	Date	Stake	Deal value (US\$m)
<b>Indonesia</b>						
 BANK JASA JAKARTA				Sep-22	50%	n/a
 bank neo commerce				Jun-22	40%	11
 AMAR BANK				May-22	18%	29
 BANK BISNIS				Apr-22	75%	69
 BANK INDEX				Apr-22	n/a	n/a
 BPR Prima Dadi Arta				Apr-22	100%	n/a
<b>Rest of SEA</b>						
 tonik				Feb-22	10%	n/a
 timo				Jan-22	n/a	20

Sources: PitchBook, Mergermarket, Desktop research

## ...despite witnessing many companies express similar digital bank ambitions



Regional Tech giants acquiring stakes in banks

  
bukalapak  
Acquired 11% stake for US\$80m  
  
allobank  


  
sea  
Acquired 100% stake  
  
Bank BKE  


  
gojek  
Acquired 22% stake for US\$159m  
  
Jago  




Multi-sector consortiums formed

  
Grab x Singtel  
 Awarded full digital banking license in Singapore

  
Tyme x JG SUMMIT HOLDINGS, INC.  
 Awarded virtual-banking license in the Philippines

  
sea x YTL CORPORATION BERHAD  
 Awarded digital bank license in Malaysia



'Live' digital banks launched by financial institutions

  
ANEXT  
by ANT FINANCIAL  
launched Jun 22  


  
blu  
by BCAdigital  
launched Jul 21  












































  
LINE Bank  
by Hana Bank  
launched Jun 21  
 

  
TMRW  
by UOB  
launched Mar 19  
  

# Rise of the SEA retail investor, catalysed by pandemic tailwinds

WealthTech platforms opened the floodgates for millions of new retail investors by promoting access to frictionless, affordable investing solutions





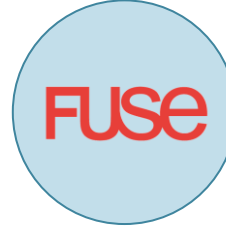


















Indonesian WealthTech players have raised more funds than their Singapore/Vietnam-headquartered peers, primarily a function of their larger addressable market

Company								
HQ								
Founded		2018	2016	2016	2016	2017	2017	2017
Notable shareholders		   	    	  	   	   	   	   
Latest round		Series B	Series B	Series B	Series D+	Series B	Series A	Series B
Size of latest round (US\$m)		153	80	110	13	30	27	25
Total raised to date (US\$m)		245	190	133	76	52	44	26
Trading	Stocks/ETFs	✓	✓			✓		✓
	Funds	✓	✓	✓	✓	✓	✓	✓
	Gold			✓				✓
	Crypto	✓		✓				
Other Platform Features	Robo Advisor		✓		✓	✓	✓	✓
	Analytics/News	✓	✓	✓				

# Healthy InsureTech interest amidst low insurance penetration across SEA

*InsureTech players that have drawn the most capital are primarily based in Singapore and Indonesia, but both markets follow very distinct strategies to succeed*

**Indonesian players rely on agents to build awareness and onboard consumers, while their Singapore peers focus on simplifying insurance and making it more affordable**

	Singapore – “pure digital approach”			Indonesia – “hybrid of online and offline touchpoints”		
						
Year founded	2014	2020	2013	2018	2017	2015
Notable shareholders	  	 	  	 	 	  
Latest round	Merger	Series A	Series B+	Series B	Series B	Series B
Size of latest round (US\$m)	230 <sup>1</sup>	247	n/a	65	25	54
Total raised to date (US\$m)	410	247	68	82	70	66
Business model	Underwriter & Distributor	Distributor	Distributor	Distributor	Distributor	Distributor
Insurance type - traditional <sup>2</sup>	✓	✓	✓	✓	✓	✓
Insurance type – micro		✓		✓	✓	✓
Number of agents	-	-	-	5,000 <sup>3</sup>	40,000	10,000 <sup>4</sup>
	Singapore is the most penetrated market (11% <sup>5</sup> ) in SEA and scores higher than its regional peers when it comes to digital literacy of consumers				Highly underpenetrated insurance market (2% <sup>5</sup> ) requiring a focus on increasing consumer awareness and distribution via non-digital touchpoints	



















