

SINGAPORE

VENTURE FUNDING LANDSCAPE 2022

A Jan-Sep 2022 Study

Deal
street
Asia

In partnership with

Enterprise
Singapore

2022: A SHOW OF RESILIENCE

After a bumper 2021 on the back of a liquidity glut and Singapore's decisive policy measures to combat COVID-19, the city-state's venture-backed companies faced a more challenging fundraising environment in the first nine months of this year. Soaring inflation, rapid monetary tightening and geopolitical uncertainty have made investors cautious.

For now, the impact of the shift in investor sentiment appears to be marginal. The total value of equity funding fell only by 2% in the first nine months, while deal volume maintained its growth trajectory. Singapore also accounted for four of the nine Southeast Asian tech companies that surpassed \$1 billion in valuation so far this year. The latest Global Startup Ecosystem Index by StartupBlink ranked the city-state number one in the Asia Pacific and 7th in the world, up three spots from last year and nine from the year before, showing the growing resilience of the local ecosystem.

The fundraising environment could turn more challenging next year as the risk of a global recession in 2023 seems more than likely. High prices are set to hit consumption and, in turn, impact business growth, while investors are likely to tighten their purse strings as they prioritise robust unit economics and profitability. That said, Singapore venture-backed companies are well positioned to navigate the choppy waters ahead with a robust infrastructure, supportive government policies and strong stakeholder commitment to producing cutting-edge innovations.

This report, a collaborative effort between Enterprise Singapore and DealStreetAsia, focuses on venture-backed companies fundraising in the first nine months of this year. It will be updated to include a full-year review in February 2023.

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KEY FINDINGS

Singapore stays resilient

Despite global economic headwinds, investors have continued to see Singapore as one of the world's premier destinations for venture capital funding. The city-state saw a 6% year-on-year increase in equity funding rounds to 517 in the first nine months of this year, with Singapore-based startups securing \$8.11 billion in combined proceeds [P.8]. The total deal quantum fell slightly from \$8.29 billion in the same period last year, but it is a small correction considering the global repricing of assets that started in November last year due to rising inflation and tighter money supply in nearly all developed and emerging economies. Singapore maintained its place as the most active private market in Southeast Asia in 2022 through September, accounting for close to 60% of the total equity deal value in the region [P.9].

New unicorns in the hood

Singapore accounted for four out of nine Southeast Asian tech companies that surpassed \$1 billion in valuation this year [P.15]. Home interior and renovation platform Livspace became the first to announce its unicorn status this year with a \$180 million Series D round in February. Marketing tech firm Insider joined the club shortly thereafter with a \$121 million Series D round. They were followed by gaming-focused e-payments firm Coda Payments, which raised a \$690 million round, and digital health firm Biofourmis with a \$320 million Series D round. Last year, Singapore had minted 11 unicorns – the highest on record – on the back of global excess liquidity that coincided with the spread of the COVID-19 pandemic. The uncertainties this year may have caused later-stage investors to perhaps hold back deploying capital. Later-stage startups may also be more prudently managing capital to extend their runways. Those that can afford to hold out may prefer to delay fundraising at a lower valuation. The number of unicorns minted declined most likely due to later stage deals slowing down.

Early-stage deals gain favour

As most investors switched their focus this year from growth to sustainability, many companies are raising new rounds at lower valuations. The trend, however, appears to vary across different funding stages. Early-stage investments – classified as funding up to and including Series B rounds – saw a 14% year-on-year increase by volume in the first nine months, and a 45% increase by value. Separately, the total value of late-stage funding dropped by 25% [P.10]. The median value of seed funding rounds more than doubled to \$3 million, while Series A rounds increased to \$7.7 million from \$6 million in the same period last year [P.11]. Series B median value, however, dropped 41% to \$20.5 million. While Series C round sizes remained relatively stable, Series D valuations plunged 73%. In line with this, the number of deals with more than \$100 million in value also dropped this year, contributing to the lower deal quantum secured by Singapore-based startups this year [P.13].

Smart nation maintains growth trajectory

Among the four strategic domains specified under Singapore's RIE2025 efforts, investments in businesses that fall under the Smart Nation and Digital Economy domain appear to have maintained their deal momentum by both volume and value [P.18]. On the other hand, investments in Human Health and Potential and Urban Solutions and Sustainability seem to have weakened as the effects of COVID-19 and subsequent travel restrictions have gradually subsided this year. Separately, investments in Manufacturing, Trade and Connectivity nearly quadrupled as businesses and factories work to resume full capacity while governments focus on resilience and building alternate supply chains.

KEY FINDINGS

One in four dollars went to fintech

Within the Smart Nation and Digital Economy domain, fintech and gaming contributed the largest deal volume, driven in particular by the growth of new companies focusing on blockchain-based decentralised applications (dApps). Fintech startups inked 127 deals in total worth \$2.06 billion in combined proceeds [P.25], equivalent to a quarter of the total deal volume in the first nine months. Wealthtech had the best performance among all fintech categories with 64 deals in total, of which more than half were by startups focusing on decentralised finance (DeFi). Similarly, startups focusing on GameFi, a portmanteau for gaming and DeFi, generated more than two-thirds of deal volume in gaming.

City-state goes deep on deep tech

Singapore's steadfast efforts in investments in scientific discoveries and engineering innovation is paying off as more deep tech startups continue to grow and achieve maturity. Although the city-state saw a lower overall count of deep tech deals within the Jan-Sept period, the total deal value jumped by 91% year-on-year to \$1.64 billion [P.29]. At least 18 startups graduated from Seed to Series A, amassing \$481 million in fresh capital, while six completed Series B rounds with nearly \$300 million in total value. At least two tech companies, both focusing on advanced biomed technologies, Biofourmis and MiRXES, secured growth stage funding of \$220 million and \$87 million, respectively. The growth of DeFi deals, though not considered as part of deep tech for this report, can also be attributed to Singapore's early investment in blockchain technology – one of the key deep tech fields alongside biotechnology, artificial intelligence and advanced manufacturing.

Choppy waters ahead

A worsening macroeconomic outlook has led to an unfavourable environment for fundraising and exits. At the same time, investors have amassed record dry powder and are unlikely to pause investments. In fact, savvy venture capitalists may see this as an opportune time to take advantage of sober valuations and cherry pick tomorrow's winners. Venture funding for companies working on the next wave of technologies and driving future disruptions and growth is unlikely to dry up. Singapore-based startups will also be aided by a growing inflow of global funds into Singapore and the region. The city-state's fostering of its deep tech ecosystem is likely to contribute positively to the overall fundraising performance next year.

Shared optimism

Fund managers that we interviewed for this report generally believe that persistent inflation, decreasing global liquidity, and an impending recession will continue to weigh on fundraising efforts globally. However, they believe that Southeast Asian markets are relatively resilient, and there is an opportunity to tap into new areas of innovation with solid fundamentals. Deep tech startups in Singapore represent one such opportunity on account of favourable government incentives and growing interest among investors including impact-conscious family offices and foundations. Fund managers also see significant investor interest in alternative protein startups, firms solving climate-related concerns, and primary and preventive healthcare businesses. In addition, digital disruptions across a spectrum of traditional industries such as construction, logistics and manufacturing will continue regardless of an unfavourable global economic environment, they said.

NOTE FROM THE AUTHORS



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This report focuses on fundraising by Singapore-based private companies in 2022 and offers a comparison with the performance of their counterparts in the rest of Southeast Asia.

All data cited in this report is based on industry reports, company announcements, media reports, regulatory filings and DealStreetAsia's research.



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Considering the opaque nature of the Southeast Asian market, we strive to constantly update our data to ensure accuracy. If you spot an error or inaccuracy, please let us know here: andi@dealstreetasia.com



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METHODOLOGY & DEFINITIONS

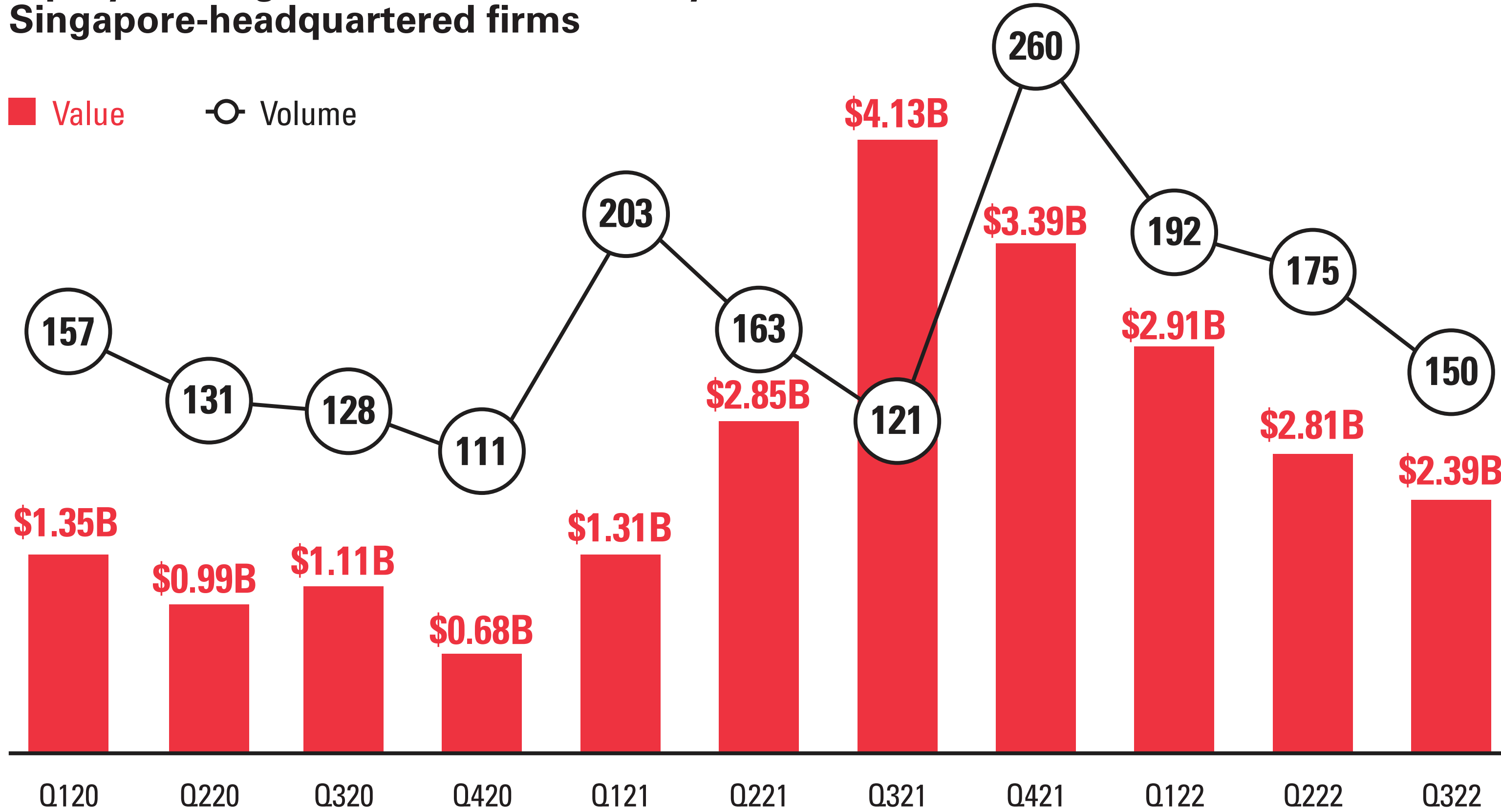
- For the purpose of this report, deals refer primarily to equity funding rounds. Debt funding, bridge loans, initial coin offerings (ICO) and grants are excluded.
- ASEAN 6 refers to Singapore, Malaysia, the Philippines, Thailand, Vietnam, and Indonesia.
- Companies are classified according to their headquarters.
- Deep tech covers a broad range of verticals, including quantum computing, biotechnology, medtech, cell-based protein, blockchain, and autonomous mobility.
- Singapore deals funded by accelerator/ incubator programs where the amounts are undisclosed are classified as seed rounds.
- The themes covered in this report are aligned to Singapore's Research, Innovation & Enterprise 2025 plan, which highlight areas of strategic importance to Singapore. These are:
 - Manufacturing, Trade and Connectivity: Besides manufacturing sectors, it includes trade and connectivity sectors (examples include aviation, sea transport, logistics and wholesale trade).
 - Human Health and Potential: This includes enhancing development during pregnancy and early childhood, augmenting learning outcomes, and fostering healthy and meaningful longevity. Most health tech firms fall under this theme.
 - Urban Solutions and Sustainability: This theme addresses new challenges in sustainability and resilience, including climate change, decarbonisation, healthy cities, and transformation of our built environment.
 - Smart Nation and Digital Economy: This refers to capabilities to prepare the populace for opportunities in the digital space and the transformation of enterprises.
- For clarity, and the avoidance of doubt, all monetary values listed in this report are in US dollars.

