cento

Southeast Asia Tech Investment – FY 2020

ABOUT CENTO VENTURES

Cento Ventures is a venture capital firm focused on technology startups building products and services emerging from the digital transformation of promising growth markets, particularly Southeast Asia.

We are based in Singapore and backed by a team well experienced in internet business. We operate three funds that invest across industries through a disciplined, well-researched approach to locate technology investment opportunities originating from the Southeast Asian region.

Three main principles guide our investments:

- Sectors ready for digital transformation

There is an excellent opportunity for technology to solve some of the inefficiencies present in emerging markets. However, technology alone does not digitalise industries. Most of our investments apply innovative business models to large industry sectors that are set in their ways, using technology as an enabler.

- Tech startups at an early stage, but with proof points

Our investments are usually at Series A, where we lead the round. This helps us establish a solid relationship with the founder, and to influence company strategy. We only invest once a company can show that a market exists for its product and that it is ready to use extra capital to scale.

- Founders with great ambition

We look for founders who want to build large digital companies that are leaders in their category. In a fragmented region, such as Southeast Asia, operating across multiple countries often essential. Our preference is for business models that are light on physical assets and where the founders have ambitious plans to scale internationally.

Cento Ventures is convinced that the opportunity exists for Southeast Asian founders to build transformational digital companies, and we look forward to working with more startup teams to create new success stories.

Learn more about us at cento.vc or our Facebook or Linkedin pages.

INTRODUCTION

How was Southeast Asia tech investment during COVID-19? Another ‘normal’ year?

Total investment in 2020 matches 2019

2020 marked our memories with its extraordinary challenges for individuals, families, and organisations. Yet, it was also a year of fortitude and resilience. From data in the first half of the year, we had expected to see a slowdown in technology investment resulting from the COVID-19 related restrictions. Overall, 2020 looks like a very ‘normal’ year for SE Asia tech investment. The total number of deals fell by 8%, but the amount of capital invested was about the same as in 2019, at just over $8B. We tracked 333 deals in the second half of 2020, almost identical to the same period in 2019, and higher than in 2018. The region’s leading tech companies continued to raise large rounds, with ‘mega-deals’ accounting for just over half of total investment, similar to 2019.

Stable round sizes

Median round sizes were stable with Pre-A rounds of $0.3M, Series A rounds of $3M, and Series B of $10M. We saw a slight reduction in the share of early stage investment (those sized at less than $3M), with 238 deals in 2020 compared to 281 in 2019.

Indonesia and Singapore regain dominance

2020 confirmed the reversion to the typical geographic distribution of deals. 70% of capital was invested in Indonesian startups, and Indonesia and Singapore startups combined accounted for 64% of the total number of deals done.

Sector diversification continues

Over half of tech investment flowed to the super-app companies (our ‘multi-vertical’ category) and to online retailers – totalling just over $4B in 2020. Other sectors that saw rising interest included Payments, Logistics and Local Services.

Investment into payments & other financial services startups now forms the largest sector after the multi-vertical one. Sometimes this intersects as the super-apps build their own financial services arms. At present half of investment in this sector goes into payments startups, with the rest spread across the other types of fintech. We have added a breakdown of investment within the fintech sector so we can track its evolution from payment processing and lending, to include a wider range of financial products.

INTRODUCTION

New unicorns

2020 saw JustCo included in Southeast Asia's companies valued over $1B. We also saw expansion of the group of startups that have exceeded $100M in valuation, adding more than 20 names that included Stashaway, Waresix, Mekari, Shopmatic, Sunday.

Decline in exits

As noted in our report for the first half of the year, liquidity events are where 2020 differed most from previous years. While the number of exits ended up on par with 2018, the proceeds generated fell significantly to under $1B. We think it's fair to assume that some larger potential deals have been delayed, as the sort of extensive due diligence required by international acquirers was harder to accomplish during this period of travel restrictions.

Looking ahead to 2021

Tech investment may not have reached any new heights in 2020, but startups in the region have risen to the various challenges and proven they can find new opportunities to grow and attract new investment. We anticipate that if the pandemic recedes throughout 2021, we will see resumed growth in VC investment alongside some notable exits, by the time our next report is published in H1 2021.

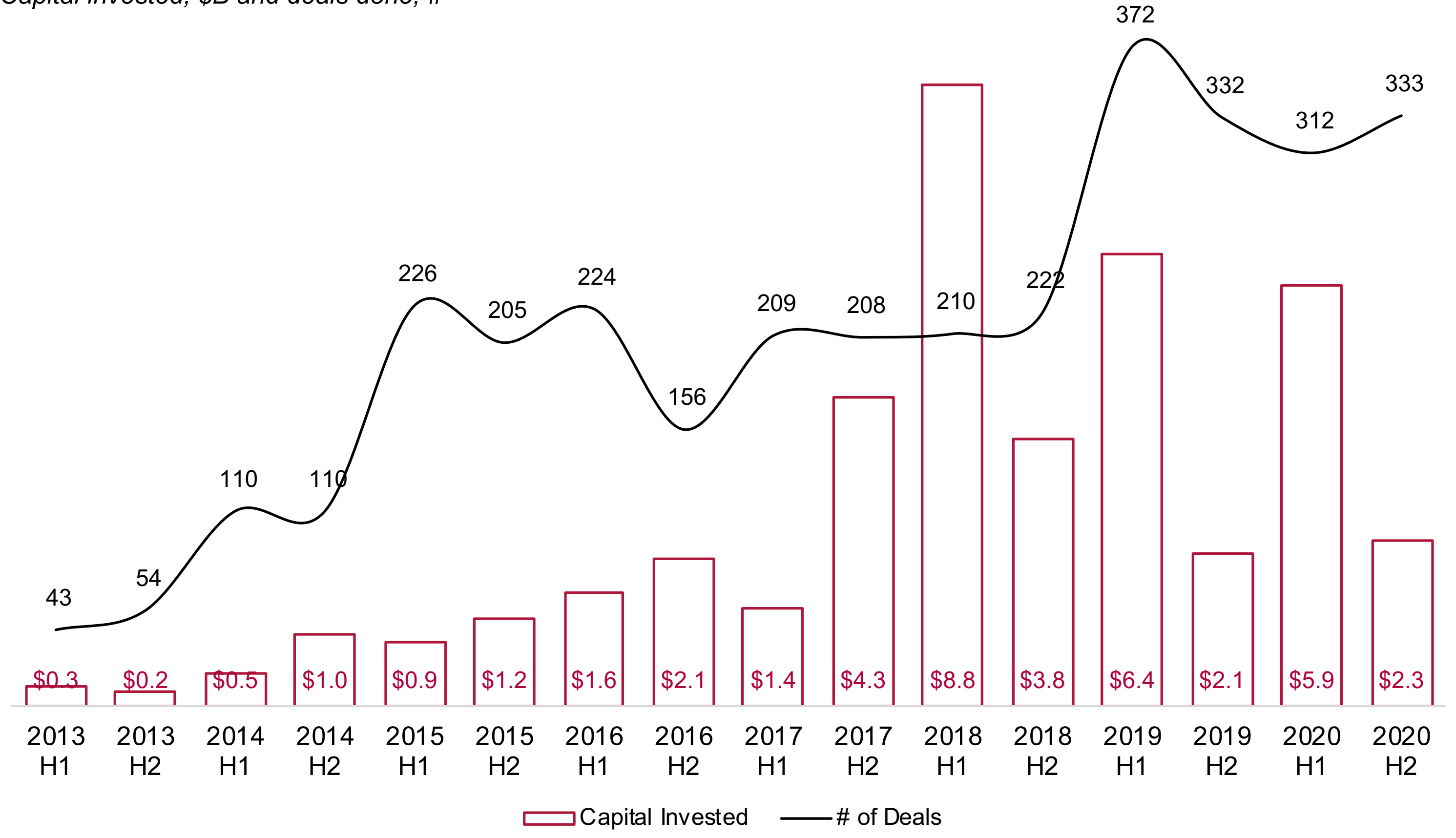
Thank you

Mark Suckling, Laphat Tantiphipop

$8.2B INVESTED IN 2020

- *SE Asia maintained a similar level of investment to 2019*
- *# of deals dropped slightly at -8% in the same period*

Capital invested, $B and deals done, #



Southeast Asia technology investment landscape remained resilient in 2020. COVID-19 shown negligible impact on the overall investment amount and deal activities, dropping slightly from 2019 at -3% and -8%.

Familiar names continue to take up the majority of the capital invested. Grab, Go-Jek and Go-Pay, Bukalapak, Traveloka alone accounted for almost 50% of the year investment volume.

Notes:

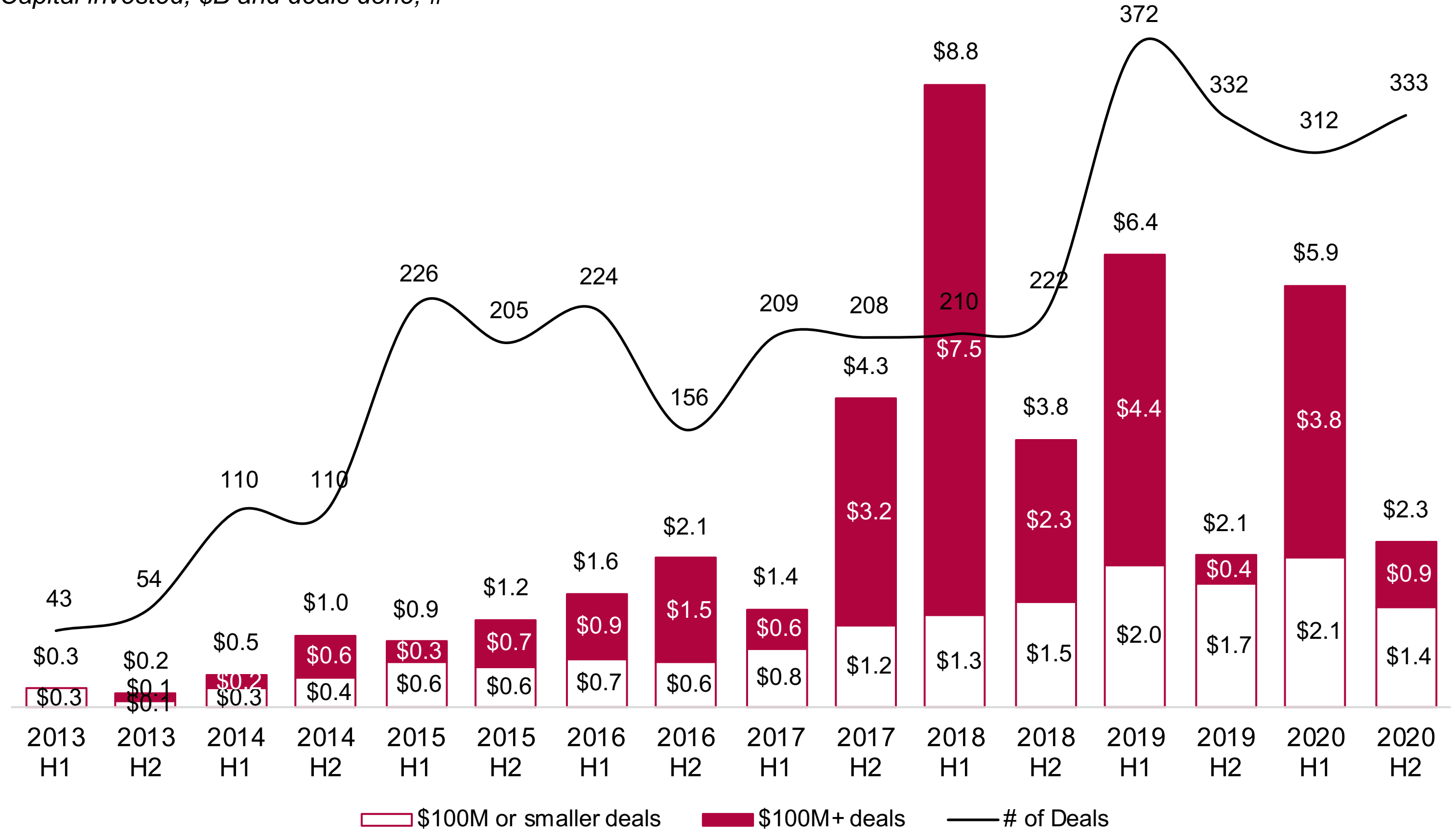
The numbers in page 5-10 include all events related to technology investment albeit considered not relevant to venture space, e.g., ICOs, project financing, corporate subsidiary investment. Further analysis only includes events that are standard equity-based venture investments in digital companies within our framework.

Source: Cento research

$4.7B INVESTED IN >$100M DEALS

>$100M deals accounted for 57% of 2020 investment with only a 0.5% YoY decrease

Capital invested, $B and deals done, #



Mega-deals (those with the value of deals sized above $100M) remained a sizable contributor to the region’s total investment volume. This deal size accounted 57% of investment proceeds in 2020, compared to 56% in 2019, and 78% in 2018.

