

# PHILIPPINE VENTURE CAPITAL REPORT 2024



**FOXMONT**  
CAPITAL PARTNERS

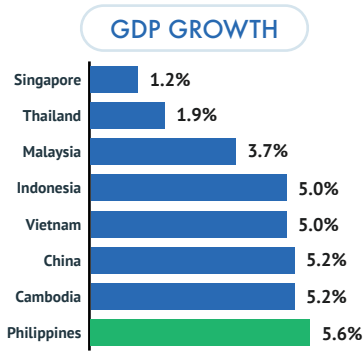
**BCG**

# TABLE OF CONTENTS

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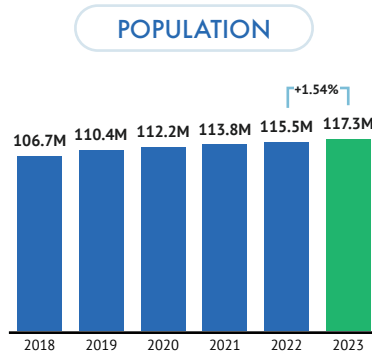
INVESTMENT LANDSCAPE	<b>1</b>
DEAL ACTIVITY IN 2023	<b>4</b>
KEY ECOSYSTEM PLAYERS	<b>5</b>
UNLOCKING LOCAL TALENT	<b>6</b>
E-COMMERCE AND FINTECH	<b>7</b>
EMERGING SECTORS	<b>10</b>
THE DEMOGRAPHIC DIVIDEND	<b>15</b>
INFLECTION POINTS	<b>19</b>
NAVIGATING EXIT AVENUES	<b>22</b>

# INVESTMENT LANDSCAPE



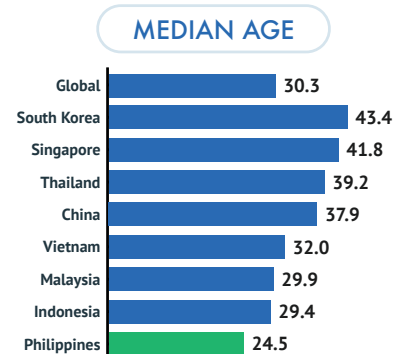
Source: Department of Finance, Government websites, Press releases

The Philippines had the highest GDP growth in 2023 among major nations in the region.



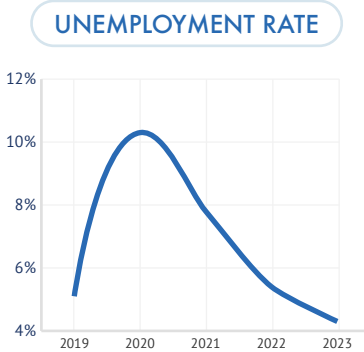
Source: Worldometer

Sustained fertility rates that are significantly above the global and regional averages have resulted in continued growth in population and the lowest median age in the region.



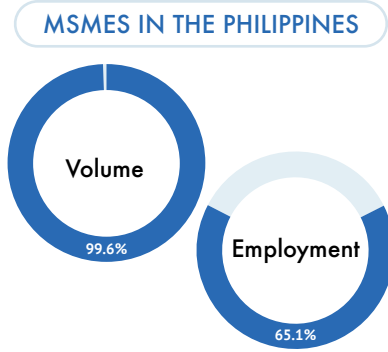
Source: World Economics

## WORKFORCE AND BUSINESS ACTIVITY



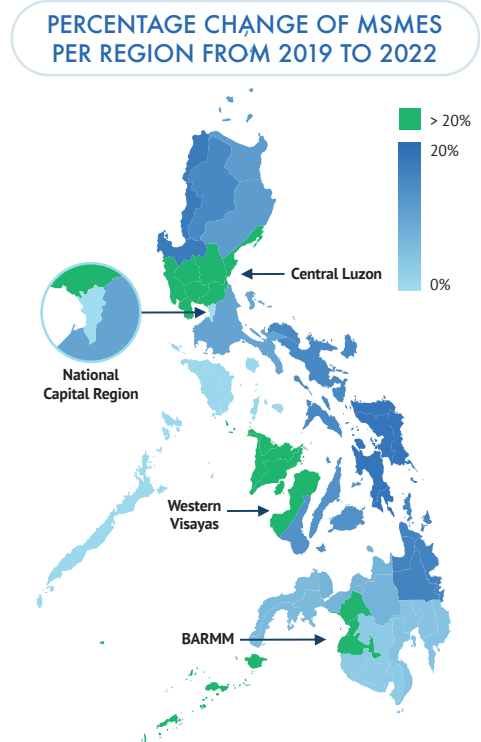
Source: Philippine Statistics Authority

Post-Covid, unemployment rates have continued to recover. In 2023, unemployment dropped back to below pre-pandemic rates.



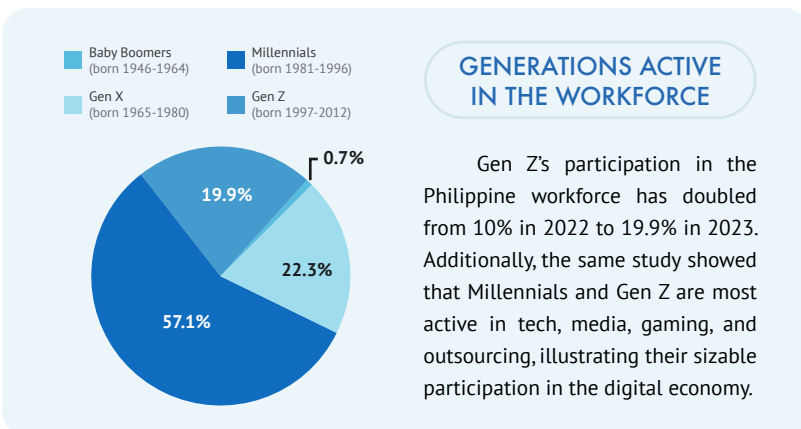
Source: Philippine Statistics Authority, Department of Trade and Industry

MSMEs make up 99.6% of business establishments in the country. Additionally, they generate 65.1% of the country's total employment, with micro-enterprises contributing to 32.7% of these jobs.



Source: Philippine Statistics Authority, Department of Trade and Industry

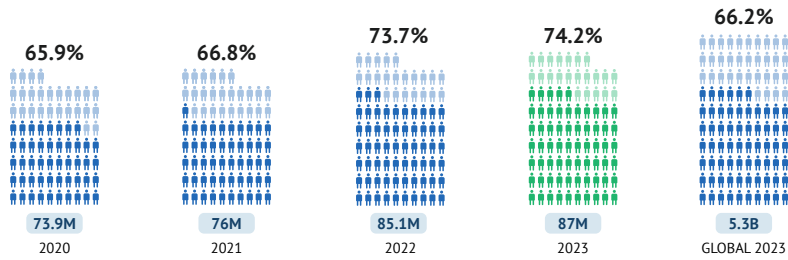
From 2019 to 2022, the growth of MSMEs has been higher outside of the National Capital Region (NCR). In part, this is due to these geographies starting from a lower base, but venture capital deal activity has also seen a broader footprint outside of Metro Manila, as reported in the 2022 Philippine Venture Capital Report.



Source: Willis Towers Watson

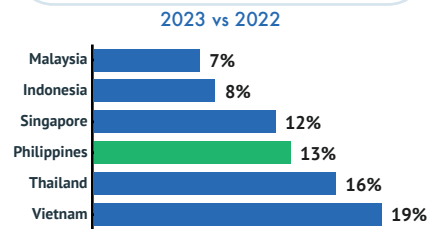
# DIGITAL ECONOMY

## NUMBER OF INTERNET USERS AND INTERNET PENETRATION RATES



Source: DataReportal, Worldometer

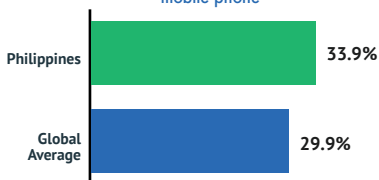
## GROWTH IN GMV OF DIGITAL ECONOMY



Source: e-Economy SEA Report 2023

## WEEKLY MOBILE COMMERCE PURCHASES

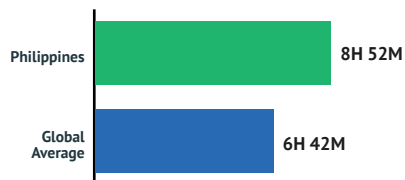
aged 16-64 who buy something online weekly via mobile phone



Source: DataReportal

## AVERAGE TIME ON THE INTERNET

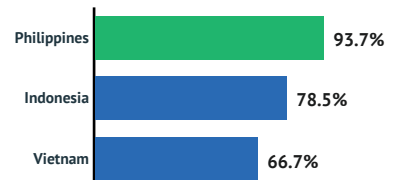
aged 16-64



Source: DataReportal

## PERCENTAGE OF TIME SPENT ON MOBILE PHONES

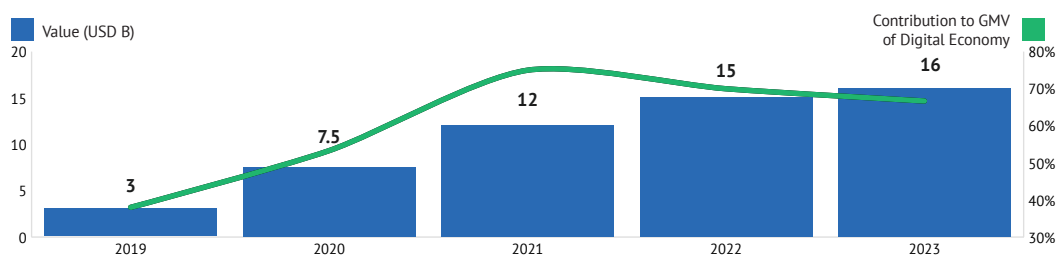
accessing the Internet



Source: DataReportal

# E-COMMERCE AND SOCIAL COMMERCE

## VALUE OF THE E-COMMERCE MARKET



Source: DataReportal, International Money Fund, e-Economy SEA Report, Foxmont analysis

While there continues to be growth in the overall value of the e-commerce GMV, the slight reduction in its contribution to the total digital economy indicates substantial expansion in other digital economy drivers.

## ONLINE SPENDING

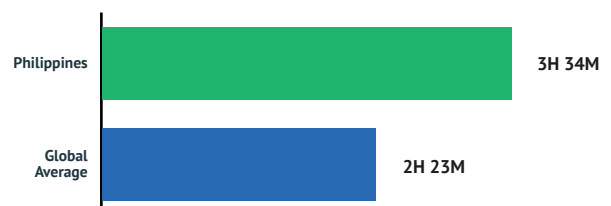
across High-Value Users vs. Non-High Value Users<sup>1</sup>



1. High-Value Users (HVV) = the top 30% of online spenders with an outsized contribution to digital economy spend

Source: e-Economy SEA Report 2023

## AVERAGE TIME ON SOCIAL MEDIA



Source: DataReportal

## SOCIAL MEDIA USER ACCOUNTS

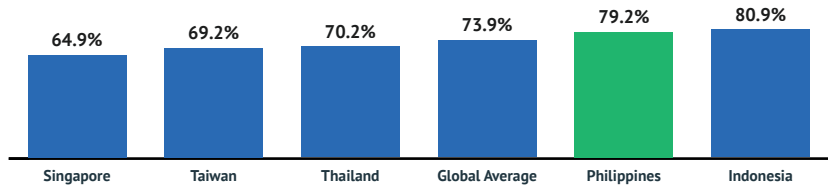
as a % of total population



Source: DataReportal

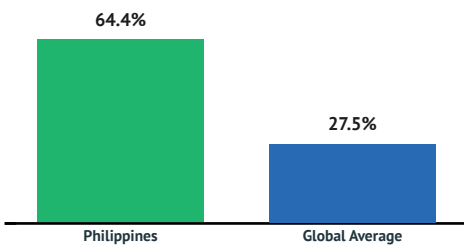
## PERCENTAGE OF SOCIAL MEDIA USERS

aged 16-64 who visit social media to research brands and products they are considering buying



Source: DataReportal

## TIKTOK ADVERTISING: ADULT REACH RATE



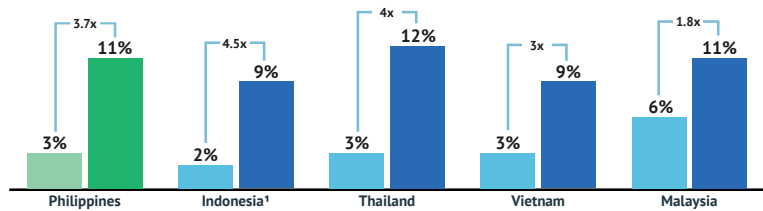
Source: DataReportal

When considering the potential reach of TikTok ads amongst users 18 years old and above, the Philippines is ranked 8th globally for highest TikTok Ad Reach, with a reach of over 49 million people.

## TIKTOK SHOP'S SHARE OF TOP DOWNLOADED E-COMMERCE APPS

as of October 2023

2022 2023



1. As indicated ahead of the local ban of TikTok Shop

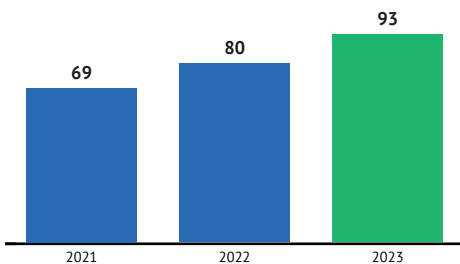
Source: UBS

As a social commerce platform, TikTok Shop has grown significantly in Southeast Asia, disrupting a space dominated by traditional marketplace platforms.

## DIGITAL PAYMENTS

### GTV OF DIGITAL PAYMENTS

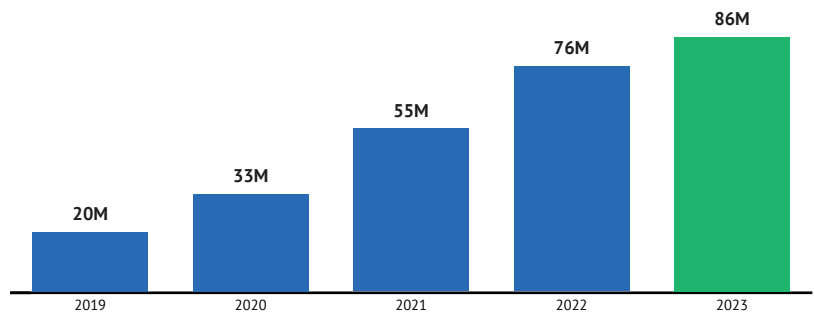
(IN USD B)



Source: e-Conomy SEA Report 2023

The Philippines has the second-highest digital payment GTV growth (+17% YoY) in 2023 after Vietnam.