VENTURE CAPITAL CAPITAL MARKETS ACTIVITY

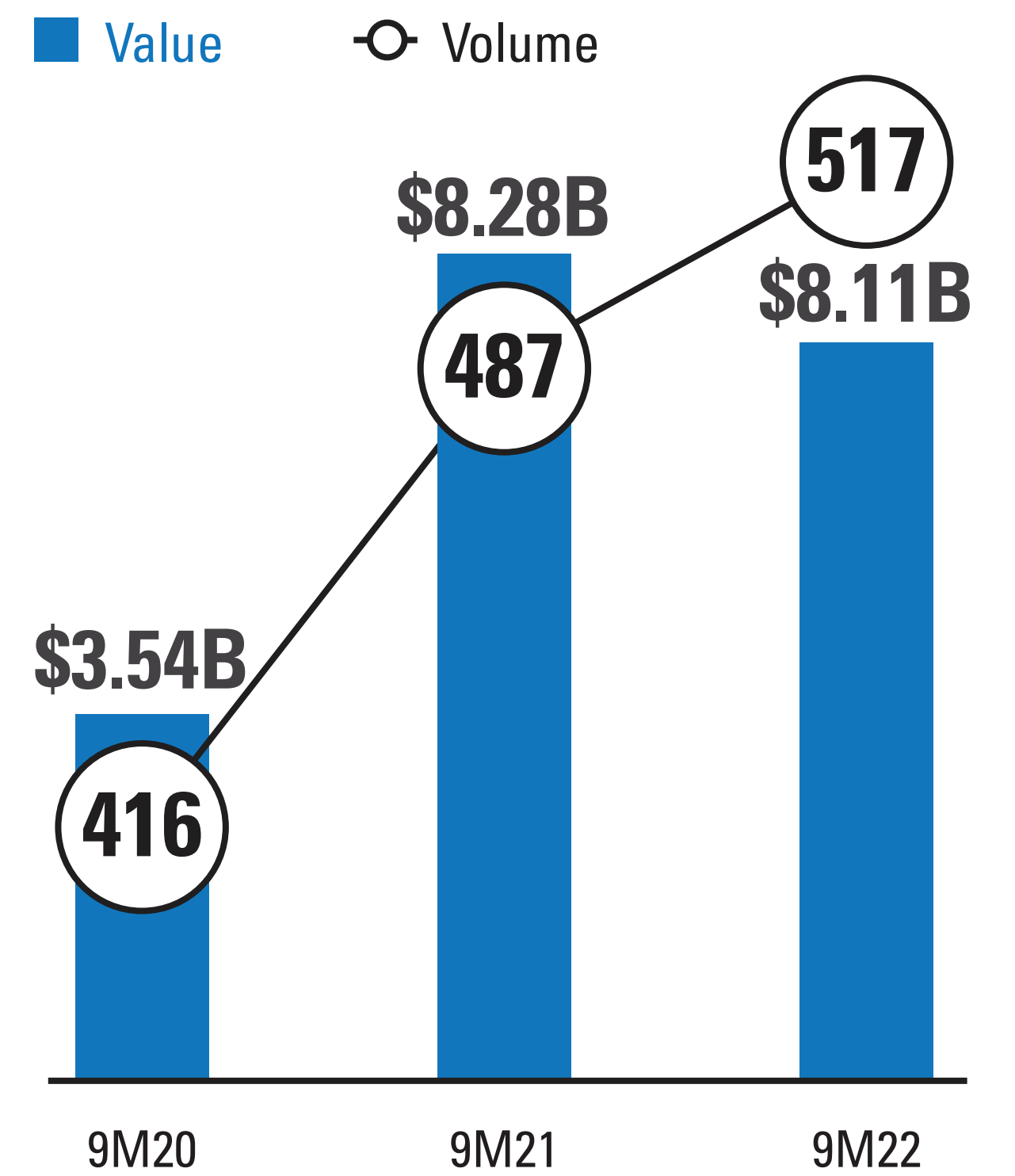


Deal volumes grow in 9M22 in tighter conditions

Equity funding deal volume & value by Singapore-headquartered firms

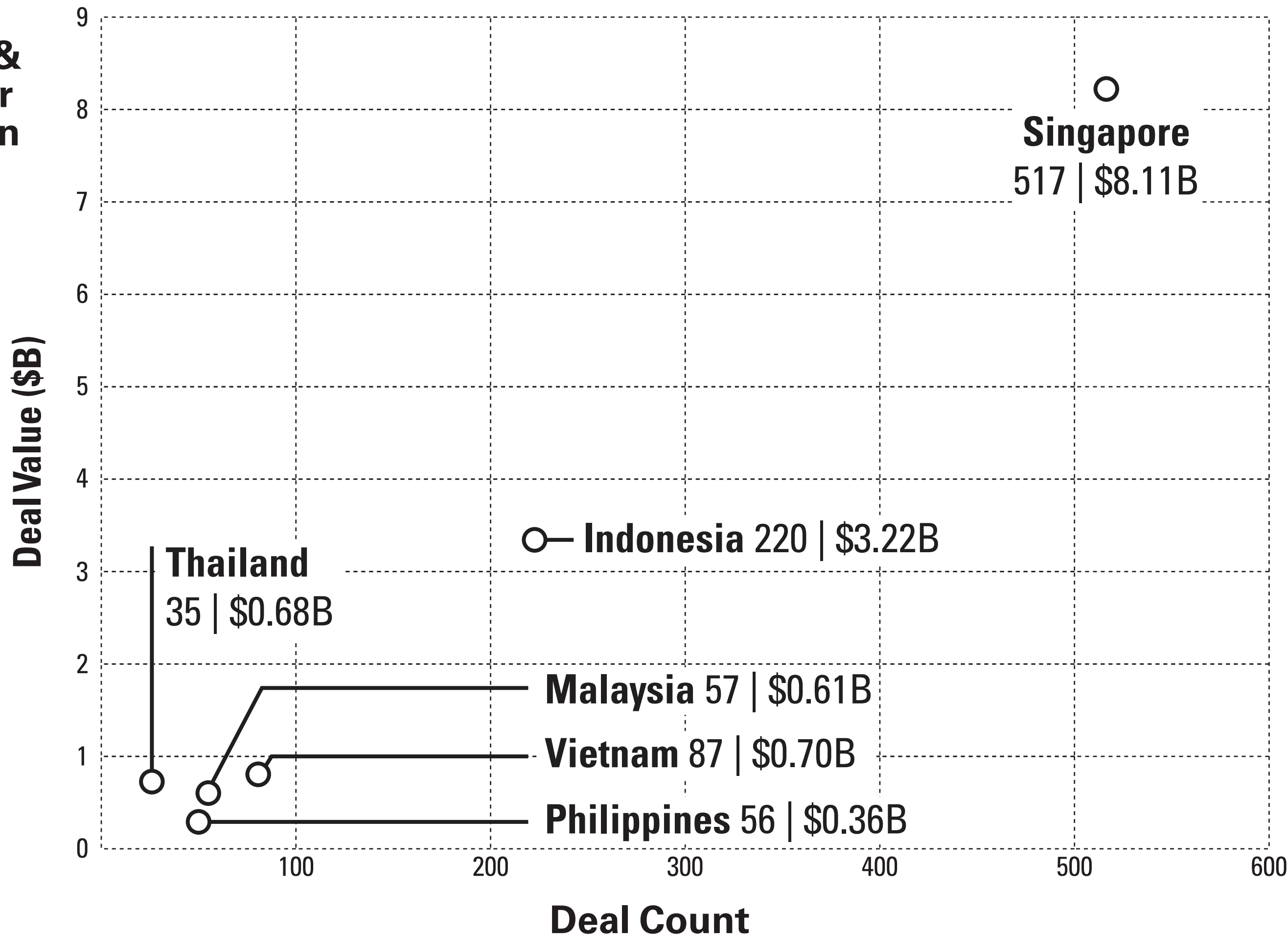


Deal count & value: 9M20 vs 9M21 vs 9M22

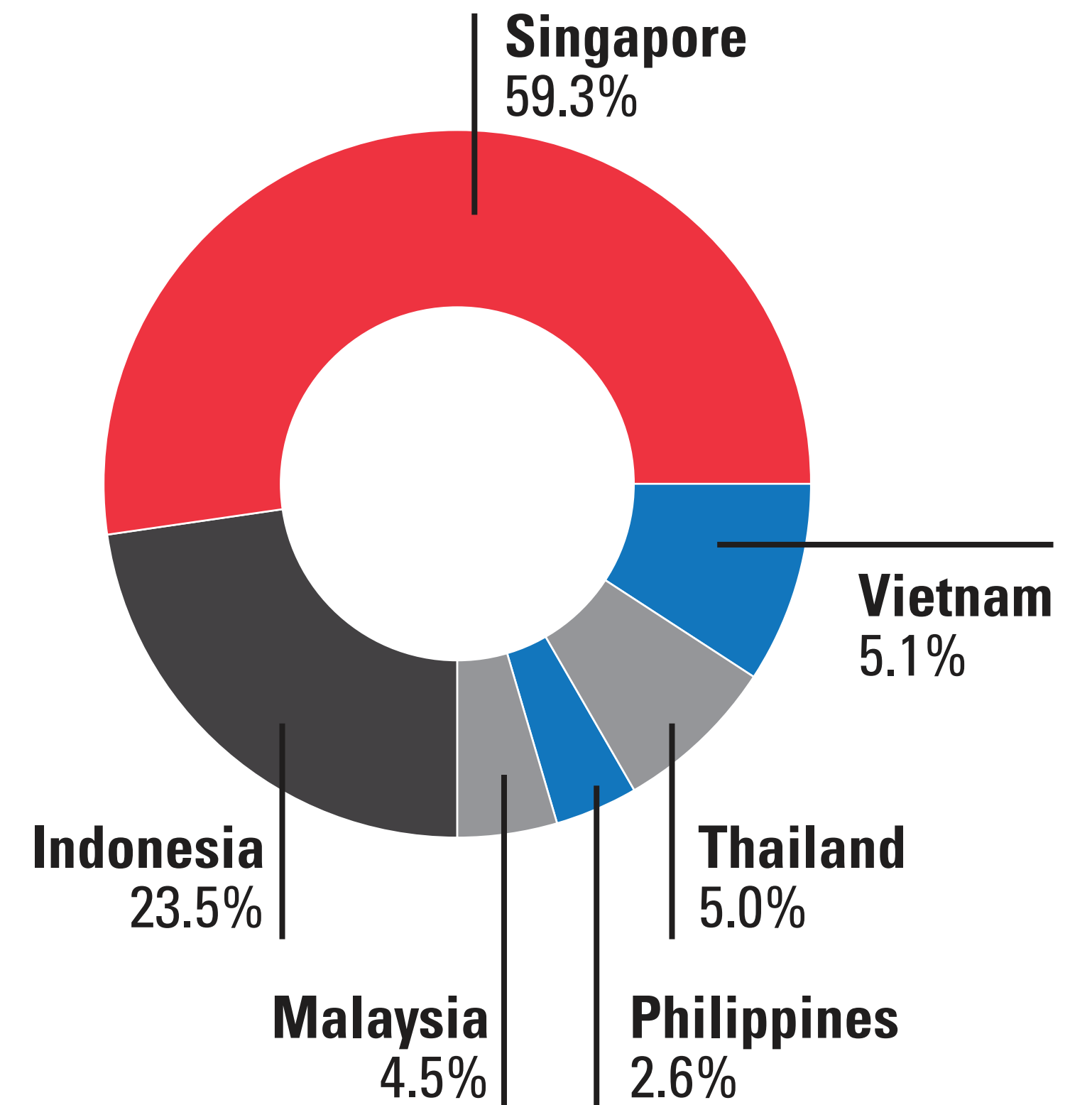


Singapore dominates share of equity funding in SE Asia

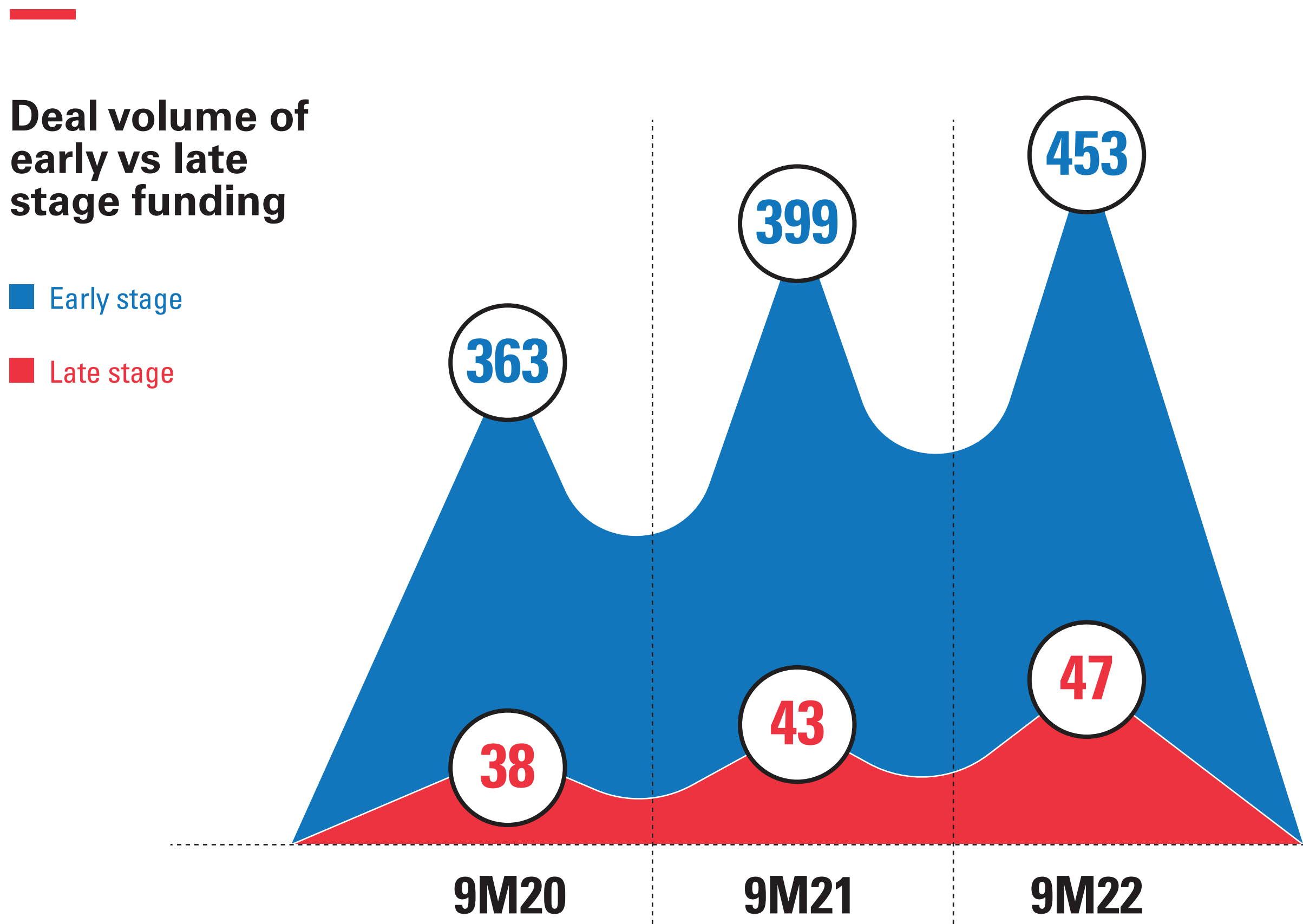
Deal volume & value per market in 9M22



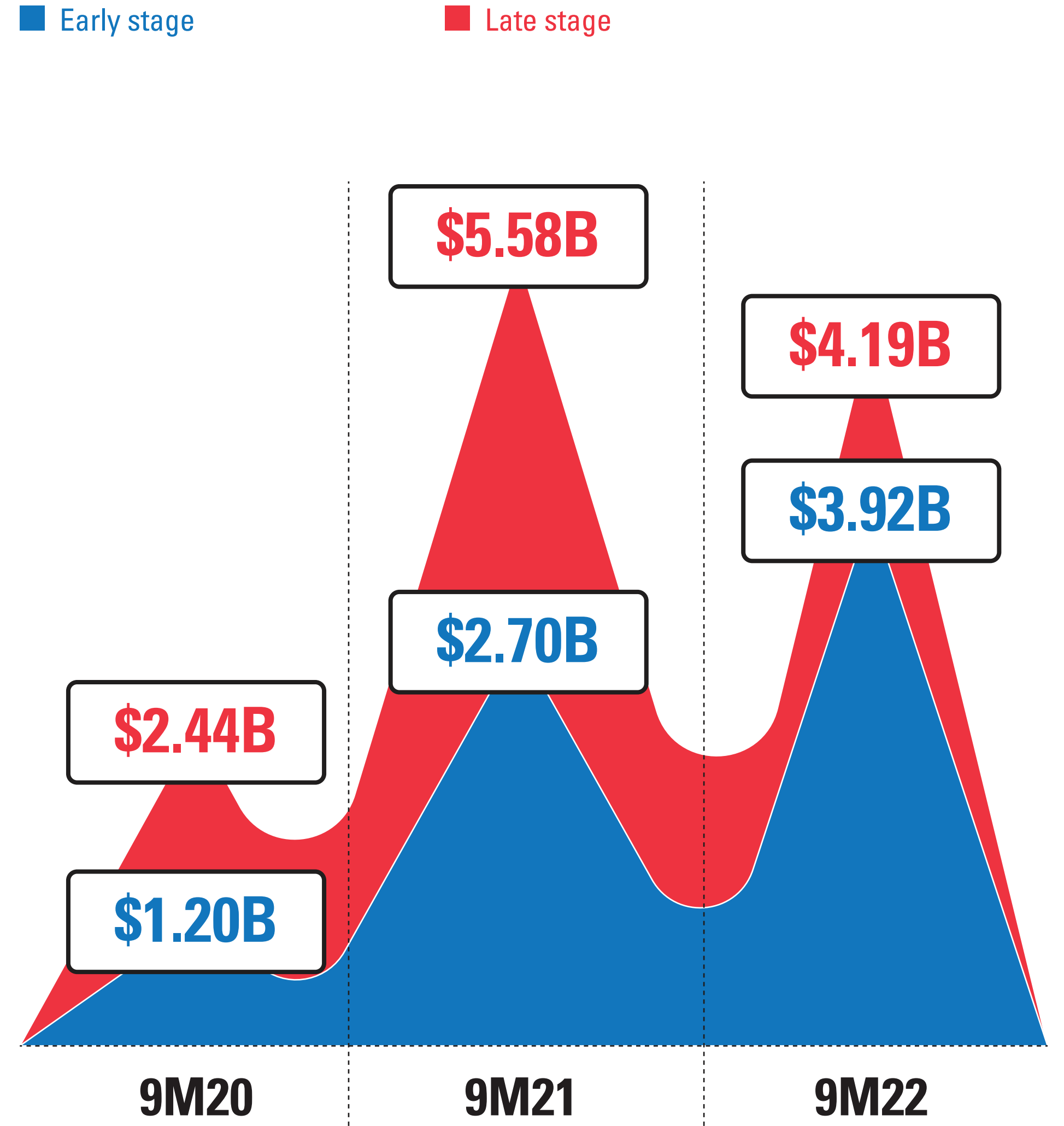
Share of deal value per market in 9M22



Early-stage funding maintains strong upward trajectory