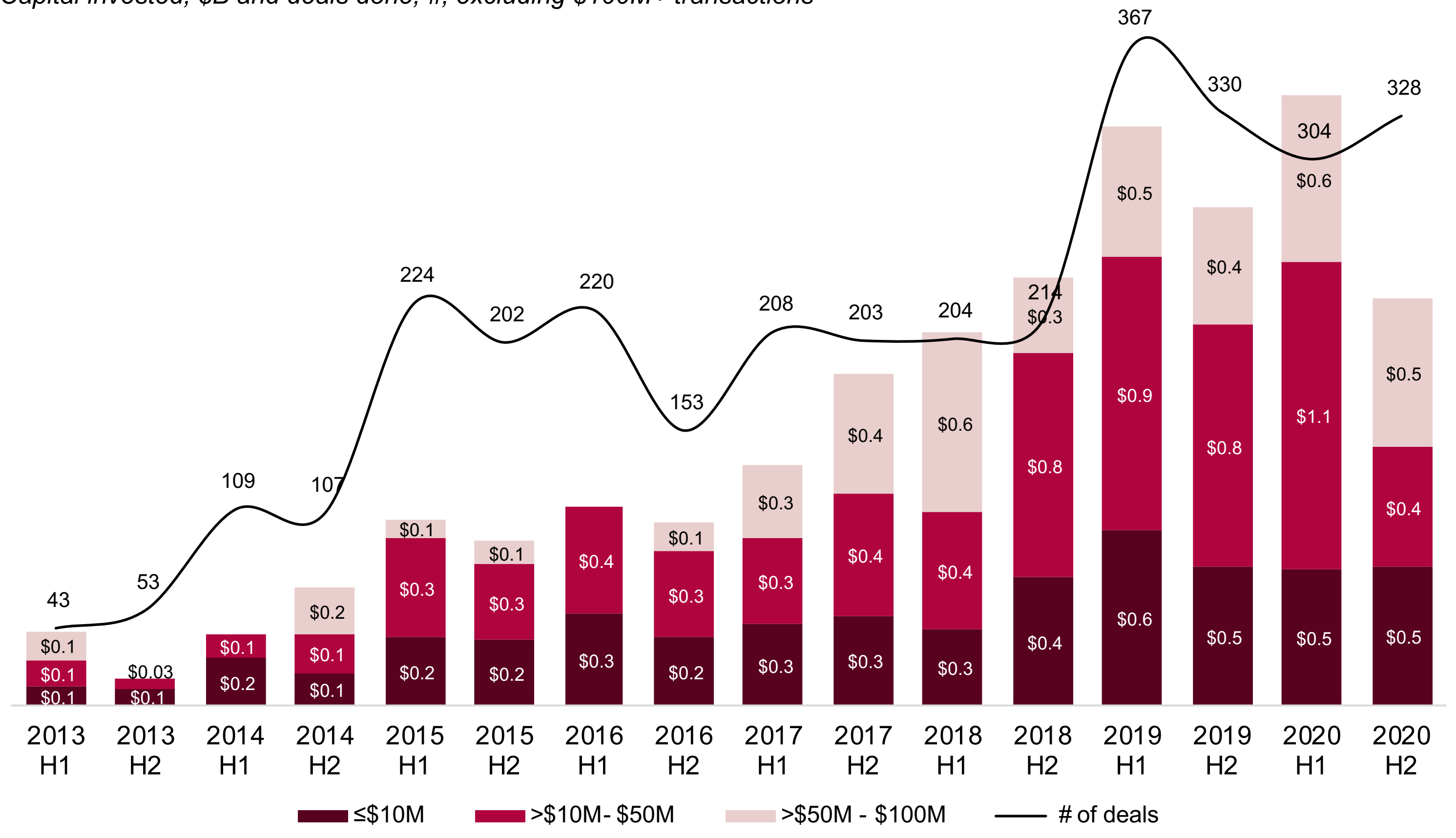
The mega-deals investment is similar to 2019 level, while smaller deals show a 6% decline from their 2019 peak.

Source: Cento research

$3.5B INVESTED IN <$100M DEALS

- >$50M-$100M deals see record investment and strongest growth at 26% YoY
- >$10M-$50M see the sharpest decline, dropping 17% from 2019 peak.

Capital invested, $B and deals done, #, excluding $100M+ transactions



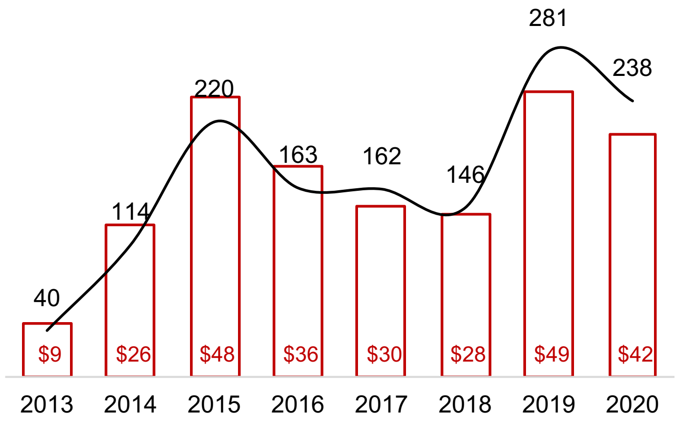
Mega-deals often attract the majority of investment proceeds as well as media headlines. However, smaller deals that occur regularly can be a better indicator for the ecosystem's health compared to the sporadic outsized deals that fluctuate the trend.

In 2020, the >$50M-$100M deals received record investment volume at $1.1B, a 26% increased from 2019. >$10M-$50M see a less encouraging outcome with a 17% YoY decrease to $1.5B. Investment into $10M deals and smaller remain stable at ~$1B per year.

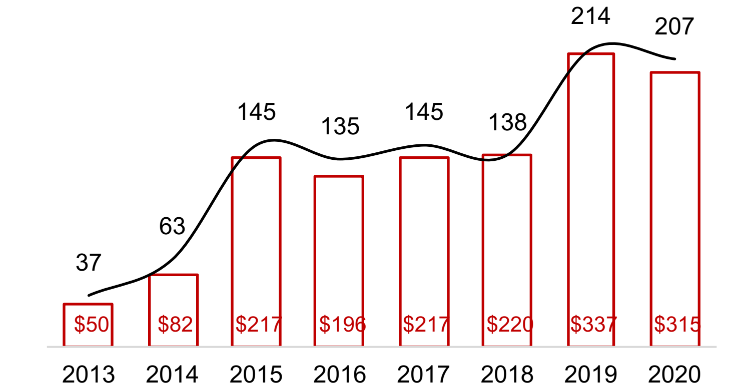
Source: Cento research

$50M+ DEALS GROW, SMALLER DEALS DECLINE

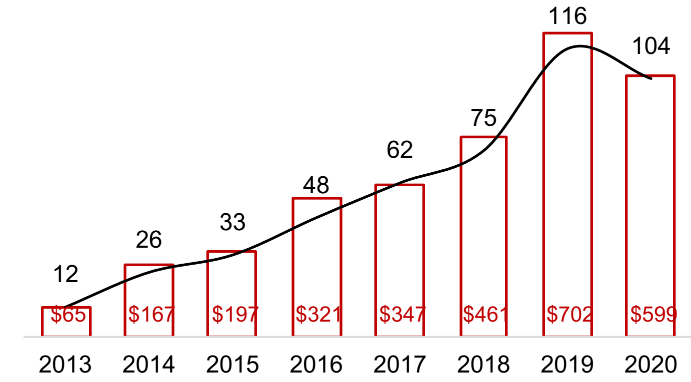
$0.5M or smaller deals



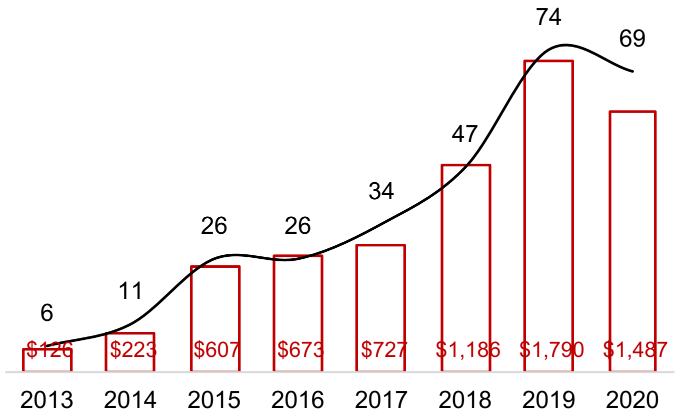
$0.5M+ to $3M deals



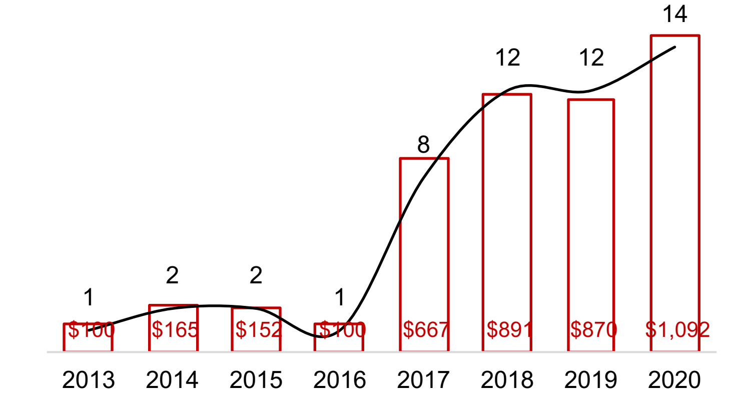
$3M+ to $10M deals



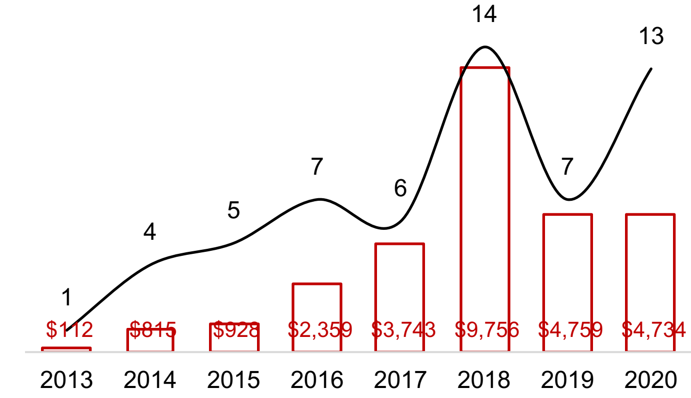
$10M+ to $50M deals



$50M+ to $100M deals



$100M+ deals



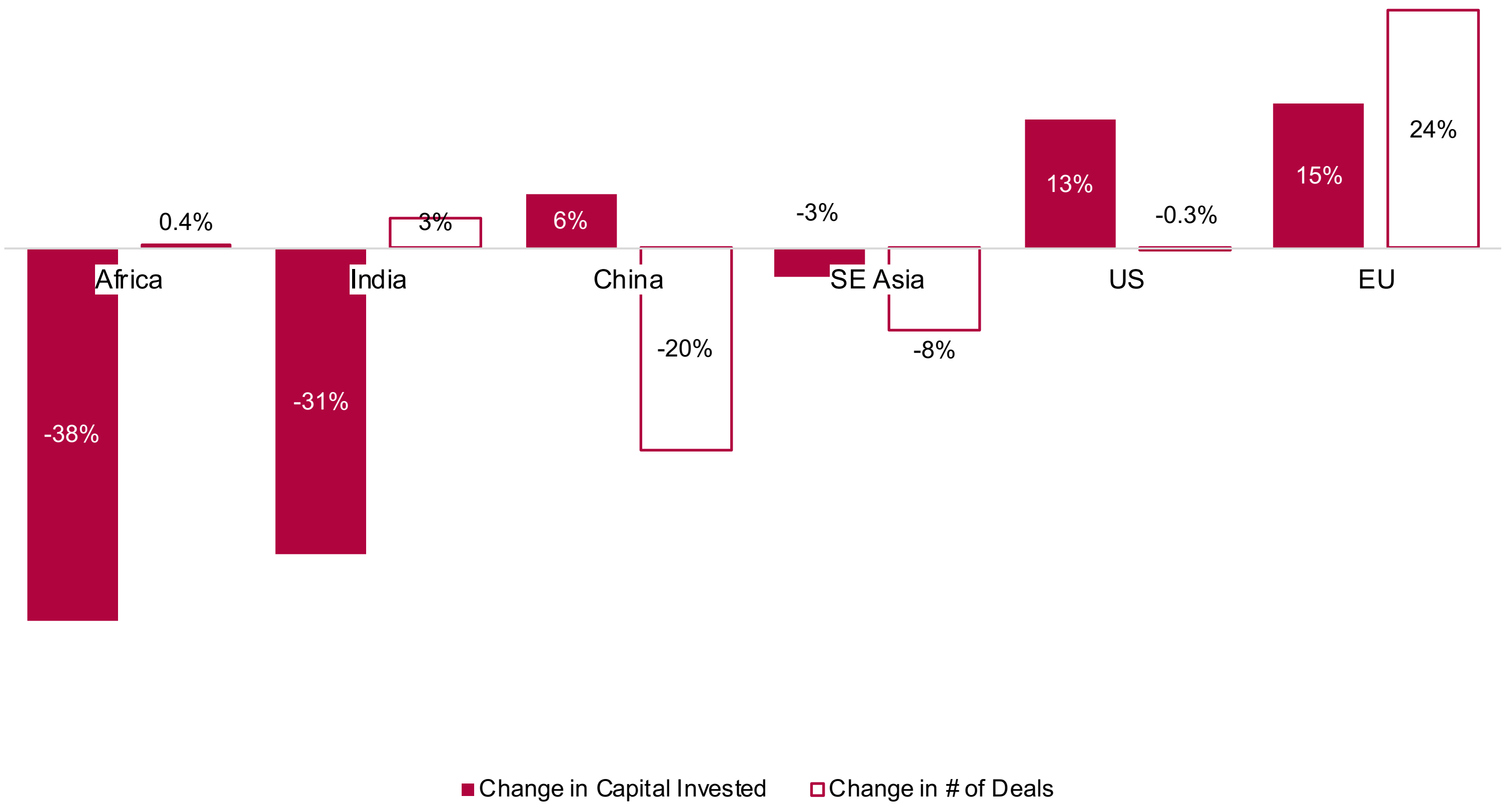
Source: Cento research

□ Capital invested, $M

■ Deal #

SE ASIA SHOWS MOST RESILIENCE AMONG EMERGING MARKETS

% of VC capital invested and deals done by region, 2020 vs. 2019



The economic impact of COVID-19 on different startup ecosystems varied significantly. Startups investment in developed markets experienced robust growth. The US and EU both received a record investment amount in 2020.