### NUMBER OF GCASH USERS



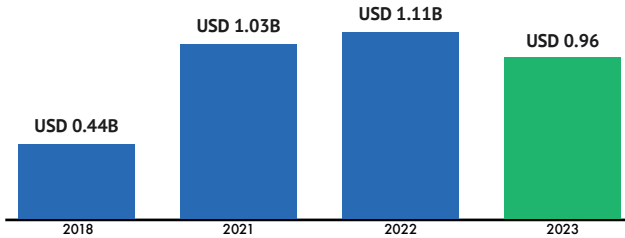
Source: GCash, Press releases

This growth is also evident in 50% of Philippine retail payments having shifted from cash to digital methods and the exponential growth of GCash users, a leading e-wallet in the Philippines, by the end of 2023.<sup>2</sup>

# PHILIPPINE 2023 DEAL ACTIVITY

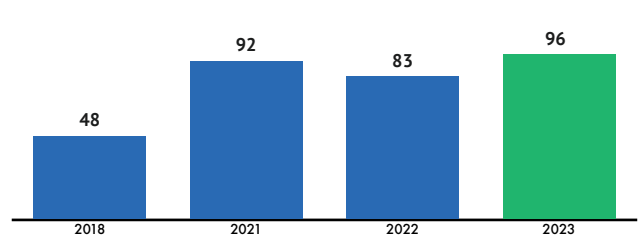
2023 saw a record year in deal volume, up by 16% YoY. Combined with a smaller average deal size (USD 10 million per deal in 2023 versus USD 13.4 million in 2022), the total funds raised in 2023 however declined by 14% YoY.

## YEARLY FUNDS RAISED<sup>1</sup>



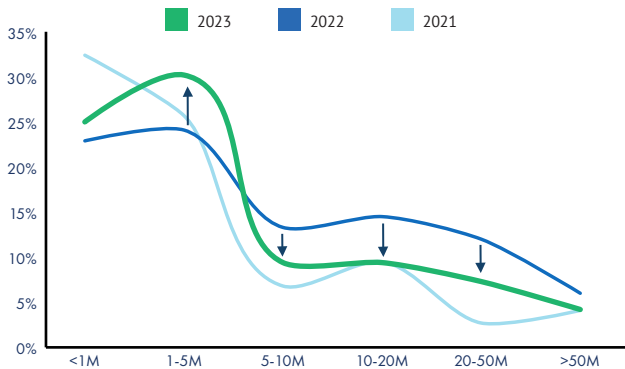
Source: Pitchbook, Crunchbase, Preqin, Press releases, Foxmont analysis

## YEARLY DEAL VOLUME



Source: Pitchbook, Crunchbase, Preqin, Press releases, Foxmont analysis

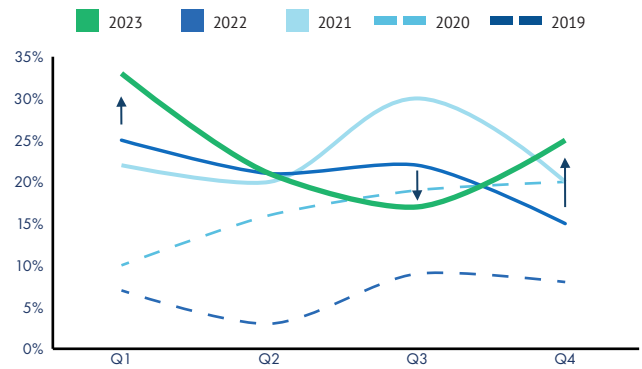
## DEALS BY INVESTMENT VALUE (IN USD)



Source: Pitchbook, Crunchbase, Preqin, Press releases, Foxmont analysis

In line with the global trend given prevailing macroeconomic conditions, total deal value in the Philippines experienced a decline in 2023 when compared to its record year in 2022. The decline was relatively modest at 14%, especially when compared to a decline of 62% in Southeast Asia, with Indonesia and Singapore feeling the largest drops at 68% and 73% respectively, according to the Global Private Capital Association.

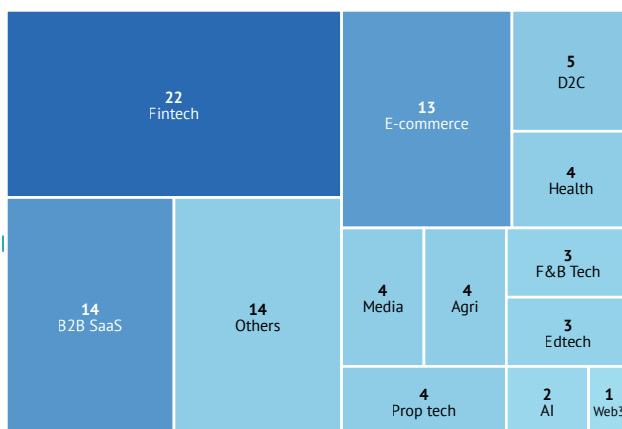
## QUARTER ON QUARTER DEAL VOLUME



Source: Pitchbook, Crunchbase, Preqin, Press releases, Foxmont analysis

The decline was mostly attributable to a reduction in growth and buyout deals larger than USD 5 million (-34% YoY). In fact, there was a significant uptick in smaller-sized deals (+17% YoY), particularly those of USD 1-5 million (+25% YoY). Notably, despite generally seeing funding rounds taking longer to close, the Philippines saw a record 96 deals in 2023 (+16% YoY).

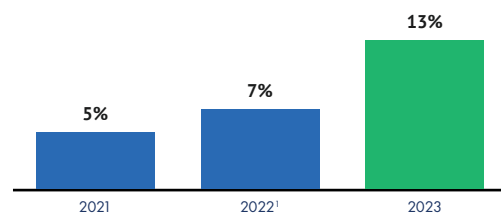
## DEALS BY SECTOR



Source: Pitchbook, Crunchbase, Preqin, Press releases, Foxmont analysis

While fintech and e-commerce remain among the top three sectors funded in 2023, B2B SaaS startups also received much interest and funding as well.

## PHILIPPINE SHARE OF VENTURE CAPITAL FUNDS RAISED AMONGST SEA COUNTRIES



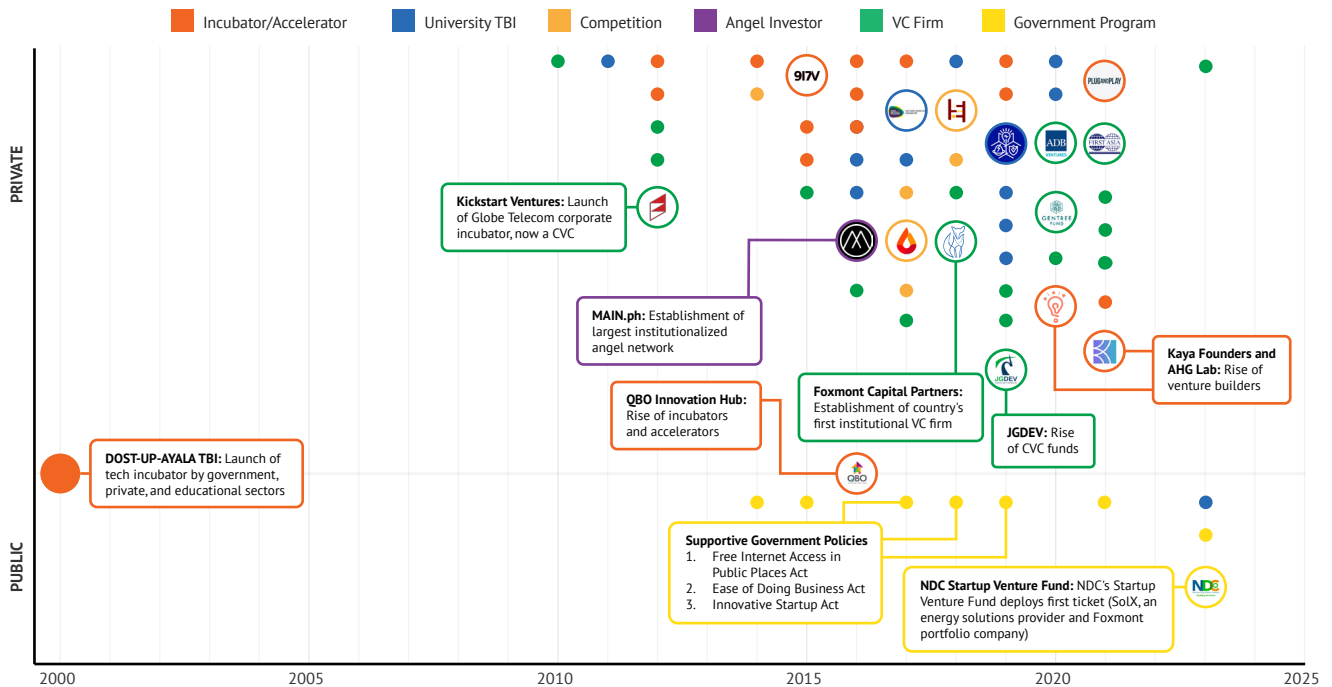
1. Due to a new source with more comprehensive data on Southeast Asian deals, the value changed from our 2022 Philippine Venture Capital Report

Source: GPCA, Foxmont analysis

The Philippines continued to take a larger share of the total funds raised in Southeast Asia. A sizable amount of regional funds also made their maiden investments into the Philippines in 2023, including DSG Consumer Partners through their investment in Pickup Coffee and D2C makeup brand Colourette. Others include Softbank Ventures Asia, Cercano, GSR Ventures and ACA Investments through their investments in HR technology platform Sprout, and SKS Capital through their investment in e-commerce enabler Etaily. This, on top of the record high deal volume in 2023, underscores the sustained interest in Philippine startups.

1. See annex for methodology

# KEY ECOSYSTEM PLAYERS



The Philippine startup landscape experienced a significant transformation over the last decade, particularly following the onset of the pandemic, with digitalization acting as the primary catalyst for an unprecedented surge in activity. While there were early starters in the 2010s, it was the pandemic that truly ignited the ecosystem's growth.

In the early 2000s, the groundwork for the startup ecosystem was laid with the emergence of mentorship and incubator programs, such as the DOST-UP and Ayla Technical Business Incubator partnership in 2000. Physical technology hubs like the DOST-UP Enterprise Center for Technopreneurship also played a crucial role in fostering innovation during that decade. The real momentum, however, picked up around 2012 when venture capital activities gained traction. Kickstart Ventures launched as the corporate venture capital arm of Globe Telecom, and in the same year, Ideaspace Foundation was launched as well with accelerator programs for budding founders.

By 2015, the Philippine government, through the Department of Science and Technology's Information and Communications Technology office (DOST - ICT), published the Philippine Roadmap for Digital Startups, signaling a concerted effort to bolster digital innovation within the country. Parallel to this, DOST ramped up their Technology Business Incubation (TBI) Programs, launching the HeRIT program in 2014 to equip universities with the ability to start their own incubator programs and develop innovative, entrepreneurial skills within their students and faculties. While many of these TBIs have yet to produce late-stage startups, their emergence suggests a brighter future for the generation of Filipino entrepreneurs, who can now see entrepreneurship and technological innovation as a viable path.

The late 2010s witnessed the rise in VC funds being established. In 2018, Foxmont Capital Partners was founded as the first independent Philippine venture capital firm. Local conglomerates also began to invest heavily in venture capital, following the success of Globe Telecom's Kickstart Ventures. This includes Ayala Corporation's AC Ventures and Corporate Technology Innovation Venture Fund (ACTIVE Fund) and JG Summit Holdings' JG Digital Equity Ventures (JGDEV), both founded in 2019.

It was the rapid digitization during the pandemic, however, that truly revolutionized the landscape. The Philippines emerged as the fastest-growing digital economy among ASEAN member-states in 2021, sparking a wave of startups eager to capitalize on the digital market. This digital boom attracted regional funds into the Philippines in 2022, diversifying the venture capital landscape with institutional, corporate, local, and international players, demonstrating how far the startup landscape has come since its early beginnings.

Joan Yao, Vice President of Investments at Kickstart said "It takes a village to make a startup successful, and I really see it as a value chain: In the earlier years, locally-based funds are able to provide more hands-on support to founders on practical matters such as HR, taxation, and legal / compliance; they're also able to provide introductions to local businesses that can be partners or customers for these startups. As a startup matures and scales up, they might be able to benefit more from the experience and networks of international funds. Global or regional funds also tend to have deeper pockets, and are able to provide the funds necessary to support a startup's growth and expansion, even beyond their home market."

Government support played an important role in nurturing this burgeoning ecosystem. Policies promoting digital literacy, easing barriers to doing business, and attracting foreign investment bolstered startup growth. Initiatives like the 2017 Free Internet Access in Public Places and the 2018 Ease of Doing Business Law were complemented by legislative acts such as the 2019 Philippine Innovation Act and the Innovative Startup Act, which provided grants, subsidies, and expedited processing for bureaucratic processes to startups. The culmination of these efforts is evident in the establishment of funds like the Startup Grant Fund and the NDC's Startup Venture Fund, which provide crucial financial support to budding entrepreneurs.