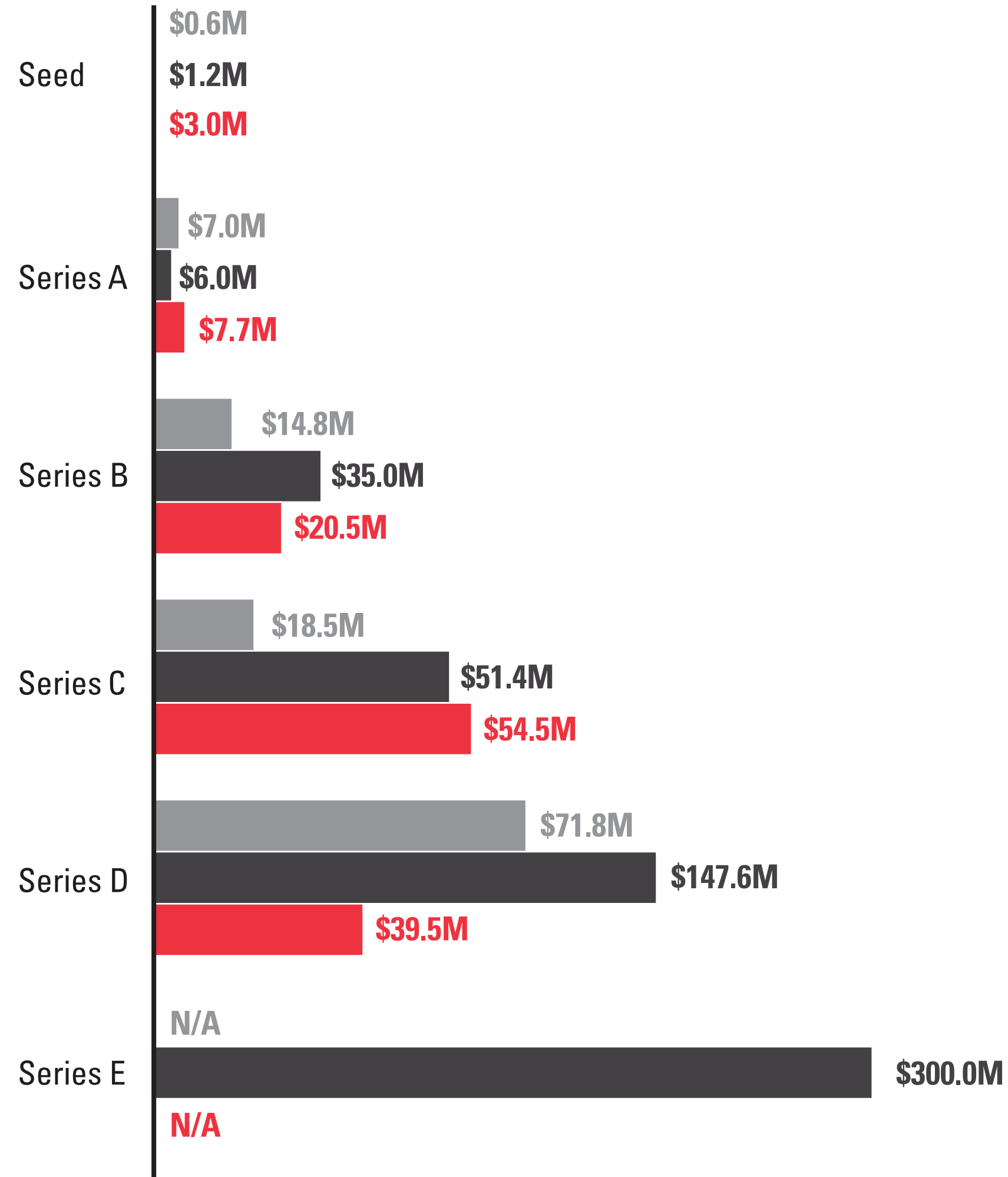
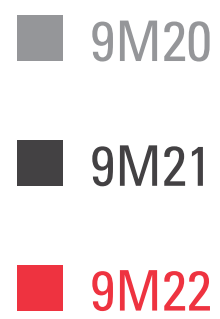
Deal value of early vs late stage funding



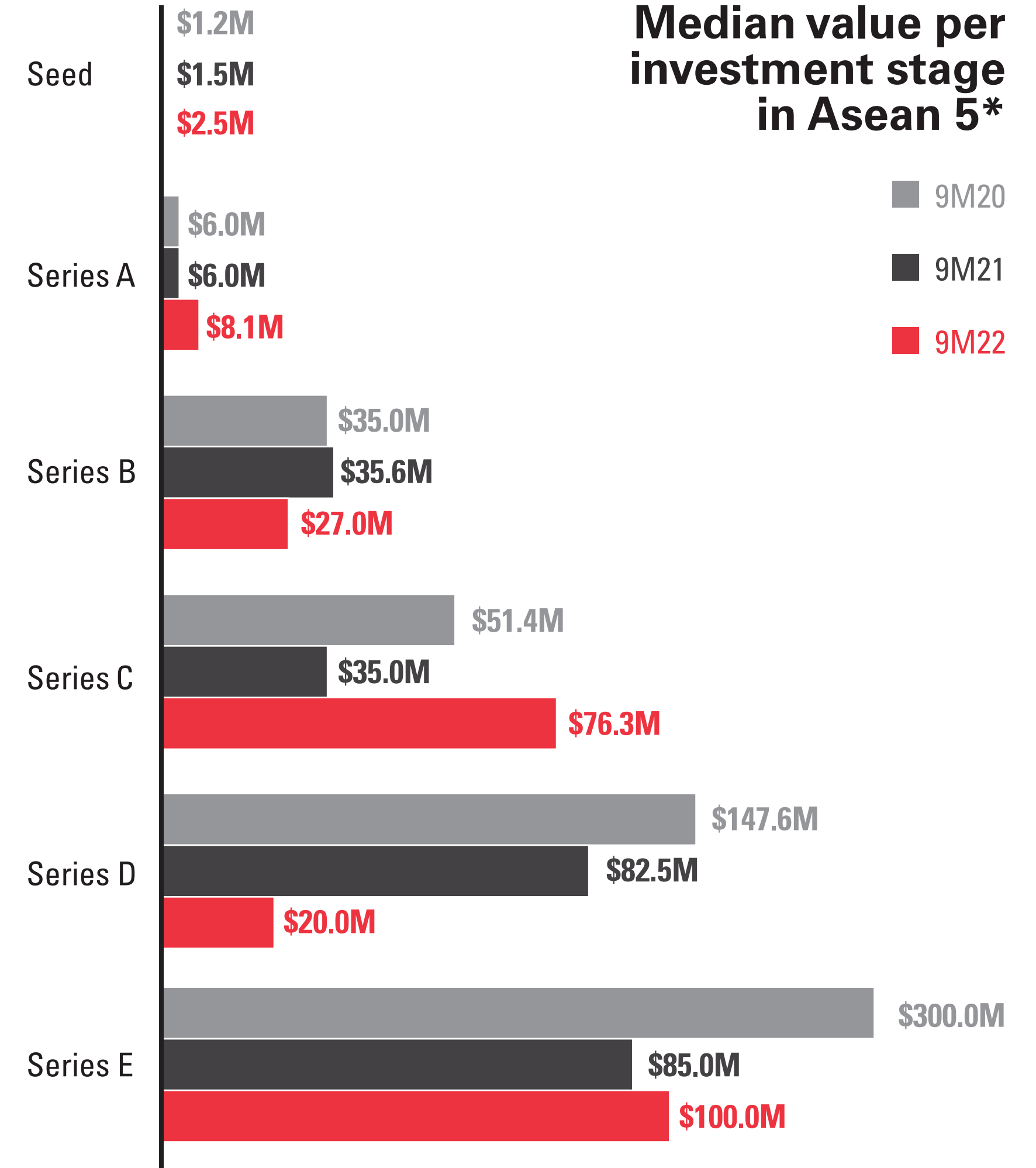
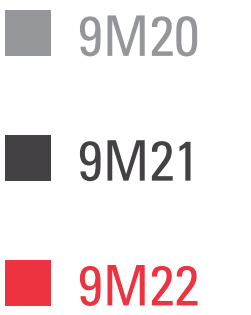
Early-stage deals refer to seed through Series B rounds. Late-stage refers to Series C and above rounds. Data excludes deals with unspecified funding stages.

Early-stage median value per investment rise with the exception of Series B

Median value per investment stage in Singapore



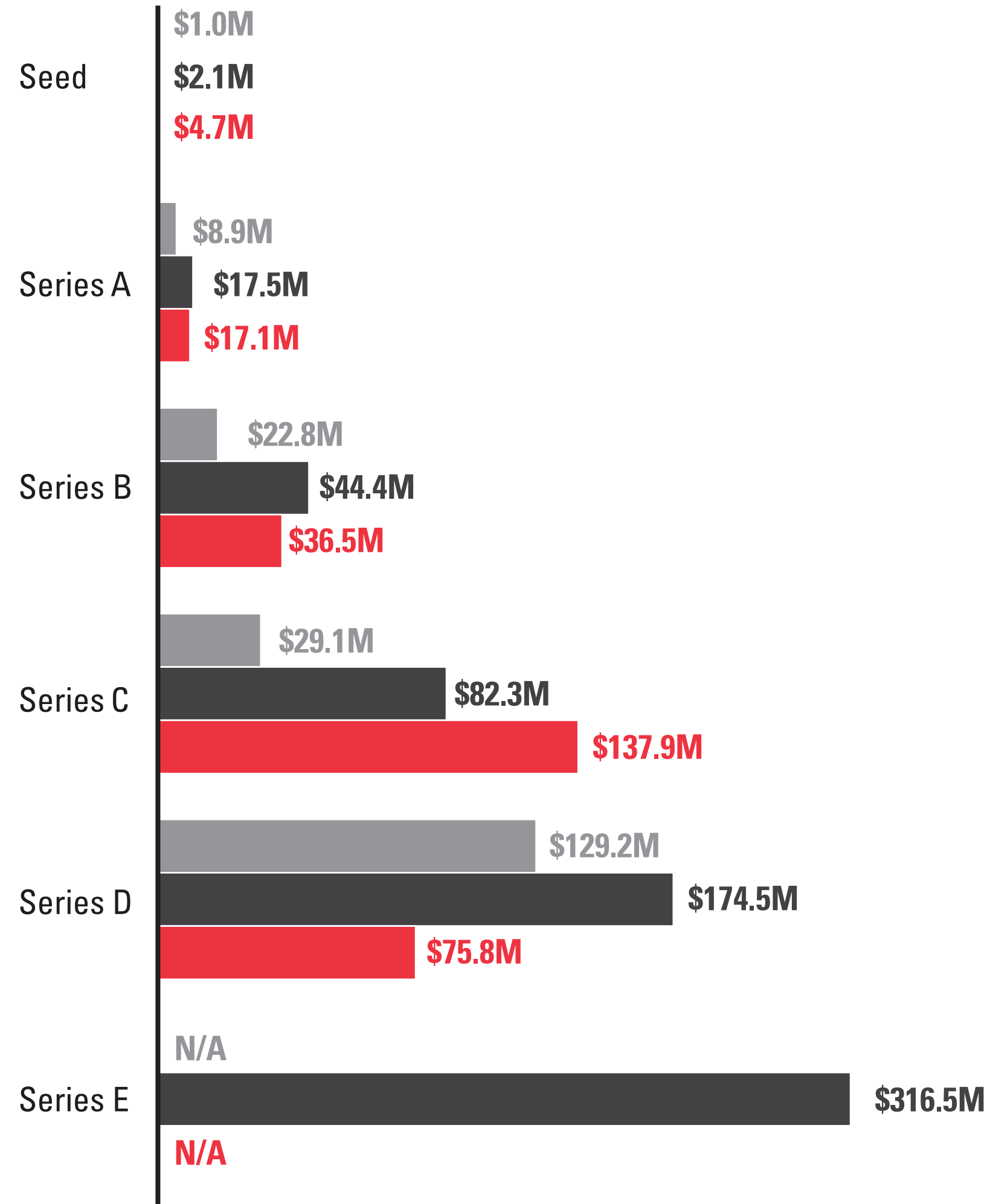
Median value per investment stage in Asean 5*