Source: OECD, PitchBook

Notes: (1) Does not represent the size of the merger with Aviva, but rather the primary investment by Sumitomo Life to maintain 20% equity ownership in the combined entity; (2) Provider of traditional insurance such as life insurance, health insurance, car insurance, and travel insurance; (3) As of September 2021; (4) As of September 2020; (5) 2020 statistics, calculated as ratio of direct gross insurance premiums to GDP



# Crypto majors' investments in SEA have been largely strategically-motivated


*Flurry of deal activity involving global incumbents and their smaller SEA counterparts; consolidation expected to intensify amidst volatility in crypto markets*

## Examples of global crypto/web3 players investing in the region and their strategic ambitions



						
Target						
Vertical	Digital asset exchange	Digital asset exchange	Digital asset exchange	Digital asset exchange	Blockchain gaming	Blockchain gaming
Investor						
Date	Dec-21	Mar-22	Aug-21	Feb-22	Oct-21	Nov-21
Deal value (US\$m)	n/a	n/a	21	50	152	6
Objective	<ul style="list-style-type: none"> <li>Regulatory access</li> <li>Geographical expansion</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory access</li> <li>Geographical expansion</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory access</li> <li>Geographical expansion</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory access</li> <li>Geographical expansion</li> </ul>	<ul style="list-style-type: none"> <li>Development expertise</li> <li>Revenue diversification</li> </ul>	<ul style="list-style-type: none"> <li>Development expertise</li> <li>Revenue diversification</li> </ul>


## Consolidation activity is expected to intensify given the volatility in crypto markets; distressed opportunities are presenting themselves



Jul 22 


- Loaned over US\$50m to other cryptocurrency lenders, none of which has been repaid
- Appointed a restructuring firm to assist with a recovery plan after its was forced to halt withdrawals and file for protection from creditors

Aug 22 

- Filed for judicial management with the Singapore High Court
- Laid off about 80% of staff
- Pending proceedings involving the Attorney-General's Chambers and the Singapore Police Force

Aug 22 

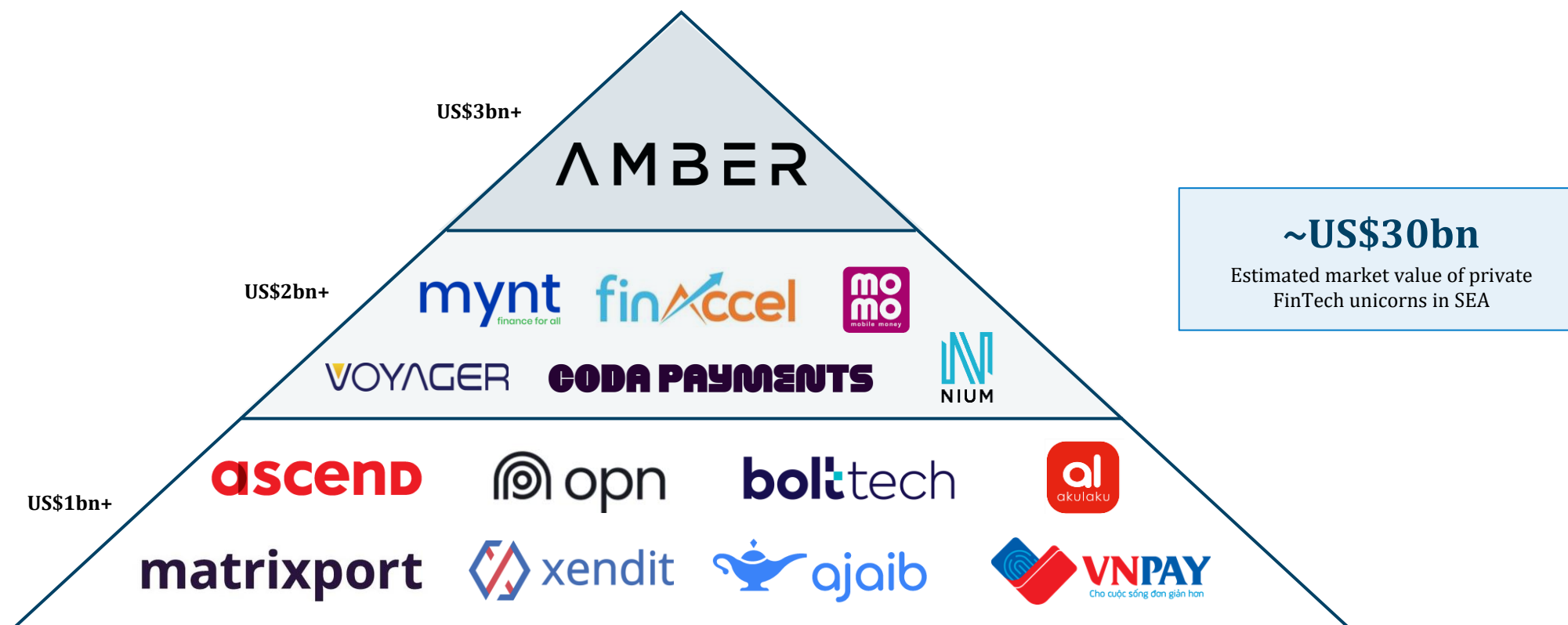
- Filed for bankruptcy protection from its Singaporean creditors, days after suspending withdrawals on its platform
- US\$46m of assets frozen by India's Enforcement Directorate