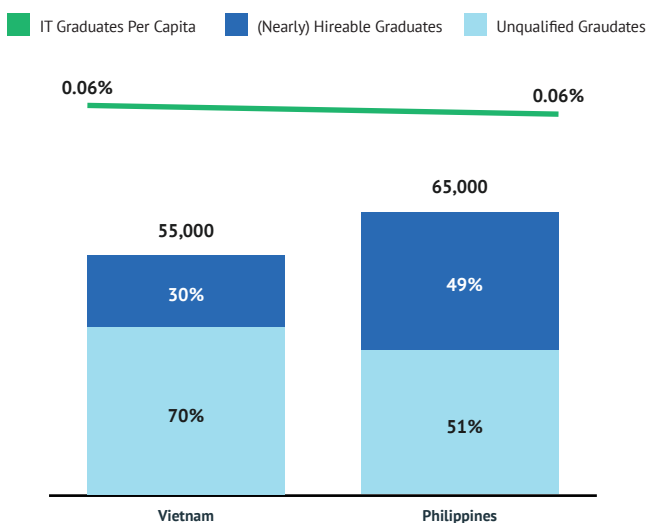
In conclusion, the Philippine startup ecosystem has evolved significantly, driven by the convergence of digitalization and proactive government support. The post-pandemic era has ushered in a new wave of innovation, positioning the country as a vibrant hub for entrepreneurial ventures in the digital age.

# UNLOCKING LOCAL TECH TALENT

Despite the Philippine startup ecosystem's relative youth, the country's young, technologically savvy population is positioned to steer the nation towards becoming a hub for innovation. A strong talent pool of skilled workers and founders is crucial towards the success of the space, and therefore the development of such talent is imperative. According to Carla Lastimosa, Partner at Page Executive, "We noticed a change in the hiring preferences of companies in the ASEAN region for filling C-suite-level positions. Instead of relying on expats, there has been a shift towards recruiting local or Asian expats." She has observed that local talent are more culturally aligned with teams and possess a better understanding of the Filipino market and the problems that need to be solved.

As more success stories from the Philippines arise, trends show that overseas Filipinos are returning to capitalize on the country's untapped potential. "Sea turtles" – founders who return to the Philippines after having honed their skills and acquired valuable experiences abroad – have become prevalent within the country's startup landscape. Kaya Founders says they "have witnessed top talent in the prime of their careers forgo traditional career paths and relocate back to the Philippines." Sea turtle-founded startups are a fertile training ground for homegrown talent, offering exposure to more developed processes and frameworks, brought home from abroad.

A common misconception is that there is a shortage of technical talent in the Philippines – on the contrary, the technology and telecommunications industry has the largest share of job applicants according to Page Executive. Around 65,000 students graduate with an IT degree annually, in line with the number of IT graduates per capita in Vietnam, according to Statista.



Source: Statista, World Bank, StackTrek

What remains missing however is the lack of experience in high-growth, product-building environments, as current IT curriculums do not provide its students with enough practical skills to effectively contribute at a senior level. Moreover, many computer science graduates opt to enter the business processing outsourcing (BPO) market where their skills are frequently not practiced daily, thanks to better compensation packages and lower job experience requirements. Studies by Statista and StackTrek show that as a result, only 30% to 49% of graduates are hireable or nearly hireable at global standards in Vietnam and the Philippines, respectively.

Nevertheless, BPO IT service offerings are increasingly shifting towards the delivery of more complex services such as cloud computing, cybersecurity, and software engineering services. Moreover, the BPO industry faces the threat of AI displacing a quarter of the people in the industry, according to the Asian Development Bank, and thus the Filipino workforce is motivated to rapidly innovate.

This has led individuals to seek upskilling elsewhere. On the public sector side, the Inter-Agency Council for Development and Competitiveness of Philippine Digital Workforce was established in 2022 to implement programs that will upskill, re-skill, and train the digital workforce in the country, showing a commitment to the digitalization of the Filipino workforce.<sup>1</sup>

The private sector is also offering solutions. John Young, COO of Avion School – an online coding bootcamp – says that their cohorts are mostly individuals who graduated from IT-related courses but did not pursue a career in software engineering, as well as more traditional engineers looking to pivot into a more high-growth sector. Its bootcamps have witnessed a 60x growth in applications since it began four years ago. StackTrek, a global training startup, partnered with the BPO association IBPAP in 2023 to upskill existing IT talent and develop a larger hireable IT talent pool. Similarly, firms such as Kaya Founders are also promoting investment in the youth and have hosted bootcamps, partnered with local universities and spearheaded other initiatives to support this cause.

The Philippines' young population has the potential to fuel the startup ecosystem. The emergence of sea turtles, coupled with the want for local talent, highlight the growing demand for the country's untapped potential. While there are continued efforts that aim to equip the digitally adept Filipino youth, barriers persist. As the Philippines' lessens reliance on expats and the startup ecosystem continues to grow, prioritizing investment in the youth becomes imperative, giving them the necessary tools to thrive in the ecosystem of startups.

1. Republic Act No. 11927



# E-COMMERCE AND FINTECH

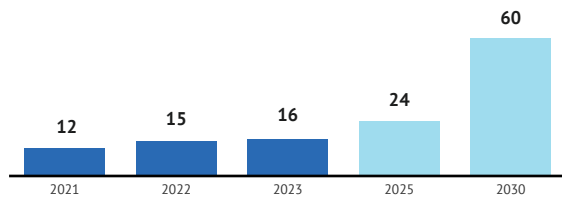
## NEXT POCKETS OF OPPORTUNITY

### E-COMMERCE

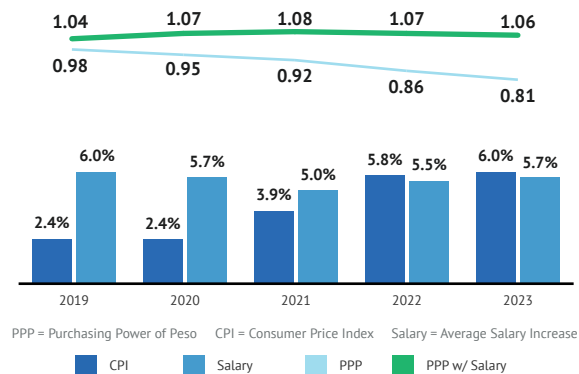
#### E-COMMERCE CONTINUES TO GROW DESPITE INFLATION AND 'POST-COVID' RETURN TO OFFLINE

Despite the post-COVID return to offline and diminishing purchasing power due to the inflationary environment theoretically presenting headwinds for the Philippine e-commerce environment, the sector continues to see an increasing number of e-commerce users and a rising overall market value potentially attributed to average salaries rising at a similar pace as inflation.

#### PHILIPPINE E-COMMERCE MARKET (USD B)



Source: e-Economy SEA Report 2023, Department of Trade and Industry, Statista, Euromonitor



Source: Bangko Sentral ng Pilipinas, Philippine Statistics Authority, Willis Towers Watson

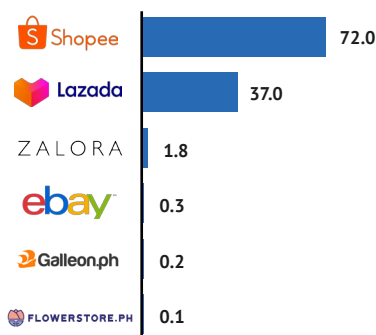
#### SPECIALIST PLAYERS CAN CONTINUE TO FIND OPPORTUNITIES IN ENGAGEMENT MODELS AND OPERATIONAL STRATEGIES

Within the Philippine e-commerce landscape, competition is increasingly extending beyond large online platforms. While these larger players possess significant reach and resources, more targeted players can carve out a niche for themselves by leveraging model differentiation and personalization.

#### UNIVERSAL PLATFORMS

##### GENERATING AWARENESS

Monthly Website Visits in Q2 2022 (in millions)



#### SPECIALIST PLAYERS

##### DRIVING PURCHASES

##### CULTIVATING LOYALTY

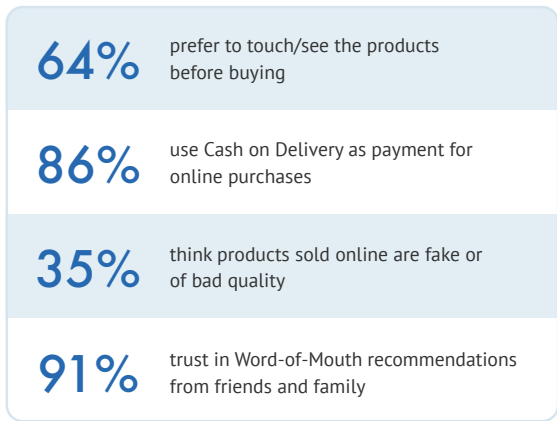
	E-commerce Engagement Models		Operational Strategies		
	Social / Live Commerce Model	Online-to-Offline Model (O2O)	Direct-to-Consumer (D2C) Strategy	Use of ML & AI	Loyalty Programs
<b>Value Proposition</b>	Live interactions boosting authenticity and informed decisions	Online browsing for convenience and offline locations for assurance	Direct access to reliable products and consistent user experience	Hyper-personalization improving customer satisfaction	Rewards increasing brand affinity
<b>Examples</b>	<ul style="list-style-type: none"> <li>Live product demos</li> <li>Influencer promotions</li> </ul>	<ul style="list-style-type: none"> <li>Online ordering, in-store pickup</li> <li>Physical pop-up stores</li> </ul>	<ul style="list-style-type: none"> <li>Sales via brand-owned website</li> <li>In-house mobile applications</li> </ul>	<ul style="list-style-type: none"> <li>Personalized product recommendations</li> <li>Customer service chatbots</li> </ul>	<ul style="list-style-type: none"> <li>Exclusive member discounts</li> <li>Points-based rewards system</li> </ul>
<b>Common Product Categories</b>	Fashion, cosmetics, gadgets, lifestyle	Apparel, electronics, furniture, groceries	Fashion, footwear, cosmetics	Fashion, hobby goods, books, beauty products	Fashion, health, general merchandise

Source: Statista, Press releases, Company websites, BCG analysis

There has been initial success among platforms and brands that tailor their offerings to align with the unique preferences and aspirations of the Filipino consumer. This approach has not only proven effective in driving purchases, but has also played a role in enhancing engagement and loyalty.

As Filipino consumer behaviors continue to evolve quickly, e-commerce players need to address several characteristics of the Filipino consumer, including their preference for offline purchases, persistent trust issues with security and quality of purchasing online, and the influence of personal relationships. By understanding these idiosyncrasies, and incorporating emerging engagement models and innovative operational strategies, specialist players can continue to increase sales and retention.

Amidst the challenges and opportunities outlined, the key to sustained success for e-commerce brands and platforms lies in adaptation to the local market dynamics, cultivation of trust among customers, and high engagement within user communities. As the digital realm evolves, those who navigate these elements skillfully are poised for continued growth.



Source: BCG, Nielsen

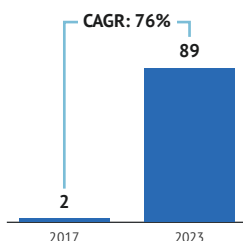
## FINTECH

Digital financial services have increasingly become part of the daily life of the Philippine population. Account ownership at a financial institution or a mobile-money-service provider grew from a third of the adult population in 2017 to over 50% in 2021. GCash, the leading e-wallet in the Philippines, saw its customer base quadruple

from 20 million customers in 2019 to 86 million in 2023.

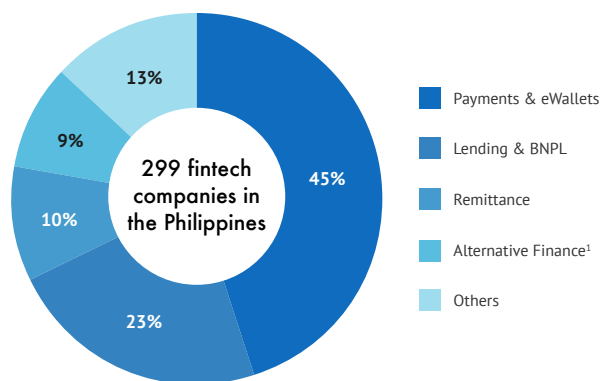
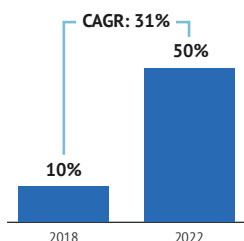
Today, Filipinos have access to an increasing number of fintech solutions, from everyday digital payment options to financial products for investing, borrowing, and remittances.

**NUMBER OF ACTIVE eMONEY ACCOUNTS**  
(in millions)



Source: World Bank, GCash, BSP, Foxmont analysis

**SHARE OF DIGITAL PAYMENTS BY VOLUME**



1. Includes WealthTech, InsurTech, PropTech, Crowdfunding

Source: Fintech Report Philippines 2023

This breadth in financial services is increasingly impacting the way financial transactions are made every day; the Bangko Sentral ng Pilipinas (BSP) announced that it has reached its goal to shift 50% of all retail payments in 2023 from cash to digital, up from 31% in 2021 and 42% in 2022.

## PLAYERS NEED NEW WAYS TO WIN BEYOND USER ACQUISITION

Broadly, there are two emerging trends that fintech players are adopting as they identify opportunities beyond user acquisition.

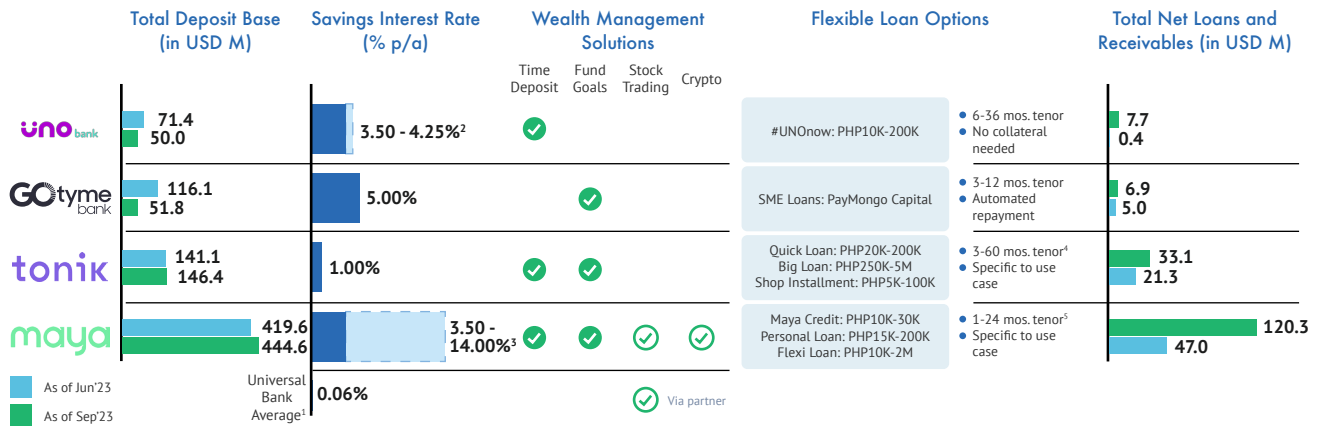
### 1. USER FOCUS

Digital banks are securing users by offering above market deposit rates, wealth solutions, and further monetizing by promoting flexible lending solutions. The growth in net loans and receivables,

along with the variety of loan products offered, indicates a pivot towards customized credit options.