Seed rounds get bigger as early-stage deals gain momentum

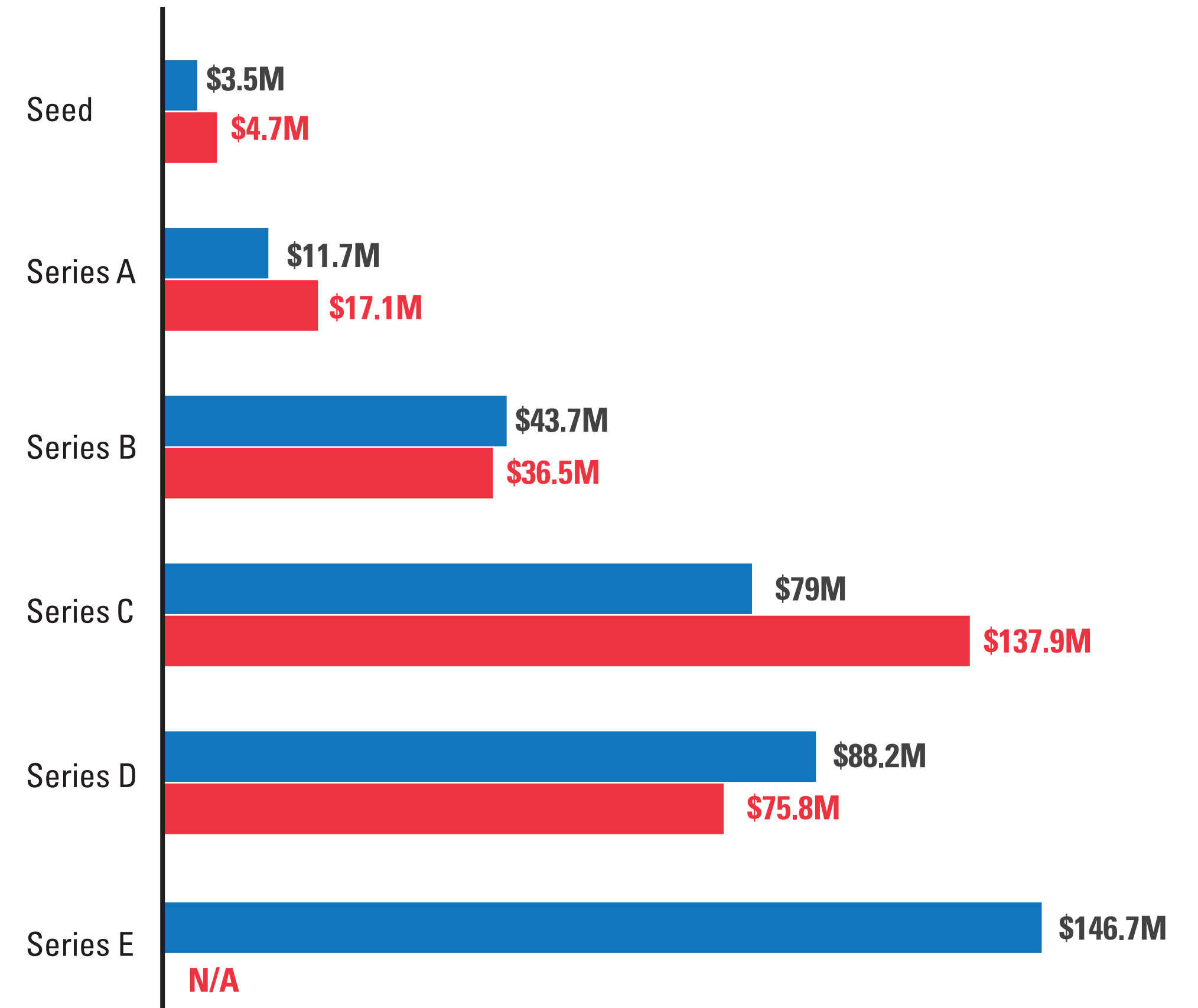
Average deal value per investment stage in Singapore

- 9M20
- 9M21
- 9M22

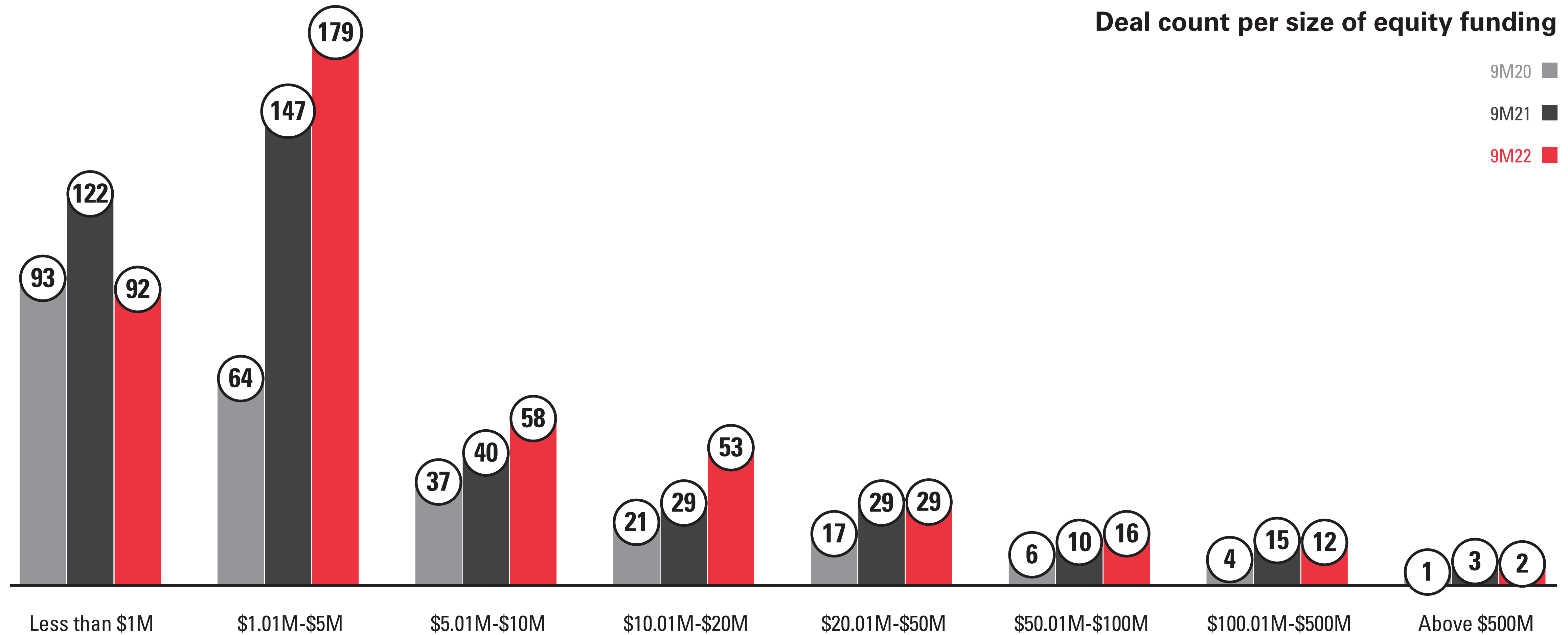


9M22 average deal value in Singapore vs rest of Asean*

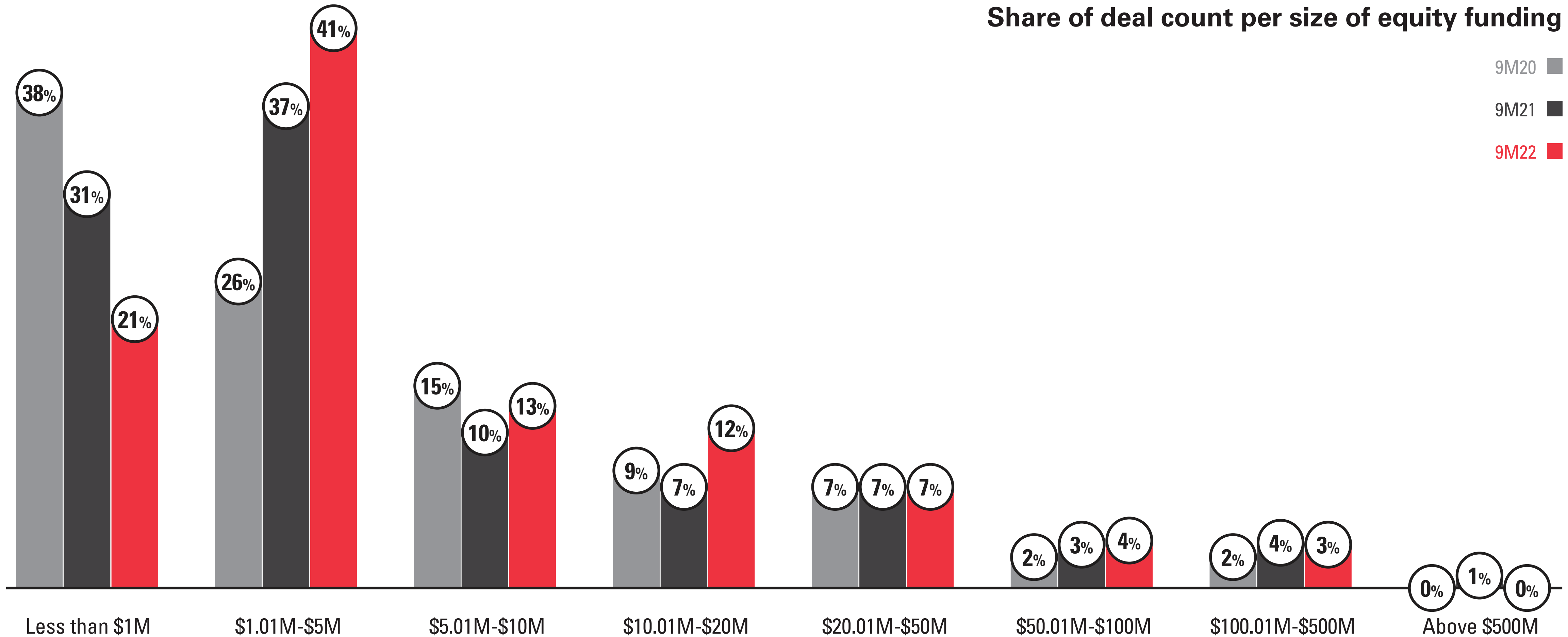
- Asean 5*
- Singapore



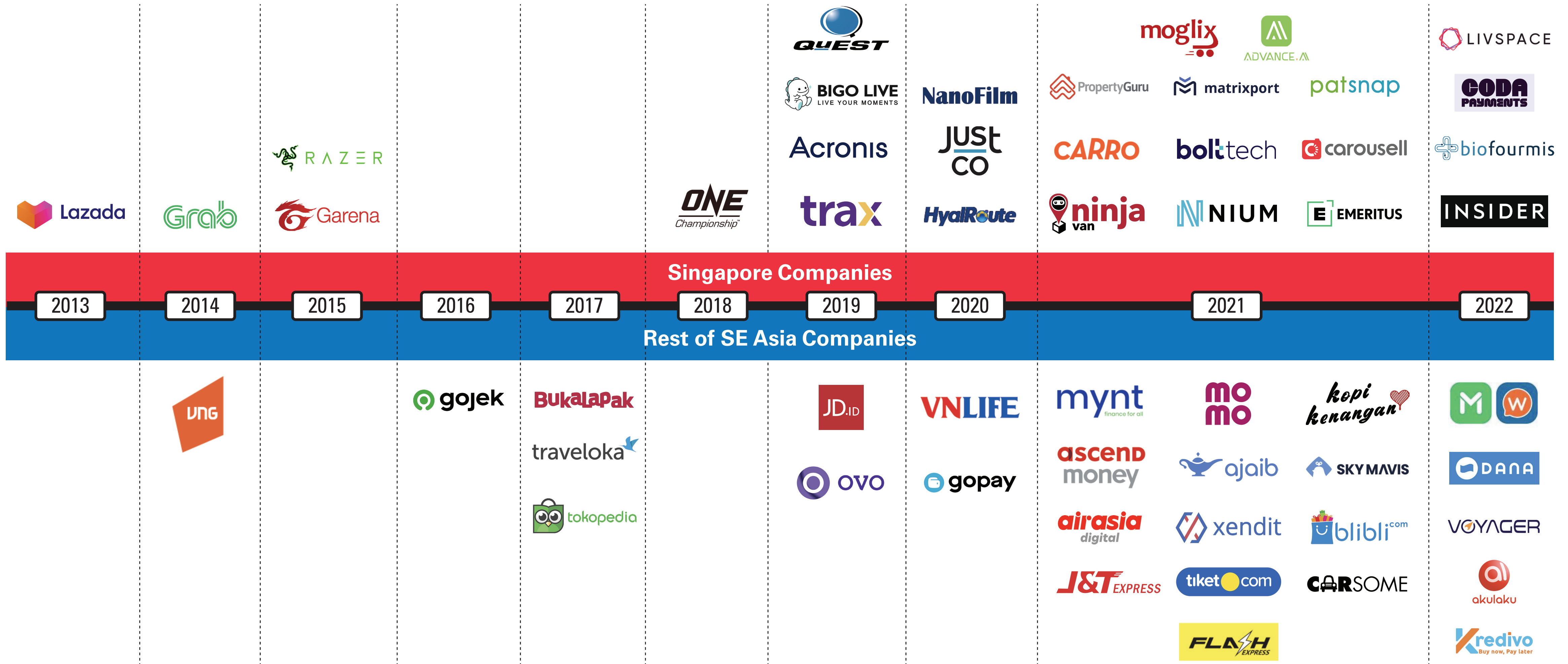
Share of \$5M - \$20M deals rises in 9M22



Share of \$5M - \$20M deals rises in 9M22



More venture backed firms join the unicorn club in 2022



Top 20 9M22 equity funding deals in SE Asia

HQ	Investee	Vertical	Type	Value	Investors (not exhaustive)
Singapore	Lazada Group	E-commerce	Corp. round	\$913M	Alibaba Group
Singapore	Coda Payments	Fintech	Series C	\$690M	GIC, Insight Partners, Smash Ventures
Singapore	Princeton Digital Group	Data center	Equity round	\$500M	Mubadala, Ontario Teachers' Pension Plan, Warburg Pincus
Indonesia	Xendit	Fintech	Series D	\$300M	Accel, Coatue, EV Growth, Intudo Ventures, Tiger Global
Malaysia	Carsome	E-commerce	Series E	\$290M	65 Equity Partners, Qatar Investment Authority, SeaTown International
Thailand	LINE MAN Wongnai	Foodtech	Series B	\$265M	BRV Capital, Bualuang Ventures, GIC, LINE Plus Corporation
Singapore	Moglix	E-commerce	Series F	\$250M	Alpha Wave Global, Tiger Global, Ward Ferry Management
Singapore	Biofourmis	Healthtech	Series D	\$220M	General Atlantic, Openspace Ventures, Intel Capital Corp.
Singapore	800 Super Holdings	General services	Equity round	\$218M	Keppel Asia Infrastructure Fund, Keppel Infrastructure Holdings Pte Ltd
Singapore	Envision Digital	Greentech	Series A	\$210M	GIC, Sequoia Capital China
Singapore	Amber Group	Fintech	Series B	\$200M	Coinbase Ventures, Hack VC, Temasek Holdings, Tiger Global
Indonesia	DANA Wallet Indonesia	Fintech	Corp. round	\$200M	Sinar Mas Group
Singapore	Livspace	Architecture & design	Series F	\$180M	KKR, Ingka Group, Jungle Ventures, Venturi Partners
Malaysia	TNG Digital (Touch N' Go)	Fintech	Venture round	\$168M	AIA Group, Ant Group, Lazada Group, Touch n Go
Singapore	Sun Cable	Green tech	Series B	\$151M	Grok Ventures, Squadron Energy
Vietnam	Sky Mavis	Gaming	Series C	\$150M	Accel, Andreessen Horowitz, Animoca Brands, Binance
Singapore	Funding Societies (Modalku)	Fintech	Series C	\$144M	Indies Capital Partners, Rapyd Ventures, SoftBank Vision Fund, VNG
Indonesia	Moladin	E-commerce	Series A + B	\$137M	DST Global, Northstar Group, Sequoia Capital
Singapore	Tessa Therapeutics	Healthtech	Series A	\$126M	EDBI, Heliconia Capital, Heritas Capital, Temasek Holdings
Singapore	Insider	Marketing tech	Series D	\$121M	Endeavor Catalyst, Qatar Investment Authority, Sequoia Capital India