Among emerging markets, Southeast Asia experienced the least fluctuating impact. The region sees a minor overall decrease, compared to other markets that see a sharp decline in either the investment volume or number of deals done.

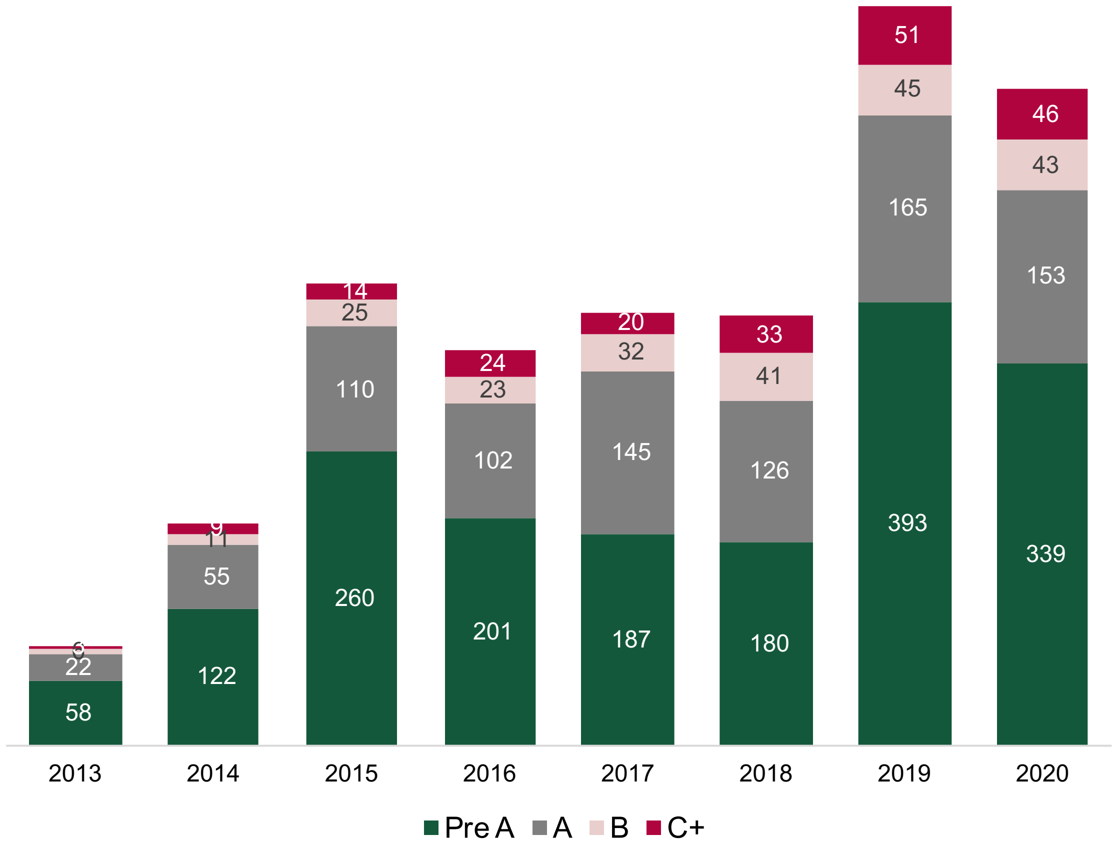
Notes:

The denominators to both the capital invested and the number of deals in each region are based on its respective 2019 numbers.

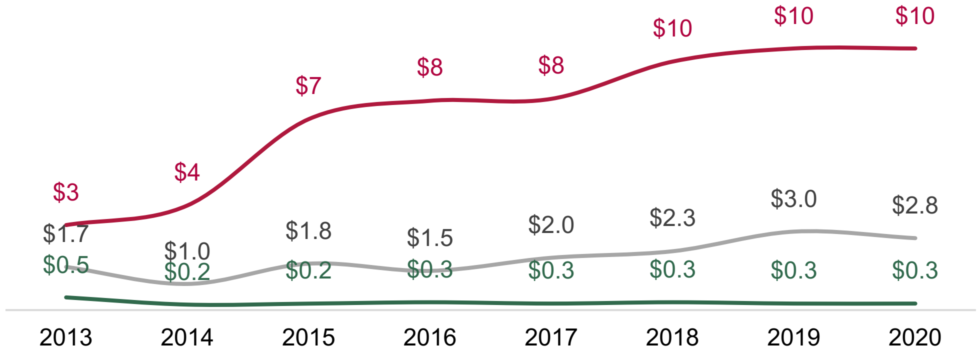
Source: Cento research
Pitchbook - European Venture Report 2020
NVCA – Venture Monitor 2020
KPMG - Venture Pulse APAC Q4 2020
Baobab - Africa Venture Capital and Start-up Funding 2020

DEALS SIZE AND VALUATION AT EACH STAGE ARE STABLE

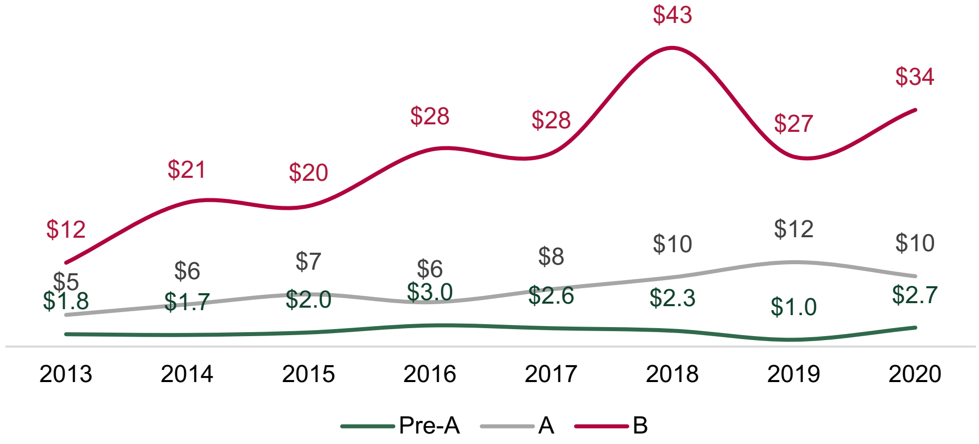
Deals done by series, #



Median deal size by series, $M



Median valuation by series, $M



Source: Cento research

2X INVESTMENT IN PAYMENTS, LOGISTICS & LOCAL SERVICES

- *Payment rose to the 3rd most funded sector.*
- *Travel investment dropped unsurprisingly. More surprising is the decline in healthcare and education.*

Capital invested by sector, $M

	2013	2014	2015	2016	2017	2018	2019	2020	2019-2020 Change
Multi-vertical	-	52	346	770	2,550	4,535	3,429	3,114	-9%
Retail	71	182	210	837	955	1,915	773	939	21%
Payments	19	26	86	115	117	473	413	801	94%
Logistics	1	15	34	64	136	129	221	542	145%
Financial Services	37	7	139	138	189	418	534	465	-13%
Travel & Hospitality	34	13	78	176	392	52	528	275	-48%
Local services	9	376	442	826	50	92	115	244	112%
Real estate & Infrastructure	4	2	9	17	41	517	167	160	-4%
Business Automation	6	13	29	29	44	140	168	145	-14%
Healthcare	0	12	26	37	62	12	224	114	-49%
Advertising & Marketing	8	22	122	21	82	37	144	112	-22%
Employment	3	4	8	11	22	24	40	54	37%
Entertainment / Non-Gaming	1	4	52	84	349	17	130	43	-67%
Education	0	7	12	9	16	61	162	29	-82%
Entertainment / Gaming	4	8	11	11	5	14	19	22	18%
Others	-	-	1	3	5	-	38	8	-78%
Comms & Communities	4	23	16	48	1	10	3	3	1%

The full-year COVID impact on each sector shows both expected and surprising results. Travel is heavily hit, dropping almost 50% YoY and would be as much as 95% if not for Traveloka $250M round. Healthcare and education did not enjoy a continual growth from their 2019 record despite much anticipation.

Many of the fundamental internet economy sectors received a positive boost. Payment, logistics, and local services doubled their 2019 financing. Retail grew slightly at 21%. Multi-vertical companies, which operate across many of these sectors, see minimal changes.

Notes:

For a detailed definition of each sector, please see our methodology slide.

Source: Cento research

FINTECH ACCOUNTS FOR 20% OF DEALS

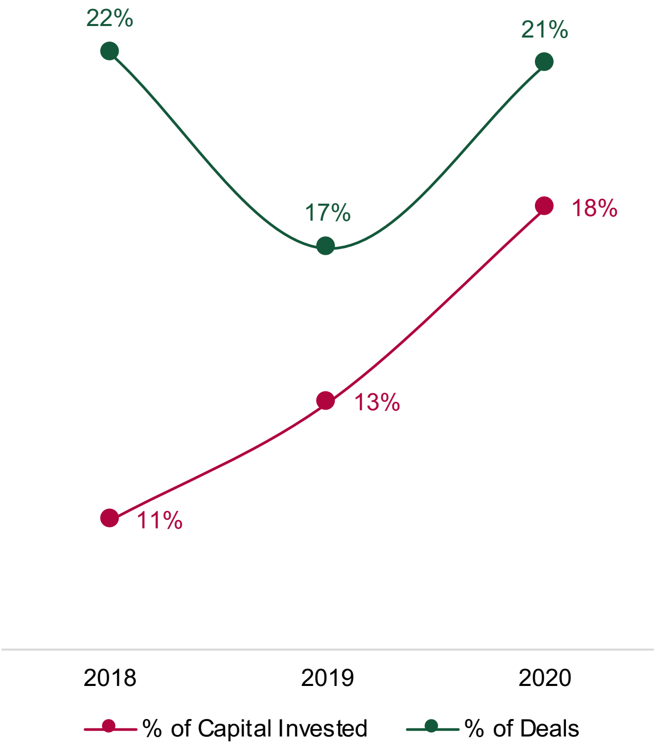
- *Proportion of Southeast Asia fintech investment is on par with developed markets.*
- *Core payment, lending, and company with multiple financial offerings dominate, but others are picking up the pace.*

Capital invested by fintech sector, $M

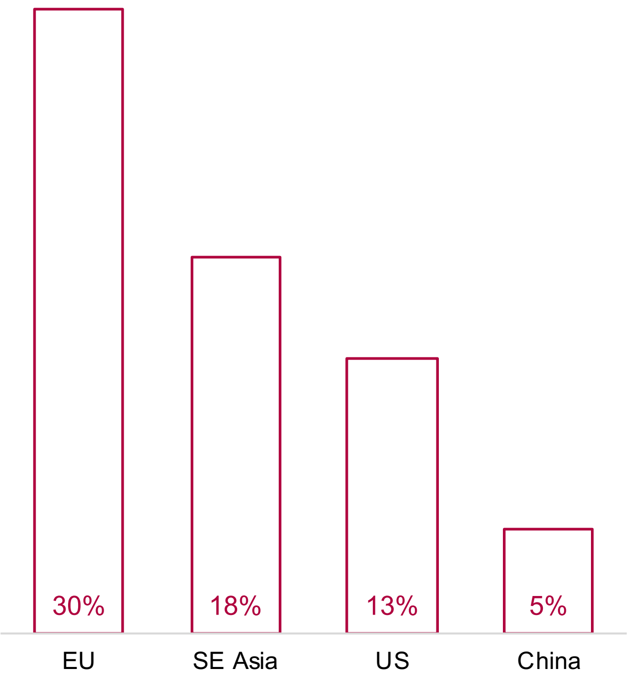
	2018	2019	2020	2018-2020 Total
Core Payments*	273	413	678	1,364
Lending - Business	141	104	171	416
Multi-Vertical	252	20	136	409
Lending - Consumer	77	176	27	280
Wealth Management & Capital Markets	41	67	103	211
Data Analytics	55	111	21	187
Insurance	35	38	81	154
BaaS	17	18	48	83

* Some companies in the main Payment sector visible in the previous page expanded to multiple verticals or added banking capability; thus, are broken out as such in the fintech subcategory.