## DEPOSITS AND WEALTH MANAGEMENT

## CREDIT AND LOANS



1. Products of Top 3 Philippine Banks according to BSP Total Deposits (BDO Passbook Savings, Landbank Regular Passbook, BPI Regular Savings) PHP5K-4.9M; 1% if >PHP5M. 2. 4.25% if deposited amount is PHP5K-4.9M; 1% if >PHP5M. 3. Tiered based on eWallet spend. 4. Differ based on loan product. 5. 36- and 48-month tenor coming soon, differ based on loan product.

Source: Bangko Sentral ng Pilipinas, Company websites, Press releases

## 2. VERTICALIZED SOLUTIONS

Verticalized and tailored solutions are also emerging to provide more focused offerings to specific segments and use-cases, particularly in invoicing, accounting, credit, and insurance for SMEs.

	SIZE-SPECIFIC							INDUSTRY-SPECIFIC			
	SME-focused			SME & Enterprise				Sari-Sari Store	F&B		
	RuralNet	mochi	nextpay	serout SOLUTIONS	TAXUMO	First Circle	advance	Peddlr.	packworks	UTAKPOS	mosaic
Starting Business	Insurance	AR Management	Disbursements	HR Solutions	Tax Solutions	Business Loans	Salary Advances	Sari-Sari Store Solutions	Sari-Sari Store Solutions	Sari-Sari Store Solutions	F&B Solutions
Invoicing/POS		✓	✓ <sup>6</sup>					✓		✓	✓
Insurance	✓										
Accounting			✓	✓	✓			✓	✓		
Credit						✓	✓				
Disbursement			✓								✓

6. Payment acceptance discontinued Jan 2024, invoicing service still offered

Source: Company websites, Press releases

In the midst of the oversaturation within the digital services space, the potential for substantial growth remains abundant. By directing attention towards enhancing usage and maximizing monetization opportunities within their existing client base, businesses can carve out a path for sustained success in this competitive environment.

## LOOKING FORWARD: WHAT'S NEXT FOR E-COMMERCE AND FINTECH

In both e-commerce and fintech, a prevalent pattern has emerged where companies are expanding their product ecosystems, transcending their original sectors, in order to deepen their value proposition.

The graph on the right shows how the country's major e-commerce and fintech players have started to move beyond their original use case to a multi-usage platform. By cross-selling products and services amongst customers, these companies have simultaneously grown their user base as well as increased customer stickiness and user monetization by creating all-in-one platforms.

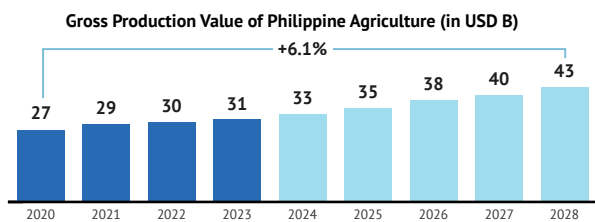
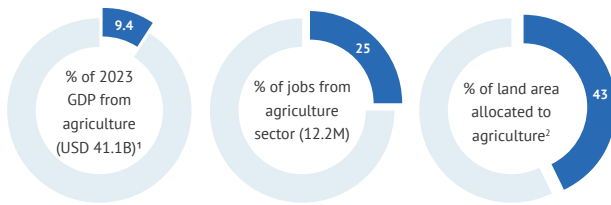
	GCash	maya	Shopee	Lazada
Marketplace			✓	✓
Payments	✓	✓	✓	✓
Insurance	✓	✓	✓	
Savings	✓	✓	✓	
Lending/BNPL	✓	✓	✓	✓
Wealth Management	✓	✓		
B2B Services	✓	✓		
Sari-Sari Store Services	✓	✓		

✓ Recent Feature (2021 onwards)    ✓ Existing Feature    ✓ Original Feature

Source: Company websites, Press releases

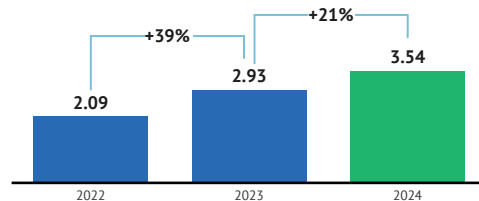
# EMERGING SECTOR: AGRITECH

Agriculture holds a significant role in the Philippine economic development in the coming years, and is therefore a growing sector of public support:



1. At current prices  
2. As of 2021

Philippine Agriculture Budget (in USD B)



**Coconut Farmer and Industry Development Plan (2022)**

USD 1.34B fund to modernize the coconut industry and increase the income and competitiveness of coconut farmers

**ADB Policy-Based Development Financing (2023)**

USD 500M loan to expand opportunities in Philippine agriculture, supporting the Competitive and Inclusive Agriculture Development Program

Source: Philippine Statistics Authority, Philippine News Agency, Statista, World Bank

However, major gaps remain across the agricultural value chain, resulting in inefficiencies:



Price volatility and instability



Food loss and wastage



Reliance on imports<sup>3</sup>



Low yield productivity<sup>4</sup>

3. PH Cereal Yield (kg/hectare) in 2021 is 28% lower than Indonesia and 54% lower than the US  
4. 24% Rice Import Dependency Ratio in 2022

With 92% of farms classified as smallhold<sup>5</sup>, there are opportunities to reduce existing friction in financing, knowledge, and distribution for farmers:



**Insufficient Knowledge**

- Poor agronomic practices:** Incorrect usage of equipment and inputs, inefficient farming methods, and improper handling
- Digital tools:** Apps guiding farmers on farming best practices, weather conditions, and market information
- Novel farming systems:** Tech-enabled farming methods like hydroponics, aquaculture, regenerative agriculture
- Susceptibility to external risk factors:** Exposure to climate uncertainty, pest infestations, and inaccurate market demand
- BioTech:** Gene-editing and biologics that enhance yield, nutrients, and resilience (e.g., seed treatments, alternative proteins, fortified foods)

**Limited Access to Financing**

- Limited access to capital for purchase of quality farming inputs, farming and transportation equipment, and automation
- Risk mitigation financial products:** Weather-indexed crop microinsurance, smart contracts to sell produce at predetermined prices
- Digital lending mechanisms:** P2P platforms, crowdfunding marketplaces, microloans

**Fragmented Network and Infrastructure**

- Inadequate storage & cold-chain facilities
- Insufficient processing capacity
- Logistical delays and reliance on agri-traders
- Precision and mechanized farming:** Use of IoT and mechanized equipment (e.g., GPS-guided tractors for planting, soil-moisture sensors, drone imagery)
- Digital platforms:** Farm-to-table marketplaces, eGrocery platforms
- Logistical solutions:** Transport management systems, cold-chain logistics, paved rural roads

5. < 3 hectares; 58% is < 1 hectare.

Source: Philippine Statistics Authority, World Bank, BCG analysis, Company websites

# VENTURE PERSPECTIVES



The Philippines is endowed with a fertile landscape and a workforce deeply rooted in agriculture. Yet, despite the 24% of Filipinos working in the agriculture sector, it faces immense challenges. One major hurdle is the limited access to finance, hindering modernization, innovation, and productivity.

This persistent lack of financing has impeded Philippines farmers' ability to be productive, as they continue to rely on traditional methods of agriculture. But if lenders do not cater to farmers, farmers cannot change their ways and increase productivity. It's the classic chicken-and-egg problem.

## Lending woes in the agriculture sector

Despite the government's efforts to encourage greater involvement of banks in the agriculture sector through policies like the Agri-Agra Reform Credit Act of 2009, which mandates that banks allocate 25% of their loanable funds to agriculture, there remains a significant credit gap of USD 6.6 Billion. Banks often face challenges such as high administrative costs and considerable default risks when lending to the agriculture sector. Regional lenders and the rising digital banks do want to work with farmers by providing more flexible financing constructs, but they either lack the feet on the street to scale or don't have a large enough balance sheet to build a meaningful loan book yet.

## Reasons for low loan participation

Several factors contribute to this hesitation from the banking industry to give out agricultural loans:

**Unbanked Farmers:** due to the lack of credit history, most farmers don't qualify for banks' underwriting requirements. In addition, most farmers' income is infrequent, fluctuating with the harvest cycles, making it difficult to assess their credit worthiness.

**Inability to monitor end-use of the loan:** as most farmers' loans are disbursed in cash, there is no monitoring mechanism to oversee such risky loans. Some farmers end up utilizing the loans for their personal consumption rather than productive farming.

**Unpredictable weather conditions:** as farmers' repayment solely depends on the yield of the crops, unpredictable factors such as weather can make lending a risky investment. In 2022, for example, typhoon Rai destroyed more than 420,000 hectares of land in the Philippines.

## Hope on the Horizon

But amidst these challenges, glimmers of hope emerge:

**Focus on B2B and B2B2C approach:** Fintech lenders who lend through agents or cooperatives mitigate the underwriting and collection risk, as these middlemen can help collect crop information and product quality from the farmer to use as credit scoring parameters to consider whether they are lending to the right borrowers. TechCoop is such an example of working closely with SMEs and cooperatives to provide input financing for farmers in Vietnam. The financing also comes in the form of seedlings and fertilizers instead of cash, ensuring the money goes to productive use rather than personal use.

**Expanding insurance coverage:** By mitigating the risks associated with natural disasters and crop failures, insurance acts as a shield, encouraging banks to view agricultural loans with greater confidence. Proposed schemes like automatic crop insurance hold immense promise in this regard. GramCover offers comprehensive insurance coverage to farmers in India across the whole crop lifecycle, helping them mitigate output risk and price risk. Farmers under such insurance coverage have a more predictable cashflow and more likely to get financed.

**Neighboring success stories:** countries like Thailand and Indonesia offer valuable lessons in agricultural banking reform. The Bank for Agriculture and Agricultural Cooperatives (BAAC) in Thailand and Bank Rakyat Indonesia (BRI) have successfully facilitated financing for their respective agricultural sectors, and should serve as successful models for its neighboring countries to adapt and learn from, according to the International Monetary Fund.

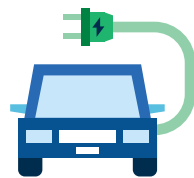
While the journey towards a financially empowered agricultural sector in the Philippines is challenging, addressing lending reluctance and embracing innovative solutions can unlock the true potential of its agri-tech revolution. By learning from both domestic challenges and successful international models, the Philippines can pave the way for a more secure and prosperous future for its agricultural heartland.

# EMERGING SECTOR: CLEANTECH

The Philippines demonstrates potential for growth across multiple sub-sectors within the cleantech industry:



## TRANSITION TO RENEWABLE ENERGY



## ELECTRIFY TRANSPORT AND MOBILITY



## ADOPT THE CIRCULAR ECONOMY

<p>There are innovations around reducing carbon emissions, targeting the largest emitters by sector</p>	<p>Solar Power</p> <p>Hydroelectric, Wind and Bioenergy</p> <p>Energy Storage Solutions</p> <p> </p>	<p>Electric Vehicles</p> <p>Charging Infrastructure</p> <p>Battery Swapping</p> <p> </p>	<p>Plastic and Carbon Credits</p> <p>Material Innovations</p> <p>Waste Recycling</p> <p> </p>
<p>% contribution to 2020 CO2 emissions in the Philippines</p>	<p>54%</p>	<p>21%</p>	<p>9%</p>
<p>Current State</p>	<p><b>Government shows strong support for renewables</b></p> <p>Government targets renewable energy (RE) generation mix of 35% in 2030, and 50% by 2040 from current 22%<sup>1</sup></p> <p>Support includes Feed-in-Tariffs, Net Metering, Renewable Portfolio Standards, Green Energy Option and Green Energy Auction Program</p> <p>Full foreign ownership of RE assets recently allowed<sup>2</sup></p>	<p><b>Market signals early adoption of new technology</b></p> <p>The Philippines has ~16K<sup>3</sup> EVs and ~900 EVCS (338 registered)<sup>4</sup></p> <p>Government to rollout 2.5M EVs, 65K EVCS within 2023-2028, to achieve 10% EV share</p> <p>EVIDA, CREVI issued tariff reductions, non-fiscal incentives (no-coding schemes, dedicated parking, priority registration), and fleet electrification targets</p>	<p><b>Waste issues pose EPR implementation opportunities</b></p> <p>16K MT waste is generated in the Philippines daily, 24% is plastic<sup>4</sup></p> <p>The Philippines produces 163M plastic sachets, 93M shopping and thin-film bags daily; 33% go to landfills, 35% to oceans<sup>5</sup></p> <p>Extended Producer Responsibility (EPR) mandates producers to be responsible for product end-of-life; Firms with waste management programs gain fiscal benefits, non-compliance risks fines and suspension</p>
<p>Opportunity Areas</p>	<p><b>Solar Power:</b> PV material development; Building-integrated PVs in urban developments</p> <p><b>Energy Storage:</b> Development of longer-duration batteries to store RE; Residential and commercial battery storage solutions</p> <p><b>Hydroelectric, Wind, and Bioenergy:</b> Micro-hydro power systems; Residential wind turbines; Biofuels</p>	<p><b>EVs:</b> Sale of affordable EVs; EV ride-sharing and fleet services; Public transit (eJeep, eTrike)</p> <p><b>Charging Infrastructure:</b> Smart charging networks; EVCS operator; Installation &amp; maintenance services</p> <p><b>Battery Swapping:</b> Battery-as-a-Service; Swapping operators; Customizable batteries and stations</p>	<p><b>Plastic &amp; Carbon Credits:</b> Credit marketplaces; Material offset programs</p> <p><b>Material Innovations:</b> Biodegradable packaging; Textile upcycling; Eco-construction materials</p> <p><b>Waste Recycling:</b> Recycling hubs; Urban organic waste farming; Community-based collection banks</p>

1. In 2022  
 2. Amended in 2022 from previous 40%  
 3. In 2023  
 4. As of Oct 2023  
 5. According to DENR Sec. Loyzaga

Source: Climate Watch, CREVI, DENR, DOE, EVAP, Our World in Data, Press releases, BCG analysis

# VENTURE PERSPECTIVES



## Creating enduring impact by solving real-world problems

If the funding winter has taught us one undeniable truth, it would be this: the power of addressing real-world problems. Ventures that thrive during downturns and withstand cost cuts are the ones solving genuine pain points and delivering unmistakable value to their communities.