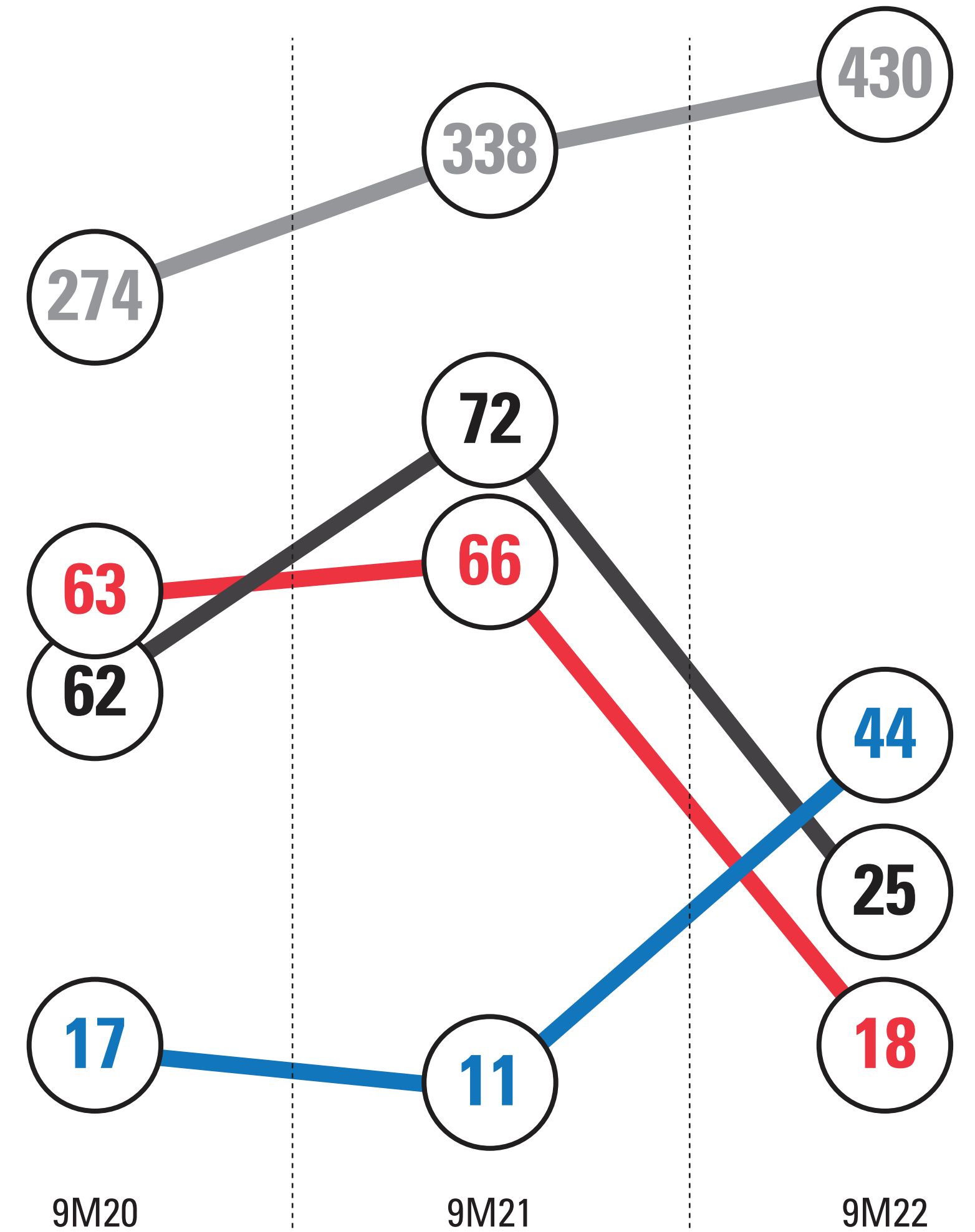
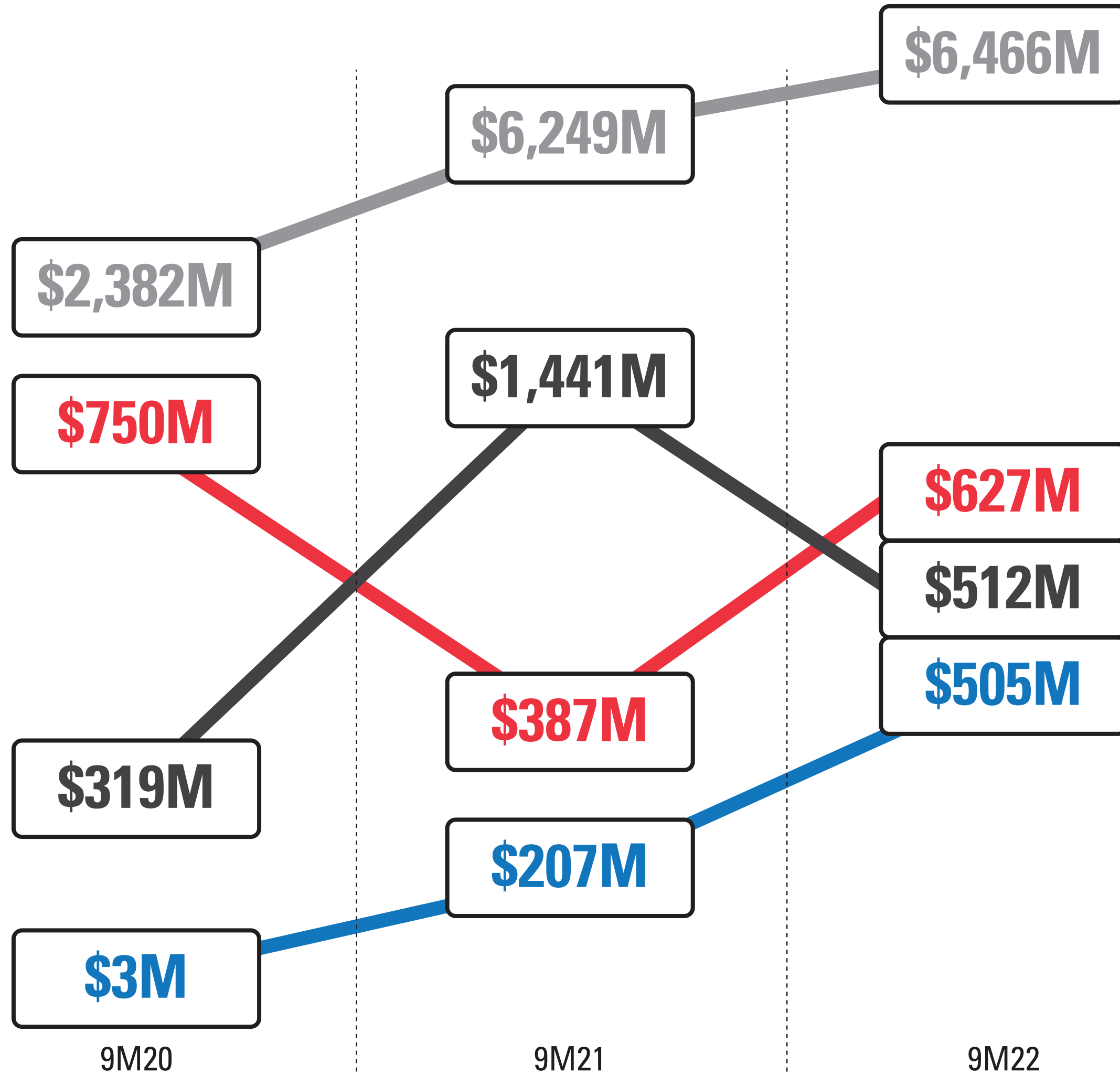
FUNDING BY SINGAPORE THEMES



Innovation drives deals across four strategic themes

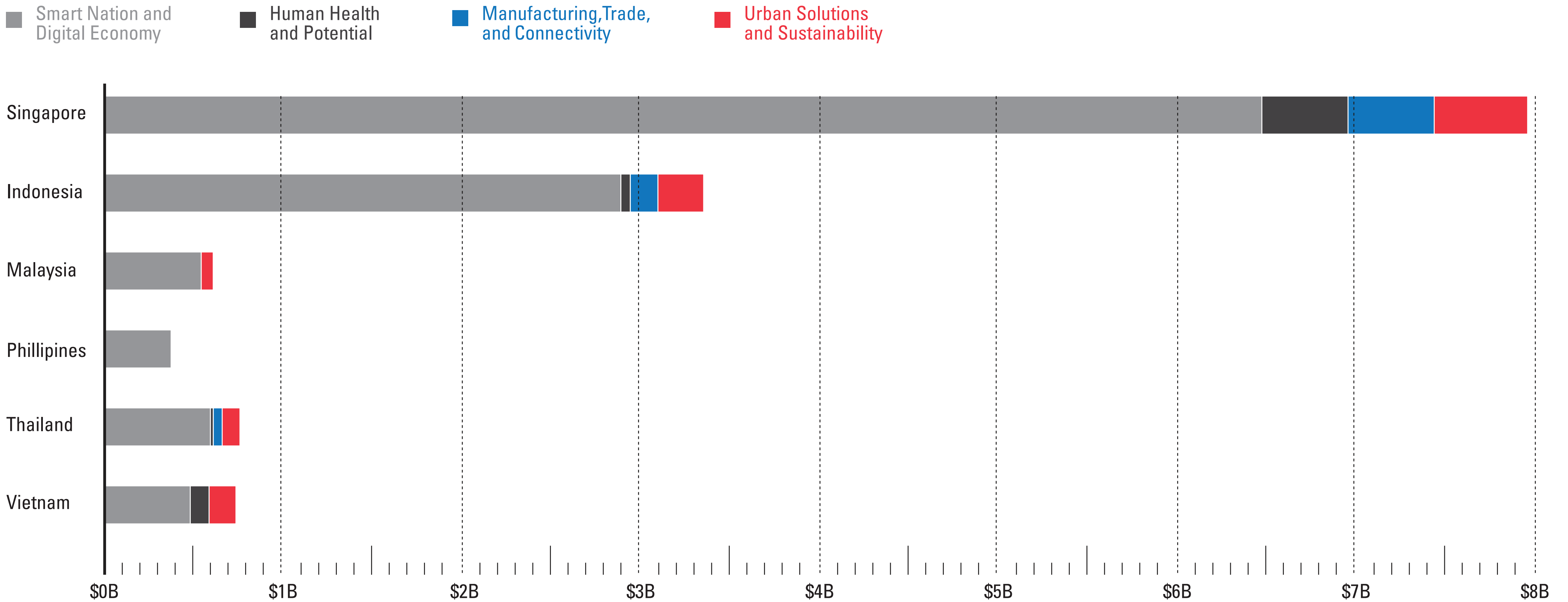
Deal value and volume across four Singapore themes in the first nine months of 2020, 2021 and 2022

- Smart Nation and Digital Economy
- Human Health and Potential
- Urban Solutions and Sustainability
- Manufacturing, Trade, and Connectivity



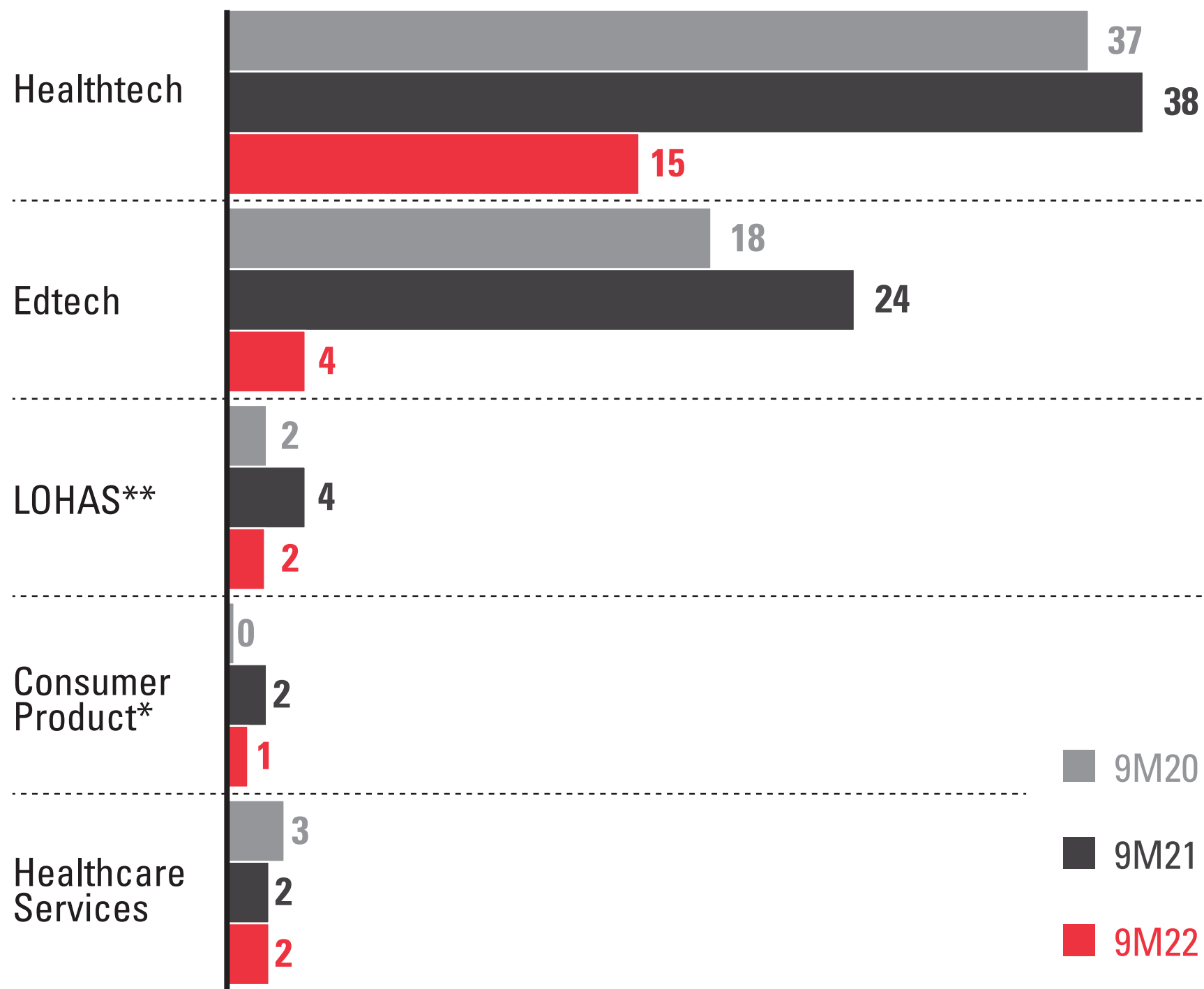
Smart Nation and Digital Economy tops SE Asia activities

Deal value across four Singapore themes in Asean 6 economies in the first nine months of 2022