Fintech as % of total capital invested and deals done, SE Asia



Fintech as % of total capital invested by region, 2020



Source: Cento research
NVCA – Venture Monitor 2020
Crunchbase – Venture Report EU 2020
IT Juzi - 中国新经济创业与投资分析报告

SE ASIA'S TECH LEADERS

- *2020 continues to generate new set of companies valued above $100M, $250M, and $1B*

Valuation	Regional	Indonesia	Singapore	Vietnam	Thailand	Malaysia
>$10B	sea, Grab	gojek			Southeast Asia is home to 9 independent companies and 5 subsidiaries valued above $1B (with Sea Group market-cap having reached $50B). However, we believe a more comprehensive view of the region's capability to generate shareholder value in the digital space is provided by also accounting for the growing cohort of $100M, $250M, and $500M companies.	
>$1B	traveloka	tokopedia, Bukalapak	JustCo, Qoo10	VNG		
>$250M	GHL, Ninja Van, Zilingo, PropertyGuru, carousell, 2C2P, Advance.ai, Shopback	kopi kenangan, ruangguru, SiCepat Ekspres, akulaku, sociolla, PasarPolis, halodoc, modalku, xendit, finaccel	Carro	MoMo, Tiki.vn, VNPay, Scommerce, Sendo.vn	omise, aCommerce, Pomelo.	Carsome
>$100M	StashAway, Nium, AnyMind Group, 99.co, theAsianparent, RedDoorz	waresix, mekari, c88, Sorabel, investree, KoinWorks, BeliMobilGue.co.id, snapcart, gudangada, PayFazz, Warung Pintar, mainGames, happyfresh, Alodokter	iSTOX, Doctor Anywhere, Validus, Shopmatic, Taiger, hmlet, matchmove, cxagroup	be, Topica, MISA, trustingsocial	sunday, eatigo, Ookbee, Velo, amity	iCarAsia, Fashion Valet

Publicly-listed company ⌜⌟ 2020 New Entry

Source: Cento research

- List of companies are not exhaustive
- Data is based on the latest substantial financings, liquidity events or known business developments

OTHER $100M+ COMPANIES PRESENT IN THE REGION

Selected $1B+ and $100M+ enterprise value businesses, executed via prior acquisition / non-third party funded subsidiary

	Regional	Indonesia	Singapore	Malaysia	Thailand	Vietnam	Philippines
>$1B	Lazada Group, GrabFinance, Bigo	OVO, GoPay					
>$100M*	JobStreet.com, MOL Money Online, jobsDB.com, Oriente, foodpanda, agoda, VIKI	detikcom, kudo, Matahari Mall.com, moka, KapanLagi.com, blibli.com, Kartuku, mapan, LinkAja!	Wavecell, redmart	iProperty Group, SOCAR, Boost, 701Search	LINE MAN, rabbit, ascend money	cốc cốc, batdongsan, Zalo, VinID, VATO	PayMaya, VOYAGER, GCash

Select $100M+ enterprise value businesses by global players targeting Southeast Asian market or by Southeast Asia based players targeting a global opportunity.

Razer, MDAQ, patsnap, SHIELD, viu, trax, Acronis, CompareAsia Group, thunes, wego, near

An overview of the value being created in the digital space in Southeast Asian would be incomplete without noting:

- A significant and growing set of digital businesses previously acquired by or created within larger companies that are continuing to grow around their respective opportunities within Southeast Asia
- A number of overseas players - usually from adjacent markets in North Asia - focusing on Southeast Asia as a primary source of growth.
- A number of Southeast Asia-originating companies that built their domestic advantage into a significant international footprint beyond Southeast Asia

Publicly-listed company | 2020 New Entry

Source: Cento research

* List of companies are not exhaustive

PAYMENT PRODUCES MOST $100M+ COMPANIES WITHIN FINTECH

SE Asia Financial Services and Payment Leaders:
Breakdown of Top Primary Segments with Leaders of valuations above $100M, $250M, $1B

	Multi-Vertical	Core Payments	Wealth Management & Capital Markets	Lending	Insurance	Data Analytics
>$1B	sea, GO PAY, OVO, GrabFinance					
>$250M	Boost, GCash	GHL, MOL Money Online, VNPAY, 2C2P, momo, xendit, omise		ZILINGO, CARSOME, modalku, finaccel, CARRO, akulaku	PasarPolis	ADVANCE.AI
>$100M	PAYFAZZ, c88	matchmove, VELO, MOKA, kartuku, LinkAja!, NIUM, kudo, ascend money, PayMaya, VOYAGER	StashAway, iSTOX	investree, mapan, VALIDUS, KOINWORKS, Oriente	sunday, rabbit, cxagroup	trustingsocial

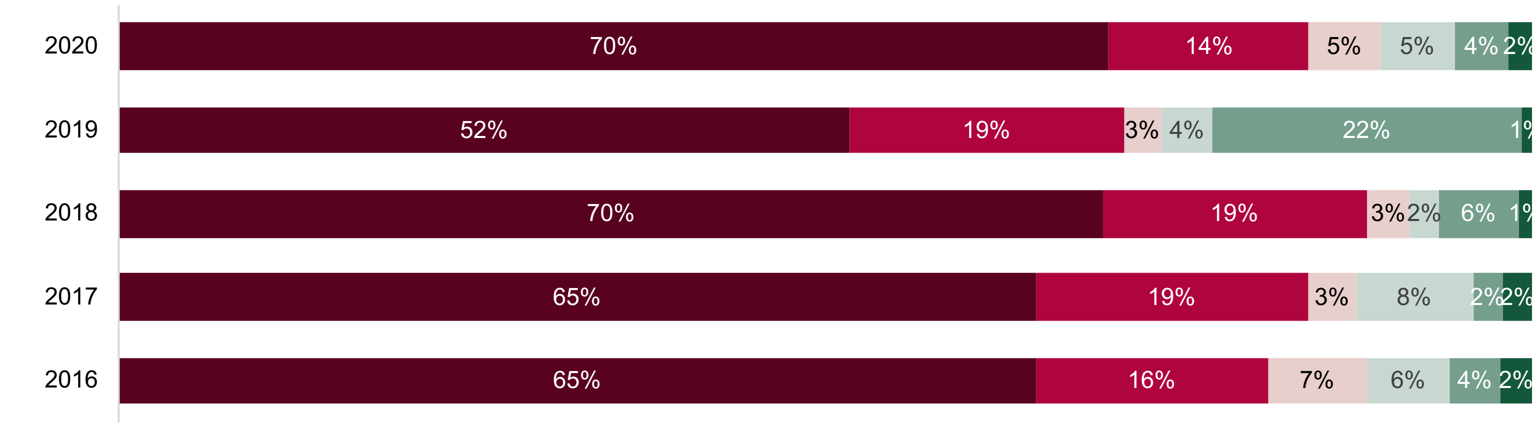
Source: Cento research
* List of companies are not exhaustive

Publicly-listed company | Non-Fintech platforms with strong financial components

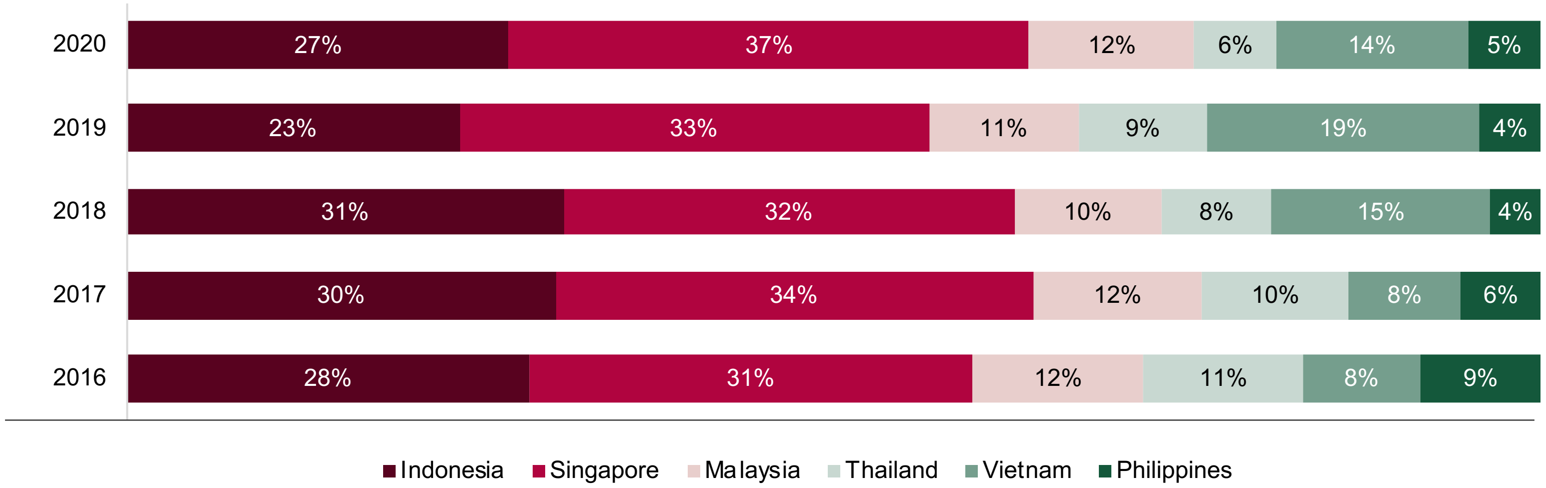
ALL INVESTMENT: INDONESIA IS MAIN FOCUS AGAIN

- *Indonesia attracts over 2/3 of capital invested in 2020*
- *Malaysia, Thailand, and Philippines also see an increased allocation of capital.*

Share of capital invested by country



Share of deals done by country



Indonesia startups regained their share of capital invested in 2020. This is primarily driven by Gojek investment, with support from an array of mega-deals into companies such as Bukalapak, Waresix, Kopi Kenangan, and Linkaja.

Malaysia, Thailand, and the Philippines also see an increase in allocation, while Vietnam sees a significant drop in 2020 after its later-stage companies already closed large rounds back in 2019.

Notes:

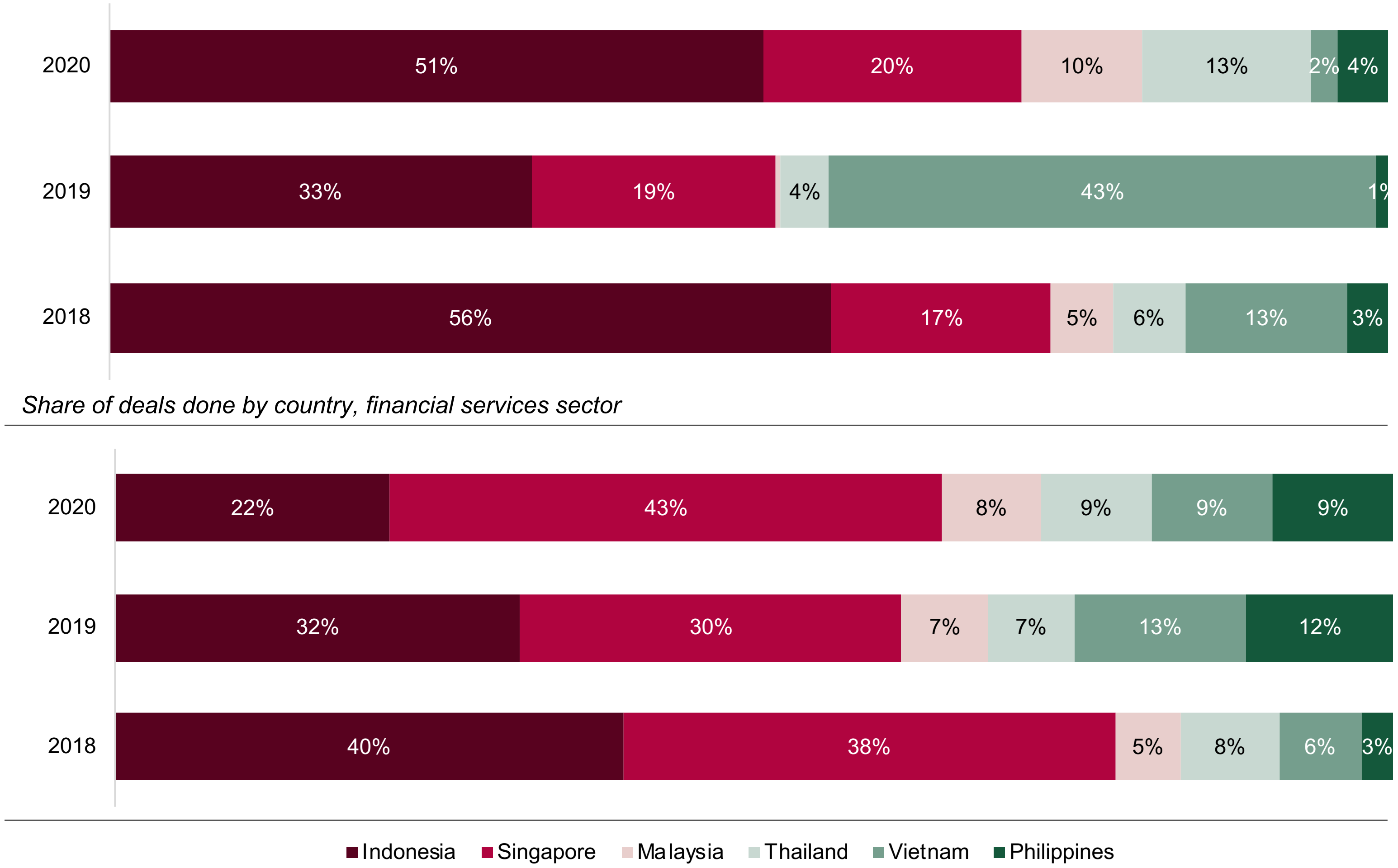
The data in this slide excludes companies with a truly regional footprint (e.g. Grab, Sea Group, and Lazada) and would bias the data if allocated to a particular country.