### III. Exit thoughts



# Mounting unrealised value in SEA FinTech companies

The estimated market value of private FinTech unicorns in SEA has reached ~US\$30bn














We anticipate **more exits** going forward as **earlier stage investors** look to realize their investments and return their funds

# Tech IPOs are still far and few between and performance has been subdued









Market volatility has resulted in poor performance of recent Tech IPOs/SPACs, and many private companies have suspended plans of going public

## Recently-listed SEA Tech companies are seeing massive erosion in market value...

Company	Country of listing	Issue date	Issue price	Current price <sup>1</sup>	Share price performance	
					Since IPO	YTD
 gogo		11-Apr-22	IDR338	IDR250	(26%)	n/a
 PropertyGuru		18-Mar-22	US\$8.62	US\$4.47	(48%)	n/a
		02-Dec-21	US\$13.06	US\$2.56	(80%)	(65%)
		01-Oct-21	US\$18.00	US\$9.95	(45%)	(49%)
 bukalapak		25-Aug-21	IDR850	IDR274	(68%)	(35%)
		19-Jul-21	RM1.10	RM1.29	17%	(31%)
		20-Oct-17	US\$15.00	US\$53.63	258%	(76%)
		11-Dec-14	S\$0.95	S\$3.96	317%	(52%)
Average					41%	(51%)

Source: Capital IQ  
Note: (1) Current share price as at 30 Sep 22

## ...encouraging others to delay or shelve their planned IPOs & SPAC listings

Company	Date	Headline
 CAR SOME	21-Jun-2022	"Malaysia's Carsome Said to Delay Singapore, US Dual Listing" – Bloomberg
 FWD insurance	31-May-2022	"Hong Kong tycoon Richard Li's FWD delays \$1bn IPO on market volatility" – Financial Times
 OYO	24-May-2022	"Oyo said to shelve plans for IPO in 2022" – The Economic Times
 carousell	19-May-2022	"Carousell, L Catterton SPAC merger talks end amid rout" – Business Times
 AnyMind™	11-Mar-2022	"Singapore-founded brand enablement platform AnyMind scraps Japan IPO amid market uncertainty" – KrASIA
 tiket.com	08-Apr-2022	"Cova Acquisition Talks with Tiket.com Reportedly Ended" – MarketScreener
 Kredivo Buy now, Pay later	14-Mar-2022	"Lending platform Kredivo scraps US\$2.5bn SPAC deal" – Business Times
 traveloka	07-Sep-2021	"Indonesia's Traveloka to suspend merger talks with a SPAC" – Nikkei Asia

# SEA FinTech exit activity is dominated by M&A and is intensifying

*Payment targets have long been a focus for M&A but exits have increasingly transcended to the other emerging FinTech verticals, especially crypto/web3*