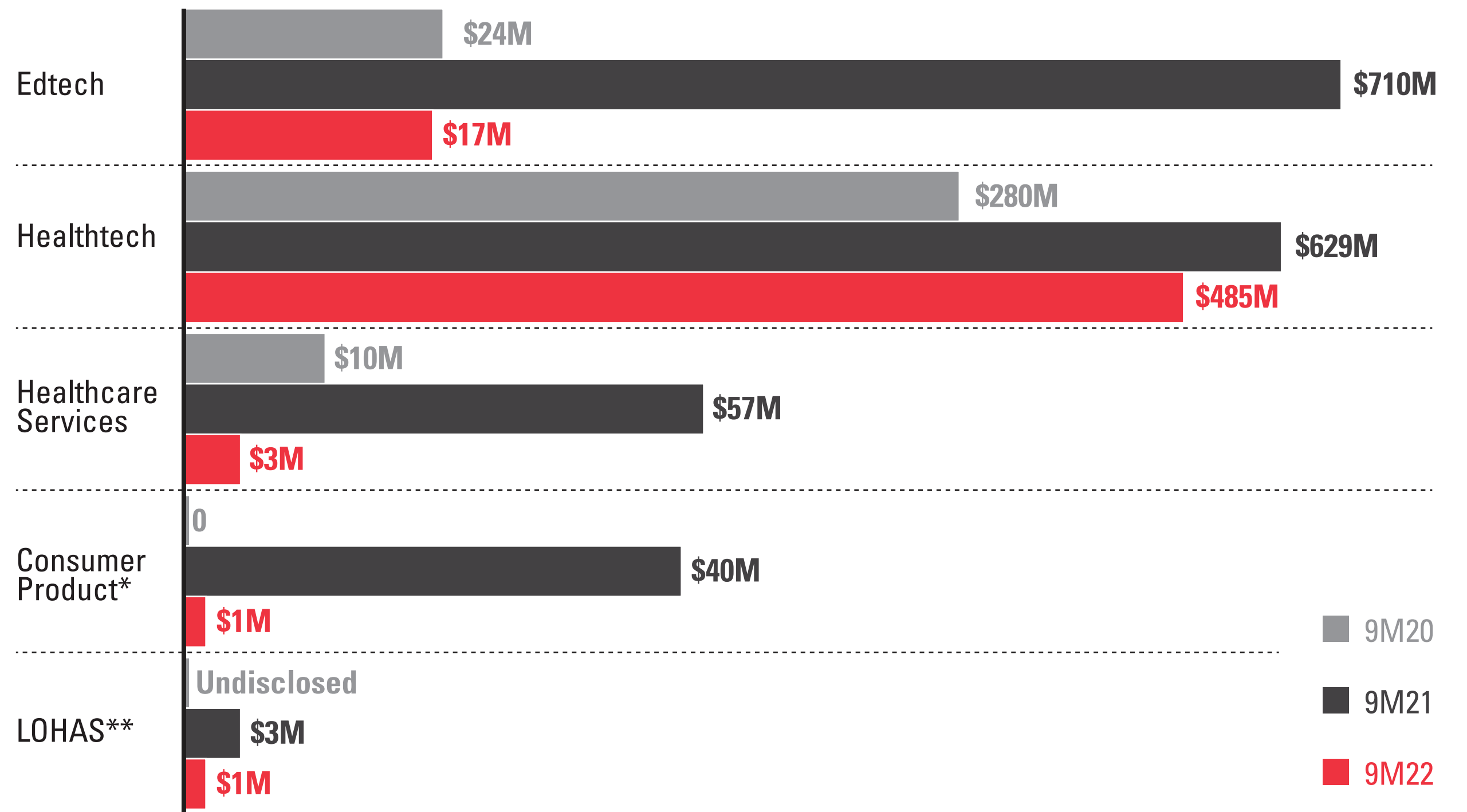


Edtech and healthtech move in step with easing Covid-19 restrictions

Business Verticals under Human Health and Potential theme by deal volume



Business Verticals under Human Health and Potential theme by deal value



Healthtech comes of age in Singapore

Top Human Health and Potential deals

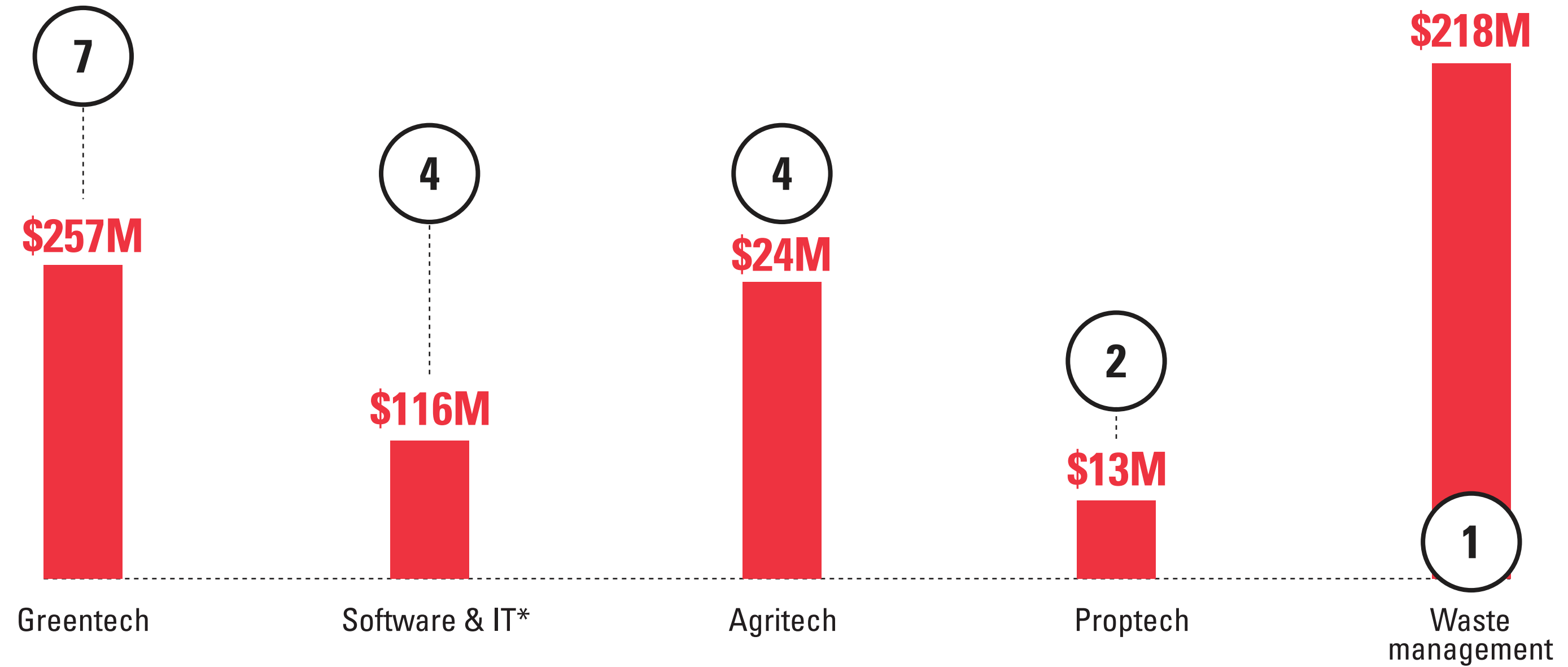
Company	Vertical	Funding stage	Value	Investors (not exhaustive)
Biofourmis	Healthtech	Series D	\$320M*	General Atlantic, Openspace Ventures, Intel Capital Corp.
Tessa Therapeutics	Healthtech	Series A	\$126M	EDBI, Heliconia Capital, Heritas Capital, Temasek Holdings
MiRXES	Healthtech	Series C	\$87M	Charoen Pokphand, EDBI, Keytone Ventures
ImmunoScape	Healthtech	Venture round	\$14M	Amgen Ventures, Anzu Partners, EDBI
Nalagenetics	Healthtech	Series A	\$13M	Intudo Ventures, Vulcan Capital
Nas Academy	Edtech	Venture round	\$12M	BECO Capital, FTX Ventures, HOF Capital, Pitango Venture Capital
Amili	Healthtech	Series A	\$11M	Vulcan Capital, Pruksa Group, Emtek Group, SEEDS Capital
ACM	Healthtech	Venture round	\$7M	Ritz Venture Capital
Ordinary Folk	Healthtech	Seed	\$5M	Monk's Hill Ventures
Respiree	Healthcare	Seed	\$3M	Oriza Holdings, SEEDS Capital, She1K
Ascend Now	Edtech	Seed	\$3M	Individual investors
KYAN Therapeutics	Healthtech	Venture round	\$2M	SEEDS Capital
Strive Math	Edtech	Seed	\$1M	Y Combinator, Soma Capital, Goodwater Capital
Craft Health	Healthtech	Pre-Series A	\$1M	ARKRAY 4U
Moom Health	Consumer product*	Seed	\$1M	DSG Consumer Partners, Love, Bonito, Nuguru
Kinexcs	Healthtech	Venture round	\$1M	SGInnovate
Akadasia	Edtech	Seed	\$1M	6th Horizon, EduSpaze, Spiegel Group, SuperCharger Ventures
LivWell Asia	LOHAS**	Seed	\$1M	Flipkart Ventures

*Biofourmis has allotted \$220 million in paid-up capital so far this year for the Series D round according to Singapore's Accounting and Corporate Regulatory Authority (ACRA).

Funding for green transition grows

9M22 deals under Urban Solutions and Sustainability theme

■ Value ○ Volume

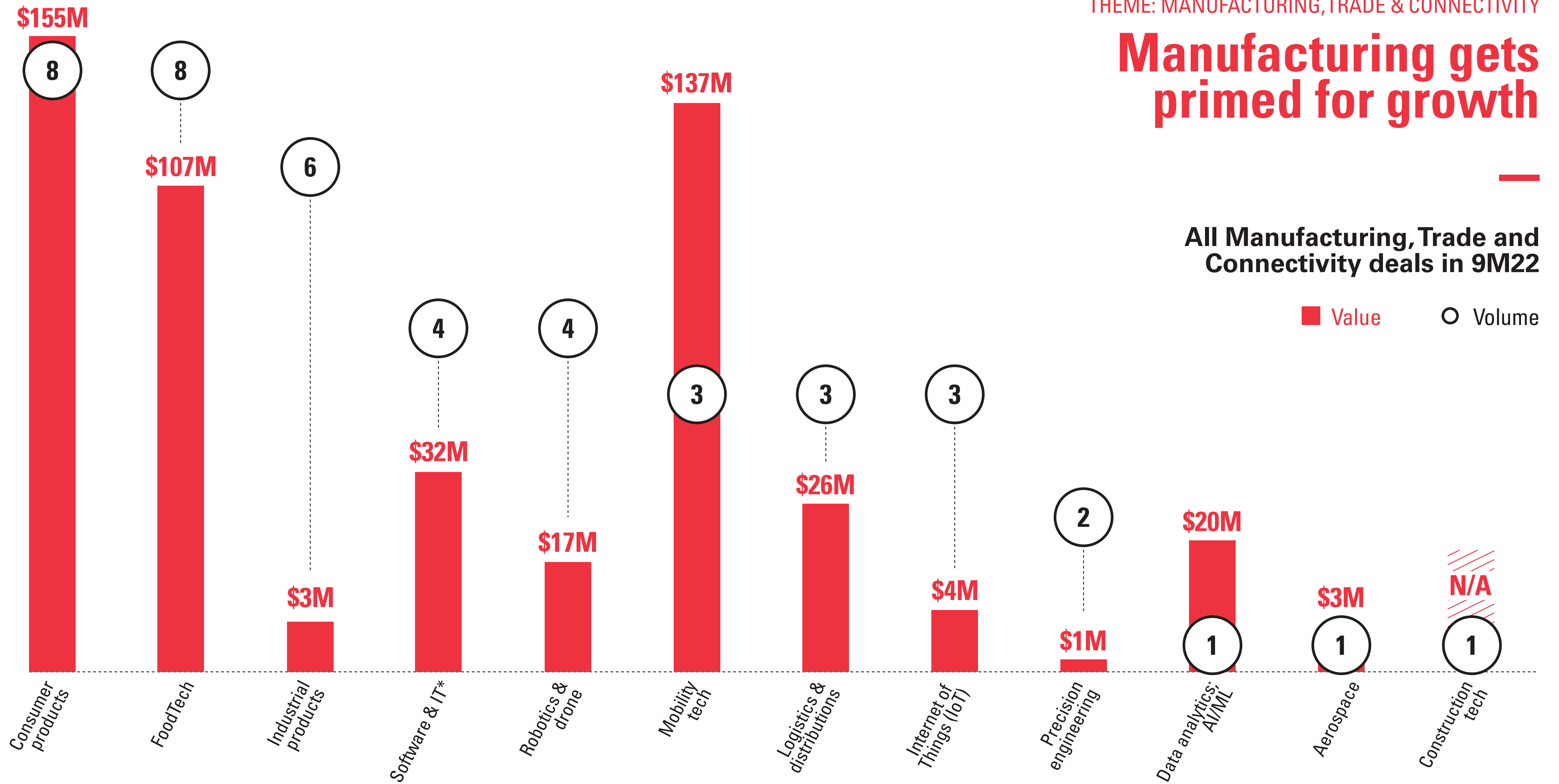


Top 10 Urban Solutions and Sustainability deals

Company	Vertical	Funding stage	Value	Investors (not exhaustive)
800 Super Holdings	Waste management	Equity round	\$218M	Keppel Asia Infrastructure Fund
Sun Cable	Greentech	Series B	\$151M	Grok Ventures, Squadron Energy
RubiX Networks	Software & IT*	Equity round	\$100M	LDA Capital
Sunseap	Greentech	Corp. Round	\$90M	EDP Renewables
Nutrition Technologies	Agritech	Series A	\$20M	Hera Capital, Openspace, SEEDS Capital
Tetris Therapeutics	Software & IT*	Seed	\$15M	Trinity Innovation Bioventure Singapore
Propseller	Proptech	Series A	\$12M	Hustle Fund, Vertex Ventures SEA & India, Vulpes Ventures
Green Li-ion	Greentech	Series A2	\$12M	SOSV, Entrepreneur First, GS Holdings
Archisen	Agritech	Series B	\$3M	Pine Venture Partners
SunGreenH2	Greentech	Seed	\$2M	Apsara Investments, Entrepreneur First, SGIInnovate