Our investment thesis has always revolved around supporting entrepreneurs with unique solutions to real, compelling local problems in Southeast Asia, particularly in the domains of enterprise/B2B, deep tech, and sustainability.

In the Philippines, we're not short of meaningful problems to solve – recent reports by the Inquirer have shown that the Philippines is among the countries lagging behind in attaining the United Nations Sustainable Development Goals (SDGs). On the right are some of our ventures in the Philippines that are making a difference in various SDGs.

We believe that technology companies arguably hold the most promise in bridging societal gaps through highly disruptive and defensible solutions that can be adopted at scale.

That's why over the years we have aimed to be more intentional about the impact our portfolio creates. As part of our ESG efforts, we introduced a rigorous mapping process where we track the SDGs that our portfolio companies actively contribute to.

We also launched our maiden US\$60M climate tech impact fund, Wavemaker Impact (WMI), which co-funds sustainability startups with proven entrepreneurs to help significantly reduce the global carbon budget. Every WMI venture is a '100x100' company, with the potential to abate 100M metric tons of carbon and reach US\$100M revenue.

While the Philippines grapples with massive challenges, these do not deter us from being excited about the ecosystem. In fact, we are sincerely enthusiastic about the founders who can find solutions to these issues.

We recognize that the most meaningful problems may not always be the most glamorous or easiest to solve. Yet, it is precisely in tackling these challenges that enduring impact is made – both on the balance sheet and in the lives of people. Moreover, we do not require that solutions be trendy or have global comparables; we prefer founders building local companies that are not simply replicating famous startups from other parts of the world.



**growsari**

Growsari, which started out as an ordering platform for sari-sari stores, has expanded into a full-fledged ecosystem with logistics, telco loading and loan services, creating around 3,000 jobs through both directly and indirectly employed personnel.



**komunidad**

Komunidad helps businesses, governments, and communities in climate change adaptation and mitigation through localised risk analysis, disaster management, and automated sustainability data, impacting over 50 million people with early warnings and assisting 300+ businesses in sustainability management.



**Lhoopa**

Lhoopa addresses the Philippines' affordable housing shortage by leveraging data and algorithms to identify undervalued properties, partnering with small contractors and sellers for efficient house development and sale, having sold over 3,000 homes to low-income families.

# EMERGING SECTOR: AI

AI is a top strategic priority globally, but is facing implementation challenges:



71% of leaders plan to increase their company's tech investments in 2024



85% will increase their spending on AI in 2024



54% of leaders expect AI to deliver cost savings in 2024



Only 6% of companies have managed to train more than 25% of their people on AI tools



45% of leaders mentioned that they do not have guidance on AI use at work

Over half of those leaders expect cost savings to be more than 10% from operations, customer service, and IT

There are 3 main issues being experienced by companies in Southeast Asia

- No country in Southeast Asia has legally binding legislation on AI, although national strategies have been released/drafted<sup>1</sup>
- Quality data collection, IP issues, and ethical use complicate adoption
- IT and AI talent are still in short supply

1. The Philippines is one of first 50 countries globally to have a national AI strategy, as the Department of Trade and Industry launched a roadmap in 2021

Source: BCG analysis, Oxford Insights

AI unlocks value across all digital sectors, with use-cases in the startup scene



Sales & Marketing	Product & Customer Support	Legal & Risk	Finance & HR	Security
<ul style="list-style-type: none"> <li>• Predict market demand using local trends</li> <li>• Curate ads reflecting target market's interests</li> <li>• Identify key local influencers for brand promotions and tie-ups</li> <li>• Generate content that resonates with the community</li> <li>• Optimize marketing campaigns and ad spend based on real-time analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Improve user experience based on gathered feedback</li> <li>• Develop interactive and guided product tutorials</li> <li>• Provide instant support to resolve issues 24/7</li> <li>• Personalize chatbot service in local languages</li> <li>• Issue dashboard and analytics for merchants</li> </ul>	<ul style="list-style-type: none"> <li>• Review documents and identifies risk areas</li> <li>• Draft supplier contracts</li> <li>• Automate underwriting and credit decisioning</li> <li>• Personalize loan interest rates and insurance premiums</li> <li>• Process repayments and insurance claims</li> </ul>	<ul style="list-style-type: none"> <li>• Assess financial health and automate report creation</li> <li>• Manage and forecast budgets</li> <li>• Source, screen, and recruit talents</li> <li>• Benchmark salaries with relevant market rates</li> <li>• Personalize employee development pathways for training</li> </ul>	<ul style="list-style-type: none"> <li>• Detect unusual network activity and fraud</li> <li>• Identify suspicious email and transactions</li> <li>• Verify authenticity based on behavioral patterns</li> <li>• Block malicious software</li> <li>• Automate incident response and resolution</li> </ul>

Source: BCG analysis

## SOURCY

### Case study: a global sourcing partner for businesses

Sourcy is a B2B commerce platform that has been using generative AI to help businesses discover, develop, and source consumer products with minimal friction.

One standout initiative is Sourcy's AI-powered data analytics, where the power of large language models such as GPT-4 synthesizes Sourcy's proprietary data and product details of e-commerce top sellers to forecast consumer demand and specify the winning attributes in each product category. Design mock-ups and technical specifications are generated based on Sourcy's Winning DNA and then brought to life through their network of contracted manufacturers.

Sourcy also leverages AI-driven chatbots that significantly improve response times and resolution rates by handling routine customer and supplier inquiries, and AI-powered automation for the collection and sanitization of product information and logistics costs forecasting.

## etaily

### Case study: an e-commerce enabler

Etaily provides end-to-end omni-channel e-commerce services to brands.

Etaily has been using AI in the realm of customer service within the e-commerce space, offering human-like responses to negative reviews, converting dissatisfaction into positive experience, and therefore increasing brand loyalty and trust. Prior to AI, labor-intensive processes were utilized to actively manage portfolios feedback. At present, every customer's concern is managed daily, all while saving cost and manpower time and increasing speed of response.

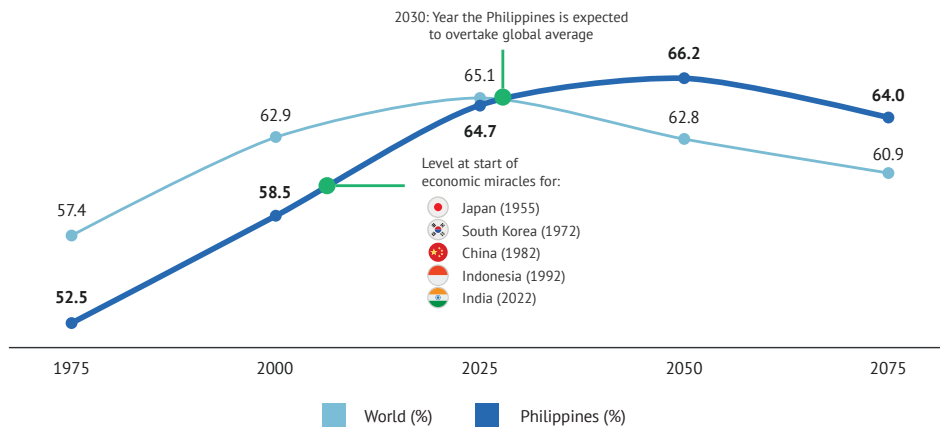


# THE DEMOGRAPHIC DIVIDEND

## A GROWING WORKING-AGE POPULATION THAT SETS THE PHILIPPINES UP FOR SUCCESS

By 2075, the Philippines is expected to be the world's 14th largest economy. In Goldman Sachs' 2075 Global Economics paper, this growth can be heavily attributed to "demographic factors."

### GROWING WORK FORCE

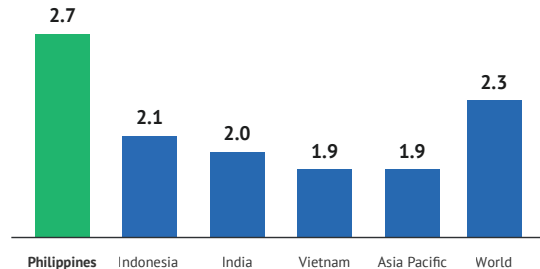


aged 15-64 (as a % of population) for the World vs. the Philippines from 1975-2075

Source: United Nations, World Bank, Foxmont analysis

When compared to regional peers, Philippine fertility rates remain high. The country has also continued to experience the fastest decline in its dependency ratio, which measures the proportion of dependents to total working-age population. As such, the Philippines has seen a consistently growing working age population since the 1960's, with the UN projecting the Philippines to have the world's 5th largest working-age share of population by 2050. Together with declining demographics in developed economies such as Japan, France, and the United Kingdom, the Philippines is expected to be among the largest economies in the coming decades.

### FERTILITY RATES 2023

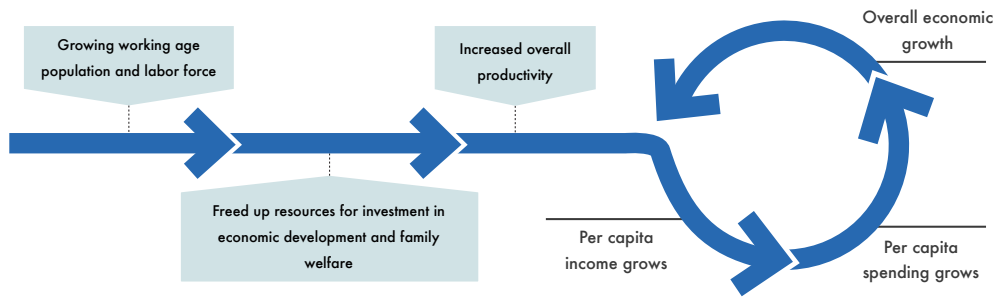


Source: World Bank

Ranking	1980	2022	2075
1	United States	United States	China
2	Japan	China	India
3	Germany	Japan	United States
4	France	Germany	Indonesia
5	United Kingdom	India	Nigeria
6	Italy	United Kingdom	Pakistan
7	China	France	Egypt
8	Canada	Canada	Brazil
9	Argentina	Russia	Germany
10	Spain	Italy	United Kingdom
11	Mexico	Brazil	Mexico
12	Netherlands	Korea	Japan
13	India	Australia	Russia
14	Saudi Arabia	Mexico	Philippines
15	Australia	Spain	France

Legend: Top 15 in 1980 (light blue), New in 2022 (medium blue), New in 2075 (dark blue)

Source: Goldman Sachs

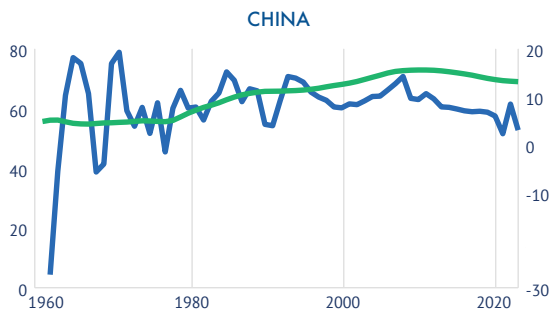


With a large working age population comes the opportunity for a country to reap the benefits of a “demographic dividend.” This is when the working age population continues to grow as a percentage of total population, leading to a larger labor force than the population dependent on it, therefore freeing up resources for investment in economic development and family welfare. Because of this, per capita income can grow, and per capita spending with it. One’s spending is another’s income, and so the cycle continues. As such, with overall increased population productivity and spending,

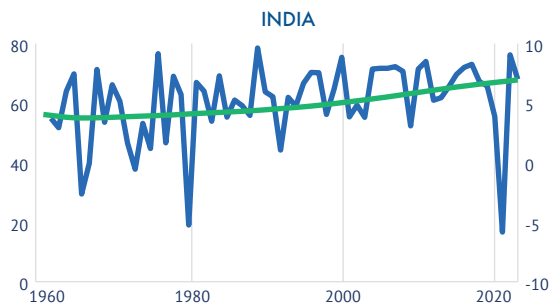
the Philippines is positioned favorably to experience heightened levels of GDP growth and overall economic activity.

History has already shown the benefits of a demographic dividend in other countries; according to the New York Times, “about a third” of the economic growth in the 20th century in South Korea, China, Japan and Singapore can be explained by working-age population growth.

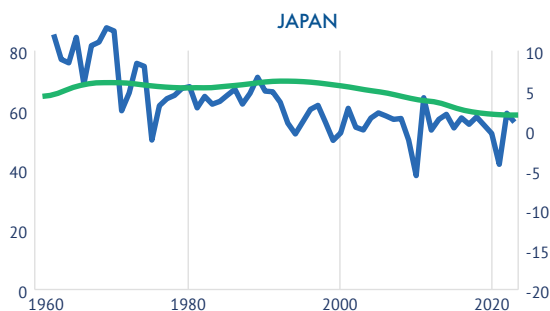
■ Economies' working age population as a % ■ Real GDP growth



Source: World Bank



Source: World Bank



Source: World Bank

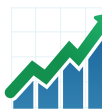
As seen to the left, there has been a generally positively-correlated trend between the working age population and the GDP growth rate.