Source: Cento research
Country of origin is defined as where the company was founded and where it is believed to generate its core revenues

FINTECH INVESTMENT: ID MOST CAPITAL. SG MOST DEALS.

- *Capital invested: Indonesia still dominate, but other countries are gaining ground.*
- *# of deals: Indonesia see decreasing share, with Singapore becoming more dominant.*

Share of capital invested by country, financial services sector



Zooming into the financial services and payment sectors, we observe a different dynamic compared to the country distribution of all capital invested. Although Indonesia and Singapore still hold the first and second place, Thailand and Malaysia fintech companies are also prevalent with 10% and 13% capital allocation.

In terms of the number of deals, Singapore took the lead at 43%, while Indonesia's share of deals continues to decrease from previous years. Other countries are more equally distributed.

Notes:

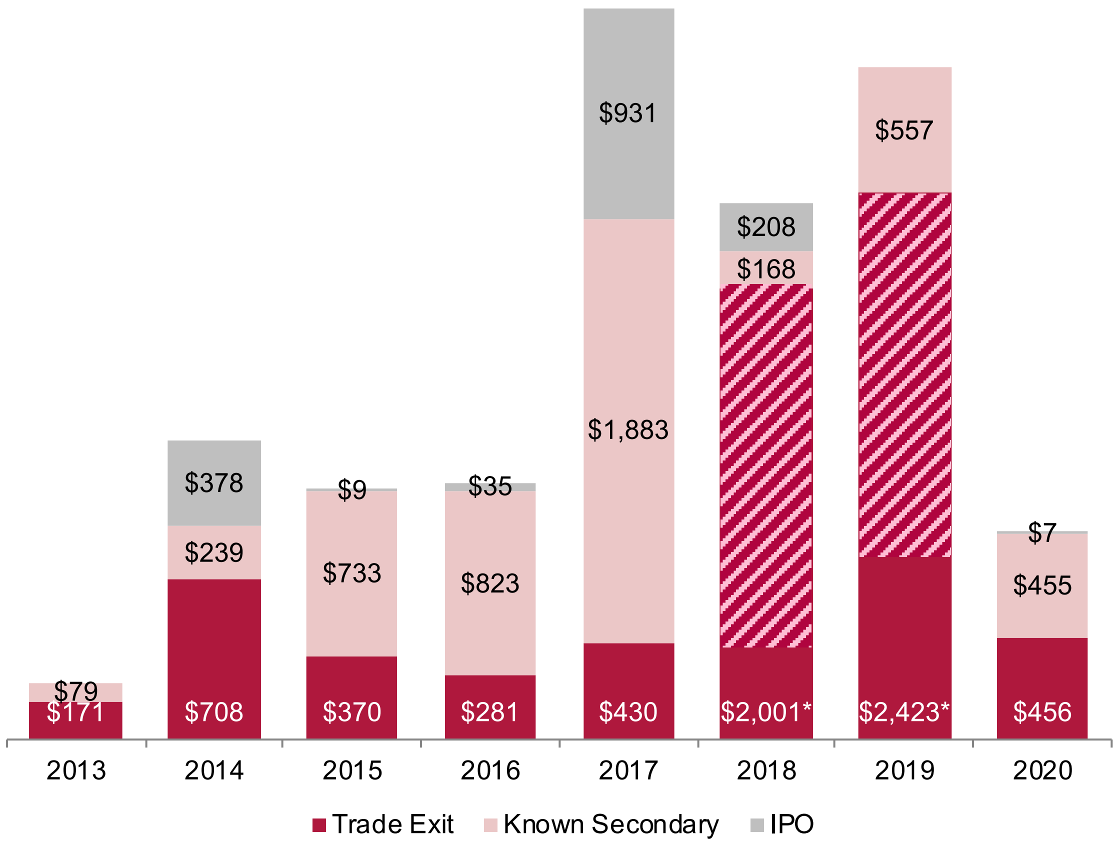
The data in this slide excludes companies with a truly regional footprint (e.g. Grab, Sea Group, and Lazada) and would bias the data if allocated to a particular country.

Source: Cento research
Country of origin is defined as where the company was founded and where it is believed to generate its core revenues

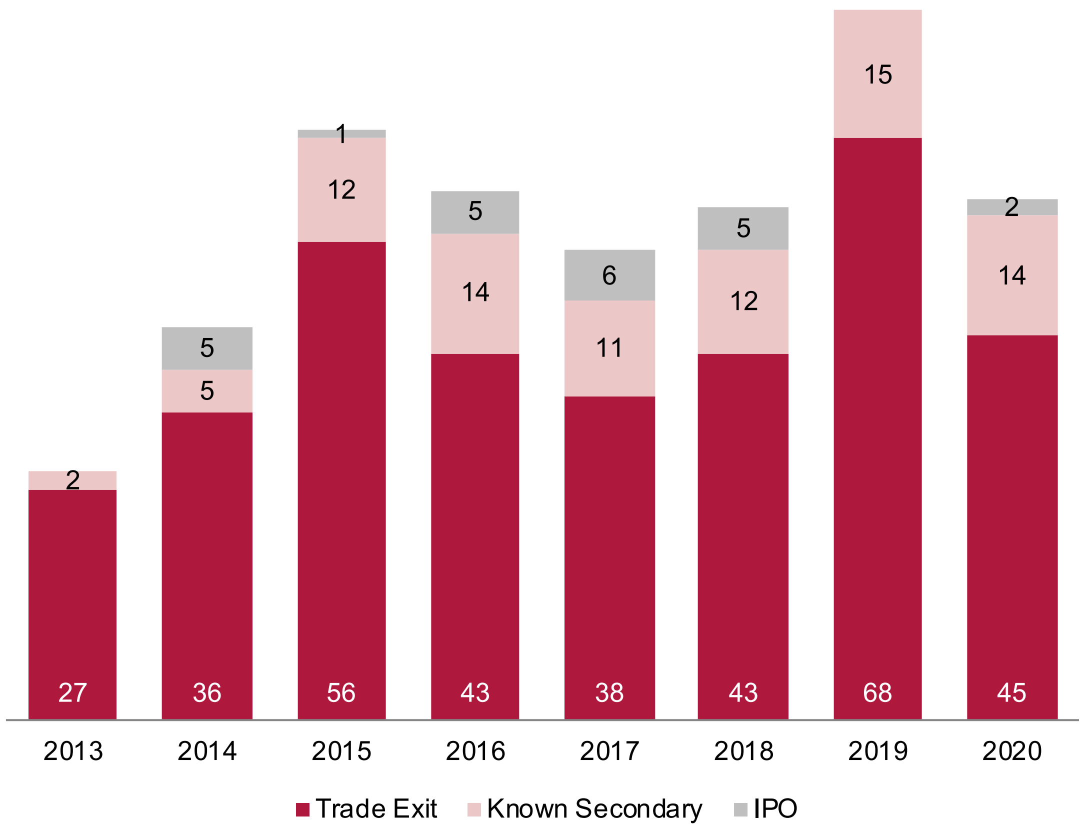
LOWER EXIT PROCEEDS GENERATED IN 2020

- *Secondary transactions continue to play a significant role in liquidity generations.*
- *Liquidity from IPO remains limited.*

Proceeds realised at exit, $M



Liquidity events, #



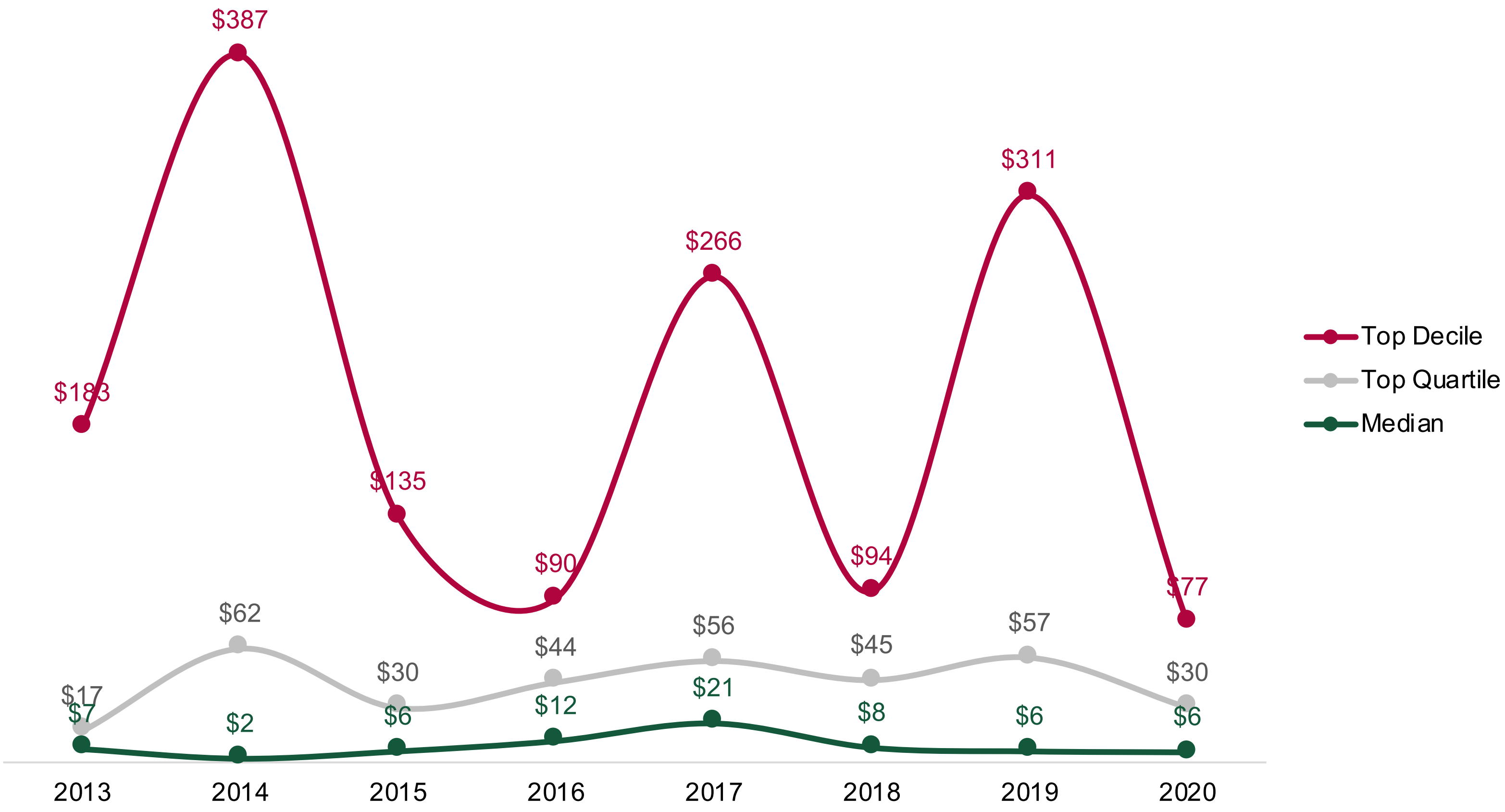
*$1.65B of 2018 exit proceeds accounted for Grab acquisition of Uber SEA entities
$1.7B of 2019 exit proceeds accounted for YY acquisition of Bigo

Source: Cento research

EXIT VALUATIONS ALSO DECLINE

- *Top decile exits declined to under $100M*
- *Top quartile valuation fell while median valuation remains at previous year level.*

Exit valuations, $M



The size of Investment proceeds and valuations attract attention from the investment and startup community alike. Nevertheless, we believe a balanced view of the ecosystem requires us to also understand the size of return the region produces.

In 2020, top decile valuation continued to oscillate between ~$300M and slightly under $100M. Top quartile valuation fell from the $45M-$55M range, while the median valuation remains at $6M.

Notes:

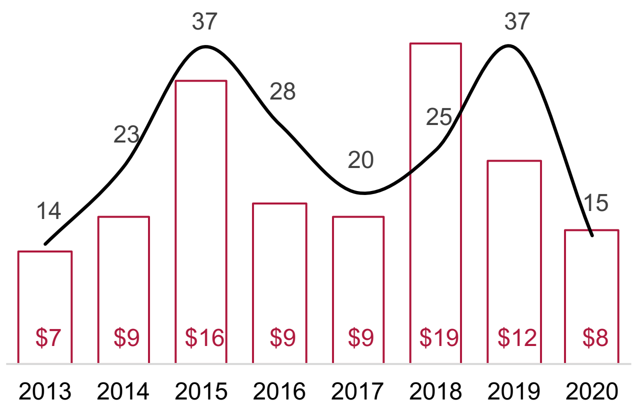
The data is based on acquisition, secondary, and IPO exits with known valuation.