Manufacturing gets primed for growth

All Manufacturing, Trade and Connectivity deals in 9M22

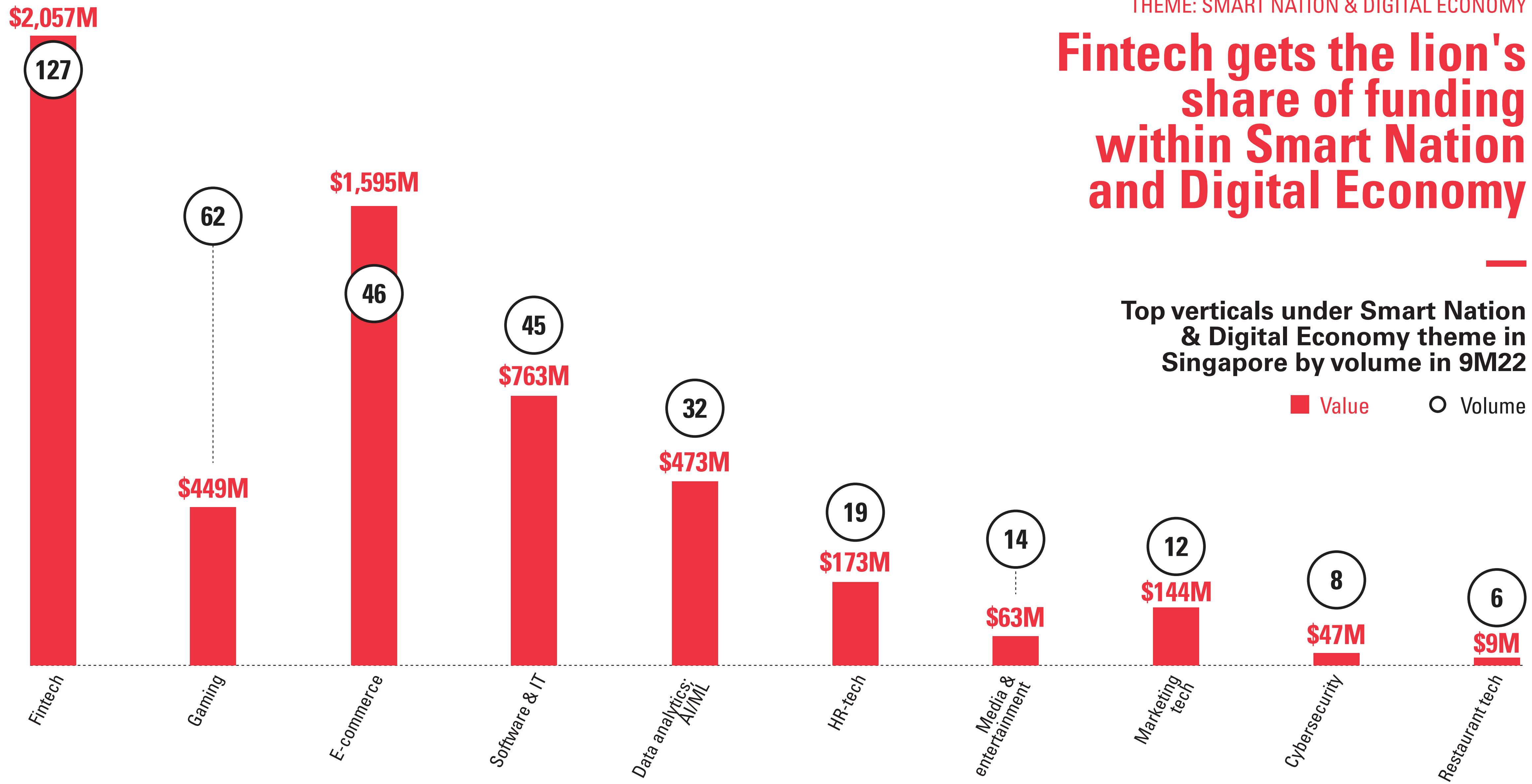


Mobility tech makes a mark in manufacturing deals

Top Manufacturing, Trade & Connectivity deals

Company	Vertical	Funding stage	Value	Investors (not exhaustive)
Next Gen Foods	Foodtech	Series A	\$100M	Alpha JWC Ventures, GGV Capital, MPL Ventures, Temasek Holdings
Beam	Mobility tech	Series B	\$93M	AC Ventures, Affirma Capital, Sequoia Capital India
Oatside	Consumer product	Series A	\$65M	GGV Capital, Temasek Holdings
Believe	Consumer Product	Series A	\$55M	Accel, IIFL Asset Management, Jungle Ventures, Venturi Partners
Neuron Mobility	Mobility tech	Series B	\$44M	GSR Ventures, Square Peg Capital
WIZ.AI	Data analytics; AI/ML	Series A	\$20M	Gaorong Capital, GGV Capital, Insignia Ventures Partners, Singtel Innov8
Mighty Jaxx	Consumer products	Series A	\$20M	East Ventures, KB Investment, Teja Ventures
CyberConnect	Software & IT*	Series A	\$15M	Animoca Brands, Sky9 Capital
Janio Asia	Logistics & distribution	Series A+	\$14M	Vertex Growth Fund, Vertex Ventures Southeast Asia & India
Project Z	Software & IT*	Series A	\$10M	Edge Ventures, MSA Capital, Ventech
HeveaConnect	Logistics & distributions	Series A	\$7M	DBS Bank, DeClout Ventures, Provident Capital
BeepBeep	Consumer products	Pre-seed	\$6M	Genesis Ventures
Sesto Robotics	Robotics & drone	Series B	\$6M	SEEDS Capital, TRIVE, World Trading Innovation WTI GmbH
PlotX	Software & IT*	Pre-series A	\$5M	Alpha Wave Global, Animoca Brands, DeltaHub Capital, Hashed
Morning	Consumer product	Series A	\$5M	zVentures, East Ventures
UNL	Logistics & distributions	Seed	\$5M	Elev8.VC, HERE Technologies Chicago, SGInnovate
Eureka Robotics	Robotics & drone	Pre-Series A	\$4M	ATEQ, Touchstone Partners, UTEC
Crown Digital	Robotics & drone	Seed	\$4M	Glocalink Singapore, Heliconia Capital Management, Leave a Nest
Botsync	Robotics & drone	Pre-Series A	\$3M	Iterative, SEEDS Capital, ZB Capital
Umami Meats	Foodtech	Seed	\$2.5M	Better Bite Ventures, Genedant

Fintech gets the lion's share of funding within Smart Nation and Digital Economy



Top verticals under Smart Nation & Digital Economy theme in Singapore by volume in 9M22

■ Value ○ Volume

SINGAPORE AS DEEP TECH & FINTECH HUB



Healthtech shores up deep tech investments

In April this year, private equity firm General Atlantic led a \$300-million funding round for digital health company Biofourmis. The round was upsized to \$320 million in August as Intel Capital joined the Series D extension.

Such deals signal the maturity of deep tech ventures in Singapore and the interest of larger, sophisticated fund managers such as private equity firms in verticals such as healthtech. The city-state has also witnessed an accelerated growth in areas such as biopharma, AI diagnostics, robotics, synthetic biology and alternative foods.

In the first nine months of this year, deep tech funding in Singapore surged to \$1.64 billion, up 91% from the corresponding period in 2021. Crucially, this marks the first time funding for the vertical has crossed the billion dollar mark in the city-state.

The surge in deal value was primarily driven by 10 big-ticket deals that helped mitigate the impact of a 36% year-on-year drop in deal volume to 84. Overall, deep tech companies accounted for 20% of all funding secured by Singapore-based companies in the first nine months of 2022, a dramatic increase from 9.4% in the same period last year.

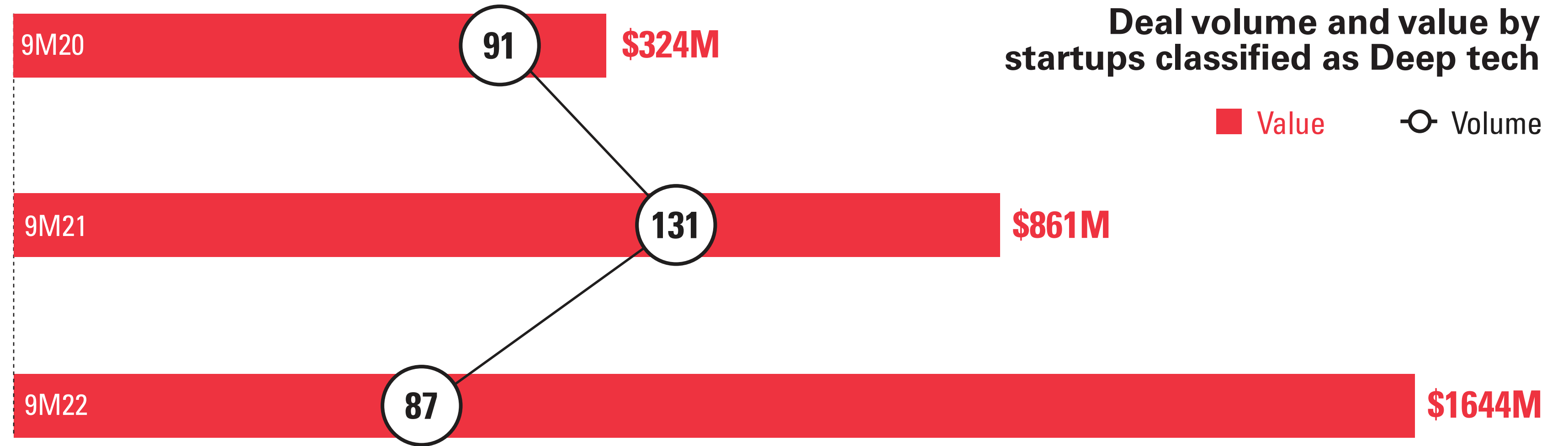
Healthtech companies alone racked up close to \$500 million in funding, or about 30% of all deep tech investments in the first nine months. Three companies – these include Tessa Therapeutics (\$126 million Series A) and MiRXEs (\$87 million Series C) – were responsible for \$433 million in proceeds.

Apart from healthtech, there has been a robust rise in the value of greentech deals. From three deals in the first nine months of 2021, transaction volume went up to seven in the same period this year. Total proceeds, meanwhile, jumped from \$3 million a year ago to \$257 million.

In evaluating the health of a deep tech ecosystem, we must also look at the pipeline of new ventures. In the first nine months, there were at least 41 Singapore companies at a nascent stage in their lifecycle. These comprise 11 startups that have raised less than \$1 million each, five that have closed pre-seed rounds, and 25 that have bagged seed funding. They make up for more than half of the 84 deep tech startups that raised capital at and before the seed stage during this period.

Another vertical to watch out for is foodtech, which saw eight deals worth nearly \$107 million in the first nine months of this year.

Deep tech lures the interest of larger investors



Select deep tech deals in 9M22 by Singapore companies

Company	Vertical	Funding stage	Value	Investors (not exhaustive)
Biofourmis	Healthtech	Series D	\$320M*	General Atlantic, Openspace Ventures, Intel Capital Corp.
Sun Cable	Greentech	Series B	\$151M	Grok Ventures, Squadron Energy
Tessa Therapeutics	Healthtech	Series A	\$126M	Heritas Capital, Polaris Partners, Temasek Holdings
Next Gen Foods	Foodtech	Series A	\$100M	Alpha JWC Ventures, GGV Capital, Temasek Holdings
RubiX Networks	Software & IT	Private Equity	\$100M	LDA Capital
Beam	Mobility tech	Series B	\$93M	AC Ventures, Affirma Capital, Sequoia Capital India
Sunseap	Greentech	Corp. Round	\$90M	EDP Renewables
MiRXES	Healthtech	Series C	\$87M	Charoen Pokphand Group, EDBI, Keytone Ventures
Neuron Mobility	Mobility tech	Series B	\$44M	EDBI, GSR Ventures, Square Peg Capital
WIZ.AI	Data analytics; AI/ML	Series A	\$20M	Gaorong Capital, GGV Capital, Singtel Innov8

*Biofourmis has allotted \$220 million in paid-up capital so far this year for the Series D round according to Singapore's Accounting and Corporate Regulatory Authority (ACRA).

OUTLOOK FOR SINGAPORE & SE ASIA



Singapore banks on technological edge amid rough global waters

Without having to gaze into a crystal ball, it is clear that the environment in which businesses operate will become more treacherous next year. The World Bank, the International Monetary Fund and the Asian Development Bank have unanimously lowered their growth expectations for next year as the global economy faces the possibility of deeper recessionary pressures. As an economy that has the highest trade-to-GDP ratio, Singapore is highly susceptible to weaker global demand, which is compounded by supply chain disruptions due to geopolitical developments. On top of these woes, surging inflation and rising interest rates in the largest advanced economies are hurting global financial liquidity. All these factors make for choppy waters ahead for Singapore's private capital market and its tech ecosystem.

The relatively strong 9M startup fundraising performance in 2022 can be attributed to an accelerated digitalisation in the wake of the COVID-19 pandemic and the large pools of capital raised by venture capital firms

in the region. Given the global macroeconomic climate, the pace of new investments is likely to slow down.

That said, investors will continue to deploy capital, especially in businesses with differentiated business models and innovative solutions, as they seek to benefit from an ongoing valuation compression.

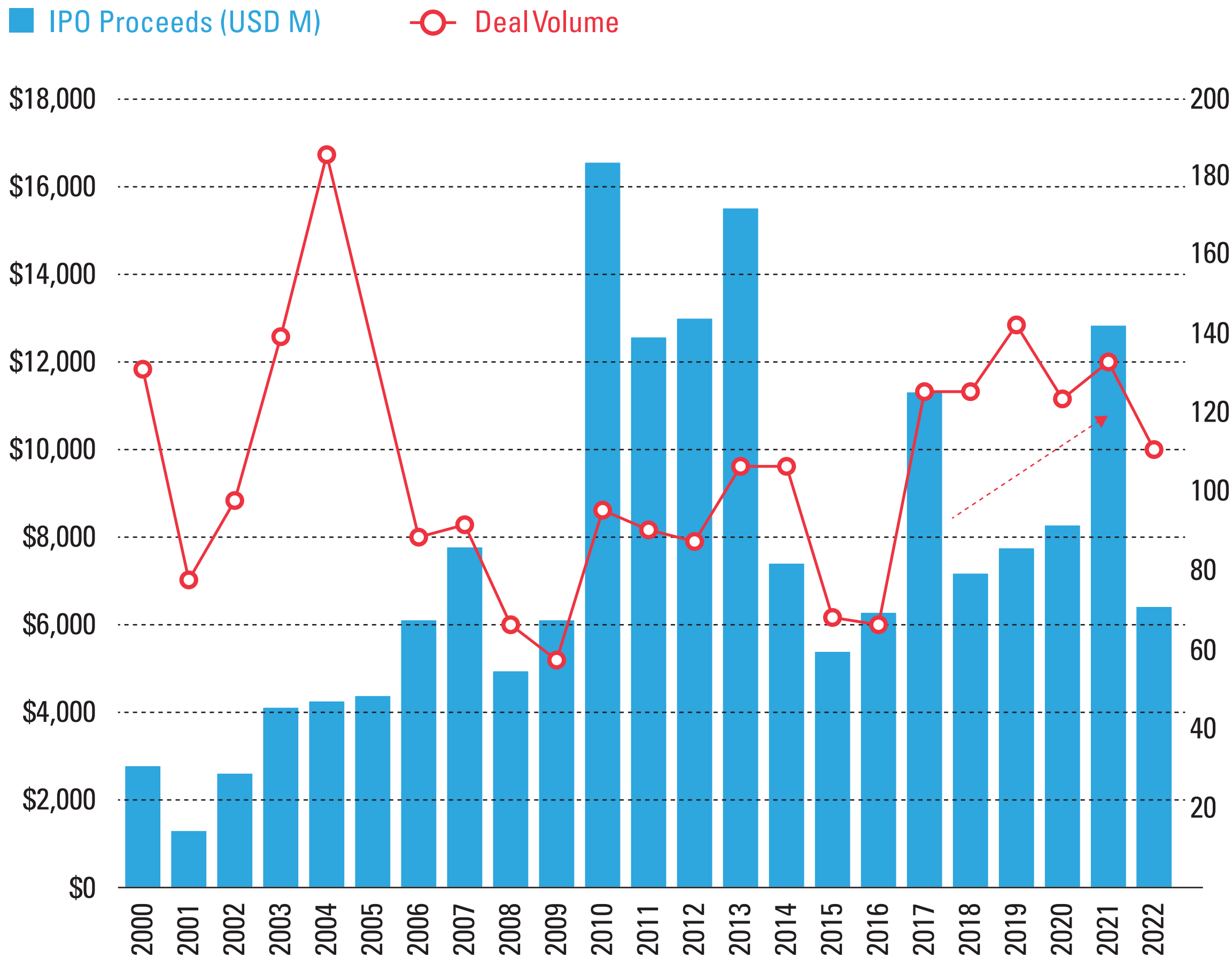
Singapore-based startups stand to further benefit from highly advanced soft and hard infrastructures that are available in the city-state. Despite the global liquidity tightening, accessing capital is likely to remain easier in Singapore relative to other financial centres in Southeast Asia. Due to this and other factors such as attractive taxation, business-friendly policies and a better standard of living, Singapore will continue to be a magnet for founders and high-quality talent from across Asia, Europe and other parts of the world. This will ensure a steady flow of new startups emerging from Singapore.