Having a strong working age population could aid the Philippines in avoiding problems that many developed and aging countries are facing today. Some of the major benefits that could arise from a younger population are:



#### ENHANCED RETIREMENT OPTIONS

With a higher number of active workers, individuals may have more flexibility in choosing when to retire, allowing for a more fulfilling and balanced work-life transition



#### ACCELERATED ECONOMIC GROWTH

A growing workforce can lead to increased economic expansion, as more people are able to drive innovation, productivity and consumer demand



#### GOVERNMENT FINANCIAL STABILITY

A younger population can alleviate budgetary pressures on public finances, reducing the risk of government budget crises and allowing for more investments in public services and infrastructure



#### AFFORDABLE HEALTHCARE

With a lower proportion of elderly citizens, healthcare costs may be more manageable, leading to a more sustainable and efficient healthcare system

With all these potential benefits, the Philippines is well-positioned to succeed. However, demography is not destiny, and the dividend is not automatic. As such, fully realizing this potential requires the implementation of several strategic steps to effectively leverage the demographic dividend:

## 1. CREATING JOB OPPORTUNITIES

First, having enough jobs for the working-age population is the most critical component in leveraging the demographic dividend. Without them, a growing working-age population will drive instability rather than growth as less income will be earned over a larger population. Since 2010, the Philippines has been able to consistently increase the number of employment opportunities

by 1.7% per year, outpacing the yearly growth of 1.4% observed among individuals employed and actively looking for employment. Unemployment is back to 6.3% again in 2023. The emphasis on prioritizing job opportunities remains a focus of the Philippine government, with multiple policies included in its 2023-2028 Philippine Development Plan (PDP):

### GOVERNMENT INITIATIVES



#### REVITALIZE INDUSTRY

Ratification of the Regional Comprehensive Economic Partnership (RCEP) - **A free trade agreement** among 15 countries comprising the ASEAN-10 and Australia, China, Japan, South Korea, and New Zealand. Joining the RCEP can significantly **enhance the country's market access and supplier base of the Philippines.**



#### ADVANCE RESEARCH AND DEVELOPMENT, TECHNOLOGY AND INNOVATION

Establishment of the Science for Change Program and appropriation of funds thereof - The bill seeks to institutionalize the Science for Change (S4C) Program of the DOST to **address the inadequacies in the field of research and development** and to enable the nation to be globally competitive, and equipped to **provide knowledge-driven solutions** and evidence-based responses in resolving the nation's challenges.



#### REINVIGORATE SERVICES

Update of RA 10372 - **commercialize technologies** and support the development of creative industries, placing higher value on intellectual property creation, protection, utilization, and commercialization that will allow the Philippines to become a modern and **productive global leader providing higher value-adding services**



#### PROMOTE COMPETITION AND IMPROVE REGULATORY EFFICIENCY

Amendment of Magna Carta for MSMEs (RA 9501, amending RA 6977) - **Improved financial support and technical capacity-building programs** for micro, small, and medium enterprises (MSMEs). The streamlining of permits and requirements will also help to **reduce barriers to entry**, allowing for a more inclusive and competitive entrepreneurial landscape.

Accordingly, by revitalizing the industry, reinvigorating the services sector, furthering the advancement of R&D and innovation, promoting trade and investment, and improving regulatory efficiency, the Philippines is poised to accelerate its employment opportunities and foster heightened business vibrancy in the foreseeable future.

## 2. IMPROVING THE QUALITY OF TALENT

Second, even with enough jobs for the working-age population, to fully leverage the demographic dividend, the Philippines must also maximize how productive the working-age population is. Since 2010, the labor productivity in the Philippines has shown steady growth, heavily attributed to the improvement of educational attainment in the country with 62% of the working age population having achieved secondary education or higher by 2019, up from 56% in 2010. Despite this, however, surveys show that the Philippines still falls behind its regional counterparts when it comes to basic digital skills. While the 2023-2028 Philippine Development Plan (PDP) does include initiatives to improve the overall quality of talent such as the Enhanced Basic Education Act of 2013, which revisits the K-12 curriculum to make graduates more readily employable, or the Productivity Incentives Act which aims to reinforce labor productivity

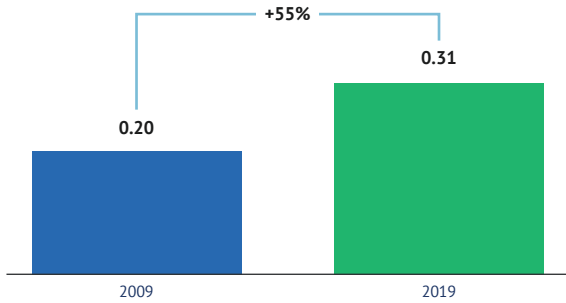
through productivity incentive programs for employees, there is a pressing need for more targeted efforts specifically geared towards enhancing digital skills. Initiatives within the private sector can also help complement those undertaken by the public sector. Take, for example, the National IT Talent Development Partnership between The Information Technology and Business Process Association of the Philippines (IBPAP) and StackTrek, a global training startup. This partnership adopts a two-pronged strategy to improve the quality of tech talent in the country. First, by upskilling existing IT talent and equipping them with modern engineering stacks; and second, by reskilling non-IT talents and teaching them basic skills required for entry-level developer roles. Such joint initiatives are what will help create a more competitive and productive tech workforce in the Philippines.

### 3. PROMOTING ENTREPRENEURSHIP

The third level of fully leveraging the demographic dividend comes after ensuring that there are enough jobs and maximizing the productivity of the working-age population—by encouraging opportunities for entrepreneurship. In the Philippines, as the

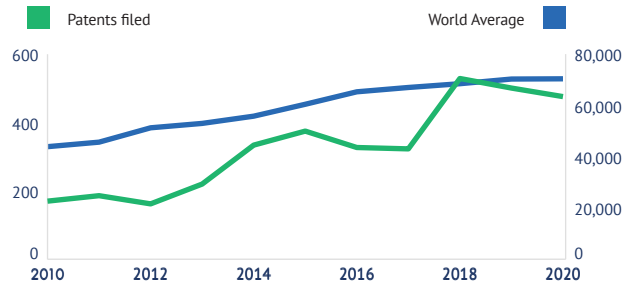
demographic has continued to become younger, there has been an increase in the number of new business registrations per 1,000 people and an increase in the number of patents filed, suggesting a shift towards a more innovative and entrepreneurial mindset.

NEW BUSINESS REGISTRATIONS PER 1,000 PEOPLE



Source: World Bank

PATENTS FILED BY FILIPINOS IN COMPARISON TO GLOBAL AVERAGE



Source: World Bank

Encouragingly, some of the aforementioned policies such as the updating of RA 10372 and the amendment of RA 6977 directly facilitate pursuits of entrepreneurship, and the private sector has numerous progressive initiatives in place towards the same direction.

With the presence of more technology business incubators, accelerators, angel investors and early stage venture capitals as shown in Section III, aspiring entrepreneurs now have very early stage support that was never available or easily accessible in the past.

Universities like Ateneo de Manila University (AdMU) have multiple offices such as the Ateneo Intellectual Property Office

and Business Resource Center that includes in-house lawyers and financial advisors to aid entrepreneurial students in dealing with legal and financial matters. Student organizations, such as BYTE (Building Young Tech Entrepreneurs) and YES (Young Entrepreneurs Society Philippines), provide the youth a support system that promotes healthy competition and interpersonal learning across individuals from many diverse backgrounds.

Though there remains considerable work ahead to fully reap the benefits of the Philippine demographic dividend, key initiatives are already underway, and we firmly believe that our time is now.

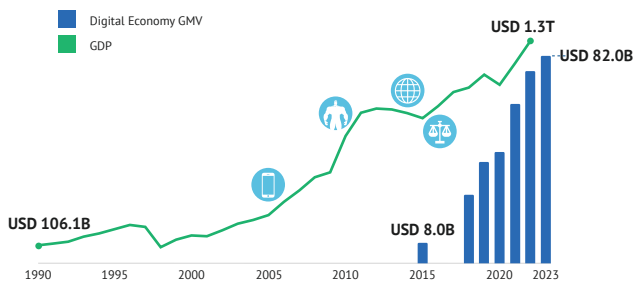
# INFLECTION POINTS

The Philippines stands on the brink of a transformative era in its startup ecosystem. This journey is not isolated, and has at times taken inspiration from the paths taken by neighboring giants such as China, Indonesia, and India. Each of these nations has carved a unique narrative within their startup ecosystems, providing invaluable lessons and foresight for the Philippines. Researching their stories can help us discover potential inflection points for the Philippines that can signal a future ripe with opportunity and growth.

Understanding these inflection points is crucial for stakeholders in the startup ecosystem. In this context, an inflection point can be a technological breakthrough, a regulatory change, a major market shift, or a combination of these factors. It is a moment when the fundamental rules of the market begin to change, opening up new opportunities for innovation and growth. For investors, founders, and policymakers, recognizing and adapting to these inflection points can mean the difference between thriving and falling behind.

A quick look: The technological startup journeys of Indonesia, China and India

## INDONESIA



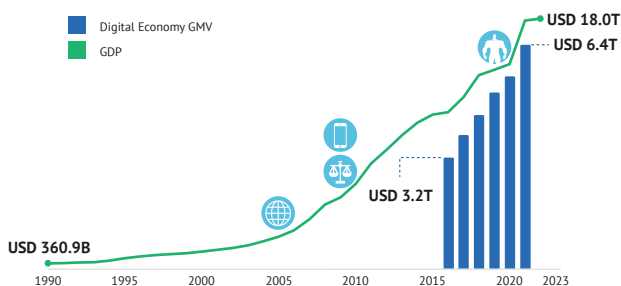
Source: Crunchbase, e-Economy SEA report 2023, Financial Times, World Bank, Press releases, Foxmont analysis

- Smartphone & Internet Adoption  
Mass digitization by way of BlackBerry and its BBM
- Rise of Tech Giants  
Rise of e-commerce and online marketplaces such as Tokopedia and Bukalapak
- Presence of International Investors  
Entry of Sequoia and SoftBank into the Indonesian market
- Government Support  
Launch of the Digital Startup Movement

The Indonesian digital economy transformed significantly due to four major triggers. First was mass digitization in the early 2000's as witnessed by way of BlackBerry and BBM, with Indonesia emerging as the largest market for these technologies outside of North America. The second and third major catalysts were the rise

of homegrown tech giants like Tokopedia and Bukalapak, which then led to attention from international investors keen on making investments. Lastly, the support of the government through its many programs such as the 1,000 Digital Startup Movement, helped sustain the growth of their tech ecosystem.

## CHINA



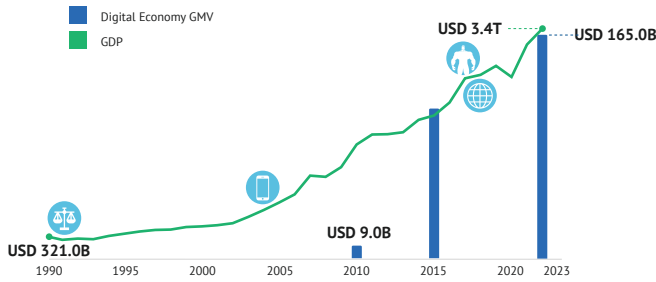
Source: MPDI, World Bank, Company websites, Press releases, Foxmont analysis

- Presence of International Investors  
Entry of Sequoia into the Chinese market
- Smartphone & Internet Adoption  
Release of Huawei's first Android smartphone
- Government Support  
Government initiatives boost domestic players
- Rise of Tech Giants  
Rise of Alibaba, Tencent, and Baidu

For China, their digital economy was transformed in 2009 when the government put increased focus on supporting domestic services and apps. By doing so, local social media platforms like WeChat took the spotlight. Within the same year, Huawei released their first-ever smartphone in China. Since then, China's local players have continued to dominate their digital economy, growing it to one of the top tech hubs in the world. In 2017, local tech giants

like Alibaba, Tencent, and Baidu began to expand, contributing to Beijing's title of being dubbed as the number one tech city in the world in the same year. China has continued to encourage domestic innovation and participation by launching STAR Market in 2019, a NASDAQ-like stock exchange focused on technology and innovation-driven companies.

## INDIA



Source: India e-Economy Report 2023, McKinsey, Ministry of Electronics & Information Technology, Statista, World Bank, Reserve Bank of India, Press releases, Foxmont analysis

IT Services have continued to be at the center of the Indian digital economy. In 1991, the Software Technology Parks of India (STPI) was created with to promote software exports from India. The same year, the government put forth the Liberalisation, Privatisation, and Globalisation (LPG) Reforms, with the hopes of encouraging

- Government Support  
Creation of Software Technology Parks of India (STPI)  
Liberalisation, Privatisation and Globalisation (LPG) Reforms
- Smartphone & Internet Adoption  
Mobile phones overtake landline connections
- Rise of Tech Giants  
Growth of IT Services and Outsourcing
- Presence of International Investors  
Acquisition of Flipkart by Walmart

competition, as well as boosting India's GDP. Since then, Indian tech companies have dominated. In 2017, companies like Infosys, TCS, and Wipro gained global traction by outsourcing. In 2018, international investment in India grew as Walmart invested in a local startup called Flipkart.

## WHAT OUR NEIGHBORS TELL US

Generally there is no plug-and-play pattern, and each nation has specific cultural practices and motivations, greatly influencing what defines their pivotal point. However, there are common patterns that can be observed:



### SMARTPHONE AND INTERNET ADOPTION

Adoption of technology can only really be achieved if the general public has the means to access these. This includes access to smartphones by way of a broad, affordable range of phones, as well as access to high-speed internet by way of healthy public and private spending on digital infrastructures ranging from broadband and wireless networks, data centers, to digital payment systems.



### THE RISE OF TECH GIANTS

Tech giants are the trailblazers who pave the way for startup success. A discernible pattern is that digital adoption becomes a lot more aggressive in communities already familiar with digital solutions. Therefore, the widespread use of these apps, typically ride hailing, food delivery, e-commerce or fintech apps, plays a significant role in reducing overall reluctance towards adopting new technologies.



### GOVERNMENT SUPPORT

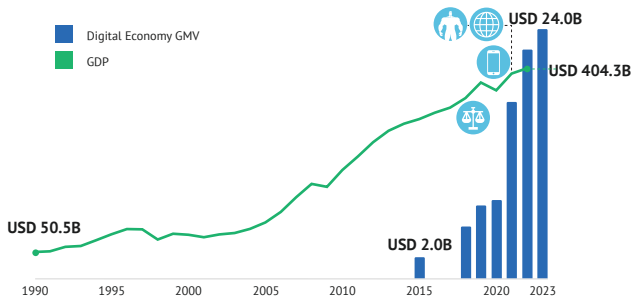
Government support allows local startups to thrive. The best regulations depend on the strengths specific to the country, such as India's relative focus towards IT Infrastructure services and China's focus on domestic hardware and technology.