Source: Cento research

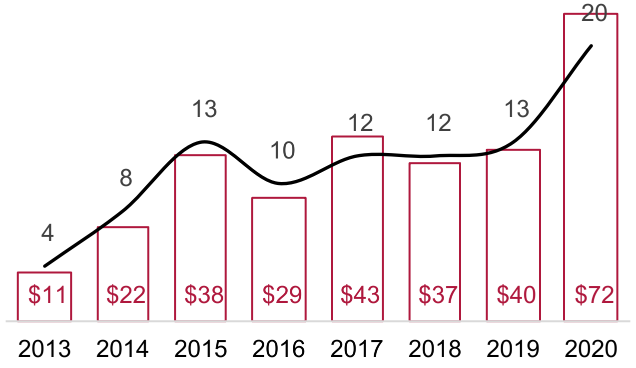
$1M - $50M EXITS GROW

- *$1M+ to $5M exits expanded the most, almost doubling it 2019 amount.*
- *Exits above $50M see sharp decline.*

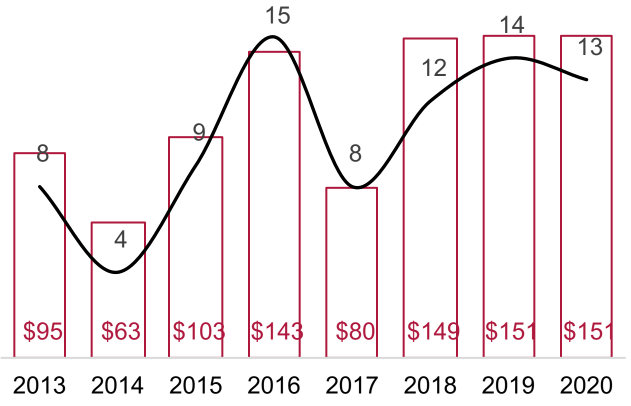
Liquidity events and proceeds, <$1M



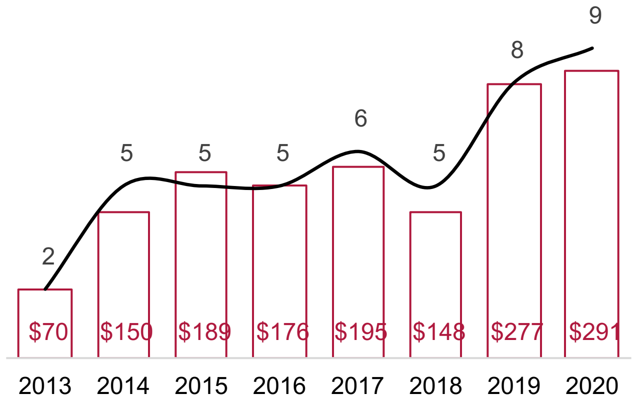
Liquidity events and proceeds, $1M+ to $5M



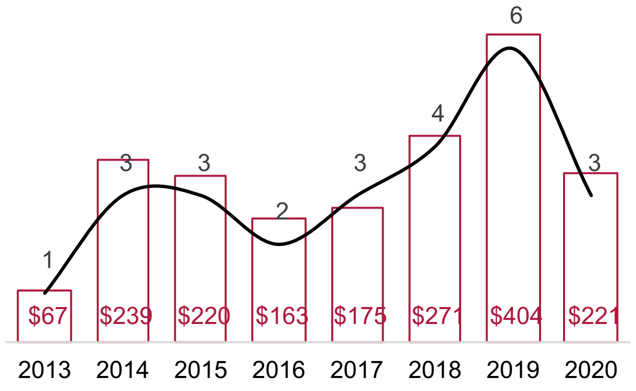
Liquidity events and proceeds, $5M+ to $20M



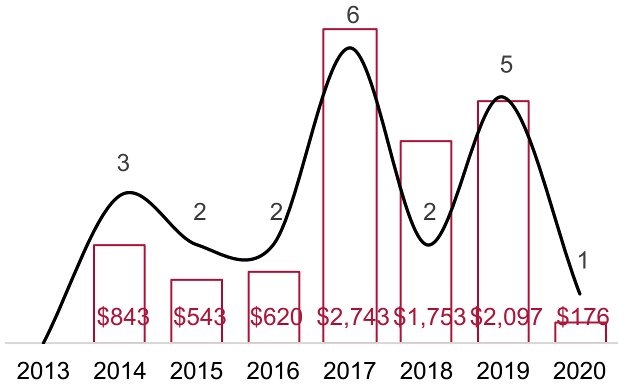
Liquidity events and proceeds, $20M+ to $50M



Liquidity events and proceeds, $50M+ to $100M



Liquidity events and proceeds, >$100M



Amount, $M

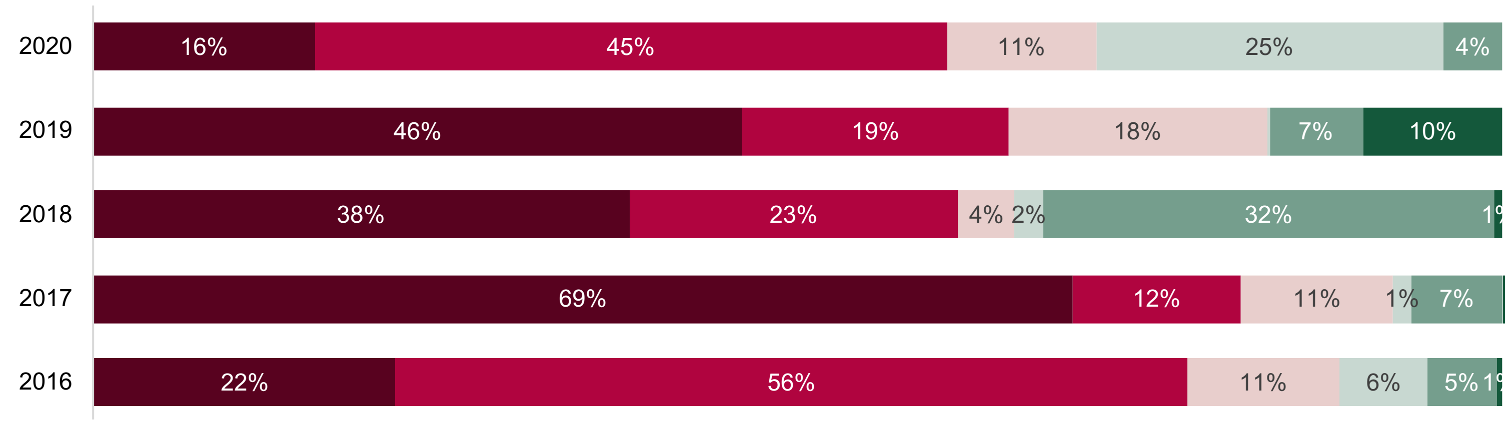
Events, #

Source: Cento research

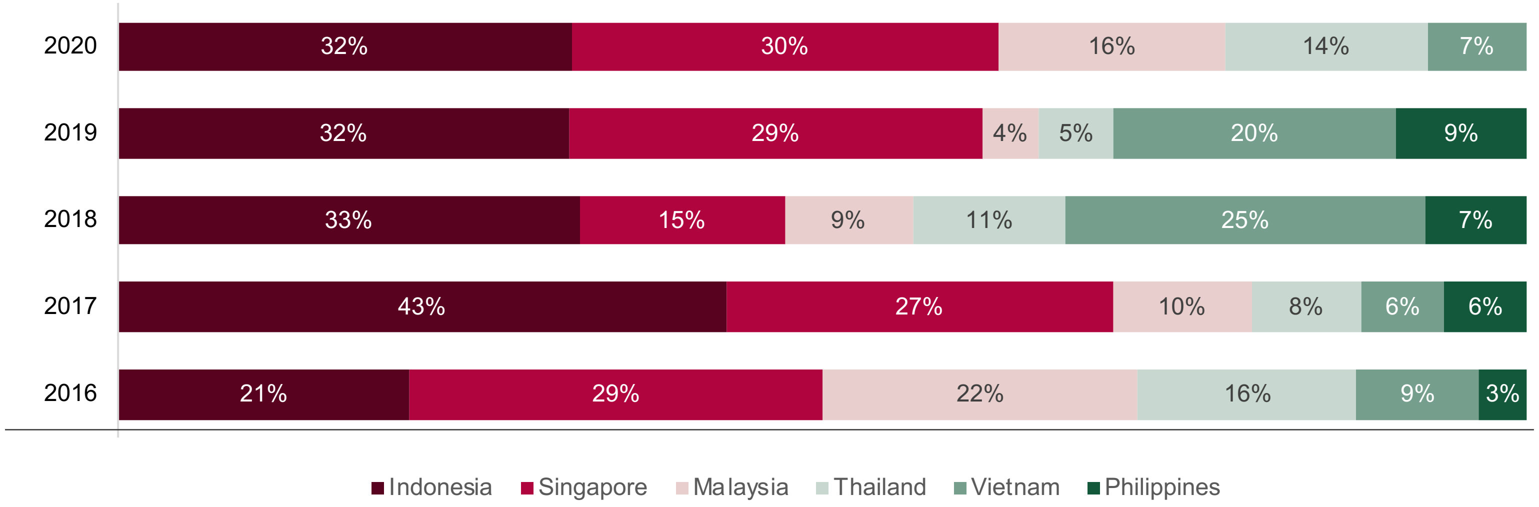
SG STARTUPS GENERATE MOST LIQUIDITY

- *Singapore is the major source of liquidity, contributing almost half of the exit proceeds.*
- *Thailand achieved a new record for the share of liquidity generated, 25% in 2020 vs <6% in past years.*

Share of liquidity proceeds by country



Share of liquidity events by country



Each country's dominance in the liquidity proceeds allocation is more dynamic, compared to the investment proceeds where each country holds a similar position year over year.

The leading country position continues to swing between Singapore and Indonesia, with Singapore accounting for 45% this year. Thailand, Malaysia, Vietnam contest for second place. Thailand took 2020 with 25%. Vietnam took 2018, and Malaysia almost took 2017 and 2019.

The distribution of liquidity events is more evenly distributed, with the exception of the Philippines that did not generate an exit in 2020.

Notes:

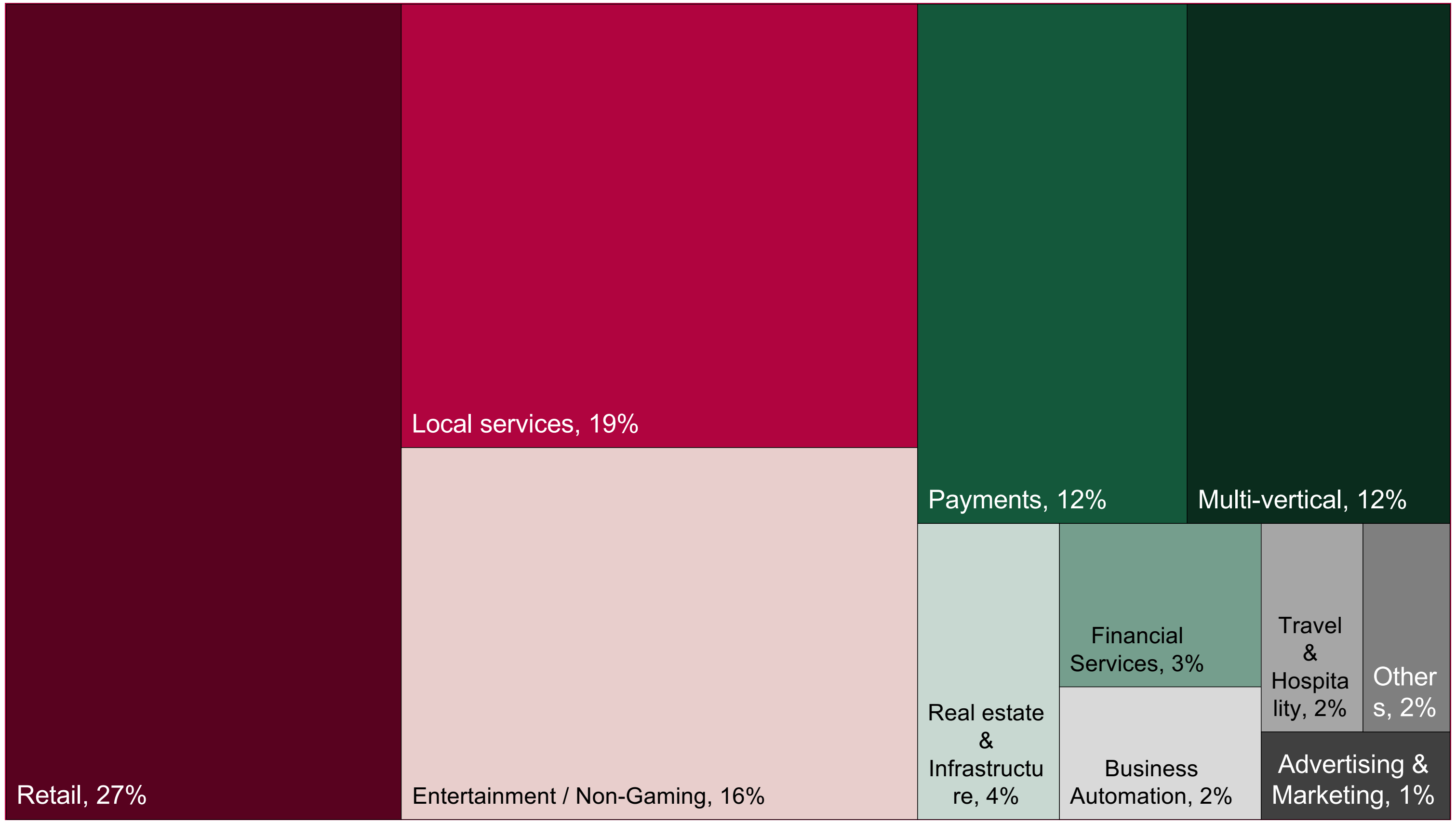
The data in this slide excludes companies with a truly regional footprint (e.g., secondary transactions in Grab and Lazada) and would bias the data if allocated to a particular country.