## FinTech exits in SEA<sup>1</sup>



















Select reverse takeover/SPAC merger exits

Sources: PitchBook, Desktop research

Note: (1) Non-exhaustive list of FinTech exits until 30 Sep 2022

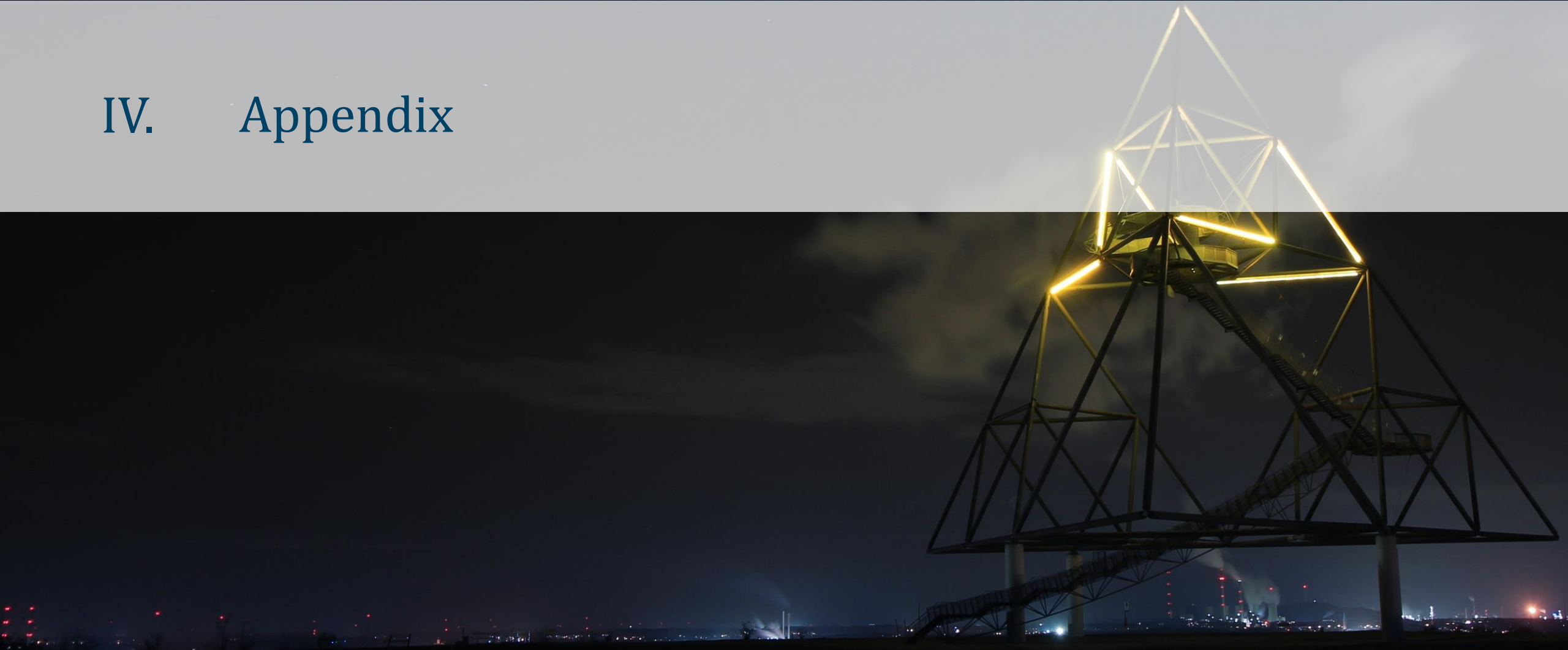
# Which are the areas we expect heightened deal activity going forward?

*Financial accessibility, regulatory compliance, adoption of digital assets, and data-driven business models are hot themes in SEA's investment environment*