Another significant factor that will allow the city-state to have an edge in sailing through an unfavourable global climate is the development of its deep tech ecosystem. Thanks to continued investments by local universities and the Singaporean government through vehicles such as SEEDS Capital and SGInnovate, many startups have become sophisticated operators and have secured fresh private capital on the basis of their innovations. The total investments in Singapore's deep tech startups in the first nine months of this year grew 91% year-on-year, and this trend is set to continue in 2023.

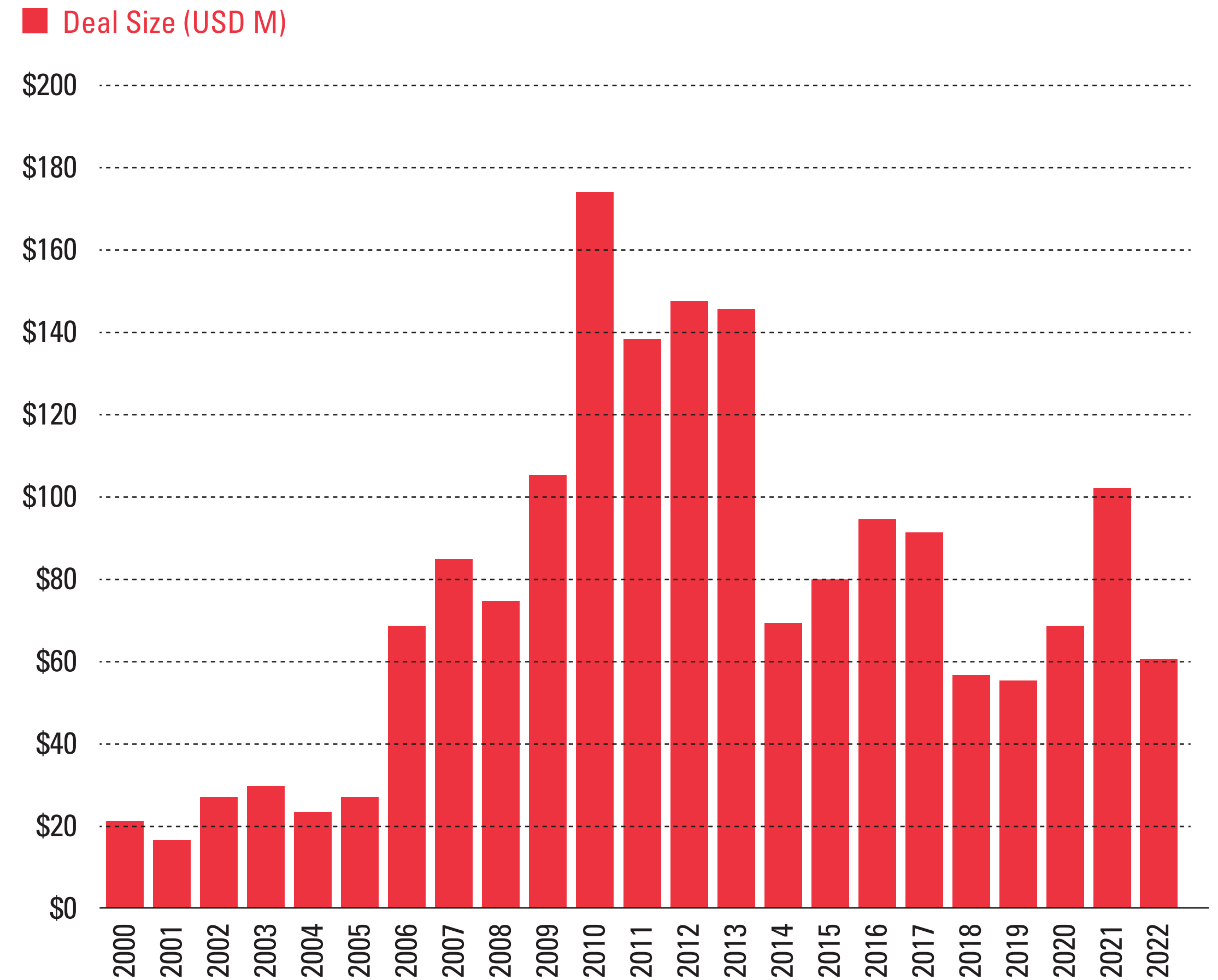
Aided by impact-conscious investors, family offices and foundations, Singapore's deep tech startups should emerge as an even more vital pillar in the local tech ecosystem next year.

Number of IPOs in 9M22 higher than 9M21

SE Asia : IPO Proceeds (USD Million) and Volume



Average Deal Size Asia IPO (USD Million)



INSIDER INSIGHTS



Insider Insights

The Investment ecosystem in Singapore has remained resilient despite global economic woes. This column is intended to provide deeper insights from VC fund managers on new trends, challenges and solutions regarding the funding environment in the city-state and the larger Southeast Asian region.

All fund managers that we interviewed share a conviction that Singapore's startup ecosystem has all the necessary infrastructure for new innovations and entrepreneurship to flourish. They also shared their opinion regarding the rise of deep-tech, new opportunities amid difficult economic conditions and what to expect next year.



Hsien-Hui Tong
Executive Director-Investments,
SGInnovate

There are three broad trends that are driving investments globally. They are sustainability, better supply chain management, and a push towards greater self-sufficiency in critical economic factors such as energy and food. These are bucking the previous trend of globalisation where factors of production gravitate towards the countries where it is most cost-efficient even if it might mean a longer and more complex supply chain.

Singapore, being a highly connected economy, is not spared the effects of these trends and the local deep tech ecosystem and the startups that emerged last year are reflective of these trends. In this respect, deep tech verticals such as sustainability, agritech, advanced manufacturing, and biomedical remain healthy.

Countries are getting behind these trends and through subsidies and grants are facilitating their entry into the market. While

deep-tech startups are still likely to face a longer period to raise funds they are not likely to be as severely impacted as those in sectors that were very frothy and highly speculative.

The support structure for deep tech startups in Singapore is quite a comprehensive one. Promising research from our local Universities can apply for GAP which can bring an idea from the lab to a proof of concept. Once a company is formed, our friends from EnterpriseSG have a comprehensive program of grants that help startup founders from inception to the point at which they are ready to secure their first institutional investment.



Chua Kee Lock
Chief Executive Officer,
Vertex Holdings

2022 has been characterised by a surge in global inflation, heightened geopolitical tensions, and an impending recession. This has resulted in a 'funding winter' globally as investors grow cautious about ongoing market uncertainties. We have observed a decline in public market performance leading to a fall in venture capital deal sizes and valuations, including a halt in IPOs for late-stage startups.

What we are seeing is a slowdown in investments as decision-making takes a long time during inflation and recession. There is still sufficient capital for startups to tap on, as evident from the large fundraising rounds that are taking place in the region. Amidst current market conditions, entrepreneurs in Singapore must prioritise being innovative and cost-efficient in their operations.

However, despite global markets being down, the Southeast Asia

region remains one of the most vibrant markets. Investors are diversifying out of China to capitalise on the growing opportunities in Southeast Asia's digital economy. This year, we have seen strong interest in the digital sector as more people expect to do everything and anything online. Here at Vertex, we have focused on opportunities in e-Commerce, FinTech, Software as a Service (SaaS), digital banking services, and telehealth sectors.

As we approach 2023, we will continue to see digital disruption across a spectrum of traditional industries such as construction, logistics, and manufacturing. We expect healthy investor interest and confidence in Singapore and the region. Ultimately, great businesses are built during difficult times, and we look forward to witnessing growth and innovation in the year ahead.



Jussi Salovaara
Founder & Managing General Partner,
Antler

Despite the market slowdown in 2022, we remain highly optimistic about the long-term prospects for startups. The foundations for building a better tomorrow and improving the world remain solid in Singapore. A challenging but healthy environment will only inspire the most exceptional entrepreneurs to solve important problems and build stronger businesses.

That said, they will also need equally exceptional support, beyond just capital, to help them kick-start their journey at day zero. More than ever before, they will need deep operating guidance, thorough business model validations, and a robust platform for scaling. Antler is a community of founders, advisors, and investors - positioning us well to help them build faster; from winning their first 100 customers and

marketing a new product to raising their next round of funding.

Speaking of funding, from what we see, early-stage deals share has grown to 80% (versus mid- and late-stage rounds), which is a healthy increase from pre-Covid levels of 74%. Early-stage support will become more crucial than ever and that is why we focus on backing the best founders from the beginning, whether pre-idea, pre-team, or pre-seed. All in all, we truly believe that a downturn is an exceptional time to build and we are doubling down in this current market.



Andrew D Ive
Managing General Partner,
Big Idea Ventures

Several trends have emerged over the past months in Singapore. First, we are seeing an acceleration of cell-based meat companies taking steps to establish their pilot plants within Singapore. Also, there is a concerted effort to develop the infrastructure required for the production of alternative protein foods at scale. Several facilities, including the Protein Innovation Centre, a joint initiative by Bühler Group and Givaudan, have opened their doors to support the production of alternative protein in the region. And more are coming. This is a crucial step to help food technology companies scale and to further solidify the city-state as a food-tech hub across Asia.

Finally, we are investing in innovative companies that are developing solutions to scaling these technologies. New fermentation methods (Mycosortia, Pullulo), AI-enabled micro fluids and connected bioreactors (Dynacyte Biosciences), microcarrier technology (Smart MCs), cell-based fats (ImpacFat), etc. These B2B solutions address key challenges for the industry and are the foundation of what will become a more sustainable food industry.



Michael Blakey
Founder & Managing Partner,
Cocoon Capital

Last year, global investors showed an increasingly positive outlook on tech and venture capital as an asset class, but they have turned more cautious after the post-COVID world showed falling revenue and steep valuation drops for a number of tech companies. The Russian invasion of Ukraine and a continuing, global inflation are key macro factors that are also impacting investor risk appetite as well as the venture funds' own propensity to deploy capital. From what I have observed, macro factors have a much larger impact at the growth stage. The focus of VCs in the first half of this year was to stabilise their own portfolio companies and get a feel of how the market was going rather than making new investments.

Many of the new deals this year may have been committed long before Russia's invasion of Ukraine, so we are likely to see a quieter third and fourth quarter. Deals might take much longer to get through the pipeline moving forward.

Coming out of an overheated 2021, a lot of startups had raised at inflated valuations and had ramped up their cash burn to accelerate growth. Now, we foresee valuations dropping up to 50% with startups likely having to raise flat or down rounds. Investors will tend to favour business models that can turn profitable faster with sustainable growth.

However, across the various verticals, we believe that the impact on deep tech will be minimal. Deep tech startups typically solve long-term, recession-proof problems. Although it might take a couple of years to hit commercialisation, this means that the market will be ready for their solutions when it's ready and macro events will have little or no impact. Deep-tech Investors backing them have a higher risk appetite in general and take on a much longer-term view when investing. As such, one or two years of tightened funding will not affect deep tech startups as compared to other verticals.



Chik Wai Chiew
CEO & Executive Director,
 Heritas Capital

On the macro front, business risks have heightened as we can assume many of the global key economies are heading into slow growth or even recession. That said, we recognise that Singapore's innovation ecosystem remains vibrant and the capability to commercialise technologies and nurture startups continue to grow. Newer capital providers such as family offices coming both globally and regionally to take early-stage bets are also adding to the funding community. Taken in totality, we continue to see good deal-flows in growth-stage ventures that seek funding, with more realistic valuation asks, and are mindful of budgeting more time for fundraising as well as prioritising operational effectiveness.

Beneath the macro headwinds, we see green shoots of micro- and industry-driven growth trends. For example, Singapore's shift to primary and preventive care means a fundamental review of healthcare spending, and could boost the

prospects of players in primary care, alternate care sites, remote vitals monitoring, healthy food, etc. We also see sustainability-related solutions coming to potential viability in light of the carbon pricing market developing on the back of climate-related concerns.

Ventures will have to first establish clarity on their mission and strategies considering the changing global business environment and address key investors' concerns, especially on the path to viability. In the startup space, we would look for prioritisation of product-market fit on a tightly managed budget. Ventures can also go beyond the traditional VCs and corporates, and engage in a complementary way, alternate capital sources such as impact investors and family offices. In Singapore, government funding such as grants from EnterpriseSG as well as equity funding from SEEDS Capital is also helpful. The key for ventures is to tailor their pitch to various investors as they may seek different objectives.



Jeff Lin
Senior Principal,
 iGlobe Partners

Over the past few years, we have witnessed accelerated growth in several deep-tech sectors in Singapore, including biopharmaceutical, diagnostics, robotics, synthetic biology, food, etc. The growth of the deep-tech sector can be attributed to the many years of R&D investment made by the government as well as the tremendous amount of effort put in by A*STAR and various universities in technology transfer and commercialisation. Another trend I have observed is that venture builders and corporates also played an important role in the building of deep-tech startups.

Unlike typical startups in fintech, enterprise software, or digital space, a lot of deep-tech ventures require even longer gestation periods before they can even launch their products, and thus require a huge amount of funding and support from investors. This kind of large size financing requires the support of a group of deep-pocket investors who understand the trends of the market and believe in the potential of the company.

A tighter macro environment means fundraising may be more difficult for deep-tech startups in certain segments. It is advisable for deep-tech ventures to ensure they have sufficient runway before the market recovers.

Singapore's government has launched numerous initiatives to foster the growth of deep-tech startups. Various government agencies and government-linked entities such as Enterprise Singapore, EDB, NRF, Temasek, A*STAR, SGInnovate as well as numerous accelerators, incubators and VCs like us have been playing instrumental roles in building the deep-tech ecosystems.

Some of the emerging new needs may include helping startups to obtain employment passes for bringing in deep-tech talents, such as hardware or software engineers, from overseas.

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Data assurance & integrity

Considering the opaque nature of the Southeast Asian market, we strive to constantly update our data to ensure accuracy. If you spot an error or inaccuracy, please contact Andi Haswidi, Head of Data & Research at andi@dealstreetasia.com.

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