Source: Cento research
Country of origin is defined as where the company was founded and where it is believed to generate its core revenues

RETAIL SECTOR GENERATES MOST LIQUIDITY

- *Top 5 sectors accounted for 86% of total liquidity generated.*
- *Namely retail, local services, entertainment, payments, and multi-vertical companies.*

Share of liquidity proceeds by sector, 2016 - 2020



A quarter of the liquidity generated during the 5 years period of 2016 to 2020 is driven by the retail sector, with sizable deals such as Alibaba-Lazada acquisition and multiple secondaries in the region major eCommerce platforms. Adding local services, and non-gaming entertainment, the there sectors accounted for over 60% of the total exit volume.

Other significant sectors include payment and multi-vertical companies which together contributed another quarter of liquidity.

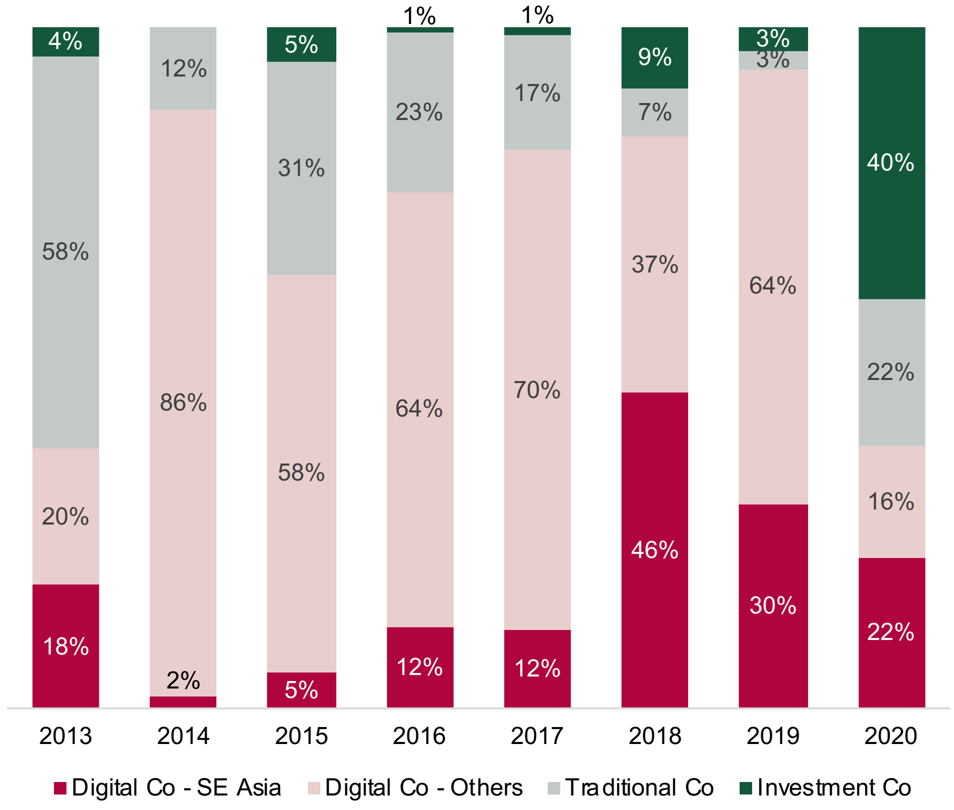
*Non-Gaming Entertainment sector includes YY acquisition of Bigo

Source: Cento research

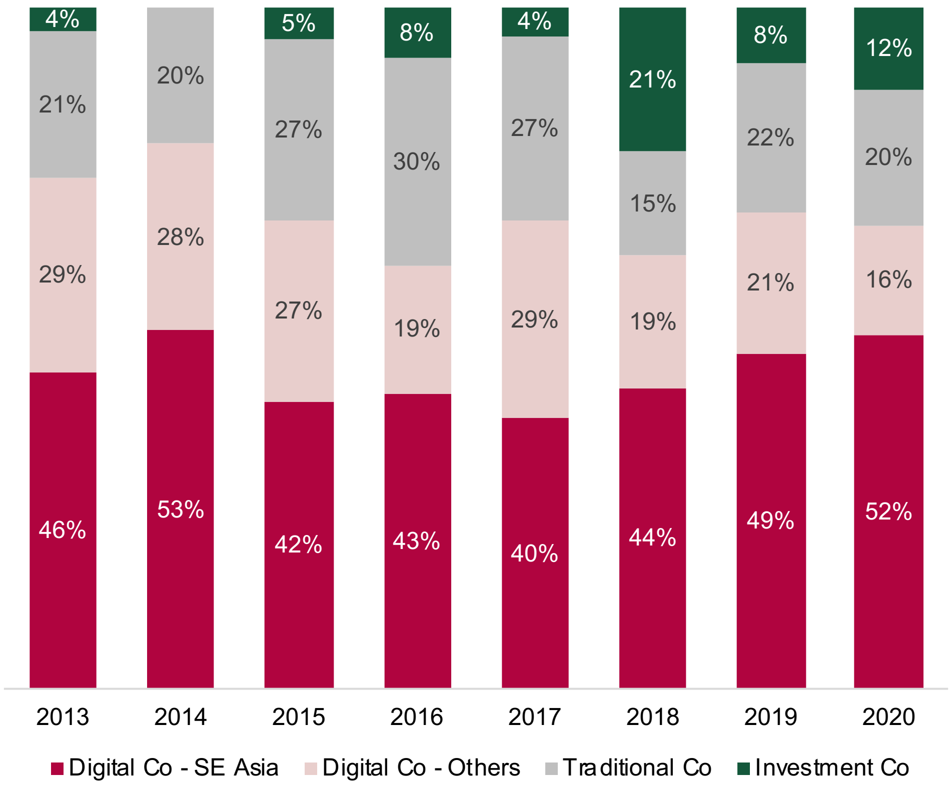
INVESTMENT COMPANIES ARE A MAJOR SOURCE OF EXITS

- *VC, PE, and investment holding companies contributed 40% of liquidity proceeds*
- *Acquisition activities from digital companies outside of SE Asia slowed.*

*Distribution of liquidity proceeds by acquirer type**



*Distribution of deals done by acquirer type**



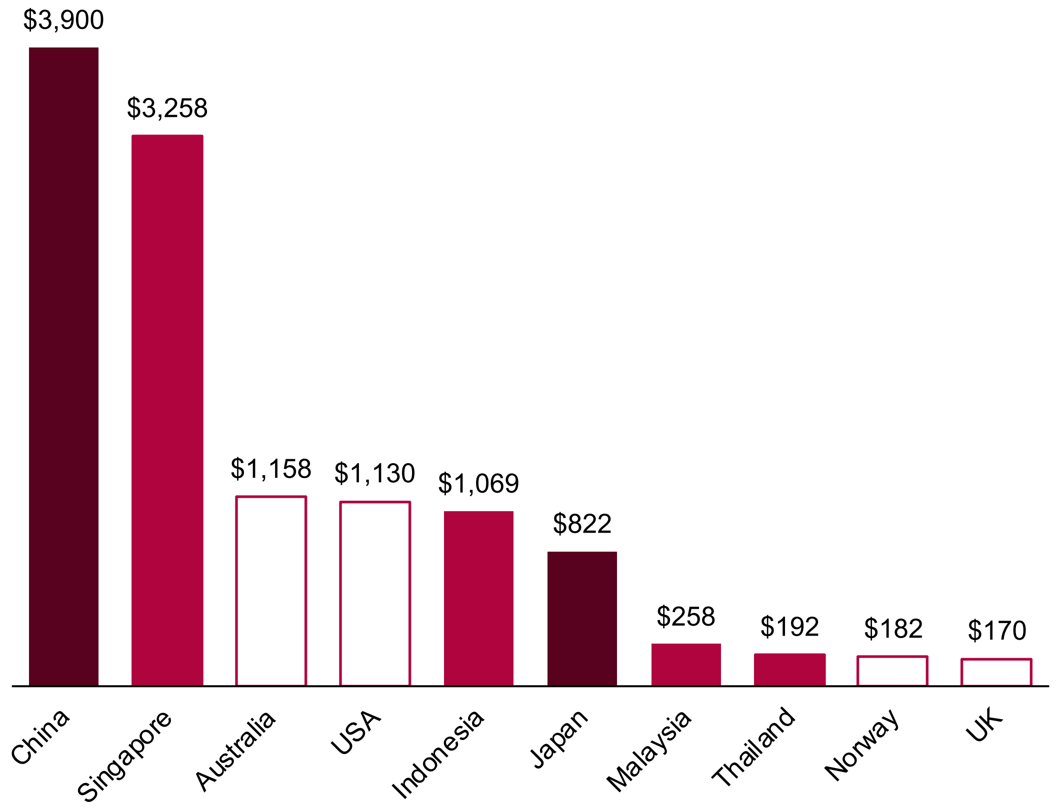
*Digital Co – Companies with core business driven by digital technology.
Traditional Co – Companies that primarily rely on traditional business models.
Investment Co - VC, PE, and investment holding companies.

Source: Cento research.
*The data is exclusive of IPO events.

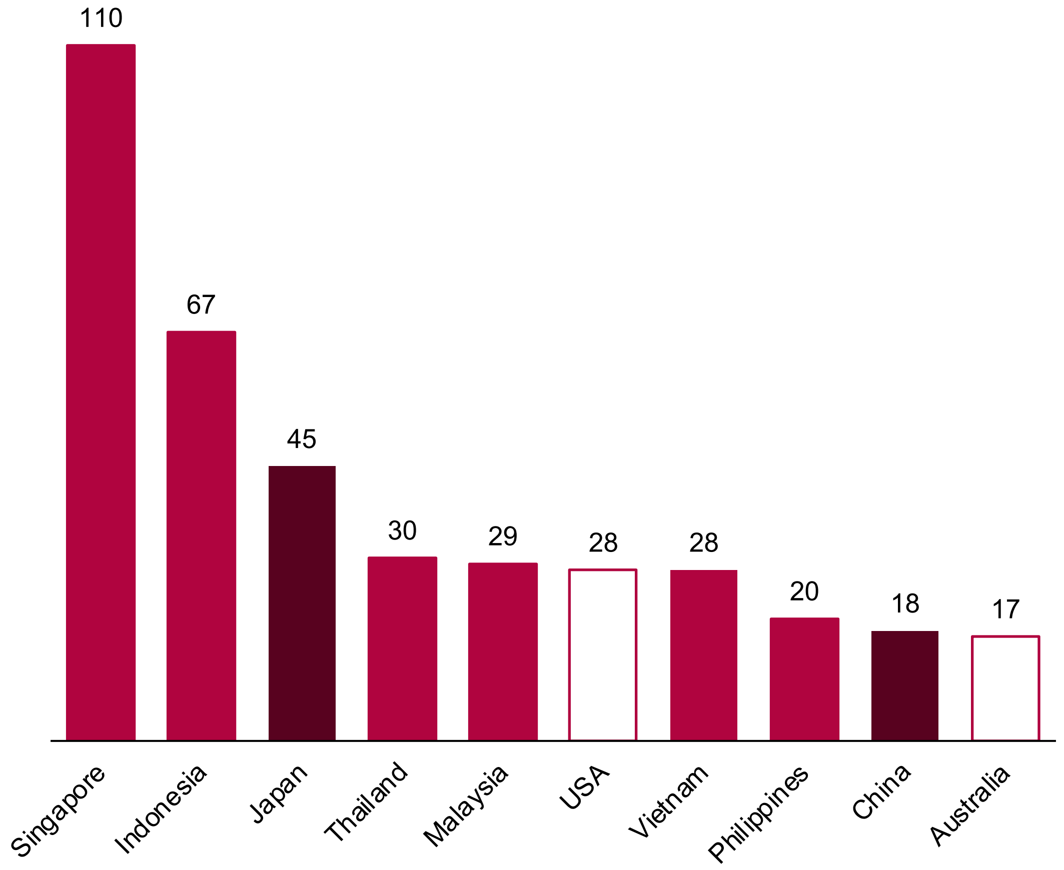
ASIA-BASED ACQUIRERS PREDOMINATE

- *Majority of acquisition capital are from outside of Southeast Asia*
- *While local acquirers are the key source for the number of deals done.*