### ENTRY OF INTERNATIONAL INVESTORS

The entry of international investors with substantial funds enables startups to secure continued funding for their growth.

# WHAT DOES THIS MEAN FOR THE PHILIPPINES?



Source: Crunchbase, DataReportal, PitchBook, Philippine Statistics Authority, Preqin, World Bank, Foxmont analysis

- Government Support**  
Government launch of supportive policies (ie Ease of Doing Business Act, Revised Corporation Code, Innovation Startup Act)
- Smartphone & Internet Adoption**  
Mass digitization due to the pandemic
- Rise of Tech Giants**  
Rise of popularity in homegrown tech giants like GCash and Maya
- Presence of International Investors**  
Significant global investor interest; PH startup deal value >\$1B for first time

Mirroring the trends observed in neighboring countries, the Philippines has recently reached similar inflection points. Notably, the country achieved a significant milestone with a 72% internet penetration by 2021 due to the pandemic, along with a smartphone penetration rate of 67% that same year. In terms of government support, the Innovative Startup Act was enacted in 2019, marking a significant step forward. The advent of GCash, particularly during the COVID-19 pandemic, played a crucial role in encouraging a significant portion of the population to embrace e-wallets as a preferred payment method, as seen in GCash's growing user base from 20 million in 2019 to 86 million at present.

Additionally, the Philippines has recently seen a surge in technology solutions tailored to sari-sari stores, something very

uniquely cultural to the Philippines. Such solutions have been pioneered by companies like Peddlr, Growsari, and Packworks. Sari-sari stores, which are deeply embedded in Filipino culture and lifestyle, are now embracing digital solutions. This shift is a testament to the country's rapid adoption of digital technologies, and could serve as another pivotal point for the Philippine startup ecosystem.

The Philippines startup ecosystem is in the middle of a breakthrough of digital adoption. If we take our neighboring countries as a reference point, the confluence of favorable conditions in the midst of a burgeoning technological wave indicates that the Philippines is poised for substantial growth.

# NAVIGATING EXIT AVENUES

## Opportunities in M&A and IPOs

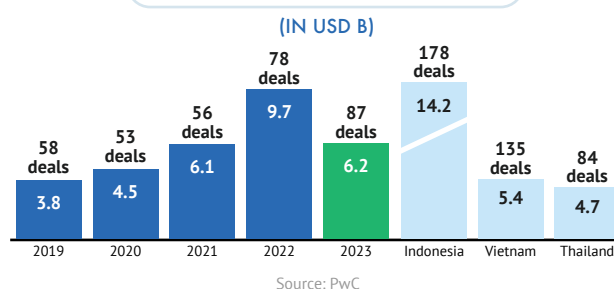
As the Philippine startup ecosystem matures, it is important to explore the exit opportunities available for founders and investors in emerging startups. Two primary exit avenues are private sales through mergers and acquisitions and the potential for public listings.

## MERGERS AND ACQUISITIONS (M&A)

2023 was favorable for M&A in the Philippines, driven by strong performances in key industries as well as progressive investment policies.

While deal value decreased year-on-year by a third in 2023, the total number of deals increased by 12%, indicating a smaller average deal size of USD 71M (2022: USD 124M) - a similar trend as in the venture capital and private equity space.

### DEAL VOLUME AND VALUES



## SECTOR FOCUS

Sectors of particular interest in 2023 included the energy and natural resources sector, propelled by the government's initiatives towards sustainable and renewable energy sources. Similarly, the consumer and retail sector attributed 40% to total deal value, which is spurred on by continued strong consumer spending in the country,

as well as FDI-friendly policy implementations. Finally, financial services, industrials, and technology saw healthy M&A activity with foreign investors recognizing the opportunities in these sectors locally.

## ACTIVE PLAYERS



**Investment Funds:** Private equity and other investment funds showed strong interest in various sectors within the Philippine market:

- EQT's EdgeConneX formed a joint venture with Aboitiz InfraCapital in October 2022 to enhance data infrastructure capabilities. This follows Temasek's STT GDC's investment into data centers in 2022 with Ayala Corporation.
- GIC successfully divested ~USD 0.4B in Bank of the Philippine Islands in January 2023.
- In recent years, Warburg Pincus, SIG Venture Capital, and KKR have invested in e-wallet platforms GCash and Maya, and CVC Advisors in retailer Landers Superstore.

**Strategic Investors:** Global strategic investors also played a significant role in driving M&A activities in the Philippines:

- Diageo's substantial acquisition in Don Papa Rum for just under USD 0.5B in January 2023 highlights international interest in Philippine consumer brands.
- Monde Nissin invested USD 15M in Figaro Coffee Group in the same month.

**Conglomerates:** Lastly, local conglomerates continue to play an important role in Philippine M&A activity.

- PLDT and Globe Telecom engaged in sale and leaseback transactions of telecom towers totaling USD 3.5B, showcasing infrastructure optimization.
- Aboitiz Equity Ventures acquired Coca-Cola Beverages Philippines, demonstrating its commitment to strengthening its presence in the beverage market.
- Metro Pacific Investments Corporation also received a substantial injection of USD 0.9B from a consortium of local conglomerates and regional investors.
- Meralco made a significant investment of USD 0.3B in Solar Philippines, which resulted in the buyer taking majority control.



## GOVERNMENT POLICIES

Inbound investments continue to be encouraged by the current government, thanks to the implementation of progressive laws such as the Public Service Act (100% foreign ownership of public services), the Foreign Investments Act (100% foreign ownership of small and medium-sized businesses), the Retail Trade Liberalization Act (removing qualification requirements and cutting paid-up capital requirement by at least 75% for foreign retail enterprises), and the Common Tower Policy (enhancing ICT coverage through shared

infrastructure, allowing foreign companies to participate in tower construction and operation).

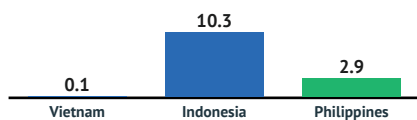
Not only do these policies help startups, who are frequently active in sectors related to these policies and can now promote their business to foreign minority investors more easily, but they also open up future exit opportunities for those investors through a merger or acquisition.

## PUBLIC MARKETS

Companies on the Philippine Stock Exchange (PSE) are able to raise significant funds through public listings in the Philippines, with a top-line total of USD 2.9B over the last three years, about a third of Indonesia's USD 10.3B over the same period. Nevertheless,

the Philippines saw almost tenfold fewer number of IPOs over the same period, which highlights that the companies that list in the Philippines have significantly larger market capitalizations.

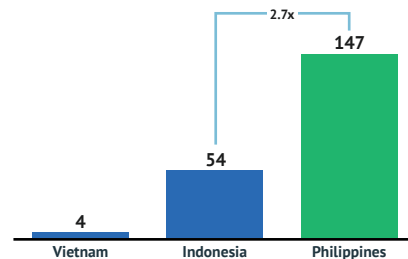
FUNDS RAISED IN IPO, 2021-2023 (USD B)



NUMBER OF IPOs, 2021-2023



FUNDS RAISED PER IPO, 2021-2023 (USD M)



Source: Philippine Stock Exchange, Indonesia Stock Exchange, Vietnam Exchange, Foxmont analysis

Although these listings included several large real estate investment trusts (REITs), which have finally seen multiple IPOs since 2020, as well as Monde Nissin's largest IPO in Philippine history in 2021, the sweet spot for a local listing is still an approximate USD 1.0B market capitalization when attracting international investors, and USD 250-500M for local investors. This can be a difficult target for startups who are considering a local listing.

In addition, due to low daily trading volumes of approximately USD 110M/day in 2023, the PSE's turnover ratio is only 11x (about half of local peers like Indonesia and Vietnam), making it harder for investors to sell down their investments after an IPO.

There is a large, concerted effort underway through joint consultations between the private sector, the operators, and the public sector to address these concerns, and make the capital markets more approachable to both growth companies and investors. PSE's new strategic plan for 2024-2026 is anchored on three core strategies: increasing market depth, advancing regional competitiveness, and enhancing digital transformation.

Early indications are promising: while the PSE has had about four IPOs a year over the last two decades, this nearly doubled to seven in the last three years, despite tailwinds in global capital markets. Regulatory sandboxes and parallel learning programs from experts help implement changes more quickly than before. Roel

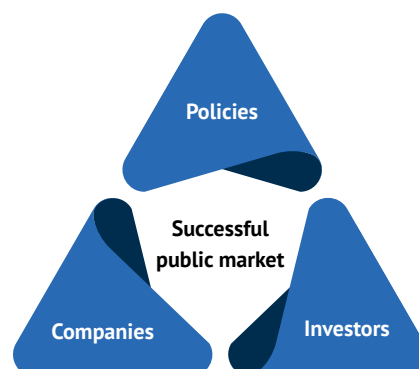
Refran, COO of the PSE, positively remarked that "The alternative asset class space is intersected with public markets now more than ever. We are more conscious of how we can enable exits. PSE has revised its listing rules pertinent to lock-outs to enable exits by alternative investments during an IPO."



Roel Refran  
COO of the PSE

**"The alternative asset class space is intersected with public markets now more than ever. We are more conscious of how we can enable exits."**

Successful public markets result from the collective efforts of three main stakeholders.



Source: PwC, Philippine Stock Exchange

## 1. POLICIES

A number of policies have been recently implemented to boost participation in the public market:

Policy	Impact
<b>Preferred shares-only listing:</b> Through this initiative, companies have the opportunity to access capital through the stock market even without having listed their common shares.	Companies gain flexibility to structure their fundraise in a way that is best suited to their business operations and strategies, while also enabling the investing public to participate in the economic advantages as shareholders.
<b>Easing of lock-up rule:</b> Alternative investment funds (AIFs) with proven track records are now permitted to sell shares acquired within 180 days prior to initial public offering (IPO) at a price lower than IPO price.	Alternative asset investors like private equity funds now have the option to sell-off part of their investment exposure without being locked up for a year post-IPO.
<b>Short-selling:</b> The selling of a borrowed security with the intention of repurchasing it at a lower price later is now permitted.	Investors are now provided with a means to hedge their investments in the Philippines, also attracting foreign investors in the process.
<b>New Clearing and Settlement System (T+2):</b> The Securities Clearing Corporation of the Philippines (SCCP) received approval to implement a T+2 settlement cycle versus the current T+3 settlement cycle.	This now aligns the settlement cycle with financial markets overseas and reduces transaction risks for investors.
<b>Volume Weighted Average Price (VWAP) Trading:</b> approved by the SEC in November 2023, for implementation in March 2024. Allows institutional traders to execute large orders within a specified interval	Market participants are given better transparency and insights on the price and the market's sentiment on the stock for the day, and can reduce the market impact a large trade has on the price of a security.

## 2. COMPANIES

The PSE has continuously been working to encourage more SMEs to participate in the stock market through the relaxation of its IPO listing rules, similar to the successful acceleration board in the Indonesia Stock Exchange (IDX) in Indonesia. On the SME Board of the PSE, requirements on operating history, profitability, and other financials were further relaxed in 2021.<sup>1</sup> According to SunStar Philippines, another initiative is the sponsor-model program, where applicants that do not initially qualify based on listing requirements of the SME board may be endorsed by sponsors accredited by the PSE.

A final initiative is the PSE Listing Engagement and Assistance Program (LEAP), which is similar to IDX's Incubator program that was

launched in 2017. PSE LEAP offers advisory, learning sessions, tools and access to a relevant network for prospective listing applicants. To date, 76 companies have enrolled, 70% of which are SMEs.

Other projects include Corporate Connect, where the PSE partners with several government bodies and conducts conferences to drive IPO listing interest, which attracted over 300 participants. It also partners with the SEC to visit the different provinces in the Philippines in their roadshows on capital market formations for MSMEs and startups.

## 3. INVESTORS

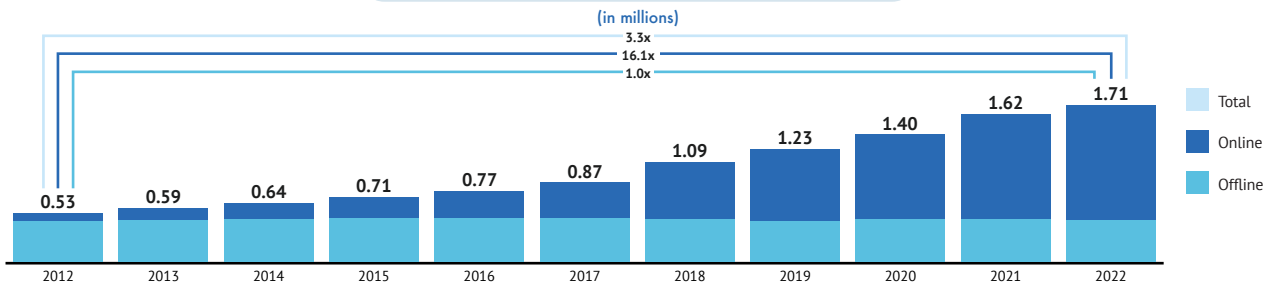
Retail investor participation accounts for just one-fifth of volume in 2023. Regional peers like Vietnam and Indonesia have successfully attracted more retail investors over the last decade to their local stock exchanges.

The PSE is implementing new initiatives that are aimed at reviving retail participation in the Philippines, with some early success. The demographic profile of the average trader is shifting, bringing opportunities for startups to draw sufficient trading interest from retail investors.

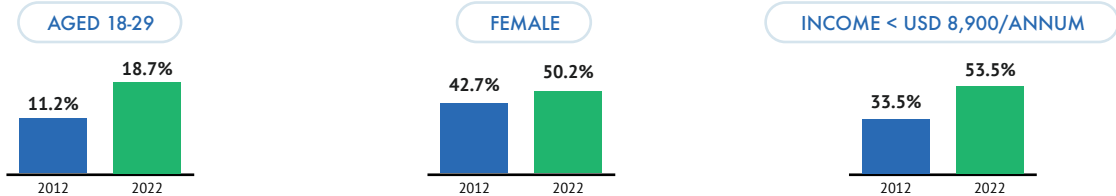
The number of trading accounts on the PSE has more than tripled over the last decade. But that growth is fully attributable to the opening of online accounts, which have grown 16x. Having online platforms with good UX/UI and direct market access to the stock exchange are crucial to the success of local capital markets. The PSE has partnered with GCash and Maya in 2023, the main e-wallets in the Philippines, to enable their users to trade on the PSE through in-app stock trading platforms. The PSE has seen "an uptick in account openings" since these launches, and they plan "to form partnerships with more fintechs to enable stock trading," as per Mark Visda, the PSE's Head of Capital Markets Development.