Theme	Drivers	Examples of companies/categories
 <b>1</b> <b>Financial inclusion</b>	<ul style="list-style-type: none"> <li>Huge opportunity in SEA, with over 6 in 10 people unbanked or underbanked; MSMEs<sup>1</sup> rely heavily on personal funding to support growth</li> <li>Companies that enable individuals and MSMEs to access financing will continue to attract capital given the substantial market opportunity</li> </ul>	 <b>amarta</b> Microfinancing  <b>wagely</b> EWA <sup>2</sup> providers  <b>funding societies</b> SME financing
 <b>2</b> <b>Regulatory access</b>	<ul style="list-style-type: none"> <li>Financial services has always been one of the most regulated industries and licensing is a barrier to entry for many FinTech upstarts</li> <li>SEA regulators are setting the bar high for new licence issuances and imposing moratoriums in certain markets in efforts to spur consolidation – new entrants consequentially turn to inorganic methods to gain access</li> </ul>	 <b>PINTU</b> Digital asset exchanges  <b>tonik</b> Digital banks  <b>FUSE</b> Insurance/securities brokerages
 <b>3</b> <b>Institutionalisation of emerging FinTech</b>	<ul style="list-style-type: none"> <li>Despite recent volatility, institutions widely believe in blockchain technology and the space at large, and are backing it up with allocations</li> <li>Institutional inflows are the primary reason behind the boom in the crypto industry in the last 12 months and we expect this to continue with growing awareness, security, regulatory clarity, and its use as a diversification option</li> </ul>	 <b>CAKE DEFI</b> DeFi <sup>3</sup> protocols  <b>AXIE INFINITY</b> Play-to-earn/ Metaverse platforms  <b>mintable.app</b> NFT <sup>4</sup> marketplaces
 <b>4</b> <b>Data-centricity/AI<sup>5</sup> &amp; big data analytics</b>	<ul style="list-style-type: none"> <li>Many companies are collecting consumer data, but few are currently using it in a meaningful way for their business</li> <li>The commercial applications for AI spans across industries, and investors are eager to partner companies that leverage AI to generate real-time insights</li> </ul>	 <b>trusting social</b> Credit scoring based on alternative data  <b>ADVANCE.M</b> AI-driven fraud prevention  <b>EUREKA</b> Mobile data analytics and intelligence

Notes: (1) Micro, Small and Medium Enterprises; (2) Earned Wage Access; (3) Decentralized finance; (4) Non-fungible tokens; (5) Artificial Intelligence

## IV. Appendix



# Glossary

## Referenced abbreviations

#	Definition
1.	<b>A2A:</b> Account-to-Account
2.	<b>AI:</b> Artificial Intelligence
3.	<b>App:</b> Application
4.	<b>B2B:</b> Business-to-Business
5.	<b>B2C:</b> Business-to-Consumer
6.	<b>Bn:</b> Billion
7.	<b>Bps:</b> Basis Points
8.	<b>CAGR:</b> Compound Average Growth Rate
9.	<b>Crypto:</b> Cryptocurrency
10.	<b>EBITDA:</b> Earnings Before Interest, Taxes, Depreciation, and Amortization
11.	<b>EdTech:</b> Education Technology
12.	<b>ETF:</b> Exchange Traded Fund
13.	<b>EV:</b> Enterprise Value
14.	<b>EWA:</b> Earned Wage Access
15.	<b>F&amp;B:</b> Food & Beverage
16.	<b>FinTech:</b> Financial Technology
17.	<b>GDP:</b> Gross Domestic Product
18.	<b>HQ:</b> Headquarters
19.	<b>HR:</b> Human Resources

#	Definition
20.	<b>InsureTech:</b> Insurance Technology
21.	<b>IPO:</b> Initial Public Offering
22.	<b>K:</b> Thousand
23.	<b>LTM:</b> Last Twelve Months
24.	<b>M:</b> Million
25.	<b>M&amp;A:</b> Mergers & Acquisitions
26.	<b>ML:</b> Machine Learning
27.	<b>MSMEs:</b> Micro, Small, and Medium Enterprises
28.	<b>NTM:</b> Next Twelve Months
29.	<b>PE:</b> Private Equity
30.	<b>POS:</b> Point-of-Sale
31.	<b>PropTech:</b> Property Technology
32.	<b>SaaS:</b> Software-as-a-Service
33.	<b>SEA:</b> Southeast Asia
34.	<b>SPAC:</b> Special Purpose Acquisition Company
35.	<b>Tech:</b> Technology
36.	<b>VC:</b> Venture Capital
37.	<b>WealthTech:</b> Wealth Technology
38.	<b>YTD:</b> Year-to-Date

# Sources

*Presented with acknowledgement to the following*

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# Thank you

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