Top 10 acquirers' countries of origin, by proceeds, 2013-2020, $M



Top 10 acquirers' countries of origin, by deals done, 2013-2020, #



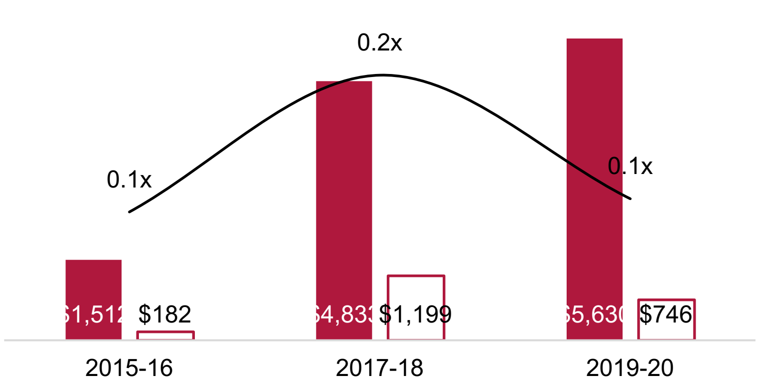
Other Asia ■ SE Asia □ Others

Source: Cento research
Based on trade exit and secondary events with known acquirers

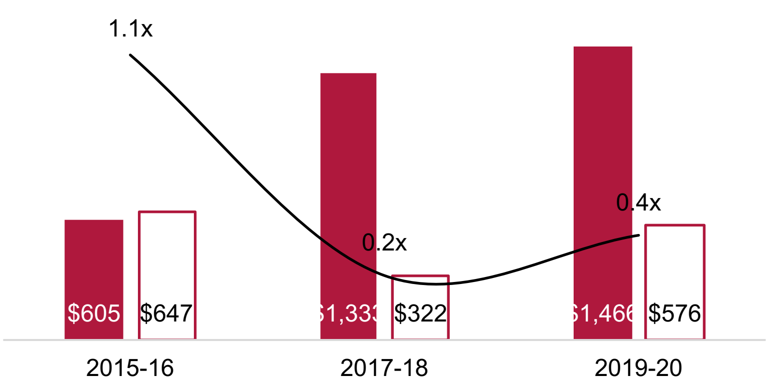
MALAYSIA MAINTAINS HIGH RATIO OF EXITS TO INVESTMENTS

- *Indonesia absorbed the highest investment amount, but the ability to produce liquidity is to be confirmed.*
- *Thailand and Philippines see an uptick in the liquidity / investment ration, albeit still small in volume.*

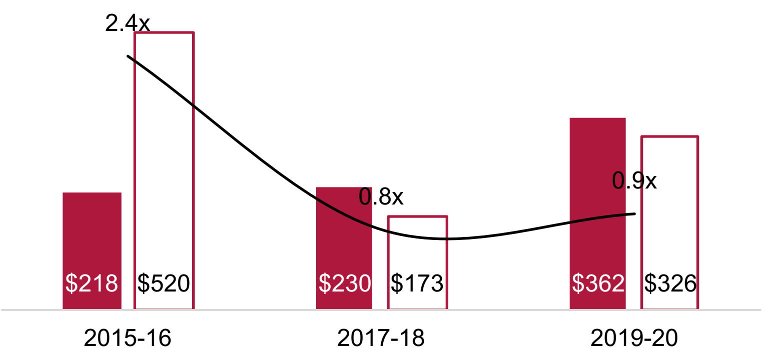
Indonesia



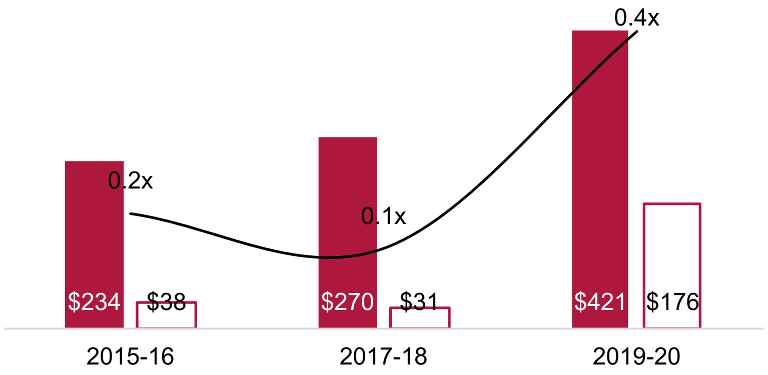
Singapore



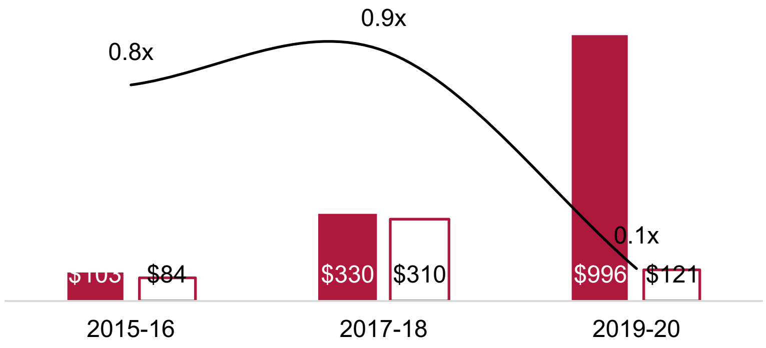
Malaysia



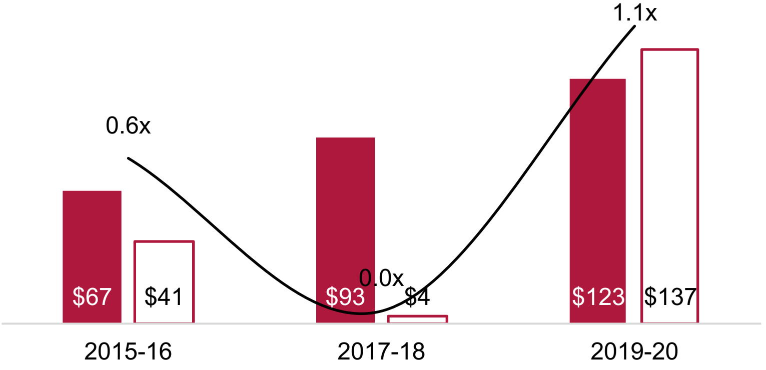
Thailand



Vietnam



Philippines



Source: Cento research

Capital invested, $M

Exit Proceeds Generated, $M

Liquidity / Investment Ratio

Methodology

METHODOLOGY

Key premises:

Numbers and conclusions in this study rely upon a company's reported last round valuation. At best this is a partial reflection of a company's true value. To all in our audience who appreciate the importance of financing terms over headline valuations, and who recognise that a more complete understanding of any underlying business is helpful, we apologise. To atone for this oversimplification, we'd like to take this opportunity to give a commendation to the great work being done by a few in academia who probe deeply into the contradictory nature of how tech valuations are reported, and produce splendid research that will one day help us as an industry upgrade our reporting systems and, perhaps, change how tech company narratives are formed. In this report, our recognition goes to Will Gornall and Ilya A. Strebulaev (professors at the Sauder School of Business at the University of British Columbia and the Stanford Graduate School of Business, respectively) for their comprehensive work on "Squaring Venture Capital Valuations with Reality", available here: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2955455 and with media coverage http://nymag.com/intelligencer/2018/11/fake-unicorns-are-running-over-the-venture-capital-industry.html

Geographies covered:

This iteration of our report does not make an attempt at covering some of the newer digital ecosystems within ASEAN beyond the customary six countries, or the developments in countries starting to gravitate towards SE Asia venture scene such as Pakistan, Bangladesh, Sri Lanka, Hong Kong, and Taiwan.

Data sources and completeness :

Our data is compiled from a number of sources, although we primarily rely on public press announcements and community disclosures from the companies and their investors. Our team researches the validity of claims to an extent possible and supplements incomplete information with insights from our own industry sources and, on occasion, somewhat educated guesswork.

In this report, we analysed and verified close to 3,800 financing and liquidity events. Inevitably, a few large deals would avoid detection on occasion of exceptionally secretive nature of the transaction or due to the methodology we apply. It is also our impression that our pre-Series A deals data in the region is far from exhaustive due to a sheer volume of deals in $ 10 - 250K range happening in the market – while total dollar value of inflow and outflows is unlikely to be impacted heavily, do take our "number of deal" assessments for pre-Series A with a large handful of salt. Finally, as new facts come to light and as erstwhile announcements are verified, we adjust our databases retroactively, leading to mild inconsistencies between various versions at the same period.

Category definitions and company profiles include:

This report aims to describe the state of financing and liquidity generated by companies focused on digital technology-driven opportunities in Southeast Asia. The exact definition of what a digital technology-driven opportunity constitutes is a subject of much debate. While leaving biotech, new materials and space tech out is relatively straightforward (but including software and digital services enabling these industries), telling an offline company with digital elements apart from a business where value creation is primarily tied to either its technology core or its digital distribution is anything but simple.

We have generally taken a view that if something is valued as a technology company, we can trust its investors that it probably is. At the same time, we also endeavour to exclude categories that, while adjacent to digital economy, tend to attract non-VC capital to a degree where their financing / liquidation events interfere with the signal from the rest of the ecosystem (notably, excluding the companies with valuations determined by token economics). Furthermore, we currently do not include traditional TV stations, content producers, sports and entertainment brand, non tech-enabled consumer brands, telcos, IT infrastructures and system integration companies as well as holding level entities that buy or develop technologies in addition to their core business into our reporting.

METHODOLOGY

Company classification:

<u>Country of origin:</u>

Determined by the country in which the company was founded, and has its primary base of operation (defined in terms of revenue, if known). At the (subjective) point where the company has both operations in multiple countries in Southeast Asia and substantial revenues generated in multiple countries, then it may be classified as Southeast Asia / regional in the country of origin.

<u>Sector classification:</u>

Cento's definition of the industry segment in which the company's primary business focus sits. A full taxonomy of sector allocation is listed below. In cases where a company focus on multiple sectors with different units generating thought to generate substantial revenue, then multi-vertical category is used. We also note that a company's sector may change as the company progresses; the company's sector is evaluated according to the primary business focus during the event of financing.

- Advertising & Marketing Technology: companies that facilitate the acquisition of customers including coupons and rebates, price comparisons and affiliate marketing
- Business automation: tools that automates non industry-specific business activities such as CRM, ERP, workplace communication tools, etc.
- Comms & communities: social networks and dating
- Education: provision of goods and services revolving teaching and learning, including adult training and education
- Employment: companies that manage and facilitate the management of employees including onboarding, benefit, payroll, etc.
- Entertainment/ Gaming: gaming development, distribution and publishing
- Entertainment/ Non-gaming: content production and news aggregation
- Financial Services: companies that apply technology into traditional banking services i.e. lending, wealth management, etc.
- Healthcare: provision of goods and services revolving around medical and wellness services including, but not limited to, e-pharmacy, medical tourism and telehealth
- Local Services: platforms that connect local merchants/ service providers to consumers in an urban setting including, but limited to, ride-hailing services, local search and directory and food delivery
- Logistics: companies that facilitate the movement of goods including, but not limited to, acquiring, storing and transporting of goods
- Multi-vertical: our name for diverse digital businesses such as Grab & Gojek, often called 'super-apps'
- Payments: companies that facilitate movement of capital
- Real Estate and infrastructure: construction, buying & selling and management of real estate assets, including the tools facilitating those activities
- Retail: companies that sell or rent goods using internet technology, including tools that facilitate those activities e.g. Store-front management software, POS systems, etc.
- Travel: tourism and hospitality

METHODOLOGY

Sector classification – financial services:

- Banking as a Service: companies that digitise basic banking functions. This includes digital banks that is licensed to provide financial services directly to clients, software layers that help banks communicate to external software, and companies that supplement banks' process such as debt collection.
- Core Payments: companies that enable a transfer of cash/cash equivalent between two or more parties, including wallets and remittances.
- Data Analytics & Scoring: the utilisation of data to predict the credibility of consumers or businesses.
- Insurance: companies operate or assist in the distribution, product design, and underwriting of insurance products.
- Wealth Management & Capital Markets: companies engage in asset allocation to generate higher returns, including platform that enable clients to manage their assets and those that do so on the clients' behalf.
- Lending – Consumer / Business: Companies that facilitate individuals' or businesses' exchange of cash/cash equivalent for a secured and unsecured repayment contract.
- Multi-vertical: companies that generate businesses from multiple financial products. This includes wallets that provide other financial services and multi-product financial comparison platforms.

Currency:

$ refers to United States Dollar (US$) unless otherwise stated.

Deal definitions:

Deal stage:

Each series definition is determined as follows:

- Pre-Series A: Purpose of investment tends to be building the idea/team; in some cases, the company generates revenue.
- Series A: The product has been built and proven via initial but repeatable revenue. Investment purpose tends to be establishing domestic position, and sometimes scaling regionally.
- Series B: Investment purpose tends to be building scale, either domestically or regionally.
- Series C+: any amount invested later than Series B. Series C, Series D, later series investments, pre-IPO, mezzanine.

We have also estimated a particular company's valuation through a recent substantial financing or liquidity event and known business developments

Deal type:

We focus mainly on venture capital deals – investments made by fund entities into early stage startups, whether they are from independent funds of corporate venture capital entities. This is a subset of the total number of early stage tech deals in the region.

We separate the following from most of our data, apart from the 'total capital invested and total deals done' chart:

- Corporate transfers: events where a corporate entity funds an entity in the region in which it owns a majority or significant minority stake (e.g. Rocket Internet, Lippo Group)
- Project financing: A deal which was a partnership for an identified purpose – e.g. Grab-Honda.
- Non-Southeast Asia deals: e.g. India and China focused companies that happen to use Singapore for their corporate domicile.

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