1. See annex for full breakdown of requirements

## TOTAL RETAIL TRADING ACCOUNTS ON PSE



## PSE RETAIL TRADER ACCOUNT PROFILE



Source: Philippine Stock Exchange

The profile of the average trader has also changed. They have become younger, are more often female, and more frequently earn starter salaries. This can impact how companies will market their IPOs, as well as post-IPO trading behavior. It also impacts how investors trade on the PSE, with a higher volume of accounts making smaller trades. A proposed board lot amendment aims to significantly reduce the minimum investment to buy stocks at the PSE to as low as PHP 100 (less than USD 2), thereby enabling more retail investor activity.

The PSE has also developed several programs that educate retail investors in trading, including the PSE Academy (2023), investment and campus expos (2022), stock market seminars, financial literacy webinars, and collaborations with the Department of Migrant Workers to enable OFWs to invest more effectively in Philippine stocks.

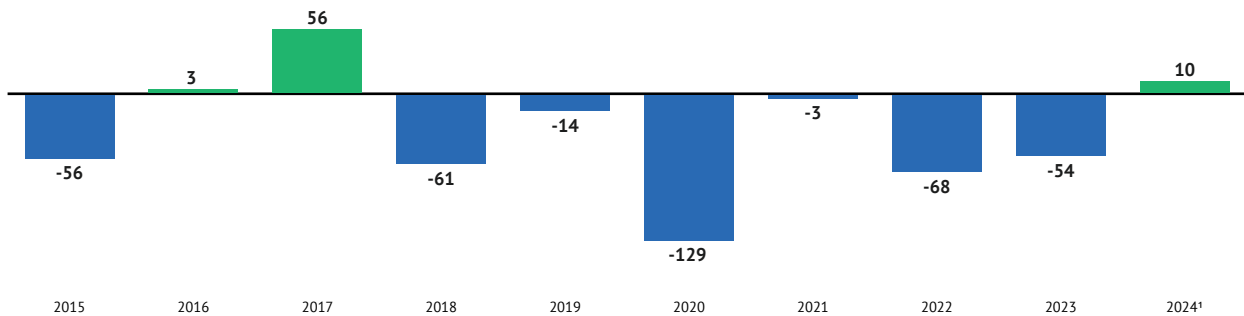
Other barriers for retail investors to trade on the local stock market are transaction taxes and levies charged on each trade. The House of Representatives' Committee on Ways and Means is looking to reduce this tax from 0.6% to 0.1% of the value of the selling transaction (House Bill 9277), which would bring it in line with regional peers like

Indonesia, Vietnam, and Malaysia. The SEC is also looking to remove the minimum broker commissions (currently at PHP 20, USD 0.35) through Presidential Decree 154, thereby further reducing friction cost for retail investors.

Here too, successful regional initiatives can help inform local policies. In 2016, the Indonesian government introduced a tax amnesty program incentivizing Indonesians to repatriate their foreign assets at a favorable tax rate. The resulting effect increased the share of local investors' equity ownership on the IDX by almost 40% the year following the amnesty program, from about one-third in 2015.

Foreign investor activity, in turn, is encouraged through lowering tax on dividends of foreign non-residents from 25% to 10% (House Bill 9277), and the PSE is "set to develop and introduce equity derivatives within the next two years," says Roel Refran. As of February 2024, foreign investors have become net buyers again on the PSE after seeing several years of net selling activity, and these new products could further improve this in the coming years.

## NET FOREIGN BUYING/SELLING (PHP B)



1. 2024 numbers until February 22, 2024

Source: Salisbury Securities Corporation, Foxmont analysis

The movement happening within both the M&A space, as well as the public markets, from policy adjustments to initiatives to improve investor participation and grow the number of listed companies,

collectively signify a positive trajectory. While these changes are still in their nascent stages, they do represent a step forward and indicate a positive environment for future exit opportunities.

Source: Philippine Stock Exchange, Department of Finance, Indonesia Stock Exchange, Salisbury Securities Corporation



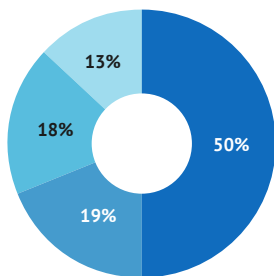
## ABOUT FOXMONT CAPITAL PARTNERS

Foxmont Capital Partners is a Philippine-focused venture capital fund that invests in early-stage, tech-enabled, and scalable startups in rapidly digitizing sectors. We play a catalytic role in the ecosystem and act as a bridge between local founders and foreign capital. We drive value for our founders and investors by leveraging our deep operational knowledge and network, building meaningful relationships across our stakeholders.

Foxmont is the first and largest independent and early-stage focused Philippine VC fund. Enabled by an amazing group of Limited Partners from both the Philippines and around the world, as well notable institutional investors, such as Pavilion Capital, AppWorks, and Orient Growth, we look forward to continuing our investment track record, scouring the Philippine market for great entrepreneurs, and empowering them to build Filipino solutions to Filipino problems.

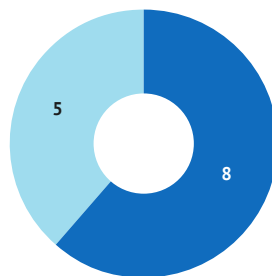
### BREAKDOWN OF PORTFOLIO BY SERIES

as % of invested capital



Seed, Pre-Series A, Series A, Series C

### NUMBER OF INVESTMENTS IN 2023



New investments, Follow-on

Female founded or managed

53%



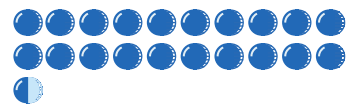
First-time founder

61%



Foxmont funding catalyzed in subsequent rounds

20.5x



## ABOUT BOSTON CONSULTING GROUP

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and to capture their greatest opportunities. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, building sustainable competitive advantages, and driving positive societal impact.

Our diverse, global teams bring deep industry and functional expertise, and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

Our continuous presence in the Philippines spans over three decades and across industries. Our strong local anchorage helps us support both local leaders and multinational organizations, unlocking the incredible value potential of this country to shape a stronger, more inclusive nation.

We strive to support and help shape a dynamic Tech scene in the Philippines. As a core member of the Sinigang Valley movement, we are deeply embedded in the Tech scene—strengthening our ability to identify key trends, activate partnerships, and accelerate transformation agendas.

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# ACKNOWLEDGEMENT

In 2023, the Philippines demonstrated its resilience amidst macroeconomic headwinds that challenged the international venture capital scene. The country experienced a comparatively modest decline in funds raised versus neighboring countries, and witnessed its highest ever total yearly deals, with a noteworthy influx of international investors making their maiden investments into the Philippines.

Although it is impossible to thank every individual who helped the Philippine startup ecosystem over the last year, our team would like to express our deepest appreciation and gratitude towards the following individuals and organizations for their priceless contributions to the ideation and creation of the report, without whom this project would not have been possible.

To Roel Refran and Mark Visda of the Philippine Stock Exchange, Carla Lastimosa and Ryan Golangco of Page Executive, KT, JC, Felicia Chia and Yao Hwee Heng of GPCA, John Young of Avion School, Karl Chan of Sourcy, Billy Yuen of StackTrek and Joscel Delos Cielos of Etaily, for offering their invaluable insights.

To our collaborating funds: Saison Capital, Wavemaker Partners, Kickstart Ventures and Kaya Founders, for continuing the mission to breathe life into start-ups and inspiring local changemakers to transform their visions into reality.

To the team: Jelmer Iking, Franco Varona, Clara Elizalde, Bea Mantecon, Max Romualdez, Hans Co, Justin See, Reuben Paterno, Anthony Oundjian, Riche Lim, Kyla Badillo, along with the Foxmont Investments and Portfolio Management teams for your collaborative efforts to organize and create a comprehensive and compelling account of the Philippine startup ecosystem.

We at Foxmont are thrilled to witness the Philippines' continuous development and together, we hope to aspire towards ever-greater heights.

# ANNEX I

## Deals Methodology

Foxmont's approach to deal flow assessment offers a comprehensive solution within the Philippines to certain limitations inherent in existing startup and venture capital databases. Foxmont leverages its local presence and mandate to provide a more holistic view of the market, mitigating to a large degree the limitations of traditional databases:

**Confidentiality:** Dealflow databases often rely on self-reporting by companies and investors. Not all deals are publicly disclosed, and some may choose to keep their investment activities private for competitive reasons. As a result, databases may miss out on a significant portion of deals. For 2023, approximately 36% of total deals were not reported in the news, and 15% had no information on deal size. Foxmont's local presence and deal activity afford it unparalleled insights into deals that otherwise remain unannounced.

**Reporting Lag:** Deals often take time to be publicly disclosed, especially in the case of private investments. There may be a delay between when a deal occurs and when it is reported in the databases, leading to a lag in the data presented. Foxmont uses the date when funds were deployed and/or committed with zero break risk in its deal flow analysis.

**Small Deals:** The Philippines, given the nascency of its startup ecosystem, sees a significant amount of smaller investment deals in its startup activity. For 2023, approximately 25% of total deals were deals with a deal value below US\$1 million. These deals are harder to track than later stage investments. Foxmont's early-stage mandate and reputation as a supportive and active investor for young startups make it the first port of call for many entrepreneurs seeking to raise smaller deal tickets, and therefore allow it to keep track of early-stage deal activity.

**Investment Instruments:** Many databases base deal flow on changes in equity in startups from local financial reporting databases. Many startup investments in the Philippines are in the form of SAFE notes, convertible notes, and other such instruments that are not easily extracted from financial reporting. Especially for Seed and Pre-Series A rounds, which comprised 43% of deal flow in 2023, the vast majority of the funding instruments are made in the form of SAFE or convertible notes.

**Reported Jurisdiction:** Many startups in the region raise funds through a holding company in Hong Kong, Singapore, Delaware, or other jurisdiction. Deal flow databases may for that reason misallocate funds raised to those jurisdictions rather than the location of the operational activities. Foxmont assesses the ultimate jurisdiction where the funding amounts will be deployed to, and ignores the jurisdiction of any holding companies.

Understanding that comprehensive information on deal activity is critical to investors and other stakeholders, Foxmont publishes its internal database annually in this VC report, at a high level to maintain confidentiality, to show the true startup and fundraise activity in the Philippine market.

Foxmont works with local and regional investors to maintain an exhaustive as possible repository of dealflow. Foxmont is thankful for the contributions of Kickstart Ventures, Kaya Founders, and JGDEV as local partners.

As a final note, given the difference in research methodologies, the figures and trends presented in this report are recommended to be evaluated in comparison to prior Philippine VC Reports rather than third-party databases. Comparisons with figures published in other reports will deliver inaccurate results.

## Erratum

Private capital markets are by nature hard to track. Source corrections to a variety of data points may result in figures that are different to those we published last year. The numbers in this report rely on the most recent data, and are therefore the most representative and reliable figure.

# ANNEX II

Philippine Stock Exchange listing requirements:

Criteria	Main Board	SME Board
<b>Operating History Requirement</b>	Three (3) years of engaging in materially the same business	At least two (2) years prior to listing application
<b>Board of Directors Requirement</b>	Minimum of seven (7) directors, two (2) of which or 20% of the board have to be independent, and each director should have at least one (1) share in his name	Minimum of seven (7) directors, two (2) of which or 20% of the board have to be independent, and each director should have at least one (1) share in his name
<b>Profit Test</b>	<p>A.) Cumulative net income, excluding non – recurring items, of at least Php75 million for three (3) full fiscal years immediately preceding the application for listing; AND</p> <p>B.) Minimum net income of Php50 million for the most recent fiscal year</p> <p>For this purpose, the Applicant Company shall submit to the Exchange audited consolidated financial statements for the last three (3) full fiscal years preceding the filing of the application. The financial statements must be accompanied by an unqualified external auditor’s opinion.</p>	<p>Applicant must satisfy any one of the following requirements:</p> <p>a. Cumulative EBITDA, excluding non- recurring items, of at least Php15 million for the three (3) fiscal years immediately preceding the application or such shorter period as the company has been operating; OR</p> <p>b. Cumulative OPERATING REVENUES or SALES of at least Php150 million for the last three (3) fiscal years immediately preceding the filing of the listing application or such shorter period as the company has been operating, with an average net sales or operating revenue growth rate of at least 20% for the 2 fiscal years immediately preceding the listing application filing</p>
<b>Stockholders’ Equity Requirement</b>	Stockholders’ equity must be at least Php500 million for the most recent fiscal year	Stockholders’ equity must be at least Php25 million for the most recent fiscal year
<b>Minimum Number of Stockholders upon Listing</b>	At least 1000 stockholders, each owning stocks equivalent to at least one (1) board lot	At least 200 stockholders, each owning stocks equivalent to at least one (1) board lot
<b>Minimum Public Offering</b>	20% upon and after listing	20% upon and after listing

## Reference

The Philippine Venture Capital Report is an annual report covering the startup activity in the country. Foxmont Capital Partners used a combination of online resources, in-house analysis, third-party interviews, and information made publicly available by databases. Furthermore, data was cross-checked and verified against research publications, news articles, venture capital fund websites, and startup company websites. Insights from key players in the ecosystem, high-performing startups, and local and regional funds are highlighted to provide expert opinion on the startup and venture capital industry in the Philippines.

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## Startup Companies

We define a startup company as an innovation-driven company, usually involved in technology, in its early stages of business and characterized by high growth potential, social impact and/or delivering new solutions to consumer problems. This report only covers startup companies domiciled in the Philippines or with significant operations in the Philippines.

## Investors

We define investors as any individual or institution that provides financing to startup companies in exchange for an economic interest in the business.

## Deals

We define deals as venture capital transactions where startup companies raise capital from external sources, which include financing received from venture capital funds, angel investors, angel groups, accelerators, incubators, corporate venture firms, corporate startup investors, joint ventures, private equity funds, mergers and acquisitions, grants, and crowdfunding.

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